

# Associate Paper

15 October 2020

## State of Play: India's Gulf Relations Amid Shifting Regional Ties

**Dr Auriol Weigold**

*FDI Senior Visiting Fellow*

### Key Points

- India has “warm” bilateral relations with the Gulf states that have “normalised” their relations with Israel and with Israel itself.
- India’s relationship with Iran, based on co-operative development and under threat as India draws back, may interest the United States.
- Prime Minister Modi and Israel’s long-term leader Binyamin Netanyahu, share right-wing political values.
- Despite Islamophobic jibes from their Indian migrant workers, India’s relations with the United Arab Emirates and Bahrain remain solid.
- India’s *Vande Bharat* evacuation flights from the UAE and Bahrain are transporting migrant workers directly to many Indian cities and towns.
- The presence in the Gulf of the Indian and US Navies is a reminder of the ongoing security requirement to keep open vital sea lines of communication.

### Summary

India maintains relations with a diverse group of Middle Eastern countries, from Iran to Israel, including the United Arab Emirates (UAE) and Bahrain which have most recently “normalised” their relations with Israel. India’s bilateral relations with Israel were formalised in 1992, while Iran severed all diplomatic and commercial ties with Israel after its 1979 Revolution. Iran thus appears as an outlier in this paper. Its relations with India are long-standing but less secure at this time.

India’s bilateral relations with the above states, some upgraded to the strategic partnership level, demonstrating a broader commitment than bilateral relationships, generally include

security agreements but not formal alliances. Non-alignment thus has a new face but India retains the ability to follow its preferred foreign policy, pursuing its national interests [“without constraints”](#).

India’s relations with the Islamic states above, until Modi’s raft of legislation adversely affecting Indian Muslims after his re-election in mid-2019, had been described as “warm”. A shift may occur but is unlikely to undo years of diplomatic gains.

Maintaining relations with Iran, with which India has a lengthy relationship and a long drawn out investment strategy that is in India’s interest while, at the same time, maintaining its weapons supply and trade with Israel, illustrates India’s bilateral juggling skills. Binyamin Netanyahu, Israel’s long-term leader, and Modi share a “warm” relationship based on their right-wing values.

Modi’s Twitter word play on the numbers “141” – meaning equally “India for Iran” and “India for Israel” [reveal his foreign policy dexterity](#).

### Analysis

The object of India’s foreign policy self-reliance includes the defence of its sovereignty and, in terms of this paper, its cultivated “warm” relations with Islamic states including those that have recently normalised their relations with Israel; with Israel itself and with Iran. It also includes a combination of access to technology, development projects and markets required for India’s economic advance, together with relative advantages for India such as their diaspora in those countries.

Well-demonstrated is India’s fence-sitting ability, its maintenance and management of bilateral relations with a mix of states that, in a broader sphere than the ambit of this paper, includes, for example, the United States’ continuous pressure on India to become an alliance partner, Russia from which it also purchases weaponry, and the Quad countries, four democratic “diamond points” as yet of unproven ongoing advantage for India.

India, losing to some extent its diplomatic gains, as Iran condemned the wave of anti-Muslim violence in March 2020 in Delhi and, more broadly, in the UAE where Islamophobic comments by the large expatriate Hindu workforce have caused a political backlash in a normally religiously-tolerant society. In Bahrain, despite there being a high tolerance for non-Muslim religious groups, the Islamic faith remains all-encompassing; it is monotheistic, forbidding portrayal of divine beings, and Hindu statues are [reported](#) to have been smashed.

Originating within the present Covid-19 context rather than being credited to shifting relations, India’s *Vande Bharat* scheme flies its nationals home at their own expense. A late-August announcement from the Ministry of External Affairs indicated that over 1.1 million Indians have returned from a range of overseas countries that include the UAE and Bahrain, but not Iran. [Other sources](#) vary the numbers.

The prime destinations for the rescue flights remains Middle East countries, including the UAE and Bahrain, because of the “massive” Indian population to be repatriated, but there is also a [demand](#) for Indians to return to the Middle East to work.

### ***India-Iran***

India’s relationship with Iran followed Indian independence and their Treaty of Friendship of Perpetual Peace signed in 1950. Cold War policies, however, divided them until the 1990s (when India and Israel also formalised their relationship) and their [strategic co-operation has moved forward](#), if slowly, over the ensuing decades.

