Gulf States and the Conflict between India and Pakistan

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Abstract: Traditional cultural and economic ties between the Indian sub-continent and the Gulf region have existed for several centuries now. Strengthened further, both India and Pakistan continue to have important economic and strategic ties with the countries of the Gulf. While the Gulf region offers substantial economic advantages to both, they also have the potential to make positive interventions in the bilateral conflict between India and Pakistan. The following chapter analyses the role and position of the Gulf Arab States - in particular the member states of the Gulf Cooperation Council (GCC), and their potential in acting as a buffer for the Indo-Pak conflict. It will evaluate the official positions of the Gulf region towards various aspects of the Indo-Pak conflict. The Gulf countries have often voiced their positions at regional and international forums. An additional aspect of this relationship is that the Gulf States are also members of the Organization of Islamic Conference (OIC), a pan-Islamic body which has often addressed issues of contention between India and Pakistan, particularly with respect to Kashmir. Through an academic understanding of the issues and incorporating viewpoints of experts in the area, the chapter seeks to provide fresh insights into an aspect which has the possibility of becoming a crucial incentive for peace between India and Pakistan.

Keywords: Pakistan, India, Gulf States, Conflict, Kashmir

Introduction

Traditional cultural and economic ties between the Indian sub-continent and the Gulf region have existed for several centuries now. Strengthened further, both India and Pakistan continue to have important economic and strategic ties with the countries of the Gulf. While the Gulf region offers substantial economic advantages to both, they also have the potential to make positive interventions in the
bilateral conflict between India and Pakistan. The following chapter analyses the role and position of the Gulf Arab States - in particular the member states of the Gulf Cooperation Council (GCC), and their potential in acting as a buffer for the Indo-Pak conflict. It will evaluate the official positions of the Gulf region towards various aspects of the Indo-Pak conflict. The Gulf countries have often voiced their positions at regional and international forums. An additional aspect of this relationship is that the Gulf States are also members of the Organization of Islamic Conference (OIC), a pan-Islamic body which has often addressed issues of contention between India and Pakistan, particularly with respect to Kashmir. Through an academic understanding of the issues and incorporating viewpoints of experts in the area, the chapter seeks to provide fresh insights into an aspect which has the possibility of becoming a crucial incentive for peace between India and Pakistan.

**India and the Gulf Region**

India and the Gulf Cooperation Council

The GCC as a collective entity has tremendous significance for India. Separated only by the Arabian Sea, India has a vital stake in the stability, security and economic well-being of the Gulf. As a group, the GCC has been increasingly determining the economic, political, and security policies of its member States and the GCC countries are moving ahead rapidly with their economic integration efforts.

India’s old, historical ties with GCC states, coupled with increasing imports of oil and gas, growing trade and investment opportunities, and the presence of 3.5 million Indian workers in the region, are of vital interest to India. India’s economic linkages with the GCC have increased steadily during 1970s, 80s and 90s, especially due to growth in oil imports. As analysts point out, a pattern of interdependence is emerging between India and the GCC due to their strategic position and central role in the current energy security discourse. Development induced growth in India during the 1990s resulted in higher energy consumption, increasing oil demand and a growing reliance on oil. The process of deregulation of the petroleum industry
in India was completed in 2002 with a significant lifting of curbs by the Indian government on Foreign Direct Investment in the petroleum sector. On the supply side there has been a declining western market share of Gulf oil and declining oil revenues for the Gulf States. However due to vast reserves and low cost production capabilities, this will stabilize and they will regain their position as key oil supplier. Even though India has taken significant measures to diversify the import sources of oil and gas, the current trends of consumption indicate clearly that the dependence on the Gulf is likely to remain.

From the strategic point of view, India and GCC share the desire for political stability and security in the region. Their common political and security concerns translate into efforts for peace, security and stability in the Gulf region and South Asia and create further opportunities for GCC-India cooperation in the future. The areas for cooperation are also widening beyond investments, trade and commerce and sharing and development of human resources to security.

**India’s relations with GCC countries**

Even prior to the establishment of the GCC, India has enjoyed cordial relations with most of the countries in the region. The following section would highlight some key developments in India’s relations with the Arab Gulf states.

**Economic Cooperation**

Perhaps the most active and significant component of the relationship between the GCC and India is the economic cooperation between the two. The two regions have over the years expanded their traditional trade ties into a sustainable economic partnership, creating a pattern of interdependence. India has established key economic alliances with individual GCC countries as well as with the region as a whole. It has granted the Most Favoured Nation (MFN) status to the GCC countries and a Framework Agreement for Economic Cooperation was signed between India and the GCC in
Besides paving the way for initiation of discussions on feasibility of FTA, the agreement provides for setting up of a joint committee on economic cooperation to oversee the implementation of the pact and other bilateral agreements. Both sides have agreed to make arrangements for setting up joint investment projects and facilitating corporate investments in various fields. The first GCC-India Industrial Conference comprising ministerial and business delegations from the GCC States and India was held in Mumbai in February 2004.

The GCC countries have invested around $406.3 million constituting around 1 percent of total FDI received by India. Among the GCC countries, UAE is the largest investor in India, accounting for around 79 percent ($321 million) of the total investment made by the GCC countries followed by Bahrain ($32.7 million), Oman ($24.51 million), Saudi Arabia ($19.18 million), Kuwait ($8.87 million) and Qatar ($0.09 million).\(^1\)

Apart from the economic partnerships between India and the GCC collective, India has also established stable economic relations with individual GCC states.

**Trade Figures**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Saudi Arabia</td>
<td>$3,442 million</td>
<td>$15,972 million</td>
</tr>
<tr>
<td>UAE</td>
<td>$11,119 billion</td>
<td>$18,172 billion</td>
</tr>
<tr>
<td>Kuwait</td>
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<td>$1.57 billion</td>
</tr>
<tr>
<td>Qatar</td>
<td>$40 million</td>
<td>$2.7 billion</td>
</tr>
<tr>
<td>Bahrain</td>
<td>$532 million</td>
<td>$880 million</td>
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<tr>
<td>Oman</td>
<td>$900 million</td>
<td>$1.5 billion</td>
</tr>
</tbody>
</table>

Source – Various governmental sources

\(^1\) India-Attractive Destinations for GCC Investments, [http://www.menafn.com/qn_news_story_s.asp?StoryId=1093142677](http://www.menafn.com/qn_news_story_s.asp?StoryId=1093142677)
India and Saudi Arabia - The fourth largest trading partner of India, during the last few years, a number of trade and industry delegations have visited Saudi Arabia to explore opportunities for long-term partnerships and cooperation, including joint ventures. Soon after new investment laws came into force in Saudi Arabia in mid-2000, a number of Indian firms have taken advantage of the new Saudi laws providing for 100% foreign ownership of projects in the Kingdom. Since then, Indian companies have established 108 joint ventures in Saudi Arabia in different sectors. In January 2006, during his trip to India, King Abdullah of Saudi Arabia signed four accords significant among which were the agreement on avoidance of double taxation and the bilateral investment protection agreement.

