

INDIA AND THE PERSIAN GULF:

BILATERALISM, REGIONAL SECURITY AND THE CHINA FACTOR

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This issue brief discusses how regional security in the Persian Gulf is vital for the international oil and gas market, and maritime security in the western Indian Ocean. For India, the region is additionally significant for the presence of its large expatriate population in the GCC and as an “extended neighborhood.” For three decades, India’s policy towards the Gulf and wider West Asia/Middle East region has been marked by bilateralism within the broader framework of a multi-aligned foreign policy. India eschews taking sides in regional disputes as it can harm its primary interests pertaining to trade, commerce, business, security and defense cooperation. However, the developments in the Indo-Pacific, deterioration of Sino-Indian relations, the expansion of China threat perception to western Indian Ocean, and the convergence on the China factor with the US and European countries is pushing India to recalibrate its regional approach as noticeable from three recent events.

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The geostrategic significance of the Persian Gulf region is linked to maritime security in the western Indian Ocean, stability of the international oil market and the fight against global terrorist organizations such as Al-Qaeda and Islamic State. In other words, the security and stability in the Gulf is vital for international security. A key threat to the regional security is the lack of any regional architecture, and the missing regional balance of power. Fears of a wider regional instability have heightened in recent years due to geopolitical competitions, rivalries and tensions among regional powers, most importantly between

Saudi Arabia and Iran, and hostilities between the United States (US) and Iran over the latter’s nuclear program. Regional rivalries go back to the 1979 Iranian revolution, but the hostilities have become sharper over the decade since the outbreak of the 2011 Arab Spring uprisings leading to proxy conflicts, including in Yemen. This has led to the Yemen’s Houthi rebels targeting civilian infrastructure inside Saudi Arabia and the United Arab Emirates (UAE), and also threatening the shipping lines of communication (SLoCs) passing through the Bab al-Mandab, the Hormuz Strait and the Arabian Sea.

Given the lack of a regional security architecture in the Persian Gulf, and the frictions among regional states, the regional balance of power is dependent on external military presence. The US, with its network of naval, ground and air bases in the Gulf Cooperation Council (GCC) States, is the primary security provider. Besides, the United Kingdom (UK), Germany, France and Turkey also have military bases or outposts in GCC States. On the other hand, Iran has in recent years sought greater security cooperation with Russia and China through joint naval exercises and arms deals as a counterweight to the US and European regional military presence. Additionally, countries, such as Japan and India, have deployed their naval ships to ensure security of their international shipping passing through the Arabian Sea and Gulf of Oman due to incidents of attacks on oil and cargo ships in the regional waters.

For India, besides maritime security, the stability of international oil market and fighting global terrorism, Gulf security is vital for two other important factors. Firstly, due to the presence of a nearly 8.5 million strong Indian expatriate community in the GCC countries. And secondly,

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because of the dependence on oil and gas imports from the region for energy security. Therefore, India's approach to regional security is based on safeguarding these interests, and emanates from the broader contours of Indian foreign policy and policy towards the Gulf region. In practice, this entails preference for bilateral relations within the context of multi-alignment; that is, engaging in multiple bilateral partnerships with important global and regional powers, as well as multilateral organizations, but without participating in regional blocs and alliances. In the Persian Gulf, this has translated into India developing close partnerships with important regional countries including the UAE, Saudi Arabia, Iran, Oman and Qatar as well as the GCC, and maintaining neutrality in disputes and conflicts among these regional powers.

India's engagements with the Persian Gulf countries have witnessed gradual expansion since the early 2000s. A more focused approach towards improving bilateral ties is also discernible since 2014-15. However, three recent developments indicate that New Delhi might be cautiously weighing in a new approach to regional security and stability, and this might be linked to the China factor and the developments in the Indo-Pacific.

