

## **Saudi Arabia's Rising Profile in South Asia**

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### **Summary**

*Saudi Arabia is faced with its most serious challenge, to transform and reconfigure an old, religiously legitimised, rent-dependent, and West-dependent for security, Kingdom into a diversified economy, popularly legitimized and sensitive to the decline of the West and the rise of the rest. This requires a multi-pronged strategy that includes rewriting its South Asian engagement beyond the issues of oil and expatriates. The Saudi Crown Prince Muhammad Bin Salman's recent Asia visit aimed at securing greater security and economic partnership, an objective he cannot achieve without recognizing South Asia as being part of a post-American global system, defined by the SCO and the rise of the BRICS countries. The article explains the domestic and regional determinants of Saudi Arabia's quest for a new South Asia Policy and the gradual rise of its South Asia profile.*

### **Introduction**

The Saudi Arabian diplomatic offensive to South Asia was activated soon after its Crown Prince Muhammad Bin Salman returned from his much publicised Asia trip that featured a visit to Pakistan on 17 February 2019, India on 19 February and China on 22 February 2019. This was his first state visit to these countries after being promoted as Crown Prince in June 2017.

The Crown Prince's visit to Pakistan and India might have been partly overshadowed by the ongoing Indian-Pakistani military standoff resulting from the Pulwama Attack on 14 February 2019, although he made big announcements of investments of US\$20 billion (S\$27 billion) in Pakistan, US\$10 billion (S\$13.5 billion) in China, and US\$100 billion (S\$134.8 billion) of potential investment in different sectors in India.

### **Need to Engage South Asia**

In the last few years, India, China and Pakistan have appeared as key destinations of the top leadership and diplomats of the Middle Eastern states as evidenced by the visit of Vice President of the UAE Muhammad bin Zayed to Pakistan in December 2018 and to India in 2016, the visit of Qatari Emir Tamim Bin Hamad Al Thani to India in 2015, the visit of Iranian President Hasan Rouhani to India, Pakistan and China between 2015 and 2018, and the month long visit of Saudi King Salman bin Abdul Aziz to Asian countries Malaysia, Indonesia, Japan and China in 2017. The Asian diplomatic outreach to the Middle East has also become frequent in recent years, including the visit of the Chinese President Xi Jinping (19-23 January 2016 to Iran, Saudi Arabia and Egypt, to UAE on 20 July 2018 ), as well as the Indian Prime Minister Narendra Modi (visited Saudi Arabia 13 March 2017, Qatar, 4 June 2016, to UAE on 16-17 August 2015 and 5 February 2018,) and Pakistani Prime Minister (Imran Khan visited

Saudi Arabia on 19 September 2018, UAE on 18 November 2018, Qatar on 23 January 2019, and to Turkey on 4 January 2019). Days before the arrival of the Saudi Crown Prince to China, the Iranian Parliament Speaker Ali Larijani was in Beijing with a high-level delegation to reassure Sino-Iran ties.<sup>1</sup> The Gulf countries' increased South Asia engagement is also an outcome of a reset in global and regional order.

These visits are taking place at a time when Pakistan is trying to make a strong come back from its international isolation with the help of China's Belt and Road Initiative and projecting it as Pakistan's economic and strategic revival.<sup>2</sup> The push for greater Asian engagement is also strong in the Persian Gulf. The Iranian nuclear deal has been undone by the Trump administration. The Turkey-Iran-Russia-led Astana mechanism has almost sidelined the American-Gulf role in the final outcome of the Syrian crisis, whereas the Western disenchantment of the Saudi Crown Prince is on the rise over his role in the killing of the Saudi journalist Jamal Khashoggi.

