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Saudi Arabia: Current Issues and U.S. Relations

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SUMMARY

Saudi Arabia, a monarchy ruled by the Saudi dynasty, enjoys special importance in the international community because of its unique association with the Islamic religion and its oil wealth. Since the establishment of the modern Saudi kingdom in 1932, it has benefitted from a stable political system based on a smooth process of succession to the throne and an increasingly prosperous economy dominated by the oil sector. Decrees by King Fahd in March 1992 establishing an appointive consultative council and provincial councils and promulgating a basic law providing for certain citizens' rights could signal a gradual trend toward a more open political system.

The United States and Saudi Arabia have long-standing economic and defense ties. A series of informal agreements, statements by successive U.S. administrations, and military deployments have demonstrated a strong U.S. security commitment to Saudi Arabia. Saudi Arabia was a key member of the allied coalition that expelled Iraqi forces from Kuwait in 1991. Saudi Arabia hosted U.S. aircraft enforcing the no-fly zone over southern Iraq; between the two Iraq wars of 1991 and 2003; however, Saudi Arabia did not offer the use of its territory for major air strikes against Iraq in response to Iraqi obstruction of U.N. weapons inspections. Moreover, Saudi officials expressed opposition to the U.S.-led military campaign launched against Iraq in March-April 2003, although they reportedly permitted certain support operations by U.S. and British military forces, as well in addition to making some facilities available to them.

Bombing attacks against several U.S. operated installations in Saudi Arabia have raised some concerns about security of U.S. personnel and further security measures have been implemented. Saudi Arabia convicted and executed four Saudi nationals for carrying out a bombing in 1995. After extended investigations, on June 21, 2001, a U.S. federal grand jury indicted 14 members of Middle East terrorist organizations for a bombing in 1996, but none of them is in U.S. custody. A third bombing occurred on May 12, 2003, when suicide bombers attacked three housing compounds inhabited by U.S. and other western personnel, killing an estimated 34 people including as many as eight U.S. citizens.

U.S. officials have cited Saudi support in the aftermath of the September 11, 2001 attacks, including intelligence sharing, law enforcement activities, and tracking of terrorist financing. Some commentators maintain that Saudi domestic and foreign policies have created a climate that may have contributed to terrorist acts by Islamic radicals. Saudi officials reject this viewpoint and maintain that they are working with the United States to combat terrorism.

Other principal issues of bilateral interest include the Saudi position on the Arab-Israeli conflict, security in the post-war Gulf region, arms transfers to Saudi Arabia, Saudi external aid programs, bilateral trade relationships, and Saudi policies involving human rights and democracy. In early 2002, Crown Prince Abdullah proposed a peace initiative based on Israeli withdrawal from occupied territories in return for normal relations between Arab states and Israel.

MOST RECENT DEVELOPMENTS

On July 29, 2003, Saudi Foreign Minister Prince Saud al-Faysal called on the Bush Administration to release a classified section of a joint congressional report covering intelligence community actions before and after the terrorist attacks of September 11, 2001. The still-classified section reportedly described alleged Saudi links with persons involved in the attacks and indicated that senior Saudi officials channeled charitable gifts to individuals that may have helped fund the attacks. Prince Saud and other Saudi officials denied the allegations and asked that the classified section be released to enable the Saudi government to rebut the allegations. The Bush Administration refused on the grounds that disclosure could reveal U.S. intelligence sources and methods and might compromise the on-going investigation of the 9/11 attacks.

Members of Congress also requested release of the classified section, some of them expressing concern that the Bush Administration is trying to avoid publication of information that might embarrass Saudi Arabia. One Member called for replacement of the Saudi Minister of the Interior for failing to stop the flow of money to terrorist groups. At a hearing on July 31, two other Members asked the U.S. Treasury Department to provide a list of Saudi organizations investigated by the Treasury Department but not publicly named as terrorist entities.

