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TRADING THE RUSSIAN TECHNOLOGY TO THE ARAB GULF STATES

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Abstract: Russia's contribution to offering innovative technologies to Arab Gulf states is limited. Arab Gulf states are interested in breakthrough technologies and diverse innovations of the best quality. In this article we will study the potential of Russian technology trading with Saudi Arabia, United Arab Emirates and Qatar.

Keywords: Accelerating Technology Trading, Digitalization in Russia, Digitalization in UAE, GCC, Russia-Arab Gulf states Cooperation, Russian Relations with Gulf Cooperation Council, Russian Technology Trading, Technology in Russia, Technology Transfer from Russia to the Middle East

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ПРОДАЖА РОССИЙСКИХ ТЕХНОЛОГИЙ АРАБСКИМ СТРАНАМ ПЕРСИДСКОГО ЗАЛИВА

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Язык статьи – русский

Аннотация: Вклад России в предложение инновационных технологий арабским государствам Персидского залива ограничен. Арабские государства Персидского залива заинтересованы в прорывных технологиях и разнообразных инновациях самого высокого качества. В этой статье мы изучим потенциал торговли российскими технологиями с Саудовской Аравией, Объединенными Арабскими Эмиратами и Катаром.

Ключевые слова: отношения России с Советом сотрудничества государств Персидского залива (ССАПЗ), передача технологий из России на Ближний Восток, сотрудничество России и арабских государств Персидского залива, технологии в России, торговля российскими технологиями, увеличение торговли технологиями, цифровизация в ОАЭ, цифровизация в России

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Introduction. Russia and Arab Gulf states are thriving to diversify their economy to reduce their dependence on Oil and Gas industry in fueling their economy. They face the urgency to develop clean technology, limit their gas emission, and boost their food self-sufficiency. Besides, countries that succeed in the technology marathon will have political and economic power in the 4th industrial revolution.

Saudi Arabia, United Emirates, Qatar and Russia have taken serious steps to reform the future of their economies.

Smart cities are the mean feature for this transformation in the Arab Gulf states. For instance, Saudi Arabia allocated \$500 billion for establishing NEOM [1] smart city-2030. In the UAE, around AED 290 billion was assigned to the country five years development strategy of

the period 2022–2026 [2]. Whereas in Qatar \$45 billion were invested in developing the smart city infrastructure of Qatar's Future City [3].

In Russia 66 billion Russian rubles were spent on development of information infrastructure by May 2019 from a total budget reached to 450 billion Russian rubles devoted to digital technologies sector [4] which resulted in advancing Russian technology mostly in Big Data, Artificial Intelligence, Virtual Reality, Robotics as well as face recognition, cybersecurity and government-citizen technologies which Middle Eastern governments really demand.

The effort to develop technologies that serve these nations' visions of the 4th industrial revolution, requires international cooperation, sharing expertise, exchange and trading technologies. In this article we will focus on the political and economic factors to study the potential of up scaling technology trading between Russia and the Arab Gulf States .

Statement of the problem. Accelerating technology innovation is a crucial mission for Russia and Arab Gulf states to prosper their economy and be self-sufficient in the age of digitization. Though Russia has advanced its technology ecosystem, its contribution in trading innovative technologies to Arab Gulf states is limited.

In this article, we will identify the barriers of trading Russian technology to the Arab Gulf States countries to reduce the level of risk and uncertainty of international technological trading with Russia.

Methods and materials of the study. We utilized Integrated Method using Quantitative and Qualitative to analyze Russia technology trading with Arab gulf state countries. We formed our research based on literature reviews, trusted governmental websites and technology companies. The results obtained from data for the period of 2019–2022.

Results Obtained.

Political Relations Russia and Arab Gulf States. Arab Gulf States have strengthened the political relations with Russia aimed at settling conflicts, disputes and fighting terrorist in the Arab region. For instance, Russia plays a major role to balance the regional power politics which directly influence the global decision in the Israel–Palestine conflicts. In addition, the military engagement in Syria by Russia in 2015

marked a turning point in Moscow's Middle East policy. This has provided possibilities for Russia to rebuild and forge new alliances [5].

