Saudi-India Relations:
Looking back to think ahead

Review by Gulf Research Center, Dubai, to coincide with Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz’s visit to India
January 2006
The visit to India by Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz is a significant step that holds wide ramifications for bilateral relations between Saudi Arabia and India. The tradition of inviting a head of state as chief guest at the Republic Day parade in New Delhi every year is now considered a measure of the importance India attaches to that country, apart from serving as an opportunity to showcase its military might as well as democratic traditions.

King Abdullah’s visit to New Delhi is the result of quiet diplomacy for many years. India’s political relationship with Saudi Arabia picked up in 2001 with former foreign minister Jaswant Singh’s three-day visit. Before that, contacts with Saudi Arabia were sparse. Former Indian prime minister Jawaharlal Nehru visited Saudi Arabia in 1956 and Indira Gandhi, in 1982. Foreign minister Saud Al-Faisal was in India for three days in 1981. The then finance minister, Dr. Manmohan Singh, visited Saudi Arabia for the meeting of the Indo-Saudi Joint Commission in 1994, which was followed by the visit to India of Prince Khalid bin Sultan bin Abdulaziz in October 1996.

A sudden increase in bilateral visits at the ministerial level occurred in 2005 – Indian Finance Minister P. Chidambaram visited Riyadh in April and Mani Shankar Aiyar has been to the kingdom thrice since taking charge as Petroleum Minister. He was also the first Indian oil minister to visit the Kingdom. Saudi Petroleum Minister Ali Al-Naimi visited New Delhi in January to attend the first round table of Asian ministers on regional co-operation in the oil and gas economy.

**Political relations**

Looking back, India’s relations with Saudi Arabia have been contrasting. While political ties have been far from bonhomie as a result of Cold War alignments and Saudi-Pakistani affinity, economic cooperation took a more realistic form and flourished. The assumption that a combination of Indian technology, skilled manpower and Saudi money could work to strengthen South-South Cooperation yielded tremendous economic gains during the last 25 years, forcing a rethink on the political front, which could see a new dawn with the first visit by a Saudi king in 50 years.

Since the emergence of militancy in Kashmir in 1989 and the demolition of Babri mosque in 1992, India worked hard to improve ties with the Kingdom. The opportunity to cement that effort came following the events of Sept. 11, 2001, when Saudi Arabia responded to Indian overtures realizing that both countries face the common scourge of terrorism. Since then, Riyadh has condemned all forms of extremism and terrorism, including the attack on the Indian parliament in 2001, while making its fervent appeal for peace in the subcontinent. The healing process was demonstrated by the quick aid dispatched to the victims of the Gujarat earthquake the same year. Further, much of the
political rapprochement comes amid the Saudi shift in position on Kashmir over the last five years. Riyadh now emphasizes on the bilateral process to resolve the differences between India and Pakistan based on the existing Shimla and Lahore agreements, which confirms with New Delhi’s stand.

**Economic ties**

Not seeing eye-to-eye on political issues did not, however, deter bilateral trade from acting as the binding force between the two countries, as demonstrated by the steep rise in figures from about $6 million in 1963-64 to about $2.6 billion in 2004-05, excluding oil imports, estimated to be another $6 billion. Saudi Arabia is now the 13th largest market for Indian exports and a source for 5.5 percent of India’s total imports. India is the fourth largest market for Saudi goods and ranks 10th in the Saudi imports market list. Further, by exporting half a million barrels of crude oil per day and a total of about 24 million tons annually, which is nearly a quarter of India’s total crude oil requirements, the Kingdom has become the largest source of crude oil for India.

![India’s trade with Saudi Arabia](image)

**Source:** Adapted from the website of the Ministry of Commerce and Industry, Government of India

**Note:** The above figures of Indian imports do not include imports of crude oil and petroleum products. During 2004-05, India imported crude oil worth approximately $6 billion from Saudi Arabia.

