



## Accelerating India's “Look West Policy” in the Gulf



*Prasanta Kumar Pradhan*

*Prasanta Kumar Pradhan is Associate Fellow at the Institute for Defence Studies and Analyses, New Delhi*

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### ***Summary***

Adoption of the Look West policy in 2005 reflects India's increased desire for engagement with its West Asian neighbours. The Gulf region is important for India because of increased cooperation in the fields of trade, business, politics and security. Several high level visits have been exchanged and important agreements signed between the two sides on a number of issues. Bilateral engagement has also gathered momentum because of similar perspectives on terrorism and piracy. India's endeavours for deeper engagement with the region has been well accepted by the Gulf countries that realise India's potential as a large, stable, democratic country and an emerging political and economic power in Asia and the world.

Several important developments have taken place in India's relationship with the Gulf region since India adopted the "Look West policy" in 2005. While announcing the new policy, Prime Minister Manmohan Singh said that "the Gulf region, like South-East and South Asia, is part of our natural economic hinterland. We must pursue closer economic relations with all our neighbours in our wider Asian neighbourhood. India has successfully pursued a 'Look East' policy to come closer to the countries of South-East Asia. We must come closer to our western neighbours in the Gulf." He authorised the Commerce and External Affairs Ministries to begin negotiations with the Gulf Cooperation Council (GCC) to conclude a Free Trade Agreement (FTA), and also approved negotiations with all individual member countries of the GCC for a Comprehensive Economic Cooperation Agreement (CECA) covering the services and investment sectors.<sup>1</sup>

India considers the Gulf region as part of its 'extended neighbourhood'. Several high level visits have taken place from India and the relationship has become stronger over the last few years. The relationship has been marked by the growth of trade and business, increased cooperation in the fields of security, regional and international affairs and improved political understanding. While it is too early to assess the success or failure of the policy, the increasing number of visits and agreements signed during the last five years has helped to define India's priorities and long term interests in the region.

### High level visits from India

Prime Minister Manmohan Singh visited Oman and Qatar in November 2008 and signed important agreements with both the countries. India signed three Memorandums of Understanding (MoUs) with Qatar on defence and security, investment, energy and manpower development. The agreement on defence and security covers maritime security, piracy, intelligence sharing on terrorism, money laundering, narcotics and transnational crimes, including training and exchange of visits. The agreement on law and security enforcement lays out the framework for sharing of information and databases on threats posed by extremists and other legal matters. During the visit, Prime Minister Manmohan Singh requested Qatar to supply an additional five million tonnes of liquefied natural gas (LNG). Qatar is already the largest LNG supplier to India, and supplied 8.25 billion cubic metres (BCM) of LNG in 2009.<sup>2</sup>

Manmohan Singh visited Oman from November 8-9, 2008. India and Oman signed an MoU for establishing a joint investment fund with a seed capital of US\$ 100 million, which will be expandable to US\$ 1.5 billion. The joint fund is designed to identify projects in infrastructure, tourism, health, telecommunications, utilities, urban infrastructure and

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<sup>1</sup> "PM Launches 'Look West' Policy to Boost Cooperation with Gulf", Press release, Prime Minister's Office, July 27, 2005, available at <http://pmindia.nic.in/prelease/pcontent.asp?id=278>

<sup>2</sup> BP Statistical Review, 2010.

other sectors in both the countries. A manpower agreement was also signed between the two countries. This agreement seeks to protect the interests of the Indian workers in Oman, particularly those of women and those engaged in household sector which does not come under the purview of labour laws.

Vice President Hamid Ansari visited Kuwait in April 2009. Three agreements were signed during the visit - Educational Exchange Programme for the period 2009-2011, Agreement on Cooperation in Science & Technology and Cultural Exchange Programme for the period 2009-2011. All the three agreements signed are intended to increase India's soft power in the country.

In February-March 2010, Prime Minister Manmohan Singh visited Saudi Arabia. During his visit the Riyadh Declaration was signed with the Saudi King Abdullah bin Abdulaziz Al Saud. The implementation of the Delhi Declaration, signed in 2006 during King Abdullah's visit to India, was also reviewed. In the Riyadh Declaration, the two leaders condemned terrorism and extremism, agreed to enhance cooperation in the exchange of information relating to terrorist activities, money laundering, narcotics, arms and human trafficking, and to develop joint strategies in combating these threats. Both leaders also agreed to develop a broad-based economic partnership including infrastructure, energy and enhancing bilateral trade. The Riyadh Declaration has been termed as "a new era of strategic partnership" by both countries.

