



Saudi Arabia: Background and U.S. Relations

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Summary

The kingdom of Saudi Arabia, ruled by the Al Saud family since its founding in 1932, wields significant global political and economic influence as the birthplace of the Islamic faith and by virtue of its large oil reserves. Close U.S.-Saudi official relations have survived a series of challenges since the 1940s, and, in recent years, shared concerns over Al Qaeda-inspired terrorism and Iranian regional ambitions have provided a renewed logic for continued strategic cooperation. The ongoing political upheaval in the Middle East and North Africa is changing the dynamics of long-running reform debates in the kingdom. The full effect of these events on the kingdom and on U.S.-Saudi relations has yet to be determined. Official U.S. concerns about human rights and religious freedom in the kingdom persist, and some Members of Congress have expressed skepticism about Saudi leaders' commitment to combating religious extremism and sharing U.S. policy priorities in the Middle East and South Asia. However, Bush and Obama Administration officials have referred to the Saudi government as an important regional partner in recent years, and U.S. arms sales and related training programs have continued with congressional oversight. In October 2010, Congress was notified of proposed sales to Saudi Arabia of dozens of F-15 fighter aircraft, helicopters, and related equipment and services, with a potential value of \$60 billion. Contracts to implement those sales are now being signed.

At home, Saudi leaders are weighing a litany of economic and political reform demands from competing, energized groups of citizen activists. The prevailing atmosphere of regional unrest and increased international scrutiny of domestic political developments further complicates matters. Groups representing liberal, moderate, and conservative trends have submitted advisory petitions to King Abdullah bin Abdelaziz, and many recent reform statements refer to and echo past requests submitted to the king and his predecessor, the late King Fahd. Initiatives to organize nationwide protests have been met with some popular criticism and official rejection, while local protests over discrete issues occur sporadically. Some observers fear that public confrontations with unpredictable consequences may result from the apparent incompatibility of a ban on all demonstrations and the enthusiasm of different activist groups, including Shiite citizens of the Eastern Province, government employees, students, and relatives of prisoners and terrorism suspects. The Obama Administration has endorsed Saudi citizens' rights to free assembly and free expression. Saudi leaders reject foreign intervention in the country's internal affairs.

Since taking power in 2005, King Abdullah has created greater public space for domestic social reform debates and has promoted the concept of a strong national identity among Saudis in the face of a determined domestic terrorism campaign. He also has codified royal succession procedures, begun restructuring the justice system, and taken clear steps to exert stronger government control over religious authorities. Robust oil export revenues have strengthened the kingdom's economic position and provide Saudi leaders with significant financial resources to meet domestic investment needs and provide social benefits. In this context, the United States and Saudi Arabia continue to grapple with a core challenge identified by the 9/11 Commission in its final report: defining a broader bilateral relationship that "leaders on both sides are prepared to publicly defend." Current U.S. policy seeks to coordinate with Saudi leaders on regional issues and help them respond to domestic economic and security challenges. It remains to be seen whether U.S. initiatives and, more importantly, Saudi leaders' own reform efforts will enable the kingdom to meet the energy, education, employment, and security needs that its citizens face. Shared challenges have long defined U.S.-Saudi relations, but questions about political, economic, and social reform may become more pressing in light of the calls for political change that are now swirling around the kingdom.

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Assessment

September 2011 marked the passage of 10 years from a nadir in U.S.-Saudi relations resulting from the participation of many Saudi nationals in the planning and execution of the September 11, 2001, terrorist attacks on the United States. Since 2001, elements of both continuity and change have characterized U.S.-Saudi relations. Security cooperation continues to anchor official U.S.-Saudi relations as it has for decades, bolstered by new major arms sales, continued security training arrangements, enhanced counterterrorism cooperation, and shared concerns about potential threats posed by Iran and Al Qaeda. New joint efforts to build stronger economic, educational, and interpersonal ties are intended to broaden the basis of the bilateral relationship and help meet the economic demands and aspirations of the kingdom's young population.

To date, the Obama Administration, like its predecessors, has engaged the Saudi government as a strategic partner in efforts to promote regional security and global economic stability. Current U.S. policy initiatives seek to help Saudi leaders, under the leadership of King Abdullah bin Abdelaziz, address key domestic economic and security challenges. It remains to be seen whether these U.S. initiatives and, more importantly, Saudi leaders' own choices will enable the kingdom to meet the energy, education, employment, and security needs that its citizens face as they look to the future. These efforts may take on new importance in the years ahead, since significant shifts in the political and economic landscape of the Middle East have focused international attention on Saudi domestic policy issues and reinvigorated debates among Saudis. Sensitive issues such as political reform, unemployment, education, human rights, corruption, religious freedom and extremism are likely to remain high on the U.S.-Saudi policy agenda, even as the kingdom's increasing regional and global clout adds new dimensions to the diplomatic relationship.

The Administration believes that Saudi Arabia remains stable, and credits King Abdullah's government with taking a relatively more responsive and transparent approach to citizens' concerns than his predecessors. Nevertheless, decision making in the kingdom reflects consensus among a closed elite. The government seeks to manage demands for improved economic opportunities and social conditions while security forces monitor and tightly limit political activity. The large scale of new social spending programs announced by the government to respond to popular demands during 2011 suggests that the kingdom's domestic policy challenges are considerable in scope.