India and UAE – The relationship between India and the United Arab Emirates (UAE) has evolved into a significant partnership in the economic and commercial sphere with UAE emerging as the second largest market globally for Indian products. At the same time Indians have emerged as important investors within the UAE and India as an important export destination for the UAE manufactured goods.

Many Indian companies have contributed to the growth of a number of sectors in the region, like power generation and transmission, highways, telecommunication, water and other infrastructure development. The presence of warehouses of the different Indian companies in UAE has also resulted in an increase in the trade not only with UAE but also India’s trade with other Gulf countries.¹

India and Oman - Economic and commercial exchanges between India and Oman go back

¹ Embassy of India, Abu Dhabi, http://www.indembassyuae.org/induae_bilateral.phtml
centuries with a merchant community from India in Oman for several generations. This interaction has helped in laying the foundation for a multi-dimensional economic relationship between the two countries in recent years as Oman embarked on its process of development and oil revenues started flowing into the country in the 1970s. In June 1993, an Agreement for Economic Trade & Technical Cooperation was signed between India and Oman. India-Oman trade has been growing and India is the fifth largest source for imports (about 4.5%) into Oman. India and Oman have also finalized a Bilateral Investment Promotion & Protection Agreement (BIPA) and Double Taxation Avoidance Agreement (DTAA).

**India and Kuwait** - The statement by former Indian ambassador to Kuwait is indicative of the strengthening economic relations between India and Kuwait - “I’d say that the political relationship between our two countries has been and is excellent. Our economic relations have been progressing exceptionally well, and our cultural cooperation is moving at a steady pace.”

1 The first ever meeting of the Indo-Kuwait Joint Ministerial Commission for Trade, Economic, Scientific and Technological Cooperation took place in Kuwait in November 2006. The second meeting of the commission was held in July 2008, in New Delhi. From the point of view of the labour sector, a Memorandum of Understanding (MoU) on Labour, Employment and Manpower Development was also

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signed in Kuwait in April 2007. The most important encouragement in terms of economic, trade and investment cooperation is the agreement for Mutual Promotion and Reciprocal Protection of Investments (BIPA) and also a Double Taxation Avoidance Agreement (DTAA) between India and Kuwait. Thus, while there has been investment in marketable securities and investment through third countries, the BIPA and DTAA should provide an opportunity and comfort for direct investments.

**India and Qatar** - There is a growing synergy between India and Qatar in the hydrocarbon and other sectors. Indeed, the two countries are natural economic partners, with their strengths and potentialities complementing each other. Qatar has made significant progress in the development of its natural gas reserves in the North Dome Field. India is a large and expanding market for export of LNG from Qatar and the geographical proximity of the two countries virtually ensures mutually beneficial interaction in a long-term perspective. In addition, there are enormous opportunities for expanding bilateral trade and other economic linkages, considering the geographical proximity and historical ties between the peoples of both the countries.¹

India is the tenth biggest source for Qatar’s imports and the third biggest market for Qatar’s exports. However, bilateral trade constitutes only a part, though an important part, of the potential for economic cooperation between India and Qatar. The Government of Qatar has made large investments in the development of its two LNG projects and port at Ras

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Laffan. With its large, expanding and long term requirements of natural gas, India is naturally keen to take advantage of the existence of a reliable and virtually inexhaustible source of natural gas situated so close to its own consuming centres.

In pursuance of these complementarities, the two sides signed an MOU in January 1998 for cooperation in the gas, oil and industrial sectors. The MOU envisaged a number of steps to exploit the potential in these areas, with the purchase of LNG from Qatar as its primary component. In July 1998, H.E. Abdullah Bin Hamad Al-Attiyah, Minister of Energy and Industry led a high-level delegation to India at the invitation of his counterpart and continued the on-going dialogue for bilateral cooperation in the hydrocarbons sector. India has also signed an agreement to purchase 7.5 million tons of LNG every year from Qatar and the first shipment took place in 2004.

Some of the agreements signed between India and Qatar are:

- Bilateral Investment Promotion and Protection Agreement
- Double Taxation Avoidance Agreement
- MOU on Foreign Office Consultations
- Agreement on Cultural Cooperation
- Agreement on Economic and Technical Cooperation
- Agreement on Organisation of Manpower Employment

**India and Bahrain** - India and Bahrain signed an economic and technical cooperation agreement in April 1981 during the visit of H.H the Amir to New Delhi, following which Instruments of Ratification were exchanged in 1983. The first meeting of the Indo-Bahrain Joint Economic and Technical Committee (JETC) was held in New Delhi in 1986 and the second in Bahrain in 1991. Most recently, the Fourth Meeting of the India - Bahrain Joint Committee on Economic and Technical Cooperation (JCETC) was held in Bahrain on 14-15 November, 2007. The Indian delegation was led by Shri E. Ahamed, Minister of State for External Affairs. The delegation included Joint Secretary (Gulf & Haj).
Ministry of External affairs, representatives from the Ministries of Commerce, Overseas Indian Affairs, Petroleum and Natural Gas as well as Public Sector Undertakings like National Small Industries Corporation and Education Consultants India Ltd. The two sides looked at the possibility of cooperation in areas of petroleum, aluminium, chemicals, shipping, finance and hospitality. The issues of cooperation in financial sector including Avoidance of Double Taxation, health, IT, civil aviation, manpower, education, information and culture and youth and sports were also discussed. It was agreed to carry forward the process of Mumbai Declaration adopted at the Third Indo-GCC Industrial Forum held in Mumbai in May 2007 for economic engagement in areas like energy, petro-chemicals, construction etc. Both the sides wanted closer cooperation in the areas concerning, inter alia, World Trade Organization related matters and technical cooperation in areas of standardization and intellectual property rights. A Joint Business Council (JBC) between India and Bahrain was set up on 12th October, 1994.

**Political and Strategic Cooperation**

While the economic relationship between India and the Arab Gulf states goes back several centuries, the nature of the political relationship has changed significantly over the years. When it came to regional politics, Muslim Pakistan was consistently favoured over India. Gulf States sympathized with Islamabad in wars with India and backed Pakistan’s claims in Kashmir. Pakistan has traditionally supplied the Gulf countries with soldiers, pilots and police.

Gulf unease with India was also compounded by New Delhi’s policy of aligning itself with the erstwhile Soviet Union and its concept of a socialist state. This put India at odds with the pro-American policies of the Gulf States. In particular, India’s relations with the Gulf States have been symptomatic of its political partnership with Saudi Arabia. There was a significant cooling off of relations between India and Saudi Arabia in the early 1990s due to several reasons from the destruction of the Babri Masjid in India to the Indian
sympathy for the Iraqi regime during the first Gulf war. The Saudis saw Indian overtures to the newly independent Central Asian Republics as being more in tune with Iran and the Indian side saw Saudi Arabia as more closely aligned with Pakistan.