The [Road Map to Strategic Co-operation](#) (2003), a solid element in their relationship, included the development of Iran’s Chabahar Port, still on nominal life-support after the United States’ May 2018 withdrawal from the Joint Comprehensive Plan of Action (JCPOA), known at the “Iran deal”. Put in place in 2016 by the Obama administration and permanent members of the United Nations, it lifted sanctions in exchange for limits on Iran’s nuclear activity, and saw Indo-Iranian planning and infrastructure progress rapidly on the long-envisioned strategic route connecting India, Iran and Afghanistan.

Further agreements were signed between Modi and President Hassan Rouhani in February 2018, including trilateral land-based transit routes north and west, but the President Trump-announced reimposition of sanctions on Iran, including on the shipping and energy sector, were likely to affect India. The customary US waivers for India were in jeopardy and it [risked being penalised](#) if it maintained agreements with Iran.

India, however, did not completely curtail its relations with Iran [despite United States’ pressure](#), but a [counter-claim is also circulating](#), that India-Iran ties are going into “free fall”.

In response to the first proposal, the US needs India’s presence in Kabul to fight terrorism and to strengthen the civilian government there. This requires Indian access to Afghanistan, but an argument persists that India appears averse to working with Iran despite gaining the necessary waivers.

The second supposition, that bilateral relations between India and Iran seem to be in “free fall”, rests largely on Iranian Foreign Minister Javad Zarif’s condemnation of ‘the wave of organised violence against Indian Muslims’ and urged the Modi Government to see that the ‘path forward lies in peaceful dialogue and rule of law’. Iran’s supreme leader Ayatollah Khamenei [commented](#) that incidents like the recent violence in Delhi, if not prevented, ‘could lead to India’s isolation from the world of Islam’.

India responded that its Citizens Amendment Act was an internal, domestic matter and that, along with Iran’s observation that India would be unlikely to jeopardise its relationship with the United States ‘for the sake of preserving its friendship with Teheran’, puts their present relationship at a low ebb, leaving vulnerable long-standing commitments.

Speculatively, that possibility may attract American intervention to re-jig the Chabahar Port development project to ensure its desire to have an Indian presence in Kabul is met.

Speculation also circulates, however, that Iranian leadership may choose to negotiate with Trump as European support for the JCPOA disappears – that option is now at best speculative also – and China waits in the wings with cash in hand.

In an interesting footnote, unlike Israel, UAE and Bahrain, Iran has only a small Indian workforce: some 1,500 workers and fishermen, together with a small number of students, and close to 300 pilgrims were the available numbers in early April. Covid-19 saw some 800 students and pilgrims evacuated on Iranian Mahan Air and Iran Air. Air India is [reported](#) to have sent one aircraft. As the outbreak worsened in Iran, the report above stated that New Delhi had blocked all flights by Iranian carriers and has not (yet) included Iran in its more recent *Vande Bharat* scheme, telling its remaining nationals to “stay put”.

### ***India-Israel***

Warming Indo-Israeli relations first occurred between an earlier Bharatiya Janata Party (BJP) Prime Minister, Atal Bihari Vajpayee (in office for a full term between 1999 and 2004), and Binyamin Netanyahu, Israel’s long-time leader, whose Likud Party was, and remains, ideologically similar to the BJP. Their “warmth” was [reignited](#) when Prime Minister Narendra Modi was elected in 2014.

While India formally recognised Israel in 1950, bilateral engagement, or “normalisation” only began formally in 1992. Indian National Congress Party governments, however, did not have open relations with Israel, believing that visible ties with it would [damage India’s relations](#) with surrounding Islamic states including Palestine, which had India’s “principled support”, and its own Muslim population. These fears remain unproven.

Zionist Israel, perceiving threats to its security from its Muslim-majority neighbours, primarily Iran-influenced Hezbollah in Lebanon and now the Palestinian Authority, and Modi, whose lifelong membership of the right-wing Rashtriya Swayamsevak Sang (RSS), is moving legislatively towards a Hindu India, share, as said, right-wing values.

India’s relations with Israel have two major policy planks: military-security supply – India has become the largest market for Israel’s military exports – and a land-based agenda drawing on Israel’s expertise in fields including agriculture, dairy farming and water management, boosted by “value-adding” such as [training and technology transfers](#). They also [share a fear of terrorism from Islamic states](#), Iran in the case of Israel, and for India, from Pakistan, and it is arguably the greatest area of co-operation between them, involving the exchange of information on terrorist groups and their activities including recruitment practices, border security and comparisons of operational experiences.

