

India and the Iranian Nuclear Standoff

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India's September 24 vote in the International Atomic Energy Agency (IAEA) supporting the resolution moved by Britain, France and Germany (EU-3) on Iran's nuclear programme has raised a significant debate within the strategic studies community on the value and wisdom of the policy stance. While some commentators have accused the government of compromising the country's established nonaligned stance and tilting towards the Western powers, most others have seen it as a clear stance on non-proliferation at a time when India is seeking to engage the major nuclear powers on cooperation on nuclear energy and nonproliferation. The vote has inevitably been linked to the July 18 Indo-US Agreement on nuclear energy cooperation and the consequent requirement that the US Congress approve the changes in laws so that the agreement can be implemented. The question has also been raised whether India's vote reflected a considered position on the basis of the merit of the Iranian case or was aimed at influencing US Congressional opinion.

India's Rationale

A closer reading of the Indian vote reflects a more circumspect posture than the debate so far would suggest. While the EU-3 resolution reflects the IAEA Director General and the Secretariat's concern that Iran is not in full compliance with the agency's safeguards norms and that it had breached its commitments on transparency and reprocessing, as required under the Safeguards system and the Additional Protocol, the Indian position only partially shared such a view. The Indian vote was accompanied by an explanatory note that stated the resolution was "not justified in finding

* The author gratefully acknowledges the valuable inputs and insights offered by Shebonti Ray Dadwal, Rajesh Mishra, Shah Alam and Sumita Kumar.

Iran non-compliant in the context of Article XII-C of the IAEA statute" since it recognises that "good progress has been made in Iran's correction of the breaches and in the Agency's ability to confirm certain aspects of Iran's current declarations." However, it agreed with the resolution that the matter should not be immediately referred to the United Nations Security Council, more time needs to be given for diplomacy to succeed, and that Iran and IAEA need to work together to resolve all differences regarding transparency, and compliance commitments. A key objective of the Indian effort, as repeatedly stated by the government, was to de-escalate the situation, and promote dialogue and consensus building.

In terms of diplomacy, the vote is, of course, a clear statement of the dominant view within the country on non-proliferation and the need to pursue a foreign policy based on national interest in a distinct departure from an essentially value-determined posture characteristic of its past practice and policies in such matters. While the earlier stance, rooted in basic principles of disarmament and a critique of two-layered global power system, may have to an extent suited its foreign policy interests at a time when it had serious differences with the US, Europe and Japan on arms control, technology controls and sanctions imposed on India because of its nuclear weapons programme, that situation has dramatically changed following the Indian nuclear tests of 1998 and the July 2005 Indo-US nuclear agreement. There is a realisation — reflected in the Foreign Secretary's October 24 speech to the IDSA in New Delhi (carried in this journal)— that principles now need to be interpreted to serve practical goals. Therefore, the stress on India's strong commitment to nonproliferation on the one hand and on the other, the simultaneous emphasis on the need to pursue an interest based foreign policy in the new historical context. As many other states have long recognised there is often a tension between value based basic principle and the practical needs of the pursuit of strategic goals and interests, and this will be reflected in the political struggles within the country. India is clearly entering a new phase when foreign policy consensus will be at times difficult to build and there will be significant divergences on interpretation of national interest within the political class.

The Indo-US agreement itself is rooted in three positions: the Indian commitment on non-proliferation reflected in its decision not to transfer reprocessing and enrichment technologies and to support international efforts to limit their spread; the US recognition of that well-established

principle, and the US commitment to undertake changes in its laws and international rules to facilitate nuclear energy cooperation with India. As a result of the dialogue with the US on nonproliferation, technology controls and energy cooperation, the Indian government has strengthened its export control regulations, and announced a firm non-proliferation policy that has been pragmatically de-linked from its basic position on disarmament. The Indian vote in Vienna has to be placed in this context. India, as its explanatory note states, recognizes Iran's right to pursue a peaceful nuclear energy programme, calls upon it to adhere to its nonproliferation commitments, and welcomes its cooperation with the IAEA. No ambiguous and confusing signals therefore have been sent to either the US or Iran. If they had been the country would have lost in terms of its ongoing dialogue on nuclear issues with the US and Europe, and would have compromised its interests with Iran.

The Indian vote in favour of the September 24 IAEA resolution was of course in keeping with the position taken by the overwhelming majority (2/3rd) of the board members. Only one country opposed the Resolution (Venezuela). The 12 countries that abstained –including Russia, China, Brazil, South Africa, Malaysia and Pakistan – have neither supported nor opposed the resolution. In so doing they have allowed the Resolution to go through. None seemed to have favoured the Iranian position, or disagreed with specific points made on Iranian noncompliance. They also allowed the point made in the resolution that the situation is serious enough to deserve a reference to the UNSC to go through. These countries opted not to be part of the controversy, and almost all of them seek a solution within the IAEA. Both China and Pakistan have officially stated that they are against referring the problem to the UNSC where it is likely to become conflictual. In fact, the Resolution too sets no deadline for a reference to the UNSC and states that the matter will be revisited in November 2005 by the IAEA.

