

What The New Indo-Saudi Strategic Partnership Aims At

BY AROONIM BHUYAN

New Delhi/Riyadh: (IANS) A new Indo-Saudi strategic partnership set in place during Prime Minister Manmohan Singh's visit to Saudi Arabia Feb 27-March 1 is set to redefine issues of terrorism, energy security and trade and investment between countries that were once removed not just by geography but history and politics.

"As a result of our interaction, we have agreed to upgrade the quality of our relationship to that of a strategic partnership," Manmohan Singh said fresh after his visit.

"This strategic partnership will cover economic issues, trade and investment issues. Also it will include issues relating to energy security, investing in each other's upstream and downstream energy activities, investing in R&D (research and development) in renewable energy resources. Also it will cover issues relating to security, (and) cooperation in dealing with terrorism," he said.

Ties between India and Saudi Arabia, dating back to ancient times, have been on the backburner post India's independence.

Despite Saudi King Saud's visit to India in 1955, reciprocated by then prime minister Jawaharal Nehru in 1956, relations between the two sides never really developed with geopolitical imbalance setting in sparked by the Cold War, with New Delhi tilting towards Moscow and Riyadh towards Washington.

Things were expected to be corrected by the visit of Indira Gandhi in 1982. However, her assassination two years later again put Indo-Saudi ties on the backburner.

The nineties again were dominated by the Iraq war and the Gulf's dominant nation had little time to concentrate elsewhere. In New Delhi, Saudi Arabia was viewed as a nation with close ties with Pakistan while Riyadh saw India as a country that saw the Gulf region as little more than a



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source of oil and remittance from expat Indians. And propaganda about alleged ill-treatment of Muslims in India created a negative image in a country seen as the cradle of Islam.

Things took a sudden turn for the better when Saudi King Abdullah Bin Abdul Aziz, a progressive monarch with a secular vision of his nation, visited India in 2006 when the historic Delhi Declaration, charting out a new path in bilateral ties across a range of fields like security, trade and investment, science and technology, and culture, was signed.

With the signing of the Riyadh Declaration during Manmohan Singh's visit, the much talked about "strategic partnership" is sealed.

"It is no small thing to talk about strategic cooperation between two countries," said Saudi Foreign Minister Prince Saud Al Faisal.

"In order to do that, you need to have confidence, you need to have a clear understanding

of common interests, and you have to understand that together we can achieve what is good for our people."

The issue of terrorism remains high in terms of priority in this strategic partnership.

While Saudi Arabia is being targeted by the Al Qaeda, India too is in a deep state of concern with the political instability in Pakistan and the perpetration of terror acts therein against India.

In his one-on-one interaction with King Abdullah, Manmohan

Singh broached the subject of India-Pakistan relations.

"I explained to him (King Abdullah) the role terrorism - aided, abetted and inspired by Pakistan - is playing in our country,' the prime minister said, adding that he asked the Saudi monarch to "use his good offices to persuade Pakistan to desist from this path".

According to Prince Faisal, his country abrogated all ties with the Taliban after it started giving sanctuary to the Al Qaeda.

Now, much is expected from the crucial extradition treaty signed during the course of the prime minister's visit.

"The two sides agreed to enhance cooperation in exchange of information relating to terrorist activities, money laundering, narcotics, arms and human trafficking, and develop joint strategies to combat these threats," reads the Riyadh Declaration.

Apart from terrorism, energy security is of high priority in this strategic partnership.

Saudi Arabia meets 30 percent of India's crude oil requirements and India needs this oil flowing in continuously to fuel its tremendous growth.

The Delhi Declaration, supplemented by the Riyadh Declaration, calls for taking the buyer-seller relationship in petroleum products between the two sides to a more participatory level, meaning investing in each other's upstream and downstream sectors.

