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Modi Turns West: India and the Persian Gulf



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Modi Turns West:

India and the Persian Gulf

Executive Summary

As happened in the early 1990s, when India adopted the 'Look East' policy towards the Southeast Asia, Prime Minister Narendra Modi is signalling the greater importance of the Middle East and the Persian Gulf for India. He has been delineating the parameters and components of the relations through intense political engagements with the aim of transforming the transactional nature of the bilateral ties, and he is adding economic and strategic substance.

There are number of challenges before meaningful progress is achieved but there are sufficient indications that, under Modi, India is turning west and befriending Gulf Arab more aggressively than in the past.

Introduction

Indian Prime Minister Narendra Modi's maiden visit to the Middle East in August 2015 interestingly began with him touring the grandeur Mary, Mother of Jesus Mosque, then called Sheikh Zayed Mosque, in Abu Dhabi. For a person who created political storm within the country over his refusal to adore a skullcap worn by religious Muslim men, skipping of annual iftar (communal dinner marking the break of fast in the holy month of Ramadan) gatherings hosted by the Indian President and not being prepared

to visit a mosque,¹ Modi was conveying a subtle but powerful duality—his ideology-driven domestic political strategy is in contrast to his non-confrontationist, apolitical and realist attitude towards the outside world. The hard-core Hindutva image is in contrast to the secular approach to foreign relations and is more clearly manifested in the wider Middle East.

Modi's penchant for overseas tours and summits, which have often come under scrutiny and criticisms, has signalled a shift in India's view of the Middle East and in the process transformed the contours of its engagements with the wider region, especially with the energy-rich Persian Gulf region. As happened in the early 1990s when India adopted the 'Look East' policy towards Southeast Asia, Modi has been signalling the greater importance of the Middle East and the Persian Gulf for India. Without any declaratory statement, he has delineated the parameters and components of the relations, namely, through intense political engagements to transform the transactional nature of the bilateral ties and add economic and strategic substance. This is a work in progress and, hence, can be described as Turn West and not Act West, at least not yet.

Modi's approach towards the broader Middle East has been distinctly different. Since the days of Prime Minister Jawaharlal Nehru, India maintained high-level political contacts and exchanges with the Middle East. The Nehru-Nasser² friendship is

¹ Modi's maiden visit to a mosque in India as Prime Minister took place in September 2017 when he accompanied his Japanese counterpart Shinzo Abe to the 16th century Sidi Saiyyed Ki Jaali mosque in Ahmadabad in his home state of Gujarat.

² Gamal Abdel Nasser Hussein was the second President of Egypt from 1956 to 1970.

legendary, but his anti-colonial sentiments inhibited Nehru from befriending some of the pro-Western countries in the region. Likewise, India began the practice of hosting foreign leaders as chief guests of the Republic Day celebrations in 1950 but the Middle East had to wait until Algerian President Abdelaziz Bouteflika was given that honour in 2001.³

Since 2014, one could notice a distinct pattern that differed from the past. Within a span of just over four years, India has established visible political engagements with all the countries of the broader Middle East. With the noticeable exception of conflict-ridden Libya, Indian officials have visited all the countries of the region since Modi assumed office. The thrust of his foreign policy has been to pursue economic benefits rather than politico-ideological considerations and this is refreshing and unprecedented.

This paper seeks to look at Modi's shifts towards the Middle East/Persian Gulf in terms of three key questions: What is new in Modi's 'Turn West' policy?; How substantial are these changes?; and what are the limitations and challenges to Modi's 'Turn West' Policy?

What is New?

