

---

## From Moscow to Mecca: Russia's Saudi Arabian Diplomacy

---



**Julien Nocetti**

*June 2010*



Russia/NIS Center

Ifri is a research center and a forum for debate on major international political and economic issues. Headed by Thierry de Montbrial since its founding in 1979, Ifri is a non-governmental and a non-profit organization.

As an independent think tank, Ifri sets its own research agenda, publishing its findings regularly for a global audience.

With offices in Paris and Brussels, Ifri stands out as one of the rare French think tanks to have positioned itself at the very heart of European debate.

Using an interdisciplinary approach, Ifri brings together political and economic decision-makers, researchers and internationally renowned experts to animate its debates and research activities.

***The opinions expressed in this article are the authors' alone and do not reflect the official views of their institutions.***

**Russia/NIS Center**

**© All rights reserved – Ifri – Paris, 2010**

**ISBN: 978-2-86592-729-6**

**IFRI**

27 RUE DE LA PROCESSION  
75740 PARIS CEDEX 15 – FRANCE  
TEL. : 33 (0)1 40 61 60 00  
FAX : 33 (0)1 40 61 60 60  
E-MAIL : [ifri@ifri.org](mailto:ifri@ifri.org)

**IFRI-Bruxelles**

RUE MARIE-THERESE, 21  
1000 BRUXELLES  
TEL. : 32(2) 238 51 10  
FAX : 32 (2) 238 51 15  
E-MAIL : [info.eurifri@ifri.org](mailto:info.eurifri@ifri.org)

WEBSITE : [www.ifri.org](http://www.ifri.org)

---

## **Russie.Nei.Visions**

---

*Russie.Nei.Visions* is an online collection dedicated to Russia and the other new independent states (Belarus, Ukraine, Moldova, Armenia, Georgia, Azerbaijan, Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan and Kyrgyzstan). Written by key experts, these policy-oriented papers deal with strategic and political issues as well as economic issues.

This collection upholds Ifri's quality standards (editing and anonymous peer-review).

If you wish to be notified of upcoming publications (or receive additional information), please send an e-mail to: [info.russie.nei@ifri.org](mailto:info.russie.nei@ifri.org)

### **Previous editions**

- Richard Sakwa, "Russia and Turkey: Rethinking Europe to Contest Outsider Status," *Russie.Nei.Visions*, No. 51, May 2010;
- Thomas Gomart, "Europe in Russian Foreign Policy: Important but no longer Pivotal," *Russie.Nei.Visions*, No. 50, May 2010;
- Mark N. Katz, "Russia's Greater Middle East Policy: Securing Economic Interests, Courting Islam," *Russie.Nei.Visions*, No. 49, April 2010.

The archive of *Russie.Nei.Visions* papers can be found online via *Pearltrees*: <[www.pearltrees.com/ifri.russie.nei/651883/](http://www.pearltrees.com/ifri.russie.nei/651883/)>.

## Author

---

Julien Nocetti is a consultant at Ifri's Russia/NIS Center. He is a graduate in International Relations, Geopolitics and Competitive Intelligence. He has worked in the Russian media, at the French Ministry of Defense and in management consulting. His research focuses on relations between Russia and countries of the Middle East, Russia's energy policy with regard to OPEC, and the transformations of the Russian military.

# Contents

---

|  |           |
|--|-----------|
| <b>SUMMARY .....</b>   | <b>4</b>  |
| <b>INTRODUCTION .....</b>  | <b>5</b>  |
| <b>MOVING TOWARD RAPPROCHEMENT .....</b>                           | <b>7</b>  |
| 11 September 2001: a turning point.....                            | 8         |
| Rise of anti-Americanism in the Arab-Muslim world .....            | 9         |
| Effacing the memory of Chechnya, moving closer to Islam .....      | 10        |
| <b>INFLUENCING OPEC DECISIONS .....</b>                            | <b>12</b> |
| Rivalry for energy supremacy? .....                                | 12        |
| The Russia-OPEC-Saudi Arabia triangle .....                        | 13        |
| Promising economic potential vs. a competitive market .....        | 14        |
| <i>Promises of gas cooperation .....</i>                           | <i>15</i> |
| <i>How credible is military-technical cooperation? .....</i>       | <i>16</i> |
| <i>Between competition and hopes .....</i>                         | <i>16</i> |
| <b>A "THREE-PLAYER GAME" WITH IRAN.....</b>                        | <b>18</b> |
| Finding a balance between Saudi Arabia and Iran.....               | 18        |
| <i>"Cold war" between Saudi Arabia and Iran .....</i>              | <i>18</i> |
| <i>Strategic entente and distrust between Russia and Iran.....</i> | <i>19</i> |
| Distancing Moscow from Tehran: "S-400 diplomacy" .....             | 20        |
| <b>CONCLUSION.....</b>   | <b>22</b> |

## Summary

---

Relations between Russia and Saudi Arabia have never been as friendly as they were in 2009. After years of tension over Saudi support for Islamist fundamentalism in the post-Soviet space and Russia's proximity to Iran and Iraq, Moscow and Riyadh have progressively moved closer to each other. This rapprochement was aided by the increasing complexity of their respective relationships with the US, concerns caused by the situation in Iraq and rising fuel prices (between 2003 and 2008). Nevertheless, their relations are limited by their different interests in the energy field and are subject to the fluctuating political climate in the Middle East, notably with regard to the Iran dossier. By moving closer to Riyadh, Moscow primarily hopes to improve its political image and reaffirm its presence in the Arab-Muslim world. The Kremlin is hedging its bets, thus its relations with the Kingdom of Saudi Arabia remain dependent on its relations with Washington.

## Introduction

---

Since the "War on International Terror" began after 11 September 2001, the Arab-Muslim world as a whole—and the Middle East especially—has received particular attention from Russia. In a region beset by crises and tensions, Russia's leaders above all seek to gain strategic leverage enabling them to prevent any Islamist and/or separatist contagion that would destabilize the Russian Federation's southern flank. The objective is also to avoid, or at least to limit, ethnic polarization, especially of Muslim minorities, by reinforcing their sense of belonging to the Federation. Muslim minorities account for almost 20 million people and are thought to be susceptible to radical Islamic influences, particularly in the North Caucasus. For Russia it is also a matter of guaranteeing opportunities for its main strategic sectors (fuel, nuclear energy, arms). Lastly, by visibly claiming a privileged political relationship with the Arab-Muslim world, Russia intends to benefit from the weakening of the US in the region, in order to present itself as a counterweight to Washington.

