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**INDIA'S
RELATIONSHIP
WITH
THE GULF
COOPERATION
COUNCIL**

**NEED TO LOOK
BEYOND BUSINESS**

PRASANTA KUMAR PRADHAN

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PRASANTA KUMAR PRADHAN



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CONTENTS

Chapters	Page no
ACKNOWLEDGEMENTS	5
INTRODUCTION	7
Chapter I	
ECONOMIC RELATIONS: MAINSTAY OF THE INDIA-GCC PARTNERSHIP	13
Chapter II	
INDIA AND THE GCC: NEED TO REINFORCE POLITICAL UNDERSTANDING	29
Chapter III	
STRENGTHENING INDIA'S DEFENCE TIES WITH THE GCC	49
Chapter IV	
THE ARAB SPRING, THE GCC AND INDIA	66
Chapter V	
CONCLUSION: TIME FOR INDIA TO LOOK BEYOND BUSINESS	81

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Prasanta Kumar Pradhan

May 19, 2014

INTRODUCTION

The Gulf Cooperation Council (GCC) was formed in 1981 consisting of six Gulf monarchies Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE). United by the similar nature of political and economic systems, contiguous geography, common language, and culture, these GCC monarchies form a strong organisation in the volatile West Asian region. Their cooperation in the political, economic, security, science and technology and other matters, makes them speak in one voice on a number of important regional and international issues. The GCC countries have huge oil and gas reserves, which makes them an important player in the world economy. They also share among themselves several common economic characteristics such as heavy dependence on hydrocarbon revenues, reliance on expatriate labour, fiscal surplus, higher GDP per capita income, higher domestic consumption etc. They have initiated several steps for greater economic integration of GCC such as free trade area, customs union, monetary union, common market and so on. The GCC also plans to set up a GCC central bank and a common currency.

The regional geopolitics to a large extent has been a deciding factor for the GCC to remain united in the face of any threat. Iran is a major challenge for the GCC countries with its strong military and a controversial nuclear programme. Besides this, political and ideological conflict and the struggle for dominance in the regional politics are the other important reasons for the GCC-Iran rivalry. In addition, the GCC countries are the allies of the USA, which is an important player in the regional security in the Gulf and the wider West Asian region. The GCC countries are under the security umbrella of the US, and the American military forces are deployed in all the GCC member countries, which is another bone of contention between the GCC and Iran. For their own security, the GCC formed a Peninsula Shield Force in 1984 to deal with any kind of military aggression against its member states.

India's interaction with the Gulf region dates back to centuries when people from both the sides used to cross the Arabian Sea for trade and commerce. The frequency and intensity of interaction continued and the movement of people from both sides led to the spread of language and culture. Such interactions of the past have laid the foundations of a strong India-Gulf relationship. In modern times, as the stature and profile of both India and the GCC have grown significantly both realise the potential and importance of each other. India's rise as an important power in the world politics and economy has been acknowledged by the GCC. On the other hand, India realises the importance of the GCC countries as they play a significant role in the world economy because of their energy reserves and trade potential. The evolving regional and global political scenario has made both India and the GCC countries understand each other's importance, and encouraged them to engage actively with each other.

India's relationship with the GCC continues to strengthen day by day. The GCC is an important regional organisation for India for a number of reasons. India's trade with the GCC, its energy dependence, India's expatriate workers in the region, growing political ties, and security concerns are some of the key issues for which the GCC is of huge relevance for India. In recent decades, the growing threat of terrorism, piracy and the rise of other non-state actors have made the GCC countries even more significant for India.

A close look at India's relationship with the GCC countries shows that trade and business has been the most dominant aspect of the relationship. Economic ties have remained intact and in fact, have grown enormously. With passing of time, the volume and items of trade have expanded. India considers the Gulf region as part of its "extended neighbourhood" and a part of its "natural economic hinterland". The GCC has, evidently, become a major trade partner for India as bilateral trade has grown tremendously. The total trade between India and the GCC has gone from about US\$ 5.55 billion in 2000-01 to US\$ 158.41 billion in 2012-13.¹ Such a massive growth during the short period of

¹ Department of Commerce, Ministry of Commerce and Industry, Government of India, "Export-Import Data Bank", available at <http://commerce.nic.in/eidb/default.asp>, accessed on August 21, 2013.

a decade can be attributed mainly to the higher commodity prices, especially oil prices, in that period, and partly to the increased efforts to enhance trade relationships that were undertaken during this period by both sides. Today, the United Arab Emirates (UAE) and Saudi Arabia are among the top five trading partners of India. Though economic relations remain the backbone of the relationship, both sides have been looking for new areas of cooperation and are trying to strengthen their political and strategic ties.

The Gulf region is also an important destination for India's products. Among others, India exports mineral oils, organic chemicals, cereals, meats, fruits and vegetables, textiles products, iron and steel, electrical machinery and equipment, and other mechanical appliances to the GCC countries. However, trade balance is hugely in favour of the GCC countries because of the import of large quantities of petroleum crude by India. Though the GCC countries have surplus capital with them, India has not been able to attract substantial investment from them. The foreign direct investment from the GCC countries in India is much below their potential. In recent times, a large number of Indian companies have established their branches and are involved in several projects in the region. The movement of people from India to the GCC countries for employment contributes to the growth of Indian foreign exchange reserve as they send money back home to their families.

Energy is an important factor in the India-GCC relationship. India has remained dependent on the GCC countries for the energy supply, which along with Iran and Iraq, have been the primary sources of energy supply for India. The growing Indian economy, population and industrialisation have led to increased demand for energy and thus, naturally, India's dependency on the region for energy continues to grow even today. India's import of crude oil from the GCC countries has been growing ever since. In the year 2012-13, India imported 81.99 million tonnes of crude oil from the GCC countries worth US\$ 62.48 billion.² Qatar is the top supplier of LNG to India. Though India imports LNG from other Gulf countries like Oman and the UAE the

² Ibid.

amount from these two countries is far less than that of Qatar. In the year 2012-13, Qatar was the only GCC country supplying 10.3 million metric tonnes of LNG to India. In the previous year, India imported 10.45 million metric tonnes of LNG from the GCC countries where imports from Qatar alone was 10.27 million metric tonnes.³

The strong trade and business ties between India and the GCC countries have not been translated into a robust political and strategic partnership. There have been a number of hindrances in the past, which led to differences of opinion and a strained bilateral political relationship between them. The Cold War political dynamics, India's support for the Arab socialist leaders, the GCC's support for Pakistan etc. are some of the reasons for which political differences continued to persist between India and the GCC countries for a long time. In recent times, the attitude and perception have changed positively on both sides but are yet to touch a point of satisfaction. In fact, the relationship can be described as much below the potential.

There are around 6.5 million Indian expatriates working and living in the region. The presence of such a large number of Indian citizens in the region forms a natural link between India and the Gulf region. Their contribution towards the development and progress of the region has been highly acknowledged by the rulers and the people of the region. Indians, in fact, are the largest expatriate community in the region and preferred over other communities as they have been found to be sincere, hardworking and law abiding. The popular protests in the region known as the 'Arab Spring' has made the rulers realise the importance of providing employment to their own citizens, particularly the youth. Thus, they have made announcements to adopt their workforce nationalisation programmes in order to satisfy the demands of their young masses. Saudi Arabia has taken a big step in this regard by adopting the 'nitaqat' programme in 2011. The 'nitaqat' programme of Saudi Arabia intends to clean up the illegal migrant workers from the kingdom and has mandated the employers to employ certain percentage of Saudi nationals in their companies. This has created

³ Ibid.

apprehension among the Indian community, and others as well, regarding the possibility of turning jobless and being sent back home.

The recent decades have witnessed many security challenges emerging in the vicinity of India and the GCC countries, which are common to both. The rise of terrorism and piracy in the Arabian Sea are two important cases in point for which active cooperation between the two is necessary. There have been some instances of cooperation over intelligence inputs and extradition of terrorist from the Gulf region, which is quite encouraging. However, a lot remains to be done. Dynamic security and defence cooperation between India and the GCC countries will be helpful for both to ward off many threats in the region.

The recent phenomenon of the 'Arab Spring' has added further confusion to the already volatile Gulf region. It has come as a challenge for India's policy towards the region. The Arab Spring gave India instant anxiety over sharp oil price rise, the evacuation of its nationals from Libya and Egypt, and the nightmare of evacuating 6.5 million Indians from the Gulf region in case of an emergency. It has reminded India of how the politics, economy and security of the Gulf region can affect India and that India should always remain prepared for any kind of instability in the Gulf region.

It is in this background that this monograph seeks to analyse India's engagement with the GCC countries. It argues that though India's engagement with the GCC countries in the economic arena is strong and growing rapidly, the same has not been translated in other areas of bilateral understanding. As India emerges as a major global power, it is important for India to engage with the 'extended neighbourhood' more meaningfully. Though some achievements have been accomplished in recent times, India needs to take the lead and further accelerate the engagements. Chapter I highlights the progress achieved by India in strengthening the trade and business with the GCC countries. The chapter shows that trade and energy have been the major driving force behind India's engagement with the GCC countries. Chapter II and III analyse the current state of the political and defence relations of India with the GCC. These chapters argue that though there have been some achievements in strengthening political, strategic and defence ties with the GCC countries, they are still far below the potential. Keeping in view India's growing profile in the world, it is important for India to

engage the GCC countries, and build consensus and confidence on political and defence issues. Chapter IV further augments this argument by stating the challenges for India, which have been posed by the recent uprisings throughout the Arab world. This chapter brings out India's stakes involved in the region and argues that a peaceful Gulf region is in India's interests and thus it is time for India to play a proactive role in the region. The monograph concludes by making the argument that though India has robust trade and business ties with the GCC countries, which are increasing substantially each year, it has not been reflected in the political, strategic and the defence arenas. With India's growing stakes in the Gulf and the rapid political and security developments happening in the region it is in India's interest to look beyond the trade and business and deeply engage with the GCC in other important sectors as well.

ECONOMIC RELATIONS: MAINSTAY OF THE INDIA-GCC PARTNERSHIP

India's trade links with the Gulf countries go back to the traditional times when people from both sides of the Arabian Sea established economic contacts with each other. In the past, both Indian and Arab traders would sail across the Arabian Sea, and buy and sell different commodities. Such interactions continued and have only deepened in today's globalised era. Over the years, the volume and nature of trade has expanded and the countries are interdependent today. The discovery of oil pulled Indian work force to the Gulf; and later India's dependence on the Gulf oil became an important aspect of the economic relationship between India and the Gulf region. On the other hand, Indian manufactured goods have found their market in the Gulf region. Ever since India's independence, the political and diplomatic relationship with the Gulf region has seen many vicissitudes because of the political calculations of the Cold War period. However, despite such a tense relationship, trade and business between the two continues to grow and flourish.

India considers the Gulf region as part of its "extended neighbourhood" and a part of its "natural economic hinterland". Some consider it as India's "immediate neighbourhood", with only the Arabian Sea separating the two. Though economic relations remain the backbone of the relationship, both sides have been looking for new areas of cooperation and are trying to strengthen their political and strategic ties. The GCC has become a major trade partner for India as bilateral trade has grown tremendously. The total trade between India and the GCC has gone from about US\$ 5.55 billion in 2000–01 to US\$ 158.41 billion in 2012–13.¹ Such a massive growth during the brief period of

¹ Department of Commerce, Ministry of Commerce and Industry, Government of India, "Export–Import Data Bank", available at <http://commerce.nic.in/eidb/default.asp>, accessed on August 21, 2013.

a decade can be attributed mainly to the higher commodity prices, especially oil prices, in that period, and partly to the increased efforts to enhance trade relationship that were undertaken during this period by both sides. Today, the United Arab Emirates (UAE) and Saudi Arabia are among the top five trading partners of India.

The first GCC–India Industrial Conference was held in Mumbai in February 2004, which was attended by GCC Secretary General Abdulrahman bin Hamad Al Attiyah and industry ministers of all GCC countries. The leaders discussed ways and means to promote economic cooperation between India and the GCC. The conference focused on trade, investment, industrial and technological cooperation and issued a ‘Mumbai Declaration’.² Further, in August 2004, India and the GCC signed a framework of an Agreement on Economic Cooperation to explore the possibility of a free trade agreement between them. Later, in November same year, a three-member GCC negotiating team visited India and held discussions on a broad range of issues, including the possibility of initiating negotiations for a Free Trade Agreement (FTA) and non-tariff barriers affecting Indian exports to the region.³ The second conference was held in Oman in March 2006. The third conference in May 2007 decided to facilitate and expedite projects in the field of agriculture and food processing, which was identified as a new sector with significant opportunities for trade and investment. The GCC agreed to receive and facilitate the visits of Indian agro-processing companies, and India was to reciprocate.⁴

India considers the Gulf region as an extended neighbourhood. In 2005, Prime Minister Manmohan Singh said that ‘the Gulf region, like South-East and South Asia, is part of our natural economic hinterland. . . We must come closer to our western neighbours in the Gulf’.⁵ He also authorised the Commerce and External Affairs Ministries to begin negotiations with the GCC to conclude an FTA, and also approved

² Ministry of External Affairs, Government of India, at <http://meaindia.nic.in/onmouse/gcc1.pdf>, accessed on September 2, 2009.

³ Ibid.

⁴ Press release, Department of Commerce, Ministry of Commerce and Industry, Government of India, May 30, 2007, available at http://commerce.nic.in/pressrelease/pressrelease_detail.asp?id=2062, accessed on July 11, 2009.

negotiations with all individual member countries of the GCC for a comprehensive economic cooperation agreement covering the services sector and investment.⁵

Success of trade and commerce between India and GCC revolves around a high degree of trade and economic complementarity as both caters to each other's economic demands. While India is one of the fastest growing economies in the world, the GCC countries have the large reserves of hydrocarbon which is crucial for India's economic growth.⁶ The region is also a good market for Indian products. Top export commodities to the GCC countries from India during the year 2012-13 are gems and jewellery, petroleum products, machinery and instruments, metals, electronic goods, transport equipment, textile products, iron and steel, petroleum, gold and pearls, organic and inorganic chemicals, fertilizers etc.⁷

Among the GCC countries, Saudi Arabia remains an important trade partner for India. In fact, it is the fourth largest trading partner for India with a total trade volume of US\$ 43.91 billion.⁸ Import of crude oil from Saudi Arabia forms a major chunk of the trade volume.

India's Prime Minister Manmohan Singh visited Oman in 2008, when both the countries signed a memorandum of understanding (MoU) for establishing an India–Oman Joint Investment Fund with a seed capital of US\$ 100 million, which could be raised to US\$ 1.5 billion.⁹

⁵ "PM Launches 'Look West' Policy to Boost Cooperation with Gulf", Press release, Prime Minister's Office, July 27, 2005, available at <http://pmindia.nic.in/prelease/pcontent.asp?id=278>, accessed on August 2, 2008.

⁶ Alpen Capital Investment Banking, "Trade and Capital Flows – GCC and India", May 02, 2012, at http://www.alpencapital.com/downloads/Trade%20and%20Capital%20Flows%20-%20GCC%20and%20India_Final_May%202012.pdf, accessed on August 20, 2013.

⁷ "India's trade with Gulf Cooperation Council countries touches US \$ 150 billion", Press Information Bureau, Mumbai, March 6, 2013, at <http://pibmumbai.gov.in/scripts/detail.asp?releaseId=E2013PR328>, accessed on August 2, 2013.

⁸ "Export–Import Data Bank", Department of Commerce, Ministry of Commerce and Industry, Government of India, available at <http://commerce.nic.in/eidb/default.asp>, accessed on August 22, 2013.

⁹ Ministry of External Affairs, Government of India, "India and Oman Bilateral Relations", February 2013, available at <http://www.mea.gov.in/Portal/ForeignRelation/Oman-January-2012.pdf> (accessed on 17 May 2013).

The total bilateral trade between India and Oman was US\$ 4.55 billion in 2012–13.¹⁰ The trade figures have more than doubled since 2008 when the total trade was US\$ 2 billion.¹¹

Qatar yet another important trade partner for India. The volume of the total trade between the two countries is increasing rapidly and the amount of total trade between them has gone up from US\$ 2.99 billion in 2007–08 to US\$ 16.3 billion in 2012–13.¹² Qatar also remains the most reliable supplier of natural gas to India. India signed an agreement to purchase 7.5 million tonnes of *liquefied natural gas* (LNG) every year from Qatar for a period of 25 years; the first shipment took place in 2004. The yearly supplies of 7.5 million tonnes started from January 2010.¹³

Kuwait is also a crucial trade partner for India. The value of the total trade between the two countries has increased from US\$ 10.39 billion in 2008–09 to US\$ 17.67 billion in 2012–13.¹⁴ Currently, Kuwait is the thirteenth largest trade partner of India.¹⁵ Kuwait is also the third largest exporter of oil to India, supplying 18.74 million tonnes of oil in 2012–13.¹⁶

The UAE became the largest trade partner of India with a total bilateral trade of US\$ 74.7 billion in the year 2012–13,¹⁷ which is a significant increase from US\$ 29.11 billion in 2007–08. The UAE is also the sixth largest exporter of oil to India supplying 15.59 million tonnes of oil in 2012–13.¹⁸

¹⁰ “Export–Import Data Bank”, Department of Commerce, Ministry of Commerce and Industry, Government of India.

¹¹ Ibid.

¹² Ibid.

¹³ Embassy of India, Doha, Qatar, “India Qatar Bilateral Relations”, accessed on May 20, 2013.

¹⁴ “Export–Import Data Bank”, Department of Commerce, Ministry of Commerce and Industry, Government of India.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

Over the last five years, there has been no significant growth in the bilateral trade volumes between the two countries. The bilateral trade between India and Bahrain presently stands at US\$ 1.32 billion.¹⁹

Table 1.1: India–GCC Total Trade (including oil and gas)

(All figures in US\$ billion)

Country	Year				
	2008–09	2009–10	2010–11	2011–12	2012–13
Bahrain	1.72	0.75	1.29	1.34	1.32
Kuwait	10.39	9.03	12.16	17.62	17.63
Oman	1.98	4.53	5.08	4.66	4.54
Qatar	4.17	5.18	7.19	13.72	16.3
Saudi Arabia	25.08	21	25.06	37.5	43.91
UAE	48.26	43.46	66.57	72.68	74.7
Total	91.6	83.95	117.35	147.52	158.4

Source: Department of Commerce, Ministry of Commerce and Industry, Government of India.

The GCC countries have acknowledged the growth of their big Asian neighbours and have adopted a ‘Look East’ policy to promote cooperation with them. In addition, as part of the ‘Look East’ policy, the GCC Chambers of Commerce and Industry are giving priority to build up economic cooperation with Asian countries. It must be mentioned here that India’s growing economy, increasing demand for oil, need of the GCC countries to diversify their investment etc. has made them look eastward, and India, along with China, are major target countries as per their ‘Look East’ policy.²⁰

¹⁹ Ibid.

²⁰ Javed Ahmed Khan, “India and Arab Gulf’s Look East Policy: Strengthening Economic Relations since 1995”, in Anwar Alam (ed.), *India and West Asia in the Era of Globalisation*, New Century Publications, New Delhi, 2008, pp. 55-70.

