

GRC and the Asianisation of the Gulf



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When I first arrived in the United Arab Emirates from India in the summer of 2000 with a PhD on the political systems and international relations of the Gulf, an Arab-American joked, "It must have been a very short thesis!"

The world has transformed significantly over last 20 years and is likely to be very different over the next two decades.

From being the 'window to the world' for many centuries, Asia made way for the West after the discovery of oil in the region. Modernisation (rural to industrial) thereafter became synonymous with Westernisation (modern ideas and customs). But the success of China, Japan, South Korea, and India, among others, in the late 20th and early 21st centuries helped the process of Easternisation or Asianisation gain currency and encouraged a rediscovery of East-East camaraderie.

“ Over the last two decades the relations between the countries of the Gulf and Asia have expanded beyond the economic domain ”

Implicit in this Asian transformation is the growth of the Gulf countries, which are often designated as being part of the Middle East (from a Western perspective), but are actually a part of West Asia.

From quiet backwaters to one of the region's most important economic centres, the Gulf countries, especially the Gulf cooperation Council (GCC) members, have come a long way. Leaderships have managed to channel oil revenues to develop and transform their economies and societies. Simultaneously, looking beyond oil, their governments have diversified to position their countries as trade, transit and tourism hubs, while encouraging the real estate, manufacturing and service sectors as well. With state-of-the-art facilities in healthcare, education and

infrastructure sectors, they offer high standards of living for most of their citizens and expatriate residents.

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It is for such efforts that the Gulf countries are seen not just as the 'centre of the Arab world, but as the Arab centre of the world'! In the process, the Gulf countries moved from being 'influenced' by others to 'influencing' others.

Not Just Buyers and Sellers

Over the last two decades the relations between the countries of the Gulf and Asia have expanded beyond the economic domain. The GCC's total trade with emerging and developing countries (mostly in Asia) jumped from \$124 billion in 2000 to \$667 billion in 2018. This surpassed the GCC's total trade with advanced economies, from \$207 billion to \$527 billion during the same period.

The GCC's trade volume with just China and India in 2018 was greater than its combined trade volume with the United States and the European Union. Following the success of the shale revolution, the United States received less than 3% of its crude requirements from the Gulf in 2019, compared to Asia's big four importers receiving two-thirds of their energy needs from the region.

While oil, trade and expatriates are still the fulcrum of their association, 'strategic' partnerships are fast becoming the norm. There are attempts to collaborate in more ambitious sectors such as space technology, artificial intelligence, blockchain, fintech and other applications of the fourth industrial revolution.



Owing to the declining interest and influence of the United States in the region and the shift in the gravity of wealth and power from the West to the East, the Gulf countries are joining forces with a host of alternative countries, particularly in Asia, which not only have economic and political implications, but potential security consequences as well.

“ Asia is likely to continue to be the growth engine of the world ”

While there are major differences within the GCC bloc on several regional issues, all members have expressed interest in exploring alternative security scenarios in the region. It is important to note that, along with economic diversification, the Gulf countries have also diversified their foreign policies, especially with Asian countries, among others. Together with Russia, this could eventually alter the current US-centric security paradigm, which could be a major strategic 'shift' in the region's foreign and security policies.

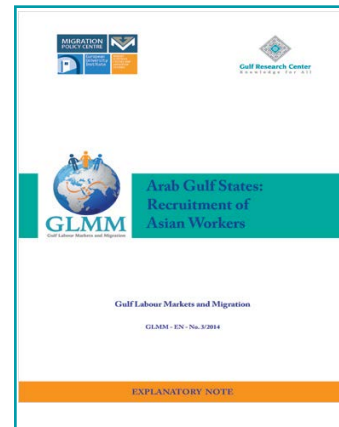
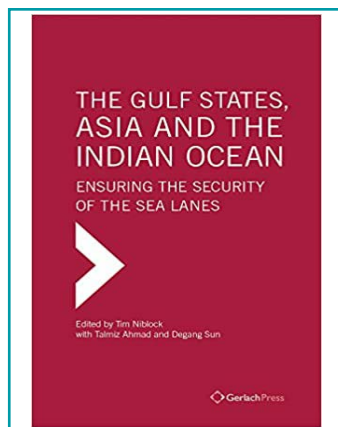
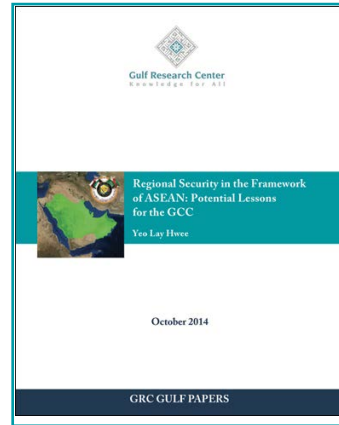
Asia is likely to continue to be the growth engine of the world, even though the pace and scale of its growth is sure to 'temporarily' contract due to the

Covid-19-induced global economic slowdown. This means that the Gulf's tactical 'hedging' plan with Asia over the last two decades as a buffer against the diminishing ties with the West will strengthen in the decades ahead.

In such a milieu, the Gulf Research Center (GRC) was a pioneer 20 years ago. It recognised these changes, invested in tracking them and forecasted the long-term trajectory through research, conferences, publications, policy advisories, incubation of ideas, and dissemination of knowledge. I am proud to have been a part of this unique think tank experiment in the Gulf (as the Research Manager of the Gulf-Asia Programme from 2003 to 2007 and informally thereafter). I am sure the GRC will continue to be a flagbearer of the changing regional and Gulf-Asia scenarios and I hope to be part of this journey in the future too.

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