



## INDIA AND IRAN'S NUCLEAR IMBROGLIO: NAVIGATING THE CONSEQUENCES

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*India has faced difficulties as a result of developments vis-à-vis the Iranian nuclear program, including homeland security complications, energy security concerns, and uncertainties in key bilateral relationships (United States and Israel). It has, however, been successful in navigating these consequences while continuing to maintain robust relationships with Jerusalem and Washington so far. Uncertainties still remain on core issues of concern regarding the Iranian nuclear imbroglio. India will have to continue to show diplomatic dexterity and help expand the space for the application of strategies it considers best for its own national interests as well as for regional strategic stability.*

Indian policy makers have termed the Middle East/West Asian region as its “proximate neighborhood” with the presence of key human and economic links.<sup>1</sup> About six million Indian citizens are working in the region--primarily in the Saudi Arabia-led Gulf Cooperation Council (GCC) countries. India’s trade with GCC countries was nearly \$120 billion during 2010-2011. Over 450 commercial flights operate between India and these countries every week. India also receives nearly half of the large volumes of remittances (total of \$58 billion in 2011) from its citizens residing in these countries.

The Iranian nuclear issue, which is currently poised at a delicate phase, continues to be the primary strategic priority for countries of the region. For India, developments vis-à-vis the issue have led to complications on its homeland security front, affected its energy security considerations, and have created uncertainties in its key bilateral relationships (United States and Israel primarily). India has, however, managed to maintain robust ties with Washington and Jerusalem along with continuing trade and energy cooperation with Tehran, though the latter has been declining in volume.

Current trends indicate that its policy preferences vis-à-vis the Iranian nuclear issue have gained the upper hand. These include international and regional opposition to the

exercise of a military option, continuing Iranian engagement with the IAEA, and the renewal of P5+1 talks in Istanbul in April 2012. Yet India continues to face difficult policy choices, specifically with regard to its energy security considerations. This is in the light of ramping of sanctions by the United States in December 2011 targeting the Iranian Central Bank as well as European Union sanctions announced in January 2012, making it difficult to obtain insurance coverage for ships transporting Iranian crude, among other measures.

### HOMELAND COMPLICATIONS

### SECURITY

Indian investigating agencies identified three Iranians--Houshang Afshar Irani, Syed Ali Mahdiansadr, and Mohammadreza Abolghasemi--as being responsible for the February 13, 2012, attack on the Israeli Embassy vehicle that injured the wife of the Israeli defense attaché and three other Indian citizens. India’s Foreign Ministry, announcing the results of the “thorough and carefully undertaken investigations” on March 16, 2012, termed the incident a “dastardly attack.”<sup>2</sup>

Delhi Police believe that it was Irani who stuck the bomb on the Embassy vehicle. International arrest warrants (Interpol Red Corner notices) were issued against these

individuals on March 23, 2012. These developments followed the arrest of an Indian journalist Syed Mohammed Kazmi on March 6, 2012, for his alleged role in facilitating the attack. He was purportedly in electronic contact with Irani and had arranged for these individuals to conduct reconnaissance of the Israeli Embassy on three occasions.

India's investigating agencies have also charged that the Delhi perpetrators were in contact with the Bangkok cell that had failed to carry out its mission during the coordinated attacks on Israeli targets. The head of the Bangkok cell was in contact with the Indian journalist Kazmi. He was arrested in Malaysia at the request of Indian agencies. Iran's Ambassador to India Mehdi Nabizadeh was summoned on March 16, 2012, and Tehran's "cooperation" sought to proceed further with the investigations.

The quick progress achieved in the investigation is in tune with the promises of senior Indian policy makers in the immediate aftermath of the attack. Foreign Minister S.M. Krishna on the very day that the attack took place "very strongly" condemned the incident and assured the Israelis it would be "fully investigated and the culprits will be brought to justice at the earliest."<sup>3</sup>

It is pertinent to note India's officials and political leaders had initially reserved their judgment as to the identity of the perpetrators. Interior Minister P. Chidambaram insisted on February 14, 2012, that "at the moment, I am not pointing a finger at any particular group or any particular organization."<sup>4</sup> The senior-most Indian bureaucrat responsible for homeland security insisted that "we have no evidence to name any country. It's premature to take any country's name."<sup>5</sup> Senior Israeli political leaders including Prime Minister Benjamin Netanyahu, however, had immediately blamed Iran and Hizballah for the coordinated attacks.<sup>6</sup>

It is pertinent to note that comparisons were made with the modus operandi used in the Delhi attack and the killing of some Iranian nuclear scientists, including the latest incident in this regard in January 2012.<sup>7</sup> This was especially so on the basis of reports that a

"magnetic bomb" was used in the Delhi incident, similar to incidents in Tehran.

