

PART-E

1 CHAPTER

India and West Asia Policy—Key Drivers

After reading the chapter, the reader will be able to develop an analytical understanding on the following:

- Historical analysis of India's engagement with West Asia
- Look West Policy
- India and the regional security situation in the Gulf
- Conclusion

HISTORICAL ANALYSIS OF INDIA'S ENGAGEMENT WITH WEST ASIA

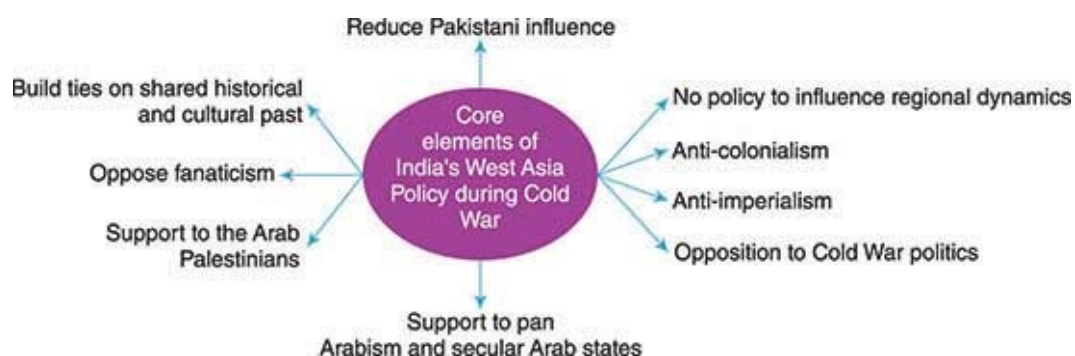
India and West Asia (hereafter referred to as WA) have a civilizational link. India has historical ties with WA going back to the tie of Indus Valley civilization, when trade in turquoise, copper and spices were common. Indian merchants were present in WA even before the coming of Islam and the Indian merchants had trade with Mecca. Since 6th century BCE, Indians also undertook trade with Jews, who were the only community to trade along India's west coast. The coming of the British added a new geo-strategic outlook to the Indo–West Asia trade. For the British, West Asia acted as a land bridge to Asia, Afghanistan, Europe and was strategically located with links to the Mediterranean Sea, Red Sea and access to Arabian Sea. The WA politics was influenced by Nationalism in the Arab world, western imperialism and the Zionist movement.

As Zionism emerged, Indian national leaders showed a negative attitude towards the same as they perceived Zionism as an attempt by the Jewish people to colonise the lands of Palestine. As Indians were fighting a nationalist movement against the British, they supported the people of Palestine. Indian nationalists provided support to the Arabs in Palestine who began to organise themselves to fight British imperialism. Nehru believed that India should support Arab Palestinians because the British were exploiting Jews and Arabs by playing the traditional card of divide and rule. On 27th September 1936, a Palestinian day was also observed by the Indian National Congress (INC). Even as all these events were unfolding, the maritime relations between India and WA continued. The East India Company controlled India and the West Asian region through the Persian Gulf Residency (PGR). The PGR, till 1857, remained as subdivision of East Indian Company. After the 1857 revolt in India, the British crown assumed all responsibilities. The British Indian empire subsequently built outposts in the Gulf to safeguard marine trade. The British also supported the Jews as their intention was to continue dominance. The British

used the Indian Rupee in Qatar, Kuwait, Oman and Bahrain. The RBI continued to use the Rupee in the above states till 1959.

Under the Balfour Declaration, the British accepted the demand of the Jews to have a separate state. During the World War–I, the British and the French had concluded a Sykes–Picot Agreement, also known as the Asia Minor Agreement, in 1916 whereby they decided to divide the areas of the Middle East amongst themselves after the war. After the World War–I, under the post war settlement agreements, the mandate system was established. The British got the mandate of Iraq, Palestine and Transjordan, while the French got the mandates of Syria and Lebanon. The British handed over their mandate of Palestine to the UN after the end of World War–II. India, at the UN, during the deliberations of UN special commission on Palestine (UNSCOP), opposed the idea of partitioning Palestine and supported the minority plan. India favoured a unified Federal Arab Palestine with Jews remaining under Arab control. As Palestine was finally partitioned, a separate area for the Jews was envisaged. In May 1948, in the area designated for the Jews, the state of Israel was born.

