



## **Issue Brief**

### **India as a Peacemaker between Iran and the USA**

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Diplomacy has been given yet another chance to solve the Iranian nuclear impasse with the new round of negotiations which began on April 14, 2012 with Iran and the P5+1 (which consists of the five permanent members of the United Nations Security Council (UNSC) and Germany). In the first meeting in Istanbul in Turkey, the only “significant progress”<sup>i</sup> was in the form of an agreement that the negotiating parties would hold another round of talks in Baghdad in Iraq on May 23, 2012. The last such negotiations, held more than a year ago on 21<sup>st</sup> and 22<sup>nd</sup> January, 2011 in Istanbul in Turkey, had resulted in failure<sup>ii</sup>. If these negotiations fail again, the US may either press for another round of sanctions or exercise military option – an option which is under its consideration for quite some time.

In recent years, India has forged strategic ties with the US and now finds itself under some obligations to respect the commitments of this new partnership. On the other hand, apart from a civilisation contact, Iran is India’s second largest source of oil after Saudi Arabia. Iran provides 12 percent of India’s total crude import. With its rapidly growing economy, India’s energy requirement does not allow it to forego such an important source of energy. Iran is also strategically important to India as a gateway to Central Asia. Consequently, India is on a tight rope walk between its two friends who are antagonistic of each other. Under the circumstances, the idea of India turning into a peacemaker between Iran and the US might prove useful to solve the current dilemma.

## **The Sanctions Regime**

It may be recalled that the UNSC had sanctioned Iran four times in the past respectively on December 23, 2006<sup>iii</sup>, March 24, 2007<sup>iv</sup>, March 3, 2008<sup>v</sup> and June 9, 2010<sup>vi</sup>. Further, the US and European Union (EU) too have independently imposed unilateral sanctions on Iran. While the UN and EU sanctions on Iran is a relatively new phenomenon, the US unilateral sanctions on Iran coincides with the inception of the Islamic regime in 1979 when the US had first imposed sanctions against the country in response<sup>vii</sup> to the US hostage crisis in Tehran.

Since the time of the hostage crisis, the US imposed a series of sanctions on Iran to the extent that sanctions have now become the ‘central tool’<sup>viii</sup> in its dealings with Iran. Prominent among these include the Iran Foreign Oil Sanctions Act<sup>ix</sup> of 1995 and Iran-Libya Sanctions Act<sup>x</sup> signed in August 1996. The Iran-Libya Sanctions Act started a new trend in which any third country investing more than \$40 million<sup>xi</sup> in Iran would be subjected to US sanctions. This limit of investment in Iran by other countries was however decreased to \$20 million<sup>xii</sup> in August 1997.

The latest in this series of sanctions came in the form of the US ‘National Defense Authorization Act’<sup>xiii</sup> signed on December 31, 2011, with a provision that ‘prevents the opening of U.S. accounts by foreign banks that conduct transactions with Iran’s Central Bank—unless the parent country reduces substantially its purchases of Iranian oil.’<sup>xiv</sup> It is this provision that compelled Japan to reduce its oil import from Iran and now India is under pressure to do the same.

While the European Union has implemented all UNSC sanctions, its first unilateral<sup>xv</sup> sanction<sup>xvi</sup> against Iran was imposed in July 2010. Since then this sanction has been strengthened, resulting in the latest round of sanctions<sup>xvii</sup> on January 23, 2012, imposing ‘de facto’<sup>xviii</sup> oil embargo.

This latest round of EU sanctions has come in the form of its decision ‘to wind down purchases of Iranian crude oil by July 1, 2012.’<sup>xix</sup> This sanction was imposed in reaction to an International Atomic Energy Agency (IAEA) report<sup>xx</sup> on ‘Iran’s

possible efforts to design a nuclear explosive device'<sup>xxi</sup> and 'the storming of the British Embassy in Tehran'<sup>xxii</sup> on November 29, 2011. This incidence has been considered as 'the most serious diplomatic breach'<sup>xxiii</sup> since the US hostage crisis in 1979.