In the coming years, Saudi leaders are likely to continue to face complex questions about political consent, economic performance, and social reform while managing leadership transitions expected to transfer power from the sons of the kingdom's founder, King Abdelaziz, to his grandchildren. The recent deaths of long-serving Defense Minister and Crown Prince Sultan bin Abdelaziz and long-serving Interior Minister and Crown Prince Nayef bin Abdelaziz have invited increased attention to transition issues. King Abdullah and the Al Saud appear to have managed recent leadership transition decisions smoothly, and an Allegiance Council made up of senior family members has been established to make transition decisions after King Abdullah's reign ends. The Council is untested, but there are no clear indications that the royal family is poised to revert to the pattern of competition that characterized intra-family relations in the mid-20th century. Rather, the monarchy's ability to successfully manage relationships with competing interest groups in the kingdom is likely to determine the country's stability in the coming years, with direct implications for U.S. national security and economic interests.

Figure I. Map of Saudi Arabia



Source: Map Resources. Adapted by CRS. (March 2008)

Saudi Arabia in Brief

Population (July 2010): 25,731,776 (includes 5,576,076 non-nationals, 38% of national population is 14 years old or younger)

Population growth rate: 1.55%

Area: 1,960,582 sq.km. (756,985 sq.mi.); just over one-fifth the size of the United States

Ethnic groups: (native Saudis only) Arab 90%; Afro-Asian 10%

Religion: (native Saudis only) Sunni 85-95%, Shiite 5-15%

Literacy (2003): 78.8% (male 84.7%, female 70.8%)

GDP (purchasing power parity, 2010): \$622.5 billion; growth rate: 3.8%

External public debt (2010 est.): \$82.9 billion

Inflation (2010 est.): 5.7%

Unemployment (2010): 10.8% (Saudi males); some estimates range up to 25%

Sources: International Monetary Fund (IMF); U.S. Department of Commerce; CIA, *The World Factbook*; Economist Intelligence Unit; and Saudi Arabian Monetary Agency (SAMA).

Recent Developments

Arms Sales Move Forward as Training Programs Continue

In late December 2011, the Obama Administration publicly announced that Saudi Arabia had agreed to terms to proceed with a \$29 billion sale of advanced F-15 fighter aircraft to the kingdom after months of delay and speculation. On March 9, 2012, the Pentagon announced that Boeing had been selected for a \$11.4 billion contract to supply 84 new F-15s along with related systems and weaponry as part of the sale. Congress was notified of the proposed sale in October 2010, and Saudi Arabia received the formal letter of offer and approval for consideration in April 2011. Informed observers attributed the delay in the announcement to a combination of Saudi domestic and foreign policy considerations. These include the illness and subsequent death of long-serving Defense Minister Crown Prince Sultan bin Abdelaziz Al Saud (see below), and Saudi reevaluation of the proposal in light of the unrest in the region, the U.S. response, and political change in Egypt, Bahrain, and Yemen. The sale will perpetuate the reliance of the Royal Saudi Air Force (the elite military service in the country) on material and training support provided by the United States military and U.S. defense contractors.

Progress was also made in 2011 toward completion of other large outstanding sales, including 24 Apache helicopters valued at \$2.7 billion, and 12 MD-530 aircraft and 12 Apache and 24 Blackhawk helicopters at an approximate combined value of \$5 billion. The sales will guide the immediate future of the United States Military Training Mission (USMTM) in Saudi Arabia and the Saudi Arabian National Guard Modernization Program (PM-SANG), which have been active in the kingdom under special bilateral agreements since the 1950s and 1970s, respectively. Saudi purchases fund these programs. The sales, particularly the long-term F-15 program, are seen by decision makers on both sides as a symbolic commitment to sustained cooperation during a period likely to include generational change in the kingdom's aging leadership. As of June 2012, no legislation or amendments seeking to block or alter the arms sales had been introduced in the

112th Congress.¹ Public debates occurred in Finland and Germany during 2011 concerning proposed arms sales to Saudi Arabia.

Summary of Recent Fighter Aircraft and Helicopter Sales to Saudi Arabia²

Sale of 84 F-15SA fighter aircraft - Transmittal No. 10-43 (October 20, 2010)

- Sale includes 84 new F-15SA aircraft with related systems and armaments for the Royal Saudi Air Force.
- Includes upgrade to 70 F-15S fighter aircraft already in RSAF inventory to F-15SA configuration.
- Includes provision of training facility in United States and upgrades to existing Saudi military facilities.
- The estimated potential cost, if all options are exercised, is \$29.4 billion.

Proposed sale of AH-64D APACHE, UH-60M BLACKHAWK, AH-6i Light Attack, and MD-530F Light Turbine Helicopters - Transmittal No. 10-44 (October 20, 2010)

- Sale would include 36 AH-64D Block III APACHE Helicopters, 72 UH-60M BLACKHAWK Helicopters, 36 AH-6i Light Attack Helicopters, 12 MD-530F Light Turbine Helicopters, and related systems and armaments for the Saudi Arabian National Guard.
- Includes training, support, and U.S. Government and contractor engineering, technical, and logistics support services. Implementation would require “the assignment of approximately 900 contractor representatives and 30 U.S. Government personnel on a full time basis in Saudi Arabia for a period of 15 years.”
- The estimated potential cost, if all options are exercised, is \$25.6 billion.

