

India and the Iranian Nuclear Crisis

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India's foreign policy in West Asia is facing one of its most important challenges since the First Gulf War. Iran faces allegations that its enrichment of uranium, conducted despite punitive UN Security Council Resolutions and sanctions, is intended to produce nuclear weapons. The challenges for India are at least fourfold.

First, India must achieve a careful balance in its relationships with Iran on the one hand, and the United States on the other. American technology, weaponry, and diplomatic backing will be important to India's security and prosperity over the coming decades.¹ India's role in importing Iranian oil has made this issue politically sensitive in Washington, to the point where some American observers treat India's conduct as a litmus test for the entire US-India relationship.

On the other hand, India's energy security is at stake. The United States has imposed sanctions on any institution that does business with Iran's central bank, and the European Union has banned its insurers covering Iranian oil. India's refineries are configured for Iranian oil, and therefore Delhi cannot switch to alternative suppliers as easily as some other countries. India has received a waiver from American sanctions in exchange for agreeing to reduce its purchases, but this will be costly. Already, one jointly owned Indo-Iranian company dating to 1974, Irano Hind Shipping, has been forced to shut down under the pressure.² The Indian government is now allowing entry to ships carrying Iranian oil only on a case-by-case basis, severely reducing overall volumes.

Moreover, India has strategic reasons for preserving a good working

relationship with Iran. Both countries had common interests in Afghanistan, where they welcomed the overthrow of the radical Sunni Taliban and its replacement by the non-Pashtun Northern Alliance in 2001. Iran, wary of a Pashtun-dominated government in Kabul and angry at the Taliban's repression of Shia groups (at one point it had massed 300,000 troops on the Afghan border and threatened an invasion), drew closer to the new Afghan government.³ India did the same. Like Iran, it had a legacy of supplying arms and aid to the Alliance. India was angry that the ISI was directly implicated in the bombing of its Kabul Embassy, and Iran that Pakistan had allegedly supported a bloody attack in Iranian Balochistan.⁴

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These interests have pushed India and Iran closer together. An Indian-Iranian Joint Working Group on Terror was formed in 2003, and the growing Indian footprint in Afghanistan was made easier to supply with the assistance of neighbouring Iran, all the more so given that Pakistan denies India transit northwards. The so-called North-South Transport Corridor allows for sea transit from India to Iran's ports in Bandar Abbas or (Indian-developed) Chahbahar, and onwards to the Caspian Sea or into Afghanistan.⁵ To that end, India and Iran collaborated on a 215km road connecting the Iranian border to Afghanistan's main arterial highway. The road was opened to the public in 2009. As India grows more concerned about the scale and intent of Chinese maritime activity, the coastal location of its consulate in Bandar Abbas, will allow it to monitor ship movements in the Persian Gulf and Strait of Hormuz.⁶ To India, these are vital lines of communication and the conduits of its future strategic expansion.

There is a much broader strategic dynamic at work that goes beyond the India-Iran-US triad. India faces another balancing act, as part of the sectarian, geopolitical and strategic cold war unfolding between Saudi Arabia, protector of the Sunni Arab order, and Iran, a Shia Persian revolutionary power with ambitions to subvert that status quo. The battlefields range from Syria in the west to Afghanistan in the east, and India is in danger of being caught in the crossfire. It is this third challenge examined in depth here.

Saudi-Iranian rivalry has ebbed and flowed for decades, but two developments – the acceleration of Iran's nuclear ambitions, and the Arab Spring – have sharpened the antagonism. In the coming years, that could push Saudi Arabia closer to Pakistan and exacerbate threats to India.

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The first problem is that the Iranian nuclear crisis is stalemated. A series of talks in Istanbul, Baghdad and Moscow have all failed to resolve Western concerns that Iran is seeking an advanced nuclear weapons capability, and Iran insists on its right to enrich uranium.⁷ This increases the likelihood that Israel, alarmed at Iran's accumulation of enriched uranium, will launch airstrikes on Iranian nuclear facilities.