While not directly engaged in work generated by the major policy planks, there are some 12,500 Indian citizens working in Israel, of whom around 11,500 are care-givers. The balance includes diamond traders, IT professionals and students, while some 85,000 Indian Jews form an important link between the two countries. Some 115 unemployed Indian civilians were evacuated under the first phase of the *Vande Bharat* Mission in late May. Other flights were proposed for late August but the date continues to be fluid.

While the Indo-Israeli relationship, at least under the current leaders, is well cemented, India's support for Palestine has shifted. The first line of the Indian Ministry of External Affairs' "Updated Note on India-Palestine Relations" states that 'India's support for the Palestinian cause is an [integral part](#) of the nation's foreign policy', but in his first year in office (2014) Modi chose to follow a "de-hyphenation" policy in order to deal with both independently, despite the [long-running conflict](#) over delineating the Palestinian state. Hosting or visiting both leaders as he did in 2017, Modi has again demonstrated his diplomatic – or fence-sitting – skills.

### **India-UAE**

The number of Indian nationals residing in the United Arab Emirates (UAE) has been estimated as over three million, approximately 27.1% of the country's population. Nine further *Vande Bharat* flights were operated from the UAE from 9 to 14 July, having [repatriated 125,000 Indian residents](#) since flights began in May. Numbers in the next tranche to be airlifted back to India are unknown, although applications for places are open.

While initially engaged in the petroleum industry, Indians are now spread across the UAE's economy, in professional services, manufacturing, transport and construction. The two countries have agreed to partner to undertake development projects in the region, and India and the UAE are [committed](#) to 'work together in select countries of sub-Saharan Africa in areas of priority to them'.

It is a massive engagement – the IDSA Brief above lists the UAE as India's largest trading partner in the region, the second largest export destination and fourth largest source of India's imports. In parallel, India is the UAE's second largest trading partner, and a vast source of its imports. The UAE is also India's "re-export hub" for the Middle East and North Africa.

Their bilateral relationship, now a strategic partnership, was established in 1972. It pre-dates India's formal relationship with Israel by some two decades, but is itself pre-dated by India's Treaty of Friendship of Perpetual Peace with Iran, signed in 1950.

India's relations with Iran and the UAE, both Muslim-majority states, are now critically viewed following Modi's raft of legislation that has discriminated against Indian Muslims, and led to outbreaks of violence that started in Delhi at the end of President Trump's visit there in late February this year. Hindu extremists or "supremacists" among Indian residents in the UAE whose anti-Muslim sympathies have attracted attention have been sacked, suspended or warned following Islamophobic social media posts.

It has been [noted](#) that Modi himself was barred from the United States over his slow reaction to stopping the riots in Gujarat in 2002 during his term as Chief Minister there. Close to one thousand Muslims died and many were injured. The revival of Modi's past lack of care for his Muslim constituents in Gujarat endorses the longevity of his *Hindutva* position but may not affect the state of play between India and the UAE – the UAE and Israel have closely collaborated on security and technology, an "open secret" for some years. The UAE's

official tolerance of Israel appears likely to extend to India, alongside raps over Indian residents' knuckles when local tolerance is offended.

### ***India-Bahrain***

Bahrain, a small island state, followed the UAE into normalising its relations with Israel. With its support, Bahrain adds another element to India's "equivalence" in relations with Israel and other Arab States. Already strong, Indo-Bahraini relations were further strengthened a year ago, in August 2019, by Modi's visit and the Indian population of close to 350,000. As the country's population is estimated at 1.3 million, this makes Indians – as in the UAE – the largest expatriate group. They work in various sectors, the largest group employed in construction.

On the other hand, Bahrain is perhaps no longer as good as it once was for expatriate workers as, over very recent years, Bahrain has introduced a workforce nationalisation programme, the National Employment Programme, to combat local unemployment. A push has been underway for "Bahrainisation", a quota of 25 per cent local hires to be made [compulsory](#) in all sectors. The Government, at the start of this year, reviewed the finding of a years-long survey, and, without naming a percentage, stated that its priority would focus on local employment and training. The country's progress was noted, as was the [continuing need for overseas workers](#), particularly in the construction sector.

The Indian Embassy in Bahrain acknowledges the country's responsibility to its own workforce, noting the labour market reforms but remarking, however, that most established businesses have a senior or middle level Indian involved in its operation. While also noting that the majority of Indian expatriates are at the "worker level", the Embassy endorses the adequate living and working conditions, but [cautions](#) that there can be "unauthorised" deductions from salaries for accommodation, water, electricity and other costs of living, and an "inability" to leave Bahrain without a "no objection" certificate from the worker's sponsor.