In this context, the countries of the Persian Gulf have become "privileged partners." Saudi Arabia, by virtue of its geographic location, its leverage on energy issues, its economic potential, its religious impact and the influence it exerts over the US, seems to be a "leader." Former adversaries from the cold war, Moscow and Riyadh have recently developed a joint agenda and reinforced their political and economic links, based on regular dialogue since 2003. The improvement in bilateral relations became a reality with Vladimir Putin's historic visit to Riyadh in February 2007, a few days after his critical comments about US unilateralism at the Munich Conference on Security Policy.<sup>1</sup>

Russian-Saudi relations clearly demonstrate Russia's diplomatic orientation in the Middle East. Yet, the rapprochement between Moscow and Riyadh sheds some light on the contradictions and limits of Russian policy with regard to the Arab-Muslim world. Moscow continues to cooperate with Iran on sensitive projects, maximizes its free rider position towards the Organization of the Petroleum Exporting Countries (OPEC), and ties in its Saudi

---

Translated from French by Nicola Farley.

<sup>1</sup> Available from:

<[http://archive.kremlin.ru/eng/speeches/2007/02/10/0138\\_type82912type82914type82917type84779\\_118123.shtml](http://archive.kremlin.ru/eng/speeches/2007/02/10/0138_type82912type82914type82917type84779_118123.shtml)>.

initiatives with its policy towards Washington. Moscow adopts a stance promoting its short-term interests, which makes the density of its relations with Riyadh difficult to read, at the risk of restricting its scope for maneuver in a region that it cannot afford to neglect.

## Moving toward Rapprochement

---

Although relations between the USSR/Russia and Saudi Arabia date back to the 1920s, from the start of the cold war to the turn of the 2000s they remained poor. The USSR's military support for socialist regimes in Ethiopia, South Yemen and Afghanistan, and the increase in the Soviet naval presence in the Persian Gulf, were seen in Riyadh as a desire to surround the Kingdom and overthrow the royal family: an unflinching ally of the US since 1945. The Saudi monarchs' perception of a Soviet threat was only increased by the Soviet invasion of Afghanistan and the possibility of a Marxist evolution in the Iranian revolution. By way of response, in the later years of the USSR, Saudi Arabia tried to weaken the Soviet Union by providing overwhelming sums to finance the Afghan rebellion. On the White House's initiative Riyadh increased its oil production, causing the barrel price to drop and thereby depriving Moscow of currency it needed desperately.<sup>2</sup>

Shortly before the collapse of the Soviet Union, Moscow's policy towards the Persian Gulf took a new turn. The Kremlin supported the UN Security Council resolutions authorizing the use of force against Iraq under Saddam Hussein, whose vague attempts at regional leadership were of concern to Riyadh. The gesture paid off and promoted the restoration of diplomatic links between the USSR and Saudi Arabia (1990)<sup>3</sup> and the deepening of relations.<sup>4</sup> During the 1990s, Russia hoped that the improvement in relations with Saudi Arabia would encourage the Kingdom to invest in Russia and open the possibility of contracts for the Russian defense industry.

However, the beginnings of a rapprochement never truly took root. Russia accused Saudi Arabia of interfering in the conflict in Chechnya, of stirring up Islamist fundamentalism in the post-Soviet

---

<sup>2</sup> M. Goldman, *Petrostate: Putin, Power and the New Russia*, New York, Oxford University Press, 2008, p. 49-54.

<sup>3</sup> The role of Yevgeni Primakov in this development was significant. B. Pankin, *The Last Hundred Days of the Soviet Union*, London, I.B. Tauris, 1996, p. 53.

<sup>4</sup> Riyadh allocated US\$ 2.5 billion in economic aid to Moscow, compared with US\$ 3 billion from Japan and the US\$ 6.5 billion from the US. In addition, the provision of freedom of religion for Muslims in Russia and the former USSR—a historic bone of contention between the two countries—favored the first moves towards bilateral reconciliation.

space, and of choosing to invest in the Caspian states rather than in Russia.<sup>5</sup>

## **11 September 2001: a turning point**

The attacks of 11 September 2001 allowed Russia to initiate a rapprochement with the US over the "War on International Terror." At that time, the Kingdom was subject to fierce criticism for its supposed involvement in the financing of international terrorist networks.<sup>6</sup> Since the Russian leadership made countless public statements remembering the fact that 15 of the 19 hijackers were of Saudi-Arabian origin, the Saudi monarchs thought that Moscow was trying to improve Russian-American relations at their expense.<sup>7</sup> At the same time, in order to promote its image as a viable source of supply to the US, Russia began to increase its oil production capacities markedly.

However, negotiations on how to transport Russian oil to the US stalled with the Kremlin's move to retake control of the Russian energy sector. This was confirmed through the dismantling of Yukos after the arrest of Mikhail Khodorkovsky in October 2003.<sup>8</sup>

It is in this specific security and energy context that the tensions between Moscow and Riyadh must be understood. Saudi Arabia has a very unfavorable view of Russia's proximity with Syria and Saddam Hussein's Iraq; its transfer of arms and nuclear technology to Iran; its strong relations with Israel; and the expansion of its oil production capacity at a time when barrel prices were relatively weak.<sup>9</sup>

---

<sup>5</sup> S.T. Hunter, "Russia's Relations with the Arab World and the Balkans," in *Islam in Russia. The Politics of Identity and Security*, New York, M.E. Sharpe, 2004, p. 383-386. The author regards the rise in tension between Moscow and Riyadh as one of the most damaging consequences of the conflict in Chechnya on Russian foreign policy.

