OF THE PIF, WHICH INTENDS TO BECOME THE WORLD'S LARGEST SOVEREIGN WEALTH FUND. NOITAMROACNART AHT DNIWOLJOA RAHTRUA WORD YAM TNAMTCAVNI JAUTUM AO A900C AHT ENTERED INTO A PARTNERSHIP THAT ALLOWED RUSSIAN BUSINESSES TO ENTER THE SAUDI MARKET. **TUSHINO PROJECT. THE ANNOUNCEMENT WAS MADE AS SAUDI FUNDS AND RUSSIAN COMPANIES** S'AISSUA NI TNAMTSAVNI DJUOW TI TAHT ƏNIDNATSAADNU 70 MUDNAAOMAM DNA DANƏIS AIB TWO COUNTRIES, BUT FOR SOVEREIGN WEALTH FUNDS GLOBALLY. IN MAY THIS YEAR, SAUDI ARA-TION TO INVEST \$10 BILLION IN RUSSIAN PROJECTS. IT WAS A RECORD DEAL NOT ONLY FOR THE (RDIF), THE SOVEREIGN FUND OF RUSSIA, ANNOUNCED THEIR PARTNERSHIP, AS WELL AS AN INTEN-**THE SOVEREIGN WEALTH FUND OF SAUDI ARABIA, AND THE RUSSIAN DIRECT INVESTMENT FUND** AS BIG AS IT GETS TWO YEARS AGO, THE PUBLIC INVESTMENT FUND (PIF),

ANIVODAY ANAITAT

STNEMTSEVILS INVESTIGATION SURUTAR YJAMIT AXAM OT WOH SWONY AIBARA IQUAS

tions across the globe, including Russia. investment fund started as it began to identify investment op-Inam. This was when the transformation of the PIF into a global of directors was headed by Crown Prince Mohammad bin Sal-Saudi Arabia's strategic development program. The new board and Development Affairs, which is implementing Vision 2030, ferred from the Ministry of Finance to the Council of Economic In March 2015, the asset management function was trans-

3% 01 global assets. the 10% of the global investment resources and more than 50% by 2020. Under this scenario, the fund will control up tund's development plan, is likely to increase from 5% to while the share of foreign investments, according to the is expected to boost the fund's capitalization to \$2.5 trillion, from the IPO will be placed under PIF's management, which duction company, valued at over \$2 trillion). The proceeds ably under 5%) of Saudi Aramco, the world's largest oil-proif it goes ahead with an IPO of a small equity stake (presum-The fund may become the world's largest in terms of assets and outside the Kingdom to finance the country's budget. liance on oil and use PIF's returns on investments within Saudi Arabia has set an ambitious goal to reduce its re-

Prince Mohammad bin Salman to Russia and his subsequent RDIF, the agreement was signed following the visit of Crown Forum in June 2015. According to Kirill Dmitriev, the CEO of on the sidelines of the St Petersburg International Economic - The respective memorandum having been signed with RDIF The PIF has already started to invest into Russian projects

mitment to invest in attractive projects in Russian infrastruc-The memorandum culminated in a partnership and a com-

meeting with Russian President Vladimir Putin.

tract foreign investments. "We plan to support Russian comthority (SAGIA). Unlike the PIF, its primary mission is to atagreement with the Saudi Arabian General Investment Au-

ОЛЕВ ТНЕ СОИВЗЕ ОГ СЕИТИВІЕЗ **HAS BEEN REFINED** ОРРОЯТИИІТІЕS ІМ ТНЕ GULF ZEARCHING FOR BUIHORARE TO TRA BHT

of the Saudi king to Russia will be possibly followed by more

related deals petween Russia and Saudi Arabia. The first visit

The agreement on oil production cuts will end one day, but the

technology as well as oil exploration, production and refining.

