

### PAKISTAN AND SAUDI ARABIA: BOLSTERING TIES FURTHER

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**Pakistan and the Kingdom of Saudi Arabia (KSA) have long been trusted partners, with fraternal ties based on the bonds of religion, with an all-encompassing relationship including economic, and military ties as well. This unique relationship has unsurpassed potential which, if fully tapped, can accrue benefits for both countries. KSA is also home to millions of Pakistani workers, who are a major source of foreign remittances. Firmly set on the path to further strengthening relations, both countries seek to forge an ever strong and all-inclusive partnership. Frequent high level official exchanges also take place, a testament to the deep-rooted relations.**

Pakistan, with a burgeoning young population, offers Saudi Arabia several opportunities, like skilled workforce trained for specific sectors such as IT experts, doctors, engineers and academics. Pakistan itself is in need of Saudi investment from its private and public sectors in order to accelerate growth and development. Historically, Pakistan has been a significant buyer of Saudi crude oil, supplying at least 30% of Pakistan's annual oil consumption. Saudi Arabia represents the largest source of remittances, with overseas Pakistanis in the Kingdom sending back \$27 billion in 2023, nearly matching the country's \$27.7 billion in exports for the 2022-23 fiscal year.<sup>1</sup> The bilateral trade relationship has made significant strides, putting Saudi Arabia as Pakistan's primary trading partner

<sup>1</sup> Zeeshan Ul Rab Jaffri, KSA and Pakistan: transforming ties, Business Recorder, May 5, 2024, <https://www.brecorder.com/news/40301797/ksa-and-pakistan-transforming-ties>

in the Middle Eastern region. Pakistan imports oil, petrochemicals, and machinery from Saudi Arabia, while its principal exports to the Kingdom include textiles, food products, and construction materials. Reportedly, KSA also plans to invest nearly 1 billion dollars in Pakistan's Reko Diq mining project. Pakistan-Saudi Arabia's current bilateral trade volume stands at 5.7 billion dollars.<sup>2</sup>

In the field of defence, the two countries maintain close collaboration, engaging in regular joint military exercises and training programs to enhance their respective defence capabilities. Pakistan is also a member of the Saudi-led Islamic Military Alliance, which aims to combat terrorism and promote regional security. Moreover, in April 2024, KSA's high level delegation led by the Assistant Defence Minister Major General Talal Bin Abdullah Al-Otaibi visited Pakistan. He participated in, and chaired the fifth meeting of the Pakistan-KSA Defence Collaboration held in Rawalpindi. This meeting was also co-chaired by the Pakistani Chief of Army Staff, General Asim Munir, during which both sides reiterated their dedication to enhancing defence cooperation, mainly focusing on improving their defence capabilities jointly, with a specific focus on land, air, and sea capabilities.

In a recent meeting between the leaderships of both countries in April 2024, it was decided to further this partnership to new vistas. In order to implement this vision, a senior level ministerial delegation, represented by Prince Faisal bin Farhan, the Saudi Minister of Foreign Affairs, undertook a visit to Pakistan in April 2024 and held comprehensive deliberations with Pakistani counterparts.<sup>3</sup> The delegation comprised of Ministers of Water and Agriculture, Industry and Mineral Resources as well as the Assistant Minister of Investment and several other high level officials from the Ministry of Energy, Industries and Minerals, the Ministry of Environment, Water and Agriculture, and the Public Investment Fund. The visit was followed by a two-day Pakistan-Saudi Investment Conference, which included representatives from some thirty Saudi companies from the fields of Information Technology, telecom, aviation, energy, mining exploration, construction, agriculture as well as human resource development. Pakistani Commerce Ministry arranged facilitative meetings with representatives of the Pakistani business community, thus kick-starting a new phase of cooperation between the business sectors of both countries.

Besides economic collaboration, efforts are also underway to increase cooperation across the spectrum, including increased defence cooperation. All these measures point towards the desired transformation of the deep-rooted relationship into an all-inclusive strategic partnership. The Saudi Vision 2030 envisions integration into the global financial markets as both a destination and a center

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<sup>2</sup> Pakistan aiming to increase trade with Saudi Arabia to \$20bn: minister, Arab News, February 24, 2024 <https://www.arabnews.com/node/2464641/business-economy>

<sup>3</sup> Ahmad Farooq, Pakistan, Saudi Arabia taking economic cooperation to new heights, Arab News, April 19, 2024, <https://www.arabnews.pk/node/2495716>

of investment, as well as to help convert the country into a global investment capital. In order to attain this goal, the Saudi government has undertaken measures to alter the Public Investment Fund into the world's major sovereign wealth fund, boosting prominent Saudi corporations to grow across borders and take their fair place in international markets. Pakistan, for its part, is eager to welcome Saudi investment in all fields, and in order to create a conducive investment friendly environment for international investments, it has established a high level Special Investment Facilitation Council (SIFC) in June 2023.<sup>4</sup> The purpose behind the formation of this Council is to facilitate a one-window operation, free from bureaucratic hurdles. It is expected that the SIFC will help in overcoming cumbersome procedures.

Pakistan-Saudi Arabia relations are charting a new course, promising a new era in the strategic partnership, which includes investments in several fields. However, Pakistan must ensure security for Saudi investments and focus more on tapping into the Saudi Vision 2030, especially in terms of specialized labour training, fit for the Saudi market. The Saudi Vision 2030 provides ample opportunities and opens gateways for unlimited cooperation, if wisely made use of. It is hoped that Saudi investments will provide new opportunities for the Pakistani economy, for which these investments can be vital and can lead an appreciable upswing in the coming years. Pakistan must make the most of its relationship with KSA and build a sustainable and long-term economic partnership with the Kingdom, which will open immense new possibilities for a brighter and more prosperous future.

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<sup>4</sup> Zafar Nawaz Jaspal, Riyadh and Islamabad entering new era of commercial and strategic partnerships, Arab News, April 23, 2024, <https://www.arabnews.pk/node/2497586>