<sup>6</sup> R. Bronson, *Thicker Than Oil. America's Uneasy Partnership with Saudi Arabia*, New York, Oxford University Press, 2006, p. 232-247. Nevertheless, the author defends the US-Saudi alliance, which she regards as having been based on the trinity of "Oil, God and Real estate" for six decades.

<sup>7</sup> A. Malashenko, "Russia and the Muslim World," *Working Paper*, No. 3, Carnegie Moscow Center, 2008, p. 17, <[www.carnegie.ru/en/pubs/workpapers/WP\\_3\\_2008-eng.indd.pdf](http://www.carnegie.ru/en/pubs/workpapers/WP_3_2008-eng.indd.pdf)>.

<sup>8</sup> The Russia-US summit in Houston, October 2002, however, enabled cooperation over energy to begin between the two countries. M. Goldman, *Petrostate, op. cit.* [1], p. 112-113.

<sup>9</sup> N. Obaid, *The Oil Kingdom at 100: Petroleum Policymaking in Saudi Arabia*, Washington Institute for Near East Policy, 2000, chapter 7. The author believes that, rather than regulating its production in order to stabilize prices, by increasing its production Saudi Arabia pushes the other producing countries out of the global oil market.

Russia, for its part, accused Saudi Arabia of financing Muslim separatists in Chechnya.<sup>10</sup> From 1999, the globalization of the Chechen conflict certainly promoted radicalization in Russia, especially through the founding of multiple charitable organizations and Koranic schools financed by the Gulf countries.<sup>11</sup> The tension between the two countries, at its peak at this point, was inversely proportional to the image of Russia in the Arab-Muslim world. One Saudi minister therefore accused Moscow of "inhumane acts against Muslims in Chechnya" at a meeting of the Organisation of the Islamic Conference (OIC) in June 2000.<sup>12</sup>

## ***Rise of anti-Americanism in the Arab-Muslim world***

However, from 2003, international developments enabled a gradual rapprochement between Russia and Saudi Arabia.

Aside from the elimination of two bones of contention (Saudi support for the Taliban and Russia's links with the Iraqi regime), the conjunction of two factors—US military interventions in Iraq and Afghanistan and the rise of anti-Americanism in the Arab-Muslim world—go some way to explaining the reconciliation between Russia and Saudi Arabia.

Indeed, with the US military intervention in Iraq, Moscow and Riyadh found themselves in the same anti-war camp. Then President Vladimir Putin wanted to make the most of this situation, while the Saudis were seeking support on the international stage following the cooling of their relations with the US. Thanks to this reconciliation, the Russian President hoped to be able to deprive Chechen guerillas of financial support granted by Saudi associations and to attract funds towards Russian companies.

After a virulent anti-Saudi campaign in the US, the royal family concluded that relations between Riyadh and Washington had been permanently compromised.<sup>13</sup> The improvement in relations with

---

<sup>10</sup> M.N. Katz, "Saudi-Russian Relations in the Putin Era," *Middle East Journal*, Vol. 55, No. 4, autumn 2001, p. 10.

<sup>11</sup> R. Danreuther, "Islamic radicalization in Russia: an assessment," *International Affairs*, Vol. 86, No. 1, 2010, p. 114. The amendments to the laws on extremism (2006 and 2007), which drew media attention in the West because of a decline in civil liberties, particularly enabled these structures promoting radical Islam to be closed.

<sup>12</sup> *Ibid.*, p. 119. Moscow was also criticized for supporting the "war on terror" and for seeking Israel's support in its anti-terrorist operations in the Caucasus.

<sup>13</sup> Speech by Prince Saud al-Faisal, Foreign Minister of Saudi Arabia, "The US and Saudi Arabia: A Relationship Threatened by Misconceptions," Council on Foreign Relations, 27 April 2004, <[www.cfr.org/publication.html?id=6982](http://www.cfr.org/publication.html?id=6982)>.

Moscow no doubt seemed an easy way for Riyadh to indicate to Washington that the Kingdom could turn towards other partners.

Crown Prince Abdullah's visit to Moscow in September 2003 made the rough outlines of improved relations a reality. It was the first visit by a Saudi Head of State (Abdullah was acting Head of State, until his coronation in 2005) to the Russian capital. Coming at a time when fuel prices had climbed, the visit put an end to the war over fuel prices that had opposed the two countries in 2001-2002, Russia meanwhile had become the largest exporter of crude oil outside OPEC.

### ***Effacing the memory of Chechnya, moving closer to Islam***

The improvement in Russian-Saudi relations certainly enabled Moscow to clean up its relations with Chechnya. Since 2003, the Chechen issue has ceased to be a point of contention between Moscow and Riyadh.<sup>14</sup> With the visit of the President of Chechnya, Ramzan Kadyrov, to Mecca in August 2007, Saudi leaders have stopped opposing Moscow's policy towards Chechnya and now show their support.<sup>15</sup> Saudi Arabia raised the number of Russian pilgrims permitted to carry out the *hadj* to Mecca: the number increased from 13,000 in 2006 to 25,000 in 2007.<sup>16</sup> The Presidents of the Muslim Russian republics of Tartarstan, Mintimer Shaimiev (replaced in March 2010), and Chechnya, Kadyrov, have been going to the Kingdom each year since 2007.

On a more general scale, these facts show the feeling among Russian leaders that Islam is starting to take an increasingly important position in international relations.<sup>17</sup> As a principally European country with a large Muslim minority, Russia thinks it has a historic vocation to play mediator between the Western and Muslim worlds.<sup>18</sup> Official speeches clearly reflect this ambition, for example Sergey Lavrov speaking at the 2008 OIC Summit in Dakar, according to the Russian Foreign Minister: Russia is also part of the Muslim

---

<sup>14</sup> A. Malashenko, *op. cit.* [6].

<sup>15</sup> During his visit, Kadyrov joined King Abdullah for a religious ceremony. The latter recognized his legitimacy as a Muslim leader and approved the Kremlin's policy toward Chechnya.

<sup>16</sup> "3,000 Chechen pilgrims expected at Mecca this year," RIA Novosti, 14 November 2007.

