

---

## Policy Brief #1

The Atlantic Council of the United States, The Middle East Institute,  
The Middle East Policy Council, and The Stanley Foundation

---

# US Challenges and Choices in the Gulf: Saudi Arabia

*This policy brief summarizes the discussion at the first in a jointly sponsored series of congressional staff briefings on "US Challenges and Choices in the Gulf." To receive information on future briefings, contact Elaine Schilling, program assistant, at e-mail [eschilling@stanleyfoundation.org](mailto:eschilling@stanleyfoundation.org).*

The September 11<sup>th</sup> terrorist attacks and their aftermath have not altered Saudi Arabia's fundamental importance in the international arena nor its importance to the United States. Saudi Arabia remains the source of much of the world's oil reserves, the site of the holiest places in Islam, and the crossroad of strategic lines of communication between Europe and Asia.

Nonetheless, the September 11<sup>th</sup> terrorist attacks, unprecedented in myriad ways, have severely strained US-Saudi relations. The facts that Osama Bin Laden and 15 of the hijackers were of Saudi origin and that Saudi Arabia supported the Taliban government in Afghanistan have produced a climate of mistrust and misunderstanding and placed a chill on business activity.

US-Saudi relations have witnessed past periods of friction, as during the 1973 Arab oil embargo, but communication and cooperation always resumed because of core common interests on both sides. The United States and Saudi Arabia are strategic partners with a record of close cooperation, especially with respect to ensuring the stable supply and price of oil on the world market. During the Cold War, Saudi Arabia played a key role in meeting a number of US foreign policy objectives, including assistance in the effort to expel the Soviet Union from Afghanistan.

The September 11<sup>th</sup> atrocities have sparked a debate in the United States about Saudi Arabia and the future of US-Saudi relations that revolves around the following three questions:

### **1. Is Saudi Arabia a Source or a Supporter of Terrorist Activity?**

It is true that Wahhabism, practiced and promoted by Saudi Arabia, is a particularly intolerant form of Islam. It is equally true that Saudi Arabia is a very "closed" society. However, to hold the Saudi general education and cultural systems responsible for generating the terrorism that originates in predominantly Muslim countries grossly oversimplifies the phenomenon of terrorism, which is the product of a multitude of root causes.

There is no credible evidence to support the allegations of some commentators that the government of Saudi Arabia has directly funded terror organizations. During the 1970s and 1980s, Saudi Arabia did provide financial assistance to a number of Arab Islamist groups. However, during the 1990-1991 Gulf crisis, Saudi authorities discovered that some of these groups had turned out to be a "bad investment" in that they opposed the coalition effort against Saddam Hussein. Saudi Arabia subsequently

clamped down on financial networks supporting these groups and took a number of other steps to counter Islamist extremism (including arrests and revocations of citizenship). Funding for Islamists in Central Asia and South Asia (including the Taliban) continued through the 1990s; it did not seem at the time to be menacing, either to Saudi authorities or to their American counterparts. And there is a widespread presumption that Al Qaeda and its associated organizations did receive substantial sums of money from private Saudi sources.

## 2. Is Saudi Arabia a Reliable or Even an Indispensable US Strategic Partner?

This question cuts to the heart of three issues: the stability of the Saudi regime, the distinctive assets of the Saudi state, and the political will of Saudi authorities to cooperate with the United States as evidenced by their recent conduct.

*Stability:* Saudi Arabia faces economic, social, and political challenges that require attention. However, since 1995, the Saudi government has taken significant steps to mitigate problems of unemployment, education, and diversification of the economy. The Islamist opposition in Saudi Arabia has not proven to be the monolithic force that Osama Bin Laden might have hoped for. The Islamists' reactions to the September 11<sup>th</sup> terrorist attacks and to Saudi policies since that time appear split. Immediately after the attacks, the Saudi *ulema* (clergy) issued a series of religious pronouncements declaring that neither suicide nor the killing of non-combatants is permissible in Islam. These authoritative statements echoed those of Saudi government officials who, in any case, control the top of the religious bureaucracy.

*Saudi Assets:* The most important of the Saudi state's distinctive assets is its oil, and Saudi oil policy is thus of key concern to the United States. Saudi Arabia today, as in the past, is a crucially important player in the global oil market. This market consists of two main consuming regions (the Atlantic and Asia-Pacific) and one main producing region (the Middle East). Saudi Arabia, with its substantial oil reserves and excess production capacity, occupies a central place among global oil producers. Russian oil is simply no substitute for Saudi oil, in part because the poor extraction technologies used in the Soviet period have degraded the remaining reserves, which do not match Saudi's in any event. Nor can oil from the Caspian region, even when multiple pipelines are constructed, replace Saudi oil. Yet, it is also important to recognize how and why Saudi Arabia's oil policies have changed in recent years. In 1996, mounting domestic economic problems and the rapprochement with Iran led Saudi Arabia to support higher oil prices. However, Saudi Arabia seems prepared today to defend a lower price of \$20 per barrel, partly to maintain its own competitive market position, and also to contribute to the war against terrorism.

*Cooperation on Regional Issues:* It is instructive to look at Iraq. The Saudis have a "blood feud" with Saddam Hussein. They were appalled when, after the Gulf War, the Iraqi regime did not fall. They were less concerned than were some US officials about the prospect that, had the 1991 uprisings succeeded, this would have led to chaos in Iraq and/or Iranian influence over the southern part of that country. Saudi sympathy for the misery and suffering of the Iraqi people should not be misconstrued as opposition to US policy.

**3. What Steps Should the US Take to Maximize the Benefits of Its Relationship With Saudi Arabia?**

- Define the relationship as a strategic partnership based on common interests, rather than as a friendship based on common values.
- Focus the partnership on common security interests and tangible issues.
- Strike a balance between exhorting Saudi authorities to institute political reforms (i.e., to democratize) and pressuring them to crack down on potentially destabilizing opposition elements.
- Encourage further development of the private educational system, rather than wholesale changes in the religious curriculum of the public educational system.
- Maintain a continuous dialogue on oil price levels and price stability.
- Urge financial transparency so as to track the activities of social and charitable organizations outside the country and counsel restraint on *dawa* (social service) and proselytizing activities abroad; develop, in consultation with Saudi Arabia, a revised policy toward Iraq, specifically with respect to the Iraqi opposition.

---

*This summary was prepared by Dr. John Calabrese of The Middle East Institute. The views expressed in this policy brief do not necessarily represent those of the sponsoring organizations. For more information on these organizations, visit their websites, listed below.*