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Ukraine-Saudi Arabia Relations: Challenges and Prospects for Further Cooperation

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Ukraine-Saudi Arabia Relations: Challenges and Prospects for Further Cooperation

Ukraine and Saudi Arabia share friendly relations that have been developing since 1991 when Ukraine gained independence from the Union of Soviet Socialist Republic (USSR). Diplomatic ties between the two countries were established in 1992, which was followed by the opening of embassies on a reciprocal basis. In the first years, the development of bilateral relations was driven mainly by the interest from the Ukrainian side through a number of official visits from Kyiv to Riyadh. However, in the period since 2000, the Kingdom of Saudi Arabia demonstrated greater interest in strengthening bilateral contacts, predominantly due to the growing significance of a partnership in the agricultural sphere. More recently, Ukraine-Saudi relations have gained a new dimension given the diversification in their bilateral relationship and the establishment of numerous projects in previously overlooked spheres such as aircraft, military-technical cooperation, recreational and medical tourism, etc. Meanwhile, efforts to institutionalize cooperation has also been successful, including launching bilateral formats of the Intergovernmental Ukrainian-Saudi Commission on trade, economic, scientific, and technical cooperation, and the Ukrainian-Saudi Business Council.

The aim of future Ukraine-Saudi cooperation is to provide a solid base for a long-term partnership through engagement in variety of new spheres and fields rather than solely relying on a limited number of prioritized areas. From a geopolitical stance, Saudi Vision 2030 determines the Kingdom's main interests in partnership with the Ukraine in terms of paying special attention to the agricultural sector as well as proceeding with projects in the aircraft, educational, touristic, and other sectors. At the same time, Ukraine's national interests, which influences the development of relations with Saudi Arabia, have at their core the diversification of its partners in different regions as well as to strengthen its position in the MENA region. This includes further an effective and



competitive strategy to limit the ability of Russia to influence the Middle East and create alliances weakening Ukraine's position in the region.

The following analysis reflects on the growing economic, political, and cultural dimensions of the Ukraine-Saudi partnership considering internal developments as well as regional and global dynamics. Considering the history and current state of bilateral relations, this paper highlights the fields that are of the most particular importance for the partnership and an analysis of prospects for further development of Ukraine-Saudi ties in terms of economic, military-technical, political, humanitarian, and cultural cooperation.

History of bilateral relations

Diplomatic relations between the Ukraine and Saudi Arabia were established on April 14, 1993, following the recognition of independence of Ukraine by Saudi Arabia in 1992. The starting point was a visit of Ukrainian Prime Minister Leonid Kuchma to Riyadh, during which the respective Ministers of Foreign Affairs signed the "Protocol on the establishment of diplomatic relations between Ukraine and the Kingdom of Saudi Arabia" at the level of embassies. The Embassy of Ukraine in Riyadh began operating in 1996, while the Embassy of the Kingdom of Saudi Arabia in Kyiv was opened in 2009.

Overall, Ukraine-Saudi relations have been developing actively since the 1990s. For one, there is mutual interest in maintaining political dialogue and contacts at the highest level. Two Ukrainian presidents have visited Saudi Arabia – Leonid Kuchma in 2003 and Petro Poroshenko in 2015 and 2017. Throughout the period, contacts at a high level have been maintained with more than 18 visits at the level of ministers, deputy ministers, and parliamentary delegations from both sides. The main focus of these visits was the deepening of economic ties, especially in the area of agriculture and food security.

Second, there is Ukraine-Saudi economic cooperation, which stands at the center of the partnership. As a result of an official visit of

the Minister of Foreign Economy and Trade of Ukraine Serhiy Osyka within the framework of the Ukrainian international exhibition in Saudi Arabia in 1997, and the negotiations between the experts of the Ministry of Economy and the Cabinet of Ministers of Ukrainian and Saudi authorities in Riyadh in May 1997, the initiation of the Framework Agreement on trade, economic, scientific, technical and investment cooperation was agreed upon. The mentioned bilateral agreement on cooperation was signed during the visit of President L. Kuchma to the Kingdom of Saudi Arabia in January 2003.

An important step forward in building the economic partnership that led to institutionalization of Ukraine-Saudi efforts in promoting trade and investment was the establishment of the Intergovernmental Ukrainian-Saudi Commission on trade, economic, scientific and technical cooperation, the first joint session of which was held in July 2004 in Jeddah, Saudi Arabia. As of mid-2021, six joint sessions of the Commission have been conducted, the last of which took place on November 21-23, 2018, in Kyiv.

