Oil Politics in West Asia and India’s concerns!

Submitted by asiaadmin2 on Thu, 12/18/2014 - 06:00

Paper No. 5846 Dated 18-Dec-2014

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The current tensions in West Asia and the war clouds over the skies of Iraq due to rise of ISIS militants have their roots in the economics of oil resources of the Persian Gulf and the politics of American interests to remain predominant in the region.

However, there has been an unprecedented popular upsurge against the establishments in many countries in the Arab world during the last few years, leading to regime changes in certain cases. These developments have been characterised by outside observers as the ‘Arab Spring.’ The essence of the socio-political tumult sweeping the region has been such that the people at large have overcome their fear of the existing regimes and called for drastic and fundamental political transformations, including regime changes. This has led to dramatic changes in domestic political environments in most of the countries of the region. Though, the West Asian region is exposed to a completely new set of challenges, threats and an uncertain future but it is clear that the new political dispensation will not be forced to follow for long the ‘Accepted Order’ laid down by the West. However, the newly formed regimes, most of them Islamists, would be quite difficult to deal with. The emerging political order in West Asia is also marked by considerable shifts within individual countries as well as at the regional level. The Islamist parties are on the rise across the region whereas the economic concerns have also risen to the forefront.

Economy and politics of oil in West Asia:

Oil nations became aware of the role they are entitled to play in the global economy as the natural owners of this essential economic resource. Earlier, the world oil prices were so low that Iran, Venezuela, and Arab oil producers banded together in 1960 to form Organization of Petroleum Producing States (OPEC), to negotiate for higher oil prices. By the early 1970s, the United States depended on the West Asia for a third of its oil requirements. Foreign oil producers were finally in a position to raise world oil prices. The oil embargo of 1973 and 1974,
during which oil prices quadrupled, and the oil crisis of 1978 and 1979, when oil prices doubled, graphically illustrated how vulnerable the needy countries had become to the foreign producers of oil. The oil crises of the 1970s had an unanticipated side-effect. As a result of increasing supplies and declining demand, oil prices fell from $35 a barrel in 1981 to $9 a barrel in 1986. The sharp slide in world oil prices was one of the factors that led Iraq to invade neighbouring Kuwait in 1990 in a bid to gain control over the 40 per cent of West Asian oil reserves. Consequently, the western industrialised nations were quick to react. In 1990, the UN Security Council approved a commercial, financial and military embargo on Iraq. The Iraqi Government responded by declaring the annexation of Kuwait as its province. On November 29, 1990, the Security Council passed a resolution authorising the use of any means necessary to free Kuwait. A military force led by the US attacked Iraq to free Kuwait. The war led to a clash in the oil market between the owners of the resources and the users in the industrialised world, paving the way for the fresh emergence of the oil politics in the world. The world oil markets, however, gained a global political dimension. On April 23, 2002, the Iraqi President again called upon the Arab states to cut their oil exports by half and ban sales to the US, a retaliatory measure for Washington's support to Tel Aviv against Palestine. As part of a broader embargo against the US and Israel, Iraq unilaterally declared the suspension of its oil exports for the next 30 days. The oil market, drained of two-million barrels of Iraqi oil a day, might not have significantly affected prices, but it did create the political tension that was significant in an already vitiated atmosphere. When the oil was used as a weapon for the first time in 1973, it had a dramatic and lasting effect on the global economy and on the economies of the Western states.

**India’s concerns:**

Indeed, India has important political, economic and security stakes in the peace and stability of West Asia. In fact, India is heavily dependent on energy supplies from the Gulf region. Energy imports from the region constituted around 63 per cent of India’s total oil imports in 2012-13. The region is the leading trading partner for India with a total trade of around US$ 200 billion in the same year. There is a realisation that India should start getting involved in the regional security of West Asia by helping create a regional security bulwark which may deter the outside interference in the region. Further, India forms a part of India’s extended neighbourhood. The present political transformation in the region as well as the realisation of India’s rise in stature as an emerging regional power has necessitated a fresh look at this geo-strategically important region. Already, this region accounts for the largest trade volumes for India overtaking India’s trade with China. The six Gulf Cooperation Council (GCC) countries for instance constitute India’s largest socio-economic partner, as manifested by the following facts. Over 50 per cent of flight connections between India and the world are between India and the GCC countries. It is also significant that the remittances from the region are just about equal to what India pays for its oil purchases from the Gulf. Though the economic leg of India-Gulf relationship remains strong the political leg is not as strong and promising as it ought to be. There are number of concerns that demand rethinking and fresh approach by India towards this region. For the small Gulf States, their security is their Number One priority. In exchange for the oil, they shop for their security. These smaller states live in a tense zone next to “the tough and expansionist neighbours.” India is making the mistake like the Western countries of viewing the region through the prism of only “oil” and “gas” while ignoring its rich cultural, diverse and historical relations which has been reduced to mere economic business and remittances issues. But, India is perceived by the
regional countries of West Asia as an emerging global power with rising stature. That the countries of the region regard India quite well for overall peace and security is clearly indicated from a paper published by the UAE’s Emirates Centre for Strategic Studies and Research (ECSSR) describing India as “a non-aggressive power.” Hence, in an attempt to address the new challenges which are still unfolding, India needs to revisit its policy towards the strategically important region.

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**Tags:**
- OPEC [1]
- Oil Politics [2]

**Category:**
- Papers [3]

**Countries:**
- West Asia [4]

**Topics:**
- Economy [5]

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