

Changing patterns of Saudi-Indian ties

*Kashif Mumtaz**

Indian Prime Minister Manmohan Singh paid an official visit to the Kingdom of Saudi Arabia (KSA) between February 27 and March 1, 2010. This was the first visit by an Indian premier to the Kingdom in twenty-seven years. The nature and scope of agreements signed during the visit and the unprecedented warmth shown to the visitors was manifest particularly in Singh's address to the Saudi Majlis-al-Shura. It was a rare honour bestowed upon a foreign dignitary and highlighted the increasingly warm ties between the two countries¹ in continuation of a trend ushered in by King Abdullah's January 2006 visit to India.

The unmistakable message brought home by the visit was that the two countries had jettisoned a troublesome past when their mutual interaction was influenced largely by factors extraneous to a strictly bilateral context. Indeed, Saudi closeness to Pakistan, and opposition in Cold-war alignments of KSA and India; were key factors that hindered the ties from growing.

The visit itself culminated with the Riyadh Declaration which was signed after extensive talks of the Indian prime minister with King Abdullah, the Custodian of the Two Holy Mosques.² Nothing encapsulates the widening ambit of Saudi-Indian ties and deepening understanding between the two countries better than this declaration which has been termed the start of a "new era of strategic partnership". The declaration seeks to enhance bilateral cooperation for economic, cultural, social and scientific development of both countries by raising "their cooperation to a strategic partnership covering security, economic, defence and political areas."³ It also talks of cooperation in exchanging information about terrorist activities, money laundering, narcotics, arms and human trafficking.⁴

While the Riyadh Declaration defined broad contours of the emerging Indo-Saudi cooperation, nine other agreements identifying specific areas of cooperation were also signed. These included, "accords on extradition treaty, transfer of sentenced prisoners, scientific and technological cooperation and memorandums of understanding on cooperation in peaceful use of outer space, information and information technology and services between the Saudi Press Agency and the Press Trust of India, cultural exchange and advanced computing services." Moreover, there

* *The writer is Research Fellow at the Institute of Strategic Studies, Islamabad.*

were two private sector agreements signed between Saudi and Indian companies.⁵

Such a narrative highlights the deepening and expanding ties between KSA and India. However, so far the most pronounced development has been on bilateral trade. In fact, according to a study undertaken by the Banque Saudi Fransi (BSF), the economic and trade relationship between KSA and India was among the most strategic bilateral bonds for either country.⁶

Saudi Arabia has already become India's largest supplier of crude oil and is its fourth largest trading partner after China, the United States and the United Arab Emirates. Moreover, India is the sixth-largest source of Saudi imports and accounted for 12.4 per cent of the Kingdom's imports from Asia in 2008. Bilateral trade between the two countries has exceeded \$25 billion.⁷ That Saudi imports from India have increased almost six-fold between 2000 and 2008 highlights the remarkable pace of progress in economic ties.

Improvements in bilateral relations in fields other than trade have also been noticed. Saudis, for example, have supported an Indian petition for Observer status in the Organization for Islamic Conference (OIC). In fact, according to some observers, Saudi Arabia has made conscious efforts to move beyond its traditional approach of looking at India through a Pakistan-centric prism.⁸

This progress in Saudi-Indian ties is a recent phenomenon. For a long time bilateral relations had been built mainly by Cold War considerations and Saudi Arabia's intimate ties with Pakistan. Although King Saud had visited India in 1955, bilateral ties could not flourish as the Saudis sided with the U.S. and India drifted closer to Moscow. They faced further strain after Soviet invasion of Afghanistan which was supported by the Indians whereas Saudi Arabia was the largest sponsor of anti-Soviet Afghan Mujahedin.⁹ Moreover, particularly since the early 1970s when Pakistan sought to reorient its foreign policy towards the oil-rich Gulf States after suffering from the trauma of East Pakistan's secession, it succeeded in forging extremely cordial relations with Saudi Arabia. This too would serve to hinder the growth of Saudi-Indian bilateral relations.

