

India's Nuke Dance Over Iran

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Introduction

If India's policy toward Iran and its suspected nuclear ambitions continue to cause concern and anxiety in Washington, it was largely New Delhi's own making. From the very beginning, India was unable to understand the American preoccupation with the ayatollahs. Indeed, Washington's concerns vis-à-vis Iran and its nuclear program did not figure prominently in Indian calculations when it started negotiating the civilian nuclear deal with the Bush administration.

This was visibly displayed when Prime Minister Manmohan Singh reached New York in September 2005 to attend the annual session of the UN General Assembly. The visit came weeks after the July 14 nuclear agreement and the Indian entourage was hoping that the Administration would use Singh's presence to start the process of implementing nuclear cooperation. On the contrary, they were taken aback by the American preoccupation with the Iranian nuclear controversy and by queries about the possible Indian stand at the International Atomic Energy Commission (IAEA). In the words of one seasoned observer who accompanied the official delegation, "there are growing concerns in the Indian establishment at what many call an orchestrated campaign here (that is, the United States) against India's position on Tehran's nuclear proliferation."^[1]

There is a lack of understanding in India of the historic baggage that exists between Iran and the United States since the fall of the Shah in 1979. While their acrimonious relations were widely known, New Delhi has never internalized them in its foreign policy formulations. When negotiating with these two countries, India behaved as if their bilateral differences would not spillover and affect its own desire for closer ties with Tehran and Washington.

This was most visibly manifested the manner in which India sought to handle the problem of simultaneously seeking energy supplies from Iran and civilian nuclear technology from the United States.

Nuclear Tango

The rapid turn of events at the IAEA forced India to recognize the U.S. factor in shaping its policy on Iran, especially over its suspected nuclear program. For quiet sometime there were growing international concerns about Iran's nuclear ambitions. Its clandestine and undeclared nuclear activities and its progress in missile programs were seen by many in the West as a sign of

resurgent and assertive Iran and its desire to dominate the region. So long as the mediation efforts by European Union were in place, India could hope that the issue would be diplomatically resolved 'within the IAEA'. That would have meant not only the absence of any UN-mandated sanctions against Iran but also India retaining its non-committal stands on Iran.

Despite its strong refusal to sign the Nuclear Non-proliferation Treaty (NPT), India has been committed to non-proliferation. Its prolonged and explicit exclusion from the nuclear club was its prime but unstated objection. The 1998 nuclear tests merely strengthened its resolve to work toward non-proliferation. Despite being surrounded by two nuclear powers, China and Pakistan, India does not subscribe to the more-the-merrier approach toward nuclear proliferation. It is within this larger context that one has to examine India's behavior over the Iran controversy.

At the same time, India's choices were also limited. The nuclear tests of May 1998 clearly hampered its choices. After conducting nuclear tests in 1998 in defense of its national interest, New Delhi could not counsel Iran or any other country for that matter, not to take the weaponization path. Such advice would have been morally hollow and politically untenable. Therefore, from the very beginning India has opted for the technical middle path: Iran had voluntarily signed the Nuclear Non-Proliferation Treaty (NPT), renounced its nuclear option and therefore, so it should adhere to its treaty commitments and obligations.

By mid-2005 however, it was obvious that the Iran file would not be closed at the IAEA but would be referred to the UN Security Council for further action. During the run-up to the first vote in September, which declared Iran to be 'non-compliance' of its commitments and obligations to the IAEA, India gave indications that it would side with Iran.

On September 4, Foreign Minister visited Iran and met the newly-elected President Ahmadinejad. On the eve of his visit, the Foreign Ministry spokesperson reminded the media that both countries "have enjoyed deep civilizational, cultural, people-to-people links and we attach great importance to the bilateral relations."^[2] A few days later, speaking at a press conference in New York, Prime Minister Singh observed: "We have other factors with a sizeable element of the Shia population in our country. We have world's second largest Shia population in our country. So we have to weigh all these factors."^[3]

On the eve of the IAEA vote, the Indian Foreign Ministry issued a press release which said:

The Prime Minister received a phone call from President Ahmadinejad of the Islamic Republic of Iran at the Iranian request. The President raised the issue about Iran's nuclear programme in the IAEA. Prime Minister advised him that Iran should consider taking a flexible position so as to avoid a confrontation. The Prime Minister repeated the necessity for Iran to make concessions to this end. India supports the resolution of all issues through discussion and consensus in the IAEA.^[4]

Indian insistence on "consensus" perhaps was a signal for an impending Indian reversal.

