

# India Caught Between Iran and Saudi Arabia

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*The following is an interview in which geopolitical expert Andrew Korybko offers his analysis of Saudi Arabia's decision to offer new investments to India at a time when the US is leveraging its main south Asian partner against its partnership with Iran. The interview was originally published in the Farsi publication [Basirat](#) and in English on [Eurasia Future](#).*

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Saudi Arabia is seeking to deepen its ties with India through new investments, so what industries does it plan to focus on?

According to a report by Reuters released after Prime Minister Modi's meeting with Saudi Crown Prince Mohammed Bin Salman (MBS) at his private residence in Buenos Aires just prior to the G20 Summit, the Kingdom wants to invest in the South Asian state's "National Investment and Infrastructure Fund", but it also announced its future interest to expand its presence in India's energy, technological, and agricultural sectors too.

What is the main purpose of these investments?

Officially speaking, India purses a policy of so-called "multi-alignment", whereby it attempts to "balance" between various Great Powers to its own advantage, claiming that its relations with one aren't aimed against those with another. That, however, may not be the case when it comes to Saudi Arabia's promised investments. There's nothing wrong in principle with any country investing in another one's infrastructure, especially if it's as decrepit and dangerous as India's is, but this will inevitably strengthen relations between the two states and likely lead to the Kingdom clinching future deals in the energy, technological, and agricultural sectors too, like it announced its intent to do.

It's the first-mentioned of these three that could most immediately concern Iran's strategic interests because Saudi Arabia might be trying to replace the Islamic Republic's market share in the South Asian state, thereby gradually weaning it off of Iranian energy imports during the period of its current US sanctions waiver in exchange for the quid pro quo of investment in tangible sectors of the economy like infrastructure, technology, and agriculture. The US has proudly boasted of its plans to interfere with Iran's energy exports through sanctions in order to destabilize its economy, and India might be tempted to go along with this scheme if Saudi Arabia offers it a "deal that it can't refuse".

What interests does Prime Minister Modi have in these potential investments?

Everything that India does from now until the general elections in May needs to be seen through the prism of domestic electoral politics, which would therefore cast Saudi Arabia's investments as valuable support for incumbent Prime Minister Modi by allowing him to portray the deals as delivering tangible dividends to the influential agricultural lobby and

the rest of his mostly impoverished populace. This in turn could greatly increase his reelection prospects by diminishing growing domestic anger at some of his neoliberal economic policies after basically using these investments to 'buy votes' from each sectors' respective constituents.

India doesn't care whether its energy needs are met by Iran, Saudi Arabia, or whoever else, so long as the price is competitive and importing the said resource doesn't carry with it any additional costs. In terms of its existing energy cooperation with Iran, while the price being offered might seem more attractive than Saudi Arabia's at first, the political and economic costs associated with violating the US' recently reimposed unilateral sanctions regime could incentivize India to go along with this Saudi plan by gradually decreasing its purchase of Iranian oil simultaneous with replacing it with Saudi imports instead.

It should be understood that for as much as India talks about so-called "multi-alignment" and loudly reiterates its commitment to multipolarity, the rising Great Power is redirecting the military-strategic attention towards the US and is reportedly in talks about reaching a future free trade agreement with it. Prime Minister Modi's ruling BJP doesn't see Iran as a marketplace for its goods and services like it does the US, instead considering the Islamic Republic to basically be a cheap gas station and a convenient highway facilitating its exports to Central Asia and Russia.

To put it bluntly, India's real-sector economic trajectory has less to do with Iran and much more to do with the US, especially if compared in aggregate non-energy terms, so it's extremely unlikely that the country will continue to purchase Iranian resources at the same level as it currently is if Saudi Arabia offers to replace these imports at a similar price point but without the political risks involved. From India's perspective, it would have every self-interested reason to "multi-align" with Saudi Arabia under those circumstances, especially considering the domestic electoral context in which these deals are being negotiated.

What role does the US play in this game?

There's no direct evidence tying the US to Saudi Arabia's plan to divert India's energy imports away from Iran and towards the Kingdom instead, but it's self-evident that the success of this scheme would dovetail with America's grand strategic interests by depriving Iran of billions of dollars of potential revenue in the long-term. Behind the scenes, however, it wouldn't be surprising if the US is "encouraging" India to "seriously consider" Saudi Arabia's proposals, possibly hinting that its anti-Iranian sanctions waiver won't be renewed unless New Delhi makes concrete progress on decreasing its share of Iranian oil imports and replacing them with Saudi Arabia's.

Through this tactic, the US would essentially be weaponizing its sanctions waivers against its Indian ally just like it's weaponizing the actual sanctions themselves against Iran, reminding New Delhi of the Damocles' Sword hanging over its leadership's head which could come crashing down if the waiver is lifted prior to May's election. Not only that, but the US might make any future anti-Chinese military cooperation contingent on India distancing itself from Iran, through in a phased and orderly manner via Saudi oil replacements that doesn't inadvertently destabilize its economy and reduce Prime Minister Modi's reelection prospects.

What's your assessment about the success of Saudi Arabia's "dollar diplomacy" in the long

term?

Saudi Arabia's so-called "dollar diplomacy", whether carried out through dollars or perhaps even another current one day in the future, will likely remain pretty successful because of the excess cash that the Kingdom has to spend in trying to court new countries to its side in international disputes. India will probably never be openly "anti-Iranian", but it could very well be tempted into disguising tacitly anti-Iranian energy moves vis-à-vis Saudi Arabia by claiming that they're actually nothing more than the latest iteration of its "multi-alignment" policy.

Looking even deeper, however, Saudi Arabia's new approach to India is less about "dollar diplomacy" as it's been traditionally understood to be per se and more about offering it mutually advantageous partnerships in several economic spheres, seeing as how Riyadh isn't exactly "buying off" New Delhi as much as it's investing huge amounts of capital in the country with the expectation of receiving something more tangible than just political benefits in return. These sorts of relationships are less controversial to the recipient state's citizens and much more sustainable over the long-term than simple "dollar diplomacy".

What effect has Khashoggi's killing had on Saudi Arabia's "dollar diplomacy", and has it intensified since then?

It's difficult to tell what effect Khashoggi's killing has had on Saudi Arabia's "dollar diplomacy" and whether it's intensified much since then because the only high-profile example of the country offering a multidimensional strategic investment partnership to another after that happened has been with India, but it can be expected that this model will increasingly become the norm as people across the world begin to scrutinize their governments' acceptance of traditional Saudi "largesse". Saudi Arabia's intent of "buying off" new partners will never change, but the form that it takes will evolve from its naked bribery to mutually advantageous investment partnerships that are defended by the recipient on the grounds of advancing "multi-alignment".

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*Andrew Korybko is an American Moscow-based political analyst specializing in the relationship between the US strategy in Afro-Eurasia, China's One Belt One Road global vision of New Silk Road connectivity, and Hybrid Warfare. He is a frequent contributor to Global Research.*

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