



The Future of the U.S.-Saudi Relationship

By John Derks

University of Central Florida

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A word from the Director:

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Among the Program's offerings is an array of student research and internship opportunities. This includes providing qualified students an opportunity to conduct independent research. This paper is part of a series of student research publications. The views expressed in this publication are entirely those of the author, and do not necessarily reflect the views of the staff, officers or advisors of the University of Central Florida's Prince Mohammad Bin Fahd Program for Strategic Research and Studies or Department of Political Science Department.

We are proud to publish this paper, which was written by recent UCF graduate John Derks. John, who graduated with honors with a Bachelor of Arts in Economics, was an undergraduate fellow with the PMBF Program in Spring 2017. Previously, he interned with the UCF Global Perspectives Office, where he researched African development issues. John studied abroad in Rome, Italy, during the summer of 2016 and is currently studying in Lyon, France. He plans to attend graduate school and pursue a master's degree in Political Science, specializing in Africa.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Dumke'.

David Dumke
Director

Background

The conventional narrative of the U.S.-Saudi relationship has for many years consistently been described as an exchange of Saudi oil for American security. According to this narrative, the security of oil in the Gulf region depends on its major producer, Saudi Arabia, maintaining political order. This defines Saudi Arabia's "special" relationship with its most important ally, the United States. U.S. President Franklin D. Roosevelt drew the basic outlines of this relationship in 1943 by combining Saudi Arabia's oil and the interests of American companies in exploiting it into 'a vital strategic interest to the United States' (Conge & Okruhlik, 2009). For more than 70 years, the United States and the Kingdom of Saudi Arabia have enjoyed an exceptionally close relationship, sharing common interests that encompassed economic, political, and military spheres.

American oil companies helped build the desert Kingdom into the world's leading petroleum exporter and a major source of oil for the U.S. market, while simultaneously designing much of Saudi Arabia's extraordinary industrial development. The industrial cities of Jubail and Yanbu were designed by Bechtel – the largest civil engineering and construction company in the United States— and the Saudi Industrial Development Fund was organized by Chase Manhattan Bank in the United States (Seznec, 2005). The Saudi electric grid uses U.S. standards and was largely designed by Stone and Webster, an American engineering company. The the largest petrochemical joint ventures are between the Saudi state-owned Sabic, ExxonMobil, and ChevronTexaco (Seznec, 2005).

The U.S.-Saudi relationship strengthened during the Cold War, as the Saudi saw the U.S. as a defender against Soviet proxies in Egypt, Syria, and South Yemen, while the U.S. viewed Saudi Arabia as a bulwark against communism (Seznec, 2005). As early as 1947, President Harry Truman's pledge to Saudi King Abdulaziz that the U.S. would protect the territorial integrity and political independence of the Kingdom became the basis for the 1951 mutual defense assistance agreement, under which the U.S. provided military equipment and training for the Saudi armed forces. In return, the Ibn Saud made their territory and military facilities available to U.S. forces for the protection of the House of Saud against domestic and regional threats, while also importing billions of dollars' worth in arms from the U.S.

The close relationship became severely strained in the aftermath of the 9/11 attacks. The old trust, which preserved over a 58-year period, had all but vanished when it was discovered that 15 of the 19 hijackers who participated in the attacks were Saudi nationals, while the mastermind, Osama bin Laden, hailed from one of the Kingdom's most prestigious families (Ottaway, 2009). Many Americans maintain that the Saudi government was involved in the 9/11 attacks, despite the 9/11 Commission finding no evidence of senior-level or institutional Saudi support (Al-Faisal, 2006). In 2016, the U.S. Senate even passed a bill named the "Justice Against Sponsors of Terrorism Act" (JASTA) that would allow Americans to sue the government and private citizens of Saudi Arabia in U.S. courts over their alleged support of terrorism.

