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## Issue Brief

### **India and the United Arab Emirates: Growing Engagements**

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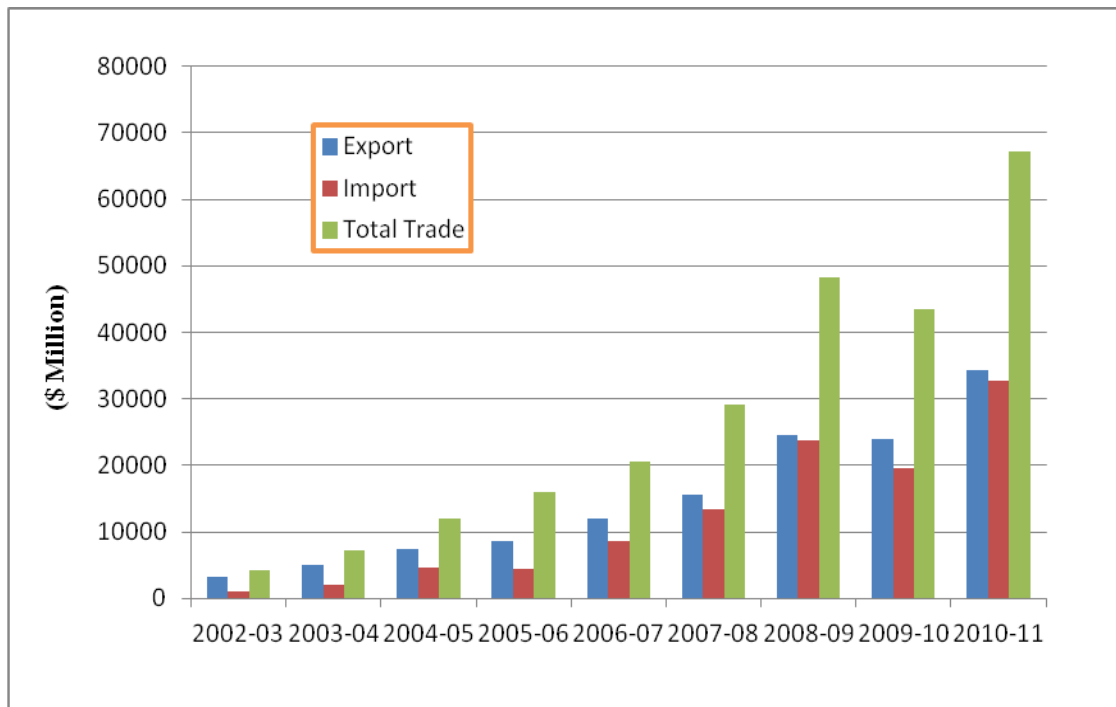
In the last couple of years India has been trying to regain international clout in West Asia and this has resulted in an increasing number of visits of the Foreign Minister to Egypt, Jordan, UAE (United Arab Emirates), Israel and also Palestine.<sup>i</sup> Likewise, the Indian Defence Minister also undertook visits to Saudi Arabia, Oman and Qatar.<sup>ii</sup> This clearly shows that India's strategic orientation is being redefined in the Gulf region. While India has engaged a number of countries in the region, it has nurtured special relations with the UAE because it has been the largest trading partner as well as a strategically important country. Indian expatriate workers also list the UAE as a relatively labour friendly country in terms of wages, facilities, freedom and the annual leave.<sup>iii</sup> UAE had assumed the chairmanship of the Indian Ocean Naval Symposium (IONS) immediately after India and, therefore, greater understanding was developed on the maritime issues also. With shrinking markets in Europe and the US, UAE is increasingly looking towards India for exports and investment. In less than six months, India and the UAE have exchanged four high level bilateral visits and almost all visits underpinned the significance of economic and strategic engagements between the two countries. A host of factors such as deep historical links, culture, economy, polity, security and changing geo-strategic and maritime environment helped bring the two nations closer. On his visit to India on 15-16 May this year, the UAE Minister of Foreign Affairs,

Sheikh Abdullallah Zayed bin Al Nayahan, described India as an ‘ally and cherished neighbour’ and said that UAE would like to have a ‘strong presence’ in the Indian market in the future. Besides this, he also acknowledged the need for working together with India on some of the pressing regional issues such as stabilising Afghanistan, combating maritime piracy in the Gulf of Aden as well as stabilising Somalia<sup>iv</sup> and religious and sectarian faultlines emerging in the West Asian countries.

