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**Russia, Saudi Arabia Sign Oil Pact, May Limit Output in Future**

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Saudi Arabia and Russia agreed on Monday to cooperate in world oil markets, saying they will not act immediately but could limit output in the future, sending prices higher on hopes the two top oil producers would work together to tackle a global glut.

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The joint statement was signed by the country's energy ministers in China on the sidelines of a Group of 20 summit and followed a meeting between Russian President Vladimir Putin and Saudi Deputy Crown Prince Mohammed bin Salman.

Russian Energy Minister Alexander Novak said the two countries were moving toward a strategic energy partnership and that a high level of trust would allow them to address global challenges. Saudi Energy Minister Khalid al-Falih said the agreement would also encourage other producers to cooperate.

Oil prices soared almost 5 percent ahead of a news conference by the two ministers, but pared gains to trade up 2 percent by 6.30 a.m. ET as the agreement yielded no immediate action.

"There is no need now to freeze production ... We have time to take this kind of decision," Falih said.

"Freezing production is one of the preferred possibilities, but it does not have to happen specifically today."

Even if the Monday statement was short on action, it marks a significant development in the Russia-Saudi relationship. The two countries have been effectively fighting a proxy war in Syria and Moscow also sees itself as a partner of sorts with Iran, Riyadh's arch-rival in the Middle East.

