



Indian Prime Minister Narendra Modi and Abu Dhabi Crown Prince Mohammed Bin Zayed, August 2015. Photo: Prime Minister's Office, Government of India

India Looks West, the Middle East Looks East: India, the Gulf States, and Israel

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India's relations with the Arab Gulf states, headed by Saudi Arabia and the United Arab Emirates, have improved steadily since the election of Prime Minister Narendra Modi, evidenced by closer economic relations and now extending into the security-military field. The central axis of relations between India and the Gulf states was and remains the economy. India is an important destination for oil and gas from the Gulf and a supplier of workers to the region. At the same time, closer relations also reflect developing strategic concepts: Delhi relates more and more to the Middle East in general and the Gulf in particular as an essential theater not only for economic development but also for its strategic status, certainly in view of the competition with China. For their part, Riyadh and Abu Dhabi assign India a role in their "looking East" strategy and thereby seek to diversify their sources of political and perhaps also military support—a strategy that even has room for Israel.

Keywords: India, Gulf states, Israel, Abraham Accords, Iran, United States, China

Introduction

India and the Gulf states have always enjoyed good relations, thanks to Delhi's dependence on energy products from the Gulf to ensure its energy security while being the main supplier of cheap, skilled labor to the Gulf states. Narendra Modi's election as India's Prime Minister in 2014 led to greater coordination and cooperation between India and the Gulf states at the political level, and to a certain extent at the security level as well. In the background is the increasing competition with China, and Delhi's interest in positioning itself as a global power.

A public sign of the closer relations lies in the unusual scope and content of a series of meetings between members of the political elites on both sides. Prime Minister Modi has visited the United Arab Emirates three times since taking office (another visit, in January 2022 was postponed due to COVID-19). During his first visit, the parties announced an upgrade of relations to “[comprehensive strategic partnership](#).” Abu Dhabi Crown Prince and UAE acting ruler Mohammed Bin Zayed visited India in 2016 and 2017 (the [2017](#) visit was on India's Independence Day—an honor that India has granted to very few leaders). Prime Minister Modi visited Saudi Arabia in 2016 and 2019. That year also saw [the first visit](#) by Saudi Crown Prince Mohammed bin Salman to India, as part of a trip to Asia that included Pakistan and China. During these visits, the parties stressed their desire to inject political and security content into their relations and expand their economic foundation by strengthening the growth engines of the Indian economy.

One reflection of the closer political relations between India, Saudi Arabia, and the Emirates is a certain softening in the position of the latter two countries toward India in its dispute with their longstanding ally Pakistan over Kashmir. For example, a joint statement published during the Saudi Crown Prince's visit to India in 2019 contains the [first mention](#) of Saudi recognition of India's fight against terror threats over Kashmir. Another expression can be found in the historic

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invitation from Saudi Arabia and the UAE to India's Foreign Minister to participate for the first time, as a guest of honor, in the Conference of Foreign Ministers of the Organization of Islamic Cooperation (OIC) that was held in Abu Dhabi in March 2019, while [blocking](#) a Pakistani attempt to include a denunciation of India in the closing statement. It was recently reported that to Pakistan's dismay, the UAE intends to invest in the Jammu and Kashmir region run by India and is a bone of contention with Pakistan.

Yet another expression of closer political ties can be found in a series of gestures by Saudi Arabia and the Emirates toward India: the exceptional approval given to [Air India](#) to fly over Saudi Arabia to and from Israel; signed memorandums of understanding in the fields of tourism, civil aviation, construction, and solar energy; and an undertaking by the Saudi Crown Prince to invest [\\$100 billion](#) in ventures in India (no details were given of the nature of the investments or the timetable, and there is no certainty that this undertaking will be implemented). India was also one of the only countries to express public support for the Crown Prince after the murder of Saudi journalist Jamal Khashoggi, and Prime Minister Modi is one of the few leaders who has met with him since (in 2018 and 2019). In April 2019 Mohammed bin Zayed announced that he would grant Prime Minister Modi the highest honor awarded by the UAE to foreign leaders (the Zayed Medal), for his contribution to “[boosting](#)” relations between the countries. During his visit to India in 2003 as Chief of Staff, Mohammed bin Zayed himself signed the first security cooperation agreement between the countries, which laid the foundations for the current [security relationship](#) between the parties.