SAUDI ARABIA AND THE UAE: IMPORTANT TRADE PARTNERS

As is evident from the above mentioned figures, the UAE and Saudi Arabia are the two most valuable trade partners for India among all the GCC countries. While UAE is at the top, Saudi Arabia is the fourth largest trade partner of India in 2012–13.

The Delhi Declaration of 2006, which was signed during the visit of King Abdullah to India and the Riyadh Declaration of 2010 signed during Prime Minister Manmohan Singh's visit to Riyadh have further contributed in strengthening the bilateral trade. Regarding trade and investment, the Delhi Declaration urges, "...to expand and diversify mutual trade and investments" and calls for the "exploration of investment opportunities in all sectors, including infrastructure, in both countries". This sentiment was reiterated in the Riyadh Declaration where both the countries "emphasised the importance of developing a broad-based economic partnership" along with "augmenting flow of investments into each other's countries" and "enhancing bilateral trade".

While, India exports items such as mineral oils, organic chemicals, cereals, meats, fruits and vegetables, textile products, iron and steel, electrical machinery and equipment, and other mechanical appliances. India imports from Saudi Arabia items such as crude oil, aluminum, copper, fertilizers, plastics, and organic and inorganic chemicals.

Besides, to give further boost to trade and investment, both countries have signed an agreement on Bilateral Promotion and Protection of Investments (BIPPA) and an Agreement on Avoidance of Double Taxation and Prevention of Tax Evasion (DTAA). The Council of Saudi Chambers of Commerce and Industry (CSCCI) and the Federation of Indian Chambers of Commerce and Industry (FICCI) have signed a Memorandum of Understanding to establish a Joint Business Council. Both the countries have established a number of institutional mechanisms to bolster bilateral economic cooperation. The Saudi-India Joint Business Council, the Indo-Saudi Joint Commission Meeting, and Joint Working Groups etc. are important mechanisms through which meetings and interactions are held and ideas exchanged between both the sides. The India-GCC Industrial Conference is another platform for both the countries to interact.

In recent times, knowledge-based economy has emerged as a potential area of cooperation between the two countries. As the role of knowledge and technology is poised to grow in the future, cooperation in this area would be highly beneficial for both. In the Riyadh Declaration both the countries have echoed their desire of developing “knowledge-based economies based on advances in the areas of information technology, space science and other frontier sciences”. If pursued seriously, this would encourage both innovation and employment, and lead to furthering cooperation between both the countries.

Indian companies and businessmen can look for opportunities in the sectors such as information technology, petrochemicals, pharmaceuticals, construction etc. that are growing rapidly. Similarly, there are opportunities for Saudi companies and businessmen in the infrastructure and real estate sectors in India.

Trade and business have remained the mainstay of the India-Saudi Arabia relationship. There lie huge opportunities for both India and Saudi Arabia in this regard. As both are big economies and are growing steadily, new areas of cooperation keep emerging, which should be capitalised by both the countries. There is a need for both the countries to create and sustain a business-oriented atmosphere and boost investor confidence, which would further bolster the economic relationship. With growing interdependence, and mutual interests and benefit for both the sides, economic friendship between India and Saudi Arabia would further strengthen in the future.

Both the countries have come to realise that over-reliance on the oil trade is not a good sign for the long-term health of the economic relationship. There is a growing understanding that there should be engagement in different sectors moving beyond the traditional buying and selling of oil. As Saudi Arabia is a growing market, India should try to make the most of it. India should make conscious efforts in studying the Saudi requirements and export commodities accordingly.

The UAE was the largest trade partner for India in 2012–13 with a total trade of US\$ 74.7 billion. India exports items such as petroleum products, precious metals, stones, gems and jewellery, minerals, food items (cereals, sugar, fruits and vegetables, tea, meat, and seafood), textile products, engineering and machinery products, and chemicals.

India's major import items from the UAE include petroleum and petroleum products, precious metals, stones, gems and jewellery, minerals, chemicals, wood and wood products.²¹

India and the UAE have signed the Double Taxation Avoidance Agreement (DTAA) and a Customs Cooperation Agreement. To give further boost to investment both countries signed a Bilateral Investment Promotion and Protection Agreement (BIPPA) in December 2013. Both the countries have set up a Joint Business Council consisting of the Federation of the UAE Chambers of Commerce and Industry and the Federation of Indian Chamber of Commerce and Industry (FICCI). Similarly, the Confederation of Indian Industry (CII) has signed a strategic agreement with the Khalifa Industrial Zone of Abu Dhabi (KIZAD) to support the Indian businesses investing there.²²

It is clear from the above discussions that the trade balance is profoundly in favour of the Gulf countries. It is primarily because of the huge imports of crude oil by India. Exports from India have also been increasing slowly. In past few years, India's exports to Saudi Arabia have registered higher growth than that to other GCC countries. From 2009–10 to 2010–11, India's exports to Saudi Arabia grew by 19.9 per cent while from 2011–12 to 2012–13, India's exports to Saudi Arabia witnessed 72.15 per cent of growth.²³ Indian exports to Oman are growing positively, registering 96.59 per cent in 2012–13 from the previous year.²⁴ However, Indian exports to Kuwait and Qatar have been showing negative growth in the recent years.

Keeping in view the growing mutuality and interdependence in trade and business, and to give further boost to it, India and the GCC started a Free Trade Agreement negotiation in 2006 when the first round of talks were held between both the sides in Riyadh. The second round

²¹ Embassy of India, Abu Dhabi, at <http://indembassyuae.org/drupal/BilateralRelations>, accessed on September 23, 2013.

²² Ibid.

²³ Department of Commerce, Ministry of Commerce and Industry, Government of India, "Export–Import Data Bank".

²⁴ Ibid.

of the talks was held in Riyadh in 2008 but owing to differences of opinion between both the sides on some issues, the FTA remains inconclusive as of now.

In the first round, both sides agreed to include services, investment and general economic cooperation along with goods in the FTA; while tariff liberalisation was discussed during the second round of the negotiations.²⁵ However, the talks have come to a standstill since 2008. It has been learnt that the GCC has commissioned a study to examine the FTA with India.²⁶ Both the sides are hopeful to start the talks again soon. From the Indian side, the Minister for Commerce, Industry & Textiles, Anand Sharma has expressed India's intention of "reenergizing the negotiations for concluding the India-GCC FTA talks" in a meeting with Sheikha Lubna Bint Khalid Al Qasimi, Minister of Foreign Trade of the UAE in February 2013.²⁷

INVESTMENTS

Investment is another area, which requires further attention. The Gulf sheikhdoms are a potential source of bringing foreign direct investments to India. However, despite that, India has not been able to utilise the option and attract investors from the Gulf region.

According to the Department of Industrial Policy and Promotion (DIPP), Government of India, Saudi Arabia was the 47th biggest investor in India with investments from April 2000 to July 2013 amounting to US\$ 41.07 million. Saudi investment in India is much below its potential as the cash-rich kingdom has the funds to invest much more than the present level. India needs to attract more Saudi investment by further easing regulations. There are more than 50 Saudi

²⁵ "Trade Agreements", Department of Commerce, Ministry of Commerce and Industry, Government of India, at http://commerce.nic.in/trade/international_ta_current_details.asp, accessed on August 2, 2013.

²⁶ "India's trade with Gulf Cooperation Council countries touches US \$ 150 billion", Press Information Bureau, Mumbai, March 6, 2013, at <http://pibmumbai.gov.in/scripts/detail.asp?releaseId=E2013PR328>, accessed on August 2, 2013.

²⁷ "Reenergize Negotiations for Concluding India-GCC FTA Talks: Anand Sharma", Press Information Bureau, Government of India, February 17, 2013, at <http://pib.nic.in/newsite/erelease.aspx?relid=92273>, accessed on August 2, 2013.

companies or joint ventures operational in India. Similarly, more than 200 Indian companies with an investment exceeding US\$1 billion are active in Saudi Arabia. A number of joint venture companies have also been set up by India and Saudi Arabia. Bilateral visits by businessmen and government functionaries are also taking place regularly.

According to the DIPP, the UAE was the 10th largest investor in India in the year 2012–13 with an investment of US\$ 180 million. In the previous year, UAE invested US\$ 353 million in India. Since April 2000 to July 2013, UAE has invested US\$ 2.48 billion, which constitutes 1.24 percent of India's total FDI inflows.²⁸ Major sectors for the UAE's investment are power (15 percent), metallurgical industries (12 percent), construction development (11 percent), services sector (10 percent), computer software and hardware (5 percent).²⁹ There are also a number of Indian companies setting up their units in the UAE and making huge investments in sectors such as manufacturing, health, education, IT etc.

Both countries formed a High Level Task Force on Investments (HLTFI) in 2012 to sort out any issues, which may affect the investment. In its first meeting of the HLTFI, India and the UAE decided to establish sub-committees in areas such as infrastructure, energy, investment and trade, manufacturing and technology, aviation and transport for investment purposes.³⁰ India is also an important investor in the UAE with several Indian companies being involved in a number of big projects there. Following the emergence of the UAE as a major re-export centre, Indian companies have emerged as important investors in the free trade zones such as Jebel Ali FTZ, Sharjah Airport, Hamariya Free Zones and Abu Dhabi Industrial City.³¹

²⁸ Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to July 2013, at http://dipp.nic.in/English/Publications/FDI_Statistics/2013/india_FDI_July2013.pdf, accessed on September 23, 2013.

²⁹ Embassy of India, Abu Dhabi, at <http://indembassyuae.org/drupal/BilateralRelations>, accessed on September 23, 2013.

³⁰ "UAE and India team up to secure the future", *Gulf News*, August 15, 2013, at <http://gulfnnews.com/gn-focus/india/uae-and-india-team-up-to-secure-the-future-1.1220209>, accessed on September 23, 2013.

³¹ Embassy of UAE, New Delhi, at http://www.uaembassy-newdelhi.com/uae-indiarelations_economic&trade.asp, accessed on September 23, 2013.

From April 2000 to July 2013, Oman invested US\$ 352.63 million in India and at present stands at 29th rank in the world FDI inflow to India.³² There are around 140 Indian companies operating in Oman. By July 2010, there were 1,537 joint ventures between both countries in Oman.³³ According to an Alpen Capital report, Oman is the second largest GCC investor in India after the UAE. Omani investment in India has gone up from US\$ 24 million in 2005 to US\$ 339.5 million in 2012. Both countries have formed an India-Oman Joint Investment Fund with a seed capital of US\$ 100 million. The Oman India Fertilizer Company (OMIFCO) is India's largest joint venture abroad. The company is worth US\$ 969 million, and under a long term buy back agreement, India imports the entire production of 1.6 MTs of granulated urea and 0.255 MTs of ammonia from Sur plant.³⁴ During the same period, Bahrain invested US\$ 30.83 million and Kuwait invested US\$ 22.08 million.³⁵

DOMINANCE OF ENERGY TRADE

India is heavily dependent on the Gulf region for energy. As a developing economy, increasing population and growing industrialisation India's demand for energy is increasing rapidly. India's domestic energy output is too low to cater to the growing needs of the country. Projections by several studies show that the demand for oil of the growing Indian economy would only increase in the coming years. India Hydrocarbon Vision 2015 projects that by the year 2024–25, the demand for petroleum products in India would reach 368

³² Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to July 2013, at http://dipp.nic.in/English/Publications/FDI_Statistics/2013/india_FDI_July2013.pdf, accessed on September 23, 2013.

³³ "India – Oman Economic Relations", FICCI, at http://www.ficci.com/international/75151/Project_docs/India-Oman-Economic-Relations.pdf, accessed on September 23, 2013.

³⁴ "India and Oman Relations", Ministry of External Affairs, Government of India, February 2013, at http://www.mea.gov.in/Portal/ForeignRelation/Bilateral_Brief_-_for_Oman_February_2013.pdf, accessed on September 2, 2013.

³⁵ Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to July 2013, at http://dipp.nic.in/English/Publications/FDI_Statistics/2013/india_FDI_July2013.pdf, accessed on September 23, 2013.

million tonnes while the International Energy Agency calculates that in the same year the demand will reach 230 million tonnes. The Power and Energy Division of the Planning Commission of India projects that by 2024–25, India's demand will be 240 million tonnes while the Working Group Report of the 10th plan projects the demand at 232 million tonnes.³⁶ Though the projected figures for the middle of the next decade varies from one agency to another, they definitely reflect the high demand for petroleum consumption, which would be around double of the present demands. Understandably, such huge demands can only be met by increasing the imports of petroleum. The Gulf region has been the primary source of oil imports for India as the region has the largest reserves of oil and because of the geographical proximity between India and the region for which the transportation cost is lower than imports from any other parts of the world. Traditionally, India has been dependent upon Gulf oil and it would continue to be so in the near future.

Saudi Arabia is important for India's energy security as it is the largest supplier of oil for India. Import of crude oil by India forms a major chunk of the trade volume. In the year 2012–13, Saudi Arabia supplied 34.96 million metric tonnes (MMT) of oil to India valued at US\$ 28.38 billion. Supplies from Saudi Arabia constitute around 19 percent of India's total crude oil requirements. As India is heavily dependent on imported oil to sustain its economy, the importance of Saudi Arabia as the top energy supplier will continue in the future. Saudi Arabia has also agreed to continue supplying energy to India to meet its growing demands. In the Riyadh Declaration, both the countries emphasised strengthening strategic energy partnership between the two countries. Prime Minister Manmohan Singh has stated that it is time both the countries took the energy ties from the traditional buyer-seller relationship to a higher strategic energy cooperation level. Similarly, India's attempts to build the 'Strategic Petroleum Reserve' would also mean further reliance upon Saudi Arabia.

³⁶ "Integrated Energy Policy: Report of the Expert Committee" Planning Commission, Government of India, New Delhi, April 2006, at http://planningcommission.nic.in/reports/genrep/rep_intengy.pdf, accessed on September 20, 2013.

Table 1.2: India's oil Import from the GCC countries: 2006–2007 to 2012–13

(All figures in US\$ millions)

Country	Year											
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13					
Bahrain			0.03				56.33					
Kuwait	4,965.82	6,149.82	7,914.95	7,310.90	8,759.29	14,196.17	14,450.94					
Oman		371.19	261.01	2,762.69	3096.86	1,835.42	344.54					
Qatar	633.37	407.46	1,412.94	2,398.23	3075.73	5,224.51	6,617.54					
Saudi Arabia	10,901.90	15,143.74	15,827.31	14,049.15	16,294.82	26,311.67	28,986.67					
UAE	3,456.73	6,457.54	9,208.67	5,448.84	7,861.38	12,564.31	12,545.30					
GCC Total	19,957.82	28,529.75	34,624.91	31,969.81	39,088.08	60,131.91	63,001.32					

Source: Department of Commerce, Ministry of Commerce and Industry, Government of India.

Kuwait has slowly emerged as an important supplier of oil to India. In 2012-13, Kuwait supplied 18.74 million tonnes of oil to India, which has increased from 11.49 million tonnes in 2006–07. At present Kuwait is the third largest supplier of oil to India. Discussions are going on between both the countries regarding further cooperation on joint petroleum projects. In March 2013, India offered Kuwait stakes in some petrochemical plants in India such as the petrochemical plant at Dahej in Gujarat, the petrochemical plant that Oil & Natural Gas Corporation (ONGC) is building at Mangalore, and Bharat Petroleum Corporation Ltd's (BPCL) proposed chemical unit at Kochi in Kerala.³⁷ In a meeting with India's Minister for Petroleum and Natural Gas, M.VeerappaMoily at the sidelines of the Regional Energy Ministerial Meeting in Seoul in September 2013, Kuwaiti Deputy Prime Minister and Minister of Oil Mustafa Al Shimali has assured India of further cooperation in refinery and petrochemical projects, and has stated that "We are interested in participating in the petroleum-related projects in India."³⁸

Oil supply from the UAE to India has doubled since 2006–07. In 2012–13, the UAE supplied 15.54 million tonnes of oil to India, which has increased from 7.39 million tonnes in 2006–07. In May 2012, the UAE Foreign Minister UAE Sheikh Abdullah bin Zayed Al Nahyan assured India of increased supply of oil to India and expressed interest "to see UAE presence in downstream investments in India, including petrochemicals".³⁹

India is also dependent on the region for the import of LNG. Qatar is the most reliable supplier of natural gas to India. India signed an agreement to purchase 7.5 million tonnes of LNG every year from

³⁷ "India offers Kuwait stake in petrochemical plants", *Times of India*, March 11, 2013, at <http://www.thehindu.com/business/Economy/india-offers-kuwait-stake-in-petrochemical-plants/article4497255.ece>, accessed on July 5, 2013.

³⁸ "Kuwait & India discuss joint petroleum projects", *Arab Times*, September 13, 2013, at <http://www.arabtimesonline.com/NewsDetails/tabid/96/smld/414/ArticleID/199749/reftab/69/t/Kuwait—India-discuss-joint-petroleum-projects/Default.aspx>, accessed on September 21, 2013.

³⁹ "Energy-deficient India turns to UAE for increased oil supply", *Indian Express*, May 18, 2012, at <http://www.indianexpress.com/news/energydeficient-india-turns-to-uae-for-increased-oil-supply/951029/>, accessed on September 1, 2013.

Qatar for a period of 25 years; the first shipment took place in 2004. The full yearly supplies of 7.5 million tonnes started from January 2010.⁴⁰ Other countries such as Oman and the UAE are also supplying LNG to India, though on a smaller scale.

As previously mentioned, the bilateral trade between India and the GCC countries is dominated by India's import of petroleum from the region. Thus, non-oil trade represents a relatively small percentage of the total trade. For instance, India's import of crude oil from Saudi Arabia in the year 2012–13 is worth US\$ 28.98 billion (66 per cent) out of the total bilateral trade of US\$ 43.9 billion. Only US\$ 14.92 billion accounts for the non-oil imports and exports. Oil imports from Kuwait also constitute a major chunk of the total trade with the country. In 2012–13, India imported US\$ 14.45 billion from Kuwait whereas the total bilateral trade for the period was US\$ 17.63 billion. Oil imports from Kuwait amount to around 82 per cent of the bilateral trade. As the UAE is a major export destination for India, the import of crude oil constitutes 17 per cent of the total bilateral trade. From Qatar, the import of crude oil is 40.5 per cent of the total bilateral trade.

INDIAN WORKERS IN THE GCC COUNTRIES

India's expatriate workers in the GCC countries are an important link between the two. In fact, expatriate workers from India constitute the largest workforce in the region. Though migration from India to the Gulf region has been taking place in the past, in the modern times, migration of Indians to the Gulf countries for work happened mainly in the post oil-boom of 1973. Demands for skilled, semi-skilled and unskilled workers increased in the oil sector and other related infrastructure development projects. This led to a continuous flow of manpower from India to the region and it is increasing rapidly even today. The number of Indian migrant workers in the GCC countries in 1975 was 257,655, which went up to 721,000 in 1987.⁴¹ At present, the Indian workforce is around 6.5 million in the GCC countries. A

⁴⁰ Embassy of India, Doha, Qatar, "India Qatar Bilateral Economic Relations", at <http://www.indianembassyqatar.org/bilateraleconomic.html>, accessed on September 20, 2013.