The landmark visit of King Abdullah of Saudi Arabia to New Delhi in January 2006 was the first visit by a Saudi head of state in 51 years. As chief guest at the Indian Republic Day ceremony, the visit was evidence of a shift in attitudes in India and the GCC. Since then the political relationship has improved. India’s growing closeness to the United States in the post cold war era has also contributed to this changing relationship.

Visits between heads of states from the GCC and India are now a regular feature. To further political cooperation, the landmark ‘GCC-India Political Dialogue’ involving the External Affairs Minister of India with the GCC Chairman, the Secretary General and Ambassadors/representatives from GCC countries was held, for the first time, on the sidelines of the United Nations General Assembly on September 26, 2003.

India is keen on cooperation with the GCC to ensure safety and security of sea lanes and of communication safety and freedom of navigation in the shipping lanes and trade routes, counter religious extremism and transnational terrorism, narcotics trafficking and proliferation of weapons in the region and achieve peace in the sub-continent given Pakistan’s bond with the region.¹

India has over the years made notable developments in its defence capabilities. To capitalize on this, over the years, India and some of the GCC states have also taken significant steps to further cooperation in the field of defence.

India and UAE entered into a Defence Cooperation Agreement signed in June 2003 in New Delhi which provides for cooperation between the two countries in matters related

to security and defence and for annual meetings of 'Strategic Dialogue'. India has been training UAE defence personnel in various disciplines at its specialized institutions. The two countries resolved to examine the possibility of import and export of arms, interact on various aspects of defence policy and security and exchange information on scientific research, humanitarian and peacekeeping operations.\(^1\) The subsequent meeting of the Joint Defence Cooperation Committee was held in April 2006 in New Delhi. Interaction between the Coast Guards of both the countries has enabled identifying possibilities of cooperation in this area as well. UAE defence personnel have also been undergoing defence training in India under Self Financing Schemes.

Considered the closest to India among the GCC countries, Oman is being offered training cooperation of its officers and men in Indian military training institutions. In December 2006, An MoU on Defence Cooperation was signed between India and Oman. The areas of cooperation envisaged in the MoU include exchange of expertise in military training and information technology, utilization of military and educational courses and programs, exchange of observers attending military exercises and exchange of formal visits. The MoU is expected to further enhance constructive interaction between the two countries and facilitate strengthening bilateral defence relations, including the supply of Indian equipment to Oman.\(^2\)

In November 2008, India and Oman agreed to step up defence cooperation by upgrading their joint naval exercises. The issue of stepping up defence cooperation was discussed

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during Prime Minister Manmohan Singh’s three-day visit to the Gulf countries.\footnote{Sandeep Dikshit, “India, Oman to step up defense ties” The Hindu, November 10, 2008, \url{http://www.hindu.com/2008/11/10/stories/2008111060821400.htm}}

Singh’s visit also led to a defence agreement with Qatar which includes the possibilities of stationing Indian troops in the Arab country, sources in the Indian Defence Ministry said. The two countries have also joined in a maritime security arrangement, which will be extended to other countries. Earlier in June 2007, the two countries had agreed to jointly produce weapons and equipment. Indian Defence Ministry sources said Qatar is keen to collaborate with Indian private and state-owned defence companies, which in turn have entered into some sort of a tie-up with American companies for weapon and equipment production.\footnote{Vivek Raghuvanshi, “India, Qatar discuss defense cooperation”, Defence News, November 10, 2008, \url{http://www.defensenews.com/story.php?i=3812947}}

India is also keen to establish defence ties with other Gulf States and is in dialogue with some of them towards this end.

**Indian Expatriate Community in the Gulf**

Perhaps the most significant element of India’s relationship with the Gulf States is the presence of a sizeable expatriate population in these states. The expats in the Gulf contribute considerably to the bilateral relations between India and the Gulf.

<table>
<thead>
<tr>
<th>Country</th>
<th>Indian Population</th>
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<tbody>
<tr>
<td>Saudi Arabia</td>
<td>1.4 million</td>
</tr>
<tr>
<td>Oman</td>
<td>550,000</td>
</tr>
<tr>
<td>Kuwait</td>
<td>579,058</td>
</tr>
<tr>
<td>UAE</td>
<td>1.4 million</td>
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</table>
Statistics collected by the ministry of External Affairs reveal that the ‘socio-economic profile’ of Indian migrants to the Gulf has been shifting in a positive direction since the late 1980s. There has been an upward flow of professionals and white collar workers. Others are engaged in the gold, electronics, motor spare parts or textiles trade, in the construction industry or in managing hotels and restaurants. Each year India receives significant amount of foreign remittance from its nationals in the Gulf – a sum which contributes to India’s financial reserves and is reinvested in development in India. According to a World Bank report in 2007, India is the highest receiver of remittances from abroad. Around 5.7 million Indians from across the world sent $27 billion as remittances in 2007 and the Gulf accounted for a large chunk of it.

Pakistan’s relations with GCC countries

Pakistan enjoys special and cordial relations with all of the Gulf countries, formalized through bilateral and multilateral cooperation on trade, security and economic development. It also benefits through remittances coming from its diaspora in the Gulf and also through the Gulf investment towards development in Pakistan, mainly in telecommunication, construction, agriculture and energy sectors.

Bilateral Relations

With hopes of enhancing economic and trade activities between Pakistan and the GCC, the Framework Agreement on Economic Cooperation was signed in 2004. The meeting held between the GCC Secretary General Abdul Rahman Bin Hamad Al-Attiya and GCC Ministerial Council Chairman Sheikh Muhammad Sabah Bin Salem Al Sabah (also the Foreign Minister of Kuwait) and former President of Pakistan Pervez Musharraf, in Islamabad, was the first step towards
liberalizing trade and thus initiating a discussion on Free Trade between the stakeholders.

Since 2004, there have been a series of negotiations between Pakistan and the GCC to reach an agreement on the Free Trade Agreement (FTA). Considering the ongoing financial crisis in Pakistan, the country is in dire need of the FTA with the GCC to boost its economy. In September 2008, at the second round of negotiations in Saudi Arabia, it was decided that the FTA would be signed by the end of 2008.

In addition to cooperation with the GCC as a regional bloc, Pakistan has also maintained close bilateral relations with individual members of the GCC.

