



2023
June 6
No. R23-03

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Middle East Analysis Report

As the US influence in the Middle East declines, extra-regional powers such as China and Russia are playing an increasingly larger role. However, the moves made by India, which is also referred to as the third great power, in strengthening its political and economic relations with Middle Eastern countries cannot be overlooked. What are the ripple effects both within and outside the region as India enters the Middle East as a new player? Our researchers have compiled a report focusing on trends in India amidst the current re-shuffling of intra-regional relations, which we present here.

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India's growing presence in the Middle East
--Regional strategy seen from I2U2 and the International North-South Transport Corridor (INSTC)--

Middle East Institute of Japan

1. Introduction: India, the third great power, and the Middle East

Since the end of the Cold War, the US has long had significant influence in the Middle East. The backdrop to this influence is the stationing of US troops in Gulf countries such as Qatar, strong military relationships between the US and Saudi Arabia, and military interventions in Afghanistan and Iraq under the War on Terror. However, in recent years, the US has reduced its presence in the Middle East.

As if exploiting this pullback, the rise of China and Russia in the region is becoming increasingly noticeable. Scholars have examined China's expansion

into the Middle East as well as Russia’s relationship with the region’s countries.¹ Meanwhile, India, the third great power that has overtaken China to become the world’s most populous country and holds the G20 Presidency (2022–2023), has significant influence in the Middle East. However, India's policy towards the region has been insufficiently studied.

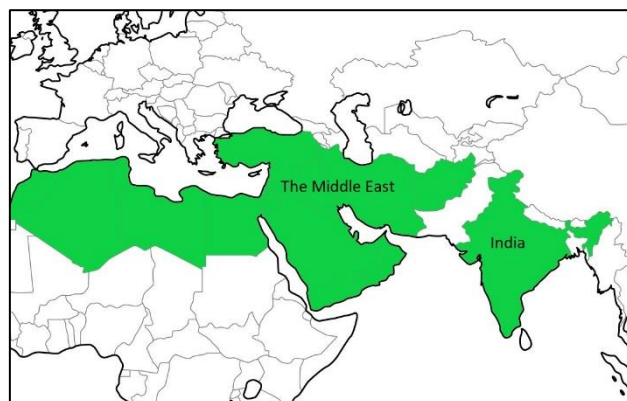
Here, the historical, political, and economic relations between India and the Middle East will be explained. Then, recent movements in the reshuffling of intra-regional relations will be analyzed, with a focus on I2U2 (India, Israel, UAE, and the US).² We also summarize the current situation and issues, and look to the future, with a focus on strengthening connectivity, including the International North-South Transport Corridor (INSTC).

2. Overview of India-Middle East relations

(1) Overall picture and historical connections

First, we provide an overview of the relationship between India and the Middle East. They have been historically related (Chart 1). In ancient times, there was *dhow* trade in the Indian Ocean through the monsoons (seasonal winds), and a sea trade route was built from Mumbai (India)

Chart 1. Positional relationship between India and the Middle East



(Source) Created by author. Note that the chart is a rough image and does not necessarily indicate precise borders.

to the eastern coast of Africa via the Arabian Peninsula. Through the monsoon, with regular, alternate northeasterly and southwesterly winds, Indian culture intermingled with the Middle East and the eastern coast of Africa, with goods

¹ For studies on China, please refer to the *Journal of Middle Eastern Studies* No. 537 (Special Feature “China’s expansion into the Middle East,” published in January 2020). For studies on Russia, please refer to the *Journal of Middle Eastern Studies* No. 546 (Special Feature “Russia and the Middle East,” published in January 2023).

² Unofficial ground that takes the initials of four countries: India, Israel, the United Arab Emirates (UAE), and the US. The first summit-level meeting was held in Washington, D.C., on July 14, 2022. The joint statement defined the purpose of I2U2 as harnessing the dynamism and entrepreneurship of societies in overcoming the challenges faced by the world, including those in water, energy, transportation, space, health, and food security.

and information being exchanged and people actively traveling between these regions.³ Even today, many Indian migrant workers live overseas in Middle Eastern countries, particularly in the Gulf countries (details in Section 3.(1) below).