India and the Persian Gulf

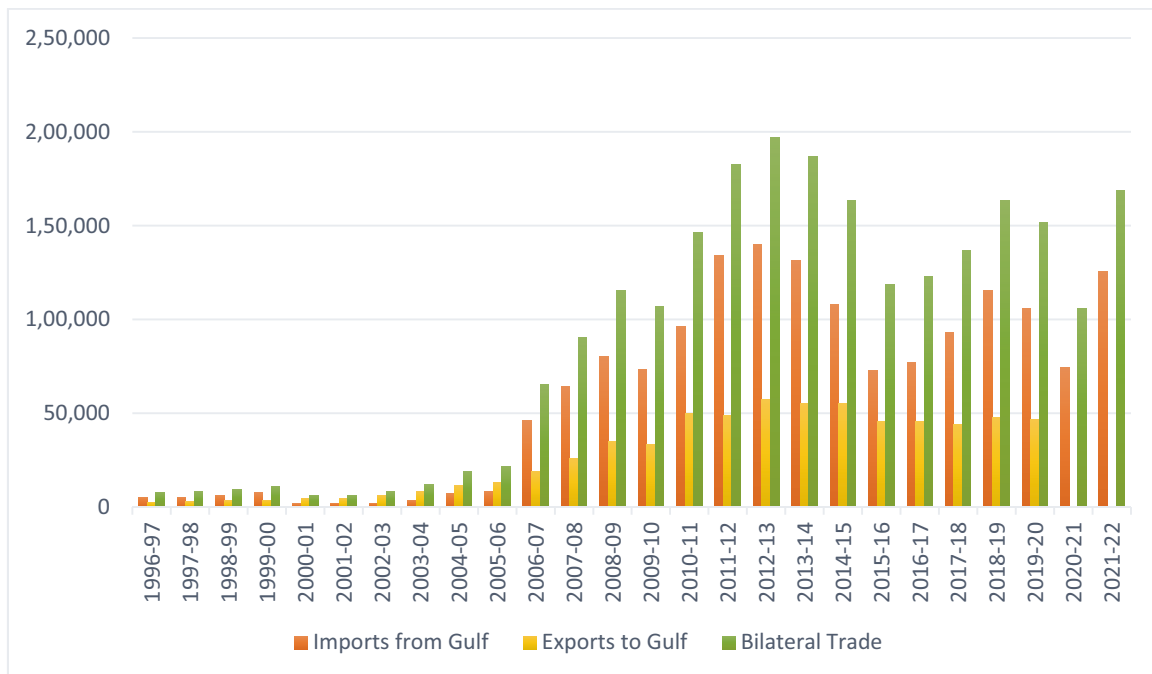
The Gulf region is India’s maritime neighbor, and in official parlance is often referred to as “extended neighborhood.” After the end of Cold War and disintegration of Soviet Union, as India began recalibrating its foreign policy, a number of domestic and external factors aligned in favor of better bilateral relations with the Gulf countries.¹ The primary motivation were commercial, and rooted in India’s need for economic growth and energy imports. The strengthening of trade and commercial relations through the 1990s were followed by increased political and diplomatic contacts in the 2000s, and this also coincided with the Gulf countries “looking east” for commercial partnerships with Asia.² Oman, Iran and Qatar were among the first countries with which India’s

diplomatic, political and commercial relations began to improve, and this was followed by Saudi Arabia, UAE, Kuwait and Bahrain.

Bilateral trade and commerce swelled (**Figure 1**), most importantly due to India’s increased oil and gas imports from the Gulf region (**Figure 2**). The region gradually emerged as one of the largest trading blocs for India contributing nearly 14 percent to its external trade and nearly 53 percent of its oil and gas imports in 2020-21.³ Besides bilateral trade and energy imports, the two-way flow of investments, especially with the UAE and Saudi Arabia, have witnessed growth.

The presence of a large Indian expatriate community in the GCC countries, which increased from 1.5 million in 1991 to 8.5 million in 2020

