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edited by
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*To the memory of my father,
Romendranath Ganguly*

Indo-Iranian Relations

*What Prospects for Transformation?*¹

C. CHRISTINE FAIR

Since 1993, India and Iran have sought to transform their bilateral relations with limited success. India's efforts to develop closer ties with Iran have always been controversial because Iran's critics believed India's engagement with Iran undermined international efforts to isolate it. However, in recent years, Indo-Iranian relations have drawn considerably more high-level attention because the stakes are higher. Since 2000, the United States (US) and India have embarked upon a serious effort to forge a strategic relationship (see S. Paul Kapur's chapter in this volume). In 2005, the US promised to help India become a global power inclusive of military and nuclear assistance.² US nuclear assistance to India required the US Congress to reverse course on decades of non-proliferation legislation, much of which was precipitated by India's 1974 nuclear test, and hoist up an India-specific policy that recognizes India's status as a nuclear power outside of the Nuclear Non-proliferation Treaty (NPT). At the time of the negotiations, some American law-makers were nonplussed by India's relations with Iran, and the US Ambassador to India, David Mulford, even linked the prospects of the deal to Indian cooperation on Iran.³ One US State Department official pointedly said that Delhi's ties with Tehran are 'the biggest single obstacle to the future of US-India relations and the one issue that could torpedo our strategic partnership'.⁴

Iran's brinkmanship over its nuclear programme has galvanized transatlantic agreement about Iranian intent to weaponize and a consensus on the need to prevent Iran from doing so, requiring India to delicately balance its relations with the US. Due to Iran's refusal to halt uranium enrichment, the United Nations Security Council (UNSC) sanctioned Iran thrice in 2006, 2007, and 2008. The UNSC sanctions required the

support of Russia and China, which have championed Iran's right to civilian nuclear technology and have even provided assistance to its programme.⁵ US efforts to limit Iran's power remain focused and have intensified due to Iran's backing of Hezbollah in Lebanon and its interference in Afghanistan and in US-occupied Iraq. Some US policymakers expect India, as its new security partner, to help isolate Iran—not provide it with an economic, political, and diplomatic lifeline. The US Congress even tried to condition the US-India nuclear deal upon India's active support for US and international efforts to contain Iran's nuclear programme. In 2007, the George W. Bush administration balked and the final legislation softened this focus but still requires the administration to report to Congress yearly on India's cooperation on Iran, among other items.⁶

Indian leadership's interests in securing this civilian nuclear deal imposed challenges for India's sustained ties with Tehran. Despite controversial statements that India would not betray Iran, India voted 'against Iran' *twice* at the International Atomic Energy Agency (IAEA). First, it voted for the resolutions finding Iran to be in non-compliance in September 2005, and later it voted to refer Iran to the UNSC in February 2006.⁷ Those votes did much to chill the Indo-Iranian rapprochement, which irked Indian critics of tight ties with Washington. They opine that New Delhi has relinquished its sovereignty to placate Washington and have called for re-energizing Indo-Iran ties.⁸ The debate notwithstanding, India does have several enduring interests in Iran. That country provides India access to Afghanistan and Central Asia. Iran and the Central Asian republics also offer India access to future and current energy markets, as well as prospects for various non-hydrocarbon commercial activities. Ties with Iran and its neighbours also permit India to exert pressure upon Pakistan. Given these important Indian equities in Iran and the constraints of working with Washington, to what extent will India be able to meaningfully transform its ties with Tehran? This is the subject of this chapter.

After providing a brief overview of the present-day Indo-Iranian relationship, this chapter explains the ongoing bilateral efforts to forge significant Indo-Iranian relations using three levels of analyses. First it examines structural factors, especially shifts within the international system. A second level considers domestic developments in Iran and India. At a third level, this chapter considers the role of individual leaders. As will be apparent, Indo-Iran relations appear to be over-determined by structural and domestic factors. However, specific leaders have been important as well. This chapter concludes with a discussion of the future prospects for Indo-Iranian relations.

CONTEMPORARY INDO-IRANIAN RELATIONS

For the first 40 years of independent India's history, its ability to cultivate formal political ties with Iran was constrained by the alignments of the Cold War.⁹ While Iran was the first nation to recognize Pakistan and established formal diplomatic relations in May 1948, Iran and India formalized ties on 15 March 1950 when they signed a friendship treaty which called for 'perpetual peace and friendship' between the two states. In principle this document committed the two to amicable relations; however, in reality both states were soon to be ensnared in opposing Cold War alliances that precluded development of robust bilateral ties.¹⁰

In 1955, Mohammad Reza Shah (or The Shah) joined the US-initiated Baghdad Pact fearing that communism would undermine his regime.¹¹ India's Prime Minister Nehru denounced the Baghdad Pact (as well as the Southeast Asia Treaty Organization [SEATO]) as a 'wrong approach, a dangerous approach, and a harmful approach'¹² to international relations. While Iran pursued the option of alignment, India emerged as a leading state in the Non-Aligned Movement (NAM) although it certainly tilted towards Moscow. With the first Indo-Pakistan War of 1947/8 and the emergence of an enduring Indo-Pakistan dispute over Kashmir, India and Pakistan became locked in intense enmity. As Pakistan was also a member of the Baghdad pact (later renamed Central Treaty Organization, CENTO), Iran and Pakistan became closer, ostensibly under the security umbrella of the US.¹³ During the 1965 and 1971 wars with India, Iran provided Pakistan with military assistance.