⁴¹ Report of the High Level Committee on Indian Diaspora, at <http://indiandiaspora.nic.in/diasporapdf/chapter3.pdf>, accessed August 22, 2013.

large number of people migrating to the Gulf for jobs leave their families behind and send money for their sustenance. The remittances received from them constitute a significant portion of India's foreign exchange receipts. According to the World Bank statistics, in 2012, India received US\$ 29.69 billion as remittances from the GCC countries.⁴² The amount constitutes 47 per cent of the total remittances to India, out of the US\$ 63 billion received from all over the world in the same year.⁴³ Like India, the GCC countries also benefit from such migrations. These benefits are derived from the fact that Indian migrants are generally hard working, sincere, efficient, and law abiding.⁴⁴

CONCLUSION

The Gulf region has emerged as an important trade partner for India. The growing interdependence and complementarity in trade and investment are important factors, which keep both India and the GCC engaged in the economic arena. There have been conscious efforts by both the sides to enhance the bilateral trade and investment between them. There lies tremendous scope for further engagement in trade and business, as it is felt that given the size of the economies concerned, the potentials have not been fully utilised as of now. In future, India's energy dependence on the region will continue to grow with its increasing population and expanding economy. Similarly, India's exports to the region will also increase, as the region is dependent on various Indian manufactured goods and commodities. Trade and commerce would remain an important pillar of the India-GCC relationship. The FTA, if successfully negotiated, would further intensify the India-GCC economic engagements. Indian migrant workers in the GCC countries also form a strong economic linkage. Thus, economic activities have been the main foundation for the India-GCC relationship, which has been growing steadily.

⁴² "Gulf Remittances 2012: Which Countries Sent Money Where?" *Arabian Business*, 13 May 2013, available at <http://www.arabianbusiness.com/photos/gulf-remittances-2012-which-countries-sent-money-where—501228.html?img=2>, accessed on May 20, 2013.

⁴³ Ibid.

⁴⁴ Prakash C. Jain, 'An "Incipient" Diaspora: Indians in the Gulf Region', in Prakash C. Jain (ed.), *Indian Diaspora in West Asia: A Reader*, Manohar Publishers, New Delhi, 2007, pp. 198–199.

INDIA AND GCC: NEED TO REINFORCE POLITICAL UNDERSTANDING

The relationship between India and the GCC has grown with time since the formation of the organisation in 1981. For India, its relationship with GCC represents its varied interests in the economic, strategic and political fields. In recent times, both India and the GCC have been looking for new areas of cooperation and are trying to diversify the relationship. Though there have been a number of irritants in the relationship, the interests of both the parties have kept the relationship going at a steady pace. As discussed in the previous chapter, mutual trade and business are important pillars of India's relationship with the GCC. This relationship is growing stronger every year. However, despite such huge trade, the political relationship between the two has not been so warm. There have been differences on several issues in the past, though a large number of differences have been resolved with the passage of time. Some steps have been taken in the recent past by both the sides to continue dialogue and discussion between them. In this context, this chapter attempts to analyse the current state of the relationship and argues that India and the GCC should look beyond mere trade and business and try to make it a more meaningful and durable relationship. There is an urgent need to improve the bilateral political relationship and to enter into a mutually beneficial strategic partnership.

SOME RECENT INITIATIVES

Both, India and the GCC, have initiated some important steps to engage with each other politically and strategically in a more rigorous manner. A GCC-India political dialogue was initiated in the year 2003 to boost interaction between the two parties. In this regard, the seventh India-GCC Political Dialogue was held in New York in September 2013 on the sidelines of the United Nations General Assembly meeting. During the dialogue, both sides discussed a number of issues including terrorism and UN reforms.

The volatile security situation and the precarious strategic environment in the Gulf have dictated the GCC to adopt a 'Look East' policy to give priority to their Asian neighbours. In addition, the GCC countries are looking towards Asia because they find that the suspicion and scrutiny that greets Arabs in the West is increasingly an obstacle to do business.¹ They are diversifying their engagements with the Asian countries and India certainly figures largely in their new-found policy. India has been granted the status of a 'dialogue partner' by the GCC. India is the first from the developing world and only fourth country after the USA, the European Union and Japan to have the privilege.²

The steady progress of the Indian economy, its stable democratic political structure, its technological development, and trade and energy ties are some of the factors, which attract the GCC towards India. The GCC is also looking towards India as a reliable partner in the years to come as the incidents of 9/11 terrorist attacks have induced a change in the security environment of the Gulf region. Though USA remains the sole power for maintaining security and stability in the Gulf, the rulers are looking eastward to diversify their engagements in economic and strategic fields.

For long, high-level visits from both sides remained unimpressive. The last decade has witnessed an increase in the exchange of high-level visits from both sides. From India, Prime Minister Manmohan Singh visited Oman and Qatar in November 2008. That visit was of paramount significance as the visit came after almost a decade of the visit of former Prime Minister Atal Bihari Vajpayee's visit to the region in 1998. Similarly, Prime Minister Manmohan Singh's visit to Saudi Arabia is also important as the prime minister's visit to the kingdom came after a long gap of 28 years and both countries signed the Riyadh Declaration. Former President Pratibha Patil visited the UAE in November 2010 to further bilateral relations. India's Vice-President Hamid Ansari also paid a visit to Kuwait in April 2009. This visit was

¹ N. Janardhan, "GCC-India FTA Talks Give Fillip to Asian Community", *Arab News*, January 5, 2006.

² N. Janardhan, "Managing Foreign Workforce in the Gulf: Redefining the Rules of Engagement", in N. S. Sisodia and Ashok K. Behuria (eds.), *West Asia in Turmoil: Implications for Global Security*, Academic Foundation, New Delhi, 2007, p. 436.

the first high-level visit by an Indian dignitary since 1981 when Prime Minister Indira Gandhi visited Kuwait. During this visit, India and Kuwait signed three agreements on science and technology, education and cultural exchanges. Though ministerial visits from India to Gulf take place at regular intervals, most of them have intended to strengthen the existing trade and business and to look for new areas of cooperation. They severely lacked political and strategic significance. A majority of the visits between the two sides have comprised of ministers and high-ranking officials from the departments of industry, energy, chemical and fertilizers, petrochemicals, commerce and so on.³

From the GCC side, some high-level visits to India have taken place in recent times. India must play a proactive role, take the initiative and come up with a broad agenda of engagement. India should step up high-level bilateral visits to the GCC countries as frequent bilateral visits erase misunderstandings between the parties, bridge the communication gap between them and more importantly, instil faith in the minds of the Gulf rulers to deal with India.

Through the years of engagement with the GCC states, India has been trying to convince the GCC regarding the expansion of the United Nations Security Council (UNSC) and India's membership in the Security Council. The GCC countries such as Oman, the UAE, Bahrain and Qatar have expressed their support for India's candidature for the permanent membership of the UNSC. Saudi Arabia has agreed to support India's candidature for the non-permanent seat of the UNSC and seeks India's support for her own candidature for the year 2014–15. During the very first India-GCC political dialogue, the GCC officials stated that the UNSC should be expanded and that India should be a member of the UNSC.

INDIA AND SAUDI ARABIA

The legacy of the Cold War, the regional political dynamics, difference in ideological orientation, and divergent interests of both countries have affected the India-Saudi Arabia relationship in the past. The situation changed after the 9/11 attacks in the US in which 15 Saudi

³ Bansidhar Pradhan, "Changing Dynamics of India's West Asia Policy", *International Studies*, Vol. 41, No. 1, 2004, p. 69.

nationals were found to be involved. This led to strong criticism of the Saudi policy towards terrorism, and allegations relating to Saudi support for extremists—both ideologically and financially. Anxieties about the spread of Wahhabi ideology and money from Saudi Arabia to various countries existed before 9/11 also, but its criticism was muted. Saudi Arabia came under tremendous pressure after 9/11 and began to realise the need for looking beyond its traditional allies and engaging with other major Asian countries such as India, while at the same time taking action against extremists on its soil.

For India, Saudi Arabia is a major regional player with substantial political influence in the region as well as in the wider Arab and Muslim world, demonstrated most recently in Egypt. The visit of King Abdullah to India in 2006 was a landmark event in the India–Saudi Arabia relationship as it opened the channels of communication at the highest level between the two countries and laid the foundation for a stronger relationship. The visit resulted in the signing of the Delhi Declaration in which both countries agreed to work together on a number of political and security issues. Similarly, the return visit of Prime Minister Manmohan Singh to Riyadh in 2010 further strengthened the mutual understanding wherein both countries agreed to take the relationship to a strategic level. India and Saudi Arabia signed the Riyadh Declaration, which has been termed as ‘a new era of strategic partnership’ by both countries and Manmohan Singh urged Saudi Arabia to forge a comprehensive energy partnership with India.⁴

INDIA AND OMAN

India and Oman enjoy a very cordial relationship with strong historical ties covering political, security and economic fields. Bilateral political understanding between India and Oman has remained strong. Oman is one of the few Muslim states that have not opposed India in the international fora on the Kashmir issue. The Prime Minister, Manmohan Singh, visited Oman in 2008, when both the countries signed a memorandum of understanding (MoU) for establishing an India–

⁴ For an analysis of the India–Saudi Arabia relationship, see Prasanta Kumar Pradhan, “India’s Relationship with Saudi Arabia: Forging a Strategic Partnership”, *Strategic Analysis*, Vol. 37, No. 2, 2013, pp. 231–41.

Oman Joint Investment Fund with a seed capital of US\$ 100 million, which could be raised to US\$ 1.5 billion.⁵ During the visit, both the countries decided that the strong bilateral ties should be upgraded to a strategic partnership. Both countries agreed to deepen cooperation in security to tackle threats such as piracy, terrorism and transnational crime. The bilateral total trade between India and Oman was US\$ 4.55 billion in 2012–13.⁶ The trade figures have more than doubled since 2008 when the total trade was US\$ 2 billion.⁷ In 2003, both the countries started annual strategic consultative group meetings to deliberate on mutual bilateral, regional and international issues; and in this regard, the ninth meeting of the India–Oman Strategic Consultative Group was held in Muscat on December 2012.⁸ India and Oman also have a robust cooperation in defence and security matters, details of which are given in the next chapter.

INDIA AND QATAR

India and Qatar have taken a number of initiatives to strengthen their bilateral relations. There have been a number of important high-level bilateral visits exchanged between the two countries that have facilitated the deepening of bilateral ties. Prime Minister Manmohan Singh visited Qatar in 2008, when he discussed a number of issues with the then Qatari Emir, Sheikh Hamad bin Khalifa Al Thani. Both the leaders decided to take the relationship to a strategic level.⁹ The most visible outcome of the visit was the signing of an agreement in the field of defence cooperation as well as an agreement on cooperation in security and law enforcement matters. The security agreement covers cooperation between the two countries on terrorism, piracy, transnational crime, etc. An India–Qatar Joint Defence Committee was set up during the prime minister's visit. So far, both countries have

⁵ Ministry of External Affairs, Government of India, "India and Oman Bilateral Relations", February 2013, available at <http://www.mea.gov.in/Portal/ForeignRelation/Oman-January-2012.pdf>, accessed on 17 May 2013.

⁶ Department of Commerce, "Export-Import Data Bank".

⁷ *Ibid.*

⁸ *Ibid.*

⁹ Embassy of India, Doha, Qatar, "India Qatar Bilateral Relations", available at <http://www.indianembassyqatar.org/bilateralrelations.html>, accessed on 17 May 2013.

held two meetings, in 2010 and 2012.¹⁰ The previous Qatari Emir, Sheikh Hamad bin Khalifa Al Thani, visited India in 2012 when both countries signed MoUs/agreements on cooperation in the field of oil and gas, education, legal affairs, banking, etc.¹¹ There are no major disagreements between India and Qatar over bilateral political and strategic issues. Qatar is supportive of India's candidature for the UNSC. On the Kashmir issue, Qatar supports the resolution of conflict through bilateral dialogue. It has maintained neutrality on the nuclear issues relating to India.

INDIA AND KUWAIT

India and Kuwait have enjoyed a warm relationship with strong historical and cultural ties. India has been one of the first countries to recognise the independence of Kuwait. In recent times, the relationship suffered a jolt during the Iraqi invasion of Kuwait where India took a pro-Iraq stand. However, the relationship has improved a lot since then, and the visit of India's Vice-President, Hamid Ansari to Kuwait in 2009 has, to a large extent, bridged the political and diplomatic gap. During his visit, both countries signed agreements on education, culture and science and technology.

Kuwait is also an important trade partner for India. The value of the total trade between the two countries has increased from US\$ 10.39 billion in 2008–09 to US\$ 17.67 billion in 2012–13.¹² Currently, Kuwait is the thirteenth largest trade partner of India.¹³ Kuwait is also the third largest exporter of oil to India, supplying 18.74 million tonnes of oil in 2012–13.¹⁴

¹⁰ "Third India–Qatar Defence Meet Soon", *The Peninsula*, 25 February 2013, available at <http://thepeninsulaqatar.com/qatar/226890-third-india-qatar-defence-meet-soon.html>, accessed on 21 April 2013.

¹¹ Embassy of India, Doha, Qatar, "India Qatar Bilateral Relations", accessed on 20 May 2013.

¹² Department of Commerce, "Export–Import Data Bank".

¹³ *Ibid.*

¹⁴ *Ibid.*

INDIA AND THE UAE

The India–UAE relationship is growing steadily in political, economic and security fields. Frequent exchange of visits at the ministerial level keeps taking place and both countries have signed a number of agreements covering security, defence, economy, work force, culture, etc. India and the UAE hold annual foreign office consultations at the secretary level to discuss bilateral and regional issues. Both countries have also signed an MoU in 2011 to hold annual political consultations between the two countries. India and the UAE signed a defence cooperation agreement in 2003. During the visit of India's former Minister of External Affairs, Pranab Mukherjee, to the UAE in 2008, talks were held to explore ways to establish a 'long-term' defence relationship based on possible joint development and manufacture of sophisticated military hardware.¹⁵ President Pratibha Patil visited the UAE on a state visit in 2012. However, there has been no prime ministerial visit to the UAE since 1981.

India and the UAE have similarity of views on most of the political matters. The UAE condemns terrorism and it shares India's concerns over the issue. It also realises that the scourge of terrorism may spill over into the country and favours an international effort to tackle it. The UAE supports India's candidature for membership of the UNSC. It believes that the Kashmir issue should be resolved in accordance with the Shimla agreement.

INDIA AND BAHRAIN

India and Bahrain have maintained friendly ties with each other and the relationship is becoming stronger day by day. Foreign office consultations are held regularly between the two countries. They have signed several bilateral treaties, agreements and MoUs covering diverse issues like Information and Communication Technology (ICT), extradition treaty, manpower agreement, investment promotion and so on. Bahrain supports India's permanent membership in the UNSC and believes that it would have a stabilising influence in the whole

¹⁵ Atul Aneja, "India, UAE Consider Shoring up Military Ties", *The Hindu*, 14 May 2008, available at <http://www.hindu.com/2008/05/14/stories/2008051459541200.htm>, accessed on 25 February 2013.

region. India has also committed its support for Bahrain's candidature for a non-permanent seat in the UNSC for the year 2026–27.¹⁶

MUTUAL ISSUES OF CONCERN

In the recent times, the GCC has undergone several changes and transformations in its reach and outlook. The GCC has taken some decisions, which broaden the horizon of their engagements with the outside world, including India, both in economic and political fields. India should make the most of the recent liberal moves and engage them more seriously in furthering its interests in the region.

It is in India's interest to engage the GCC politically and diplomatically. In the world scenario, India desires to be a major world power in the future and therefore, it needs to engage its extended neighbourhood more productively. The active support from these neighbours would provide India not only the much needed political and diplomatic standing in the world but also positively change India's image in the rest of the Muslim world. Building a cordial relationship with the GCC would be a very useful platform to begin that process. In addition, India's longstanding demand for permanent membership of the United Nations Security Council would receive a boost with the support of the countries in its extended neighbourhood. So far, two of the GCC countries have openly supported India's demands; likewise, other countries should be diplomatically persuaded to raise their voices in support for India.

The geo-strategic importance of the Gulf region is widely acclaimed and every other country of the world wants to have its influence in the region. The USA is the dominant player in the Gulf today, and other big powers like Russia, China, Japan etc. are seriously vying for their respective spaces in the Gulf. India should not compete with the big powers for exercising supremacy in the region. Rather, a policy of continuing friendship and diplomatic engagement in the Gulf would be beneficial for it. Thus, apart from maintaining a healthy trade and commerce relation, India should opt for political and strategic engagements with these countries.

¹⁶ Ministry of External Affairs, Government of India, "India–Bahrain Relations", February 2012, available at <http://www.mea.gov.in/Images/pdf/india-bahrain-relations-29-05-2012-press-release.pdf>, accessed on 1 June 2013.

During the last decade, the strategic environment in the Gulf region has undergone several changes. The events of 9/11 in which 15 of the 19 hijackers were found to be Saudis, the American attack on Iraq, the continuing stand off between the US and Iran over the Iranian nuclear issue, and the Israeli threat to attack Iran has given a new dimension to the Gulf security and strategic environment. Political stability and security in the Gulf region is in the interest of India. India should forge ties with the Gulf countries, as we have a number of stakes involved in the region. It is imperative for India to keep a close eye on the developments in its extended neighbourhood. New threats and conflicts in the region have thrown fresh challenges to India and its time for India to convert challenges into opportunities by enhancing cooperation with the GCC.

Terrorism is an important issue over which India could engage the GCC. Of all the GCC countries, Saudi Arabia is the biggest victim of terrorism with the scourge of al Qaeda continuing in the country. In recent times, al Qaeda's movement has also been noticed in countries like Kuwait, Qatar, etc. As some sections of their societies are prone to radicalism, the authorities are keeping a close watch on them. As far as India is concerned, there are evidences of a number of Pakistani and Kashmiri militant groups getting financial support from the Gulf countries. Militant groups like Lashkar-e-Toiba have got financial support from the Saudi Arabia and several charity organisations in the Gulf.¹⁷ India, being a victim of Islamic terrorism, should seek to work in close cooperation with the GCC in terms of intelligence sharing, tracking the movement of the terrorists, money, arms, etc.

Maritime terrorism is another area of cooperation between India and GCC. Though terrorists have been attacking India mainly on the land, the November 2008 Mumbai attacks have clearly exposed the weakness of India's maritime security and the possibility of terrorist threats emerging from the sea. Similarly, securing the sea-lanes from the pirates is an area of concern for both India and the GCC. In the recent years, both India and the GCC countries have been victims of piracy off Somali coast. A joint effort on the part of the Navies of India and the

¹⁷ For detailed profile of the terrorist organisations operating in Kashmir, see K. Santhanam, Sreedhar, Sudhir Saxena and Manish (ed.), *Jihadis in Jammu and Kashmir: A Portrait Gallery*, Sage and IDSA, New Delhi, 2003.

