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Impact of US–India Relations on India’s Rift with Iran

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Abstract

This article first analyses the relations between India and the United states, followed by the relations between Iran and India. Lastly the impact of the United States on Iran-India relations will be discussed.

Keywords: India, Iran, US, energy, china, Pakistan.

Introduction

Over the past years, India’s foreign policy toward Iran has changed dramatically. According to Iran’s Ministry of Commerce, Iran - India trade relations amount to over \$13 billion. The two countries have great potential to boost cooperation, especially in the fields of energy and trade. Nonetheless, they have failed to take their relations to the next level. In recent years, India – Iran have faced a rift due to such measures by India as voting “yes” at the International Atomic Energy

Agency (IAEA) to send Iran's case to the Security Council, abstaining from cooperating on the gas pipeline project, not selling gas to Iran, and recently deciding that trade with Iran should be conducted outside the "Asia Barter Union". Such measures have created differences between the two countries, leading to frosty relations that show India is attempting to distance itself from Iran. This article focuses on how US – India relations have prompted a rift in India – Iran relations.

India – US Relations¹

Following its independence, India pursued a non – aligned policy during the Cold War and, as such, did not secure a prominent position in US foreign policy. Throughout the Cold War, New Delhi and Washington did not get close; however, the collapse of the Soviet Union, end of the Cold War, start of economic liberation in India in the early 90s, as well as certain regional and global developments, breathed new air into bilateral relations for both states. Even though there are conflicting views about US – India relations in the post Cold War era and their rapid growth over the past years, the most important factors conducive to promotion of US – India relations have been increased threat of terrorism in Asia, rise of China and the subsequent threat of tilt of power in Asia, extensive US – India economic relations in recent decades, India's efforts to get a permanent seat at the Security Council, and India – Pakistan rivalries. Without doubt, the US – India strategic alliance is based on strategic realities stemming from joint opportunities and challenges which will be discussed in this article.

Combat with Terrorism

US – India security cooperation² vis – a – vis terrorism stems from terrorist threats which both countries face. The September 11 attacks on the US, the 2001 attack on Indian Parliament, and the November 2008 terrorist attacks in Bombay brought the US and India together in the face of security threats posed by organized terrorists. As such, terrorist threats afforded the US and India the chance to coordinate their policies against terrorism. The US equipped India with border security systems

and assisted it with education and information needs in its drive to counter terrorism.

Rise of China and Danger of Tilt of Power in Asia

China's rapid leap toward economic modernization has boosted its economic growth rate to the highest growth level worldwide, according to World Bank statistics. With its high growth rate, China has conquered global markets, especially the US; however, the US commercial deficit in regard to China has increased over the past decades. China's national development strategy placed economic growth as a cornerstone of national power so much so that it can pave the ground for China's military modernization. In actuality, China is facing increased expenses for modernization and enforcement of military strategy. The US is concerned that China's military budget is not transparent. US Defense Administration estimates China's military budget to be twice or three times the official figures released by the Chinese government.

The US perceives that China's military modernization and increased military budget is a threat against US hegemony in East Asia, something that will disrupt the future balance of power. As such, the US attempts to strategically cooperate with a country such as India which feels threatened by China as well. Barack Obama's recent trip to India and his emphasis on US support for India becoming a permanent member of the Security Council attest to this.

US – India Economic Relations³

India is among countries that have used economic liberation, advanced political system and efficient manpower over the past two decades to reach extensive economic growth so much so that it has become a major and dynamic global economic power in a matter of two decades. India's gradual liberalization has paved the way for dependence on the US as an economic and technological super power. The volume of US – India economic relations will not reach the level of US – China ties but it is rapidly growing. Based on FDI reports, the US is currently the largest foreign investor in India. American investment companies

regard India as a country with enormous potential among the developing countries, a country that can bring in huge revenues. This is while India leans toward the US due to its need for US capital and technology to reach economic growth and development.

India's Effort to Gain Permanent Seat in the Security Council

India seeks to participate in global decision makings. In fact, India would like to have a major say in global and regional affairs, as well as in organizations that are currently being set up to equally distribute power among several major players including India. India's main goal behind this role is to become a permanent member of the UN Security Council. India is making every effort to convince other powers to support it in its move to become a permanent Security Council member. During Obama's latest trip to India, the US declared that it agreed to India becoming a permanent Security Council member. Obama noted that the US supports India's permanent membership. This measure by Obama is considered as another step to create further proximity between the US and India. In the meantime, the US attempts to use India's regional capacities and capabilities to combat global challenges.

India – Pakistan Rivalry⁴

Following their independence, India – Pakistan's relations have been extremely impacted by the issue of Kashmir so much so that they have even gone as far as a nuclear clash. During the Cold War, India had close relations with the (former) Soviet Union, while Pakistan was a US ally in the CENTO; however, with the collapse of the (former) Soviet Union, Pakistan was no longer a key player in US foreign policy. With close ties evolving between the US and India, the latter became a major player in US foreign policy to combat new global challenges. The signing of nuclear agreement between US and India, as well as US avoidance of signing a similar agreement with Pakistan indicate the importance India, rather than Pakistan, plays in US foreign policy. On the other hand, by boosting its relations with the US and using advanced US nuclear technology within the framework of nuclear agreements, as well as purchasing advanced weapons from the US,

India attempts to gain military muscle over Pakistan. The US does not regard signing a nuclear agreement with India as a step toward bolstering India against Pakistan but rather as a mechanism to use India's nuclear power to create a power balance with China as well as a step to make India responsible to prevent the proliferation of nuclear weapons. In addition, US support for India's permanent membership in the Security Council can tilt the balance of India – Pakistan power toward India.