On September 24, 2005, much to surprise of many observers both within and outside the country India opted to side with the majority at the IAEA and declared Iran to be "non-compliant" of its obligations. Even China and Russia, countries considered friendly to Iran, could not vote with Iran but preferred to abstain during the vote.

Abstention however, was not an option for India, as it would not garner any brownie points either with the United States or with Iran. Joining the majority appeared more sensible. When the issue came up again in February 2006, even China and Russia were not ready to back Iran. This made things a lot easier for India and to support the IAEA decision to refer Iran issue to the UN Security Council.

The positive votes in favor of the United States at the IAEA however, did not go down well within the country. Calling it a 'shameful vote' an editorial in *The Hindu* castigated the government for its "willingness to abandon the independence of Indian foreign policy for the sake of strengthening its strategic partnership with the United States."^[5] This line became the standard refrain of the critics who argued that a positive vote in favor of Iran or abstention would have been in tune with Indian's non-aligned foreign policy and its desire to maintain autonomous foreign policy decision making.

The manner in which the Singh government handled the Iran file gave an unmistakable impression that New Delhi was acting under American pressure, if not duress. Weeks before the September vote, Congressman Tom Lantos (D-California) was quoted as saying "India must decide where it will stand; with the 'ayatollahs' of terror in Tehran or with the United States." This led a mini-war of words between the United States and Indian officials.^[6]

Any lingering doubts were set aside by the official 'clarification' offered by India for the IAEA vote. The EU draft resolution, he observed:

[R]ecognizes that "good progress has been made in Iran's correction of the breaches and in the Agency's ability to confirm certain aspects of Iran's current declarations." In view of this, finding Iran non-compliant in the context of Article XII-C of the Agency's Statute is not justified. It would also not be accurate to characterize the current situation as a threat to international peace and security.^[7]

Iranian "non-compliance" was not justified but still India voted to declare Iran to be non-compliant!^[8] This led a former Indian diplomat who served in Iran in the 1990s to depict the Indian role at the IAEA as "a surrogate's surrogate."^[9]

Furthermore, both before and after the vote, India was not able to present a logical and convincing case explaining the rationale for voting against Iran. Following the second vote at the IAEA on February 5, Prime Minister Singh told the Lok Sabha that Indian decisions were influenced by "our security concerns arising from proliferation activities in our extended neighborhood."^[10] He went to extensive lengths highlighting and underscoring that these votes do not "in any way, detract from the traditionally close and friendly relations we are privileged to enjoy with Iran." According to him:

As a signatory to the NPT, Iran has the legal right to develop peaceful uses of nuclear energy consistent with its international commitments and obligations. It is incumbent upon Iran to exercise these rights in the context of safeguards that it has voluntarily accepted upon its nuclear programme under the IAEA.

While India recognizes Iranian right to pursue peaceful use of the nuclear energy, such a development would have to be within the limits of its agreements and commitments to the IAEA. But the manner in which India made a sudden u-turn gave an unmistakable impression that it was a *ex post facto* rationalization rather than a well thought out strategy.

Although describing another nuclear power in its 'extended neighborhood' would not be in its interest, India has not acted on that assessment. It could persuade and convince Iran to seek a compromise settlement with the international community. Alternatively, it could join hands with other great powers in seeking a politico-diplomatic solution. India however, found an innovative solution: gerrymandering. India is opposed only to another nuclear power in its 'neighborhood' and this could be solved by removing Iran from the neighborhood. Surprisingly that was how India sought to deal with the Iran controversy. For a long time, the *Annual Reports of the Ministry of External Affairs* included Iran under the category of 'neighbors.'^[11] In a sudden departure from this, in 2006 Iran was removed from the neighborhood category and placed as part of 'West

Asian and North Africa.'[\[12\]](#) Such gimmicks do cast doubts about the seriousness of India's opposition to a nuclear Iran and its reliability of its pronouncements.

