



India's Middle East Strategy

This editorial is based on "[Middle East crisis must not undermine India-Middle East Economic Corridor: Greek Foreign Minister](#)" which was published in The Hindu on 05/02/2025. The article highlights IMEC's strategic importance, reflecting India's rising influence in West Asia. While the Israel-Gaza conflict has delayed progress, the corridor remains vital to India's economic and diplomatic goals.

For Prelims: [India-Middle East-Europe Economic Corridor](#), [G-20 Summit 2023](#), [Israel-Gaza conflict](#), [One Sun, One World, One Grid initiative](#), [Free Trade Agreements](#), [India-Iran Chabahar Port Agreement](#), [OPEC+ production cuts](#), [Operation Ajay](#), [Sea Lines of Communication](#), [Belt and Road Initiative](#).

For Mains: Significance of Middle East for India, Key Issues in India-Middle East Relations.

The [India-Middle East-Europe Economic Corridor \(IMEC\)](#), launched at the [G-20 Summit 2023](#) highlights India's expanding strategic influence in **West Asia**. Despite strong backing from partners like **Greece**, which sees it as a "**project for peace**," the initiative has hit **roadblocks due to the ongoing Israel-Gaza conflict**. At its core, IMEC represents more than just a trade route - **it embodies India's ambition to forge deeper economic and diplomatic ties across the Middle East** while establishing itself as a **key player in reshaping global supply chains**.

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Why is the Middle East Crucial to India's Foreign Outlook?

- **Energy Security and Economic Stability:** India's crude oil imports from the **Middle East** rose from **51% (December 2024)** to **53.89% in January 2025**, making it indispensable for sustaining economic growth.
 - In **January 2023**, **India and the UAE signed an MoU** to collaborate on green hydrogen development and an undersea cable under the '[One Sun, One World, One Grid](#)' [initiative](#).
 - In February 2024, India extended its **LNG deal with Qatar until 2048** for 7.5 million tonnes per annum, ensuring long-term energy stability.
- **Trade, Investment, and Economic Corridors:** During FY 2023-24, India-GCC bilateral trade stood at USD 161.59 billion, with the Middle East being a key partner.
 - India's strategic economic engagement, including [Free Trade Agreements \(FTAs\)](#) and economic corridors, aims to enhance connectivity and market access.
 - The **India-Middle East-Europe Economic Corridor (IMEC)** will strengthen supply chains and reduce trade costs.
 - The **UAE ranks as India's third-largest trading partner** and second largest export destination, with exports over US\$ 35.62 billion in FY 2023-24.
- **Remittances and Workforce Contributions:** The Middle East hosts over **millions** Indian expatriates, whose remittances significantly contribute to India's forex reserves and economic stability.
 - More than **66% of India's 1.34 crore Non-Resident Indians (NRIs)** live in the **United Arab Emirates, Saudi Arabia, Kuwait, Qatar, Oman and Bahrain**.
 - **Saudi Arabia's Nitaqat reforms** are reshaping labor policies, prompting India to negotiate favorable migration policies.
 - India received **\$111 billion** in remittances in **2022**, the largest in the world, with a major

share coming from the Gulf region.

