

A KINGDOM WITH A MISSION

INTERNATIONAL STEREO-TYPES ABOUT SAUDI ARABIA, SIMILAR TO THOSE ABOUT RUSSIA, OFTEN HAVE LITTLE TO DO WITH REALITY.

THE BUSINESS GUIDE OFFERS ITS READERS A LOOK AT THE KINGDOM OF SAUDI ARABIA FROM A DIFFERENT PERSPECTIVE. IT IS ONE OF THE LARGEST ECONOMIES IN THE WORLD; A COUNTRY WITH MODERN METROPOLISES;

A WORLD-RECORD HOLDER FOR INVESTMENT IN EDUCATION; A STATE WITH A SOCIAL PROFILE SIMILAR TO THAT OF THE DEVELOPED EUROPEAN COUNTRIES; A SOCIETY THAT FOR MANY CENTURIES HAS BEEN CREATING ITS OWN VER-

SION OF MULTICULTURALISM; A CULTURE INHERENTLY SUPPORTIVE OF THE FREE MARKET; ONE OF THE FEW COMMUNITIES WHERE YOU AL-

WAYS KNOW WHERE TO LOOK FOR ANSWERS TO YOUR QUESTIONS.

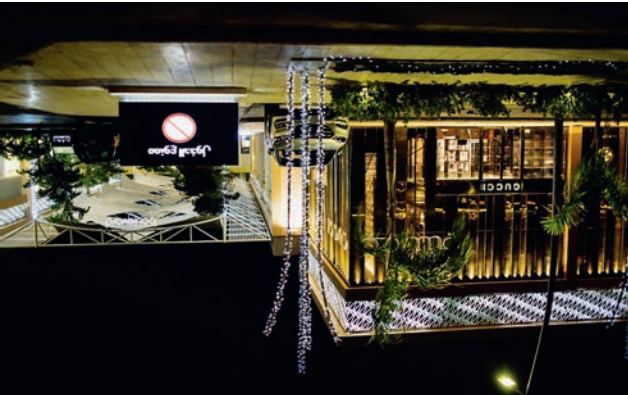
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MILLION-PLUS CITIES INSTEAD OF MILLIONAIRES Countries with cultures that favor self-sufficiency are not too common – and they do not like to talk about themselves. Such countries have little interest disputing persistent myths about themselves, in the world where a lot depends on self-promotion.

The first thing that bewilders any person first coming into contact with the Gulf countries (and KSA in this case is an excellent example) is their social geography. KSA is the thirteenth state in the world by size, with population of more than 33 million in 2017. It is included in the top 50 largest countries of the world, and will continue occupying a leading position. Its population is relatively young, with an average age of 26.4 years, despite the high average life expectancy of about 75 years (77 and 72 years for women and men, respectively). Such demographic indicators are common for smaller countries with large rural populations, while KSA is known for its high level of urbanization. It is unusual – for a country with mountain ridges of more than 3,000 meters high, vast coastal valleys and the great deserts – to have 82% of its population concentrated in urban metropolitan areas and ultramodern mega-cities.

Officially, it has four of these mega-cities: the capital of Riyadh (5 million plus), Jeddah (4 million), Mecca (1.5 million), Medina (1 million), and Dammam (almost 1 million). In reality, however, it is more complicated than that – we are talking about several multi-million urban clusters that appeared as a result of the unprecedented demographic growth in KSA: the population of the Kingdom has grown more than four-fold from 7 million back in 1970. At the same time, the birth rate of 2.1 children per family in KSA is not comparable to either that of "old" Europe or the developing countries. The growth is partly driven by migration from other countries: KSA is one of the most attractive destinations in the region.

Contrary to stereotypes, Saudi Arabia is a country with a moderate level of social stratification. According to the Gini ratio (0.34), the country is comparable to Italy, Austria, and Canada. In short, the demographic situation in KSA is unlike any other in the world given its relatively young and fast-growing population. What is even more unusual is the high level of its education: KSA spends about \$45 billion a year on education, a large part of which consists of international education costs for some 150,000 Saudi students. In KSA there are about 0.5 million school teachers in a total of 36 thousand schools, 40 universities (of them, more than 10 are privately-owned) with more than 0.7 million graduates each year. Saudi Arabia is a well-educated society by any standards, and such spending on education has been an integral part of the Kingdom's political and social culture in the recent years. No one saves money on education here, and almost anyone who wants to go to university has an opportunity to do so.

And this is being actively used.

A COUNTRY WITH SOLID BASE All these circumstances do not prevent KSA, a country full of young people living in multi-million cities, to be a very conservative

possible in KSA. Despite this, more than two decades ago the economy of KSA, one of the world's top 20, was largely state-owned. And by far the largest share of that was the oil industry. Saudi Arabia is the world's second largest producer of oil, and it usually beats Russia (the countries swap the leading positions several times a year) in the race for the status of the world's largest oil exporter. In recent years, KSA has made easy decisions on privatization. One example is Saudi ARAMCO, which, bringing the lion's share of revenues to the Saudi budget with turnover of more than \$300 billion a year, plans an IPO this autumn. And it has a chance to surpass the capitalization of Apple, the world's most expensive company. However, between 2003-2013 KSA already had experience of medium-scale privatization. Then the authorities were disbanding the telecommunications and water supply sectors, as well as electricity and partly health and education services, and even the traffic control system.

KSA needs privatization not for the sake of money, but for the sake of reform and realization of the political ideas on which the Kingdom is built. The image of Saudi Arabia as a dictatorship, which has little interest in anything beyond the oil revenues to finance «the Islamic oil socialism», is very far from reality.

