

WALKING THE TIGHTROPE

Relevant for: International Relations | Topic: India - Middle East

Kalantari, Chabahar. | Photo Credit: [Reuters](#)

The six-month waiver on sanctions granted by the U.S. to India and seven other countries importing oil from Iran highlights the importance of economic factors in the India-U.S. strategic partnership. The exemption also puts the spotlight on the link between economics and strategy.

The waiver gives India a breathing space of sorts and will help maintain India-U.S. ties on an even keel. But the U.S. has not given any special treatment to India. China, India's main Asian competitor and perceived by the U.S. as its main security threat, has also been granted a waiver. President Donald Trump's explanation is that he is going slow on sanctions with the intent of avoiding a shock rise in global oil prices.

The waiver shows that Washington and New Delhi will cooperate on India's oil and gas needs. Indeed, their Strategic Energy Partnership (April 2018) sees energy cooperation serving "as a centerpiece in the bilateral relationship". This is because the U.S. believes that it is the world's leading producer of oil and gas. The U.S. National Security Strategy of November 2017 highlighted the importance of "energy dominance — America's central position in the global energy system as a leading producer, consumer, and innovator". India should entertain no illusions about the Trump administration's wish that it should open up as a key energy market for the U.S. Indeed, since Mr. Trump became President last January oil exports from the U.S. to India have risen. In 2017, India imported 8 million barrels of American crude. Until this July it had imported more than 15 million barrels of U.S. crude.

But boasts about America's energy dominance ignore the interdependent nature of today's global energy market, and of relations between states. Unsurprisingly, India needs the help of both the U.S. and Iran. The U.S. is India's main strategic partner. Indeed, American naval power is indispensable for preserving maritime freedom and security in the Indian Ocean and the South China Sea.

At the same time, friendly ties with a politically stable Iran undoubtedly suit India. But the strengthening of commercial and political ties with Iran has been an uphill climb. In 2009, the International Atomic Energy Agency demanded that Iran stop uranium enrichment. India made it clear that it did not support Iran's nuclear weapons ambitions and voted against it.

At another level, India has had a bilateral trade deficit with Iran over many years. In 2017 it was \$8.5 billion. India's offer to pay for oil in rupees is unattractive to Iran. Tehran does not want to buy enough Indian goods to make acceptance of rupee payment for its oil worthwhile. But the use of any currency other than the U.S. dollar would mean that a cash-strapped Iran must extend more credit to India. The two countries must find a way out of this conundrum.

On the security front, India's cooperation with Iran has to be seen against the broader context of its regional rivalries with Pakistan and China. India and Iran share regional interests. They could build a strategic partnership focussing on Afghanistan, Central Asia and West Asia. Together with Russia and some other countries, they are signatories to the International North-South Transport Corridor (INSTC) agreement, using Iran as the trade route to Russia and northern Europe. INSTC transit routes enable India to bypass a hostile Pakistan by exporting goods via the sea.

That is why India has been developing the Chabahar port in southern Iran in a strategic bid to connect to Central Asia through Iran and Afghanistan. Chabahar provides war-torn Afghanistan a crucial link to Indian goods and Iranian oil. In December 2017, India made its first shipment of wheat to Afghanistan via the port.

Realising the advantage of India developing Chabahar, the U.S. has also exempted India from certain sanctions so that it can make progress on the port. The sanctions relief for the port is motivated by a mix of politics and economics. Washington sees Chabahar's utility in development and humanitarian relief work in Afghanistan. The U.S. is also aware that China has a stake in developing Chabahar port and could easily replace India if the latter were unable to maintain its foothold there.

On its part, Iran is keenly interested in building the port. Control over Chabahar could put the ace card in its hands as it deals with the competition between China, India and Russia in South and Central Asia.

Admittedly, India remains opposed to Iran's alleged efforts to acquire nuclear weapon capability. A nuclear Iran would disrupt the balance of power across West and Central Asia, with serious consequences for India's economic and strategic interests. But a stronger relationship with Iran would increase India's influence in West and Central Asia. That could help to counter China. And a friendly U.S. could then approach Iran on nuclear issues through India's good offices.

Despite Mr. Trump's propensity for springing unpleasant surprises, India has, so far, walked the U.S.-Iran strategy-economics tightrope. It has a good chance of remaining on the tightrope.

Anita Inder Singh is Founding Professor, Centre for Peace and Conflict Resolution in New Delhi

Blaming Gandhi for Partition and by implication lionising his assassin is the worst form of historical revisionism

Our existing notification subscribers need to choose this option to keep getting the alerts.

END

Downloaded from crackIAS.com

© **Zuccess App** by crackIAS.com