Following a series of visits of Ukraine and Saudi authorities to promote mutual ties between business sectors in the two countries (various visits, forums, exhibitions, etc. were held in 2005, 2006, 2009, 2010, 2011, 2013, 2015, 2017, 2018), the Ukrainian-Saudi Business Council was established after signing of the Memorandum of Understanding between the Ukrainian Chamber of Commerce and the Council of Saudi Chambers.

Despite the COVID-19 pandemic, Ukraine-Saudi cooperation was not put on pause during the period 2020-2021. For example, in February 2020, the Assistant Minister of Defense of Saudi Arabia visited Ukraine to meet with the Minister of Defense and discuss cooperation in the defense industry, IT, military education, and healthcare. On August 9, 2020, the Minister of Foreign Affairs of Ukraine Dmytro Kuleba had a phone call with his counterpart from Saudi Arabia, during which the general state of bilateral relations and further investment opportunities were discussed. Moreover, quarantine restrictions have given way for new

ways of communication with the political consultations of deputy ministers of foreign affairs of Ukraine and Saudi Arabia being held on October 6, 2020, in a virtual format.

To strengthen Ukraine-Saudi bilateral relations, 15 major international agreements have been signed between two countries. These lay the foundation for cooperation in such fields as agriculture, exploration and use of outer space for peaceful purposes, aviation and air services, sports, exchange of news, etc. In addition, the agreements were signed to promote and protect investment, avoid double taxation, and conduct bilateral political consultations. Taken together, they provide a structured environment for continued political dialogue and the development of a wide-ranging economic partnership.

Ukraine-Saudi cooperation and mutual interests

Ukraine-Saudi cooperation is based on the mutual interest of both parties to develop relations with the regions of Eastern Europe and Middle East, respectively.

Ukraine has been demonstrating a stronger interest in developing relations with the MENA countries in recent years. The Gulf countries, primarily Saudi Arabia, the UAE and Qatar, are identified as the most promising in the context of mutually beneficial economic and investment cooperation, which is the main task of Ukraine's agenda in the Middle East. This also includes strengthening Kyiv's position in the region's markets (especially in the agricultural sector as well as expanding markets for agricultural goods export), attracting investment for the Ukrainian economy, with a focus on the high technology sector, as well as maintaining regional security and stability.

The greatest obstacle for Ukrainian diplomacy in the region is the lack of a strategic vision for developing relations with Middle Eastern countries. This problem is being acknowledged as recently mentioned in the new Export Strategy (2017). Here, Saudi Arabia is singled out as one of the potential

markets for Ukrainian goods. And while the Middle East also features more prominently in the Vectors of Economic Development project report (2020) as well as in the National Security Strategy of Ukraine (2020), there is still a need to further develop a strategic document that would focus specifically on cooperation with the MENA countries and consider Ukraine national interests in the main areas for cooperation.

Considering the current situation in Ukraine and Ukraine-Russia relations, a special task is to ensure long-term support of Ukraine's territorial integrity, which could be realized through the support of Middle Eastern countries voting on UN resolutions concerning the issues of the Crimea, Donbas, and Russian aggression. In this context, it is worth noting that on March 27, 2014, the delegation of the Kingdom of Saudi Arabia supported the UN General Assembly resolution on the "Territorial integrity of Ukraine."

For Saudi Arabia, interests in cooperation with Ukraine are determined by the unique geographic location and opportunities of Ukraine as a transit country for energy resources from the Middle East to Europe. Using these advantages as well as the capacity of Ukraine's gas transportation system, there has been an effort to put in place effective cooperation measures between governmental institutions and public and private oil and gas companies, Ukraine serves as a transport hub to efficiently supply Middle Eastern hydrocarbons to Ukraine and further to Europe.

Specifically, regarding Saudi Vision 2030, Saudi Arabia is working to raise the share of non-oil exports, increase foreign direct investments, as well as improve its competitiveness and economic position. A partnership with Ukraine is seen as a building block to create a more diverse and sustainable economy. In this context, specific attention should be given to creating new opportunities in both countries and encouraging conducting joint projects. In addition, a wider role should be played by governmental institutions in promoting cooperation, mainly in the field of technology exchange.

Below, a number of suggestions are provided

as to how Ukraine-Saudi Arabia relations can be improved in the political, economic and security fields.

