

# Making Sense of the Iran Nuclear Deal

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The nuclear deal between Iran and the Western powers could lead to some major changes in the geopolitics of West Asia. Even though there remains fairly strong domestic opposition to the deal in both camps, the historically important strategic location of Iran makes this deal eminently justifiable for all parties. However, the consequences for India could be mixed, as it neglected strengthening its relations with Iran when the window of opportunity was open the widest.

The recently concluded international agreement on the Iranian nuclear programme is likely to have far-reaching implications for West Asia. The agreement caters for sharp limits on Iran's nuclear activities, while progressively lifting the multilateral and bilateral sanctions imposed on the country. Iran will be allowed to enrich uranium, but only to a low level that is far below weapons-grade enrichment. It will have to forego most of its enriched uranium besides reducing the number of operational centrifuges and refraining from upgrading the centrifuges. The Arak research reactor will be modified to prevent production of plutonium for a nuclear weapon and technology relating to bomb design will be off limits. Iran's nuclear activities will also be under a stringent monitoring and verification regime. All in all, the deal seeks to ensure that Iran cannot reach the threshold of nuclear weapons for at least 15 years. Further, the international embargo on arms will remain in place for five years and sanctions on missiles for eight years.

The agreement comes at the end of a long and tortuous process of negotiations. The United States (us) embarked on this road owing to the realisation that its long-standing policy of international isolation, containment and sanctions on Iran was incapable of preventing Iran from acquiring nuclear weapons capability. Equally, exercising military options to strike at Iranian nuclear facilities would not only be costly but counterproductive. The Iranians, for their part, made several important concessions from their own stated positions, including on a host of issues that had not been resolved in the interim agreement reached in November 2013.

The road ahead for both countries will be rocky as well. The Republicans have already attacked us President Barack Obama for having caved in. Israel's Prime Minister Benjamin Netanyahu has denounced the accord and will undoubtedly crank the Israel lobby in the us into action to mobilise domestic opposition. In Iran, too, conservative clergy and nationalist hardliners are likely to circle their wagons against the concessions made. Domestic reaction in the us and Iran as well as attempts by the governments to respond to them will fuel opposition in both countries.

President Obama has made it clear that he will strike down any attempt by the us Congress to block the agreement. At the same time, his administration has been at pains to present the deal as narrowly focused on nuclear issues and as not presaging a wider rapprochement with Iran. This is entirely understandable. Couching the agreement in these terms is at once technically correct and politically expedient. It could take the sting out of Republican overreaction to the deal and limit potential political costs for the Democrats. Simultaneously, it is aimed at reassuring us allies in the region—not only Israel but also the Gulf kingdoms. Saudi Arabia has for several years been as concerned as Israel about the prospect of Iran going nuclear. A us diplomatic cable of 2008 accessed by WikiLeaks famously quoted the Saudis as calling on the Americans to eschew negotiations and to “cut off the head of the snake.”<sup>1</sup> Yet the very extent of Israeli and Saudi opposition underscores the fact that any such agreement will have wider regional ramifications.

## Regional Power

The fundamental point is that Iran has always potentially been the most important regional power. For one thing, it has a unique geopolitical location owing to its reach in Central Asia and the Caucasus as well as in West Asia and the Persian Gulf. Owing to its geography, Iran was historically an important arena of great power jostling for influence. From the turn of the 19th century to

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mid-20th century, the British and Russian empires vied for influence in Iran. Britain saw Iran as an important buffer state that held an expansionist Russia at a secure distance from the frontiers of its Raj. Controlling the Persian Gulf was also deemed critical to securing the sea lanes to India and ensuring that the Indian Ocean remained a British lake. The treaty of 1907 ushered in a détente between Britain and Russia and divided Iran into two informal spheres of influence: Russian to the north and British to the south (Yapp 1980; Khamzadeh 1968). The country was accordingly occupied by the two powers during World War I. Following the Bolshevik Revolution, however, Russia and Iran concluded a separate treaty in 1921. The accord allowed Soviet forces to enter northern Iran, if any other power sent its troops to the southern part of the country.

During World War II, the Soviet Union and Britain once again jointly occupied Iran: the Red Army to the north and the Indian Army to the south (Raghavan forthcoming). By this time, Britain was also interested in the oilfields of southern Iran that were under joint Anglo-Iranian management. After the war the us supplanted Britain as Iran's main external patron, forcing out the Soviets from the country in 1946 and overthrowing an elected nationalist leader, Mohammad Mossadegh, seven years later. Under the reinstated Shah, Mohammad Reza Pahlavi, Iran became the stalwart us ally in West Asia. In the early 1970s, following the British naval withdrawal from east of Suez, the Shah became the main upholder of us interests in the Persian Gulf (Alvandi 2014).

Following the revolution of 1979 Iran, of course, became beyond the pale for the us. In the 1980s, the Americans and their Arab allies supported the Iraqi aggression on Iran. In the following decades, the us sought to keep Iran out of all regional initiatives, including the Palestinian peace process and the Gulf Cooperation Council (GCC). Yet, paradoxically, America's own regional policies ensured the resurrection of Iran's relative power and influence. The wars against Iraq in 1991 and in 2003 removed the strongest regional counterweight to Iran.

