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ANALYSIS**

TOPIC

BRICS & India-Iran Ties

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Context

- On the sidelines of the **16th BRICS Summit, held in Kazan, Russia**, India and Iran held a crucial bilateral meeting, highlighting the untapped potential in their partnership, which have been historically rich but faced stagnation in recent years.

Iran and BRICS

- The inclusion of Iran in the BRICS group was **formalised at the 16th BRICS Summit** in Kazan, Russia, underscores the group's commitment to **fostering a multipolar world order**.
- Iran's entry into BRICS is a strategic move that **benefits both Iran and the existing BRICS members**.

For Iran

- It provides a platform to counterbalance Western economic sanctions and integrate more deeply into the global economy.
 - ◆ It opens up new avenues for trade, investment, and technological cooperation with some of the world's largest emerging economies.
- The **BRICS New Development Bank (NDB)** can play a crucial role in financing infrastructure and development projects in Iran, further strengthening economic ties.

For BRICS

- It enhances the group's influence in the Middle East, a region of critical geopolitical importance.
- Iran's vast reserves of crude oil and natural gas, along with its strategic location, make it a valuable partner for energy security and trade routes.

India-Iran Relationship: Historical Context

- The relationship between India and Iran is a complex and multifaceted one, deeply rooted in historical, cultural, and strategic ties, and they share a rich history of cultural and civilizational exchanges dating back to ancient times.
- The **Persian influence on Indian art, architecture, and language** is well-documented, and the two countries have historically been connected through trade routes and cultural exchanges.
- Over the years, both nations have navigated various global and regional challenges to maintain and strengthen their bilateral relations.

Political Relations

- **1950:** Signing of the **India-Iran Friendship Treaty**.
- **2001:** Prime Minister Atal Bihari Vajpayee's visit to Iran and the signing of the **Tehran Declaration**.
- **2003:** President Seyyed Mohammad Khatami's visit to India and the signing of the **New Delhi Declaration**.
- **2016:** Prime Minister Narendra Modi's visit to Iran, resulting in the signing of 12 MOUs/Agreements, including the **Trilateral Agreement on Trade, Transport, and Transit between India, Iran, and Afghanistan**.
- **2018:** President Hassan Rouhani's visit to India, during which 13 MOUs/Agreements were signed, focusing on areas such as health, medicine, and the interim operations of **Chabahar Port**.

Economic and Trade Relations

- In the fiscal year 2022-23, bilateral trade reached \$2.33 billion, with India's exports to Iran amounting to \$1.66 billion and imports from Iran totaling \$672.12 million.

Strategic and Security Cooperation

- India and Iran have established several bilateral consultative mechanisms to enhance cooperation in various domains, including:
 - ◆ Joint Committee Meetings (JCM)
 - ◆ Foreign Office Consultations (FOC)
 - ◆ Security Consultations at the level of National Security Advisers
 - ◆ Joint Consular Committee Meetings (JCCM)
- These mechanisms facilitate regular dialogue on strategic and security issues, contributing to regional stability and mutual interests.

Strengthening India-Iran Bilateral Relations

- Both **India and Iran** acknowledged the strong historical and civilisational ties between their countries and emphasised the need to strengthen cooperation in various sectors.
- They discussed, on the sidelines of the **16th BRICS Summit**, key areas such as **energy, trade, and connectivity**, with a particular focus on the **Chabahar Port and the International North-South Transport Corridor (INSTC)**.

Energy Cooperation

- Energy cooperation remains a cornerstone of India-Iran relations. Before 2019, Iran supplied **nearly 12% of India's crude oil needs**. Despite economic sanctions and regional conflicts, Iran's crude oil production and exports have shown resilience.
 - ◆ Iran's crude production in May 2024 rose to 3.4 million barrels per day, highlighting its capacity to meet India's energy demands.
- The potential for renewed energy ties was a significant topic of discussion, with both leaders exploring ways to enhance this cooperation.

Strategic Connectivity Projects

- The **Chabahar Port**, a vital link for **India's trade with Central Asia and beyond**, was a focal point of the discussions. The port provides India with a crucial alternative route, **bypassing the Strait of Hormuz** and ensuring uninterrupted trade even during regional conflicts.
- In May 2024, India and Iran signed **a 10-year contract for the operation of the port**, underscoring its strategic importance.
- Additionally, the **development of a 700 km railway link between Chabahar and Zahedan**, and further **connectivity to Afghanistan**, was highlighted.
 - ◆ These projects are expected to bolster trade and humanitarian aid routes, enhancing regional stability and economic integration.

Regional Stability and Peace

- Given the ongoing conflict in Gaza, Iran sought India's support in de-escalating the crisis. India, known for its balanced diplomatic approach, has been advocating for a ceasefire and peaceful resolution.
- The BRICS summit provided a platform for both countries to discuss their roles in promoting regional stability and peace.

Concerns and Challenges in India-Iran Relationship

- **Sanctions and Economic Constraints:** The re-imposition of U.S. sanctions on Iran has significantly impacted India-Iran trade relations.
 - ◆ These sanctions have restricted India's ability to import Iranian oil, which was a major component of their bilateral trade.
 - ◆ The economic constraints have also affected other sectors, including pharmaceuticals and infrastructure projects like the Chabahar Port.
- **Geopolitical Tensions:** The geopolitical landscape in West Asia, particularly the tensions between Iran and other regional powers like Saudi Arabia and Israel, complicates **India's diplomatic balancing act.**
 - ◆ **India's strategic partnerships** with these countries require careful navigation to avoid conflicts of interest.
- **Security Concerns:** Security issues, including terrorism and regional instability, pose significant challenges.
 - ◆ The situation in Afghanistan, where both India and Iran have vested interests, adds another layer of complexity.
 - ◆ Cooperation in counter-terrorism efforts is crucial but challenging due to differing regional priorities and alliances.
- **Connectivity Projects:** While projects like the Chabahar Port and the INSTC are pivotal for enhancing connectivity and trade, they face logistical, financial, and political hurdles.
 - ◆ Ensuring the timely completion and operational efficiency of these projects remains a significant challenge.
- **Energy Dependence:** India's energy dependence on Iran has been a double-edged sword. While Iran's vast reserves of crude oil and natural gas are crucial for India's energy security, the volatility in the region and sanctions have made this dependence risky.
 - ◆ Diversifying energy sources while maintaining strategic ties with Iran is a delicate balance.

Conclusion and Way Forward

- The India-Iran relationship is a testament to the enduring ties between two ancient civilizations.
- The BRICS Summit has undoubtedly provided a significant boost to India-Iran ties. By focusing on strategic projects, energy cooperation, and regional stability, both nations have laid the groundwork for a stronger and more resilient partnership.
- As India continues to play a pivotal role in global diplomacy, its relationship with Iran will be crucial in shaping the geopolitical landscape of West Asia.

Mains Practice Question

[Q] To what extent has the recent BRICS summit strengthened the bilateral relationship between India and Iran? Discuss the potential implications of this strengthened partnership on regional geopolitics and global energy markets.