Another important aspect while viewing the relationship between India and the Middle East is the connection created by the Omani maritime empire. The empire that flourished from the end of the 17th century to the 19th century, centered on present-day Oman, extending as far north as present-day Iran and Pakistan, and as far south as Zanzibar in Africa.⁴ During the same period, based on a trade treaty with the East India Company, India exported clothing, rice, iron, and other commodities, while Oman exported dates and coffee. Besides these trade activities, slave trade and migrant labor was present within the region. The importance of these rimlands (coastal areas of the Eurasian continent) has been reaffirmed in recent years,⁵ and active diplomacy has been conducted in the Indo-Pacific under frameworks such as the Indian Ocean Rim Association (IORA).

(2) India's foreign policy and the Middle East's position within it

During the Cold War, India pursued a foreign policy that was based on the two pillars of non-alignment and the Indo-Soviet alliance.⁶ Since its independence in 1947, India set maintaining independence, development, and national integration as issues of fundamental importance. As a multi-ethnic country with a huge population, the country viewed non-alignment as the most effective foreign policy to protect its hard-won sovereignty.⁷ However, after the end of the Cold War, in the backdrop of a serious shortage of foreign currency, India shifted course toward promoting economic liberalization domestically while externally focusing on the idea of strategic autonomy and strengthening its orientation

³ Suzuki, H., "To listen to the bead of the maritime world (Kaiiki Sekai): Seasonality of the 19th century Western Indian ocean world", *Bulletin of the National Museum of Ethnology*, 44(4), 591-623.

⁴ Gwadar, which is in present-day Pakistan (then part of India), was part of Oman until 1958.

⁵ Kaplan, R.D. (Okuyama, S., and Sekine, M., trans.), *Monsoon: The Indian Ocean and the Future of American Power*, Tokyo: Intershift, 2012.

⁶ Horimoto, T., *India Becoming the Third Great Power: The Pursuit of "Strategic Autonomy" Diplomacy*, Tokyo: Iwanami Shoten, 2015, pp. 2-34.

⁷ Horimoto, *India Becoming the Third Great Power*, pp. 3-4.

toward becoming a great power.⁸

As the international order becomes more fluid due to factors such as the rise of China, strategic retreat of the US, global rise of nationalism, and rejection of globalism, India has been developing a skillful and mature form of diplomacy under the strategy of “relentlessly pursuing its goals and interests by taking advantage of all the channels the world has to offer.”⁹ For instance, India has emphasized its Indo-Pacific policy within the QUAD (Japan-US-Australia-India Strategic Dialogue) framework, while equally emphasizing multilateral frameworks such as the Shanghai Cooperation Organization (SCO) and BRICS.

Thus, it is difficult to say that India has clearly set forth guidelines that can be classified as a “policy toward the Middle East.”¹⁰ Still, the Middle East is important to India in four ways: (1) economic and trade relations, (2) Indians living overseas in the Middle East, (3) warding off Pakistan¹¹, and (4) countering Islamic extremists¹² (detailed in Section 3 below). Additionally, India is increasing its naval power in the western Indian Ocean. As part of the Connect Central Asia Policy (CCAP), the country is connecting Central Asia, Afghanistan, and the Caucasus region via Iran (detailed in Section 5 below).

3. Individual relations between India and major Middle Eastern countries

(1) Relations between India and the Gulf Cooperation Council

During the British colonial period, India had economic influence in the Persian Gulf Arab region, which was a British protectorate.¹³ However, after independence, India made its response to the threat posed by Pakistan its top priority. To counter the strategic relationship between Pakistan and the US, India proceeded to strengthen its relationship with the Soviet Union. Consequently, India had not necessarily prioritized maintaining its presence in

⁸ Since taking office in 2014, Prime Minister Narendra Modi has repeatedly stated that India will once again emerge as a “global power.”

⁹ Jaishankar, S. (Kasai, R., trans.), *The Indian Way: Strategies for an Uncertain World*, Tokyo: Hakusuisha, 2022, p. 27.

¹⁰ Although India has a “Look West” policy, the country has not shown any major changes compared to its “Look East” policy (or “Act East” policy in recent years), which has seen significant progress in recent years.

¹¹ For example, despite having the third largest Muslim population in the world, India has not been able to join the Organization of Islamic Cooperation (OIC) due to opposition from Pakistan.

¹² Horimoto, *India Becoming the Third Great Power*, pp. 130-132.