- **Geopolitical and Strategic Cooperation:** Amid rising regional tensions, India's balanced diplomacy between rival blocs, including **Saudi Arabia-Iran and Israel-Arab nations, secures strategic autonomy.**
 - Defense ties are expanding, with India engaging in joint military exercises and securing defense exports.
 - For instance in 2021, India and Saudi Arabia **started their first-ever Naval joint exercise** called the **Al-Mohed Al-Hindi Exercise**.
 - The **India-Iran Chabahar Port Agreement** enhances connectivity with Central Asia, bypassing Pakistan.
- **Food and Maritime Security: India depends on the Middle East for food exports**, with Gulf countries being top buyers of **Indian rice, wheat, and eggs.**
 - For instance, in **FY 2022-23**, the **UAE became India's second-largest importer** of agricultural products, accounting for \$1.9 billion (**6.9% of India's total agricultural exports**).
 - Also, India exports rice, textile, garments, machinery, cereals, automobiles and gems and jewelry to Saudi Arabia.
- **Cultural, Religious, and Soft Power Diplomacy:** India's historical ties with the Middle East, rooted in shared heritage, Sufi traditions, and diaspora, foster strong diplomatic relations.
 - The region's religious significance for millions of **Indian Muslims (Hajj, Umrah)** deepens bilateral engagement.
 - **Bollywood, yoga, and Ayurveda** enhance India's cultural outreach in Gulf nations.
 - Also, the recently built **BAPS Temple in the UAE**, constructed with pink sandstone from Rajasthan, stands as a cornerstone of India-UAE cultural ties.

What are the Key Issues in India-Middle East Relations?

- **Energy Price Volatility and Supply Disruptions:** India's heavy reliance on Middle Eastern oil and gas makes it vulnerable to price fluctuations and geopolitical crises.
 - Rising tensions, such as the **Houthi attacks in the Red Sea (2023-24)** and **OPEC+ production cuts**, disrupt supply chains and increase import costs.
 - Additionally, India's push for energy diversification, including Russian oil imports, **sometimes strains traditional energy partnerships.**
 - For instance, several OPEC+ nations voluntarily agreed to reduce oil production by **2.2 million barrels per day in Q1 2024**, raising global oil prices, impacting India's energy costs.
- **Geopolitical Instability and Regional Conflicts:** Persistent conflicts in **Israel-Palestine, Yemen, and Iran-Saudi Arabia tensions** create diplomatic challenges for India.
 - Balancing relations between **Iran and Saudi Arabia** while maintaining neutrality in the **Israel-Gaza conflict** is crucial.
 - Disruptions in West Asia impact Indian trade, diaspora (**Operation Ajay** was launched by India to evacuate **18,000 Indians from Israel**), and **energy security**, forcing India into complex diplomatic maneuvering.
 - The **IMEC project launch** has been delayed due to the **Israel-Gaza Conflict**, affecting regional trade plans. Though, **the conflict has seen ceasefires**, tensions and issues continue to persist.
- **Trade Barriers and Delayed Economic Agreements:** Despite strong trade ties, the absence of a **Free Trade Agreement (FTA) with the GCC** limits full economic potential.
 - Regulatory issues, tariff barriers, and labor laws hinder business expansion.
 - While CEPA with the **UAE (2022)** boosted bilateral trade, **negotiations for an India-GCC FTA have seen slow progress** due to regional complexities.
 - Also, the IMF has reported that economies in the **Middle East**, North Africa, Caucasus, and Central Asia face shifting trade patterns with deteriorating growth prospects over two decades.
 - These challenges could **hinder India's efforts to enhance trade with Middle eastern countries.**
- **Maritime Security and Threats to Trade Routes:** The **Red Sea, Persian Gulf, and Arabian Sea** are vital for India's trade, yet they face rising security threats from **piracy, and geopolitical**

conflicts.

- Attacks on commercial vessels increase shipping costs, delay cargo movement, and threaten India's **Sea Lines of Communication (SLOCs)**.
 - India's navy has intensified patrols, but instability persists.
- **Houthi attacks (2023-24) in the Red Sea** forced many shipping companies to reroute. It disrupted Indian trade as well, impacting crude oil imports (**65% via Suez Canal**),
 - **Rising shipping costs (40-60%), delays (up to 20 days), and higher insurance premiums (15-20%)** posed major challenges.
- **Labor Rights and Migration Issues:** India's **workforce** in the Middle East faces issues like **job losses, wage delays, and labor exploitation**.
 - While Gulf countries are reforming labor laws (e.g., **Saudi Nitaqat policy**) challenges persist.
 - India is negotiating new migration frameworks to ensure job security and workers' rights, **but illegal migration remains a concern**.
 - In 2024, the tragic deaths of **46 Indian migrant workers in a Kuwait fire** rekindled safety concerns over their living conditions.
- **Strategic Rivalries and External Influence:** China's growing footprint in the Middle East, through **Belt and Road Initiative (BRI) investments and defense ties**, poses a challenge to India's influence.
 - In **March 2023**, Iran and Saudi Arabia, **with China's mediation**, agreed to restore diplomatic ties, showcased China's diplomatic clout, raising concerns for India's regional engagement.
 - Also, between the years **2005 and 2022**, China made investments exceeding **\$273 billion in the Middle East**.