Moreover the Indian security establishment has also been silent on the non-conventional programs and ambitions of Iran. The recent strides made by Tehran in its missile capability, including the *Shahab-4*, never evoked a public debate in India. The latest *Annual Report of the Ministry of Defence* for example, makes no mention of the Iranian nuclear and missile programs but warns,

...West's growing confrontations with Iran and North Korea have impacted India's economic and energy security concerns adversely. These developments are also a matter of concern to us, as we share close cultural and civilizational affinities with some of these troubled states.[\[13\]](#)

Tehran's non-conventional programs are primarily viewed in India within the context of Iran's rivalry and hostility toward Israel. It is not recognized that the 3,000 km-range *Shahab-4* missiles which could threaten southern Europe are also capable of flying eastwards and reaching the Indian heartland.

Not Factoring in The United States

There is a fundamental miscalculation in India about the nuclear deal. Both during and after the July 14 agreement, there was never a cost/benefit analysis. The Indian nuclear establishment has been acrimoniously debating the pros and cons of the obtaining civilian nuclear technology from the United States and the accompanying restrictions about future progress. A corresponding overall assessment, however, is absent. The nuclear deal appears to be a vindication of its nuclear tests and the eventual and grudging American recognition of India's nuclear status.

According to this point of view, the United States, hopefully while the Bush Administration is still in office, would bring about far-reaching changes in domestic American non-proliferation laws and silence the nuclear ayatollahs from derailing the deal. Internationally the Bush Administration would convince other countries to accept the Indo-U.S. nuclear deal. Washington would work with key players like China not to oppose the deal at the Nuclear Supplier Group (NSG). These far-reaching steps would be taken by the Bush Administration, New Delhi hoped, while it was not prepared to accommodate American concerns over the nuclear stand off with Iran.

Likewise, the Iran Libya Sanctions Act of 1996 never figured in Indian calculations when it negotiated energy deals with Iran. The Act explicitly prohibits "investment of more than US\$20 million in one year in Iran's energy sector." It is not necessary that India is bound by the domestic legislation of other countries and like many others could happily ignore the provisions of the ILSA. For example, according to a *CRS* study, since 1999 over \$11.2 billion has been invested in the Iranian oil industry by various European and Japanese companies.[\[14\]](#)

The problem however, is not American sanctions vis-à-vis Iran, but Indian unfamiliarity with the possible punitive fallouts of energy-related investments in Iran. In recent years, India has been negotiating three major deals with Iran: namely, a 25-year contract for the supply of 5 million tons of liquefied natural gas (LNG); possible supply of natural gas through a pipeline that would pass through Pakistan; and exploration of oil and gas in Iran undertaken by Indian oil companies. The pipeline project and gas exploration would definitely fall into the categories of 'investments' as defined by the ILSA and are in excess of the ILSA ceiling of \$20 million. The Iran-Pakistan-India pipeline for example, is estimated at \$7 billion. As far as one can fathom, India never factored in the ILSA dimension when it began negotiating these energy deals with Iran.

'Strategic' Ties with Iran

The official and popular portrayal of the Indo-Iranian ties as 'strategic' causes consternation among many U.S. law-makers. As highlighted by the letter sent by a group of U.S. House of Representatives to Prime Minister Singh in May 2007:

India's pursuit of closer relations with Iran appears to be inconsistent with the letter and spirit of the July 18th, 2005 announcement by you and President Bush of the establishment of a "global partnership" between our two countries. It also is contrary to the pledge that India "would play a leading role in international efforts to prevent the proliferation of weapons of mass destruction, including nuclear, chemical, biological and radiological weapons."[\[15\]](#)

Such American concerns are partly a misunderstanding of the 'strategic' component of India's relations with Iran. It is true that both countries have an ongoing 'strategic dialogue' on hydrocarbons and bilateral energy deals that are also viewed and presented as 'strategic.' If they bear fruit, energy cooperation with Iran could significantly contribute to India's energy security. But at the same time, hydrocarbon supplies from Iran would just be one part of the basket of energy options available to India and would not be the panacea for its overall energy security problem.

