

India's Strategic Engagement with the Middle East

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Abstract

On 10 February 2018, Narendra Modi became the first Indian prime minister to visit the Palestinian territories. He arrived in Ramallah in a helicopter from neighbouring Jordan, escorted by Israeli Air Force choppers. The trip to Jordan also marked a milestone as the first prime ministerial visit in 30 years. Next on the four-day agenda was the United Arab Emirates, where Modi was paying a second visit in less than three years, followed by a maiden visit for him to Oman. Aside from the fanfare and symbolism of Modi's personalised style of diplomacy, there is clear strategic intent behind the efforts to deepen relations with countries to the west of India.

Introduction

India's relations with the Middle East are undergoing a sea change. As India has emerged as a major economic force and global player, Indian policymakers have expanded their horizons, seeing the Middle East – which they conceptualize as West Asia – in strategic terms, perhaps for the first time. Similarly, Middle Eastern countries, worried about U.S. commitment to the region and anxious to diversify their markets and economic systems, see India as an increasingly appealing partner. As a result, today India engages more countries in the Middle East on a wider range of topics and at a more substantive level than it ever has in the past.

The ties between the Indian subcontinent and the Middle East are long-standing. Cultural and commercial flows between the two regions date back to the Silk Road and maritime trade between ancient civilizations; they reached another apex when the British Raj nearly unified control over the Indian Ocean and the vast landmass of Asia above it. This cultural interchange has continued in contemporary times because India – home to the world's third-largest Muslim population – shares natural affinities with the Middle East. Through much of

India's history as an independent nation, a commercial relationship characterized by energy trade and remittances ensured positive relations, albeit ones constrained by the stark rivalries of the Cold War, India's ongoing rivalry with Pakistan, as well as the challenge of terrorism.

In recent years, both sides have attempted to transcend these constraints. India's Prime Minister Narendra Modi, who won a second term in 2019, is a central figure driving this change. His push to bolster ties with the Middle East is deeply rooted in what appear to be his two overarching foreign policy objectives: (i) position India as a global player on the world stage and (ii) leverage foreign relations to boost India's economic development and growth.

The Middle East is a critical source of global energy and the western bookend to the Indian Ocean region, which India considers its sphere of influence. Therefore, it is naturally part of Modi's foreign policy ambitions. In particular, Modi has elevated India's relations with the Gulf countries and Israel. One of Modi's signature schemes to boost domestic manufacturing and economic growth, the Make in India initiative, is predicated on attracting greater foreign investment. Here Modi is looking to the oil-rich Gulf economies, encouraging them to see India not just as an energy market, but also as an investment destination and economic partner. Similarly, in 2017, when he became the first Indian prime minister to visit Israel, Modi made a bet that stronger ties with Israel would aid India's global ambitions and that Israeli technology and innovation could supercharge Indian growth.

India's reimagining of its own role in the world and the role the Middle East can play in its economic transformation has catalyzed the shift taking place today. Engagement has blossomed across the board: in economic and energy connections, diplomatic relations, security partnerships, and people-to-people and cultural ties.