Economic partnership: trade and investment

The economic partnership is the base of Ukraine-Saudi relations. As of now, Saudi Arabia is among the top trade partners for Ukraine in the Middle East. In 2020, the total trade of goods amounted to \$820.96 million while Ukrainian exports and imports accounted for \$719 million and \$101.9 million, respectively. This makes Saudi Arabia Ukraine’s biggest trade partner in the Gulf region, followed by the UAE with a total trade volume of \$500.1 million.

The two countries pay special attention to the development of trade and investment ties. Thus, bilateral trade in goods has grown from only \$126.7 million in 2001 to over \$820 million in 2020 (see Figure 1). The numbers fluctuated over the years with a peak in 2014 when it reached \$1236.6 million (one of the two years, along with 2012, when total trade surpassed \$1 billion), after which there was a decline to \$700.2 million in 2017, primarily due to the drop in Ukraine’s export to Saudi Arabia. There was a slight decline from 2019 to 2020, when trade in goods decreased by 11% from \$919.3 million to \$820.96 million, mainly due to the decline in Ukraine’s import from Saudi Arabia. Throughout all the years, Ukraine has maintained a positive balance in trade, which in 2020 amounted to \$617.1 million.

Figure 1: Ukraine-Saudi Arabia trade in goods, 2001-2020



Source : State Statistics Service of Ukraine

Table 1: Ukraine-Saudi trade in goods, 2001-2020

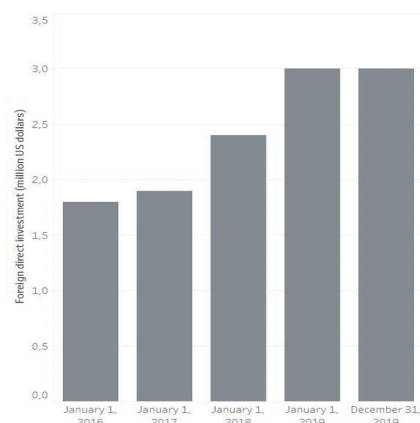
	Bilateral trade (thousand US dollars)	Import (thousand US dollars)	Export (thousand US dollars)	Trade balance (thousand US dollars)
2001	126709.4	2863.0	123846.3	120983.3
2002	183711.2	901.5	182809.6	181908.0
2003	238201.2	1529.4	236671.8	235142.3
2004	244078.5	2445.0	241633.4	239188.4
2005	389524.2	3039.9	386484.2	383444.3
2006	541719.9	4695.3	537024.6	532329.3
2007	527423.9	3952.6	523471.3	519518.7
2008	968630.6	12238.7	956391.9	944153.2
2009	506479.1	8301.2	498177.9	489876.8
2010	681907.6	37358.9	644548.7	607189.8
2011	909492.1	92532.5	816959.6	724427.1
2012	1076022.3	149618.8	926403.5	776784.7
2013	965985.0	183868.4	782116.6	598248.2
2014	1236616.1	205256.5	1031359.6	826103.0
2015	906521.6	144959.4	761562.2	616602.8
2016	732302.9	139417.3	592885.6	453468.3
2017	700188.3	182948.5	517239.8	334291.2
2018	935910.5	186888	749022.5	562134.5
2019	919303.5	174913.4	744390.1	569476.8
2020	820959.8	101910.0	719049.8	617139.8

Source : State Statistics Service of Ukraine

The main Ukrainian export categories include the following: ferrous metals, cereals, meat and edible offal, fats and oils of animal or vegetable origin, tobacco and industrial tobacco substitutes, milk and dairy products, poultry eggs, natural honey, etc. Imports from the Kingdom of Saudi Arabia to Ukraine include plastics and polymeric materials, tanning extracts, ferrous metal products, organic chemical compounds, cotton wool and nuclear reactors, boilers, and machinery. Overall, Saudi Arabia is interested in importing agricultural products from Ukraine, whereas Ukraine’s import consists mainly of plastics and polymeric materials, amounting up to 93.9% of total imports.

In 2020, trade in services amounted to \$6.631 million, with Ukrainian exports accounting for \$6.158 million and imports for \$0.472 million. The trade balance in services remained positive for Ukraine and amounted to \$5.686 million.

