



## **Saudi Arabia-Australia Relations: Strategic Convergence and Policy Pathways**

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### Introduction

Saudi Arabia and Australia, though geographically distant, have cultivated a bilateral relationship that has grown steadily over the past decades. While historically defined by trade and educational exchanges, their relationship has recently evolved into a multifaceted partnership encompassing diplomacy, investment, culture, defense, and innovation. The current juncture offers a unique opportunity to consolidate and expand this partnership. With Saudi Arabia undergoing rapid transformation under Vision 2030 and Australia seeking to diversify its strategic and economic partnerships, a strengthened Saudi-Australian relationship can serve as a model of cross-regional engagement. This policy brief provides an analytical overview of the state of Saudi-Australian relations across multiple domains, assesses recent developments, and concludes with actionable recommendations for decision-makers to enhance bilateral cooperation.

### Diplomatic and Political Relations

Politically, Saudi Arabia and Australia share converging positions on numerous global issues. Both countries are active participants in the G20 and are increasingly aligned on climate adaptation, sustainable development, and counterterrorism initiatives, as they are both [members](#) of the Global Coalition to Defeat-ISIS and the International Syria Support Group. This is [complemented](#) by Australia's engagement with the Gulf Cooperation Council (GCC) and the Organisation of Islamic Cooperation (OIC). Most notably, the Kingdom welcomed Australia's announcement of its intention to recognize the State of Palestine. This convergence on a critical issue demonstrates growing diplomatic coordination between the two countries, creating opportunities for joint initiatives in peacebuilding and diplomacy.

A notable milestone occurred in [December 2024](#) when Australia's Deputy Prime Minister and Minister for Defence, The Hon. Richard Marles MP, visited the Kingdom. The visit underscored Canberra's recognition of Saudi Arabia's growing regional and global influence. Discussions focused on defense industry cooperation and economic diversification, with the visit reaffirming Australia's interest in the Gulf region beyond its traditional security partnerships in East Asia and the Pacific.



Source: [Arab News](#)

### Economic and Trade Relations

Economic engagement forms the backbone of Saudi-Australian relations, as the Kingdom is Australia's second-largest trading partner in the Middle East. The Australia Saudi Business Council was established in [2013](#) as a result of an agreement between the Council of Saudi Chambers and the Australian Industry Group to promote ongoing and bilateral trade between the two nations. The council is tasked with fostering private-sector dialogue, identifying investment opportunities, and providing institutional support for business ventures. This development signals a mutual commitment to deepening economic ties and ensuring that both large corporations and small- and medium-sized enterprises benefit from bilateral cooperation.



Source: [Saudi Press Agency](#)

Trade between the two countries has been steadily increasing over the years. For instance, in FY 2023-2024, two-way goods and services trade totaled [\\$2.07 billion](#). Bilateral trade is anchored in complementary strengths: Australia is a leading exporter of education services, meat, beef, and barley, while Saudi Arabia is a significant energy supplier and a growing investor, with an estimated [\\$3 billion](#) worth of assets in 2023. As Saudi Arabia pursues its Vision 2030 strategy, opportunities for Australian businesses are expanding in renewable energy, mining, agribusiness, and professional services.

One significant avenue for enhancing economic ties is the Australia-GCC Free Trade Agreement (FTA). Negotiations for this agreement began in [July 2007](#), with four rounds held, the last one in June 2009. Since then, negotiations have been on hold. However, at the GCC Summit in AlUla in [January 2021](#), the GCC expressed renewed interest in pursuing an FTA with Australia. Such an agreement would lay the groundwork for greater trade liberalization, improved market access, and facilitated investment. For Australia, this agreement would diversify export markets and strengthen engagement with one of the fastest-growing regions globally. For Saudi Arabia, it would attract high-quality investments and services crucial to Vision 2030's economic diversification agenda.

While reviving the Australia-GCC FTA remains a strategic priority for broad regional integration, pursuing a bilateral agreement with Saudi Arabia would also offer an important path forward. Australia's recently concluded Comprehensive Economic Partnership Agreement (CEPA) with the UAE, signed in November 2024, provides a useful comparative precedent. Under that agreement, more than [99%](#) of Australian goods exports to the UAE will enter tariff-free. The deal also includes a [framework](#) to increase investment by the UAE in critical minerals. A bilateral FTA with Saudi Arabia could similarly prioritize strategic sectors like clean energy, mining, health, and education.



