



# Walking the tightrope

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## **Walking the tightrope-India must remain hyperalert on the U.S. waiver on Iranian oil imports and Chabahar**

- The six-month waiver on sanctions granted by the U.S. to India and seven other countries importing oil from Iran highlights the importance of economic factors in the India-U.S. strategic partnership.
- The exemption also puts the spotlight on the link between economics and strategy.

### **No special treatment**

- The waiver gives India a breathing space of sorts and will help maintain India-U.S. ties on an even keel.
- But the U.S. has not given any special treatment to India.
- China, India's main Asian competitor and perceived by the U.S. as its main security threat, has also been granted a waiver.
- President Donald Trump's explanation is that he is going slow on sanctions with the intent of avoiding a shock rise in global oil prices.
- The waiver shows that Washington and New Delhi will cooperate on India's oil and gas needs.
- Unsurprisingly, India needs the help of both the U.S. and Iran. The U.S. is India's main strategic partner.

### **Ties with Iran**

- At the same time, friendly ties with a politically stable Iran undoubtedly suit India.
- But the strengthening of commercial and political ties with Iran has been an uphill climb.
- At another level, India has had a bilateral trade deficit with Iran over many years.
- On the security front, India's cooperation with Iran has to be seen against the broader context of its regional rivalries with Pakistan and China.

- That is why India has been developing the Chabahar port in southern Iran in a strategic bid to connect to Central Asia through Iran and Afghanistan.
- Chabahar provides war-torn Afghanistan a crucial link to Indian goods and Iranian oil.
- Realising the advantage of India developing Chabahar, the U.S. has also exempted India from certain sanctions so that it can make progress on the port.
- The sanctions relief for the port is motivated by a mix of politics and economics.
- On its part, Iran is keenly interested in building the port.
- Control over Chabahar could put the ace card in its hands as it deals with the competition between China, India and Russia in South and Central Asia.
- Admittedly, India remains opposed to Iran's alleged efforts to acquire nuclear weapon capability.

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