

Annexure A

Some material in books

India's National Security Annual Review 2008

Editor Satish Kumar

KW Publishers Pvt Ltd, New Delhi 2009

knowledgeworld@vsnl.net

ISBN: 978-81-907431-1-2

Article/chapter title: *Security Scenario in the Gulf Region* pps
405-419

India and the Gulf, Editor I P Khosla

KONARK PUBLISHERSPVT LTD, Delhi 2008

konarkpublishers@hotmail.com

ISBN: 81-220-0743-0

Article/chapter title: *China as a Factor in India's Relations with the
GCC countries* pps 65-80

West Asia and the Region: Defining India's Role

Editor Rajendra M. Abhyankar

Academic Foundation, New Delhi 2008

academic@vsnl.com

ISBN 13: 9788171886166

ISBN 10: 8171886167

Article/chapter title: *China and West Asia* pps 257-274

SP'S YEAR BOOK 2006-2007 Editor Jayant Baranwal

SP Guide Publications Pvt Ltd New Delhi 2006

guidepub@del2.vsnl.net.in

ISSN: 0076-8782

Article/chapter title: *Emerging Asian Security Scenario*
Section 1 - Concepts and Perspectives Pps 13-16

There are more pieces in different editions of the Yearbook – can't find them readily; will send them if located.

There are a couple of other pieces which are still with editors etc and relevant information will be provided as and when the publications come out.

Most of my recent Gulf region presentations are in the context of Track II interactions and in closed door Roundtables. I think it would be inappropriate to put those out in the public domain.

Beyond the Gulf region, I have been speaking/ writing on China, India's Look East Policy, Myanmar, Taiwan and Tibet and on more general subjects which cover a global perspective. One or two samples of the last mentioned are included as part of the compendium of full texts below.

Annexure B

The full texts of some presentations are given below:

Jamia Millia Islamia

Long Term Challenges of Indian Foreign Policy
March 14, 2012

The Gulf and West Asia

Amb. Ranjit Gupta

Despite enormous and almost continuous turbulence in our immediate and extended neighbourhoods to the west and major terrorist attacks on India, the first eleven years of the 21st century have gone rather well for India which has bounced back very impressively after being strongly censured and having sanctions imposed on it following its nuclear tests in 1998. India is now universally regarded

as a major global player in the economic, political and strategic domains with widespread predictions that it will be one of the 3 most important and influential countries of the 21st century along with China and the US. How does India sustain this favourable and positive momentum and lay the foundations for fulfilling the satisfying prognosis? Looking at the longer term, what should India's pre-eminent foreign policy concerns and objectives be at the present juncture?

In my view, in defining the parameters of our foreign policy we should accord the highest priority to considerations of national interest and the safeguarding of India's national security rather than being guided by abstract principles and trying to make the world a better place; accord priority to pragmatism and considerations of mutual benefit over ideology; factors such as moral and ethical principles, democracy and human rights concerns relating to supposedly being on the right side of history, etc, must be considered subordinate factors. In the first decade of our independence our foreign policy was largely guided by high principles and ideals at the direct expense of national interests and national security – we paid a heavy price and continue to do so. It is not merely prudent but desirable to see the world as it is and seek to derive the maximum possible advantage for India rather than posit policies on the basis of what we would like the world to be, at least until such time as we have the power and the means to try proactively to transform it. Policies should flow from an unbiased recognition of ground realities. Policy should also be consciously tempered by a mature recognition of the limits of our capabilities and influence at any given point of time. Ultimately, the example of a democratic, modern, prosperous, stable, strong and values based India will be a more powerful medium and message for a better world than statements we make.

Having spelt out my basic approach in the context of the theme of today's event, maintaining good relations with major powers such as China, the EU, Russia and the US are obvious objectives; cultivating meaningful partnerships with other countries likely to be of great usefulness to India particularly Australia, Brazil, Egypt, France, Germany, Indonesia, Japan, Nigeria, Singapore, South Africa and Vietnam must also be conscious objectives; and, of course continuing to manage relations with immediate neighbours in the subcontinent and keeping them on even keel. But for these things to happen, strong multi-faceted and uninterrupted economic growth is a sine qua non not only to lift India's millions out of poverty but to provide the essential and unavoidable basis for a stable, economically growing and strong state. This is a precondition not only for ensuring internal and external security and prosperity but for being taken seriously on the global stage.

The indispensable and single most important ingredient for economic development is energy. India is not only energy deficient but India's dependence on imported energy resources, already very high, has been and will continue to increase steadily. India's need to have assured, continuous and secure access to energy resources in incrementally increasing quantities while retaining strategic autonomy and avoiding strategic dependency on the source(s) of such energy resources must be an imperative objective. This attainment of this objective has to be one of the pre-eminent priorities of India's foreign policy in the coming decades. This can only happen if there are symbiotic relationships where both sides, the buyer and the seller, need each other equally. India offers the oil producers and exporters an assured, large and growing market in closer geographical proximity to them than any other customer. This happens to be a reality and thus I would assert that the Gulf region fits the bill perfectly. In this presentation I will try to establish this empirically. Having done so, I would assert that paying high profile attention to the Gulf region must be one of India's topmost foreign policy priorities.

Oil consumption, which accounts for roughly a third of India's energy use, has increased six times in the past twenty-five years and remains on a strongly upward trajectory. India now imports about 65 percent of its oil requirements and with energy demands shooting up the figure could become as high as 90 percent by 2025 according to a study by the Centre for Strategic and International Studies. Consumption of natural gas has risen faster than any other type of energy source. It currently accounts for about 10 % of India's energy basket and it is expected to reach 20% by 2030. India began importing liquefied natural gas (LNG) in 2004 and by 2009 it had already become the sixth largest importer of LNG. Projections indicate that India could become the second-largest natural gas consumer in Asia by 2015.

While India imports oil and gas from many countries around the world, India's top suppliers in order of ranking are Saudi Arabia, Iran, Iraq, UAE, and Kuwait while smaller quantities are also imported from the Neutral Zone, Qatar and Yemen. In 2009 India imported 434 Bcf of LNG, nearly 65 percent of it from Qatar. India had signed an agreement with Iran to import 7.5 million tonnes per annum of liquefied natural gas (LNG), starting 2009, over a period of 25 years. Thus, India is overwhelmingly dependent on the Gulf region for its energy requirements and, if anything this dependence is likely to increase.

The energy aspect is only one part of the phenomenal saga of India's interaction and relationship with the Gulf region. A very significant related fact also deserves highlighting. Despite 6 decades of hostile relations between India and Pakistan

including 4 wars, and notwithstanding the special relationship between Pakistan and Gulf countries generally and Saudi Arabia and the UAE in particular, the Gulf countries never stopped the supply of oil to India nor even threatened to do so. In fact, Saudi Arabia stepped in voluntarily to fill shortfalls whenever supplies were disrupted for example in the aftermath of Saddam's invasion of Kuwait in 1990 and again in the aftermath of the US invasion of Iraq in 2003. The Gulf region, encompassing countries of the Arabian Peninsula, Iran and Iraq, has become India's largest socio-economic partner in the world – the value of oil and non oil trade, investments, remittances, etc, would approximate up to \$225 billion; UAE is India's top trading partner and leading export destination and Saudi Arabia is India's fourth largest trading partner; China has the world's fastest trade growth rates both in absolute terms and also in relation to different parts of the world but the rate of growth of India's trade with the GCC countries is more than that of China; almost 6.5 million Indians live and work in the GCC countries, being the largest expatriate group in each country and the expatriate nationality of first choice – it may be difficult to believe that there are over 2 million Indians in Saudi Arabia well above the Pakistani population of 1.5 million. 50 % of all international flights to and from India are to and from the 6 GCC countries. Another very important element is that GCC countries have trillions of dollars of investible surpluses and they are now seriously looking at India as a potentially promising and safe investment destination.

The current mutually beneficial and rather satisfying symbiotic relationship with countries of the Gulf region has evolved slowly but steadily over the decades. However, the past decade has witnessed a more proactive approach from both sides and this has resulted in a dramatic expansion in relations in multiple spheres. The rulers of all GCC countries visited India between 2004 and 2007. The President of Iran was the Chief Guest at the Republic Day celebrations in 2003 and the Saudi King in 2006. Indeed, the Riyadh Declaration signed by King Abdullah of Saudi Arabia and the Indian Prime Minister has elevated the bilateral relationship to one of strategic partnership embracing, amongst other fields, defence cooperation also. The fact of multi faceted interaction between the peoples of India and the Gulf region ever since history began has contributed to unparalleled socio cultural compatibility and this factor combined with India being a benign rising economic, military and political power next door have been enormously positive factors. In the process, elements which would normally be considered virtually unsurpassable roadblocks were overcome as if they had not existed - the residue of the ideological impediments of the Cold War era and long standing pre-eminence of Western influence; the extremely important but enormously negative high intensity anti-India activity of Pakistan, with which Iran, Saudi Arabia and the UAE have

had particularly close and special relationships; and, since 1992 the Israel factor also.

In contrast to most world powers, India has never sought domination or influence, either politically or territorially, or in the economic and natural resources domains in the Arab world. After Nasser's demise, India has not proactively taken sides in the internal politics of Arab world. From day one, India has fully and unwaveringly supported the cause of the Palestinian people, not because of considerations of realpolitik but arising out of India's own civilisational ethos and imperatives. In recent decades, India has had a consciously low key, non-intrusive policy approach to the Arab world, guided pre eminently by considerations of pragmatism and mutual benefit. The net result has been that relations with the GCC countries are excellent and growing daily and with the rest of the Gulf region and the Arab world are quite good.

All these facts exhibit that pragmatism has quietly trumped both ideology and supposed special relationships thus underlining a unique compatibility which highlights multi-spectrum mutual dependence, on the one hand, and symbiotic synergy, on the other, between countries of the Gulf region and India.

The presentation will not be complete without consideration being given to outcomes arising out of what has been dubbed as the 'Arab Spring'. There are five aspects. First, in the context of a rising India, a long standing traditional friend of the Arabs, having an empirically established and proven record of strongly mutually beneficial relationships, whatever the end results of this effort for change may be, the new regimes will determine their countries' foreign policies on the basis of national interest, pragmatism and mutual benefit.

Second, given the growing chaos, murkiness of evolving situations and the complete uncertainty of outcomes, the cast in-stone reality is that any proactive action we may have taken or high-sounding statements we may have made or new policies we may have adopted, would not have impacted upon evolving ground realities in the region even marginally let alone meaningfully. That being the case there is no reason to deviate from the principle of non-intervention in internal affairs which has always been sacrosanct for India. India would react strongly to outside comments on internal political matters. It is desirable to practice what one preaches. In any case it is rather risky to be seen as speaking out in support of movements overtly engaged in overthrowing established regimes. India also had to bear in mind that fairly large numbers of its nationals were in danger zones and required to be evacuated for which the cooperation of governments was necessary.

Reticence or so-called policy passivity in an unpredictably changing environment does not reflect an absence of decision making nor an abdication of 'leadership' but is a reflection of desirable prudence. As they say - the proof of the pudding is in the eating. India's supposedly fence sitting passive stance has not had any adverse impact as interaction and relations with new and emerging dispensations in Egypt, Libya, Tunisia and Yemen attest. India's democratic credentials and civilisational ethos will inevitably resonate well with the new more pluralistic and democratic emerging regimes.