**Pakistan and Saudi Arabia:** Owing to its significance of being the holiest place for Muslims around the world, Saudi Arabia occupies a very sacred place in the hearts of millions in Pakistan. This relationship gets further strengthened every year with about 160,000 Pakistani pilgrims going to Saudi Arabia to perform the Haj, and the number is much greater for *Umrah*. Over the decades, Saudi Arabia has also been providing support for Islamic education in Pakistan and has welcomed thousands of Pakistani workers into its labour force. The value of Pakistan-Saudi Arabia relationship is evident through frequent high-level talks between state officials. During his visit to Saudi Arabia in 2006, then Prime Minister of Pakistan, Shaukat Aziz, emphasized Pakistan's closeness to the Kingdom, “Pakistan will make any sacrifice for the safety, integrity and sovereignty of Saudi Arabia”.

In the recent past, the Gulf region has been active in domestic politics in Pakistan, for instance in the form of hosting former Prime Ministers Nawaz Sharif in Saudi Arabia and Benazir Bhutto in the UAE. The recent case of Saudi Arabia putting pressure on Nawaz Sharif to value his deal and live in exile in Saudi Arabia is unique because it was probably the first time the Kingdom got involved in the internal politics of any other country.

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There are about 1 million Pakistani expatriates in Saudi Arabia, which is home to overall 4.5 million expatriates. In 2005, in a bilateral exchange both countries explored possibilities of increasing the Pakistani workforce in Saudi Arabia. In 2006, five key MoUs were signed between the officials of two countries in the areas of politics, economic, education, scientific and technical cooperation, during the visit of King Abdullah to Pakistan. Saudi Arabia’s assistance to Pakistan had already exceeded $1 billion when it pledged another $673 million to the relief and rehabilitation of Pakistani areas devastated by the 2005 earthquake. With 110,000 barrels a day, Saudi Arabia is the largest supplier of oil to Pakistan. The decision of the Saudi Fund for Development to provide Pakistan with 100,000 barrels of crude oil per day and 70,000 bpd of furnace oil for five years beginning 1998 on the basis of deferred payment was crucial in Pakistan’s recovery from the economic crisis it faced in the aftermath of the sanctions following the nuclear tests.

The Kingdom is amongst the top 20 major importers of Pakistani goods, including raw cotton, cotton cloth, garments, carpets, furniture, footwear, sports and surgical goods, and food items. In 2005-06, Pakistan’s exports to Saudi Arabia were $330 million and imports were $2994. The business community from both countries has initiated joint projects in industrial and construction sectors. Presently, there are more than 300 Pakistani investors in Saudi Arabia authorized by the Saudi Foreign Investment Authority (SAGIA). To enhance collaboration between the business communities, both countries have set up the Pak-Saudi Joint Business Council (JBC). The JBC has already organized two meetings in 2003 and 2005. In the year 2005-

2 Tanvir Ahmad Khan, "Gulf-Pakistan Relations: A Political Perspective", in Faryal Leghari (ed.) Gulf-Pakistan Strategic Relations (Dubai, Gulf Research Center, 2008): 23-50
06, $272 million came to Pakistan as a Foreign Direct Investment (FDI) from Saudi Arabia.¹

**Pakistan and UAE**: Pakistan was the first country to formally recognize UAE as an independent state in 1971. Continuing the legacy of close relations, the top leadership in the two countries maintains close and frequent contacts. The friendship has been enhanced by UAE’s support to Pakistan in troubled times. In 2005, the UAE contributed $100 million towards Pakistan’s earthquake relief fund. Recently, at a very crucial time of economic downfall in the history of Pakistan, Abu Dhabi (UAE) hosted the ‘Friends of Pakistan’² meeting on November 17, 2008. During the meeting donor countries discussed possibilities of assisting Pakistan in times of economic recession. This historic meeting was followed by President Asif Ali Zardari’s visit to UAE to meet President Sheikh Khalifa bin Zayed. At the meeting the possibilities of UAE public and private investment in Pakistan were discussed, specifically in the areas of energy, agriculture, construction and infrastructural development.

Over the years, UAE has become home to skilled labour and professionals from Pakistan, particularly from Karachi. It is estimated that around 700,000 Pakistani expatriates live in UAE, and 166,451 Pakistani skilled persons moved to UAE in 2006-07.³ There is a MOU between the two countries in the field of manpower, which enables Pakistan to increase its manpower presence in UAE.

Ministerial level meetings between the UAE and Pakistan have enhanced bilateral trade between the two partners. The

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² ‘Friends of Pakistan’ group is comprised of Saudi Arabia, UAE, China, France, UK, USA, Canada, Turkey, Australia and Italy.

UAE is one of Pakistan’s top three trade partners with a trade volume over $4 billion (2005-06) and it was estimated to reach $5 billion by the end of 2007. With the aim of promoting bilateral trade and economic relations, the Federation of Pakistan Chambers of Commerce and Industry and Federation of UAE Chambers of Commerce and Industry reached an agreement to setup Pakistan-UAE Joint Business Council. The agreement came as an outcome of 9th session of Pakistan-UAE Joint Ministerial meeting in Islamabad in 2007.

In June 1994, Pakistan and UAE established a Defence Consultative Group to plan cooperation in a number of fields including joint defence production and intelligence-sharing. In April 2006, the two countries signed a Defence Cooperation Agreement to step up their collaborations.

Pakistan and Oman: Geographical proximity is an asset for both Pakistan and Oman because it increases viability of several bilateral projects. In 2005, the two countries signed a MoU to establish a Political Consultation Mechanism between the Foreign Ministries of Pakistan and Oman. Both countries have also reached the following crucial agreements: Organizing Air Service Agreement in 1976; Promotion of Protection and Investment Agreement in 1997; Cultural and Educational Agreement in 1984; Economic, Technical and Commercial Cooperation Agreement in 1986; and Maritime Boundaries Agreement in 2000. Oman has donated $100 for infrastructural development in the marginalized province of Baluchistan in Pakistan, out of which a significant portion will be invested in expanding the runway at the Gwadar Airport. This funding was committed by His Majesty Sultan Qaboos during his visit to Pakistan in

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2. Tanvir Ahmad Khan, "Gulf-Pakistan Relations: A Political Perspective", in Faryal Leghari (ed.) Gulf-Pakistan Strategic Relations (Dubai, Gulf Research Center, 2008): 23-50
2001. Later in 2005, Oman donated $5 million towards earthquake reconstruction work in Pakistan.¹

In March 2005, the visiting prime minister of Pakistan proposed a Free Trade Agreement between Pakistan and Oman, later reiterated in 2006. The Pakistan-Oman Investment Company was setup in 2002, which is an important milestone achieved by the Oman-Pakistan Joint Investment Commission.

The significance of the Pakistan-Oman Investment Company is manifested through the fact that the Pakistan-Oman microfinance Bank was inaugurated by the President of Pakistan in May 2006. It is important to mention that the Oman International Bank now operates in Gwadar, Karachi and Lahore, and recently Bank Muscat has also invested in Pakistan. Hopefully, these investments from Oman will lead to more investments from other countries.