BACKGROUND AND ANALYSIS

Current Issues

Oil and national security concerns have combined to produce a close and cooperative relationship between the United States and Saudi Arabia for much of the past century. Since the award of the first Saudi oil concession to a U.S. company in 1933, both states have had an increasing interest, respectively, in the marketing and acquisition of Saudi petroleum supplies. As regional threats multiplied in the latter half of the century, mutual concerns over the stability of Saudi Arabia and other moderate regimes in the Arabian Peninsula engendered a significant degree of defense cooperation. Saudi Arabia was a key member of the allied coalition that expelled Iraqi forces from Kuwait in 1991 and continues to host more than 5,000 U.S. military personnel, most of them from U.S. Air Force units that enforce the no-fly zone over southern Iraq (Operation Southern Watch). A range of issues, however, sometimes complicate U.S.-Saudi relations, as discussed below. Also, some commentators cite additional strains in bilateral relations since the September 11, 2001 attacks, but U.S. and Saudi officials continue to characterize ties between the two countries as excellent.

Reaction to September 11 Terrorist Attacks

The September 11, 2001 attacks kindled criticisms within the United States of alleged Saudi involvement in terrorism or of Saudi laxity in acting against terrorist groups. Commentators have pointed to the high percentage of Saudi nationals among the hijackers (15 out of 19). Others maintain that Saudi domestic and foreign policies have created a

climate that may have contributed to terrorist acts by Islamic radicals. Critics of Saudi policies have cited in particular a multiplicity of reports that the Saudi government has permitted or encouraged fund raising in Saudi Arabia by charitable Islamic groups and foundations linked to Osama bin Laden's Al Qaeda organization, which that U.S. government has identified as clearly responsible for the hijackings. An independent task force sponsored by the Council on Foreign Relations, in a report published in October 2002, asserted that individuals and charities in Saudi Arabia have been the most important source of funds for Al Qaeda for some years, and that "Saudi officials have turned a blind eye to the problem."

Saudi Arabia in Brief

Population (July 2002): 23,513,330*
(includes 5,360,526 foreign residents)
Growth rate: 3.27%
Area: 1,945,000 sq. km. (750,965 sq.mi.)
(almost 3 times that of Texas)
Ethnic Groups: (native Saudis only)
Arab 90% Afro-Asian 10%
Religion: (native Saudis only)
Muslim 100% (Sunni 85-95%; Shi'ite 5-15%)
Literacy (2002):
78% (male 84.2%, female 69.5%)
GDP: $173.0 billion (2000);
$155.2 billion (2001)
External Public Debt: $28.09 billion (Dec. 2000)
Domestic Debt: $166.6 billion (Dec. 2000)
Inflation (2001): 0%

*Some estimates are 15-30% lower

Sources: IMF; U.S. Dept. of Commerce; CIA World Fact

Saudi officials reject these criticisms and maintain that they are working closely with the United States to combat terrorism. In October 2001, the Saudi government announced that it would implement U.N. Security Council Resolution 1373, which called among other things for freezing terrorist related funds. In December 2001, the Saudi Embassy in Washington listed various measures the Saudi government had adopted to combat terrorist financing, including a requirement for all Saudi banks to have anti-money laundering units and the establishment of a program to monitor charitable organizations and bank accounts associated with prominent businessmen. After publication of the Council on Foreign Relations study in October 2002, the Saudi Embassy disputed the findings of the study, and listed several more steps by the Saudi government to combat terrorist financing: freezing dozens of bank accounts with suspected links to terrorists; implementing U.N. Security Council resolutions related to terrorist financing; working with the United States and other countries to block over $70 million in terrorist assets; auditing all charitable groups; adopting new guidelines to prevent terrorist use of legitimate charitable groups; requiring charities dealing outside Saudi Arabia to report their activities to the Saudi Foreign Ministry. Saudi officials also stated in August 2002 that they were interrogating 16 Al Qaeda members who had been extradited from Iran to Saudi Arabia. In the same vein, a Saudi report averred that the government has questioned 2,800 terrorist suspects and 200 are currently in detention.

U.S. government statements have generally complimented Saudi cooperation with the U.S. campaign against terrorism, while sometimes suggesting that the Saudi government could do more. The State Department in its most recent *Patterns of Global Terrorism* report noted that Saudi authorities were putting pressure on private agencies in the Kingdom to follow existing laws governing charitable contributions — these laws had not been scrupulously enforced in the past. More recently, on November 25, 2002, State Department spokesman Richard Boucher told reporters that the Administration has "made it clear again

and again we believe the Saudi response on matters involving the war on terrorism has been very strong." He specifically cited cooperation on law enforcement, intelligence, military aspects of the war on terrorism, and measures to block terrorist financing. In this connection, according to the U.S. Treasury Department, the United States and Saudi Arabia have worked together in jointly designating several entities as supporters of terrorism. White House spokesman Ari Fleischer was quoted in a *New York Times* article on November 26 as commenting that "Saudi Arabia is a good partner in the war on terrorism, but good partners can do more."

