



difficult   
dialogues

## LSE India Summit 2016 Working Paper #3

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**C Uday Bhaskar, October 2016**

1. Global Finance
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## Table of Contents

Executive summary.....	2
Panellists .....	2
Introduction .....	3
Fossil fuels and the energy economy .....	3
Post-1979 turbulence and the rise of religious tensions .....	3
Geopolitical fragility .....	4
Conclusion .....	5
Recommendations .....	6

## Executive summary

West Asia has a distinctive place in India's foreign policy. With so many external players and major power stakeholders interacting with the region, including the US, China and Russia, India has to calibrate its own policies in an objective, equitable and sustainable manner. The perennial dilemma between prioritising realpolitik interests without abandoning abiding values poses a particularly distinctive challenge.

The West Asia panel at the LSE India Summit 2016 considered politico-strategic, economic (especially trade and oil), and security-military issues. Panellists made recommendations on how India can take a lead on promoting stability in the region, as well as take steps to safeguard its own energy, security and diaspora interests.

## Panellists

**Talmiz Ahmed**, retired diplomat, currently Visiting Distinguished Fellow at the Observer Research Foundation in Delhi, and an energy consultant in Dubai

**Nicolas Blarel**, Assistant Professor of International Relations at the Institute of Political Science, Leiden University in The Netherlands

**Toby Dodge**, Director of the Middle East Centre, and Professor in International Relations at LSE

**Darryl Li**, Associate Research Scholar in Law and Robina Visiting Human Rights Fellow at Yale Law School

**Siddharth Varadarajan**, LSE alumnus, journalist and a founding editor of [The Wire](#).

The session was chaired by **C Uday Bhaskar**, Director at the [Society for Policy Studies](#), New Delhi.

## **Introduction**

Pursuant to the Modi-led aspiration of becoming a “leading power” to reckon with, India has been deepening and broadening its association with West Asia, a region that straddles Iran (on the east) and Israel (on the west). This also includes the strategically important waterways of the North Arabian Sea and the choke points associated with this region.

The use of the label 'West Asia' (rather than 'Middle East' as is common in the Anglo-American geo-strategic lexicon) is laden with complex import and implications. A territorial stretch that extends to cover some highly volatile countries, West Asia is an expression that subsumes the strategic, cultural, political, and economic-energy linkages this region has with the rest of the Asian continent and hence cannot be treated as a separate bloc in an insulated manner.

Collectively the panellists identified the relevance of the West Asian region to India in particular and the synergistic relationship that has evolved in the past. Three major strands were identified namely: the energy/hydro-carbon profile of the region and its related geo-economic compulsion for India which is highly dependent on such imports; the post 1979 turbulence in the extended region including Afghanistan and Pakistan resulting in the current socio-political and radical religious fervour that animates the region; and the geopolitics of the region driven by players including Saudi Arabia, Iran, Israel as well as the US.

## **Fossil fuels and the energy economy**

India's economic interest in West Asia, courtesy oil and energy imports remains at an all-time high. West Asia contributes around 80 per cent of India's oil needs – and this figure could rise to 90 per cent in the near future. Added to this is the presence of an extensive Indian diaspora that contributes to the economies in West Asia as much as to the Indian economy through remittances. The post oil hike petro-dollar ecosystem in the region drew workers in the mid-1970s and there are now around eight million Indian expats in the region, with Indians forming the majority expatriate community in every country of the Gulf Cooperation Council.

## **Post-1979 turbulence and the rise of religious tensions**

Given the linkages between Islam and India (which has the second largest Muslim population in the world), the salience of Mecca and Saudi Arabia were noted. Concurrently, the panel reviewed the emerging tussle in political Islam that has pitted the Saudi-led Sunni factions against Iran, which is majority Shia and negotiating its return to the regional and global comity.