Today, India and the UAE enjoy a wide spectrum of engagements; they have signed a gamut of agreements and MoUs in almost all possible fields of mutual interest<sup>v</sup>, including economy, culture, manpower services, civil aviation, managing criminals and criminal activities, developing people-to-people interactions and exchange of news and information through print and electronic media.<sup>vi</sup>

### **Largest Trading Partner**

Being one of the significant trade corridors<sup>vii</sup> in the world, UAE has emerged as India’s largest trading partner, even exceeding China and the US. Bilateral trade between the two jumped from a meagre \$170 million in 1970s annually to \$68 billion in 2010-11, accounting 12 to 14 per cent of the total volume of India’s trade.<sup>viii</sup> Two characteristics of Indo-UAE trade deserve to be mentioned: *one*, Indo-UAE trade is a sustainable venture as each country’s export is almost equal to its import (figure 1); *second*, till date, non-oil trade between the two occupy greater significance. These two characteristics of Indo-UAE trade can work as a ‘model’ of doing sustainable trade with other oil exporting countries with whom India incurs huge deficits.<sup>ix</sup>



**Figure 1. India-UAE Trade, 2002/03-2010/11**

Source: Source: DGCIS, Kolkata.

### Opportunities for UAE Capital

Investment is another important area which provides massive opportunities where both the countries can mutually engage and benefit. At present UAE is India's 10<sup>th</sup> largest investor, with a capital base of \$1.8 billion<sup>x</sup>, concentrating mainly into five areas: energy (19.1%), services (9.3%), programming (7.8%), construction (6.8%) and tourism and hotels (5.6%).<sup>xi</sup> EMAAR Group, RAK Investment Authority, DP World, and Nakheel, ETA Star Group, SS Lootah, Emirates Techno Casting FZE, Estisalat DB Telecom, Damas Jewellery and Abu Dhabi Commercial Bank etc., are major UAE companies doing business in India.

From Indian side, Tata, Reliance, Wipro, NTPC, Larsen & Toubro, Dodsals, and Punj Lloyd, Oberoi Group of Hotels, Hinduja group, Pioneer Cement, are actively engaged in different sectors of the UAE economy. It is estimated that Indian companies have invested nearly \$5 billion<sup>xii</sup>, making India the third largest investing country in the UAE. Following the emergence of UAE as a major re-export centre, Indian companies have emerged as important

investors in the free trade zones such as Jebel Ali FTZ, Sharjah Airport, Hamariya Free Zones and Abu Dhabi Industrial City.<sup>xiii</sup>

However, looking at the investment potentials, both in terms of capacities as well as opportunities, India and the UAE offer to each other, the volume of investment and the sectors targeted, have been dismal. India's vast market, particularly its infrastructure, real estate, retail marketing and stock exchange has deep capital-absorbing capacity; its infrastructure sector is estimated to absorb more than \$1 trillion in the next five years, of which India expects to source half from abroad.<sup>xiv</sup> At the same time, the UAE investors, both government and private, including the Sovereign Wealth Funds<sup>xv</sup> full of cash, are eagerly searching better avenues for higher returns to their capital.

Indeed, three emergent scenarios have created favourable conditions for the UAE investors to target India. *One*, the continued economic recession in the US-West European economies offer little scope and confidence to the foreign investors to venture there. They are wary of losing even their base-capital, let alone earning profits. *Second*; Indo-UAE trade has reached almost to its saturation point (\$68 bn). Certain developments that have taken place in the recent months, such as improving economic relationship between India and Pakistan, signing of the TAPI (Tajikistan-Afghanistan-Pakistan-India) gas pipeline deal and INSTC (International North-South Transport Corridor) meeting in New Delhi, will further erode the UAE's significance as an important trade corridor, once these transport networks become operative, leaving financial sector as the only signification area where the UAE investors have an unlimited scope.

*Third*, is 'regional'. In fact, most of the oil-abundant cash-rich Gulf countries are intensely competitive in few select areas such as banking and finance, including Islamic finance, tourism, real estate and stock exchange; this leaves little scope for the UAE investors to outshine and grow; because of greater exposure to the world economy, they are still facing relatively deeper

pinch of economic meltdown, pushing them to explore India that has sizeable Muslim population.