Moreover, the Middle East's Asia tilt is being pushed by a gradual change in the strategic and economic reasoning of regional politics. This new strategic and economic reasoning is by and large a product of the Arab uprisings, the steady decline of oil prices, the much touted "American withdrawal" from the region, and the coordinated rise of Iran and Turkey in the regional politics. The Arab uprisings and its aftermath politics have created new threat perceptions, new strategic deficits and new security formulations. The Saudis and the Emiratis are jointly working on creating a new security architecture that can effectively check both Iranian expansionism and the anti-regime sentiments across the region. Iranian expansionism has been used as an excuse to reverse the Iranian nuclear deal, and the anti-regime sentiments are said to be originating from the Muslim Brotherhood affiliated political groups and states, with Qatar and Turkey as the main hosts of these groups.

To contain Iran, the Saudi strategy renewed its support to the Iranian opposition in exile, to the extent that the Saudi Crown Prince said: "we will not wait until the battle becomes in Saudi Arabia but we will work to have the battle in Iran rather than in Saudi Arabia."<sup>3</sup> Saudi Arabia's relations with Qatar have been strained on multiple charges that include Qatar's support of terrorism and Iran. The Saudis, once dependent on Western support against Iran, were left isolated in the Obama administration's nuclear deal with Iran, that was supported and welcomed by major Asian and European powers. Saudi Arabia finds itself isolated in the global system that is increasingly becoming multipolar with Asian economies having a big say in the emerging system.

The American invasion of Iraq in 2003 would be bringing up Iraq as a major competitor of Saudi oil in the global energy market. As the Iraqi oil started reaching distant markets and the US became a net energy producer, oil prices plunged and remained low for years.

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<sup>1</sup> Reuters, (19 February 2019), "Ahead of Saudi visit, China seeks 'deeper trust' with Iran"  
<https://www.reuters.com/article/us-china-iran/ahead-of-saudi-visit-china-seeks-deeper-trust-with-iran-idUSKCN1Q80PY>

<sup>2</sup> Pakistan-China Institute (18 August 2018), "CPEC to revive Pakistan's economy"  
<http://www.cpecinfo.com/news/cpec-to-revive-pakistan-economy/NTc0NA==>

<sup>3</sup> Reuter, (8 May 2017), "Iran minister warns Saudi Arabia after 'battle' comments: Tasnim",  
<https://www.reuters.com/article/us-iran-saudi-minister-idUSKBN1830Y7>

Consequently, the deep pockets of the Gulf states are no longer that deep, to the extent that since 2014, the Saudis have been posting budget deficits ranging between US\$32 billion (\$43 billion) to US\$50 billion (\$68 billion).<sup>4</sup> The end result is that the rentier states of the Persian Gulf countries are under immense pressure to diversify, rationalise and transform their political economy, should they want to be ready for the new global system.

### **Three Expectations**

The Saudi Crown Prince's visit of Asian countries is partly to reassert his deteriorating image as a statesman after he was caught in the infamous Jamal Khashoggi affair. Nevertheless, the main agenda of his visit goes beyond that. Saudi Arabia's expansion of its Asia policy aims at achieving three key expectations:

First, Iran's containment has returned as central to Saudi Arabia's post-nuclear deal foreign policy that saw an extravagant reception of President Donald Trump in Riyadh in May 2017. Both India and China had been pleased with the proposed nuclear deal, as they are the main consumers of Iranian energy and their transactions have often been stuck in the US imposed sanctions. Trump's upending of the nuclear deal and Iran's refusal to step back from its confrontational regional politics is not going well with Asian countries. Indians are getting discontented with Iran's military involvement in Yemen, Syria and Iraq. Whereas, the Gulf leaders are convincing their Indian, Pakistani and Chinese counterparts that Iran is becoming a revisionist state.

