

## **Looking West: India's Energy Policy In West Asia.**

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### **Abstract**

Energy security, of course, is a key ingredient of India's interest in West Asia. It is dependent on imports for 80% of its oil needs, of which roughly 55% is sourced from the Persian Gulf region. The ratio could decline slowly as New Delhi diversifies with an increased focus on African producers. But the rate at which India's energy demand is growing—it is currently the world's fourth biggest oil consumer with import dependence projected to increase to 90% by 2031—offsets this in absolute terms. India's increasingly multidimensional relations with Gulf Cooperation Council (GCC) states buttress these energy security efforts. The Indian diaspora in the Arab states is seven million strong—a valuable connection and responsible for some \$40 billion in remittances annually. And the possibilities for investment go beyond the energy sector. The UAE has agreed to invest \$75 billion in Indian infrastructure, Bahrain is looking to invest in financial services and high value-added manufacturing among other areas, and countries like Kuwait have sovereign funds ripe for targeting. Security and geopolitical considerations are, naturally, threaded through these economic engagements. Since Atal Bihari Vajpayee revitalized ties with GCC states, New Delhi has shown an admirable pragmatism, juggling its relationships with competing power centres like Riyadh and Tehran—even in light of the witches' cauldron of proxy struggles and sectarian conflicts that is currently West Asia. This is the hallmark of mature diplomacy. The pay-off has been visible, from Saudi Arabia extraditing terror suspects to India to Qatari aid when Indian nationals have been endangered by the Islamic State and in Afghanistan. Factor in India's potential role as a maritime net security provider for the Gulf States, reliant as they are on energy shipping through the Indian Ocean Region. According to the Indian Navy's Maritime Security Strategy released last year, the Persian Gulf is a primary area of interest. The possibilities for cooperation are significant. In the period to 2040, India will overtake China as the largest source of rising demand for oil. The time to begin securing its interests in West Asia is now when it holds the advantage.

### **Introduction**

Energy security has long been a concern for the India, a global giant in oil consumption. The fuel demands are growing fast in proportion to its rapid economic development. Oil and natural gas are expected to remain India's main source of energy in the coming two to three decades, and India needs to steadily increase and secure energy supplies for high economic growth. Due to the lack of significant domestic reserves of oil and natural gas, India has looked towards the geopolitically challenging West Asian region to fulfil its requirements throughout much of its independent history. Energy sector is one of the major areas of competition arising between India and China and China's supper hand in this race is a major anxiety for India. Securing the supplies of oil and natural gas from the West Asia is closely linked with the foreign policy of India towards the region because, in today's security environment, energy security and foreign policy are separated by a blurry line.

Due to this fact, India has seen the West Asia as a commercial relationship, mainly driven by flows of energy. Yet major changes in global, regional, and even internal West Asian politics especially the Israel factor, demand for a new interpretation of the strategic importance of West Asia to India. No one can deny the importance of India's relationship with Israel, particularly for military support, technology transfer, agricultural and irrigation development and now renewable energy. In this complex scenario, India is trying to woke the tight rope of cultivating a multi-dimensional partnership with Israel while also ensuring that its energy requirements are met from resource rich countries in

West Asia. Therefore, it's important to understand India's strengths and weaknesses in dealing with countries of West Asia and to come up with suggestions for the government to frame a holistic engagement strategy.

### **India's growing energy demands**

Indian economy is witnessing one of the fastest economic growth in the world. To stimulate this stimulating economy, energy needs should be satisfied continuously. Reaching any level of energy security is an epic mission for a nation where, more than 288 million citizens live without electric supply, or under the "energy poverty line" conferring to the International Energy Agency.[1] Grasping its vitality, India presently uses every mode of yielding energy feasible to accomplish its energy discrepancies. Though, more than 66 percent of the country's overall viable energy yield is anticipated to be offered by two main fuel sources, specifically coal and petroleum products (fossil fuels). The demand for coal, according to the Twelfth-Year plan (2012 – 2017) released by the Planning Commission has forecasted to touch 980 MT, out of which production by 2017 is likely to touch 795 MT.[2] The domestic coal production faced a huge loss during 2013 and it was a serious shock for India's energy sector as thermal power plants wriggled to find cost-effective opportunities to buy coal from the huge domestic coal sector. As an outcome of this, India, the country which has an assessed 2,93,497 million tonnes of geological deposits of coal, was forced to import coal from foreign countries such as Indonesia and South Africa, at cheaper costs than obtainable in national market.

