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India and Iran: A Pragmatic Alliance

By **Shashank Joshi**
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Entering 2010, the Iranian nuclear programme continues to plague the Obama administration. But there is one state that, although averse to a nuclear Iran, is content with the drawn-out status quo: India's growing ties with Iran and its studied silence over the intensifying protests in the Islamic Republic seems to bear out scepticism of the view that Indian and American interests would be aligned by dint of the two states' shared liberal democratic values. Christine Fair, a professor at Georgetown University, argues that Indo-Iranian ties reflect 'India's great power aspirations and New Delhi's concomitant expansive agenda for Central Asia and beyond, within which energy is only one, albeit important, consideration'.¹ Her analysis is an important corrective to those that underestimate the salience, in Indian strategic culture, of foreign policy autonomy and a diverse diplomatic portfolio.

Explaining the Alliance

Iran and India have historic ties that survived the Islamic revolution and strengthened after the end of the Cold War, but it is over the last decade that the relationship has entered an important phase. Three factors explain the hardening of this 'soft' alliance. First, Iran is an eye-catching hedge. The Indo-US rapprochement was a major undertaking for India's ordinarily lethargic foreign policy institutions. In exchange for accepting some restrictions on its nuclear activities, India was to receive dual-use nuclear technology and fuel. Building on extant co-operation in space and satellite technology, missile defence, and growing weapons sales, the agreement was, as Hillary Clinton put it in October 2009: 'embedded in a broader strategic dialogue with the Indians.' This was codified through a ten-year defence partnership in which arms sales would be 'not solely as ends in and of themselves, but as a means to strengthen our countries' security, and reinforce our strategic partnership'. These words would have been unimaginable twenty years ago, and are still unpalatable to many in India.

India, long a fierce opponent of what it insisted was a discriminatory non-proliferation regime and its lack of verifiable disarmament provisions, faced considerable internal dissent and political turmoil over whether the agreement would compromise New Delhi's freedom of action on issues of American concern. Would relations with Burma, so important because of energy and the porous border, be forcibly downgraded on an American whim? Would India sign away its hard-won nuclear weapons, or be pressured to respond to terrorism in Kashmir with territorial concessions? Although the government survived a no-confidence vote in parliament by finding new coalition partners, it was compelled to visibly demonstrate the continued independence of its policy. This was rendered imperative after a former American official acknowledged in 2007 that the US had 'coerced' India to vote against Iran at the International Atomic Energy Agency (IAEA) over the previous two years (justified then on legalistic grounds that Iran was bound by an NPT it had voluntarily signed) through threats of derailing the nuclear deal. In November 2009, India once more voted against Iran, provoking even more anger.

The partnership with Iran is therefore of value precisely because it is a costly signal of autonomy. When Stephen G Rademaker, the same official who admitted the involuntary character of India's anti-Iranian IAEA votes, suggested that India could cancel the Iran-India-Pakistan pipeline as 'a low cost way of India demonstrating its commitment to non-proliferation' he entirely misses the point that such a concession would be politically unacceptable to the point of undermining the basis of popular support for pro-US actions. India retains formal interest in the languishing pipeline deal precisely because it affords a venue in which it can parade its independence.

The Taliban Trigger

Since 2001, three key changes have taken place. First, the replacement of the radical Sunni Taliban with the non-Pashtun Northern Alliance in 2001 transformed Iran-Afghanistan relations. Iran, wary of a Pashtun-dominated government in Kabul and angry at the Taliban's repression of Shia groups (at one point it had massed 300,000 troops on the Afghan border and threatened an invasion), drew closer to the new Afghan government.

Second, India did the same. It had a lengthy record of supplying arms and aid to the Alliance. The new President Hamid Karzai had been educated in India and had established ties to the country. As a result of these first two changes, Indian and Iranian interests converged in support of the new regime in Kabul.

Third, the ouster of the Taliban was a diplomatic catastrophe for Pakistan, which had backed the Pashtun Taliban in its quest for 'strategic depth' - a source of militants and a friendly regime - against India. As the insurgency's centre of gravity shifted east of the Durand Line and elements of the Pakistani state were linked to the increasing violence in Afghanistan, India, Iran and the Afghan government were all united in opposition to Pakistani aims. India was angry that the Pakistan Inter-Services Intelligence (ISI) was directly implicated in the bombing of its Kabul Embassy. Iran's grievances were that Pakistan had allegedly supported a bloody attack in Iranian Balochistan. A 2003 issue of *Defense News* revealed a 'startling new accord' (though of dubious veracity) that gave 'New Delhi the right to use Iranian military bases in the event of a war with neighbouring Pakistan, in exchange for India providing Tehran with military hardware, training, maintenance and modernization support'. An Indian-Iranian Joint Working Group on Terror was formed in 2003. Furthermore, the growing Indian footprint in Afghanistan was made easier to supply with the blessing of Afghanistan and the assistance of neighbouring Iran, all the more so given that Pakistan denies India transit northwards.

