There have been important changes in the development of political and economic relations between the Russian Federation and the Kingdom of Saudi Arabia (KSA), during which qualitatively new horizons of cooperation have been outlined. The turn of Russia and Saudi Arabia towards each other was, apparently, the result of political will and a rethinking of the role and place of Moscow and Riyadh at the global and regional levels. One of the significant features of these changes was the launch of mechanisms for cooperation in the energy sector, which was practically not considered during the Soviet Union, nor in the 1990s after the collapse of the USSR. There were several attempts to align positions in the energy sector. Energy ties were intensified because of official bilateral contacts at the highest level. During Vladimir Putin’s state visit to the KSA in October 2019, the Russian-Saudi Economic Council (RSEC) was established. It includes the heads of major companies in both countries. RSEC has become one of the most important mechanisms for coordinating investment cooperation. It focuses on large-scale joint projects, including localization of production in the KSA and support for Russian companies to enter the country’s market.

Keywords: energy diplomacy, Russia, Saudi Arabia, energy dialogue, OPEC Plus, world oil market, balance of interests.

The intensive and meaningful interaction between Russia and Saudi Arabia that we have seen in recent years has become one of the most significant phenomena in the middle East and North Africa and the Muslim world as a whole. Of course, one of the initiators of this process should be considered an outstanding Russian statesman, Patriarch of Russian diplomacy and orientalist E. M. Primakov. Evgeny Primakov was well aware of the win-
dow of opportunity that cooperation with Saudi Arabia, the leader of the Arab — Muslim world and the largest oil producer [1, p. 13] opens for our country.

The growing energy dialogue between Russia and the Arab world is explained by the accumulated experience of interaction with regional partners since the Soviet times. This is reflected in the expansion of cooperation in the oil and gas industry, where we have many points of intersection, and policy coordination between exporting countries.

Established bilateral business contacts reinforce emerging trends and allow for joint projects, although not all of these forms of energy diplomacy are represented proportionally: they differ from one partner country to another. Of course, this depends on a set of factors. These include: current trends and new systemic challenges of energy development, possible fluctuations in external and internal conditions of economic development. This also includes the geopolitical position of the region and the strategic benefits of bilateral relations in the field of energy. The acquired political, diplomatic and expert knowledge of the MENA region is an important resource and potential for trying to understand “what is happening” and “what to do”, to look into our joint new future, and to support the economic and political aspirations of Russia and the main participants in the oil and gas market.

Time has shown that energy is one of the priority areas of bilateral and multilateral cooperation between Russia and the countries of the Middle East region, which are widely represented in the Organization of the Petroleum Exporting Countries (OPEC) and the Gas Exporting Countries Forum (GECF). Russia ranks second in the world in oil and gas production after the United States, so the countries of the region are interested in working with Russia to maintain stable oil prices. In general, Russia, the Middle East and North Africa have huge oil and gas deposits and produce almost half of the total amount of hydrocarbons in the world. Therefore, any form of energy dialogue between these two giant players has significant implications for global oil and gas markets. From the geopolitical point of view, efforts to create and maintain a dialogue platform should have helped to raise the status of the participants in the negotiations and at the same time become a deterrent to national security challenges. According to Russian experts, against the background of uncertainty and additional risks, successful cooperation between Russia and the largest oil and gas producers in the region, in particular Qatar and Saudi Arabia, looks particularly positive. “From Moscow’s point of view, the agreements reached since the last one on the stabilization of oil prices not only have a beneficial effect on this situation, but can also become a harbinger of strengthening bilateral relations in other areas [2, p. 15].

The state of Russian–Saudi relations over the past 15–20 years, as now, has been uneven, accompanied by a changing understanding of the new format in the energy sector. Russia and Saudi Arabia even found themselves in opposite camps for a time, facing a “diplomatic incident” in the energy field after the destruction of the OPEC plus deal on March 6, 2020.

