

Rouhani visit signals balance in ties

Iranian President Hassan Rouhani will visit India from February 15 to 17, exactly a month after Israel Prime Minister Benjamin Netanyahu, Iran's biggest rival, made a historic visit.

Officials say Mr. Rouhani's visit will send out a message that India aims for balance in its ties in the neighbourhood.

Mr. Rouhani and Prime Minister Narendra Modi will seek to iron out issues on trade, connectivity, banking and energy.

"During the forthcoming visit of the President of Iran, both sides would review the progress achieved in bilateral relations and also exchange views on regional and international issues of mutual interest," the External Affairs Ministry said in a statement on Wednesday.

Since Mr. Netanyahu's visit, Mr. Modi has visited Palestine, Jordan, the UAE and Oman.

"Clearly, the government is trying to cover all bases," former Ambassador to Iran K.C. Singh said. "But it remains to be seen whether the Iranian establishment, including the clerics and the Iranian Revolutionary Guards, are comfortable with India's relations with all these other countries. Iran is after all, not just important for India's energy needs but also its only route for access to Central Asia."

Port project

Among the subjects expected to be discussed are the progress of the \$500-million Beheshti port project in Chabahar, where India is expected to complete development of berths later this year. India is already routing a consignment of 1.1 million tonnes of wheat to Afghanistan through the existing facilities at Chabahar.

On bilateral trade, the biggest stumbling block is banking channels, say diplomats in Tehran and Delhi. The two sides are now discussing the possibility of a "rupee-rial mechanism", in addition to the current channel through UCO Bank for rupee payments. However, European banks have refused to support the trade, given the uncertainty over fresh sanctions from the U.S.

Another issue is the pending negotiations over the Farzad-B gas and oil fields that India has expressed its interest in. During Mr. Modi's visit in 2016, the two sides had hoped to see an agreement signed quickly, but according to officials dealing with the negotiations, the discussions had not made much progress because of what they called "Iran's shifting goalposts" on the bid for Farzad-B.

Sources said even negotiations for India's bid for Russian and UAE oilfields that started much later had been concluded by now.

Russia's Gazprom has concluded deals for several oilfields and plans joint ventures with Iran's National Iranian Oil Company, much to India's chagrin.

However, officials believe that India's oil imports from Iran, which had plummeted to new lows last year, will go up this year, because of "better terms from Iran", which is anticipating possible new sanctions being imposed by the Trump administration.

FATF meeting

Iran is likely to seek India's support at the upcoming meeting of the UN's Financial Action Task Force, where Tehran is hoping to exit a blacklist on money laundering and terror finance, even as India hopes to see Pakistan put on a "grey-list" at the meeting.

Mr. Rouhani will arrive in Delhi on February 17 after visiting Hyderabad, where he will address students and religious scholars at a series of functions and the Friday congregation at the Makkah Masjid. He will be the first Iranian head of state to do so.

On Saturday, he will be given an official welcome at the Rashtrapati Bhavan before he and Mr. Modi sit down for bilateral talks. Mr. Rouhani is expected to return to Tehran the same evening, after delivering a special address at a foreign policy think-tank.

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