ing their collaboration in various sectors, including energy,

al Economic Forum: "Russia and Saudi Arabia will be enhanc-

ergy, Aleksander Novak, said at the St Petersburg Internation-

planned IPO of Saudi Aramco. As the Russian Minister of En-

such projects. These are Russian providers of oilfield services

jects similar to Eurasia Drilling. We are considering several

by the end of this year. "The fund would be interested in pro-

added that establishment of such a fund might be completed

er high-tech projects in the oil sector," said Mr Dmitriev. He

ergy fund, which we expect to reach \$1 billion, as well as oth-

gas equipment producers. "We are working to finalize our en-

ergy assets, including oilfield services companies and oil and

lish a joint fund by the end of this year for investments in en-

help it operate in the Arab markets where we are active," Mr

nies in the region. The idea is simple — to invest in EDC and

oil services to Saudi Aramco and several other major compa-

we are in talks with Saudi Arabia for Eurasia Drilling to provide

expand its operations in other markets. Among other things,

"The purpose of our participation is to help Eurasia Drilling to

funds will help Eurasia Drilling win contracts in Gulf countries.

executive then admitted that the entry of RDIF and the foreign

of RDIF and the China Investment Corporation). The RDIF chief

Ia and the Russia-China Investment Fund (RCIF, a joint fund

quire a minority stake in EDC together with the UDE and a

Saudi market. In June 2015, RDIF announced its plans to ac-

service company, and Saudi Aramco to help EDC enter the

nership between Eurasia Drilling, the largest Russian oilfield

number of potential projects in Saudi Arabia, including a part-

for business and investors, as well as by investing in key sec-

and accelerate the economy by creating favorable conditions

key objective of the fund was to improve the investment climate

di Arabia to support the country's economic liberalization. The

and service industries, in their entry into the Saudi market,"

panies in the oil and gas sector, as well as in construction

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tors such as energy and transport.

Mr Dmitriev said.

According to Mr Dmitriev, RDIF is currently considering a

In addition, RDIF and its Saudi partners are likely to estab-

supply their products to Saudi Aramco", he added. or equipment producers, which could offer their services or

Finally, the Russian investors may also participate in the

relationship with Saudi Arabia will continue."

Io-non ,wan tot bial needy been laid for new, non-oil

agreements.

Dmitriev explained.



tors," RDIF said.

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Saudi market, RDIF in June 2015 signed a partnership

vate partnerships, are attractive for foreign institutional inves-

scale transport infrastructure projects, including public-pri-

-9pation of some of the leading tunds shows that even large-

light of Saudi Arabia's new development strategy. The partic-

potential of intrastructure projects in Russia, especially in

will be provided by banks. The project is being implemented

Fund), as well as funds from the Middle East. Some funding

sortium also includes investors from China (Silk Road

consortium as equity. Apart from RDIF and the PIF, the con-

at \$1 billion. Some of these funds will be invested by the

meters, sport centers and roads. The total cost is estimated

ness park with a total area of about 263,000 square kilo-

Rostec City, the largest class A innovative tech and busiairtield north of Moscow that envisages the construction of

to join a consortium of investors to implement the Tushino

made automatically. In May, the PIF signed an agreement

over, some investments in the RDIF's projects by Saudis are

ceuticals, with a total value of more than \$10 billion. More-

in infrastructure, logistics, retail, agriculture and pharma-

Currently, the two funds are reviewing more than 25 projects

in infrastructure, manufacturing, retail and logistics sectors.

history of Russia-Saudi relations, but it was the largest invest-

part of the partnership, the largest investment not only in the

ture and agriculture sectors. The PIF invested \$10 billion as

ment for a sovereign wealth fund globally.

According to RDIF, a number of deals have been made

"We are glad that our PIF partners are optimistic about the

To facilitate the entry of the Russian business into the





INVESTMENTS

as early as next year.

gas exporting countries.

chemicals, construction of pipelines and oil-storage facilities.

tors of the country's economy, including oil refinery, petro-

es or experience. The PIF invested in a number of strategic sec-

ported by private investors due to insufficient financial resourc-

strategic significance for the economy, which could not be sup-

mary purpose was to provide support to commercial projects of

tribute to the country's economic development. The fund's pri-

whose assets are estimated at \$183 billion, may take the lead

funds from the UAE, China and Kuwait. However, the PIF,

Pension Fund with total asset of about \$1 trillion, followed by At the moment, the world's largest SWF is the Norwegian

decade ago. Of that amount, \$4.2 trillion is attributed to oil and

a fruoms eff south the molecular the second should be the second se

sets under the management of the world's sovereign wealth

-According to the Sovereign Wealth Fund Institute, the total as-

The PIF was established by a Royal decree in 1971 to con-