The past years have shown that the Russian Federation and the Kingdom of Saudi Arabia can be partners and even allies, and not just rivals, as was usually assumed. Saudi Arabia has long competed with Russia for the position of the world’s first oil producer. Meanwhile, we are competitors only at first glance, “at the level of the first signal system” [3, pp. 322–323], taking into account the volatility in the oil market. Our cooperation to stabilize the oil market within the framework of the OPEC plus agreement was important from the point of view of both bilateral and international cooperation. The achieved bal-
ance of supply and demand in the hydrocarbon market showed the effectiveness of the “Russian Federation-KSA tandem” and the constructive attitude of the main participants in the energy dialogue as a whole.

The turn of Russia and Saudi Arabia towards each other is logical and was, apparently, the result of political will and a rethinking of the role and place of Moscow and Riyadh at the global and regional levels (including the growing regional influence of Russia in the field of conflict management, etc.). In late 2002-early 2003, the reserves for expanding mutually beneficial cooperation between Moscow and Riyadh became particularly obvious. First of all, this was evidenced by the official visit of Saudi Crown Prince Abdullah bin Abdulaziz to Moscow in September 2003, which became an important stage in the development of bilateral political and economic relations. Talks were held with President of the Russian Federation Vladimir Putin and other Russian leaders. In fact, this is the first visit of a representative of the Kingdom since 1932. The Saudi newspaper al-Riyadh (September 3, 2003) wrote that Saudi Arabia, based on its own assessment of changing circumstances, sees Russia as a strategic ally in the field of oil and gas [4, p. 18–20].

The attempt to align the positions in the energy sector was quite natural, taking into account the motivations and decisions to continue the bilateral dialogue and the readiness to remove obstacles to cooperation between the KSA and Russia, including in the energy sector. The main issue remained the stabilization of oil prices on the world market. Intergovernmental agreements on cooperation between the two countries in the fields of oil and gas, science and sports were signed. From that moment on, our energy relations were “formalized”. A joint Russian-Saudi statement following the visit noted that “the parties agreed on the need for coordination and cooperation in oil policy in order to achieve stability and predictability of the world oil market, maintain an acceptable price corridor, and meet the needs of countries that import energy [5, p. 393]. The statement also confirmed the intention to implement joint projects, related to the oil and gas industry. As you know, after the death of King Fahd in July 2005, Crown Prince Abdullah bin Abdulaziz al Saud was proclaimed monarch of Saudi Arabia.

In 2006, another delegation headed by the then Governor of Riyadh, now King Salman bin Abdulaziz al Saud, visited Moscow.

In October 2002, the first meeting of the intergovernmental Russian-Saudi Commission on trade, economic, scientific and technical cooperation, established in 1994 in accordance with one of the points of the agreement signed at that time, was held. In 2004, the Russian joint-stock company LUKOIL signed a contract with the government of Saudi Arabia for the exploration and development of gas and gas condensate fields in Block A, located in the South-East of the Kingdom, next to the world’s largest oil field Gavar. The contract provided for the creation of a joint venture with the world’s largest Saudi state oil company, Saudi Aramco. Established in this way, Luxor announced the discovery of reserves of hydrocarbons based on the results of deep exploration drilling at the Tukhan structure. The Russian company Stroytransgaz, which signed a contract with Saudi Aramco for the construction of an oil pipeline, started working in the country in 2007.