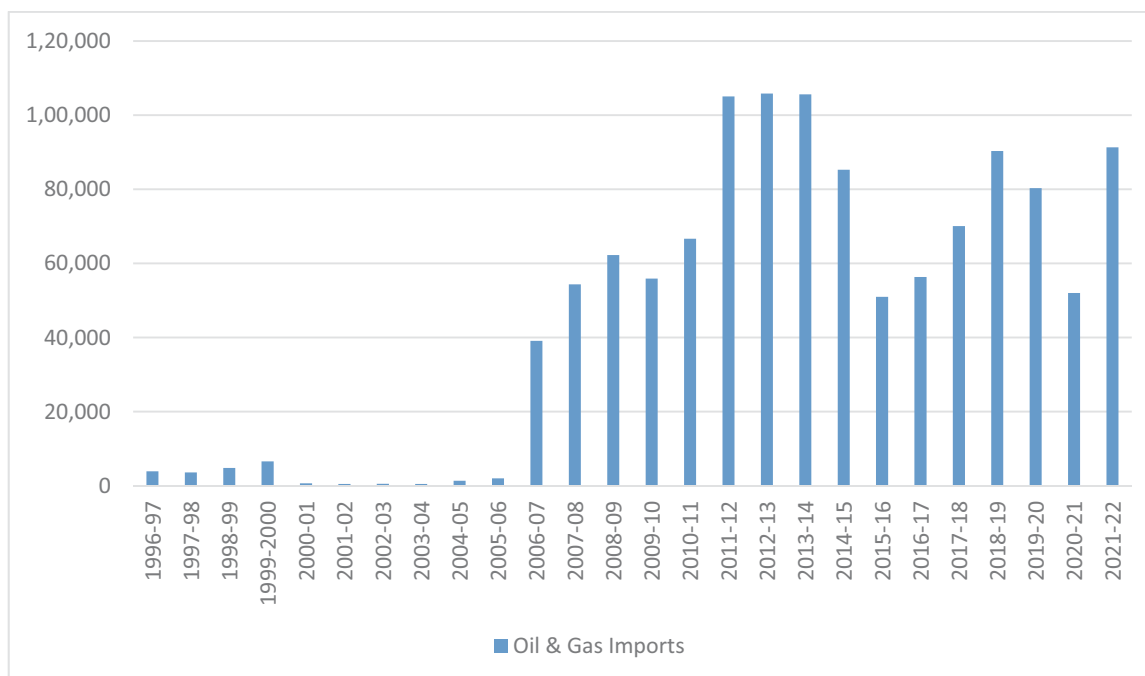
Figure 1: India-Gulf Bilateral Trade 1996-2022 (in US\$ million)



Source: Curated from statistics included in *Export Import Data Bank*, Department of Commerce, Ministry of Commerce and Industry, Government of India, <https://tradestat.commerce.gov.in/eidb/Default.asp>

Note: The data for FY 2021-22 is until February 2022.

Figure 2: India's Oil & Gas Imports from Persian Gulf, 1996-2022 (in US\$ million)



Source: Curated from statistics included in Export Import Data Bank, Department of Commerce, Ministry of Commerce and Industry, Government of India, <https://tradestat.commerce.gov.in/eidb/Default.asp>

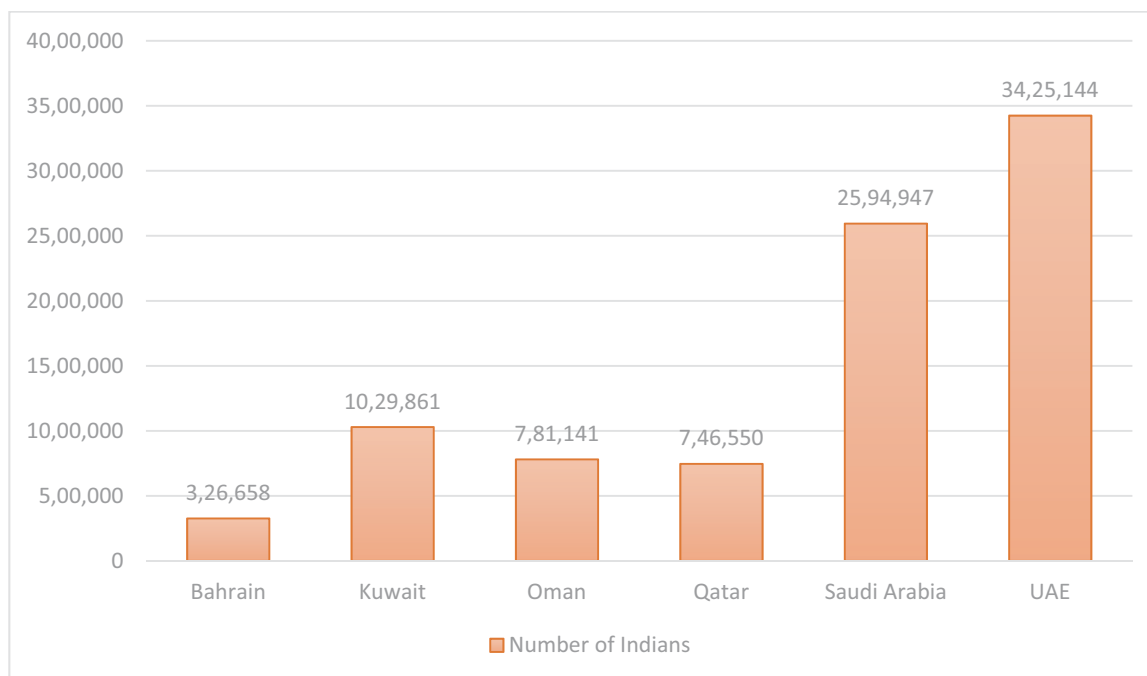
Note: The data for FY 2021-22 is until February 2022.