Many Indian companies have also taken advantage of 100 percent foreign ownership of companies in the Kingdom and are establishing themselves in ventures dealing with designing, financial services, software and the like. India’s information technology software exports to the kingdom are rapidly
increasing, amounting to over $170 million and poised to grow further. At present, 49 Indo-Saudi joint ventures are operational in India and 82 Indian companies – either fully owned or joint ventures – in the Kingdom. By April 2005, 42 investment projects from India with an investment of $411 million had been licensed by Riyadh. Further, there were 40 non-industrial projects with an investment of $56.2 million, which took Indian investments in the Kingdom to $467.2 million.

India eyes Saudi Arabia both for inward and outward investment possibilities. It is one of the largest markets in the Gulf, a member of the World Trade Organization now and its private sector showing signs of maturity. The World Bank ranking of Saudi Arabia in terms of attractiveness for foreign direct investment has jumped to 38 from 67 in one year and the Kingdom has chalked $624 billion investments in various sectors over the next five to 10 years. Saudi Arabia is looking for investments and partnerships in desalination plants, water, power, health, education, infrastructure, information technology, civil aviation and railroads.

In the process of expanding the relationship, State Bank of India is to soon begin functioning in Saudi Arabia and a Saudi group is building a five-star, 500-room hotel in Hyderabad. In addition, the Saudi embassy will open a Saudi school in Delhi and plans are afoot to construct a new Saudi embassy in the capital. A high-level Saudi business delegation to India has urged Indian companies and investors to take advantage of the tremendous opportunities in the Kingdom and pump their expertise and resources to develop strategic partnerships with Saudi companies.

While remittances are a natural result of the presence of more than 1.6 million Indian expatriates in the Kingdom, India has also been a recipient of loans from the Saudi Development Fund for several projects, including the Sirsailam and Nagarjunasagar power projects in Andhra Pradesh, Rajasthan Canal Project; Koel Karo power project in Bihar and Ramagundan Thermal Power Project II among others.

Saudi tourist traffic to India increased by over 16 percent last year to about 15,000 and was up a further six percent in the first half of 2005 as against the corresponding period last year. Those figures are bound to rise further as Saudis discover India as a viable destination for medical treatment, education and sight-seeing. The official international carrier, Air-India, now generates about 19 percent of its revenue from the Gulf, with the Saudi sector accounting for 30 percent of the figure.

While the campaign undertaken by the Ministry of Labor to achieve 100 percent Saudiization in the gold and travel agency markets have continued to test Saudi-Indian relations during the last two
years, India has to look beyond given that Riyadh is bound to further intensify its unemployment-alleviation drive.

Further, Saudi Arabia is playing a key role in the free trade agreement negotiations between Gulf Cooperation Council (GCC) and India, scheduled to begin in Oman this month. The push for FTA talks comes amid Indian prime minister’s statement that “…our neighbors should have a greater stake in our economic growth and should benefit from it…The Gulf region is a part of our natural economic hinterland…”

With the GCC-India trade showing a remarkable surge in the last few years, speedy and successful FTA negotiations would lead to a more intensive economic engagement between the two. Leading up to the final talks, a joint commerce and trade committee has defined the contours of a FTA by focusing on exploring opportunities in areas of oil and gas, petrochemicals, fertilizers, power, metals and pharmaceuticals, knowledge-based products, education, health, banking, avoidance of double taxation, a treaty to promote and protect investment, and infrastructure – India plans to build about 28 new airports – among others. There is also tremendous scope in areas such as biotechnology and higher education, as well as getting India’s expertise in the small and medium enterprises sector.

India could be an important source of semi-finished products, which can be improvised and packed by Saudi Arabia as a way of enhancing domestic trade. But the more conventional approach of viewing India as an extension of the GCC markets and not as an investment destination has to change.