Lawsuits and Investments. According to press reports in mid-August 2002, families of more than 600 victims of the September 11 attacks have filed a suit in the U.S. District Court of Alexandria, Virginia against three members of the Saudi royal family, seven banks, and eight charitable organizations. The lawsuit, which also names Osama bin Laden, members of his family, and the government of the Sudan, seeks approximately $1 trillion in damages from these individuals or organizations for allegedly helping finance the Al Qaeda network. According to excerpts reported in the press, the lawsuit states that "the financial resources and support network of these defendants — charities, banks and individual financiers — are what allowed the attacks of September 11, 2001 to occur." Saudi media and business spokesmen have described the suit as an attempt to extort Saudi money deposited in the United States and exert political pressures on Saudi Arabia; some have called for withdrawing Saudi investments in the United States, estimated by one media source at $750 billion and another at between $400 and $600 billion. A London *Financial Times* article on August 21, 2002, quoted estimates that Saudi investors have withdrawn between $100 billion and $200 billion from the United States in recent months, but other sources quoted in the article expressed skepticism that a mass exodus of Saudi money is under way. According to an August 21 BBC newscast, a Saudi lawyer is planning to file a counter-suit against the U.S. government for detention of Saudi students in the United States after the September 11 attacks and publication of pictures in U.S. newspapers of Saudi citizens with alleged ties to Al Qaeda.

The July 2002 Briefing. On August 6, 2002, an article in *The Washington Post* described a briefing given by an analyst from the Rand Corporation on June 10, 2002, to the Defense Policy Board, a high-level advisory group that advises the U.S. Defense Department on defense policy. According to the article and to other media, the briefer asserted among other things that "Saudi Arabia supports our enemies and attacks our allies" and that "the Saudis are active at every level of the terror chain, from planners to financiers." Secretary of Defense Donald Rumsfeld told reporters on August 6 that the briefing represented the analyst's own opinion and went on to say: "It did not represent the views of the government, it didn't represent the views of the Defense Policy Board." State Department spokesman Phil Reeker told reporters that these views "do not reflect the views of the President of the United States or of the U.S. Government." He added that Secretary of State Powell made that clear in a telephone call to Saudi Foreign Minister Saud al-Faysal. Saudi Crown Prince Abdullah's foreign policy adviser described views expressed in the briefing as "pure fiction." According to media reports, however, these views have gained some currency among various commentators with ties to Administration policy makers.

Other Reports. In November 2002, news media reported that Princess Haifa, the wife of Saudi Ambassador to the United States Prince Bandar bin Sultan, had provided funds — approximately $100,000 according to one article — over a four-year period to a Jordanian

woman (married to a Saudi citizen) who was in need of medical treatment. The recipient, in turn, reportedly passed some of these funds to Saudi intermediaries with ties to two of the September 11 hijackers. On November 23 and 24, a senior policy advisor to Saudi Crown Prince Abdullah (the country's de facto ruler) said there is no evidence that Saudi Arabia provided money to the hijackers and that his government is determined to uncover all the facts; a Saudi Embassy officials said the Saudi investigation will probably be widened to scrutinize all gifts provided by the Embassy. Ambassador Bander told the *New York Times* on November 26 that Saudi Arabia is a partner with the United States in its anti-terrorism campaign, while his wife expressed outrage that donations to the needy were being linked to terrorism.