(**Figure 3**) adds another dimension to bilateral ties. Also, because they contribute nearly 50 percent of the \$80 billion plus in remittance received in India annually. The flow of migrant workers and remittances was disrupted in 2020 and 2021 due to the outbreak of the COVID-19 pandemic, but has started a return to normalcy with the restoration of economic activities in the GCC countries.⁴ It is important here to underline the relationship between the Indian expatriates, and New Delhi's approach to regional security and conflicts. For India, the priority is safety and security of its nationals. The same can be discerned from the Indian response to events such as the 1990-91 Kuwait crisis, the conflict in Yemen and the COVID-19 pandemic. During the Kuwait crisis, India adopted an ambiguous position keeping in

view the presence of the large Indian expatriate community in Kuwait, and focused on evacuating nearly 150,000 of its nationals from the conflict zone.⁵ Similarly, it evacuated more than 5,000 of its citizens from Yemen in 2015. After the outbreak of COVID-19, between May 2020 and April 2021, India repatriated 6.09 million of its nationals through special flights, including 4.02 million from the Gulf region.⁶

While trade, commerce, expatriates, remittances and investments continue to form the backbone of India-Gulf relations, a greater momentum towards political and diplomatic engagements has been noticeable since 2014-15, coinciding with the election of Narendra Modi as the prime minister of India. Modi has added leadership level personalized

Figure 3: Population of Overseas Indians in the GCC States, 2020



Source: Curated from data provided by the Ministry of External Affairs, Government of India, https://mea.gov.in/images/attach/NRIs-and-PIOs_1.pdf

outreach to Indian diplomacy,⁷ and this is also visible in the case of Gulf countries, especially with the UAE and Saudi Arabia. Numerous high level bilateral meetings and visits have added to greater engagements. This has notably improved political understanding between India and the two Gulf countries, evident from the reactions of Saudi and Emirati leadership during the heightened tensions between India and Pakistan in early 2019, and the response to Government of India decision in August 2019 to abrogate Article 370 of the Constitution ending the special status to Jammu and Kashmir.⁸

Security Cooperation with GCC Countries

A key component of bilateral relations between India and the Gulf countries is the growing bilateral security cooperation, especially with the UAE, Saudi

Arabia and Oman. The gradual establishment of security cooperation goes back to the late 1990s and early 2000s when New Delhi signed a series of extradition agreements including with the UAE (1999), Bahrain, Kuwait and Oman (2004), Iran (2008) and Saudi Arabia (2010).⁹ However, a greater momentum was witnessed in the aftermath of the November 2008 (26/11) terrorist attacks in Mumbai with the objective of developing partnerships with security and intelligence agencies to secure its long coastline in the Arabian Sea. Maritime security in the western Indian Ocean, particularly in the context of piracy off the coast of Somalia, contributed to India developing bilateral security cooperation with the Gulf countries. The rise of Islamic State in Iraq and Syria (ISIS), and threat of online radicalization among its large Muslim population further motivated New Delhi to seek counter-terrorism cooperation with the Gulf countries.¹⁰

The improvement in diplomatic and political understanding after 2014-15 led to India developing defense relations with the UAE, Saudi Arabia and Oman, and to some extent Bahrain. Defense cooperation with Oman preceded other GCC countries, and the focus was on cooperation in maritime domain significant due to Oman's geostrategic location for safety of the SLoCs in western Indian Ocean. Oman has provided berthing facilities for Indian warships patrolling the Indian Ocean and Arabian Sea.¹¹ In 2016, New Delhi and Muscat signed a memorandum of understanding (MoU) for improving maritime and coastal security cooperation focusing on joint training and regular interactions.¹² In February 2018, during Modi's visit, the two sides signed an annex to the existing MoU allowing Indian warships to access Duqm Port for maintenance of Indian naval ships. Besides, India and Oman have gradually worked on developing ties between their respective militaries, including through regular joint bilateral exercises between the three wings of the armed forces as well as training of Omani cadets in Indian military schools such as the National Defence Academy (NDA) in Pune, Maharashtra.

