

US Sanctions On Iran: India's Nuanced Stance

August 9, 2018

Commentaries

The US withdrawal from the Joint Comprehensive Plan of Action (JCPOA) in May 2018 and re-imposition of sanctions on Iranian petroleum companies on August 6 has reopened the Iranian nuclear issue on the global stage. Though other signatories of the JCPOA—United Kingdom, France, Russia, China and Germany—have thus far maintained their commitment to the deal, they are under intense American pressure to withdraw and curtail economic ties with Iran. Threats to impose secondary sanctions on businesses that continue to have trade with Iran have created tensions not only for the signatories but also for countries with extensive trade with Iran, including India.

India has strong bilateral relations with Iran encompassing political, economic and strategic ties. India-Iran energy ties are substantial with Tehran supplying nearly 7 per cent of India's total oil imports during the financial year 2017-18. Of the total imports from Iran, more than 83 per cent is oil amounting to a US \$ 9.23 billion oil import bill. Iran was the fifth largest source for energy imports for India after Saudi Arabia, Iraq, Australia and Nigeria. Furthermore, India and Iran have maintained political relations with Prime Minister Narendra Modi visiting the country in May 2016 and Iranian President Hassan Rouhani paying a return visit in February this year. India also sees Iran as a maritime partner providing alternative route for trade with Afghanistan and Central Asia. Therefore, New Delhi has invested significantly in the development of Shahid Beheshti Port in Chabahar in south-east Iran.

The Chabahar Port is strategically located at the mouth of the Persian Gulf and India signed a MoU with Iran in May 2015 for participation in development of the port. During the visit of Prime Minister Modi, a trilateral agreement between India, Iran and Afghanistan was signed for the use of Chabahar port as a transit for Indian consignments to Afghanistan. India was represented by Minister of State for Shipping Pon Radhakrishnan at the inauguration of Phase I of the port in December 2017. India has also showed interest in taking part in the port operations at Chabahar as Iran plans to invite international port and shipping companies to participate in operating the port terminal.

After President Trump's announcement of the US withdrawal from the JCPOA, India's Ministry of External Affairs (MEA) had issued a statement that India's relations with Iran are not subject to third party influence. However, during her visit to India, US Ambassador to the United Nations Nikki Haley had asked New Delhi to cut oil imports from Iran. The Trump administration has maintained that all countries should bring their oil imports from Iran to zero by the cut-off date of November 8, 2018 else, they will come under secondary sanctions from the US.

India's Minister of Petroleum and Natural Gas Dharmendra Pradhan has maintained that no directions have been given to the Public Sector Oil Undertakings or private oil companies for reducing oil imports from Iran.

New Delhi has consistently maintained that it is watching the developments arising out of the US withdrawal from JCPOA and any decision regarding oil cut from Iran will take into account India's energy and security needs. Last month, responding to a question in the Rajya Sabha (Upper House), the Minister of State for External Affairs Gen. V. K. Singh had said that "India is consistently monitoring the developments that could have a bearing on its national interest, including energy security and India would take necessary measures to safeguard and protect those interests."

The situation arising out of the US withdrawal from JCPOA and re-imposition of sanctions on Iran is a critical issue for Indian diplomacy. While there is no doubt that India associates significance to ties with Iran, New Delhi would have to take a decision based on the broader geo-political view of India's place in a changing global order.

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