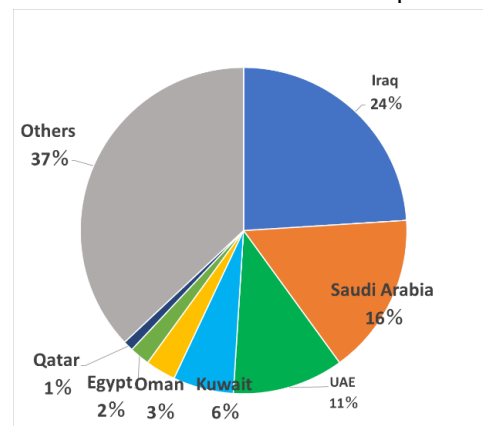
¹³ David Brewster and Kadira Pethiyagoda, “India and the Gulf states,” *External Powers and the Gulf Monarchies*, Jonathan Fulton and Li-Chen Sim (eds.), Routledge, 2019, p.125.

the Gulf region, which is under US influence.

This situation changed dramatically with the end of the Cold War and collapse of the Soviet Union. India began building relations with the US to turn its attention toward establishing economic relations with Gulf Cooperation Council (GCC) countries. Since the 2000s, India’s expansion into the Gulf region has been positioned as part of its efforts to establish itself as a “net provider of security” in the Indian Ocean.¹⁴

Through this process, present-day relations between the GCC countries and India are built on the three pillars of energy, economy, and labor. According to India’s trade statistics for 2021, crude oil accounts the largest portion of total imports at 16.6%. Four of the top five countries importing goods from India are of GCC¹⁵ (Chart 2). In terms of exports, the US ranks first in total

Chart 2. India’s crude oil import



(Source) Created based on EIA, 2022

(17.7%), followed by the UAE (6.29%). Regarding the amount of liquefied natural gas (LNG) imported by India, the top import partner is Qatar (42%), followed by the UAE (13%), and Oman (5%), with Middle Eastern countries ranking high.¹⁶

Chart 3. Number of Indian residents in Gulf countries (estimate)

	1	2	3
UAE	India / 2,800	Pakistan / 1,290	Bangladesh / 750
Oman	India / 770	Bangladesh / 710	Pakistan / 270
Qatar	India / 700	Bangladesh / 400	Nepal / 400
Kuwait	India / 1,300	Egypt / 800	Philippines / 320
Saudi Arabia	India / 2,550	Syria / 2,500	Pakistan / 2,450
Bahrain	India / 3,500	Bangladesh / 160	Pakistan / 120

(Source) Created based on various statistics (2014–2023).¹⁷ Number of foreign residents in each GCC country (unit: 1,000 people. Rounded to nearest 10,000 people).

¹⁴ *Ibid.*, p. 126.

¹⁵ Iraq: 24%, Saudi Arabia, 16%, UAE: 11%, Kuwait: 6%, Oman: 3%. EIA, *Country Analysis Executive Summary: India*, November 17, 2022.

¹⁶ EIA, *Country Analysis Executive Summary: India*, November 17, 2022.

¹⁷ <https://www.populationu.com/qatar-population>, <https://www.globalmediainsight.com>, <https://gulfmigration.grc.net/>, <https://www.populationu.com>, etc.

The connections in the labor market are more pronounced. Approximately 66.2% of residents in GCC countries are foreigners (as of the second quarter of 2020).¹⁸ The proportion of foreigners in the labor market in Qatar, UAE, and Kuwait is up to 80–90%. Indians have a particularly strong presence among such workers. As shown in Chart 3 in the previous page, though the statistics are rough estimates, Indians account for the largest number of foreigners in all countries. According to the Indian Ministry of Finance, the percentage of remittances from overseas Indians in 2021-2022 by country of residence is the US (23.4%), followed by the UAE (18%).¹⁹

Clearly, India and the GCC countries have ties transcending economic aspects. Following the outbreak of the Gulf War in 1990, the Indian government is said to have evacuated over 170,000 of its citizens from Kuwait on approximately 500 flights, which has been said to be the world's largest evacuation mission, thereby showing how stabilizing security in the GCC countries has a major impact on India.²⁰

(2) India-Turkey relations

Immediately after declaring independence on August 15, 1947, Turkey recognized India as a state and established diplomatic relations the following year in 1948. India and Turkey have differences in terms of history, demographics, economic situation, and other aspects, but also share many commonalities. Both countries are republics established in the 20th century, and have followed the separation of church and state as national policies.²¹ Another similarity is that President Recep Tayyip Erdoğan and Prime Minister Narendra Modi have prominently adopted policies aimed at the religious conservatives that form their support base in recent years.

