

## **Indo-UAE Strategic Relationship Since 2014: Challenges and Prospects**

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### **ABSTRACT**

India and United Arab Emirates (UAE) currently share robust ties of an acquaintance whose origins can be traced to the Ages old cultural, religious and economic interaction between the two regions. Since 3000 BC both the regions have been sharing a robust and compact relationship. The bond between the two countries has got impetus from time to time because both the countries exhibited their willingness to develop relations. This impetus came from both the countries' willingness to cooperate through investment, labour, expertise, policies, ease of bilateral dialogues and the desire for agreement and implementation. Particularly after Bhartiya Janata Party's 2014 election victory, the relations between the two countries have taken a new turn. The Prime Minister Narendra Modi headed Bhartiya Janata Party Government choose the United Arab Emirates as its preferred partner in the Gulf region. The present paper attempts to look into the strategic relations between India and UAE after Bhartiya Janata Party Came into power in 2014. It also attempts to explore the prospects and challenges to Indo-UAE relationship. The paper is qualitative in nature and has used secondary sources of data. The paper concludes that the relationship between India and UAE has developed and transformed over the years into a comprehensive strategic partnership as both countries are exploring the more in-depth cooperation in different areas. And the future of Indo-UAE relationship seems very bright and shining.

**Keywords:** *India-UAE Relations, BJP, Gulf Region, Partnership*

**Introduction**

Since time immemorial, India and the United Arab Emirates have been engaging with each other across a wide range of sectors like economic, commercial, political, cultural and religious sectors. This bilateral relationship strengthened further when UAE came into existence in 1971 under the leadership of his Highness Sheikh Zayed Bin Al Nahyan (Thanga Prashath 2018). Currently, India and United Arab Emirates (UAE) currently share robust ties of acquaintance. Both regions have been sharing a solid and compact relationship. The bond between the two countries has got impetus from time to time because both the countries exhibited their willingness to develop relations. This impetus came from both the countries' willingness to cooperate through investment, labour, expertise, policies, ease of bilateral dialogues and the desire for agreement and implementation. Particularly after Bhartiya Janata Party's 2014 election victory, the relations between the two countries have taken a new turn. The Prime Minister Narendra Modi headed Bhartiya Janata Party Government choose the United Arab Emirates as its preferred partner in the Gulf region (Quamer 2016). Since 2014 both the countries exchanged four high-level visits. These included two by the Crown Prince of Abu Dhabi Mohammad bin Zayed al- Nahyan (who is also the Vice President and de facto ruler of the UAE) in February 2016 and January 2017. Two by Prime Minister Modi in August 2015 and February 2018(Ibid).

Additionally, regular meetings between ministers and officials have been taking place in New Delhi and Abu Dhabi to discuss issues of mutual interest, especially investments in the energy sector, increasing defence and security ties and strengthening counter-terror cooperation. The most crucial development in the relations came after UAE constructed a temple which was inaugurated by the Prime Minister Narendra Modi himself<sup>1</sup>. Very recently after the abrogation of the autonomy of Jammu and Kashmir under Article 370, when Pakistan created hue and cry in the Whole World in general and Muslim countries in particular. UAE openly favoured its strategic ally, i.e. India and told Pakistan not to make Kashmir issue, an issue of the Ummah. This study intends to explore the strategic relationship between India and the UAE after the BJP came into power in 2014. Furthermore to explore the challenges that indo-UAE strategic challenges face and possible solutions to them.

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<sup>1</sup><https://www.ndtv.com>pm-mo...> PM Modi inaugurates First Hindu Temple Project in Abu Dhabi-NDTV.COM

**Discussion and Findings**

The current bilateral relationship between Indo-UAE is at its best, as described by Mr Modi, the prime minister of India, and has reached an extraordinary level of affability and bonhominess. Prime minister Modi was the first Indian PM to visit UAE in the last 35 years after Indra Gandhi (Quamer 2016). The Indo-UAE are centuries old but the relationship in the last five years under the Modi regime has shown an extraordinary momentum never seen before. The current leadership of both countries have over the years developed an excellent and deep personal rapport and have broken the protocols on each other's visit. Further, the two countries have developed a great respect and a deeper appreciation of each other's multi-ethnic and multicultural composition of their societies and as the significant members of the regional and global community.