Although India largely welcomed Iran's 1979 revolution as an expression of national self-assertion and although the post-revolutionary Iranian leadership was generally well disposed towards India, significant differences persisted. Iran was much more critical of the Soviet invasion of Afghanistan than was India, which avoided public condemnation. During the Iran–Iraq war, India remained ambivalent as it tried to simultaneously protect its oil interests in both states. Under Ayatollah Khomeini, Iran remained isolationist and focused both upon consolidating the gains of the revolution and the strains of the Iran–Iraq war. While the 1970s and 1980s witnessed tensions between the two, there were episodic but notable periods of positive engagement, and the two sustained economic engagement during this period, particularly on energy issues. In 1983, India and Iran forged their first significant institutional mechanism, the Indo-Iran Joint Commission. It convened foreign ministerial level meetings to review progress made chiefly on economic issues.

Throughout the 1980s and 1990s, India and Iran pursued, with various

levels of effort, economic and trade dialogues. However, there were surprisingly few high-level activities, such as the 1993 state visit by India's PM Narasimha Rao to Iran and a 1995 reciprocal visit by Iran's President Rafsanjani. Neither visit produced any accord per se, but they were foundational exchanges which laid the groundwork for more substantive future developments. The second major bilateral initiative, the Tehran Declaration, did not occur until 2001. It was signed by Iran's President Khatami and India's PM Atal Bihari Vajpayee during the latter's April 2001 visit to Tehran, it focused upon energy and commercial concerns, and it reaffirmed their commitment to a North–South Corridor and its maximal utilization. (This North–South Corridor will permit facile movement of goods from India by sea, through Iran and into Central Asia and Russia.¹⁴) Iran and India also agreed to promote scientific and technical cooperation.¹⁵ The so-called India–Iran Strategic Dialogue came out of that agreement and has since met four times. Reflecting the bilateral stall precipitated perhaps in part due to India's votes at the UNSC, it last met in May 2005 and concentrated upon gas pipelines and a bilateral agreement for liquefied natural gas (LNG), which Iran cannot produce.¹⁶ So far, neither side has announced a date to reconvene the Strategic Dialogue.

The most recent and most substantial framework shaping Indo-Iranian relations was the January 2003 New Delhi Declaration, signed when President Khatami visited New Delhi. It included seven additional Memoranda of Understanding and dilated upon international terrorism, shared concerns about the looming US invasion of Iraq, and the mutual need for enhanced cooperation in science and technology.¹⁷ Some reports suggested that space advancements (for example, satellite launch) were discussed, although there is no such mention in the accord.¹⁸ Hydrocarbon and water issues figured prominently, as did close cooperation in efforts to reconstruct and rehabilitate Afghanistan.¹⁹ One of the additional documents signed during Khatami's 2003 visit was the 'Road Map to Strategic Cooperation', which mapped out concrete steps on oil and gas issues (such as the ever-challenging pipeline project), the commitment to expand non-hydrocarbon bilateral trade, and other forms of significant economic cooperation. It also featured India's commitment to help develop the Chahbahar port complex, the Chahbahar–Fahranj–Bam railway link, and a Marine Oil Tanking Terminal at the port. Controversially, it committed the two states to pursue more robust defence cooperation.²⁰

Progress in this relationship has been slow.²¹ The energy relationship has been stymied by Iranian infrastructure. Iran lacks the capability to produce LNG and India's commitment to help construct an LNG plant

in Iran likely falls afoul of the Iran–Libya Sanctions Act (ILSA), which requires sanctions on yearly investments in excess of \$20 million in Iran's energy sector.²² They have continued to make progress on their commitment to build a North–South Corridor with Russia. Russia, Iran, and India signed this agreement (called the Inter-Governmental Agreement on International North–South Transport Corridor) in September 2000 in St Petersburg. This corridor is a part of an Indo-Iranian initiative to facilitate the movement of goods from Indian ports to Chahbahar, across Iran by rail, and onward into Central Asia and Russia.²³ As a part of this agreement, India agreed to help expand the Iranian port of Chahbahar and lay railway tracks that would connect Chahbahar to the Afghan city of Zaranj. India has also committed to upgrading the 215-km road that links Zaranj and Delaran as part of the Ring Road, a circular road network that connects Herat and Kabul via Mazar-e-Sharif in the north and Kandahar in the south. This would permit Indian goods to move into Afghanistan via Delaran and beyond. This access is critical for the movement of Indian products into Afghanistan as Pakistan denies India over-land access.²⁴