<sup>17</sup> V. Putin, Interview with *Al-Jazeera*, 10 February 2007, <[http://archive.kremlin.ru/eng/speeches/2007/02/10/2048\\_type82916\\_118110.shtml](http://archive.kremlin.ru/eng/speeches/2007/02/10/2048_type82916_118110.shtml)>

<sup>18</sup> A. Malashenko, *op. cit.* [6], p. 12.

world.<sup>19</sup> Herein lies a crucial aspect of the Kremlin's policy: this "bridge" status between two worlds enables it to claim a key role in the regional security architecture, to develop relations with Arab-Muslim countries, to diversify its foreign policy and to counterbalance, as far as possible, the regional influence of the US. By showing itself to be open and tolerant, Russia has apparently made sure that religious and ethnic factors are not used against it.<sup>20</sup>

Saudi Arabia played a not inconsiderable role in the Russian authorities' desire to attract the favors of Islam. Riyadh supported Moscow's candidature for the Organization of the Islamic Conference (OIC). In 2003, Russia was the first non-predominantly Muslim country to be invited to the summit of the Heads of State of OIC. In 2005, it became an observer member—a status that remains symbolic though.<sup>21</sup> The Chechen issue is not Russia's only motivation for joining OIC: Moscow wants to counterbalance the deterioration in its relations with the West by diversifying its foreign policy contacts towards its southern and eastern flanks.

---

<sup>19</sup> "As a multinational and multifaith society with centuries-long history, Russia is also a part of the Islamic world." Sergey Lavrov, XI Summit of the OIC in Dakar, 13 March 2008, <[www.mid.ru/brp\\_4.nsf/e78a48070f128a7b43256999005bcbb3/681763963fddac13c325740f00213d7b?OpenDocument](http://www.mid.ru/brp_4.nsf/e78a48070f128a7b43256999005bcbb3/681763963fddac13c325740f00213d7b?OpenDocument)>. The Russian leadership has also been very critical of Western stigmatization of Islam. "Attempts are made to divide the world on the basis of religion and ethnicity, and to dig a pit of misunderstanding between Christian and Islam communities. A conflict of civilizations is virtually imposed across the world." V. Putin, Summit of Religious Leaders, Moscow, July 3, 2006. <[www.interfaithnews.net/wp/2006/10/24/world-summit-of-religious-leaders-condemns-religiously-sanctioned-abuses/](http://www.interfaithnews.net/wp/2006/10/24/world-summit-of-religious-leaders-condemns-religiously-sanctioned-abuses/)>.

<sup>20</sup> It must be noted that the demographic of Russia's Muslim populations is a topic of debate. Observers refer to the "strong growth" in these minorities which will constitute one-third of the population in Russia by 2025 according to V.Y. Belokrenitskii, in "Rossiya i islamskiy mir: politiko-demograficheskie trendy" [Russia and the Muslim World: Political and Demographic Trends], *Politiya*, Vol. 4, No. 47, p. 104-121. Nevertheless, it seems that these minorities have made a demographic shift to "Russian" since the 1990s. Thus in 2007, the fertility rates noted in the mainly Muslim regions of Tatarstan, Ingushetia or Daghestan are barely higher than the average Russian rates (1.4 children per woman). <[www.gks.ru/bgd/regl/B08\\_16/lssWWW.exe/Stg/html1/02-08.htm](http://www.gks.ru/bgd/regl/B08_16/lssWWW.exe/Stg/html1/02-08.htm)>.

<sup>21</sup> A. Malashenko "The Islam Factor in Russia's Foreign Policy," *Russia in Global Affairs*, No. 2, July-September 2007, <[www.eng.globalaffairs.ru/numbers/20/1136.html](http://www.eng.globalaffairs.ru/numbers/20/1136.html)>.

## Influencing OPEC decisions

---

From an economic perspective, Russia regards Saudi Arabia as both a rival and a potential partner. On this level, the quality of bilateral relations depends mostly on fluctuations in oil prices.

Moscow is wary of the role of OPEC, whose policy is largely determined by Riyadh's position. Russia's ambivalent strategy entails taking advantage of its free rider position with regard to OPEC, benefitting from higher prices without having to respect cartel production quotas.

In the framework of the "economization" of Russian foreign policy,<sup>22</sup> Saudi Arabia appears to be a potentially very lucrative market. Regular diplomatic talks and the signing of cooperation agreements have enabled the establishment of trade relations. As with Latin America and Africa, Moscow hopes to conclude contracts in the fields in which the country excels: gas, arms and nuclear energy.<sup>23</sup>

### *Rivalry for energy supremacy?*

Because of its troubled past, dialogue over energy remains one of, if not the uppermost, priorities of Russian diplomacy towards Saudi Arabia. The two biggest producers and exporters of crude oil in the world, Russia holds 6.3 percent of global proven reserves, Saudi Arabia 21 percent. While the Kingdom exports more than three-quarters of its production, Russia consumes more than two-thirds of its oil production.<sup>24</sup>

The major difference between the energy policies of Moscow and Riyadh is their specific position on the global oil market. A country "populated" with a relatively modest number of reserves compared with those in other major producing countries, Russia promotes a strategy to maximize its revenue in the short-term. Saudi

---

<sup>22</sup> M. Goldman, *op. cit.* [1], p. 172-176.

<sup>23</sup> See, for the case of Latin America: S. Blank, "Russia in Latin America: Geopolitical Games in the US's Neighborhood," *Russie.Nei.Visions*, April 2009, <[www.ifri.org/?page=contribution-detail&id=5332&id\\_provenance=97&lang=uk](http://www.ifri.org/?page=contribution-detail&id=5332&id_provenance=97&lang=uk)>.

<sup>24</sup> BP Statistical Review of World Energy 2009.

Arabia, having more substantial reserves, with lower production costs, a small population and modest domestic consumption, favors the maximization of its revenue over the long-term.<sup>25</sup> This strategic difference causes a direct rivalry over the setting of the barrel price.

