

Change of Direction
OR
The Impact of The Election
Of Narendr Modi
On Indo – GCC Relations

Some people in the GCC region have certain perceptions regarding Modi, voicing concerns about the impact of his election. They think that Modi is a fanatic-fundamentalist Hindu; anti or at best ambivalent to Muslims in India. They in particular accuse him of having turned a blind eye and doing little to protect Muslims when the sectarian riots erupted in the State of Gujarat in 2002, when he was chief minister of the state. One thousand people were killed in the riot, mostly Muslims.

Brother Muslims in India may face greater hardships in the future, they suggest, and, sectarian tension could escalate between Hindus and Muslims, which may spill over into the GCC. There are others who believe Modi is a forceful hard liner who may escalate conflict with his neighbours, particularly Pakistan, which will have an impact on the stability of the region.

Given Modi is known for his enthusiasm, admiration and close ties with Israel, there is also the perceived possibility of a ‘Great Leap Forward’ in Indian-Israeli relations. There are those who fear this would be at the cost of India's relationships with the Arab world in general and the GCC in particular.

It therefore is sensible for us to first draw a quick sketch of the man, focusing on the information and features over which no one disagrees. He:

- Is a competent and practical administrator who means business
- Won the election on his undertaking to make the economy work
- Comes with a successful track record and development model in Gujarat recognized by the World Bank
- Has a publicly stated agenda based on economic reforms and pro-business policies
- Believes in less government and more governance

- Controls his party and enjoys a majority government
- Has no strong opposition
- Has made economic growth a priority
- Believes in expanding export markets, securing energy sources, creating employment opportunities, accelerating the flow of investments and the flow of remittances
- Knows that he badly needs internal stability and regional peace
- States that international cooperation is vital in achieving his objectives

Modi, after all, is a politician and as with every politician, there are two souls or persons or personalities in the same body; we have the pre-election Modi and the post-victory Modi. We have seen Modi in the opposition, who will be different to the Modi behind the steering wheel. We have yesterday's Modi of the state constituency, and then we have today's Modi who is on the national and international stage. Modi's persona is already emerging as a pragmatic national leader and international statesman.

As far as concerns regarding his attitude towards Muslims in India, Modi is well aware that to salvage his past reputation and protect his future legacies, his entire political reputation could very well rest on his treatment of 180 million Muslims in India. Modi cannot afford to antagonize or marginalize the second majority of his people.

Despite the gravity of what happened in Gujarat in 2002, Indian Muslims (or at least 15 percent of them) apparently saw this other side of Modi, which explains why the BJP had more support from Muslims during the recent election than expected. In fact the BJP won 71 out of 80 seats in the populous northern State of Uttar Pradesh, where Muslims are over a fifth of the population.

It is true to say Muslims were not less dissatisfied with the performance of the previous governments than Hindus, or have less aspiration for a better life than them. Indeed, Indian Muslims received a singularly positive signal of reconciliation and commitment to the principles of tolerance, coexistence and nonviolence when they saw Modi paying homage to Mahatma Gandhi and visiting his memorial before he was sworn in as Prime Minister.

With regard to the possibility of armed conflict, I have no doubt Modi will avoid any diversion from focusing on the economy and will certainly not venture in any wasteful military adventures. China will remain India's principal geo-strategic adversary but having said that, it is also clear China is now one of India's main trading partner.

Furthermore, the previous alignment with Russia as a hedge against China is no longer an effective strategy. The territorial disputes between Russia and China are no more and Moscow and Beijing are now closer partners. Modi can easily recognize the power gap between India and China and will choose to maintain the status quo. He is realistic enough not to pick fights with China.

Pakistan will be Modi's main foreign policy preoccupation but nobody is expecting him to take a tougher stance towards Islamabad. This pragmatic and realistic Modi has already emerged for all to see when, in a surprise move, he invited Pakistan's Prime Minister, Nawaz Sharif, to his swearing-in ceremony. Modi greeted Sharif warmly and held bilateral talks with him on his first day in office, indicating his willingness for future engagement. Mutual nuclear deterrence will also come into play, and a new page of improved relations between the two countries will almost certainly soon be written.

As far as Israel is concerned, after the bonanza of a growing Indian Israeli strategic partnership, the volume of trade reached its highest peak in 2013 achieving US\$4.4 billion since the establishment of full diplomatic relations between the two countries in 1992, excluding weapons sales (which in total did not exceed \$10 billion).

Putting this Indian Israeli trading relationship into comparative perspective, it should be noted that trade between India and the GCC has reached US\$175 billion. Indeed, some sources put the figure at US\$206 billion. The GCC countries, as a block, have become India's number one trade partner, well ahead of the EU, ASEAN and North America. There are also further opportunities of expanding the export of Indian skills, products and services to the GCC to service projects worth more than \$450 billion, which are expected to be launched in the region by the end of this

year: \$70 billion in Qatar; \$85 billion in UAE; \$70 billion in Kuwait; in addition to KSA, Bahraini and Omani projects.

It is worth listing just some specifics:

- Qatar, a year ago, bought a 5 percent stake in Indian telecoms firm Bharti Airtel for US\$1.26 billion
- Abu Dhabi bought two Indian hydroelectric power plants in a deal worth \$1.6 billion
- Etihad invested \$379 million in Jet Airways
- GCC countries supply nearly 60 percent of India's requirement of oil, fuelling India's ever growing demand for energy

In addition to the monetary aspects of India-GCC trade, the region also hosts between 7 and 8 million Indians, constituting the most significant Indian deployment outside the subcontinent.

Contributing positively to the development and economic growth of the region as well as remitting US\$ 30 billion annually to India, this Indian diaspora is and has historically been a vibrant, colourful and welcome addition to the economies of the GCC countries.

Modi will certainly maintain, protect and strive to expand this relationship with the GCC and I strongly believe the new government in India will redefine its strategy in the region. He will soon realize if he does not already know that India needs strong muscles and an influential voice on the regional stage to ensure protection of India's economic gains and strategic position.

With regard to military power, noting the USA's pivot towards the Asia Pacific region, the GCC countries cannot rely exclusively for support and defense on the Western powers, particularly the USA. Indeed, there are some in the GCC who now consider them as unreliable allies.

Most Arab leaders wish to see a far more proactive India. There has however been some reluctance on Delhi's part to adopt a more assertive position; for fear that such a move might arouse suspicions. Indian leaders, so far, think that this issue is so sensitive that few of them are prepared to speak on the record.

In her history India has not had an Indian Alexander, or Indian Cyrus, or Indian Tariq bin Ziad. Modi however is likely to change India's strategic culture. He is well placed to stabilize the security situation on the northern Indian border, resulting in a greater focus on our region. There is an imperative for Modi to uplift India's relationship with the GCC for a mutually stronger strategic partnership and I believe we will witness advanced cooperation on military matters between India and the GCC.

With an annual defense budget of \$46.8 billion, India is now the fourth largest importer of military goods; she is poised to become the fourth largest military power in the world by the end of the decade with currently more than:

- 1.3 million active front line personnel
- 1.1 million active reserve personnel
- 1,700 military aircraft
- 5,900 tanks
- 80 stockpiled nuclear warheads
- 184 naval vessels including two powerful aircraft carriers and fifteen submarines

Not only is India the world's 10th largest economy and a potent military force, but she is also the key trading partner of the GCC and I have no doubt Modi will want to ensure continued growing ties between this region and India.