The transformations in India will make it an industrial and scientific power. That, combined with availability of cheap and skilled labor, and assured political stability, should make India the most favored destination for investment. India also has the potential to help the region keep pace with the desired ambitions and goals, especially in the IT sector. The fact that India will cooperate on the basis of equality and mutual respect is a bonus.

India views Saudi Arabia not only as a major economic partner, but also as a major power in the Gulf region with substantial influence on the other Gulf Cooperation Council countries, as well as the 56-member Organization of Islamic Conference – which has its headquarters in Jeddah – and the Organization of Petroleum Exporting Countries by virtue of being the largest oil producer in the world at nearly nine million barrels a day.

In the broader context of rapidly improving Indo-US ties, Indo-Saudi relations are likely to be upgraded too. King Abdullah’s visit is likely to be marked by signing several key agreements,
including those encouraging investment, avoidance of double taxation and security matters. The proposal to sign avoidance of double taxation and investment protection and promotion treaty will facilitate greater flow of investment and joint ventures. Based on its new diplomacy of promoting cooperation between importers and exporters of crude, New Delhi and Riyadh are encouraging cross investment in the industry, mining and energy sectors. The two countries are also expected to sign a memorandum of understanding on meeting challenges such as crime and terrorism.

India is also proposing to sign an investment promotion and protection pact with Saudi Arabia to boost trade. The broad intent of the agreement between the two countries is to promote and protect investment from either country. This includes the protection of intellectual property rights in accordance with the laws and regulations of the country in which the investment is made. The salient features of the Indian draft include extending national treatment and most favored nation treatment for foreign investments and investors. It also allows for repatriation of all returns on investment without undue delay and on a non-discriminatory basis. The agreement also provides for a dispute resolution mechanism, including an international arbitration procedure, in the event of any disagreement.

**Energy sector**

As part of a new ‘look East’ policy, the GCC chambers of commerce and industry called for prioritizing economic cooperation with Asian countries. Reciprocally, countries like India have unveiled a multifaceted economic dialogue, including ‘energy diplomacy’ to power its economic growth.

Already ranking sixth in global petroleum demand, India meets 70 percent of its needs through crude oil imports. By 2010, India is projected to replace South Korea and emerge as the fourth-largest consumer of energy, after the United States, China, and Japan. The bulk of supplies in the past have come from the Gulf and this can change only marginally.

New Delhi was jolted into action after the hike in global oil prices fuelled inflation to three-and-a-half year highs by 2004-end. In 2004-05, India’s oil import bill increased nearly 50 percent to $29 billion.
While it is unclear if the robust policies are a product of proactive Minister of Petroleum and Natural Gas Mani Shankar Aiyar or a strategic change in the outlook of the government, there is no denying India’s newfound desire to address the energy security needs of the country, which includes plans to build strategic oil reserves of five million tons by 2008 to cover 15 days’ domestic demand for oil products. To achieve its mission, New Delhi is searching for new reserves, augmenting supplies from its traditional suppliers and sealing acquisition deals abroad.

Of its 90 million tons of crude oil requirements, about 26 percent is met by Saudi Arabia, at an estimated rate of about 450,000 barrels per day, making it the fourth-largest consumer of Saudi oil in Asia. That, according to the Indian minister, “will double soon”.

The crux of the new oil diplomacy rests on promoting cooperation between importers and exporters of oil. According to the Indian oil minister: “Rather than refining the crude petroleum in our land, we can import refined petroleum…Any agreement based on trade relations of buying and selling leads to unstable equilibrium.”

Giving teeth to the plan, India is inviting Saudi investment in oil refining and fuel retailing and exploring opportunities to invest in developing gas fields in the kingdom. Two Indian oil companies are in discussions with Saudi Aramco for possible Saudi investment, which is in turn associated with possible investment by Indian companies in Yanbu refinery.