This has led to the hypothesis that the Delhi attack was in response to the Iranian incidents, which were presumably being carried out by Israeli (and Western) intelligence agencies. India's Central Forensic Sciences Laboratory issued a 31-page report in April 2012 stating that TNT was the explosives material used in the bombing. Reports indicated that investigating agencies believed that elements of the Iranian organization Tevhid-Salam-Quds were behind the incident.<sup>8</sup>

Iran, on its part, in the immediate aftermath of the Delhi incident had dismissed allegations about its involvement as "propaganda war."<sup>9</sup> In the light of very strong evidence by the Delhi Police that its citizens were involved, further progress on the issue is contingent on Tehran's "cooperation." The progress achieved by the Delhi Police investigations into the February 13, 2012, incident should assuage Jerusalem while sending a strong message to Tehran that India will not tolerate such activities on its home soil by its citizens.

## ENERGY SECURITY CONCERNS

The most consequential arena in which India has been affected by the Iranian nuclear issue is energy security. India is dependent on imports for meeting a majority of its energy needs. India has continued its energy and trade cooperation with Iran despite increasingly strict measures being put in place by the Western powers to isolate Iran's ability to fund its nuclear program. President Barack Obama, for instance, signed law measures targeting the Iranian Central Bank on December 31, 2011, and the European Union announced in January 2012 its decision to impose an oil embargo on Iran to be effective from July 2012. EU dilemmas were also evident in the decision, given that countries facing critical economic situations like Greece were dependent on Iranian oil for meeting more than 20 per cent of their needs. These measures have affected the ability of oil-importing countries to source Iranian crude in a variety of ways. For example, reports noted

that shipping companies based in Europe (London primarily) were finding it difficult to obtain insurance coverage for their operations in light of these new measures.<sup>10</sup>

Though Indian policymakers have been insisting that a nuclear Iran is bad for regional strategic stability and that such an eventuality was not in its interests, it has not stopped its energy cooperation with Iran. Indian policymakers have been insisting that it is neither feasible nor desirable for India to cut back on Iranian oil imports drastically, given that it is an energy-deficient developing country dependent on oil imports for meeting the majority of its energy needs. India's Commerce Minister told reporters on March 28, 2012, that India "cannot just rupture" its ties with Iran.<sup>11</sup>

Despite the above compulsions, however, in continuing its energy cooperation with Iran, Indian officials have been arguing that there has been an overall decline in imports from Iran. Finance Minister Pranab Mukherjee, during an April 2012 visit to the United States to attend the meetings of the World Bank and the International Monetary Fund (IMF), stated that Indian imports stood at about 14 million tons out of total imports of "roughly 160-170 million tons."<sup>12</sup> Information given by the government to India's Lower House of legislature (*Lok Sabha*) indicates that while India's imports from Iran were 13 percent of its overall energy imports during 2006-2007, they stood at about 16 percent during the following three years.<sup>13</sup> India's Upper House of legislature (*Rajya Sabha*) was informed by the Minister of State (MoS) for Petroleum and Natural Gas on March 20, 2012, that while India imported 21.81 million metric tons (MMT) during 2008-2009, its imports during 2011-2012 (April 2011-January 2012) were 14.78 MMT.<sup>14</sup> India has also been robustly looking to diversify its oil sources, as well as to increase supplies from its current suppliers like Saudi Arabia. Riyadh, for instance, will supply 32 million tons in 2012-2013, compared to 27 million tons in 2011-2012.