When it comes to Iran's unstable relations with Arab Gulf States, Russia tries to be a safe player with GCC by showing that it is indifferent to Iranian interests. However, Gulf countries are aware of the Russia–Iran allegiance and try to keep positive relations with Russia to facilitate Arab Gulf States conflicts with Iran.

Russia–Saudi Arabia relations have been tumultuous and unclear throughout its contemporary history. However, the unstable political situation in the Arab region which directly affects the mutual interests of both countries has encouraged Russia and Saudi Arabia to strengthen alliance. In 2017 Saudi King Salman led a 1500-strong team to Moscow which provided Moscow with an opportunity to intensify the cooperation with Riyadh in a variety of areas [6], including regional security, energy, trade, transportation, scientific collaboration, and exchanges followed by easing regulations and policies for trading.

Despite the fact that the UAE is generally referred to as the United States' strongest security partner on the Arabian Peninsula, Russia's relationship with the UAE has grown significantly in recent years. In June 2018, Russia and the United Arab Emirates signed a strategic partnership agreement, the first of this type between Moscow and a Gulf Cooperation Council (GCC) member state. The similarity of Russian and Emirati perspectives on the Middle East conflicts can be explained by shared interests, but it also reflects common thoughts about the evolving regional order that both countries share. Though Russia's long-standing differences with the UAE over Qatar, the convergences between Moscow and Abu Dhabi on resisting upheavals and preventing a military escalation in the Persian Gulf provide solid grounds for Russia-UAE strategic cooperation. Relations between Russia and the UAE are likely to deepen, especially after the UAE confirmed its strong support for Russia when it abstained from voting on a UN resolution condemning Russia's special operation in Ukraine in March 2022.

Qatar's foreign-policy strategy in the Arab region resulted in a boycott on Qatar by Gulf Cooperation Council (GCC) countries in 2014.

As a result, Qatar established contingency plans to meet their security requirements in aviation, food, technology and diversify their security alliances/partnerships globally despite of its differences with Russia in Syria and other regions like Egypt and Libya. Doha recognized that courting Moscow was in its best interests towards Qatar's independence.

Russia has a some-what neutral relation with Arab Gulf countries and focus on what it benefits from them but at the same time, there are conflicts and disagreements which occasionally occur. Yet, Russia plays a safe game to increase its influence over Arab Gulf states seeking Russia's political support in the Arab region. Accordingly, boosting technological trading via political agreements could play a major role in escalating the process.

Economic Relations with Gulf Cooperation Council. The GCC contribution in Russian foreign trade is less than 1% [7] which gives the impression that economic forces play only a minor part in the establishment of a dialogue between Moscow and the area. Besides, with political conflicts and international sanctions that had been intensified during the Russia special operation in Ukraine in 2022, Russia's economy became greatly affected and the risk and uncertainty of doing business with Russia increased.

This is justified why Russia international trading is mostly focused in heavy industries such as oil and gas, nuclear power plants, energy, military-technical sphere and space projects such as launching of satellites.

The Russian Direct Investment Fund (RDIF) directs Arab Gulf states to where they should direct their investment in Russia. Main patterns of the RDIF are Emirati Mubadala, Saudi Public Investment Fund, Saudi Aramco, Qatar Investment Authority. 52% RDIF investment projects were founded by Arab Gulf states in 2018 (22% Saudi Arabia, 18% UAE and 8% Qatar). When it comes to the total investment in Russia, For seven years up to 2019 Qatar is the leader with an amount reached to \$13 billion of investments, whereas Saudi Arabia investment volume hit \$2.5 billion while the UAE's is under \$1 billion [8].

The global sanction enforced on Russia on 2022 makes it challenging to expanding to the Arab Gulf states market, however, Russia is enforcing new strategies to facilitate the trading

among which reducing Russia dependency on Euro and Dollars in its international trading and replacing it with the local currencies of the countries such as UAE Dirham and the Chinese Yuan.

Trading Russian Technology with Arab Gulf States. Russia and most GCC countries have the same plans and needs in technological trade aspects especially that most trade and economic discussions are based on the oil and gas industry which in the future would decrease and may not have the same value as it has today.

