

POLICY BRIEF 7

Dr. Narayanappa Janardhan

Gulf-India Strategic Engagement: *Implications for the United States*



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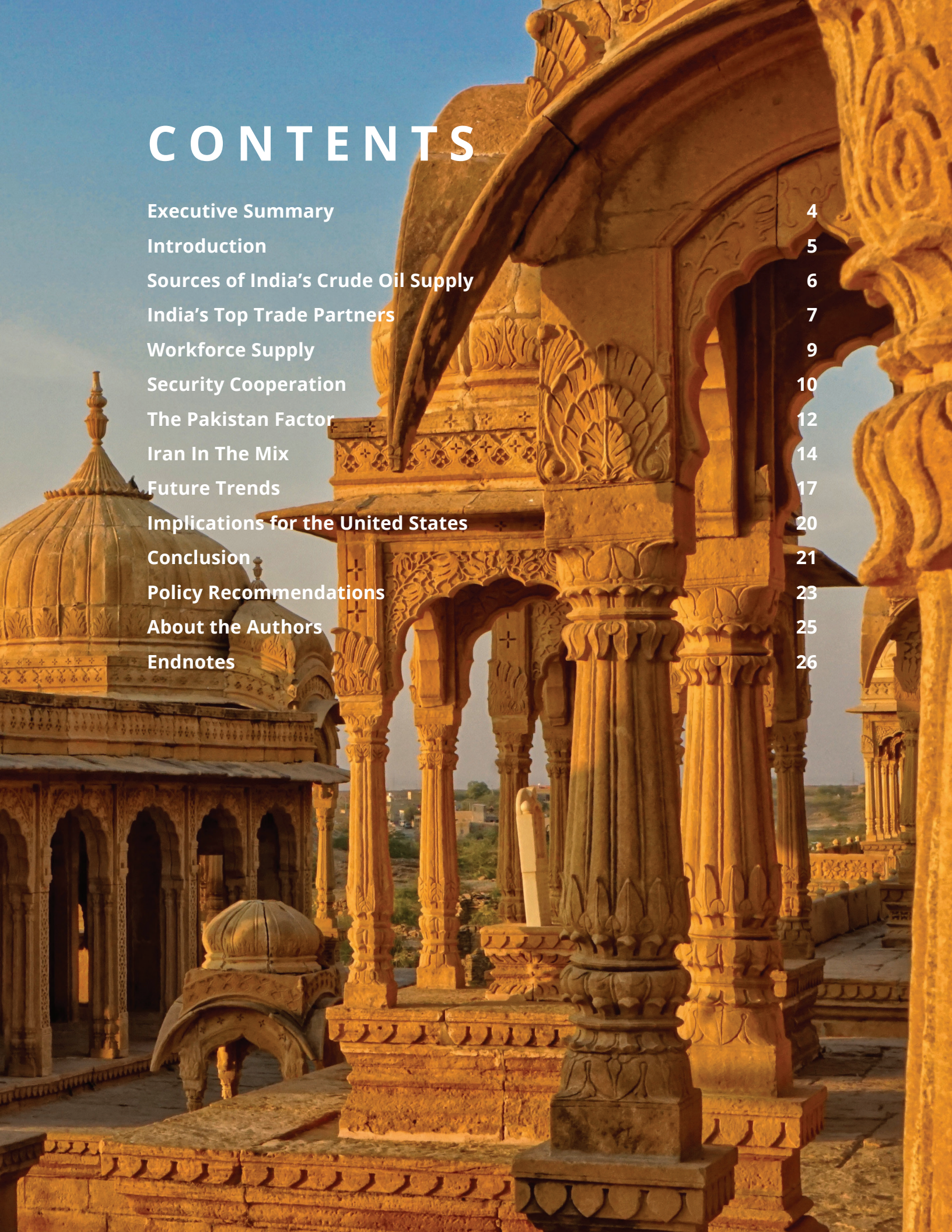
CENTER FOR GLOBAL POLICY

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EXECUTIVE SUMMARY

- The Gulf countries and India have enjoyed a symbiotic relationship, anchored in economic ties, for decades. Their recent interactions have extended to political and even security cooperation.
- Although Prime Minister Narendra Modi's government in New Delhi adheres to a Hindu nationalist agenda, it has worked to expand its ties to the Muslim countries in the Gulf. The Modi government has intensified cooperation efforts with the Gulf countries that began under previous governments, emphasizing India's non-ideological foreign policy regardless of the political party at the helm.
- For their part, the Gulf countries are diversifying their foreign policy approach with a variety of countries, including India, and linking their economic interests with security imperatives. Several Gulf countries have signed strategic partnerships with New Delhi and are encouraging India – along with Russia, China, and the European Union – to play an important role in the region's international affairs. This means the current U.S.-centric security architecture in the region could evolve into a collective mechanism in the future.
- India's sphere of influence has expanded to include the Gulf region. India has signed defense and security agreements with several Gulf countries. Apart from anti-piracy efforts, these include: a defense cooperation deal with Qatar, a maritime pact that provides access to Oman's Duqm port,



King Abdullah bin Abdulaziz Al-Saud of the Kingdom of Saudi Arabia (L) and Indian Prime Minister Manmohan Singh (R) wave to media prior to a meeting in New Delhi, 25 January 2006. (PRAKASH SINGH/AFP via Getty Images)



joint naval exercises with the United Arab Emirates (UAE) and Saudi Arabia, a counter-terrorism arrangement with the UAE, and a commitment to fight terrorism and contribute to regional security. Despite these arrangements, India is aware of its limitations and would prefer collaborative efforts with other influential players in the region rather than a standalone security venture.

- India's "Think West" policy coincides with the Gulf Cooperation Council (GCC) countries' exploring alternative strategies amid confusing signals about U.S. commitment and impact in the region. Inevitably, Iran and Pakistan have roles in GCC-India ties, and all of these relationships overlap with U.S. policy interests in South Asia and the Gulf.