India's policy choices on energy security have to be seen in the context of its "three policy determinants" of strategic autonomy,

regional strategic stability, and national security imperatives vis-à-vis Iran's nuclear program.<sup>15</sup> "Strategic autonomy" in the Indian lexicon implies making decisions while keeping in mind its core national interests (energy security considerations in this instance) without being too affected by external pressures. Prime Minister Dr. Manmohan Singh had earlier termed it "an article of faith" for India's foreign policy. India's three votes against Iran at the International Atomic Energy Agency (IAEA), despite having hosted Iranian President Mahmoud Ahmadinejad in New Delhi in April 2008, was viewed as another instance of India's "strategic autonomy" at work.

On March 20, 2012, the Obama administration exempted 11 countries (Belgium, the Czech Republic, France, Germany, Greece, Italy, Japan, the Netherlands, Poland, Spain, and the United Kingdom) from possible U.S. sanctions on the grounds that they had reduced their imports from Iran "substantially"--as per the language of the 2012 National Defense Authorization Act. The United States will have to make a call on 12 other countries including India by June 28, 2012, which source a substantial part of their oil imports from Iran.<sup>16</sup> Though India is not expected to apply for a sanctions exemption, it could still qualify for such an exemption given that it has indeed reduced its imports from Iran as a percentage of its overall imports. These reductions are especially pertinent in the context of its galloping energy requirements.

## COMPLICATIONS IN INDIA'S BILATERAL RELATIONSHIPS

India's Iran policy, with its strong focus on strategic autonomy, has led to complications in its bilateral relationships with countries including the United States and Israel to a lesser extent. The Bush administration, for instance, looked down upon India's decision to host Ahmadinejad in April 2008. A *Wikileaks* cable from the U.S. Embassy in New Delhi cited then U.S. Ambassador David Mulford as stating that the April 2008 visit by

Ahmadinejad was an effort by India “to prove that it has an independent foreign policy, as the communist critics have demanded since India’s first vote against Iran in the IAEA in 2005.”<sup>17</sup>

India did not desist from sending a trade delegation to Iran on March 9, 2012, despite expressed opposition to such an undertaking from some U.S. Congressmen, among others. On March 6, 2012, the Indian Embassy in Washington strongly defended India’s relations with Iran and charged that the criticism its policies were generating were based on a “distorted picture of New Delhi’s foreign policy objectives and energy security needs.” It further added that “India’s relationship with Iran is neither inconsistent with [its] non-proliferation objectives, nor do we seek to contradict the relationships we have with our friends in West Asia or with the US and Europe.”<sup>18</sup>

While India continues its energy cooperation with Tehran, senior U.S. policymakers, like Secretary of State Hillary Clinton on February 29, 2012, have acknowledged that India was taking “steps that are heading in the right direction.”<sup>19</sup> Clinton was in Kolkata and New Delhi in May 2012 specifically to urge her interlocutors to continue to keep up the pressure on Iran by helping constrict its oil revenues. During a May 8 press conference with External Affairs Minister S.M. Krishna in New Delhi, Clinton affirmed that the April 2012 Istanbul talks held after a gap of 15 months were a result of sanctions pressure. She insisted that Iran would not have come back to the negotiating table “unless there had been the unrelenting pressure of the international sanctions. And this pressure must stay on if we want to see progress toward a peaceful resolution.”<sup>20</sup> Minister Krishna, on his part, insisted that “Iran is a key country for our energy needs” and that both India and the United States have discussed each other’s “position” and “perspectives on energy security.” He added that the issue was “not a source of discord between our two countries.”

The differences between Indian and Israeli policy preferences over the issue meanwhile

are most prominent on the issue of applying more muscular measures to counter the Iranian concerns, including military strikes. India continues to be in strong opposition to the exercise of a military option. Earlier, in July 2008, India had termed a military strike--in the context of reports suggesting that Israel was contemplating such an option--as “unacceptable international behavior,” which would have would have “disastrous consequences for the entire region, affecting the lives and livelihood of five million Indians resident in the Gulf, and the world economy.”<sup>21</sup>

Israeli policymakers seem to be appreciative of Indian compulsions vis-à-vis Iran on the energy security front. They also acknowledge Indian opposition expressed time and again to the possibility of a nuclear Iran. They have however been urging Indian policymakers--in formal as well as informal settings--to be more appreciative of what they perceive to be the “existential” threat from Iran, coupled with provocative statements emanating from the leaders of the theocratic regime.<sup>22</sup>

Despite such policy differences between India and Israel, which have led to the former expressing concerns in formal and informal settings, it is pertinent to note that the strength of the bilateral relationship has not been affected. The robust defense trade continues, worth over \$9 billion so far. Annual non-defense trade is worth over \$5 billion, and both sides expect to double or even triple it after the free trade agreement (FTA) is finalized before December 2012.