In short, Pakistan and Afghanistan respectively became negative and positive focal points for India and Iran. Each was, and is, sceptical of the US support for Pakistan and deeply worried, for different reasons, about the radical ideologies emanating from there. In operationalising this partnership, India will not ignore US concerns entirely; it has already rejected numerous Iranian requests for arms and, in particular, satellite technology. The US successfully pressured India to

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withhold civilian nuclear reactors, even under IAEA safeguards. But the balance of evidence points to more, not less, co-operation.

Iranian Supply, Indian Demand

In 2007 alone, trade between the two jumped 80 per cent to \$13 billion, tightening an already dense network of economic ties. Iran is the source for just under a fifth of Indian crude oil imports, the second largest supplier behind Saudi Arabia. Iran also obtains 40 per cent of its refined oil imports from India. As part of its direct investment in foreign energy facilities India announced a \$5 billion bid to develop Farzad, a massive offshore gas field. In the longer-term, Iran possesses the world's third largest oil reserves and second largest proven gas reserves - both of immense value to India. This is underlined by its energy needs which will rise by 40 per cent over the next five years alone, while also facing stiff competition from China in other regions.

These ties do face natural limits - there exists no safe land route connecting the two countries, and Iran cannot produce Liquefied Natural Gas (LNG). But Iran provides an opportunity to lessen India's present dependence on the Gulf States, predominantly Arab countries who have major differences with Iran. In the event of a crisis, Arab-Iranian policies would likely not align, ensuring India a continued supply. That India will irk America, whose laws mandate sanctions on firms doing large-scale business in the Iranian oil sector, will be a secondary concern to an energy-hungry and self-assertive Indian leadership. But if the US tries and fails to impose adequately coercive measures to inhibit Indian assistance to Iran, then ineffective half-measures are highly likely to infuriate the Indian political class and populace. Such a scenario will strengthen their resolve to extend co-operation with Iran regardless of both the regime's legitimacy and the disincentives proffered.

The same routes that indicate increased energy flows also allow the transport of Indian goods; a North-South Transport Corridor allows for sea transit to Bandar Abbas or the Indian-developed port of Chahbahar, and onwards to the Caspian Sea or into Afghanistan. To that end, India and Iran are collaborating on a 215 km road connecting the Iranian border to Afghanistan's main arterial highway, and are in talks about rail links from Chahbahar to expedite the first part of the trip. To India, hemmed in by hostile or lukewarm states to the north, these are vital lines of communication and the conduits of its future strategic expansion. The problems that occur in the absence of such lines have been evidenced by NATO's well-documented difficulties in supplying its operations in Afghanistan (and its consequent reliance on Pakistan), and India's own difficulties in combating insurgency in the poorly networked northeast.

The Future

Thus far analysts have asked whether India will succeed in balancing its relationship with Iran and the US, or whether this effort will cause either side to fray or collapse. It is worth considering what is meant by 'balance', and whether India desires this at all.

First, India most likely perceives its current security needs as depending no more on relations with the US than those with Iran. Washington's self-importance is ordinarily well grounded, but misjudged here. In many ways, India's hedging is prudent. With over a thousand military personnel in Afghanistan, local intelligence centres in stable countries and short supply lines are crucial. India is growing more concerned about the scale and intent of Chinese maritime activity. The coastal location of its consulate in Bandar Abbas, which Christine Fair claims will allow it to 'monitor ship movements in the Persian Gulf and Strait of Hormuz',² will be highly valued. With one air base already established in Tajikistan, the availability of other platforms for air power in the event of conflict with Pakistan is of potential (if limited) value - especially as China strengthens the Pakistani Air Force, and the likelihood of Indian air superiority diminishes in numerical and qualitative terms.

With greater awareness of the threat from violent Islamist groups of Sunni origin, against whom Iran also shares an expedient if not particularly principled hostility, the prospect of intelligence sharing and counter-terrorism co-ordination is more important than the receipt of dual-use technology from the US (if indeed the quid pro quo could be so crudely formulated). In other words, India's balancing act is not a tightrope walk, for the US is less prominent in India's strategic vision than is sometimes realised. This is particularly so in the context of India's now nearly two decade old 'Look East' policy, which has seen it cultivate harmonious relations with South East Asian states and Japan, as well as flourishing arms purchases from Israel and Russia.

Second, in more ways than one, US public diplomacy is poorly calibrated to Indian strategic culture. The US commentators and legislators questioning Indo-Iranian ties have made two kinds of arguments. The first threatens the ramifications that India would suffer if it does not attenuate its support for Iran, on specific issues, or in general. The second appeals to the normative imperative of opposing a revolutionary, autocratic and illiberal regime that has sponsored terror abroad and expressed at the highest level its wish to 'wipe Israel off the map'.