Since 9/11, the Al Saud have become more assertive in pursuing their own interests due to growing doubts about the reliability of their American partners. While the Saudi government

grapples with determining how close to the United States it wants, or can afford, to be, it seeks to build ties with other countries should its relationship with the U.S. deteriorate. Saudi Arabia is seeking to forge partnerships with China, India, Europe, and strengthen its ties with regional powers such as Turkey and Pakistan, and has taken more control from Washington in determining its foreign and defense policies (Ottaway, 2009).

However, common geopolitical interests and the business relationship between the United States and Saudi Arabia remain substantial and lasting assets to U.S.-Saudi relations. The U.S. and Saudi Arabia continue to cooperate in countering Iranian influence in the region, fighting the Islamic State, negotiating oil production levels, and combating terrorism. Ultimately, the U.S.-Saudi alliance will persist due to Washington's belief that the Al Saud will cooperate with – rather than confront – the United States more than any successor regime.

Regional Interests

While the U.S. and Saudi Arabia share common regional interests, they have different priorities – most prominently being disagreement on how to respond to Iran's growing influence in the region. The Obama Administration's priority in the region was to roll back and eliminate jihadist groups, specifically ISIS and al-Qaeda, and prevent Iran from acquiring a nuclear weapon. After the Joint Comprehensive Plan of Action (Iran nuclear deal) was adopted in October 2015, Washington hoped to engage Tehran in regional diplomacy, specifically concerning Syria, as a prelude to normalizing relations. Saudi Arabia complained of not being included in the negotiations of the Iran deal, and has been sharply critical of its finalized version. In a meeting with U.S. defence secretary Robert Gates, King Abdullah, "wanted a full-scale military attack on Iranian targets, not just the nuclear sites" (Bremmer, p. 52). In Syria, though Obama repeatedly stated that President Bashar al-Assad must step down as part of a settlement to the Syrian civil war, he did little to make that happen.

While the Iranian regime focuses its hostile rhetoric almost entirely on Israel and the United States, neither have much a reason to fear Iran in the short run compared to Saudi Arabia. Therefore, Saudi Arabia's top regional priority is to roll back Iranian influence across the region. This entails directing Saudi resources not just against the Islamic State, but also the Iranian-backed Assad regime. The Saudi air force, which had initially joined the U.S.-led campaign against the Islamic State in 2014, turned its gaze to Yemen, where Iran is actively supporting terrorist groups and militias targeting the Al Saud and its allies. Iran is also the dominant influence in Lebanon, Syria, Iraq, and with Hamas in Gaza. According to the Stockholm International Peace Research Institute, the Kingdom's military spending has totaled nearly \$500bn over the past 25 years, most of which came from U.S. defense contractors.

With the new Trump administration, U.S. and Saudi regional interests seem to be realigning. During the 2016 American presidential campaign, then-candidate Trump's rhetoric towards Iran was highly belligerent. Trump voiced strong opposition to the Iran deal, and some of his top advisers have called Tehran a "chief threat" to American security (Ryan & Gearan, 2017).

In March 2017, Defence Secretary James Mattis sent a memo to National Security Advisor H.R. McMaster, in which Mattis said that “limited support” for Saudi and Emirati operations in Yemen would help combat a “common threat” (DeYoung & Ryan, 2017). If the request is approved, it would mark a significant policy shift for the U.S. in the region, as the U.S. has primarily focused its efforts on combating al-Qaeda’s affiliate in Yemen (AQAP). In addition, Secretary of State Rex Tillerson approved the resumption of the sale of roughly \$390 million worth of precision guided munitions to Riyadh in early March 2017, which were halted under the Obama administration over concerns of excessive civilian casualties (Ryan & Gearan, 2017). On April 6th, 2017, Trump ordered the firing of 59 tomahawk cruise missiles on the Shayrat airfield in Syria in response to Assad’s use of sarin gas on civilians. Taken together, these developments indicate a convergence of U.S. and Saudi regional interests. During President Trump’s May visit to Riyadh, it was reported that the two nations agreed on a new, \$350 billion arms deal – though the details of this remain unclear.