Russia and China are both members of the UNSC and by abstaining they made a political statement of not being in agreement with the EU and the US. Both have large interests in Iran. Russia is constructing a one billion dollar nuclear power plant in Bushehr and has long opposed any escalation of the standoff over Iran's nuclear programme. However, its abstention on a resolution that it has not opposed and which is in tune with its basic position that consensus should be built and the issue should

not be transferred to the UNSC at this point results from a 'wait and see' approach. By abstaining they avoided taking a position on the need for greater Iranian transparency than required under the IAEA safeguards system and Additional Protocol to the NPT. Both the countries also sent an unclear message to the 24 countries that supported the resolution (including the EU-3 and the US) about how the global system should deal with the issue of nonproliferation. The serious crisis over the North Korean nuclear issue—often threatening the outbreak of a war on the Korean Peninsula that would have dragged all major powers into a general war—cannot be allowed to be repeated in the Iranian and Gulf context. The costs to the world, including India, would be unsustainable. From this perspective, the abstention by Russia and China has not helped build confidence and consensus.

From an Indian perspective, the Iran vote cannot be seen in terms of a new global divide between the West and the Nonaligned. The nonaligned cannot be deemed to be a new pole – a clear contradiction in term. As indicated by the vote the developing countries are divided on the matter between support and abstention. Barring Venezuela, no other country supported Iran or opposed the IAEA resolution. There is no unified nonaligned position either. Malaysia—which heads the current nonaligned secretariat – does not speak on behalf of all the others in the absence of a unified Non-aligned resolution. Moreover, Iranian or North Korean non-compliance with their commitments under the IAEA or the NPT cannot be made a *cause celebre* by the Non-aligned states, all of whom, barring India and Pakistan, are part of the NPT system.

The Resolution accepts the Iranian position – and has the support of India and several other developing countries – that countries must have access to nuclear technology for peaceful purposes such as power generation. However, it also says that this has to be married to Article 1 and 2 of the NPT, or the compliance requirements under the treaty and the IAEA arrangements. Iran cannot expect to get such international cooperation without compliance, and is entitled to receive such technical help under safeguards once these concerns have been satisfactorily dealt with. In effect, the international system needs a new deal on the nuclear issue – something that has become evident from the problems and divergences that have crippled NPT Review conferences for some time now. It is a deal that would have to bring together satisfactorily the urge

among some of the NPT members of the developing world to have international cooperation in nuclear energy and the security issues of nonproliferation that is the major concern for others within the NPT system, especially the United States.

The Role of Pakistan and China

Pakistan and China of course have been for many years involved in helping Iran with both its nuclear and missile programmes. There are extensive reports of the involvement of the A Q Khan clandestine network in illegal nuclear transfers to Iran that involved critical blueprints, technology and components for Iran's centrifuges. Before the IAEA probe began in 2003, Iran conceded to the agency that it had received "crucial help from Pakistan." Iran told IAEA inspectors once the investigation began that it received design plans for centrifuges in 1987 from Pakistan, and the transfer of technology appears to have continued for several years. The A Q Khan transfers continued between 1989 and the late 1990s.

As for China, it had through the 1980s and 1990s not only "helped Iran move towards becoming self-sufficient in production of ballistic missiles," but had also supplied it materials for its nuclear programme. A US State Department report— corroborated later by Iranian officials— said that China supplied Iran one tonne of UF₆ (uranium hexafluoride— meant for enrichment of uranium for centrifuges), 400kg of UO₂ (Uranium Dioxide) in 1991. While enriched uranium can be used for both peaceful and weapon purposes, the supplies were not declared to the IAEA at that time, creating doubts about Iran's aims. The Chinese supplies of nuclear reactors, nuclear and ballistic missile technologies had to be officially cut off following a US-China agreement in the mid-1990s under which the US promised not to supply certain categories of weapons to Taiwan in return.