During the Cold War, bilateral relations did not develop as expected because Turkey had alliances with the West, whereas India moved toward the Non-Aligned Movement. However, after the 9/11 terrorist attacks in the US and the

¹⁸ Statista (<https://www.statista.com/>).

¹⁹ India's Ministry of Finance, <https://pib.gov.in/PressReleasePage.aspx?PRID=1897036>.

²⁰ ["Ukraine Crisis Brings Back Memories of Kuwait Evacuation 3 Decades Ago,"](#) *NDTV*, February 25, 2022.

²¹ However, in the case of Turkey, "secularism," rather than the separation of church and state, is the national policy. In addition to the separation of politics and religion, religious elements are excluded from all public spheres, including administration, legislation, judiciary, and public education.

international community renewed focus on the War on Terror, the two countries aligned their interests and began to approach each other. Indeed, the relationship between the two countries has shifted toward a more substantive partnership and cooperation, with developments focusing on diplomatic and economic relations.

Meanwhile, the biggest barrier between the two countries is the Kashmir issue. Turkey has historically had a friendly relationship with Pakistan, which can be said to be India's archenemy. Further, Turkey's South Asia policy, including military cooperation, is centered on Pakistan. Since the coup attempt in 2016, the Erdoğan administration has made its pro-Islamic and Turkish nationalist policies clear, which has led to further deepening of relations with Pakistan. The Erdoğan administration has raised Turkey's emphasis on the Kashmir issue as one of its requirements for fulfilling its desire to gain a leadership role in the Islamic world. The Turkish administration appears to think that such actions are necessary for resonating with Pakistan's historical background.²²

However, besides external factors such as Pakistan and Kashmir, India and Turkey do not have major problems between them. In September 2021, after relations deteriorated, Turkey sent aid supplies, including medical equipment, to India, where the number of COVID-19 cases sharply increased.²³ Additionally, when the Turkey-Syria earthquake occurred in February 2023, India was the first to dispatch rescue teams and providing medical support in disaster-stricken areas.²⁴ Thus, relations have progressed primarily in the field of humanitarian assistance. Furthermore, in the wake of Russia's invasion of Ukraine in February 2022, both India and Turkey have increased their presence as the BRICS, EU, G7, and NATO factions, with the aim of expanding their influence.

²² Religion (Islam) continues as a unifying force of the domestic politics of President Erdoğan and is a major factor in directing his foreign policy. In fact, in his speech at the United Nations General Assembly in September 2019, President Erdoğan stated that "the stability of South Asia and the Kashmir issue cannot be separated." However, he did not unilaterally criticize India, instead indicating the lack of interest in the Kashmir issue by the international community, and stating that resolving the issue through dialogue was essential. ["Cumhurbaşkanı Erdoğan BM'de konuştu: Dünya 5'ten büyüktür."](#) *Anadolu Ajansı*, Eylül 24, 2019.

²³ ["Turkey sends medical aid to India to help ease COVID-19 burden."](#) *Daily Sabah*, May 26, 2021.

²⁴ ["India lends help as earthquake shakes Turkey, Syria to the core: What is Operation Dost?"](#) *The Time of India*, February 10, 2023.

(3) India-Egypt relations

India and Egypt have historically had a friendly political relationship, with India supporting Egypt during the Suez Crisis in 1956, and the two countries working together to establish the Non-Aligned Movement in 1961. However, unlike in the Gulf countries, only a few Indians lived in Egypt. Further, the economic ties between the two countries were not strong. Meanwhile, Egyptian President Abdul Fattah El-Sisi recently visited India in January 2023 and is working to strengthen relations with India, including agreeing with Prime Minister Modi to upgrade the bilateral relationship to a strategic relationship. This is because Egypt is facing serious economic problems such as a shortage of foreign currency and high unemployment. Hence, it has high expectations for investment from India, which is experiencing significant economic growth. Indian investment in Egypt has reached \$3.5 billion, contributing to the creation of approximately 38,000 jobs mainly in the manufacturing industry.²⁵ The top priority in particular is attracting investment from many Indian companies into the development of the Suez Canal Special Economic Zone (SC Zone), which has been a major point of focus of the Egyptian government.

