

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S DATED 31-01-2024

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. The economy of Saudi Arabia is dominated by petroleum and its associated industries. In terms of oil reserves, Saudi Arabia ranks first internationally, with about one-fifth of the world's known reserves. As per available report of IMF Article IV Consultation with Saudi Arabia September 6, 2023 it has been reflected that, Saudi Arabia was the fastest growing G20 economy in 2022. Overall growth reached 8.7 percent, reflecting both strong oil production and a 4.8 percent non-oil GDP growth driven by robust private consumption and non-oil private investment, including mega projects. Wholesale, retail trade, construction, and transport were the main drivers of non-oil growth. The output gap is estimated to have closed during 2022, with the non-oil growth momentum continuing in 2023.

A snapshot of Saudi Arabia's select economic indicators is presented at **Annexure –I**

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 Arabia 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 2017 were of the order of US\$ 221,835 million. It has scaled up to US\$ 286,467 million in 2021 with a dip recorded in 2019 and 2020 pick-up by 54.26% in 2021. During the period from 2017 to 2021, the annual average compound rate of growth of exports was 6.60%.

5. Saudi Arabia's total imports in 2017 were of the order of US\$ 134,519 million and which has touched US\$ 135,211 million mark in 2021 with a decline over 2020 figures. During the period from 2017 to 2021, the annual average compound rate of growth of Imports was 0.13%.

6. Saudi Arabia runs an overall Balance of Trade surplus from 2017 to 2021 which was quite significant to the tune of USD 151,256 million in 2021. During the period from 2017 to 2021, the annual average compound rate of growth of total volume of trade was 4.30%.

A snapshot of Saudi Arabia's overall Trade Statistics is presented in [Annexure-II \[Table 1: Figure 1\]](#)

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. India and Saudi Arabia are each other's major trading partners. India's export to Saudi Arabia was 2.38% of India's total export value in FY 2022-23 and in the same financial year imports from Saudi Arabia was 5.88% of India's total import value. Saudi Arabia was the 4th largest trading partner of India in FY 2022-23. Almost 5.52% of India's international trade value was between India and Saudi Arabia has been recorded in FY 2022-23 has been recorded in DGCI&S data base.

8. Indo- Saudi Arabia total volume of bilateral trade in FY 2018-19 was of the order of US\$ 34,040.94 million. It has increased to US\$ 50,762.94 million in FY 2022-23. The annual compound growth rate of volume of trade during the period from 2018-19 to 2022-23 has been of the order of 10.51%.

9. It appears from the available figures that between 2018-19 and 2022-23, 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 17.85%. 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 2018-19 to 2022-23, the annual average compound rate of growth of Imports was 8.89%.

A snapshot of India's merchandise trade statistics w.r.t. Saudi Arabia is presented in [Annexure-II \[Table 2: Figure 2\]](#)

10. Additionally, **from Tables 3 & 4 presented at Annexure-II** below the following are stated:

a. Petroleum Products, Rice Basmati and Motor Vehicles/Cars are occupying the top three slots in India's exports to Saudi Arabia in the year 2022-23. Petroleum Products occupying the bulk share (18.02%).

b. Petroleum: Crude; Petroleum Products and Fertilizers Manufactured are the three major commodities in India's imports list from Saudi Arabia in the year 2022-23. Petroleum; Crude occupying the bulk share (69.17%).