Effectively, the latest round of the US and EU sanctions which are scheduled to come into force in July 2012, essentially target cutting the Iranian oil export and therefore their allies are expected to cooperate. It is in this context that India has come under immense pressure to curtail its trade ties with Iran. Similar is the context of the united stand taken by the BRICS<sup>xxiv</sup> countries on the eve of its Fourth Summit held in New Delhi on March 29, 2012 who 'broadly agreed'<sup>xxv</sup> that they would not be bound by the unilateral sanctions on Iran.

A day before the Summit, the trade ministers of India and China, the two biggest buyers of Iranian crude, said that they would continue their economic relations with Iran despite the US pressure. The support for Iran was also expressed at the end of the summit in the BRICS joint statement, called 'The Delhi Declaration,' which recognised 'Iran's right to peaceful uses of nuclear energy consistent with its international obligations'<sup>xxvi</sup> and supported the 'resolution of the issues involved through political and diplomatic means.'<sup>xxvii</sup>

### **The Urgency to Solve the Problem**

Several countries of the Gulf region are wary of the Iranian nuclear programme and would like it to be stopped by any means and at any cost. In particular, Saudi Arabia, Iran's regional rival, has threatened that it would follow suit if Iran goes nuclear. On the other hand, Israel sees a nuclear Iran as an 'existential threat' and has made no secrets to exercise military option to counter the threat. However, if it abstains from such misadventure, then at least it will pressurise the US to take some assertive actions.

Under such a scenario, the US would like to take the UNSC route much like before, but would opt for stricter sanctions or military action. Since the US would find it difficult to go for unilateral military actions due to debacles in Afghanistan and

Iraq, it is more likely to turn to its allies for support. Further, the actual military action would also depend on the willingness of Russia and China, who are Iran's good friends and are also the permanent members of the UNSC. Since it is their stated position to protect their investments in Iran, these two countries are likely to veto any such move.

### **India's Dilemma**

The continuation of the Iranian nuclear standoff poses several challenges for India since it currently holds the non-permanent membership of the UNSC. With the recently concluded strategic partnership with the US, India might face a dilemma if such a situation arises where it has to vote in a UNSC resolution for either a new round of stricter sanctions or advocating military action against Iran.

During India's membership of the IAEA, it had faced a similar situation during a voting on a resolution on September 24, 2005<sup>xxviii</sup> when it had to choose between losing a potential US friendship or a longstanding friend – Iran. India reluctantly opted for the later by voting against Iran for the first time. However, India tried to offset the losses by presenting its clarifications for this action, which sadly did not bear much fruit.

India's subsequent voting against Iran two more times in IAEA respectively on February 4, 2006<sup>xxix</sup> and November 27, 2009<sup>xxx</sup> brought the Indo-Iran relations to the brink ultimately resulting in Khamenei's remarks on Kashmir. In a speech<sup>xxxi</sup> in November 2010, Iran's Supreme Leader Ali Khamenei had drawn parallels between Palestine and Kashmir by urging the Islamic Ummah "to provide help to the Palestinian nation and the besieged people of Gaza, to sympathize and provide assistance to the nations of Afghanistan, Pakistan, Iraq and Kashmir."<sup>xxxii</sup>

While India is not expected to vote for any UNSC resolution advocating military action against Iran, it may still have to either abstain or vote against it. Similar situation may arise in case of a resolution proposed for further and stricter sanctions against Iran. An affirmative Indian vote in such a resolution may throw Iran away from India's friends' list to a point of no return.

## **The Benefits of Being a Mediator**

Unlike P5+1 or other mediators such as Turkey and Brazil, India is favourably positioned to be a peacemaker between the US and Iran. P5+1 have earlier failed in their attempts as mediators in January 2011 since the group consists of countries having diverse viewpoints and vested interests. While the US, UK, France and Germany share similar opinions on the Iranian nuclear programme that it should be stopped at all costs, Russia and China are concerned about their oil supply from Iran and protecting their investments in the country. Turkey and Brazil too failed in their mediating efforts when the US rejected the nuclear fuel swap deal brokered by them in May 2010. Under such a situation, it might appear that by being a peacemaker India might burn its own fingers. However, the truth is quite contrary.