While these infrastructure and access projects have continued, the two states' efforts to forge strategic relations have yielded few concrete results apart from important joint working groups (for example, counter-terrorism and counter-narcotics) and expanded Indian access to Iran through its long-standing embassy in Tehran and consulate in Zahedan, and most recently its consulate in Bandar Abbas. The Bandar Abbas consulate was built in 2001 and permits India to monitor ship movements in the Persian Gulf and the Strait of Hormuz.²⁵ The long-established consulate in Zahedan, near the Pakistan border is also, likely, an important listening post.²⁶ The aforementioned strategic dialogue has met four times between October 2001 and May 2005 but it has not convened since.²⁷ Despite claims that the forum would permit opportunities for cooperation in defence in agreed areas, little has materialized.²⁸

Similarly, the hopes that India would provide expertise in electronics and telecommunications, as well as upgrades for many of Iran's legacy Russian weapons systems have not fructified.²⁹ There has been some activity in the naval sphere; the two navies carried out their first joint naval manoeuvres in the Arabian Sea in March 2003 during the US build-up to invade Iraq.³⁰ India and Iran conducted their second naval exercise during 3–8 March 2006, overlapping with US President Bush's trip to Afghanistan, India, and Pakistan.³¹ While the exercises themselves, in all likelihood, had little technical significance, their timing had enormous symbolism. The first naval engagement was coincident with the US military build-up in the Gulf

to invade Iraq in 2003, and the 2006 visit naval exercise overlapped with US Congress' review of the Indo-US nuclear deal and President George Bush's visit to India and Pakistan.

Bilateral technical cooperation has also been stymied. India had cooperated with Iran on civilian nuclear programmes in the past when the former sought to sell Iran a 10-megawatt research reactor to be installed at Moallem Kalyaeh in 1991, and may have also considered selling Iran a 220-megawatt nuclear power reactor. While both were to be placed under the IAEA safeguards, the US pressured India not to go through with the sales, fearing that Iran would use these facilities to make weapons-grade fissile materials.³² The issue of nuclear cooperation again emerged in October 2004 during a discussion between then Iranian President Khatami and India's then national security advisor, J.N. Dixit, in Tehran.³³ Reports of Indo-Iranian space cooperation also galvanized small pockets of opposition to the 'other Indo-US deal' on space cooperation, presumably out of concern that US technologies could find their way into the hands of Iranian scientists.³⁴

Since 2006, progress in Indo-Iranian relations has stalled in the wake of India's votes 'against' Iran at the IAEA. In an expression of vexation, Iran changed the terms of an important agreement on LNG. In June 2005, India's Petroleum Minister Mani Shankar Aiyar inked a 25-year agreement with Iran, according to which Iran would provide 5 million tons of LNG per year from 2009. While the deal was worth around \$22 billion, in actual practice it was dubious. As noted, Iran lacks the capacity to manufacture LNG and is unlikely to develop the capacity to do so as, to date, no LNG facility has ever been made without US patented processes or parts. Despite the largely symbolic nature of the deal, the Supreme Economic Council of Iran, which is the ultimate arbiter of economic agreements, reneged on the agreed-upon price point and demanded renegotiation. Iranians contend that the decision was driven by the skyrocketing price of oil, which also puts upward price pressure on natural gas. However, an equally—if not more—important factor was India's votes against Iran at the IAEA.³⁵ In addition, Indian officials reported that major infrastructure projects in Iran (for example, the Chahbahar port) had stalled.³⁶

The chill was short-lived. India, motivated by energy concerns and access to Afghanistan and Central Asia, has been adamant that its long-standing ties with Iran would not be hostage to its other bilateral relations. Iran, for its part, was keen to resume engagement with India not only because India is an emerging economic power but also because India is an important ally while other countries are seeking to isolate Iran. In April 2008, Iran's

controversial president, Mahmoud Ahmadinejad, made a high-profile tour of South Asia, including visits to Pakistan and Sri Lanka. He also visited India although it appears to have been an impromptu visit. Press reports claim that when he made a routine request to refuel his aircraft in India, Indian officials 'pounced on the opportunity to host the Iranian President' in an effort to revive flagging relations. The stop-over became a state visit.³⁷ Rendering the proposed six-hour stop-over into an extended official visit also afforded the government an opportunity to appease leftist coalition partners who were piqued by New Delhi's alignment with the US, civilian nuclear deal with Washington, and votes against Iran at the IAEA. India also saw an opportunity to revisit the \$7 billion Iran–Pakistan–India gas pipeline which has been stalled for numerous reasons, including US opposition, distrust of Pakistan, and commercial non-viability.