Policymakers and analysts in India have been using expressions such as 'civilizational links', 'historic ties', 'ancient connections', 'strategic proximity' and 'extended neighbourhood' to describe the Indo-Gulf relations. These are not catchphrases but reflect centuries-old reality. Besides geographical proximity, the

³ Since then, three more Middle Eastern leaders have been invited—President Mohammed Khatami of Iran in 2003, King Abdullah of Saudi Arabia in 2006 and Crown Prince of UAE al-Nahyan in 2017.

historical ties and cultural connections are deep-rooted. Spice trade is traced to the Second Temple period, and both Christianity and Islam reached the shores of India soon after their founding. In recent decades, the Persian Gulf region has contributed immensely to India's foreign trade and is a vital partner in its energy security. The largest concentration of Indian nationals outside the country is to be found in the Gulf Arab countries and, hence, is a major source of remittances. With large sovereign wealth funds, some of the Gulf Arab countries are critical for India's growth. One could go the extent of arguing that, in terms of challenges and opportunities, the Persian Gulf is more critical to India's economy, and, hence, political influence, rather than the geographically immediate South Asian neighbourhood.

Important as they are, the reality of the Indo-Gulf relations is less flattering and more disheartening. There has been prolonged Indian neglect, indifference and, above all, limited political engagements with the region. In the early years, especially in the 1950s and 1960s, India's Middle East policy revolved around Cairo. Driven by anti-colonialism and opposition to Western military alliances, Nehru's close friendship with Gamal Abdul Nasser meant that India was mostly indifferent, if not patronising, toward other countries, especially those who followed the United States (US) on major international issues. The 1970s and 1980s saw a spurt in India's energy ties with the region but were devoid of political substance as its political influence was limited and marginal. The end of the Cold War did not alter this pattern as New Delhi was more eager to mend fences with the US which emerged as the preeminent, if not sole, power in the global order.

In all these phases, the Persian Gulf became a victim of the Indian neglect. In the wake of the 1973 oil crisis which exposed its vulnerability, India merely adopted a transactional approach

towards the Gulf, with limited political engagement with the newly-rich Gulf Arab countries. Indeed, much of the focus of the Indian leaders and elites since the early 1990s has been Iran rather than the more critical Gulf Arab countries.⁴ This was largely due to India's pre-occupation with Pakistan and the latter's influence in the Arab world.

The picture becomes abysmal when one looks at crucial Gulf Arab countries. Since the late 1990s, the United Arab Emirates (UAE) has been among India's major trading partners and, in some years, it was also its largest partner. Yet, after the visit of Indira Gandhi in May 1981, no Indian prime minister had visited the Emirates for the next three decades. Likewise, during her visit to Saudi Arabia in April 1982, Gandhi invited the then-King Khalid, Crown Prince Fahd, and Second Deputy Prime Minister Abdullah to visit India. A Saudi royal visit had to wait for over two decades, and by then, both King Khalid and his successor Fahd had passed away and Abdullah, who was the chief guest of the 2006 Republic Day celebrations, had taken over as the Saudi monarch⁵

⁴There were seven state visits between the two countries since the early 1990s. These were the visits of Presidents Hashemi Rafsanjani (April 1995) , Mohammed Khatami (January 2003) and Hassan Rouhani (February 2018) to India and of Prime Ministers P V Narasimha Rao (September 1993) , Atal Bihari Vajpayee (April 2001) , Manmohan Singh (August 2012) and Narendra Modi (May 2016) ,and Vice-President K R Narayanan (October 1996) to Iran. In addition, President Mahmoud Ahmadinejad made a stopover visit on his way from Sri Lanka in April 2008, and Vice-President Hamid Ansari attended the inauguration of President Rouhani in August 2013.

⁵“Joint Communiqué issued at the end of Visit of Prime Minister Indira Gandhi to kingdom of Saudi Arabia, 20 April 1982”, *Foreign Affairs Record*, 28 (4) , 1982 133–136.