After India became independent, India followed a two-point policy in WA. It politically supported the Arabs and enhanced support to their leaders who focused on secularism and socialism. During this period, India would often criticise Israel and censure it for aggression in the Middle East. India's non-alignment emerged as the foundation of Indo–Arab friendship. The leaders of Ba'ath party in Iraq and Nasser of Egypt supported Non-Aligned Movement. India also used NAM to support peaceful resolution of Israel Arab conflicts. India used multiple NAM conferences to support peaceful resolution of the Palestine issue. India supported the Arabs and in 1975 supported a resolution to brand Zionism as racism. After 1967, the Nasser's idea of Pan Arabism began to fail and it gave rise to religious extremism in WA. This gave Pakistan an opportunity to expand its influence in the region. India, however, continued to support anti-colonial and anti-imperial struggles. India's basic purpose was to not only get access to oil from the Gulf, but also reduce the influence of Pakistan in the region. The 1973 oil crisis lead to a subsequent oil boom in WA. This led to the rise of pro-West monarchs like Saudi Arabia, with exceptions remaining. The oil boom witnessed a rise in the migration of unskilled and semi-skilled worker to the Gulf. This allowed India to sustain its relations with Gulf states during the rest of the Cold War.



Throughout the Cold War, India continued its anti- Israel rhetoric while supporting the Arabs. India wanted to support Iraq even during the Iran– Iraq war in 1980s and showed reluctance in condemning Saddam Husain (due to a deep oil based relationship) in 1990s during Iraqi annexation of Kuwait. India always adopted a cautious approach of not becoming overtly judgmental about any nation or any event in the region. It preferred to

support regional and international consensuses on issues rather than taking up any leadership role.

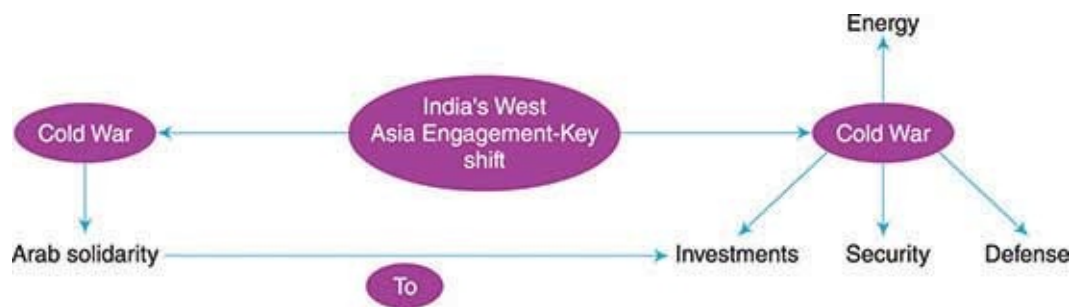
At the end of the Cold War, India realised the significance of remittances from the its diaspora in the Gulf. As India embraced globalisation at the end of the Cold War, the Indian Diaspora began to witness a shift. The earlier unskilled diaspora now began to be complemented by a new while collar diaspora that specialised in IT and the services sector. In the post-Cold War era, many Indian firms have established a presence in the Gulf. The Indians offer consultancy services, management services and services in IT and pharmaceutical sectors. As the Indian economy had begun to grow, and India had started buying more oil from the Gulf. Indian had also realised that the Gulf states were very strategic for India's security needs.

As India looked towards the Gulf for energy security, the Gulf states looked towards India for food security. Initially, after the end of the Cold War, India looked towards the GCC states for trade and business. The subsequent chapters in this section will demonstrate how, at present, India is seeking defense, strategic, political and security ties with the region. As the rising numbers of expats from Gulf are sending remittances to India, the Gulf has emerged as a region of key priority. Today, India has recognised that keeping the Indian diaspora in the Gulf sector is a core policy initiative, especially since 2011, the Arab states are undergoing transformation as the part of Arab Spring movement.



