

Saudi minister hails 'bold' fund deal with Japan's SoftBank

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Japan's SoftBank said it hoped to raise up to \$100 billion for the Saudi Arabian fund designed to invest in promising technology firms

The Saudi energy minister said Tuesday that a multi-billion-dollar technology investment fund the kingdom is developing in partnership with Japan's SoftBank showed its determination to diversify its economy.

Khaled al-Falih told an international forum that the proposed new fund "is simply one indication of this determination and the bold steps being taken" to reorient the economy of the world's biggest oil exporter.

Since 2014, global oil prices have collapsed by about half, accelerating Saudi efforts to move away from petroleum, which still accounts for the bulk of government income.

Falih told the KAPSARC Energy Dialogue that in the past the kingdom had not implemented diversification policies "as efficiently as we should have."

Vision 2030—a wide-ranging plan released in April—was a "proactive response" to build a diversified economy led by the private sector and with international investments providing alternative revenue sources, he said.

At the heart of the Vision is a plan to float less than five percent of the state oil company, Saudi Aramco, on the stock market to help create the world's biggest state investment fund.

Under the non-binding agreement reached with SoftBank in October, the kingdom's contribution to the new fund could reach \$45 billion.

SoftBank said it hoped to raise up to \$100 billion for the fund designed to invest in promising technology firms.

Although Saudi Arabia wants to seize opportunities in a world that will be increasingly technology intensive, Falih said the kingdom would not reduce the contribution of its traditional pillars of oil and gas, petrochemicals and mining.

It will rather be "enhancing the development of other industrial and

economic sectors to rebalance and accelerate the growth of the overall economy."

The kingdom projects a budget deficit of \$87 billion this year.

It has taken a series of austerity measures, including subsidy cuts, salary reductions and delays in major projects.

Two weeks ago, the kingdom's first international bond issue raised \$17.5 billion.

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