The picture becomes even more depressing when one looks at recent years. Under the decade-long United Progressive Alliance rule (2004-14) , India's high-profiled political visits to the region were primarily confined to a few countries, and even foreign ministerial visits were limited. Between December 2010, when widespread protests began in Tunisia, and August 2015, when Modi undertook his first visit to the region, senior Indian leaders only visited Iran, Israel and Turkey and overlooked the entire Arab world. In other words, no Indian president, vice-president or prime minister visited any Arab capital when the region was reeling under intense pressure for change. During this period, the political engagement with the wider Arab world were confined only to visits by external affairs ministers to Bahrain, Egypt, Iraq, Morocco, Palestine, Tunisia and the UAE, while the ministers of state for external affairs also went to the Gulf Cooperation Council (GCC) countries. This trend betrays the traditional rhetoric about friendship with the Arab world.

This was to change dramatically following Modi's election as prime minister. Political stability in New Delhi after three decades of coalition governments primarily enabled him to pay considerable attention to foreign policy, including the Persian Gulf region. At the same time, one should not underestimate his fondness for international travels and summit diplomacy. Between May 2014 and October 2018, for example, he undertook 78 overseas trips to 56 countries. Modi did not hesitate to skip the 17th summit meeting of the Non-alignment Movement hosted by Venezuela—the traditional bastion of Indian diplomacy—but he has been using other multilateral forums to engage with the Middle Eastern leaders.⁶ A broad survey of political engagement with the Middle

⁶ Except for the Havana summit in 1979 when Charan Singh headed the caretaker government, India was always represented in the NAM summits by

East would contextualise the growing importance of the region in Modi's foreign policy calculations.

- Modi paid state visits to all the key Gulf countries, except for Bahrain, Kuwait and the War-torn Iraq and Yemen.⁷
- Beginning with the Brisbane meeting in November 2014, Modi has been using the G-20 Summits to engage with the Saudi leadership. His meeting with the then-Crown Prince Salman ibn Abdul Aziz in Australia was followed by his subsequent engagements with the Saudi leadership in Antalya (November 2015) and Hangzhou (September 2016).⁸
- Besides visiting the UAE twice (August 2015 and February 2018) , Modi hosted the Emirati Crown Prince Mohammed bin Zayed Al-Nahyan twice, including once as the chief guest of the Republic Day celebrations in January 2017.
- In addition, Modi hosted Qatari Emir Tamim bin Hamad al-Thani (March 2015); Egyptian President Fattah el-Sisi (October 2015 and September 2016); Israeli President Reuven Rivlin⁹ (November 2016); Qatari Prime Minister Abdullah Bin Khalifa al-Thani (December 2016); Turkish

the prime minister. In September 2016, Vice-President Hamid Ansari represented India in the Venezuelan summit.

⁷ Since independence, no Indian prime minister had ever visited Bahrain and Yemen.

⁸ No meeting took place during the Frankfurt summit in July 2017 as domestic turmoil resulted in the Kingdom being represented by a junior minister.

⁹ The two leaders met in Singapore during the funeral of Lee Kuan Yew in March 2015.

President Recep Tayyip Erdogan (May 2017); Palestinian President Mahmoud Abbas (May 2017); Israeli Prime Minister Benjamin Netanyahu (January 2018); King Abdullah of Jordan (February 2018); and Iranian President Hassan Rouhani (February 2018).

- External Affairs Minister Sushma Swaraj travelled extensively to the region and went to Iran (April 2016), Egypt (August 2016), the UAE (November 2014), Oman (February 2015), Turkey (January 2016), Israel (January 2016), Bahrain (January 2016), Iran (December 2017) Saudi Arabia (February 2018) and Qatar and Kuwait (October-November 2018). She also hosted her counterparts from Iran (August 2015 and October 2018), Bahrain (February 2015), Syria (January 2016), Turkey (August 2016) Saudi Arabia (March 2016), Qatar (August 2017) and Jordan (December 2017).
- Pranab Mukherjee undertook the maiden presidential visits to Jordan, Palestine and Israel in October 2015.
- Vice-President M Hamid Ansari went to Morocco (May-June 2016), Tunisia (June 2016) and Algeria (October 2016). He also represented India in the funeral of King Abdullah in January 2015.
- Minister of State in External Affairs Ministry General V K Singh went to Yemen in April 2015 to coordinate the evacuation of Indian nationals from the War-torn country.
- Minister of State in the Ministry of External Affairs went to Iraq, Lebanon, and Syria in August 2016.
- Minister of Defence Manohar Parrikar visited Oman and the UAE in May 2016.