GCC countries to check piracy in the region would be beneficial for both. Primary concerns of India lie in the safety of the oil tankers in the Arabian Sea, Strait of Hormuz and the Gulf of Aden. India has expressed its interest in undertaking naval exercises with the GCC at both, bilateral and organisational level. India has already held naval exercises with countries like Oman, Saudi Arabia, Bahrain and Kuwait.

Trafficking has remained a major concern for both India and the GCC as trafficking of narcotics and small arms takes place frequently. It has been found that narcotics produced in Afghanistan make their way to India as well as the GCC countries. Narcotics are supplied from Afghanistan to India via Pakistan, and to the Gulf via Pakistan, Iran and Iraq. Dubai is the major port of transit for these illicit drugs while Saudi Arabia is emerging as a potential consumer in the region.¹⁸ According to the International Narcotics Control Strategy Report (INCSR) 2009 of the State Department of the USA, Dubai is a major regional transportation, financial, and shipping hub. Hashish, heroin, and opium shipments originate in Afghanistan, Pakistan and Iran and are smuggled in cargo containers via small vessels and powerboats, and/or sent overland via Oman.¹⁹ In recent times, some individual GCC countries like the UAE, Oman, Qatar, etc. have introduced some measures to check and regulate the flow of narcotics into their territories and are devising ways to prohibit their land being used in transit or as a destination for the narcotics. India and the GCC need a joint effort in this regard to check the flow of drugs into their territories.

Similarly, illicit supply of small arms has been a cause of worry for both India and the GCC with terrorists and criminal gangs operating in these countries. Identifying the supply routes, breaking into the arms supply networks and finally identifying the receiving groups would require a joint effort. Money laundering is also a concern, which has been existing for long and there has not been complete success on the part of both India and the GCC to regulate and put curbs on that.

¹⁸ Faryal Leghari, "Narcotics Trafficking to the Gulf States", Gulf Research Center, Dubai, available at http://www.grc.ae/data/contents/uploads/WMD_-4th_Issue_faryal_9441.pdf.

¹⁹ International Narcotics Control Strategy Report (INCSR) 2009, State Department of the USA, available at <http://www.state.gov/p/inl/rls/nrcrpt/2009/vol1/116525.htm>.

While the expatriates use the *hawala* channel to avoid banking hassles and quick delivery of money, terrorists and criminals use it for safe and untraceable transfer. Further, the nexus between the terrorists and criminals with the narcotics smugglers and the *hawala* channel makes it further difficult for the governments to control the threat.

The terrorist attacks on Mumbai from 26–28 November 2008 exposed the loopholes in the current Indian engagements with the Gulf region. One can see two contradictory responses from the region. All the leaders of the GCC countries were quick to condemn the incident severely and appealed to India to observe restraint and not to initiate any military action against Pakistan. Without supporting India's accusation of Pakistan's involvement in the incident, they asked both the countries not to get involved in a military conflict. On the other hand, the public opinion, which was reflected through the newspapers and media, was not supportive of India's concerns. Rather, it sympathised with Pakistan and said that Pakistan has been a victim of terrorism and some even went to the extent of saying that after the Mumbai attacks the stage has been set for military action against Pakistan under the new USA President Barrack Obama. Some sections of media implied that India is already in the Western camp and would be an active player in redrawing the geo-political map of the region.²⁰ These kinds of responses from the media show our absence of civil society interaction with the GCC countries. In this case, apart from the usual interaction at the government and diplomatic level, people-to-people contact holds the key to understand India's viewpoint, outlook and principles on a variety of issues.

Not only did the Mumbai attacks challenge the security of the country but it also threw serious challenges to its political and strategic engagements with the Gulf region. After the Mumbai carnage, Saudi Foreign Minister Prince Saud Al-Faisal visited India and reiterated Saudi Arabia's offer to jointly fight against terror. Later, India sought Saudi help to pressurise Pakistan to check the extremist elements operating from its territory. The Foreign Minister of Oman, Yusuf Bin Alawai Bin Abdullah also visited India after the Mumbai incident. Though

²⁰ Atul Aneja, 'How West Asia Views Mumbai Attacks', *The Hindu*, 17 December 2008.

sympathetic towards India's concerns, he did not accuse Pakistan of harbouring terrorists in the country; rather he appealed to Pakistan to dismantle the terror networks operating in its territory. At this point of time, India needs the vocal support of the GCC countries on the issue of terrorism and must devise ways to deal with the problem with their cooperation.

Common political and security concerns and threats to both India and the GCC require a more rigorous engagement between the two going beyond the trade and business relationship. There are serious existing issues, which need immediate attention and a joint effort would yield desired results. India should take advantage of the newfound outlook of the GCC, as it is opening up for the world as well as making strides for the development of the organisation itself. At this crucial juncture, it is time for India to look beyond only trade and business with this group and reengage them in political, security, strategic and other fields. India should reengage the GCC on issues like political cooperation, intelligence sharing on the activities of terrorists and criminals, safeguarding the interests of the Indian migrant workers, cultural exchange, and technological cooperation.

GULF PERSPECTIVE

The attitude and approach of the Gulf countries towards India has undergone a positive change in the last two decades. The Gulf countries have started thinking of India as a stable democratic country in the South Asian region, a vibrant economy and an important player in world affairs. However, India needs to establish its credentials as a country of many potentials and opportunities. Way back in 2004, a Bahraini scholar wrote, 'Gulf's recognition of India's advancement in numerous vital areas and its political willingness to learn and benefit from India...is a new Gulf rhetoric—and India is no more seen as a backward country supplying poor quality goods and unskilled labour'.²¹ He argued, '...both sides should establish a long term strategic partnership as the Cold War political dynamics have now changed;

²¹ Abdullah Al Madani, 'The GCC Finally Takes a Note of the Indian Giant', *Gulf News*, 5 September 2004, available at <http://gulfnews.com/news/gulf/uae/general/abdullah-al-madani-the-gcc-finally-takes-a-note-of-the-indian-giant-1.331636>, accessed on 2 May 2013.

and that in Gulf, India has maintained a policy of economic development and keeping the region away from foreign intervention'.²²

India has a very important role to play in the region for several reasons. India is 'politically non-intervening' in the internal affairs of the Gulf countries, a policy that is much appreciated by them. Some analysts in the Gulf think that India has shown a high level of sophistication in dealing with the region, but there is also a degree of political unwillingness in India to further deepen the relationship. To take the substance of the relationship beyond trade and energy would require additional political will and enthusiasm, which is found lacking among the senior decision-making authorities in India.²³ Though in the past, many opportunities have been missed by India as well as the Gulf countries, it is high time for both to explore and exploit the extant ones.

The steady rise of India has been observed very closely by the region. In the aftermath of the 9/11 attacks in the US, the GCC countries have started focusing on strengthening ties with major Asian powers, including India. The subsequent cultural backlash, which the Muslims faced in the West, led them to believe in diversifying their cooperation and engagement. Their attempt to diversify their engagement has driven them to Asia where the emerging and developed economies of India, China, Japan, South Korea, etc. are the potential partners. For the GCC countries, these Asian powers are not only big markets for their oil but also potential trade partners. Though they continue to remain friends and allies of the West, their shift in focus has brought them closer to the Asian powers. India figures prominently in their 'Look East Policy' and energy, trade and investment shall remain major factors in the relationship.²⁴

The rising insecurity in West Asia and North Africa has made the Gulf Arab regimes apprehensive and they, too, are looking for more international support. At present, the level of insecurity among the

²² Ibid.

²³ Views gathered by the author during his interactions with several scholars in Doha and Riyadh during the author's field trip to the region in April 2013.

²⁴ Mark Thirlwell and Anthony Bubalo, "India Looks West; the GCC Looks East", *GCC-India Research Bulletin*, No. 2, June 2006, Gulf Research Center, Dubai, p. 5.

GCC countries is very high. They are facing both internal and external threats, which they are unable to tackle on their own. Iran is viewed to be the principal threat to Gulf security. Iranian ambition to dominate the region and Iran's suspicious nuclear programme make the GCC countries believe that the main security threat for them is Iran.²⁵ They believe that a nuclear Iran will adopt a more aggressive foreign policy in the region. Iran claims the three disputed islands of Greater Tunb, Lesser Tunb and Abu Musa, to which the UAE also lays claim, as its own; and to much of the discomfiture of the GCC countries, Iran has opened an office in one of the islands. In addition, periodic Iranian threats of closing the Strait of Hormuz, which is the main channel of oil supply from the Gulf to the outside world, shows larger Iranian design of dominating the passage to the Gulf waters.

Significant Iranian influence among the Shia communities in countries like Iraq, Bahrain and Yemen has further alarmed the GCC about the Iranian ambitions in the region. The perceptions about the nature of the Iranian threat are very strong and these countries feel that it would be difficult for them to counter this threat without external support. It is in this context that the GCC expects India to play a role in the Gulf security.

For the GCC countries, India is an emerging global power and has huge stakes in the security of the region. Thus, India should contribute to the Gulf security,²⁶ which would boost their position vis-à-vis Iran. The GCC countries would like India to put more pressure on Iran over its nuclear programme and further isolate Iran.

Iran, on the other hand, feels that India has neglected its old ties with it and is leaning more towards the Gulf Arab states. This sense of neglect has been further consolidated with India's votes against Iran at the IAEA over the Iranian nuclear issue. Though Iran expresses no grudge

²⁵ See Lars Berger, "Iran and the Arab World: A View from Riyadh", *Middle East Review of International Affairs*, Vol. 13, No. 3, September 2009, pp. 24–33; also, see Gawdat Bahgat, "Security in the Persian Gulf: Perils and Opportunities", *Contemporary Security Policy*, Vol. 29, No. 2, 2008, pp. 303–21.

²⁶ Views expressed by some scholars from the Gulf region during the Asian Security Conference at Institute for Defence Studies and Analyses (IDSA), New Delhi, in February 2013.

against India over its relationship with the GCC countries, the feeling of “benign neglect”²⁷ of Iran by India has hampered the relationship to a considerable extent. Iran believes that India has buckled under American pressure to vote against Iran at the IAEA. The outgoing President, Mahmoud Ahmadinejad, has stated that big powers try to weaken nations who have the potential to “go global”, such as India and Iran, and therefore pressurise them. Thus, he suggested, under the current circumstances, it is for both India and Iran to strengthen their ties.²⁸ Unlike the GCC countries, Iran does not want external forces to play any role in the regional security architecture, as it believes that the issues of regional security should be addressed by the countries of the region alone without any involvement of outsiders.²⁹ Thus, Iran expects India to maintain neutrality over regional issues without taking sides. Rather, Iran views India as a major power in the region who can mediate and should try to bring together the countries of the region such as Egypt, Saudi Arabia and Iran to the table.³⁰ Iran also thinks that India has the capability to bring countries like Russia and China together through the Brazil, Russia, India, China and South Africa (BRICS) Forum to build a new framework in the region; obviously, in a manner that suits Iran.

For both Iran and the GCC countries, India's relationship with Israel has been a big talking point and was used as an excuse in the past for not establishing a strong partnership. For them, India's close relationship with Israel has led India to soften its stand on the Palestine issue. They also say that India has adopted a more pragmatic approach towards the Israel-Palestine conflict and the moral tone and content of the Indian foreign policy has been watered down. The fact is that the Palestine issue is no more a core pan-Arab or pan-Islamic issue and various Gulf states have direct or indirect relations with Israel. Most of these countries are more anti-Iran than they are anti-Israel. The

²⁷ Author's interaction with some senior Iranian scholars in New Delhi in February 2013.

²⁸ “Hegemons Oppose Nations with Potential to go Global: Ahmadinejad”, *Press TV*, 5 May 2013, available at <http://www.presstv.com/detail/2013/05/05/301850/nations-that-can-go-global-opposed/> accessed on 2 June 2013.

²⁹ Kayhan Barzegar, “Balance of Power in the Persian Gulf: An Iranian View”, *Middle East Policy*, Vol. 17, No. 3, Fall 2010, pp. 74–87.

³⁰ Author's interaction with some senior Iranian scholars in New Delhi in February 2013.

Palestine issue, however, continues to be a convenient stick to beat a non-Arab state with, when required. India, on its part, has put this issue firmly behind after years of explaining its stand to the Arabs. It supports Palestine without being rhetorical and simultaneously, maintains normal state-to-state relations with Israel.

The Gulf countries are aware of India's energy dependence on them. They also understand the importance of remittances from the Gulf region for India's economy. These factors have often resulted in some of these countries being less sensitive to India's concerns like the treatment of Indian workers and less responsive to India's political concerns like private support and siphoning of funds to anti-India terrorist groups and fundamentalist organisations in India. This situation is now changing, albeit slowly. With peak oil theory more or less abandoned and alternate sources of energy coming up, India is now being seen as a big energy market with a large population, growing economy and increasing industrialisation. India would be import dependent for meeting its energy requirements even in future, but then, it will have options and the Gulf will also need to sell its oil and gas and cannot afford to neglect one of its largest and steady customers. The dependency will be mutual and this will call for the fundamental resetting of the relationship.

Saudi Arabia, which is the largest oil supplier to India, has assured long-term oil supplies to India and wants to retain it as a long-term market. There has been significant pressure on India to cut down oil imports from Iran. Oil imports from Iran were also reduced because of the looming payment issue, which arose because of sanctions on the banks through which payments were taking place. Iran, however, is quite sceptical over decreasing oil imports by India as it feels India has succumbed to international pressure and is otherwise capable of finding a way to make payment. Iran also believes that India is using the rivalry between Iran, Saudi Arabia and Iraq to get cheaper oil, if not secure a greater accessibility to it, which in its view is a short-sighted policy. Two big players, Iran and Saudi Arabia, are willing to supply more oil and address the issue of energy security of India in order to receive India's political support.

Critics in the region point out that India seems content with the energy and trade relationship; and they point out that India's approach towards

the Gulf region has been primarily economic.³¹ They also accuse India of not being bothered about the region's security and lacking the enthusiasm and political will for further strengthening the relationship in political and strategic fields. India has been accused of being reactive in its policy in the Gulf region without following any structured long-term policy. They also believe that India is not worried about the situation in the Gulf as long as its energy supplies are continuing, the Sea Lines of Communication (SLOC) are secure and the Indian community is safe in the region. Such a purely economic approach to the relationship is not appreciated by many as they expect India to play a proactive role in the political and security arena in the region. They are, however, short on specificities. It would be important to add that no official requests for any specific intervention by India have been made so far.

As the Gulf countries are aware of the huge Indian stakes and vulnerabilities in the region, they want India to be part of the Gulf regional security architecture. As both, the regime security and the regional security are a matter of concern for the GCC countries, India's involvement in the region's security would be beneficial for them. They argue that as India has such big interests in the Gulf, it comes as a natural responsibility for India to contribute towards the security of the region. India's hesitation and unwillingness to play the role of a security provider in the region makes them believe that India is shying away from its responsibilities in its extended neighbourhood and keeping itself detached from the regional security of the Gulf.³² India is aware of the fact that external powers with influence in the region are not particularly popular on the Arab street. Even Muslim countries like Turkey have burnt their fingers by getting involved in intra-regional affairs. The region is best left to itself until its domestic political system reaches a high degree of maturity.

³¹ Views gathered by the author during his interactions with several scholars in Doha and Riyadh during the author's field trip to the region in April 2013; also, see Abdulkhaleq Abdulla, "Deepening Gulf-India relationship", *Gulf News*, 25 February 2013, available at <http://gulfnews.com/opinions/columnists/deepening-gulf-india-relationship-1.1150948>, accessed on 2 March 2013.

³² Views gathered by the author during his interactions with several scholars in Doha and Riyadh during his field trip to the region in April 2013.

FACTORS HINDERING THE RELATIONSHIP

There are a number of factors, which are responsible for hindering the establishment of a strong political relationship between India and the region.

First, in recent times, India's relationship with Iran has made the GCC countries apprehensive. India is attempting to re-engage Iran considering its energy security imperative, for enhancing bilateral trade³³ and securing connectivity to Afghanistan and Central Asia. Though India's opposition to the Iranian nuclear programme at the UN must have given relief to the Gulf countries, India's desire to build a strong political and economic relationship with Iran has irritated them. Iran's nuclear ambitions have made the GCC feel insecure as it increases its vulnerability vis-à-vis Iran and at the same time, threatens to change the balance of power in the region.³⁴

Second, Pakistan has taken advantage of its religious affinity and close relationship with the Gulf countries for depicting India as an anti-Muslim country. Historically, while India's relations with the Gulf countries have been based upon the huge amount of trade and business, Pakistan's relations with the region have been mainly ideological and political.³⁵ Pakistan has particularly, enjoyed very good relations with countries like Saudi Arabia and the UAE.³⁶ Occasional communal clashes between Hindus and Muslims in India have been exaggerated by Pakistan and put before the GCC countries as a proof of India being anti-Muslim. Pakistan has repeatedly said that Indian Muslims are not safe in India. Similarly, on Pakistan's bidding, the Kashmir issue has mostly been seen through a narrow sectarian prism by the Gulf states. Thus, Pakistan has used its religious and political affiliation with these countries to further its economic, political and strategic interests and at the same time, undermine India's secular credentials and international

³³ Pradhan, "India and Gulf Cooperation Council", p. 413.

³⁴ Ibid.

³⁵ Ibid.

³⁶ For an elaborate discussion on Pakistan's relations with the Gulf countries, see Faryal Leghari (ed.), *Gulf-Pakistan Strategic Relations*, Dubai: Gulf Research Center, 2008.

image. Nevertheless, in recent years, there has been a growing realisation among the GCC countries that India is a liberal, secular and progressive country in which Muslims enjoy equal rights and opportunities. They have also realised that where India is emerging as a big political, economic and military power in the region and beyond, Pakistan is descending into chaos day by day. Notwithstanding this realisation, Pakistan remains an irritant in the relationship as it still enjoys a close filial relationship with some countries in the Gulf region. In most of these countries, religion still trumps reason. Even after a democratic transformation of the region at some future date, the deeply religious nature of politics that is likely to replace monarchies will not support India against Pakistan. India, therefore, cannot frame its relationship with the Gulf States in opposition to Pakistan.

Third, excessive dependence on the US on political and security matters has dwarfed the engagement of Gulf States with other powers. The region has remained heavily dependent on the US and it seems that the trend will continue in the near future. Though some countries of the region have started looking towards the Asian powers, this policy is still in the evolving stage and a solid partnership has not yet been forged. Undoubtedly, India has made its mark in the Gulf, but there is still a long way to go before it is even considered as a suitable replacement for the US whose presence itself is more of a compulsion for these countries. Even the population in these countries would not easily support the involvement of other countries in political and security affairs of its region. Therefore, India need not go out of its way to intercede in regional disputes until requested by the parties in dispute.

Fourth, although to a much lesser extent, India's close ties with Israel, particularly the Indo-Israeli defence cooperation, which began in the 1990s, have been resented by the GCC countries. Gulf countries sometimes complain that India has toned down her voice against the oppression of the Palestinians at the hands of the Jews since India developed close security ties with Israel. Though India has reiterated its undiluted stand over the issue, there still remains some scepticism among the Gulf countries regarding India's stand on the Palestine issue. However, of late, the Arabs themselves have not taken any strong anti-Israel stand and Qatar has often been interacting with Israel. In addition, there are unconfirmed reports of Israeli defence equipment

reaching the UAE. The Gulf States are themselves not united in their stand with regard to intra-Palestinian issues or about their stand on Israel.