Proposed sale of AH-64D Longbow Helicopters, Engines and Night Vision Sensors - Transmittal No. 10-45 (October 20, 2010)

- Sale would include 24 AH-64D Block III APACHE Longbow Helicopters, T700-GE-701D engines, night vision sensors and helmets, Hellfire missiles, and related systems for the Royal Saudi Land Forces. Also includes training and support services.
- The proposed sale “may require the assignment of an additional 35 U.S. Government and 130 contractor representatives to Saudi Arabia.”
- The estimated potential cost, if all options are exercised, is \$3.3 billion.

Proposed sale of AH-64D Longbow Helicopters, Engines and Night Vision Sensors - Transmittal No. 10-46 (October 20, 2010)

- Sale would include 10 AH-64D Block III APACHE Longbow Helicopters, T700-GE-701D engines, night vision sensors and helmets, Hellfire missiles, and related systems for the Saudi Arabian Royal Guard. Also includes training and support services.
- The proposed sale “may require the assignment of an additional 35 U.S. Government and 150 contractor representatives to Saudi Arabia.”
- The estimated potential cost, if all options are exercised, is \$2.2 billion.

¹ In the 111th Congress, some Members expressed concerns about the sales and received responses from the Obama Administration in a variety of channels. H.J.Res. 104 sought to prohibit the proposed sales pursuant to procedures provided for in the Arms Export Control Act (AECA), although the bill was not considered within the 30-day period outlined in the AECA.

² For further information on the proposed sales see Defense Security Cooperation Agency notification transmittal press releases available at http://www.dsca.mil/PressReleases/36-b/36b_index.htm.

Analysis of the current regional military balance presents a mixed picture. Saudi Arabia's importance to the global economy and the country's geography suggest the need for a strong national defense posture and deployable military forces capable of combined operations. Nevertheless, the profile of existing Saudi forces and the absence of an immediate, direct external threat from an enemy with advanced military capabilities raise questions among some observers about Saudi Arabia's need for specific technologies or weapons systems. Administration officials believe that the proposed improvement of Saudi Arabia's conventional military capabilities, particularly its fighter aircraft capabilities, will strengthen the kingdom's deterrent position vis-à-vis Iran, whose conventional air force is limited but whose unconventional warfare capabilities could threaten the kingdom. References to potential threats to Saudi security from Iran have persisted since the 1979 Iranian revolution, and have moved back into focus since the overthrow of Saddam Hussein's regime in Iraq removed what Saudi and U.S. military officials considered—after the Iraqi invasion of Kuwait in 1990—the other primary conventional military threat to Saudi security. In April 2010, the U.S. Department of Defense reported to Congress that

Iran maintains very sizeable military forces, but they would be relatively ineffective against a direct assault by well trained, sophisticated military such as that of the United States or its allies. At present, Iran's forces are sufficient to deter or defend against conventional threats from Iran's weaker neighbors, such as post-war Iraq, the GCC, Azerbaijan and Afghanistan, but lack the air power and logistical ability to project power much beyond Iran's borders or to confront regional powers such as Turkey or Israel.

At present, U.S. and Saudi officials also cite the residual effects of continuing instability in Iraq, Yemen, the Horn of Africa, and Pakistan as serious external threats to Saudi national security, while the threat of terrorism and the security of key energy infrastructure remain the principal domestic security concerns. Administration officials continue to refer to these threats in relation to the proposed sales but have not publicly commented in detail about how the proposed aircraft and helicopter sales would help Saudi Arabia address specific transnational and domestic security challenges.

U.S. Foreign Assistance to Saudi Arabia

The Obama Administration is seeking \$10,000 in International Military Education and Training assistance funding for Saudi Arabia in its FY2013 budget request. This nominal amount makes Saudi Arabia eligible for a substantial but undisclosed discount³ on the millions of dollars of training it purchases through the Foreign Military Sales program. The Administration argues that the discount supports continued Saudi participation in U.S. training programs and this participation supports the maintenance of important military-to-military relationships and improves Saudi defense capabilities. In recent years, Congress has enacted prohibitions on IMET and other foreign assistance to Saudi Arabia, and the Bush and Obama Administrations subsequently issued national security waivers enabling the assistance to continue. Saudi officials have been privately critical of the congressional prohibitions and prefer to avoid contentious public debate over U.S. foreign assistance, arms sales, and security cooperation.

³ The conference report for H.R. 3288 (H.Rept. 111-366) required the Administration to report to Congress within 180 days (by June 14, 2010) on the net savings this eligibility provides to Saudi Arabia and other IMET recipients.

U.S.-Saudi Trade

Saudi Arabia remained the largest U.S. trading partner in the Middle East in 2011. According to the U.S. International Trade Administration, Saudi exports to the United States were \$47.5 billion (up from \$31.4 billion in 2010 but below the 2008 figure of \$54.8 billion) and U.S. exports to Saudi Arabia are estimated at \$13.8 billion (up from \$11.6 billion in 2010). Comparable 2011 figures for Israel, the second-largest U.S. trading partner in the Middle East, were more than \$23 billion in exports to the United States and \$13.9 billion in imports from the United States. To a considerable extent, the high value of U.S.-Saudi trade is dictated by U.S. imports of hydrocarbons from Saudi Arabia and U.S. exports of weapons, machinery, and vehicles to Saudi Arabia. Fluctuations in the volume and value of U.S.-Saudi oil trade account for declines in the value of Saudi exports to the United States in recent years.