India's close and longstanding ties with Iran, however, remain an issue that casts a pall over efforts to promote relations between Delhi, Riyadh, and Abu Dhabi. Ties between Delhi and Tehran are rooted in weighty economic interests, with the emphasis on Iran's important role as India's third largest oil supplier and on geostrategic considerations; for example, both share a concern over the stability of Afghanistan after the American withdrawal, which turned the country into a possible exporter of terror. India and Iran signed a memorandum of understanding over the operation by the Indian state ports company of Chabahar Port in Iran, near the Strait of Hormuz. Operating the port will give India access to Afghanistan (bypassing Pakistan) and its airbase in Tajikistan. As part of the project, India is also investing in the construction of a fast road and railway track from Chabahar to Zahedan on the Iran-Afghanistan border, and in the International North-South Transport Corridor project (INSTC)—a chain of transport routes linking India to Russia through Iran. India's participation in the agreement links the Corridor to main routes through Iran to Central Asia. In 2018 India also signed a memorandum of understanding with Oman, allowing it to use the strategic [Duqm port](#), thus giving the India-Oman-Iran axis strategic and economic importance.

Economy

In recent years, India has placed great emphasis on nurturing political and economic relations with the Arab Gulf states, particularly Saudi Arabia and the United Arab Emirates. As the third largest consumer of energy in the world (after the United States and China), India imports about [80 percent](#) of its energy needs and relies on the Gulf for the lion's share of the oil and liquefied natural gas (LNG) that it consumes. This is in spite of efforts by Delhi to increase oil imports from North America at the expense of Middle East oil. According to forecasts, India's oil consumption will rise significantly in the coming decades, and could even exceed that of

China. For that reason, India's dependence on oil suppliers in the Gulf and the limited availability of alternative sources will continue to be a key factor in its policy.

For Saudi Arabia and the UAE, the two largest economies in the Middle East, closer ties with India suit their vision of economic diversity, and in particular the Saudi "Vision 2030." On the one hand, huge investments in the oil refineries and petrochemical industry in India enable both these oil exporters to position themselves along the whole value chain of the oil industry, and thereby increase the market share for their energy products. On the other hand, there is a potential for joint expansion with India into other areas of industry, on Indian soil, using cheap and skilled local labor, to connect to an enormous consumer market.

While oil supplies from the Gulf are essential for India's energy security, India itself is a vast and developing market that is a source of income for the Gulf states. Moreover, thanks to India's strategic location and its proximity to the Gulf, and thanks to the significant refining capacity it has built, which exceeds its own consumption, Saudi Arabia and the UAE have begun to see India as a potential hub for oil refineries, petrochemical plants, and strategic storage reservoirs to ensure regular supplies in times of shortage. The essence of the change in the relationship lies in their stated mutual wish to move gradually from a producer-consumer relationship (of energy) to a partnership. The main reflection of this is the promotion of joint ventures involving refineries and petrochemical plants in India. The mutual desire for closer ties has prompted the parties to sign a number of agreements and MOUs for investment by the Gulf states in joint projects in India.

India's main contribution to the Gulf economies consists of temporary workers. Some [8 million Indians](#) are employed in the Gulf, constituting the largest ethnic group of foreign workers in the region (in the UAE alone there are over 3 million Indian workers). They are employed in manual labor, such as

construction, industry, and mining, and as service providers, with many employed in white collar jobs, particularly in engineering and management functions that are essential to the Gulf's energy economy. The extent of Indian workers' involvement in the energy industry of the Gulf states gives Delhi some **leverage**, although it is also dependent on this employment as a vital source of income—some \$50 billion each year, half of all money transfers (remittances) reaching India. In addition to the **negative effects** of the COVID-19 pandemic, there have been recent reports of a decrease in the number of work visas granted to Indians by the Gulf states due to the economic reforms currently underway, including attempts to nationalize their labor market.

Other Economic Issues

- a. Trade: Discussions on a free trade zone between India and the Gulf Cooperation Council (GCC) began back in 2004, but so far no final agreement has been signed, partly due to the preference for signing bilateral agreements (on the agenda is the free trade agreement between India and the UAE). The annual volume of trade between the parties is nearing \$100 billion, of which \$60 billion is with the UAE and \$30 billion with Saudi Arabia (the UAE is India's largest trading partner in the Middle East, and Delhi and Abu Dhabi hope to reach \$115 billion). A large majority of the trade consists of Indian imports of oil and LNG, which is why India has a trade deficit with the Gulf states and is hoping to achieve reciprocal purchasing (offset).
- b. Investments by Gulf states in refineries and petrochemical plants in India: In 2018, the national oil companies of Abu Dhabi (Adnoc) and Saudi Arabia (Aramco) jointly acquired 50 percent of the shares of the Ratnagiri project—an integrated oil refinery and petrochemical complex planned for construction in the Maharashtra district in western India. Each of the two Gulf