- In November 2014, Rajnath Singh became the first cabinet minister under Modi and the second Home Minister to visit Israel.¹⁰
- Minister of Road Transport Nitin Gadkari visited Iran (May 2015 and December 2017) to push the Chabahar port being built with Indian investments.
- Besides, Indian dignitaries have been meeting Middle Eastern leaders on the side-lines of the United Nations General Assembly and meetings of the Non-aligned Movement, BRICS (Brazil, Russia, India, China and South Africa) , the Shanghai Cooperation Organisation, India-Africa Summits and other official conclaves like Manama Dialogue and Sir Baniyas Forum.

In short, Indian leaders have visited all the countries of the broader Middle East, with the only exception being the civil war-driven Libya. In sheer magnitude, this is unprecedented in the annals of Indian diplomacy since independence. Modi's arrival in New Delhi coincided with a few significant challenges in the Middle East, namely, festering but an increasingly violent Arab Spring, temporary lull in the controversy surrounding the Iranian nuclear programme, growing sectarianism in the Gulf, marginalisation of the Palestinian question in inter-state affairs, falling oil prices and dwindling American interest and influence in the Middle East. How did Modi navigate these challenges?

Modi's Response

Nuclear Controversy

¹⁰ In June 2000, L K Advani became the first Indian Home Minister to visit Israel.

The Joint Comprehensive Plan of Action (JCPOA) between Iran and the P5+1 concluded in July 2015¹¹ posed a peculiar challenge to India. At one level, New Delhi shared the international endorsement of the political closure to the decade-long nuclear file and the prevention of a military option to curtail Iran's nuclear ambitions. The intrusive verification arrangement towards ensuring the Iranian compliance was in sync with the Indian position ever since doubts surfaced in 2003 over Tehran's nuclear programme. A peaceful end to the proliferation concerns also meant that India would be able to resume and enhance its energy cooperation with Iran, as visualised in the Delhi Declaration issued during the visit of Mohammed Khatami in January 2003.

The global euphoria over the JCPOA was not shared by some of the principal Middle Eastern countries, who also happened to be close allies of the US as well as emerging friends of India. Both Israel and Saudi Arabia were not enamoured by the Barack Obama Administration concluding a political deal with Iran. Haste, in their view, the JCPOA signalled a strategic shift in the American policy towards the Persian Gulf and the broader Middle East. Marking the end of the three-decade-old US-Iran animosity, the Geneva agreement highlighted Obama's reluctance to address and accommodate the concerns of Israel and Saudi Arabia over the Iranian expansionism and regional hegemony. This reading of the JCPOA bridged the gap between the formal adversaries and resulted in interest convergence and clandestine contacts between Israel and Saudi Arabia. Their position and their not-so-

¹¹ This agreement is between Iran and the P5+1, namely, the permanent members of the United Nations Security Council and Germany, who sought to end the decade-long controversy over the Iranian nuclear programme. However, on 8 May 2018, President Donald Trump announced the United States' withdrawal from the JCPOA.

subtle opposition to the nuclear deal were vindicated when President Donald Trump withdrew from the agreement in early May 2018.