Third, and perhaps a greater challenge, is posed by the deepening of the Saudi Iranian divide; if relations become really very bad, both will demand zero sum preferences from their friends. Except for the oil factor India's relationships with both these countries are very valuable for entirely different reasons. The potential re-Talibanisation of Afghanistan and India's need for connectivity with Central Asia through Iran with full scale Indian effort to construct the linkages put India and Iran on the same page. Iran's proactive policies, many very difficult to live with for many countries including India, such as the nuclear issue, make it imperative that constructive engagement with Iran is an unavoidable imperative for India. The current excellent relations with Saudi Arabia exhibit that formidable hurdles have been overcome in the past and this hopefully will also happen in the case of Iran. Past experience suggests that neutrality combined with proactive efforts to develop mutually beneficial bilateral relations would help tide over potential difficulties.

Fourth, Syria is likely to be the next candidate for regime change though this may take time and at the expense of much more blood. Going forward I am not sure that India's interests are served by straddling the fence as the change in the vote at the Human Rights Council seemed to suggest.

Fifth, expectations of imminent dramatic changes across the rest of the Arab world are unlikely though probably inevitable in the longer term. The content, speed and direction of change are likely to vary in different countries. I expect it will be the slowest in the GCC region and within the GCC it will most likely be the slowest in Saudi Arabia. There are plausible reasons for that – monarchies are, at the end of the day, a modern version of the rule of tribal sheikhs with which the people have lived throughout history; general conditions of life for the people at large are unimaginably better than their forefathers could ever have dreamt of and far better than in the rest of the Arab world; regimes have the resources to pamper their relatively small populations or, to put it more crudely, buy off their loyalties; everybody is seeing the chaos, death and destruction raging in other countries and

so there does not seem to be particularly good and beneficial tradeoffs in embarking on destabilizing protest, etc. On the domestic front ensuring regime security is going to acquire even greater strength as the single most important factor in the policies of existing regimes and very specially so in the case of monarchical regimes. Though concessions will be made, steps will be taken towards calibrated political and economic reform and steps offered, the motivation for all of this will be the perpetuation of the rule of existing regimes and to shepherd political change into channels that do not provide possibilities of altering the essence of the status quo. On the external relations and foreign policy fronts my prognosis is: first, regimes in the GCC countries will increasingly band together to ensure that monarchical regimes will not be allowed to be overthrown in any GCC country. Unambiguously strong Saudi rhetoric and the dispatch of troops to Bahrain, along with those of the UAE, are consciously thought out signals to the world. Overcoming the inertia of the past, they have already been playing uncharacteristically proactive and substantive roles in helping each other with Saudi Arabia leading the way to help overcome problems in Bahrain and Oman. UAE has been operationally involved in Libya and Bahrain. Even a small country such as Qatar has been unusually active, being substantively involved in far away North Africa; being particularly proactive in Syria; in settling domestic issues in Lebanon and Palestine and even reaching out to Iran. The GCC has played an energetic role in seeking solutions in Yemen. This transformation of a relatively moribund entity into a proactive one must be taken careful note of and given India's very high stakes in its relationships with GCC countries it may be prudent to stay on its right side.

There are unlikely to be any roadblocks the Arab Spring may throw up as potent as the ones India has already overcome in arriving at its the present excellent relationship with GCC countries. This has been possible largely due to a low key non-intrusive Indian policy approach to the region guided pre eminently by considerations of mutual benefit and this must remain the leitmotif of India's policies towards the region. As an exception to a general guiding principle of non-intervention and non involvement, India should not shy away from calibrating its responses in the context of the evolving situations in particular countries or relating to particular issues when such involvement is in sync with the majority Arab view and policy. This is likely to remain the best way forward, supplemented by extending full support to endeavours of the countries of the region in addressing their problems themselves - individually, bilaterally, regionally and through their organizations such as the GCC and the Arab League. My conclusion is that India need not fear adverse outcomes as a consequence of what I prefer to term as the Arab Awakening.

In the Times of India Feb 2010

Egypt (Please put in appropriate title)

The unprecedented public protests in Egypt now well into their second week without any signs of abating have made a return to status quo ante virtually impossible. Mubarak will have to go. There is likely to be an Army supervised slow transition to increasingly pluralistic governance structures but establishment of a full scale democracy could take some time to emerge. Though a particularly stalwart US ally of long standing will fall, a successor government is not necessarily going to be anti-US. The major short term strategic impact is going to be that Israel will become almost completely isolated in the region, the so called peace process will be stalled and Iran will be the major geo political beneficiary.

Regimes in Arab countries have been watching the unfolding developments with considerable nervousness and some have initiated populist measures to address economic and employment concerns and made promises for political reform to avoid similar protests. Jordan perhaps is the most vulnerable and the Palestinian regime could come under increased public pressure too.

King Abdullah of Saudi Arabia has been outspoken in publicly expressing strong support for Mubarak and there has been considerable criticism of foreign interference from several Gulf countries. However, immediate spillover consequences in the GCC countries are highly unlikely. Each Arab country has its own unique domestic politico-social situation rooted in its own traditions. Though regimes of GCC countries are absolute monarchies, systemically they are simply a more formal and sophisticated contemporary version of the traditional relationship between the tribal chief and his people. There is no tradition of political or social activism in these countries. Oil riches have enabled the rulers to provide the people a life their forefathers could never even have dreamt could exist in the real world. Also, a process of bringing in greater pluralism in governance, though very slow, has been underway for some time – perhaps this will be accelerated and deepened.

The people of the GCC countries would be quite wary of provoking social disruption and economic uncertainties.

I believe that the criticism of India's official response is not justified. In my view it has been appropriately calibrated, sober and mature. First, there was no guarantee that events would take the course they have taken. Second, our comments would not have the slightest impact on events one way or the other. Third, the perceptions within the official establishments in GCC countries of foreign money and other assistance including hyperactive one-sided media coverage in sustaining the protests have more than a grain of truth. Fourth, it is risky to make official statements to support opposition forces engaged in overthrowing regimes particularly in a complex and rapidly changing scenario. Fifth, I do not think that our comments will have any adverse affects on our relationship with a more pluralistic Egypt in the future. But, much more to the point, stronger comments, without achieving anything, could convey messages extremely counterproductive to the GCC regimes. Of all countries and regions, the Gulf region is India's largest socio-economic partner in the world and is vital to our future internal and external security and economic growth and prosperity. In calendar year 2009 the UAE was our largest trade partner and also the no 1 destination of our exports with Saudi Arabia being the 4th largest partner. 6.2 million Indians live in the GCC countries. The Indian diaspora in the Gulf has been sending billions back to India for several decades. The Gulf region is the source of 80 % of our oil imports and this proportion is going to increase. There could be immense investment possibilities from GCC Sovereign Funds which exceed \$ 1300 billion; they have suffered huge value erosion by being parked in Western countries. 50 % of all flight connections to and from of India are between India and the 6 GCC countries. The Gulf region is the heartland of Islam and the Islamic factor is going to loom larger in our strategic calculations as we move further into the 21st century. In fact, the time has come to take India's relationships with the GCC countries to a higher level beyond the manpower and hydrocarbon import dimensions to establish genuine multifaceted strategic partnerships. There are indications that the GCC countries themselves feel that the time has come to invite India to be much more substantively involved with them. There is no point in being supposedly on the "right" side of history if in the process national interest and national security are compromised.

National Seminar

“Rise of China: Implications for Asian Neighbours”

Chennai Centre for China Studies

December 17, 2010

China and the Gulf Region

Ranjit Gupta IFS (Retd)

The end of the Cold War left the world with only one superpower. However, the unipolar era of US's absolute global preeminence has been short lived. America's voluntary entanglements in Iraq and Afghanistan have been both draining and distracting and have diminished its lustre. The dawn of the new millennium had witnessed the emergence of a new strategic reality, the phenomenon of 'Rising China', marking the advent of a new global power and the potential evolution of very different new strategic equations. China has taken the fullest advantage of US preoccupations to spread its strategic shadow all over the world far more rapidly and extensively than would have been possible under more normal circumstances.

China is already the most influential country in Central Asia. Though the balance of power still favours the United States in Northeast Asia, Southeast Asia and South Asia, China is making very impressive headway as far as the balance of influence in these regions is concerned and, in substantive relations and interaction with countries of these three very important Asian regions, China is already very much on par with the US. However, no country or combination of countries, including those within the region, is as yet in a position to effectively challenge America's predominant presence, role and influence in West Asia and in particular in its Gulf region. This Paper narrates China's very impressively growing interaction with and potentially rising influence in the Gulf region also.

Since the US linked that defining event in New York on 9/11 to Afghanistan, Pakistan and Saudi Arabia, indiscriminate violence perpetrated in the name of

Islam and the consequences of US led counter measures to combat this growing menace have become the world's primary strategic concerns. Though entirely unrelated, the quest for energy security has concurrently become the other primary driver of strategic ambitions. Since the Gulf region is the heartland of Islam as well as the world's largest repository of oil and gas resources, it will inevitably become one of the major theatres where the new great games of the 21st century will play out and which, in turn, will hugely influence the evolving strategic landscape in Asia as a whole, indeed even across the world.

A particularly noteworthy point is that unlike all other regions of Asia with whom modern China has had extensive interaction through the 19th and 20th centuries, China is a newcomer to the Gulf region and its substantive interaction began only 6 decades ago and that too negatively from the perspective of the ruling monarchical regimes. China entered the stage in the late 1950s spouting revolutionary rhetoric and only gave up supporting left wing liberation movements in the region towards the end of the 1970s. Since then, China's approach to the region has been based on non-ideological pragmatism with top priority being accorded to economic relations, while arms sales became the vehicle for the original breakthroughs in substantive relations in the region. Diplomatic relations were established with the new republican regime in Iraq in 1958; following the Sino US rapprochement in 1971, diplomatic relations were established with the Shah's Iran and Kuwait in 1971; thereafter, diplomatic relations were established with Oman in 1978, with UAE in 1984, with Qatar in 1988, with Bahrain in 1989 and finally with Saudi Arabia only in 1990. China grabbed the opportunity presented by the Iran Iraq war to become a very significant arms supplier to Iran also, thus very effectively overturning the new Islamic Republic of Iran's initial deep hostility towards China. It also started selling missiles to Saudi Arabia in the late-1980s even in the absence of diplomatic relations. China's emergence as an oil importer in 1993 provided a strategic rationale for initiating proactive involvement with the region. This is reflected in the impressive record of exchange of high level political visits between China and countries of this region during the few years since official relations were established. Just one example is: China's Presidents have visited Saudi Arabia 3 times since the establishment of diplomatic relations only two decades ago and King Abdullah visited China as Crown Prince as has Prince Sultan and China became the first country that King Abdullah visited after assuming the throne. This

compares favorably with the record of all Asian countries including India, even though traditionally, interaction between the peoples of India and the Gulf region is as old as history itself and has been more intense than between the Gulf region and any other country of the world.

