PM Modi's Saudi Visit - Future Investment Initiative Forum

Why in news?

Indian PM Modi visited the Saudi Kingdom at the invitation of Saudi King Salman Bin Abdulaziz Al Saud.

What is the meet for?

- The forum is formally called the Future Investment Initiative, and was launched in 2017.
- Indian PM will be joining Brazil's president, Jair Bolsonaro, U.S. President Trump's senior adviser and son-in-law, Jared Kushner.
- Other leading international figures also join at the annual international forum popularly known as "Davos in the Desert".
- It seeks to elevate Saudi Arabia's international economic engagement.
- It is part of Crown Prince Mohammed bin Salman's (MbS's) efforts to rapidly transform Saudi economy under the "Vision 2030" that he unveiled in 2016.

How has Saudi transformed in the recent years?

- **Economy** - Saudi Arabia's economic transformation envisaged by MbS opens up huge new opportunities for India's economic cooperation with the kingdom.
- Notably, this has been limited for far too long to the import of oil and export of manpower.
- The ambition of MbS is to diversify the Saudi economy from its historical reliance on the oil business.
- The aim is to develop manufacturing and service sectors through liberalisation at home, and deeper integration with the world.
- This is founded on three aspects of the kingdom:
    1. its special status in the Arab and Islamic worlds
    2. its strategic location at the trijunction of Africa, Europe and Asia
    3. its expansive investment capability
- Notably, the last few years have seen some important initiatives.
- This includes the attempt to turn Saudi Aramco, the national oil producing company, into a global conglomerate.
- Other reforms include easing the FDI restrictions, promoting tourism and the entertainment industry, development of the debt market and a massive anti-

corruption campaign.

- Bankruptcy law, introduction of VAT to enhance non-oil revenue generation, cuts in water and power subsidies, cash handouts to the needy were the other measures.
- The Saudi kingdom was one of the top ten "global business climate improvers" in 2019 in the World Bank's ease of doing business report.
- An important element of Vision 2030 is the idea of strategic partnerships with select countries.
- These include the US, China, Japan, India, South Korea, Germany, France and the UK.
- **Socio-religious** - Even more consequential over the long term is MbS's ambitious agenda to modernise the Saudi society.
- The country is under the domination of religious conservatism since 1979, when Islamic radicals came close to destabilising the kingdom.
- There are deep interconnections between the Gulf and the Indian Subcontinent.
- Given this, the drift towards conservatism in the Arabian peninsula has had multiple negative effects on India and its neighbours.
- This was especially challenging in altering the balance between religion, politics and the state.
- Given this, some of the recent social reforms include -
    i. limiting the power of the religious police in public places
    ii. granting more rights to women
    iii. lifting the 35-year-old ban on cinema halls
    iv. letting restaurants play music and permitting large music concerts

What do these offer for India?

- The reform of the Saudi society, at the very heart of the Islamic world, will hopefully help reverse some of the negative effects of the conservatism.
- India has a huge stake in the successful economic and social modernisation of Saudi Arabia.
- This is because a modern and moderate Arabia will reinforce similar trends in the Subcontinent.
- PM Modi has every reason, then, to extend strong political support to MbS's reform agenda during his visit to Saudi Arabia.
- The meet's key aim is to boost bilateral ties between the two countries in key sectors, including energy and finance.
- The MbS impact on Saudi Arabia's international policies is already evident in the growing Saudi interest to deploy massive capital into India.
- Aramco's decision to take a large stake in the oil business of Reliance could be the beginning of a new economic era in bilateral relations.

- Given all these, it is essential that Delhi creates the conditions for rapid growth in Saudi investments in India.

Source: Indian Express

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