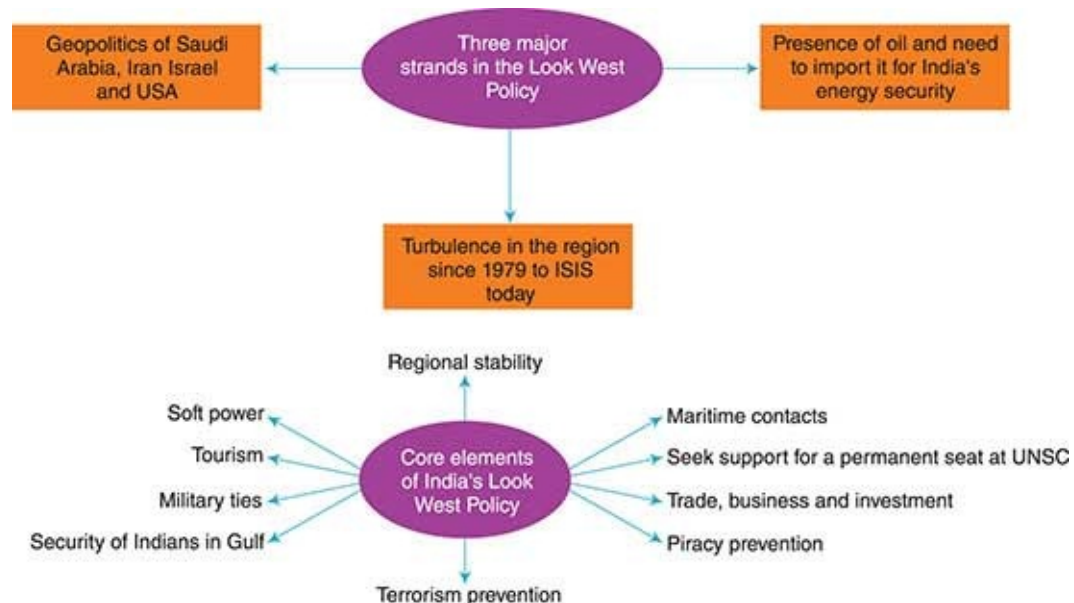
In 2005, Dr Manmohan Singh announced a Look West Policy (LWP) and stated that West Asia is a part of India's extended neighbourhood. He advanced the idea of pursuing economic relations with the Gulf. The subsequent chapters will show that the period post-LWP had India signing a strategic partnership agreement with Saudi Arabia and United Arab Emirates. India also concluded a contract for LNG supply with Qatar and established an investment fund with Oman and an infrastructure fund with UAE.

Another unique feature of India's engagement with the WA in the post-Cold War era is that it has shed-off the anti-Israel rhetoric and has enhanced ties with Israel. At one time, India had even supported the Palestinian Liberation Organization (PLO) and was one of the non-Arab states in the world to recognize PLO. After the end of Cold War, in 1993, the USA organised a peace conference between the PLO and Israel at Oslo. As per the Oslo Accords, the PLO and Israel signed a peace deal. As PLO shed off its hostility towards Israel, and India rapidly took this opportunity and enhanced ties with Israel. India was therefore able to initiate enhanced engagement with Israel without diluting its Palestinian cause. India continues to support the Palestinian cause while maintaining ties with Israel. India has realised that West Asia is not a region to display power but to augment power.



LOOK WEST POLICY

The historical analysis proves that India has vital and significant interests in the Middle East. Under the LWP, Manmohan Singh had outlined the need to enhance India's economic integration with West Asia. The region not only had a significant presence of Indian diaspora but also provided India oil for its energy security.



India's LWP has got a new momentum with Narendra Modi's recent visits to the region. As global energy markets witness the turmoil due to shale revolution, the Middle Eastern states are keen to explore dimensions other than oil. In order to achieve this, many Middle Eastern states initiated a Look East Policy and it is in this context that India assumes more significance. Defence has emerged as a new dimension of cooperation. Many of the Middle Eastern states have also valued India's continued quest to support regional stability in West Asia. The subsequent chapters in this section will provide an insight about rising strategic content in the relations on the basis of deepening bilateral ties. Modi has added three new elements to the LWP of India.