Source: [The Arabian Mirror](#)

Moreover, to maximize economic potential, both countries should prioritize sectors where complementarities are strongest. Beyond traditional hydrocarbons, there is significant scope for cooperation in renewable energy and energy transition. Both Saudi Arabia and Australia are investing heavily in hydrogen production and related technologies, and their collaboration could accelerate innovation and trade in this area. One example here is the NEOM Green Hydrogen Project, the world's largest green hydrogen plant. A bilateral framework on clean energy, technology transfer, and critical minerals would enhance economic ties and support both countries' decarbonization agendas.





Additionally, Australia's expertise in mining technology aligns with Saudi Arabia's drive to develop its mining sector as the ["third pillar"](#) of its economy. Similarly, Australia's experience in water management and agritech can help Saudi Arabia enhance food security and environmental sustainability.



Source: [X @FahadAlJalajel](#)

Recent developments have further enriched these ties. In August 2025, the Saudi Minister of Health, H.E. Fahad Abdulrahman AlJalajel, visited Australia, leading to new agreements on healthcare cooperation, innovation, and clinical research. These align with Saudi Arabia's Health Sector Transformation Program under Vision 2030 and present opportunities for joint initiatives in public health, medical technology, and training. This broader diversification is also visible in other sectors, illustrating how both nations are seeking to integrate their partnerships across multiple spheres of mutual interest rather than confining ties to a single domain.

### Defense and Security Cooperation

Defense and security have traditionally been secondary elements of the bilateral relationship, but this is beginning to change due to the evolving security landscape. Australia's advanced defense industry offers niche capabilities in cyber defense, maritime security, and defense education--areas of growing importance for Saudi Arabia as it modernizes its armed forces.

The December 2024 visit of Australia's Deputy Prime Minister and Minister for Defence paved the way for discussions on expanding defense industry collaboration, including technology transfer and joint training programs. For instance, the Deputy Prime Minister and Minister for Defence was received by his Saudi counterpart, HRH Prince Khalid bin Salman, with whom he [discussed](#) the latest regional and global developments, as well as ongoing efforts to advance stability and security.



Source: [Asharq Al-Awsat](#)

The two countries also share an interest in maritime security along vital sea lanes. As the Gulf continues to be threatened by piracy and attacks on the region's waters between the Suez Canal and the Strait of Hormuz, there exists a persistent threat to the global economy as well as maritime safety and transportation, given the Gulf's pivotal role in maritime trade, particularly in the field of energy supplies.

As Houthi attacks on the Red Sea intensified, Australia significantly stepped up its commitment to international maritime security, assuming command of [Combined Task Force 153](#) (CTF 153) on October 1, 2024, marking the first time it has led the task force since its establishment in April 2022. CTF 153's mission encompasses enhancing maritime security and capacity-building across the Red Sea, Bab al-Mandeb, and the Gulf of Aden, all areas vital for global trade and energy flows.



Source: [Combined Maritime Forces](#)

Australia's leadership in CTF 153 builds on its long-standing participation in Middle Eastern maritime security efforts under [Operation Manitou](#) and its previous command of CTF 150. Beyond operational missions, [CTF 153](#) "supports training activities, including maritime law workshops, boarding operations training, and pollution control workshops for regional partners." Separate from CTF 153, Australia also maintains its contribution to [Operation Hydranth](#), which supports international efforts to degrade Houthi capabilities in Yemen.

### Social, Cultural, and People-to-People Ties

Perhaps the most enduring dimension of Saudi-Australian relations lies in education and cultural exchange.



Source: [Saudi Press Agency](#)

For decades, thousands of Saudi students have pursued university degrees in Australia under programs such as The Custodian of the Two Holy Mosques Scholarship Program. Saudi Arabia represents one of the largest cohorts from the Middle East region in Australia, with over [3,800](#) Saudi students studying in Australian educational institutions in 2024. These connections foster mutual empathy and provide the social foundation for deeper bilateral engagement.