It is fair to argue that India can benefit by playing a mediator's role regardless of its final outcome. In case the mediation is successful then India will be able to retain two important friends and its position in the international platform would be elevated. In case of a failure, the benefit would lie in as much as this role would provide India ample opportunities to clarify its own position to the conflicting parties. This is the opportunity that India missed in its first voting against Iran in IAEA in 2005.

Turkey and Brazil have gained better standing in the international diplomacy due to their peacemaking efforts despite the failure of their nuclear fuel swap deal. With Brazil cherishing the dream of a permanent seat in the expanded Security Council and Turkey eyeing on the regional leadership, their seriousness to honestly end the nuclear standoff may be doubted. But the fact remains that these countries have inched towards their respective goals, without actually succeeding as a mediator. On the contrary, India has high stakes in the successful resolution of this standoff since it is increasingly finding it difficult to balance its relationship with the conflicting parties.

In the 'new era of engagement'<sup>xxxiii</sup> the peacemaking process provides India an opportunity to use its sophisticated diplomatic skills and gain from both the US and

Iran. Unlike Turkey, which is a potential regional rival to Iran, India's neutral position would make it more acceptable to Iran for this role. Further, India's role as a mediator would not be objected by the US as hinted<sup>xxxiv</sup> by the US Under Secretary for Political Affairs Wendy Sherman during her recent visit to India. She indicated that due to its good relations with Iran, India could be "helpful in opening the lanes of dialogue and the lanes of engagement"<sup>xxxv</sup> with Iran.

The current Iranian nuclear standoff may result in two eventualities; Iran is either neutralised by the Western powers or Iran acquires the nuclear capability. While a mediating stance does not alienate India from the Western powers if the former happens; in case of the latter, it would not be wise to be on the wrong side of a nuclear Islamic state. The case of Pakistan and India's resource pressure to deal with this problem may be cited in favour of this argument.

### **The Conducive Domestic Condition of Iran**

Two recent events in the domestic politics of Iran suggest that the timing is ripe for India to act as a mediator. First, the defeat of Ahmadinejad's supporters in the recently concluded elections for the Iranian Parliament implies that he would now have less room for firebrand politics, which is a major cause of the Iranian nuclear standoff. Second, the re-appointment of Hashemi Rafsanjani to the post of Chairman of the Expediency Council is an indicator that the Supreme Leader Ayatollah Khamenei has made up his mind to take up pragmatic approach to the resolution of Iranian problems. The Expediency Council is a crucial Constitutional body whose primary function is to mediate between the Iranian Parliament and the Guardian Council. This body may become even more important in the Iranian politics in case the post of the President is eliminated as indicated by the Supreme Leader.

Rafsanjani is the representative of the 'bazaris' or the traditional Iranian merchants who give prominence to economics over politics. Rafsanjani's re-emergence on one hand and the alienation of Ahmadinejad on the other shows how economics is gaining ground in the Iranian domestic politics. While it would be difficult to expect Iran to completely stop its nuclear enrichment programme, some scope for negotiations may be expected now that sanctions have started pinching it

hard. Under such enabling conditions, India may find it easier to work as a mediator between Iran and the US.

## Conclusion

India has got its non-permanent membership in the UNSC after 19 years. As a serious contender of a permanent member of the expanded Security Council, it is high time for India to assume some global responsibilities. India's recent voting in the UNSC against Syria for human rights violations indicates that India is now ready to play an increasingly assertive role on the international platform. As an emerging global power, the role of a peacemaker would provide India an opportunity to exercise its soft power. A rising India, with its rich cultural heritage, moral high ground and vibrant democracy, has a legitimate standing in the world community to play a mediator's role.

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## ENDNOTES

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<sup>xxxv</sup> Ibid.