CONCLUSION

India should make serious efforts to engage with the GCC countries and bridge the communication gap with her 'extended neighbourhood' through frequent interactions. In spite of the exchange of large volumes of bilateral trade, political relations have not stabilised between the two parties. Nevertheless, for the future security of trade as well as other issues such as tackling terrorism, piracy, illegal arms trade, criminal activities, etc. a firm political relationship, will and commitment should be there in the relationship from both sides. Now, as the GCC is opening up to the world for various economic, strategic and security reasons, India should take it as the right opportunity to improve her relationship with the council and regain its lost grandeur in that part of the world.

While maintaining the momentum on the trade and business front, India faces the challenge of improving its political and strategic relationship with the GCC countries. The stable economic relations should be supplemented by political, strategic and cultural relations to take the India-GCC relations ahead. A stable Gulf is not only important for India from an economic point of view, but also for India's future strategic and security goals in the extended neighbourhood, to a large extent. Apart from these, pressing issues like terrorism, piracy, transnational criminal activities, etc. also need active cooperation between the two.

STRENGTHENING INDIA'S DEFENCE TIES WITH THE GCC

Recent years have witnessed India's growing interests in initiating and strengthening defence ties with the Gulf countries. Initially, in the decades following independence, India did not have strong military ties with the Gulf countries as the relations came to be shaped by the existing Cold War political dynamics. Signing defence cooperation agreements with the Gulf countries started at the beginning of the last decade. While the 9/11 attacks on the USA and several other terrorist attacks on India seem to have provided the immediate spark for such initiatives, India's defence ties with the GCC countries have broader and long-term security and strategic objectives.

India's decision to engage in defence diplomacy with the Gulf countries reflects its intention of dealing with terrorism and other security challenges, and at the same time expanding India's strategic interests in the region. Both India and the Gulf countries share a number of common security concerns and have ample reasons to act united. A common water body – the Arabian Sea, connects both. The security of the sea and the Sea Lines of Communication (SLOC) is an important common interest for both, India and the Gulf countries. Recently, both have become victims of piracy activities off Somalia coast. Besides, both India and the Gulf countries have been victims of a host of other illegal activities including smuggling of arms, supply of narcotics and drugs, movement of criminal elements, etc. at sea. Such security challenges demand greater security cooperation between India and the region. India has reacted to these developments by engaging in increased defence diplomacy in the form of exchanges of high-level defence-related visits and dialogue on security challenges, port calls, etc. and defence cooperation in the form of training exchanges, combined exercises, sourcing, development, production and marketing of defence equipment, and other forms of cooperation.¹ This is an indication of

¹ Government of India, Ministry of Defence, Annual Report 2003–04.

India's desire to reach out to the Gulf neighbours to deal with the existing threats and to further strengthen its position in the region. India intends to translate its robust economic ties to build up equally stronger strategic and defence ties with the region.

INDIA'S DEFENCE TIES WITH THE GCC COUNTRIES

INDIA AND OMAN

Oman is one of the first countries with which India established defence contacts in the region. India and Oman signed a military protocol agreement in 1972. This led to a three-year deputation of Indian Navy personnel to man Oman's Navy in 1973. The office of the Indian Defence Advisor in Muscat began functioning in 1989 and Oman opened their Defence Attaché's office at New Delhi in 2002. A Memorandum of Understanding (MoU) on Defence Cooperation was signed between India and Oman in 2005. The areas of cooperation envisaged in the MoU include supply of Indian weaponry to the armed forces of Oman, joint military exercises, exchange of expertise in military training and information technology, utilisation of military and educational courses and programmes, exchange of observers attending military exercises and exchange of formal visits. It also includes direct agreement with manufacturing companies of both countries, maintaining quality assurance for contracts signed and collaboration in other mutually agreed spheres of defence cooperation.² The Indian Air Force (IAF) and the Royal Air Force of Oman (RAFO) defence cooperation was initiated in 2006 and Oman is the only country in the Gulf region with which Air staff level talks are presently ongoing. Presently, a two-tier arrangement for defence cooperation – Joint Military Cooperation Committee (JMCC) and Air Force-to-Air Force Staff Talks (AFST), exists with Oman.³

In May 2006, Oman's Under Secretary for Defence, Mohammad Nasir Mohammad Al Raasbi led a defence delegation to India and discussed

² "India and Oman Sign MoU on Defence Cooperation", 06 December 2005, available at <http://www.indlaw.com/guest/DisplayNews.aspx?6AB0575A-0ADB-4C85-92F0-E4F3B3ADC90F>, accessed on February 22, 2012.

³ "Indian Ambassador, IAF Observer & Cdr RAFO Visit Oman", Press Information Bureau (DefenceWing), Government of India, New Delhi, 28 October 2009, available at <http://indianairforce.nic.in/>, accessed on 25 August 2012.

about deeper interaction between the two armed forces. The visiting delegation also called on the Indian Air Force chief and the Indian Navy chief, and also visited Hindustan Aeronautics Limited and Bharat Electronics Limited in Bangalore. Earlier, former Indian Defence Minister Pranab Mukherjee, while visiting Oman in March 2006, had said that the successful India-Oman economic ties could be replicated in the defence field as envisaged in the MoU. The Military Cooperation Committee between the two countries was set up as a result of the MoU. The committee was asked to identify areas of cooperation, including participation by India's Ordnance Factory Boards and defence public sector undertakings in meeting the requirements of spares and inventories of Oman's armed forces.

During last few years, there have been frequent bilateral visits between the two countries relating to defence cooperation. Oman's Defence Minister Sayyed Badar Saud Harib Ali Busaidi visited India and attended the Aero India-2009 in Bangalore in February 2009. India's defence Minister A. K. Antony also visited Oman in May 2010. During his visit, both the countries agreed to "accelerate their cooperation in maritime security and regional security issues".⁴ Antony reiterated the growing threat of maritime piracy and the need for cooperation among the countries of the region.

The sixth meeting of the India-Oman JMCC was held in Muscat in January 2013. The Indian side was represented by defence secretary Shashi Kant Sharma while the Omani side represented by Mohammad bin Naseer Al Rasbi, Under Secretary, Ministry of Defence of Oman.⁵

The IAF and the RAFO were engaged in joint exercises in October 2009. The exercise, called 'Exercise Eastern Bridge' included Omani Jaguars and F-16s along with Indian Darin-I Jaguars and IL-78. MKI air-to-air tankers took part in the joint maneuvers to 'enhance understanding of operational, maintenance and administrative

⁴ "India and Oman to Step up Cooperation in Maritime Security", Press Information Bureau, Government of India, New Delhi, 18 May 2010, at <http://www.pib.nic.in/newsite/erelease.aspx?relid=61916>, accessed on 02 August 2013.

⁵ Government of India, Ministry of Defence, Annual Report 2013, New Delhi, p.198, at https://mod.gov.in/writereaddata/AR_2013/Eng/ch14.pdf, accessed on 01 October 2013.

procedures between RAFO and the IAF.⁶ They also held another exercise in Gujarat in 2011.

The Indian and Omani navies have been regularly conducting joint exercises as well. Both the sides have benefited from such exercises learning from each other's experiences. Navies of both the countries conducted the ninth Biennial Naval Exercise 'Naseem Al Bahr' in September 2013 off the coast of Oman. The year 2013 marks the 20th year of the beginning of the naval exercises between the navies of India and Oman, which started in 1993. The focus of the ninth exercise was on Surface Warfare, Visit Board Search and Seizure (VBSS), Anti Air Warfare, Air Operation, Advanced Helo Operations and Maritime Interdiction Operations (MIO).⁷

In December 2011, India and Oman extended the MoU on defence cooperation for a period of another five years. The MoU was signed during the visit of the Omani Defence Minister Badar bin Saud bin Harib al Busaidi to New Delhi in December 2011.⁸

INDIA AND UAE

An agreement on defence cooperation was signed by India and the UAE in 2003 when Sheikh Mohammed bin Zayed Al-Nahyan, Chief of Staff of the UAE Armed Forces, visited India. The agreement aims at providing military training, cooperation in military medical services and jointly combating pollution caused by the military at sea.⁹ It also includes coproduction and development of defence equipment, joint exercises, information sharing and technical cooperation. Again, during the visit of India's former Minister of External Affairs Pranab Mukherjee to the UAE in May 2008, talks were held to explore ways

⁶ "IAF, Oman air force to conduct joint exercise", *The Financial Express*, 17 October 2009, at <http://www.financialexpress.com/news/iaf-oman-air-force-to-conduct-joint-exercise/529950/>, accessed on 12 July 2012.

⁷ Indian Navy, "'Naseem Al Bahr', a Naval Exercise between Indian & Oman Navy Held", at <http://indiannavy.nic.in/press-release/naseem-al-bahr-naval-exercise-between-indian-oman-navy-held>, accessed on 01 October 2013.

⁸ "India, Oman Extend MOU on Military Cooperation to 2015", Press Information Bureau, Government of India, New Delhi, 28 December 2011, at <http://pib.nic.in/newsite/erelease.aspx?relid=79251>, accessed on 02 July, 2013.

⁹ "India, UAE Ink Accord on Defence Tie-up", *The Hindu*, 02 July 2003.

to establish a 'long-term' defence relationship based on possible joint development and manufacture of sophisticated military hardware, which is a step forward in efforts to streamline the military relationship, which so far has been dominated by naval ship visits and training exchange programmes.¹⁰

Both the countries are in regular coordination on matters of defence cooperation. The UAE defence personnel have undergone training in India. India has been participating regularly in all International Defence Exhibitions (IDEX) organised by the UAE. Both the countries formed a Joint Defence Cooperation Committee (JDCC) in 2003 and in this regard, the fifth meeting of the committee was held in New Delhi in 2012. Under the provisions of the first meeting of JDCC held in New Delhi in 2006, a five-member UAE Defence Team visited India to examine Anti Aircraft Gun L-70-40 mm in March 2007. Turnaround and goodwill visits by Indian naval ships have been taking place from time to time and interaction between the Coast Guards of both the countries has enabled identifying possibilities of cooperation in this area as well.¹¹ The first ever India-UAE Joint Air Forces exercise took place in September 2008 at the Al-Dhafra base in Abu Dhabi in which eight Su-30 MKI aircrafts took part along with one IL-76 plane. The UAE hosted the meeting of the Indian Ocean Naval Symposium (IONS) at Abu Dhabi in May 2010, where India handed over the Chairmanship of the IONS to the UAE.¹² Four Indian Navy ships reached Dubai port in September 2013 to take part in joint exercises with the UAE navy. According to Vice Admiral Shekhar Sinha, Commander-in-Chief of the Western Naval Command, the ships 'will participate alongside five UAE naval ships in day-long exercises including manoeuvres and communication drills' and added that, '...this visit is part of bilateral cooperation and taking our interactions to a higher level'.¹³

¹⁰ Atul Aneja, "India, UAE Consider Shoring up Military Ties", *The Hindu*, 14 May 2008.

¹¹ Indian Embassy in Abu Dhabi, "India-UAE Bilateral Relations", available at http://www.indembassyuae.org/induae_bilateral.phtml, accessed on 11 July 2012.

¹² Government of India, Ministry of External Affairs, "India-UAE Relations" available at, <http://www.mea.gov.in/meaxpsite/foreignrelation/UAE.pdf>, accessed on 11 July 2012.

¹³ "UAE and Indian warships to take part in joint exercises", *The National*, 16 September 2013, at <http://www.thenational.ae/news/uae-news/uae-and-indian-warships-to-take-part-in-joint-exercises>, accessed on 01 October 2013.

INDIA AND QATAR

India and Qatar signed a defence cooperation agreement and an agreement on security and law enforcement in 2008 during Prime Minister Manmohan Singh's visit to the country. The agreements cover a wide range of defence and security issues of both, bilateral and regional importance, which includes terrorism, piracy, maritime security, money laundering, narcotics and transnational crimes. While the pact on defence cooperation lays out a structure for training programmes by the two sides, exchange of goodwill missions and experts, the security and law enforcement agreement emphasises sharing of information and database on threats posed by terrorists, money laundering and smuggling of narcotics.¹⁴ Qatar has availed of the NDC courses in India and has expressed interests in a few other training courses as well. Since 2008, both countries have been holding a Joint Defence Committee meeting to strengthen bilateral defence cooperation. In this regard, the second meeting was held in March 2012 in New Delhi.

INDIA AND SAUDI ARABIA

Though Saudi Arabia is a major player in the region, India is yet to sign a defence cooperation agreement. The Delhi declaration of 2006 urged both the countries to cooperate with each other in the matters of security. During his visit to India in 2006, King Abdullah expressed his interest in engaging with India in the security field. Indian navy ships have visited Saudi Arabia on goodwill visits and for joint naval exercises. In March 2011, Indian naval ships visited port of Jubail in Saudi Arabia on a goodwill visit. Both the countries are also planning to undertake joint naval exercises in the future. The Indian army also plans to hold joint exercises with the Royal Saudi Land Force in the near future. A 16-member delegation from Saudi Command and Staff College visited India in June 2010. During the year, several Saudi Defence personnel attended training courses at the Defence Services Staff College, Wellington, and the National Institute of Hydrography, Goa.¹⁵ Prince

¹⁴ "India, Qatar to share data on terror threats, money-laundering", at http://www.thaindian.com/newsportal/uncategorized/india-qatar-to-share-data-on-terror-threats-money-laundering_100117389.html, accessed on 03 March 2012.

¹⁵ Government of India, Ministry of External Affairs Annual Report 2009-10.

Bandar Bin Sultan Bin Abdulaziz Al Saud, Secretary General of the National Security Council of Saudi Arabia visited India and called on Prime Minister Manmohan Singh in March 2011. Both the leaders discussed the recent developments in the region and expressed interest to further cooperation between them.

The visit of India's Defence Minister A. K. Antony to Saudi Arabia in February 2012 along with senior military leaders has raised hopes regarding a stronger India-Saudi military cooperation. During the visit, both countries agreed to set up a joint committee to work out an MoU on defence cooperation, another MoU on cooperation in the field of hydrography, joint military exercises and high-level visits, etc. Importantly, the committee would also explore the possibility of cooperation between the defence industries of the two countries. Antony reiterated India's readiness to cooperate in fighting terrorism and piracy in the Indian Ocean and suggested that both, the Indian and Saudi navies should jointly explore practical cooperation in the high seas against the pirates.¹⁶ The first meeting of the India-Saudi Arabia Joint Committee on Defence Cooperation was held in September 2012 in New Delhi, within six months of Antony's visit. During the meeting, both sides discussed issues such as exchange of high level visits, training, and functional exchanges in various areas.¹⁷

India does not have a formal defence cooperation agreement with Kuwait and Bahrain. Nevertheless, contacts are maintained through high-level military visits, port calls, goodwill visits that take place at regular intervals. In September 2013, two Indian navy ships were on a goodwill visit to Kuwait. Earlier in 2007, two other India navy ships visited Kuwait in 2007. The Indian navy has also expressed its interest to build ships for the Kuwait navy.¹⁸ Similarly, Indian navy ships are

¹⁶ Prasanta Kumar Pradhan, "Antony's Visit to Saudi Arabia: Boosting Defence Ties", IDSA Comment, 21 February 2012, at http://www.idsa.in/idsacomments/AntonyVisittoSaudiArabiaBoostingDefenceTies_pkpradhan_210212, accessed on 02 March 2012.

¹⁷ "First Meeting of India-Saudi Arabia Joint Committee on Defence Co-Operation", Press Information Bureau, Government of India, New Delhi, 10 September 2012, at <http://pib.nic.in/newsite/erelease.aspx?relid=87674>, accessed on 12 August 2013.

¹⁸ "Indian Navy looks to boost relations with Kuwait Navy – Bilateral maritime heritage in focus", *Kuwait Times*, at <http://news.kuwaittimes.net/indian-navy-looks-boost-relations-kuwait-navy-bilateral-maritime-heritage-focus/>, accessed on 01 October 2013.

also visiting Bahrain as symbols of goodwill. Two Indian navy ships visited Bahrain in 2013 on a goodwill mission.

HIGH-LEVEL ENGAGEMENTS

A look at the India's military engagements with the region clearly reflects the forward moving trends with high level engagement in this direction. From India's side, the level of engagement and talks over the military cooperation has increased over the years. Last few years have witnessed the visits of Minister of Defence to the region to discuss the matters with their counter parts in the Gulf. Prime Minister Manmohan Singh visited Qatar and the defence cooperation agreement was signed in his presence. This is a reflection of growing Indian interest and India's search for more opportunities in the region.

NAVAL DIPLOMACY

The Indian navy has been at the forefront in dealing with their counterparts of the Gulf and has been playing an important role in India's defence diplomacy, which has been termed as 'Naval Diplomacy'. India's Maritime Doctrine published by the Ministry of Defence in 2009 stipulates, 'Naval Diplomacy entails the use of naval forces in support of foreign policy objectives to build "bridges of friendship" and strengthen international cooperation in one hand, and to signal capability and intent to deter potential adversaries on the other. The larger purpose of the Navy's diplomatic role is to favourably shape the maritime environment in the furtherance of national interests, in consonance of the foreign policy and national security objectives'.¹⁹ In addition, a number of India's major national concerns like piracy, maritime security and ship transit, which have maritime dimension are directly related to the broader foreign policy of the country.²⁰ Traditionally, India has received threats from the land borders from Pakistan and China. However, in recent years there has been a substantial reorientation in India's strategic outlook towards the maritime

¹⁹ *Indian Maritime Doctrine*, Integrated Headquarters, Ministry of Defence, New Delhi, 2009, p. 105.

²⁰ Shiv Shankar Menon, "Maritime Imperatives of Indian Foreign Policy", *Maritime Affairs*, Vol. 5, No. 2, Winter 2009, pp. 15-21.

dimension. Giving priority to the maritime dimension is a crucial way to increase India's power and influence. India's geographic position, India's standing as the most populous state in the Indian Ocean region and its central position in the northern Indian Ocean gives it a unique advantage in the Indian Ocean.²¹ Besides, India's increasing reliance on sea for trade, incidents of piracy and terrorism at sea has made it give priority to the Indian Ocean.

Naval cooperation is one of the most promising areas of military-to-military cooperation by virtue of its capacity to safeguard critical SLOCs and establish linkages through maritime bonding. India has played a crucial role in increasing positive maritime ties by undertaking various benign measures such as combined bilateral and multilateral exercises, port calls and military assistance for training to countries in the Indian Ocean region.²² To this end, the Indian navy has been engaged with the navies of the Gulf region and others in conducting joint exercises, port calls, goodwill visits and deepening interactions.

