India- Saudi Arabia Relation

Why in news?

Crown Prince of Saudi Arabia visited India for participating in G20 summit and also co-chaired the 1st meeting of India- Saudi Arabia Strategic Partnership along with Indian PM.

What are the pillars of India- Saudi Arabia relationship?

- **Historical ties -** The two countries established diplomatic relations in 1947 and *2021-22 marked 75 years* of establishment of diplomatic relations.
- ***Delhi Declaration*** in 2006 was a watershed moment in India – Saudi Arabia relationship.
- ***Riyadh Declaration*** in 2010 elevated bilateral ties to a strategic partnership.
- **Diplomatic relationship** - Saudi Arabia's highest civilian honour, ***the King Abdulaziz Sash*** was awarded to Indian PM Narendra Modi.
- The visit of Crown Prince to India in February 2019 allowed investment of approximately 100 billion dollars in India and enabled the kingdom to join in ***International Solar Alliance (ISA).***

  The International Solar Alliance (ISA) was a joint effort by India and France to mobilize efforts against climate change through deployment of solar energy solutions. It is guided by its 'Towards 1000' strategy.

- *Strategic Partnership Council (SPC) Agreement*, signed in 2019 established a high-level council to steer the Indo-Saudi relationship.
- **Economic Ties –** India is Saudi Arabia's ***2nd largest*** trade partner and Saudi Arabia is India's ***4th largest*** trade partner.
- As of January 2022, there were *2,783 Indian companies* registered as joint ventures/ 100% owned entities with investments worth approximately $2 billion in the kingdom.
- Among the major proposed investments is the $44 billion *West Coast Refinery & Petrochemicals Project* in Maharashtra, which is being jointly built by Saudi Aramco and an Indian consortium.
- **Energy cooperation –** Saudi Arabia is a key partner for ensuring India's energy security.
- Saudi Arabia was *India's **3rd largest** crude and petroleum products source* for FY23.
- India also imports LPG from Saudi Arabia.
- **Defence Partnership** - Two editions of the bilateral naval exercise, ***Al Mohed al Hindi*****,** have been concluded so far.
- **Diaspora –** The Indian community is more than 2.4 million and is the *largest expatriate community* in the Kingdom.

- India's ***e-Migrate system*** integrated with the Kingdom's ***e-Thawtheeq system*** to streamline the migration process for workers.
- Saudi Arabia supported in evacuation of Indian nationals stranded in Sudan through Jeddah under ***Operation Kaveri.***
- **Cultural Relationship –** *Indian Cultural Week* was organized in Riyadh in collaboration with the Saudi Ministry of Culture in 2012.
- India participated as the 'Guest of Honour' at the prestigious Saudi National Festival of Heritage and Culture – *Janadriyah* in 2018.
- **Counter terrorism –** Both nations stressed the importance of combating terrorism and it's financing.
- They emphasized that terrorism, in all its forms, remains one of the gravest threats to humanity.



What about the recent developments?

The two sides signed 8 agreements aftermath of G20 Summit in 2023.

- **Diplomatic Ties** – 1st meeting of the India-Saudi Arabia Strategic Partnership Council.
- **Energy Ties** – Both agreed upon upgrading their hydrocarbon energy partnership to a *comprehensive energy partnership* for renewable, petroleum and strategic reserves.
- **Investment promotion** – Both agreed to create a joint task force for *$100 billion in Saudi investment*.
- **Currency convertibility** – Discussion for possibility of trading in local currencies.
- **Trade agreements** – Both were expediting negotiations for a *free trade agreement between India and the Gulf Cooperation Council (GCC)* of which Saudi Arabia is a member.

  GCC is a regional political and economic alliance of 6 countries in the Gulf region - Saudi Arabia, the UAE, Qatar, Kuwait, Oman and Bahrain.

- **Economic corridors** – India, Saudi Arabia, UAE and USA jointly announced the *India-Middle East-Europe Economic Corridor (IMEC).*

  IMEC is a massive infrastructure project that would connect India to Europe via West Asia, and could rival China's Belt and Road Initiative.

- **Global peace and stability** – Both nations stressed the importance of achieving security and stability in Afghanistan.
- **Cooperation Agreements** – Cooperation between
  - India's Central Vigilance Commission and Saudi's anti-corruption unit,
  - Investment entities, small and medium enterprises banks,
  - National Archives of the two countries, and on
  - Desalination and renewable energy

What are the concerns?

- The political scenario of the West Asia or Middle East are complex and multidimensional.
    - Example: Saudi Arabia is rival with Iran and Turkey.
- India has close ties with both Saudi Arabia and Iran and thereby straining the relationship at times.
- Increased engagement of kingdom with China as it is their biggest trading partner.
- Riyadh still helps Pakistan with economic aid.

What lies ahead?

- India should frame a dedicated policy for west Asia on similar lines of Act East Policy.
- Saudi Arabia is consolidating its partnership with the US, India, and Europe which need be encouraged.
- India should use every opportunity to engage with Saudi Arabia for energy security and for maintaining peace in the neighbourhood.

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