The excitement in the monotony of contacts between representatives of business communities of Russia and KSA have made the trip of the former Prime Minister, at that time the head of the Chamber of Commerce and Trade of the Russian Federation, the indisputable authority in Middle Eastern Affairs E. M. Primakov to Saudi Arabia to participate in the IV Jeddha Economic Forum in January 2003. It is noteworthy that this
was the first time that a representative of Russia was invited to the middle East Davos as the main guest of the Forum (previously, US President B. Clinton, British Prime Minister M. Thatcher, and French President V. Giscard d’Estaing). Yevgeny Primakov was accompanied by a representative delegation. Investment cooperation was rather poorly developed, although in Russian practice there were examples of successful attraction of investments in the energy sector of Saudi Arabia. For example, the Saudi firm Nimr petroleum in the early 1990s became a co-owner of the joint venture “Petrosakh”, which is engaged in the development of the “Okruzhnoye” field on Sakhalin through its subsidiary of the joint venture “Nimr Sakhalin”. This was only the beginning of establishing the foundations of strategic relations between the two countries, which continued to need to work together to strengthen bilateral relations, develop the legal framework, and cooperate in addressing global economic issues. The Convention for the avoidance of double taxation of income and capital is a significant step in this direction.

In the next stage, energy ties were intensified as a result of official bilateral contacts at the highest level. Especially after Vladimir Putin’s visit to the region in February 2007, when it was decided to develop multi-faceted cooperation in the fields of energy, trade, culture, science, transport and technology transfer. Combining the financial resources of the KSA and modern technologies of the Russian Federation could bring effective returns. However, the growth of business and financial activity in Russia was hindered by a number of factors, such as insufficient knowledge of the specifics of business strategies and traditions of this country, as well as tough competition in the fuel and energy market. Nevertheless, Russia, not having the status of an observer country in OPEC, has established stronger contacts with this organization: it attends high-level expert meetings and maintains contact with the Organization by participating in joint round tables, seminars and conferences. Of great importance was the visit to Russia in the spring of 1997 by a Saudi delegation led by the first Deputy head of the oil Department, Prince Abdulaziz bin Salman (who became the Minister of energy and mineral resources of the KSA in October 2019).

Vladimir Putin’s trip with representatives of large domestic businesses and government agencies was largely aimed at helping to create a basis for bilateral cooperation, including the gradual growth of energy partnership. Meeting with the Saudi business elite, the Russian leader announced cooperation in the field of energy production and processing, transport infrastructure, space, peaceful nuclear energy, and metallurgy, noting “the richest opportunities of the Russian market”. It was about, writes Professor G. G. Kosach, which the Russian expert called “a breakthrough in the sphere of American economic domination” [6; 7]. The Next visit of Abdullah bin Abdulaziz to Moscow in the fall of 2007 contributed to further mutual understanding and strengthening of the trend, adding to the chances of domestic companies to win a fair competition in the future. However, in practice, the project implemented in the investment and energy fields with the participation of LUKOIL overseas remained the only successful one in the territory of the KSA (in 2016, LUKOIL officially withdrew from this project).

In November 2015, Vladimir Putin met with the King of Saudi Arabia on the sidelines of the G20 summit in Antalya, where the monarch’s future visit to Moscow was discussed. In October 2017, the King of Saudi Arabia paid a state visit to the Russian Federation — the first official visit of the King of Saudi Arabia in the history of bilateral relations. Special attention to the issues of expanding and diversifying energy cooperation can be seen from the discussion on accelerating cooperation between the Russian Federation and the KSA
within the framework of the agreement on limiting oil production between OPEC countries and 11 non-cartel countries, which was signed in December 2016 with the active role of Moscow and Riyadh. They also discussed ways to promote this agreement in order to achieve positive results and stability in the oil markets. A Memorandum was signed by the Executive programme of cooperation in using nuclear energy for peaceful purposes, the development of cooperation in petrochemical industry and oil industry.

In turn, the Crown Prince of the Kingdom, Mohammed Bin Salman, has repeatedly visited Moscow over the past almost five years. In June 2015, six strategic agreements were signed, including those related to the energy sector: agreement on cooperation in the field of peaceful uses of nuclear energy and cooperation Program between the Russian Ministry of energy and the Ministry of oil and mineral resources (2015). These visits, as well as meetings on the sidelines of the G20, undoubtedly contributed to the development of dialogue and a more favorable climate in the sphere of our interstate socio-political relations. However, the rapprochement in the energy sphere (in the context of unstable ties due to disagreements on a number of regional issues) was sometimes overshadowed by Russia’s support for Syria. It was about the decision of Riyadh to cancel contracts in the field of oil and gas production with more than two dozen Russian companies [8].