Joint Congressional Report. On July 24, 2003, the House and Senate Intelligence Committees released part of a 900-page report entitled Joint Inquiry into Intelligence Community Actions before and after the Terrorist Attacks of September 11, 2001 (S.Rept. 107-351; H.Rept. 107-792). The Bush Administration refused to allow the release of an approximately 28-page section of the report. According to press articles, persons who claim to have read the still-classified section of the report say it covers Saudi links with individuals involved in the September 11 attacks; specifically, this classified section reportedly states that senior Saudi officials channeled hundreds of millions of dollars to charitable groups that may have helped fund the attacks. Saudi officials, including the Saudi Ambassador to the United States, have denounced the report, maintaining that "Al Qaeda is a cult seeking to destroy Saudi Arabia as well as the United States. By what logic would we support a cult that is trying to kill us?" On July 29, in response to an urgent request from Saudi Arabia, President Bush met with Saudi Foreign Minister Saud al-Faysal, who called for the release of the still-classified section of the report to enable Saudi Arabia to rebut the allegations contained therein. President Bush refused to do so on the grounds that disclosure could reveal intelligence sources and methods to enemies of the United States and might compromise the on-going investigation of the 9/11 attacks.

Members of Congress have also requested release of the classified section, some expressing concern that the Administration is trying to avoid revealing information that might embarrass the Saudi government. One Member wrote the Saudi Ambassador to the United States, asking that Saudi Minister of the Interior Prince Nayif be replaced for failing to stop the flow of funds to terrorist groups. At a hearing on July 31, two Senators asked the U.S. Treasury Department for a list of Saudi organizations that had been investigated by the Treasury Department but not publicly named as terrorist entities. In the meantime, a team of U.S. law enforcement and intelligence officials plan to travel to Saudi Arabia on August 3 to confer with Saudi officials on counter-terrorism efforts.

Security in the Gulf Region

Containment Policies toward Iraq. Between the Gulf War of 1991 and Operation Iraqi Freedom in 2003, Saudi Arabia hosted U.S. Air Force units that conducted overflights to enforce a no-fly zone over southern Iraq. Although they did not usually object to small scale U.S. responses to Iraqi aircraft or air defense units challenging allied aircraft conducting these overflights, Saudi authorities were opposed to large-scale allied military action against Iraqi targets. On several occasions, Saudi Minister of Defense Prince Sultan has said his country would not permit allied aircraft to launch preemptive or major retaliatory campaigns against Iraq from bases in Saudi Arabia. In the aftermath of the September 2001

terrorist attacks, Saudi authorities expressed concern over any expansion of the U.S. campaign against terrorism to Iraq or Iran. In comments published on August 7, 2002, Saudi Foreign Minister Prince Saud al-Faysal reiterated this position, and said the Saudi government does not want allied forces "to use Saudi grounds" for any attack on Iraq. On September 16, he commented that if the U.N. Security Council adopts a resolution authorizing military force, then "everybody is obliged to follow through." Later, on November 4, he told CNN that Saudi Arabia would abide by the decision of the U.N. Security Council, but "as to entering the conflict or using facilities ... that is something else."

Subsequent press reports continued to quote ambiguous and sometimes apparently contradictory statements by Saudi officials regarding allied use of Saudi air bases in the event of a war with Iraq. Saudi Foreign Minister Prince Saudi al-Faysal told reporters on November 19 that use of Saudi bases is "a sovereign decision ... and I'm not going to speculate on how we're going to decide." According to the press (*The Washington Post*, November 17, 2002), U.S. officials believe Saudi officials would rule out a large presence of U.S. ground troops but would allow U.S. forces to use a command center in Saudi Arabia and permit use of Saudi air space by U.S. military aircraft. A *New York Times* article of December 29, 2002 quoted U.S. military officials as saying that they have obtained Saudi agreement to Saudi permission to conduct refueling, reconnaissance, surveillance, and transport missions from bases in Saudi Arabia. Saudi officials, however, described the report as incorrect. On January 7, 2003, the Saudi Foreign Minister told reporters that "[i]f the United Nations asks Saudi Arabia to join, depending on the material breach that they show and depending on the proof that they show, Saudi Arabia will decide." He went on to say that "even if the United Nations decides on war, we want them to give us a last chance to exert efforts for peace."

A *Washington Post* article on February 26, 2003, quoted U.S. officials as saying that the United States and Saudi Arabia had agreed on a broad array of military operations that the Saudis would permit in the event of armed hostilities with Iraq. These included U.S. use of a sophisticated air command and control center at Prince Sultan Air Base and permission for the United States to fly refueling aircraft, AWACS surveillance planes, and JSTARS radar aircraft from Saudi bases. One unidentified source reported that Saudi Arabia would permit U.S. combat aircraft to conduct bombing missions against Iraqi targets after the first few days of a war, as long as no public announcement was made.