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Saudi Arabia: Selected Economic Indicators, 2021–24					
Population: 32.2 million (2022)					
Quota: SDR 9,992.6 million (2.10% of total)					
Main products and exports: Oil and oil products (79.5%)					
Key export markets: Asia, U.S., and Europe					
			<u>Est.</u>	<u>Proj.</u>	<u>Proj.</u>
		2021	2022	2023	2024
Output					
Real GDP growth		3.9	8.7	1.9	2.8
Non-oil real GDP growth		5.7	4.8	4.9	4.4
Prices					
CPI Inflation (avg, %)		3.1	2.5	2.8	2.3
Central government finances					
Revenue (% GDP)		29.6	30.7	28.4	28.4
Expenditure (% GDP)		31.9	28.2	29.7	30.0
Fiscal balance (% GDP)		-2.3	2.5	-1.2	-1.6
Public debt (% GDP)		28.8	23.8	25.1	25.8
Non-exported oil primary balance (% Non-oil GDP)		-27.2	-29.6	-23.7	-21.4
Money and credit					
Broad money (% change)		7.4	8.1	8.0	6.3
Credit to the private sector (% change)		15.4	12.6	9.6	9.5
Balance of payments					
Current account (% GDP)		5.1	13.6	6.5	3.5
FDI (% GDP)		2.2	0.7	0.7	0.8
Reserves (months imports) ¹		20.3	19.4	17.5	15.7
External debt (% GDP)		31.7	23.9	24.9	26.1
Exchange rate					
REER (% change) ²		0.8	4.2	2.1	...
Unemployment rate					
Overall (% total labor force)		6.6	5.6
Nationals (% total labor force)		11.3	9.4
Sources: Country authorities and IMF staff estimates and projections.					
¹ Imports of goods and services.					
² For 2023, data is latest available.					

Sources: IMF Executive Board Concludes 2023 Article IV Consultation with Saudi Arabia September 6, 2023.

TABLE - 1

SAUDI ARAB'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE BETWEEN 2017 TO 2021

(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
2017	221835		134519		3,56,354		87316
2018	294536	32.77	152695	13.51	4,47,231	25.50	141841
2019	251800	-14.51	131313	-14.00	3,83,113	-14.34	120487
2020	185699	-26.25	144334	9.92	3,30,033	-13.85	41365
2021	286467	54.26	135211	-6.32	4,21,678	27.77	151256
Annual Compound Growth Rate		6.60		0.13		4.30	

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

SOURCE : UN COMTRADE PUBLICATION

Figure - 1

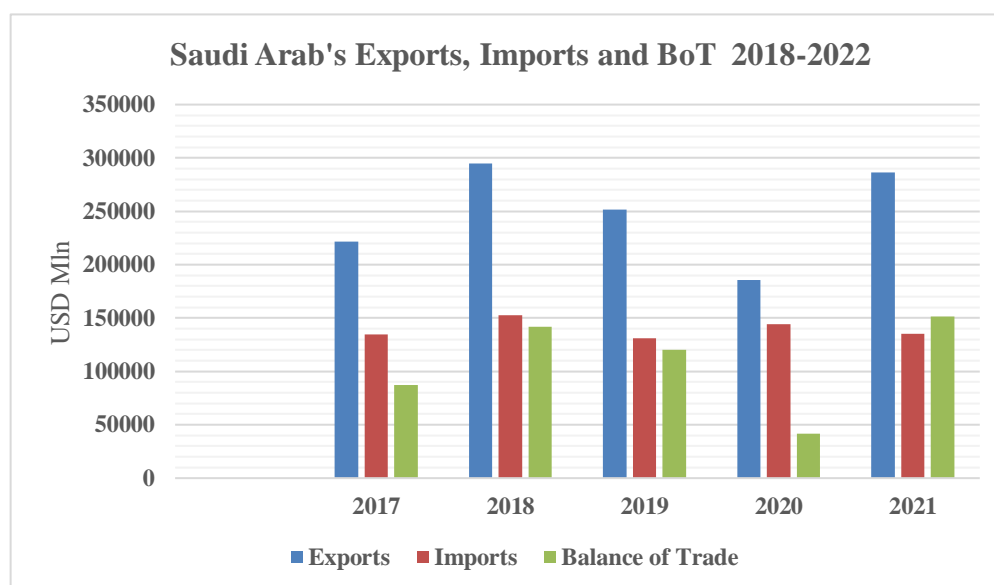


TABLE - 2
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. SAUDI ARAB
FY 2018-2019 to 2022-2023