#### **CURRENT TRENDS: INDIA’S PREFERRED POLICY CHOICES ON THE UPSWING**

Regional and international opinion continues to be against the exercise of a military option. For example, reports noted that senior U.S. officials (including Defense Secretary Leon Panetta, Chairman of the Joint Chiefs of Staff Gen. Martin Dempsey, and National Security Advisor Tom Donilon) visiting Israel in January-February 2012 urged

Israel not to undertake the military option and to allow sanctions to do their intended work.

Senior Israeli policymakers such as Defense Minister Ehud Barak have also admitted that there was still scope for “tight, ratcheted sanctions.” This was during his visit to Japan in February 2012. Barak of course added that a military option could become inevitable if Iran does enter the “zone of immunity.”<sup>23</sup> This has been interpreted as a point in time when it will be impossible to set back Iran’s weapon capabilities. Following his U.S. visit, Israeli Prime Minister Benjamin Netanyahu, in an interview to an Israeli news channel on March 9, 2012, also insisted that a military attack was not imminent, adding, “I am not standing with a stopwatch in hand. It is not a matter of days or weeks, but also not a matter of years.”<sup>24</sup>

Debates within Israel over the issue of “rationality” of Iranian leaders aired by former senior officials like Meir Dagan and Yuval Diskin have brought to light the continuing complexities for the Israeli government in dealing with the “existential” issue.<sup>25</sup> This is because the Israeli contention has been that Iran’s leaders cannot be trusted with nuclear weapons given their millennial proclivities and rhetoric against the Jewish state.

Iran has expressed its intent to continue its cooperation with the IAEA despite two IAEA visits in January and February 2012 that did not result in both sides agreeing in a framework for cooperation. Iran’s engagement with the P5+1 meanwhile got restarted in Istanbul on April 14, 2012, with both sides expressing optimism that progress could be achieved on issues of contention in subsequent rounds of talks. The second round of talks in Baghdad on May 23, 2012, however, did not yield specific results other than both sides agreeing to continue the conversation in Moscow in June.

Against the backdrop of the February 24, 2012, report of the IAEA director general to the Board of Governors (BOG); the ramping up of unilateral sanctions by the United States and the EU in December 2011 and January 2012; the weakening of Ahmadinejad’s political position in the aftermath of the March

2, 2012, parliamentary elections; continuing Israeli dilemmas vis-à-vis the issue; and regional political uncertainties as seen by the increasing instability in Syria, the Iranian nuclear issue is at an uncertain crossroad.

### **A MORE ROBUST DIPLOMATIC ROLE FOR INDIA?**

Turkey has been a key diplomatic facilitator on the Iranian nuclear issue. It was part of the unsuccessful effort to transfer Iranian enriched uranium to Russia and France for use in the Tehran Research Reactor in May 2010. The deal fell through on account of opposition from the United States--among others--which felt that though the terms of the deal were similar to the October 2009 deal that Iran had entered into with the Vienna Group (the United States, Russia, France, and the IAEA), it was in possession of far greater amounts of uranium than in October 2009 and therefore was not sustainable. Iran had voluntarily decided not to follow through on the previous deal. The previous session of talks between Iran and the P5+1 in January 2011 was also in Istanbul. Though the prospects of Istanbul as the venue for the April talks encountered some turbulence on account of Ankara’s role in Syria--which was held to be inimical to Iran’s interests--as well as Turkey’s participation in Obama’s missile defense system, the talks eventually took place in Istanbul.