On May 27, 1981, just two days after the establishment of the GCC, Huang Hua, China's Foreign Minister sent a telegram of congratulations to GCC Secretary-General Abdullah Bishara and China established ties with the organization despite then having diplomatic relations with only two member countries. From 1990 onwards, Foreign Ministers of GCC countries and the GCC Secretary-General have held an annual meeting with China's Foreign Minister during the UN General Assembly in New York. The two sides held their inaugural Ministerial level Strategic Dialogue at Beijing in June 2010, co-chaired by Chinese Foreign Minister Yang Jiechi and Kuwaiti Deputy Prime Minister and Foreign Minister Sheikh Muhammed Sabah al-Salem al-Sabah. All this is another example of China's innovative diplomatic initiatives vis-a-vis the region.

Building its comprehensive national strength has been China's top policy priority for almost 3 decades and will remain so till it reaches peer status with the US. Ensuring energy security is an essential and unavoidable prerequisite for this. In just over a decade since China became an oil importer for the first time in 1993 it has become the world's second largest energy importer; its energy requirements are growing faster than that of any other country. Therefore, the quest for energy security has now become perhaps the single most important driver of Chinese foreign policy. China has been scouting the world buying up energy assets and entering into long term energy tie ups, but the Gulf region has become and will remain China's largest source of energy imports. According to IEA estimates, China's oil imports from West Asia would rise dramatically, by almost 25%, to 69.4% of its total imports by the year 2020 despite diversifying its sources of oil and gas supply. China will then become the largest importer of the Gulf region's oil and gas.

On its part, the GCC region's evolving orientation towards Asia is logical. Asia consumed about 25 million barrels per day (mbpd) in 2009, which is 30 percent of the world's demand. Asia imports around 16 mbpd, with about 12 mbpd coming from the GCC countries. World oil demand is estimated to increase by about 25

percent between 2005 and 2030, with Asian consumption expected to reach about 39 mbpd by 2030. In addition, for the GCC gas industry, the ‘fuel of the future’, a new front for cooperation and business with Asia is opening up.

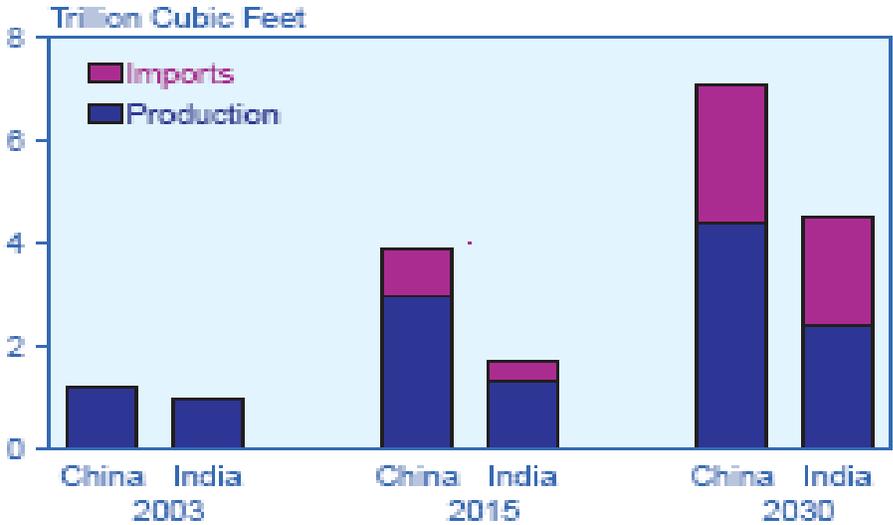
Oil Consumption: Reference Case (1990-2030)

(Million barrels oil equivalent per day)

	History			Projections				
	1990	2005	2006	2010	2015	2020	2025	2030
Region/Country	1990	2005	2006	2010	2015	2020	2025	2030
United States	17.0	20.8	20.7	19.6	20.2	20.2	20.8	21.7
OECD Europe	13.7	15.7	15.7	14.5	14.5	14.9	15.0	15.0
Japan	5.3	5.3	5.2	4.6	4.8	5.0	4.8	4.7
South Korea	1.0	2.2	2.2	2.8	2.7	2.6	2.7	2.8
China	2.3	6.7	7.2	8.5	10.0	12.1	13.8	15.3
India	1.2	2.5	2.7	2.4	3.1	3.9	4.3	4.7
Brazil	1.5	2.2	2.3	2.5	2.8	3.0	3.4	3.7
Total World	66.7	84.0	85.0	86.3	90.6	95.9	101.1	106.6

Source: Adapted from International Energy Outlook, 2009

Natural Gas Supply in China and India by Source – 2003-2030



Source: *International Energy Outlook, September 2008*

At this Seminar Cmdre R.S.Vasan has presented a paper titled ‘China’s Maritime Ambitions and Implications for Regional Security and the tables and charts in that Paper relating to energy present a much more detailed picture of the situation.

For both China and India and, indeed for other major Asian consumers such as Japan, Korea and Taiwan, most of this additional demand for oil and gas will come from the Gulf region. Therefore, the energy issue has already become and is likely to remain the primary determinant of China’s policies in relation to this region

Though China’s trade, investment and energy relationships with countries of the region started expanding in the 1990s, they have taken off explosively only in the past five years. China’s total trade with the region, excluding arms sales, was worth US \$ 1.5 billion in 1990 rising to \$ 2.26 billion in 1994; a decade later, in 2003, trade with GCC countries alone was valued at US \$ 16.9 billion increasing to US \$ 20 billion in 2004 and to US \$ 33.7 billion in 2005. It reached US \$ 93.211 billion USD in 2008. Trade is becoming an increasingly significant binding factor for both sides.

GCC’s Major Trading Partners, 2009 (Share in Percent)

Country	Export	Import	Trade
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China	5%	11%	8%
EU 25	3%	19%	10%
India	6%	8%	7%
Japan	20%	8%	15%
US	1%	7%	3%

Source: UN COMTRADE Database, 2010

Apart from the US, which has more or less occupied Iraq after toppling Saddam, and Iran, which US policy has ironically enabled to emerge as the new power broker in Iraq, a country which had traditionally been the Arab shield against the historical Persian enemy, the country that has had the most substantive economic and energy related interaction with the new Iraq has been, believe it or not, China!

Meanwhile, 2006 China overtook Japan to become Iran's largest trading partner and trade has grown from US \$ 3.1 billion in 2001 to US \$ 27 billion in 2008. Currently Iran is China's third largest source of imported oil. Both sides are mulling the possibility of extending the proposed Iran Pakistan gas pipeline to China. Thus, China's economic relations with all sides of the political divide in the Gulf region are very robust indeed and expanding rapidly.

China has used mutually beneficial economic instruments to embed itself firmly in the region and there cannot be a better basis for a stable, strong and sustainable relationship.

However, China has not sought a political role for itself in this region. Nevertheless, to project itself as a responsible player in the region, China has supported all Western initiatives from the Madrid Peace Conference onwards towards finding solutions to the Israeli Palestinian imbroglio and has not tilted against Israel as most Third World countries, including China itself had done in the past. In an unusual move, China increased its peacekeepers as part of the expanded UN Force in Lebanon from 200 to 1000 as a clear political favor to the West. A new assertiveness is evident by China deploying warships, rather far from its own region, off the coast of Somalia and in the Arabian Gulf tentatively for the first

time in 2008 and steadily increasing since then, thereby unilaterally becoming a part of international efforts to combat piracy in this region.

The adverse fallout of post 9//11 US policy in West Asia has handed China a golden opportunity to burnish its presence and to strengthen its non-economy related relationships and influence in the region. China has taken full advantage of the flip side of US policies to undermine America's influence while greatly enlarging its own shadow over the region. China has concentrated on proactively building its relationships bilaterally with all countries of the region on the basis of non interference in internal affairs, equality of status, mutual respect and mutual economic benefit without taking sides in intra-regional or bilateral disputes and without offering prescriptive advice to rulers of the region. China has taken great care to avoid directly confronting the US and consciously desisted from any overt competition with the United States in this region. However, by becoming Iran's international patron in chief, China has very cleverly enabled Iran to move even more self confidently on its chosen path of sabotaging the success of US policy objectives in the region. Iran's relationship with China is Iran's best bilateral relationship by far with a major power. On their part, over and above the energy factor, amidst growing disillusionment with US policy in the region, while maintaining and even strengthening the traditional security relationship with the US, the top leaders of the countries of the Gulf region have started publicly articulating their deep interest in expanding their relationships with China in a multi faceted manner. There has been much criticism in this region, though palpably diminishing in more recent years, relating to the Kashmir issue and the ostensibly discriminatory treatment of the Muslim minority in India but China has not been subjected to anywhere near such harsh criticism vis-à-vis the Uigher issue in Xinkiang.

The four most significant countries of the West Asian/Gulf region are Iran, Israel, Saudi Arabia and Iraq (though semi paralysed now, it was the region's most powerful country in Saddam's time and will inevitably rise again). Except for belonging to the same region, they have nothing in common in terms of strategic objectives and in fact each of these four countries has significant problems with the other three. China is the only country in the world that has an excellent relationship with all four of these countries simultaneously. This is a remarkable achievement and the ultimate testimonial to China's spectacularly successful diplomacy in this

region. Having made conscious policy choices not to get directly involved in regional politics China has, nevertheless, become a very significant player in the region.

As far as I can foresee, the Iran factor is the only one real contingency that may disrupt the phenomenal momentum of growth of China's relations with the region. Given sharply deteriorating relations between Iran and its GCC neighbours, China's close relationship with Iran could become a question mark for its relationship with GCC countries. On the other hand, as Western pressure mounts on Iran, China's possible ditching of Iran, despite GCC countries being happy about that, would certainly set back any lurking ambitions that China may have of capitalizing on America's currently diminishing standing in the region.

What are the implications of this rosy scenario for China's Asian neighbours?

China's rise has aroused great apprehensions amongst all its Asian neighbours. Whether countries admit it or not, there is a 'Rising China' induced strategic competition under way in all regions of Asia whether it is Central Asia, Northeast Asia, Southeast Asia or South Asia between different sets of players, involving both regional and non-regional countries. In this regard, West Asia, and in particular the Gulf region thereof, stands out as being starkly different from the rest of the Asian continent. There is absolutely no fear of China in this region. Asian countries are not involved in the geopolitics of this region and hence there is hardly any possibility of any China-related strategic competition between Asian countries in this region. Also, the nature of the competition for energy sources under way between China and other oil importing countries in other parts of the world is virtually absent in this region. The fact is that compared to other Asian countries, China is indubitably and continuously gaining increasing strategic clout in the Gulf region.

How is India impacted?

India itself has a rather high standing in the region in a unique way. It will be evident from what I have said in the Annexure part of my Paper that India has a relationship with this region which is very different from that of any other country and which simply cannot be replicated by any other country. The fact is that India does not have to compete with any country for a meaningful long term relationship with this region because, strange as it may sound, there is no relationship in the world anywhere (the only possible comparison that I can think of is between the

US and Canada, Pierre Trudeau's memorable quote about the dangers of sleeping next to an elephant notwithstanding) which can compare with that between India and this region, simply because it is natural – it has evolved naturally to the present stage, almost of its own accord, driven and propelled by compulsions of evolving ground realities and will continue to do so unless someone is out there to willfully attempt to destroy it.