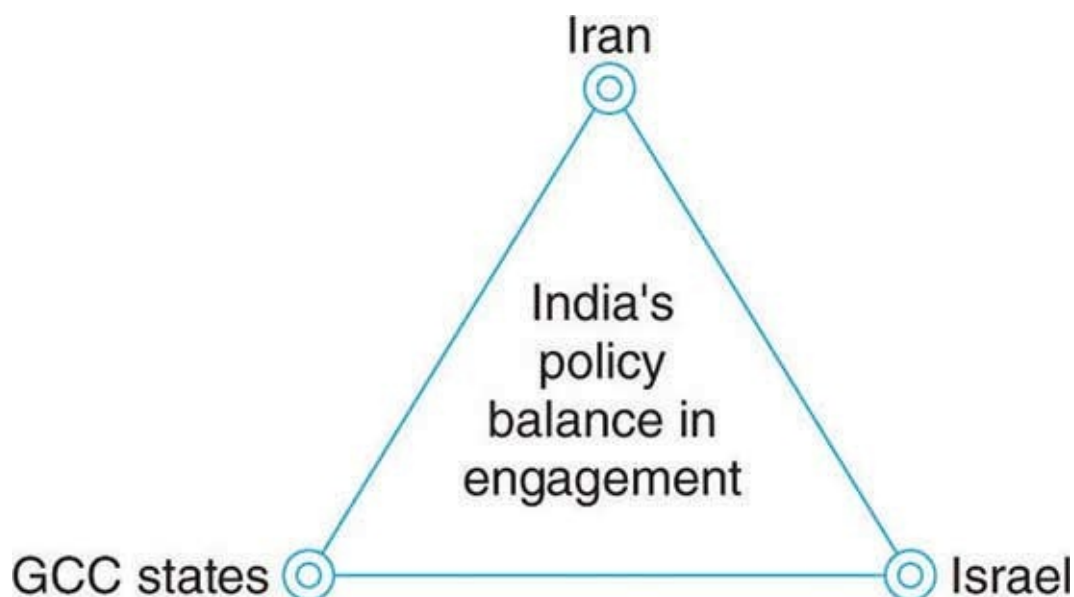


Owing to a new vigour and energy attached to the Gulf, the region will now help India to approach hostilities with Pakistan more aggressively. India has successfully entered into the Pakistani space and has taken advantage of the region to promote its national interests. The new mantra of Indian policy today is to Look West and Act East.

INDIA AND THE REGIONAL SECURITY SITUATION IN THE GULF

Since 2011, the region of West Asia has come under the influence of political change

driven by the Arab Spring movement, which has created new challenges for the region. Though India has adopted a hands-off approach with respect to the Arab Spring, it still favours democracy in the region. It is more accurate, perhaps, to suggest that India favours democratic pluralism in Arabia. Over a period of times, as the region has settled and stabilised, India has used the stability in the states to foster strategic relations. India has always maintained a policy balance in the region. The policy makers have realised that the policy balance has served Indian interests well. The Indian policymakers have striven for a fine balance between Iran, Saudi Arabia and Israel, while supporting Palestinians. This balancing act has given India a larger space to manoeuvre in the region with ease.



Post-9/11, the region has become volatile. The US invasion of Iraq in 2003 led to an instability in Iraq, leading, ultimately, to the rise of ISIS. The support to the rebels in Syria and the recent deployment of the ‘Mother of All Bombs’ by Trump administration in April, 2017 on ISIS fighters has aggravated the crises. Some scholars have started theorising that Syria could emerge as a new battleground of another Cold War situation. Though the core leadership of Al-Qaeda has been largely eliminated, its centre of gravity has now shifted to North Afghanistan and Pakistan. It is in this context of instability that India has realised that WA needs more care than it had so far received.

The Gulf has also emerged as Indian Navy’s primary area of maritime interests. India has learned not to interfere in any state’s internal affairs and limit its influence only to achieve self-interest. India has watched the crises unfold in Syria very carefully. Syria is a secular regime has been under attack from regressive fundamentalists who are funded by the West and its allies. India has favoured UN based crisis resolution than unilateral sanctions. The case is the same with respect to Indian policy vis-à-vis Libya. At the regional level, there are quite a few areas of instability.



As the Arab Spring unfolded, the countries in the region favoured India to be proactive. Many felt that India could now assert its presence keeping in mind its rising

global profile. India however maintained its hands-off approach and did not use the opportunity provided by the Arab Spring to undertake promotion of democracy in region.

