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ABOUT SAUDI ARABIA FOR KOMMERCANT'S BUSINESS GUIDE

## RUSSIA AND SAUDI ARABIA INVESTING IN THE FUTURE

The Custodian of the Two Holy Mosques,

King Salman bin Abdulaziz of Saudi Arabia,

is in Moscow on an official visit. The significance

of the visit is apparent from the fact that it is

the first visit to by a Saudi monarch to Russia

in nearly 100 years. It hardly needs mention that

the visit will turn a new leaf on bilateral relations.

Back in 1926, the Soviet Union became

the first country in the world to acknowledge

the sovereignty of Saudi Arabia and establish

bilateral ties. Since then, the cooperation bet-

ween Moscow and Riyadh has gone through

different stages, the most active one having

begun relatively recently. In 2015, the visit

by Saudi Crown Prince Mohammed bin Salman

to Russia and his subsequent meeting with

Russian President Vladimir Putin had marked

a turning point in the Saudi-Russia partnership.

Today, Russia and Saudi Arabia play a pivotal

role in making critical decisions on some

of the key global issues.

The financial institutions of our countries

also have an enormous investment potential.

For the first time, the two oil-producing nations

that are together responsible for over one-fourth

of the global oil production have agreed

to strengthen trade, economic and investment

cooperation, and these are crucial agreements:

following negotiations, the Russian Direct In-

vestment Fund (RDIF) forged a partnership with

the Public Investment Fund of Saudi Arabia (PIF),

which allocated \$10 billion to invest in Russian

projects — the largest foreign direct invest-

ment yet in Russia.

RDIF has also concluded an agreement with

another Saudi institution — the Saudi Arabian

General Investment Fund (SAGIA) — to identify

attractive investment opportunities in Saudi Ara-

bia and beyond. The funds have so far executed

and approved deals in transport infrastructure,

industry, retail, logistics and other sectors in the

Russian economy. More than 25 other projects

with a total worth of more than \$10 billion are

under consideration.

Russia and Saudi Arabia were the driving

force behind the OPEC+ agreement. Alexander

Novak, the Russian Minister of Energy, and his

Saudi counterpart, Khalid Abdulaziz Al Falih,

played a crucial role in implementing

the agreement.

The Russia-Saudi cooperation in the energy

sector has the potential for further development.

The Russian fund, PIF and Saudi Aramco, the

largest Saudi oil-producing company, are cur-

rently in the process of setting up a joint fund.

The purpose is to invest in Russian businesses,

facilitate Russia's entry into the Middle Eastern

market and enable it to forge partnerships with

regional players.

The importance of the two countries' focus

on strategic cooperation and partnership across

a broad range of areas is monumental. This ex-

plains why we talk in terms of long-term initia-

tives. There is every reason to believe that the

visit by the Saudi leaders to Russia will mark

a milestone in bilateral relations and economic

cooperation.

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ONE OF ISLAM'S SHRINES  
IS AL-MASJID AN-NABAWI  
REFORMS IN SAUDI ARABIA  
ARE DESIGNED TO MAKE  
ISLAM EVEN MORE MODERN

**THREE TRANSFORMATION PROGRAMS,** When it comes to describing the Vision 2030 initiative, any comparison with a similar program becomes a challenge. Some of its components do have similarities to initiatives undertaken by many other governments. In terms of the scale of structural reforms, Saudi Vision 2030 can be compared to China's post-Olympic plans to move from an export-based economy to a market-based one, driven by domestic demand. It is difficult to find a match for the governance project due to a unique government structure of the Kingdom of Saudi Arabia (KSA). However, many projected governance practices have been adapted from the ones used in the UK, the US, the Netherlands, Canada and Australia. Last but not least, the social component is un- usual, specifically with regard to KSA: To date no conservative society with a pow- erful religious foundation and commitment to traditional values has announced its ambition to become more liberal without relying on westernization. Most certainly, no nation has ever tried to do anything of this kind in the last 15 years. Nonetheless, Saudi Vision 2030 was approved by the King of KSA and the strategy has been on track for a year and a half now. Experts do not dispute the fact that Saudi Arabia is technically capable of complet- ing this program. The political structure of KSA, an absolute monarchy and society with a high level of education, political loyalty and wealth, makes the transformation feasi- ble. Saudi Arabia is a country where a call against oil dependency looks somewhat like a call of bees against honey. Ideas supporting the expansion of the volunteer move- ment from the current 11,000 people to 1 million and the increase of the share of NGOs in the country's GDP from 1% to 5% contradict everything that political scientists know

**15-YEAR TRANSFORMATION PROGRAM.** VASILY SBOROV

**ON OIL DRAMATICALLY BY 2030, BUT ALSO OF OPENING UP THE ECONOMY FOR INTERNATIONAL INVESTORS, REBUILDING THE GOV- ERNANCE STRUCTURE AND TRANSFORMING THE SOCIETY. THE SUR- PRISE EXPRESSED BY ECONOMISTS AND POLITICIANS IS UNDER- STANDABLE AS THE PROGRAM SEEMS CHALLENGING. THE BUSINESS GUIDE OFFERS A DETAILED ACCOUNT OF THE UNPRECEDENTED**

**WORLD — FROM ADMIRATION TO DOUBTS THAT THE SAUDI LEADER- KINGDOM IN 2016 ELICITED MIXED REACTIONS FROM ACROSS THE TIONAL DEVELOPMENT. THE AMBITIOUS PLAN ANNOUNCED BY THE OIL IS ONE OF THE MOST WIDELY DISCUSSED STRATEGIES OF NA- GRAMME AIMED AT FOSTERING THE DEVELOPMENT OF THE KINGDOM OF SAUDI ARABIA AND REDUCING THE COUNTRY'S DEPENDENCE ON SAUDI VISION 2030, A PRO-**

# OIL EMPIRE THAT WON'T REST ON ITS LAURELS