REVIVIFYING INDO-IRANIAN TIES

Structural Factors³⁸

A number of changes in the international system have expanded and constricted the opportunity space for India and Iran at different points in time despite the long history of shared culture and history. Arguably, their progress in transforming their ties was limited by the political arrangements of the Cold War. The demise of the Soviet Union was an important structural factor that permitted more substantive development. Soon thereafter in 1993, Indian PM Narasimha Rao made a state visit to Iran. He was the first Indian PM to visit post-revolutionary Iran, and Iran's President Akbar Hashemi Rafsanjani called it a 'turning point' in bilateral relations. In 1995, Rafsanjani made a reciprocal visit to India. High-level visits continued since 1995, even though the next state visit did not occur until 2001 when PM Atal Bihari Vajpayee visited Tehran in 2001, culminating in the 'Tehran Declaration'. Signed by PM Vajpayee and Iran's President Mohammad Khatami, this declaration laid the foundation for Indian and Iranian cooperation on a wide array of strategic issues, including defence cooperation.³⁹

Two years later, in January 2003, President Khatami travelled to Delhi where he was welcomed as the chief guest at India's 2003 Republic Day celebrations—an honour generally reserved for the most important of personages. Both leaders signed the New Delhi Agreement, which was important both in its timing and substance. India's feting of Khatami, contemporaneously with both the US military build-up in the Persian Gulf in preparation for the second US war in Iraq *and* with an unprecedented

qualitative and quantitative expansion in US–Indian military ties, declared the importance that New Delhi attaches to its relationship with Iran. The New Delhi Declaration was also important in its substance. Expanding the Tehran Declaration, this accord further committed the two states to deeper levels of engagement, including military cooperation.⁴⁰

The collapse of the Soviet Union and the conclusion of the Cold War presented both India and Iran with a number of challenges and opportunities. India faced uncertainty as to what would be the fate of its robust and long-standing arms supply relationship with the former Soviet Union. Iran shared this concern because the Soviet Union also supplied Iran with a steady source of arms and technology. In the wake of the end of the Cold War, the US emerged as *the* global hegemon, which unsettled both Iran and India (as well as numerous other states).

As the Soviet Union crumbled, both Iran and India shared security concerns about developments in Central Asia, which comprises Iran's important northern border and India's extended strategic neighbourhood.⁴¹ The new Central Asia states were politically unstable and ill at ease with their neighbours. Both Iran and India wanted to develop commercial access to and political influence in the newly emergent republics. Given hostilities with Pakistan, Iran became the only viable corridor through which India could access the natural resources and economic opportunities of Central Asia and Afghanistan. Central Asia emerged as an open field in which both India and Pakistan sought to secure their political, economic, and diplomatic interests, and jockeyed for influence in the area. Russia, India, and Iran engaged in a number of joint ventures to build infrastructure in Iran, Afghanistan, and elsewhere in support of moving goods between India and Russia, via Iran and/or Afghanistan. India sought to establish robust relationships with the states of Central Asia and Iran at least in part to strategically outmanoeuvre Pakistan, which also had aspirations in that area.

Both Iran and India were discomfited by the upsurge in militant (Sunni) Islamist movements that fanned throughout South Asia and Central Asia in the early and mid-1990s. The consolidation of power by the Pakistan-backed Taliban was a major source of mutual anxiety as both states feared the consequences of unchecked proliferation of the militant Sunni Deobandi/Wahabbist movement throughout their shared neighbourhood. Tehran and New Delhi, working with Russia and Tajikistan among others, helped train and equip Ahmad Shah Massoud's Northern Alliance, which was the only meaningful opposition to the Taliban.⁴² They also worked to check cross-border terrorism as well as the spread of narcotics from Afghanistan.

Apart from these regional interests, the relationship conferred other benefits in the international arena. Cultivating Iran as a partner could help deflect Pakistan's rhetoric in international forums while India offered Iran a potential means to break out of its isolation. India's value in this regard has only expanded in recent years as it has forged key relations with the US, Israel, the European Union, and the states of Southeast and Northeast Asia. India's growing energy demands also presented attractive markets for hydrocarbons. This general rapprochement of the 1990s resulted in an important, if subtle, shift in Iran's position on Kashmir: in 1991, Tehran first acknowledged Kashmir to be an integral part of India. This was subsequently reiterated when J.N. Dixit, the then Indian Foreign Secretary, visited Iran in 1993, and again with PM Rao's 1993 visit to Tehran.⁴³

A second major structural shift in the international arena created further opportunities for Iran and India: the fall of the Taliban regime in Afghanistan (c. 1994–2001). While Iran may have been concerned that it was the US that toppled the Taliban and that the US would have a military presence in yet another neighbouring state, Iran was an important partner at the December 2001 Bonn Conference. Iran encouraged the Bonn Conference to ensure that the final document called for democracy in Afghanistan and acknowledged the war on terrorism. Iran also convinced the Northern Alliance to drop its demands for additional ministries when talks threatened to break down.⁴⁴ Only a few weeks later, US President Bush included Iran in his infamous 'Axis of Evil' speech during his 2002 State of the Union address. With the Taliban routed, India worked quickly to become Afghanistan's most important regional partner and to establish an expanded presence that was denied during the Taliban period. India established consulates in Jalalabad, Kandahar, Herat, and Mazar-e-Sharif in addition to its embassy in Kabul. India has recently pledged \$450 million in addition to the \$750 million already committed. However, it has only disbursed a fraction of this amount according to figures from the Afghan government, cited by the Agency Coordinating Body For Afghan Relief.⁴⁵