When it comes to oil and natural gas, which is the second most central source that subsidizes to India's energy mix, the nation has not been blessed with plentiful reserves of crude oil unlike many other regions in the world. But the demand for oil and gas has already beaten domestic production since decades ago due to its economic and population rise. Even though few minor reserves of oil were discovered in the state of Rajasthan later, the lack of abundant oil and natural gas reserves have forced India to look abroad to satisfy its starvation for energy, mainly oil. Today, India imports more than 80 percent of its oil needs.[3] To place it more into standpoint, it imports closely 2.6 million barrels per day (bpd) at a fluctuating cost even though the oil rates are reducing. This condition is fairly same for natural gas, even though the natural gas reserves are much more available domestically in than crude oil reserves. With the initiation of shale gas production, this fuel source has transformed the worldwide energy sector, unambiguously over the past half a decade.

Nevertheless, the dreadfully sluggish procedures in Indian bureaucracy on energy policy matters, has managed to make a gas rich country into an importer. The unearthing of natural gas in the Krishna-Godavari basin has been involved in a price war amongst the big firms vigoured in the discovery of the reserve. India's Reliance Industries (RIL) and UK's BP have condensed extraction of natural gas from the famed KG – D6 basin which is known to be home to up to 14 trillion cubic feet of gas.[4] This discovery was one of the world's largest natural gas discoveries in 2002, even though this was covered afterwards by discoveries in Brazil. Yet, persistent hurdles in the dogma and reflective price fluctuations by the government troubled the RIL controlled field for a long time, which led to mislaid domestic gas production for a few years. Midst the plan failure and bureaucratic postponements, India has allowed a 100 percent Foreign Direct Investment (FDI) in the oil and gas sector since the twilight of 1990s. Still, due to its status as an extremely bureaucratic and problematic country to do business in, foreign corporations didn't take substantial interest in capitalizing their domain in India.

Due to this feebleness of its energy sector, India has looked towards the West Asian region to satisfy its necessities thru much of its sovereign past. Lifted by vigorous economic progress over the past two decades, India has arisen as one of the most reliable consumers of oil and natural gas from the West Asian region.

### **India's energy dependency**

The Arab Gulf along with the larger West Asian region is India's major provider of crude oil. The Kingdom of Saudi Arabia is India's solo chief source of oil as of 2015. Saudi Arabia exported 795,000 barrels per day to India from January to April 2015, an increase of around 4.6 percent over the same period in 2014.[5] The regime in Riyadh has declared its support to New Delhi and proposed complete backing to the country's swelling energy requirements. But in 2015, Nigeria has overtook Saudi Arabia and became the largest crude oil provider to India when its oil exports to India coursed by approximately 200 percent, exporting roughly 745,000 barrels per day.[6] Due to the sanctions imposed on Iran due to its alleged nuclear weapons program, the energy imports from Iran has reduced in 2012 and Iraq took Iran's position by increasing its export to India.

India's immense necessity for hydrocarbons has forced the country to look for it in every nook and corner of the world. One of the major examples for this is the African continent. India has taken its steps in locking hydrocarbon reserves and exports in African countries over the past decade. Nigeria is one of those major African countries from which India exports oil in largest amounts. This made Nigeria to become the top crude oil supplier to India as mentioned above. Another region where India is interested in developing its energy ties with, is the Latin American region. The major Latin American country with satisfactory ties with India is Venezuela. Venezuela has been cooperating with India in the energy sector for over half a decade, not just in exporting but capitalizing in the region's energy sector as well. Indian public sector firm ONGC (Oil and Natural Gas Cooperation) and private sector firm RIL (Reliance Industries Limited) have directed the country's investment initiative in the Latin American country. Caracas is the main supplier of crude oil to refineries owned by RIL, such as the one in Jamnagar which is one of the world's biggest, since 2012. India's natural gas segment on the other hand is anticipated to have a noteworthy role in North and Latin America as well, counting to the country's broadening of hydrocarbon assets. GAIL India Limited has understood the possibilities of shale gas and is now waiting for policy modifications in the United States to let firms to export the natural gas directly from their shores. India is has also shown its interest in partnering with Israel in its Leviathan natural gas field, located in the eastern Mediterranean Sea. Other regions where India is seeing to develop its energy aspirations in the future includes the South China Sea region, Australia and even the Arctic. India became an observing member of the Arctic Council in 2013 and has presented interest in uniting with Russia to partake in exploration and extraction of hydrocarbons around the North Pole, which is fast turning ice-free due to global warming.[7]