At some point in the future, as China and India continue to rise and as Western presence and influence inevitably declines, and as India's dependence on the region's oil and gas becomes even greater than China's, an overt competition between China and India may emerge but it is certainly not inevitable. Talking about Sino Indian relations, India's leaders are very fond of tirelessly repeating that there is enough space in the world for both China and India to grow and to live harmoniously. In the real world, this sentiment is applicable only in the Gulf region and nowhere else in Asia. In fact, this is the only region in Asia in particular and the world in general where China is not consciously and deliberately trying to do India down or to keep India out, at least for the present. The Indian establishment seems not to have noticed, but China's Embassies in the region have much larger staff at officer and other levels and a much higher proportion of Embassy officials who are proficient in Arabic. Though China's increasing profile in the Gulf region is not threatening for India or Indian interests so far, India would need to remain vigilant.

Annexure

India and the Gulf

India shares with the GCC countries socio-cultural commonalities and compatibilities, geographical proximity and continuous and close people to people interaction ever since history began. Islam came to South India soon after this great religion emerged in Arabia through traders and today India has the world's third largest Muslim population in the world.

As far as the contemporary scenario is concerned, the 6 GCC countries collectively constitute India's largest socio-economic partner in the world as manifested by 6 sets of facts:

- Almost 6 million people from India live and work in the GCC countries and constitute about 39 % of the total expatriate population in the GCC countries, constituting the largest chunk of Indian nationals abroad in any particular region.

Indians constitute the largest expatriate group in every GCC country. The proportion of Indians amongst the overall expatriate population in GCC countries has increased steadily over the decades as compared to other nationalities, thus making Indians the foreign nationality of first preference in this region. This clearly exhibits a sense of confidence in India and Indians. For a democracy, the welfare and security of this huge Indian population is an enormously important factor in domestic politics; those who know ground realities in the GCC countries, know very well that the day to day functioning of the region will simply collapse almost irretrievably if there is a major disruption in the continued stay of Indians in large numbers. Virtually every Gulf family has a personal Indian connection. Indian cuisine, social conservatism and other Indian customs and the Bollywood factor contribute to strengthening the very strong people to people bonds.

- India's trade (oil and non-oil) with GCC countries at US \$ 120 billion during April 2008-March 2009 outstrips the financial volumes of trade ties that India has with any other region of the world. In the calendar year 2009 UAE was India's largest trade partner pushing China and the US into 2nd and 3rd places respectively with Saudi Arabia being the 4th largest. India is amongst the top 5 trading partners of GCC countries. The other four major trade partners of the Gulf countries – the EU, the US, China and Japan - are all major global trading entities and therefore their high ranking is understandable. However, India ranks relatively lower amongst the world's leading trading nations and, therefore, the statistic of GCC trade with India underlines the enormous significance of the bilateral trade relationship for both sides. And, it is growing very rapidly and India will overtake some of the higher ranked countries sooner rather than later.

- India has if not the second, certainly the third largest Muslim population in the world. As the GCC region is the heartland of Islam this fact provides another and particularly significant element of connectivity particularly in the context that fundamentalism is an extremely worrying element for both sides.

- India's hydrocarbon imports from the GCC countries as a proportion of its total hydrocarbon imports are the highest as compared to the proportion of any other major power's hydrocarbon imports from GCC countries - 70%, and if Iran and Iraq are added, 80%. To provide another perspective - the world average per capita oil consumption is 4.66 barrels, US 25 barrels, South Korea 16 barrels,

China 1.8 barrels and India only 0.9 barrels. The Indian economy is growing rapidly and will clearly need increasingly larger energy imports. Since the main source (Gulf region) and a market (India) constantly increasing in size are next to each other geographically, much closer than any other source or market for either side, India's needs and imports from the Gulf region are almost certainly going to rise very significantly.

- These realities underlie another significant fact that flight connections between India and GCC countries are almost 50% of the total flight connections between India and the rest of the world put together.

Despite this background, in contrast to most world powers, India has never sought domination or influence, either politically or territorially, or in the economic and natural resources domains in this region at any time. Such a record cannot be matched by any major power in the world.

This current mutually beneficial and rather satisfying relationship has evolved incrementally over the decades but largely in an ad hoc manner, without being driven by any conscious vision or even sustained effort on the part of governments on either side. Another, and perhaps even more surprising facet of the evolution of this relationship is that it has overcome factors which would normally be considered virtually unsurpassable roadblocks - the ideological impediments of the Cold War era when India and the GCC countries were on opposite sides of the geopolitical divide; the enormously negative and extremely important Pakistan factor; since 1992 the Israel factor also; and, in more recent years, the Iranian factor beginning to raise its head too. From the Indian perspective elements of concern have been the public stance adopted by Gulf countries in the OIC in relation to Kashmir and the organisation's pronouncements on this issue; significant financial assistance for Pakistan's arms acquisition programmes; and, the large scale funding from the Gulf region of various entities, old and new, in India leading to a phenomenal upsurge of locally assertive activism of these entities which has manifested itself in a manner that arouses legitimate political and security concerns in India.

These facts exhibit that pragmatism has quietly trumped both ideology and supposed special relationships thus underlining a unique compatibility which

highlights multi-spectrum mutual dependence, on the one hand, and symbiotic synergy, on the other, between GCC countries and India. India's approach has been to build on complementarities and not allow negative factors to cloud its policy horizon. India is unlikely to take the initiative but the stage has been reached where India is likely to respond positively to specific and clearly articulated requests for security and defence cooperation from Gulf countries but on a bilateral basis.

The European Union and Gulf

Berlin March 17, 2010

INDIA and the GULF REGION

Ranjit Gupta

I have been asked to speak, inter alia, about India's main concerns in the Gulf region?

I suspect that even this very knowledgeable audience may not be aware of the realities regarding the rather close and unique relationship between India and the GCC countries.

Therefore I would like to speak on this subject to underline the fact that India is a deeply interested party in all aspects of the future of the Gulf region.

The Gulf region has three distinct components - the GCC countries, Iran and Iraq. Even though these three are intrinsically inter-related, India has traditionally had distinct policy approaches for each of these three components. I will restrict my remarks to the relationship between India and the GCC countries.

India shares with the GCC countries socio - cultural commonalities and compatibilities, geographical proximity and several millennia of continuous and close interaction and linkages which cannot be matched by any major power in the world. No major non-regional country has a remotely comparable tradition of interaction. Furthermore, in contrast to most world powers, India as an indigenous Indian civilisational and even political entity (as distinct from India under British rule for British interests) has never claimed, exercised or sought domination or influence, either politically or territorially, or in the economic and natural resources domains in the Gulf region throughout history.

Fast forwarding, in the contemporary context, as of today, the 6 GCC countries collectively constitute India's largest socio-economic partner in the world as manifested by 4 sets of facts:

- Over 5 million people from India live and work in the GCC countries; expatriates constitute almost 35% of the total number of people living in the 6 GCC countries and Indians constitute about 37 % of the total expatriate population in the GCC countries, including being the largest foreign nationality group in each of the 6 GCC countries, making Indians the foreign nationality of first preference throughout the region and the largest chunk of Indian nationals in any region abroad. In some countries such as the UAE and Qatar the population of Indians exceeds that of local nationals. The proportion of Indians amongst the overall expatriate population in GCC countries has been steadily increasing over the decades (e.g. in 2002 it was about 28 %, a decade earlier considerably lower). This clearly exhibits a unique sense of confidence in India and Indians.

- Trade (oil and non-oil) amounted to US \$ 120 billion during April 2008-March 2009 making the GCC countries collectively, India's largest trading partner and making India amongst the top 5 trading partners of GCC countries. This trade relationship has been the India's fastest growing trade relationship in the past 2

years. The other four major trade partners of the GCC countries – the EU, the US, China and Japan - are all major global trading entities and therefore their high ranking is understandable. India ranks relatively lower amongst the world's leading trading nations and, therefore, this statistic of GCC trade with India reflects the enormous strategic significance of the growing trade relationship for both sides. Incidentally, the UAE emerged as the India's top trading partner in the last financial year, overtaking both China and the US, and Saudi Arabia is the 4th largest trading partner. Indian nationals in the GCC countries repatriated over \$ 20 billion to India last year. We know for sure that the two-way investment flows, though far below potential, are increasing steadily but precise figures are somewhat hazy.

- India has the second largest Muslim population in the world and sends the second largest group of Haj pilgrims. As the GCC region is the heartland of Islam, these facts provide another significant element of connectivity and mutual interest, including in relation to aspects of internal and external security; any significant increase of religion based extremism can spell disaster for both India and the GCC countries.

- These three realities underlie another significant fact that flight connections between India and the 6 GCC countries constitute a little over 50% of the total flight connections between India and the world as a whole.

- India depends on oil for over 33% of her energy needs, and imports almost 70% of that. Between 1990 and 2003, oil consumption in India grew by 7% on average, against 0.8% in the rest of the world. By 2050 India could be the largest importer of oil in the world. Currently 71% of India's total oil imports are from the Gulf region and 44% of these imports are from the GCC countries. This proportion is going to increase very considerably with Saudi Arabia agreeing to increase supplies to 40 million tones from the current 25 million tones and ever increasing gas and LNG imports from Qatar also. Thus, the main source and a market constantly increasing in size are geographically proximate, more than any other source or market for either side; as India's economy grows, India's hydrocarbon needs will rise even faster than in the past. For these two reasons, mutual interdependence between India and this region is inevitably going to increase further.

This current mutually beneficial and particularly satisfying relationship has evolved incrementally over the decades but largely in an ad hoc manner, without being driven by any conscious vision or even sustained effort on the part of the governments on either side. Another and perhaps even more surprising facet of the evolution of this relationship is that it has overcome factors which should have normally been considered almost unsurpassable roadblocks - the ideological impediments of the Cold War era when India and the GCC countries were on opposite sides of the geopolitical divide and the hangover continued to linger; the extremely proactive and strongly anti-Indian Pakistani lobbying in the region; since 1992 the Israel factor also; and, finally, in more recent years, the Iranian factor raising its head too.

These facts exhibit that relations between GCC countries and India represent the triumph of pragmatism over both ideology and the notion of special relationships. These relations highlight the multi-spectral mutual dependence, on the one hand, and symbiotic synergy, on the other. India's economic growth is dependent on energy security which in turn is dependent on security in the Gulf region and security of sea lanes from the Gulf region. In fact, stability in and the security of the GCC countries, both internal and external, will increasingly be an issue of rising strategic importance for India as India's security, viewed in broad and holistic dimensions, will become increasingly interlinked with the security of the Gulf region. For all these reasons, no other major country is potentially impacted, positively or negatively, as strongly as India by what happens in the Gulf region. Therefore, India is a deeply interested party as far as regional security is concerned.

