

INDIA MUST SEIZE THE NEW STRATEGIC POSSIBILITIES WITH THE GULF

Relevant for: International Relations | Topic: India - Middle East

External Affairs Minister S Jaishankar's visit to Bahrain and the United Arab Emirates this week is a good moment to reflect on the structural changes taking place in the Gulf and the region's growing influence in the Indian Ocean. One of the contributions of Prime Minister [Narendra Modi](#)'s foreign policy over the last six and a half years has been to elevate the Gulf and the Indian Ocean in India's strategic priorities.

For decades, India's mercantilism saw the Gulf as a source of oil and a destination for labour exports. Delhi's narrow bureaucratic approach to the Gulf was incapable of a political engagement with the region's interests. Although the Gulf kingdoms were eager to build strong and independent political ties with Delhi without a reference to Islamabad, Delhi viewed them through the prism of Pakistan.

Over the last few years, Delhi's mercantilism has morphed into a strategic embrace. Modi's personal outreach to the Gulf rulers has helped crack open immense possibilities for political and strategic cooperation. But India has barely come to terms with the significant rise of "Khaleeji" or Gulf capitalism.

The Indian elite has long viewed the Gulf as a collection of extractive petro-states run by conservative feudatories. Delhi needs to get real and recognise the impressive structure of finance capital built on the massive accumulation of oil revenues over the last few decades.

Adam Hanieh, a scholar based in London's School of Oriental and African Studies, has developed the concept of "Khaleeji Capitalism" by tracking the rise of large conglomerates and sovereign wealth funds in the Gulf that today dominate several regional sectors — from banking and finance to infrastructure and logistics, from agribusiness and real estate to retail to telecom. The growing financial clout of the Gulf has also begun to translate into expansive geopolitical influence in the Middle East and the Indian Ocean.

During the last six years, India's perspectives on the Western Indian Ocean too have changed. Delhi's traditional focus was riveted on Mauritius and the large Indian diaspora there. Modi's visit to Mauritius and Seychelles in March 2015 saw the articulation of a long-overdue Indian Ocean policy and an acknowledgement of the strategic significance of the island states. Since then, South Block has brought Madagascar and Comoros along with Mauritius and Seychelles into the Indian Ocean Division. India also unveiled a maritime strategic partnership with France, a resident and influential power in the Western Indian Ocean.

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Earlier this year, Delhi became an observer at the Indian Ocean Commission — the regional grouping that brings France's island territory of Reunion together with Comoros, Madagascar, Mauritius, and Seychelles. India has also become an observer to the Djibouti Code of Conduct — a regional framework for cooperation against piracy between the states of the Gulf, the Horn of Africa and East Africa.

During his visit to the Gulf, Jaishankar's task is five-fold. First is the immediate need to shield

India's interests in the post-[pandemic](#) turbulence that is enveloping the region. The threat to the region's economic stability is real, and as the Gulf considers cutting back on foreign labour, Delhi would want to make sure its workers in the region are insulated. The UAE alone hosts nearly three million Indian expatriates. Delhi is also eager to improve the working conditions of its large labour force — close to eight million — in the Gulf.

Second is to focus on the new and long-term possibilities for economic cooperation with the Gulf, which is looking at a future beyond oil. The Gulf states have embarked on massive economic diversification and are investing in a variety of new projects including renewable energy, higher education, technological innovation, smart cities, and space commerce. Delhi must get its businesses to focus on the range of new opportunities in the Gulf.

India also needs to tap into the full possibilities of Gulf capital for its own economic development. The big gap between the investments that the Gulf is ready to offer and India's ability to absorb needs to be reduced. When PM Modi travelled to UAE in 2015, Abu Dhabi committed to invest \$75 billion in India. Delhi is a long distance away from facilitating that scale of investments.

Third, the Gulf's financial power is increasingly translating into political influence and the ability to shape the broader political narrative in the Middle East. The influence has been manifest in their successful transformation of the debate on Arab relations with Israel. Jaishankar will be all ears in the UAE and Bahrain, which have normalised relations with Tel Aviv earlier this year and are laying the basis for a massive economic and technological engagement with Israel.

Fourth, less noted in India but equally significant is the growing ability of the Gulf to influence regional conflicts from Afghanistan to Lebanon and from Libya to Somalia. Khaleeji capital's new weight in the Indian Ocean is reflected in several ways. The Gulf today delivers economic and security assistance to friendly states, builds ports and infrastructure, acquires military bases and brokers peace between warring parties and states.

The UAE currently chairs the Indian Ocean Rim Association (IORA) and has been eager to work with India in developing joint infrastructure projects. Delhi needs to bring scale and depth to its regional initiatives on connectivity and security in the Indian Ocean. The UAE is a natural choice for it.

Fifth, Delhi pays insufficient attention to the significant reforms unfolding in the Gulf that seek to reduce the heavy hand of religion on social life, expand the rights of women, widen religious freedoms, promote tolerance, and develop a national identity that is not tied exclusively to religion. The UAE has been the leader in this regard.

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Earlier this month, the UAE announced a series of legal changes that make the Emirates an attractive destination for foreign workers. The reforms include the decriminalisation of alcohol use, permission for cohabitation among unmarried couples, criminalisation of honour crimes against women, and the institution of long-term visas.

These reforms can be seen as an inevitable consequence of the rise of Khaleeji capitalism that cannot be sustained in a restrictive religious framework. Meanwhile, the pandemic and the shifting global currents have added unprecedented urgency to reinventing the Gulf economies.

Delhi has long seen the Gulf as the source of extremist religious ideology that destabilised the Subcontinent and beyond. India now has every reason to support the Gulf rulers who are trying to reverse course and promote political and social moderation at home and in the region.

As it seeks to recalibrate India's ties with the Gulf, the real challenge for South Block is to get the rest of the Indian establishment to discard outdated perceptions of the Gulf and seize the new strategic possibilities with the region.

This article first appeared in the print edition on November 24, 2020 under the title 'Time to bridge the Gulf'. The writer is director, Institute of South Asian Studies, National University of Singapore and contributing editor on international affairs for [The Indian Express](#).

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