Succession Issues and Recent Leadership Changes

A complex interplay between seniority, competency, and intra-familial politics complicates efforts by outsiders to accurately predict the timing and direction of Saudi leadership transitions. Nevertheless, understanding the potential implications of transition scenarios is becoming increasingly important as Saudi Arabia enters a period of serial leadership change brought on by the advanced age of the senior members of the ruling Al Saud family. In October 2011, Crown Prince Sultan bin Abdelaziz, who had served as Minister for Defense and Aviation since the 1960s, died after a long illness for which he received treatment in the United States. The passing of Prince Sultan prompted the elevation of his full brother Prince Nayef, the long-serving Minister of Interior and Second Deputy Prime Minister, to the position of Crown Prince and presumed heir. A family Allegiance Council established by King Abdullah endorsed the king's elevation of Prince Nayef to Crown Prince, although outspoken reform advocate Prince Talal bin Abdelaziz resigned from the Council in apparent protest.⁴

Crown Prince Nayef travelled to Cleveland for unspecified medical tests in March 2012, and, after a brief return to the kingdom, he departed again in June to Switzerland, where he died on June 16. In the wake of the deaths of his two half-brothers,⁵ the king named Prince Salman bin Abdelaziz, the long-time governor of Riyadh, first as Minister of Defense and now as Crown Prince and Deputy Prime Minister.

Other changes have been made to the leadership of the important Interior and Defense ministries. The king elevated long-serving Deputy Interior Minister Prince Ahmed bin Abdelaziz to the leadership of the Ministry. In 2011, the king separated the civil aviation portfolio from the Ministry of Defense and dismissed Deputy Minister of Defense Prince Abdelrahman bin Abdelaziz.⁶ The king elevated late Prince Sultan's son Prince Khalid bin Sultan to the position of Deputy Defense Minister to replace his uncle.⁷

⁴ King Abdullah retains authority to appoint his successor, while the Allegiance Council he established will decide on the new king and crown prince after his death. Prince Nayef and Prince Salman have older brothers among the other living sons of the kingdom's founder, and while the elevation of a younger son over an older figure may be privately disputed it is not unprecedented.

⁵ Prince Salman and the late Princes Sultan and Nayef were full brothers.

⁶ Prince Abdelrahman is Prince Salman's elder full brother.

⁷ Prince Khalid bin Sultan served as a military commander and a key liaison with U.S. forces in the 1991 effort to (continued...)

Prince Khalid bin Sultan and several of his prominent cousins in the third generation of the ruling branch of the Al Saud family—the grandsons of the kingdom’s founder Ibn Saud—are assuming increasing leadership roles in the kingdom. The king appointed his son Prince Abdelaziz bin Abdullah as Deputy Foreign Minister in July 2011 and his son Prince Miteb bin Abdullah as Commander of the U.S.-trained and -equipped Saudi National Guard in late 2010. Other prominent figures among the next generation of Saudi princes include Assistant Minister of Interior for Security Affairs Prince Mohammed bin Nayef, National Security Council chief and former Saudi Ambassador to the United States Prince Bandar bin Sultan, Governor of Mecca Province Prince Khaled al Faisal, Governor of the Eastern Province Prince Mohammed bin Fahd, Governor of Najran Province Prince Meshaal bin Abdullah, Deputy Minister of Petroleum Prince Abdelaziz bin Salman, and investor and Kingdom Holding Company Chairman Prince Alwaleed bin Talal.

Figure 2. Crown Prince and Minister of Defense Salman bin Abdelaziz



Source: Arab News (Jeddah).

December Cabinet Reshuffle, Domestic Policy Priorities, Fiscal Picture

Late 2011 also saw a long-expected cabinet reshuffle that included some important economic portfolios intended to facilitate the job creation and economic reform agenda endorsed by the king. Several of the new cabinet appointees, including Minister for Commerce and Industry Tawfiq Al Rabbiah, Minister for Hajj Bandar Al Hajjar, and Minister of Economy and Planning Muhammad Al Jasser earned degrees in the United States. On the domestic policy front, the Saudi royal family continues to monopolize major decisions concerning responses to longstanding social and economic problems, including those related to education, employment, and housing. On top of record budgets laid out for both 2011 and 2012, the king launched a major additional spending program in early 2011 to mitigate economic tensions that some feared could fuel stronger calls from citizens for political change. Key components of this \$130 billion initiative include plans to build 500,000 new housing units, expand benefits and salaries for state employees, and create a temporary unemployment support program. The new plans mirrored Saudi efforts to respond to a series of massive floods that killed over 100 individuals in Jeddah, the main commercial and population hub in western Saudi Arabia. Floods in 2009 and 2011 produced considerable criticism of government investment in civil infrastructure and a lack of effective, transparent public management.

(...continued)

defend Saudi Arabia and expel Iraqi invasion forces from Kuwait.

