

# India-Iran Relations Expand to Central Asia

by Ramtanu Maitra

The world's geopoliticians shifted on their seats last week when the chief guest at India's Republic Day (Jan. 26), Iranian President Syed Mohammad Khatami, and Indian Prime Minister Atal Behari Vajpayee signed an agreement on Jan. 25 to step up work on transport projects that would link the Indian Subcontinent with the Persian Gulf, Afghanistan, Central Asia, and Europe. The agreement bears immense significance in light of the threatened invasion of Iraq by the United States and the amassing of U.S. military forces around Iran.

President Khatami had brought along with him four key Iranian ministers—Foreign Minister Kamal Kharrazi, Defense Minister Ali Shamkhani, Science and Technology Minister Mostafa Moeen, and Oil Minister Bijan Zangneh. A number of major issues, which include the Iran-India pipeline through Pakistan and the opening of a transport corridor linking New Delhi to Central Asia, were discussed. There are reports that defense cooperation between India and Iran is in the offing. In mid-January, Indian Chief of Naval Staff Adm. Madhavendra Singh was in Iran as part of high-level exchange of defense personnel. Sources indicated that ship visits and other military cooperation would follow shortly.

During the official talks, the two countries agreed to discuss the prospect of a bilateral preferential trade agreement, which will lay focus on the areas of pharmaceuticals, automobiles, information technology, and food-processing. Bilateral trade between India and Iran stands at \$2 billion annually, of which \$1.4 billion comprises Indian oil imports.

## Strategic Cooperation

At a joint press conference held on Jan. 25, Prime Minister Vajpayee announced agreement on three joint transport projects in Iran. These include the development of a new port complex at Chahbahar, from where a road goes north from the coast to the border with Afghanistan. India has agreed to build a link from Zaranj on the Iran-Afghan border to Delaram on the garland road that connects all major cities in Afghanistan. This road also links up further north with the Central Asian republics.

The second project involves linking the Chahbahar port to the Iranian rail network, which is connected to Central Asia and Europe. India has already signed a Memorandum of Understanding with Iran to build the railroad. Iran will then extend its railway to the western Afghan border town

of Islam Qaleh. Iran has indicated that it intends to develop Chahbahar as the main entrepôt for energy and a major port for Afghanistan and Central Asia. Iran is keen that India take up the construction of the Chahbahar-Fahraj-Bam railway link.

Iran has also invited Indian consortia to invest in infrastructure projects in Iran. For instance, the development of the Chahbahar port will see IRCON and other Indian companies at work, while RITES will head another consortium to provide a rail link from Chahbahar to Saraj, which is entrepôt to the Iranian rail network. "Chahbahar opens up Central Asia to the Gulf, and Afghanistan becomes the hub. Both India and Iran are ready to invest in the infrastructure to develop this trade route, which will benefit Kabul," said Saad Mohseni, director of an Australian-Afghan investment house based in Melbourne, to the *Wall Street Journal* recently.

The third project involves building a marine oil tanking terminal in Iran. The "full significance" of the joint projects between India and Iran "will come out after some time," the Indian Prime Minister said. President Khatami added that Iran "welcomes the presence of India in scientific and commercial fields in Central Asia."

In May 2002, Iran, India, and Russia had signed the North-South Corridor Agreement (NSCA) to create through their sea and land transportation networks a short-cut cargo transit route between Europe and Asia. The NSCA seeks to rival the much longer route via the Suez Canal. After about two years of testing, the sea/land route began its official operation in January, when a Russian freighter discharged its load at Iran's Caspian Sea port of Anzali. If its operation continues and its three main protagonists succeed in their plan to convince Asian and European traders to use their transit route, the NSCA will turn them into major players in international cargo transportation, bringing them adequate economic and political rewards.

## Road Diplomacy

The new agreement emphasizes the growing interest of India and Iran to cooperate jointly in building economic ties with the Central Asian nations. For India, it is building up an access to the West which skirts the hostile Pakistan. India is also moving in a similar manner to build road links with Myanmar, whose Foreign Minister, U Win Aung, also visited India the week before the Iranian President arrived.

India considers Myanmar as the bridge between India and Southeast Asia. India has already built a 160 km road from Moreh, a border town on the Indian side, to Kalewa in Myanmar. India has already joined a trilateral road-building project that would link India's northeastern states with Myanmar and Thailand. New Delhi and Yangon are preparing to implement the Kaladan project that will revive the old historic port of Sittwe on the northwestern coast of Myanmar and link it by road and river to the Indian state of Mizoram. The reluc-

tance of Bangladesh to offer transit facilities to India has made the Kaladan project a strategic one for India.

