

INDIA – SAUDI ARABIA RELATIONS

NEWS: Prime Minister Narendra Modi visited Saudi Arabia for a **two-day visit** at the invitation of Crown Prince Mohammed bin Salman.

WHAT'S IN THE NEWS?

- **Rare High-Level Visits in the Past:** Modi's visit marks **only the sixth time an Indian Prime Minister has been to Saudi Arabia since 1947**.
- **Chronology of Past Prime Ministerial Visits:**
 - **Jawaharlal Nehru:** First Indian PM to visit Saudi Arabia in **1955**.
 - **Indira Gandhi:** Visited 27 years later in **1982**.
 - **Manmohan Singh:** Made his visit in **2010**, marking a 28-year gap since the previous one.
- **Importance of Saudi Arabia in India's foreign policy:** Prime Minister Modi's visit marks his **third trip to Saudi Arabia**, following **earlier visits in 2016 and 2019**.

Key Milestones In The Relationship Of India and Saudi Arabia

- **2006 Delhi Declaration:** Cooperation in energy, trade, Science and Technology, education, health, and political issues.
- **2010 Riyadh Declaration:** Focus on counter-terrorism, anti-money laundering, narcotics, human trafficking, and defence cooperation.
- **Strategic Partnership Council (SPC) :** It is a high-level platform **established between India and Saudi Arabia in 2019, to guide and enhance their bilateral relationship**.
 - **India is the fourth country with which Saudi Arabia has formed such a strategic partnership**, after the UK, France and China.

Key Outcomes Of the Visit

- **Strategic Partnership Strengthened:** The **second** meeting of the India-Saudi Arabia Strategic Partnership Council (SPC) was **co-chaired by India and Saudi Arabia in Jeddah**.
 - The first Summit meeting of the Strategic Partnership Council took place on September 11, 2023.
- **Expansion of Strategic Partnership Council:** The two leaders welcomed the expansion of the Strategic Partnership Council with the **establishment of two new ministerial committees**.
 - **The four committees under the India-Saudi Arabia SPC shall now be as follows:**

- Political, Consular and Security Cooperation Committee,
 - Defence Cooperation Committee,
 - Economy, Energy, Investment and Technology Committee and
 - Tourism and Cultural Cooperation Committee.
- **High Level Task Force on Investment (HLTF): Building on the commitment of Saudi Arabia to invest USD 100 billion in India** across key sectors both countries agreed to accelerate investment flows through collaboration on **two refineries** and made **significant progress in areas like taxation**
 - **Memorandum of Understanding (MoU) Signed:**
 - MoU between Department of Space, India, and Saudi Space Agency in the field of **space activities for peaceful purposes.**
 - MoU between Ministry of Health and Family Welfare, Republic of India and Ministry of Health, Kingdom of Saudi Arabia & on Cooperation in the Field of **Health.**
 - Bilateral Agreement between Department of Posts, India and Saudi Post Corporation (SPL) for **inward foreign surface parcels.**
 - MOU between **National Anti-Doping Agency of India (NADA)**, India, and **Saudi Arabia Anti-Doping Committee (SAADC)** for cooperation in the field of **anti-doping and prevention.**

Background of India-Saudi Arabia Relations

- **Post-Independence (1947-2000): Diplomatic relations were established in 1947**, but ties remained largely transactional, centered on **oil imports and labor migration.**
 - **Cold War Phase: Saudi Arabia aligned with the US; India followed Non-Alignment.**
 - Despite shared civilisational links, India's past approach was marked by **hesitancy and Pakistan-centric perspectives.**
- **Normalisation of Relations (2006)**
 - First visit by a Saudi monarch (King Abdullah) historic visit to India in 2006 (first in 51 years).
- **De-hyphenation of ties:** India gradually **“de-hyphenated”** its ties with Saudi Arabia from its Pakistan concerns.
- **21st Century Transformation:** The relationship expanded under **India's “Look West”** policy and Saudi Arabia's **Vision 2030**, elevating ties to a **strategic partnership.**