When protestors toppled Egyptian President Hosni Mubarak during the 2011 Arab Spring, the Saudis, having lost one of their most reliable partners, Saudi Arabia blamed the United States for abandoning their loyal ally. They reacted by strengthening other states in the Gulf, sending troops into Bahrain in support of the Sunni leadership against an uprising by its Shiite-majority population. The Saudis, despite scant evidence, continue to blame Iran for provoking unrest among Shiites in the Gulf region, including in Saudi Arabia’s Shiite-dominated Eastern Province (Gause III, 2016).

President Barack Obama had frosty relations with the Egyptian President Abdel Fattah el-Sisi, and never invited him to the White House. Now, President Sisi reportedly has high hopes for improving bilateral relations through engagement with the Trump Administration. During the 2016 U.S. presidential campaign, then-candidate Trump tried to differentiate his approach to Egypt from then-President Obama by praising Sisi and vowing to strengthen the bilateral relationship if elected. How U.S.-Egyptian relations may improve beyond their leaders’ mutual admiration is the subject of much speculation.

During President Sisi’s visit to the White House on April 3rd, 2017, it became clear that for both leaders, counterterrorism makes the heart grow fonder. On the Sisi administration’s wish list include, among other things, a resumption of certain major U.S. arms sales to Egypt which were suspended and then recast in 2013 under the Obama administration, an overall increase in U.S. aid, and the designation of the Muslim Brotherhood as a terrorist organization by the U.S (Sharp, 2017). The Trump Administration may want Egypt to increase its counterterrorism and counterinsurgency efforts in the Sinai Peninsula, play a more active regional role in the Israeli-Palestinian peace process, and participate in a new collective security bloc of Arab states (Sharp, 2017). The fulfillment of any of these expectations would also improve U.S.-Saudi ties.

Counterterrorism Cooperation

Counterterrorism has become an increasingly important cause for cooperation between the U.S. and Saudi Arabia. Both Washington and Riyadh are intent on ensuring that the flow of

Saudi oil to international markets remains uninterrupted by terrorist groups, that the Kingdom remains politically stable, and that no more Saudi nationals carry out terrorist attacks inside the United States. Since al-Qaeda began launching attacks inside Saudi Arabia in May 2003 with the Riyadh compound bombings, the U.S. and Saudi governments have worked closely together on counterterrorism efforts.

Two Joint Task Forces have been created between the Saudi and U.S. governments – one to cut off sources of terrorist funding and another to find and apprehend terrorists themselves (Al-Faisal, 2006). Experts from both governments exchange real-time intelligence to prevent or thwart terrorism, while the Federal Bureau of Investigation and Department of Treasury work with Saudi financial experts on charity, banking, and money laundering to prevent sources of funding from reaching terrorist groups (Al-Faisal, 2006). Indeed, the results of these efforts have been impressive. Among the successes that have been made public include a tip from Saudi intelligence in 2010 that uncovered a plot to send explosives from Yemen to the U.S. by courier. In 2016, collaboration between the U.S., Lebanon, and Saudi Arabia led to the arrest of Ahmed al-Mughassil in Beirut, the mastermind behind the 1996 Khobar Towers bombing in Saudi Arabia. Counterterrorism cooperation remains a strategic feature of the relationship both sides have benefitted from and are keen on maintaining.

While the threat of homegrown Islamic extremism in the United States has become a serious perceptible threat for many, the reality is that terrorist attacks on the scale of the 2015 San Bernardino attack to the 2016 Orlando nightclub shooting are few and far between, and do not pose an existential threat to the state. Unfortunately, terrorism, particularly “Islamic” terrorism, causes a disproportionate response in the form of the restriction of freedoms in the United States, stigmatization of Muslims and the perversion of the political and social landscape. For Saudi Arabia, homegrown Islamic extremism poses a serious threat to the stability of the Kingdom and has come to threaten the lives of the Al Saud themselves through assassination attempts— such as in 2009 when Crown Prince Muhammad bin Nayef narrowly escaped an assassination attempt by a homegrown terrorist. For the Al Saud, their belief that Islamic extremism is one of two major threats facing the Kingdom can be justified.