Despite the controversial legal status of Trump's decision, the international community appears helpless in managing the American move and its negative fallouts. The withdrawal was accompanied by Washington's determination to reintroduce and even intensify unilateral sanctions against Iran. It is also seeking the compliance of major powers by reducing and even ceasing oil imports from Iran. Western companies which returned to Iran in the wake of the post-Geneva removal of sanctions are being forced to reverse or reconsider their decisions or slow down the pace of their engagements with Tehran. The nuclear controversy considerably affected the Indo-Iranian trade, especially energy imports. Irrespective of public defiance, the US pressure tactics and sanctions scaled down the Indo-Iranian oil trade; from about US\$16 billion (S\$22billion) in 2011-12, it dropped to US\$9 billion (S\$12.3 billion) in 2015-16. At one point, India was exporting oil products worth more than US\$1billion dollars (S\$1.37billion) to the Islamic Republic which were halted entirely in 2014-15 under American pressure. If Obama evoked negative sentiments in the Persian Gulf through the nuclear deal, his successor, Donald Trump has accentuated regional tension by abrogating the deal. Neither of them could serve the Indian interests; the former meant that India was forced to deal with the Saudi opposition while the latter—siding with the US—meant facing unpredictable negative fallout. Above all, the oil trade is compounded by the continuing Indian inability to pay in dollars or euros for its imports from Iran.

Sectarianism

The growing Iranian influence in the Middle East does contain the sectarian Shia-Sunni divisions. Iran's regional canvas is not

confined to proxies like Hezbollah and Hamas and its active role is palpable in a host of crisis situations such as Bahrain, Iraq, Syria and Yemen. The Iranian influence and interference in these conflicts and tensions are considerable and hence these problems cannot be resolved without Tehran's cooperation. Indeed, one could argue that nearly four decades after the Islamic revolution, Iran has emerged as the only power in the broader Middle East whose reach and influence extends beyond its territorial limits. Hence, the intensification of the Saudi-Iranian rivalry and growing sectarianism, undermine regional stability and make conflict resolution more difficult.

The sectarianism in the Gulf affects India at two levels. Regionally, both Saudi Arabia and Iran are its crucial partners. Besides commercial and energy ties, both countries play an important role in India's regional interests—if Iran offers alternative routes and trade corridors to Afghanistan and Central Asia, the Kingdom would be critical for India's growth story in terms of energy-linked investments, enhancement of strategic oil reserves and infrastructural developments. Hence, a Saudi-Iranian tension, let alone confrontation, does not serve India's interests.

Moreover, sectarianism also has a domestic dimension. India has the second largest Muslim population in the world after Indonesia and also has the third largest Shia community. At the height of the nuclear controversy, various Indian leaders, including then-Prime Minister Manmohan Singh, suggested that India would not be able to ignore the 'Shia factor' while deciding its position. Disappointed over New Delhi's vote in the International Atomic Energy Agency, Iran was even accused of stroking criticisms, especially in the Shia circles in India. Thus, inept handling of the sectarian tension in the Gulf would have negative consequences for India internally.

The Modi government is walking a tightrope in dealing with these countries. The joint statement issued at the end of his visit to Riyadh in April 2016 makes reference to the “Islamic Alliance against terrorism”, a Saudi initiative against the Islamic State of Iraq and Syria that excluded Iran.¹²

The Palestine Question

The Israeli-Palestinian conflict continues to be a regional concern. The short-sightedness of both their leadership resulted in them squandering the historic handshake in September 1993. They were unable to overcome the negative forces internally towards a strategic vision for the future. If Israel had hardened its position, the Palestinians are confronted with internal divisions, lack of clarity and absence of politico-military options towards a settlement. Hence, the two-state solution is increasingly becoming difficult, if not unviable. These, in turn, have contributed to general international fatigue, apathy, and helplessness.

There were other reasons which resulted in the Palestine question receding from the political landscape of the Middle East. Since the early 1990s, the Arab states have primarily sidestepped the problem; the Oslo accords and peace treaty with Jordan meant that ‘normalisation’ with Israel took precedence over the Palestinian statelessness. In its unique way, the Arab Spring ended this duality and changed the larger Arab discourse. Domestic transformation, not the Palestinian problem became the prime concern of the protesting Arab masses.

