

# THE GREAT OIL CONVERGENCE

THE GOVERNMENTS OF RUSSIA AND SAUDI ARABIA HAVE HAD INCREASINGLY ACTIVE ENGAGEMENT IN RECENT YEARS. THE AGENDA FOR THE UPCOMING BILATERAL TALKS INCLUDES ISSUES SUCH AS A SETTLEMENT TO THE SYRIAN CONFLICT AMONG OTHER ISSUES. IT ALSO INCLUDES THE PARTICIPATION OF THE WORLD'S TWO LARGEST OIL EXPORTERS IN AN AGREEMENT TO REGULATE OIL PRODUCTION, THE OPEC+ ARRANGEMENTS, AS WELL AS THE CHANGING DYNAMICS IN THE GLOBAL HYDROCARBON MARKET. SINCE OIL PLAYS AN IMPORTANT ROLE IN THE ECONOMIES OF THE TWO COUNTRIES, RUSSIA AND SAUDI ARABIA ARE EXPECTED TO STRENGTHEN THEIR BONDS FOR THEIR MUTUAL POLITICAL INTERESTS.

TATYANA YEDOVINA



The history of diplomatic relations between the two countries is nearly a century old; yet it is still relatively new if one considers the intensity of the relations. The Soviet Union was the first non-Arab country to recognize the independence of the Kingdom of Hejaz and Nejd in 1926, which officially became the Kingdom of Saudi Arabia in 1932. However, the relations between the USSR and Saudi Arabia were virtually non-existent until the early 1990s. The pilgrims from the Soviet Union did not even have the opportunity to perform Hajj. The creation of a new Russia and the restoration of relations opened up that opportunity.

The situation has been changing slowly and steadily since the early 2000s. That progress is already visible. Following his most recent meeting with Russian President Vladimir Putin in May, Crown Prince Mohammed bin Salman said: "We view Russia as an important state in the modern world. Our relations have a long history. Russia was the first foreign state to recognize Saudi Arabia in 1926. Therefore, we will work to develop bilateral relations in all areas." But official statements hold little meaning unless they are transformed into action. To do so, the Russian authorities started to prepare for the Saudi King's first visit.

Some of the substantive developments in Russian-Saudi relations in recent years had made this visit inevitable. In June 2015, the two countries signed the biggest agreements in their history. In particular, the Public Investment Fund of Saudi Arabia (PIF) agreed to invest \$10 billion in Russian projects as part of a partnership with the Russian Direct Investment Fund (RDIF).

Kirill Dmitriev, the CEO of RDIF, said: "We had been working towards this partnership for more than a year. Saudi Arabia remained the only major untapped economy of the Gulf for us." He said that the agreement became possible when His Royal Highness Mohammed bin Salman participated in the St. Petersburg International Economic Forum, where he met Vladimir Putin. It was the first time that a Saudi delegation attended the forum. «After that, final agreements were reached and our Saudi partners announced their decision to invest in Russia", Mr Dmitriev said.

"Crown Prince Mohammed bin Salman, the initiator of a large-scale reform programme that aims to reduce the Kingdom's dependence on oil, played a pivotal role in strengthening the relations with Russia and planning for joint investments," he added.

Commenting on his meeting with Crown Prince Mohammed bin Salman in May, Mr Putin said: "I am convinced that the first visit of the King of Saudi Arabia to Russia will be a good sign, a good signal and a good impetus in the development of our interstate ties". According to the Kremlin's press service, the meeting particularly addressed bilateral cooperation aimed at stabilizing the global oil market as well as Syria-

THE PRESIDENT  
OF RUSSIAN VLADIMIR PUTIN  
TRAVELLED TO RIYADH  
FOR A STATE VISIT  
IN 2007. IN 2017  
THE SAUDI LEADERSHIP  
IS RETURNING THE VISIT  
IN MOSCOW

RELATIONS