Overall, Saudi state coffers are well positioned to support these programs for the short term based on years of higher-than-expected oil prices (for example, 2011 revenue was double the official budget projection). The \$184 billion budget for 2012 is based on an assumed oil export price of below \$80 per barrel, while market prices have exceeded that level all of this year. In spite of these recent trends, some experts on the kingdom's economy have recently projected that the Saudi government is set to run consistent budget deficits from 2014 onward. Additionally, the volume of oil consumed domestically may exceed oil exports by 2030 if domestic energy consumption patterns do not change (see below).

Oil Policy and Critical Infrastructure Protection

Saudi Arabia has completed a multiyear investment program that increased its oil production capacity to a potential 12.5 million barrels per day (MBD). In March 2012, Saudi Oil Minister Ali Naimi called the recent global oil price spike unjustified and indicated that the kingdom would move to bring more of its spare production capacity online.⁸ As of late May 2012, Saudi Arabia was producing close to 10 mbd and exporting 7.5 mbd. According to the U.S. Energy Information Administration, as of June 8, 2012, Saudi Arabia was the second-largest source of U.S. crude oil imports, about 1.5 million bpd of 9.1 million bpd gross U.S. imports, behind only Canada.⁹

As indicated above, some experts on Saudi Arabia's economy have forecast that rising domestic consumption of oil and natural gas in the kingdom may limit future export capacity and revenue, as well as the kingdom's ability to retain the sizeable spare production capacity expected by global markets.¹⁰ According to the Middle East Economic Digest, domestic electricity demand in Saudi Arabia is projected to nearly double by 2020. Some analysts have suggested that Saudi leaders could avoid the risks posed by this scenario by adopting "tough policy reforms in areas such as domestic pricing of energy and taxation, an aggressive commitment to alternative energy sources, especially solar and nuclear power, and increasing the Kingdom's share of global oil production."¹¹ Energy price increases and taxation are viewed as sensitive given the lack of popular representation in the kingdom's political system.

In addition, the U.S. government has embraced new Saudi efforts to invest in renewable energy technologies (as it did periodically in the 1970s and 1980s), and the potential for nuclear energy cooperation between the kingdom and the United States has been discussed, although the likelihood of a proposed bilateral nuclear cooperation agreement moving forward during 2012 remains uncertain.¹² The kingdom launched the King Abdullah City for Nuclear and Renewable

⁸ Guy Chazan, "Naimi calls high oil prices 'unjustified,'" *Financial Times* (UK), March 20, 2012.

⁹ Based on EIA data – "Weekly Imports & Exports" and "Weekly Preliminary Crude Imports by Country of Origin – Four Week Average," June 19, 2012.

¹⁰ Glada Lahn and Paul Stevens, *Burning Oil to Keep Cool: The Hidden Energy Crisis in Saudi Arabia*, Chatham House (UK), December 2011.

¹¹ Brad Bourland and Paul Gemble, "Saudi Arabia's coming oil and fiscal challenge," *Jadwa Investments* (Riyadh), July 2011.

¹² Saudi Arabia signed a Memorandum of Understanding on Civil Nuclear Energy Cooperation with the United States in 2008 in which it signaled its intent to forego domestic uranium enrichment or spent fuel reprocessing in favor of procuring nuclear fuel from market sources. It is unclear whether Saudi authorities remain committed to forgoing enrichment and reprocessing technologies nearly three years after the original memorandum with the United States was signed.

Energy in April 2010, to oversee the country's planned development of nuclear energy production and meet rising domestic consumption needs.

U.S. efforts to support Saudi critical infrastructure protection continue under the auspices of a bilateral agreement signed in May 2008. A Joint Commission on Critical Infrastructure and Border Security Protection serves as the bilateral coordination mechanism for State Department, Energy Department, and Defense Department engagement with Saudi counterparts. Initial joint security assessments have been completed, and U.S. advisory support is being provided on a contract basis via the Office of the Program Manager-Facilities Security Force (OPM-FSF) to the Saudi Ministry of Interior as it implements an initial five year development plan for the new Facilities Security Force.

Protests and Eastern Province Unrest

Efforts by some Saudis to organize nationwide demonstrations on March 11, 2011, failed in the face of strong government opposition, particularly a mass deployment of security forces. However, small gatherings of activists and public action by reform advocates and women's rights activists have continued sporadically. Certain gatherings, sit-ins, and protests have focused on security detainees in Saudi prisons and have been led by family members and colleagues of those detained, including female relatives. These gatherings have proven controversial insofar as some supporters of the detained are directly challenging the security and justice authorities with protests and public action. Organizations like Human Rights Watch report that political reform activists are among those being unjustly detained on security charges. Al Qaeda in the Arabian Peninsula released statements in 2011 criticizing the Saudi government for its treatment of female family members protesting the detention of their spouses and relatives on terrorism charges.

In March 2012, student demonstrations at King Khalid University in the southwestern province of Asir drew media attention to the sensitive question of the education conditions and employment prospects of Saudi Arabia's large youth population. King Abdullah has indicated that one of his top priorities is improving education as an investment in the kingdom's future, and these efforts have taken on new relevance in light of the youth-led uprisings that have swept across the region since early 2011. The demonstrations reportedly resulted in injuries to over 50 female students who were protesting conditions on the women's campus. Prince Faisal bin Khalid bin Abdelaziz Al Saud, the governor of Asir province, personally warned against further demonstrations, toured the campus and met with a select group of students, while many students and local observers remained critical of conditions and the government's handling of the situation.

