



Prime Minister Modi's Visit to Saudi Arabia: New Dawn in Bilateral Relation

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India and Saudi Arabia are set to write a new chapter in their bilateral relations. Continuing with the policy of engaging the neighbourhood¹, PM Modi is undertaking a two-day visit to the Kingdom on 2-3 April 2016. The timing of the visit of the Indian Prime Minister to Riyadh holds great significance, especially when both the countries do not see some of the developments that have taken place in the region in the last couple of decades as necessarily favourable to their national interests. Both, Riyadh and New Delhi view that they have shared interest in maintaining and promoting peace and stability in the region.

However, amid the growing relationship between the two countries, especially in the last one decade,² it appears that India and Saudi Arabia need a more open and candid diplomatic overtures to enter into a new phase of strategic engagements. For instance, they have to shed the Cold War baggage to elevate their ties. They need a pragmatic approach to meticulously analyse the changing strategic equations in the region and enhance their mutual interest. The interest of major powers in West Asia is incrementally changing. The focus of the US, which had kept the region stable and peaceful for the last half a century, is shifting to South East and East Asia and Latin America. President Putin has been seen as a restorer of the past Russian glory even at the cost of pushing Moscow once again into the regional conflicts, be it Georgia (2008), Ukraine or Syria. With the mission complete in

Syria³, Moscow seems to have become a resident power in the Levant. Kremlin is also busy in winning back its old regional allies, including Egypt and Iraq and developing new equations with Iran and overtures towards Saudi Arabia clearly shows its calibrated moves.⁴

Further, the situation in the Gulf has also changed remarkably in last one year. Iran has emerged now as a power with new dimension in the region after more than three decades of sanctions. Despite intensive efforts, the problems in the region have continued to foment: sectarian (shia-sunni) and ethnic (Kurdish) conflicts are still lingering; Saudi Arabia' Yemen policy has further widened the sectarian divide with Iran; continuing Syrian stalemate and discrimination of the Sunnis by the Shia majority government in Iraq have supported the cause of the terror organisations such as Daesh and Al Qaida affiliates⁵. As a result, the old geopolitical and geostrategic landscapes are transforming, which need participation of the emerging Asian powers to stabilise the region.

The rise of Daesh has given a new definition to terrorism; the group is working as a proto state, sponsoring extremism and terrorism, and has spread the menace across more than hundred countries⁶, including America, Europe, Africa and Asia. In the midst of deteriorating political and security situation in the region, the relations between Saudi Arabia and Iran are increasingly tense; both are vying for regional hegemony and global leadership of the Muslim community. Peace and security in Afghanistan is still fragile, while Pakistan is struggling with self created security threats.

Given the situation in the region, the visit of the Indian Prime Minister to Saudi Arabia seems quite significant. Riyadh and New Delhi needs to work together on their shared interest and contribute in maintaining peace and stability in the region, besides exploring new areas of cooperation at bilateral levels.

Scope in Bilateral Cooperation

Economic- promotion of bilateral investment

- In economic field, the two countries need to address each other's requirements. India wants Saudi Arabia to promote investments, especially of its private sector, in the Indian economy. Under the 'Make in India' programme, India offers lucrative investment

opportunities in around 25 sectors, including automobile, aviation, construction, defence, biotechnology, pharmaceuticals, thermal power, etc.⁷ Infrastructure sector alone can absorb around US \$1 trillion in half a decade. The Saudi private sector, which has become quite mature, can be invited to invest in the newly formed National Investment and Infrastructure Fund (NIIF). Like UAE, India can also have some Saudi representation on the board of the NIIF.

Counter-terrorism

- Terrorism is a common concern of both countries. Hence, they need to cooperate, coordinate and share their expertise, experience and help each other in maintaining updated database and exchange of intelligence on counter-terrorism and extremism. Although Saudi Arabia has cooperated with India and has handed over around 12 suspects to India in the last couple of years, it needs to focus on two important aspects: first, it has to understand the situations, which contributes to the breeding of hardline fundamentalists in India and the region; and, second, it has to develop a comprehensive counter-terrorism policy, which should address West Asia and South Asia in totality. Riyadh should adopt a neutral policy while dealing with terrorism vis-a-vis India, Pakistan and Afghanistan. Riyadh should not engage India in counter-terrorism just to saving Pakistan, which is facing the crisis created by itself. This is one of the suspicions of Riyadh's counter-terrorism policy.