Washington’s biggest beef with Saudi Arabia stems from the Kingdom’s support for the fundamentalist Wahhabi (“Salafi”) interpretation of Islam. This argument is well founded. Wahhabism is seen by many American as highly intolerant and puritanical, and Saudi Arabia, enabled by the oil boom of the 1970’s, has spent billions of dollars promoting it across the world (Gause III, 2016). The Salafism/Wahhabism that Saudi Arabia began exporting to the Muslim world in the 1970’s was politically passive, admonishing believers to accept their governments as long as they at least claimed to be Muslim (Gause III, 2016).

This proselytizing was part and parcel of Saudi foreign policy, in part to counter the threat of communism and radical political ideologies. As such, Saudis support of these causes was encouraged by Washington. However, during the U.S. and Saudi-supported jihad against the Soviet Union in Afghanistan, control over direction of Salafism/Wahhabism weakened. Some groups morphed into revolutionary movements that employed violence as a necessary political

tool. In time, their violent ideal would congeal into identifiable organizations both al-Qaeda and the Islamic State.

No amount of U.S. pressure on Saudi Arabia will change the course of the Salafi-Wahhabi movement because Saudi Arabia has not been able to control it since the 1980s (Gause III, 2016). Some contend that now that the ‘genie is out of the bottle’ – that it is impossible to control. Furthermore, from the 1990’s onwards, the movement has trained its sights on the Al Saud themselves. Some Wahhabis in Saudi Arabia despise the Al Saud because of their close relationship with the U.S. and the condemnations from official Saudi clerics for their ‘deviations from the true path’. With this, the Saudi leadership has come to recognize that their support for extremism has metastasized into a serious threat to both the House of Saud and to the West. “We did not own up to it after 9/11 because we feared you would abandon or treat us as the enemy,” one Saudi senior official conceded. “And we were in denial” (Politico, 2016). This new frankness is aimed at grappling with their country’s past as part of the leadership’s effort to enact ‘Vision 2030’, a far-reaching economic reform program designed to give the country a sustainable future. Among the reforms detailed in Vision 2030 include provisions that would crack down on institutional extremism.

Energy

Russia is now the world’s biggest producer of crude oil at 10.25 million barrels per day (b/d), followed Saudi Arabia at 10.05 million b/d, and the United States at 8.75 million b/d (Carpenter, 2017). The United States is also the world’s largest producer of petroleum and natural gas due to the deployment of fracking to extract shale gas, contributing to their recent dramatic fall in net energy imports, from 30% of energy use in 2005, to 10% in 2014 (World Bank). In addition, U.S. Energy imports from Canada (43%) have risen to triple the amount from Saudi Arabia (14%) in 2015 (EIA).

In late 2012, the International Energy Agency predicted that the United States will become the largest global oil producer by around, 2020, with North America poised to become a net exporter of oil around 2030 (World Energy Outlook, 2012). Saudi Arabia, for its part, has diversified its oil export markets to other countries such as China, India, and other parts of Asia (MIT). The Saudi government is also investing heavily in solar and nuclear energy. In 2011, the Saudi government laid out plans to build 16 nuclear reactors over the next two decades at a cost of ~\$7bn each (House, 2012). The first two reactors are planned to be running within ten years, followed by two more each year until 2030, the goal of which is to provide for 20% of the nation's electricity demand (Bahgat, 2013). In 2016, the Saudi government announced plans to install 9.5 gigawatts of solar energy under its Vision 2030 program (Dipaola, 2016). Thus, Saudi Arabia and the U.S. are less reliant on their respective energy markets than they once were.