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Regular exchanges of high-level visits, such as the visit of Omani military delegations to India in February 2022, have contributed to bilateral defense cooperation.

With the UAE, defense cooperation has emerged as a key area in the growing bilateral ties. In 2014, India and UAE renewed the MoU on defense cooperation and decided to form a joint defense cooperation committee (JDCC) to hold regular interactions. Another MoU was signed in January 2017 for establishing cooperation among respective defense industries, which is considered a significant area for cooperation as both countries are trying to develop indigenous defense industry to reduce their external dependence. There are also greater contacts among defense officials with focus on conducting regular joint exercises and cooperation in space exploration. Indian naval and coast guard ships go on regular port calls to the UAE, besides there is greater emphasis on cooperation in fighting terrorism and combating radicalism.

India's defense cooperation with Saudi Arabia has also gained momentum in recent years. The two signed a MoU on defense cooperation in February 2014 during the visit of King Salman (then Crown Prince and Defense Minister) to India. The joint statements issued during the visits of Prime Minister Modi to Riyadh in April 2016 and Crown Prince and Defense Minister Mohammed bin Salman to New Delhi in February 2019 underlined the intentions on both sides to enhance bilateral defense cooperation. This has led to increased contacts to explore potentials, conduct joint military exercises, and India has also offered slots at its military schools for Saudi cadets and officers for training. Accordingly, the first batch of Saudi cadets joined the three-year training course at the NDA in December 2017. Coastal and maritime security also form an important area for bilateral cooperation. Security relations with Bahrain too have been explored.

The Iran Conundrum

As India's bilateral relations with the GCC countries, including in the defense and security domains, expanded and strengthened, its relations with Iran witnessed some turbulence. India considers Iran a part of its extended neighborhood, and significant to its connectivity to Afghanistan and Central Asia. Over the years, India and Iran have explored partnership through the International North-South Transport Corridor (INSTC), the Chabahar Port and Iran-Pakistan-India (IPI) gas pipeline. The IPI fizzled out due to Indian security concerns regarding Pakistani involvement, and the INSTC has progressed at a snail's pace. The only success story in the partnership has been the joint development and operation of the Chabahar Port, although the progress has been slow due to impact of international sanctions on Iran over its nuclear program.

The US factor has seriously affected India's relations with Iran.¹³ While during previous sanctions, India did explore alternative options to continue trade and business, the increased cooperation with the US made New Delhi more careful in the wake of the May 2018 US withdrawal from the Joint Comprehensive Plan of Action (JCPOA) and the imposition of sanctions on Iran including on its oil industry. The Indian decision to not take recourse to an alternative payment method, akin to the Rupee payment resorted to between 2012 and 2015, led to stopping of oil imports from Iran in April 2019, and affected bilateral ties. New Delhi's cautious approach in managing relations with Tehran amidst US sanctions also meant delays in projects related to the Chabahar Port, including the Chabahar-Zahedan railway line, and this was not appreciated in Tehran.¹⁴ Nonetheless, after it became clear that the Chabahar Port is not under sanctions, India resumed the developmental work

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but there remains logistical challenges due to the US sanctions. With sight on developments in Afghanistan, in 2020 and 2021, India started to re-engage Iran through diplomatic and political contacts.¹⁵

However, Iran remains a serious conundrum for India. Traditionally, India preferred to keep its Iran policy away from the Gulf, a fact which is reflected in Iran not being part of Gulf or West Asia North Africa (WANA) divisions in the Ministry of External Affairs (MEA).¹⁶ Nonetheless, Iran's adversarial relations with four of India's close partners – the US, Israel, Saudi Arabia and UAE – continues to limit New Delhi's choices vis-à-vis Tehran, but this did not significantly impact India's understanding of and approach to Gulf security. Hence, India continued engaging in bilateral relations with all the Gulf countries based on its understanding of “mutual interests” disregarding the regional tensions, rivalries and hostilities, and

the interruptions in relations with Iran were mainly attributed to the US factor.