The need to improve the regulatory framework and discuss issues related to the investment regime, expropriation, payment processing, dispute settlement, etc. remained in contrast.

Interest in working in the Kingdom of Russian business was based on an understanding of what needs to be done to enter the Saudi markets, relevant experience and success stories. But at the same time, it had to face serious competition and take into account the standards for the work of organizations developed by the American Petroleum Institute (API).

Scientific cooperation is a promising area. We support the creation of a joint oil research Center between Saudi Aramco and Lomonosov Moscow state University, said K. A. Dmitriev, CEO Of the Russian direct investment Fund. Research in the field of oil and gas production, improvements in field research methods, and data collection and analysis are very important for both our countries [6].

Positive prospects can be seen in the field of peaceful use of nuclear energy. Domestic nuclear technologies meet all modern safety requirements and allow increasing the volume of power generation with maximum efficiency. Given these circumstances, Rosatom actively promotes its products in the MENA region and is a world leader in the number of power units being built. The company’s portfolio abroad includes 35 blocks. Rosatom group, showing interest in participating in the tender in Saudi Arabia, accepted in June 2019. the decision to open a representative office in the city of Riyadh. In September, they successfully passed the preliminary selection for participation in the competition for the construction of a nuclear power plant in Saudi Arabia scheduled for 2020. Rosatom is one of five companies claiming the right to build the first nuclear power plants for Saudi Arabia. Among the main competitors in this race is the American electrical company Westinghouse Electric.

Vladimir Putin’s state visit to Saudi Arabia and talks with King Salman bin Abdulaziz al Saud and crown Prince Mohammed bin Salman al Saud in October 2019 contributed to the course of rapprochement between the two energy giants and further filling these relations with content. One of the projects that allowed us to start improving relations was the OPEC plus deal to stabilize oil prices by reducing production. The agreement was
preceded by the initiative of crown Prince Mohammed bin Salman al Saud to “work with us in this way”.

In 2015–2019, trade volumes and the number of joint projects between Russia and Saudi Arabia grew. According to the RDIF, (10 billion long-term capital was attracted to the Russian economy), more than 30 joint projects are being implemented. During this period, the trade turnover almost doubled and exceeded one billion dollars. But in practical life, the available opportunities “are not even realized in practice ¾”. In other words, there are no breakthroughs yet.

More than 20 documents were signed in the KSA in various fields, including the Charter on long-term cooperation of oil-producing countries [9, p. 19.].

During the talks in Riyadh in October 2019, Vladimir Putin noted that Moscow considers Russian-Saudi coordination as “a necessary element of ensuring security in the Middle East and North Africa”. The King of Saudi Arabia, in turn, stressed that Riyadh “values Russia’s active role in the region and in the world” [10].

In terms of energy diplomacy, it can also be divided into parts. One of the key issues is world oil prices, which determine the global situation on the hydrocarbon market. In 2012–2014, Russia shared the first and second place in oil production (including gas condensate) with Saudi Arabia (12.7–12.9 % of global production in 2014) and was the second producer in the world [11].

The foreign energy policy of Riyadh is based on solid oil deposits, the volume of its production and the ability to influence the world oil market, the geopolitical position, as well as the predominant role of the oil industry in the economy.

The Kingdom’s energy diplomacy is aimed at maintaining the importance of oil in the global energy balance, creating demand for hydrocarbons while maintaining/expanding the high share of Saudi Arabia in the market. In its energy concept, CSR focuses on a two-pronged task. On the one hand, ensuring the availability of sufficient crude oil on the international market, while avoiding a collapse in prices and maintaining a uniform level of production of raw materials on its territory. On the other hand, maintaining “a reasonable price level in the interests of producers and consumers, especially for the economies of developing countries” [10].