Funding of private Institutions

- Saudi Arabia should control the finance going to the Indian and other institutions, especially the seminaries. The Kingdom should also make transparency of fund utilisation a mandatory requirement to any Indian institutions approaching it for funds. The Kingdom should share this information with India. The Kingdom also needs to control the private charities and individual donors and allow India to access information of these private agencies funding the Indian institutions.

Strategic Oil Reserves

- India is building three underground strategic oil reserves located at Visakhapatnam (1.33 mt) in Andhra Pradesh and Mangaluru (2.5 mt) and Padur (1.5 mt) respectively in Karnataka to store about 5.33 million tonnes of crude oil. The reserve will guard the

Indian economy against global price shocks and supply disruptions for 10 days.⁸ Aramco can build more storage capacity for India and store oil as it is doing in China. This will protect the Indian Economy from adverse shocks and continue to consume increasing volume of oil. This will help the Kingdom to maintain its energy market in India.

Defence and Security

- India and Saudi Arabia need to focus on defence and security matters. Since 2012, cooperation in defence has grown; in 2014 both countries signed a defence pact and in 2015, India's first Air Force flying contingent landed at King Fahd airbase in Taif. However, both countries need to explore opportunities in defence manufacturing and R&D areas. Under the 'Make in India' programme, New Delhi has significantly promoted defence indigenisation and has allowed up to more than 49 per cent investment in some areas.⁹ Looking at the policy of diversification in defence arsenals, joint production and investment in defence will be an important development between India and Saudi Arabia. Saudi Arabia needs to tap the opportunities and invest in joint ventures as well as R&D in defence with India.

Cooperation in Maritime Affairs

- Maritime is another core area where the two countries need to focus their attention. Over the period Indian Navy has evolved as a 'balanced, multi-dimensional force, with mix of ships, submarines, aircraft, dedicated satellite and information systems.¹⁰ A closer tie with the Indian navy will help Saudi Arabia to transit its oil vessels to the Asian market, including Japan, South Korea as well as help maintain peace in the Gulf of Aden, which have been subjected to inimical uses by pirates, terrorists, smugglers and drug and human traffickers till recently. During his visit in 2012, the Indian defence minister A.K. Anthony said that the Saudi Royal Navy should play a practical role. Being the members of IONS, both countries can play key role in securing and ensuring free and safe sea passages, particularly in the Indian and the Pacific Oceans. Saudi Arabia can offer a base to the Indian Navy on either side of its coast, Red Sea or Arab Gulf. This will also help India to evacuate its large guest workers during the time of emergency. Presence of Indian navy in the region will also help in maintaining vigilance on the two

choke points, Strait of Hormuz and Bab-al-Mandeb in the Gulf of Aden through which more than 20 per cent world oil passes.

Cooperation on Regional Issues

India and Saudi Arabia are maritime neighbours. Hence, the opportunities and challenges for both countries in the region are almost common. For instance, the growth and development of both countries are dependent and complementary to each other; the stakes at sea for both are high and the two countries want free and safe maritime trade; both want to combat terrorism and extremism and save their youth from radicalisation; both have historical and close people to people relations and want to harness it for mutual benefit. Therefore, both can only exploit these common potentials to their growth and developments, when the region remains stable and peaceful. As a result, the interest of India and Saudi Arabia lie in evolving a synergy in their regional policy outlook.

- India and Saudi Arabia need to work on developing a joint regional security architecture and engage other Asian economic and maritime powers, including China, Japan and South Korea.
- In view of growing Russian footprint in the Gulf, India can play a key role in reducing the misunderstanding between Moscow and Riyadh.
- India can use its growing economy and defence power to leverage the Kingdom and assist it in stabilising the region.
- New Delhi and Riyadh can also develop a joint plan to contain ISIS and other terror organisations active in West Asia and South Asia. Saudi Arabia should support India's proposal for the Draft Comprehensive Convention against International Terrorism (CCIT).
- Both countries can discuss and work together to stabilise and strengthen the reconciliation process in Afghanistan. New Delhi should also talk to Riyadh about India's significance in maintaining peace and stability in South Asia, which is linked to West Asia's peace and stability. Therefore, Riyadh should support India's engagement in Afghan Quartet.