The China Factor

Three recent developments underline that India might be gingerly weighing in a change in approach towards regional security in the Persian Gulf, and this might be related to the developments in the Indo-Pacific and the China factor. The first development came in October 2021 when foreign ministers of the US, India, Israel, and the UAE held a quadrilateral meeting during the visit of S. Jaishankar to Israel. The meeting was focused on tapping geo-economic potentials in the Middle East. But the uncanny similarity with the US-India-Japan-Australia Quadrilateral Security Dialogue (often referred to as Quad) led to the speculation on formation of a Middle East Quad¹⁷ to counter China's growing regional footprint. There were also conjectures that the motive behind the four foreign ministers coming together could be the threat perception vis-à-vis Iran.¹⁸ Perhaps both the inferences are partly correct; that is, for Israel and

UAE it could be the Iran factor, for the US it could be both China and Iran factors, and for India it could be the China factor, and the economic factor is the binding link.

The second development was India joining the US-led and Bahrain-based Combined Maritime Forces (CMF) task force as an associate member during the latest round of India-US 2+2 dialogue held in Washington in April 2022.¹⁹ The CMF is a multi-nation maritime partnership with focus on rule-based international order in the Arabian Gulf and Red Sea regions. And, although the focus of CMF is on anti-piracy and counter-narcotics, the growing Chinese maritime and naval presence in the region makes it significant. The CMF is commanded by the US Navy Vice Admiral who commands US Naval Forces Central Command and US Navy Fifth Fleet, further underlining its significance. From the Indian point of view, this appears a significant departure from the earlier position of not being part of state-led blocs or groups. Notably, this came within weeks of Indian participation in the biannual 60-nation International Maritime Exercise (IMX) in February 2022 led by the US Naval Forces Central Command. The fact that ensuring maritime security and containing China is a major factor for Indo-US convergence in the Indo-Pacific leads to parallels with China's growing regional presence in the western Indian Ocean and India joining the CMF task force.

The third development is the first India-France consultations on the WANA region, which was held virtually in April 2022. The press release from the Indian MEA underlined that this was to discuss areas of mutual interest in "political, security, economic and trade" issues and "strengthen cooperation in the region."²⁰ What is noticeable is that France has in recent years increased its engagement in the Indo-Pacific, and the region is described a priority for France.²¹ France also has permanent naval bases in Indian Ocean, including

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one in the Arabian Gulf in Abu Dhabi. With China being one of the common factors for France and India in the Indo-Pacific, containment of China could be one of the “mutual interests.”

Sino-Indian relations have fast deteriorated in recent years. Concerns over China’s hegemonic intentions in South and Southeast Asia have led India to develop closer contacts with the US, Australia, Japan and the European powers who are also concerned about China’s aggressive expansionism. This is reflected in the greater emphasis on Indo-Pacific in India’s bilateral engagements with the Quad partners and Europe.²²

Although in the Persian Gulf, India and China are yet to show any indication of tensions, India sees China’s growing regional footprints under its Belt and Road Initiative (BRI) with concerns, and as a threat to India’s long-term interests in the region, especially in the context of the deterioration in Sino-India ties and the Chinese threat in the Indian Ocean region. In other words, the China threat in the Indo-Pacific can no longer remain compartmentalized, and confined to Southeast and South Asia, without affecting the western Indian Ocean or the littorals of Red Sea, Arabian Sea and Persian Gulf.

Conclusion

Over the past three decades, India’s engagements with and approach to the Persian Gulf have followed the broader foreign policy pattern of bilateral partnerships with important regional countries and multilateral organizations with focus on trade, commerce, business, security and defense cooperation. Despite occasional disruptions in relations with Iran due to the US factor, the Indian approach to regional security and stability has been marked by bilateralism rather than

joining any state-led alliance or bloc. This can be explained in the context of the presence of a large Indian expatriate community in the GCC countries as well as dependence on regional oil and gas for energy security. There are other interests including maritime security, fighting terrorism and radicalization, and a stable international oil market. And, India eschews taking sides in regional disputes as it can harm its primary interests. However, the developments in the Indo-Pacific, deterioration of Sino-Indian relations, the expansion of China threat perception to western Indian Ocean, and the convergence on the China factor with the US and European countries might push India to change its approach to regional security in the Persian Gulf as noticeable from the three events underlined here.

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