**Pakistan and Kuwait:** The presence of about 125,000 Pakistanis in Kuwait shows the strength of bilateral ties. Kuwait is Pakistan's third largest partner in the GCC. The $250 million balance of payment support it provided after the nuclear tests of 1998 supplemented the effort of Saudi Arabia and UAE to stabilize Pakistan's economy. The Kuwait Fund for Arab Economic Development has invested more than $200 million since 1976 in 10 projects which are now complete.² The Kuwait Fund has provided $245 million towards infrastructural development in Pakistan, especially roads, power, water and social sectors.³

In 2004, at a very important meeting of the Pak-Kuwait Joint Ministerial Commission, representatives from both sides

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¹ Leghari, F. GCC countries' response to Pakistan earthquake -- an evaluation. (Dubai: Gulf Research Center, 2005)
² Tanvir Ahmad Khan, "Gulf-Pakistan Relations: A Political Perspective", in Faryal Leghari (ed.) Gulf-Pakistan Strategic Relations (Dubai, Gulf Research Center, 2008) : 23-50
³ “Pakistan, Kuwait to Enhance Bilateral Trade to US$ 1 Bn”, **Pakistan Times Business & Commerce Desk**, (Rawalpindi) February 21, 2004.
agreed to enhance bilateral trade from $800 million to 41 billion by encouraging private sector investment.¹

**Pakistan and Qatar:** Since Qatar’s independence in 1971, Pakistan has maintained cordial relations with Qatar. Relationships between the two were initiated through HH Sheikh Khalifa bin Hamad Al Thani’s visits to Pakistan in 1970s and 1980s followed by exchange visits by the Pakistani leadership. There have been frequent high-level meetings between the two countries, specifically on economic cooperation. Bilateral trade has increased since President Musharraf’s visit to Qatar in 2005. In 2005-06, bilateral trade between Pakistan and Qatar reached $529.06 million.² In the aftermath of the earthquake in Pakistan, Qatar sent relief goods of about $20 million and also operated several medical camps in the earthquake affected areas.³

In June 2007, the Qatari finance minister signed several agreements plus a MoU in Islamabad. With a total value of $2 billion, these agreements envisaged among other things industrial zones and power projects. Pakistan expects a spurt in Qatari investment in the years ahead. Apart from a joint Ministerial Commission to oversee cooperation, a Joint Business Council has also been formed.

Both countries are also in the process of reaching an agreement to implement the Qatar-Pakistan gas pipeline project. For this project, the Pakistani Ministry of Petroleum and Natural Resources has signed a MoU with Crescent Petroleum Company International Limited of Sharjah in 2000. The project is envisaged to also provide natural gas to India. At a state-level meeting in 2005, officials of both

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1 “Pakistan, Kuwait to enhance bilateral trade to US$ 1 Bn”, *Pakistan Times*, February 21, 2004.
2 “Media delegation to visit Pakistan”, *The Peninsula* (Qatar), August 23, 2007
3 Leghari, F. *GCC countries' response to Pakistan earthquake -- an evaluation* (Dubai: Gulf Research Center, 2005)
countries agreed for investment in the oil and gas sector. Pakistan and Qatar have signed a MoU to enhance Air Traffic and facilitate the travelling in 2004.

**Pakistan and Bahrain:** Recently Prime Minster of Pakistan, Syed Yousuf Raza Gilani, in a meeting with a visiting official from Bahrain, emphasized that stronger bonds of close friendship and cooperation between the two countries are deeply rooted in common faith and cultural values. In 2006, Shaikh Salman bin Hamad Al-Khalifa visited Pakistan and met the Prime Minister Shaukat Aziz to cooperate in the areas of economic, defence and security, as well as both countries explored possibilities of a bilateral FTA. Trade turnover is relatively small but it has a growth potential, as in 2007 the bilateral trade reached to $250 million. Therefore, a bilateral FTA would be an ideal move to uplift the scope of trade between the two countries. Drafts from both sides on proposed FTA agreement have been exchanged and a formal agreement is expected in the near future.

Number of direct transport routs between two countries could be a measurement of the extent of bilateral relations. In this regard, a landmark Air Services Agreement (2004) was reached between the Gulf Air and Pakistan International Airlines to operate weekly flights from Bahrain to Lahore and Peshawar.

**Defence Cooperation**

Highlighting his government’s new security agenda, newly elected Prime Minister Syed Yousaf Raza Gilani states, “the new government’s key focus, unlike that of the General (ret.) Pervez Musharraf, will be on the countries of the Gulf”.

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2. Tanvir Ahmad Khan, "Gulf-Pakistan Relations: A Political Perspective", in Faryal Leghari (ed.) *Gulf-Pakistan Strategic Relations* (Dubai, Gulf Research Center, 2008): 23-50
Considering geographical proximity and religion as the key factors, the expertise and services of Pakistan’s armed forces have been of considerable demand in the Gulf. Security cooperation between Pakistan and the Gulf basically started when Pakistan sent more than 11,000 troops to secure Saudi Arabia, during the war against Iraq (1991-92). In 1983, emphasizing the Kingdom’s internal defence, Saudi Arabia had also signed two security cooperation agreements with Pakistan. In the early 80s, “Hundreds of Pakistani officers and technicians were serving in warships and naval establishments in GCC states, Pakistani instructors were also prominent at the new Saudi naval school in Jubail, open to all six GCC states”\(^1\). Since then this relationship has been strengthened by Pakistan opening doors of its military academies to security personnel from the Gulf countries.

Cooperation between the Armed Forces of Pakistan and Saudi Arabia spans the last four decades. A protocol agreement signed in 1982 has now been replaced by a more comprehensive Military Cooperation Agreement. There has been emphasis on training and strengthening institutional links between defence establishments of the two countries. Pakistan’s facilities such as the Pakistani Aeronautical Complex, Heavy Industrial Complex at Taxila near Islamabad and the ordinance factories are open to long term collaboration with Saudi defence organizations.\(^2\) There have been regular bilateral dialogues on security cooperation between armed forces officials from Saudi Arabia and Pakistan. In 2001 Saudi Arabia and Pakistan started a joint project to manufacture light arms and ammunition. Later in 2002, Saudi Arabia provided nearly $400,000 to support Pakistan’s military advancement.\(^3\)