India-Egypt relations are also progressing militarily. In January 2023, the Indian Army and Egyptian Special Forces held their first joint exercises²⁶ in the northern Indian state of Rajasthan, which included counter-terrorism training in the desert area. In May 2023, the Indian and Egyptian air forces conducted joint air exercises, including an aerial refueling exercise, at an Egyptian military base with the aim of promoting military cooperation.²⁷ Egypt's aim here is thought to be strengthening security ties, making India strongly aware of Egypt's presence as an important defense partner country and building long-term relationships with India.

(4) India-Iran relations

India and Iran established diplomatic relations in March 1950. Of course, prior to Pakistan's separation and independence in 1947, the two countries

²⁵ ["INTERVIEW: Egypt and India upgrade relationship to strategic partnership."](#) *Ahram Online*, May 8, 2023.

²⁶ Indian Ministry of Defense, ["Inaugural Edition of Indo-Egypt Joint Training Exercise Cyclone - I Commences in Rajasthan."](#) January 10, 2023.

²⁷ ["Egyptian and Indian air forces conduct joint air exercise in Egypt."](#) *Ahram Online*, May 8, 2023.

shared a border and were ethnically, linguistically, and culturally close to each other. During the Cold War, India prioritized its relationship with the Soviet Union despite advocating for non-alignment, and its relationship with the pro-American Pahlavi dynasty (1925–1979) was not necessarily good. However, following the Iranian Revolution (1979), the two countries strengthened their relationship both politically and economically. The Tehran Declaration was issued during Prime Minister Atal Bihari Vajpayee's visit to Iran in 2001. Meanwhile, the New Delhi Declaration was issued during President Mohammad Khatami's visit to India in 2003. Against the backdrop of India's rapid economic growth, the two countries gradually sought a strategic partnership.

The relationship between the two countries in recent years has developed based on strong economic ties, with Iran accounting for the third largest share²⁸ of India's crude oil imports before 2019²⁹. On the political front, Prime Minister Modi met with President Hassan Rouhani during his visit to Iran (May 2016), while President Rouhani meeting with Prime Minister Modi during his visit to India (February 2018). Additionally, on the sidelines of the SCO Summit held in Uzbekistan (September 2022), active visits and meetings between high-ranking officials continued, with newly-appointed President Ebrahim Raisi meeting with Prime Minister Modi.³⁰ Under these circumstances, India is supporting the development of Chabahar Port in southeastern Iran and cooperating on improved connectivity (details in Section 5 below).

(5) India-Israel relations

India recognized Israel in 1950, two years after its founding. However, relations between the two countries stagnated as the Indian National Congress sympathized with Arab nationalism and advocated a pro-Palestinian stance.³¹ Nevertheless, diplomatic relations were established in 1992. With the era of the

²⁸ [“Will Iran make a comeback as India's major crude oil import partner?”](#) *The Hindu*, September 16, 2022.

²⁹ However, following the removal of the exemption from the embargo on Iranian crude oil in 2019, India stopped importing Iranian crude oil.

³⁰ The Embassy of India in Iran, *India-Iran Relations*, https://www.indianembassytehran.gov.in/eoithr_pages/MTY, accessed on June 12, 2023.

³¹ India voted against the resolution to partition Palestine at the United Nations General Assembly in November 1947 and opposed Israel's admission to the United Nations the following year. Shimizu, M., “Modi government and the Middle East: A paradigm change in the political concept”, *Middle East Review*, Vol. 7, March 2020, p. 124.

Modi administration, whose base of support was Hindu supremacists, the Indian National Congress declined. Together with the obstacles to rapprochement with Israel disappearing and the discovering of mutual strategic interests, the relationship between the two countries has significantly progressed.

In July 2017, Prime Minister Modi became the first Indian prime minister to visit Israel, and bilateral relations have been elevated to a strategic level.³² Afterwards, in January 2018, Prime Minister Benjamin Netanyahu visited India for six days and discussed cooperation in multiple fields such as cybersecurity and energy. India-Israel relations are particularly strong in the military field. Israel is India's fourth largest arms supplier after Russia, France, and the US.³³ The two countries also maintain close relations in areas such as economy, trade, investment, and agriculture.