¹² “India-Saudi Arabia Joint Statement during the visit of Prime Minister to Saudi Arabia 3 April 2016”, India, Ministry of External Affairs, 3 April 2016. Retrieved from http://mea.gov.in/bilateral-documents.htm?dtl/26595/IndiaSaudi_Arabia_Joint_Statement_during_the_visit_of_Prime_Minister_to_Saudi_Arabia. 3 April 2016.

The marginalisation of the Palestinian issue in inter-state affairs has been reflected in some of the nuanced but forceful moves initiated by Modi. In a significant policy shift, in May 2017, India abandoned any reference to East Jerusalem being the capital of the future Palestinian state. Until then, it was integral to India's support for a 'sovereign, viable and independent Palestinian state that co-exists with Israel.' With Palestinian Authority President Mahmoud Abbas standing next to him, Modi dropped any reference to East Jerusalem¹³ and this was subsequently reflected in the BRICS summit in Xiamen in September that year.¹⁴

Furthermore, reflecting on the relative marginalisation, Modi had de-hyphenated India's policy towards Israel and Palestine and signalled that it is possible and necessary to delink the two. He pursues this through security-economic cooperation with Israel and economic developmental support to the Palestinians. Indeed, since the normalization of relations with Israel in 1992, India has been urging both parties to eschew violence and seek a negotiated political settlement through accommodation. Modi's de-hyphenation manifested when he undertook standalone visits to Israel in July 2017 and to Palestine in February 2018.

Arab Spring

The popular protests in the Arab world have been a strategic dilemma for India. At one level, the aspirations of the masses and their desire for change, democratic rights, youth empowerment

¹³P R Kumaraswamy, Modi Redefines India's Palestine Policy. *IDSA Issue Brief*. 2017, Retrieved from http://www.idsa.in/issuebrief/modi-redefines-india-palestine-policy_prkumaraswamy_180517

¹⁴ P R Kumaraswamy, "BRICS without East Jerusalem". *BESA Perspectives*, 8 October 2017, Retrieved on 1 December 2017, from <https://besacenter.org/perspectives-papers/brics-jerusalem/>

and good governance are not different from India's values, aspirations and norms. These protests were mostly peaceful initially and were in resonance with India's non-violent freedom struggle. The absence of inclusive national identity in the Middle East posed a moral case for the rights of the minorities, women and marginalized youth.

At the same time, non-interference in the internal affairs of other countries has been a norm and guiding principle for India's foreign policy. Though committed to plurality, democracy-promotion is not its agenda while dealing with the outside world. External interferences are inherently problematic, if not amoral; democracy also presupposes the right of every people to choose the political system that they wish, however bad and unpalatable that might look for the outside world.

Moreover, even a tacit endorsement of the popular demand for change would have a catastrophic impact upon the large Indian expatriate population in the Gulf Arab countries, currently estimated at over 8 million. Therefore, since early 2011, India settled for 'studied silence' vis-à-vis the Arab world¹⁵, whereby it has been carefully observing the unfolding developments in various Arab countries, with safety and welfare of its citizens being its utmost priority. Wherever necessary and possible, it did not hesitate to evacuate them from war zones (Egypt and Yemen) or issue travel advisories (Syria and Yemen) . At the same time, New Delhi refrained from any moves vis-à-vis countries which have a sizeable Indian presence; and Modi mostly continued this policy.

¹⁵ P R Kumaraswamy, *Reading the Silence: India and the Arab Spring*. Jerusalem: The Leonard Davis Institute for International Relations, 2012. Retrieved from <http://davis.huji.ac.il/sites/default/files/davisinst/files/readingthesilence.pdf>.

At the operational level, one could notice three distinct patterns in Modi's handling of the Middle East. One, there is a high degree of security cooperation and they encompass a wide range of issues including counterterrorism, terror financing, money laundering, intelligence sharing, periodic security consultations, fighting extremism and radicalism, maritime security, securing sea-lanes of communication, etc. India is also committed to joint military exercises, joint defence research and even arms exports. Until now, India's security cooperation had focused mainly on Israel, but this has expanded to other countries, especially Saudi Arabia, the UAE and Jordan.