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India’s energy needs - forecast for coal, oil and gas

<table>
<thead>
<tr>
<th>Fuel</th>
<th>1997/98</th>
<th>2006/07</th>
<th>2011/12</th>
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<tbody>
<tr>
<td>Coal (million tonnes)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand</td>
<td>400</td>
<td>576</td>
<td>872</td>
</tr>
<tr>
<td>Domestic supply</td>
<td>360</td>
<td>484</td>
<td>652</td>
</tr>
<tr>
<td>Deficit</td>
<td>40</td>
<td>92</td>
<td>220</td>
</tr>
<tr>
<td>Oil (million barrels per day)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crude production</td>
<td>0.74</td>
<td>0.80</td>
<td>0.90</td>
</tr>
<tr>
<td>Crude imports</td>
<td>1.57</td>
<td>2.20</td>
<td>3.31</td>
</tr>
<tr>
<td>Natural gas (million cubic meters.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand</td>
<td>117.8</td>
<td>167.1</td>
<td>216.4</td>
</tr>
<tr>
<td>Domestic supply</td>
<td>71.2</td>
<td>57.5</td>
<td>43.8</td>
</tr>
<tr>
<td>Deficit</td>
<td>46.6</td>
<td>109.6</td>
<td>172.6</td>
</tr>
</tbody>
</table>

*Note: Projection based on multiple sources*
It is also the Indian oil minister’s long-term vision to make 21st century “the Asian century”, with New Delhi-Riyadh as its axis. A beginning in this direction was made with India hosting the first ever Asian conference on regional cooperation in oil economy in January 2005, and Saudi Arabia due to host the next. The two countries will cooperate to secure funding and manpower for the International Energy Forum Secretariat in Riyadh to undertake four major studies on Asian petroleum and petro products market, interlock investments in the hydrocarbon sector between Asian producers and consumers, establish an intellectual network to strengthen Asian institutions involved in research and development in the hydrocarbon sector, and cooperate on environmental protection and conservation of energy resources.

Further, India’s willingness to invest up to $25 billion for acquiring oil and gas fields overseas means its state-owned oil firms have stakes in a dozen countries – Russia, Sudan, Iran, Iraq, Libya, Egypt, Qatar, Ivory Coast, Australia, Vietnam, Bangladesh and Myanmar. It is also exploring possibilities in Kazakhstan, Turkmenistan, Kuwait, Oman, Yemen, Ecuador and Venezuela.

India’s economy grew by 8.2 percent in the last fiscal year, and is forecasted to expand about seven percent during the current fiscal. To realize that expectation, India has also revealed plans to buy up to one million tons of crude annually from Qatar and encourage higher imports of liquefied natural gas.

It is important for Saudi Arabia and the other GCC countries to safeguard their business interests with India with regard to the ‘fuel of the future’. A $22-billion deal to buy five million tons of LNG annually from Iran over 25 years, starting 2009, will also contribute toward developing clean fuel. The quantity of imports could go up to 7.5 million tons in 2011.

The gas is required to meet industrial and vehicular demand, and for domestic cooking, estimated at 170 million cubic meters per day (mcmpd) and projected to increase to 400 mcmpd over the next 20 years. Domestic gas supply is about 85 mcmpd, with imports expected to cover bulk of the future demand.

The number of vehicles sold in India in the year ending March 2005 rose 16 percent to 7.9 million, in addition to the 50 million already plying on the roads. The thirst for fuel is bound to grow with the increase in internal business and leisure travel, which has triggered a budget airline race and the likelihood of India’s aviation market growing by 20 percent annually.
Aiding in meeting that requirement are talks between India and Pakistan over building a $4-billion, 2,775-kilometer pipeline to bring Iranian natural gas to India through Pakistan – a plan that Iran proposed in 1996, but had been stalled due to India’s concerns about Pakistan. However, with a thaw in India-Pakistan rivalry, pumping gas overland from Iran could be possible by 2012.

