New Regional Dynamics - India-Iran and Pak-Saudi Arabia Axes

What is the issue?

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- Two neighbouring countries, Iran and Pakistan, which were trying to remain close, are today moving in opposite directions.
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- Iran is becoming increasingly benefitted by India’s presence and Pakistan by Saudi Arabia's presence.
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What are the recent developments with Chabahar, Iran?

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- Recently, India formally took over operations of the Chabahar port.
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- Senior bureaucrats of all the 3 countries, India, Iran and Afghanistan, held the first meeting for the implementation of the trilateral Chabahar agreement signed in 2016.
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- They agreed on the routes for trade and transit corridors, and finalised the protocol to harmonise transit, roads, customs and consular matters.
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- For India, Chabahar is important to reach out to Afghanistan.
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Why is India's role crucial for Iran?

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- Iran needs India more than before, in the backdrop of the new round of American sanctions.
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- India could persuade the U.S. to exempt Chabahar from these sanctions as the port relates to reconstruction assistance and economic development of Afghanistan.
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- Good relations between India and the U.S, helped in the waiving of sanctions on oil trade against Iran.
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- [In late 2018, America granted waivers to 8 countries including India for importing oil from Iran till March 2019.]
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- New Delhi lobbied for such an exemption as Iran is India's number one oil provider.
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- India and Iran are already working on a Preferential Trade Agreement (PTA) that would reduce tariffs on 80 to 100 products.
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What is the case with Pakistan?

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- Pakistan needs to raise money from abroad to address its balance-of-payment crisis.
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- So Pakistan is once again pushed towards Saudi Arabia and the UAE.
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- In the past few months, the dependence on these two countries has significantly increased, with promises of aid and industrial, strategic investments.
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- Saudis committed to offer a $6 billion package, and the UAE committed to give $3 billion.
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- Besides, Riyadh decided to invest $10 billion in a refinery in Gwadar.
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Why is Pak-Iran relations drifting apart?

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- Pakistan and Iran tried to improve their collaboration till recently, with mutual visits and offers on cooperation in missile technology.

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- Iran also expressed interest for branching the gas pipeline they have already built on China–Pakistan Economic Corridor (CPEC) at Gwadar and to connect Chabahar to CPEC too.
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- But notably, a Saudi-led coalition is fighting the Iran-supported Houthi rebels in Yemen.
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- Pakistan had made attempts to mediate between Iran and Saudi Arabia.
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- But upgrading its relations with Iran may become more difficult as saying “no” to Saudi Arabia may also become more difficult.
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- The implications of this dynamics are particularly negative for Pakistan.
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- Iran could play in Afghanistan a role that may not be in favour of Pakistan.
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Source: The Indian Express

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