companies will hold 25 percent of the complex, and the other fifty percent will be held by a consortium of three public Indian companies. The planned oil refinery will have a production capacity of 1.2 million barrels per day, and the total cost is estimated at \$44 billion. During the visit by the Saudi Crown Prince to India in February 2019, there were reports that Aramco and the giant Indian refinery Reliance had begun talks over additional Saudi investment in other refinery and petrochemical projects in India. No further details were given, but the Saudi energy minister said that Riyadh is eager for business in India and is interested in a lot more than the refineries project in the Maharashtra district.

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- c. Partnership in strategic reservoirs: Delhi allows foreign oil companies to store oil in its reservoirs, on condition that it can use the oil in emergencies. In 2018 the Abu Dhabi oil company signed agreements to fill some of the Indian reservoirs, and is currently examining, together with Aramco, the option of providing joint funding to construct further underground reservoirs in India, with an interest in minimizing the effects of volatility in the oil market.
- d. Food security, which has become urgent since the COVID-19 pandemic: The UAE imports food from India for about \$2 billion a year. The countries are promoting a "food corridor" in which the Emirates are expected to invest **some \$5 billion** for improvements to the agricultural infrastructure in several Indian states. This investment would triple the scope of agricultural imports from India

to the UAE, as part of the development of new ties between the parties: food security in return for energy security.

Security

The security cooperation between India and the Gulf states is reflected primarily in the war against terror, India's increased naval presence in the Arabian Sea and the Gulf, and [increased cooperation](#) between the Indian Navy and the fleets of Saudi Arabia and the UAE. This comes against the background of greater tension in the Gulf following attacks by Iran on international shipping, and fears of a reduction in the US military presence in the Gulf. As part of the increased cooperation, in 2020 the Indian Chief of Staff [visited](#) Saudi Arabia for the first time. There are also signs of talks about the purchase of Indian security products and joint promotion of security industries. In this context, it is the Gulf states that need India's developing capabilities. On Delhi's part, there is an understanding that the security of the millions of its citizens living in the Gulf and the security of the Gulf are "in its back yard" and closely linked to its own security, and it can therefore not ignore what happens in the Gulf.

At the strategic level, the ties between the Gulf and India are intended to promote Saudi and UAE ambitions to project power beyond their borders, as part of their broader concept of national security. One way is to highlight the political support of rising powers such as India, with American support in the background, and military-naval cooperation with India around the Arabian Sea. This has been backed over the past decade by a policy of drawing American attention to the India-Pacific region, in order to balance and contain the current Chinese expansion in the area, and to maintain American leadership in the region. An increased Indian presence in the Gulf could act as a counterweight to China and complement American strategic plans for the region, encouraging United States support for closer ties between India and the Gulf.

The security realm is still less developed in Indian relations with the Gulf states, although as part of the recent closer ties, it is possible to discern some developments:

- a. Naval cooperation: The security of shipping lanes is vital for the Gulf states, since most of their oil is exported on container ships through the Strait of Hormuz and the Arabian Sea. The Indian Navy has recently increased the frequency of its calls to Gulf ports (including in Iran) and its participation in joint exercises, in order to reinforce India's presence in the region and the naval ties between the Indian and Gulf states fleets. Links between the Indian and UAE fleets are fairly well established. Saudi Arabia wants to strengthen its ties with India, and in 2021 there was a joint naval exercise between the two countries, [the first of its kind](#). In addition, the trend toward increased naval presence is reflected in the 2018 MOU signed between India and Oman for use of facilities in Duqm. The agreement gives India access to the port and its refueling and maintenance facilities for commercial and military purposes. It is not impossible that the growing Indian presence in the Arabian Sea and the Gulf will eventually lead to the construction of Indian bases, justified as protection of its interests.
- b. Military industries: Saudi Arabia and the UAE see India as a relevant partner in their drive to develop their own security industries. They have identified India's growing interest in closer ties with them and the potential as a developing arena for cooperation in the context of military industries. Apart from the UAE, the Gulf states have no infrastructure of technological expertise or the manpower needed for such industries. The UAE Ministry of Defense is currently engaged in talks to purchase systems made in India, and the two countries have signed security cooperation agreements, including an agreement for joint manufacture of weapons in India. During his recent visit to India, the Saudi Crown

Prince signed an agreement over the joint manufacture of components and spare parts for military platforms. Also on the agenda are Saudi investments in the Indian security manufacturing sector.