- Saudi Arabia can persuade or prevent Pakistan from using extremist groups for its advantages. India should convey to Riyadh that Islamabad should stop distinguishing between good terrorists and bad terrorist and help stabilise the region.
- New Delhi should convey Riyadh that India is not interested in playing off between Iran and Saudi Arabia. Both countries are equally important for economic and security reasons to New Delhi.
- India is the largest labour sending country to the Kingdom, around 2.93 million. However, till date hardly any terrorist groups has been successful to lure Indians, However, to prevent this in the future, both Riyadh and New Delhi should maintain accurate data and information about the status and whereabouts of the Indian workers.

Conclusion

The situation in the region is at the cusp of change. Looking at the high stakes in the region, New Delhi needs to invest political and diplomatic capital and hedge its national interest. At this juncture, Saudi Arabia seems to be fighting its battle alone. Its oldest ally, the US, has not only shifted its focus but also suggested Riyadh to share the region with Tehran, while Riyadh's largest trading partner, China, is also looking at Iran for making its One Belt One Road initiative successful. Pakistan, 'a brother and historical ally', has also taught the Kingdom a tough lesson of realist approach of diplomacy. This is the right time for New Delhi to approach Riyadh and forge a close diplomatic tie based on mutual, regional and bilateral interest. Already, Pakistan's daily *Dawn* has termed PM Modi's visit as a 'wake up call for Pakistan'.

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The Views expressed are that of the Researcher and not of the Council.*

End Notes:

¹ India considers Saudi Arabia, a maritime neighbor.

² In the last one decade, two important high levels visits took place between India and Saudi Arabia. In 2006, King Abdullah visited India after a gap of more than half a century and signed the Delhi Declaration. In 2010, Indian

Prime Minister Dr. Manmohan Singh paid the exchange visit and signed the Riyadh Declaration, which alerted the ties between the two countries into a 'strategic' one.

³ There is a growing traction to divide Syria divided into two parts on sectarian line. Northern part bordering the Mediterranean Sea where the Russian Naval and Air bases are will be under the Alawaites with Russian support, rest of the half country into other state.

⁴ During the visit of the Saudi Crown Prince Muhammad bin Salaman to Moscow in September 2015, both the countries showed some signs of agreements on vexed issues such as Syria, Yemen and energy. Russia abstained from the UN resolution on Yemen, which was in favour of restoring President Hadi. Saudi Arabia also promised to invest \$10 billion despite the sanctions imposed by the US and other countries. They have also agreed to cooperate on civilian nuclear issues.

⁵ Jabahat al Nusra (JAN) in Syria and re-emergence of Al Qaida of the Arabian Peninsula (AQAP) and around 1400 other rebel groups active in Syria are not letting the problems to settle down, although the Russia air-cover has helped the Syria army to recapture several important places from the ISISL, including the recent success of taking over Palmyra City.

⁶ According to the UN, more around 25,000 fighters have joined Daesh and other terror groups from more than 100 countries.

⁷ For detailed information visit the Make in India Website: <http://www.makeinindia.com/sectors>

⁸ 'As India seeks to build strategic reserves, UAE's Adnoc agrees to store crude', *Business Line*, February 10, 2016, <http://www.thehindubusinessline.com/economy/as-india-seeks-to-build-strategic-reserves-uaes-adnoc-agrees-to-store-crude/article8219639.ece>, (accessed on 17 March 2016)

⁹ Up to 49 per cent investment is allowed under the government route, above 49% on a case-to-case basis on approval by the Cabinet Committee on Security, wherever it is likely to result in access to modern and state-of-the-art technology.

¹⁰ DEFEXPO, *The Indian Express* 28 March 2016.