The Indian leadership understands and accepts the first set of arguments. Its numerous concessions or capitulations - at the IAEA, on arms sales, on the withholding of a reactor - reflect its acceptance of the American leverage over their policy. The unpopularity of this utilitarian calculus does not mean that Indian officials deem it acceptable to ride roughshod over American policy preferences.

But the second set of arguments is deeply unpopular in India at all levels, and is intellectually rejected. Many point out that the US, in the pursuit of material or domestic political interests, has supported and continues to aid, abet and ally with regional pariahs and other non-NPT signatories - these include Israel, state sponsors of terrorism (Pakistan), outright dictatorships (Uzbekistan) and proponents of extremist ideology (Saudi Arabia). India, like any major power, possesses a foreign policy that is often ideologically incoherent. One example is its Cold War-era opposition to imperialism and concurrent toleration of Soviet repression of neighbouring states. But popular sentiment and the leadership are highly sensitive to the perceived imposition of double standards on India, most notably evinced in the state's comprehensive rejection of the non-proliferation regime. This stance relates to India's postcolonial status and characterises the foreign policy of other states, such as China, touched by European imperialism. It is a bipartisan, deeply rooted orientation that will not be overhauled simply because the US wishes to balance against China. This, of course, cuts the other way: India will deal with adversaries of Iran (such as Saudi Arabia, Turkey, Israel and, of course, the US) with only marginal accommodation to Iranian grievances. But such grievances are, by the nature of Iranian foreign policy, less severe than in the equivalent US concerns.

Third, the ability of the US (or, for that matter, Iran) to coerce India into making concessions is being diminished by the trend of increasing Indian military and economic power. Siddharth Varadarajan, a journalist writing in the *Hindu*, argued that 'apologists for the first IAEA vote against Iran last September say that if the Americans are insisting on an 'either/or', it is in India's interest to choose nuclear cooperation with Washington over hydrocarbons from Iran'. He

added that 'what they do not realize is that a country of India's strength has the political and diplomatic ability to get both'. This is perhaps overstated, because it simplifies the process of bargaining: the US legislative branch has as much say in what India gets as New Delhi does, and no amount of Indian resolve will force intransigent senators to approve the transfer of dual-use technology. But the underlying point, that India faces less severe tradeoffs than it would have done a decade ago, is sound. As Indian military doctrine adapts and modernisation continues apace, hypothetical US support for Pakistan in the event of the crisis will be less binding than it once was. With the Nuclear Suppliers Group (NSG) waiver allowing India to engage in nuclear commerce with NPT signatories other than America, India can also afford to snub its nose, if cautiously, at US demands. This should not be overdone. The US still retains considerable levers, but it underestimates their gradual weakening.

Fourth, it is in India's interest to introduce some minimal element of democratisation into its foreign policy. Its charges of Western hypocrisy cannot justify its own double-standards. India's democratic credentials are tarnished by its coddling of dictators, just as the US image in the Arab world and Central Asia has likewise suffered. One concrete example was the Taliban's ability to invoke Indian support for the Soviet-backed communist regime in Afghanistan as a cause for hostility to India. If regime change in Iran becomes a reality then the generation of protest leaders will likely rule as pragmatic realists, but they will not easily forget the degree of Indian support extended to Ahmadinejad's regime as it murdered dissenters and protestors.

Complicity in political repression also abnegates the founding story of the Indian republic, which uniquely emerged as a developing country with universal suffrage in response to non-democratic rule, and thereby complicates efforts at improving governance at home. Moreover, India seeks an expanded institutional role at the table of major international bodies. Full commitment to democracy and human rights is prominent in these arenas. Indian strategy, if its aim is for acceptance of the state as a 'responsible stakeholder' (even as it rejects the restrictive connotations of that term), must adjust slightly to prevailing norms, and adjust its public diplomacy accordingly. As with its present dealings with Iran and the US, this will involve small changes on the margin rather than large-scale shifts.

Fifth, how will India manage the nuclear issue? The most likely endgame, a negotiated settlement in which Iran allows outside enrichment, suits India perfectly. It would preclude a nuclear Iran while allowing India to claim it partially supported both Iranian and American wishes. At the other extreme, a military strike by Israel would be more complicated. India would certainly oppose any attack and would publicly say so, not least because it had endorsed that position in the Non-Aligned Movement. Nor would this be an unduly costly position, even taking into account the importance of the India-Israel defence relationship, because world opinion would almost certainly be hostile to a military solution. India's guiding principle has been to possess robust but diverse alliances, and costless signals of support for each party will be the most favoured option. But no state can evade tradeoffs indefinitely, and the US will ensure that it forces India to choose. When it does, the contours of India's diplomatic priorities will emerge more sharply.

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NOTES

[1] Christine Fair, 'India and Iran: New Delhi's Balancing Act', *Washington Quarterly* (Vol. 30, No. 3, Summer 2007), pp. 145-159

[2] *Ibid.*

Further Analysis: India, Central and South Asia, Middle East and North Africa, Nuclear Non-Proliferation and Strategy, Global Security Issues



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