Cultural diplomacy is also an area of growth. Initiatives such as the Council for Australian-Arab Relations (CAAR) have supported cultural exchange programs, arts collaborations, and policy dialogues. Events like Australia's National Multicultural Festival in Canberra provide a platform for celebrating Arab and Islamic cultures, enhancing mutual understanding among Australian communities.



Source: [CNN Sports](#)

Saudi Arabia is rapidly expanding its tourism, entertainment, and sports sectors under Vision 2030, creating opportunities that align well with Australian strengths and travel trends. The Kingdom has introduced tourist visas and invested heavily in heritage destinations such as AlUla and Diriyah, luxury Red Sea resorts, and cultural festivals designed to attract international visitors. Saudi Arabia is also emerging as a hub for major sporting events, hosting Formula 1 races, international boxing matches, and preparing for the 2034 FIFA World Cup.



These developments present clear avenues for cooperation given Australia's expertise in event management, hospitality, and sports diplomacy. They also offer Australian tourists and businesses new reasons to engage with the Kingdom's evolving cultural and leisure industries, strengthening people-to-people connections and diversifying bilateral ties beyond traditional sectors.

### **Policy Recommendations**

To unlock the full potential of Saudi-Australian relations, the two countries should pursue a comprehensive strategy with a focus on five critical issues. First, the two countries should enhance their collaboration on global diplomacy, especially in the case of Palestine. Saudi Arabia remains steadfast in advocating for a just resolution to the Israeli-Palestinian conflict, grounded on a two-state solution and adhering to international law. Australia's intention to recognize the State of Palestine is an important step towards this. The two countries should also continue to strengthen their cooperation on multilateral concerns, initiating joint diplomatic efforts at the UN and G20, as well as coordinating humanitarian and development projects.

Second, both sides should resume and prioritize the Australia-GCC FTA negotiations. A revitalized Australia-GCC FTA would enhance Australia's economic footprint in the Gulf and position it as a reliable partner for the Kingdom's diversification agenda. Conversely, Saudi Arabia's expanding investments in Asia-Pacific markets would benefit from greater Australian involvement in regional supply chains and infrastructure development. Therefore, the economic reforms in Saudi Arabia under Vision 2030 and Australia's drive to diversify its markets create a window of opportunity to revive the FTA negotiations with a stronger focus on emerging sectors.

Third, Australia and Saudi Arabia should deepen their education and cultural exchange by expanding scholarship programs in both directions. Cultural diplomacy should also be institutionalized through CAAR initiatives and reciprocal exchanges in the arts, sports, and academics. Promoting tourism between the regions is another avenue of collaboration. Facilitating direct flights between major cities in Saudi Arabia and Australia will be key in enhancing business, tourism, and educational cooperation. These steps will also improve societal understanding between the two countries.

Fourth, the two countries should expand sectoral cooperation, with the healthcare sector offering a promising avenue for collaboration. For instance, Australia and Saudi Arabia could promote health and innovation partnerships, building on the August 2025 visit of the Kingdom's Minister of Health, and create joint research funds and medical training programs. This would advance Vision 2030 objectives while benefiting Australia's medical innovation sector.

Fifth, as climate change presents shared challenges, both countries should explore collaboration on sustainable water management, renewable energy, biodiversity conservation, and carbon-reduction technologies. The Saudi Green Initiative and Australia's ambitious renewable energy targets offer a clear framework for collaboration on climate adaptation, clean energy projects, and sustainability research. Leveraging these national initiatives can create opportunities for joint investment in green technologies, contribute to global climate goals, and reflect both nations' commitments to sustainable development in line with their broader strategic visions.





## Conclusion

Saudi-Australian relations have entered a period of renewed dynamism, with opportunities emerging across diplomacy, trade, health, education, and environmental cooperation. Both countries share complementary strengths that can lead to a partnership that contributes to their domestic development agendas and enhances their roles on the global stage.

The priority should be to institutionalize this momentum through structured dialogues, trade facilitation, sectoral partnerships, and people-to-people initiatives. As the global geopolitical environment becomes increasingly complex, Saudi Arabia and Australia stand to benefit from a deeper, more resilient bilateral relationship that aligns with their strategic visions and contributes to regional and global stability.



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