There are many reasons why such a robust relationship developed between India and UAE and came closer than never before. First and foremost has to do with the diversification of the UAE economy. The UAE has aggressively pursued the policy of diversification of the economy, and India has benefited. Apart from cooperating in the traditional sector of cooperation, the two countries are working in new sectors like defence, investment, renewable energy, space etc. Secondly over the years the two countries profiles have evolved, and their priorities have changed. According to Dr A.K. Pasha, director of Gulf Studies Programme in Jawaharlal Nehru University in New Delhi, the recent upsurge in Indo-UAE relations are a reminder that both the countries have leapfrogged in terms of foreign policy and global reputation since 1981. He further said that the multidimensional character of Indian foreign policy has helped recalibrate her to recalibrate its relations with UAE. What was the priority for India and UAE in 1981 is not now its priority (Sengupta 2018). Thirdly the ordinary economic goals also helped the two countries to come closer than ever before. India is the fastest-growing economy of the world, and the current Modi government has set the goal of Fivetrillion economies to be achieved in 2024.

On the other hand, UAE has a sovereign fund of \$800 Billion with an excellent appetite for investment. Hence both will complement each other. Besides these, mobility of 3.3 million Indian diaspora working in UAE has also helped the two countries to boost their bilateral relationship from time to time (Focus 2018). In January 2017, the Sheikh Mohamad Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi arrived in India as the chief guest on the Republic day. During his visit,

centuries-old the bilateral relationship between India and UAE was provided with an impetus to take it to a new level with the signing of the Comprehensive Strategic Partnership Agreement (CSP)(Quamer 2016).The critical sectors focussed in CSP included economy with two investment, counter-terrorism and defence. Let me discuss each of them:

### **Solidification of Economic Partnership**

The economic and commercial ties constitute the significant aspects of the indo-UAE bilateral relationship. Such an inference has been derived from different sources depicting the trends and prospects of indo-UAE economic relations. According to available sources, currently, UAE is the third-largest trading partner in the world and first in the whole Persian Gulf region and West Asia. Along with being the report-hub for MENA region, it is the second-largest export destination and fourth-largest source of imports for India. Reciprocally, on the other hand, India is the second-largest trading partner and export destination and third-largest source of imports for UAE. In Feb 2018, the heads of both the countries decided to move beyond the contours of traditional trade relations by agreeing to collectively undertake the developmental projects in various countries of Sub-Sharan Africa in various areas of their respective interests like health, agriculture, technology, renewable resources etc.(Quamer 2016) such an initiative is a step towards diversifying non-oil trade relationship which the PM Modi emphasized on his visit to the UAE in Feb. 2018. Moreover, the two countries are currently committed to groping the various tariff and nontariff barriers and expand the services of goods and services to the citizenry of each other. However, it must be noted that no doubt the bilateral trade and economic relations are growing at a good pace, but there is still a lot of scope available to strengthen it further. There are many sectors available which are either explored or underutilized. Therefore this is a need to identify those sectors in the Indi-UAE relationship.

### **Defence and Security Cooperation**

Another significant aspect that forms the core of CSP is defence and security cooperation. It is another strategic aspect of Indo-UAE relationship. Mahesh Sachdev, a former Indian ambassador to Algeria, Norway and Nigeria, says that both India and UAE are among the moderate nations of the world and have been the victims of terror(Sengupta 2018). It is thus crucial for both countries, he further says, to deepen and intensify their security and defence cooperation to ensure peace and stability.