ADVANTAGES OF A STRONGER DEFENCE COOPERATION WITH THE GULF

COLLABORATING AGAINST PIRACY

India has been a victim of piracy in the Arabian Sea and the continuing incidents of piracy have made India think of establishing partnership with the regional navies to deal with the menace. India has been raising the issue with the Gulf countries at the diplomatic level, as regional collaboration in the high seas is necessary for any successful operation against the pirates. Though navies of other foreign countries are operating in the waters of the Arabian Sea to protect their vessels, active cooperation is deemed necessary. By collaborating with the Gulf counterparts, the Indian navy would be able to provide security to the ships and deter the pirates. The Indian navy has deployed one warship continuously in the Gulf of Aden since October 2008 after MV Stolt

²¹ David Brewster, "An Indian Sphere of Influence in the Indian Ocean?" *Security Challenges*, Vol. 6, No. 3, Spring 2010, pp. 2–3.

²² Arvind Dutta, "Role of India's Defence Cooperation Initiatives in Meeting the Foreign Policy Goals", *Journal of Defence Studies*, Vol. 3, No. 3, July 2009, p. 35.

Valor was hijacked by the pirates with Indian crewmembers on board. This has enabled them to deter pirates and provide security to Indian flagged merchant ships. Over 602 merchant ships of varying nationalities have been escorted safely by the Indian warships. Such operations are closely coordinated with the warships of other nationalities deployed in the Gulf of Aden for patrolling.²³

BUILDING SECURITY COOPERATION WITH THE GULF

By engaging the Gulf countries in defence diplomacy India intends to involve the Gulf countries in durable security cooperation, which would help India deal with multiple security threats. Both, India and the Gulf region have become victims of terrorism. Collaborating with each other in combating the menace of terrorism has become necessary keeping in view the transnational nature of the terrorists funding, operation and ideology. Forging security cooperation with the countries of the Gulf region would help India in getting information and intelligence from the Gulf countries regarding the movement and operation of the terrorists. Apart from terrorists, there are transnational criminal elements that are operating in the region and are wanted in India for their criminal activities. In addition, money laundering is a problem for both India and the Gulf region. Defence diplomacy should be one of the main activities in support of foreign and security policy objectives of the country. The aim is to promote and support policies and initiatives of the government in order to establish mutual trust and cooperation to secure stability and security in the region.²⁴

SAFETY OF SLOC

The safety of the SLOC is of primary importance for India as trade is carried out mainly by sea routes. According to the Ministry of Shipping, Government of India, about 90 per cent by volume and 70 per cent by value of India's international trade is carried out through maritime transport.²⁵ Thus, any disruptions in the SLOC will have a negative

²³ Government of India, Ministry of Defence, Annual Report 2009–10.

²⁴ B. S. Sachar, "Is India Practising Active Defence Diplomacy", *Combat Journal*, September 2002, p. 41.

²⁵ Maritime Agenda: 2010 – 2020, Ministry of Shipping, Government of India, 2011.

impact on the Indian economy. Energy supply is crucial for India and therefore, it is important to keep the region out of bounds for pirates and other non-state actors.²⁶ India imports more than two-thirds of its energy requirements from the Gulf region only. The government has encouraged the oil Public Sector Undertakings (PSUs) to exploit investment opportunities in oil and gas sectors in the Gulf and other parts of the world. Thus, Indian oil companies are involved in oil production in several countries of the region. However, there is always a security implication for such endeavours and the government will have to take adequate security measures for safeguarding its assets and interests.²⁷ The importance of security of the SLOC has also been reiterated by India in the Annual Report 2009–10 of the Ministry of Defence, which says, “The Indian Ocean Region is crucial to India’s maritime interests. India’s economic development is crucially dependent on the sea because of the criticality of sea borne trade in an increasingly inter-linked world, as well as because of the potential of vast economic resources from the oceans. By virtue of our geography, we are therefore interested in the security of shipping along the sea lines of communications in the IOR. India’s maritime interest is not restricted to guarding the coastline and island territories, but also includes safeguarding of our interests in the EEZ as well as keeping our SLOC open in times of peace, tension or hostilities.”²⁸

SECURING THE CHOKE POINTS IN WESTERN INDIAN OCEAN

Keeping in mind the past, the Indian Ocean has been an important region for Indian foreign policy and India has to try to continue its hold over the strategically important region. By striking defence cooperation deals and engaging the Gulf countries militarily, India would ensure its hold in the western part of the vast ocean, the Arabian Sea, which includes the Strait of Hormuz, the Suez Canal, the Gulf of Oman, the Bab el Mandeb, the Cape of Good Hope and the

²⁶ For a discussion on threat of piracy and non-state actors in the Indian Ocean see Alok Bansal, “Maritime Threat Perception: Non-State Actors in the Indian Ocean”, *Maritime Affairs*, Vol. 6, No. 1, Summer 2010, pp. 10-27.

²⁷ David Scott, “India’s ‘Extended Neighbourhood’ Concept: Power Projection for a Rising Power”, *India Review*, Vol. 8, No. 2, April-June 2009, p. 111.

²⁸ Government of India, Ministry of Defence, Annual Report 2009–10.

Mozambique Channel. These efforts are intended to advance broad economic or security interests, including the 'security' of the various 'gates' to the Indian Ocean, and to cultivate ties with the nations adjacent to these choke points. Along with the broad economic and security interests, India intends to achieve the 'security' of the various 'gates' to the Indian Ocean, and to cultivate ties with the nations adjacent to these choke points.²⁹ Indian Maritime Doctrine 2009 terms the choke points as one of the 'primary areas' of maritime interests. The Doctrine also includes the Persian Gulf, which is the source of a majority of India's oil supplies and home to a considerable population of expatriate Indians.³⁰ These strategic choke points are important for trade and energy supply and by collaborating with the Gulf countries India will be able to secure the choke points in the western Indian Ocean.

DEALING WITH CHINA IN THE INDIAN OCEAN

In recent years, India has been facing challenges from China who has been building ports across the Indian Ocean. These have been dubbed as 'string of pearls'. In the western Indian Ocean, China is building a large naval base in Gwadar, Pakistan, another port in Pasni, Pakistan, 75 miles east of Gwadar, a fueling station in the southern coast of Sri Lanka, a container facility with extensive naval, and commercial access in Chittagong, Bangladesh. Apart from that, China is constructing a commercial and naval base in Myanmar, envisioning a canal across the Isthmus of Kra in Thailand to link the Indian Ocean to China's Pacific coast.³¹

Given the large size of the population, fast growing economies, large spending on modernising militaries and the desire to spread their regional and global influence would certainly be major drivers for their growing activities in the Indian Ocean.³² The rising Chinese activities in the region

²⁹ Donald L. Berlin, "India in the Indian Ocean", *Naval War College Review*, Vol. 59, No. 2, Spring 2006, p. 68.

³⁰ Indian Maritime Doctrine 2009, Integrated Headquarters, Ministry of Defence, Government of India.

³¹ Robert D. Kaplan, "Center Stage for the Twenty-first Century: Power Plays in the Indian Ocean", *Foreign Affairs*, March-April 2009, p. 22.

³² C. Raja Mohan, "India's New Role in the Indian Ocean", *Seminar*, Vol. 617, 2011.

pose threats to India's interests. To much of India's discomfiture, China has been successful in containing India within the confines of South Asia by attracting some of the India's neighbouring countries.³³ In this background, maintaining security ties with the navies of the Gulf region and building up strategic and operational collaboration with them would certainly strengthen India's presence and stronghold in the strategically important waters of the Indian Ocean. India's stronghold in the Gulf region would take forward its aspirations of controlling the ocean from the Gulf of Aden to the Malacca straits. India has taken initiative to create a new multilateral security arrangement through the Indian Ocean Naval Symposium (IONS). If the IONS succeeds, it could not only address many of India's prevailing insecurities, but also serve as a platform wherein the resources of the more-capable regional powers could complement the security and law enforcement capabilities of the smaller states.³⁴

LIMIT PAKISTANI INFLUENCE IN THE GULF

Since independence, Pakistan has enjoyed strong bonding with the Gulf countries particularly at defence and military levels. Pakistan capitalised on the Cold War alliance and took advantage of India's political and strategic absence in the Gulf. In the process, it strengthened military ties with the countries of the region, particularly with Saudi Arabia. The armed forces of Pakistan and Saudi Arabia started cooperation on a limited scale in 1967. In 1979, Saudi Arabia requested for military manpower assistance; and after a protocol agreement in 1982, a Pakistan brigade was placed in the Kingdom and over 10,000 Pakistani officers and other ranks served there in rotation. Saudi military officers also regularly get training in Pakistan. Both the countries are also engaged in joint military exercises and are identifying projects for joint Research and Development, and Production.³⁵ In the process, while the Saudis

³³ Harsh V. Pant, "Indian Navy's Moment of Reckoning: Intellectual Clarity Need of the Hour", *Maritime Affairs*, Vol. 5, No. 2, Winter 2009, p. 40.

³⁴ Gurpreet S. Khurana, *Maritime Forces in Pursuit of National Security: Policy Imperatives for India*, Shipra Publications, New Delhi, 2008, p. 77.

³⁵ Asad Durrani, "Gulf-Pakistan Military Relations: Past and Future Perspectives", in Faryal Leghari (ed.), *Gulf-Pakistan Strategic Relations*, Gulf Research Centre, Dubai, 2008, pp. 145-146.

gained the services of the Pakistani military forces, Pakistan gained strategically as a nation, and financially for the personnel posted in Saudi Arabia.³⁶

Other Gulf countries like Bahrain, Oman, Qatar, the UAE and Kuwait have substantial cooperation in military training, joint exercises and arms sales. In 2001, the Pakistan Aeronautical Complex signed a contract with Oman for the sale of five Super Mushak training aircraft and upgradation of the existing three Mushaks. Similarly, the Royal Air Force of Saudi Arabia purchased 20 Super Mushak aircraft from Pakistan. In addition, Pakistan ordnance factories have been exporting ammunition of various categories to the Bahraini defence forces. Since 2005, Pakistan has been supplying a large number of small arms and ammunition, Armored Personnel Carriers and Mohafiz internal-security vehicles to Iraq. Pakistan intends to further deepen military cooperation with Iraq.³⁷ Pakistan has already initiated talks with Iraq to improve defence cooperation. A five-member Iraqi defence delegation led by Maj Gen Abbas Mohammed Fizzaa Director Military Training visited Pakistan in February 2010 and called on the Secretary Defence, Lt Gen Syed Athar Ali. The delegation discussed with him matters pertaining to enhancement of defence cooperation between the two countries. The meeting emphasised the need to promote military-to-military cooperation between the two sides. Pakistan also offered training courses to the military personnel of Iraq in its training institutions.³⁸

The Pakistani military is involved in different kinds of training and exercises with their counterparts in the Gulf region and the Gulf countries have become dependent upon Pakistan for such activities. India, by strengthening ties with the Gulf countries, would curtail

³⁶ K. A. Muthanna, *Enabling Military-to Military Cooperation as a Foreign Policy tool: Options for India*, Knowledge World, New Delhi, 2006, p. 88.

³⁷ "Iraq & Pakistan Discuss Defense Cooperation", 05 February 2010, available at, http://www.defaiya.com/defaiyaonline/index.php?option=com_content&view=article&id=500%3Airaq-a-pakistan-discuss-defense-cooperation-&catid=67%3Airaq&Itemid=27&lang=en, accessed on 11 March 2012.

³⁸ "Pakistan & Iraq to increase defence cooperation", Press Information Department, Government of Pakistan, 02 February 2010, available at <http://www.pid.gov.pk/press02-02-2010.htm>, accessed on 11 March 2012

Pakistani military influence on them. By cooperating with the Gulf countries, India can try to change the balance in its favour.

FURTHERING INDIA'S STRATEGIC INTERESTS

In broader terms, India's defence diplomacy with the Gulf region is intended to give its foreign policy an important tool to further its strategic interests in the region and beyond. India's relation with the Gulf countries has been dominated by trade and business. The upward surge in the relations came in the early 1990s with India's keen pursuit to improve bilateral political relations with the region. Subsequent periods have witnessed increased interaction and visits of high-level dignitaries between India and the Gulf countries. With changing times, India's stakes and interests in the region are also growing in the region and beyond, for which India needs a strategic alliance with the countries of the region moving beyond the buyer-seller relations. Similarly, India's growing desire to play an important role in the world affairs requires engaging with the Arab and Islamic countries. Improving India's image in the Arab/Islamic world and engaging with them in defence cooperation would help India improve its strategic interests.

CHALLENGES AHEAD

The growing defence cooperation is a positive trend in the India-GCC relationship. Nevertheless, there remain a few challenges in the defence engagements between the two.

First, India's defence cooperation in the Gulf is limited to visit of delegations, joint military exercises, port calls, goodwill visits etc. and there has been no advancement to the next level, which would include arms transfer, joint production and research and development (R&D). As far as R&D is concerned, it is understandable that Gulf countries are far behind India and they lack domestic production capability. At the same time, Indian weapons are not preferred by the Gulf armed forces. They prefer American and European arms, which are of better quality. Arms supply by Pakistan and China to Gulf must be a worrying factor for India. In such a situation, this remains a difficult challenge for India to strengthen defence ties with the region.

Second, there seems a lack of coordination among the countries to undertake a joint operation. For instance, India and the GCC countries

have not been able to establish any mechanism to deal with the piracy in the India Ocean. Though India and some of the GCC countries have been victims of piracy activities, it has not been possible for the countries to establish a joint mechanism such as information sharing and combat operations. Many countries have sent their navy ships to the area to check the acts of piracy and to escort their own ships, but a concerted effort on the part of the countries of the region would have been more effective in tackling with the pirates.

Third, diplomatically, India's relationship with the GCC countries has to be seen in the backdrop of India's policy towards the region and in this context, India's relationship with Iran is also important. Maintaining defence ties with the GCC countries and Iran at the same time, would also remain a challenge for India. Currently, India's relationship with the Gulf Arabs is on an upswing and India's relationship with Iran has suffered because of India's vote against Iran at the IAEA over the Iranian nuclear issue and the alleged American pressure on India on the IAEA vote. As the relationship improves with Iran, India will be in a difficult position to negotiate with the GCC on the one hand and Iran on the other, as they have severe differences over ideological, political and strategic interests in the region. Similarly, India will have to face the reaction of the USA in the event of strengthening of defence cooperation with Iran.

CONCLUSION

India has made considerable progress with the GCC countries in engaging them in defence ties. This has been driven by India's security, political and economic objectives and the need to further its strategic objectives in the region. It also gives India a boost in enhancing its long-term strategic interests in the Indian Ocean, in the Arab and Muslim world and in strengthening India's presence in the region. India has signed defence ties with only four countries of the region and the level of military engagement has also remained confined to joint military exercises, bilateral visits, training programmes, port calls, goodwill visits, etc. There is a need to further strengthen the existing defence ties and at the same time bring more countries into its fold. Defence relations have been dominated by the naval forces because of the obvious reason that the Gulf and the Peninsula are connected by the Arabian Sea and

these countries share common security concerns. The involvement of the army and the air force is limited and very low.

The growing security threats in India, the Gulf region and the Indian Ocean/Arabian Sea demand greater cooperation between India and the Gulf countries. Though several challenges have been met with already, India's interests in the Gulf and the common bilateral issues of concern between India and the region demands enhanced defence cooperation. India should take it as an opportunity to strike defence cooperation with other Gulf countries as well. This will, to a large extent, act as a soother for India to deal with not only its growing insecurity but also increase India's strategic reach in the region. The growing defence cooperation and contacts has helped India to reach a higher level of relationship with the GCC countries. Engagements in defence fields demonstrate a higher level of understanding and confidence building with the GCC countries.

THE ARAB SPRING, THE GCC AND INDIA

The emergence of popular protests in the Arab world against their authoritarian rulers has its ramifications on the regional politics, economy and the balance of power in West Asia and North Africa. As a result of the protests, several leaders were dethroned and some countries are still facing severe internal turmoil. Tunisian president Ben Ali, Egyptian president Hosni Mubarak, and Yemeni president Ali Abdullah Saleh were removed from power as a result of the popular protests against them. Libya's Muammar Gaddafi was the only leader who was killed by the opposition forces amid the protests. In many countries such as Algeria, Jordan, Morocco, Bahrain, Saudi Arabia, Oman the protests were successfully suppressed and controlled by the regimes. Protest in Syria has taken an ugly shape where around 100,000 people have been killed and a large number of people have been displaced. The fight between the government security forces and the opposition forces continues with the allegation of chemical weapons being used by the regime to kill the opposition forces.

The overthrow of the authoritarian regimes has changed the political dynamics of the region as alliances and balance of power in the region have also changed. One important feature of the regime change has been the emergence of the Islamists in the political landscape of the region. The victory of the Ennahda party in Tunisia and the Muslim Brotherhood in Egypt has been seen by many as a factor influencing the regional politics in the near future. However, the experience until now has shown that the Islamists have not been able to hold on to power. The overthrow of Muhammad Morsi from power in Egypt has shown that the remnants of the old regime and their international supporters are still very much active in the country and that it will not be a cakewalk for the Islamists to continue in power. The post-Morsi period has also seen increased violence, and political and social polarisation in Egypt.

The situation in Syria continues to deteriorate and with the involvement of the regional and extra-regional players, the situation there has become very critical. Both the regime and the opposition forces have remained adamant on their position. The regional powers and the external players have not been able to reach a consensus over the future road map of Syria. As a result, the violence continues unabated.

Yemen is another example of instability as the political parties have failed to reach any consensus over the future of the country. The protests were marked by violence as both the government forces and opposition used force against each other. The al Qaeda took opportunity of the instability and spread its terrorist activities, which had been until then kept relatively suppressed. The al Qaeda reportedly captured a number of towns while the security forces were engaged in dealing with the protesters in the streets. They have also targeted the security forces and political leaders. Further, the demands of the Southerners and the issue of Houthis have kept the unity of the country in doubt. The National Dialogue Conference consisting of all the major stakeholders is continuing its deliberations but till now no consensus has been reached by the parties concerned. Though Yemen is a republic with a weak economy unlike its oil-rich Gulf neighbours, any instability in Yemen, including the spread of the al Qaeda activities, will affect the other Gulf countries. As the security of the region is indivisible, the future trajectory of Yemen remains important for the security of the region. The Saudi–Iran proxy war has been continuing in troubled Yemen. The beginning of the protests in Yemen left the situation wide open for external intervention. Iran, which supported the Houthis against the Saleh regime, supported the protesters calling for regime change. Saudi Arabia has huge stakes in the stability of its southern neighbour as it has been providing millions of dollars in aid, and therefore, initially stood with Saleh. However, with the situation going out of control and the protests continuing despite all kinds of promises and a strong security crackdown, the GCC intervened with a proposal for a regime change, which was finally accepted by Saleh. The Saudi-dominated GCC initiative has given Riyadh an advantage over Tehran in the conflict-ridden Yemen.

Among the GCC countries, Oman, Bahrain and Saudi Arabia witnessed popular protests against their regimes. The Eastern Province of Saudi

Arabia was the hotbed of protests against the regime. Protests in the Eastern Province have become very sensitive for the royal family as the region is dominated by the Shias and the region has huge reserves of oil. The Shias in Saudi Arabia have long complained of political, economic and religious discrimination at the hands of the regime. The government, on the other hand, has accused the Shias of being renegades, loyal to Iran and not following Islam. The protests are therefore, sensitive for the royal family as it remains the principal internal security challenge for Saudi Arabia. The government took early measures to ensure that no major untoward incident happens in the kingdom. However, despite all the efforts protests of lesser intensity have taken place in the region. Until now, the government has been successful in checking the spread of protests and the situation is under control.