The greater crisis in the region was analysed along the temporal strand, starting in 1979 with the dilution of the efficacy of the state in Afghanistan and the emergence of a new transnational Islamist conflict. The latter was further exacerbated by the enormity of the 9/11

attacks and the US invasion of Iraq in 2003. Now we see state collapse in Iraq, Syria, and Yemen as well as Libya. The weakening of coercive institutional and ideological bonds has created space for new contestation by radical, austere Islamism, with Daesh aka Islamic State (IS) at its extreme.

New communication technologies including satellite TV, social media and mobile phones have also played a key role in the growth of IS, particularly its international identity and reach, through which it has been able to foster new generation of 'jihadi tourists' who travelled to Iraq and later Syria to serve as foreign fighters.

Other issues that were elucidated included an analysis of the concept of 'jihad' and the need to be cautious about reducing the term to misleading binaries in relation to Islam and its adherents. Instead it should be understood as claim to a certain kind of legitimacy for political violence, within which the varying political drivers need to be identified in a disaggregated manner.

It was also noted that Islamic sectarianism is a broad term which benefits from being [classified at three levels](#), namely: institutionalised (where groups incorporate sectarian themes into political, cultural and educational systems), incidental (where sectarianism does not play a central role in group/state objectives but conflict takes of a sectarian character, as in the Syrian and Yemeni wars due to Saudi involvement) or exploitative (where groups such as IS deploy the sectarian narrative to achieve political goals).

## **Geopolitical fragility**

Regional stability is critical for India, given its reliance on West Asian oil. The security of the Indian workers is also a major determinant. India has orchestrated mass evacuations of its citizens for example from Kuwait (1990) and Yemen (2015). However, this is not a practical option in the longer term for protecting the eight million-strong diaspora.

In relation to the prevailing dynamic in the region and the correlation with India, five sources of uncertainty were identified. These include: the gradual return of Iran to the global fold after the tentative rapprochement over the nuclear issue; the resultant Iran-Saudi rivalry for regional influence and the 'navigational' challenge for Delhi; the domestic debate in Israel; the on-going Syrian civil war with its external drivers including the recent Russian intervention; and finally the exigencies created by a post-hydrocarbon global shift in energy consumption patterns.

The India-Israel-Palestine relationship was dwelt upon in some detail wherein it was highlighted that Delhi has traditionally supported the cause of Palestine even while maintaining a unique relationship with Israel. India is cognisant that it is not dealing with a zero-sum game. It was further averred that India was in a distinctive position by way of its positive relationships with Iran, Saudi Arabia, Israel and Palestine, giving rise to the possibility that it could assume the role of a facilitator of a dialogue among these differently adversarial interlocutors.

Other challenges that would have a relevance for India that were flagged included: the internal dissonance within the Saudi royal family even as the monarchy is engaged in two regional wars in Syria and Yemen; and the possible consolidation of IS and Al Qaida as part of the consolidation of the robust rise of 'jihad.' The hope and expectations aroused by the Arab Spring movement and the manner in which these have been dashed adds to regional societal turbulence.

The need for India to take a lead in shaping a new regional cooperative security structure was reiterated as part of an Asian initiative that would bring in all the major stakeholders such as China, Japan, South Korea and ASEAN (although it was recognised the desirability of such consensus is inversely proportional to its feasibility.) The impending dilution of the strategic significance of the West Asian region for the US due to the availability of domestic oil heightens the nature of the security-stability uncertainty that will ensue.

That said, the West Asian region has not received sustained high-level political attention from the Indian political spectrum and many of the region's leaders and commentators have drawn attention to this gap. Where it exists it is confined to an insular ethnic/linguistic groove, as for instance in the case of the diaspora from Kerala.

## **Conclusion**

India now has a BJP led NDA government with PM Modi at the helm. Since assuming office in 2014, Mr. Modi has demonstrated considerable energy in relation to foreign policy and has travelled to many countries as part of summit and multilateral summit diplomacy. One of his more successful foreign policy initiatives has been the enunciation of an 'Act East' policy that builds on the 'Look East' policy unveiled by one of his predecessors, Prime Minister Narasimha Rao in the 1990s.