"The two leaders further emphasised the importance of strengthening the strategic energy partnership based on complementarity and interdependence, as outlined in the Delhi Declaration, including meeting India's increasing requirement of crude oil supplies, and identifying and implementing specific projects for cooperation including in areas of new and renewable energy," the Riyadh Declaration stated.

Bilateral trade and investment is another area the strategic partnership seeks to boost. India's post-liberalisation, bilateral trade sharply shot up, especially after 2000, and stood at \$25 billion in 2008-09.

Addressing the Council of Saudi Chambers of Commerce and Industry, Manmohan Singh invited Saudi entrepreneurs and investors to explore investment opportunities in India, specifically in "construction, manufacturing, pharmaceuticals, health, agriculture, energy, telecommunications, biotechnology, tourism and other service sectors".

In return, India offered its expertise to boost the Gulf nation's knowledge industry.

"India has a proven track record in the field of knowledge-based industries, which have a great potential for improving the skill set of the workforce," the prime minister told the council.

Not 'Do-Buy' Anymore? Is Dubai's Retail Glory Fading?

Shopping is the soul of Dubai, a place whose very name can be pronounced "Do-Buy"! Retail is a key driver of Dubai's economy. It is the major tourist attraction. Dubai lures visitors from Asia, Africa, Europe and the Middle East since it offers very enticing shopping experiences. The city offers scintillating malls, almost every brand in the world, shopping bargains, huge discounts.

If Dubai is a very stylish car, then the two front wheels are real estate and retail tourism. Real estate is currently under pressure. Retail tourism is also likely to be under duress. In 2009, sales in many malls and retail outlets have declined 20-30 percent. Footfalls have also dropped 15-25 percent.

Retailers are wondering why and what they must do to ensure a better future.

The main reason for the decline is a drop in the number of free spending tourists from Europe and other parts of the Middle East. Sales have also eroded because countries like China, India and Pakistan are building massive shopping malls which are luring the best global brands.

So customers from neighbouring countries do not need to visit Dubai to buy a Canon zoom lens or an Apple I-phone. Prices of most electronic items, including mobile phones, are now lower in India than in Dubai.

A Hermes tie is cheaper in Paris; fashionable women's clothes are cheaper in New York. This is despite the fact that Dubai is duty and

tax free.

Some retailers are also suffering due to bad management. For example, when they found it was becoming expensive to hire Indians, they hired Filipinos instead. Then when the Filipinos became expensive, they hired Nepalis, Chinese, Bangladeshis.

All the time, the service conditions of the employees were getting worse — six to eight of them were being housed in one room, each employee was being asked to work 10 to 12 hours a day.

In many instances, the staff did not receive increments for 3-4 years.

Few retailers provide refreshments or lunch to their staff. Some top retailers pay as little as 10 dirhams per hour of overtime.

Added to this problem of untrained and demotivated staff members, many Dubai retailers have antiquated IT systems. So they do not know their inventory, what is selling, what is not.

But the most neglected arena in retail is

basic customer service. Walk into a bookshop. The sales girls can hardly speak English and cannot spell "Monologues". They have no passion for books, yet spend their day in selling them.

The critical question is where do Dubai retailers go from here? They will have to get used to about 15-30 percent lower sales from 2006-08 levels. As of now, the management and marketing vibrancy and energy required to reverse this downward trend is missing. Unfortunately many Dubai retailers have a trading mindset, not marketing.

This could lead to closure of marginal malls and shops, which are unable to lure customers.

Retailers need to become pragmatic. Hopefully, they will focus more on service rather than be preoccupied with the marble floors of their retail outlets. They also need to worry about volume growth, rather than sheer profits, through short-term pricing policies.

Retailers should acknowledge new emerging paradigms. They should recognise the new competition from neighbouring countries.

They should build strong and vibrant management teams and give up their "shopkeeper" habits.

They should focus on improving customer services rapidly. These steps will enable retailers in Dubai to reverse the downward trend in sales and begin the path to recovery.