Clashes and unrest have been more frequent in areas of the majority Shia Eastern Province, bringing Saudi domestic security concerns and foreign policy suspicions together in a potentially volatile mix. Since late 2010, dozens of civilians and police have been injured and several civilians have been killed in a series of protests, crowd control confrontations, and arrest raids in predominantly Shia towns and villages such as Awamiya and Qatif. These towns are located near important oil infrastructure. According to some human rights groups, more than 380 people have been arrested since the start of 2011 and as of January 2012, roughly 60 remained in custody. Some Saudi religious and security officials have implied that individuals responsible for using force against security officers are acting on orders from abroad, a thinly veiled reference to assumed Iranian interference.

In January 2012, the Interior Ministry issued warrants for 23 Shia activists wanted for questioning in relation to confrontations and protests. In February, the Saudi Ministry of Interior said in an

announcement that “it is the state’s right to confront those that confront it first ... and the Saudi Arabian security forces will confront such situations ... with determination and force and with an iron fist.” Shia activists deny any relationship with a foreign agenda and continue to speak out against what they see as discrimination at home and unwarranted Saudi intervention on the side of the Sunni government to suppress mostly Shia unrest in neighboring Bahrain. Reports of celebrations of the death of Crown Prince Nayef in Shia towns have added to sectarian tensions.

Reform and Women’s Issues

Since January 2011, upheaval in the Middle East and North Africa has reinvigorated preexisting debates on social and political reform in the kingdom. Some Saudis have embraced the current of change and activism, even as unrest in Egypt, Bahrain, Syria, Yemen and Libya has created concern about the security consequences of political confrontation. In spite of the new regional political atmosphere, the dynamics of Saudi reform debates remain consistent overall, even as pressure may be rising for and against domestic change in different issue areas. Saudi citizens continue to present leaders with a range of views from across the liberal and conservative spectrum on most social and economic issues.

In many cases, Saudis’ views conflict and often appear mutually exclusive. For example, while many Saudis welcomed the king’s announcement concerning the participation of women in the next session of the advisory Shura Council and in the 2015 municipal elections, some leading official religious clerics denied having been consulted and stated that they oppose the decision. It remains unclear whether the kingdom’s gender guardianship system, which requires women to document the consent of a male relative for most public actions, will apply to the candidacy and voting procedures for 2015. The confluence of social and economic challenges is illustrated by ongoing debates about the employment of women in the retail sector, where their work may involve contact with male customers and coworkers. This is opposed by religious conservatives.

As noted above, female students have shown a willingness to demonstrate and express demands. Women also staged protests by driving cars in defiance of restrictions in May and June 2011, prompting words of public support from Secretary of State Hillary Clinton. Similar protests planned for June 2012 were delayed following Crown Prince Nayef’s death, and women’s driving-rights activists have prepared a petition to King Abdullah. Saudi officials have repeatedly insisted that they reject outside interference in their domestic affairs and reform debates.

The Saudi royal family’s rationale for remaining reluctant to generally embrace populist uprisings abroad and calls for constitutional democracy at home is self-evidently driven by its concerns about preserving power. The government’s attempts to enforce a ban on public demonstrations and gatherings is likely to continue to produce episodes of tension and confrontation. As Saudi youth continue to see demonstrations and public expressions of dissent now common in several other Arab countries, the traditional logic of deference to authority and private consultation that has long governed political relations in the kingdom may begin to fray. Reform debates and Saudi responses to public political expression may highlight instances in which the kingdom’s leaders and the United States are on opposing sides of key political and social questions, such as the rights of individuals to free expression and free assembly.

Saudi Regional Policy

The trend of political upheaval that has prevailed in the Middle East since 2011 poses foreign as well as domestic policy challenges for Saudi Arabia's authoritarian monarchy. Saudi leaders have been forced to adjust some of their basic foreign policy assumptions and approaches to new regional realities created by leadership change in Egypt; protests in Bahrain; instability in Yemen; the collapse of the pro-Saudi Lebanese government of Saad al Hariri; and an ongoing cycle of protests and violent repression in Syria. Saudis are reassessing their persistent concerns about terrorism and Iranian regional policy in light of these developments. In early 2011, some expert observers argued that Saudi Arabia had responded to regional change by taking a distinctly "counterrevolutionary" posture. In support of their arguments, these observers pointed to Saudi support for the Supreme Council of the Armed Forces in Egypt and the deployment of Saudi military forces to support Bahrain's Sunni monarchy as they confronted predominantly Shia protestors.¹³

Other observers argue that Saudi support for Gulf Cooperation Council (GCC) initiatives on Libya and Yemen, and Saudi officials' calls for armed support for the Syrian opposition, demonstrate the willingness and ability of Saudi leaders to take a case-by case approach to managing, if not fully embracing, change. Some Saudi actions and stances, particularly with respect to Syria, Bahrain, and Yemen, also reflect sectarian and strategic competition with Iran for regional influence that, as discussed below, builds upon reported ongoing competition elsewhere in the region, notably Iraq and Lebanon. King Abdullah's suggestion of a union of the GCC countries may reflect all of these motives, presenting a bulwark against Iran and bolstering other monarchies with Riyadh's support.¹⁴