The second expectation of Saudi Arabia from Asia is to find support for a Saudi-led security architecture in the Persian Gulf region in which Iran is defined as a central threat to Saudi Arabia's regional and international standing. The Asian Countries' Persian Gulf outlook, however, was once again in tough balancing act after the diplomatic, economic and travel boycott of Qatar in June 2017. Both India and China aim to increase the share of Liquefied Natural Gas (LNG) in their energy mix and Qatar remains a country central to their energy security. The reconciliatory voices of Kuwait and Oman have also been sidelined. Saudi Arabia and UAE's recent rapprochement attempts with Syria's Bashar Al Assad might be a good news for Asian countries but this has further exposed the unpredictability of the regional politics. If the collapse of the current Gulf security architecture occurs, a unified Gulf Cooperation Council will be in serious question, if the new architecture fails to accommodate Iran and Qatar.

The third expectation is to get these Asian countries along to realize Saudi Arabia's new economic vision 2030, in order to rationalise the country's economy beyond oil. China has welcomed this vision, but Indians and Pakistanis are worried that this vision will also affect a large number of their citizens living as expats in Saudi Arabia as the increasing pressures on expat workers, by levying new taxes and cutting down the available social and financial perks, is already taking a heavy toll on remittances to their home countries. The return of expats workers back to India and Pakistan is always a politically sensitive issue in the two countries.

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<sup>4</sup> France 24 (18 December 2018), "Saudi Arabia raises spending in new deficit budget" <https://www.france24.com/en/20181218-saudi-arabia-raises-spending-new-deficit-budget>

In realizing these expectations, the Saudis have faced a number of challenges. The Iran containment policy is simply not producing the results that the Gulf monarchies expected, which is the total collapse of the Iranian economy and then the state. The Trump administration is forced to offer exemptions in his Iran sanctions to eight countries including China, India, Japan, Turkey and South Korea. This means that 75 per cent of the total Iranian oil that goes to the Asia Pacific countries will remain unaffected by US sanctions. As Asian economies grow, they also work on diversifying their energy mix and hence they do not want just one or two countries to dominate their energy supply. Saudi Arabia conveyed to India that it wants to sign a “long term ever-green contract” in order to develop a strategic energy partnership based on complementarity and interdependence as defined in the Delhi Declaration 2006.<sup>5</sup> The declaration had set very high expectations yet to be realised. In 2010 again, the Riyadh Declaration was adopted during the visit of Indian Prime Minister Manmohan Singh. However, such long term ever-green contracts are yet to see much progress.

Secondly, the visit of King Salman bin Abdul Aziz in 2014 to India, as then Crown Prince, had underlined defence as an important aspect of cooperation between the two countries. The MoUs on defence cooperation appeared in all consecutive discussions and statements but the formalisation of these statements remained below expectations, however.<sup>6</sup> A Saudi delegation member visiting Indian think-tanks in 2017 was explicitly frustrated at what he thought was the lack of Indian interest in deepening a strategic partnership with Saudi Arabia. Although the Modi government has activated India’s West Asia engagement, particularly with Saudi Arabia, but defence and security cooperation remain as a low priority. India refrained from offering any promise to the Gulf countries on an active security partnership, something that aims at defining Iran as the main enemy. The same reservations have been seen from the Chinese and Pakistani sides. Pakistan had already once refused to send its military for the Saudi military operation in Yemen.

Any security partnership with the Persian Gulf countries has to respond to at least three sets of security challenges: the Saudi-Iranian rivalry; ongoing wars in Yemen and Syria; and the Arab-Israeli conflict. While China and India are in a position to balance between the expectations of the Arabs and Israel, the Saudi-Iranian security flash is far riskier and difficult to balance. Secondly, the Qatar blockade has rather brought both Turkey and Iran closer to the Gulf with Kuwait, Oman and Iraq wanting reconciliation. India saw the Qatar-Saudi breakdown of relations in June 2017 completely as an “internal problem” and wanted to see its resolution through dialogue. The official position had underlined that the “principles of mutual respect, sovereignty and non-interference in the internal affairs of other countries”.<sup>7</sup> The Qataris found the statement as supporting their stance and the Qatari Foreign Minister Mohammed bin Abdulrahman bin Jassem althani’s visit in August 2017 was based on this