INTRODUCTION

"Going beyond the bilateral, the new engagement between GCC members and New Delhi addresses regional and global security challenges through anti-extremism and counterterrorism strategies, and pursues multilateral development projects in third countries."

Over the last two decades, GCC members and India have made concerted efforts to foster their relations beyond oil, trade, and expatriate workers. In the search for new avenues to convert the countries' decades-long buyer-seller relationship into a more meaningful one, the mantra is "strategic partnership." India and the GCC countries are exploring new opportunities in investments, infrastructure development that links energy security with food security, cooperation in space and artificial intelligence, nuclear and renewable energy technology, and, above all, enhanced defense and security relations. Going beyond the bilateral, the new engagement between GCC members and New Delhi addresses regional and global security challenges through anti-extremism and counterterrorism strategies, and pursues multilateral development projects in third countries.

This change has occurred amid two parallel developments. First, there has been a shift in the Gulf region's economic center of gravity. Asia has surged ahead of Europe

and the United States as the top investor in and trade partner of the Gulf region. This, along with perceptions of diminishing U.S. influence and impact in the wider region, is creating a security vacuum that could lead to the creation of an alternative collective security architecture that includes India.¹ Second, like several other Asian countries, India has a healthy working relationship with Iran. Iran, of course, has adversarial relations with some members of the six-member GCC bloc, especially Saudi Arabia, the UAE and Bahrain (where a Sunni monarchy governs a majority Shiite population). This has encouraged competition between and among the GCC countries, Iran, and the United States to extend favors to India to expand influence. Simultaneously, the Gulf states have good relations with India's neighbor and rival, Pakistan, which adds another dynamic to GCC-Indian ties.

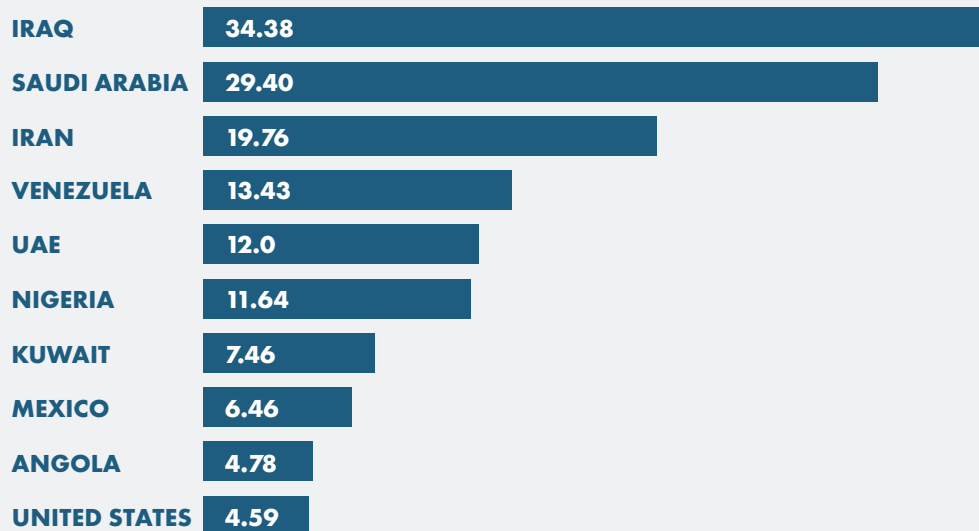
This brief focuses on relations between and among India, the GCC countries, Pakistan, and Iran, and their likely policy implications for the United States. It summarizes

the multi-dimensional Gulf-India economic, diplomatic and security ties. The brief also examines what these connections mean for

the United States and gives suggestions on how Washington should react to coming evolutions in the region.

SOURCES OF INDIA'S CRUDE OIL SUPPLY

April - December 2018 (quantity in million tons)



Source: Directorate-General of Commercial Intelligence and Statistics, India

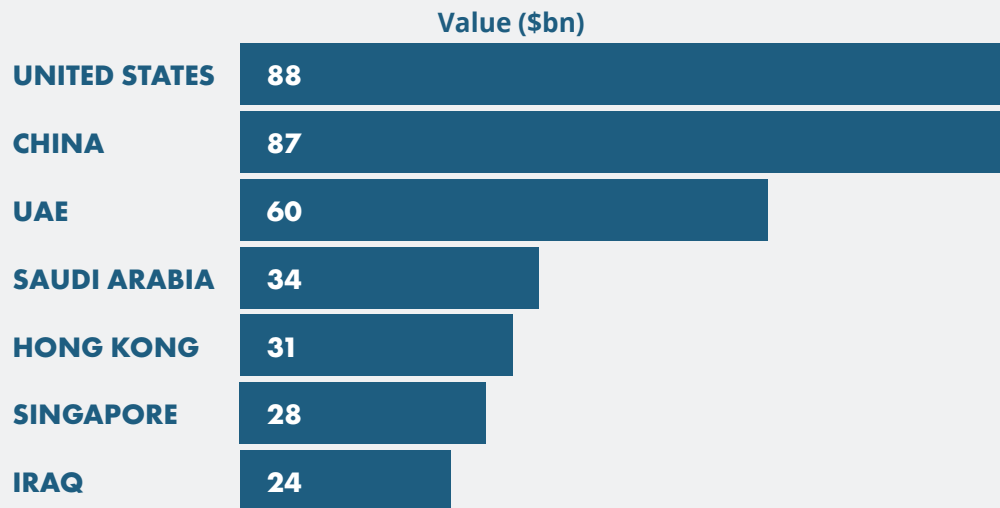
“With the Chinese economy slowing down, the Gulf countries are securing other markets for their oil output and pursuing an overseas downstream portfolio, which involves converting crude into finished products, to diversify revenue streams.”