Ever since the end of the Cold War, India has faced a dilemma. The Soviet Union collapsed, while Iraq got marginalised. As India entered uncharted water, it had to make serious policy choices. As a US-dominated global order emerged, PV Narasimha Rao got India to shift its politics. In 1992, Rao signalled the establishment of diplomatic relations with Israel. India gradually began to prioritise its economic interests, using it as a tool of foreign policy. For India, economic interests matter more than political clout. Even during the recent Arab Spring movement, India has maintained that for India, economic interests are more crucial than political interests.



According to scholar Olivier Roy, who has studied the Arab Spring in detail, it has unleashed a mechanism in the Middle East where Islamism and democracy need each other to survive. He asserts that the rise of Al-Nahda in Tunisia and the Muslim Brotherhood in Egypt firstly proves that hardcore Islamist parties have understood that democracy is the only factor that can ensure their survival. They have understood also that only the participation of the people in governance can give them the mandate to survive. However, the experience of Muslim Brotherhood and Al-Nahda has proven that they lack the experience in governing their countries. As the Islamists have risen to power, they have adopted a moderate version of Islam and this, in future, could lead to a separation of religion from civil institutions. At the same time, a strong competition is visible between the Brotherhood, Salafis and Ulemas, ensuring none has monopoly. The Salafi trend, though not well established, poses the additional threat, along with the radicals, of a strong commitment to establish Sharia and the Caliphate. Scholar Abdul Moneim says that when dictators ruled West Asia, the Salafis remained committed to religion. Post-Arab Spring, as a weak state emerged, in some areas (like in Egypt there are 3 to 5 million Salafis), the Salafis started using political parties to fight election to garner power and then discarded democracy once in power.