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<sup>5</sup>Zakir Hussain (25 April, 2017), “India-Saudi Arabia Relations: New Bilateral Dynamics”, <https://www.mei.edu/publications/india-saudi-arabia-relations-new-bilateral-dynamics>

<sup>6</sup> Ministry of External Affairs, Government of India (December 2018), “India-Saudi Arabia Bilateral Relations”, [https://mea.gov.in/Portal/ForeignRelation/India-Saudi\\_Bilateral\\_Relations\\_December\\_2018.pdf](https://mea.gov.in/Portal/ForeignRelation/India-Saudi_Bilateral_Relations_December_2018.pdf)

<sup>7</sup> The Economic Times, (5 June 2017), “Qatar-Saudi Arabia rift 'internal', our only concern is for Indians living there, says Sushma Swaraj”, [//economictimes.indiatimes.com/articleshow/59004721.cms?utm\\_source=contentofinterest&utm\\_medium=txt&utm\\_campaign=cppst](https://economictimes.indiatimes.com/articleshow/59004721.cms?utm_source=contentofinterest&utm_medium=txt&utm_campaign=cppst)

perception. Thirdly, there are very few takers of un-ending Saudi-led military operation in Yemen. In absence of a political vision of settling down these military conflicts, Saudi Arabia's quest for a security partnership with India, Pakistan or China may not see any progress.

Pakistan enjoys more flexibility than India and China when it comes to dealing with the Saudi Arabia-led Persian Gulf politics. Unconfirmed reports suggest that Pakistan has extended unofficial military support to Saudi Arabia in Yemen. That too remains limited to guarding the Saudi-Yemeni borders. With Imran Khan in power, the Saudis and Emiratis have found a new opportunity to alter Pakistan's Persian Gulf approach. Iran is apprehensively watching the renewed Pakistan-Gulf relations and its accusations of Saudi support to Baloch Islamist groups against Iran have become more frequent.

In recent years, Indian policy discourse shows India's increasing regional ambitions and readiness to "expanding its strategic influence beyond its neighborhood to become a global power."<sup>8</sup> India's gradual opening of security and defence cooperation with the Persian Gulf countries is going to be based on India's identifying and separating its security spheres in South Asia and the Persian Gulf. For India, Iran's primary significance is for South Asian security and secondary in its extended South Asia-West Asia security. India's vote against Iran in IAEA resolutions twice in 2005 and 2009 were primarily based on a principle understanding about Iran's nuclear weapons ambitions.<sup>9</sup>

The key challenge for both the Arab Gulf countries and the Asian powers is to find a right role for Saudi Arabia in the regional and global politics. While Saudis are working hard on transforming their rentier state economy, their foreign policy template has yet to find ways of convergence with the Shanghai Cooperation Organization (SCO) in which its regional rivals, Iran and Turkey, are becoming active players. Throughout the Arab uprisings and regional conflicts, the SCO format has been to facilitate international institutions, such as the UN, as the main coordinate. Turkey in the last few years has resisted the NATO-centric security perspective in order to reconcile with a greater Asian vision emerging from the SCO and the BRICS. Saudi Arabia has to go a long way before becoming part of the "Asian Consensus" emerging from the SCO-BRICS model. Saudi Arabia's quest for a new regional profile is yet to adjust to the institutional rise of non-Western powers, often demonstrated by the SCO-BRICS politics.

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<sup>8</sup> Kadira Pethiyagoda (26 September, 2018), "India's pursuit of strategic and economic interests in Iran" The Brookings Institution, <https://www.brookings.edu/research/indias-pursuit-of-strategic-and-economic-interests-in-iran/>

<sup>9</sup> The Hindu (27 November 2009), "India votes against Iran in IAEA resolution", <https://www.thehindu.com/news/national/India-votes-against-Iran-in-IAEA-resolution/article16894640.ece>