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## India's new Israel policy: How the decline of the Palestinian issue and economic reorientation accelerate Indo-Israeli cooperation

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# SWP Comment

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## India's New Israel Policy

**How the Decline of the Palestinian Issue and Economic Reorientation Accelerate Indo-Israeli Cooperation**

*P. R. Kumaraswamy*

In January 2019, about two weeks before India's Republic Day, Israel's National Security Advisor, Meir Ben-Shabbat, flew to New Delhi and met Prime Minister (PM) Narendra Modi. While such consultations have been routine for the past two decades, the Israeli official chose the direct Air India flight from Tel Aviv – a new flight connection that could only be established due to an unprecedented permit for Israel-bound flights to fly over Saudi airspace. The small incident highlights the distance that India and Israel have traveled since the normalization of diplomatic relations in 1992. Today, the two states share an ever-growing cooperation, especially in the areas of security and economic development. This rapprochement with Israel is embedded in India's broader Middle East strategy, in which especially the Gulf Arab states are important partners. Thus, India-Israel relations have also been catalyzed by the improvement in ties between Israel and the Gulf States as well as the diminishing role played by the Palestinian issue. This, in turn, has led India, especially under Modi, not only to strengthen its ties with Israel, but also to de-hyphenate those ties from the Israeli-Palestinian conflict, leading to a marginalization of the Palestinian question in Indian foreign policy.

The rapprochement between Israel and India in recent years has been brought about at the expense of the Palestinians' standing in India's regional policy. This marginalization could be seen in India's abstentions at the UNHCR votes on the Gaza conflict in 2014 and the challenges to Jewish historical links to Jerusalem at UNESCO in 2016. It was even more clearly visible when PM Modi avoided making any reference in 2017 to East Jerusalem being the capital of the future Palestinian state – with Palestinian President Mahmoud Abbas standing by his side.

In delinking the Israeli-Palestinian conflict from its relations with Israel, India had concluded a shift that began in the early 1990s. Prior to that, India had been a staunch supporter of the Palestinian position, in line with its anti-colonialist stance. This policy had been responsible for India's lack of diplomatic relations with Israel for more than four decades – despite recognition in 1950 – and began with India voting against the 1947 partition plan for Palestine in the UN General Assembly. Only after the end of the Cold War did India display a willingness to come to terms with the new



non-ideological international order and subsequently normalize its relations with Israel. However, it pursued a delicate balance vis-à-vis the parties to the conflict until the latter part of the 1990s, even temporarily endorsing East Jerusalem as the capital of a future Palestinian state.

It was only in the 2000s — during the rule of the center-left Congress Party (2004–2014) — that India delinked its bilateral ties with Israel from the peace process. Even though the coalition demands of the Left parties precluded highly visible political contacts, relations with Israel were primarily driven by India's defense and agricultural requirements.

In the following decade, especially after Modi became prime minister in May 2014, another trend emerged, whereby the normalization of Indo-Israeli relations became integral to India's extensive engagements in the broader Middle East. India's approach to Israel during this period was no longer dominated by the Palestinian issue but by economic cooperation. Thus, Israel has become an important partner for India, without these relations being harmed by the conflict. This also mirrors India's changing national interests due to its great power aspirations, as New Delhi is seeking to shed the "developing country" tag. At the same time, rapprochement between India and Israel was only possible because the importance of the Palestinian question has also been steadily losing urgency for other important partners of India, especially in the Gulf.

## India's Changing Interests

The Gulf Cooperation Council (GCC) countries are of considerable importance to India for political as well as economic reasons. A total of 42 percent of India's oil imports come from the GCC, and more than 7.6 million Indians are gainfully employed there. India also has the second-largest Muslim population after Indonesia. The pace of Indo-Israeli engagement could not have been improved without the Palestinians being marginalized in the regional dis-

course, as this would have upset the Gulf States. Hence, criticisms of Israel and its policies are no longer prominent in joint statements, and India and its Arab interlocutors now refer to the two-state solution and the need for Israeli-Palestinian coexistence. Under Modi, the Palestinian issue has only been raised in statements during his meetings with leaders of Saudi Arabia and Egypt, but not with other leaders in the Middle East.

Thus, the declining influence of the Palestinian factor in regional politics strongly facilitated rapprochement with Israel. And although the marginalization of the Palestinian cause is not necessarily true for the Arab street, Arab governments are expressing ever-more interest in cooperation with Israel and have gradually come to terms with Israel's political legitimacy — most well-known is Muhammed bin Salman's de facto recognition of Israel's right to exist. Other Gulf States have also shown openness toward Israel: For example, at the Warsaw conference in February 2019, several Gulf foreign ministers were seen as being on friendly terms with PM Benjamin Netanyahu. The shared enmity of the Gulf Arab States and Israel vis-à-vis Iran has proven to be a catalyst in improving their relations.

These developments have coincided with India's economic ascendance: India is the third-largest importer of oil after the United States and China, and in 2017, it overtook France and became the sixth-largest global economy. Along with these developments, India has shifted its diplomatic focus from associations that concentrate on developing countries to the G20 and BRICS nations. It is also giving preference to relations with economically successful states, reversing its previous anti-colonialist stance. Israel fits in here well, since it offers economic and technological prospects. This strategy nurtured the de-hyphenating of the Palestinian issue with India's ties to Israel, and New Delhi ceased to view Israel as a special case in the Middle East.

