

# In the diplomatic row over Qatar, New Delhi needs to prioritise its national interests

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Earlier this month, a number of countries severed ties with Qatar, accusing it of funding terrorism. However, **Tridivesh Singh Maini** and **Sandeep Sachdeva** write these countries were motivated by external factors, and given that India has a large diaspora and extensive economic ties with Qatar it must ensure that it does not jeopardise the relationship unnecessarily.



## How should New Delhi react to Doha's isolation?

On June 5 2017, Saudi Arabia, the United Arab Emirates, Egypt, Bahrain, Yemen and the Maldives suspended all diplomatic ties with Qatar, stating that the country was fomenting extremism and radicalism. The Saudi Arabian state run press agency [said](#), "Qatar is harboring a multitude of terrorist and sectarian groups that aim to create instability in the region". Doha was of course quick to deny all such allegations. Significantly, the move came exactly two weeks after US President Donald Trump's visit to Saudi Arabia



The Saudi Kingdom and other Gulf Cooperation Council (GCC) countries not only created a blockade like situation by closing the border and denying air and sea travel to Qatar, but also urged "all brotherly countries and companies to do the same".

While Saudi Arabia and other countries accused Qatar of supporting extremist terrorist organisations like the Muslim Brotherhood in Egypt, Da'esh (aka ISIS), Al Qaeda and Hamas. While most analysts point to external factors for the decision to sideline Qatar, it is also a result of rivalry between the Saudis and Qatar. The former has thought of itself for long as the undisputed leader of the Islamic World. However, Qatar has recently taken an independent foreign policy stance, and sought to distinguish itself on a number of issues. For example, Qatar has sought to play a role in [reconciliation talks](#) between Taliban and Afghanistan.

On June 14, 2017, Mutlaq al-Qahtani, a senior counterterrorism adviser to Qatar's foreign minister [said](#) "Qatar hosted the Taliban reconciliation talks with the Afghan government on the request from the United States but now US President Donald Trump along with a number of Arab regimes has accused Doha of supporting extremist groups." In addition to this, Doha has also maintained a manageable relationship with Iran, Saudi Arabia's rival in the region.

## What has been the role of major powers in this issue?

All major powers are taking sides in accordance with their interests. The US seems to be fueling tension in the region instead of diffusing it. On the very first day, the US Secretary of State Rex Tillerson gave a statement while on a state visit in Australia, urging the Gulf states to stay united. However, Tillerson's assurances came under doubt after President Trump sided with Saudis, and lambasted Qatar for fomenting terror [stating](#), "the time had come to call on Qatar to end its funding...and it's extremist ideology". Later, US President Donald Trump realised that Qatar hosts the biggest US military base in the region, and spoke over telephone with Qatar's Emir Sheikh Tamim bin Hamad al-Thani, expressing a readiness to participate in the efforts to resolve the crisis in the GCC. More recently, the US not only finalized arms deal of worth US \$12 billion but also sent US Navy vessels to Doha to take part in a joint military exercise with the Qatari Emiri Navy.

Turkey's parliament has also approved a legislation allowing its troops to be deployed to a Turkish military base in Qatar. And though Russia has taken a neutral position from the start of the conflict, it sympathises with Qatar rather than with Saudi Arabia and its allies, because the Qatar Investment Authority is making [significant investments across several sectors](#), during a difficult economic time for Russia.

## India's stake in Qatar

### 1) Diaspora

More than 650,000 Indians live in Qatar, almost half of who (300,000) come from Kerala. Kerala Chief Minister Pinarayi Vijayan [wrote](#) to the central government and sought its intervention for ensuring the safety of these Indians. India's Minister of External Affairs, Sushma Swaraj categorically [stated that](#), "There is no challenge arising out of this for us. This is an internal matter of GCC (Gulf Coordination Council). Our only concern is about Indians there. We are trying to find out if any Indians are stuck there".

It is estimated that expats from Arab nations send back remittances of [well over US \\$60 billion](#) to India annually. A large number of those who send these are in Qatar, with many on contract working for the FIFA World Cup which will be hosted by the country in 2022.



Image: PM Narendra Modi meets the Emir of Qatar on a visit in 2016. Credit: [Narendra Modi](#) CC BY-SA 2.0

### 2) Economic connections

Even if one were to look beyond remittances and the diaspora factor, India has strong economic connections with Qatar in the economic sphere. They include:

**Energy:** Qatar has the world's third-largest gas reserves after Russia and Iran, and is the largest supplier of liquefied natural gas (LNG) to India, accounting for 66 per cent of the total imports in 2015-16. It is worth noting that last year India renegotiated the gas price formula and saved around 20000 crore rupees.

**Investment:** Qatar has a sovereign wealth fund of around US \$300 billion, which is managed by the Qatar Investment Authority (QIA). It has significant investments in India across the board. For example, the Qatar Foundation Endowment picked up a [five per cent stake in Bharti Airtel](#), with an investment of US\$ 1.26 billion in July 2013. The same month, the QIA decided to [invest US \\$300 million](#) in India's real estate sector. It also [invested US](#)

\$150 million in India's e-commerce major Flipkart.

At the same time, Indian companies have invested US \$100 million in different joint ventures across the different sectors. Qatar Airways and QIA are planning to invest in Airlines sector of India. India has been engaging with QIA and other state-owned and private entities in Qatar to draw investment for PM Modi's flagship program 'Make in India'.

**Trade:** According to the Indian embassy in Doha, "The bilateral trade had touched nearly US \$17 billion in 2013-14, with India's exports amounting to nearly US \$1 billion." Indian mainly exports iron or steel, plastic & articles thereof, construction material, electrical and electronic items, textiles, chemicals, precious stones, rubber, spices and cereals to Qatar.

Beyond this, Qatar hosts many Indian companies. There are a total of 26 fully Indian owned companies working in Qatar in various fields such as infrastructure, contracting, information technology, gold trade, and food items trade. Nearly 6,500 Qatari-Indian companies in joint venture partnerships are working across all fields in the country. Furthermore, many Indian companies such as L&T, Dodsal, Punj Lloyd, Shapoorji Pallonji, Voltas, Tata motors, Simplex, TCS, Wipro, Tech Mahindra, Aptech and NIIT have set up offices in Qatar and have secured major contracts and business.

## India's strategy going forward

New Delhi needs to take care of its national interests just as other countries are doing. While in the short run India could face significant economic challenges, with layoffs of Indian workers being a significant possibility. Yet, New Delhi needs to think out of the box, and ensure that its relationship with Qatar is not viewed through the prism of Saudi Arabia and others. New Delhi needs to look at the isolation of Qatar as an opportunity in the long run, which it should seek to leverage for economic and strategic purposes.

*This article gives the views of the author, and not the position of the South Asia @ LSE blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.*

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