The Saudi policy entails working to maintain prices at a moderate level that is acceptable for consumers worldwide, especially in the US. The fundamental difference in comparison with Russia is the fact that Saudi Arabia is the only country able to quickly increase its production by a significant amount (a swing state).<sup>26</sup> Russia, for its part, has one perpetual interest: to maintain high oil prices, generating an influx of currency enabling Moscow to increase its room for maneuver on the international stage.<sup>27</sup> Although Russia's main strategic objective is to retain control over the fuel reserves of the Caspian Sea, the Kremlin's energy diplomacy conveys the desire to exert influence over the price of oil.

Some observers intimate that Russia and Saudi Arabia are "battling for energy hegemony."<sup>28</sup> Other experts demonstrate the concerns of politicians and Russian public opinion about Russia's status as a major power: Russia sees Saudi Arabia as a country susceptible, at any moment, to drastically reduce the oil revenues the country needs. Russia is, first and foremost, highly disturbed by the upper hand Saudi Arabia has in the setting of oil prices.<sup>29</sup>

## ***The Russia-OPEC-Saudi Arabia triangle***

Saudi Arabia is a member of OPEC and can therefore decide to increase or decrease oil production to control prices, acting in conjunction with market fluctuations. Between 2003 and 2007, with the price of oil being very high, Moscow had no interest in contributing to a reduction in production, which would help OPEC sustain high prices. However, since the second quarter of 2008, prices have

---

<sup>25</sup> E.L. Morse and J. Richard, "The Battle for Energy Dominance," *Foreign Affairs*, Vol. 81, No. 2, March-April 2002, p. 18, <[http://web.nps.navy.mil/~relooney/ForeignAffairs\\_3.pdf](http://web.nps.navy.mil/~relooney/ForeignAffairs_3.pdf)>.

<sup>26</sup> P. Noël, "Les États-Unis et la sécurité pétrolière mondiale" [The US and International Oil Security], *Ramses 2005*, Paris, Ifri-Dunod, 2004, p. 151-154.

<sup>27</sup> A. Myers Jaffe and J. Elass, "The History and Politics of Russia's Relations with OPEC," *James Baker III Institute for Public Policy*, May 2009, p. 23.

<sup>28</sup> According to Morse and Richard, *op. cit.* [25], Russia would be in a position to supplant Saudi Arabia and OPEC on the US, European and Asian oil markets. By contrast, S. Telhami and F. Hill argue that only Saudi Arabia is capable of assuring energy security for the US. "Does Saudi Arabia Still Matter?" *Foreign Affairs*, Vol. 81, No. 5, November-December 2002. <[www.foreignaffairs.com/articles/58444/shibley-telhami-fiona-hill-et-al/does-saudi-arabia-still-matter-differing-perspectives-on-the-kin?page=show](http://www.foreignaffairs.com/articles/58444/shibley-telhami-fiona-hill-et-al/does-saudi-arabia-still-matter-differing-perspectives-on-the-kin?page=show)>.

<sup>29</sup> Interview with Russian researcher, Moscow, April 2007.

plummeted.<sup>30</sup> Saudi Arabia and OPEC acted on more than one occasion, trying to stabilize prices by reducing production. Russia's refusal to follow suit caused some tension between Moscow and Riyadh. In September 2008, Igor Sechin, Russian Deputy Prime Minister and President of Rosneft, having been invited to the OPEC summit in Vienna, announced that his government was drawing up a draft cooperation agreement with OPEC, however it would not reduce production "which [it] relies upon for revenue."<sup>31</sup> The Saudi leadership informed Moscow that OPEC would not announce significant reductions if Moscow did not decrease its production, thus increasing Russia's fears that the barrel price would fall below 25 dollars.

While the cartel reduced its production and exports during the first quarter of 2009, Russia continued to increase production, maximizing its free rider position. This strategy bore fruit: in September 2009, Russia became the leading oil exporter in the world for the first time since the collapse of the USSR. In this context, the inherent tension in Russian-Saudi relations over the issue of oil production levels will not be solved by cooperation but only by a strong, sustainable recovery in oil prices.

In addition to refusing concessions on production levels, the Kremlin is seeking to influence OPEC by using its assets and strategic knowledge in its relations with certain member states (arms sales to Iran, Venezuela, Algeria, etc.). Thus Russia's cooperation with these countries on military technology and energy is aimed more at forming friendships within OPEC—and taking advantage of them to promote policies favorable to Moscow—than at moving closer to the cartel and securing Russia's membership.<sup>32</sup>

## ***Promising economic potential vs. a competitive market***

To increase its influence in the Kingdom—notably since Putin's visit to Riyadh in February 2007—Moscow proposes cooperation in the fields of energy, arms, aerospace and civil nuclear energy.

Russian institutional bodies are heavily involved in the development of forums for bilateral affairs. Under the aegis of the Chamber of Commerce and Industry headed by Yevgeny Primakov.

---

<sup>30</sup> After reaching a peak of US\$ 145 in July 2008, the barrel price fell to US\$ 33 in December 2008, to stabilize at around US\$ 75 in January 2010. *Monthly Oil Market Reports*, OPEC.

<sup>31</sup> J. Mann, "Russia's Policy Toward OPEC," *Middle Eastern Studies*, Vol. 45, No. 6, Sept. 2009, p. 1001-1002.

<sup>32</sup> Myers Jaffe and Ellass, *op. cit.* [27], p. 23.

The Russian-Arab Business Council,<sup>33</sup> created in 2003, organizes events to reinforce economic links between Russia and the Arab countries ("Russian-Saudi Business Forum," "Arabia Expo"). The development and interest provoked by "Islamic financing" in Russia contributes towards the forming of partnerships.<sup>34</sup>

However, despite the increase exchanges between the two countries still fall short of Russia's hopes. Although bilateral trade has clearly increased since 2005—reaching 468.8 million US dollars in 2008—the Kingdom is only Russia's 45th trade partner. By comparison, Saudi Arabia had a trade volume of 67 billion US dollars with the US and 41.8 billion US dollars with China in the same year.<sup>35</sup>

### Promises of gas cooperation

Since 2003, Moscow and Riyadh have entered into cooperation in the area of gas, a promising and largely unexploited sector in Saudi Arabia.<sup>36</sup> In 2004, LUKoil won a call for tender worth 2 billion US dollars for the prospecting and exploitation of a natural gas deposit in the Rub al-Khali desert. Stroitransgaz, the engineering arm of Gazprom, signed a partnership agreement with the Saudi company Oger on the construction of a national transport and gas distribution network in the Kingdom. Oger signed a 100 million-dollar contract in March 2007 for the construction of a 217 kilometer pipeline for Saudi Aramco.