Iran

Saudi Arabia and the Islamic Republic of Iran are two important centers of gravity in the Gulf and their strategic and sectarian rivalry has been a defining factor in developments in the region for decades. Saudi officials often express concern about Iranian efforts to assert more power in the Gulf region and broader Middle East, while Iranian officials question Saudi relations with the United States and view the conservative Sunni ideology of Saudis as inherently hostile to Iran's Shia population and religious leadership. In spite of their differences and mutual suspicions, Saudi Foreign Minister Saud al Faisal bin Abdelaziz has publicly left open the prospect of GCC dialogue with Iran in recent years, although that prospect was weakened by the revelation in late 2011 of the alleged Iranian plot to assassinate the Saudi Ambassador to Washington. In December 2011, Crown Prince Nayef and Intelligence Director Prince Muqrin bin Abdelaziz met with Iranian Intelligence Minister Haidar Moslehi, presumably to discuss the allegations and regional security issues. In the months since, there have not been notable indications of any positive

¹³ These contending views and perspectives are summarized in a collected volume of essays available from the Project on Middle East Political Science entitled *Arab Uprisings: The Saudi Counter-Revolution*, August 9, 2011.

¹⁴ In his opening remarks at the recent GCC heads of state summit in Riyadh, King Abdullah cited shared security threats as a reason for the GCC to "move from a phase of cooperation to a phase of union within a single entity." Saudi Arabia has begun to discuss details of a proposed Gulf union with other GCC countries, although public reactions suggest that enthusiasm for the idea outside of Riyadh is lacking. The U.S. government is weighing options for bolstering security cooperation and coordination in the Gulf in the wake of the U.S. military withdrawal from Iraq amid continuing and possibly increasing tensions with Iran. In March 2012, the United States and the GCC inaugurated the U.S.-GCC Strategic Cooperation Forum, which is designed to provide a formal, regularized venue for discussion of regional security, counterterrorism, military partnership, and economic issues.

change in the relationship. Competing Saudi and Iranian policies toward Syria, Saudi suspicion of Iran's nuclear program, and unrest among Arab Shiites in Bahrain and Saudi Arabia contribute to an atmosphere of tension and mutual distrust, with security implications for the region and the United States.

Syria

Syria and Saudi Arabia have had strained relations in recent years, particularly following the assassination of the pro-Saudi former Prime Minister of Lebanon Rafiq Hariri during the Syrian occupation in 2005. The Saudi government has been a vocal critic of the Asad government's use of force against Syrian civilians since early 2011, and Saudi officials are widely assumed to favor the arming of Syrian opposition fighters. Some reports now suggest that arms and funding from unidentified third parties are now reaching some Syrian opposition groups. No public confirmation exists that definitively links Saudi Arabia or other Arab Gulf countries to such assistance. The U.S. government has continued to deny any involvement in weapons transfers and call on all sides, including rebels that may be receiving arms from U.S. allies to commit to a ceasefire. Saudi officials welcomed the adoption of United Nations Security Council resolutions 2042 and 2043 on Syria, and have been critical of the Syrian government's continued use of force and the perceived failure of the Special Envoy Kofi Annan's peace plan.

Saudi policy toward Syria is shaped by Saudi Arabia's rivalry with Iran for regional influence. Some Saudis view the short term outcome of Syrian crisis in zero sum terms, while others may be concerned that conflict or political change in Syria has the potential to destabilize Lebanon or Jordan or to empower Syrian Islamists. Saudi authorities have taken steps in recent weeks to limit fundraising activities by private Saudi citizens seeking to support the Syrian opposition. While the Saudi government may choose to offer similar official support, it remains wary of independent initiatives by its citizens that may empower extremists at home or abroad.

Bahrain

Saudi Arabia's military intervention in Bahrain in 2011 demonstrated the depth of its concern about the continuity of the Al Khalifah monarchy there, which many Saudi officials view as a bulwark against Iranian influence among the majority Shiite population of Bahrain and Saudi Arabia's Eastern Province. While sectarian concerns appear to be an important motivating factor in Saudi policy toward Bahrain, Saudi leaders also have an obvious desire to prevent a popular uprising from successfully targeting and overthrowing a family monarchy in a neighboring country. The United States generally shares Saudi concerns about the stability of Bahrain and the security of the Gulf region, but some Obama Administration officials and some Members of Congress likely differ with the Saudi government's forceful backing of elements of the Bahraini ruling family who are opposed to reform. For U.S. policy makers, Bahrain presents a series of complex dilemmas that link parallel desires to promote human rights and accountable government, maintain strategic relationships and military access, and preserve fruitful diplomatic and security partnerships with longstanding governments. U.S. comments and action with regard to Bahrain may be regarded by Saudi officials as indicators of U.S. commitment to maintaining relationships that have long prioritized government-to-government cooperation over people-to-people ties and human rights and democracy.

Yemen

In recent years, Saudi Arabia has been drawn more closely into the affairs of its problematic southern neighbor, as Yemen's government has struggled to defeat northern Al Houthi rebels amid continuing attacks from a resurgent Al Qaeda in the Arabian Peninsula. A Saudi military campaign against Al Houthi fighters along the border in 2009 exposed several weaknesses in U.S.-trained and supplied Saudi military forces, and the unrest in Yemen in 2011 raised the prospect of chaos that could directly destabilize the kingdom. In response, Saudi officials intervened forcefully to direct Yemeni President Ali Abdullah Saleh to accept the terms of a GCC-negotiated transition agreement. Whether the agreement will be implemented as planned remains unclear. Saudi authorities pledged \$3.25 billion in support to Yemen at the May 2012 Friends of Yemen conference in Riyadh. Details on the planned delivery and spending of the pledged funds are not yet available.