If Iran is attacked, whether by Israel or the United States, it will very likely respond by rushing for a bomb, much as Iraq did after it was struck by Israel in 1981.⁸ If Iran is *not* attacked, it will drift towards the threshold of weapons status (much like India in the 1970s), where it will be able to threaten the production of nuclear weapons on short notice. In either one of these scenarios, Saudi Arabia will feel the need to hedge against Iran's acquisition of nuclear weapons. Saudi Arabia is highly likely to turn to Pakistan, whose nuclear programme was funded and fostered by Saudi Arabian material assistance.⁹

Both Pakistan and Saudi Arabia have reasons not to flout American concerns, and each would proceed with caution. The wholesale transfer of Pakistani nuclear weapons to Saudi Arabia is unlikely. But it is plausible that Pakistan might covertly transfer nuclear technology, engineers and even fissile material to its Saudi Arabian patrons. It might also offer nuclear guarantees to Saudi Arabia, much as the United States does with its own allies in Europe and Asia. As the US-Pakistan relationship breaks down, Riyadh's financial support is of increasing importance to Pakistan.

The second problem is that Saudi Arabia remains shaken by the Arab Spring. The country's Shia-dominated Eastern Province is growing more and more restive, with protests escalating in the summer of 2012. Riyadh is also paranoid that Shia Iran is meddling there and in other Sunni Arab regimes like Bahrain. This is why there are reportedly 10,000 serving and retired Pakistani military personnel in Bahrain – including a battalion of the Azad Kashmir Regiment. In the 1980s, Pakistan had tens of thousands of soldiers, sailors and airmen in Saudi Arabia – including an entire division and two armoured and two artillery brigades.¹⁰ These reliable, Sunni forces are still seen in Riyadh as a crucial instrument of repression.

Saudi Arabia is not immune from the unrest that swept the Arab world last year. If oil prices fall, Riyadh would struggle to pay for the massive public spending

programmes it introduced last year in an effort to stave off discontent. Its refusal to undertake real political reform, and the poisonous anti-Shia rhetoric it has ramped up to vilify protesters, could further radicalise young Saudis.¹¹ If this resulted in widespread disorder, the regime would depend on Pakistan to send manpower and military expertise. The long history of Saudi-Pakistani security cooperation suggests that such plans are already in place.

Even if there is little chance of Pakistani nuclear weapons on Saudi soil, the prospect of Pakistani access to Saudi airbases and missile facilities – whether under Pakistani, Saudi, or joint command – could complicate India's own nuclear targeting policies and numerical requirements.

Ever since a doctrinal shift in 2003, Indian officials have signalled that “credible” minimum deterrence “must take into account the arsenal size and posture of both of India's nuclear neighbours”, and that India's nuclear requirements are flexible.¹² If Pakistani assistance to Saudi Arabia puts upwards pressure on Pakistan's already rapid fissile material production, India may be unable to distinguish what proportion of this is destined for Saudi Arabia. Such “excess” production is inherently dual-use, and might therefore prompt India to adopt worst-case estimates of the Pakistani arsenal size, with implications for India's own nuclear posture.

The Saudi-Pakistan relationship is problematic in another regard – that of religion. Whenever Saudi rulers have felt under threat, they have sought to shore up their political legitimacy by bolstering the *ulema*.¹³ In 1979, the Iranian revolution and the siege of Mecca frightened the Saudi monarchy into giving more money and power to the clerical establishment. That fuelled the growth of violent Sunni extremism over the subsequent decade – and in Pakistan, in particular. Last year, similarly anxious to bolster their Islamic credentials, the Saudi regime responded in the same fashion – allocating a large part of its \$120 billion spending package to the religious establishment and reaching out to some of the most extreme strands of regional Islamist movements.