\(^1\) Hyman, A., Ghayur, M. & Kaushik, N. *Pakistan: Zia and After* (Asia Publishing House, University of Michigan, 1988)
\(^2\) Tanvir Ahmad Khan, "Gulf-Pakistan Relations: A Political Perspective", in Faryal Leghari (ed.) *Gulf-Pakistan Strategic Relations* (Dubai, Gulf Research Center, 2008): 23-50
\(^3\) Lavoy, Peter R. “Pakistan’s Foreign Relations” in Devin T. Hagerty (ed.) *South Asia in World Politics*, (Karachi: Oxford University Press): 49-70
There are strong links between the naval establishments of Pakistan and Oman as exemplified by the elaborate naval exercise, *Thamal al Tayyab*, in the Gulf of Oman in September 2006. A Pakistan-Oman Joint Program Review Group meets every two years to assess and plan defence cooperation.¹

Pakistan has established long-lasting defence collaboration with Bahrain and to expand that cooperation Pakistan’s Defence Minister visited Bahrain in January 2008. In May 2008, defence officials from Bahrain, including Defence Minister Ahmad Mukhtar and Bahrain National Guards Commander Major General Sheikh Muhammad bin Isa Al Khalifa visited Pakistan. Leaders from both countries emphasized the importance of military-to-military cooperation between Bahrain and Pakistan. Pakistan has so far trained about 400 Bahraini military personnel and about 1,200 Pakistani defence personnel with years of experience in the Pakistani armed forces, serve Bahrain’s air force and Navy.² The two countries have a Joint Program Review Group to regulate defence cooperation. In early 2008, a delegation of Pakistan defence officials visited Bahrain to further enhance defence cooperation between the two countries.

Pakistan and UAE have signed the Defence Cooperation Agreement and Pakistan is keen to enhance defence cooperation with Qatar and Kuwait.

**Pakistani Expatriate Community in the Gulf**

No exact data is available to exactly measure the number of Indo-Pak expatriates in the GCC, but the figure is estimated around 6 million Indians and 3 million Pakistanis in the

¹ Tanvir Ahmad Khan, "Gulf-Pakistan Relations: A Political Perspective", in Faryal Leghari (ed.) *Gulf-Pakistan Strategic Relations* (Dubai, Gulf Research Center, 2008): 23-50
² Ibid
Remittances coming from Pakistani workers in the Gulf States are a significant contribution to the home economy. In times of economic recession, struggling Pakistani governments have been relying on foreign exchange through remittances. According to the State Bank of Pakistan, Pakistan received a record amount of $5.493 billion as workers’ remittances during the fiscal year 2006-2007. Saudi Arabia was the outstanding source with $1,024 million with UAE close behind with $866.49 million while Bahrain, Kuwait, Qatar and Oman accounted for $757.33 million.

Governments in both India and Pakistan have also been seriously concerned about the abuse of and discrimination against their citizens in the Gulf countries. In late 2007, Dubai experienced demonstrations from South Asian construction workers demanding better pay and working conditions. This demonstration was the first of its kind and ending up being violent with attacks on police. As a result of this many protesting workers were immediately deported and jailed. Earlier in 2008, a court in Dubai sentenced 45 Indian construction workers to six months imprisonment for their involvement in the demonstrations.

Labour unrest is an ongoing phenomenon with inflation hitting most of the Gulf States and this is mainly due to discrimination against workers from South Asia e.g. low wage and worse working conditions. Recently, policymakers in the Gulf countries, specifically in the UAE and Bahrain, have taken some steps to respond to the demands from the migrant workers in their countries. It is essential as there are approximately 13 million foreign workers in the GCC

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2. Tanvir Ahmad Khan, "Gulf-Pakistan Relations: A Political Perspective", in Faryal Leghari (ed.) *Gulf-Pakistan Strategic Relations* (Dubai, Gulf Research Center, 2008): 23-50
states, making up about 37 percent of the population. For the Gulf countries to play a significant role towards peace, development and stability in South Asia, it is of utmost importance that migrant workers from the region get better and equitable treatment in the Gulf.

**Indo-Pak Conflict - GCC and OIC**

The dynamics of the relationship between India and the Arab Gulf States have changed over the years and have gradually entered an era of growing cooperation. The relationship has emerged from its traditional trade oriented focus to an all-round politico strategic partnership. India’s growing economic and defence prowess is further attracting GCC investment and collaboration. India as a nation and the South Asian region has now become an economic and political partner. The relationship between India and Pakistan can also be examined in this new light. Along with India, the Arab Gulf states have a strong economic, political and cultural link with Pakistan. Thus, there appears to be a convergence of interests between India and Pakistan in establishing a close partnership with the GCC. In striving for cooperation, it is also possible that the Gulf States act as a buffer between India and Pakistan.

Perhaps as demonstrated by the Franco-German cooperation which accelerated the process of European integration, a similar phenomenon could be seen in the South Asian region. Economic cooperation between the Arab Gulf and India and Pakistan could aid in regional cooperation and a move towards resolving the conflict between India and Pakistan. In an environment of global economic interdependence, both India and Pakistan stand to gain from stronger relations with the Gulf.

The GCC countries have in the past expressed concern over the hostility between India and Pakistan and have urged the

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two countries to resolve the conflict amicably. During much of the cold war era, the Gulf States were wary of India and supported Pakistan in the conflict. Since the end of the cold war, there is a changing geopolitical dynamics in both the regions. Bilateral strategic pacts will help both India and the Gulf countries. The Gulf States play an important role in the OIC and other regional organizations like the Arab League and their political support for India is crucial.¹

In 1999, at the height of the Kargil conflict between India and Pakistan the GCC foreign ministers issued a joint communiqué. It said ...the GCC called on the two neighbouring countries to resort to reason and prudence in solving the problems between them by peaceful means, avoiding force and the inevitable human and material losses for both sides. The communiqué praised Pakistan’s stand and called on the UN to intervene to end the fighting and by enhancing UN Military observer force now in Kashmir.”²

However the changing global political scenario and an improvement in Indo-Pak relations have warranted a change in GCC attitudes too. Saudi Arabia’s involvement in Pakistani politics has also reduced and the GCC as a whole is willing to take a balanced position in the conflict.

**Kashmir Conflict**

In 2005, during his foreign policy address at the Asia Society in Australia, Pervez Musharraf emphasized that “Pakistan is recognized especially by the GCC countries as a factor of stability and security in the region”.³ So the question arises:

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² “GCC foreign ministers meet in Jeddah”, *Arab World news story*, July 3, 1999  
³ “Pakistan- Challenges, Responses and Opportunities”, *Asia Foreign Policy Address*, H.E. General Pervez Musharraf President of the Islamic Republic of Pakistan, (Sydney), June 16, 2005.
is it true that the foreign policies of the Gulf countries have leaned towards Pakistan because it is an Islamic state. The relations between the GCC countries and Pakistan are deeply rooted in common faith (Islam), and therefore the GCC and also the OIC member states, on several occasions, have expressed serious concerns over the Jammu and Kashmir dispute between India and Pakistan.