4. India amidst the reshuffling of relations within the Middle East region

(1) Situation in the Middle East after the Abraham Accords and emergence of I2U2

India has attracted increasing attention as the reshuffling of relations between countries in the Middle East has continued in recent years. The first factor which created these circumstances is the military withdrawal of the US from the Middle East, which has been the default course of the US since the Obama administration. This has resulted in the US security umbrella in the Middle East, centered on the close ties that have traditionally existed between the US and Saudi Arabia, no longer being self-evident.

The second factor is the Abraham Accords (September 2020), which is the agreement for normalizing diplomatic relations between the UAE, Bahrain, Morocco, Sudan, and Israel. This was an important development in that it represented the shift in the foreign policy of Arab countries that have traditionally avoided formal relations with Israel. Another factor is that UAE and Bahrain are considering the development of a security system that is not bound by the existing Arab or GCC frameworks. Although there are differences

³² India's Ministry of External Affairs, *India-Israel Bilateral Relations*, June 2019, https://www.mea.gov.in/Portal/ForeignRelation/India-Israel_relations.pdf, accessed on June 13, 2023.

³³ SIPRI, *Importer/Exporter TIV Tables*, <https://armstrade.sipri.org/armstrade/page/values.php>.

in foreign policy between the UAE, which has a strong independence tendency, and Bahrain, which emphasizes cooperation with Saudi Arabia, both countries agree that building a relationship with Israel is effective in strengthening the security environment in the GCC.

The final factor is the trend toward compromise among countries within the region, with the restoration of diplomatic relations between Saudi Arabia, UAE, Bahrain, Egypt, and Qatar following the Al-Ula Declaration (January 2020), the accompanying improved relations between Turkey and Arab countries, the Saudi-Iran diplomatic relations agreement reached in March 2023, and Syria's return to the Arab League in May 2023. This signified the end of a trend in regional diplomacy since the Arab Spring, led by Saudi Arabia and the UAE, to contain pro-Muslim Brotherhood forces (Qatar and Turkey) and pro-Iranian forces (Iran and Syria).

Under these circumstances, I2U2 has been proposed as a new regional framework. This framework emerged within the context of the deepening UAE-Israel relationship, with the US wanting to maintain its presence, albeit remotely, by establishing a new cooperative framework; Israel needing this presence; and the UAE intending to establish itself as a “small great power” in the region. It was India that was then invited as a new force in this context.

(2) India's “participation” in response to trends from extra-regional powers

What is the role that India is expected to play through I2U2? Since the 2000s, India has recognized itself as a “net provider of security” (see Section 3.(1) above). As part of this, India is demonstrating its presence in the field of maritime security in the Indian Ocean and Persian Gulf countries, leveraging the strength of its navy, which has its roots as a maritime force during the era of the East India Company.

However, the new cooperative framework did not require India to make such military contributions. At least in terms of what the US required, India's *raison d'être* was to be a partner in the QUAD and a major power in the Global South, and be in a position to compete with China, while simultaneously building a certain level of friendly relations with Russia (Chart 4). In other words, it is thought that the US wished for India to strengthen its influence in the Middle East, given its connections to the GCC countries and Russia, and their shared

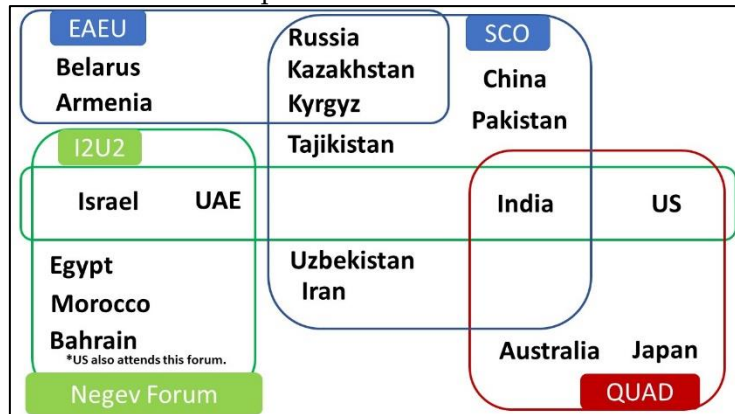
perception of the threat posed by China. The aim is to prevent the influence of China and Russia from excessively expanding due to the vacuum created by the US military withdrawal from the Middle East.