Iran too has contributed significant aid (disbursed nearly \$251 million) to Afghanistan, more than Australia or even Russia. It has disbursed nearly \$251 million.⁴⁶ Iran has not only concentrated its aid in the west (near the Iran border) but also in Kabul. It has set up border posts against the heroin trade, built roads and construction projects, established madrassas, provided technical assistance among other projects. It will also help build a rail line linking the two countries. In Kabul, its projects include a new medical centre and a water testing laboratory. Iran is keen that an independent Afghanistan emerges free of both American influence and Sunni militant

groups. While Iran hopes for such an Afghanistan and supports President Karzai, it has also begun hedging its bets against alternative, less secure futures by using its radio stations to broadcast anti-American propaganda, funnelling funds to former warlords with ties to Iran, and supplying the Taliban with small arms to antagonize the Americans.⁴⁷

Importantly, India and Iran are collaborating on infrastructure projects such as the aforementioned efforts to link Zaranj and Delaran as part of the Ring Road. The New Delhi Declaration of 2003 makes explicit reference to Afghanistan noting that:

Both sides stressed that the interests of peace and stability in the region are best served by a strong, united, prosperous and independent Afghanistan ... They urge the international community to remain committed on a long-term basis to the reconstruction and development of Afghanistan, to controlling re-emergence of terrorist forces, and spread of narcotics from Afghanistan.

That document also referenced the trilateral agreement between India, Iran, and Afghanistan to develop the Chahbahar route through Melak, Zaranj, and Delaran to facilitate regional trade and transit.⁴⁸

Other changes in the international community impose serious limits to the extent of Indo-Iranian ties. First and foremost, India and the US are cementing unprecedented ties, as noted. While the US and India sought a rapprochement in the early 1980s and late 1990s, those efforts failed bitterly.⁴⁹ US President Bill Clinton sought to re-order relations with India in 2000 and achieved some important breakthroughs, with the support of PM Vajpayee. However, Clinton's ability to forge strategic ties with India was hamstrung by his commitment to non-proliferation. President Bush, unrestrained by such commitments, restructured US relations with India and committed Washington to enable India to become a global power. One of the most important elements of this commitment has been the US–India civilian nuclear deal which took around three years to finalize. This has involved contending with their legislatures, placating domestic foes of the deal, and securing international agreement at the IAEA and the Nuclear Suppliers' Groups (NSG). The desire to seal this deal likely persuaded India to vote against Iran at the IAEA. Arguably, the significance of Washington's commitments to India may reshape the relative value of Tehran's offerings.

A second potential constraint is India's relations with Israel. As India has sought deeper ties with Washington and Tehran, it has simultaneously pursued robust defence ties with Tel Aviv.⁵⁰ In fact, Israel surpassed Russia to become the largest supplier of military equipment to India.⁵¹ As

some of India's defence acquisitions from Israel involve weapon systems co-developed with the US, these deals could move forward only with Washington's blessing (see Blarel's chapter in this volume). Third and equally important, India also seeks better relations with a number of Arab states, which have been nonplussed by recent Iranian adventures in the region and wary of expanding Iranian influence.⁵² Unlike Iran, commerce with these Arab Gulf states is not restricted by sanctions.

Fourth and finally, Iran's pursuit of nuclear weapons capability has thrown the relationship into stark relief and has strained the relationship. Iran, unlike India, is a signatory to the NPT. Under that treaty, Iran is entitled to civilian nuclear technology.⁵³ However, the Indian polity and leadership alike oppose a nuclear-armed Iran. PM Manmohan Singh has consistently stated that Iran must honour its obligations under the NPT and that another nuclear-armed state in the region undermines India's interests.⁵⁴ Another important factor explaining India's nuanced view towards Iran is the fact that Iran's nuclear programme benefited from A.Q. Khan's nuclear arms bazaar.⁵⁵ Iran discomfited Indian leadership when it equated its nuclear programme to that of India, employed India's aphorism of 'nuclear apartheid' to defend its programme, and argued that the US positions on Indian and Iranian nuclear programmes comprise a double standard.⁵⁶