That will have profound and pernicious effects not just in the Middle East and North Africa, but also in the jihadist heartlands of Punjab and even within India. Sunni terrorist groups, including Pakistan-sponsored outfits like Lashkar-e-Taiba, will have new resources and political allies¹⁴ thereby throwing up difficult intelligence and counterterrorism challenges for Delhi. Although India should be heartened by Saudi Arabia's recent willingness to extradite a key suspect in the Mumbai attacks, Sayed Zabiuddin, a.k.a. Abu Jundal, this was a special case in which the suspect was an Indian national. As one study notes, “Saudi authorities

have conveyed to their Indian counterparts that while they may be prepared to extradite Indian nationals to India, they wouldn't necessarily act against Pakistan nationals wanted for terrorist acts in India".¹⁵

There are some brighter spots in India-Saudi relations. In January 2006, King Abdulah visited India – his first trip outside the region since his accession the previous year. India's Prime Minister Manmohan Singh conducted a reciprocal visit in 2010, nearly three decades after the last such visit. However, these are limited gains. Saudi Arabia's former intelligence chief once claimed that his country's relationship to Pakistan was "probably one of the closest relationships in the world between any two countries". Whether or not that's hyperbole, the arguments presented here suggest that the relationship is becoming more intimate over time, not less.

In fact, as both countries grow apart from the United States, this trend will be more evident. Riyadh was alarmed over the way in which Washington abandoned Egypt's deposed President Hosni Mubarak, and responded by strengthening the Gulf Cooperation Council and reaching out to Jordan and Morocco.¹⁶ A vulnerable Saudi Arabia is one that seeks to diversify its alliance portfolio. Pakistan could be the beneficiary.

Pakistan, in turn, is seeing its relationship with the United States deteriorate rapidly. Although the latest crisis between the two countries was bought to an end after a US apology for killing Pakistani soldiers, it is almost certain that ongoing tensions over Pakistani support for Afghan insurgents will precipitate a fresh clash.¹⁷ Pakistan will therefore look to both China and Saudi Arabia, its traditional alternatives to the United States.

India must respond flexibly and innovatively to these challenges. First, Delhi should be actively mediating between the United States and Iran. This is admittedly difficult, as India sits outside the formal nuclear non-proliferation regime and is therefore mistrusted by many of the states presently negotiating with Iran. But, as the International Crisis Group's put it in a recent report, "those engaging [Iran] ought to include a larger variety of countries, including emerging powers with which it feels greater affinity."¹⁸

In 2010, Turkey and Brazil made some progress in brokering an agreement with Iran that would have seen the export of large amounts of Iranian uranium. Although that deal eventually collapsed, it indicated the possibilities of creative diplomacy.¹⁹ Now, Brazil's government has changed, pushing it towards the anti-Iranian camp. Iran and Turkey are clashing over Syria, where the latter is hosting and supporting anti-government insurgents while the former is assisting

the beleaguered government of President Bashar al-Assad. This is, therefore, a perfect opportunity for India to simultaneously pursue its own interests and demonstrate international leadership.

Second, a diverse alliance portfolio is crucial. India imports over half its oil from Arab countries, dwarfing the roughly 15 percent it gets from Iran. But Saudi oil dominates those flows. It's in India's interest to strengthen its energy and security relationship with the smaller Arab states. Qatar, a diplomatically innovative and energy-rich state whose ruler visited Delhi in April, is an excellent place to start. Doha has not only been active in supporting rebels in both Libya and Syria, but it also hosts the Taliban's political office.²⁰ That office will be of great interest to India as an Afghan settlement is discussed over the coming years, and India seeks to shape the eventual outcome.²¹ Over the longer-term, India should work on upgrading its refining capacity so as to make it easier to process a wider range of oil.

Third, if Iran does produce a nuclear weapon – something that is far from certain – India may, over the longer term, come to see this as a direct security concern. India imports 75 percent of its total oil requirements. 80 percent comes from the Persian Gulf, a region that also hosts 4 million Indian migrant workers. India has defence cooperation relationship with Qatar and Oman.²² As the US follows through with its “pivot” to Asia, and Indian naval capabilities and ambitions grow, India may assume greater security responsibilities in the Gulf, bringing it into more direct contact with Iran and its navy.²³ The India-Iran relationship itself is under strain. In June 2012, Indian investigators found Iranian involvement in an attempted assassination of an Israeli diplomat in Delhi.²⁴ If India comes to see Iran as a threat, it may in due course be forced to consider Iranian nuclear capabilities when it assesses its own nuclear requirements. That scenario remains distant. But, in the meantime, India should clearly signal to Iran's leadership that unfriendly acts – from attempting assassinations on Indian soil, to shutting the Strait of Hormuz – will meet with a firm Indian response.

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Notes

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