India and regional security

The Concept Note points out that several attempts have been made to alleviate regional tensions and contribute to a more cooperative and harmonious security climate in the Gulf region. The fact is that these attempts and initiatives could not be substantively translated on the ground nor have they managed to create any substantial and sustainable traction for the emergence of a durable politico - security climate in the region for a variety of reasons. A list of proposals has been appended to the Concept Note which itself says that the focus on regional cooperation suggested by most of these proposals stands in contrast to the current

practices. The existing security arrangements have evolved incrementally since the invasion of Kuwait by Iraq, and have largely concentrated on ensuring the security of individual GCC countries from external aggression. The leit motif of these arrangements has been steadily enlarging American military presence in the Gulf which has been considered a matter of necessity by all those directly involved. The security of the GCC countries being guaranteed by the US is the preeminent fact of strategic life of the region and this reality is unlikely to change any time soon despite increasing public unease about US policy and presence in the region. The fact is that no alternatives have found acceptance or even appear to be viable; at best they can be supplementary arrangements. As will be readily evident from the Concept Note, India is not a part of any existing regional security related arrangements nor does India appear to be on the radar screen of those making such proposals. I do not say this as a complaint but only as an acknowledgement of ground realities.

India itself has not so far proposed any specific regional security mechanism or architecture. However, it is my perception that India would be more comfortable in being involved if any initiative that may be taken is specifically of countries of the region and India is specifically invited to be involved; and if regional security mechanisms and architectures are manifestly inclusive. Iran, in particular, must be included.

One issue merits specific mention to underline India's broad spectrum security interests in the region. India has one unique but major latent security concern that is not applicable to other major powers – this relates to the security of the huge Indian diaspora in the region as also the security concerns that the GCC countries might have as a result of the almost semi-permanent presence of such a large number of foreigners in their midst. This is clearly a very sensitive and delicate issue that is best handled both bilaterally and even confidentially.

Given the nature of India's relationship with the region and the fact of India not having had any tradition of military alliances, India's active involvement in maritime security in and around the Gulf region, from the coast of Somalia to India's eastern sea board is far more likely than India's active participation in any

military oriented sub regional or regional security mechanisms. Setting up of cooperation mechanisms with individual GCC countries in the maritime field is also necessary because in the event of trouble in the region the large Indian diaspora would need to be evacuated primarily by sea.

India views the security of the region from Somalia to India as being seamless. A major common threat to all countries is religion linked extremism and terrorism. The misguided use of non-state actors to counter the Soviet invasion of Afghanistan has created a Frankenstein monster; the concept of jihad is now being institutionally misinterpreted and misused. This reality is now recognized and accepted by all countries of the region. Pakistan had become and regrettably remains the primary base of such activity. It is an unfortunate fact that the Pakistan military remains reluctant to sever its symbiotic links with such groups. The Gulf countries have a special relationship with Pakistan and the time has perhaps come when they need to use their very considerable influence with all the stakeholders in that country to bring it back from the brink. Pakistan must not be allowed to become a failed state; all regional countries including India will pay a very heavy price if that were to come about.

Having said all this, four factors seem to have persuaded some of the GCC countries to actively consider involving India in their own individual and regional security – first, the huge surge in bilateral economic relationships between India and the GCC countries in the past 2 years or so; second, India's rising international economic and political stature; three, India's open, unhidden and transparent development of a blue water navy; and four, the changing dynamic of India-US relationship has almost certainly also encouraged Gulf countries to do so. India has responded favourably and is no longer absent from the scene - recent years have seen bilateral agreements between India and Oman, Qatar and the UAE relating to defence and security cooperation and during the very recently concluded visit of Prime Minister Manmohan Singh to Saudi Arabia the "the two leaders decided to raise their cooperation to a strategic partnership covering security, economic, defence and political areas." However, India prefers a low key and bilateral approach and I suspect that this will remain the main path forward in India's being involved in the security of the Gulf countries.

India has neither the right nor any intentions of advising Gulf countries about the nature of security arrangements they consider appropriate for themselves. Furthermore, India believes that prescriptive policy approaches by foreign countries, such as pushing for internal political reform, should be eschewed; this path is almost surely not the most effective way forward in attempting to bring about an improved security climate. Whatever political changes have to take place must necessarily be incremental, must be in sync with the local socio-cultural ethos and centuries old tribal governance traditions and a consequence solely of internal processes.

My personal view is that grandiose security constructs are not going to be easy to put together let alone work; it is best to be modest and an Asian model is perhaps more relevant than Western institutions. Criticism of Asean and GCC is frequent and particularly so by Western commentators. I would submit that had these two entities not been created the situation would have been far worse than it is today. Given the lack of success of or even enthusiasm for so many other ideas mentioned in the Concept Note, one way forward, as a first step, could be for the Gulf countries to set up the Gulf equivalent of the ASEAN ARF and countries to be included could be:

Cat I - Immediate neighbours - Iran, Iraq, Jordan and Yemen.

Cat II – Extended neighbourhood - Egypt, Lebanon, Israel, Palestine, Syria and Turkey; as well as Afghanistan, India and Pakistan.

Cat III – Non regional countries - China, France, Germany, Japan, Russia, UK and USA. The EU, as an entity, should have representation also.

Southeast and East Asia have been conflict prone regions. Asean countries devised multi-lateral security related mechanisms which have helped enormously in reducing not only mutual suspicions and tensions but also involved external players in a manner that a cooperative framework is gradually gaining ascendancy over confrontational bloc approaches. Asean +1, Asean + 3, ARF, Annual Ministerial Meetings with Dialogue Partners, etc are mechanisms which, suitably modified, could quite usefully be replicated in the Gulf region. Iran in this region would be considered what China is in East and Southeast Asia; the equivalent of Asean + 1(China) could be GCC and Iran – a beginning was made at the GCC

Summit in Qatar; ideally, the GCC countries, the US and Iran could be another cluster and the GCC countries, Iran, Iraq and Yemen could form yet another cluster. Dialogue under such umbrellas would automatically eliminate preconditions and would also side step one or the other party being viewed as having retreated from its/their traditional stance(s) and made unilateral concessions. Setting up all these structures will not be easy and there will be resistance as has been the case in East and Southeast Asia. All this does not have to be done at one go. But new ways have to be found and tried if stability and mutually beneficial cooperation is to replace the bellicose rhetoric if not actual fratricidal conflict which has perennially dogged the world's most volatile region.

Just as the Asean experiment has evolved over decades so also will be the case of any similar mechanism in the Gulf region and patience is of the essence.

The time has perhaps also come for the Arab/Islamic world to take an innovative, out of the box approach, involving radical and unconventional thinking, in respect of problems involving its constituent countries. Somalia, the perfect failed state, comes to mind. This is not merely in the context of Somalia based rampant piracy in the Gulf of Aden but also Somalia becoming a potential base for all kinds of extremist terrorist elements. Serious consideration should perhaps be given to making Somalia a temporary Trusteeship Territory under the Arab League with a new regime put together by the Arab League/OIC, if necessary including Ministers, military and police forces, civilian administrative and development personnel, etc, from Arab and Islamic countries taking charge of the country.

If things continue the way they are in Yemen, then it seems headed in the same direction as Somalia and may require a similar solution. Afghanistan and Pakistan may become victims too. If regional security has to have true meaning then countries of the region have a primary responsibility to adopt proactive stances in countering destabilizing forces within the region.

Thank you for your attention.

Indian Council of World Affairs Seminar on Iran
25.8.09

My kick off presentation

Iran's enormous importance in the Gulf region is evident from the following facts:

Iran's population is more than that of Iraq and all six GCC countries put together.

Though the Shias constitute less than 15% of the global Muslim population, the Shia population of the Gulf region, which includes the 6 GCC countries, Iraq and Iran, is 63.35 % of the region's total population. For the first time, an Arab country, Iraq, has emerged as a Shia ruled state. Bahrain has a Shia majority. Almost one third of Kuwait's population is Shia. Saudi

Arabia's Shia population is concentrated in its eastern oil producing region. The Shia populations in other GCC countries, although small, have a disproportionately large role in the economies of these countries. In February 2008 the Iranian Ambassador to the UAE disclosed that 400000 Iranians live in the UAE and that almost 15% of Dubai's indigenous population is of Iranian origin. However, official statistics do not confirm these figures as there has always been a deliberate official ambiguity about statistics relating to Iranian involvement with and in Dubai.

According to a Feb 27, 2008, article entitled 'US efforts to scuttle Iran-UAE ties fail' by Kimia Sanati in Asia Times, UAE is Iran's top non-oil trade partner with bilateral trade reaching US\$14 billion in 2008 and Iranian investment in Dubai is around \$300 billion. This is despite the Tumbs islands territorial dispute between the UAE and Iran. There is no unified GCC political stance towards Iran, with Oman having had a close relationship for decades and Qatar playing a particularly proactive role in seeking to bring Iran and the GCC closer in more recent years.

Iran's military is numerically larger than that of Iraq (still being reconstituted) and the GCC countries put together. Arguably, its indigenous military capabilities are very likely much more potent than of the GCC countries whose armed forces have never fought a real war.

Iran has also managed to make itself an indispensable factor in the processes of arriving at any solution of the Israeli Palestinian problem and this is evident from the following facts:

- Though a secular country, Syria has been ruled for decades by the minority Alawites, a Shia sect, and Syria has long been Iran's unwavering, and only Arab and regional ally. Unless Syria is on board there can be no solution of Israel's problems with its neighbours.

- Iran created Hezbollah in 1982 and has since supported and equipped this Shia outfit, nurturing its growth into a formidable socio-political factor in Lebanon. Israel invaded Lebanon in 2006 with the intention of crushing Hezbollah, but for the first time since 1948, Israel failed in inflicting a decisive defeat on an Arab adversary. Therefore, Hezbollah has garnered enormous prestige in the Arab street throughout the Arab world and Gulf Governments have had to take specific notice of this development.

- Though Hamas, which won a majority of seats in the internationally certified free and fair Palestinian legislative elections in 2006 and which runs the Gaza Strip, is a Sunni grouping, its strength is derived from political, material and financial support from Iran.

- Iran has a place on the high table on all Israeli Palestinian issues for all practical purposes through Syria, Hezbollah and Hamas. Distance would enable it to play spoiler with relative impunity should it choose to do so.

Though the Shah of Iran had a very close strategic relationship with Israel, the Islamic Republic and particularly its current present President has demonized and threatened Israel like no previous Iranian leader. Thus, no settlement of Israel's problems with its neighbours can take place without Iran being heard and on board.

Ehud Yaari, one of Israel's best Middle East watchers, has started using the phrase 'Pax Iranica' to describe "the web of influence that Iran has built around the Middle East" stating that "Teheran has created a situation in which anyone who wants to attack its atomic facilities will have to take into account that this will lead to bitter fighting on the Lebanese, Palestinian, Iraqi and Persian Gulf fronts". Features of the region's demography and the manner in which it has spread its influence help fortify Iran's perception of itself as the preeminent power of the region. The influential Iranian newspaper Kayhan editorialized on May 11, 2008, "In the power struggle in West Asia, there are only two sides". Iran's assertiveness is rising in direct proportion to its perception that the effectiveness of US power and influence is eroding throughout the West Asian region. Amongst major countries, China is a latecomer to this region but the Sino-Iranian relationship has become Iran's most important strategic relationship in the world. Iran has the world's third largest oil reserves, is the world's fourth largest exporter and has become the third largest oil supplier to China. China has signed deals with Iran of over \$123 billion for oil and LNG purchases, to develop the Yadavaran oil field, and for the Abadan refinery. Russia also has an excellent relationship with Iran. Iran's nuclear ambitions have greatly complicated the already complex equations in the region. Gulf countries are deeply worried and very scared and Israel has made it clear that it will not countenance a nuclear Iran. Iran has come to believe that the nuclear issue forces the US to take it seriously and confers status and prestige and makes it unavoidable for the US to bypass Iran in seeking and obtaining solutions to the intractable problems of West Asia. All these realities reflect Iran's huge and growing strategic leverages.