Aside from these relatively modest gas projects, it was primarily the proposal to create a "gas OPEC"—especially with Qatar and Iran—that attracted attention during Putin's tour in 2007. This project—which was essentially a political one—does not seem to generate much enthusiasm in the Saudi capital, Tehran being the most active advocate of such an organization, principally for foreign policy reasons.<sup>37</sup>

---

<sup>33</sup> This is managed by oligarch Vladimir Yevtushenkov, president of the private holding company Sistema, which is active in telecommunications and real estate in Russia.

<sup>34</sup> "Islamic Finance: Prospects of Development in Russia," Russian-Arab Business Council, 10 December 2009. <<http://russarabbc.ru/en/about/detail.php?ID=27383>>.

<sup>35</sup> The balance of trade was largely favorable to Saudi Arabia in both cases, since, respectively, the US and China import 13% and 20% of their oil from the Kingdom. As for Russia, its exports to Saudi Arabia soared 533% between 1997 and 2006. <[www.arabnews.com/?page=6&section=0&article=103811&d=21&m=11&y=2007](http://www.arabnews.com/?page=6&section=0&article=103811&d=21&m=11&y=2007)>.

<sup>36</sup> Putin referred to this in his speech in Riyadh on 12 February 2007. <[http://archive.kremlin.ru/eng/speeches/2007/02/12/2116\\_type82914type84779\\_118220.shtml](http://archive.kremlin.ru/eng/speeches/2007/02/12/2116_type82914type84779_118220.shtml)>.

<sup>37</sup> D. Finon, "Russia and the 'Gas OPEC': real or perceived threat?" *Russie.Nei.Visions*, No. 24, November 2007. Saudi Arabia does not export gas, which makes a cartel pointless from Riyadh's perspective. It was Iran that put forward the idea at the June 2006 SCO summit and reaffirmed its importance during the meeting between Ayatollah Khomeini and Igor Ivanov in January 2007.

## How credible is military-technical cooperation?

The sale of arms is the other vector (with energy) in Russian policy in the Middle East. For several years, Moscow has been seeking to diversify its customer base so that its arms industry does not rely entirely on orders from India, China and Iran.<sup>38</sup> The Persian Gulf is an attractive market, especially Saudi Arabia, where military expenditure is among the highest in the world. However, the Kingdom is the only Arab-Muslim country never to have turned to Moscow for military equipment. In July 2008, Riyadh and Moscow signed a military and technology cooperation agreement. Since February 2007, the international press has been speculating over negotiations between Moscow and Riyadh on the Kingdom's acquisition of Russian arms.<sup>39</sup> Despite the announced sums (between 2.2 and 4 billion US dollars), this contract clashes with US commercial interests, and also with Israeli and Iranian security interests. Each side is putting pressure on Russia to block the transfer of S-400 missile systems to Riyadh.

## Between competition and hopes

Russia's hopes for mutual investments have not been realized, sometimes arousing Moscow's bitterness.<sup>40</sup> In the civil nuclear sector—actively promoted by Putin during his visit to Riyadh—Rosatom's efforts remain unsuccessful. In the rail transport sector, the Russian company RZD saw the 800 million-dollar contract it had won in January 2008 revoked.<sup>41</sup> More generally, Russian companies run up against competition from the West, but also from China and India.

Nevertheless, there seems to be the foundation for more concentrated cooperation. The Saudi royal family has begun to invest in the Russian oil sector.<sup>42</sup> Moscow has also instigated space-related cooperation by assuring the launch of seven Saudi satellites<sup>43</sup> and proposing that Riyadh invest in its GLONASS satellite navigation system. In addition, since November 2006, direct flights have connected Russia with Saudi Arabia. At the same time, Russia is

---

<sup>38</sup> Between 2003 and 2007, the Middle East accounted for 8% of Russian arms exports, 50% of French sales went to the region. Data from the SIPRI database: <<http://armstrade.sipri.org>>.

<sup>39</sup> Mention is made of 100 Mi-35 and Mi-17 helicopters; 150 T-90S tanks; several hundred BMP-3 armored combat vehicles; 20 Buk-M2E anti-aircraft defense systems; and in particular 12 to 18 S-400 anti-aircraft batteries. "Saudi-Russian Military Cooperation," *Eurasia Daily Monitor*, Jamestown Foundation, 17 July 2008.

<sup>40</sup> Interview with Russian expert, June 2009.

<sup>41</sup> Riyadh is said to have cancelled the contracts in question after learning that RZD was preparing to sign a contract with Libya, a country with which Saudi Arabia has tense relations. "The Arab Seduction," *Kommersant*, 15 July 2008, <[www.kommersant.com/p912419/r\\_527/Saudi\\_Arabia\\_to\\_offer\\_Russia\\_lucrative\\_army\\_contracts/](http://www.kommersant.com/p912419/r_527/Saudi_Arabia_to_offer_Russia_lucrative_army_contracts/)>.

<sup>42</sup> A Russian-Saudi joint venture was set up in December 2009 to develop infrastructure projects in the Yamal peninsula in Russia.

<sup>43</sup> "Poutine compte sur la coopération spatiale avec l'Arabie saoudite" [Putin is counting on space cooperation with Saudi Arabia], RIA Novosti, 12 February 2007.

actively mobilizing "soft power" tools, mainly focused on the media and culture. Similarly, the Kingdom plans to open a cultural center and a business center in Moscow. In the media, the Russian news channel, *Russia Today*, has been broadcasting programs in Arabic since 2007; moreover, in November 2009—after 17 years of absence—the RIA Novosti press agency relaunched the Arabic language newspaper *Moscow News* in 15 Arab countries and Israel.