India has built good relations with various

countries by pursuing a balanced diplomacy that prioritizes the economy without taking a clear stance on relations with Iran or peace in the Middle East,³⁴ which is a common feature that India shares with China. From the US perspective, India is, in a way, a China with which the US can build a cooperative relationship. Israel as well wants to maintain the US presence in the Middle East by involving more countries in the region, centering on Saudi Arabia, in the Abraham Accords to use as a deterrent against Iran. This makes India, which engages in all-round diplomacy, a desirable country with which to strengthen relations.

Still, this does not necessarily mean that India will prioritize meeting the expectations of the US and Israel as described above in a new cooperative framework. To begin, responding to the threat posed by Pakistan remains the most important issue for India's own security, and India's strengthening of relations with GCC countries in particular is due to their desire to keep Pakistan in check.³⁵ In this regard, India's aim through I2U2 is not to dramatically change the balance of its existing strengths, such as maritime security and strengthening relations with GCC countries, but rather to strengthen and develop these existing strengths.³⁶

Chart 4. Overview of regional organizations and cooperative frameworks



(Source) Prepared based on publicly available information.

³⁴ Jagannath Panda, [“West Asian unilateral geometry and India: Will I2-U2 usher the elusive peace?”](#) *Trends Research & Advisory*, Jun 13, 2022.

³⁵ Furthermore, in recent years, India has often been criticized for pursuing anti-Islamic policies, including the removal of Kashmir's autonomic status and banning of the hijab in educational institutions. India is concerned that this will negatively affect its relations with GCC countries. Another risk is over-promoting its actions within a framework that narrows its current all-round diplomacy.

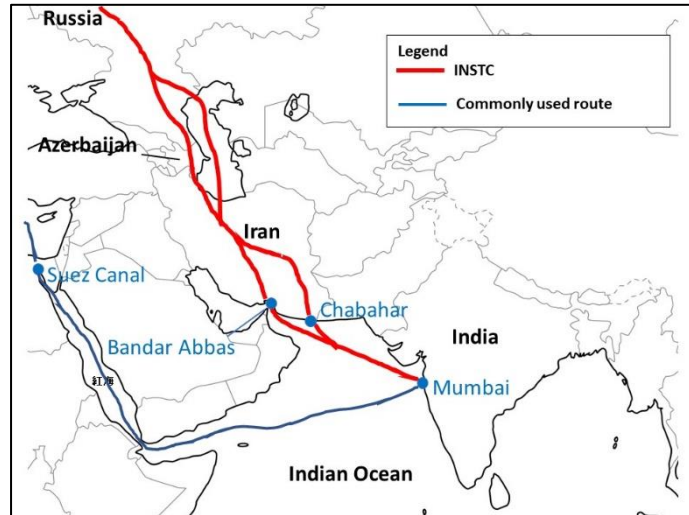
³⁶ Infrastructure-related cooperation, which was on the agenda during talks with Saudi

5. India's connectivity strategy as seen in the INSTC

(1) India's involvement in Chabahar Port development

India is participating in the INSTC initiative and has expressed its desire to connect to Russia via the Middle East, Central Asia, and the Caucasus region. INSTC refers to a multimodal transport route that connects India, Iran, Azerbaijan, and Russia by road, rail, and sea (Chart 5). Iran, which will be a major transit point, is

Chart 5. INSTC route (red line)



(Source) Created by author.

expected to play a role as a hub connecting Russia, Central Asia, and India through Bandar Abbas Port. A connection via Chabahar Port in the southeastern provinces of Sistan and Baluchestan has also been planned in recent years. This will significantly reduce time and costs compared to the traditional transportation route via the Suez Canal.

In 2003, India reached an agreement with Iran to proceed with the development of Chabahar Port. In 2016, Iran, India, and Afghanistan signed an agreement regarding the logistics of Chabahar Port.³⁷ India has announced financial support totaling \$500 million for the port and its related facilities. Furthermore, an Indian company has been actively involved, having acquired the right to operate the Shahid Beheshti port for 18 months.