Two, India's Middle East policy is not country specific or even issue specific but is development driven. The choice selection of countries and official statements indicate that economic benefits accruing to India have been the prime theme. Even his engagements with Israel dwell more on soft issues like agriculture, desalination, recycling and waste management than hard-core security agenda. His support for Palestinian issue is economic assistance and skill development than political rhetoric against oppression and occupation. The same holds true for the Indo-Gulf ties. Economic cooperation has been the prime driver in India's engagements with the Middle East, and Modi hyperactive diplomatic activities have to be contextualized within the economic agenda.

And three, since the early 2000s, incidentally coinciding with the first National Democratic Alliance government under Atal Bihari Vajpayee, India has delinked Pakistan from its Middle East policy. The western neighbour had not lost its importance in India's geostrategic world view but Pakistan no longer determines, let alone dominates, Indo-Gulf engagements, including with Saudi Arabia. The delink had enabled both parties to explore and identify

areas of cooperation.¹⁶ Pakistan being off the table has resulted in the Gulf Arab countries, mainly Saudi Arabia and the UAE, becoming more forceful in looking at India's strategic importance in terms of energy security. Significant improvements in the Indo-Saudi relations, for example, were possible only after both sides sidestepped the Pakistan factor.

What did Modi achieve through his 'Turn West' policy?

Modi's Gains

Modi's visits to the Gulf countries and engagement with their leaders have provided a critical but long-absent political content to the bilateral relations. The current Indian buzz in the Gulf is mostly the result of these political contacts since 2014. Foreign relations are more than meetings and summits but rest on walking the talk. One could identify a few tangible accomplishments of Modi's 'Turn West' posture.

- During Modi's August 2015 visit to the Emirates, India and the UAE agreed that the latter would invest up to US\$75 billion (S\$102.9billion) "to support investment in India's plans for rapid expansion of next-generation infrastructure, especially in railways, ports, roads, airports and industrial corridors and parks."¹⁷

¹⁶ M M Quamar, "The changing nature of the Pakistan factor in India-Gulf relations: An Indian perspective. *Asian Affairs*, 2018 1-20. <https://doi.org/10.1080/03068374.2018.1521134>.

¹⁷ "Joint Statement between the United Arab Emirates and the Republic of India, 17 August 2015". India, Ministry of External Affairs, Retrieved from http://mea.gov.in/bilateral-documents.htm?dtl/25733/Joint_Statement_between_the_United_Arab_Emirates_and_the_Republic_of_India.

- After much delays and uncertainties, the first phase of the India-financed Chabahar port in Iran was inaugurated in December 2017.
- Modi's personal equation resulted in Qatari Emir waiving the penalty of US\$1 billion (S\$1.37 billion) that India had to pay for importing less than the agreed quantity of gas;¹⁸
- The UAE and Saudi Arabia signed a memorandum of understanding to participate in the US\$44 billion (S\$60.4 billion) petrochemical plant in Ratnagiri in Maharashtra, and this would include the Saudi supply of up to two million barrels of crude oil per day;¹⁹
- The UAE offered 10 per cent stakes in Abu Dhabi National Oil Company to an Indian consortium of public sector undertakings. • India and Saudi Arabia are discussing the possibility of the former buying stakes in Aramco, the largest oil company in the globe.²⁰
- In March 2018, Saudi Arabia granted over flight facility to Air India for its Delhi-Tel Aviv flight; this was the first time in

¹⁸ S Choudhary, "Qatar slashes gas price for India, waives off Rs 12,000-cr penalty", *The Economic Times*. 31 December 2015. Retrieved from <https://economictimes.indiatimes.com/industry/energy/oil-gas/qatar-slashes-gas-price-for-india-waives-off-rs-12000-cr-penalty/articleshow/50393442.cms>.

