

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S INDIA- SAUDI ARABIA BILATERAL TRADE RELATIONS

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Kingdom of Saudi Arabia occupies about four-fifths of the Arabian Peninsula, in south-western Asia. It is bordered by Jordan, Iraq and Kuwait to the north, by Yemen to the south, by Oman to the south and east, and by Qatar and the United Arab Emirates to the north-east. Saudi Arabia has a long western coast line on Red Sea, facing Egypt, Sudan and Eritrea, and a shorter coast line (between Kuwait and Qatar) on the Persian (Arabian) Gulf, with the Bahrain archipelago just off shore and Iran on the opposite coast. Saudi Arabia is a member of the UN, G20, and OPEC.

2. Saudi Arabia has a command economy based largely on petroleum; the oil industry accounts for roughly 63% of budget revenue, 67% of export earnings, and 45% of nominal GDP compared with 40% from the private sector. It is strongly dependent on foreign workers, with about 80% of private sector employees being non-Saudi. As per available report of the International Monetary Fund (IMF) concluded the 2023 Article IV consultation with Saudi Arabia on July 31, 2024, Saudi Arabia's unprecedented economic transformation is progressing well as it advanced in its modernization and diversification efforts under Vision 2030. The recent fiscal space exercise has facilitated the recalibration of investment spending planned under Vision 2030 by reprioritizing projects and through sectoral strategies. Oil production cuts led to an overall contraction in growth of 0.8 percent in 2023, albeit non-oil GDP grew by a robust 3.8 percent, driven mostly by private consumption and non-oil investment. The unemployment rate reached historic lows, with women labour force participation rates remaining comfortably above the 30 percent 2030 target. Geopolitical events have not had any major impact on the Saudi economy so far.

A snapshot of Saudi Arabia's select economic indicators is presented below in **Table 1**

Saudi Arabia: Selected Economic Indicators, 2022–25					
			<u>Est.</u>	<u>Proj.</u>	<u>Proj.</u>
	2022	2023	2024	2025	
Output					
Real GDP growth	7.5	-0.8	1.7	4.7	
Non-oil GDP growth	5.3	3.8	3.5	4.4	
Prices					
CPI Inflation (avg, %)	2.5	2.3	1.9	2.0	
Central government finances					
Revenue (% GDP)	30.8	30.3	29.6	29.6	
Expenditure (% GDP)	28.2	32.3	32.9	32.4	
Fiscal balance (% GDP)	2.5	-2.0	-3.3	-2.9	
Public debt (% GDP)	23.9	26.2	28.7	30.0	
Non-exported oil primary balance (% Nonoil GDP)	-29.4	-33.0	-32.4	-30.4	
Money and credit					
Broad money (% change)	8.1	7.6	8.8	9.0	
Credit to the private sector (% change)	12.6	10.0	10.1	9.7	

Balance of payments					
Current account (% GDP)		13.7	3.2	-0.1	-1.1
FDI (% GDP)		2.5	1.2	1.3	1.5
Reserves (months imports) ¹		18.1	15.8	14.1	13.1
External debt (% GDP)		23.8	28.1	30.3	32.2
Exchange rate					
REER (% change) ²		4.2	-0.8	1.6	...
Unemployment rate					
Overall (% total labor force)		4.9	3.8
Nationals (% total labor force)		9.7	8.5
Sources: ¹ Imports of goods and services. ² For 2024, data is latest available.					

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the four major merchandise export partners of Saudi Arabia are UAE, China, India and Egypt. On the other hand four major import partners of Saudi Arab are China, United States, UAE and India. Major four exported goods of Saudi Arabia are (i) Petroleum oils and oils obtained from bituminous (ii) Petroleum oils, etc, (excl. crude); preparation (iii) Polypropylene, in primary forms and (iv) Polyethylene having a specific gravity <0.94. On the other hand major four imported goods are (i) Petroleum oils, etc, (excl. crude); preparation, (ii) Transmission apparatus, (iii) Automobiles with reciprocating piston engine (iv) Gold in unwrought forms non-monetary.