India is currently the third-largest energy consumer in the world and imports nearly 85% of its requirements. With its energy demand anticipated to grow at 4.2% per year, India is expected to be the top energy consumer by 2035.² For decades, the GCC countries have been India's principal fuel suppliers, and India's dependence on Gulf energy supplies is expected to increase. While Iraq is among India's top providers, the GCC countries currently supply 42% of India's oil imports, with Saudi Arabia being the largest supplier. On the gas front, Qatar is the biggest supplier. Since 2017,

however, the United States has been on India's list of gas suppliers. Iran, which used to be a major energy supplier for India, has been pushed to the margins.

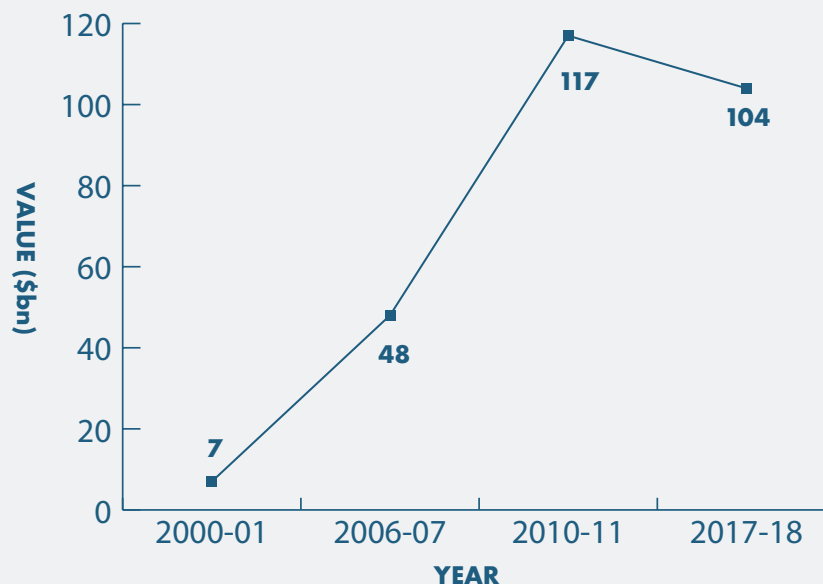
In a mutually beneficial arrangement, the GCC countries are keen to expand their share of India's oil market. With the Chinese economy slowing down, the Gulf countries are securing other markets for their oil output and pursuing an overseas downstream portfolio, which involves converting crude into finished products, to diversify revenue streams.

INDIA'S TOP TRADE PARTNERS (FY 2018-19)



Source: Directorate-General of Foreign Trade, India

INDIA-GCC TRADE (2000-2018)



Source: Author's compilation from multiple sources

Saudi Aramco and Abu Dhabi National Oil Company announced in 2018 that they would be 50% stakeholders in a \$44 billion mega-refinery plant in west India. In order to boost India's energy security, the UAE has invested in two oil storage facilities

in south India. Aramco also announced in 2019 its interest in a \$15 billion foreign direct investment deal to acquire a 20% stake in the Indian firm Reliance's oil-to-chemicals business.³ Conversely, a group of three Indian public sector

“Recognizing India’s economic potential, the Gulf countries shifted their stance on Kashmir, favoring India’s position against third-party mediation.”

companies was awarded a 10% stake in the UAE’s Lower Zakhum offshore oilfield in 2018, making it a cross-investment engagement.

In terms of trade, Saudi Arabia and the UAE account for about 75% of the \$100-plus billion bill between the GCC countries and India.⁴ In keeping with the momentum of India’s economy and infrastructure development plans, Saudi Arabia has expressed long-term interest in investing up to \$100 billion in India, and the UAE has made commitments worth \$75 billion.⁵

Amid these thriving trade relations, several developments have further intertwined the GCC countries and India in terms of economic, diplomatic, and security issues, thus turning their relationship into a strategic one.

The genesis of strategic economic engagement can be traced to the aftermath of the Sept. 11, 2001, attacks, when the West’s antipathy to investment from Muslim countries hit the Gulf states. This coincided with the rise of the Asian economies, which encouraged the Gulf countries to adopt a “Look East” policy – and their view included India. An example of the newfound cooperation is the UAE-India farm-to-port project. This is a special corporatized farming zone in India, where crops are grown specifically for the UAE market, with a dedicated logistics infrastructure to a port that would be

developed through UAE investment.⁶ More than a dozen UAE companies have confirmed investments worth \$7 billion in this food corridor project.⁷ Together with the UAE-India energy sector connection, this could be considered a food-security-for-energy-security arrangement. Furthermore, collaboration possibilities have opened up in previously untapped areas – space and artificial intelligence, among others.

In putting aside religious ideology and dealing with India better than or on par with Pakistan, the Gulf countries have conveyed that economic sense is common sense. Recognizing India’s economic potential, the Gulf countries shifted their stance on Kashmir, favoring India’s position against third-party mediation. In addition, the Gulf Arab states have criticized several Pakistan-based militant groups that have staged attacks on Indian soil. The UAE also invited non-member India, for the first time, as the guest of honor at the Council of Foreign Ministers of the Organization of Islamic Cooperation in 2019. Abu Dhabi also facilitated the first Hindu temple project in the emirate.