(Value in USD Million)

Year	Exports from India to Saudi Arab	Percentage Growth in Exports	Imports from Saudi Arab to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2018-19	5561.73		28479.21		34040.94		-22917.48
2019-20	6236.86	12.14	26857.37	-5.69	33094.23	-2.78	-20620.51
2020-21	5856.61	-6.10	16186.76	-39.73	22043.37	-33.39	-10330.15
2021-22	8758.95	49.56	34100.58	110.67	42859.53	94.43	-25341.63
2022-23	10727.67	22.48	40035.27	17.40	50762.94	18.44	-29307.60
Annual Compound Growth Rate		17.85		8.89		10.51	

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

Source : DGCI&S, M/oC&I

Figure 2

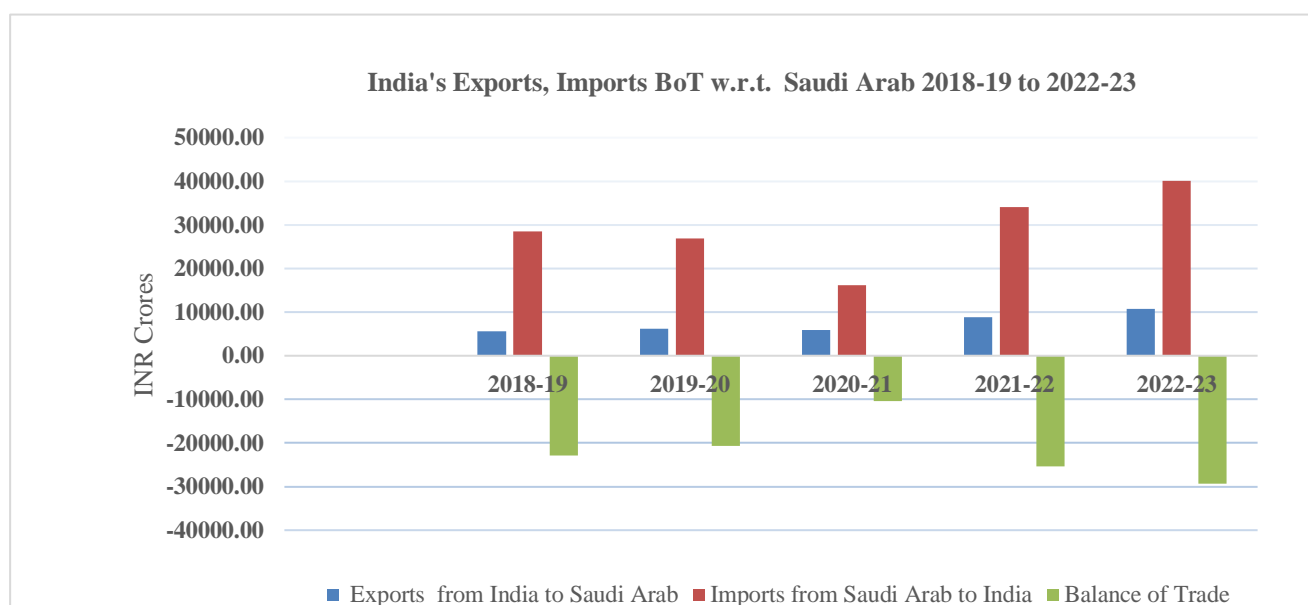


TABLE -3

**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO SAUDI ARAB
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES**