Moreover, while Iran is an important source of oil and natural gas, it has always been a marginal player in India's overall energy basket. Despite the media hype, much of India's hydrocarbon needs are met by countries such as Nigeria, Saudi Arabia, UAE and Qatar. Until the Kuwait crisis (1990-91), Iraq was India's major supplier of oil and the increase in the Iranian share was partly due to prolonged UN-sanctions and Iraq's inability to export oil. It was only the mid-1990s that Iran began supplying significant quantities of crude oil to India. For example during 2004-05 India imported \$2.9 billion worth of crude from Iran and this constitutes just eight percent of its total hydrocarbon imports. In 2005-06 for example, its energy import bill stood at over \$50 billion and only \$4.12 billion came from Iran. In short, energy calculations alone do not explain the pro-Iran sentiments that prevail in India.

There is another dimension to the 'strategic' partnership. In recent years it has become fashionable for India to pursue a 'strategic' dialogue with a number of countries. The recent *Annual Report of the Ministry of External Affairs*, for example, says: "India has also entered into strategic partnership with the European Union, UK, France and Germany."[\[16\]](#) It also describes India's ties with countries such as China, Japan, Indonesia, Russia, Morocco, South Africa, Nigeria and Brazil, as 'strategic.' The Ministry-run Indian Council of World Affairs for example, conducted as many as 16 'bilateral strategic dialogues' during 2006-07.[\[17\]](#) At times, even many non-official track-II negotiations are termed 'strategic.'[\[18\]](#) Hence, one should not attribute excessive importance to the 'strategic' component of India's relations with Iran.

There were suggestions that closer ties with Iran were indeed part of "India's great-power aspirations and New Delhi's concomitant expansive agenda for Central Asia and beyond."[\[19\]](#) While Iran might contribute to its energy security, closer ties with an Ahmadinejad-led Iran would be a costlier mistake. The refusal of Prime Minister Singh to attend the summit meeting of the Shanghai Cooperation Organization in June 2006 should rest any such speculations. With the Iranian President racking up so many controversies over his statements on holocaust and nuclear ambitions, Singh perhaps was not ready for a photo opportunity with the Iranian leader.

Mishandled Realism

Had it handled the Iran issue tactfully, the Singh government could have easily convinced both its domestic critics and American interlocutors. Iran, especially under the leadership of Ahmadinejad, is heading for a confrontation with the outside world. As happened during the early 1980s at the

height of its Islamic revolution, Tehran is less inclined toward accommodation and negotiation. Regarding the nuclear stand-off, its belligerent tone and refusal to comply with the demands of the IAEA did not go well with the international community.

On two occasions the Security Council has exhibited Tehran's isolation. Resolutions 1737 (December 2006) and Resolution 1747 (February 2007) were modest and did not impose severe sanctions against Iran. They however, unequivocally conveyed a blunt message: the Iranian isolation in the Security Council. The international community, including China and Russia, two important friends, did not share the Iranian version of the events. On both occasions Qatar, the only Arab member in the Council, sided with the majority. If this was not enough, in May 2007 the IAEA again reported that Iran had not complied with the demands of the Security Council demands. This would mean that Tehran is heading for an additional round of sanctions.

Moreover there are subterranean tensions in the Persian Gulf region as Arab neighbors are uneasy about an aggressive Iran. The willingness of oil-rich Arab countries to seek nuclear energy is a definite sign of this disquiet. Being small and weak powers, they are not in a position to openly articulate their concerns vis-à-vis an emboldened Iran. Should there be a military confrontation over Iran, these Arab states would be the first to suffer the consequences.