While on the other hand, fast emerging economies such as India and China, having strong economic fundamentals<sup>xvi</sup>, promise better and high returns to the foreign investors. These common economic potentials have been acknowledged by both the UAE and India. During this visit to New Delhi Sheikh Abdullah and his Indian counterpart, S M Krishna, together announced the formation of a High Level Joint Task Force 'to explore the opportunities of investment'<sup>xvii</sup>, including energy cooperation between the two countries. In fact, India has approached the UAE to compensate the Iranian oil, which it has reduced by about 29.5 per cent, from 22 MMT to 15.5 MMT, between 2008-09 and 2012-13<sup>xviii</sup> and the UAE has promised India to be its 'reliable' energy partner. Sheikh Abdullah said, "We would like to see more UAE energy exports to India especially when it comes to crude oil....There are talks between our officials looking at these avenues and even further. We would like to see UAE presence in downstream investments in India, including petrochemicals".<sup>xix</sup>

### **Expatriate Community**

The Indian community in UAE is the largest expatriate population forming nearly 1.75 million and accounting for almost 40 per cent of the total Arab population in the UAE.<sup>xx</sup> Significantly, both workers and businessmen, has contributed enormously to sustain and convert these desert islands into one of the finest tourist-cum-business destinations of the world. However, the treatment they are mete out in various parts of the Emirates needs more attention. Both the countries, although, from time to time have undertaken a number of effective measures<sup>xxi</sup> to protect, prevent and minimise the hardships and exploitation of the expatriate workers, they need to be more pro-active and pragmatic in addressing the problems of the workers taking place at the grass root levels such black marketing of visas, overcharging as well as misuse of Kafal System (sponsorship).

In recent years, however, some measures such as increment<sup>xxii</sup> and payment of wages to the Indian workers through banks by the UAE government, establishment of India Mission House with a 24- hours helpline and establishing the Indian Workers resource Centre (IWRC) at Dubai, by the Indian Government and regulating recruitment process through online mechanism, leaving little room to the recruitment agents to manoeuvre,<sup>xxiii</sup> has borne positive results. However, the condition of the blue collar and women workers going to informal sector such as household, need more attention and care. It is worth mentioning that the blue collar workers form the bulk of the Indian expatriates, almost 65 per cent, in the UAE.<sup>xxiv</sup>

### **Potential Areas of Cooperation**

There are several potential areas that can expand, deepen and add momentum to the growing bilateral engagements between India and the UAE.

#### ***Strategic and Diplomatic***

Although both countries have signed defence cooperation agreements in 2006, it needs fine-tuning, particularly on two policy-dimensions: *one*, a real time assistance and cooperation by sharing information and providing necessary support to the Indian Navy to check the growing and expanding menace of piracy<sup>xxv</sup> in the Gulf of Aden, which is equally fatal to the oil-exporting Gulf *rentier* economies.<sup>xxvi</sup> Besides, the presence of the Indian Navy can also effectively handle the growing nexus between pirates and the terror outfits, particularly between the Somali-based *al Shabab* and the *al Qaida of the Arabian Peninsula* (AQAP) of Yemen. UAE could consider giving the Indian Navy logistic supports such as refuelling, deployment, providing bases during emergency as well as enabling Indian Navy to evacuate its large diaspora community during crisis period.<sup>xxvii</sup> India can assist and train the UAE crew in counter-terrorism, disaster relief management, rescue and search operations, etc. Besides this, both the countries can work and enhance their strategic

engagements<sup>xxviii</sup> at a higher level. *Second*, UAE, including other Gulf countries as well, should diplomatically ‘de-bracket’ India from Pakistan. India has outgrown from its regional setup; its trillion plus economy, billion plus market, growing defence capabilities, particularly naval power, science and technology prowess, particularly ICT, medical science, biotechnology, vibrant ‘knowledge community’, emerging modern English speaking middle class, liberal-secular ethos backed by independent judiciary and its constitutional capability of co-existence with diverse culture, caste, communities and ethics, converts India into a powerful ‘geo-political’ force.

### ***Energy Engagements - Indo-GCC Gas Pipeline***

UAE is now India’s fourth largest oil supplier; India resources around 14 MMT oil annually, which is expected to grow further, particularly after cutting of the Iranian share. Looking at the growing future relationships, engagements in hydrocarbons field needs to be more robust and strategically sustainable. UAE’s oil deposits, sitting at 8.8 per cent of the total global deposit, are inexhaustible for the coming 100 years. This opens India’s window for long-term energy engagement with the UAE. UAE should offer India oil acreages. Indian companies such as OVL, IOL and Reliance Petrochemicals have enough expertise to assist, train, and finance and own oil projects in UAE.

