

Indian Foreign Policy Struggles with the Iran Dilemma

Yogesh Joshi

Summary

The recent crisis between the United States (US) and Iran, following the killing of General Qasem Soleimani, has engendered major dilemmas for Indian foreign policy. As the Cold War between the US and Iran becomes actively hostile, India confronts difficult policy choices and cannot continue to walk the tightrope between Tehran and Washington. The precarious situation of the economy and divisive domestic politics at home have only exacerbated India's foreign policy dilemmas.

Two weeks into the killing of General Qasem Soleimani, the erstwhile commander of the Iranian Revolutionary Guards Corps, Iranian Foreign Minister Javad Zarif is visiting New Delhi on a three-day trip beginning 14 January 2020. For New Delhi, the targeted assassination of Soleimani and the ensuing escalation in the United States (US)-Iran conflict is nothing short of a nightmare. In the past decade or so, US foreign policy has become a significant factor in India-Iran relations. The present crisis in the Middle East only exacerbates the dilemmas of India's foreign policy.

Conflict in the Gulf has four significant repercussions for India. First, if a state's primary task is to ensure the safety and security of its citizens, both home and abroad, the New Delhi has the enviable responsibility of protecting almost eight million Indian expatriates who work and reside in the region. A US-Iran war would engulf practically the whole of the Middle East and any Indian government would be expected to rescue helpless civilians. India has faced such situations in the past. During the first Gulf War in 1991-92, the Indian Navy and Air Force evacuated 200,000 Indians from Iraq and the adjoining states. Though highly successful, it required tremendous resources and effort. India saw similar contingency situations during the 2003 Iraq war and the 2015 Saudi intervention in Yemen. However, success in past contingencies should not provide great comfort to New Delhi. A full-blown war between Iran and the US would necessitate the evacuation of millions rather than a few thousand, a nearly impossible task for any government.

India's economy would be the second major casualty of an Iran-US spiral. For one, India receives almost US\$40 billion (S\$53 billion) in remittances from its citizens residing in the Middle East. Instability in the region would seriously dent these inward remittances. However, the bigger problem for India is its energy security. India imports 83 per cent of its oil and gas requirements and the Persian Gulf alone contributes to 70 per cent of these energy imports. Following US President Donald Trump's renewal of sanctions November 2018, India has stopped importing crude from Tehran. It has also diversified its imports, sourcing crude from other major oil-producing countries in the region such as Iraq, Saudi Arabia, Oman, and the United Arab Emirates. However, instability in the Middle East would lead to a new oil crisis as Iran and its allies would target all significant oil-producing countries as a reprisal against US actions. Iran's capability to choke the Straits of Hormuz through asymmetrical naval warfare would cripple global energy flows. It is doubtful that the Indian economy, which is already going through a significant slump, will be able to withstand an oil crisis.

The third victim of the crisis is India's geopolitical ambitions in Afghanistan and Central Asia. In the face of Pakistani intransigence, India deems Iran as a significant conduit for access to Kabul and Central Asia. India has invested close to US\$500 million (S\$673 million) in developing the all-weather port of Chabahar. Through Chabahar, India can get access to the landlocked states of Afghanistan and Central Asia. Such connectivity projects are not only critical for trade, but also India's continued presence in the region, which is undergoing political realignments especially with US drawdown in Afghanistan and the ongoing negotiations with the Taliban. Though Chabahar is currently exempted from US sanctions given its strategic utility for India and Afghanistan, its future has become heavily clouded after the recent exchange between the US and Iran. It also allows India's geopolitical nemesis – China – to step in and take over connectivity and infrastructure projects in Iran. Iran is also most likely to use the China card in case India dithers under US pressure.

Lastly, the long-term strategic repercussions of the recent crisis would be the most climacteric, not only for India and the Middle East, but also for international politics. As China ascends economically and militarily, the global balance of power is slowly shifting away from the US. New alignments and alliances are on the horizon, with Russia and China joining hands against the US and its allies. In this fundamental restructuring of international politics, many states are hedging their bets. The current crisis in the Middle East will exacerbate these trends. Russia and China have already issued statements in Iran's favour. As these alignments solidify, India would be hard-pressed to make tough foreign policy choices. Strategically, US belligerence forces Iran into the Chinese camp. However even tactically, India remains at a disadvantage. Tensions in US-Iran ties will automatically alleviate Pakistan's importance in American eyes evident in US Foreign Secretary Mike Pompeo's telephone call to Pakistani Army Chief General Qamar Bajwa in the immediate aftermath of the drone strikes. Hyphenation with China and de-hyphenation with Pakistan was the bedrock of India's successful foreign policy in the last two decades. The Iran crisis has the potential to unravel both these hard-earned gains.

Modi's headache is not only to devise a delicate balancing act between the US and Iran; India has tried walking this tightrope in the past with some success. Instead, the problem is that today India does not have enough leeway to remain surgical in its foreign policy practice. It is increasingly getting hemmed in by China and the US appears to be the only answer to create a favourable balance of power in Asia. Moreover, the divisive domestic politics and an underperforming economy have taken the wind out of Modi's foreign policy sails. For the first time in two decades, India's foreign policy choices are minimal.

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Dr Yogesh Joshi is a Research Fellow at the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore (NUS). He can be contacted at isasyj@nus.edu.sg. The author bears full responsibility for the facts cited and opinions expressed in this paper.