Even though India made these attempts to diversify its energy imports, bureaucratic hurdles and many international issues stands as a blockade to the complete fulfilment of these initiative. And thus it is assessed that, India will continue to depend on the West Asian countries for its energy requirements. Countries such as Saudi Arabia, Kuwait, Iran, Iraq, and Qatar and will continue to be the top suppliers of oil and gas for India, due to geo-political considerations and economic receptivity and also, their geographic proximity. Rajiv Biswas, chief economist for Asia Pacific at IHS stated that "The West Asia is of vital importance for India's energy security, providing around 60 percent of India's oil imports and liquefied natural gas (LNG) imports". The security scenario in the West Asian region and its environs has an unswerving outcome on India's economy and society.

India is presently trying its best to diminish its dependence on West Asia for its energy requirements, mainly due to the political uncertainty in the region especially in countries like Iraq. It has been trying to reimburse this scenario by procuring energy from other internal and external sources, for example, by capitalizing in foreign fields excluding the West Asia and cultivating ties with neighbours and resource rich countries. India has also given permission for ONGC and Reliance for extensive oil exploration, explicitly on its shores. Furthermore, foreign corporations (which includes Canadian company Kern) have been permitted to conduct oil explorations, especially in the state of Rajasthan, which has similar geographic conditions (for example: desert) like the Arab countries that produce oil, and the Krishna-Godavari Basin in the southern part of India and also in north-eastern region of India, around the state of Assam, where oil was discovered in 1889.

Apart from for Israel, India is not that interested in tracking a strategic cooperation or even strong ties with any West Asian country, including Iran. One of the main things which drives India's cooperation with West Asian countries is India's hunger for energy. After the adoption of a dogma of economic liberalisation and inclusion in globalization in 1992, under the rheostat of then economic adviser to the central Indian government Manmohan Singh, India has endeavoured to develop closer ties with the western nations, particularly the United States and Israel. But the real thrust which backed closer relations with these countries was given by the BJP led NDA administration under the leadership of Atal Behari Vajpayee. It has thus pursued congruence and harmonization with these countries and developed joint policies in terms of politics, strategy and security. Its robust and hoary ties hitherto with Arab nations such as Egypt have been relegated. This was best proved by India's aloofness during Egyptian President Mohamed Morsi's official visit to New Delhi. It was evident during the official visit that India was not concerned in revitalizing its ties with the countries with which it once led the Non-Aligned Movement. Beforehand, India had also relished close bonds with former Iraqi President Saddam Hussein. Saddam sold oil to India at lower prices and with preferential conditions.[8] Nevertheless, in 2003, when the United States attacked Iraq, India was prepared to array its large military force to join the US-led coalition. But this was also because of the pressure of the United States for Indian 'Boots on Ground'. [9] It did not take part in the alliance only because of the massive pressure from the public, opposition parties, and Indian Muslims.[10]

In 2006, the Indian administration also changed its oil minister, Mani Shankar Aiyar, who was passionate about the Iranian gas pipeline and wanted close relations with Arab countries, with Murli Deora who was pro-American.[11] India's robust and premeditated relations with Israel is due to the economic, technological and military triumphs of Israel. The trust of many members of the Indian governing elite that the Jewish lobby in Washington is a vital ingress point for influencing American decisions, also made India to look towards Israel. But the INC led administrations were not courageous enough to develop closer ties with Israel due to its fear of domestic protest from the Muslim minority community and Arab states. Israel was ready to help India wholeheartedly whenever India was in need and even when India was imposed with international sanctions from the United States.[12] But India has never acknowledged it publicly and made sure that its relations with Israel will not come out of the carpet. India have faith in the assumption that better ties with the United States are crucial for its virtuous relations with Arab Gulf countries. Cumulatively, the country has endeavoured to pledge free trade agreements with some Arab states but these efforts have, for the most part, been unproductive, except for the August 2004 economic cooperation agreement engaged with Gulf Cooperation Council countries.