The Prime Minister proposed a strategic partnership between the two countries in the energy sector. He said that it is time to move beyond the traditional buyer-seller relationship and to forge a comprehensive energy partnership. India invited Saudi Arabia to participate in the crude storage facilities in India. The Saudi side also assured the Indian Prime Minister of the Kingdom's "desire and readiness" to provide India with its "present and future" oil needs.

The recent visit of President Pratibha Patil to the United Arab Emirates (UAE) in November 2010 underlines the importance of the Gulf region for India. President Patil visited UAE on an official four-day state visit to discuss business, political and community-related issues. President Patil stated that "India is committed to pursuing a common strategic vision for promoting regional peace and security and for the enhancement of our relations in the political, economic, security and cultural fields." President Patil said that while UAE would continue to be important for India's energy security, the relations have a broader strategic dimension in political, trade, economic and cultural fields.<sup>3</sup> President Patil discussed investment opportunities in India with the UAE leaders and said that India was looking at \$1 trillion in investments in the infrastructure over the next five

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<sup>3</sup> "UAE, India seek new horizons," *The Khaleej Times*, November 21, 2010, available at [http://www.khaleejtimes.com/displayarticle.asp?xfile=data/theuae/2010/November/theuae\\_November562.xml&section=theuae&col=](http://www.khaleejtimes.com/displayarticle.asp?xfile=data/theuae/2010/November/theuae_November562.xml&section=theuae&col=)

years and that the government was planning to disinvest up to \$8.7 billion in public sector undertakings.<sup>4</sup> During the visit, she also inaugurated the Indian Workers Resource Centre (IWRC) in Dubai which is a free, walk-in resource centre providing Indian workers, especially semi-skilled and unskilled labourers, direct access to welfare services in the United Arab Emirates.<sup>5</sup>

Apart from the Gulf Arab countries, Iran figures prominently in India's Look West policy. Iran in a number of ways is an important country for India. Though the relationship between the two has gone through many difficult phases it has strengthened after a couple of high level visits exchanged between New Delhi and Tehran. Iran has been defined as a part of India's "proximate neighbourhood." Its geopolitical and strategic location, long coastline along the Gulf, and its influence over the Straits of Hormuz make it an important country in the region. For India, Iran is an important source of energy to cater for her growing energy needs. Iran has the third largest proven oil reserves and second largest proven gas reserves in the world. Iran's close geographical location with India would be beneficial for transporting oil and gas at relatively lower cost. Another potential area of cooperation between India and Iran is in maritime security. The Indian interest in the Indian Ocean region and the proximate neighbourhood focuses on the need for regional peace and stability, mutually beneficial relations with littoral states, accessibility of oil and gas resources, the freedom of navigation through the Gulf and the Straits of Hormuz, and access to regional markets for Indian goods, technology, investment, labour and services.<sup>6</sup>

## India's priorities in the Gulf

**Energy security:** Securing long term energy supply is of primary importance for India in the region. India is currently the fourth largest energy consuming country in the world and it may go up to third position in next couple of decades. India's annual GDP growth at the rate of eight per cent would require further industrial growth which would demand more energy supply for the country. Gulf countries are already the main crude suppliers to India with Saudi Arabia at the top supplying 14,049.15 million tonnes followed by Iran and the UAE at 10,193.27 and 5,448.84 million tonnes, respectively.<sup>7</sup> The growing energy necessity has undoubtedly dictated India's initiative of building up a 'strategic energy partnership' with the region to secure long term energy supply for the country.

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<sup>4</sup> "Huge investment opportunities in infrastructure," *The Hindu*, November 26, 2010, available at <http://www.thehindu.com/business/Economy/article915480.ece>

<sup>5</sup> "Pratibha launches Indian Workers Resource Centre," *The Hindu*, November 25, 2010, available at <http://www.thehindu.com/news/national/article910925.ece>

<sup>6</sup> Speech by Foreign Secretary Ms. Nirupama Rao at IDSA-IPIS Strategic Dialogue, New Delhi, on "India and Iran: An Enduring Relationship," on July 5, 2010, available at [http://idsa.in/KeynoteAddressIndiaandIrananenduringrelationship\\_nirupamaroy](http://idsa.in/KeynoteAddressIndiaandIrananenduringrelationship_nirupamaroy)

<sup>7</sup> Export Import Data Bank, Department of Commerce, Government of India.