Domestic Factors

Efforts towards rapprochement with Iran have enjoyed widespread support within India since the 1990s, with all of the mainstream and leftist parties seeking to promote Indo-Iranian ties. Most of the major recent agreements between India and Iran took place during the Bharatiya Janata Party (BJP)-led coalition governments (1998–2004). Indian commentators frequently explained that these agreements with Iran could help conciliate India's varied Muslim communities which were wary of the Hindu nationalists' agenda. Such developments, coupled with India's increased relations with Israel and its concomitant diminishing of support for the Palestinian cause, have compelled India to bolster its relations with Muslim countries, including Iran. In recent years, under the leadership of Manmohan Singh's Congress-led coalition, India's relations with Iran remain an important means to placate leftist opponents of India's relations with the US. Notably, the February 2007 visit to Iran by India's Minister of Foreign Affairs, Pranab Mukherjee, amid heightened US–Iranian discord and increasing evidence of Iranian involvement in Iraq, helped mollify government critics who object to Delhi's kowtowing to Washington on Iran.⁵⁷

A number of important domestic factors, along with contemporaneous external factors enumerated earlier, helped reshape post-revolutionary Iran's foreign policy priorities. After Ayatollah Ruholla Khomeini died in June 1989, Supreme Leader Ayatollah Ali Khamenei and President Ali Akbar Hashemi governed Iran in tandem. Under Khomeini, Iran's central foreign policy tenet was 'Neither East, nor West'. After his death, under the leadership of reformist and pragmatist Rafsanjani, Iran sought to secure the Persian Gulf by containing Iraq, reconciling with the Arab Gulf Cooperation Council states, and by reaching out to India.⁵⁸ The two sought to cultivate their region like 'a common farmland'.⁵⁹ While this was driven by security concerns, it was also driven by domestic economic concerns. Rafsanjani was critical of Iran's economic performance since the 1979 revolution. He campaigned with the promise of economic renewal. No doubt, India's economic promise even in the early 1990s drew the attention of Rafsanjani while PM Rao, with his agenda of economic liberalization and growth, looked West and East to secure India's economic future.

Iran had hoped that India would help it fortify and modernize its defences and provide much-needed expertise in electronics and telecommunications. According to the Indian press, India had trained Iranian naval engineers in Mumbai and at Kochi port (Kerala).⁶⁰ Iran was also seeking combat training for missile boat crews and simulators for ships and subs. Iran also hoped that India would provide mid-life service and upgrades for its MiG-29 fighters, retrofit its warships and subs in Indian dockyards.⁶¹ There were also reports that Iran believed that Indian technicians would refit and maintain Iran's T-27 tanks as well as its BMP infantry fighting vehicles and the towed 105 mm and 130 mm artillery guns.⁶² As noted throughout, Iran had hoped that India would invest in its hydrocarbon infrastructure (for example, develop an LNG capability). It is unlikely that these hopes will materialize any time soon until India can confidently manage its relations with Tehran and Washington.

Both Iran and India are very worried about the domestic ramifications of the recrudescence of the Taliban in Afghanistan. (This is true even though Iran is providing low-level nuisance value support to the Taliban to encourage the US to leave.) Both states are wary about Pakistan's stability and its continued exporting of Sunni militancy. Both Iran and India have been affected by Sunni militant violence. Iran's Baluchistan-o-Sistan province in recent years has suffered a number of such militant strikes. India fears the influence of such extremism not only because it directly and indirectly contributes to the activities of Islamist militants operating in India, but also because it fuels the rhetoric and political positions of Hindu

nationalists who seek to make India an explicit home for Hindus. This is anathema to those Indians who prize India's secular values and wish to preserve it.⁶³ By the same token, India has the second largest Shi'a Muslim population in the world. India was nonplussed by Iran's efforts to export its revolution throughout the 1980s, and no doubt watches with some concern its efforts to shore up Shi'a communities as well as political and militant movements in Lebanon, Afghanistan, Iraq, and possibly Pakistan.

Individual Leadership Factors

Individual leadership factors appear to have less explanatory value in understanding the conditions for and limits to Indo-Iranian rapprochement. Within domestic audiences, Indo-Iranian relations are valued highly and are not controversial. Left to their own devices and unconstrained by developments in the international arena, India and Iran may have been able to achieve more. However, a few leaders have been strongly associated with the renewed efforts to reinvigorate Indo-Iranian relations. PM Rao, who began reshaping India's foreign and domestic policies, drove the move to cultivate Iran, which resulted in his 1993 state visit. (Rao also kept a distance from the Dalai Lama to allay Chinese concerns about India's position on Tibet and housing Tibetan exiles.) His calculations paid off. In 1994, Pakistani PM Benazir Bhutto sought to have a resolution passed by the UN Human Rights Commission in Geneva on the human rights situation in Jammu and Kashmir. She was thwarted at least in part due to a lack of support from China and Iran.⁶⁴ Rao's Iranian counterpart, President Rafsanjani, led the rapprochement from Iran's side. Rafsanjani's 1995 visit drew the attention of Washington 'largely because it coincided with—and reportedly upstaged—[US] Treasury Secretary Rubin's visit to India'.⁶⁵ Both the 1993 and 1995 visits helped Iran because they undermined US efforts to isolate Tehran and promoted it as a significant actor in broader Asian theatre.⁶⁶

Similarly, both Khatami and Vajpayee were strong leaders. Khatami was elected in 1997 as a reformer and stunned the world with his approach to international relations that focused upon a 'dialogue of civilizations'.⁶⁷ Vajpayee is credited with transforming India's foreign policy from its Nehruvian roots of Third Worldism, idealism, and moralism towards one informed by pragmatism and realism. (Others argue that this transition was well underway from 1990 onwards.)⁶⁸ Under Vajpayee, India made important strides with numerous capitals, including Washington.