With the end of the Cold War, a major impediment disappeared. Moreover, with a changing geostrategic environment post-9/11 and India's emergence as an economic giant, Saudi Arabia felt enough need to recast its foreign policy. Termed the 'look east' policy, this has paved the way for substantial improvement in Saudi-Indian ties.

The real impetus for this came when King Abdullah visited India in January 2006 during his tour to the region. Such was the importance attached to the King's visit - his first outside the Middle East since taking the throne in August 2005 – that some commentators labeled it “a strategic shift” in Saudi foreign policy which reflected “a new era” for the Kingdom.¹⁰

By remarking on his arrival in India that he considered himself to be in his second homeland,¹¹ the King showed an eagerness to leave the past behind. Indian leadership on its part also appeared cognizant of the significance of the visit which was described as “heralding a new era in India-Saudi Arabia relations and (one that) constitutes a landmark in the development of increased understanding and cooperation between the two countries.”¹² However, nothing illustrates the significance of this visit, the first by a Saudi monarch in fifty-one years, more than the fact that the King was the chief guest at India's Republic Day military parade.

The King's visit had culminated in the historic ‘Delhi Declaration’ whereby both countries committed, among other things, to develop “a strategic energy partnership based on complementarity and interdependence” and to fight against the menace of terrorism.¹³ Since then, Saudi-Indian ties have been on the upward trajectory owing to a number of factors.

Energy cooperation

Cooperation in the energy sector is a driving force in Saudi-Indian ties. Saudi Arabia is the world's largest energy producer, whereas India has become the world's sixth-largest energy consumer. Thanks to its burgeoning population and rapid industrialisation, India could become the fourth-largest consumer in a matter of years.¹⁴ As it is projected to maintain robust economic growth rates of 7-8 per cent over the next two decades, India faces a strong challenge to meet its ever-increasing energy demands.

Saudi Arabia with its enormous hydrocarbon resources and geographic proximity is an ideal source for quenching India's energy needs. This complementarity has set the foundations for a robust growth in their ties – Saudi Arabia is already India's largest oil supplier and the supplies are poised to double in the next twenty years.

Energy cooperation carries special mention in both the Delhi and Riyadh declarations. In the former, Saudi Arabia promised India a reliable, stable and increased volume of crude oil supplies through “evergreen”

long-term contracts;¹⁵ whereas the latter not only reiterates this commitment but also talks of identifying and implementing specific projects for cooperation in areas of new and renewable energy.¹⁶

Flow of human and financial capital

India and Saudi Arabia find complementarities in the flow of human and financial flows as well. India has a highly trained work force with particularly strong IT and English language skills which Saudi Arabia can benefit from in new programmes that it has initiated to modernise and diversify its economy. India on the other hand desperately needs foreign investment to maintain the pace of its economic growth and fund infrastructural developments. Saudi Arabia has its coffers full with the petrodollars, thanks to exceptionally high oil prices in recent years, and can provide the much-needed financial resources to India.

Unsurprisingly then, both the Delhi and Riyadh declarations mention cooperation in science, technology, research and a flow of investment. Prime Minister Manmohan Singh in his address to the Saudi Shura noted that India sought “Saudi investment in a range of sectors from infrastructure and manufacturing to the services and hospitality sector,” and expressed Indian willingness to invest in the IT, banking, telecommunications, pharmaceutical and hydrocarbon sectors in Saudi Arabia.¹⁷

Strategic factors

Strategic factors have also been behind increased cooperation. For India, improving relations with an influential Muslim country has always been viewed as a worthwhile goal mainly with a view to neutralizing Pakistan’s influence in Muslim world. In this context, it has specifically targeted countries which have had close ties with Pakistan such as Iran and Saudi Arabia.