On March 8, 2003, Saudi Arabia's Defense Minister Prince Sultan bin Abdul Aziz indicated that his government was allowing U.S. troops to use two airports in the northern part of the kingdom. He said U.S. troops at Arar in the northeast are there in response to a Saudi request for "help in a technical matter" relating to a possible influx of refugees from Iraq, while U.S. troops at Tabuk in the northwest are conducting joint exercises with Saudi troops to help defend the country against outside threats. In addition, media reports since mid-February 2003 indicate an increase in allied military personnel at Prince Sultan Air Base, which is the point of origin for allied overflights of southern Iraq under Operation Southern Watch as well as the location of the air command and control center (see previous paragraph). Meanwhile, on March 5, 2003, Saudi Arabia dispatched over 1,000 troops to Kuwait, where they form part of an 8,000-member joint umbrella force drawn from several neighboring Gulf states, called "Peninsula Shield." This small force, described by media as largely symbolic, was charged with helping defend Kuwait if the need arises but, according to press reports, has no offensive role against Iraq.

Operation Iraqi Freedom. On March 19, 2003, President Bush announced the beginning of a military campaign to compel Iraq to comply with U.N. Security Council resolutions (Operation Iraqi Freedom). According to a statement read by Saudi Crown Prince Abdullah on the same day in the name of the ailing King Fahd, Saudi Arabia "will not participate in any way" in a war against Iraq. Press reports during the same time frame, however, indicate that Saudi Arabia continued quietly to facilitate allied operations aimed against Iraq as outlined above. At a news conference on April 1, 2003, Saudi Arabia's Foreign Minister, Prince Saud al-Faysal suggested a pause in the war with Iraq but implied that Saddam Hussein should step down, saying that "Mr. Saddam Hussein has asked his people to sacrifice for their country, and if the only thing that keeps the conflict going is his presence, then he should listen to his own advice." Although Saudi Arabia continued to avoid public confirmation of any support it was providing to U.S. forces engaged in fighting the war, press reports cited examples of unannounced Saudi logistical support, including informal permission to use an advanced U.S.-built facility in Saudi Arabia known as the Combat Air Operations Center (CAOC) to coordinate military operations in the region.

Future U.S. Military Presence. Media reports in January 2002, denied by both U.S. and Saudi officials, described Saudi leaders as increasingly uncomfortable with U.S. military personnel in their country and indicated that senior Saudi officials would prefer a less conspicuous form of military cooperation. A year later, A *New York Times* article on February 9, 2003, reported that Saudi Crown Prince Abdullah plans to request the withdrawal of U.S. armed forces from Saudi territory after Iraq has been disarmed. Pentagon officials reportedly said they were not aware of such plans, and on February 18, Saudi Foreign Minister Saud al-Faysal told Saudi state television that U.S. and other allied forces have been in Saudi Arabia under U.N. auspices for 12 years; he added that "this situation will continue because it is good for those countries, for Iraq and for Saudi Arabia." On April 29, however, U.S. Secretary of Defense Donald Rumsfeld announced that with the fall of Saddam Hussein, U.S. forces can discontinue enforcing the no-fly zones over Iraq and forces involved in this operation can be moved elsewhere. According to a *New York Times* report on April 30, the United States plans to withdraw almost all of its 5,000 troops in Saudi Arabia (briefly doubled to 10,000 during Operation Iraqi Freedom), leaving only a small contingent of 400-500 troops to conduct a long-standing training mission in Saudi Arabia. The paper also quoted military officials as saying that in line with these withdrawals, the United States plans to move its Combat Air Operations Center to neighboring Qatar. Following the bombing of U.S. and other western-inhabited housing compounds in Saudi Arabia on May 12 (see below), Secretary Rumsfeld announced that the terrorist attack had not changed U.S. withdrawal plans: "We do plan to draw down almost all these forces [in Saudi Arabia] and maintain a relationships in training and exercises...."

Bombings of U.S. Facilities

Riyadh, 1995. Three attacks on U.S. military facilities in Saudi Arabia in the mid-1990s created concern in the United States over the security of U.S. military personnel stationed in Saudi Arabia and other U.S. service members stationed elsewhere in the Gulf. The first, which occurred on November 13, 1995, at the headquarters of a U.S. training program for the Saudi National Guard in the capital of Riyadh, killed seven persons (including five U.S. citizens). Several months later, Saudi authorities charged four Saudis with the crime. The four, who confessed to being influenced by Islamic fundamentalist exiles, were convicted and executed.