4. Saudi Arabia's total exports in 2019 were of the order of US\$ 251,800 million. it has scaled upto US\$ 320,018 million in 2023 with dip recorded in 2019 and 2020 pick-up by 54.26% in 2021. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 6.18%.

5. Saudi Arabia's total imports in 2019 were of the order of US\$ 144,334 million and which has touched US\$ 206,940 million mark in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of Imports was 9.43%.

6. Saudi Arabia runs an overall Balance of Trade surplus from 2019 to 2023 which was quite significant to the tune of USD 113,078 million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 7.39%.

A snapshot of Saudi Arabia's overall Trade Statistics is presented in Table 2 and Figure 1.

A snapshot of India's merchandise trade statistics w.r.t. Saudi Arabia is presented in Table 3 Figure 2

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India and Saudi Arabia are each other's major trading partners. India and Saudi Arabia enjoy cordial and friendly relations reflecting the centuries old economic and socio-cultural ties. Their diplomatic relations were established in 1947. India's export to Saudi Arabia was 2.65% of India's total export value in FY 2023-24 and in the same financial year imports from Saudi Arabia was

4.71% of India's total import value. Saudi Arabia was the 5th largest trading partner of India in FY 2023-24. Almost 3.89% of India's international trade value was between India and Saudi Arabia has been recorded in FY 2023-24 has been recorded in DGCI&S data base.

8. Indo- Saudi Arabia total volume of bilateral trade in FY 2019-20 was of the order of US\$ 33,094.23 million. It has increased to US\$ 41,648.08 million in FY 2023-24. The annual compound growth rate of volume of trade during the period from 2019-20 to 2023-24 has been of the order of 5.92%.

9. It appears from the available figures that between 2019-20 and 2023-24, India has had a deficit Balance of Trade with Saudi Arabia. Exports from India to Saudi Arabia increased steeply 49.56% in FY2021-22 followed by 22.48% hike in FY 2022-23. The annual average compound rate of growth of Exports was 12.08%. On the other hand, imports from Saudi Arabia to India increased by 110.67% in FY 2021-22 over FY20-20-21. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of Imports was 4.32%.

10. Additionally, from Tables 4 & 5 presented below the following are stated:

a. **Motor Vehicle/Cars, Rice Basmati and Petroleum Products** are occupying the top three slots in India's exports to Saudi Arabia in the year 2023-24. **Motor Vehicle/Cars** occupying the bulk share (16.38%).

b. **Petroleum: Crude; Petroleum Products and Aircraft, Spacecraft And Parts** are the three major commodities in India's imports list from Saudi Arabia in the year 2023-24. Petroleum; Crude occupying the bulk share (69.43%).

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TABLE - 2
SAUDI ARAB'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2019 TO
2023

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	251800		144334		3,96,134		107466
2020	185699	-26.25	131313	-9.02	3,17,012	-19.97	54386
2021	286467	54.26	152695	16.28	4,39,162	38.53	133772
2022	411184	43.54	189865	24.34	6,01,049	36.86	221319
2023	320018	-22.17	206940	8.99	5,26,958	-12.33	113078
Annual Growth Rate	Compound	6.18	9.43	7.39			

NOTE : Figures relate to calendar year (January to December)