President Ahmedinejad has not overtly and consistently prioritized this relationship with India. While he has applied efforts when needed to

ensure that some minimal progress persists, there have been few spectacular developments under his leadership. Instead, his presidency has been marked by international confrontation abroad and economically ruinous policies at home. Iran's emerging support for the Taliban in Afghanistan has vexed Delhi. The Taliban and allied fighters have killed several Indian workers in Afghanistan, which has motivated India to raise this issue with Tehran in recent years.⁶⁹ Manmohan Singh, for his part, has demonstrated an adequate ability to maintain India's complex of complex international relationships. However, he has been less bold than Vajpayee and at times even pusillanimous, as evidenced by his political lethargy in contending with leftist elements seeking to sabotage the Indo-US civilian nuclear deal.⁷⁰ Both Ahmedinejad and Singh have focused upon energy politics and Afghanistan rather than the more contentious issues addressed in the countries' various accords.

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Structural factors related to the international system will likely continue restraining the extent of Indo-Iranian ties. Equally important, these structural limitations will accentuate domestic political concerns. Notably, because Iran is likely to become increasingly more isolated, investment in Iran, especially in large hydrocarbon infrastructure, will become more costly and risky for Indian public and private actors. Yet India requires energy resources to sustain its growth and power projection. However, given the challenges of dealing with Iran and ever-tightening sanctions, India may well look elsewhere for immediate energy supplies even while continuing to stay active in Iran in the event that Iran one day normalizes its relations with the international community. (India's competitor China is similarly engaged in Iran and other theatres where India is active such as Sudan, Burma, and Central Asia.)

Apart from energy concerns, both India and Iran are expected to continue working together in Afghanistan; India will likely continue related infrastructure projects at Iran's Chahbahar port complex. However, safety has already impeded progress in Afghanistan, and Iran's continued support to the Taliban may sour Delhi's appetite to do more with Tehran. Clearly, should Iran continue to pursue nuclear weapons or break out of the NPT (for example, by testing), India's astute diplomatic skills surely will be tested. India's own aspirations to be a legitimate nuclear weapons state will also shape its positions on Iranian behaviour in its region. While these structural factors will limit the scope for Indo-Iranian engagement, India's regional interests are enduring and will motivate Delhi to find ways

of working with Iran to secure desired access to Central Asia and energy supplies. One should not expect India to abandon its efforts to engage Iran despite these structural limits and the related domestic challenges they impose.

Indo-Iranian ties likely will remain important for domestic reasons, at least over the near term, and that relationship will likely remain a signifier of India's independent foreign policy in a time of ever-closer ties with Washington. However, it is not clear that this will remain the case. It is questionable how much the relationship placates vexed Indian Muslims who are important niche electoral constituencies in India's coalition-driven political system. While Iran has tempered its position on Kashmir at various times, more often than not it has supported Pakistan's position on Kashmir in forums such as the Organization of the Islamic Conference (OIC). Indians dislike the Taliban who have contributed to Islamist terrorism in India. Evidence (however scant) that Iran may have been involved in the 2006 Mumbai train bombings has raised doubts about Iran for some Indians.⁷¹ And there is little support across the Indian government and polity for a nuclear-armed Iran. In contrast, Indo-US relations enjoy widespread support in India despite controversial US policies such as the 2003 invasion of Iraq.⁷²

With formidable structural barriers and uncertain domestic motivation for significant transformation of the current status quo, arguably the value of Indian and Iranian leadership will be important wildcards in navigating these challenges. In total, barring the arrival of strong leaders in both capitals who can successfully negotiate these varied impediments and steer a new and more daring course, structural and domestic factors impose real limits to Indo-Iranian rapprochement and render a fundamental transformation of bilateral ties unlikely.