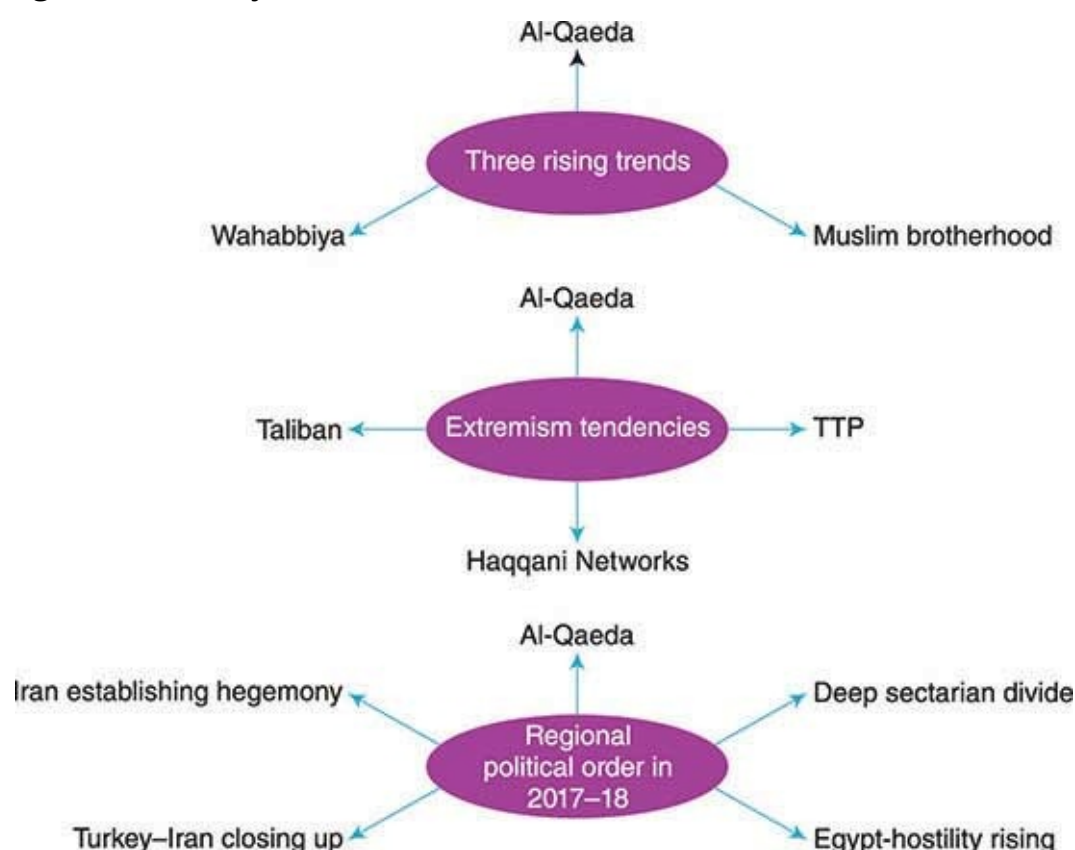


India looks West and GCC looks East

The core elements of India's engagement in West Asia under Modi government are economy, counter terrorism and defence. At the global level, West Asia is witnessing oil demand form Asian markets than in Trans-Atlantic markets. Due to the fiscal stress caused to West Asian states by Trans-Atlantic markets, the West Asian states are looking at Asian markets not only for oil but also as a security guarantee in the region. This has led to a new form of defence partnership between India and Gulf. The West Asian states prefer India and China as reliable interlocutors than West. As West Asia are witnessing terrorism, they have begun to appreciate the Indian view that states that sponsor terrorism will affect regional stability. The India-UAE and India and Saudi Arabia defence diplomacy is a mutual policy based on look at each

other policy. The failure of the West to emerge as a reliable player has led the GCC to adopt “Look at India” policy. As terrorism, instability, falling oil prices and sectarianism destabilize the Islamic world, India seems to be the best hedge for West Asia.

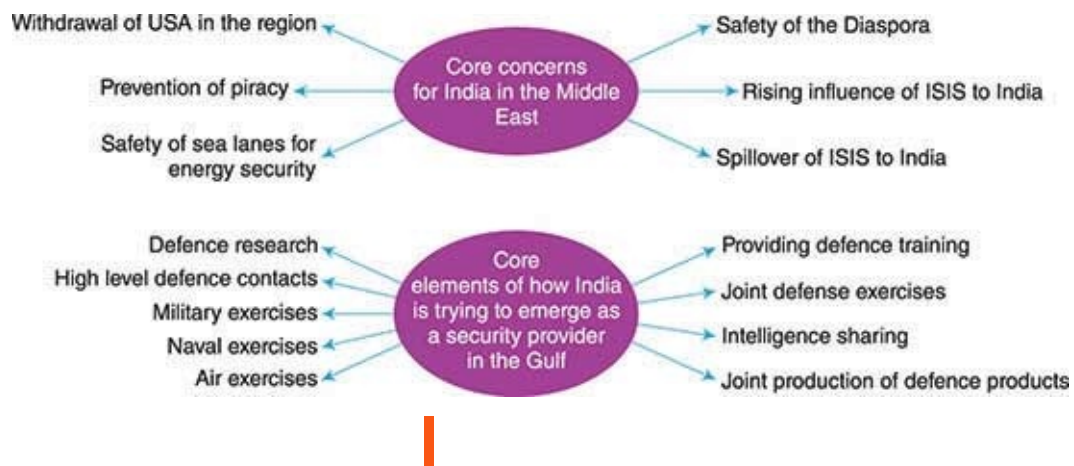
Thus, according to Moneim, even after achieving democracy, society remains fragile. The Al-Qaeda on the other hand has seen Arab Spring as a blessed revolution as the goal of Al-Qaeda is to ultimately establish a global Islamic caliphate, which will only come to be realised if the Islamists stay in power. Al-Qaeda has perceived the Arab Spring as a long-term strategy. They feel that the confrontation between the liberals and the Islamists post Arab Spring will lead to weak governments who would not deliver, thereby leading to an extremist upsurge benefitting Al-Qaeda. The rise of sectarianism in the Middle East could endanger the stability further.



Under the Modi government, India has decided to support food security in the Middle East in return for energy security. India and the Gulf Cooperation Council (GCC) have opened up cooperation in solar technology and Gulf security.



As the region continues to be unfolded by the forces ushered in by the Arab Spring, India will face regional conflict. Keeping these concerns in mind, India is augmenting security cooperation in the region. There is possibility of India emerging as a security provider to the Gulf.