**Trade and investment:** The Gulf remains a favourite trading partner for India and the trade figures have been consistently going up especially with countries like the UAE, Saudi Arabia and Iran. The UAE is India's foremost non-oil trading partner in the world with a total trade of 43,469.50 million dollars.<sup>8</sup> Saudi Arabia is the fourth largest non-oil trading partner with a total trade of 21,004.57 million dollars.<sup>9</sup> The Gulf countries look at India as a fast growing economy which holds the potential to compete with the major world economies. Realising the trade potential of the Gulf countries, India has entered into a negotiation with the GCC to finalise a Free Trade Agreement. Both the sides have already met for four rounds of negotiations on the FTA.

Attracting Foreign Direct Investment from the cash rich Gulf region is also a priority for India. The Gulf countries have huge potential for investing in different sectors in India for mutual benefit. According to the Department of Industrial Policy and Promotion, from April 2000 to October 2010 the UAE was the top investor in India from the region with investments worth US\$ 1,815.29 million, followed by Oman which has invested US\$ 326.55 million. During the same period, Saudi Arabia invested US\$ 31.59 million, Bahrain US\$ 26.78 million, Kuwait US\$ 15.70 million and Qatar US\$ 1.13 million.<sup>10</sup> India offers the foreign investors opportunities in various sectors such as infrastructure development, science and technology, information technology, biotechnology, healthcare, higher education etc.

**Forging strategic ties:** While the oil and energy trade dynamics define India's relationship with the Gulf countries, there is a growing realisation that it is time to move beyond the traditional buyer-seller relationship. India is looking forward to enhance strategic ties with the region. India needs to engage the Gulf countries to further its own influence in the region as well as the world. India has already discussed its intention of joining the United Nations Security Council (UNSC) as a permanent member with the Gulf countries. By forging ties in sectors other than energy and trade with the Gulf region, India is developing a warm relationship with the Muslim world. This would help in building up India's engagement with organisations like the Organisation of the Islamic Conference (OIC) and the Arab League.

**Military cooperation:** Particular attention has been paid on military cooperation to deal with common security threats. The growing threats of Islamic extremism, terrorism and maritime piracy have become concerns for both India and the Gulf countries. There is a growing concern over the rise of criminal activities, money laundering and illegal arms trade between the two regions.

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<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Fact Sheet on Foreign Direct Investment (FDI) from August 1991 to October 2010, Department of Industrial Policy and Promotion, Ministry of Trade and Commerce, Government of India.

India has signed defence cooperation agreements with the UAE, Oman, Qatar and Saudi Arabia. The defence agreements are aimed at providing military training, cooperation in military medical services, joint exercises, joint development and manufacture of sophisticated military hardware, cooperation in product support, services, defence science and technology etc and jointly combating pollution caused by the military at sea.

The Indian Navy has been at the forefront of conducting military exercises with the Gulf region. The Indian Navy has conducted exercises with the navies of Kuwait, Oman, Bahrain, Saudi Arabia and UAE. Besides, the Indian Air Force has also come forward to conduct ariel exercises with their counterparts. In September 2008, India conducted its first joint air force exercise with the United Arab Emirates at the Al Dhafra base in Abu Dhabi. In October 2009 the Indian Air Force conducted a joint exercise with Oman codenamed 'Eastern Bridge' at the Royal Air Force of Oman (RAFO) base at Thumrait. The exercise, though ostensibly conceived to increase interoperability between the RAFO and the IAF, also served to underline the strategic reach of the Indian Air Force.

**Fighting piracy:** The recent spurt in the piracy activities off the Gulf of Aden in the Indian Ocean has affected both India and the Gulf countries. For India, the security of the Indian Ocean is important as large number of oil tankers pass through these waters. Cooperation with the Gulf countries in fighting piracy would also strengthen India's presence in the strategic waters of the Indian Ocean. India has already deployed its naval ships to deter the pirates.

**Strengthening soft power:** India has emphasised on strengthening the soft power relationship with the countries of the region. There is a conscious effort on the part of India to bring back Indian cultural influence in the region which India enjoyed in the past. In recent years India has attempted to strengthen cultural ties with the Gulf countries by signing and renewing the existing cultural exchange programmes. India signed an Executive Programme for Cultural Cooperation for 2007-2010 in 2007. An Executive Programme for the Cultural and Information Exchanges between India and Kuwait was signed for the years 2009-2011 in April 2009. India signed an MoU on Cultural Cooperation with Oman in July 2010 for a period of five years.

