

Importance of West Asia

June 27, 2020

For India and its foreign policy, the West Asia/Gulf region holds a significant court for strategic, economic and even domestic political agendas, ranging from migration to energy security. The pandemic has initiated a reverse migration of Indian blue-collar workers as projects in oil-rich States stall, and infrastructure development halts amidst a contracting global economy.

- Overall, an estimated figure of close to **nine million Indians** work in West Asia, responsible for sending back more than **56% of India's annual infusion of \$80 billion in remittances**.
- The **UAE** alone is responsible for \$19 billion in remittances, being the **third largest trade partner** of India after the United States and China.
- According to a Dubai Chamber of Commerce & Industry survey, more than 70% of businesses are classified as small and medium-sized enterprises in Dubai and many are owned by Indian nationals.
- India gets around **60% of its hydrocarbon requirements from West Asia**. On an annualised basis, India saves up to \$1.35 billion for each \$1 drop in oil prices.
- The softening oil prices have helped cushion the impact of the national lockdown on the balance of payments. India has also taken advantage of the low prices to build up its strategic reserves and is looking at offshore storage options.
- India is well-placed to **attract a significant amount of capital from West Asia** and reports of investment by UAE's Mubadala and Saudi Arabia's Public Investment Fund (PIF) are a case in point.
- Saudi Aramco and the Abu Dhabi National Oil Company have committed to investing \$25 billion in the mega refinery

project in Maharashtra.

Source: *The Hindu*