Both of our economies are built around hydrocarbon resources. Therefore, the situation forces Saudi Arabia and Russia to partner and seek mutual interests — a stable and reasonable price for oil. The value chain of the final product is influenced by all major international actors, including the US and China. At the same time, oil-dependent countries may actually suffer a significant economic downturn. If we proceed from this logic, then the recognition of the lack of alternatives and continuity of the energy dialogue in relations between Moscow and Riyadh, is suitable for this as well as possible. Especially considering the important role that Saudi Arabia plays in OPEC (the cartel controls 2/3 of the world’s oil reserves), as well as the influence in the MENA region.

Despite some differences, Russia’s foreign policy has been fairly balanced and even successful in Syria, where it has managed to eliminate THE ISIS base. In the future, trade and economic cooperation and foreign policy relations have changed as the Russian Federation gradually regains its position in the world, as well as transformation processes in the Middle East and North Africa. Under the influence of external and internal factors, the approaches were corrected. It is noteworthy that this took place against the background of sanctions imposed against Russia and its counter-sanctions.
The constructive and interested work of the Joint Intergovernmental Commission (JIC) for the benefit of Russian-Saudi trade, economic, scientific and technical cooperation allows us to lay a solid Foundation for the further progressive development of our relations. As of August 2020, six meetings were held, the last one in Moscow on November 26, 2018. Co-Chairman of the Russian smpc (since April 2015) — Minister of energy of the Russian Federation A. V. Novak, Saudi-Minister of energy of the KSA-Prince Abdulaziz bin Salman (since November 2019). A bilateral working group on energy was established under the intergovernmental Commission.

The JIC focused on issues of bilateral cooperation in almost all areas of our interaction. Held in November 2018. The meeting of the intergovernmental Commission reviewed the development of trade and economic relations and exchanged views on measures to be taken to further expand cooperation in various fields, primarily in such areas as energy, geological exploration, industry, and agriculture. The parties noted the success in implementing the projects provided for in the energy cooperation Roadmap of October 6, 2017. In this regard, the Russian side made a proposal to update the Road map in connection with the implementation of a significant number of agreements and the emergence of new opportunities for cooperation.

Global climate change is already taking place and international energy relations are becoming particularly important for introducing innovative approaches to investment in clean hydrocarbon technologies.

The St. Petersburg International Economic Forum (SPIEF) and the Jeddah international economic forum, also known as the “middle East Davos”, have become platforms for direct contacts between representatives of Russian companies and Saudi partners.

A new body, the Russian — Saudi Economic Council (RSEC), which includes the heads of major companies in both countries, has become one of the most important mechanisms for coordinating investment cooperation. This Council was created at the initiative of the leaders of the two countries during Vladimir Putin’s state visit to the KSA in October 2019 and focuses on large-scale joint projects, including localization of production in the KSA and support for Russian companies to enter the country’s market. KSA National Guard Minister Abdullah bin Badar bin Abdulaziz al Saud was appointed co — Chairman on the Saudi side, and Director of the Russian direct investment Fund K. A. Dmitriev was appointed on the Russian side. The business circles of the two countries were able to conduct a direct regular dialogue and encourage the initiatives of the business community. At the first meeting of the Russian-Saudi Council on economic Affairs in Riyadh (October 14, 2019), the parties noted significant opportunities for increasing bilateral cooperation in various areas, such as industry, transport, banking, infrastructure, digital technologies, space exploration, and energy.