On the other hand, Iran gave up its highly charged rhetoric about the export of Islamic revolutionary fervour after the end of the war with Iraq in 1988. Thereafter, Iranian foreign policy, and regional policies in particular, have been driven primarily by pragmatic national interests rather than by ideology, rhetorical flourishes notwithstanding. The Islamic Republic has not initiated any conflict or aggression in the region. It was neutral in the first Gulf War, it was helpful in the US action against Afghanistan, in the initial period after US attacks on Saddam's Iraq, it cooperated with the US in Iraq also. In the ultimate analysis, more than anything else, Iran ardently desires international acceptance of the legitimacy of its regime, full integration into the international economic and political order and recognition of the reality that it is the region's preeminent power. Particularly given how the situation in the region has evolved post 9/11, these aspirations would appear to be reasonable, legitimate and attainable objectives. Given the North Korean precedent and India's example (the Indo-US civil nuclear deal), it is reasonable for Iran to assume that at some point of time it may be possible to resolve the nuclear standoff. However, for this to happen, Iran will have to compromise on certain aspects of its nuclear programme in a manner acceptable to the international community as well as give up its precondition that US forces must be withdrawn from the region.

By keeping up its aggressive rhetoric and policies on the nuclear issue, Iran has been buying time to allow the regional geopolitical situation continuing to change to its advantage and to increase its strategic bargaining leverage. However, this is not a game that Iran can play or stretch out indefinitely as it could become counter productive. Iran should be aware that its economy is in appallingly dire straits and almost entirely dependent on fluctuating oil revenues, which in the recent past have been particularly unproductively utilized; and, its educated, overwhelmingly young population has aspirations which an oil rich country should be able to meet and which therefore cannot be kept bottled up for too long by outdated restrictions and repression. The Iranian regime has huge internal vulnerabilities which have been deeply exacerbated by recent and continuing post election politico-social turmoil in Iran. Internal implosion of the hard line leadership is becoming a possibility, though a regime led by moderate elements of the clerical establishment rather than any wholesale change would be the likely alternative. In any case, rhetoric apart, Iran knows that it cannot drive the US from the Gulf region and it cannot create a rift between the GCC countries and the US.

It was an accidental coincidence of national interest and national security considerations that had brought the two countries together. Iran and India shared strong strategic commonalities in supporting the Northern Alliance against the Taliban in Afghanistan and later in providing a corridor for economic and transport linkages between India and Afghanistan and Central Asia through Iran. Plans for substantive and innovative defence cooperation and a very strong energy and transport infrastructure development relationship were agreed to. President Khatami of Iran was the Chief Guest at the Republic Day in 2003. This was the high water mark of the bilateral relationship when the two countries signed a strategic partnership. However, both sides moved very tardily in implementing the various bilateral agreements that had been signed, and thus missed the opportunity to securely lock in this extremely promising turnaround in the bilateral relationship. The fact is that India does not rank high in Iranian priorities and Iran has not made up its mind as to the kind of relationship it wants with India. There is no need to lose any sleep over this. There is no reason to go out of the way to court those whose priorities are different. India and Iran will inevitably cooperate wherever and whenever their interests happen to coincide.

I am astonished at the widespread use of the phrases ‘traditional friend’ and even more so ‘ally’ for Iran in our public discourse about India-Iran relations; this trait is particularly noticeable in Indian academic circles and some sections of the media. Though there has been a profound, mutually beneficial and mutually respectful cultural and civilizational interaction between India and Persia/Iran over the centuries, this happy and satisfying fact however does not translate into Iran and India having even been friends in the past as Nadir Shah’s invasion and savage depredations would testify; certainly these phrases are completely off the mark since India became independent. Pakistan’s closest strategic allies have been China, US, Saudi Arabia and Iran under the Shah. Under the Shah, Iran extended military assistance to Pakistan in its wars with India. The clerical regime has been an even more trenchant critic of India than the Shah’s government on the issue of Kashmir and generally about the treatment of Muslims, both in the OIC and even publicly in suo moto official statements and state media commentaries. Iran denied Indian planes over flight rights for evacuation of our citizens from Kuwait and shortly thereafter a planned Indian Prime Ministerial visit was abruptly postponed at the eleventh hour. India has been importing oil from Iran but India has always bought larger quantities from other countries in the Gulf region. Iran has been in the habit of demanding renegotiations on settled

energy and economic deals and delaying the implementation of other agreements such as in the transport sector for purely political reasons. This bargaining attitude cannot generate a sense of confidence. The Iran Pakistan India gas pipeline project from the beginning has been beset with enormous uncertainties about a whole host of very substantive issues and is not, in any case, a major solution for our energy security that it has been hyped to be.

Critics say that India's vote at the IAEA against Iran was the price that India has to pay for the development of a strategic partnership with United States, thereby jeopardising an ostensibly burgeoning relationship with Iran. As pointed out earlier, there was nothing particularly meaningful in the relationship in the first place. Secondly, India's vote was dictated by national interest. The IAEA has consistently complained of Iranian non-cooperation; Iran has consistently rejected all substantive proposals which would have met all of Iran's legitimate nuclear energy programme requirements, even proposals by its close friend, Russia; suspicions regarding its intentions are clearly well founded. It is certainly not in India's interest that Iran should be allowed to become a nuclear weapons power. The Gulf region and most other countries are also of the same view. India does not wish to make a choice but if a choice is forced upon India, only the blindly ideological would recommend choosing Iran over the US and the GCC.

The Gulf region is the heartland of Islam and the ideological and financial source of contemporary radical Islam, the world's largest repository of oil and gas resources, and the focus of intensifying regional and international security concerns due to Iran's nuclear programme, regional policies and a deteriorating domestic political and economic environment. Therefore, the policies of major powers, particularly the US, in and towards Iran specifically and the region generally; developments that take place within the region either as a reaction to US policies or autonomously; and, the relationships between GCC countries and Iran will have a huge influence on the evolving strategic scenario in the region with the potential to affect Asia as a whole. India is an immediate neighbour, and given its deep involvement with the region, the evolving situation has direct, substantive relevance to India's national security and well being.

Despite India's satisfactorily growing energy and trade linkages and a unique involvement with the region through the 5 million Indians living in GCC countries, which no country can match, India's interaction has remained low profile in terms of international attention partly because India has not been a strategic player in the region. The region's political dynamics are extremely complex and the reality is that there is nothing substantive that India can contribute to help alleviate tensions in the region, while any effort to do so could upset the apple cart. India's interests would be best served by maintaining this low profile posture while continuing to strengthen economic and security ties bilaterally with individual countries of the region. I know from personal experience through a closed door interaction with 12 senior Gulf academics at the Gulf Research Centre in Dubai in June of the intense anti Iranian feelings that permeate the establishment at all levels in Saudi Arabia, Kuwait and Bahrain in particular; a virtual threat was held out that unless India took into account this feeling when seeking to develop its relations with Iran, India could be badly tripped in the GCC region.

Comments relating to the identified themes for the Seminar

- The only truly meaningful economic relationship that Iran has with GCC countries is with Dubai; proposals made at highest governmental levels towards energizing economic ties have remained mere rhetoric. In any case, economic ties cannot be a basis of bypassing or marginalizing the deeply embedded political differences between the Gulf countries and Iran.
- There is no formal security architecture in or for either the Gulf region or in West Asia at large and therefore the issue of an emerging role for Iran is a non-starter. However, if any security architecture is created it can only be meaningful if Iran is fully involved.
- The region's demography and its religious composition, the political philosophy of Iran's rulers and Iran's military capabilities make Iran, unquestionably the region's most significant power and hence engagement with Iran is necessary and even unavoidable. This does not translate into possibilities of any accommodation with Iran that is intrinsically against US interests nor is there any wish on the part of the GCC countries to walk down that path.
- Sectarian divides in the region have been, are and will remain a divisive factor. They underlie the enormous reservations that the GCC countries have even about a meaningful

relationship with fellow Arab Iraq because it is now under Shia dominated governing structures. Religion cannot be a basis for consolidating ties between Iran and GCC countries.

- Russia's military relationship with Iran started in 1989 and has grown steadily making Iran Russia's third largest military equipment supply destination after China and India. According to SIPRI, 70% of Iran's arms imports were from Russia during 1995-2005. Iran is hoping that an \$800 million contract for five S-300 surface to air defence systems is implemented soon; according to Western experts if Tehran obtained the S-300, it would be a game-changer in military thinking for tackling Iran and make the possibility of an Israeli air strike on Iranian nuclear sites much more difficult to contemplate China has become the second largest source of Iran's arms supplies; between 1992 and 2002 China supplied weapons worth \$3.8 billion; in recent years the supply and transfer of missile technology has become the centre piece of their defence cooperation. These partnerships assure Iran the possibility of unhindered access to defence equipment and has become a source of greater self-confidence. Despite the deep fear of Iran no GCC country is in favour of any military action against Iran by the US or others, as the consequences are likely to be highly unpredictable and certainly much more destabilising than of the military action against Iraq.

INDIA AS A STRATEGIC FACTOR IN 21ST CENTURY GEOPOLITICS

A presentation at the Gulf Research Centre Dubai

5.3.2008

Ranjit Gupta

The inspiring and intellectually stimulating leadership of Chairman Dr. Abdulaziz Sager and the dedicated hard work of all those who have been associated with this prestigious institution has propelled the Gulf Research Centre into emerging as one of the leading centres of strategic studies in West Asia. I consider it a great honour and privilege to be invited to the GRC.

China oriented and Gulf centred developments will define the evolving global strategic scenario. Asia will be the main stage and for the immediate future the focus will be on the Gulf region. Though the US and China will be the two most important determinants, India will be an increasingly significant player. In order to envision India's potential role in the future, it would be useful to begin with a brief review of India's role in global politics since its independence to appreciate the unimaginably enormous changes that have taken place in recent years in India's positioning in the global strategic arena.