Other significant area where India and UAE can engage is building a joint subsea gas pipelines. On the pattern of India and Oman,<sup>xxix</sup> India and UAE can also think of either extending the Dolphin Project up to India or the Indo-Omani pipeline may be converted into Joint Indo-GCC Gas Pipeline.<sup>xxx</sup> Qatar, which has 3<sup>rd</sup> largest gas deposits may also join the group. This can potentially open opportunities for Iran to join the Indo-GCC Pipeline later.

India’s domestic gas pipelines which connects the western coast to the eastern coast, can convert the Joint Indo-GCC Gas Pipeline into a vehicle of targeting the East Asian gas market, converting/making India’s eastern coast as a the ‘GCC energy-LNG gateway’ to East Asian economies<sup>xxxi</sup>.. This will help

reduce not only the marine pollution, congestion at the Strait of Hormuz but also open up the Asian gas market to the Gulf countries, which find tough to sell to the western market due to saturation as well as tough competition with Russia.<sup>xxxii</sup> Indo-GCC Gas Pipeline will engage multiple partners; hence give India a better leverage to manipulate the energy politics.

### ***Nuclear Hobnob***

UAE is the first Arab Gulf country that obtained a clean chit to use nuclear energy for civilian purposes and in 2009 it established the Emirates Nuclear Energy Cooperation (ENEC) to deliver safe, clean and efficient nuclear energy to the country. Although South Korea's KEPCO firm bagged all contracts, India's clean non-proliferation records allow it to establish a credible nuclear partnership with the UAE and assist it through its rich experiences and manpower services.<sup>xxxiii</sup>

Another area where India and UAE can cooperate and work together in future is on thorium-based nuclear technology. Both the countries want to meet sizeable portion of their power through nuclear sources; however, both are deficient in natural uranium. Looking at India's third generation nuclear plan, which is based on converting silica into thorium by developing fast breeder reactors, India and UAE can cooperate with each other as both have abundant silica at their beaches.<sup>xxxiv</sup>

### ***Solar, Tidal and Wind- Three Non-conventional Alliance***

Under the increasing pressure of climate change and the urge to developing alternative energy sources and save oil for export, almost all the Gulf countries have promoted 'clean' and 'green' energy programmes. Besides hydrocarbons, solar, tidal and wind energy are other natural sources of energy 'gifts' to this region. Similar to other Gulf countries, UAE has also embarked on developing alternative energy sources and has given abundant emphasis on developing all three forms of energy sources. For instance, under 'green decree', UAE has launched a 12 billion dirham Mohammad bin Rashid al Maktoum Solar



Park, which will eventually produce 1000 megawatts of power. Abu Dhabi has launched one of the largest solar missions is the MASDAR city project. The UAE government has also established an Ocean Thermal Energy Conversion (OTEC) unit, while silica is a good source of geo-thermal energy. In all these fields, India and UAE can share their expertise and resources. Indian companies such as LANCO and Indo-Solar are working together in UAE and negotiations with India's TERI (Energy Research Institute) are also going on. A better and more coordinated pro-active policy in non-conventional sources of energy can promote joint ventures as India has both natural resources and expertises.

### ***India's Balancing Act in the Region – Building Trust among Arabs and Persians***

Since India has deep historical, political, economic and cultural relationships with almost all the countries of West Asia, it can play a key role in resolving and minimising the 'trust deficit' among all these nations. Looking at the multiplicity of India's own society, the Indian model can provide a suitable solution or model to these countries passing through a high phase of transformation. Coexistence, secularism and liberal democratic setup may be helpful in reducing as well as minimising the acrimony arising in the form of Shia-Sunni divide<sup>xxxv</sup>, Arabs versus Persians and inter-tribal conflicts. India is the second-largest home to Muslims in the world, with the second-largest Shia population after Iran. Its system has well absorbed as well as handled not only the different religious groups but also ethnicities, races and regional diversities.