In 2006, the OIC Contact Group on Kashmir presented its set of recommendations at the 61st session of the UN General Assembly in New York. The group comprised of Foreign Ministers from Pakistan, Turkey, Saudi Arabia, Azerbaijan and Niger, as well as the OIC Secretary General Ekmeleddin Ihsanoglu. ¹ Formed in 1994, the OIC Contact Group on Kashmir has regularly held meetings on the sidelines of the UN General Assembly sessions.

In 2008, there were some serious responses from India to the OIC support to Pakistan’s claim to a plebiscite in Jammu and Kashmir. At its 35th session held in Kampala (Uganda) from 18th to 20th June 2008, the OIC member states adopted a resolution on the issue of Jammu and Kashmir; reaffirming the commitment of Islamic nations towards peaceful resolution of the conflict. In August 2008, the OIC statement in condemnation of the Amarnath² land transfer entanglement was released. The OIC statement was met with a furious response from the Indian side. In response New Delhi reiterated, “Kashmir is an internal matter of the

² Nothing significant was in the headlines about Kashmir at least between 2002 until July 2008. Last month, July 2008, one state decision sparked frozen conflict in the Jammu and Kashmir valley. It happened when 100 acres of land was being allotted to the Amarnath Shrine Board in Kashmir, which resulted in protests from Kashmiri Muslims, in response to which the state reverted its decision. Later Hindus in Jammu protested, blocking trade/food supply for Kashmir etc. This was the first time when the areas of Jammu and Kashmir were divided internally, further complicating the dynamics of the conflict.
country, the ministry said OIC Council of Foreign Ministers has no locus standi in this and other matters concerning India’s internal affairs”.¹

Apart from the concerns from the OIC and the GCC bloc on the Kashmir dispute, the OIC also adopted a resolution in response to the demolition of the Babri mosque in 1992.² It strongly condemned the destruction of the Babri mosque by Hindu extremists and expressed deep regret over the failure of the Indian government to protect this Muslim holy site. Later in 2001, the Secretary General of the OIC also expressed concerns over the Indian government allowing construction of a temple in place of the Babri mosque. The Secretary General demanded the Indian government to reconstruct the Babri mosque and protect other religious sites too.³

India is home to one of the largest Muslim communities in the world, approximately 138 million.⁴ Owing to this, it has shown interest in joining the OIC, as an observer nation, as it wishes to play an active role in the forum of Muslim nations. India’s inclusion into the OIC as an observer has been supported by several member states, including Saudi Arabia, Malaysia, Iran and Egypt, but is opposed by Pakistan owing to the Indo-Pak rivalry. Pakistan Foreign office spokesperson Tasnim Aslam said that “giving observer status to non-Muslim countries is under discussion. The criteria, apart from what is being worked out, are that any country which wishes to acquire observer status with the OIC should not be involved in any dispute with a member

² The mosque was demolished by the Hindu nationalists in December 1992.
⁴ Census of India 2001, Office of the Registrar General & Census Commissioner, India.
India’s request for observer status at the OIC is doubtful considering Pakistan’s foreign policy towards India and existing disputes between the two nations, especially the Kashmir issue.

**GCC for Peace between India and Pakistan**

There was a period of high tension between India and Pakistan during 2001-02, resulting in a massive troop mobilization along the border on both sides. The international community particularly the GCC was alarmed due to these developments. At the end of the consultative summit of the member states of the GCC in 2002, the Secretary General of the organization, Abdul Rahman Al-Attiyeh, urged both India and Pakistan to settle their disputes through a peaceful dialogue process; “The GCC leaders expressed their deep concern over the dangerous situation in the subcontinent and urged India and Pakistan to show maximum restraint and return to the positive atmosphere they had in the past”. Later in June 2002, at the GCC foreign ministers meeting, the Omani representative Yusuf bin Alawi bin Abdullah stressed the GCC’s dedication to resolving disputes between India and Pakistan.

In 2004, at a meeting between the GCC officials with President of Pakistan in Islamabad, Sheikh Al Sabah from Kuwait cited the “progress in Pakistan-India relations as a positive development for the region. The foreign minister reiterated Kuwait’s position that the Kashmir dispute should

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3 “GCC urges Pakistan, India to end tension”, *Daily Dawn* (Karachi) June 9, 2002
be resolved in accordance with the United Nations Security Council resolutions”.

Shifting focus from political relations, one news item is worth mentioning here, which is with regard to the imbalance of trade between India and Pakistan in the fiscal year of 2007-08. The report mentioned that “Pakistan’s trade imbalance with India was at $894 million in first 10 months”. Bilateral trade between the two countries has reduced in comparison to previous years as investors in both countries are unhappy with the instability in contemporary bilateral relations and security ties. However, it is important to highlight that the unofficial India-Pakistan trade through third countries, mostly through the Gulf countries, is estimated at $10 billion. Considering this fact, it is important to realize that the Gulf countries can act as a buffer for India-Pakistan economic development and the peace process can be sustained by encouraging expansion of bilateral trade (official and unofficial) and composite dialogue process. In times of insecurity or instability between India and Pakistan, there is a disruption in direct communication at the state and civil society levels. With the Gulf countries opening the doors for indirect Indo-Pak cooperation, at least the process of economic development through bilateral trade and peace process at the civil society level (track II) will remain intact.

There is another issue with regard to trade between India and Pakistan, which is Pakistan’s refusal to give the Most Favoured Nation (MFN) status to India, even after signing the South Asian Free Trade Agreement (SAFTA). Pakistan’s refusal is a blow to India which had assumed that ratification of SAFTA would automatically lead to the extension of MFN as the agreement envisages a duty-free trading area with SAARC countries (Afghanistan, Bangladesh, Nepal, Maldives, Sri Lanka, India, Pakistan and

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1 “Pakistan and GCC hope new agreement will boost trade”, *Daily Times* (Islamabad), August 28, 2008
2 “Pakistan’s trade deficit with India at $894 mn”, *The Economic Times* (New Delhi) June 18, 2008.
Gulf States and the Conflict between India and Pakistan

Bhutan) by 2018. As this is against the SAFTA rules therefore India could exercise the option of filing a case against Pakistan at the dispute settlement body of SAFTA.

An attempt by any of the Gulf States to mediate on Kashmir is likely to be interpreted by India as a hostile act or interference in her internal matters. With the signing of the Simla Agreement in 1972, the Indian government has taken the position that Kashmir is an internal matter and all outstanding issues with Pakistan will be resolved on a bilateral basis. The rejection of all outside interventions and mediation with respect to Kashmir has been the cornerstone of Indian foreign policy since the 1970s. There is no indication that this will change any time soon, despite the plight of the Kashmiri population. However, considering the religious link between the GCC and Pakistan, the former’s mediating role to directly resolve the Kashmir dispute could also lead to hurting the GCC-India relations. Also India might also consider the GCC role as religiously biased.