The Great Sheikh and Shale battle and Indian Oil Diplomacy

Organisation of Petroleum Exporting Countries (OPEC) was formed in 1960. It has fourteen major exporters of oil it was founded in Baghdad but the headquarters are in Vienna, Austria. OPEC is an international cartel that coordinates petroleum policies of the 14 states to stabilize the oil prices and ensure supply to the consumers. India has been an old buyer of oil from OPEC states. In the recent times, US discovered shale gas. The discovery of shale was perceived by the OPEC as a threat to oil trade. In 2014, oil minister of Saudi Arabia Ali Al-Naimi advised the OPEC states to take steps to pre-empt US to use shale to grab OPEC markets of oil. So, in 2014, OPEC decided to increase production of oil. As the production of oil increased, the prices of oil began to decrease. as the prices decreased, the OPEC began to offer to its clients huge discounts. Since 2014, India too witnessed benefits out of the OPEC policy. For India, the oil import became cheaper and India was able to save a lot of foreign exchange in oil imports. Such discounts in oil prices by OPEC affected the export revenues of OPEC states. The OPEC government states began to pump money to compensate export revenue losses. This policy of OPEC even hurt the shale industry as the decrease in the oil prices affected the fracking process. In May-2016, Naimi was succeeded by Khalid Al-Falih as the new oil minister of Saudi Arabia. Khalid decided to reverse the policy of Naimi and decided to cut the oil output with an intention to increase the oil prices. But the policy of Kalded was short lived as Russia, an important negotiator, increased oil production. As Russia did not cut the oil production, it succeeded in displacing Saudi Arabia as a core exporter of oil to China. The overall effect of the policy of Khalid did increase the oil prices slightly. This led to rise in US oil production and US began to emerge as an exporter of oil once again. Though Trump visited in Saudi Arabia in 2017 but Saudi Arabia is not happy with US conquering markets of Saudi Arabia. In 2017, Saudi Arabia and Russia have decided to cooperate and continue to production cuts till 2018 to push up the oil prices to take them to around 50 USD per barrel. To achieve this, both have decided to follow 'pump at will' policy. US traders have followed a policy of using capital markets to raise money. US traders have decided to resort to future and options markets to hedge against low oil prices. In this price war, Saudi Arabia and OPEC did not realize that fracking (the method of hydraulic fracturing to produce shale) is a more predictable method than the Wildcatter model of drilling oil (a method of pumping money on the ground to gush out oil). But the bigger issue is that

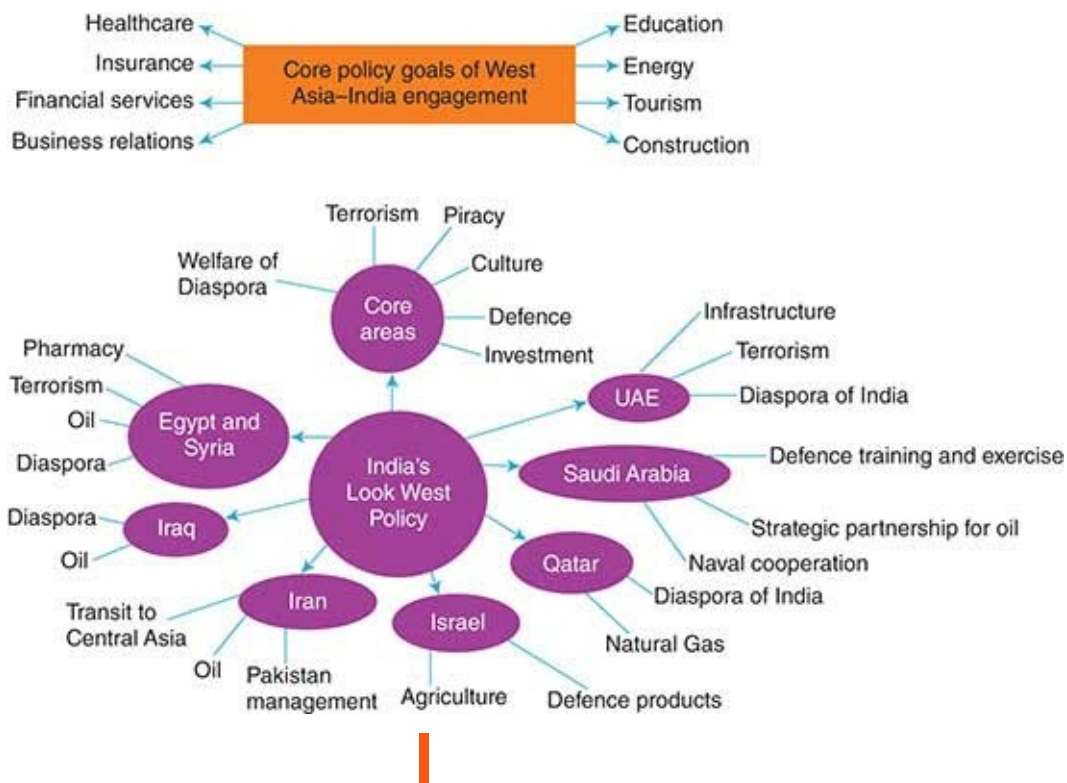
all such measures are short term only. Does OPEC have a long term plan as states are trying to switch over to cleaner fuels (by 2040, four European states have decided to ban sales of gasoline cars). India picked up the issue of Asian Premium (Charged by OPEC to poorer importers of Asian states) in 2017 during the Vienna meeting. India has asserted for the first time that if security of supplies is not maintained, India can look at new avenues US, Iran and Canada. By 2040, India's oil demand will rise by 150 % and global share will rise from 4 to 9 %. India has started oil imports (shale) from US. This will rectify the Indo-US trade imbalance. India has invested 5 Billion Dollars in shale business assets in US. It will lessen the engagement with traditional buyers if new avenues open up.