### **Conclusion**

Looking at the range of issues and potentialities both the countries share and possess, it can be said that India and the UAE have all sinews to build a strong and meaningful bilateral relationship that goes beyond trade and investment. Both can work together and shape regional political landscape. India can be an effective partner not only in stimulating UAE's economic programmes but also assist and contribute to the Emirates on its defence,

security and strategic matters. The 21<sup>st</sup> century could be an India-UAE century in the Gulf region.

Besides, India can participate as a capacity building partner of the UAE and develop and promote, particularly higher education, R&D, health, medical tourism and developing cheap world class pharmaceutical industries as well as assisting in the development of strong 'knowledge community' in the Emirates. Further, both the countries can work together to ensure effective tax compliance and prevention as well as minimisation of the flow of black money. On the similar pattern of Bahrain, India and the UAE may also consider signing of the bilateral Tax Information Exchange Agreement (TIEA).<sup>xxxvi</sup> This will potentially check tax avoidance and tax evasion and promote healthy economic cooperation between the two countries.

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<sup>i</sup> On the eve of 20<sup>th</sup> anniversary of the diplomatic relationship with Israel, India's Foreign Ministry took a bold step by visiting Israel and Palestine simultaneously. The visit was first of its kind in the history of India's West Asia policy. Besides this, India has also undertaken bold diplomatic initiative by supporting the Arab-League-US backed resolution on Syria in the UNSC. India has also cleared its stand on Iran. India needs Iran for geo-strategic and energy reasons; however, it does not want a nuclear capable Iran; consequently, voted thrice against Iran in the IAEA. (For detailed discussion see: Zakir Hussain, *India's Art of Balancing in West Asia*, January 26, 2012, [http://sspconline.org/opinion/26012012\\_india\\_balancing\\_in\\_westasia](http://sspconline.org/opinion/26012012_india_balancing_in_westasia); Zakir Hussain, *Iran Crisis and India's Foreign Policy Predicament*, February 17, 2012, <http://www.icwa.in/pdfs/VBIndiaIran.pdf>.)

<sup>ii</sup> Within half a decade, India has signed defence agreements/MoUs with almost all the Gulf countries. Common focus of all these defence deals are on training, maritime security & surveillance, logistic supports, joint exercises, etc.

<sup>iii</sup> Regarding labour issues, the UAE has relatively been liberal unlike other Gulf countries such as Saudi Arabia, which has still not signed any manpower MoU/agreement with India, despite India being the largest manpower supplier to the Kingdom. In the UAE, the Indian workers enjoy their private lives; they can run even their businesses as per the rules and regulations of the country. In terms of payment and other amenities, the UAE has been quite accommodative; recently it has revised the wages of certain categories of the Indian workers and arranged the payment of wages through bank account. This will potentially check the misuse of the manpower agencies, habitual of paying less than what used to be mentioned in the contracts.

<sup>iv</sup> Sheikh Abdullah called for a positive change in Somalia, to better its economy and create jobs that could wean the Somali youths away from piracy. Resolving piracy will not come unless we resolve Somalia... it is very important in these times we face piracy in Gulf of Aden and beyond, which I am very much pleased that UAE and India are working very closely, Sheikh Abdullah said. UAE seeks to increase energy exports to India, The Gulfnews.com, May 19, 2012, <http://gulfnews.com/business/economy/uae-seeks-to-increase-energy-exports-to-india-1.1024785>.

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<sup>v</sup> The two nations have signed major economic agreements/MoUs such as MoU on Manpower Sourcing, Double Taxation Avoidance Agreement, and cooperation between the two nations on IT, Oil Gas, Healthcare, Infrastructure and Tourism. They also agreed to share information on securities and commodities.

<sup>vi</sup> For detailed discussion on agreements and MoUs signed between India and the UAE see India-UAE relations, <http://mea.gov.in/mystart.php?id=50044537>; India-UAE Bilateral Relations, [http://www.indembassyuae.org/induae\\_bilateral.phtml](http://www.indembassyuae.org/induae_bilateral.phtml)

<sup>vii</sup> India and the Middle East trade corridor is expected to grow by 34 per cent to become one of the world's fastest-growing by next year, UAE's Minister of Foreign Trade, Sheikh Lubna bint Khalid al Qasimi. India-Middle East corridor to grow by 34% by 2013: UAE, The Economic Times, May 23, 2012, <http://economictimes.indiatimes.com/news/economy/foreign-trade/india-middle-east-corridor-to-grow-by-34-by-2013-uae/articleshow/13406631.cms>.

