

## CURRENT STATE OF CHINA-IRAN RELATIONS AND ITS IMPLICATIONS AND WHAT SHOULD BE INDIA APPROACH?

### INTRODUCTION-

- **HARSH V. PANT**-- As the Trump administration has tightened the screws on Iran, and Europe has failed to keep its promises, Tehran gravitating towards China may just be a natural response.
- **Iran's New Doctrine: Pivot to the East.**- A **convergence of interests** is bringing Iran, China, and Russia closer together than ever.
- Tehran's new strategic partnership with Beijing will give the Chinese a **strategic foothold** and strengthen Iran's economy and regional clout.

### OVERVIEW

- Cooperation between China and Middle Eastern countries is neither new nor recent. Yet what distinguishes this development from others is that **both China and Iran have global and regional ambitions, both have confrontational relationships with the United States,** and there is a **security component to the agreement**
- The military aspect of the agreement concerns the United States, just as last year's **unprecedented Iran-China-Russia joint naval exercise in the Indian Ocean**

### USA-IRAN-CHINA TRIANGLE

- **On paper, Beijing has been a willing partner, as it recently drafted a \$400 billion economic and security deal with Iran** that promises sprawling infrastructure investments over the next 25 years
- China's growing influence in East Asia and Africa has **challenged U.S. interests,** and the **Middle East is the next battlefield on which Beijing can challenge U.S. hegemony**—this time through Iran
- Internally, the agreement can be an **economic lifeline for Iran, saving its sanctions-hit, cash-strapped economy by ensuring the sale of its oil and gas to China.** In addition, **Iran will be able to use its strategic ties with China as a bargaining chip in any possible future negotiations with the West** by taking advantage of its ability to expand China's footprint in the Persian Gulf.
- China's ideal strategy with Iran and the region would be safeguarding Chinese interests – diverse energy supplies, trade supply lanes, and export markets, to name a few – without taking on more economic and political liabilities( **ENERGY DIPLOMACY**)
- On October 10, Chinese Foreign Minister Wang Yi proposed the **formation of a forum in the Middle East to foster multilateral engagements with "equal participation of all stakeholders."** The forum seeks to "enhance mutual understanding through dialogue and explore political and diplomatic solutions to security issues in the Middle East.
- China-Iran strategic partnership proves that the **Trump administration's maximum pressure strategy has been a failure;** not only did it fail to restrain Iran and change its regional behavior, but **it pushed Tehran into the arms of Beijing.**
- The Chinese high-tech giant **Huawei is apparently capitalizing on Beijing's major 25-year partnership deal with Iran to gain a monopolistic position in the development of the country's 5G network,** replacing its Swedish rival, Ericsson, which left Iran due to American sanctions.
- **Iran's strategic proximity to China implies that Tehran is adapting the so-called "Look East" policy in order to boost its regional and military power** and to defy and undermine U.S. power in the Persian Gulf region. Thus, securing freedom of navigation through the Persian Gulf is of great importance for China.

- **Iran's new policy of a "Pivot to the East" involves cultivating strong economic, political, military, and security ties with the giants of the Asian continent, namely, China and Russia.** This policy has gained all the more credibility among Iranian officials after the United States' ill-advised move to withdraw from the Joint Comprehensive Plan of Action (JCPOA, colloquially known as the Iran nuclear deal) and pursue a "maximum pressure" strategy.
- Chinese-Iranian ties will inevitably reshape the political landscape of the region in favor of Iran and China, further undermining U.S. influence.
- **Russia and China rejected the U.S. attempt to extend a U.N. arms embargo on Iran that is set to expire later in October 2020 according to the terms of the 2015 nuclear deal.**
- Iran possesses the world's second largest natural gas reserves and the fourth largest oil reserves, which position it as a significant weight in the strategic calculations that the Eurasian powers make in their foreign policy toward the Middle East. By strategic engagement with Iran, Beijing and Moscow would have a unique opportunity to reorient both Iran and its regional rivals toward the China-Russia Eurasian architecture.
- In the new regional order, transnational identities based on religious and sectarian divisions spread and changed the essence of power dynamics.
- These changes, as well as U.S. troop withdrawals and the unrest of the Arab Spring, provided an opportunity for middle powers like Iran to fill the gaps and to boost their regional power.
- This ambition manifested itself in introducing the Belt and Road Initiative (BRI), which highlighted the strategic importance of the Middle East.
- Unlike the United States, **China has adopted an apolitical development-oriented approach to the region, utilizing Iran's regional power to expand economic relations with nearby countries** and establish security in the region through what it calls **developmental peace—rather than the Western notion of democratic peace.** (DEMOCRATIC PEACE THEORY)- USE IT AS AN EXAMPLE. It's an approach that authoritarian states in the Middle East tend to welcome.
- **U.S. President Donald Trump's withdrawal from the nuclear deal with Iran in 2018, and the subsequent introduction of the maximum pressure policy, was the last effort by the U.S. government to halt Iran's growing influence in the region**
- **Moscow, Tehran, and Beijing too have common strategic and long-term interests to contain the U.S. unilateralism, and this is one of the important factors in determining the future of the Middle East.** There is a ripe opportunity here, as the **Trump administration's unilateralist policy and its withdrawal from international treaties (including but not limited to the JCPOA) have all seriously called into question the legitimacy and the credibility of the United States as a world power.** (LEGITIMACY CRISIS)