CONCLUSION

In West Asia, India sees four distinct historical civilizations—Arabs, Persians, Jews and Turkish—with all of whom India has the privilege of having had distinct relations in the past. For India, there are three broad regions to engage in West Asia. The first is the GCC region. The core dimensions of engagement here are trade, the Indian diaspora, oil and prevention of terrorism. In the second region of Mashreq (Turkey and Central Asia), where trade and connectivity are crucial dimensions. The third is the Maghreb region which is crucial for oil, trade and prevention of piracy.

During the period of the National Movement, India showed solidarity with West Asia, especially in its pro-Palestine policy stance. During the Cold War of 1973, Iran and Iraq emerged as potential oil suppliers. India continued to maintain ties with Israel but there was no diplomatic recognition given till 1992. Thus, during the Cold War, our key policy determinants were based on Arab solidarity for Palestine problem and oil based diplomacy. The basic intention was to garner support of Arabs for the Kashmir issue. Though on this point, India was disappointed many times. At the end of Cold War, India began to bring about a change in its outlook to West Asia. The lukewarm approach of Arabs on Kashmir and their consistent tilt to Pakistan was an important factor motivating India to open up to Israel. Today, despite antagonism from Saudi Arabia and Iran, India-Israel ties have prospered. The energy factor is the new game changer. As India diversifies its economy, to fuel its growth, oil is needed. In this context, the geopolitical importance of India rises further. India and the GCC established a political dialogue in 2003 and began negotiations for an FTA in 2004. India has opened up naval cooperation with the GCC to secure vital sea lanes of communication. A core dimension is the use of soft diplomacy tools like Bollywood and cricket to sustain ties.

The core engagement of India with West Asia-North Africa region is based on geopolitical consideration of energy and security issues.



Gulf losing charm?

Indian Diaspora in the Gulf is an important link in the India and West Asia relations. Gulf is one of the top job destinations for Indians. In 2014, there were 7, 75, 854 Indians in the Gulf. This came down to 5, 07, 296 in 2017. The decline in the numbers is due to a fall in the crude prices and subsequent job losses. This has even affected the inward remittances to India. The oil prices have declined for two reasons. Firstly, the discovery of shale gas in US and second is a global shift to clean energy by consumers of oil. Due to these reasons, Gulf states are re-orienting their strategy. Saudi Arabia has announced Vision 2030. Under the vision, Saudi Arabia intends to increase non-oil revenues, employ less foreigners and more locals and position itself as a global investment powerhouse. India can leverage this investment potential under Make in India to kick start the manufacturing revolution in India. If oil prices remains low, India can divert the surplus resources it is saving in the oil import to spur economic development.