<sup>viii</sup> The Dubai-based India trade and Exhibition Centre (ITEC) reports that the "U.A.E. is the 2nd largest market globally for Indian products. At the same time, India has topped the list of export market for Dubai for the 2nd consecutive year with a share of 40.6% at USD 5.36 billion".

<sup>ix</sup> For instance, total Indo-Saudi bilateral trade stands nearly \$25 billion; however, only around \$5 billion are non-oil, of which India exports to Saudi Arabia less than half. Similar is the story with other Gulf oil exporting countries such as Iraq, Iran, Qatar, and Kuwait. India and the Gulf countries need to evolve mechanism to balance their trade by increasing India's share of non-oil trade. This will be good for both the sides as trade will be sustainable in medium to long term.

<sup>x</sup> India-UAE Relations, <http://mea.gov.in/mystart.php?id=50044537>. However, some have reported that UAE has invested nearly \$5.6 billion in various projects in India.

<sup>xi</sup> Yousef Diab, March 2010, Studies on development of export markets : "Indian Market", Department of Analysis and Trade information, <http://www.moft.gov.ae/images/releasesen/159.pdf>

<sup>xii</sup> Indian Business and Professional Business Manual, published by Indian Trade and Exhibition Centre, [www.ibpmuae.com](http://www.ibpmuae.com).

<sup>xiii</sup> Economy and Trade, [http://www.uaeembassy-newdelhi.com/uae-indiarelations\\_economic&trade.asp](http://www.uaeembassy-newdelhi.com/uae-indiarelations_economic&trade.asp)

<sup>xiv</sup> On account of economic slowdown, India's Ministry of Finance has arranged five road shows, starting from June 10, 2012, in five Gulf countries, namely Saudi Arabia, UAE, Kuwait, Bahrain and Oman with an expectation to attract \$90 billion from these countries. In fact, India has allowed five Gulf and 27 European countries to invest in the country under the Qualified Foreign Investors (QFIs).

<sup>xv</sup> For detailed discussion of the Gulf Sovereign Wealth Funds, including the UAE, see Zakir Hussain, *India Woos GCC's Sovereign Wealth Fund: Policy, Scope and Precautions*, IDSA Policy Brief, June 26, 2009,

<http://www.idsa.in/system/files/ZakirHussain26062009.pdf>

<sup>xvi</sup> During his keynote address to the 3<sup>rd</sup> Arab Indian Partnership Conference, Abu Dhabi on May 22, 2012, India's Minister of State for External Affairs, E. Ahmed highlighted that India enjoys robust economic indicators, including high domestic saving rates; increasing direct and indirect tax revenues; high agricultural growth; a strong manufacturing base and a booming service sector spearheaded by information and communication technology sector. <http://mea.gov.in/mystart.php?id=530119485>.

<sup>xvii</sup> UAE seeks to increase energy exports to India, *The Gulfnews.com*, May 19, 2012, <http://gulfnews.com/business/economy/uae-seeks-to-increase-energy-exports-to-india-1.1024785>.

<sup>xviii</sup> India has clarified its position at several occasions that it has not cut the Iranian oil import out of the US pressures, rather two factors have played important role in this decision. One, private oil companies such as Reliance etc., have their own business discretions to follow any policy; and, second, under the energy diversification policy, both destination and fuel-wise, India has adopted this approach; hence, gradually reduced oil import from Iran up to a level that might not affect the Indian economy, in case Iran encounters any eventualities. Over the period of three to five years, India has reduced its oil import from Iran from 22.0 MMT in 2008-09 to 18.5MMT in 2010-11 and 17.44 MMT in 2011-12 and is expected to decline to 15.5 MMT in 2012-13. (Source: Santanu Choudhary & Rakesh Sharma, India to Cut Iranian oil import 11%, March 15, 2012, <http://online.wsj.com/article/SB10001424052702304371504577405723561248022.html>

<sup>xix</sup> UAE seeks to increase energy exports to India, *The Gulfnews.com*, May 19, 2012, <http://gulfnews.com/business/economy/uae-seeks-to-increase-energy-exports-to-india-1.1024785>.

<sup>xx</sup> Indian Business and Professional Business Manual, published by Indian Trade and Exhibition Centre, [www.ibpmuae.com](http://www.ibpmuae.com)

<sup>xxi</sup> India and the UAE have signed manpower agreement in November 2006 and revised in September 2011 on the eve of UAE's labour minister Mr. Saqr Ghobah's visit to India.