Figure 2: Foreign Direct Investment from Saudi Arabia to Ukraine, 2016-2019



Source : State Statistics Service of Ukraine

Table 1: Ukraine-Saudi trade in goods, 2001-2020

	Foreign direct investment (million US dollars)
January 1, 2016	1,8
January 1, 2017	1,9
January 1, 2018	2,4
January 1, 2019	3,0
December 31, 2019	3,0

Source : State Statistics Service of Ukraine

As for investment flows, the agricultural production sector traditionally has been the main area for Saudi investment in Ukraine. As of December 31, 2019, direct foreign investment from Saudi Arabia to Ukraine was \$3 million, which is the same rate as of January 1, 2019 (see Figure 2). This is just slightly larger than in 2018 (\$2.4 million) but reflects a positive growth from 2017 (\$1.9 million) and 2016 (\$1.8 million).

Agriculture

Ukraine is a powerful agricultural state; thus, it holds the potential to play a leading role in supporting the food security of the Gulf countries, including Saudi Arabia. The development of cooperation in the agricultural sector is of particular importance for the bilateral relationship. For Ukraine, which seeks to diversify its export destinations, the Saudi Arabia market holds opportunities to expand the number of export partners using agricultural goods. The Saudi side has already highlighted its interest in importing agricultural products from Ukraine, namely grains, such as barley and wheat. In addition, livestock trade is a sphere that can be further developed, considering Saudi Arabia's interest in importing live animals and frozen meat, mainly sheep.

Considering Saudi Arabia's interest in agricultural production imports from Ukraine, a long-term cooperation between the countries has been established. This includes not only permanent contacts at the level of ministries, but also several visits of Saudi delegations to major events in the agricultural field in Ukraine, for example, in earlier years the exhibitions "Agro-2010" and "Agro-2011". Among recent events, the First and Second Ukrainian-Saudi Investment Forums in the agricultural sector

were held in Kyiv in 2018 and 2019 with the participation of a wide range of representatives from the private sector of the two countries. In addition, the Memorandum on investment cooperation in the field of agriculture between the Cabinet of Ministers of the Ukraine and the Government of the Kingdom of Saudi Arabia and the Ukraine-Saudi Working Group on Trade and Investment Relations in the Field of Agriculture was implemented. The first meeting of the Working Group was held on January 20, 2021, during which the Saudi side was represented by a representative from the Saudi company "Saudi Agricultural and Livestock Investment Co." (SALIC), one of the major Saudi investors in the agricultural sector in Ukraine.

Through SALIC Saudi purchased 60,000 tons of wheat, marking its first purchase from agricultural investments overseas aimed at enhancing the country's food security. Gulf states, dependent imports for around 80% to 90% of their food, have invested in buying hectares of farmland and other agricultural assets elsewhere to improve their food security for over a decade. Saudi Arabia normally imports wheat from the United States, South America, Australia, and Europe.

The trend of increasing Saudi imports of agricultural products is likely to continue as the Saudi government stopped supporting national grain production due to its unprofitability and the tremendous water resources this required. This can be seen as a favorable development as far as Ukraine is concerned and elevates the Ukraine as a primary choice in terms of ensuring Saudi Arabia's strategic food supply. Ukraine's program provides an opportunity for majority-investment for Saudi Arabia in the agricultural sector as it is open to selected foreign countries based on signed agreements. As such, the purpose of the working group between Saudi Arabia and Ukraine is to develop practical steps aimed at expanding the presence of Ukrainian agricultural products in the Saudi market, attracting investments in agricultural development of Ukraine, while also using Saudi logistics facilities to promote Ukrainian products to markets in other Gulf, and MENA countries.

Other possibilities of Saudi-Ukrainian initiatives in the near term include joint ventures and technology parks in the agro-industrial complex to encourage systematic work that is beneficial for both parties. Such partnership would strengthen the Ukraine's role as one of the major agriculture exporters to the Middle Eastern countries as well as potentially explore new trade markets in the region. Saudi Arabia, has long encouraged its private sector to invest in agricultural land abroad, and thus relaxed its specifications for wheat last year, accommodating for more imports of the grain from the Black Sea region. Such cooperation also falls in line with the Saudi Green Initiative that was introduced in 2021 as part of the Kingdom's Vision 2030 and is aimed at developing governmental sustainability programs to ensure achieving environmental protection and green future goals that are common for the whole region. In this context, cooperation with Ukraine in the agricultural sector should ensure additional opportunities for food security and provide for an exchange of green technology between the two countries.

Space and aircraft

The Saudi Arabia space sector has become an integral field to contribute to achieving Saudi Vision 2030. In late 2018, the Saudi Space Commission (SSC) was set up under the leadership of Prince Sultan bin Salman bin Abdulaziz Al Saud, the country's first astronaut, to encourage space-related research and create a fruitful environment for business opportunities offered by the space industry. For this purpose, the Kingdom develops international cooperation and has signed a significant number of agreements, including the "Agreement on cooperation in the exploration and use of outer space for peaceful purposes" with Ukraine in 2011.