Khobar Towers, 1996. The second and more lethal explosion, which occurred at Khobar Towers (a housing facility for U.S. Air Force personnel near Dhahran Air Base) in June 1996, killed 19 U.S. Air Force personnel, wounded many others, and prompted the relocation of most U.S. military personnel to more remote sites in Saudi Arabia to improve security. Press reports allegedly based on Saudi investigations and reported statements by other suspects have suggested involvement by Iran, but Saudi officials have called these reports inaccurate. Earlier reports had suggested involvement by exiled Saudi terrorist Osama bin Laden, who has praised the bombings in Saudi Arabia but has not claimed responsibility for them. On May 22, 1998, Saudi Minister of Interior Prince Nayif told reporters from Kuwait that the Riyadh and Khobar bombings "were carried out by Saudis with the support of others" (whom he did not identify). The Minister further stated in November that bin Ladin was not responsible for either the Riyadh or the Khobar bombings but acknowledged that individuals influenced by bin Ladin might have conducted the attacks.

In September 1999, media cited purported U.S. intelligence information that three Saudi men linked to the bombing had taken refuge in Iran. On October 2, 1999, Iran's foreign minister rebuffed an alleged request from President Clinton to Iranian President Khatemi for Iranian assistance in resolving the case. Asked on March 12, 2000, if any suspects in the Khobar case were currently in Iran, Prince Nayif told reporters that "we cannot hold anyone responsible until the facts become clear to us." Later, on October 30, 2000, he commented that "[t]he main suspects are not in Saudi Arabia" and added that "[w]e are making efforts for their return to the kingdom." There have been numerous reports, denied by both the U.S. and Saudi governments, that both governments fear that a finding of Iranian involvement could complicate relations with Iran or force U.S. retaliation against Iran.

On June 21, 2001, U.S. Attorney General John Ashcroft announced that a federal grand jury had indicted 14 individuals in connection with the Khobar Towers bombing. According to the Justice Department, 13 of those indicted belong to the pro-Iranian Saudi Hizballah organization and the 14th is linked to the Lebanese Hizballah organization. (Saudi Hizballah appears to be a chapter of the parent Hizballah organization in Lebanon.) According to the press, none of the persons indicted is in U.S. custody at this time; 11 of them are in Saudi jails. Although no Iranian is named or charged in the indictment, Ashcroft said "[t]he indictment explains that elements of the Iranian government inspired, supported and supervised members of Saudi Hizbollah [variant spelling]. In particular, the indictment alleges that the charged defendants reported their surveillance activities to Iranian officials and were supported and directed in those activities by Iranian officials." Ashcroft said the investigation is continuing and additional charges will be brought, as appropriate.

During the investigation, U.S. law enforcement officials criticized Saudi counterparts for not providing U.S. investigators with access to suspects in the Khobar bombing. According to a May 14, 2001 article in *The New Yorker* and other media reports, starting in late 1998, Saudi officials began allowing FBI agents to watch behind a one-way mirror as Saudi interrogators posed questions provided by the FBI to suspects and witnesses. In a phone call on June 21, 2001 — the day the indictments were announced — President Bush thanked Saudi Crown Prince Abdullah for Saudi cooperation in the investigation. The FBI Director also expressed his appreciation, along with his hopes that the suspects would be brought to justice in the United States. In an interview published on June 23, however, Saudi Interior Minister Prince Nayif appeared to rule out extradition of the suspects to the United

States, stating that "[t]he trials must take place before Saudi judicial authorities...." He added that "[n]o other entity has the right to try or investigate any crimes occurring on Saudi lands."

On June 1, 2002, Saudi Deputy Minister of the Interior Prince Ahmad said an unspecified number of people previously arrested by Saudi Arabia in connection with the Khobar bombing had been sentenced by an Islamic court. In a follow-up announcement on June 13, the Prince said those convicted "do not include any non-Saudi nationals" and added that the verdicts would be reviewed by higher courts and announced "at the appropriate time."