India’s expansion of its energy supply basket has even touched nuclear frontiers. As part of the US-India Energy Dialogue, Washington has agreed to share civilian nuclear technology with India, reversing decades of US policies aimed at discouraging countries from developing nuclear weapons. Once approved by the Congress, India could buy nuclear fuel and shop for at least six nuclear power reactors.

### India’s oil consumption pattern
(Thousand barrels per day)

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<tbody>
<tr>
<td>China</td>
<td>2,364</td>
<td>5,791</td>
<td>6,684</td>
<td>15.8</td>
<td>8.2</td>
</tr>
<tr>
<td>India</td>
<td>1,211</td>
<td>2,420</td>
<td>2,555</td>
<td>5.5</td>
<td>3.2</td>
</tr>
<tr>
<td>US</td>
<td>16,990</td>
<td>20,033</td>
<td>20,517</td>
<td>2.8</td>
<td>24.9</td>
</tr>
<tr>
<td>Brazil</td>
<td>1,274</td>
<td>1,785</td>
<td>1,830</td>
<td>2.7</td>
<td>2.2</td>
</tr>
<tr>
<td>World</td>
<td>66,227</td>
<td>78,294</td>
<td>80,757</td>
<td>3.4</td>
<td>100</td>
</tr>
</tbody>
</table>

**Source:** Adapted from BP Statistical Review of World Energy 2005

### Strategic roadmap
Notwithstanding the historic ties between Saudi Arabia and India, which has been sustained by the current oil, trade and expatriate dynamics, the way forward for a robust bilateral relationship rests on developing a paradigm that hinges on strategic political, economic and security dimensions.

The common political and security concerns translate into efforts for peace and stability in the Gulf region and South Asia. The emerging perceptions create further opportunities for Saudi-India
cooperation in the future. While Saudi Arabia and the other Gulf Cooperation Council (GCC) countries are going through important changes and transformations, the process of understanding and integration needs to intensify beyond the traditional issues. This involves joint efforts to meet domestic and regional challenges.

**India’s importance**

- It is the world’s largest democracy with over 150 million Muslims – closer ties with it gives better international standing for Saudi Arabia
- Fourth largest economy in the world in terms of purchasing power parity and could be one of the three largest economies in the next 25 years
- Gross Domestic Product growing at an average of six percent and GDP has doubled in 15 years, with the likelihood of redoubling by 2010
- Foreign exchange reserves up from $1 billion in 1991 to $140 billion in 2005
- Universities and higher education centers churn out over two million undergraduates every year
- Information technology (IT) workforce is 650,000 and will exceed two million by 2010
- Comparative advantage in knowledge-driven areas of economic activities
- 190 out of the 500 Fortune companies already outsource work to India
- Some 550 million Indians are below the age of 25, which makes it the second largest reservoir of skilled manpower
- Middle class of over 300 million is rising steadily, which makes it one of the biggest markets in the world
- Hi-tech plans include developing super-computers, complete nuclear fuel cycle facilities and place own satellites in orbit
- IT success is likely to be replicated in biotechnology, biogenetics and pharmaceuticals
- By 2010, it is projected to replace South Korea and emerge as the fourth-largest consumer of energy, after the United States, China, and Japan
- World’s largest provider of peacekeepers
• Latest strategic partner of the US – Washington is willing to share nuclear technology for civilian use and even talking about sharing roles in joint space missions

• Peaceful conflict resolution – India is also showing that competitive growth can be pursued in a spirit of cooperation – border talks with Pakistan and China

• India has always been in favor of no extra-regional power being allowed to dominate the Gulf

India’s interest in the Gulf

• Newfound emphasis on energy security

• Expanded security perspective – new thinking about showcasing power and influence

• Necessity, ambition and opportunity

• Desire to lead coincides with its rise as a major power with continental aspirations (Former prime minister Atal Behari Vajpayee and Prime Minister Dr. Manmohan Singh have called for looking beyond South Asia – after Pakistan, China, Russia and the US, Gulf is the focus) amid the US dominance of the Gulf, and the growing Indo-American strategic partnership
• Ensure against any maritime or landward threat from the Gulf