It is planned to develop and cooperate between the international Institute for energy policy and diplomacy of MGIMO and one of the most authoritative universities in the Middle East — King Fahd oil and minerals in the implementation of a major joint project — the Russian — Saudi Institute for energy cooperation. The Memorandum of understanding between MGIMO, MIEP and King Fahd University, which provides for the opening of a joint Institute with the support of leading companies of the two countries, was signed during the state visit of Russian President Vladimir Putin. Putin’s visit to Riyadh on October 14, 2019 on the sidelines of a high-level meeting with the King of Saudi Arabia, MGIMO Honorary doctor Salman Bin Abdel Aziz al Saud. Speaking in the Saudi
capital, the Russian President noted: “There are significant opportunities for increasing Russian-Saudi cooperation in various fields... It is planned to create a Russian-Saudi University in the field of energy cooperation on the basis of MGIMO” [12].

Russian-Saudi bilateral and especially multilateral relations expanded by the end of 2015 under the current King Salman bin Abdulaziz al Saud. Covering a wide range of areas, they are based on fundamental principles, such as political and strategic cooperation, primarily in the energy sector. In the context of sharp changes in external and internal factors that determine the main parameters of the energy sector, maintaining a dialogue in the OPEC plus format is a mechanism of state energy policy in ensuring global (world) energy security.

Our countries, as the two main oil producers in the world, are responsible for the problem of stability in the world oil markets. Being on different sides in the global confrontation, Moscow and Riyadh found mutual interests — maintaining acceptable prices (budget interests) that ensure the achievement of their goals.

Russia and Saudi Arabia have faced similar problems, which speaks in favor of developing an energy dialogue and has consequences for the oil market. From the point of view of ensuring short — and medium-term energy security [13, p. 343–344.].

Today, the Russian Federation and the KSA have to contend with a low price environment, this time caused by the coronavirus epidemic. Oil prices have fallen to the lowest level (at least in the last five years) and, undoubtedly, neither energy companies nor financial and economic blocs are satisfied. The situation forces us to strengthen the partnership between our countries. Thanks to proactive steps of the two countries within the framework “OPEC Plus”, prices were somehow stabilized at the level of supply and demand balance.

In practice, unfortunately, we cannot assess bilateral ties in the energy sector as stable, due to the growing features of uncertainty, especially in the context of the ongoing COVID-19, which caused the global recession. Therefore, it is extremely important in bilateral relations to build up elements of trust, confidence in sincerity and integrity, and readiness to follow the agreements reached.

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**Author’s information:**

Envarbik M. Fazelyanov — PhD in Economics; fenvarbik@hotmail.com

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**Russia and Saudi Arabia: partnership and common interests**

Э. М. Фазельянов

Московский государственный институт международных отношений (университет) Министерства иностранных дел Российской Федерации, Российская Федерация, 119454, Москва, пр. Вернадского, 76


Между Российской Федерацией и Королевством Саудовская Аравия произошли существенные изменения в политических и экономических отношениях, которые обрисовали качественно новые перспективы сотрудничества. Поворот России и Саудовской Аравии друг к другу, очевидно, был результатом политической воли и переосмысления роли и места Москвы и Эр-Рияда на глобальном и местном уровнях. Одним из самых значительных аспектов перемен стал запуск механизмов взаимодействия в энергетическом секторе, который практически не рассматривался ни во время СССР, ни после его распада в 1990-е годы. Было предпринято несколько попыток согласовать позиции в энергетическом секторе. Энергетические связи были укреплены благодаря двусторонним контактам на высшем уровне. Во время визита Владимира Путина в Саудовскую Аравию в октябре 2019 г. был основан Российско-саудовский экономический совет. Совет стал одним из важнейших механизмов по координации сотрудничества в сфере инвестирования. Он фокусируется на крупномасштабных совместных проектах, включая локализацию продуктов в Саудовской Аравии и поддержку российских компаний при выходе на рынок страны.

**Keywords:** энергетическая дипломатия, Россия, Саудовская Аравия, энергетический диалог, ОПЕК плюс, мировой рынок нефти, баланс интересов.

**Received:** October 16, 2020
**Accepted:** December 28, 2020

**Contact information:**

Фазельянов Энварбик Михайлович — канд. экон. наук; fenvarbik@hotmail.com