Despite these cautions, the Embassy does not anticipate problems in the future employment of Indian nationals, although migrants returning from Bahrain have for some time needed assistance from the Indian embassy, to ensure responses acceptable to Bahraini Government requirements. In its fourth phase, in July 2020, *Vande Bharat* [operated](#) 170 flights; 12 from Bahrain to a range of Indian cities. A further 15 flights were [scheduled](#) for September. Interestingly, the embassy has created a form to collect information from those who want to return to Bahrain from India. So far, no decision has been made around starting flights to implement the opposite to *Vande Bharat*, although it is clear that they will be at [the traveller's expense](#).

Islamophobic outbursts are as unwelcome in Bahrain as in the UAE and Iran. Speculation would suggest that Modi, from his position of strength as prime minister and competent manager of his country's bilateral relations with Israel and the Gulf states, will not respond with an easing of his Hindutva programme.

### **India-United States**

While a sidebar to this paper, brief reference to the Gulf states' broader picture merits mention. Bahrain, among other states, is home to a United States Naval base. It has been a presence there since the British withdrew from the region. It is not an easy fit, with some increasing resistance to its presence by elements of the Bahraini population, but the US recognises its important role across many bases in the Middle East. One role, arguably the most important, is maintaining its share of freedom of navigation through the Middle East's "major maritime passages". Trump's preference, as is well documented, is to decrease overseas US involvement as a security presence. Might his re-election [see that start?](#)

India's relations with the Gulf states include defence and naval co-operation, joint exercises, regular ship visits and a range of Gulf forces military personnel being trained in Indian military academies. All Indian Ocean border states are members of India's Indian Ocean Naval Symposium (IONS). The US, of course, is not. While supporting keeping the sea lines of communication open India has [stated](#) it has 'no ambition to become a US-style protector of Gulf security'.

It proved difficult, however, to uncover any interaction between the US and Indian navies across the Gulf, including Bahrain, despite regional naval exercises by both. This suggests a crowded field of naval forces in in what has become a congested operations area.

### **Concluding Observations**

India's relations with Iran and the Muslim-majority Gulf states, in this instance the UAE and Bahrain, and Israel, a religious state rather than a secular one as India has understood it, is no "Great Game" in the nineteenth century sense of confrontation. Rather, India, following loosely its Nehruvian non-alignment policy, is not militarily aligned with any country.

The Gulf states, including those discussed in this paper, and Israel, do not fear military attack from India, rather a massive influx of workers across a range of occupations. At the same time, for example, while Iran and Israel are hostile to each other, India manages with skill its working relations with each. India, the largest purchaser of weaponry from Israel does not threaten Iran, and its development and investment plans with Iran – although largely suspended at this time – provided solidarity in that relationship.

India's fence-sitting diplomacy may, thus, also be described as skilful relationship management. As intimated in this paper, despite India's anti-Muslim and pro-Hindu moves under the Modi Government, they are unlikely in the short or even medium term, to do more than "stir the possums" in India's Middle East neighbourhood. Traditional or long-term links have evolved into strong, strategically-important relationships, based around development, economic, defence and energy needs, and expatriate workers.

\*\*\*\*\*

\*\*\*\*\*

**About the Author:** Dr Auriol Weigold is an Adjunct Associate Professor in the Faculty of Business, Government and Law at the University of Canberra. She has been a Fellow and Honorary Fellow at the Australian Prime Ministers Centre at Old Parliament House, Canberra, between 2010 and 2015, publishing on Australian and Indian prime ministerial relationships. In 2016, she spent a period as a Guest Scholar at the Indian Institute of Advanced Studies at Shimla. Previously, she was Convenor of the BA International Studies at the University of Canberra, an Editor in the Faculty of Arts and Design and for the University of Canberra's Personal History Project, and has been an Editor of the South Asia Masala weblog, hosted by the College of Asia and the Pacific at the Australian National University. In 2008, she published her first book: *Churchill, Roosevelt and India: Propaganda during World War II*. Since then, she has co-edited and contributed to two further books. Her research interests include the Australia-India bilateral relationship, India's energy and security needs, and Indo-British relations in the 1940s.

\*\*\*\*\*

*Any opinions or views expressed in this paper are those of the individual author, unless stated to be those of Future Directions International.*

Published by Future Directions International Pty Ltd.  
Suite 5, 202 Hampden Road, Nedlands WA 6009, Australia.  
Tel: +61 8 6389 0211  
Web: [www.futuredirections.org.au](http://www.futuredirections.org.au)