Though India is not part of the P5+1 process, one could foresee a more prominent role for the country given that it is being affected by this process. Such a role, however, may not be in the cards as of yet. While an expansion of the P5+1 process is not being envisaged by the interlocutors themselves nor by regional countries, India may also not be willing to undertake a more active role in the negotiations unless explicitly requested to by the key interlocutors. It is pertinent to note that informed opinion from the countries of the region have urged for a more prominent role on India’s part. Factors that suggest such a role for India include its status as a regional heavy weight, growing hard power coupled

with its strategic restraint, and extant soft power strengths encompassing historical links and popular culture--which could possibly translate into a positive response by the countries of the region to India's participation.<sup>26</sup>

India of course is currently a member of the UN Security Council where the issue could again end up, depending on the nature of Iran's interaction with the IAEA. The next IAEA director general's report to the Board of Governors will delineate (for the 37<sup>th</sup> time) Iranian compliance or otherwise with its Nuclear Proliferation Treaty obligations. India has supported the UNSC-mandated sanctions on Iran, which have been imposed under Article 41 of Chapter VII (mandatory but not enforceable by military means). If the next round of sanctions are sought to be imposed under Article 42 (enforceable by military means), India could oppose such a measure.

The dilemmas for India on the Iranian nuclear issue have been compounded by the fact that countries with which it has robust ties (Israel, the United States, Saudi Arabia) share a history of a mutually antagonistic and contentious relationship with Iran. India will thus have to continue to show diplomatic dexterity in dealing with the complications arising from developments relating to the Iranian nuclear issue. It could also crucially help expand the space for the application of strategies it considers best for its own national interests as well as for strategic stability in a region of critical importance to its national security and economic development objectives.

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## NOTES

<sup>1</sup> See Nirupama Rao, "Challenges in Indian Foreign Policy," Address at National Defence College, India Ministry of External Affairs, November 19, 2010,

<http://www.mea.gov.in/mystart.php?id=550316703> (accessed February 8, 2011).

<sup>2</sup> See "Incident in New Delhi Involving Israeli Diplomat," India Ministry of External Affairs, March 16, 2012, <http://www.mea.gov.in/mystart.php?id=530319124> (accessed March 17, 2012).

<sup>3</sup> See "EAM's Statement on Incident in New Delhi Involving Israeli Mission Personnel," India Ministry of External Affairs, February 13, 2012, <http://www.mea.gov.in/mystart.php?id=530119018> (accessed March 2, 2012).

<sup>4</sup> Ajay Banerjee, "No Evidence Yet of Iran Hand in Delhi Car Blast: India," *The Tribune (India)*, February 14, 2012, <http://www.tribuneindia.com/2012/20120215/main1.htm> (accessed April 6, 2012).

<sup>5</sup> Ibid.

<sup>6</sup> See "Response to Terror Attacks in Delhi and Tbilisi," February 14, 2012, <http://embassies.gov.il/delhi/NewsAndEvents/Pages/Response%20to%20terror%20attacks%20in%20Delhi%20and%20Tbilisi.aspx> (accessed February 14, 2012).

<sup>7</sup> Marie Colvin and Uzi Mahnaimi, "Inside Mossad's War on Tehran," *The Australian*, January 16, 2012, <http://www.theaustralian.com.au/news/world/inside-mossads-war-on-tehran/story-e6frg6so-1226244885385> (accessed April 6, 2012).

<sup>8</sup> "TNT Trigger in Bombing of Israeli Diplomat's Car," April 23, 2012, *Times of India*, <http://m.timesofindia.com/PDATOI/articleshow/12829585.cms> (accessed May 2, 2012).

<sup>9</sup> "Israel Accusations Against Iran Propaganda War," *Iran Review*, February 15, 2012, [http://www.iranreview.org/content/Documents/Israel Accusations against Iran Propaganda War.htm](http://www.iranreview.org/content/Documents/Israel%20Accusations%20against%20Iran%20Propaganda%20War.htm) (accessed April 6, 2012).

<sup>10</sup> Benoit Faucon, "EU Sanctions Impede Iran Oil Shipments to Asia," *Wall Street Journal*, February 29, 2012, <http://online.wsj.com/article/SB10001424052970204653604577251210049651108.html> (accessed March 1, 2012).

<sup>11</sup> "Anand Sharma says 'Can't Just Rupture' Ties with Iran," Reuters, March 28, 2012,

<http://in.reuters.com/article/2012/03/28/india-iran-trade-idINDEE82R02L20120328>

(accessed April 6, 2012).

<sup>12</sup> Arun Kumar, "India Has Substantially Reduced Oil Imports from Iran," *Yahoo News India*, April 22, 2012,

<http://in.news.yahoo.com/india-substantially-reduced-oil-imports-iran-170935089.html>

(accessed April 23, 2012).