Protests in Bahrain were the most serious among the GCC countries. The magnitude of protests proved to be difficult for the regime to control. When it seemed that the situation was going out of control with a large number of protesters camping at the Pearl Square in Manama, security forces from Saudi Arabia and the UAE intervened at the behest of the Gulf Peninsula Shield Force. The monarchies were concerned about the fact that any change in regime in Bahrain would have a domino effect on their own future. The intervention of the Saudi and the UAE forces drew criticism, but for them, it was necessary to maintain peace and stability in Bahrain. In addition, from the regional and political point of view, Bahrain is a sensitive country for Saudi Arabia because of the Shia majority population in the country. Shias constitute around 70 percent of the total population of the country, which is a concern for Saudi Arabia, as it fears Iranian influence in the country among the Shias. Saudi Arabia was also worried about the possibility of the protests against the regime taking a Shia-Sunni sectarian dimension. Iran was at the forefront of launching a scathing attack on the military intervention in Bahrain. Iran believes Bahrain to be within its sphere of influence because of the majority Shia population. In addition, Saudi military intervening in its neighbourhood has become a cause of concern for Iran. It led to a war of words between Iran and Saudi Arabia. While Iran called it as 'intervention' by Saudi Arabia, the latter asked Iran not to involve itself in Arab affairs. Iran supported the protesters against the regime and supported the overthrow of the authoritarian ruler while Saudi Arabia and other GCC countries were

in favour of maintaining status quo. Iran also tried to internationalise the issue to garner greater international support against the Saudi military interference in Bahrain while Saudi Arabia made efforts to downplay the situation.

GCC AND SYRIA

Ever since the protests started against Bashar al Assad's regime, the GCC countries have adopted a tough posture by criticising and condemning the reactions of the Syrian government and squarely putting the blame upon it for the unfolding situation. The GCC countries have accused the Assad regime of killings and violating human rights and have been questioning the regime's legitimacy to continue its rule. With the protests against the Assad regime turning increasingly violent and the Syrian regime's strong military response, and the political dynamics in the region have become more intricate. The GCC countries have their own reasons to believe that a regime change in Damascus is necessary. They do not enjoy a warm relationship with Syria; instead, they see it as a strategic ally of Iran, which has the potential to undermine their dominance in the region.¹

There is a strong sectarian dimension attached to it. Assad being an Alawite Shia, does not get along well with the Sunni rulers of the Gulf and is an asset for their arch rival, Iran.

Initially, the GCC countries appealed to the Syrian government to stop the killings and to adopt adequate reform measures to meet the aspirations of the people. However, by the time the Syrian government called for a dialogue and reforms, it was clearly too late for the regime to gain support from the people. With the situation going from bad to worse, the Gulf countries exerted more political and diplomatic pressure on Syria and tried to internationalise the issue. They supported the Arab League's proposal to establish peace in Syria, as well as the mission of Kofi Annan and his six-point formula, which was later adopted by the UN as a road map for bringing peace and stability. The GCC countries have also given political support to all US resolutions in the

¹ Prasanta Kumar Pradhan, "GCC and the Syrian Crisis", IDSA Comment, 21 June 2012, at http://www.idsa.in/idsacomments/GCCandtheSyrianCrisis_PKPradhan_210612, accessed on 11 July 2013.

UNSC against the Assad regime. However, given that none of these initiatives have worked, in order to exert further pressure, the Gulf countries decided to recall their ambassadors from Damascus and also expelled Syrian envoys from their countries. They also withdrew their representatives from the Arab League observers' mission in Syria.

The GCC countries' attempts to internationalise the Syrian crisis is intended to remove Assad from power. At present, none of them has any concrete proposal as to who will succeed Assad. Despite the ambiguity surrounding the next line of probable leadership, the GCC countries still want a Syria without Assad at the top. They are certain to push for a Sunni leader and regime, which would increase their influence in Syria. At the same time, a weakened Syria minus Assad would lead to a substantial decrease in Iranian influence in Syria and in the region as well. Iran has maintained strong ties with the Assad regime and it is seen by the GCC countries as a potential threat to their strategic interests in the region. The Iran-Syria relationship is an important pillar of the Shia arc threatening traditional Sunni dominance in the region. The Shia resurgence of the last few years has been a major concern for the Sunni regimes in the Gulf. In their view Iran has been the principal actor espousing Shia unity and joining hands with regimes as that of Assad. The Iraq experience must have taught a lesson to the Gulf kingdoms where Iran significantly increased its influence in the post-Saddam scenario.

Two of the GCC countries, Saudi Arabia and Qatar, have openly called for arming the Syrian rebels to fight against the regime's security forces. They believe that all kinds of political and diplomatic initiatives by the regional and world powers have failed and thus, arming the rebels is the only viable option left with them. Kuwait's parliament has passed a non-binding resolution calling on its government to arm the Syrian rebels.² Saudi Foreign Minister Prince Saud al Faisal went to the extent of saying that arming the Syrian opposition is a 'duty' as the opposition cannot defend itself in the face of the violent crackdown

² "Kuwaiti MPs press for arming Syrian opposition", *Qatar Tribune*, 02 March 2012, at http://www.qatar-tribune.com/data/20120302/content.asp?section=gulf2_5, accessed on 10 April 2012.

by the security forces.³ By supporting the arming of the rebel forces, Saudi Arabia and Qatar seem to be suggesting a Libya-like solution to the Syrian crisis. They wish to remove Assad by arming the rebels and install another regime in power. The Syrian government has, however, from the beginning, rejected any kind of external intervention in its internal affairs. This position was most vocally stated by the Syrian ambassador to the UN, Bashar Jaafari, when he said, 'Syria will not be Libya; Syria will not be Iraq; Syria will not be Somalia; Syria will not be a failing state'.⁴ Thus, the intensity in the attempts by the Gulf countries to remove Assad and the equally intensive defiance by the regime have persisted throughout the crisis.

With the evidence of use of chemical weapons emerging in Syria, the GCC countries have put further pressure by appealing to the UN to take deterrent action against the Assad regime. They also denounce the involvement of the foreign militias in Syria and urged the UN to assume its responsibilities.⁵ The approach of GCC countries towards the Syrian crisis has shifted from appealing for political reforms to internationalising the issue in arming the regime's opposition. While the advice from the Gulf has fallen on deaf ears in Syria, and political and diplomatic attempts have not yet provided any concrete results, removing the regime by use of force has come to the fore as a viable alternative in the thinking of some of the Gulf monarchies.⁶ For them, this is the right opportunity to remove Assad from power and install a friendly regime in Damascus. They have become partially successful in their attempts to draw world attention to the wrong doings of the Assad regime. While Assad's removal from power would make it easier for the Gulf countries to intervene in Syria's future political developments

³ "Arming Syrian opposition is a duty, says Prince Saud", *Saudi Gazette*, 01 April 2012, at <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentid=20120401120786>, accessed on 04 March 2013.

⁴ Pepe Escobar, "What is the GCC up to in Syria?" *Asia Times*, 31 January 2012, at http://www.atimes.com/atimes/Middle_East/NA31Ak04.html, accessed on 22 February 2012.

⁵ "GCC demands deterrent UN action against Syria", *Arab News*, 10 September 2013, at <http://www.arabnews.com/news/464181>, accessed on 23 September 2013.

⁶ Prasanta Kumar Pradhan, "GCC and the Syrian Crisis", IDSA Comment, 21 June 2012, at http://www.idsa.in/idsacomments/GCCandtheSyrianCrisis_PKPradhan_210612, accessed on 11 July 2013.

and tilt the regional balance of power in their favour, Assad's prolongation in power will continue to pose challenges for them.

At the official level, the GCC holds that they support a political solution to the Syrian crisis, but the activities of some of the member countries reflect their intention to support a military intervention to remove Assad. The GCC is in favour of security, stability and unity of Syria and hoped that the Geneva 2 conference can reach a solution to the conflict. With the Geneva 2 conference failing to provide any viable solution to the crisis and the US not keen for a military intervention, GCC countries' exasperation with the Assad regime has grown further. The GCC foreign ministers' meeting in March 2014 renewed their appeal to the UN to 'act immediately to protect the Syrians and help them defend themselves from the brutal regime'.⁷ They also stated that perpetrators of crime in Syria should be sent to the International Criminal Court (ICC).

THE GCC AND EGYPT

The GCC's stand on the transformation in Egypt has been completely different from their stand on the Syrian crisis. Former Egyptian president Hosni Mubarak was very friendly with the GCC countries and they enjoyed a warm relationship. For that reason, the GCC countries supported the Mubarak regime and were critical of the protesters on the streets. For them, the protesters were creating instability in the country by demanding the overthrow of Mubarak. As Mubarak had to go because of the protests, the GCC countries lost a reliable friend and were uncertain about the future of Egypt.

The coming into power of the Muslim Brotherhood after their electoral victory became a momentous event in the history of Egypt and the region in general. This led to a division of opinions among the GCC countries and their approach differed. Saudi Arabia has not been very comfortable with the Muslim Brotherhood and Saudi Arabia's relationship with the Muslim Brotherhood has taken many turns in the past.⁸ In the aftermath of the 2012 parliamentary elections in Egypt,

⁷ "GCC toughens Syria stance", *Arab News*, 05 March 2014, at <http://www.arabnews.com/news/535081>, accessed on 05 March 2014.

⁸ For a discussion on the Saudi-Muslim Brotherhood relationship see Talmiz Ahmad, *The Islamist Challenge in West Asia*, New Delhi, Pentagon Press, 2013, pp.32-40.

when it became increasingly clear that the Muslim Brotherhood was going to form the next government in Cairo, Saudi Arabia made attempts to accommodate the Muslim Brotherhood in its foreign policy thinking and behaviour: the Muslim Brotherhood was now a reality in Egypt which the Saudis would have to accept. On its part, the Muslim Brotherhood also promised to maintain good relations with Riyadh. Despite this, both the parties could not build up the warmth required to establish mutual trust. While Saudi Arabia continued to believe that the Muslim Brotherhood is an ideological challenge to its Islamic authority in the world, the latter's popularity on the streets in the post-Mubarak era, and the subsequent electoral victory, gave it further confidence that it could do well and flourish even without Saudi support.⁹ For Saudi Arabia, as long as the Muslim Brotherhood is ideologically non-challenging and financially dependent, the situation remains in its favour. The Saudi expectation was to make the Muslim Brotherhood work as a subordinate ally who would be politically compliant in bilateral and regional affairs.¹⁰ However, much to the disappointment of Saudi Arabia, things did not happen in the manner it expected and the relationship soured very quickly. Ideologically, Saudis are closer to the Salafists than the Muslim Brotherhood. Saudi Arabia has significant influence over the Salafist groups and parties in Egypt. Under the Morsi regime, however, the Salafists had only a limited influence.

All the other GCC countries shared the opinion of Saudi Arabia, except Qatar who emerged as an important player in the scene as it threw its support behind Muslim Brotherhood. Qatar provided around US\$ 7.5 billion of aid to Egypt during Morsi's rule. But with the overthrow of Morsi by the military and the installation of an interim government in Cairo, Qatar now stands side-lined. Immediately after the removal of Morsi, Saudi Arabia and other GCC countries like the UAE and Kuwait announced US\$ 8 billion aid for Egypt. In September 2013, Egypt returned US\$ 2 billion to Qatar, which was deposited by the latter in the Egypt Central Bank after both the sides failed in the

⁹ Prasanta Kumar Pradhan, "Post-Morsi Egypt: Saudi Manoeuvring and Iranian Dilemma", IDSA Issue Brief, 27 September 2013, at http://www.idsa.in/system/files/IB_PostMorsiEgypt_0.pdf, accessed on 29 September 2013.

¹⁰ Ibid.

negotiations to convert it into a three-year bond.¹¹ This is a sign of worsening relationship between the two countries. Qatar has also condemned the killing of the Muslim Brotherhood members by the security forces in Egypt. Both the countries have also put on hold the talk on supply of LNG to Egypt, which was initiated during the Morsi regime.¹² But despite the internal differences of opinion among the GCC countries they have stood as one single organisation while dealing with Egypt.

There have been rumors in some quarters regarding the secret Saudi involvement in helping the Egyptian military leaders overthrow Morsi. Though there have been no confirmed reports regarding the Saudi funding or any other involvement in toppling Morsi, the Saudi enthusiasm in the post-Morsi Egypt points to the fact that Saudi Arabia favours the military over the Muslim Brotherhood. The security situation further worsened after the overthrow of Morsi as the Muslim Brotherhood supporters staged huge sit-ins and protests, and the security forces used force to remove them. In December 2013 the interim government declared the Muslim Brotherhood as a terrorist organisation, which further threatens the internal security of the country. Earlier in September, a court order banned the Muslim Brotherhood and seized its assets. Thus, while the security situation in Egypt continues to remain tense, the GCC has shown solidarity with the military dominated interim government. At present, the situation in Egypt remains in their favour but it is still not an ideal situation for Egypt. With change of government almost certain in the next few years, the GCC countries will remain apprehensive over the future developments in Egypt.

¹¹ “Egypt returns Qatar’s \$2 billion aid”, *Gulf News*, 19 September 2013, at <http://gulfnews.com/news/region/egypt/egypt-returns-qatar-s-2-billion-aid-1.1233257>, accessed on 24 September 2013.

¹² “Qatar-Egypt gas talks put on hold”, *Gulf Times*, 17 September 2013, at <http://www.gulf-times.com/business/191/details/366017/qatar-egypt-gas-talks-put-on-hold>, accessed on 20 September 2013.

THE ARAB SPRING AND CHALLENGES FOR INDIA IN THE GULF

In some ways, the emergence of protests and subsequent developments has affected India as well.

First, India has been affected by the rise in oil prices that followed the protests. India is a major importer of oil and being dependent on Gulf oil, it has been feeling the pressure on its economy. India imports around two-thirds of its total oil imports from the Gulf region. The spread of protests from one country to another led to a temporary anxiety in the market regarding the unhindered production and supply of oil, thus leading to rise in oil prices. For instance, oil price went up from US\$ 90 in December 2010 to over US\$ 120 in May 2011. Such a steep rise in oil prices affects the growing Indian economy, which is heavily dependent on the import of oil. This has, however, had a minor impact on the Indian economy so far. In the event of intensified popular protests in countries like Saudi Arabia, Kuwait and the UAE who are major oil suppliers to India, the impact would have been very heavy. For a moment, the protests in smaller countries like Oman and Bahrain were looking frightening as they spread quickly and, if not controlled timely, could have disturbed the production as well as the supply lines. In such a scenario, the impact on India would have been huge.

Second, the protests have prompted the rulers to start the process of nationalisation of the workforce to deal with the problem of unemployment and discontent of the youth. As has been witnessed during the protests throughout the region, a large number of youths participated in the protests expressing their dissatisfaction with the ruling regimes. They expressed their desires ranging from better employment opportunities to participating in the affairs of the state. To meet their demands, some GCC countries have started nationalising their workforces. To appease the youth, Saudi Arabia announced the creation of one million jobs in the next couple of years. It is well known that there are a large number of foreigners living and working in the region and in many sectors, the locals believe that they remain unemployed while the expatriates are given employment. To address this concern of the educated youths, the governments have started programmes to employ locals. Saudi Arabia has taken the lead in this regard and has started a 'Nitaqat' programme. The programme makes it mandatory

for the Saudi business establishments and companies to reserve 10 percent of the jobs for Saudi nationals. In 2012, there were 340,000 firms in Saudi Arabia that did not employ any Saudi nationals. The Nitaqat programme is intended to address the youth resentment in Saudi Arabia resulting from competition they face in the job market from the expatriate workforce.¹³ The Nitaqat incentivises the establishments that adhere to the rule and deals strongly with the ones that do not follow it. Under the Nitaqat law an expatriate worker should work only under his sponsor and the worker is not meant to perform any job other than the one mentioned on his job card. This has created some panic among the expatriate workers who run small-scale shops and establishments under licenses in the names of Saudi nationals. Strict action is now taken against such businesses by the Saudi authorities. This law affects some Indians in the kingdom.¹⁴ Other Gulf countries such as the UAE, Kuwait, Oman and Bahrain have been seriously mulling over such plans for quite a long time. They have made such plans since 1980s and 1990s but those plans were never implemented seriously. For instance, in the 1990s the UAE government issued policies regarding quotas on expatriate labour and to provide employment for their nationals. Later the government also indicated that all secretaries and personnel managers had to be UAE nationals.¹⁵ The UAE Ministry of Labour issued a decree for Emiratisation of managerial and secretarial positions in private companies and, since July 2006, work permits for expatriates for those positions have not been issued. As per the decree, the expatriate workers holding secretarial posts would lose their jobs by default at the termination of their fixed term contracts.¹⁶ The Manpower and Government Restructuring

¹³ P. M. Mathew, "What Nitaqat means for Kerala", *The New Indian Express*, 13 April 2013, at <http://newindianexpress.com/opinion/What-Nitaqat-means-for-Kerala/2013/04/13/article1542322.ece>, accessed on 29 August 2013.

¹⁴ Ibid.

¹⁵ "Workforce nationalisation in the GCC", *The Peninsula*, 18 May 2012, at <http://thepeninsulaqatar.com/qatar/194886-workforce-nationalisation-in-the-gcc.html>, accessed on 12 July 2013.

¹⁶ Kasim Randeree, "Strategy, Policy and Practice in the Nationalisation of Human Capital: 'Project Emiratisation'", *Research and Practice in Human Resource Management*, Vol. 17, No. 1, 2009, at <http://rphrm.curtin.edu.au/2009/issue1/emiratisation.html>, accessed on 20 August 2013.

Program of Kuwait recommended a quota-based policy suggesting 60 percent Kuwaitis in banks, 15 percent in the real estate sector, two percent for manufacturing industries and so on.¹⁷ Oman has also set quotas for different sectors to employ its own citizens instead of hiring expatriate workers. If implemented seriously, the programmes will definitely affect some of the Indians working in the region.

Third, India is deeply concerned about the safety of the Indians living in the region in the event of the protests taking ugly turn in the GCC countries. About 6.5 million Indians are living and working in the Gulf region and in case of any emergency, it would be a formidable task for India to evacuate its citizens from the region. India has faced such a situation in 1991 when it had to evacuate Indian citizens from Kuwait when the latter was invaded by Iraq. In recent years, India had to evacuate its citizens from Libya and Egypt in 2011, where the security situation deteriorated because of popular protests against the regimes. India began 'Operation Safe Homecoming' in February 2011 and evacuated around 16,200 of its citizens from Libya by March 2011.¹⁸ For this, India had to face considerable difficulty and had to send special flights and ships to Libya to carry its citizens back to India safely. India evacuated around 3600 of its citizens from Egypt as well. However, if instability of that nature emerges in the GCC countries where a large number of Indians live, it would be a daunting task for India to undertake such a large-scale operation.