India’s new “Think West”⁸ policy now aligns with the GCC’s “Look East” policy. The GCC countries started looking eastward nearly two decades ago; India reciprocated much later because it was busy improving relations with Western countries. In 2015, India’s then-Foreign Secretary Subrahmanyam Jaishankar said, “If the eastern front is building upon long standing policy, the western one is relatively more recent conceptually, even if India has had a historical presence in the Gulf. ... I can confidently predict that ‘Act East’ would be matched with ‘Think West.’”⁹

This diplomatic policy is reflected in political

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gestures. During the last five years, Modi has visited Israel and all the countries on either side of the Gulf, except Kuwait, at least once. He has visited the United Arab Emirates three times (no Indian premier had made the trip for more than three decades) and completed his second visit to Saudi Arabia in October 2019. These

political visits – Modi has made more than India’s previous four prime ministers combined – denote that Gulf-India relations are graduating from people-to-people and business-to-business relations to government-to-government cooperation, which is key to realizing strategic objectives. These visits reinforce India’s proactive approach to convey that it is “no longer content to be a passive recipient of outcomes.” Political consultations between the GCC and India may also help in the joint search for alternative security scenarios amid U.S. calls for reviewing the “free rider” arrangement that many countries are enjoying at Washington’s expense.

The Gulf countries and India have also developed enough political confidence



Israeli Prime Minister Benjamin Netanyahu (C), his wife, Sara Netanyahu (L) and Indian Prime Minister Narendra Modi talk during a visit to the Gandhi Ashram in Ahmedabad on January 17, 2018. (SAM PANTHAKY/AFP via Getty Images)

in each other to pursue big-ticket economic and security projects, even if those projects involve outside parties. This is reflected in India's ability to pursue the

Chabahar port project in Iran despite reservations from the GCC countries, the United States, and Israel.

WORKFORCE SUPPLY

Another factor linking the GCC countries and India is the flow of expatriate workers. Overpopulated India has been a boon to the underpopulated GCC countries by providing a multi-dimensional workforce, thus contributing to the region's development. Meanwhile, remittances have aided the livelihood of millions of Indian families and the country's economy, too.

South Asians are the largest demographic community in the GCC countries; Indians are 38.2% of the total population.¹⁰ About 8.5 million Indians live in the Gulf, with 3.3 million in the UAE. About 55% of India's annual remittances of nearly \$80 billion in 2018 came from the Gulf, with the UAE and Saudi Arabia contributing 38.5% of the total.¹¹

SECURITY COOPERATION

"India's energy, trade and demographic ties with the GCC countries are a strong foundation for a relationship that is evolving to include security and defense cooperation."

India's energy, trade and demographic ties with the GCC countries are a strong foundation for a relationship that is evolving to include security and defense cooperation. As part of promoting mutually beneficial strategies, these countries are cooperating in multiple sectors, such as counterterrorism, money laundering, cyber security, organized crime, human trafficking, and anti-piracy.¹²

In the security sphere, the 2010 Riyadh Declaration and the 2017 Comprehensive Strategic Partnership Agreement with the UAE provided strategic impetus. The agreements might take a while to come to fruition in terms of hard security, but early trends in joint naval and military exercises are encouraging. These agreements helped the GCC and India move beyond their comfort zones and emphasized

maritime cooperation in the Indian Ocean Region to promote regional security and stability. This search for alternative security mechanisms with India and other countries is a shift away from the Gulf's reliance on the decades-old, U.S.-centric protection net, and represents a strategic change in the Arab states' thinking.

Serving as instructive tools for the new dynamics are the UAE-India joint statements

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issued between 2015 and 2018. The game changer is the new intent to expand this to include maritime security, strengthen cooperation in training Gulf armed personnel, conduct joint exercises, and tap into defense equipment production. India and the Gulf states have also agreed on terms for better intelligence sharing and extradition arrangements. To facilitate these objectives, they have been engaged in a strategic security dialogue since 2017, involving the national security councils and advisers. These processes are facilitated by a defense attaché posted in the Indian mission in Abu Dhabi since 2013.

Implementing the terms of several memoranda of understanding, the UAE extradited 20 fugitives to India between 2002 and 2018 – the largest number of

fugitives extradited from any country to India in two decades.¹³ This is a departure from the days when India's most wanted took refuge in the Gulf. The India-Saudi coordinated approach to counterterrorism is also notable. In 2012, Riyadh deported to New Delhi the alleged handler of the terrorists involved in the 2008 Mumbai terror attacks. This and the deportation of a Lashkar-e-Taiba operative in 2018 has boosted Saudi-Indian cooperation on counterterrorism, which has helped address New Delhi's past complaints about Riyadh's lack of cooperation in this area.

In a sign of joint soft security efforts evolving to include hard security, the India-Qatar defense cooperation pact stops "just short of stationing [Indian] troops" in Qatar.¹⁴ This and the India-Oman defense



Prime Minister Narendra Modi shake hands with Crown Prince Of Saudi Arabia Mohammed Bin Salman Bin Abdulaziz Al-Saud prior to a meeting, at Hyderabad House, on February 20, 2019 in New Delhi, India. (Raj K Raj/Hindustan Times via Getty Images)

“This and the India-Oman defense cooperation agreement are templates for future security cooperation to increase India’s footprint in the region.”

cooperation agreement are templates for future security cooperation to increase India’s footprint in the region. Oman, which supports the Indian air force’s anti-piracy efforts, also granted India access to the strategic Duqm port in the Indian Ocean in 2018, which reflects the Gulf’s strategic diversification beyond the United States.¹⁵

Furthermore, India began joint naval exercises with the UAE in 2018 and is set to do the same with Saudi Arabia in 2020.¹⁶ These exercises have helped India telegraph its new capability of constructing state-of-the-art warships that can perform proactive and coordinated combat operations to safeguard its own and the Gulf’s maritime interests.