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Petroleum Products	425.55	569.28	479.14	2442.78	1933.34	33.78	-15.83	409.83	-20.85
	Share in total export	7.65	9.13	8.18	27.89	18.02				
2	Rice Basmati	938.91	955.89	951.99	646.22	1036.72	1.81	-0.41	-32.12	60.43
	Share in total export	16.88	15.33	16.25	7.38	9.66				
3	Motor Vehicle/ Cars	334.28	725.00	509.46	572.90	1010.41	116.88	-29.73	12.45	76.37
	Share in total export	6.01	11.62	8.70	6.54	9.42				
4	Organic Chemicals	446.06	521.93	453.59	1019.78	995.62	17.01	-13.09	124.82	-2.37
	Share in total export	8.02	8.37	7.74	11.64	9.28				
5	Telecom Instruments	22.56	5.72	7.77	15.45	308.92	-74.65	35.84	98.84	1899.48
	Share in total export	0.41	0.09	0.13	0.18	2.88				
6	Products Of Iron & Steel	163.17	230.41	246.03	204.50	294.37	41.21	6.78	-16.88	43.95
	Share in total export	2.93	3.69	4.20	2.33	2.74				
7	Copper, Products Made Of Copper	32.83	30.83	33.11	53.36	293.04	-6.09	7.40	61.16	449.18
	Share in total export	0.59	0.49	0.57	0.61	2.73				
8	Sugar	39.08	61.55	29.81	247.52	286.63	57.50	-51.57	730.33	15.80
	Share in total export	0.70	0.99	0.51	2.83	2.67				
9	Iron And Steel	158.72	99.00	130.18	277.82	255.21	-37.63	31.49	113.41	-8.14
	Share in total export	2.85	1.59	2.22	3.17	2.38				
10	Indl. Machinery For Dairy Etc.	93.38	96.40	85.87	99.14	206.78	3.23	-10.92	15.45	108.57
	Share in total export	1.68	1.55	1.47	1.13	1.93				
	Total export to SAUDI ARAB	5561.73	6236.86	5856.61	8758.95	10727.67	12.14	-6.10	49.56	22.48

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

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

TABLE -4

**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM SAUDI ARAB
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Petroleum: Crude	21381.04	20355.22	10753.16	22869.27	29077.41	-4.80	-47.17	112.67	27.15
	Share in total imports	75.08	75.79	66.43	67.06	69.17				
2	Petroleum Products	3124.75	2800.25	2245.84	4735.71	4120.24	-10.38	-19.80	110.87	-13.00
	Share in total imports	10.97	10.43	13.87	13.89	9.80				
3	Fertilizers Manufactured	1044.66	927.25	771.17	1894.58	2292.87	-11.24	-16.83	145.68	21.02
	Share in total imports.	3.67	3.45	4.76	5.56	5.45				
4	Plastic Raw Materials	665.12	601.54	596.77	895.23	1363.23	-9.56	-0.79	50.01	52.28
	Share in total import	2.34	2.24	3.69	2.63	3.24				
5	Organic Chemicals	915.37	693.25	559.93	1411.70	1325.53	-24.27	-19.23	152.12	-6.10
	Share in total import	3.21	2.58	3.46	4.14	3.15				
6	Aircraft, Spacecraft, Parts		23.19	0.03	0.04	956.42		-99.87	33.33	239095.00
	Share in total import		0.09	0.00	0.00	2.28				
7	Iron And Steel	175.46	205.64	195.14	389.60	881.19	17.20	-5.11	99.65	126.18
	Share in total import	0.62	0.77	1.21	1.14	2.10				
8	Aluminium, Prods. Made Of Alum.	259.49	190.84	221.72	393.58	406.62	-26.46	16.18	77.51	3.31
	Share in total import	0.91	0.71	1.37	1.15	0.97				
9	Residual Chemical And Allied Products	182.99	167.12	191.34	287.35	382.49	-8.67	14.49	50.18	33.11
	Share in total import	0.64	0.62	1.18	0.84	0.91				
10	Indl. Machinery For Dairy Etc.	133.26	106.69	130.21	149.80	253.93	-19.94	22.05	15.04	69.51
	Share in total import	0.47	0.40	0.80	0.44	0.60				
	Total import from SAUDI ARAB	28479.21	26857.37	16186.76	34100.58	42035.27	-5.69	-39.73	110.67	23.27

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

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