

# India-Saudi Arabia

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**Source:** *The Hindu*

**Manifest pedagogy:** West Asian Policy in the context of India has acquired a new vigour under the present government. It begins with the Riyadh declaration signed between the two under Manmohan Singh government. Historical linkages are a must to write a good answer in IR

**In news:** Prime minister Narendra Modi's Saudi Arabia visit.

**Placing it in syllabus:** India-Saudi Arabia bilateral relations

**Dimensions:**

- Recent meet and agreements signed
- Strategic partnership between the two countries
- Conflicting issues

**Content:** Prime Minister Narendra Modi recently visited Saudi Arabia for a high-profile **Future Investment Initiative Summit**, dubbed as "Davos in the desert," an initiative of Saudi Crown Prince Mohammed bin Salman.

**Recent meet and agreements signed:**

**12 Memorandum of Understandings (MoUs)** on issues related to defence industries, security, air services, renewable energy, medicine products regulation, prevention of narcotics trafficking, Atal Innovation Mission, Haj related cooperation, RuPay card were signed.

**ISPR** (Indian Strategic Petroleum Reserves Limited) signed an **agreement with Saudi Aramco** to lease part of the 2.5 million-tonne **Padur storage in southern Karnataka state.**

**Indian Oil Corp** signed a preliminary deal **with Saudi Arabia's**

**Al Jeri company** for cooperation in the downstream sector, including setting up fuel stations in the kingdom.

Saudi Aramco has decided to invest \$35 billion in India's **West Coast refinery project that is set to be constructed in Maharashtra's Raigad district** which will be the largest refinery of Asia.

#### **Strategic partnership council:**

- Both countries signed an agreement to form a Strategic Partnership council that will be led by the leaderships of both the countries to **"help India address its expectations and aspirations."**
- **Saudi Arabia is the fourth country with whom India has an inter-governmental mechanism** headed by the prime minister. The **other three are Germany, Russia and Japan.**
- **India is the fourth country with which Saudi Arabia has formed such a strategic partnership, after the UK, France and China.**

#### **Strategic partnership between the two countries:**

Recent visit by PM Modi to Saudi Arabia has reinforced substantive shift happening in India's approach to the **Middle East policy**. India and Saudi Arabia are **moving from a purely buyer-seller relationship towards a closer strategic partnership.**

India imports around 18 percent of its crude oil from the Saudi Arabia , making it the **second-largest source of crude oil** for India (1st being Iran). India's bilateral trade with Saudi Arabia was at \$27.48 billion in 2017-18, making **Saudi Arabia its fourth largest trading partner.**

During his maiden trip to New Delhi in February, 2019, Saudi Crown Prince Mohammed bin Salman had said that, it would be **investing \$100 billion in India** in areas of energy, refining, petrochemicals, infrastructure, agriculture, minerals and mining.

Saudi Arabia has promised to **share more intelligence to boost counterterrorism cooperation with India**, a powerful message considering the ongoing India-Pakistan confrontation.

India is also showing signs of overcoming its reluctance to forge security partnerships with the Gulf states whose security apparatuses had long been closely associated with Pakistan.

Regarding India's decision to **abrogate Article 370** in Jammu and Kashmir and Pakistan's desperate attempt to internationalise the issue, **Saudi Arabia has taken a positive approach vis-a-vis India** and has cautioned Pakistan against escalating the crisis.

Further, Saudi Arabia might find value in buying the Indian government's stake in Bharat Petroleum, which is believed to be offloaded soon. According to reports, **Saudi Aramco is already talking to Reliance Industries Limited (RIL) for buying 20 per cent stake in refinery** and petrochemical business of RIL.

Fluctuating oil prices along with competitiveness of alternative energy sources compels Saudi Arabia to push reform measures and diversify its economy on the lines of "**Vision 2030**". Rather than competing for resources both nations are willing to collaborate, explore comparative advantage, and co-create value for citizens.

### **Conflicting issues:**

**Saudi Arabia is a key ally of Pakistan.** It supported Pakistan's stance on the Kashmir conflict and during the Indo-

Pakistani War of 1971, at the expense of its relations with India. The **Soviet Union's close relations with India also negatively affected Indo-Saudi relations.** During the Persian Gulf War (1990–91), India officially maintained neutrality.

But since the 1990s, both nations have taken steps to improve ties. Saudi Arabia has supported granting observer status to India in the **Organisation of Islamic Cooperation (OIC)** and has expanded its collaboration with India to fight Islamic terrorism in the Middle East.

India's Saudi policy, however, face many challenges, most importantly the **regional instability, the Iran factor, low oil prices and the international dynamics.** Pakistan Prime Minister Imran Khan has been a frequent visitor to Saudi Arabia to seek Riyadh's support on the Kashmir issue.

Hence a balanced approach is very much required to resolve any conflicts and maintain stability in relations, while respecting the principles of sovereignty and non-interference in each other's internal matters.