## A "Three-player Game" with Iran

---

The Russian-Saudi rapprochement has an impact on the regional balance of power. A close partner of Russia's up to now, Iran regards the growing cooperation between Moscow and Riyadh as threatening. Relations being strained with Tehran, Riyadh uses Moscow to defend its foreign policy interests, revealing the contradictions in Russia's foreign policy. Russia, for its part, is reticent to alter its ties with Iran to deepen its relations with Saudi Arabia.

### ***Finding a balance between Saudi Arabia and Iran***

Owing to its political involvement in the Iranian nuclear crisis and the resolution of the Israeli-Palestinian conflict as part of the Quartet, and to its links with Tehran, Moscow is a player in the Middle East in its own right. The tensions between Saudi Arabia and Iran have enabled political dialogue between Riyadh and Moscow to be intensified.

### **"Cold war" between Saudi Arabia and Iran**

Saudi-Iranian relations are mainly shaped by the Saudi monarchs' perception of Iran as a threat.<sup>44</sup> Long-standing and multi-faceted, this does not only encompass Tehran's ballistic missile and nuclear program. It is primarily linked to the demographic imbalances between the two countries, to Iran's desire to affirm itself as a regional power, and Tehran's nuisance capacity especially via the Shiite communities in the Middle East (Shiites represent almost 30 percent of the population in the Hasa province, where most of the Kingdom's oil production is situated). The increasing influence of Tehran in Iraq after the armed intervention and Western occupation also concerns the Kingdom. It, however, does not want the US armed forces to leave, as they serve as a shield against Iran. Saudi-Iranian rivalry is also shown by Tehran's calling into question the legitimacy of Al-Saud on the Middle Eastern stage, by overshadowing Saudi

---

<sup>44</sup> For an overall analysis of tensions between Saudi Arabia and Iran, see: "Saudi-Iranian Relations since the Fall of Saddam," RAND, 2009, <[www.rand.org/pubs/monographs/2009/RAND\\_MG840.pdf](http://www.rand.org/pubs/monographs/2009/RAND_MG840.pdf)>.

diplomacy on the Israeli-Palestinian conflict, for example. However, although Saudi fears Iran's expansionist aspirations, it does not have any interest in supporting a US or Israeli plan of attack against Iranian targets. The normalization process begun by President Obama after his inauguration, supposed to lead to a pacification of US-Iranian relations, does not favor Riyadh's interests. Despite its offensive rhetoric, Tehran follows a pragmatic regional policy, taking care not to intervene directly against the US in Iraq and Saudi Arabia in the Gulf.<sup>45</sup>

### **Strategic entente and distrust between Russia and Iran**

Relations between Moscow and Tehran are driven by short-term mutual interests, whether related to trade, energy or security.<sup>46</sup> However, the "strategic entente" that has developed since the early 1990s remains difficult to read.<sup>47</sup>

Up until now, Russian leaders have seen Iran as one of the only countries not seeking to compete with it in the post-Soviet space—an area considered by Moscow to be a natural sphere of influence. Whether in Central Asia, the Caspian or Afghanistan, the two partners have adopted moderate positions advocating accommodation. From an economic perspective, Russian aviation and arms companies have captured the Iranian market. In addition, the Russian leadership continues to think that Iran is better placed than Saudi Arabia, not because of its energy reserves or the setting of fuel prices, but for the control of sea routes and the straits of the Persian Gulf. Above all, by becoming a force to be reckoned with on the Iranian nuclear issue, Russia positions itself as a major power on the international stage.

However, these relations cannot be separated from their respective policies towards the US. Moscow uses the Iranian issue in its relations with Washington.<sup>48</sup> For its part, Tehran sees Moscow as

---

<sup>45</sup> K. Barzegar, "Iran's Foreign Policy Strategy after Saddam," *Washington Quarterly*, Vol. 33, No. 1, January 2010, p. 177-179. On Iran's pragmatic approach in the Middle East post-2003, see: R. Lowe and C. Spencer (eds.), "Iran, Its Neighbours and the Regional Crises," *Middle East Report*, Chatham House, 2006.

<sup>46</sup> C. Therme, "L'entente stratégique russo-iranienne : une menace pour la sécurité?" [The Russian-Iranian strategic entente: a threat to security?], *Perspectives MOM*, Ifri, May 2006.

<sup>47</sup> At the end of the Iran-Iraq war and the Soviet retreat from Afghanistan in 1989, Gorbachev and Rafsanjani initiated a rapprochement based on common security and economic interests. J.W. Parker, *Persian Dreams: Moscow and Tehran since the Fall of the Shah*, Washington, Potomac Books, 2008, p. 23-24.

<sup>48</sup> This has been the Russian elite's predominant position toward Iran since the end of the Putin's first presidential mandate. It shows a certain skepticism towards Iran, which is demonstrated by repeated delays in construction of the Bushehr nuclear power plant and in a rapprochement with Israel. D. Shlapentokh, "Russian Elite Image of Iran," Strategic Studies Institute, US Army War College, Sept. 2009, p. 50-66, <[www.strategicstudiesinstitute.army.mil/pubs/download.cfm?q=396](http://www.strategicstudiesinstitute.army.mil/pubs/download.cfm?q=396)>.

a counterweight in its struggle for power with the White House.<sup>49</sup>

Although it is not in Moscow's interest to aid the emergence of a nuclear military power on its southern flank, Russia's strategic interests are not always the main factor determining foreign policy decisions. Tehran's intransigence weakens Moscow's position as a mediator. Russia pursuing sensitive projects with Iran runs the risk of proving more costly for Moscow.

## ***Distancing Moscow from Tehran: "S-400 diplomacy"***

As previously mentioned, the prospect of an arms contract between Russia and Saudi Arabia has provoked much commentary. Very clearly, by moving closer to Moscow, Riyadh hopes to move away from Tehran. In negotiating with the Kremlin, Saudi Arabia hopes to advance its own policy on the Iranian issue and to end its dependence on the US's desires.

