

Saudi, India partner to set up two refineries

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India and Saudi Arabia have agreed to collaborate on establishing two refineries in India and work together to enhance the stability of global oil markets, according to a joint statement issued on Wednesday.

The two nations also agreed to enhance cooperation in the supply of crude oil and its derivatives, including LPG, according to a statement, which was issued after Prime Minister Narendra Modi on Tuesday cut short his visit to Saudi Arabia following the Pahalgam terror attack.

In 2023-24, Saudi crude made up for 14.3 per cent of India's total crude oil imports, while the Kingdom was the third largest source of Liquefied Petroleum Gas (LPG) for India, accounting for almost 18 per cent of the total LPG shipments to India.

India has agreed to work with the Kingdom to enhance the stability of global oil markets and to balance global energy market dynamics. "They emphasised the need to ensure security of supply for all energy sources in global markets," the statement said.

The two sides agreed in the bilateral joint High-Level Task Force to collaborate on establishing two refineries, it said, adding the investments will be part of Saudi Arabia's earlier commitment to invest \$100 billion in India in multiple areas, including energy, petrochemicals, infrastructure, technology, fintech, digital infrastructure, among other sectors, the statement said.

While Saudi Aramco had

been keen on setting up the proposed mega West Coast Refinery in Maharashtra, slow progress had forced the government to redraw the project. Set to come up in the Nanar area of Maharashtra's Ratnagiri district, the refinery was first announced in 2015. The \$44 billion project had targeted an unprecedented refinery capacity of 60 MMTPA. However, the government had indicated that plans could be changed to set up relatively smaller oil refineries, with capacities of around 20 million metric tonnes per annum (MMTPA).

"The two sides affirmed their desire to complete negotiations on the Bilateral Investment Treaty at the earliest," the statement said, adding the Task Force on investment has also made progress in areas such as taxation.

More work on developing supply chains and projects linked to the energy sector has been

flagged in the latest meeting. Meanwhile, collaboration in India's Strategic Reserve Program has also been mentioned, alongside joint projects across the refining and petrochemical sector, including manufacturing and specialized industries and the innovative uses of hydrocarbons.

Both nations have expanded discussions on green hydrogen, recognising the importance of jointly stimulating demand, and developing hydrogen transport and storage technologies.

The two sides also stressed the value of expanding cooperation in labour and human resources and identifying opportunities for collaboration.

These investments will be part of Saudi Arabia's \$100 billion commitment to India