Meanwhile, Tehran is expanding its trade relations with Afghanistan, posing a serious challenge to the United States, which would like to keep Iran out of Afghanistan as much as possible. Perhaps it is for this reason that President George W. Bush had announced on Jan. 13, Afghanistan's new status as a preferred trading partner of the United States. Nonetheless, senior Afghan Commerce Minister Sayed Mustafa Kazemi, in early January, signed a deal with Iran whereby Tehran will provide the Afghan merchants the right to use the port of Chahbahar on the Indian Ocean, with a 90% discount on customs and port tariffs on non-oil goods, and a 50% discount on warehouse charges.

It has also been announced that Afghan-registered vehicles will be allowed full transit rights on the Iranian road system. It is likely that these Afghan merchants will bring all kinds of consumer goods and construction materials from Chahbahar into Afghanistan, and will take back agricultural exports and carpets to the port.

### **Revival of Old Ties**

The modern India-Iran relation goes back almost five decades. Despite the differences in their political systems, ideological orientations, and pattern of foreign policies, India and Iran have maintained their friendly ties. As a result, neither India's leading role in the Non-Aligned Movement nor its close friendly ties with the Soviet Union, had diminished relations with Iran under the Shah's regime, which, at the time, was the main regional ally of the United States.

Likewise, India and Iran have different views about Pakistan, but that never complicated the New Delhi-Tehran relations, either in the political or in the economic arena. Prior to the Iranian Islamic Revolution in 1979, Iran viewed Pakistan as a regional ally along with Turkey. All three were part of the anti-Soviet regional military organization, CENTO. India, on the other hand, had fought two wars with Pakistan in 1965 and 1971 and considered its neighbor a sworn enemy.

Late last year, when President Khatami visited Pakistan, he created a stir among some Indian analysts beholden to Washington, when he said: "There must be a resolution of the Kashmir issue in line with the aspirations of the people of Kashmir." This statement was interpreted as an opposition to India's Kashmir policy, and these analysts did try to undermine President Khatami's visit. However, the Vajpayee government did not respond to those provocations, but laid out the red carpet for President Khatami.

The 1979 Islamic Revolution led by Ayatollah Khomeini of Qom was a watershed in India-Iran relations. The revolution isolated Iran, but did not damage its relations with India. On the contrary, Iran's change of pattern of relations with the United States, and its withdrawal from its pro-American military alliance with Pakistan, removed from Iranian-Indian

bilateral relations some of the hurdles preventing their expansion. In the post-Cold War period, Indo-Iranian relations flourished, both being indignant about the unjust international system. Iran-India relations were also given a boost by Moscow when it began to mend its fences with Tehran in 1987. Subsequently Russia, which had long been India's best friend, has become very friendly towards Tehran.

Both New Delhi and Tehran have a common concern about the expansion of American and Pakistani influence in West Asia, particularly in Afghanistan and Central Asia. A similar concern also affects Moscow, and this common concern has formed the basis of the three countries' regional cooperation. The rise of the Taliban in Afghanistan, which had garnered support of both Pakistan and the United States in the early stages, had further consolidated the Moscow-Tehran-New Delhi common strategic concern.

### **The Gas Pipeline Issue**

Although President Khatami's visit was to expand India-Iran ties for joint cooperation in Central Asia, other issues were also discussed at length. India and Iran expressed a considerable degree of similarity of views about a possible American-led war against Iraq, apart from the congruence of views on Afghanistan and other regional issues.

Sources made clear that the oil pipeline proposal, overland through Pakistan, is not dead, and efforts continue to make the project viable for implementation. "We are trying to remove the obstacles to the satisfaction of both countries," said Vajpayee. President Khatami, who was in Pakistan last year, had discussed it in detail with his Pakistani counterpart, President Pervez Musharraf, and had made it clear that India needed assurance that Pakistan would provide adequate security to protect the pipeline. Iran has set up an international consortium of bankers and energy concerns to oversee the pipeline, in a bid to assuage India's security concerns about the Pakistani part of the project.

The Iranian President's efforts were undermined significantly by the Foreign Offices of both India and Pakistan, when both sides expelled diplomatic staffs days before President Khatami arrived in New Delhi. The expulsion ensures that India-Pakistan relations, which need to be much better than they are now in order to implement the gas pipeline, have been soured further.

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