## IMPLICATIONS ON INDIA

- The Chinese-Iranian strategic partnership will also impact neighboring regions, including South Asia. In 2016, India and Iran signed an agreement to invest in Iran's strategic Chabahar Port and to construct the railway connecting the southeastern port city of Chabahar to the eastern city of Zahedan and to link India to landlocked Afghanistan and Central Asia. Iran now accuses India of delaying its investments under U.S. pressure and has dismissed India from the project.
- Replacing India with China in such a strategic project will **alter the balance of power in South Asia to the detriment of New Delhi.** China now has the chance **to connect Chabahar Port to Gwadar in Pakistan,** which is a critical hub in the BRI program.
- Given the timing of Tehran's move, many in New Delhi saw China's growing influence over Iran as the real cause. **"China worked quietly but gave them a better deal.**
- **After India's decision to nullify Article 370,** Iranian President **Hassan Rouhani said "Kashmir's Muslims must be able to use their own interests and legal rights and be able to live in peace**
- Regardless of what Washington thinks, the new China-Iran relationship will ultimately undermine India's interests in the region, particularly if Pakistan gets on board.
- The implementation of Iran's proposal to expand the existing China-Pakistan Economic Corridor along northern, western, and southern axes and link Gwadar Port in Pakistan to Chabahar and then to Europe and to Central Asia through Iran by a rail network is now more probable. If that plan proceeds, the golden ring consisting of China, Pakistan, Iran, Russia, and Turkey will turn into the centerpiece of BRI, linking China to Iran and onward to Central Asia, the Caspian Sea, and to the

Mediterranean Sea through Iraq and Syria.

- Meanwhile, India's relations with Turkey, another regional power in the Middle East where China's economic footprint looms large, have also deteriorated.

As Washington walked out of the landmark JCPOA or Iran Nuclear Deal (in spite of global opposition), imposed fresh sanctions on Iran, killed Qasem Soleimani, in a drone strike in Baghdad in early 2020, India-Iran relations have stagnated, and **Tehran has begun to drive even harder bargains to ensure its own economic survival.**

### **The maritime implications of growing China-Iran strategic ties**

- In the wider context of Western Indian Ocean region, however, the China-Iran agreement has greater significance. The PLA, which already possesses base in Djibouti, has been gradually expanding its military footprint on Africa's Eastern seaboard, and in the Northern Indian Ocean. A comprehensive strategic pact with Iran, analysts posit, could **allow**

**China to establish military presence along the Iran-Pakistan coastline;** the PLA could even **assist in the creation of a surveillance network to monitor US and Indian naval activity in the region.**

- With the benefit of Chinese support, and an oil terminal outside the Hormuz, **Iran could also be emboldened into adopting a more aggressive stance inside the Persian Gulf.**
- **A proposed a tie-up between Gwadar and Chabahar, could exacerbate India's predicament.** For the Indian navy, already troubled by the China
- As US sanctions have forced India to reduce its oil imports from Iran, **Tehran has lost faith in New Delhi as a reliable partner**

**NOTE (IMPORTANT)** - This also highlights a contradiction in India's maritime relationship with the US: it's a relationship that works well in the Eastern Indian Ocean, where Indian and American interests neatly align, but is somewhat constrained in the Western Indian Ocean, where there is a divergence of perspectives. Importantly though, **New Delhi's strategic interests are "weighted west": the oil flows are from west, the bulk of trade is west, as is the diaspora, and India major investments. Not only are India and the US badly coordinated in the Western Indian Ocean, observers say Washington's Iran policy actively impinges on Indian interests.**

At the beginning of 2020, Iran sidelined India's ONGC from exploration rights at its Farzad B Gas field, saying it will engage the company at a later date. Barely two months later, in March 2020, in the wake of Delhi's communal riots, Iran's Supreme Leader Ayatollah Khomeini asked India to "confront extremist Hindus and their parties and stop the massacre of Muslims in order to prevent India's isolation from the world of Islam.