When tensions emerged in Pak-Iranian relations, India tried to exploit the situation by coming close to Tehran. However, as Iran-U.S. relations worsened over the nuclear issue, India found it expedient to side with the latter – a decision that adversely impacted Indo-Iranian relations. Saudi Arabia has appeared an even more attractive option due to its greater clout in the region and in the Muslim world. For Saudi Arabia, on the other hand, improving ties with emerging Asian economic giants like China, India and Malaysia is a means to finding diplomatic alternatives to heavy dependence on the U.S. – a dependence that has subjected it to increasing criticism since 9/11.¹⁸

Fight against terrorism

With Saudi Arabia fighting Islamist radicals and India successfully ingratiating herself with the international community as a victim of terror, both countries found it in their common interest to fight against the menace of terrorism – a resolution which carries special mention in both the Delhi and Riyadh declarations.

Saudi-Indian ties and Pakistan

Improvements in Indo-Saudi ties have been viewed with considerable unease in Pakistan which has long been enamoured with the concept of unity among the Muslim ummah, and consequently Saudi friendship. This unease was particularly noticeable when King Abdullah visited India in January 2006. Though he had included Pakistan in his itinerary, the vastly different nature of visits created a sense of despondency in Pakistan.

Official circles and the media tried to calm public unease by putting a spin on the King's visit. Some would say that it was only after Indo-Pak tensions had thawed that Saudi Arabia had sought to improve its ties with India; others argued, perhaps justifiably, that improvement in Saudi-Indian ties would not come at Pakistan's expense, and rather this would exercise a moderating influence upon Indian belligerence towards Pakistan.

Singh's visit to KSA, however, turned out to be a different story and as much has been acknowledged by the public and media in Pakistan. Saudi Foreign Minister Prince Saud al Faisal, after meeting the Prime Minister, expressed his concern to Indian journalists regarding Al Qaeda and Taliban in Pakistan. In his comments, he also urged Pakistani leaders to unite to thwart the designs of the extremists. Indeed, this must also have caused consternation among official circles in Pakistan.¹⁹

Pakistan's foreign policy establishment needs to realize that they can no longer take any country's 'friendship' for granted. In this economy-driven world, they need to put their own house in order and make themselves competitive internationally to retain old friendships and win new ones with influential international players. This is a lesson well-learnt from the evolution of India's relationship with Saudi Arabia.

Notes & References

- 1 "Indian PM Manmohan Singh Ends Saudi Visit on High Note", *Gulf News*, March 2, 2010.
- 2 MD Rasooldeen, "Riyadh Declaration Cements Ties", *Arab News*, March 1, 2010.
- 3 "Riyadh Declaration: A New Era of Strategic Partnership", at <http://meaindia.nic.in/>
- 4 Ibid.
- 5 MD Rasooldeen, "Singh Calls for Energy Partnership", *Arab News*, February 28, 2010.
- 6 Nadim Kawach, "Saudi-India Economic Ties Poised for Sharp Economic Growth", *Emirates Business* 24/7, March 1, 2010.
- 7 "Some Facts on Saudi-Indian Relations", at <http://www.dailytimesindia.com/2010/02/99708.htm>
- 8 Harsh V. Pant, "Saudi Arabia Woos China and India", *Middle East Quarterly*, Fall 2006, pp. 45-52.
- 9 Ibid.
- 10 Ibid.
- 11 "Saudi King on Rare Visit to India", *BBC News*, January 25, 2006.
- 12 "New Era for India-Saudi Arabia Ties", *BBC News*, January 27, 2006.
- 13 "Delhi Declaration", available at <http://pmindia.nic.in/prelease/pcontent.asp?id=392>
- 14 Nadeem Kawach, op. cit.
- 15 "Delhi Declaration", op. cit.
- 16 "Riyadh Declaration: A New Era of Strategic Partnership", available at <http://meaindia.nic.in/pressrelease/2010/03/01pr01.htm>
- 17 See, text of the Prime Minister's Speech, available at <http://palashscape.blogspot.com/2010/03/pms-address-to-majlis-al-shura.html>
- 18 Harsh V. Pant, op. cit.
- 19 Syed Rashid Hussain, "Saudi Arabia Urges Unity Among Pak Leaders", *Dawn*, March 1, 2010.