The Asian Relations Conference held in April 1947 at Prime Minister Jawaharlal Nehru's initiative was specifically designed to convey the message that India, having thrown off the colonial mantle, was keen to initiate a post-colonial pan-Asian renaissance. India thought of itself as the leader and spokesman of the emerging Third World. India's approach was inspired by idealism and accorded the highest priority to pursuing goals such as universal disarmament, decolonization, the struggle against apartheid, the primacy of the United Nations, full throated advocacy of the recognition of the legitimate place of the People's Republic of China in the international comity of nations, of the rights of the Palestinian people, etc. All this enabled India to play a major role in global politics and earned it considerable international prestige and influence in the first decade or so after its independence. India revelled in acting international Samaritan, global conscience keeper and lecturing all and sundry about what is good for them and for the world. India was particularly obsessed by moral posturing about the policies of Western countries. The real world finally intruded and rather rudely. The military debacle

inflicted by China's invasion of northeastern India in 1962 represented even more a particularly humiliating political setback and caused grievous damage to India's international standing. India progressively lost clout within the Third World while ensuring a poor relationship with the powerful Western World. India was at odds with US promoted military and strategic alliances throughout Asia while India's special relationship with the Soviet Union and strong support for Vietnam were perceived very negatively. The China-Pakistan-US axis and the Asean-China-US strategic partnership became insurmountable strategic challenges. These ingredients of Cold War political dynamics and India's insular economic policies ensured that India marginalized itself from the international mainstream. By the end of the 1980s, India had only countries of the Soviet bloc, Bhutan, Cyprus, Oman, Maldives and Mauritius as its all-weather friends. Meanwhile, a jubilant Pakistan redirected the victorious Jihadis from Afghanistan to India initiating a debilitating armed insurgency in Kashmir. Finally, with the disintegration of the Soviet Union, India was left strategically marooned on the global stage. The new regime in Russia did not seem enthusiastic about maintaining the special relationship with India. To compound its misery, India found itself on the verge of financial bankruptcy with foreign currency reserves at less than a billion dollars in 1990 and its gold being physically flown to Switzerland to stave off bankruptcy. This was the stark scenario that India faced at the end of the Cold War.

Throughout this period, India had been busy fighting other's wars and had not consciously conceived of any long term strategic vision of its own future in terms of its own national interests, which not only got sidelined but were seriously compromised.

This bleak situation compelled a bold reorientation of its foreign and economic policies. Drawing appropriate lessons from the positive experiences of East, Southeast and West Asia, India initiated economic liberalisation and reform policies in a conscious effort to start integrating the Indian economy with the global economy and began its transition from the earlier national consensus on building a socialist society to a growing consensus on building a modern, free market one. There was a new emphasis on economic issues in the making of foreign policy. Another welcome transition was the shift from pro-active 'Third Worldism' to the promotion of its own national interest; from abstract idealism to pragmatism. Anti-imperialism, which had been at the heart of India's struggle for decolonization, had degenerated

into knee-jerk anti-Westernism; the abandonment of this traditional anti Western mode of thinking as a natural reaction to events was the third important transition. India now accepted the world as it was and the fact that the only meaningful option was to deal with existing ground realities. Forging a strategic relationship with the heretofore rather hostile Islamic Republic of Iran, the establishment of diplomatic relations with Israel, a complete U-turn in India's policy towards Myanmar, overtures to Taiwan, etc were specific indicators of the revamped approach which heralded also that India too was now willing to play the game of realpolitik in national interest. The new 'Look East' policy was a specific message to the estranged Asean countries indicating India's interest in moving beyond the past. India was signaling that it was not merely ready but keen to re-engage with the world, this time on the basis of mutual self-interest. With the process gaining positive momentum, India's nuclear tests in 1998 represented the final casting off of strategic diffidence.

ckily for India, all this coincided with a fundamentally changing strategic milieu in Asia creating ce for new alignments and relationships to develop. The meteoric and unabated rise of China's onomic clout, military muscle and political influence became the central feature of the evolving t Cold War international scene. China's increasing assertiveness started creating growing riness and heightened apprehensions about China's intentions. The China factor in particular d India's economy growing at 8 % plus rates prompted the world to respond positively to India's ertures. While 'Rising China' was the big story during the last two decades of the 20th century d remains a front page story, the advent of the new millennium saw the emergence of a new, ferent and self-confident India. 'Rising India' has become the new big story.

e US has played the defining role in Asian geopolitics since the end of World War II. The US e explicitly and unequivocally signaled that it intends to maintain its global preeminence and its ditional role in Asia. However, China has signaled equally unequivocally that it intends to ssert its traditional and historical preeminence in Asia. The US desires a unipolar world and a ltipolar Asia; China would like a multipolar world and a China-centric unipolar Asia. Even ough India has more modest ambitions as compared to China and would like to see a multipolar rld and a multipolar Asia, a nascent and covert rivalry between China and India is clearly

olding. Asian politics and security in the decades ahead will be shaped by the contest between the strategic ambitions of the US and China and the competition between India and China.

Since 9/11, and, particularly after the US invasion of Iraq, the Gulf region, including the strategically linked neighbours, Pakistan and Afghanistan, has become the main cockpit of global strategic activity and concerns. This is focused on three issues: first, Islam and the violence perpetrated in its name; second, energy security; and third, Iran's nuclear programme and regional policies. This region is the heartland of Islam as well as the world's largest repository of oil and gas resources and Iran has become the focus of intensifying regional security concerns. Therefore, whatever happens in the region and the relationships that countries in the region forge with other countries will have a huge influence on the evolving strategic scenario in Asia as a whole, indeed even across the world.

Before proceeding further, let me emphasise that in the future exclusivist, zero sum relationships would be increasingly untenable. Interaction between major players would take into account this overarching reality. Both policy makers as well as analysts would need to keep this factor firmly in their sights. The contents of my Paper should be interpreted in this broader context.

With the demise of the Soviet Union, the China-US strategic partnership of the Cold War became redundant. China's rise, and growing Islamic militancy with its Pakistani roots, prompted the US to take a new look at democratic and secular India which was finally showing substantive evidence of converting its economic potential from promise to reality. The Indo-US strategic partnership has emerged as the most significant new element of US foreign policy in the post Cold War period. President Bush has personally pushed this strongly and his cabinet officials have repeatedly publicly proclaimed the US intention of helping India become a great power in the twenty first century. The nuclear issue has long cast a very dark shadow over Indo-US relations. The landmark path-breaking Indo-US civilian nuclear cooperation agreement is emblematic of the new and totally transformed bilateral relationship. The Indo-US military and defence cooperation relationship is developing at a speed and in a manner that could not be imagined even by diehard optimists a few years ago. Meanwhile, the 2 million strong, and growing, Indian community in the US, has emerged as the highest per capita income ethnic

group in the country, even ahead of white male Americans, and is clearly headed for an important role in the American economy with potentially significant political implications. Sooner rather than later, almost every middle class family in India would have at least one member settled in the US. This factor specifically, and the explosively expanding people to people interaction particularly in the education, economy, tourism, technological and cultural fields between India and the US, are creating a special bond which political leaders in both countries will have to keep in mind when formulating policies in the future. Though the Bush Administration has become quite unpopular both domestically and internationally, it has consistently received high ratings in polls in India. The Indian Prime Minister, Manmohan Singh, speaking at a conference on March 18, 2006, which had 'India's New Priorities, Asia's New Realities' as the theme said, in his characteristic understated manner, that "The strengthening of ties between India and America is, I believe, a major positive development for Asia as a whole". This short, simple and straightforward sentence encapsulates the essence of the emerging strategic dynamic.

The radically changed post Cold War geopolitical scenario encouraged an immediate and positive response from Southeast Asia to India's Look East policy particularly as Asean had always wanted India to be involved with the region - it was India that had spurned Asean's overtures at least twice during the Cold War period. The fact is that in Southeast Asia India was never feared whereas the fear of China had never gone away but had only become subterranean. Much to China's amazement and anger, and even to India's surprise, it was invited, without prior notice, to become a full Dialogue partner of Asean in December 1995, ahead of China. Asean invited India into the ARF in 1996 despite US reservations and Japanese opposition when the idea was first mooted in 1995. Yashwant Sinha, former Minister of External Relations, said at a speech at Harvard University in 2003: "In the past, India's engagement with much of Asia, including southeast and east Asia, was built on an idealistic conception of Asian brotherhood, based on shared experiences of colonialism and of cultural ties. The rhythm of the region today is determined however, as much by trade, investment and production as by history and culture. That is what motivates our decade old 'Look East' policy....The other aspect of the 'Look East' policy is the movement away from exclusive focus on economic issues to a broader agenda that involves security cooperation." These remarks provide the broad context of evolving bilateral relationships between India and individual Asean members which have been developing strongly with maritime security and defence cooperation being particularly noteworthy elements. In the context of the debate whether India should be invited or not for the

first East Asian Summit, Singapore's Prime Minister, Goh Chok Tong, speaking at the official launch of the Institute of South Asian Studies in Singapore in January 2005, had said "With India's rise, it will be increasingly less tenable to regard South Asia and East Asia as distinct strategic theatres interacting only at the margins. US-China-Japan relations will still be important, but a new grand strategic triangle of US-China-India relations will be superimposed upon it..... Reconceptualising East Asia holistically is of strategic importance.It would be shortsighted and self defeating for Asean to choose a direction that cuts itself off from a dynamic India." These remarks, in fact, represent a succinct summary of the emerging strategic paradigms of this region. India's inclusion in the East Asian Summits despite China's strong reservations is confirmation of India's increasing role as a strategic factor in Asia.

In the contexts of the increasingly strained Sino-Japanese relationship and of the criticism and derisive image of Japan as an economic giant but a political pygmy, Japan's role in the post 9/11 scenario and its assertive campaigning for Permanent Membership of the UN Security Council underlines Japan's determination to ensure that its interests are protected in the emerging Asia of the future. This is the context in which evolving Indo-Japanese relations should be viewed. Just two years after India's nuclear tests in 1998, which had elicited a particularly fierce Japanese reaction, the emerging US-India strategic partnership prompted an utterly dramatic transformation in the heretofore moribund Indo-Japanese relationship beginning with Prime Minister Yoshiro Mori's visit to India in the year 2000 when India and Japan agreed to establish a 'Global Partnership for the Twenty First Century'. This initiated a spate of important high level visits including Premier Koizumi's visit in 2005 and Premier Shinzo Abe's visit in 2007 and 3 visits of Indian Prime Ministers to Japan during this period. The language in the Joint Statements issued during these visits has not been used by Japan with any other country except the US and this underlines the special nature of the growing relationship of which defence cooperation has become a prominent feature. There are to be annual summits between Japan and India – a unique feature in Japan's external relations. The Indo- Japanese relationship promises to be a significant feature of Asia's future strategic landscape.

Despite enormous anger at India's nuclear tests, the world has, for all practical purposes, accepted India as a nuclear weapons power. India's relationships with the EU and major

European countries have acquired a new substantive economic dimension and strategic features with their publicly expressed support for India's Permanent Membership of the UN Security Council. Last winter's joint naval exercises in the Bay of Bengal involving Australia, India, Japan, Singapore and a huge contingent of US aircraft carriers and other naval ships and India's growing defence links and cooperation with several Asean and European countries is symptomatic of newly emerging global strategic orientations. The EU kept pressing for India's inclusion in the ASEM mechanism and that has also come about. The transformed relationships with the Western World have not come in the way of India reestablishing its traditionally robust and strong relationship with Russia after President Putin assumed power. Russia remains India's main defence equipment supplier. Even though Asia is replacing Europe as the centre of gravity of global strategic concerns and activity, the EU and Russia will be very important 'swing players' on the strategic chessboard of the future and hence the importance of India's relationship with them. The current strategic alliance between China and Russia is a temporary tactical necessity mainly as a response to US policies pressurizing Russia in Eastern Europe, the Caucasus and Central Asia, and is unlikely to last in the longer term because natural factors of strategic dissonance between China and Russia - the vast empty spaces of Russia's Far Eastern territories and its natural resources - will ultimately outweigh factors of strategic congruence.

