

India's Stakes in Iran-U.S. Tussle

What is the issue?

\n\n

\n

- Trump administration is seeking to isolate Iran in the international arena.
- This has put India in a tight spot, as it has been pursuing deep business and strategic ties with both Iran and the U.S.

\n

\n\n

How is India currently engaged with Iran and U.S.?

\n\n

\n

- **Iranian Engagement** - Iran has been a major crude supplier to India, and India is the 2nd largest buyer from Iran (China is the 1st).
- India's investment in the Iran has been increasing and recently, India committed to enhance its investments in the Chabahar Port by \$500 million.
- India is also in the process of securing Iran's Farzad -B gas field and has promised to increase its oil off-take from Iran by 25% this year.
- It has also committed to build a rail road to Afghanistan, a project that will help India circumvent Pakistan and enhance cooperation with Afghanistan.
- **U.S. Engagement** - U.S. is India's largest trading and technological partner and India enjoys a big trade surplus with it.
- Indo-U.S. defence ties have been growing in recently years and strategic engagements between them are strong.
- But recently, the ties have come under severe strain due to imposition of tariffs on Indian goods and India's engagements with China and Russia.

\n

\n\n

What is the challenge now?

\n\n

\n

- Recently, Trump administration, has asked India to cut trade ties with Iran, which is straining India to take a stand.
- Considering the situation, more than the energy security perspective, it is the geopolitical aspects of the directive that worries India.
- If India overlooks U.S. pressures and continues engagements with Iran, it risks antagonising an all powerful trade and strategic partner.
- On the contrary, if U.S. directives are adhered to, Iran might turn hostile to Indian projects on its soil like Chabahar Port and the allied transit corridors.
- Notably, Iran is already hedging the fallouts of a confrontation with U.S. by seeking to engage with EU and other powers like China.

\n

\n\n

How did India navigate the previous such situation?

\n\n

\n

- In 2012, the Obama administration wanted to maximise pressure on Iran in order to secure a deal for curtailing Iran's nuclear program.
- Back then, Obama had sent tough messages to New Delhi through discreet channels (unlike Trump's open threats), to reduce ties with Iran.
- India had then agreed to cut oil imports by 15% subsequently, but asserted its autonomy, by attending a meet with Iranian leaders in Tehran.
- India even operationalised a 'rupee-rial' mechanism, under which Iran could use some of its oil bills with India to procure India goods.
- While the current government would seek to emulate its predecessor's line on the issue, the stakes are higher this time.

\n

\n

\n\n

What lies ahead?

\n\n

\n

- Complex negotiations between New Delhi and Tehran, and New Delhi and Washington are likely in the near future.

\n

- Considering the increasingly globalised business context, it would be risky for India to face U.S. sanctions as it might affect business considerably.

\n

- Obliging to the U.S. fully will reduce India's independent stature, and countries like China and Turkey have already refused to comply with U.S.

\n

- As India can't afford to antagonize both Iran and the U.S., it needs to play its card correctly to tide over this diplomatic tussle.

\n

\n\n

\n\n

Source: Indian Express

\n