The Saudi-Indian bilateral dialogue process has also been institutionalized through a Strategic Partnership Council. The 2016 Indian-Saudi joint statement also mentions “the close interlinkage

of the stability and security of the Gulf region and the Indian sub-continent and the need for maintaining a secure and peaceful environment for the development of the countries of the region.”¹⁷

In a clear economic-diplomatic-security link, the GCC countries have attempted regional solutions to regional problems by serving as mediators in several conflicts, albeit with limited success. In one such attempt, which also involved safeguarding their own interests, Saudi Arabia and the UAE used their diplomatic influence to calm the situation after India and Pakistan resorted to tit-for-tat military action following a Pakistan-based militant group’s attack on Indian soldiers in Indian-administered Kashmir in February 2019.¹⁸

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THE PAKISTAN FACTOR

Until 2001, Saudi Arabia and India’s relations with Pakistan hobbled the countries’ relationship with each other. This was partly addressed following Indian Foreign Minister Jaswant Singh’s visit to the Kingdom in 2001. Riyadh then designated the India-Pakistan row over Kashmir as a bilateral issue, thus aligning with New Delhi’s stance that it did not require third-party mediation. The other

GCC countries subsequently endorsed this position. This was evident in the GCC signing the 2004 Framework Agreement on Economic Cooperation, which offered India the same status as Pakistan.

In 2006, Saudi King Abdullah bin Abdulaziz made a trip to India – the first by a Saudi king in 50 years. Ahead of the visit, India suggested that it would draw up a list of



King Abdullah bin Abdulaziz Al-Saud of the Kingdom of Saudi Arabia inspects a Guard of Honour during a welcome ceremony at the Presidential Palace in New Delhi, 25 January 2006. (RAVEEN-DRAN/AFP via Getty Images)

eminent Muslims who could meet King Abdullah in New Delhi. But Riyadh pointed out that the king would be interested in meeting a group of eminent Indians, not just Muslims, which resonated well with New Delhi. In fact, King Abdullah famously said, "I consider myself to be in a second home." During his historic visit to India, King Abdullah personally signed the first Saudi-Indian intergovernmental document, the Delhi Declaration. Both countries then agreed to go beyond the strengthening of economic and political ties envisaged in that document, and a "new era of strategic partnership" was enshrined in the 2010

Riyadh Declaration.¹⁹

Modi visited Riyadh in 2016 and 2019, and Saudi Crown Prince Mohammed bin Salman was in New Delhi in early 2020. These high-level visits have intensified bilateral relations. The GCC countries' reaction to the November 2008 terrorist attacks in Mumbai also strengthened GCC-India ties. The Gulf states characterized the incidents as "jihadi" attacks by Pakistan-based extremists.

Islamabad's 2015 decision against joining the Saudi-led war in Yemen and its reluctance to join the 34-nation Islamic

coalition against terrorism dampened Gulf-Pakistan relations. This brought to the fore Pakistan's strained civil-military relationship, which appeared to promote different foreign policy approaches that the Gulf countries found difficult to deal with. However, Imran Khan's election as Pakistani prime minister in 2018 has contributed to a significant course correction in the Gulf-Pakistani relationship because of his government's perceived proximity to the military establishment. This has made it easier to overcome past mistrust through reciprocal visits by heads of state and through substantial new aid commitments. For example, Saudi Arabia committed \$10 billion toward a refinery and petrochemical facility in Pakistan's deep-water Gwadar port, which is primarily funded by China.

The renewed warmth between the Gulf states and Pakistan has not harmed Gulf-Indian ties. This was evident in the Gulf countries' muted response to New Delhi's

revocation of Article 370, the measure that gave Jammu and Kashmir special status for 70 years. Pakistan sought to internationalize the issue, especially in the Muslim world, but Riyadh only urged India and Pakistan to de-escalate tensions, and Abu Dhabi referred to the situation as an "internal matter."²⁰ In another noteworthy move, the UAE and Bahrain honored Modi with their highest civilian awards in August 2019. Though these moves received widespread condemnation in the Muslim world in light of India's recent right-wing policies, the Gulf countries saw merit in overlooking India's actions and pursuing non-ideological and issue-based strategic ties with New Delhi.

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IRAN IN THE MIX

Iran is also an important factor in GCC-Indian ties. As with Israel – the second-largest arms supplier to India after Russia – India's ties with Iran have a strategic dimension. During his visit to Iran in 2018, Modi pointed out that the two countries "share a crucial stake in peace, stability, and prosperity" in the region and have common concerns about "instability, radicalism, and terror."²¹ New Delhi and Tehran agreed to pursue regional logistical connectivity projects and enhance cooperation in defense and security.

While tension between Saudi Arabia and Iran continues, New Delhi maintains a balance between the two rivals. India's need to counter Pakistan, stabilize Afghanistan,

"India's need to counter Pakistan, stabilize Afghanistan, access Central Asia, meet energy requirements, and maintain a balance between Sunnis and Shia within India all make Iran a strategic partner. "

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Though the project has been slow moving

since 2003, India, Afghanistan, and Iran are jointly developing Chabahar port, with New Delhi investing \$500 million.²² Iran's recent move to recognize Chabahar port as a free trade zone is another possibility for India to tap into, especially for gas imports. Though the United States granted a sanctions waiver to India's development of the Chabahar port in 2018, the squeeze on the international banking system and dollar payments have hindered its development. However, in a significant breakthrough in December 2019, Washington gave New Delhi written assurance to make it easier for global banks to fund the purchases of port equipment for the project.

India voted against Iran at the International Atomic Energy Agency in 2005 and 2009 to ensure that its civilian nuclear deal with the

United States materialized. However, while sanctions were in place during the negotiations for the Joint Comprehensive Plan of Action, India traded with Iran through a barter system and purchased oil through an unconventional system of depositing money into a rupee account in UCO Bank, which had no exposure to the U.S. banking system. At one point, one branch of this bank held more than \$6 billion in dues to Iran. The two countries continue to use this system to bypass current U.S. restrictions.

