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India's Strategic Engagement with the Middle East

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.

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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

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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. 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

² Indian Container Market Report 2017, *Gateway Research*. <http://www.containersindia.in/pdf/CI%20REPORT-2017.pdf>. Accessed on 16 February 2018.

³ Dubai FDI Trends Analysis Report, Q1 2017. <http://www.dubaifdi.gov.ae/StudiesAndResearchDocument/Dubai-FDI-Q1-Trends-Report-2017-270717.pdf>. Accessed on 16 February 2018.

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.

⁴ “Narendra Modi meets Crown Prince of Abu Dhabi, India, UAE sign 5 pacts”, *Livemint*, 10 February 2018. <http://www.livemint.com/Politics/3mZxIG99OvAbhIGUZnfY7H/Narendra-Modi-arrives-in-UAE-on-his-second-visit-to-Gulf-cou.html>. Accessed on 15 February 2018.

⁵ “Speech by Foreign Secretary at Raisina Dialogue in New Delhi (March 2, 2015)”, *Ministry of External Affairs, Government of India*, 2 March 2016. http://mea.gov.in/Speeches-Statements.htm?dtl/26433/Speech_by_Foreign_Secretary_at_Raisina_Dialogue_in_New_Delhi_March_2_2015. Accessed on 16 February 2018.

⁶ A number of the initiatives can be traced back to Prime Minister Narasimha Rao’s tenure, for example, the establishment of full-fledged diplomatic ties with Israel, which occurred in 1992.

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

⁷ “India Oman Joint Statement during visit of Prime Minister to Oman”, *Ministry of External Affairs, Government of India*, 12 February 2018. <http://www.mea.gov.in/bilateral-documents.htm?dtl/29479/India+Oman+Joint+Statement+during+visit+of+Prime+Minister+to+Oman>. Accessed on 15 February 2018.

port of Chabahar in Iran,⁸ 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.

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⁸ See "Chabahar Launched: A Boost for Regional Connectivity amidst Global Uncertainty", Jivanta Schoettli, ISAS Insights 478, 12 December 2017. <https://www.isas.nus.edu.sg/ISAS%20Reports/ISAS%20Insights%20No.%20478-%20Chabahar%20Launched%20A%20Boost%20for%20Regional%20Connectivity.pdf>.