Ukraine and Saudi Arabia have already cooperated on several aerospace projects, which include the Hrim-2 tactical ballistic missile, a scientific sounding rocket, a traditional medium-size satellite launcher, and an anti-aircraft missile. In reference to the strong scientific base of space exploration

in the Ukraine, which has been developing since the Soviet Union period, further cooperation between both countries could include the joint production of artificial satellite systems, which can potentially lead to the launch of Saudi satellites on the one hand and, on the other hand, strengthening Ukraine's role as one of the leading countries in space exploration as well as promote independent research that would not be dependent on cooperation with the Russian Federation.

Along with this, bilateral cooperation in the field of aircraft construction has been evolving, including the joint development of the An-132D military transport aircraft, which was first announced in February 2015, after which a series of cooperation agreements were signed between Ukraine's Antonov State Enterprise, Saudi Arabia's King Abdulaziz City for Science and Technology (KACST) and Taqnia Aeronautics. Although flight tests on the An-132D prototype began in the spring of 2017, cooperation was suspended in 2019. Still, the Ukraine's scientific and industrial base and Saudi Arabia's interest in developing new sectors of economy, primarily those based on high technology, suggests that aircraft cooperation has a huge potential to be renewed in the next years under mutually beneficial conditions.

Energy

In the meantime, Ukraine-Saudi cooperation in the energy sector has not been developing rapidly. Here, it should be noted that Ukraine has not shown much interest in the import of Saudi hydrocarbons, which remain a major export category for the Kingdom. The main reason for the low export rates is the difficulty of transportation from Saudi Arabia to Ukraine, which is complicated by the absence of transportation routes by land and highly limited opportunities of transportation by sea routes due to the lack of terminals in Ukrainian ports.

However, the energy sector is among the most promising with regards to the conduction of joint projects, which could include exploration, development and modernization of oil and gas fields, design, construction and modernization of oil and gas infrastructure, and attracting

investment in the modernization of Ukraine's gas transportation system. For example, special attention can be given to the joint exploration of gas and oil fields in the Black Sea basin as well as in the North-East of Ukraine (Poltava and Sumy regions). In addition, modernization of infrastructure, such as the oil and gas terminal in the port of Odesa and petroleum refineries in Drohobych would be beneficial for both parties in terms of providing opportunities for further export of hydrocarbons from the Gulf region to Ukraine and further to other countries in Europe. Such partnership will help Ukraine create a reliable energy security system along with securing its role as the major transportation route of hydrocarbons to European countries. As for Saudi Arabia's role, additional investment in this field would open new markets for the Kingdom's hydrocarbons exports and provide building long-term partnership relations based not only on trade but also on capital investment.

It is also relevant to consider Ukraine's geostrategic location in relation to Saudi Arabia's hydrocarbon trade routes including into eastern areas of Europe. Here, Ukrainian initiatives may focus on developing political, economic, and technological measures aimed at the practical supply of Middle Eastern hydrocarbons to Ukraine and beyond. This also involves the comprehensive development of routes for the supply of Iraqi oil and Iranian gas to Ukraine. The current situation in and around these countries, especially with regards to Iran's nuclear program, should as far as the Ukraine is concerned not affect the work on advancing energy transport corridor projects from the Gulf to Ukraine. Subject to the active actions of relevant Ukrainian ministries and agencies, the energy and financial resources of the Gulf region can play a key role in Ukraine's efforts to diversify energy supplies and create a reliable energy security system in the near future.

As such, Ukraine's willingness to import oil from the Kingdom and take other measures would allow for a correction in the balance of trade which currently tilts heavily in Ukraine's

favor. It is the first time ever in fact that the Ukraine has offered to import Saudi oil as part of its move to diversify its sources of oil supply, which remain mainly from Russia. Such a new direction of a more independent foreign policy highlights its importance to the oil logistics be it to the Gulf region or Europe.

Moreover, another field of possible cooperation, which also falls in line with Saudi Vision 2030, is ensuring the usage of renewable energy sources to provide sustainable development through the growth of clean energy as a share of the national economy. Prospects for cooperation in this sector have already been discussed, including holding a meeting on September 27, 2019, between the State Agency on Energy Efficiency and Energy Saving of Ukraine (SAEE) and the Association of Ukrainian-Arab Businessmen and Investors. While the respective cooperation between Ukraine and countries of the Gulf region, in particular the UAE, has received a boost recently, the interest in launching joint projects with Saudi Arabia is still low. However, considering the relevant experience in terms of implementing certain projects and taking into account goals, including those determined in Saudi Vision 2030, attractive investment areas include solar power station production for both industrial and household usage, cooperation in the field of hydrogen technologies, and other areas.