- c. The war on terror: Delhi sees the Arab states as a way to restrain demonstrations of Islamist extremism, based on an understanding that extremist elements within India are inspired, funded, and assisted by the extreme Islamist “charity organizations” operating in the Gulf. Moreover, Delhi wants to leverage the close ties between some Gulf states and Pakistan in order to exert pressure on Islamabad to change its policy and stop giving protection to extremist organizations operating against India from its territory. Cooperation on this subject between India and Saudi Arabia is based on an agreement over security cooperation signed during King Salman’s visit in 2014 (when he was the Crown Prince). The cooperation includes intelligence sharing, a coordinated fight against money laundering and terror funding, and extradition of terror suspects. A Strategic Partnership Council was also established (in March 2019) to enhance counter-terrorism cooperation. Furthermore, during the Crown Prince’s latest visit to India, the parties agreed on technological cyber cooperation in the war on crime and terror.

Conclusion: India, the Gulf States, and Israel

In the first discussion of its kind that took place in October 2021 between the foreign ministers of India, the United Arab Emirates, Israel, and the United States, a decision was taken to establish a four-way international forum on economic cooperation. During the talks, the ministers discussed options relating to shared infrastructure, ports, railways, and maritime security, and agreed to set up [working groups](#) for this purpose and to hold further meetings. Outside the meeting, the Indian Foreign Minister [said](#) that Delhi’s relations with Jerusalem, Washington, and Abu Dhabi are “among

the closest relationships we have, if not the closest.” Delhi also recently renewed the talks on promoting regional free trade agreements with Israel and with the UAE.

After the US withdrawal from Afghanistan, and facing a further possible cutback of US forces in the Middle East, voices can be heard in the Gulf [calling](#) to compensate for the American military absence through increased military presence in the Gulf of other countries, including India. Israel also has an interest in a greater Indian military and naval presence in the Arabian Sea and the Red Sea, areas that are threatened by Iran, and would do well to increase the four-way cooperation in order to ensure the freedom of shipping routes.

The benefits of India for the Gulf states derive from its status as an enormous developing market for energy products, its accessibility and geographical closeness, its readiness for joint refinery and petrochemical ventures, its huge and cheap supply of skilled workers (which also makes India more sensitive toward the host countries), and its non-interventional approach to internal issues. In addition, India is not perceived as having a political-economic agenda or expansionist ambitions like China or Russia, and its good relations with the United States ensure that there will be no American pressure against closer ties. In fact, the US has an interest in encouraging India to assume an active role in Gulf security, as a counterweight to China and a way to reduce its regional involvement.

India too has an interest in greater involvement in the Middle East, although the developing ties between India and the Gulf states have aroused a certain amount of suspicion due to the special political and security [relations](#) between Saudi Arabia and the UAE with Pakistan, and between India and Iran. While India sees the four-way forum on economic cooperation as an opportunity to challenge China and strengthen its own presence in the Middle East, Israel and to a lesser degree the UAE could see it as a (further) tool

for dealing with Iran, in collaboration with the United States. Moreover, India is more limited in its economic and military resources than other global players, and more affected by internal political and religious constraints. Closer ties between the Gulf states and China, India's rival, and the attraction of the Gulf for other Asian players, some of them new to this arena, such as Japan and South Korea, create competition for India.

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The Abraham Accords are an opportunity for Israel to strengthen its ties with India and with the UAE. Relations between Delhi and Abu Dhabi have a historical dimension. The economies of India and the UAE are intertwined, and the establishment of relations between Abu Dhabi and Jerusalem offers the potential of closer ties between India and Israel, and for three-way cooperation in many fields, including energy, medicine, agriculture, and security. Israel's advanced technologies, India's manufacturing capabilities, and the needs and financial resources of the Gulf states all bear

witness to the potential inherent in the new ties. The estimate is that the scope of trade between Israel, India, and the United Arab Emirates could amount to some \$100 billion by the end of the current decade.

The public statements by the parties on the cooperation taking shape in the four-way forum stress the economic dimension, but shared security concerns will apparently also lead to deeper cooperation in security and military aspects. India is already a significant importer of Israeli weapons, and in 2016-2020 India acquired 43 percent of Israel's arms exports. Some of these weapons, such as the Barak rocket, are even manufactured in India. Israel must consider whether, in the framework of stronger relations between itself and India and the Gulf states, it can allow India to export weapons based on Israeli know-how to the Gulf.

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