Cooperation in the field of education is an emerging area of cooperation between India and the Gulf region. Under the Education Exchange Programme 2009-2011, signed between India and Kuwait, both the countries have agreed to exchange information on studies and researches in the fields of education and learning and exchange specialists in the fields of general education, adult education, special-needs education, and social and psychological services. An MoU on education was signed between India and Oman in December 2007 which encourages cooperation between the two countries through visits of academics, officials and students from universities and academic institutions, organising seminars, scientific programmes and training courses, and exchange of books scientific documents and library materials. India has also pledged to assist Saudi Arabia in setting

up an ICT Centre of Excellence as well as institutes of higher learning, involving both education and research in the field of technology. India and Saudi Arabia signed a memorandum on higher education in the year 2006 which calls for exchange of teaching faculty and students, encourage direct scientific and educational communications among the institutions and exchange of delegations between the two countries.

**Protecting interests of diaspora:** Protecting the interest of the five million strong Indian diaspora has been an important element of India's policy priorities in the Gulf. The Indian maids working in the households are in the most vulnerable situations as they are not covered under the local labour laws. India has taken up the issue with the governments of the region and has appealed for the safety and security of the Indian house maids in the region. India has signed labour agreements with the Gulf countries which call for protecting the workers from exploitation by the employers (like sexual harassment, physical abuse, holding the payment, overtime work without extra incentives etc.), checking the illegal and unauthorised recruiting agencies and unhealthy working and living conditions. The Indian diaspora in the Gulf is a major source of foreign currency. According to the World Bank report on the Remittances and Migration, India is the top remittance receiving country in the world with US\$ 55 billion of remittance in 2010.<sup>11</sup> The Reserve Bank of India estimates that for the period of 2006-07 to 2009-10, the Gulf region accounted for an average of 27 per cent of the total remittance inflows to India. The UAE and Saudi Arabia are the major source countries for the remittance. In the year 2008-09, the remittances from the Gulf reached US\$ 14, 430 millions constituting 30.7 per cent of the total remittances received during that financial year surpassing that of the North America.<sup>12</sup>

## Gulf Reciprocates

India's Look West policy has received the required and necessary reciprocation from the Gulf. Impressed by the economic development of India and the growing stature of the country in the region and beyond, the Gulf countries have looked upon India as a responsible and trusted player. The GCC countries have adopted a 'Look East' policy focusing on India and China – two major Asian giants. The rise of Asia in general and India in particular has impressed the Gulf countries that have started trusting India and its increasing profile. A number of leaders from the Gulf have also visited India in recognition of the importance they attach to the country. The visit of King Abdullah of Saudi Arabia in 2006 to New Delhi was a landmark visit as it improved the bilateral relations between the two countries. Since then a number of heads of States and high level delegations have paid visits to India and have openly expressed their desire to improve

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<sup>11</sup> *Migration and Remittances Factbook 2011*, The World Bank, Washington DC, 2011, p.13.

<sup>12</sup> Reserve Bank of India Monthly Bulletin April 2010, on "Remittances from Overseas Indians: Modes of Transfer, Transaction Cost and Time Taken," available at <http://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/01ART120410.pdf>

their relationship with India. For them India has emerged as a reliable partner beyond trade and business.

## Conclusion

The Look West policy has certainly accelerated India's engagement with the Gulf region. As India has huge stakes in the region, the policy should be supplemented with more proactive Indian involvement in the various sectors. With the rapid economic growth and rising profile of India, devising such policy of engaging with the extended neighbourhood has become imperative for India.

The focus of the Indian interest in the Gulf region remains in the fields of trade, energy supply and protecting interests of India workers there. India is robustly pushing its soft power in the form of education and culture in the region emphasising exchange and cooperation. But India has adopted a cautious approach while dealing with the political and military issues. India is careful so as not to be blamed as an interventionist big power in the region. India has been looking at the Gulf as a region to augment its economic and political power and not to exercise it. Strengthening the relationship in the areas of education and culture has been intended to maintain India's soft power dominance by spreading Indian culture and contributing to human resource development in the region, while the defence and strategic partnerships have been driven by the need to tackle the increasing threats of terrorism and piracy, and to deal with the changing political and strategic environment in the region and the neighbourhood. By attempting to forge strategic ties, India has expressed its desire to engage the Gulf region in all possible new sectors while, at the same time, strengthening the all-important energy and trade ties between the two.