In 2015, New Delhi welcomed the U.S.-led nuclear deal with Iran because it cleared the way for better collaboration with Tehran. However, Washington's unilateral withdrawal from the deal in 2018, the ensuing sanctions, and heightened tensions between the United States and Iran



A man walks past a billboard of a construction site of an oil refinery and storage facility in the southern port city of Hambantota on March 24, 2019. (LAKRUWAN WANNIARACHCHI/AFP via Getty Images)

“Following Washington’s sanctions, India has been forced to completely stop oil purchases from Iran. Saudi Arabia and the UAE have committed to compensate this loss, indicating their long-held preference and attempts to wean India away from Iran.”²³

have limited India’s flexibility in engaging with Iran. Restrictions on India’s ability to do business with Iran are evident. Iran sold 620,000 barrels of oil per day to India in April 2019, but in the following month that number dropped to 278,000. Following Washington’s sanctions, India has been forced to completely stop oil purchases from Iran. Saudi Arabia and the UAE have committed to compensate this loss, indicating their long-held preference and attempts to wean India away from Iran.²³ Tensions

between Iran and the United States have led Iran and India’s trade bill to decline from \$17 billion in 2018 to \$7 billion in 2019.

However, ties between India and Iran remain strong. In 2019, Iranian Foreign Minister Mohammad Javad Zarif said, “India is one of our most important partners, economic, political, and regional.” India’s ambassador in Washington called Iran an “extended neighbor” that shares ancient cultural ties.²⁴ New Delhi is keen to work with Tehran so that the Iranians do not completely align with Beijing,



Secretary of the Supreme National Security Council of Iran Ali Shamkhani (C), Chinese Minister of State for Security Chen Wenqing (C-R), Secretary of the Security Council of the Russian Federation Nikolai Patrushev (C-L), Deputy National Security Adviser of India Rajinder Khanna (R), and other delegates pose for a group during the first meeting of national security secretaries of Iran, Russia, Uzbekistan, Tajikistan, Afghanistan, China and India, in the capital Tehran on December 18, 2019. (MOHSEN ATAIEI/fars news/AFP via Getty Images)

thus compromising India's wider strategic interests. This strategy appears to be working because while China holds a pro-Pakistan view on Kashmir, Iran took a pro-India stance by saying the issue "has never had a military solution" and "Kashmir's Muslims must be able to use their own interests and legal rights and be able to live in peace." Moreover, though India would choose to avoid wading into the fray, Tehran stated in January that "heavyweight" India should engage in de-escalating U.S.-Iranian tensions.

Furthermore, in the 2019 Gulf volatility during which several tankers were attacked, Iran detained and released a ship with a predominantly Indian crew. To protect its commercial vehicles in the Gulf, India also deployed a stealth guided-missile destroyer and an offshore patrol vessel, aided by surveillance aircraft.²⁵ Notably, this deployment was not part of the U.S.-led coalition that was assembled to guard the movement of ships in the region's waters.

FUTURE TRENDS

"India has had longer uninterrupted and productive ties with all the Gulf states than any other country. Its strength emanates from a foreign policy that is non-hegemonic, non-prescriptive, non-intrusive, and unbiased in intra-regional disputes."²⁶

India has had longer uninterrupted and productive ties with all the Gulf states than any other country. Its strength emanates from a foreign policy that is non-hegemonic, non-prescriptive, non-intrusive, and unbiased in intra-regional disputes.²⁶ This enables India to have close relations with both sides of the Gulf, thus protecting its energy and economic interests and those of the Indian diaspora in the region.

While oil, trade, and expatriate workers will remain the bedrock of Indian-GCC ties, the relationship is assuming strategic dimensions, with security cooperation gaining currency. Modi referred to the Indo-Pacific region as stretching "from the shores of Africa to that of the Americas," which includes the Gulf region.²⁷ Indeed, the Indian navy, which has traditionally operated closer to its own shores, has now begun deployments across the Indian Ocean stretching from the Malacca Strait

in Southeast Asia to waters off Africa. Furthermore, the new Indian-funded and operated Information Fusion Centre-Indian Ocean Region began monitoring all commercial shipping traffic in the Indian Ocean area in 2019 to improve maritime domain awareness, thus showcasing New Delhi's willingness to contribute to regional security.

Over the last decade, the security debate in the Gulf has revolved around two viewpoints: one that favors less international involvement in the region's affairs, and one that wants more internationalization of the region. Since the dominant view among policymakers favors the second option, several GCC leaders and academics have backed the idea of exploring new security arrangements.²⁸ This and the economic power shift from the West to the East enticed the GCC countries to explore alternatives in Asia.²⁹ This new policy

means the region's ties with the United States may no longer be exclusive. Oman, for example, has allowed port access to all major stakeholders: China, India, the United States, and the United Kingdom.

On the other hand, India and other principal Asian players are also aware that they have to stop depending so heavily on the U.S. naval presence in the region's waters at some point and find their own means of securing their sea lanes. It is in this context that the idea of upgrading the GCC-India relationship from an economic to a strategic one is gaining traction, especially since it fits well within the discussion about a collective security architecture for the Gulf.³⁰

In indications of possible scenarios in the future, China joined Russia and Iran in their first ever trilateral naval exercise in December 2019. Moscow also proposed creating a coalition of stakeholders, including the Gulf countries, Russia, China, the United States, the European Union, and India, to consolidate economic and security interests.

Against this backdrop, the prognosis on the long-term India-GCC relationship is based on three premises:

1. A relationship based purely on economic engagement is untenable in the long run. The transaction-based relationship needs to become a strategic one.
2. It makes economic sense for India to be part of any new international security system in the region that looks beyond the prevailing U.S.-centric security paradigm. It would be beneficial for the GCC countries to have India, along with other partners, on board.
3. The GCC countries may better recognize

'It makes economic sense for India to be part of any new international security system in the region that looks beyond the prevailing U.S.-centric security paradigm. It would be beneficial for the GCC countries to have India, along with other partners, on board.'

India's influence if New Delhi assures strategic cooperation in any future security architecture.