NOTES

1. This paper was drafted in the fall of 2008. The information cutoff for this paper is November 2008.
2. See discussion in Ashley J. Tellis (2005), *India as a New Global Power: An Action Agenda for the United States* (Washington DC: CEIP). See in particular Raaiza Rashid and George Perkovich (2005), 'A Survey of Progress in U.S.-India Relations', in Tellis, *India as a New Global Power*, pp. 5-9.
3. See comments by Representative Tom Lantos and Representative Robert Wexler on this issue made during a hearing of the House of Representatives, Committee on International Relations, on 'The US and India: An Emerging Entente?', 8 September 2005, www.house.gov/international_relations/109/23323.pdf (accessed

- on 3 November 2008). See partial transcript in 'India, Iran and the Congressional Hearings on the Indo-U.S. Nuclear Deal', *The Hindu*, 1 October 2005. Also see 'US to India: Shun Iran or Lose Nuclear Help—Nuclear Deal Used as Leverage to Block Support in U.N.', *The Associated Press*, 25 January 2006, www.informationclearinghouse.info/article11669.htm (accessed on 3 November 2008).
4. Interview with senior US State Department official in Daniel Twining (2008), 'India's Relations with Iran and Myanmar: "Rogue State" or Responsible Democratic Stakeholder', *India Review*, 7 (1), p.1.
5. United Nations Security Council, 'Security Council Imposes Sanctions on Iran for Failure to Halt Uranium Enrichment, Unanimously Adopting Resolution 1737 (2006)', 23 December 2006, www.un.org/News/Press/docs/2006/sc8928.doc.htm (accessed on 3 November 2008); United Nations Security Council, 'Security Council Toughens Sanctions Against Iran, Adds Arms Embargo with Unanimous Adoption of Resolution 1747 (2007)', 24 March 2007, www.un.org/News/Press/docs/2007/sc8980.doc.htm (accessed on 3 November 2008); 'U.N. Security Council Passes More Sanctions against Iran', *The Christian Science Monitor*, 3 March 2008, www.csmonitor.com/2008/0304/p25s04-wome.html?page=2 (accessed on 3 November 2008).
6. Wade Boese (2007), 'Congress Exempts India from Nuclear Trade Rules', *Arms Control Today*, January/February, www.armscontrol.org/act/2007_01-02/CongressExempts (accessed on 3 November 2008).
7. In October 2005, India's then Foreign Minister Natwar Singh declared that India would not support US efforts to refer Iran to the UNSC, which outraged key members of the US Congress. See comments by Representative Tom Lantos and Representative Robert Wexler during a hearing of the House of Representatives, Committee on International Relations, 8 September 2005. Also see C. Christine Fair (2007), 'India and Iran: New Delhi's Balancing Act', *The Washington Quarterly*, 30 (3), pp. 145-59.
8. See Shebonti Ray Dadwal (2008), 'Re-energizing India-Iran Ties', *Strategic Comments*, 2 May, www.idsa.in/publications/stratcomments/ShebontiRayDadwal020508.htm (accessed on 3 November 2008); Praful Bidwai (2007), 'India-Iran Ties Jeopardized by US Threats', 10 February, www.antiwar.com/bidwai/?articleid=10501 (accessed on 3 November 2008).
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148 India's Foreign Policy

12. Quoted in Naaz, 'Indo-Iranian Relations', p. 1914.
13. Naaz, 'Indo-Iranian Relations' and Calabrese, 'Indo-Iranian Relations in Transition'.
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45. Aid that is pledged is often not committed (for example, budgeted). Once aid is committed, it is often not executed or disbursed in the recipient country for a number of reasons including insecurity, poor absorptive capacity of the recipient, poor execution capacity of the donor, among others. An exact accounting of aid disbursed is very difficult to determine and thus exact figures are not generally available. However, according to Afghan government figures cited by Matt Waldman in his study for the Agency Coordinating Body For Afghan Relief, India has only disbursed about one-third of its commitment for 2002–8. In contrast, the US has disbursed about half, whereas the European Commission and Germany have disbursed about two-thirds. See Matt Waldman (2008), *Falling Short: Aid Effectiveness in Afghanistan* (Kabul: ACBAR), p. 1 available at [www.acbar.org/ACBAR%20Publications/ACBAR%20Aid%20Effectiveness%20\(25%20Mar%2008\).pdf](http://www.acbar.org/ACBAR%20Publications/ACBAR%20Aid%20Effectiveness%20(25%20Mar%2008).pdf) (accessed on 9 June 2009). For an alternative but similar accounting, see cumulative data on aid committed and disbursed available through the Donor Assistance Database for Afghanistan. For a discussion of Indian aid to Afghanistan, see Shanthie Mariet D'Souza (2007), 'Change the Pattern of Aid to Afghanistan', *IDSA Strategic Comments*, 28 June, www.idsa.in/publications/stratcomments/ShanthieDSouza280607.htm (accessed on 3 November 2008);

- Shanthie Mariet D'Souza (2007), 'India's Aid to Afghanistan: Challenges and Prospects', *Strategic Analysis*, 31 (5), pp. 833–42.
46. Using cumulative amounts of disbursed aid, Iran has disbursed about \$251 million of its \$252 million pledged. India has pledged or committed much more, nearly \$1 billion. However, it has disbursed only about \$250 million. See graphic in Waldman, *Falling Short*, p. 8. For alternative but similar figures, see data in the Donor Assistance Database for Afghanistan.
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