In this way, Russian-Iranian relations could be a considerable obstacle to the signing of more substantial contracts between Russia and Saudi Arabia. The Saudi Minister of Foreign Affairs, Saud Al-Faisal, made it very clear during an official visit to Moscow in February 2008 that the Kingdom would only grant lucrative arms contracts to Russia on the condition that it curbs its military cooperation with Iran. During Prince Bandar's trip to the Russian capital in July 2008, he reiterated Saudi Arabia's demands to Medvedev and Putin.<sup>50</sup>

It is highly likely that Riyadh's contractual promises with Russian companies are conditional on Moscow's distancing itself from Tehran. From Riyadh's point of view, a nuclear Iran would be as much of a threat to the Kingdom's interests as to Russia's. As a result, the sale of Russian arms to Saudi Arabia—which does not threaten Russia—instead of the supply of arms to Iran, would serve Moscow's security and trade interests.

However, in the event of contracts being signed with Saudi Arabia, Moscow intends to maintain its close links with the Iranian regime. There are several advantages that could motivate the Saudi regime in this respect. Riyadh wants to be seen as a more independent player on the international stage, particularly through diversifying its arms supplies. In this area, the Saudi regime is frustrated at not being able to obtain the arms it wants from the US, owing to restrictions from Congress.

---

<sup>49</sup> J.W. Parker, *op. cit.* [45], p. 296-297.

<sup>50</sup> "The Arab Seduction", *op. cit.* [39].

It is likely that Moscow hopes that at least one of these motives will prevail in Riyadh, and that Russian-Saudi cooperation on both a military and an economic level will increase—with Moscow still maintaining its current level of partnership with Tehran. In this case, the dependence of the two regional powers on Russian arms would be considerable leverage for Russia, enabling it to indisputably increase its strategic weight in the Middle East. For Moscow the question is whether the Saudis will adhere strictly to this line or if they will draw back at any given point.

In addition to the prospect of Russia's sale of S-400s to Riyadh, Moscow clearly delays the transfer of S-300 anti-missile systems to Iran that was announced in 2007 but deferred numerous times under Israeli pressure. Decision-making circles in Tehran do not hide their irritation.<sup>51</sup> Since Medvedev came to power in the Kremlin, tensions between Russia and Iran have come into the open. The Russian President has threatened Tehran with sanctions from the UN Security Council. Since the revelations by the US and French Presidents and the British Prime Minister about nuclear installations in Qom in September 2009, the Russians have undoubtedly realized that their support for Iran was more of a constraint than an asset. However, Moscow is very hesitant to accept sanctions that would penalize its interests, such as an arms embargo.

---

<sup>51</sup> In November 2009, the Chief of Staff of the Iranian armed forces publicly announced: "We are unhappy with the conduct of our Russian friends. Do Russian strategists not realize the geopolitical importance of Iran for *their* security?" in "S-300: Moscou viole ses engagements selon Téhéran" [S-300: Moscow violates its agreements according to Tehran], RIA Novosti, 13 November 2009. A week later, Russia cancelled the launch of an Iranian satellite. "Iran to Launch Satellite on Its Own by Late 2011," *China Daily*, 21 November 2009.

## Conclusion

---

Russian-Saudi relations are useful in illuminating Russia's "Arab diplomacy." Despite the assets it was able to exploit, Moscow is faced with two limitations: the establishment of the US in the Middle East, and the fact that Russia—without an ideological alternative—has scarcely anything to offer the Arab states except energy projects and arms.

In this respect, Russia appears to be a simple player in the balancing game of Middle Eastern powers. Riyadh turns towards Russia to begin negotiations on arms supplies whenever it does not obtain complete satisfaction from the US in terms of pressure on Israel—for example, when it comes to restarting the peace process—or it is aware that Saudi-US links are cooling. Ultimately, these negotiations rarely come to fruition. In reality, the real aim is not to obtain new arms from Russia,<sup>52</sup> it is a matter of provoking the US to communicate the message that Arab concerns must be listened to, and that Washington's energy security depends on the monarchy's stability.

So, taking into account the US-centrism of Russian and Saudi foreign policy, we can wonder whether Russian-Saudi relations are no less significant in their own right than their indirect impact on relations between Moscow and Washington. The possible acquisition of S-400s by Riyadh could be a sort of "gentlemen's agreement" between the Russian and US executives. The Kremlin would renounce its ostensible support for the Iranian regime and stop supplying it with sophisticated arms, in exchange for the White House abandoning its anti-missile defense program in Eastern Europe. In addition, the level of relations between Russia and Saudi Arabia depends heavily on the state of relations between Riyadh and Washington. These two invariables make any strategic rapprochement between Russia and Saudi Arabia unbelievable in the medium term, all the more so since several determinants—political, economic and strategic—come into play.

Firstly, the partnership between Saudi Arabia and the US has lasted for six decades. Even if Riyadh hopes to diversify its foreign

---

<sup>52</sup> From a purely technical point of view, questions would arise about the interoperability of Western and Russian armaments. In addition, by turning towards Russia, the Kingdom's leaders indirectly express their discontent with regard to prices demanded by Western companies.

policy contacts, the interests of the two countries are too closely linked for this alliance to be called into question. Moscow would never be able to fill the gap left by the US, nor does it aspire to do so. In addition, the rivalry over energy underlies Russian-Saudi relations. An alliance between the two countries would only really be possible after Russia's accession to OPEC. Yet Riyadh "holds the keys" to the cartel and it is difficult to imagine Moscow accepting the role of junior partner to Saudi Arabia in an area that enabled Russia's return to the forefront of the international stage. Finally, Iran's geopolitical role is key to the "mental map" of Russian strategists. Along with Turkey and Afghanistan, Iran is an essential element in Russia's "security arc" on its southern flank. Even if we are seeing deterioration in Russian-Iranian relations, the possibility of Russian leaders going so far as to break with Tehran is limited. However, Moscow will not sacrifice its relations with the Western countries in order to avoid this.

Ultimately, for Moscow it is a matter of acquiring leverage to improve Russia's political image as well as its room for maneuver—mainly in economic matters—in the Arab-Muslim world. This policy is sometimes confused, insofar as the Kremlin seems to "hedge its bets" while trying to sustain the best relations possible with Riyadh and Tehran, its relations with the White House always visible in the background.