(2) Increasing importance of the INSTC after the Russia-Ukraine war

For India, Chabahar Port has the role of keeping Gwadar Port in check, which China is developing as a gateway to the China-Pakistan Economic Corridor (CPEC). Additionally, for India, the development of Chabahar Port and eventually the INSTC will contribute to CCAP, which aims to connect Central

Arabia, UAE, and the US in May 2023 can be seen as part of such efforts. [“Major infra project discussed at meeting between MBS and NSAs of India, UAE, US.”](#) *Hindustan Times*, May 8, 2023.

³⁷ Aoki, K., “The development of Chabahar Port and the regional order building in the ‘Indo-Pacific’”, *Journal of International Security*, Vol. 46 (3), 2018, pp. 94–112.

Asia and Afghanistan, which are areas with vast energy reserves. The steep Himalayas lie to the northeast of the Indian subcontinent. Hence, connections with Tibet are cut off, whereas the northwest is blocked by Pakistan, which refuses to allow goods originating from India to pass through. Therefore, the most efficient route for India to access Central Asian and European markets is via Iran using the maritime route.

The concept for the INSTC emerged in the early 2000s. However, it lacked political momentum and made little progress over the past 20 years. However, gradual movements have emerged in recent years following the changes in the environments in which Russia and Iran find themselves. Following the invasion of Ukraine in February 2022, Russia finds itself in a difficult situation, increasingly encircled by Western countries. Developing new trade partners and diversifying trade routes are currently urgent issues for the country. Indeed, Russia is now viewing the Middle East as an important partner and is focusing on achieving the INSTC to secure a route to India, with which it has a historically friendly relationship.

Meanwhile, Iran has been suffering from financial difficulties since the imposition of harsh economic sanctions by former US President Trump in May 2018, including restrictions on financial and crude oil transactions. In response, Iran has come to view China, Russia, and neighboring countries as important trading partners, seeking to expand trade with them. Therefore, Iran is envisioning its development as a regional hub through the development of the INSTC. In fact, on May 31, Supreme Leader Ayatollah Khamenei held a meeting with Gurbanguly Berdimuhamedow, chairman of the People's Council of Turkmenistan, and stated that "Iran is determined to complete the INSTC" and "the corridor will connect Turkmenistan with the coastal countries of the Gulf of Oman," thus expressing his strong desire to achieve these goals.³⁸ Overall, countries such as India, Russia, and Iran are proceeding with the development of the INSTC driven by their own agendas.

6. Summary: India's diplomacy toward the Middle East – Nascent but filled with potential

As shown here, India and the Middle East have a historically, politically, and

³⁸ ["Ayatollah Khamenei: Iran determined to complete key transit corridor."](#) *Press TV*, May 31, 2023.

economically multifaceted and close relationship. Indians living overseas in the Gulf countries are an important labor force in these countries. Meanwhile, remittances from migrant workers are a valuable source of foreign exchange income for India. India is also heavily dependent on Middle Eastern countries for crude oil and LNG imports. Furthermore, India has been developing an all-round diplomacy in recent years, forging strategic ties with Israel while building good relations with Egypt and Iran.

As the strategic retreat of the US from the Middle East continues, India has been quietly rising to prominence against the backdrop of the easing of tensions in the region, exemplified by the Abraham Accords. The US presence in the Middle East is expected to continue to decline in the future. Hence, India's expanding influence requires further attention. However, India's expansion into the Middle East is still at a nascent stage, and India's foreign policy toward the Middle East is not yet firmly established. Compared with its active focus on the East, India has not yet clearly defined its position toward the West.

Still, India, as the world's most populous country, has a growing voice in the international community. Its future involvement in the Middle East remains an important aspect. Questions regarding the nature of the competitive and cooperative relationship between INSTC, China's Belt and Road Initiative, and Japan's Free and Open Indo-Pacific initiative, as well as whether India will increase its presence in the western Indian Ocean following the stationing of the People's Liberation Army in Djibouti, will require more detailed examination in the future. In particular, the widespread use of the INSTC, which offers lower costs than the Suez Canal route, could irritate Arab countries such as Egypt and Oman, which have benefited from the traditional route.³⁹ India's military, political, and economic rise in the Middle East has the potential to further change intra-regional relations.

(END)

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³⁹ To date, governments have not publicly expressed concerns about the INSTC. The US and Europe have also not taken a position, but it is inferred that a situation in which authoritarian states such as Russia and Iran strengthen their solidarity while using the INSTC as a linchpin is an undesirable one.