What Role do Infrastructure Projects Play in Shaping India's Foreign Policy Outlook?

- **Strengthening Regional Connectivity and Trade Expansion:** India's infrastructure projects play a crucial role in enhancing trade routes and integrating with global markets.
 - Initiatives like the **India-Middle East-Europe Economic Corridor (IMEC)** and **Chabahar Port** strengthen India's supply chain resilience and reduce dependence on traditional trade routes.
- **Geopolitical Leverage and Strategic Influence:** Investing in infrastructure abroad helps India expand its geopolitical influence and balance regional power dynamics.
 - Through projects like **the Kaladan Multi-Modal Transit Transport Project (Myanmar)** and **Trilateral Highway (India-Myanmar-Thailand)**, India strengthens its presence in Southeast Asia.
 - India's investment in **Africa's digital and physical infrastructure (AAGC)** counters China's **BRI investments in Africa**.
- **Securing Energy and Maritime Interests:** Infrastructure projects in the energy sector ensure long-term security and diversification of supply sources.
 - Projects like the **TAPI (Turkmenistan-Afghanistan-Pakistan-India) gas pipeline** and investments in Middle Eastern ports strengthen India's energy security.
 - With **Assumption Island in Seychelles and Agalega in Mauritius** under development, **Duqm in Oman** aligns with India's proactive maritime security strategy.
- **Enhancing Soft Power and Development Partnerships:** India's foreign infrastructure projects also serve as tools of soft power by promoting sustainable and inclusive development.
 - Through initiatives like **the International Solar Alliance (ISA)** and investments in **water and sanitation projects in Africa**, India builds goodwill and long-term diplomatic trust.
 - These projects strengthen India's global standing as a responsible development partner

What Measures India Can Adopt to Enhance Its Relations with the Middle East?