¹⁹ AFP, "Saudi Aramco's \$44-billion deal may change the entire oil game for India", *The Economic Times*. 11 April 2018, Retrieved from <https://economictimes.indiatimes.com/industry/energy/oil-gas/saudi-aramcos-44-billion-deal-may-change-the-entire-oil-game-for-india/articleshow/63717735.cms>

²⁰ Ibid.,

over six decades that the Kingdom had given such a privilege for flights to and from Israel;

- The Gulf investments showed a considerable spike since 2014. Between 2000 and 2018, the Gulf Arab countries had invested US\$6.75 billion (S\$9.3billion) in India as foreign direct investment and out of this US\$3.6 billion (S\$4.9billion) or 53 per cent had come since 2014;
- King Salman's personal intervention facilitated the Indian evacuation of its citizens from Yemen in April 2015;
- Without much publicity, Saudi Arabia and the UAE have been sending persons to India wanted for criminal offences;
- There is a subtle preference in favour of the Arab countries over Iran. Support for the nuclear deal did not result in a dramatic improvement of the Indo-Iranian relations or trade. On the contrary, even before Trump assumed office, India has been cautious in dealing with Iran. The return of Iraq to international market meant that Baghdad has been supplying more oil to India than Iran after the nuclear deal; and
- Above all, Modi's India has been dealing with rival blocs and partners. His robust engagements include Israel-Palestine, Iran-Saudi and Qatar-Emirates binaries as well as Yemeni government and the Houthi rebels.

Challenges

Walking the Talk

Living up to its potential and commitments are a significant hurdle facing India. Bureaucratic incompetence, inbuilt inertia, ineffective work culture and time management, long gestation periods, cost

escalation, inordinate delays in execution, uncompetitive public sector, unimaginative private sector, and economic non-viability regarding size and scale mean that there is a considerable gap between India's commitments and accomplishments. Countries like Saudi Arabia and the UAE with substantial sovereign wealth funds are eager to partake in India's developmental activities but are intimidated by the maze of procedures, delays and work norms. Judicial intervention has become a new hurdle which has delayed or scared Gulf investments in India. These are primarily Indian problems and have to be fixed internally if New Delhi were to benefit from the Gulf investments.

Rivalry and Competition

The Persian Gulf region is emerging as the new theatre for competition. The Saudi-Iranian rivalry is complemented by the renewed interest of extra-regional powers. If China is expanding its economic footprint through the Belt and Road Initiative, Russia is seeking to enhance its leverage through energy cooperation with Saudi Arabia and Qatar. Chinese and Russian interest in the Gulf comes against the backdrop of lessening American interest and influence in the Persian Gulf. Though Trump has upped the ante over Iran and the nuclear deal, the lingering GCC crisis over Qatar indicates the limits of the American power. Hence, Modi's 'Turn West' policy and his efforts to further enhance India's influence in the Gulf will have to be a lonely journey. He would have to do it without piggybacking on the US while competing with China and Russia. This would be the real challenge to Modi's 'Turn West' policy.

Falling Trade

Largely due to falling oil prices, India's bilateral trade with the Gulf countries has been declining. In 2011-12, India's total foreign trade stood at US\$795 billion (S\$1.09 trillion) , and this was also

reflected in the Indo-Persian Gulf trade which stood at US\$183 billion (S\$251 billion) . However, since then India's foreign trade has been falling and reached US\$769billion (S\$1.05 trillion) in 2017-18, and likewise, Indo-Gulf trade also dropped to US\$137 billion (S\$188billion) , even though the region remains India's largest trading partner.

Institutional Inertia

One could also notice slackening pace in Modi's dealings with the Gulf. He visited UAE in 2015 and three other countries in 2016, but his next regional visit had to wait until early 2018 when he visited Oman and the UAE. Except for Israel, there were no visits to the entire Middle East in 2017. Moreover, with Lok Sabha elections due in early 2019, there is a real possibility that Modi might revert to the traditional Indian inertia and indifference towards the Gulf.

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