It is now appropriate for the relatively neglected West Asian region to be accorded appropriate institutional traction by enunciating a 'Look and Act West Policy.' LAWP may not be an elegant acronym but given the many tentacles of the Indian government and its insular stove-pipe nature, a well-articulated Prime Minister-led political exhortation to re-calibrate India's approach and policy towards the extended West Asian region is a critical first step.

## Recommendations for Indian policy making

### Education and skills:

- As per the report of the IEA ([International Energy Agency](#)) India will soon replace China as the main engine of global oil demand growth. In the context of this report, India should diversify its energy sources and tap African and Latin American nations. This may help India to reduce its energy dependence on West Asia, thereby ensuring that its ties with this region are progressively based on mutual interest, or even reciprocity.
- India should conclude the legal framework of the [International Solar Alliance](#). This may help to push more research and development in solar technology and reduce dependence on fossil fuels. Involvement of private sector and academia will also be key to attracting investment in solar technology research.

### Promoting stability in West Asia:

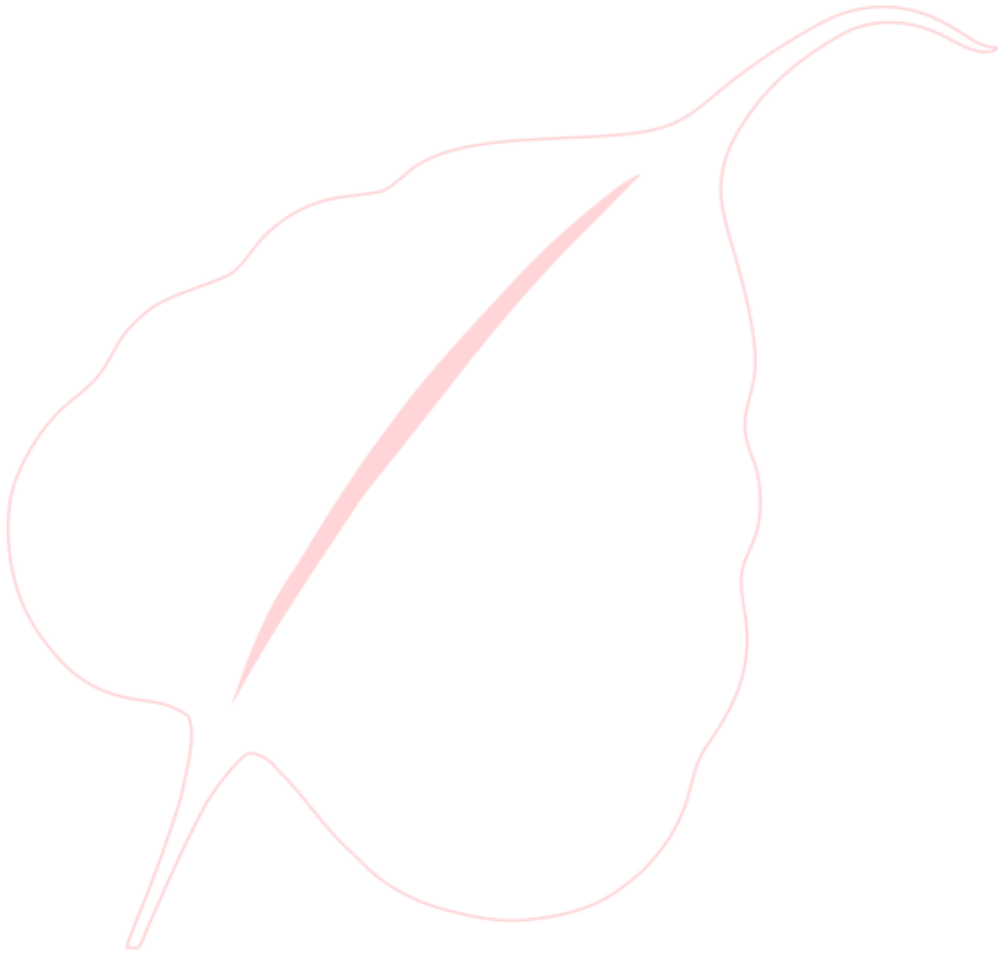
- Delhi could take the lead in shaping new regional cooperative security structures, initially on the basis of constructing a dialogue around apolitical/common-good military initiatives such as anti-piracy, search-and-rescue and humanitarian assistance and disaster relief.
- Given India's historical and cultural links, Delhi could consider assuming a regional security-facilitator role, as the US may no longer assume a lead role in the security domain. However the caveat is that this ought to be explored and pursued in a carefully calibrated and cautious manner so as not to disrupt its good relations with the major players in the region.
- There is broad consensus among major Asian states like China, Japan and South Korea that the security and stability of Gulf is essential to their own economic vitality. India should harness this in its efforts to promote security and dialogues.
- Involvement in the domestic politics of the volatile Western Asian region should remain a no-go area as is the case. Indian non-interference in the internal developments of the region is both pragmatic and desirable given the possible ramifications that any deeper involvement might create for the social fabric of the country.
- The return of Iran has created a new political dynamic in the region. Delhi has to navigate through the deeply embedded Saudi-Iran rivalry as both are vital for India's energy security. Saudi Arabia's economy is facing the brunt of lower oil prices and to sustain domestic welfare schemes they need overseas investment to generate visible fiscal dividends. India must tap this opportunity
- The current government has accorded due primacy to relations with Israel. Prime Minister Modi should undertake his much-awaited visit to Tel Aviv within the year. India should remain committed to the Palestine cause and yet balance its relations with Israel in an equitable manner.