However, this agreement, rather than being a hands-on agreement on economic collaboration, is more of a friendliness document.[13] Hundreds of Indian firms have, however, opened their offices for representation and granaries for their goods in the GCC, and some Indian corporations have capitalized in some ventures in the Egyptian free zones. India also contracted a cooperative endeavour for flagging the venture for the launch of a solar energy generation plan in the Egyptian oasis of Siwa.[14] An important result of the accord was the effort to illuminate an Egyptian village in the Matrouh governorate over solar energy as an opening experimental mission. India has also invested in a fertiliser plant in Oman to feat gas resources. With the opening up of Iran, energy security will be linked to the military security of the region more so than ever before, specifically if Tehran maintains its stand of practicing nuclear technology and power development under guidelines of the IAEA and the United Nations.

### **Looking forward to the future**

New Delhi does not have faith in in the policy of pledging to one or the other side in this unstable political milieu of West Asia to any further extent. This inkling is mostly recognized by the numerous West Asian states as well. A well-known academic scholar and a senior researcher at The Begin-Sadat Center for Strategic Studies at Bar-Ilan University, Gil Feiler, explains, India is "*completely unwilling*

*to accept the objection of any of these countries (GCC, Israel, Iran etc) to its relations with the others.*” Feiler also observes that India’s stand of engagement with all states tangled in West Asia is also mostly recognized by all in the region.[15] Its independence in its strategies for the region and non-engagement with domestic political minutiae till now has managed to put New Delhi in a satisfactory spot with most Arab countries. New Delhi frequently sees opportunities and challenges in its ties with various countries in West Asia.[16] India’s ties with the Arab world have been mainly grounded on reciprocated reverence, business and cultural ties. Though, in the coming five to six years, New Delhi may find that the snowballing temperatures between Saudi Arabia and Iran, if intensified more, could put it at balances with one of the two countries. Some ex diplomats accept as true that New Delhi, is in fact, cooking and discussing with an action plot in case it did have to choose between Riyadh (and potentially other GCC members as well) and Tehran. In the interim, New Delhi continues a stable movement of diplomatic conversations with the Arab world with India’s then Finance Minister, Mr P Chidambaram, visiting Saudi Arabia in January 2014 to fortify economic ties between the two countries even more.[17]

The next step in Indo-Arab ties will still apparently, trunk from the way Iran rises, and the mode in which the United States readjusts its “Middle East” policy. The present and extremely dynamic geopolitical circumstances in West Asia, the rising divide between Riyadh and Tehran and Washington’s duplicitous obliviousness could put New Delhi in a plug of trouble. Till now, India has upheld indistinctness in internal matters of the region; nevertheless, with Tehran and Riyadh prepared to fight proxy wars with each other in other parts, huge scale unpredictability in the region which could include take overs of natural resources by non-state actors remains predominant. Derivatives of Iraq becoming an arena for Iranian and Saudi Arabian realpolitik can be seen in the Syrian civil war today. While numerous dissident clusters rebellious against Syrian President Bashar Al-Assad’s militaries are monetarily and militarily supported by Saudi Arabia. At the same time Iran in consort with Lebanon based Shi’a Islamic confrontational group and political party Hezbollah have been supporting the Assad regime economically, strategically and militarily. But it is a bit comfortable for India that India can influence the Iraqi politics through Iran due to India’s good relations with Tehran, and move forward in its energy diplomacy. Albeit New Delhi upholds detached, vigorous collaborative diplomatic ties with both nations, Tehran’s stimulus in Iraq these days stands at a more weighty position than that of Washington, or any other bordering state in the region. The risk postured by the ISIS in Iraq has solemn negative impacts for Indian energy supplies.[18] India’s solitary choice in this situation is backing Iran. As long as Iran is able to fight the peripheral groups and pander to the constituency it wants to see in Baghdad, nations such as India can straightforwardly do energy trade with both countries. India’s uncertainty in the region and its policymaking at the flash is working without any serious hassles.