Tourism, cultural and educational cooperation

Building bridges between societies is one of the most urgent steps that will allow for the further development of Ukrainian-Saudi relations. Saudi Arabia Culture Minister Prince Badr Bin Abdullah bin Farhan during his participation in the G20 meeting of culture ministers in Rome highlighted that culture will be a vital engine for a more sustainable world and a more prosperous future for all people. One of the ways to do so is to develop mutual understanding through educational cooperation. For example, the intensification of educational exchanges and developing new educational opportunities, including granting scholarships for students and young researchers, can positively affect intercultural interaction and help reduce damaging stereotypes among cultures, which

include prejudices against Islam on one side and perception of Ukraine as a post-soviet country only. Stereotypical images are already negatively affecting the perception of Saudi Arabia and the Islamic world in general within the Ukrainian society. As such, creating opportunities for younger generations to learn more about Saudi Arabia can contribute to the development of bilateral relations.

In addition to boosting educational cooperation, recreational tourism is also one of the spheres to keep in mind. Ukraine has already become one of the first 49 countries, for which the Kingdom of Saudi Arabia has introduced electronic multiple-entry tourist visas. Moreover, the visa-free regime is applied for Saudi nationals from 2020 when visiting Ukraine for business and cultural purposes and direct flights are offered (Saudi Arabia's low-cost airline Flynas offers flights between Riyadh and Kyiv since June 2021 and Ukrainian airlines SkyUp supports flights to four destinations in the Kingdom). Such better connectivity led to the arrival of a record number of Saudi tourists to Ukraine in 2021, when 10,000 tourists arrived only from June to mid-July. A total number of 30,000 tourists are expected to visit Ukraine in 2021. What interests Saudi tourists the most, is the unique combination of green, cultural, and gastronomic tourism. However, in order to encourage more Saudi tourists to come to Ukraine in the future, there is a need to expand informational materials, for instance by introducing Arabic versions of websites like Visit Ukraine and Official website of Ukraine. According to an official statement from the Ministry of Foreign Affairs of Ukraine, this project is already in progress.

A possible area for further development is medical tourism, opportunities for which are now expanding in the Ukraine. First, several Ukrainian resorts (Truskavets, Morshyn, Myrhorod, etc.) offer options for balneological tourism due to the minerally rich waters in these regions. Second, Ukraine and Saudi Arabia could cooperate in realizing projects on cancer and heart disease treatment. Ukraine has a solid scientific base for

conducting surgeries and other treatments; this potential can be further developed in cooperation with Saudi medical institutions as evident from previous country visits. In 2017, the delegation of the International Clinic of Rehabilitation visited one of the largest medical and social facilities in the area of medical rehabilitation and physiotherapy – Sultan bin Abdulaziz Humanitarian City and the Disabled Children Association, where its members were acquainted with principles of activities and conducted negotiations with their leadership on possible ways of further bilateral cooperation. Reciprocally, a delegation of the Ministry of Health of the Kingdom, consisting of specialists in the area of medical rehabilitation and physiotherapy, visited Ukraine and conducted a number of meetings with representatives of its central and regional authorities as well as leading medical educational institutions, highlighting valuable medical ties in support of both countries.

Considering the significant number of Muslims living in Ukraine, religious tourism is another area to broaden cooperation with Saudi Arabia. After the occupation of the Crimea by the Russian Federation in 2014, more Crimean Muslims are performing Hajj as part of the Russian quota due to the lower prices offered in the country. As a result, Russia requested an increase in its quota for the Hajj pilgrimage. One way to overcome this is by Ukraine and Saudi Arabia encouraging Crimean Muslims to perform Hajj as part of Ukraine's quota as well as to increase the quota for Ukraine. In addition, Ukrainian tourism agencies should work on lowering the prices for the Hajj pilgrimage to be more competitive in comparison with Russia.

Political partnership

Although improving, Ukraine-Saudi relations still lack widespread personal contacts at the highest level. Following his visits to Qatar and the UAE, President Volodymyr Zelenskyy should include a visit to the Kingdom of Saudi Arabia on his next trip to the region, given that his predecessor President Petro Poroshenko visited twice with official and state visits. This step will clearly demonstrate the genuine interest of Ukraine to bring cooperation with Saudi Arabia

up to a higher, more qualitative level.