## **Safeguarding stability at home:**

- The intractable sectarian divide in West Asia has potentially negative implications domestically for India. In the context of the emergence of the Islamic State, Delhi needs to monitor this strand closely. The government should invest in a low-key but sustained counter-narrative program to dilute radicalisation. This should be included in the Indian education system from primary level.
- While India might have 'de-hyphenated' the member-countries of the region to a great extent, but much to Delhi's chagrin, the West Asian region is yet to de-hyphenate India from Pakistan. Given Pakistan's theological affinity and related political proximity with most of these nations, it would be in India's interest to keep the influence of these countries beyond its side of the Radcliffe Line.

## **Trade, investment and employment**

- According to the Sovereign Wealth Fund Institute, Saudi Arabia holds the world's fourth largest sovereign wealth fund with the present holding standing at USD 632.3 billion. India intends to tap into this huge fund by inviting investments from the Kingdom. Saudi investments in India during the last 15 years have totalled only USD 53.37 million.
- Delhi could consider making UIDAI numbers accessible to the Indian diaspora in West Asia as a special sub-set. This will be useful in facilitating travel, especially in crisis situation. It could be an important tool to validate personal identities and to link these workers, many of whom earn appreciable incomes but have limited job tenures and long-term social security, to contributory pension and health schemes back home, as and when they return.
- Gender security for women workers in West Asia– particularly those who work in domestic jobs is a pan-immigrant issue. Sexual abuse has been reported and given the political sensitivities and the iniquitous employer-employee hierarchy, this issue needs below the radar review.
- India could also leverage its sizeable human resource and identify education and export of processed foods as an alternate low-cost option to West Asian nations that are currently dependent for these two imports from other sources.



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[www.difficultdialogues.com](http://www.difficultdialogues.com)  
[info@difficultdialogues.com](mailto:info@difficultdialogues.com)



### **South Asia Centre**

The London School of  
Economics and Political Science  
Houghton Street  
London WC2A 2AE  
United Kingdom

[lse.ac.uk/southasia](http://lse.ac.uk/southasia)

+44 (0)20 7107 5330

[southasiacentre@lse.ac.uk](mailto:southasiacentre@lse.ac.uk)

[blogs.lse.ac.uk/southasia](http://blogs.lse.ac.uk/southasia)

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