Examining existing tendencies, however, it is only a matter of period, as the US simplicities of its role in West Asia as a hegemonic being, India’s thick bonds with the GCC and Iran will be defied by both sides. But the landslide victory by the BJP led NDA government marked a new shift in India’s foreign policy outlook. Under the leadership of Narendra Modi, India is witnessing a surprise economic growth and greater reputation. India’s relations with all the West Asian countries have also developed parallelly. Now West Asian countries are looking forward to develop closer ties with the huge energy market. India recently made many notable triumphs in its relations with West Asia including the strategic Chahbahar Port in Iran, closer ties with Israel, etc.[19] India is now also looking forward to cooperate more with the West Asian states including Israel in a multi dimensional way.[20] At the same time India is now trying to reduce its dependency to the West Asian region by diversifying its energy sources to other parts of the world including Africa and Latin America. In this situation of hope, India can carry forward these actions to enhance its energy security strategy and ensure continuous energy flow

- India's foreign presence is one of the major problems in its foreign policy. India lacks skilled and able personnel in its embassies and missions abroad which has a serious impact on its relations with those countries. Thus, India should hire more human resources in foreign countries including West Asian region to ease the policymaking process. India should also modify its procedure for hiring foreign mission officers by coming up with a lateral entry for experienced and multi-lingual personnel to work with embassies without going through IFS
- India should expand its energy security department within the MEA, presently operated by a single Joint Secretary level officer, and give it equal importance as the defence department gets. The MEA should think about sending 'energy attache' level officers, like to its defence attaches, to vital countries such as Iran, Saudi Arabia, Israel Qatar, Iraq etc.
- Intensification of direct investments in West Asian energy resources, both at the public and private sector levels. Accelerate earlier assurances in energy cooperation with countries such as Iran, and use security and defence accords with these nations to make healthy measures over fortification of these investments.
- Uphold political relations with all revelries in the region dear to India's national interests. As a responsible power and an upcoming superpower, India should modify its non- alignment policy and make wise decisions after doing a cost benefit analysis. India should never be afraid to take stands and tell opinions in any international matters unless it's completely harming for India.
- Enhance energy cooperation with other Asian countries like China, Japan, South Korea etc. Form a cooperative partnership to ensure continuous energy flow to the region.
- Develop closer ties with countries like Iceland, Israel etc. to develop India's renewable energy technology and to backup with an alternate way other than oil and natural gas.
- Work to sign more defence treaties on bilateral (such as agreements with signed with Qatar and Saudi Arabia etc.) and institutional levels (such as GCC). And make sure to include energy as a strategic asset in this agreement
- Conduct joint military training exercise sequences with more states from West Asia in the Arabian Sea by bringing up issues such as terrorist threats to oil assets, antipiracy, guard of sea-lanes of communication etc.
- Look forward to diversify its energy sources to African, Latin American and other energy rich countries to secure its energy security.
- Promote the public and private companies to invest in oil rich regions in the world and promote them to get hold of untapped energy resources around the world.
- Make frequent diplomatic visits to West Asian, African and Latin American countries to discuss on energy matters

### **Conclusion**

India's ties with the West Asian region has a long history to boast about. Energy security is the major factor which drives India's relations with West Asia. But in many instances, India's balanced approach with all the West Asian countries raised criticism and concerns from both the domestic and international community. The security scenario in the region, issue of terrorism, China's increasing influence in the region etc. was always been a concern for India. Balancing its relations with the rivals in the region was also another serious concern for India. Whether it's Israel, Iran or Saudi Arabia, India always tried to balance its relations with everyone to reap the benefits of cooperation and uphold its idealistic ideology. In this embryonic situation, New Delhi wants to be able to put its own fiscal

and political resources to expand a sturdier position in the region. There is no hope of solving the political and religious glitches in the West Asian region anytime in the near future and India will have to function within the prevailing limitations to reinforce its ways to carry forward its sheltered energy security. In the foreseeable future, India can act in the ways explained above to take its West Asian strategy forward and ensure its energy security to feed its exponentially developing economy. For the likely future, the West Asian region is expected to continue as an important region for India's energy security. To enhance its energy projections, India will have to fetch systemic changes in its political, bureaucratic, economic and strategic outlooks towards the region to reap the benefits of closer cooperation and to ensure its energy security.

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