• Serve as a base from where its interests can be pursued

• Need to confront terrorism and extremism

• Source of investment

‘New’ India is seeking to address four weaknesses: historical, security, economic, and global decision-making:

• One of the planks to address these deficits is to restore traditional linkages with the region and reintegrate its immediate and extended neighborhood, including the Gulf

• Take advantage of India’s huge market through a network of roads, trade and transport corridors, gas pipelines, tourism, communications, etc., in a zone of co-prosperity. Hence proactive with arrangements like the South Asian Association for Regional Cooperation (SAARC), Association for Southeast Asian Nations (ASEAN), Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMST-EC), Mekong-Ganga Initiative, and trilateral cooperation with Thailand and Myanmar

• India is entering into normal, preferential, asymmetrical and free trade and development arrangements with neighbors

• India’s current leaders like to talk about “soft power” and diplomacy – India says that the security of the Gulf countries as well as of the wider Middle East is of “paramount concern” and it is ready to contribute to the stability of the region by sharing its experience in combating terrorism, maritime security and military training.

• India now stresses that events in Iraq have brought home the fact that a politically unstable area can become the spawning ground of terrorists. India says: “Linkages with illicit trafficking in narcotics, as well as in small arms have enhanced the destructive potential and lethal reach of the terrorists. The fight against terrorism has to be long-term, sustained and comprehensive. It cannot be ad hoc, selective or compartmentalized in terms of region or religion.”

In order to achieve its security objectives:

• Indian military services are currently undertaking a major buildup of conventional weapons

• Creating ways of delivering nuclear weapons
• Preparing defenses against nuclear missiles by improving communication and surveillance systems

• Plans to construct warships to make India’s presence felt in the Indian Ocean

• India and the US have gained a new mutual confidence and begun discussions of an Asian version of NATO – the US has set up bases in the Indian Ocean and used them in the war against Afghanistan, and could be used in relation to the Gulf as well.

**Its maritime security involvement includes:**

• Coordinated patrolling arrangements with Indonesia, Thailand and Sri Lanka

• Navy has been providing hydrographic assistance to Indonesia, Seychelles and Mauritius

• Security cover for Summit Conferences in Mozambique

• Active in anti-piracy, disaster relief, and environmental management and response operations

• Conducting joint exercises in the Indian Ocean with the US, France, Singapore, Russia and Oman amongst others

**Saudi importance**

• Could ensure safety and security of sea-lanes of communications

• Safety and freedom of navigation in the shipping lanes and trade routes

• Positively influencing any religious extremism and/or transnational terrorism

• Safety and security of Indian expatriate population

• Help India establish linkages with the OIC countries

• Seek cooperation to control narcotics trafficking and proliferation of weapons in the region

• Facilitate pilgrimage

**Issues to ponder for Saudi Arabia**

• Enhancement of India-Iran ties – military cooperation agreement in 2003 and Iran seeking India’s help in developing batteries for its submarines

• India’s participation in the Russian-inspired North-South transport corridor which will become a major international route for trade from Russia to Iran to Central Asia to Gulf and finally India
• India’s plans to enhance military logistics in Central Asia (Tajikistan, Kazakhstan, and Uzbekistan)

• India’s moves for better military interaction with Southeast Asian countries (Malaysia, Indonesia, Singapore, Thailand, Laos, and Vietnam)

• India’s gaining ties with Oman and the UAE – Only these two GCC countries are members of the Indian Ocean Rim Association for Regional Co-operation; one of India’s largest joint venture abroad to start with was the $1 billion Oman-India Fertilizer project at Sur; trade between the UAE and India surged to $12 billion in 2004-2005, making the UAE India’s largest trade partner in the Middle East.