There are two things which are fundamental to this aspect of the bilateral relationship; firstly, the common political understanding on various security threats confronted by both countries and second, the conventional cooperation in manufacturing and trade of military technology. So far as common political understanding is concerned, leaders of both the countries have shown concerns about the mounting threat of terrorism, extremism and radicalism and have committed themselves to cooperate in preventing the spread of such grave threats. According to Ahmad Al Bannah, UAE Ambassador to India said that both India and UAE authorities cooperate very closely in fighting the extremism and terrorism at its various levels. Moreover, exhibiting this understanding further, both the countries have condemned, across various bilateral platforms, the use of religion to promote violence, hatred, terrorism and extremism in all its forms and manifestation by any actor or state irrespective of the motives behind such a misuse(Ibid). Such is the understanding between the leadership of two countries that it has raised concerns in the diplomatic world of Pakistan

Coming to the second fundamental aspect of indo-UAE defence and security cooperation, the two countries have developed and strengthened military cooperation to a great extent. In 2016 Defence Minister Mr Manohar Parrikar visited UAE, the first defence minister of India to visit, to explore the opportunities of joint manufacturing and trade of military equipment between the two countries. Such a historical visit was followed up by the signing of the memorandum of understanding to cooperate in the area of defence and technology manufacturing(Singh 2016). Since the CSP, the two countries have initiated the maritime security as the two countries signed the agreement on Maritime Security and cooperation, which includes maritime education and training. The Naval Chief Admiral Sunil Lamba also visited the UAE to discuss the maritime security in the Indian Ocean(Singh 2016). Both countries also held joint naval exercises in 2018<sup>2</sup>

### **Energy Cooperation**

India being an energy strived country, is heavily dependent on the import of energy from various countries of the Persian Gulf. The energy needs of India is the primary driver of its relationship with the whole Persian Gulf. India approximately imports 80% of its energy needs and out of which the Persian Gulf Countries are providing 60%. Consequently, Uae is one the leading source of energy importer to India along

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<sup>2</sup> [https://gulfnews.com/uae/two-in...Web results two indian Ships take part inUAE-india Naval exercise|Uae-Gulf News](https://gulfnews.com/uae/two-in...Web_results_two_indian_Ships_take_part_inUAE-india_Naval_exercise|Uae-Gulf_News)

with Saudi Arabia, Iraq, Qatar and Iran. UAE exports around approx.. \$9 billion worth petroleum which constitute 6.6% of the total cost of energy imports(Quamer 2016).

The relationship in the energy sector has no longer remained a buyer and seller type. It has become utterly strategic in this sector as the two countries have started investing in each other's country. It is evident from the fact that the Abu Dhabi National Oil Company(ADNOC) will deliver crude oil for storage in Mangalore Strategic Reserve and an essential consortium of Indian oil companies acquire a 10% stake in Lower Zakhum Offshore oil field in Abu Dhabi. Furthermore, the ADNOC And Saudi Aramco signed a framework with Indian oil consortium to set up \$44 billion refinery in Maharashtra(Jadav 2019)..

Both the countries are benefiting out of such strategic relationship. India is helping UAE to alleviate its market fears and enhancing her rank in global energy space. UAE is assisting India in establishing strategic oil reserves and refineries, which will expand the petrochemical and petroleum product industries, thus boosting India exports. And this will further help India to reduce the negative balance of trade and create much-needed employment opportunities.

After the elevation of Indo-UAE relationship to a strategic level, several high-level committees have been established from time to time which is working in parallel to advance and strengthen the bilateral agenda. For instance, the Strategic Dialogue Committee has been formulated, which meets biannually and has been allotted the task of looking into all matters of bilateral trade. Moreover, the two countries have two more committees: one is joint committee presided over by the finance ministers of both the countries and second is Joint investment Task Force supervised by the minister of Commerce from India and chairman of the Abu Dhabi Crown Prince's Court from UAE. Latter meets annually to explore the investment opportunities in both the countries and suggest the ways of increasing the flow of FDI between them. Consequently, such establishment of such committees has increased the pace of sorting out any bilateral issue substantively(Quamer 2016).

### **Challenges and Prospectus**

Though Indo and UAE have had made significant progress in their relationship after signing the CSP in Jan. 2017 yet its survival and future progress will depend on how effectively India will deal with the challenges confronting this strategic relationship.