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<sup>xxii</sup> Recently the UAE government has announced a series of increments in the minimum wages of the Indian workers. In general, 36 categories of the Indian workers, both skilled and unskilled have been selected to enjoy wage increment in range of 40 to 50 percent, from its previous range of around \$167-\$278 to \$264-\$389. For instance, cleaners, fishermen, gardeners, farm workers, office boys, waiters and washer men minimum wages have been increased to \$264 per month, while helpers, technicians and skilled traders will get a minimum of \$361, but sign painters and drivers will get around \$264. Wages of Housemaids didn't change since it has been fixed in February 2008 to around \$306. However, the UAE embassy has set a pre-condition for the wage increment i.e. to attest the job contracts of Indian workers who hold ECR [Emigration Clearance Required] passports. Indian Workers in the UAE have their Wages Increased, *Al Arabiya News*, March 15, 2012, <http://www.alarabiya.net/articles/2011/03/15/141675.html>

<sup>xxiii</sup> Detailed discussion over the recruitment process of Asian workers could be found in the latest Draft report prepared by Manollo Abella and Philip Martin, Regional Framework of Collaboration Among Asian Countries of Origin and Destination on the Administration of the Contract Employment Cycle-A Technical Report Prepared for the Abu Dhabi Dialogue, April 17-19 2012, Manila, <http://www.dole.gov.ph/abudhabi/materials/A%20Technical%20Report%20Prepared%20for%20the%20Abu%20Dhabi%20Dialogue.pdf>

<sup>xxiv</sup> India-UAE Relations, <http://mea.gov.in/mystart.php?id=50044537>

<sup>xxv</sup> During the joint press meeting with Sheikh Abdullah at New Delhi, India's Foreign Minister, S.M Krishna said " We attach great importance in working with all the countries, including the UAE, to counter the scourge of piracy in the high seas...Both of us have agreed that our officials will work together and cooperate on tackling this menace [piracy] collectively. We intend to share our knowledge, our intelligence, and cooperate effectively on this issue with UAE so that we as a group could tackle this scourge". (Source: UAE Seeks Increase Energy Export to India: The Gulfnews.com, May 19, 2012, <http://gulfnews.com/business/economy/uae-seeks-to-increase-energy-exports-to-india-1.1024785>

<sup>xxvi</sup> It is important to note that almost all the oil-rich Gulf countries drive significant portion of their GDP and export revenues from the exports of hydrocarbons. Any disruption in oil export either to disruption in sea routes or attack on oil vessels will massively affect not only the economies of these countries but also seriously challenge their political legitimacy as the monarchies significantly depend upon the income of oil to appease as well as purchase the loyalties of their people. During the recent turmoil, GCC countries spent billions of dollars on social welfare schemes. It is believed that Saudi Arabia spent more than \$130 billion on wages, giving concessional house loans, pensions and creation of employment opportunities for the citizens.

<sup>xxvii</sup> Two things are important to mention. One, India's Maritime Doctrine, 2009, has categorized Gulf into its 'core' national interest and evacuation of expatriate workers hold important concerns of the Indian government. Second, the Indian Navy has already served twice in evacuating the Indian workers, particularly at two occasions: one, during the Israel-Lebanon war (2006), the Indian Navy launched "Operation Sukun" and evacuated the Indian workers; second, during the Libyan crisis the Indian Navy sent two ships, "INS Mysore" and "INS Jalashwa" to evacuate nearly 19,000 Indian workers from Libya.

<sup>xxviii</sup> India and the UAE signed MoU on Defence Cooperation in June 2003 and have set up Joint Defence Cooperation Committee (JDCC). Under this both the countries have underlined the potential areas of cooperation such as: production and development of defence equipment; Joint exercises of armed forces, particularly naval exercises; sharing of information on strategy and doctrines; technical cooperation in respect of Intermediate Jet Trainer, etc. They have also started providing training and supply of inventory, besides regular exchange programme. The India Navy ships have paid goodwill visits from time to time to the UAE. In March 2011, three Indian Navy ships, INS Teer, INS *Krishna* and CGS *Veera*, paid a visit to the UAE port. Both the countries' have also conducted Joint Air Force exercises in September 2008 at the Al-Dhafra base in Abu Dhabi. Both the countries also hold annual strategic dialogue but at a limited scale. This needs to be increased both in intensity and spectrum. (Source: India-UAE Relations: <http://mea.gov.in/mystart.php?id=50044537>)

