



# From the Editorials - Well oiled — on Saudi Crown Prince's India visit

Posted at: 16/02/2019

## India - Saudi Arabia

### Why in news?

The upcoming visit of Saudi Arabia's crown prince, Mohammed bin Salman (MBS), to India is not a routine affair. The trip to India is evidently timed to burnish his legitimacy after the international opprobrium that followed the murder of The Washington Post journalist Jamal Khashoggi. But the visit also comes at an important juncture in the geopolitics of southwest Asia as well as in the bilateral relationship between the two countries.

### Background:

- Indian government has invested considerable time and energy in fostering stronger relations with countries in West Asia, especially Saudi Arabia and the UAE.
- PM's visit to Riyadh in 2016 gave a fillip to security and economic ties with Saudi Arabia. More recently, PM met MBS on the sidelines of the G20 summit in Argentina, and the latter spoke of Saudi investment in India's national investment and infrastructure fund.
- Indian Foreign Secretary said, we expect that in the next two to three years, there will be significant scaling up of Saudi investments in India."
- India, for its part, has refrained from even a hint of disapproval of Saudi Arabia disastrous military intervention in Yemen or its misguided attempts to isolate Qatar never mind the brutal assassination of Khashoggi.
- The Modi government's approach to Saudi Arabia has broadly been continuous with the pattern of bilateral relations since 2006.
- That year marked an important breakthrough in the history of the relationship. In January 2006, King Abdullah bin Abdul-Aziz visited India

the first visit by a Saudi monarch in 51 years and the first top level bilateral visit since Indira Gandhi's trip to Saudi Arabia in 1982.

### **Bilateral relations in the past:**

- During the early years of the Cold War, Riyadh put itself firmly in the American camp, while New Delhi stood against all alliances.
- Two developments in the 1970s drove them further apart. The defeat of Pakistan in 1971 followed by the oil crisis of 1973 set the stage for closer ties between Pakistan and Saudi Arabia.
- Following the Soviet intervention in Afghanistan in 1979, Saudi Arabia cooperated closely with Pakistan and the US in financing the Mujahideen's fight against the Red Army.
- India sought to adopt a more nuanced stance: it did not openly condemn the Soviet invasion, but privately urged Moscow to pull back. In any event, the gulf between their positions was evident.
- Despite Indira Gandhi's visit, it could not be papered over. In the immediate aftermath of the Cold War, too, the relationship remained in choppy waters.
- India's ambiguous stance on the Iraqi invasion of Kuwait and the subsequent developments antagonised the Saudis, who saw themselves as the next target of Saddam Hussein's expansionist ambitions.
- Further, with the onset of the insurgency in Kashmir, the dispute between India and Pakistan once again attracted international attention. The Saudi stance on this issue was a constant irritant to India.

### **After Cold war:**

- Nevertheless, during this period, relations between the two countries were also developing along other dimensions.
- As India's economy liberalised and grew rapidly, energy resources became a major driver of the relationship.
- Saudi Arabia emerged as the largest supplier of oil to India, while India counted among biggest importers of Saudi oil.
- Equally important was the growing community of expatriate Indian workers (currently over 3 million) in Saudi Arabia and their remittances back home.
- The Delhi Declaration signed during King Abdullah's visit in 2006 called for a closer economic engagement and energy partnership.
- During Prime Minister Manmohan Singh's visit to Riyadh in 2010, security cooperation especially, against terrorism emerged as another

key domain.

### **Present times:**



- While the present government has deepened ties along these axes, it has also attempted to draw Saudi investment into India.
- The centrepiece of these efforts is the massive refinery complex capable of processing 1.2 million barrels of crude oil daily being planned in the Ratnagiri district of Maharashtra.
- The Saudi oil giant Aramco and the Abu Dhabi National Oil Company have acquired 50% stake in the \$44 billion project.
- This project introduces a new dimension to the political economy of the India-Saudi relationship.
- For one, it moves economic ties beyond oil supply and remittances. For another, it simultaneously serves Aramco's global downstream plans and India's desire for energy security as well as its interest in attracting FDI.

### **Challenges:**

- This apparently win-win project has faced serious local resistance. Farmers cultivating the region's famous Alphonso mangoes have refused to give up their land for this project. Besides, there are wider concerns about its impact on cashew plantations and fisheries.
- Equally problematic for New Delhi is the rapidly evolving geopolitical context of southwest Asia.
- Mohammed bin Salman's keenness on ties with India is driven, at least in part, by his desire to box Iran into a corner.
- With the Trump administration reimposing sanctions on Iran, the Saudis will want to prevail upon countries like India to minimise their dependence on oil imports from Iran, and so squeeze the latter.
- To be sure, India has got a waiver from the Trump administration but this might turn out to be only a reprieve.
- In any event, India can hardly afford to allow its ties with Iran to erode against the backdrop of the endgame in Afghanistan.



### **India for Saudis:**

- It observes that its common pursuit for development and stability, Saudi Arabia sees India as an important partner.
- Its ties trace their roots to the third millennium BC. Trade, science, arts, literature, languages the exchanges between both civilisations have

indeed been profound.

- India holds a special place for Saudis. Nearly 3 million Indians form the largest expatriate community in the Kingdom. India has also seen its Haj quota of 1,36,020 increase consecutively during the last two years to a record 1,75,025.
- India and Saudi Arabia have more opportunities today to tap into than ever before.
- The bilateral trade for 2017-18, in excess of \$27 billion, will accelerate as Saudi Arabia and India engage in a host of new areas such as information and communications technology (ICT), health care, defence, biotechnology, education and infrastructure among others.
- India is one of the top countries on the Kingdom's preferred list with great potential for investment in organic and food processing industries.

### **Expanding cooperation:**

- The energy partnership between the two countries is also finding new grounds. As of October 2018, Saudi Aramco has nearly \$2 billion in material-service sourcing with Indian companies, and investing in India's value chain from oil supply, marketing and refining to petrochemicals and lubricants is a key part of its global downstream strategy.
- The \$44 billion integrated refinery and petrochemicals complex at Ratnagiri in Maharashtra, being jointly developed by Saudi Aramco, Abu Dhabi National Oil Company (ADNOC) and a consortium of Indian public sector units (PSUs) consisting of Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL), is yet another milestone.
- Crown Prince Mohammed bin Salman met Prime Minister Narendra Modi in November 2018 on the sidelines of the G20 summit and both sides agreed to set up a high-level mechanism to boost concrete actions in terms of investment, technology and manufacturing across various sectors.

### **Way forward:**

As formidable economies of MENA and Asia, Saudi Arabia and India have a historic opportunity to collaborate in shaping the future of our regions, for a better tomorrow full of prosperity and promise. Combining their respective strengths will pave the way for endless possibilities and accomplishments for the benefit of our two peoples and the region. The forthcoming state visit of

the Crown Prince to India presents another historic opportunity to expand collaboration between our two friendly nations.



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