

Indo-Iran Bilateral

What is the issue?

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- Iranian President Hassan Rouhani recently concluded his bilateral visit to India on a successful note.

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- The visit has underlined the criticality of the Indo-Iran engagement.

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What were the highlights of the visit?

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- **Qualitative Aspects** - The importance of bilateral ties and the strategic imperative for their growth were stressed in the joint statements issued.

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- Discussions were held on enhancing bilateral trade, investment, and ease of doing business between the India and Iran.

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- The constitution of an expert group to recommend “trade remedy measures” and a Double Taxation Avoidance Agreement (DTAA) was also contemplated.

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- Mr. Rouhani endorsed India’s bid for a permanent seat at the UN Security Council with the veto.

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- The joint statement also had a toughly worded warning to the countries harbouring “sanctuaries for terrorism”.

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- **Quantitative Aspects** - India and Iran signed agreements and Memorandums of Understanding (MoUs) on a variety of issues.

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- India was also awarded the contract to operate the “Shahid Beheshti Port terminal at Chabahar, after the project is completed.

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- Significantly, no announcement was made on the Farzad-B gas field that India has expressed an interest in, but a follow up on the same is expected.

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What are the significant trade concession give to Iran?

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- Just before Mr. Rouhani’s visit, India announced it would allow Indian investment in Iran to be done in rupee terms.

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- Notably, this concession is presently enjoyed by only Bhutan and Nepal.
- This allows money lying in Indian banks to be repatriated as payment for Iranian imports, which is mostly oil.
- Till recently, these funds were been blocked because international banks had refused to trade with Iranian entities, fearing further US sanctions.
- In return, Iran extended the credit period for oil payments from India by issuing more generous guidelines.

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What are the larger geo-political implications?

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- The present Indo-Iran bonhomie is also in the larger geo-political context, considering that the US has been openly hostile to Iran lately.
- Trump administration has been taking a hard line against the Iranian nuclear deal and even called for its scrapping and re-imposition of sanctions.
- Also, USA has recently asked countries to keep a check on their investments in Iran as these might be supporting terrorism and unrest in the Middle East.

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- It is hard to predict if the implications if Indian overtures to Iran would impact the Indo-US ties or the Indo-Israeli ties.

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- But irrespective of this, Iran is a crucial energy supplier to India and a gateway to central Asia, which mandates a continued cordial relationship to last.

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Source: The Hindu

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