• India’s growing ties with Israel – Israel is India’s second largest military supplier after Russia, and India is the largest market for Israeli arms exports. In 2004, both sides concluded a $1.1 billion deal for the supply of three Phalcon advanced airborne early warning systems to India. Some Indian leaders suggest a triangular alliance between India, Israel and the United States. India also seeks to benefit from Israel’s expertise in the upgrading of weapons and systems. Both sides are also cooperating in counter-terrorism operations and Israel is supplying India advanced surveillance and border management systems. They also benefit from intelligence sharing and periodic meetings of senior intelligence officials.

• Need for a mechanism to play a constructive role in the differences between India and Pakistan over Kashmir – some quarters in India still suspect a secret Saudi-Pakistan defense alliance to help the Pakistanis against the Indians in case of a war. Relations with Saudi Arabia are one of the fundamentals of Pakistan's foreign policy. But Saudi Arabia did not extend any form of support to Pakistan during the Kargil conflict in 1999 and urged a peaceful settlement of the dispute over Kashmir. Further, since 2001, Riyadh has expressed the hope that the Kashmir dispute could be resolved peacefully through meaningful dialogue, which marked a shift from the emphasis on third-party mediation. Yet, Kashmir and close Saudi ties with Pakistan remain the obstacles for improved Saudi-Indian relations.

• Consider closer Saudi-Indian ties as a tool to help India play an honest broker in GCC-Iran relations

• Better strategic relations can also ensure that India’s ties with the GCC countries are on par with Iran, which is a good way of protecting the region’s unique selling point in the oil sector
Recommendations and confidence building measures

- Capitalize on the thaw in Indo-Pak relations over Kashmir and push for a mutually acceptable solution
- Support its candidature for a UN Security Council seat
- Discuss its objectives, interests, and concerns in the region
- Accordingly either accommodate them or dispel them suitably
- Candid dialogue and compromise for a new Gulf security architecture
- Urge India to join the Committee on International Security and Cooperation in Western Asia as a dialogue partner
- Seek Saudi membership in the Conference on Interaction and the Confidence Building Measures in Asia
- Offer joining the Indian Ocean Rim Association for Regional Co-operation
- Establish a Human Security Forum or a human security committee to provide a significant framework for dialogue on bilateral human security issues, including labor matters.
- Discuss ways of facilitating the Saudi Manpower Council’s strategic decision aimed at reducing the number of foreign nationals working and living in Saudi Arabia to 20 percent of the population by 2013; and trying to realize a quota system whereby no nationality should exceed 10 percent of the total expatriates
- Tap the Indian skilled manpower reservoir in the science and technology sectors and seek training for its citizens to make Saudiization more purposeful
- Facilitate early signing of GCC-India Free Trade Agreement

Conclusion

There is no doubting the change in Saudi foreign policy following the September 11, 2001, events in the United States. Riyadh is evidently pursuing a “look East policy”, which coincides with India emerging as a giant power in Asia, and reinforces Saudi Arabia as the center of Islamic world. While Saudi Arabia remains important to India as home to Mecca and Medina – the holiest shrines to the 150 million Indian Muslims with more than 100,000 Indian Muslims going on Haj annually and several thousands more making the Umra – and hosts the largest expatriate community in the
kingdom, King Abdullah’s visit should kick-start a process that will look beyond religion and employment, as well as remain completely independent of Pakistan.

Geographic and cultural affinities further prompt both sides to join force for a partnership of progress and development for their people. India has maintained uninterrupted friendly ties with the Arab world for centuries. Independent India has been supporting the just cause of the Arab people, demanding the withdrawal of Israel from all occupied Arab lands and opposing the big powers’ interference in the region. Moreover, India has always maintained the policy of non-interference in the internal affairs of the other countries. Traditional trade and investment partners like Saudi Arabia will always occupy an important place in India’s foreign policy. The road ahead should seek to continuously diversify relations, with both parties acquiring fresh, systematic and strategic dimensions to consolidate their positions.