India's relationship with the Gulf region is going to be of crucial importance for India's national security and well being, much more so than in the past, for three major reasons. First, India has traditionally depended on this region for almost 80% of its oil and gas imports and this dependence will continue at these or even higher levels well into the foreseeable future. Therefore, India's energy security, the essential and unavoidable foundation for India's continued economic growth and prosperity, is going to be inextricably linked to India's relationship with this region. Secondly, because of the impact of the Islamic factor since India has the second largest Muslim population in the world and is geographically contiguous with the region through unstable Islamic States - Afghanistan, Iran, Iraq and Pakistan where Islamic militancy is creating havoc. Thirdly, this region is witness to a unique aspect of globalization - in 2006, 37 percent of the overall population living in the six GCC countries were non-citizen expatriates - in fact, in four countries the expatriates outnumber the native local populations, a phenomenon which has no equivalent anywhere else in the world or in history. Almost 5 million of these expatriates are from India, the largest national segment of the expatriate community. They provide an umbilical connection and a unique dimension to the relationship between the region and India. This factor has been a particularly positive aspect of India's

relations with GCC countries but their welfare and continued avenues of employment could conceivably become contentious political issues domestically both in India and within GCC countries and between India and GCC countries.

Two factors had considerable potential to derail India's relationship with GCC countries. Pakistan has had a single point foreign policy of unadulterated hostility to India and has worked overtime to undermine India's relationships in this region using religious commonality as the major tactical weapon. India has had a strongly developing relationship with Israel since the two countries established diplomatic relations in 1992 and Israel has since become India's second largest defence equipment supplier after Russia. It is a tribute to the sagacity, vision and pragmatism of the leaders of the GCC countries that they have not allowed either the Israeli factor or the Pakistani factor to adversely affect their growing relationships with India.

The political dynamics of Cold War politics found India on the other side of the fence of the region's strategic milieu and were reflected in sometimes very sharp and serious differences, but basic goodwill for India continued to exist even then and, if anything, the GCC countries' relationship with India is stronger than it has ever been in the past. This is evidenced by the following facts:

First, the GCC countries, individually and collectively, have never held out the threat of using their oil - on which India has consistently been so heavily dependent - as a political weapon against India; supply was never stopped. Indeed, Saudi Arabia stepped in and filled the gap when temporary disruptions took place in the context of the first Gulf War.

Second, the number of Indians living and working in the GCC countries has increased uninterruptedly. Today they constitute by far the largest segment of expatriates in the region. It would seem logical to assume that conservative Muslim societies should have preferred to have expatriates come in larger numbers from Muslim countries - from either Arab countries or from Pakistan, with which they bonded strongly in the context of religion and had excellent political, military and strategic relations. However, over the years, as a proportion of the total, the share of both Arabs and Pakistanis, has been declining whereas that of Indians has steadily increased. Till 1985, Pakistanis in the region were almost twice the number of the Indians but today that ratio has been more than completely reversed and Indians number more than the Pakistanis and

Bangladeshis combined. Separately, Indians also outnumber all Arab expatriates put together. Given the socio-cultural and security implications of such a large Indian population, of which only just over a third is Muslim, these numbers represent an enormous vote of confidence in Indians and India.

Third, all Gulf countries have expressed support for India's Permanent Membership of the Security Council, despite well known and strongly articulated Pakistani opposition to the idea.

Fourth, in January 2006, during his path breaking visit to India as Chief Guest on Republic Day celebrations, King Abdullah even publicly floated the idea that India should be invited as Observer at the OIC and that this should be proposed by Pakistan!

Compared to other major countries, China is a relative new comer to the region but it has already become a significant player as would be evident by the following facts: The adverse fallout of post 9/11 US policy in West Asia has handed China a golden opportunity to burnish its presence and to strengthen its relationships and influence in the region. Using its veto power as a strategic lever, China is taking full advantage of US discomfiture. Its tactics and strategy are the exact opposite of the unilateralist interventionist American approach. In strong contrast to its past policy, China has come to view the monarchical regimes of GCC countries as essential factors for regional stability and control of the spread of Islamic radicalism. But beyond the political aspects, China is using its huge and increasing economic potential and hunger for energy resources as the main magnets of attraction to consolidate its relationships in the region. China became a net oil importer in 1993 and in the short time since then, the Gulf region has become China's leading source of oil imports and, according to IEA estimates, by the year 2020 China will become the largest importer of the region's oil and gas. This underlines the hugely increasing importance of West Asia for China's future. The energy issue has become the primary determinant of China's policies in relation to West Asia. China's trade with this region is growing faster than its trade with other regions and will very soon overtake India's trade with the region. China's investment relations with this region, particularly energy related investments, are growing strongly and are already far ahead of India's investment relations with the region. China has become Iran's leading partner in the military and energy fields and Iran's strongest diplomatic supporter. The only thing that the three major countries of West Asia - Iran, Israel and Saudi Arabia - have in common is that China is the only country in the world that can claim to have an excellent bilateral relationship with each of them simultaneously and

visa versa. King Abdullah's decision to choose China as the first destination for a visit abroad after assuming the throne was confirmation of the vast strides that China has made in this region.

China has not been a factor in India's relations with the Gulf region so far. India has had the most longstanding interaction with the peoples of the Arabian Peninsula amongst all major countries in the world. This region shares a greater socio-cultural compatibility with India than with any other major power. Islam, since its advent, has provided an emotional and cultural linkage which no other contemporary major power has had with the region. As earlier mentioned, 5 million Indians in the region provide a symbiotic connection which no other major power can have. There is a people to people comfort level between the Gulf region and India that no major power can match. Geographical proximity is another mutually advantageous factor particularly in the context of the energy relationship as it is increasingly likely that technology will emerge sooner rather than later that will permit undersea gas/oil pipelines to India. It merits mention that the GCC countries have become India's leading trade partner - in 2006, at approximately US \$ 47 billion, including oil trade, Indo-GCC trade was higher than trade with the US. India has openly and publicly expressed reservations about Iran's nuclear programme. The changing strategic environment, India's rising economic, military, political and soft power profile along with a steadily enlarging mutually beneficial economic relationship and India's image as a benign and unthreatening major power are other positive factors. For all these reasons, India's relationship with the region, particularly with GCC countries, should not be adversely affected by China's growing ties with and role in the region. However, both India and the GCC countries have tended to take their relationship for granted; this relatively passive attitude needs to be replaced by a far more proactive and innovative approach; both sides should accord higher and focused priority to this vitally important relationship.

The US is finding it very difficult to implement its new, consciously chosen, post 9/11 regional agenda in the Gulf region. However, no country or group of countries, including those in the region, is in a position to challenge America's predominant presence, role and influence in West Asia. Furthermore, real as US difficulties are, it would be imprudent to believe or even hope that the US will permit other powers to acquire countervailing influence in this region anytime soon. Having said this, since the US has become very unpopular, the close association of the

regimes of the GCC countries to some extent undermines their stability and exposes them to the anger of the Arab street. Since the US has been the pivot of the GCC security architecture, it may in the interests of both the US and the GCC countries to consider possible supplementary mechanisms to broaden the base of the existing security architecture. European countries could play a role. Relations between the GCC countries and India have matured sufficiently and it should be possible for both sides to explore areas of cooperation beyond the demographic, socio-cultural and energy dimensions. However, the initiative would have to come from the GCC side but India should examine these possibilities in a time bound and focused manner to be able to respond promptly. A security relationship has been emerging between India and Asean countries and there is no reason why it should not or cannot happen between India and the GCC countries. In the contemporary geopolitical context, a strategic partnership between India and the GCC countries is distinctly feasible and very much in the interests of both sides.

India's management of its relationships with its immediate neighbours is clearly a factor that the world will consider as relevant in assessing India's ability and suitability for a prominent role in global strategic interaction. In the past India's relationship with the neighbours was an enormous strategic constraint for India. No major country has had as difficult and as hostile an immediate neighbourhood as India. Without going into details of the history of relations with individual neighbours, it meets the essential requirements of the subject of my talk to assert that these relationships today are distinctly better than they have been in the past. The relationships with Bhutan and Maldives are excellent; those with Afghanistan, Myanmar and Sri Lanka are back on track and are very good; Nepal is in the throes of fundamental political transition and the relationship with the emerging dispensation is likely to be cordial; and, though the relationship with Bangladesh remains problematic there are hopeful signs of improvement. Pakistan is preoccupied in dealing with the demons it created to bleed India with a thousand cuts. However, a peace process has been underway for the past few years and the emergence of a democratic polity provide reason to be hopeful that we just may be on the verge of a radically different future. There is full-scale, multi- disciplinary high level engagement with China. The economic relationship has become a particularly bright aspect though the territorial issue is likely to remain a sticking point. Difficulties and challenges remain, but, overall, the current situation on this front is better than at any time in the past.

Before I conclude, a few additional points merit mention. In today's conflict wracked world, India's robust multi-cultural, multi-ethnic, multi-lingual, multi-religious, open, tolerant, pluralistic, secular democratic society and polity represents a true miracle, considering also that it has a huge population of more than a billion over half of whom are still mired in poverty. India's civilisational ethos and historical tradition is utterly unique, in that, alone amongst the world's civilizations, India has been consistently non-expansionist – it only exported Buddhism and a tolerant world view. India welcomed all religions – Jews after the destruction of the Temple of Solomon, Christianity and Islam within decades of their founding, the Zoroastrians when they fled from Persia, and made their customs and traditions an integral part of its own composite culture. Indeed, India also imbibed values from invaders who conquered and settled down to rule. For example, India's rich Islamic heritage and English as India's official language – both these factors are also today a great international asset. Despite India's endemic poverty, according to polls, Indians have consistently ranked at or near the top of the 'happiness' and 'optimism' indexes. India's growing prowess in the 'knowledge' sector, particularly in the IT software, biotechnology and pharmaceutical fields, heralds a bright future for the country. India's film industry is the world's largest and enjoys global popularity comparable to Hollywood. India's top businessmen are now amongst the richest people on earth and Indian companies are buying prestigious brands in the Western world. India is amongst the top 5 countries of the world in space technology and the top 10 in nuclear technology. Except for the US, because of immigrants, all other developed countries are aging rapidly; even China will become old before it becomes rich – the overwhelming majority of Indians are young and India will become well off before it ages. Unlike China, India does not have any territorial claims against any country. Unlike Western powers, India has no wish to interfere in the internal affairs or domestic political arrangements of any country. Throughout history India has been repeatedly invaded but now India has the third largest army in the world, the second most powerful navy in Asia, a very capable air force, an impressive indigenously developed missile capability and a workable nuclear deterrent. For the first time in its modern history, India can look forward to the future with confidence. All these attributes make India a potentially attractive strategic partner.