Critics in the U.S. foreign policy establishment argue that increased U.S. energy independence has made the U.S.-Saudi alliance unnecessary. In fact, at the beginning of the relationship in the early decades of the Cold War, the U.S. did not import any oil from Saudi Arabia (Gause III, 2016). Yet oil is a commodity, and its price is set by the market. Saudi Arabia

isn't necessarily important to the U.S. because it needs Saudi oil, but because the Kingdom is the international swing producer at the head of the oil cartel OPEC. More than any other global player, Riyadh can greatly shape supply, thus influencing price. While U.S. shale producers have largely been responsible for the recent collapse in global oil prices, it might seem that U.S. shale production is inimical to improving U.S.-Saudi ties. Gawdat Bahgat of Washington's National Defense University argues that the U.S. shale boom helps encourage technology and policy choices that will lock in demand for oil by pushing concerns about the security of supply into the background – a development that would be beneficial to any economy dependent on oil exports (Bahgat 2013).

Thus, even if the U.S. is no longer dependent on Saudi or foreign oil per se, it is still affected by Saudi influence on price and international supply. Further, sustaining a working relationship will mean that Saudi Arabia will at least listen to U.S. arguments when it comes to adjusting production levels. If, as many suspect given the opaqueness of the Saudi oil industry, the Kingdom's oil reserves are rapidly being depleted while production is on the decline, the consequences for the world economy, and the Al Saud, would be dramatic. In terms of the U.S.-Saudi bilateral relationship however, a decline in oil production would not automatically trigger a reduced American commitment to the Kingdom's security. Rather, the nature of the relationship will continue to change, shifting from one based on the exchange of oil for security, to one based on security for security.

The Future

The fact that such disparate societies such as Saudi Arabia and the United States have found a way to maintain such a durable bilateral relationship, even after the 9/11 attacks, leads one to believe that their mutual interests in regional stability, counterterrorism, and energy markets are incredibly strong. Nonetheless, there are steps that can still be taken outside of these channels to improve the U.S.-Saudi bilateral relationship.

The United States can prove it is serious about negotiating a peace settlement to the Arab-Israeli conflict, perhaps by endorsing the Arab Peace Initiative proposed by then-Crown Prince Abdullah of Saudi Arabia. The United States can move to repeal JASTA – an unfounded action that remains a bone of contention. In future regional negotiations, the U.S. might find it useful to include Saudi Arabia in diplomatic talks to avoid the criticism that arose after the Iran deal was finalized. The Trump Administration should also avoid Obama's mistake of encouraging the Saudis to "share" the region with Iran, as Saudis interpret this as an effort to consolidate Iranian gains at the expense of Riyadh and its allies. Finally, the United States should support Deputy Crown Prince Mohammad bin Salman's Vision 2030 initiative to the extent it can – whether it be with know-how, technology, or other resources.

Saudi Arabia can agree to participate in a collective security bloc of Arab states, perhaps through a new coalition or by reforming the Gulf Cooperation Council to become a security structure rather than a largely diplomatic bloc. Saudi leadership should continue trying to

liberalize Saudi society, if not for U.S. and other foreign governments, then for improving the abysmal public perception of Saudi Arabia abroad.

The last argument made by critics against preserving the U.S.-Saudi alliance concerns the supposed fragility of the Saudi regime given their seemingly endless present and looming challenges, which some contend make Riyadh an unreliable long-term partner. Yet the Al Saud have survived serious challenges in the past, and there is very little evidence that their rule is in jeopardy. In fact, despite some problematic statistical indicators, very few credibly analysts expect the House of Saud to fall – a conclusion attributable to both the supreme realism of the Saudi leadership, and Washington.

U.S. and Saudi interests remain aligned on three critical issues: regional stability, energy markets, and counterterrorism cooperation. Because of their overriding importance, Washington is unlikely to reduce its support of, and alliance with, the Al Saud. It is hard to imagine a situation in which the U.S. becomes ambivalent about who rules Saudi Arabia. Perhaps the U.S. could be happier with a more pluralistic and less theocratic polity, but the possibility of new leadership espousing those values is unlikely to emerge from outside the House of Saud. More likely, alternatives to the Al Saud include radical fundamentalist rule, military control, or a decentralized state in which terrorism could thrive. Accordingly, Washington seems certain to continue to protect the House of Saud, however flawed, as the best bet to protect U.S. interests.

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