Instability in Yemen and the presence there of Al Qaeda in the Arabian Peninsula (AQAP) are of mutual concern to the United States and Saudi Arabia. Saudi Arabia has long sought to shape political and security conditions in Yemen as a means of preventing discrete threats from emerging on the kingdom's southern flank. Many Yemenis view Saudi involvement in Yemen—particularly Saudi patronage relationships with various Yemeni tribal groups—as an attempt to perpetuate divisions in Yemeni society and prevent a unified Yemen from threatening Saudi interests. At present, there appears to be significant U.S.-Saudi intelligence cooperation with regard to the AQAP threat. Unverified press reports suggest that Saudi intelligence services are using double agents to collect information and sabotage AQAP operations. AQAP's leadership and many of its senior operatives are Saudis who fled to Yemen after the failure of the 2003-2008 Al Qaeda campaign in the kingdom.

U.S. support for elements of the Yemeni military and counterterrorism services has resumed following a suspension that coincided with the 2011 uprising that led to the resignation of long-serving president Ali Abdullah Saleh. U.S. efforts seek to target senior AQAP personnel while bolstering the ability of Yemeni forces to retake territory in southern Yemen seized by an AQAP-affiliate militia known as Ansar al Shariah. While recent events suggest significant changes have occurred in Yemen, the core dilemmas facing the United States look very much the same as they have since Yemeni unification in the early 1990s. Saudi Arabia and the United States share an interest in eliminating transnational terrorist threats in Yemen, but may differ on their preferred ends and means with regard to the question of Yemen's long term stability and development.

Israel and the Palestinians

Many Saudi citizens and officials hold and express the view that the Israeli-Palestinian conflict is the central policy problem in the Middle East region. Saudis often argue that the United States should support a solution to the conflict that adequately addresses various Palestinian and Arab concerns. The government of Saudi Arabia supports Palestinian national aspirations, strongly endorses Muslim claims in the Old City of Jerusalem, and has frequently criticized Israeli settlement building in the West Bank and Gaza Strip. Since the 1940s, Saudi-U.S. relations have been challenged repeatedly by stark differences of opinion over the Israeli-Palestinian question, with leaders on each side questioning the other's devotion to achieving a just peace and willingness to abide by stated policy commitments.

Unlike several other Gulf countries, Saudi Arabia has not established open trade or liaison channels for communication with Israel. Nevertheless, Saudi Arabia generally has supported U.S.

policy since the early 1990s by endorsing Israeli-Palestinian peace agreements; by joining with neighboring Gulf states in 1994 in terminating enforcement of the so-called secondary and tertiary (indirect) boycotts of Israel;¹⁵ and by adopting a more proactive approach to Arab-Israeli peacemaking and diplomacy. Saudi Arabia maintains the primary (direct) boycott.

In March 2002, then-Crown Prince Abdullah bin Abd al Aziz proposed a peace initiative calling for normalization of Arab relations with Israel following the conclusion of a comprehensive Israeli-Palestinian peace accord and the establishment of a Palestinian state. The 2002 initiative paralleled and built upon the August 1981 eight-point plan proposed by then-Crown Prince Fahd bin Abd al Aziz and subsequently endorsed by the Arab League. Continuing violence and political developments precluded further consideration of the 2002 Saudi proposal for several years.

On March 28-29, 2007, the heads of state of most of the Arab League countries met in Riyadh and reconfirmed their support for King Abdullah's peace proposal, as adopted by the Arab League in 2002. At the time, Saudi Foreign Minister Prince Saud al Faisal warned that if Israel rejects the Arab Peace Initiative, "they will be putting their future not in the hands of the peacemakers but in the hands of the lords of war."¹⁶ In response to Israel's 2009 military campaign against Hamas in the Gaza Strip, Saudi leaders sought to balance their commitment to conditional offers of peace and recognition to Israel with the demands of regional rivals and some Saudi citizens, clerics, and officials for a more confrontational approach to Israel.

By all accounts, King Abdullah remains committed to the terms of the peace initiative he put forward under the auspices of the Arab League in 2002, which calls for normalization of Arab relations with Israel following the conclusion of a comprehensive Israeli-Palestinian peace accord and the establishment of a Palestinian state. Saudi Arabia supports the international recognition of a Palestinian state and full Palestinian membership at the United Nations. A December 2011 Saudi cabinet statement "called on the international community to take a firm and united stand toward the Palestinian people's winning of their freedom, independence and their legitimate rights; to end the injustice they suffer, and to firmly pressure Israel to abandon the logic of force, opt for the choice of peace, and recognize the Palestinian people's right to establish their independent state with Al Quds [Jerusalem] as its capital in accordance with the resolutions of international legitimacy and international law."¹⁷

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¹⁵ See below.

¹⁶ David Blair, "Accept Peace Plan or Face War, Israel Told," *Daily Telegraph* (UK), March 28, 2007.

¹⁷ Saudi Press Agency, "Custodian of the Two Holy Mosques Chairs Cabinet Session," December 5, 2011.