<sup>13</sup> See Lok Sabha, 'Import of crude oil', Starred Question 285, April 15, 2010, at <http://164.100.47.132/LssNew/psearch/QResult15.aspx?qref=87117> (accessed May 10, 2012).

<sup>14</sup> Rajya Sabha, "Decrease in Oil Import from Iran," *Question*, No. 746, March 20, 2012, <http://164.100.47.4/newsquestion/ShowQn.aspx> (accessed May 24, 2012).

<sup>15</sup> See S. Samuel C. Rajiv, "India and Iran's Nuclear Issue: The Three Policy Determinants," *Strategic Analysis*, Vol. 35, No. 5 (2011), pp. 819–35, <http://www.tandfonline.com/doi/pdf/10.1080/09700161.2011.591253> (accessed May 4, 2012).

<sup>16</sup> See "Implementation of Section 1245 of the 2012 National Defense Authorization Act (NDAA)," <http://www.state.gov/r/pa/prs/ps/2012/03/186122.htm> (accessed April 26, 2012).

<sup>17</sup> U.S. Embassy Delhi, "Menon Says Ahmadinejad Played to Masses During India Visit," *WikiLeaks*, May 1, 2008, released December 16, 2010, <http://213.251.145.96/cable/2008/05/08NEWDELHI1194.html> (available when accessed on February 13, 2011).

<sup>18</sup> Uttara Chowdhury, "India to US media, Israeli Lobby: Back Off on Iran Oil Charges," *FirstPost.World*, March 7, 2012, <http://www.firstpost.com/world/india-to-us-media-israeli-lobby-back-off-on-iran-oil-charges-236887.html> (accessed March 28, 2012).

<sup>19</sup> See "India Taking Steps in Right Direction on Iran Sanction: Clinton," *The Times of India*, March 1, 2012, at [http://articles.timesofindia.indiatimes.com/2012-03-01/india/31113398\\_1\\_absolute-foot-](http://articles.timesofindia.indiatimes.com/2012-03-01/india/31113398_1_absolute-foot-)

[iranian-oil-china-and-turkey](http://iranian-oil-china-and-turkey) (accessed April 6, 2012).

<sup>20</sup> 'Transcript of the Joint Media Conference by External Affairs Minister and US Secretary of State', May 8, 2012, at <http://meaindia.nic.in/mystart.php?id=190019345> (accessed May 9, 2012).

<sup>21</sup> "In Response to Questions About Reports That Suggest the Imminent Use of Military Force Against Iran," July 14, 2008, India Ministry of External Affairs, <http://meaindia.nic.in/mystart.php?id=530314072> (accessed February 14, 2011).

<sup>22</sup> This was evident in a series of interactions between the author (as a member of an IDSA Research team) and Israeli policy makers as well as with members of the academic and the think-tank community in both India and Israel.

<sup>23</sup> "Barak: More Sanctions on Iran Before Military Option," *Jerusalem Post*, February 18, 2012, <http://www.jpost.com/IranianThreat/News/Article.aspx?id=258361> (accessed March 1, 2012).

<sup>24</sup> "Israel Won't Strike Iran in Coming Weeks, Benjamin Netanyahu Says," March 9, 2012, *The Telegraph*, <http://www.telegraph.co.uk/news/worldnews/middleeast/israel/9132629/Israel-wont-strike-Iran-in-coming-weeks-Benjamin-Netanyahu-says.html> (accessed March 10, 2012).

<sup>25</sup> See Jodi Rudoren, "Remarks by Former Official Fuel Israeli Discord on Iran," *New York Times*, April 28, 2012, [http://www.nytimes.com/2012/04/29/world/middleeast/yuval-diskin-criticizes-israel-government-on-iran-nuclear-threat.html?\\_r=1](http://www.nytimes.com/2012/04/29/world/middleeast/yuval-diskin-criticizes-israel-government-on-iran-nuclear-threat.html?_r=1) (accessed April 30, 2012).

<sup>26</sup> This opinion was expressed by the head of a Kuwaiti strategic affairs think tank at an interaction at Institute for Defence Studies and Analyses (IDSA). For a report of the interaction, see <http://idsa.in/event/ReportofInteractionwithDrSamiAlFaraj> (accessed April 6, 2012).