SOURCE: UN COMTRADE PUBLICATION

Figure - 1



TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO SAUDI ARAB
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Motor Vehicle/Cars	725.00	509.46	572.90	1010.41	1612.15	-29.73	12.45	76.37	59.55
	Share in total export	11.62	8.70	6.54	9.42	16.38				
2	Rice - Basmati	955.89	951.99	646.22	1036.72	1254.56	-0.41	-32.12	60.43	21.01
	Share in total export	15.33	16.25	7.38	9.66	12.75				
3	Petroleum Products	569.28	479.14	2442.78	1933.34	883.70	-15.83	409.83	-20.85	-54.29
	Share in total export	9.13	8.18	27.89	18.02	8.98				
4	Copper, Products Made Of Copper	30.83	33.11	53.36	293.04	879.76	7.40	61.16	449.18	200.22
	Share in total export	0.49	0.57	0.61	2.73	8.94				
5	Organic Chemicals	521.93	453.59	1019.78	995.62	816.80	-13.09	124.82	-2.37	-17.96
	Share in total export	8.37	7.74	11.64	9.28	8.30				
6	Products Of Iron And Steel	230.41	246.03	204.50	294.37	542.29	6.78	-16.88	43.95	84.22
	Share in total export	3.69	4.20	2.33	2.74	5.51				
7	Aircraft, Spacecraft And Parts	1.22	0.04	0.24	1.63	441.17	-96.72	500.00	579.17	26965.64
	Share in total export	0.02	0.00	0.00	0.02	4.48				
8	Other Construction Machinery	38.74	34.14	73.16	126.87	394.62	-11.87	114.29	73.41	211.04
	Share in total export	0.62	0.58	0.84	1.18	4.01				
9	Telecom Instruments	5.72	7.77	15.45	308.92	294.87	35.84	98.84	1899.48	-4.55
	Share in total export	0.09	0.13	0.18	2.88	3.00				
10	Buffalo Meat	123.03	108.22	158.00	193.11	274.23	-12.04	46.00	22.22	42.01
	Share in total export	1.97	1.85	1.80	1.80	2.79				
	Total exports to SAUDI ARAB	6236.86	5856.61	8758.95	10727.67	9841.55	-6.10	49.56	22.48	-8.26

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM SAUDI ARAB
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Import					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	23-24 over 2022-23
1	Petroleum Crude	20235.22	10753.16	22869.27	29077.41	22083.42	-46.86	112.67	27.15	-24.05
	Share in total import	75.34	66.43	67.06	69.17	69.43				
2	Petroleum Products	2800.25	2245.84	4735.71	4120.24	2778.71	-19.80	110.87	-13.00	-32.56
	Share in total import	10.43	13.87	13.89	9.80	8.74				
3	Aircraft, Spacecraft And Parts	23.19	0.03	0.04	956.42	1361.16	-99.87	33.33	2390950.00	42.32
	Share in total import	0.09	0.00	0.00	2.28	4.28				
4	Fertilizers Manufactured	927.25	771.17	1894.58	2292.87	1115.68	-16.83	145.68	21.02	-51.34
	Share in total import	3.45	4.76	5.56	5.45	3.51				
5	Plastic Raw Materials	601.54	596.77	895.23	1363.23	1091.15	-0.79	50.01	52.28	-19.96
	Share in total import	2.24	3.69	2.63	3.24	3.43				
6	Organic Chemicals	693.25	559.93	1411.70	1325.53	943.71	-19.23	152.12	-6.10	-28.81
	Share in total import	2.58	3.46	4.14	3.15	2.97				
7	Gold	331.75		108.29	177.43	497.65	-100.00		63.85	180.48
	Share in total import	1.24		0.32	0.42	1.56				
8	Inorganic Chemicals	205.64	195.14	389.60	881.19	382.65	-5.11	99.65	126.18	-56.58
	Share in total import	0.77	1.21	1.14	2.10	1.20				
9	Aluminium Products of Aluminium	190.84	221.72	393.58	406.62	322.97	16.18	77.51	3.31	-20.57
	Share in total import	0.71	1.37	1.15	0.97	1.02				
10	Copper And Products Made Of Copper	106.69	130.21	149.80	253.93	291.12	22.05	15.04	69.51	14.65
	Share in total import	0.40	0.80	0.44	0.60	0.92				
	Total import from SAUDI ARAB	26857.37	16186.76	34100.58	42035.27	31806.53	-39.73	110.67	23.27	-24.33

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I