Economics, not Politics

A number of commentators have highlighted how economics is fuelling India's foreign policy, with priority given to those countries that can play a role in India's economic development. This dates back to the 1991 economic reforms, the collapse of the Soviet Union and India having to reorient and rethink its foreign policy partners. Today, that momentum has gathered pace, with ever bolder initiatives such as courting Israel and visiting Palestine at the same time, and engaging the Arab world as well as Iran. Indian policymakers appear to have shed political and ideological inhibitions of yesteryears. In the Middle East, economics has been a logical driver and has given rise to a more balanced economic relationship than India has with many other regions. Saudi Arabia is India's largest supplier of crude oil and together, the Gulf Cooperation Council (GCC) countries (comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates [UAE]) supply the bulk of India's petroleum requirements.¹ However, this has also enabled a two-way trade in petroleum products, thanks to India's robust refining and petrochemical capacity and close proximity to the Gulf. The UAE is India's third largest trading partner (after China and the United States [US]) and India's second largest export destination. The UAE is among the top investors in India and there are powerful Emirati companies operating in the Indian economy. For example, Dubai government-owned DP World is currently the biggest foreign port operator in India, with a 30 per cent share in Indian total throughput in 2016-17.² India also has an established footprint in the Emirates. Non-resident Indians constitute the largest expatriate community in the UAE. There are highly successful Indian companies and India is one the top five investors there.³ At the same time, the more than seven million Indian expatriates across the GCC countries provide valuable foreign remittances for the Indian economy. Reflecting these developments, the agreements signed during India's Prime Minister Narendra Modi's four-day visit were predominantly economic in nature, aimed at enhancing trade opportunities, and facilitating technology transfer and the flow of direct investments into India. Thus, a major agreement was signed between the UAE and India to enable businesses to transact directly in each other's currencies – eliminating the role of the dollar – to boost bilateral trade, which aims to reach US\$100 billion (S\$131 billion) by 2020. A memorandum of understanding (MoU) between an Indian consortium (led by

India's ONGC Videsh) and Abu Dhabi National Oil Company for the acquisition of 10 per cent participating interest, at a price of US\$600 million (S\$787.5 million), in Abu Dhabi's offshore Lower Zakum concession for 40 years, is the first upstream investment in the oil sector of the UAE by India. While this was depicted as a historical step, the Indian prime minister referring to it as progress from "a buyer-seller relationship to an era of mutual investments in the oil and gas sector",⁴ it also comes at a time when China and Japan are vying for renewals of their concessions.

Geography and Strategy

At the inaugural Raisina Dialogue in 2016, India's then Foreign Secretary, S Jaishankar, announced that he was confident that, "'Act East' would be matched with 'Think West'",⁵ referring to India's established policy of engagement with Southeast Asia and the need for an energised West Asia policy. The recognition that India must utilise and better leverage its geography and location is not the brainchild of the current government⁶ but there is a new intensity to the conduct of diplomacy and the pursuit of strategic opportunity. Saudi Arabia-India relations witnessed a number of breakthroughs in the last decade, leading to closer cooperation in security, intelligence sharing and counterterrorism efforts. However, relations with the UAE, coloured perhaps by the association with notorious criminal and terror syndicates known to have business interests in Dubai and Abu Dhabi, received less state-level attention. Modi's initial visit to the UAE in 2015 was the first by an Indian prime minister in 34 years and his first destination in the Middle East. This was followed by the Abu Dhabi Crown Prince Sheikh Mohamed Bin Zayed Al Nahyan's presence in New Delhi as Chief Guest at the 2017 Republic Day parade. On that visit, bilateral relations were formally upgraded to a comprehensive strategic partnership. Indian policymakers have managed, at the same time, to pursue collaboration with Iran (just after Modi's return from the Middle East, he was host to Iranian President Hassan Rouhani). Iran is considered the main rival to the Arab world in the region. This comes at a time when America's engagement with the region is undergoing change and uncertainty. This was on display most recently during US Secretary of State Rex Tillerson's visit to five countries in five days, widely read as a bid to reassure