Russia and UAE face the need of developing their technology levels and to find better opportunities for enhancing their international labor and trade to enhance their global role. UAE and Russia both have quite high scientific and technical levels and both have mutual cooperation in economic activities. Both countries need long-term sustainable development, social progress and economic success to become better and keep progressing. But for this to happen it's important to develop technologies for scientific, innovative, medical, technical and other humanitarian and economic purposes. Russian and UAE authorizations are both willing to cooperate to have mutual benefits and for having a positive effect on third countries.

For the relations of Saudi and Russia on technology trade, Saudi Arabia has a promising development in transportation but it didn't have enough local companies to carry out this work thus, it invited foreign countries such as Russia to help in this project and allocated around USD 98.6 billion which is predicted to end by 2040 [9]. It has been noted that Russian-Saudi relations on development and technologies have been mostly in sync and some Russian firms have been involved in helping Saudi's development of the automobile sector. There was a plan of Tata Motors building a plant to manufacture land Rovers and Jaguars. There were also open discussions in cooperation in aerospace, agriculture, military-technical sector and nuclear energy. Future successes between Russia and Saudi for trade, especially technological ones, will depend on many factors and the agreements of both parties but it seems like there will be positive outcomes.

In the past years, there have been agreements between Russia and Qatar for development and have a common relation for progress-

ing. Both parties have faced similar challenges in investments but each is better than the other in certain aspects. For example, Qatar has good technologies in certain areas like artificial analysis as well as big data analysis while Russia has smart city technologies. Thus, both countries can work together and offer solutions for challenges they're facing. But with any agreements or projects, challenges are also shown such as that many Russian companies are only willing to put in small investments in their businesses while Qatari projects are usually big and need large investments in order to be done properly and successfully.

Technology Development in Russia.

Though Russia's technology innovation are booming in the areas of Big Data, Artificial Intelligence, Virtual Reality, Robotics, and the

Internet of Things to upscale the performance of factories, services, and agriculture sectors. Russia faces stiff competition and is striving to acquire international recognition for its innovations. In 2019 Russia was ranked 46 in the innovation index by The Global Economy. Though it was 4th in R&D personnel, 6th in the number of researchers, and 9th in the world for 2019 in terms of gross domestic expenditure on R&D according to ISSEK HSE 2022. The international trading of Russia technology has dropped from 0.81 in 2015 to 0.53 percent in 2019 and ranked 72 by the Global Economy [8].

One of the main reasons is that Russia's strategy is focused on empowering its local market to be self-sufficient and reduce its dependency on the foreign market in many areas including smart agriculture.

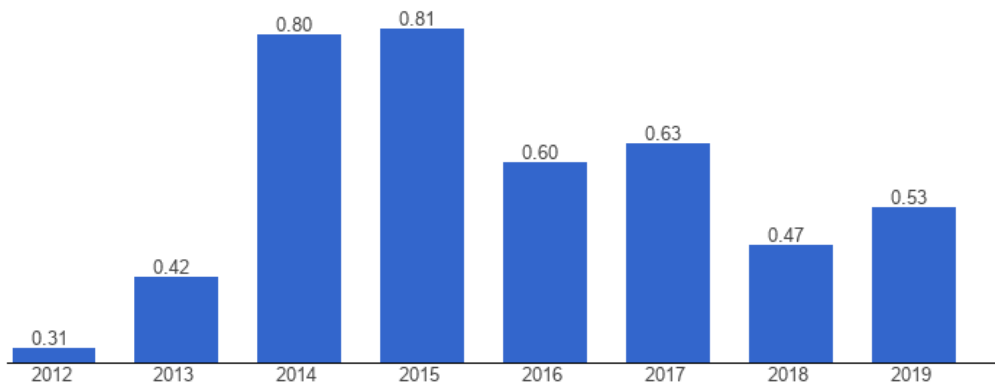


Figure 1 – Russian Information Technology Exports 2015–2019 [10]