Iran – India Relations⁵

Iran – India relations can be boosted in the field of energy and commerce. The two countries actually have great potential to boost cooperation in these two areas. Tensions in relations between Iran and the West have prompted Iran to pursue relations with the East. Along this line, India and China play a major role in Iran's foreign policy. Iran hopes to get close to India and boost ties with it in order counter the negative impacts caused by Western pressure. In addition, Iran has the world's third largest oil and second largest gas reserves and endeavors to diversify its exports markets. As such, India, as one of the major consumers of energy, assumes an important place and position: India is rapidly changing in all fields, as proven by its high growth rate; therefore, the Indian market is avid for energy and, due to its scarce domestic resources, India has to get its needed energy from foreign sources. Having rich energy reserves and being geographically close to India, Iran can provide the energy India needs. Based on figures released by Iran's Ministry of Oil, Iran is currently exporting 400,000 barrels of oil per day to India. This amounts to about 12 to 14 percent of India's imported oil.

Over the coming years, India's demand for gas will also dramatically increase. India is bent of finding reliable sources to fulfill its gas needs. Meanwhile, Iran can play this role due to having the world's second largest gas reserves and proximity with India. The transfer of Iran's gas to Pakistan and India can be analyzed within this framework. In addition to energy, the two countries have great capacity for non – oil trade, a factor that can lead to expansion of bilateral relations. In the

realm of security, the two countries share joint interests in preventing the Taliban from taking the helm in Afghanistan again and both sides consistently bolster the Afghan government. Iran also tries to turn to India to use its influence in international circles to its advantage.

Role of the US in the Rift between Iran and India

In recent years, New Delhi – Tehran relations have been extremely affected by US measures. In fact, tension in US – Iran relations has prompted the US to consistently contain Iran and prevent strategic relations between Iran and other states. In addition, the US has prevented Iran from enjoying its geopolitical and geo economic advantages. US political pressure on India and provision of economic and political incentives to India in recent years have prompted New Delhi to distance itself from Tehran. This process started when India abstained from cooperating with Iran in the gas pipeline project that transferred Iran's gas to India. Even though this project would have been extremely beneficial for both sides, it has not been implemented so far. India started to distance itself from Iran after it signed the nuclear agreement with the US in 2005. The US, by signing this agreement, lifted the nuclear sanctions which it had slapped against India three decades earlier and accepted India's de facto inclusion among nuclear states. The move was highly beneficial for India. By signing the Turkmenistan – India gas pipeline agreement in 2010, India practically set Iran aside. The US was delighted over the signing of this treaty. India's next step to get closer to the US was its agreement at the International Atomic Energy Agency (IAEA) with the motion to transfer Iran's case from the IAEA to the UN Security Council. Iran's nuclear weapons case granted the US a fit opportunity to use the matter to drive a wedge between Iran and other countries, such as India. India also recently declined to sell gas to Iran following the US Senate resolution banning gas sales to Iran, as well as creation of hurdles along the way of economic relations with Iran and stressing that trade with Iran should be outside the "Asian Barter Union". These are other steps toward India – US alliance. All these trail Obama's recent trip to India which culminated in a \$10 billion treaty with India, most of which

pertains to advanced arms sales to India as well as Obama's promise to support India's permanent membership in the US Security Council.

As a result, the US is wielding extensive influence over New Delhi – Tehran relations. Despite tremendous capacities to boost relations in various fields, the two countries have not been able to optimally expand their ties.

Prospect

Following India's recent measures, the rift between New Delhi and Tehran is expected to expand in case Iran and the West fail to reach an agreement in regards to Iran's nuclear case. India perceives that economic – political cooperation with Iran is of considerable importance in meeting India's national interests and that Iran is a major provider of energy for India; however, strategic alliance with the US is more important than relations with Iran. And India does not want to tarnish its ties with the US and face conflict with the US for the sake of Iran. As such, if and when India has to choose between Iran and the US, it will definitely choose the US and distance itself from Iran.

Endnotes

¹ See: "India-U.S. Relations" at: <http://www.fas.org/sgp/crs/row/RL33529.pdf>.

² See: "Prospects for India-US Cyber-Security Cooperation" by Cherian Samuel, at: <http://intellibriefs.blogspot.com/2010/05/prospects-for-india-us-cyber-security.html>

³ See: "The U.S.-India Economic Relationship in the 21st Century", at: <http://www.whitehouse.gov/administration/eop/nec/speeches/us-india-economic-relationship>

⁴ See: The India-Pakistan Conflict, An Enduring Rivalry, Edited by: T. V. Paul, McGill University, Montréal, 2005.

⁵ See: India-Iran Relations and U.S. Interests, at: <http://fpc.state.gov/documents/organization/70294.pdf>