## Areas of Cooperation

India's relations with Israel operate along two major planks: military-security cooperation and economic issues, although the role of decentralization in the promotion of bilateral relations is also instrumental. Since the 1990s, India has been importing weapons systems from Israel and has benefited from the latter's expertise in upgrading Soviet military equipment. While Israel has become India's number three defense supplier after Russia and the United States, India has become the largest market for Israeli military exports. Since 2013 it has been the biggest buyer of Israeli equipment, purchasing 49 percent of Israeli military exports in this period. In 2017 alone, India imported equipment worth \$715 million, including items such as the Harop drone, the Phalcon AWACS aircraft, and the Barak 8 LR-SAM air and missile defense systems.

Secondly, both countries have been focusing on the civilian agenda to cement their ties. Israeli expertise in agriculture, water management, dairy farming, waste management, etc., has been pushing the pace along: Bilateral trade in 2001 was only valued at \$785 million, but it grew by 600 percent to \$5 billion in 2015. Value-adding methods such as technology transfers and trainings are shoring-up bilateral relations through a specialized and diversified trade approach. Agriculture-related investments in India are aimed at training farmers in modern cultivation skills in 26 Centers of Excellence all over India. In 2017 the Indo-Israeli Agricultural Project was one of Israel's largest overseas commitments serviced through MASHAV — Israel's Agency for International Development Cooperation. Hence, agriculture and training programs are becoming a game changer for mutual relations, especially since the agricultural sector in India generates around 15 percent of national GDP and employs 58 percent of India's population. One example of the impact of Israeli technology on agriculture is the introduction of protected environment cultivation, where water use and

fertilizer costs are reduced by 90 percent, and harvest yields increase by a factor of at least 4 to 5. In addition, a \$40 million technology fund (the Israel India Innovation Initiative Fund) was set up to increase research cooperation and address India's food security challenges.

This economic cooperation was additionally facilitated by India's federal structure. While the Union Government in New Delhi is preoccupied with high politics, such as the question of Palestinian statehood, the state governments are primarily concerned with their agenda to further economic growth and diversification. Hence, the latter — ruled by the Bharatiya Janata Party (BJP), Congress, and other regional parties — have looked to Israel for apolitical and non-controversial cooperation on economic issues. Even the communist parties, which have ideological differences with Israel, were not averse to economic partnership with and investments from Israel. This process has enabled many political parties to criticize Israel at the national level while seeking robust bilateral economic cooperation at the provincial level. One can speak thus of the decentralization of bilateral relations with regional cooperation as a catalyst.

## Limitations of Cooperation

In the context of the Middle East, India has so far been successful in building up its level of cooperation with Israel without endangering its relations with others. Nevertheless, limits to the cooperation are visible, especially in the field of security cooperation, as this remains a somewhat sensitive issue for some Arab states. Contrary to the pre-visit media hype in both countries, no military deals were signed during Modi's visits to Israel in 2017 nor Netanyahu's to India the following January. Both leaders instead focused on civilian issues. Thus, although security cooperation remains important, a stronger securitization of the ties would draw unnecessary attention and criticism, both within India and the Middle East. Hence, softer issues are emphasized.

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Hence, despite his perceived fondness of Israel, PM Modi has been cautious. Contrary to initial expectations within the country, his Israel visit took place more than three years after he assumed office and after visits to the United Arab Emirates, Saudi Arabia, Iran, and Qatar. This shows the importance of the Gulf for India, not least since the trading volumes between those states surpass those with Israel by far: Trade with the Gulf Cooperation Council was about \$104 billion in 2017/8; trade with Israel never exceeded \$5 billion. Thus, Israel-India relations are subject — at least to a certain extent — to changes in the status of Israeli-Arab relations.

In addition, ties with Israel are an area of potential disagreement between India and the Islamic Republic of Iran. This often manifests in Iranian leaders' flagging of the issue in Kashmir, a Muslim-majority state claimed by both India and Pakistan. However, India and Iran have managed to side-step their disagreement over Israel and seek closer ties. That becomes evident, for example, in India, which is investing massively to develop the Chabahar port in southeast Iran. In addition, India negotiated a waiver on US sanctions against Iran and continues to import Iranian oil. Mutual interests have so far prevented Israel from seriously obstructing their relations. Although India cannot ignore Iran's importance in the region, the Islamic Republic has been too preoccupied with greater challenges from the United States to worry about Indo-Israeli relations.

## Conclusions and Perspectives

The growing marginalization of the Palestinian issue has immensely benefited Indo-Israeli relations. The decreased focus on the conflict has enabled India to expand its ties, allowing New Delhi to pursue its broader interests in the region without worrying

about its growing ties with Israel. In addition to the de-securitizing of relations with Israel, India's overall approach has been to focus on economic cooperation, which is less controversial.

Also domestically, there is a greater consensus regarding Israel. If the center-left Congress Party, which governed much of post-independence India, normalized ties with Israel, the Hindu nationalist BJP consolidated them through high-profile visits and political contacts. The decentralization of relations even resulted in regional parties contributing to the growth of economic-related contacts. One could notice a subtle shift in Israel's diplomatic strategy in moving away from New Delhi to state capitals.

Thus, even though Indo-Israeli relations are interest-driven and mutually beneficial, no strategic alliance is being formed. The growth of relations with India has been accompanied by India seeking closer ties with Arab-Islamic countries in the region, including Iran, which is hostile to Israel. The upward trajectory of the bilateral relations with Israel runs parallel to the diminishing regional relevance of the Palestinian issue. Although the re-emergence of the Palestine question to the center stage could affect this balance and might even slow down the process, the chance of India reverting to its pre-1992 hostility toward Israel is unlikely. Mutual interests run deeper than mere superficial, short-term cooperation. The interest-based development of bilateral ties — especially between Israel and the Indian provinces — is likely to prevail and result in future cooperation, even if the Palestinian issue regains prominence.

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