During this period, Iran also began supporting dissident Palestinian groups such as the Hamas as well as anti-Israel outfits like the Hezbollah. It was in this context that the Israel and the Arab kingdoms grew anxious about Iran's growing regional heft—its alleged quest for nuclear weapons being merely a symptom of this larger issue.<sup>2</sup>

Whether the nuclear accord prepares the ground for a wider Iranian role remains a key issue. Hitherto, the us has worked over time to ensure that Iran was not included in any security architecture in West Asia or the Gulf. Iran has been painted as a uniquely destabilising force in the region. To be sure, Iran has supported unsavoury regimes and terrorist groups—but so have most other countries in the region, including American allies. There is nothing to be gained by the continued refusal to accord Iran its legitimate place in the regional order. If anything, persisting with this policy will only harden Iran's resolve to play the spoiler. At the time of writing this, it is unclear whether President Obama can move ahead and take his diplomatic initiative towards Iran to its logical conclusion.

### Missed Opportunities

What about the implications of this deal for India? At one level, it will certainly work to India's advantage. The removal of sanctions could enable India to once again emerge as a major importer of Iranian oil. In the past few years, the

American and European Union sanctions had made it rather difficult to finance oil purchases from Iran. The closure of the Asian Clearing Union forced Iran to agree to a rupee payment mechanism for 45% of its oil exports to India. The refusal of shipping insurers to underwrite tankers carrying Iranian oil was another major problem. Above all, there was pressure from the us to scale down Indian imports from Iran. Concomitantly, there was a concern in New Delhi that violating American sanctions on Iran, which India did not officially adhere to, might attract indirect sanctions on Indian companies as well. The removal of these multiple constraints should naturally be welcome to India.

At another level, though, Iran might not be interested in according much priority to economic or strategic overtures from India. For a start, there is India's record of voting against Iran in the International Atomic Energy Agency. Of course, New Delhi did this in order to stay on the right side of the us and secure its own entry into the international nuclear order. But Iran could hardly be expected to look upon this positively. Further, the nuclear deal opens up Iran to the West. European companies, in particular, are drooling at the prospect of resuming business with Iran. Tehran will have many more, and more attractive options, for building economic ties than India.

Finally, India may not find Iran very cooperative on issues such as access to

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Central Asia or Afghanistan. Why should Iran facilitate the projection of Indian influence in Central Asia when it can expand its own influence to those parts? Similarly, with the rise of the Islamic State and mounting turbulence in Iraq and Syria, Iran will want to keep its north-eastern frontiers stable. So, Tehran is likely to take a more positive view than India of the ongoing talks between the Afghan government and the Taliban, facilitated by Pakistan and supported by the us, China and Russia. Let us also not forget that in the past the Iranians have themselves worked with the Taliban.

In fact, the years of Iran's isolation were best suited for New Delhi to build a strategic relationship with Tehran. This was admittedly rather difficult during the tenure of the former Iranian President, Mahmoud Ahmadinejad. But part of the problem was also on the Indian side. Various parts of the Government of India seemed to pull in different directions when it came to Iran. The finance ministry slowed down the plans

for development of Chabahar port, apparently insisting that there had to be a certain assured return on investment for the project. They were oblivious to the strategic import of the project, especially by way of providing access to Afghanistan.

The Ministry of External Affairs also seems to have misjudged the situation. It worked on the assumption that the nuclear negotiations were merely a tactical ploy on the part of Tehran owing to immediate economic difficulties posed by the sanctions. The clerical system under the supreme leader was deemed to be implacably opposed to the us and unwilling to give up the nuclear option. The fact that Iran might be engaging in these negotiations to regain its legitimate place and role in the region appears to have been discounted. In any event, India's foreign ministry chose to wait and watch. This stance, reportedly, came under criticism from the then national security adviser, who was said to have pointed out that unless India moved quickly, the opportunity with

Iran might close once the us and other Western countries came in after a nuclear deal.<sup>3</sup>

This is exactly the situation now confronting India. It remains to be seen if the government can make the best of the bad hand that it has been dealt.

## NOTES

- 1 As reported by Reuters, 29 November 2010, <http://www.reuters.com/article/2010/11/29/us-wikileaks-iran-saudis-idUSTRE6ASo2B20101129>
- 2 For a detailed account, see, Trita Parsi, *Treacherous Alliance: The Secret Dealings of Israel, Iran and the US*, New Haven: Yale University Press, 2007.
- 3 *Economic Times*, 28 November 2013, [http://articles.economictimes.indiatimes.com/2013-11-28/news/44547250\\_1\\_chahbahar-port-revolutionary-guards-oil-payments](http://articles.economictimes.indiatimes.com/2013-11-28/news/44547250_1_chahbahar-port-revolutionary-guards-oil-payments)

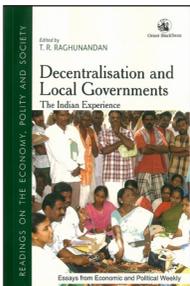
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## Decentralisation and Local Governments

Edited by

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