### **WHAT SHOULD BE INDIA'S APPROACH**

**RAKESH SOOD** - *Iran ties need quiet diplomacy*

- India's policy toward Iran is shaped largely by New Delhi's aims of expanding its strategic influence beyond its neighborhood to become a global power. This relationship is governed by geopolitical and economic interests, which means for India access to energy, trade and regional connectivity. Iran is one of India's main external energy sources.
- Delhi has sought to use its relations with Tehran to access markets and strengthen ties with Afghanistan and Central Asia, bypassing rival Pakistan. This includes investing via Iran's Chabahar port. Delhi has also sought to enhance its relations with Tehran to mitigate Chinese and Pakistani regional influence.
- **Although Delhi's approach may appear inconsistent at times, it is justified as being in line with its doctrine of strategic autonomy.**
- Nevertheless, **India needs to improve its implementation record of infrastructure projects** that it has taken up in its neighbourhood. There are numerous tales of Indian cooperation projects in Nepal, Bangladesh, Sri Lanka, Myanmar, etc suffering delays and cost overruns that only make it easier for China to expand its footprint in India's neighbourhood.
- **EU's INSTEX mechanism** facilitates first transaction with pandemic-hit Iran--INDIA CAN JOIN THE PAYMENT MECHANISM

- From Indian view point connectivity with Central Asia and Afghanistan through Chabahar remains crucial with close to US \$ 500 million having gone to its development.

- Indian initiative to connect with Iran shows Indian sincerity to engage with Iran and get the troubled relations back to their knees. Iran has also to realise that it's single minded pursuit of hostile agenda with disregard to bilateral relations is hurting it and its people.
- **Iran's geographical proximity and civilizational ties with India, and a large Indian diaspora residing in different parts of the Middle East, highlights the significance of India's engagement with the region.**
- In an attempt to accelerate India's engagement with its western neighbors in the Gulf region, the administration of **Prime Minister Narendra Modi launched the Link West policy in 2014.** Although there have been major improvements under the Link West policy with respect to India's engagement with the Gulf Cooperation Council (GCC) countries,[39] **Iran's place and significance in this policy requires more scrutiny especially in light of the US sanctions regime,**

## CHALLENGES IN INDIA IRAN RELATIONS

- India's economic and geopolitical priorities with Iran are complicated by **US sanctions.**
  - **Iran's quest to emerge as a leader of the Islamic world** restrains Tehran from supporting India against Pakistan on issues such as Kashmir in international forums like the Organisation for Islamic Cooperation (OIC) where Iran has raised concerns and apprehensions over Indian military action in Jammu and Kashmir.
  - **Iran's amicable engagement with both China and Pakistan drives its own kind of balancing act with India** at a point in time when the India-Pakistan relationship has deteriorated and India remains highly sceptical about the growing Chinese presence in South Asia
  - Iran's active engagement with China has been vital to the Iranian economy
  - **India faces a critical challenge in balancing its own interests with those of other powers in the Middle East.** Washington has disagreed with India over its bilateral ties with Iran. This contentious issue in Washington-New Delhi relations has pushed India to reconsider its relations with Iran on many occasions. Moreover, **it has revealed India's limitations in asserting strategic autonomy in its own economic decision-making. This was clearly apparent when it cut down importing Iranian oil due to US pressure.**
  - India's close engagement with the United States, Israel, and the Arab monarchies puts pressure on New Delhi's approach towards Iran. Tehran's position on the Kashmir issue, with it criticizing the Indian government's decision to revoke Article 370 of the Indian Constitution ending the special legal autonomy of Kashmir remains a concern for India.
  - Another challenge for India in developing its ties with Iran is the domestic dynamics of the Indian ruling party and how its policies could be challenged by opposition parties
  - If the United States revamps its policy on Iran and renews waivers for countries like India to import oil from Iran, a change in the status quo could be observed.
  - A major concern regarding bilateral relations between India and Iran is with respect to India's neutrality in the face of tensions. While India engages with Iran, New Delhi also has insisted on engagement and cooperation with several Gulf states including Saudi Arabia and the UAE. India's engagement with Israel also reflects New Delhi's desire to stay neutral in the tensions between Iran and Israel.
  - **India-Iran connection is overshadowed by Tehran's and New Delhi's respective relations with other big powers such as the United States and China**
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