For its part, India has and seeks closer friendships with Arab countries in the region such as Saudi Arabia, Qatar, and in the not-so-distant future, even Iraq. Currently over 3.5 million Indian expatriates are gainfully employed in the Gulf countries and they not only contribute significant foreign exchange remittances back home but also have emerged as source of strength and cooperation between India and these countries. Many of these countries view the Iranian nuclear program with suspicion, and India can not ignore the anxieties of the Arab neighbors of Iran.

Under such circumstances, Prime Minister Singh could have easily convinced his citizens that India's long-term interests would not be served by identifying and supporting a country that is increasingly facing international sanction and isolations. The events of early 1990s clearly indicated that Indo-Iranian relations could flourish only when Iran is accommodative of its neighbors concerns and pursues a friendlier posture vis-à-vis the wider international community. Conversely, their bilateral ties would flounder when Iran is heading toward international isolation.

Prognosis

Irrespective of its public posturing and pronouncements, India has a dual policy vis-à-vis Iran. As a country with large quantities of oil and gas reserves, Iran will continue to be important for India's search for energy security. Its newly found economic confidence has enabled India to pursue long-term projects such as LNG and pipeline options. Indian oil companies have the financial powers and official backing to explore upstream activities in different parts of the world.

At the same time, it is not easy for India to do business with Iran. As highlighted by the ongoing row over pricing, India will find it increasingly difficult to reach a workable business partnership with Tehran. Even without the American factor, New Delhi would have to work out an effective negotiating strategy vis-à-vis Iran.

Nuclear Iran however, does not serve Indian interests. And even the Left in India which was highly critical of the IAEA votes, was demanding Indian 'abstention' and not support for Iran. Their prime refrain was: why not abstain like the Chinese? This logic disappeared following the February 2006 vote at the IAEA and the two Security Council resolutions, when China voted against Iran. It is therefore more a question of anti-Americanism rather than support for Iran that shapes the attitude of the Indian Left.

The IAEA votes exhibit the influence of hardened realism on India's Iran policy. But the public posturing of India's policy is shaped by domestic political calculations. As Theodore Wright observed in the early 1980s, when it comes to the Middle East, Indian Muslims could be compared to the Jews of America.^[20] Both have a strong involvement in the unfolding developments of this region and exert considerable influence in shaping the policy of their countries toward the Middle East. Unlike the American case, however, the role and influence of Indian Muslims upon its Middle East policy has never been discussed by the mainstream intelligentsia. As Prime Minister Singh unexpectedly admitted in September 2005, there is a Muslim factor in India's foreign policy, and particularly a Shia factor in India's Iran policy. While such considerations do compel India to tailor its case to suit the domestic audience and political constituencies, its international behavior has been shaped by realism, with the result there is always an Indian duality. Its pro-Iranian public pronouncements would be at odds with its hard-nosed stand at the IAEA, UN, or other forums.

A meaningful resolution of the Iran issue would demand a fundamental reconciliation between Washington and Tehran. Since India seeks closer ties with both these countries a modicum of civilized interaction between them would be in India's interest. There are hopes that New Delhi could capitalize on the mutual distrust and aspire to be the proverbial midwife. In the words of Christine Fair, "Although it will not likely occur during the tenures of [George W.] Bush and Ahmadinejad, a future U.S.-Iranian rapprochement could be facilitated by India, akin to Pakistan's role in the U.S.-Chinese détente."^[21] Though flattering, New Delhi does not enjoy sufficient trust in both the capitals. If its IAEA votes antagonized Tehran, the manner in which they were obtained annoyed Washington. The prolongation of the price negotiations are a clear indication that things are not well on the Indo-Iranian front.

On the nuclear issue it is obvious that Iran is gradually alienating itself from its traditional friends like China. Therefore, it should not be difficult for Prime Minister Singh to be more assertive in explaining his rationale for opposing Iran on the nuclear issue. Not only to silence the U.S. critics of the nuclear deal, but to convince his domestic skeptics as well.

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