Such an expansion of political-level ties can be undertaken despite the many restrictions that the current COVID-19 pandemic imposes in terms of building dialogue mechanisms between nations. Despite quarantine rules in effect, contacts at a high level have not been suspended with Minister of Foreign Affairs of Ukraine Dmytro Kuleba speaking with colleagues from Saudi Arabia in August 2020. Besides, political consultations of deputy ministers of foreign affairs of Ukraine and Saudi Arabia were held by video conference on October 6, 2020. One possibility would be to initiate an online format of dialogue at the highest level to encourage the development of bilateral relations.

Improving and expanding contacts at the higher political level will have a positive impact on the realization of interests of both countries in the political sphere. For instance, it is of vital importance to engage as many countries as possible in cooperation within the newly created "Crimean platform." The support of the Kingdom of Saudi Arabia as one of the leading countries in the Muslim world would benefit the efforts of Ukraine in creating mechanisms for supporting Crimean Tatars and Muslims in Ukraine with primary concerns over human rights violations on the Crimean Peninsula that is occupied by Russian Federation since 2014.

At the same time, Ukraine as a country with a significant Muslim population is interested in joining the Organization of Islamic Cooperation as an observer state as First Deputy Foreign Minister Emine Dzhaparova mentioned on several occasions. This would have a positive impact on Ukraine's interactions with Saudi Arabia and the MENA region in general while also strengthening ties with other Muslim countries.

As Ukraine-Saudi relations are developing rapidly and more areas of cooperation of mutual interest are included in the agenda, in particular covering spheres beyond the traditional economic partnership, bilateral

relations can be taken to a level of a strategic partnership. This step would not only indicate the importance of relations between the two countries as well as enhance the interest for developing contacts with the MENA region as a whole (according to Ukraine's National Security Strategy, only one Middle Eastern country, Turkey, is currently considered a strategic partner for Ukraine) but also encourage further the institutionalization and expand opportunities for political and economic cooperation.

In addition, as noted in the previous section, Saudi Arabia should also be included as a prioritized partner for Ukraine in its new Middle Eastern Strategy, the development of which is among urgent points on Ukrainian foreign policy agenda. Furthermore, Ukrainian strategy in the Middle East must be competitive in terms of neutralizing possible negative Russian influences in the region. For the Gulf in general, and Saudi Arabia more specifically, Ukraine holds a high degree of geostrategic importance, even more so after the Ukrainian crisis. The main concern for Gulf countries is the gradual reduced US prominence in the region, allowing further power vacuum to increase Russian-Iranian influence in the region.

Military-technical cooperation

Finally, cooperation in the field of military-technical cooperation has intensified recently. Upon the delegation visit of the Ministry of Defense of Saudi Arabia to Ukraine in February 2020, the Agreement between the Cabinet of Ministers of Ukraine and the Government of the Kingdom of Saudi Arabia on cooperation in the field of defense was signed. Some of the primary areas of cooperation include the defense industry production trade, information technology exchange, military education, and medicine.

For Ukraine, Saudi Arabia is one of the biggest markets for its defense industry product export and a significant defense partner, which actively buys Ukrainian weapons. The Kingdom is among the top export destinations, including becoming the second largest export market for armaments sales in 2019, when Riyadh

imported weapons for the total amount of \$57.85 million compared to the 2018 arms export value of \$24.2 million. Saudi Arabia is among the primary operators of the Ukrainian anti-tank guided missiles "Skif" and RK-3 "Corsar" developed by "Luch" State Kyiv Design Bureau. As of 2020, several hundred "Stuhna" and "Corsar" missiles and more than 1,000 rockets were shipped, totaling more than \$165 million. In addition, Saudi Arabia has shown an interest in the missile complexes "Neptune" and "Alder" from SSCB "Luch", the Raybird-3 unmanned aerial vehicle from Skyeton, radars of the 80K6 family from "Iskra" and other complexes of electronic warfare.