Significance of India–Saudi Arabia And Their Strategic Partnerships

- **Trade and Investment:** Saudi Arabia ranks as **India's fifth-largest trading partner**, while India holds the position of **Saudi Arabia's second-largest trading partner**.
 - In the financial year **2023-24**, **India's imports** from Saudi Arabia amounted to **USD 31.42 billion**, and **exports** stood at **USD 11.56 billion**.
 - As of August 2023, Indian investments in Saudi Arabia have reached approximately **USD 3 billion**. Whereas Saudi Arabia has invested **around USD 10 billion in India** through its **Public Investment Fund (PIF)** and other Saudi-backed entities.
- **Energy Partnership:** Saudi Arabia is the **third-largest source of crude oil and petroleum for India**.
 - According to the Ministry of External Affairs, **India imported 33.35 million metric tonnes (MMT) of crude oil from Saudi Arabia in FY 2023-24**.
 - Additionally, **Saudi was the third-largest supplier of liquefied petroleum gas (LPG)**, accounting for 18.2% of India's total LPG imports during the same period.
- **Defence Ties:** The two nations held their **first joint land forces exercise, 'Ex-Sada Tanseeq-I', in 2024**.
 - In February 2024, an **MoU was signed between Munitions India Limited and a local Saudi partner, facilitating the supply of artillery ammunition worth USD 225 million**, highlighting the growing cooperation in defence production and exports.
- **Hajj Quota:** India has a large Muslim population, and **Saudi Arabia plays a key role in facilitating the Hajj pilgrimage**.
 - India's Haj quota for **2025** has risen to **175,025** from 136,020 in 2014, with arrangements for 122,518 pilgrims finalised.
- **Indian Diaspora:** There are around **2.7 million Indians** living and working in Saudi Arabia, making them the **largest expatriate community in the Kingdom**.
- **Maritime Security Cooperation:** India and Saudi Arabia work together to **secure sea lanes and counter piracy in the Gulf of Aden**.
 - **Example:** Bilateral naval exercises like **Al Mohed al Hindi** focus on protecting the strategic **Strait of Hormuz**.
- **Strategic Regional Influence:** Saudi Arabia plays a vital role in Middle East politics, especially in the **Israeli-Palestinian peace process**.
- **Countering Chinese Influence:** India sees engaging with Saudi Arabia as essential to **balance China's growing geopolitical presence in West Asia**.
- **Influence Over Pakistan:** Saudi Arabia's **sway over Pakistan** can be leveraged by India to advance anti-terrorism dialogue.

Challenges In India and Saudi Arabia Relations

- **Trade Imbalance:** Despite strong economic ties, India runs a significant trade deficit with Saudi Arabia, mainly **due to crude oil imports**.
 - **Non-oil trade remains underdeveloped**, despite potential in IT, pharmaceuticals, and agriculture.
- **Geopolitical Challenges:**
 - **Balancing Iran and Saudi Arabia:** India **cannot abandon Iran** (due to Chabahar and Central Asia access). But also **cannot afford to alienate Saudi Arabia** (oil, investments, diaspora remittances).
 - **China's Growing Influence in Saudi Arabia:** Saudi Arabia's participation in **Belt and Road Initiative (BRI)** enhances China's footprint in the region, directly **competing** with India's **IMEC (India-Middle East-Europe Corridor)** vision.
 - Saudi Arabia is increasingly **purchasing Chinese drones (e.g., Wing Loong)**
 - **Saudi Arabia's Ties with Pakistan:** Saudi Arabia has long been an **ally of Pakistan**, providing financial aid, oil subsidies, and defense support. This **complicates India's efforts to isolate Pakistan on issues like terrorism** (e.g., Jaish-e-Mohammed, Lashkar-e-Taiba).
- **Labour Concerns:**
 - **Saudization/Nitaqat Policies:** Saudi Arabia's push to **prioritize local employment** through the **Nitaqat program** has reduced job opportunities for Indian expatriates.
 - **Saudization/Nitaqat policies require companies and enterprises to fill their workforce with Saudi nationals up to certain levels.**
 - **Kafala System Reforms:** While Saudi Arabia **has eased some restrictions**, Indian laborers **still face exploitative working conditions**, wage delays, and limited legal recourse.
- **Energy Security Concerns:**
 - **Vulnerability to Oil Price Shocks:** India imports around **18% of its crude from Saudi Arabia**, making it susceptible to OPEC+ production cuts and price fluctuations.
 - OPEC+ refers to the **alliance of the Organization of the Petroleum Exporting Countries (OPEC) and 10 other major oil-producing nations, including Saudi Arabia.**

Way Forward

- **Trade and Economic Diversification:**

- **Strategic Petroleum Reserves (SPRs):** Expand India's crude storage facilities with Saudi investment to buffer against price shocks.
- The Indian government as well as refiners are in active discussions with **new source markets like Guyana for oil purchases.**
- **Rupee-Riyal Trade:** There should be comprehensive discussions for **bilateral trade** to be carried in **local currencies to reduce dollar dependency.**
- **Skill Development Partnerships:** India can organise training workshops for **Indian workers for Saudi's post-oil economy** in fields such as AI, healthcare, construction technology etc.
- **Accelerate IMEC:** India needs to accelerate the infrastructure needed for the completion of the **India-Middle East-Europe Corridor (IMEC)** as an alternative to China's BRI.
- **Maintain Strategic Autonomy:** India should balance Iran ties while deepening GCC engagement.
- **Strengthening Space Cooperation:** The **Saudi Space Agency** can explore strategic collaboration with **Indian Space Research Organisation (ISRO)** in areas like satellite technology, space research, and capacity building, strengthening bilateral cooperation in science and technology.

Conclusion

India-Saudi Arabia ties are no longer just about **oil**. It's about shaping the future of **geopolitics, energy transition, and economic resilience.**

Source: <https://www.newsonair.gov.in/prime-minister-modi-to-embark-on-two-day-visit-to-saudi-arabia-from-april-22/>