India's growing naval might is an important factor. The Indian navy has been playing a leading role in humanitarian and disaster relief operations in the Indian Ocean littorals. For example, during the 2004 tsunami, 19 Indian naval ships were involved in assistance missions involving search, rescue and emergency evacuations. Furthermore, Indian ships were involved in the evacuation of about 2,000 Indians and 1,300 foreign nationals trapped in the conflict in Yemen in 2015. They have also carried out rescue missions in other conflict zones in Libya, Lebanon, and Somalia.

India is also contributing to anti-piracy patrols in the Gulf of Aden and off the coast of Somalia. Between 2008 and 2017, 65 patrol ships escorted nearly 3,800 merchant ships, of which 402 were Indian-flagged vessels. Coordinated efforts with other navies resulted in piracy numbers dropping from 117 in 2009 to just one in 2016.

New Delhi is promoting the vision of Security and Growth for All in the Region (SAGAR, which means "ocean" in Hindi).



India's Prime Minister Narendra Modi delivers a speech during the opening of the World Government Summit in Dubai on February 11, 2018. (KARIM SAHIB/AFP via Getty Images)

“While India has a much larger footprint, the possibility for synergy stems from the fact that Gulf countries are members of the Indian Ocean Rim Association and the New Delhi-promoted Indian Ocean Naval Symposium.”

This is an idea of an ocean-based “blue economy” in which sustainable economic development could be linked to security. As part of this strategy, India is attempting to transform its navy. Its blue-water fleet, including 130 ships, 220 aircraft, and 15 submarines at present, is expected to boost its capacity to 200 ships, 500 aircraft, and 24 attack submarines by 2027.³¹

In its effort to be a net security provider, apart from its own bases in the region, India has agreements with the United States and France, among others, to access their military bases in the Indian Ocean Region, including the Gulf. This is encouraging cooperation between the GCC states and India “in their shared maritime domain in the Gulf and the Indian Ocean regions,” where both have substantial interests in energy, trade, investments,

and human resources.

This cooperation is taking shape at a time when the GCC countries are moving away from being security recipients to becoming security providers by exploring options for influence in the turbulent western Indian Ocean Region. While India has a much larger footprint, the possibility for synergy stems from the fact that Gulf countries are members of the Indian Ocean Rim Association and the New Delhi-promoted Indian Ocean Naval Symposium. These interests are bound to be leveraged since the UAE is the current chair of the Indian Ocean Rim Association.

These unconventional security strategies could be test cases for the Gulf’s future security ties with India and other influential powers.

IMPLICATIONS FOR THE UNITED STATES

It is expected that India’s energy trade with the United States will grow by more than 42% to \$10 billion in the 2019-2020 financial year.

With India positioning itself as a major energy market, it “has become an expert in maximizing arbitrage and commercial opportunities” to influence oil prices. In this scenario, the United States and the GCC countries are now competing oil suppliers. Between May 2018 and 2019, U.S. imports to India increased fourfold to 184,000 barrels per day. The share of U.S. crude in Indian market is expected to

keep increasing.³²

In a deal worth about \$2.5 billion, Petronet LNG and U.S. liquefied natural gas developer Tellurian Inc. signed an initial agreement in September 2019 under which the Indian company and its affiliates could buy up to 5 million tons per year of liquefied natural gas.³³ It is expected that India’s energy trade with the United States

will grow by more than 42% to \$10 billion in the 2019-2020 financial year. This is a huge increase, considering that the energy agreement between the two countries was signed fairly recently, in 2016, and the first U.S. energy shipment reached Indian shores in 2017.³⁴ This increased energy trade with the United States fits with New Delhi's plan to seek out non-OPEC energy sources and diversify away from its 65% reliance on West Asian oil imports.

In the security domain, some American experts feel that Washington "has made a strategic bet" about New Delhi being capable of decisively influencing the security dynamics in Asia:

India remains Washington's best bet in the region in the context of revived great power competition, while the United States

is uniquely equipped to support Delhi's future military competitiveness vis-à-vis Beijing. With their combined vision of a free and open Indo-Pacific at stake, the United States and India should take the long view and work toward achieving a far deeper strategic partnership by 2030.³⁵

This is a risky gamble. For example, India is unlikely to commit itself completely to the U.S.-promoted Quad plan to counter China. India is already the most reluctant Quad partner (the others being the United States, Australia, and Japan), turning down suggestions to convert the informal consultative arrangement into a formal military cooperation mechanism. India has stressed that its regional and global engagement is "issue-based, not ideology-based," which allows "diplomatic



Saudi Crown Prince Mohammed bin Salman (L) and India's Prime Minister Narendra Modi (R) embrace during a ceremonial reception at the presidential palace in New Delhi on February 20, 2019. (PRAKASH SINGH/AFP via Getty Images)

flexibility and strategic autonomy.” Given China’s increasing engagement in the Gulf region, it is not unthinkable that China and India could cooperate within a multi-lateral framework, both to ensure security of their energy supply chain and to keep India-Pakistan tension under control. This,

“India is unlikely to box itself into the U.S.-led camp.”

together with strategic India-Russia ties that include the S-400 missile deal, means that India is unlikely to box itself into the U.S.-led camp.

CONCLUSION

As the Gulf states and India move from an economic relationship to one that is more strategic, the two regions are integrating in ways that could alter the existing security architecture. However, India’s quest to advance its strategic security interests in the Gulf faces major deterrents. First, although India has expressed interest in keeping the Gulf region’s sea lines of communication open, it will never be a U.S.-style protector of Gulf security. It would never consider a standalone venture, but would

seek a collaborative arrangement that could include less U.S. involvement and influence in the region and would secure the Gulf states’ and India’s strategic interests. New Delhi is acutely aware of the limitations of acting alone and the futility of trying to manage security issues for the whole region on its own.