China and Pakistan therefore have invested in their relations with Tehran and have high stakes in it. The Iranians see the Chinese relationship as a major factor of their strategy for dealing with the US pressures and sanctions. China is poised to replace Japan as Iran's biggest customer of oil, and currently imports 14 per cent of its oil from Iran. In 2004 China signed a multi-billion dollar deal for LNG supplies over a 30-year period. The state-owned Sinopec oil company has acquired a 50 per cent stake in Yadavaran oil field. Much like India, China has also simultaneously

developed strong ties with Saudi Arabia— its other major oil supplier in the Gulf. However, a consequence of China's growing stakes in Iran would be a posture that seeks to protect Iran from the increased diplomatic pressures that may be generated if the issue is referred to the UNSC. China is not keen to make hard choices between Iran and the United States both within the IAEA and the UNSC and therefore is likely to abstain as it did on the Iraq issue. Most countries within the IAEA — Europe, India, Russia, China — are likely to oppose any generalized UN sanctions on Iran as it would hit their interest.

A China-Pakistan-Iran nexus however is not in India's interest and it would have to take appropriate steps to neutralise it. Clearly, India needs to continue to engage Iran as well as initiate an active regional diplomacy that builds ties across West Asia, and with the US, Europe, Russia and Japan — major powers that have large stakes in the stability and security of the region— to preserve India's long term regional security and energy interests. Current Indian trade with Iran is around \$ 3.5 billion — a little lower than the Iran-China trade (\$ 5 billion) and nine times higher than that between Iran and Pakistan. It is therefore not as if India does not have economic leverages.

The Political Challenges

The domestic critics of the Indian vote have argued that India's stance is a reflection of its growing ties with the United States, and marks a fundamental shift in its nonaligned foreign policy. India's IAEA vote however must not be made — as the critics have sought to do — a litmus test for India's 'independent foreign policy'. Nor must the pursuit of interests with the US be pitted against India's interests with Iran. A specific policy posture in response to a well-considered position is as much a reflection of independence, as in opposing a position. The political divisions are inherent as mentioned earlier in India's attempt to pursue an interest based foreign policy tied to certain specific needs — technology, energy cooperation, stronger ties with US, Europe, Russia and Japan; greater involvement in nonproliferation efforts, entry into the UNSC as a permanent member — that others believe contradicts their notions of 'nonaligned' principles and interests. There is clearly an ideological divide between the mainstream and the 'left' in India on this issue that has not gone away despite the government's efforts to bridge the gap.

Iran does not represent an opposite pole to the US or the West, around which India has to rally. It is a regional power in the context of the Gulf with which India has interests but these interests are not in any manner more important than India's extensive and growing interests with the US or Europe, or in working with global institutions, and in strengthening norms that enhance peace, security and conflict resolution. In criticizing the Indian vote as a sell out to the US, the critics make a case that would be unacceptable to any responsible government in New Delhi—treat the US as 'imperialist', do not build strategic ties with it, do not have nuclear and technology cooperation, do not agree with it on cooperation on regional and global security, or on energy. This is politically, economically and in security terms unacceptable and would be detrimental to the country's interests.

The current Iranian nuclear posture is quite hazy. It has on the one hand stated that it does not want to build nuclear weapons. On the other its search for reprocessing and enrichment capabilities and technologies, and its lack of transparency in this regard for several years has led to questions regarding its intentions. A potentially nuclear Iran is likely to seriously complicate the security environment in West Asia and is unlikely to be in the security interest of the region. Such a development can heighten tension not only between the US and Iran, but also between Iran and the Arab world—especially Saudi Arabia, and between Iran and Israel. The effect would be severely felt on the stability, security and price of energy supplies, on global trade, and on the region's states and peoples already hit hard by terrorism, conflicts and wars in Iraq and Palestine, and the large international community living in the Gulf and West Asia, with Indians being by far the largest. In short, India has reasons to be disturbed about such an outcome.

India's stance therefore is not going to be unpopular in West Asia and Central Asia whose security would be affected if Iran were to either withdraw from the NPT or renege on its safeguards obligations under the IAEA. In other words, there is no single developing world perspective on the Iranian nuclear stance — positions vary across regions depending on the ties with Iran and the security consequences of its nuclear posture.

Prospects

Iran is not a strategic ally of India. It has not been really supportive of

India on two of its core national security issues that have politically and diplomatically been so demanding: Kashmir and the nuclear question. Yet, India has had deep civilisational ties with Persia and has strong geopolitical, energy, security interests in modern Iran. It is keen to enhance these ties. Iran is also India's bridge to Central Asia with projects planned to enhance port, trade and railway links. In June 2005, before the present government led by Mahmoud Ahmadinejad took over in Iran, New Delhi had signed an agreement to import 5 million tonnes of LNG per annum beginning 2009. The agreement is yet to be ratified by the board of National Iranian Oil Co, the firm that will execute it. But the Indian Petroleum Minister does not anticipate a problem on that front. He has been negotiating the price for a further 2.5 million tonnes of LNG supplies. Iran, Pakistan and India are continuing negotiations on the proposed 2,400-km pipeline and hope to finalise a tripartite agreement by the year-end for the project to take-off. Also, India has just acquired a 20 per cent stake in the Yadavaran field, which will be impacted if sanctions are imposed (as in the case of India's stakes in Iraq oil fields after sanctions were imposed on Iraq).