American allies and appeal to other regional players on issues such as dealing with Iran and the ongoing conflict in Syria. It is also a phase of extensive regional rivalry and proxy wars in Syria, Yemen and Iraq with transnational Sunni and Shiite forces, and Israeli, American and Russian involvement. It is perhaps to India's greatest advantage that it is regarded as not partisan to the various conflicts raging in this part of the world and, thus, appears as an attractive, though not necessarily influential, partner to all. The last country on Modi's Middle East visit was Oman with which India has long had good political, economic and security relations (it has hosted a number of Indian prime ministerial visits). Defence cooperation has been an important feature of the relationship, with bilateral exercises taking place between all three services. Since 2008, Oman has extended support to the Indian Navy's anti-piracy missions and Indian naval ships pay regular visits. On this visit, various newspapers reported that the annexure signed to the existing MoU on military cooperation between the defence ministries, provides India with access to the strategically located Omani port of Duqm for military use and logistical support. This could indicate that India is preparing for a greater naval presence in the region, concomitant with the stakes and interests that India holds or is developing in the various countries. However, aside from speculation, another aspect was openly highlighted – the shared maritime heritage and connectivity between India and Oman. In the joint statement, both sides referred to each other as “maritime neighbours across the Indian Ocean and the Arabian Sea”.⁷ This is part of a bigger effort to foster an awareness of, and deepen the linkages with, the maritime neighbourhood. This responds to India's own security needs but is also aimed at creating new opportunities for access and collaboration. Thus, for instance, the Indian Ocean port of Chabahar in Iran, which is operating partly under lease to India, is connected to a trilateral transit agreement that provides Afghanistan with access to the Ocean. Similarly, it remains to be seen whether projections about India's involvement in the Omani port of Duqm will extend to investments in the planned port complex which includes a special economic zone, a huge dry dock capable of handling cargoes, containerised cargoes, bulk cargoes and liquid products and linked to a proposed GCC railway network. With the Gulf countries keen to diversify their own economies and counter-terrorism becoming an area of

convergence, India's engagement in the Middle East is rapidly gaining ground. Aside from purely business relations, there are now deepening strategic linkages such as the agreement with the UAE's Abu Dhabi National Oil Company to send six million barrels of oil to fill part of India's underground crude oil storage facility at Mangalore, Karnataka. Improved relations with Israel, Saudi Arabia and the UAE, as well as Iran have given a fillip to India's policy options in its 'Think West' strategy.

Conclusion

India's relations with countries in the Middle East have blossomed over the past decade but the future trajectories of these ties are not without uncertainty. We have entered a new stage in India–Middle East relations, one that comes with its own set of challenges for India, the Middle East, and the international community.

Indian officials have predicated the push for stronger ties with the region on the idea that this will buttress India's economic transformation and bolster its strategic interests. There will be challenges on both fronts. Modi has devoted immense political capital in improving ties with the Gulf and Israel in order to attract investment and high-level technology. Thus far, the investment relationship has largely been about promises and potential. A true test of whether India's burgeoning romances with the Gulf will blossom into true partnerships will be whether these lofty investments ever materialize.

Even greater uncertainty exists on the security front, given the volatility of the Middle East. Any new conflict that threatens India's energy supplies or inflates energy prices could take a toll on India's economy and complicate ties. Moreover, any instability or active conflict between regional players will test India's commitment to a policy of neutrality and noninterference. With the United States – the primary regional security provider of recent times – expressing growing doubts about its regional footprint, and China increasing its influence, India may be forced to take on a greater role than it is willing or ready to. Already, in the

wake of attacks on tankers in the Persian Gulf, the U.S. military is asking nations to help safeguard shipping lanes. Will India, which is a primary beneficiary of the energy resources passing through the waterway, decide to be party to such efforts? If the United States really does diminish its role, can India afford not to contribute?

The current escalation in U.S.-Iran tensions highlights many of the challenges India is likely to increasingly face in the Middle East. The U.S. maximum pressure campaign on Iran has created difficulties for India in its bilateral engagement with both countries and for its Middle East strategy as a whole. It is caught between a great power and close strategic partner on the one hand and a regional partner that provides India with substantial energy supplies and its primary strategic foothold in the region (through Chabahar Port) on the other. Thus far, India has been critical of the U.S. position but has agreed to cut its oil imports, while seeking to preserve its relationship with Iran to some degree. But even this level of compromise may prove more difficult in the future in the face of mounting pressure not just from the United States, but also from Israel and India's Gulf partners. This is unlikely to be the last or even the most difficult choice India faces in the Middle East. How it chooses to respond will shape its future and that of the region more than it has ever before.

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