- **Strengthening Energy Partnerships through Co-Development:** India should shift from being a passive energy importer to an active **co-investor in energy infrastructure** across the Middle East.
 - Joint ventures in **renewable energy, hydrogen production, and oil refining** will create long-term interdependence and reduce price volatility risks.
 - Partnering on **strategic oil reserves and LNG infrastructure** will also ensure stable supply chains for both sides.
 - **Saudi Aramco's stake in India's \$44 billion Ratnagiri refinery** (delayed but viable) could **secure long-term energy ties**.
- **Expanding Trade and Economic Integration Beyond Oil:** Diversifying trade beyond hydrocarbons by promoting **manufacturing, IT, space technology, and defense exports** will create a deeper economic link.
 - Finalizing **India-GCC FTA** will accelerate investment flows and reduce trade barriers.
 - Strengthening **the IMEC corridor's implementation** will make India a critical part of the global supply chain.
 - The **IMEC corridor, announced at G20 (2023)**, must be fast-tracked despite delays from the Israel-Gaza conflict.
- **Co-Development in Defense and Security Cooperation:** India should deepen **joint defense production** rather than just selling arms, making Gulf countries co-developers.
 - Establishing **defense technology parks in the UAE and Saudi Arabia** will integrate supply chains, reducing dependency on Western defense manufacturers.
 - Strengthening **intelligence sharing and anti-terror frameworks** will also enhance security cooperation.
- **Strengthening Investment in Digital and Technology Sectors:** Encouraging Middle Eastern sovereign funds (such as **Saudi PIF, UAE ADIA, and Qatar Investment Authority**) to co-invest in India's **AI, fintech, digital infrastructure, and smart cities** will create mutual economic interdependence.
 - India can also position itself as a **technology partner** by offering **IT, cybersecurity, and space tech collaborations**.
- **Enhancing Food and Water Security through Agri-Tech Cooperation:** India can **co-develop agricultural tech parks in the Middle East**, ensuring food security while boosting Indian agri-tech exports.
 - Collaborations in **desalination, hydroponics, and smart irrigation** will make Gulf countries less dependent on food imports while giving Indian firms a stake in local production.
 - The **India-Middle East Food Corridor** represents a pivotal alliance between India and the UAE, driven by the shared goal of ensuring food security. It can be expanded for joint research and innovation in water conservation.
- **Institutionalizing Migration Frameworks:** Rather than just sending low-skilled workers, India should **collaborate on upskilling and creating labor mobility agreements** for high-skilled sectors like healthcare, engineering, and AI.
 - Jointly establishing **vocational training centers** in Gulf countries will improve wages, working conditions, and mutual economic benefits.
 - Also, the **Pravasi Bharatiya Bima Yojana (PBBY)**, a mandatory insurance scheme for **ECR-category Indian migrants**, has the potential to be expanded and made more inclusive.
- **Strengthening Maritime and Logistics Infrastructure:** India should **co-develop port infrastructure and logistics hubs** in the Middle East to strengthen **maritime trade and supply chain connectivity**.
 - Expanding **port investments in Saudi Arabia, Oman, and Greece** will make India a **logistics hub for IMEC** and beyond.
 - **Adani Ports, exploring investments in Greek ports (2024)** to expand India's trade footprint in Europe, is a significant step.
- **Strengthening Counter-Terrorism Through Beyond Borders Principle:** India should **enhance counter-terrorism collaboration with Middle Eastern nations** by institutionalizing intelligence-sharing mechanisms, joint counter-terrorism exercises, and cyber-surveillance networks.
 - Establishing a **regional counter-terrorism center with Gulf nations** can improve real-time threat assessment and crisis response.

- **Inclusion of Middle Eastern States in SCO as dialogue partners** opens a window for India to collaborate through **Regional Anti-Terrorist Structure**.
- Cooperation on tracking terror financing through joint financial intelligence units will strengthen security frameworks.

Conclusion:

India's engagement with the Middle East is **no longer just about energy imports**—it has evolved into a **multi-dimensional partnership encompassing trade, strategic connectivity, defense collaboration, and cultural diplomacy**. To maximize its potential, India must accelerate infrastructure development, finalize trade agreements, and deepen security cooperation while maintaining its strategic autonomy.

Drishti Mains Question:

India's engagement with the Middle East is evolving beyond energy trade to encompass strategic partnerships, infrastructure projects, and defense cooperation. Discuss the key drivers of this shift and the challenges India faces in deepening its ties with the region.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims

Q. Mediterranean Sea is a border of which of the following countries? (2017)

1. Jordan
2. Iraq
3. Lebanon
4. Syria

Select the correct answer using the code given below:

- (a) 1, 2 and 3 only
(b) 2 and 3 only
(c) 3 and 4 only
(d) 1, 3 and 4 only

Ans: C

Q. Which one of the following countries of South-West Asia does not open out to the Mediterranean Sea? (2015)

- (a) Syria
(b) Jordan
(c) Lebanon
(d) Israel

Ans: B

Q. The term “two-state solution” is sometimes mentioned in the news in the context of the affairs of (2018)

- (a) China
- (b) Israel
- (c) Iraq
- (d) Yemen

Ans: B

Mains

Q. "India's relations with Israel have, of late, acquired a depth and diversity, which cannot be rolled back." Discuss. (2018)

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