Would the Indian vote have an impact on economic and other ties with Tehran? It will be difficult for Iran to withdraw from LNG and gas pipeline commitments once they are in place. Gas related investments are tied with the consumer and cannot be switched around. Also, the gas market unlike the oil market is not tight and there are others potential suppliers such as Australia for LNG to India. In any case India needs to seriously pursue gas supplies from Myanmar, Australia and possibly Indonesia. Disruption in oil supplies from Iran could also be met through diversification — from Africa, Latin America, Australia and other West Asian countries. But there could be an initial adverse price impact on the economy.

India's vote for the IAEA resolution initially touched a raw nerve among some of the conservative politicians in Tehran. The knee jerk reaction by the Foreign Ministry spokesman Hamid-Reza Assefi too was critical of India and provocatively threatened to link Iran's economic ties with voting behaviour. But Iran's chief nuclear negotiator Ali Larijani cooled down the threats to drop all international nuclear commitments as well as the economic gesticulations. "India is our friend and we are therefore especially disappointed. But one incident should be no criterion to judge our friends," Larijani said. Iran has major energy and petrochemical interests with India, and also needs to maintain strong and friendly ties with this major Asian

power that has strong ties with the West Asian region.

Having taken a considered position in Vienna on Iran's nuclear obligations, it would be a diplomatic folly if India were to back track because of pressures from Iran or domestic constituencies that take a highly ideological view of foreign policy. The onus is on Iran to sort out all misgivings with the IAEA over the next few months constructively, and on the US and the EU to respond positively. While India's ties with Iran are important, its nuclear nonproliferation stance as well as its emerging ties with Europe, US, Japan in the areas of nuclear and defence cooperation, technology controls are far more significant and on the anvil of a qualitative change. The Indian position on all foreign policy issues therefore has to be based on merit and assessment of specific goals and interests. It cannot be made a prisoner of its Iran policy or the domestic ideological debate if all issues between IAEA and Iran are not resolved by November.

India nonetheless has high diplomatic stakes in preventing a breakdown of diplomacy between Iran and the EU-3. It is not in India's or anyone else's interest to have UN sanctions on Iran that will destabilize oil prices and severely hit the country's energy interests. Sanctions any way are unlikely to work and will only worsen the tensions. The fall out of a military conflict too would be disastrous and uncontrollable as the Iraq case reveals. The US clearly understands the consequences. Secretary of State Condoleeza Rice in her joint interview with British Foreign Secretary Jack Straw told the BBC on October 23, 2005 that military action against Iran was not on the US agenda though President Bush has not ruled out any option. Therefore, a solution lies through negotiations and a diplomatic deal that meets core interests of all sides.

The EU-3 Resolution by not setting a deadline for reference to the UNSC gives the IAEA and Iran time to resolve issues. Iran, if it wants, can address all of them by enhancing transparency, ratifying the Additional Protocol, which it has signed, and fully cooperating with the Agency to remove misperceptions and concerns. Consensus building benefits Iran as well as the other states with large stakes in ties with Teheran – India, Russia, Japan, Europe, South Korea and China. It would also enable the US and Iran to avoid confrontation and conflict. Since it is an EU-3 resolution, it has the principal responsibility to engage Iran constructively. India needs to persuade EU-3 to re-examine their "package", taking into account Iran's proposal for joint ventures in civilian nuclear energy.

However, the crux of the problem lies between the United States and Iran, and the roots go back to the rise of the Islamic Republic in 1979, its visceral hatred of the 'great Satan' the US for its support for the Shah's rule, and the taking of US hostages that has left a deep scar on America's soul. The US in return has frozen Iranian dollar assets in US banks, and imposed several sanctions, and has targeted it as 'rogue state'. The two countries have not had a normal diplomatic relationship for over two decades and have been hostile towards each other. Iran clearly suffers from a serious insecurity, while the US worries about Iran's involvement with fundamentalist groups such as the Hezbollah and its nuclear programme. In such a situation, Iran may not be willing to give up its right to have an independent fuel cycle without significant dialogue with the United States and concessions on three issues: a security guarantee, an unfreezing of Iranian financial assets in the US, and access to secure assurance to aid for nuclear power generation. The US and Iran therefore would have to engage in diplomacy and negotiations sooner than later. In the North Korean case this was enabled by China through the six-party talks. In the Iranian case the EU and India can play such a role.

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