Second, there is inadequate Asian consensus to work toward any meaningful alternative security system. The



Iranian flags flutter during an inauguration ceremony for new equipment and infrastructure on February 25, 2019 at the Shahid Beheshti Port in the southeastern Iranian coastal city of Chabahar. (ATTA KENARE/AFP via Getty Images)

“New Delhi is acutely aware of the limitations of acting alone and the futility of trying to manage security issues for the whole region on its own.”

India-Pakistan rivalry, India-China competition, Japan-South Korea friction, and other countries’ reluctance to work with China prevent such an agreement. It may help that Russia, a major player with more success than others in the Middle East during the last few years, has begun to see the virtue of a collective security mechanism. It could be that India will help advance Russia’s proposition for a far-reaching security coalition that includes China and the European Union, among other parties.

Finally, the Saudi-Iranian friction has withstood India’s attempts at backchannel and informal negotiations for peace between the rivals. In India’s formulation, any alternative security scenario without

Saudi-Iranian reconciliation is unviable; the continued rivalry between Riyadh and Tehran would undercut the potential benefits of any collective security arrangement.

Because of these factors, the GCC countries continue to rely on the United States even if Washington is sending contradictory messages about its involvement in the region. However, this does not dilute the idea of an alternative collective security architecture in the Gulf that would include an Indian role. Even American think tanks and former diplomats like Chas Freeman and Thomas Pickering are promoting the concept of an alternative security arrangement.³⁶



Iran’s Ports and Maritime Organization (PMO) Managing Director Mohammad Rastad (C), Afghanistan’s Deputy Minister of Transport and Civil Aviation, Emamuddin Mohammad Verimach (R) and Foreign Secretary of India Tirumurti (L) sign agreement on the International Transport and Transit Corridor among the Governments of Iran, Afghanistan and India on October 23, 2018 in Tehran, Iran. (Iran’s Ministry of Transportation and Urbanisation / Handout/Anadolu Agency/Getty Images)

POLICY RECOMMENDATIONS

“With the United States keen to review the ‘free riders’ security situation by encouraging the Gulf countries to assume responsibility for regional security, Washington could also encourage New Delhi to work with like-minded Asian countries – especially Japan and South Korea – to promote an Arab-Iranian peace process.”

1. A key difference in the GCC-Indian and U.S.-Indian relationships is that while both push for commercial engagement, the GCC countries are also strategic investors in India. The Gulf states are investing in India's infrastructure development projects through the National Investment and Infrastructure Fund. Washington, however, is taking another angle and, for example, is lobbying for India to buy civilian nuclear technology – a deal that appears to be more commercially beneficial to the U.S. corporate sector than strategically important for India. The United States should consider changing the perception that it is “more interested in selling than investing” in India.³⁷

2. In December 2018, the UAE and India agreed to work together on developmental projects in Africa. The United States could consider joining this multilateral effort as a way of regaining relevance in Africa amid China's expanding Belt and Road Initiative. This would help Washington neutralize (to some degree) the argument that Asian trade has done more for Africa in recent decades than Western aid has in the past. There is also a window of opportunity for U.S.-Indian-GCC cooperation to stabilize Afghanistan, where all the countries have huge stakes.

3. India is not likely to isolate Iran completely or quit the Chabahar port project.

Apart from the port helping India offset Pakistan's refusal for overland access to Afghanistan, Washington could consider viewing India's role at Chabahar as a foil for the Gwadar port in Pakistan, which China is funding and developing. If Tehran feels that New Delhi will continue to go slow on the port development, it may seek to move ahead with a 2019 proposal to connect Chabahar and Gwadar ports, which would prove disadvantageous to both the United States and India.

4. The Gulf countries have been able to cultivate ties with both India and China. Neither New Delhi nor Beijing encourages military action against Iran, but they are equally concerned about the security of the Gulf Arab countries and possible threats to the global oil market. If Washington's long-term goal is securing peace in the region, it would be better not to view India as a tool to counter China and consider supporting policies that would negate the possibility of India-China regional competition becoming a zero-sum game, which would be a predicament for the Gulf countries.

5. Simultaneously, Washington should also be aware that despite differences between the “dragon” and the “elephant,” New Delhi will never overtly be part of any U.S. efforts to counter China, given New Delhi's multi-alignment policy

and Beijing's ability to brew trouble in South Asia.

6. New Delhi is clear about bilateral talks being its preferred mechanism to resolve the India-Pakistan conflict. "Mediation" has no meaning in India's policy lexicon, either at home or abroad. Washington could take a page from the Gulf countries' approach by encouraging bilateral talks to resolve the Kashmir issue rather than offering third-party mediation.

7. With the United States keen to review the "free riders" security situation by encouraging the Gulf countries to

assume responsibility for regional security, Washington could also encourage New Delhi to work with like-minded Asian countries – especially Japan and South Korea – to promote an Arab-Iranian peace process. The next step could be developing a collective security architecture, like the one Russia has suggested. Such a system would offer the United States a viable disengagement strategy from the region; it would remain relevant and continue playing a role without expending excessive human and material resources at a time when other countries are either considering or moving toward a new security scenario.

ABOUT THE AUTHOR

Dr. N. Janardhan is Senior Research Fellow, Gulf-Asia Program, Emirates Diplomatic Academy. He also offers diplomats an M.A. course on Asian foreign policies. His academic publications include – "A New Gulf Security Architecture: Prospects and Challenges for an Asian Role" (Eds.); "India and the Gulf: What Next?" (Eds.); and "Boom amid Gloom: Spirit of Possibility in 21st Century Gulf." His next edited volume – "The Gulf's Pivot to Asia: From Transactional to Strategic Partnerships" – is scheduled for publication in late 2020. Dr. Janardhan is managing assistant editor of Journal of Arabian Studies. He previously served as a political analyst in government and private institutions in the United Arab Emirates and India. He is also an avid sportsperson.



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