The 2007 official statistics by the central banks in both India and Pakistan depicts that the bilateral trade between both countries and the GCC bloc is approximately $36 billion. It includes $25 billion between India and the GCC and $11 billion between Pakistan and the GCC. There has been a series of meetings between the officials from the GCC countries with India and Pakistan to sign Free Trade Agreements (FTA). Considering the trade- relations of the Gulf countries with India and Pakistan, it will be of a great significance if the latter help to establish the Indo-Pak Trade Commission for the Gulf Countries. There could also be a

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1 Sen, Amiti. “Pakistan refuses to give MFN status to India even after Šafta ratification”, The Financial Express (New Delhi), March 28, 2006.
2 SAARC trade-related Dispute Settlement Body is yet to be setup in Pakistan, as per the SAFTA agreement.
3 Followed by the war between India and Pakistan in 1971, the Simla Agreement was signed in July 1972.
possibility of inter-regional agreement on free trade between GCC and SAARC which will lead to improvement in relationships at the inter-regional level as well as simultaneous economic development in South Asia. This way it will be easier to quickly implement trade initiatives. Also this initiative will offer another forum, a CBM, for India and Pakistan to cooperate, which will hopefully lead to further economic development in India and Pakistan.

As a result of ongoing development and rapid population growth rate, energy requirements both in India and Pakistan are on constant rise. Considering the rich oil and natural gas reserves in the Gulf States, they are capable of fulfilling the demands of India and Pakistan. Both India and Pakistan have been taking steps to ensure a steady supply of oil and gas from the Gulf. In this regard, one gas pipeline project has been discussed, which will bring gas from Qatar to Pakistan and then India. The proposed pipeline is 1,186 km long, will go undersea from Qatar to the UAE with a short overland section in Oman, and then again undersea to Pakistan. Later on the extended pipeline will provide gas to India, as Qatar is more interested in reaching out to the Indian market by proposing Pakistan for transit facilities. Energy cooperation between the Gulf and India and Pakistan will in the short-run fulfill energy demands of the latter but will have greater regional implications by enhancing interdependence between the South Asian rivals, and hopefully this in the long-run will result in further enriching regional cooperation in South Asia.

The desire to protect the Gulf and Indian Ocean region from becoming a part of superpower competition led to India and Sri Lanka coming up with the principle called the “zone of peace”. In December 1971, the United Nations General Assembly resolved to declare the Indian Ocean “for all time as a zone of peace”. It is evident that the maritime security in the Indian Ocean has been of great concern. And there have been threats to particular countries to protect its Indian Ocean territories from illicit acts. Therefore in May 2008, at a conference on “Partnering for Safer Seas” of the Indian
Ocean nations in Maldives, the countries collectively decided to launch the South Asian Regional Port Security Cooperative (SARPSCO). It is an important initiative to implement collective security in the Indian Ocean to ensure extra level of protection to trade through this route, and not to let it become a target for criminals, terrorists, pirates and weapons’ trade. Therefore, it is considered to be the time for the revival of the principle of the “zone of peace” in the South Asian and West Asian context, as most of the security concerns are mutual, e.g. terrorism, drug and human trafficking etc. So probably, it is the right time in the 21st century to focus on inter-regional security cooperation.

Arab Gulf states and India have also sought to enter into maritime cooperation agreements. India and Oman are founding members of the Indian Ocean Rim-Association for Regional Cooperation (IOR-ARC), of which the UAE is also a member. It is an international organization with 18 member states and was first established in Mauritius on March 1995 and formally launched on 6-7 March 1997. The Association disseminates information on trade and investment regimes, with a view to helping the region’s business community better understand the impediments to trade and investment within the region. These information exchanges have been intended to serve as a base to expand intra-regional trade.

Conclusion

For centuries, there have been close ties between the countries in the Gulf and South Asia. The relationship that began with trade links was further enriched with the advent of Islam and the influence of the Arab and Persian civilizations could be seen in South Asian communities. In the most recent past, the two regions have been cooperating at a much bigger scale through joint ventures mainly in trade, politics, defence and most recently in agriculture. Countries in South Asia see the GCC bloc as an economic partner and this is evident through both India and Pakistan.

\[1\] SARPSCO member countries are Bangladesh, Comoros, India, Madagascar, Maldives, Mauritius, Oman, Pakistan and Sri Lanka.
desiring a FTA with the GCC. Also it is clear that to either sustain or grow at the rate of development in South Asia the countries are depending on precious natural resources (oil and gas) mainly from the Gulf region.

Closely linked to food exports from India and Pakistan, it is predicted that the Gulf region could go through serious food shortages. In 2007-08, Pakistan struggled to provide enough wheat and sugar to its people, due to inaccurate government projections on per annum wheat production and smuggling of wheat primarily to Afghanistan. However, both India and Pakistan are looking forward to benefit from the energy resources in the Gulf countries, and therefore it will be a win-win situation if the issue of food insecurity in the Gulf could be resolved through compensating energy imports from India and Pakistan. Recently, during a visit to the UAE, the Indian Foreign Minister Pranab Mukherjee stated, “I see India’s requirement for energy security and that of the Gulf countries for food security as opportunities that can be leveraged to mutual advantage”.1

The Gulf countries are keen to invest in farmlands abroad so to address its food insecurity, and recently through an aid of $6 billion to Pakistan, Saudi Arabia has managed to get thousands of acres of agriculture land in Pakistan. Also it was reported that the government of the UAE and its private companies have already acquired approximately 324 thousand hectares of farmland in Pakistan2. In the long run, investment in the agriculture sector in countries like Pakistan is supposed to fulfil the growing food demands in the Gulf countries, which will be cost-effective too.

Inter-regional cooperation has to catch up in response to growing inter-regional dependence and mutual areas of interests, therefore a stable and secure South Asia is very

1 Meena, Janardhan, “Gulf eyes oil-for-food pacts”, Asia Times (Hong Kong) June 21, 2008.
much in the interest of the Gulf region. A consolidated GCC would provide the core around which there would be a second group of friendly nations that derive significant benefits from their interaction with this core. Pakistan as a trusted friendly neighbour and virtual extension of the GCC coastal belt with Gwadar fitting into a chain of fraternal ports, and India, an emerging military and economic power, can contribute significantly to a new balance of power. If an effective mechanism for their association with GCC is created, India and Pakistan may find it to be a factor in their present movement towards a broad South Asian entente. It has been internationally noted that Gulf Arabs would be favourably disposed to this rapprochement and that the economics of energy is one of the principal sources of strength for sustaining it. In this analysis, Pakistan’s special ties with the Muslim world become an incentive for good relations with India.1

1 Tanvir Ahmad Khan, "Gulf-Pakistan Relations: A Political Perspective", in Faryal Leghari (ed.) Gulf-Pakistan Strategic Relations (Dubai, Gulf Research Center, 2008): 23-50