Though there are several mechanisms to remove bilateral irritants, yet they struggle to resolve the issues promptly. Basically, there are two broad sources of challenges to this important bilateral relationship: one is emanating from the domestic sources of India, and another is the product of regional politics of West Asia. The domestic challenges of India economic in nature which include economic and administrative deregulation. FDI is crucial for the Indian economy, which is currently suffering from low GDP growth of 3.6%. Though the Modi government sought to create much suitable environment for the free flow of FDI in the last five years the progress has been plodding. This has been more accurate with UAE's investments in India. Currently, the economy of India is facing some crucial structural issues which have hampered the progress of foreign investment in India. The important among them include lack of enduring planning and strategic thinking, the small appetite of major Indian industries and some procedural issues. The major example that can be cited in the bilateral relationship of Indo-UAE relationship is the US\$ 75 Billion infrastructural fund promised in 2015 by the Crown prince of Abu Dhabi, got stuck in the procedural issues.

## **SOLUTIONS**

India despite being a 2.5 trillion economy, the Indian businesses are small in size, and none can match the global conglomerate that has all the necessary requirements like capacity, experience and infrastructure, to handle huge investments. UAE, on the hand, has a sovereign fund of \$ 800 Billion and are looking for significant investment opportunities. To overcome this small size of Indian businesses, they should form consortiums like RRPCL and same should be imitated in other sectors like infrastructure, defence, renewable energy etc. Secondly procedural issues along with lack of planning and information and bureaucratic bottlenecks discourage the flow of FDI in India. The establishment of the National Infrastructure Investment Fund and lifting caps of foreign investments are crucial steps which need to be strengthened further to enhance the flow of FDI. No doubt the checks and balances are required, but the complete streamlining of procedures will do wonders in the foreign investment sector of India in general and UAE in particular.

Coming to the regional challenges, the Indo-UAE relationship is also vulnerable to the number of regional challenges of west Asia. Along with protracted Israel- Palestine conflict, West Asia, since the last decade, has been a hotbed of regional turmoil, internal strifes, civil wars and geopolitical competitions and all this has complicated

Indian options in the region. Although India has been able to uphold friendly relation with the emerging powers of the region like Saudi Arabia, Iran, Israel, Qatar, Iraq etc. but owing to the growing rivalry between Iran and Saudi Arabia and Iran, war-like situation between Iran and USA and mounting tension and possible ruptures in GCC, the options for India have become limited.

In the fight for regional supremacy between Saudi Arabia and Iran, the UAE constitute the major partner of Saudi Arabia. UAE is also involved in the bloody civil war of Yemen against Houthi militias backed by Iran. But India, on the other hand, considers Iran as an essential energy security partner and a relevant country which provides it crucial connectivity to Afghanistan and Central Asia.

It is owing to such challenges India has to remain vigilant and fulfil its interests in the region without antagonizing any country by taking sides. Moreover, the Indo-UAE relations are further challenged by the political is diplomatic rift in the GCC, which is threatening the breakdown of the group itself. India should no longer treat GCC as a block instead has to consider the individual sensitivities of all GCC countries in mind while dealing with it.

India is capable of controlling the challenges emanating from the domestic sources, but it does not have the same control over regional challenges stemming from west Asia region.

### **Way Forward**

A lot of progress has been made since the last five years of the Modi regime. The signing of CSP in 2017 was the hallmark of indo-UAE relationship in the last five years. Since then, a lot of investments have been made by both countries in the number of sectors like energy, agriculture, technology. Moreover, many agreements were also signed vis-à-vis defence, security, terrorism etc. But at the same there are certain untapped areas which possess adequate scope of cooperation, thus can further boost the bilateral relationship. Those unexplored areas include medical tourism, hospitality, education, renewable energy and research. Further, to reap the benefits of a full-spectrum strategic relationship, India should focus on addressing both the domestic and regional challenges. Nevertheless, the future of the Indo-UAE is bright, and the way forward for New Delhi is to seize the momentum and develop the more reliable basis of a strategic partnership to achieve its goals of indo-UAE in general and its core interests in West Asia in particular without any regional entanglement.

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