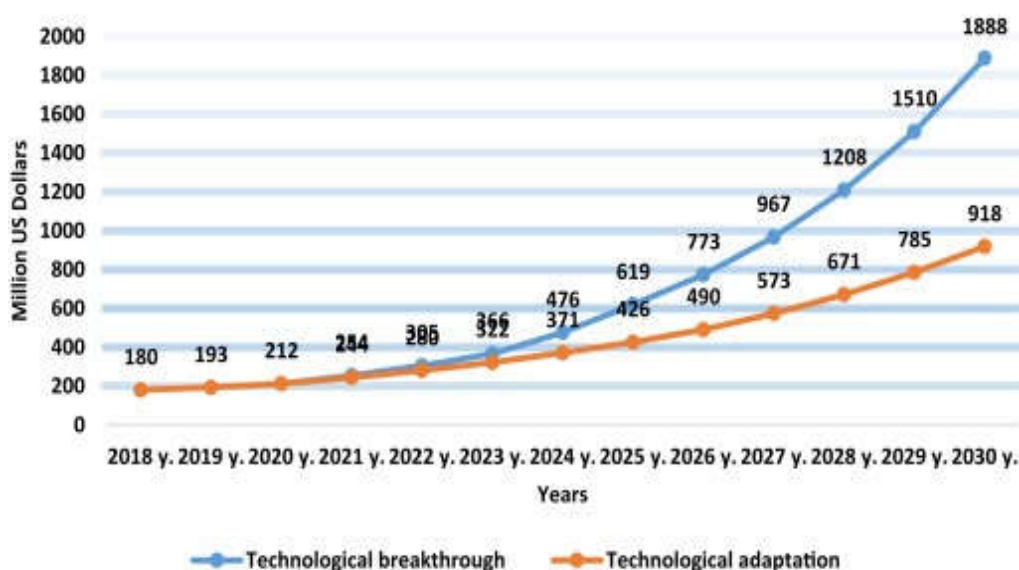


Figure 2 – Russia Information Technology in Agriculture [11]

This strategy has helped Russia to overcome some of the international sanctions on Russia's technology sector and was able to survive in the digital media war between Russia, US and the European Union during its special military operation in Ukraine 2022.

Trading and transferring Russian technology to Arab Gulf states necessitates taking critical steps to push Russian technology internationally, raising awareness of its effectiveness in focused discussions involving young scientists, programmers in technology and science, and providing them with a world platform to present their breakthrough innovations and form global partnerships. This keeps inventors informed about worldwide market demand and allows them to stay their creations current. Russia's technology trade rules must be modified on a daily basis to facilitate and accelerate international technology transfer and trading.

Conclusions. Russia is striving to advance its technology, yet, it faces many barriers and challenges that limit its global trading with the West. The Middle East and Asia are good alternatives for international markets for Russia. GCC countries have shown their interest in developing political ties with Russia in the form of investments. This cooperation could be extended to embrace technology trading as well. Russia technology innovations could be a suitable choice for the development of GCC smart cities and a chance to diversify the investment cooperation between Russia and Arab Gulf state countries.

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Recommendations. Trading technology between Russia and the GCC countries heavily depends on understanding the Arab Gulf states' market demand of hi-tech goods and services; GCC countries' eagerness to develop sustainable smart cities; increase their competitiveness and create urgency to acquire the latest innovations in Augmented Reality/Virtual Reality, Robots & Cobots, Internet of Things, 3D/4D printing, Big Data and Data Processing, Blockchain, Artificial Intelligence, and Machine Learning, Nanotechnology and Genetic Engineering. In the UAE for example, they believe these technologies would help the country secure their future and become self-sufficient mostly in food production and water supply, healthcare, manufacturing and clean energy solutions as well as intelligent government services that promote the happiness and wellbeing of its citizens

Industry rivalry and bargaining power of the buyer are very intense at the GCC countries since many foreign countries and companies with excellent brand reputation are thriving to export their technology to the UAE, Saudi Arabia and Qatar. Therefore, joint technological programs between businesses could assist in reducing the risk and uncertainty to boost Russian technology reputation and help Russian entrepreneurs to develop hi-tech products relevant to the needs of their client in Arab Gulf countries. Besides, facilitating regulations and simplifying technology trading between Russia and GCC countries would encourage startups to accelerate their profitability and expand to the Arab Gulf countries.

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