Fourth, the protests have further widened the gulf between two important players in the region, namely, Saudi Arabia and Iran. It has led to the appearance of temporary uncertainties over the regional security of the Gulf region. Since the past, the relationship between both the countries has been marked by regional competition and rivalry over political, ideological and strategic causes. During the protests in the Arab streets, Iran supported the protesters, attempted to internationalise the issue and proclaimed that the current uprisings are

¹⁷ "Workforce nationalisation in the GCC", *The Peninsula*, 18 May 2012, at <http://thepeninsulaqatar.com/qatar/194886-workforce-nationalisation-in-the-gcc.html>, accessed on 12 July 2013.

¹⁸ "Annual Report 2011-2012", Ministry of External Affairs, Government of India, New Delhi, p. xi.

inspired by the Islamic revolution of Iran of 1979. Iran's support for the protesters intended to overthrow the authoritarian Arab rulers, thus changing the Arab world order. This very idea was against the Saudi interest in the region. Saudi Arabia perceives itself as the leader of Arab world and wants Iran to stay away from the internal affairs of the Arab countries. Such kind of Saudi thinking aims at continuing its influence over Arab politics and at keeping Iran away from it.¹⁹ Such a tense situation in the relationship between two important countries in the region poses a challenge for the Indian foreign policy. India has important stakes and interests in both the countries and cannot take sides in this situation. As India tries its best to calibrate its policies carefully, the situation is certainly proving to be more testing. Similarly, the GCC as a whole is also at odds with Iran. Balancing interests between Iran and the GCC will remain a challenge for India. India's interests will be adversely affected if the GCC–Iran tensions reach a point where a choice has to be made between the two. India's policy of calibrating a fine balance between the GCC countries and Iran will have to continue for some time in the future as India keeps itself prepared to deal with a volatile Gulf region.

Fifth, India has been facing the diplomatic challenge of dealing with the GCC countries regarding the regime change in Egypt and the continuing turmoil in Syria. The deteriorating political and security situation in Egypt and Syria has been the focus of regional politics. The failure of democratic transition in Egypt has created many reactions from the Gulf countries as they have important stakes involved in Egypt's future. Likewise, the GCC countries have taken strong positions against the Assad regime in Syria and have been at the forefront of gathering world public opinion against the regime. They have also been advocating a military strike against the Assad regime after the evidence of use of chemical weapons against the opposition forces was found in Syria. As both Egypt and Syria are important countries in the Arab world and the GCC countries expect their favourites to be in power in these countries, there is a lot of political and diplomatic effort made

¹⁹ Prasanta Kumar Pradhan, "Arab Spring: Redefining Regional Security in West Asia", in S.D. Muni and Vivek Chadha (eds.), *Asian Strategic Review*, New Delhi, IDSA and Pentagon Press, 2013, p. 185.

by them. In this regard, they expect India to play an active role in the affairs of the region instead of watching from the sidelines. India was a non-permanent member of the UNSC during the period 2011–12 when the political activities and security challenges were at the peak. India had to adopt a calibrated approach keeping in mind its interests in the region. India supported the Kofi Annan mission in Syria and is of the view that any transformation in Syria should be led by the Syrians themselves. India is also against any kind of external intervention or aggression in Syria while the GCC countries are very vocal against the Assad regime and do not hesitate supporting use of force to remove him. Similarly, the GCC countries have been very vocal over the regime change in Egypt as they have their own ideological allies in that country that would be favourable for them in the long run. Nevertheless, India has taken a moderate approach signaling its readiness to deal with whoever is in power in Cairo.

The recent US move to sign a deal with Iran is a major turning point in the regional politics, which will have numerous implications for the political and strategic environment of the region. The US-Iran rapprochement has not gone down well with Israel and the GCC countries, particularly Saudi Arabia. The US has been the security guarantor of the Gulf monarchies and the latter feel that the United States' deal with Iran dilutes its commitment to Gulf security. For the Gulf countries, the US-Iran deal is a shift of the US foreign policy, which weakens their alliance with the US. Similarly, they are also of the opinion that by striking a deal with the US, Iran would keep enriching uranium secretly to make a nuclear bomb. In that case, it would lead to disturbance in the balance of power in the region and most probably end up in an arms race and nuclear proliferation where other countries, most possibly Saudi Arabia, would be tempted to go nuclear. It is India's fear that a Saudi-Pakistan nuclear cooperation may take place in such a situation where Saudi money would be pumped into Pakistan's nuclear project, which would give a further boost to Pakistan. In the past, Saudi Arabia has funded Pakistan's nuclear project and any further collaboration between them would be a destabilising factor in both, the Gulf region as well as in South Asia. While India's ties with Pakistan are already going through turbulent times, a strong Saudi-Pakistan nuclear deal retains the potential to create hurdles in the growing India-Saudi relationship. In addition, arms race and nuclear proliferation in

the Gulf region would only contribute to instability in the sensitive region, which is not in India's interest. As has been seen during the protests, any disturbance would affect the oil supply and the safety and security of over 6.5 million Indian citizens living in the region. It affects the huge trade and business among the countries and thus, has a tremendous impact on the economy of the region and beyond.

CONCLUSION

From the above discussion, it is clear that India has been negatively affected by the phenomenon of the Arab Spring. The intensity of the popular protests has been so huge that it has affected the regional politics, the bilateral relationship among the regional countries and the region's relationship with the outside world. For India, the region is an extended neighbourhood and any political instability and insecurity in the region would definitely affect India. The rise in oil prices and the safety concerns of Indian citizens are the difficulties, which have been experienced first-hand by India. Other tangible and intangible political and diplomatic challenges facing India have both short-term and long-term ramifications, which India will have to deal with. Though the GCC countries were not affected as badly as other countries like Egypt, Libya, Syria and Yemen, they are definitely directly affected by the developments. The inter-linked political, economic and security issues between India and GCC have also affected India's interest in the region.

CONCLUSION: TIME FOR INDIA TO LOOK BEYOND BUSINESS

From the beginning, economic ties have continued between India and the GCC countries and they continue to flourish till today. The increasing interdependence of trade and commerce in a globalising world brings with it prospects of further interaction between the two. As it has been witnessed, the political ties between India and the Gulf countries have gone through many difficulties in the past. They were affected in the past because of various reasons like the political alliances during the Cold War, the skewed understanding of the Gulf countries of India's policies and intentions towards them, India's support for the Arab socialist regimes such as Nasser in Egypt and Saddam Hussain in Iraq, etc. Such differences over crucial political issues were the main irritants in the establishment of a stronger political relationship between India and the Gulf countries. India's constant support for the Palestinian cause from the beginning prevented the relationship from taking root. However, trade and business continued to grow and it became one of the major links that kept the both the sides engaged with each other.

Oil remains the primary commodity in the India-GCC trade. The supply of oil from the GCC countries has only increased over the years. India's economic growth, industrialisation and growing population has increased dependence on oil supply from Gulf. For this reason, India wants a strategic energy partnership with countries such as Saudi Arabia moving beyond the present buyer-seller relationship. This would instil confidence in both the sides regarding the import and export of oil. India's reliance on the GCC countries further increases as oil imports from Iran have been reduced because of the payment issue. Iran, till recently, was the second largest oil supplier to India after Saudi Arabia. It has now come down to the sixth place in the list of oil exporters to India. Also, the talk over the IPI gas pipeline has stalled and does not seem likely to become a reality in the near future.

At the same time, India has also found the Gulf region to be a good market to supply manufactured goods and other products. Trade with

the GCC countries got a boost with the liberalisation of the Indian economy in the early 1990s. India's IT boom has also further contributed to the trade with the GCC. India is taking the opportunity to further increase its trade with the GCC countries by improving and expanding its trade basket. For the GCC, India is a large consumer of oil and a large economy in the world. So, for them India can be a long-term partner in trade and business. The investment scenario does not look very impressive but it has a lot of potential for the future. India has not been able to attract investments from the surplus funds of the Gulf region. Though India has been making efforts to attract Gulf investments to India, there remain some issues of regulations to be addressed at the earliest. For the GCC countries, India is important for their diversification moves by which they intend to move beyond to reduce their dependence on the oil industry only. For these endeavours of the GCC countries, India would be an important and reliable partner. Thus, concisely, the bilateral trade has been beneficial for both, and the trade figures show growing involvement of both India and the GCC countries.

The Free Trade Agreement (FTA) negotiations have stalled for some technical reasons. The signing of the FTA would contribute significantly in expanding the bilateral trade. The importance of a successful India-GCC FTA has been acknowledged by both the sides while it remains to be seen how the two come to an agreement acceptable and beneficial for both.

The 'Look East Policy' of the GCC is another testimony to the growing India-GCC economic relationship. In order to diversify their economic engagements the GCC economies have started focusing towards the rising economies of the Asian continent. They have realised that directing all their businesses towards the USA and Europe may be detrimental in the long run. The GCC countries have also faced culture shock in the aftermath of the 9/11 attacks in the USA where Muslims were portrayed in a negative manner. Thus, countries like India, China and Japan have emerged as major Asian trade partners for the GCC. Such a proactive policy from the GCC countries calling for stronger economic engagements with the Asian economic powers have further contributed towards consolidating the ties.

The presence of a large number of Indian expatriate workers forms a natural link between the two. The oil boom in the Gulf in early 1970s required both skilled and unskilled labourers. A large number of Indians moved to the GCC countries looking for employment. The number of Indian workers in the region has been growing ever since. Today, around 6.5 million Indians are working and living in the region. In fact, Indians constitute the largest expatriate community in the GCC countries. The GCC governments also acknowledge the contribution of Indian workers to the development of their countries. Indian workers are generally appreciated as sincere and hardworking and are preferred over other nationals.

Political differences over regional and international issues have not been an impediment in the India-GCC economic ties. They have continued to grow and flourish despite the political challenges of the past. However, it is only recently both India and the GCC countries have realised the importance of forging political ties. The developments in the post 9/11 international political scenario have made both realise the necessity of cooperation and collaboration. The rising threats of terrorism, maritime piracy, arms smuggling, drug peddling, criminal elements, money laundering, etc. are several pressing issues, which demand cooperation at the highest level as both India and the GCC countries have been affected by them. They have also found that it is necessary to develop political warmth to have cooperation in the developmental activities as well.

A dominant reason for the political difference was the Arab perception of India as a Hindu dominated country where Muslims are oppressed. This perception of the Gulf countries towards India has changed in recent times. The GCC countries have come to understand the democratic and secular roots of modern India and seem to have posed faith in the system. Bilateral political relations with the GCC countries have improved significantly. India has also been talking with the GCC as an organisation. Bilaterally, diplomatic and political contacts have been maintained through high-level visits, ministerial visits, Foreign Office Consultations, strategic dialogues and so on. India, on its part has been making efforts to take the relationship to a further higher level to forge a strategic partnership with the GCC. A GCC-India political dialogue was initiated in the year 2003 to boost interaction

between the two parties. The meetings have been continuing since then between the representatives from India and the GCC countries. Some GCC countries like Oman, the UAE, Bahrain and Qatar support India's candidature for the permanent membership of the UNSC.

High-level political visits from India to the GCC countries were found lacking in the past. However, during the last few years, high-level visits have been accelerated. There have been high-level visits from the Gulf to India as well.

Defence ties remain an important aspect of the modern India-GCC relationship. Oman is the first among the GCC countries to have made defence contacts with India when both countries signed a military protocol agreement in 1972. Some other countries of the organisation have followed Oman in signing defence cooperation agreements with India. As of today, India has signed defence agreements with three of the GCC, the UAE, Oman and Qatar. India and Saudi Arabia have formed a joint committee to work out an MoU on defence cooperation and to explore the possibility of cooperation between the defence industries of the two countries. In recent years, there has been an improvement in the bilateral visits between India and the GCC countries, which includes the reciprocal visits by the ministers of defence and high ranking military officers.

For obvious geographical reasons, the navy has remained at the forefront of maintaining military ties with the GCC countries. Indian naval ships make port calls, goodwill visits and joint exercises with the navies of the Gulf countries. Indian naval forces have built bridges of friendship across the Arabia Sea and have engaged with their GCC counterparts. Apart from the navy, the Indian air force is also engaged in joint exercises with some of the GCC countries while there are proposals that the Indian army may also begin such exercises.

Strengthening defence cooperation with the GCC countries serves many purposes for India. Along with maintaining peace and friendship, both India and the GCC can enter into a durable security cooperation, which would help India deal with multiple security threats it is facing. Piracy has emerged as a major threat in the sea for both India as well as the GCC countries. Both have become victims of piracy off the Somalia coast, Gulf of Aden in the Indian Ocean. India and some GCC

countries have deployed naval ships to deter pirates in the high seas. There is a need for active cooperation among them over the issue. Similarly, both have also become victims of terrorism and other transnational criminal elements. It is important for both to cooperate to check the terrorist activities, funding and ideology. Similarly, it is important to share information and intelligence regarding the movement and activities of the criminal elements. It becomes further important as the criminal activities also involve money laundering, illegal arms trade and drug peddling. Cooperation between India and the GCC countries will be able to deter these kinds of activities to a large extent.

Around 90 percent by volume and 70 percent by value of the India's international trade is carried out via sea. Therefore, any disruption in the maritime transport will directly affect the Indian economy. Security of the energy supply is also very important for India. For that reason, the safety of the SLOCs remains an area of high priority. Equally important is the safety of the choke points in the Arabian Sea such as Strait of Hormuz, the Suez Canal, the Gulf of Oman, the Bab el Mandeb, the Cape of Good Hope and the Mozambique Channel. These points are important for trade and energy supply and it is important for India to secure them.

On a diplomatic level, by deepening defence ties with the GCC countries, India can check the influence of China and Pakistan in the region. While China is emerging as a challenge for India in the Gulf region, Pakistan has remained a traditional irritant in India's relationship with the Gulf region. India's cultivation of defence ties with the GCC countries should also aim at limiting the influence of these two adversaries in the region.

The onset of the Arab Spring throughout the Arab World posed challenges for India in the region. The protests by the people against the authoritarian and undemocratic rulers has led to regime changes and political instability in West Asia and North Africa. The fall of long serving dictators like Ben Ali, Hosni Mubarak, Muammar Gaddafi and Ali Abdullah Saleh has changed the political equation in the region. There have been demands for democratic change and elections in places like Tunisia and Egypt have brought the Islamists to power. Their

relationship with the GCC countries has also been affected as a result of the regime change.

Protests in the Gulf region were of immediate concern for the GCC. Bahrain became the most critical as protests intensified in the streets and the regime was not able to control them. Thus, forces from Saudi Arabia and the UAE had to intervene at the behest of the Gulf Peninsula Shield Force to restore order in the country. Saudi Arabia also faced protests in its sensitive Eastern Province, which is inhabited largely by Shias and has a large number of oil fields in the region. The Eastern Province is also important as it has a number of oil export terminals, critical oil processing facilities and water treatment facilities. Thus, the protests also came as a challenge for Saudi Arabia, which has been controlled successfully by the regime.

All these developments have emerged as a challenge for India's foreign policy in the Gulf region. India has huge stakes involved in the GCC countries. India is dependent upon the region for energy supply. The quick spread of protests throughout the region led to a sudden increase in oil prices. India was worried that the disruption of the production and supply lines will have further impact on the price and supply of oil. The domestic impact of the Arab Spring was felt immediately as the rulers initiated the process of nationalisation of their workforce. This created anxiety among the Indian expatriate workers regarding their future. The Nitaqat programme of Saudi Arabia has particularly been implemented whereby the illegal migrant workers have been asked to leave or rectify their status. This has resulted in many illegals coming back to India. Other countries such as the UAE, Oman, Kuwait etc. are yet to take up the nationalisation of their workforces seriously though they have such programmes, which encourage providing employment to the locals. The safety of Indian nationals living in the region also became an important matter of concern for India. Evacuating such a large number of Indian citizens in case of any emergency arising out of the continuing protests would have been a tough task. India had to face considerable difficulty in evacuating its citizens from Libya and Egypt during the protests in those countries.

There are also a number of diplomatic challenges before India, which have been created by the Arab Spring. The GCC-Iran rivalry has further deteriorated and at this point, it is important for India to carefully

review its policies towards the region. As both, the GCC and Iran are important for India, balancing interests remain a challenge.

The increasing importance of the GCC countries for India is beyond doubt. The region is important to India for political, economic, security reasons. Thus, it is important for India to engage the GCC countries more effectively and constructively. While India's economic interaction with the region reflects positive trend, in other areas the cooperation has been found lacking. In recent years, there has been some success in the interaction in the political and security areas in dealing with the region, but it needs to be further invigorated. As an emerging power, India should engage with the GCC countries moving beyond the traditional trade and energy sectors. India's growing stature and ambition to play an important role in the world politics calls for playing a proactive role in the Gulf. The security of both India and the GCC countries are inter-linked. Issues such as terrorism, piracy, criminal elements, illegal arms, drug peddling, etc. are inter-linked. The flourishing of any of these elements in one place affects the other. Therefore, there is a need to engage with the GCC and cooperate on such issues.

The aftermath of the 9/11 and the subsequent cultural backlash witnessed by the Muslims in the West have made them realise the importance of Asia. It is time for India to capitalise upon the Gulf countries' changing perception towards India. Such change has been witnessed not only in the economic engagements but also in the political and security matters. India should make efforts to keep the momentum going. India's endeavours should be to project itself as a strong and reliable neighbour despite the turbulence in the neighbourhood.

The Arab Spring has brought home the point that it is necessary for India to closely watch and monitor the developments in the Gulf region. Any change in the regional politics has its implications on the regional economy and security of the Gulf. India, having huge stakes involved with the countries of the GCC should engage with them in a manner, which can withstand some amount of political shockwaves in the extended neighbourhood. For that, it is necessary for India to discover multiple fronts of engagement and have interactions through different channels. Given the existence of undemocratic political systems in the region, such waves of popular protests might come again in the future and have a similar kind of repercussion for which India will have to

remain prepared. The kind of political and diplomatic challenges the Arab Spring has left behind for India is an indication of the fact that India is not immune from the developments in the Gulf region. Thus, there is an immediate need to look beyond the traditional approach of emphasising on trade and energy and overlooking the political aspects, security and other issues. India's rising stakes and the changing regional geopolitics demand that India must adopt a more dynamic foreign policy and play a more proactive role in the Gulf region.

India-GCC relationship is growing stronger by the day as both realise the potential and importance of each other. Trade and commerce is the most important pillar of the India-GCC relationship. Success of high volume of trade and commerce between India and GCC revolves around a high degree of trade and economic complementarity as both caters to each other's economic demands. GCC countries, with large hydrocarbon reserves are crucial for India's energy requirements while the region has been a good market for Indian products. But the success of the bilateral economic relationship has not been translated in to a stronger political and strategic partnership. In this context, this monograph analyses India's engagement with the GCC countries and argues that as India emerges as a major global power, it is important for India to engage with the 'extended neighbourhood' more meaningfully. It emphasises the point that India should engage with the GCC countries, and build consensus on political and security and strategic issues affecting them. As the region is going through rapid political changes in the aftermath of the Arab Spring, it becomes imperative for India to engage with these countries looking beyond the economic relationship with the GCC countries. Though there have been some endeavours in recent years in this regard, there is still a lot of room need to be covered.



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