Considering the goals of Saudi Vision 2030, which aims to localize 50% of military equipment manufacturing by conducting agreements with foreign firms focusing on higher-value equipment and innovative technology, Ukraine could be one of the potential partners for Riyadh in developing its domestic military industry through the transport of technical expertise, technology, and establishing joint ventures. Defense firms will likely find opportunities to procure contracts not only with the Ministry of Defense and its branches (the Royal Saudi Arabian Land Forces, the Royal Saudi Navy, the Royal Saudi Air Force), but also with the Ministry of the National Guard, the Ministry of Interior and state-owned enterprises such as the Military Industries Corporation (MIC), which will oversee major facets of the development of the Vision 2030 local defense industry. Thus, such partnership would create new investment opportunities and contribute to strengthening the national security of both Ukraine and Saudi Arabia.

In addition, Ukraine can offer armaments maintenance services, which would be a step forward for Ukrainian defense industry that is now mainly concentrated on weapon sales. Conducting such services would not only diversify ties between Ukraine and Saudi Arabia in military and technical cooperation; in fact, it would be highly beneficial for the Saudi side as providing maintenance of armaments

produced in Ukraine would be easier and much cheaper than passing this task to third parties.

Moreover, Ukraine is interested in building up the capacity and professionalism of its armed forces. As stated in the National Security Strategy of Ukraine (2020), Ukraine should "take into account the lessons of military actions in the Middle East in its new doctrinal approaches to guaranteeing its military security." Therefore, Ukraine might offer to conduct joint training with the Saudi army. Joint exercises could be beneficial to exchange experience between Saudi Arabia and Ukraine; the soldiers of the latter have taken part in operations in the country's Eastern regions (Donbas) to fight separatist movements of Russia supported groups as well as joined numerous UN peacekeeping missions in Europe, Asia, and Africa.

Prospect for further cooperation

Although Saudi Arabia is seen by Ukraine as one of the major partners in the Gulf region and generally in the Middle East, current relations are still underdeveloped in numerous ways. On the one hand, quantitative indicators clearly demonstrate that the possibility of the partnership is underutilized. For instance, total trade in goods with Saudi Arabia in 2019 amounted to almost \$920 million; however, considering the ability to diversify and intensify trade, total amount of trade in both goods and services can potentially reach up to \$2 billion or further. This goal can be achieved through a general increase of trade volume but most importantly through building balanced bilateral trade relations, including a rise in Saudi export to Ukraine to encourage a more balanced structure of bilateral trade in goods. Another important area for improvement is the growth of trade in services, including such fields as recreational and medical tourism that have been developing rapidly recently.

Moreover, both sides should focus on growing the bilateral investment flows, as of now the increase in foreign direct investment from the Kingdom to Ukraine is rather slow while Ukrainian investment flow to Saudi Arabia is still extremely low to assess. Thus, possible areas of mutual investment include infrastructure

building, establishment of joint ventures in the fields of agriculture, military-transport production, energy, etc. Other projects might involve development of tourism, educational opportunities, technology exchange and others.

Considering qualitative indicators, the Ukraine-Saudi partnership remains limited to a few areas of mutual interest such as agriculture, aircraft, military and technical cooperation, tourism, educational exchanges, etc. Nonetheless, within these areas or beyond, both countries have the potential to deepen their respective ties to other productive areas. Some of the possible fields for cooperation have been discussed above and include partnership in the energy sector, also the development of sustainable energy sources, launching of projects in the space and aircraft sector, deepening ties in military-technical cooperation, and the strengthening of contacts in educational and touristic sectors.

Furthermore, the recent increase of tourist flow from Saudi Arabia to Ukraine, following the effective work and the implementation of strategic tasks by the respective ministries of foreign affairs, underlines significant opportunities for future development in multiple spheres under conditions of maintenance of consistent dialogue and the realization of the strategy determined by both countries.

Conclusion

Ukraine-Saudi Arabia relations have been developing rapidly over the past three decades and continue to play a major role for both states in their efforts to implement geostrategic visions of both countries. The agricultural sector traditionally plays the greatest role in the bilateral agenda; nonetheless, other fields, such as aircraft, arms trade, educational cooperation, and tourism are among those which are beginning to define the nature of the interaction between Kyiv and Riyadh. Moreover, considering the changing geopolitical situation, the two countries are aiming at building stronger partnerships to secure their positions as key

power states in their respective regions while balancing competing alliances.

Ukraine and Saudi Arabia should seek to develop deeper bonds in economic, political, and cultural dimensions, which would strengthen their mutually beneficial relations in trade, investment, political dialogue, and other specific sectors of cooperation. Along with this, the prospects for improvement in cooperation are promising, given the commitment from both sides and effective implementation of political agenda. Overall, this can pave a path to exploring new opportunities and building long-term strong partnership between Kyiv and Riyadh in many strategic areas.



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