

INDIA REVIEW & ANALYSIS



COVER STORY

India and Saudi Arabia: New paradigms across the Arabian Sea

ALSO READ

**INDIA AND US: PRIORITISING A
RELATIONSHIP**

**US, IRAN AND BALANCING
NATIONAL INTERESTS**

Changing global dynamics bring Riyadh, Delhi closer

MD. MUDDASSIR
QUAMAR

Modi's assumption of power in May 2014 in New Delhi and the change of guard in Riyadh in January 2015 gave a new momentum to bilateral ties. With a distinct working style, the two leaderships developed a strong personal rapport and a better political understanding of each other's concerns

India and Saudi Arabia are two G-20 economies with ambitious growth targets. To achieve this, New Delhi and Riyadh look at each other as important partners. India needs the Saudi oil for energy security and looks for Saudi investments. Saudi Arabia sees India as a promising market and recognizes its rising global profile. This mutuality of interests has led to forging of strong bilateral relations with a focus on attracting two-way flow of investments and building security ties to combat religious extremism.

It came to the fore during the April 2016 visit of Prime Minister Narendra Modi to the kingdom. The visit was followed by a number of important developments including the signing of the framework agreement for the USD 44 billion Ratnagiri Refinery and Petrochemicals Ltd. (RRPCL) in June 2018 and the permission in March to Air India to fly over Saudi airspace for its flights between New Delhi and Tel Aviv.

In many ways, however, New Delhi and Riyadh are unlikely partners. The two adhere to different political philosophies and hold contrasting world views. This was an underlying factor preventing forging of close ties even after the end of the Cold War. Despite significant business transactions and energy trade since the 1990s, India and Saudi Arabia remained lukewarm to the opportunities for development of political ties. Indian apprehension about Saudi-Pakistan relations was a major hurdle.

The situation started to change after the 2008 Mumbai attacks. Indian security agencies recognized the vulnerability of its coastline and significance of developing ties with Gulf countries for preventing future incursions. Saudi Arabia, facing internal security challenges from Islamist terrorist cells, came across as a willing partner. A degree of mutuality was developed in fighting terrorism and resulted in deportation or extradition of a number of wanted criminals and suspected terrorists

to New Delhi from Riyadh, especially after the February 2010 Riyadh visit of Prime Minister Manmohan Singh. It included the extradition of Fasih Mohammad, a Lashkar-e-Taiba operative with suspected involvement in the 2008 Mumbai attacks, in October 2012.

Modi's assumption of power in May 2014 in New Delhi and the change of guard in Riyadh in January 2015 gave a new momentum to bilateral ties. With a distinct working style, the two leaderships developed a strong personal rapport and a better political understanding of each other's concerns.

Firstly, commercial relations have been thriving. Business ties started to grow soon after the January 2006 visit of King Abdullah as chief guest for India's Republic Day celebrations and reached a high of USD 48.6 billion in 2013-14. It dropped to USD 25 billion in 2016-17, mainly due to low oil prices and slow international trade, but has again seen a growth of 9.5 per cent to reach USD 27.5 billion in 2017-18. Saudi Arabia has been among India's top five trading partners and one of the top suppliers of crude oil, playing a significant role in its energy security.

With efforts to attract more investments, FDI inflow from the Kingdom has seen a significant jump in the last four years; between June 2014 and June 2018 India received USD 163 million in investments from the Kingdom.

Further, major Saudi companies, including Aramco and SABIC, are expanding their businesses in India. Simultaneously, the number of Indian companies with operations and investments in Saudi market is on the rise, with many developing joint businesses with Saudi ventures.

Secondly, the growing scourge of extremism and religious radicalism posing a threat to security and stability in the Gulf, especially since the rise of the Islamic State



has resulted in Indian concerns about cross-border terror from Pakistan being taken more seriously by Gulf monarchies including Saudi Arabia. This has led to growing cooperation between security and intelligence agencies of the two countries.

India's National Security Adviser Ajit Doval and special envoy for counter terrorism Asif Ibrahim have made several trips to Riyadh and held meetings with top Saudi officials. The degree of understanding on terrorism was reflected when Riyadh came forward to condemn the terrorist attacks in Pathankot (January) and Uri (September) in 2017. Notably, the latter was an attack on an Indian military brigade in Kashmir, recognized by many as a conflict zone.

Thirdly, defence cooperation is on the rise. In November 2017, the India-Saudi Arabia Joint Committee on Defence

Cooperation (JCDC) met in New Delhi and identified "credible activities" towards bolstering ties.

India has opened up to the idea of inviting officers from the Royal Saudi Armed Forces for training at its military training institutions. The first group of Saudi cadets came to India in December 2017 to join a three-year training program at the National Defence Academy (NDA) in Pune.

This new phase in Indo-Saudi relations is significant for a variety of reasons, but primarily because of the Pakistan factor. Riyadh and Islamabad have been traditional allies and continue to have brotherly relations.

India's relations with Pakistan, on the other hand, are currently at their worst in recent years. How is it that, in spite of this, Indo-Saudi relations are developing a strong partnership? This can mainly be

External Affairs Minister Sushma Swaraj is welcomed by Saudi Arabian Foreign Minister Adel al-Jubeir at the Ministry of Foreign Affairs building in Riyadh in February 2018



India's Petroleum, Natural Gas and Skill Development Minister Dharmendra Pradhan meets with Saudi Arabia's Energy, Industry and Mineral Resources Minister Khalid Al-Falih, who is also chairman of Saudi Aramco, in New Delhi in February 2018

attributed to a changed regional geopolitical dynamics.

With intense power struggles and spread of transnational terror in West Asia, security has emerged as a major concern and the confidence in the US security umbrella, especially in the Persian Gulf, received a significant beating during the so-called Arab Spring. With the growing strategic influence of Iran and the Russian entry, the Gulf monarchies are looking to forge ties with emerging powers, especially in Asia, to ensure economic prosperity and political stability.

For India, this provides an opportunity. New Delhi is actively soliciting foreign investments to revive economic growth and the Gulf countries have the appetite for big investments. Further, India has the chance to highlight the problem of jihadism it has been facing from across the border.

Traditionally, people-to-people contacts between India and Saudi Arabia have been strong because of a large Indian migrant population and annual Haj pilgrimage, but government-level efforts to widen the scope of bilateral ties had remained limited. The current phase in bilateral ties is a result of the readiness of the leaderships in Riyadh and New Delhi to set aside the problem areas and build on areas of mutual interest, namely two-way flow of investments, security and defence cooperation.

Prime Minister Modi and Crown Prince Muhammad bin Salman recognize the opportunities offered by the geopolitical developments and are harnessing them to forge strong bilateral ties.

(The author is Associate Fellow, IDSA, New Delhi, and co-author of India's Saudi Policy: Bridge to the Future /Palgrave Macmillan)