<sup>xxix</sup> Recently, India and Oman have signed 40-year gas supply contract of this nature: the gas will be supplied through undersea pipeline; the cost is estimated around \$4.5 billion. India-Oman Gas Pipeline Plan, *PFI Issue 20*, <http://www.pfie.com/oman-india-pipeline-plan/379319.article>

<sup>xxx</sup> The idea of building an Indo-GCC Gas Pipeline was first mooted by this author in his doctoral thesis, "India's Economic Relations with Gulf Cooperation Council States: A Study of Labour Migration and Energy Dimension During the Post-1990 Period", submitted in 2008, Department of Economics, Jamia Millia Islamia, New Delhi.

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<sup>xxxi</sup> It is noted that all the major economies of East Asia, including China, Japan, South Korea are massively dependent upon the Gulf energy supply.

<sup>xxxii</sup> For detailed discussion see the abstract of the thesis: [http://jmi.ac.in/upload/Research/ab2008\\_economics\\_zakhir.pdf](http://jmi.ac.in/upload/Research/ab2008_economics_zakhir.pdf)

<sup>xxxiii</sup> At present India have 20 operating nuclear reactors, producing approximately 4,780 MW of power. In the 12<sup>th</sup> Five Year Plans (2012-17), the government has planned to build additional 16 reactors at an outlay of \$40 billion. In fact, the government expects to have 14,600 MWe nuclear capacities on line by 2020 and 27,500 MWe by 2024. It aims to supply 25% of electricity from nuclear power by 2050. (Sources: Nuclear Power Corporation of India to launch 16 new nuclear reactors, *The Economic Times*, Jun 1, 2012, [http://articles.economictimes.indiatimes.com/2012-06-01/news/31959068\\_1\\_npcil-chairman-nuclear-power-corporation-kakrapara](http://articles.economictimes.indiatimes.com/2012-06-01/news/31959068_1_npcil-chairman-nuclear-power-corporation-kakrapara); Nuclear Power in India, <http://www.world-nuclear.org/info/inf53.html>)

<sup>xxxiv</sup> India has a vision of becoming a world leader in nuclear technology due to its expertise in fast reactors and thorium fuel cycle. <http://www.world-nuclear.org/info/inf53.html>. India want has vast silica resources which can be converted into thorium at Kerala beaches and Jayajuli region between the districts of Nagaon and Karbi Anglong in Assam (Source: Pranbihanga Borpuzari, “Minister to Exploit Silica Reserves in N-E”, *The Financial Express*, <http://www.financialexpress.com/news/ministry-to-exploit-silica-reserves-in-ne/338085/0>). In the entire Middle East, including the UAE silica resources are excessively abundant. (Source: T.M. Elkateb, *Regional Report for the Middle East and Africa*, [http://www.cpt10.com/PDF\\_Files/RR5MiddleEast\\_Africa.pdf](http://www.cpt10.com/PDF_Files/RR5MiddleEast_Africa.pdf)).

<sup>xxxv</sup> This author believes that Shia-Sunni division is an elite apprehension, particularly in terms of power play. The elites of the Gulf will lose their power, prestige and position in society. Hence, they are whipping up the frenzy of the sectarian division proportionately more than what it actually exists on the ground.

<sup>xxxvi</sup> During his two-day visit, May 30-31, 2012, to India, the Crown Prince of Bahrain, Salman bin Hammad, signed Tax Information Exchange Agreement (TIEA) with India to prevent tax evasion and tax avoidance by exchanging information to each other. The agreement also intends to facilitate India to bring back the money stashed abroad. India Bahrain Sign Pact to Boost Ties, *The Hindu*, June 1, 2012, <http://www.thehindu.com/business/Economy/article3477052.ece>. On May 12, India’s Ministry of Finance has produced a “White Paper on Black Money”, stating that the Indians have more money in the Swiss banks than all other countries combined. The report provides that approximately \$1,456 billion has been stashed away from the country. However, the report also claims that this amount has declined from Rs. 23373 crore to Rs.9295 crore between 2006 and 2009. (source: White Paper on Black Money, May 2012, [http://finmin.nic.in/reports/WhitePaper\\_BackMoney2012.pdf](http://finmin.nic.in/reports/WhitePaper_BackMoney2012.pdf))