Riyadh, 2003. Three near-simultaneous suicide bombings at about 11:20 p.m. on May 12 destroyed three housing compounds in Riyadh, Saudi Arabia, inhabited by U.S. military personnel and other foreign residents in Riyadh. According to latest information as of May 15, as many as 34 people were killed, including eight Americans, seven Saudis, two Jordanians, two Filipinos, one Lebanese, one Swiss and nine unidentified persons (possibly including the perpetrators), while many more were wounded. A fourth explosion occurred the following morning at the headquarters of a U.S.-Saudi joint venture, but there were no reported injuries. A military officer at the Vinnell compound, which houses U.S. contractor personnel on a training project for the Saudi National Guard, said the truck that hit this compound apparently contained 400 pounds of an explosive like RDX or Semtex. U.S. and Saudi officials said the attacks had many of the earmarks of previous Al Qaeda operations in their coordinated timing and in their techniques, wherein the assailants attacked guards at the compound gates and then drove their trucks into the compounds. The attacks occurred a week after a group of militants exchanged fire with Saudi security forces, who subsequently found caches of weapons and money, and about two weeks after the State Department issued a warning that the terrorists might be planning attacks on U.S. targets in Saudi Arabia.

President Bush condemned the attack, which he linked to Al Qaeda, vowed to find the killers, and went on to say that "they will learn the meaning of American justice." Top Saudi leaders, including Crown Prince Abdullah and Defense Minister Prince Sultan, also condemned the attacks, and some commentators expressed the view that the attacks were targeted against the Saudi government as well. On May 14, the U.S. ambassador to Saudi Arabia told media that Saudi authorities had not responded to an urgent U.S. request to bolster security at entrances to residential compounds inhabited by U.S. and western European nationals; some U.S. officials reportedly said there had been a total of five U.S. requests during the previous months for enhanced security but not all these requests had mentioned specific sites that U.S. officials wanted to be guarded.

Saudi Foreign Minister Saud al-Faysal disagreed with the allegations, saying that his government consistently fulfills requests from foreign embassies for enhanced security. Saudi Ambassador to the United States Prince Bandar bin Sultan told ABC's "Good Morning America" that "[t]here is no 100 percent security when a determined, crazy evil person is determined to die" but indicated that Saudi Arabia would pursue the perpetrators and bring them to justice. In the meantime, a U.S. interagency team including six FBI representatives left on May 13 for Saudi Arabia to assist in investigating the attack. Amid some debate over the degree of cooperation the United States has received from Saudi counterparts in such investigations, FBI Director Robert Mueller, saying during an interview on May 13 that "[m]y expectation is that we will get full cooperation from the Saudis."

On June 26, U.S. and Saudi officials reportedly announced that Saudi authorities had apprehended Ali Aburahman Gamdi, an Al Qaeda figure believed to have played a key role in the May 12 bombing. ("Al Qaeda Figure Held in Saudi Arabia," *Washington Post*, June 27, 2003.) According to the report, Gamdi is the first to be arrested from a group of 19 believed by Saudi authorities to have been responsible for the bombings, but other terrorist suspects have been arrested as well. The top advisor to Saudi Crown Prince Abdullah noted reports of Al Qaeda members hiding in Iran and said the Saudis have asked the Iranians to extradite any Saudis implicated in terrorist acts. He went on to note that Iran has extradited Al Qaeda suspects in the past to Saudi Arabia. A news article of July 22, quoting a Saudi Ministry of Interior source, reported the arrest of 16 persons said to be influenced by "extremist ideas," bringing the total number of persons arrested in Saudi Arabia on terrorist charges since May 17 to 140.

Arab-Israeli Conflict

Saudi Arabia supports Palestinian aspirations and strongly endorses Muslim claims in the old city of Jerusalem. It has supported Israeli-Palestinian peace agreements, and joined with neighboring Gulf states in 1994 in terminating enforcement of the so-called secondary and tertiary (indirect) boycotts of Israel while retaining the primary (direct) boycott. Saudi leaders have been increasingly critical of Israel since the Palestinian uprising began in September 2000. According to a *New York Times* article of May 17, 2001, Crown Prince Abdullah declined an invitation to visit the United States in June 2001, to indicate displeasure over what Saudis regard as insufficient U.S. efforts to restrain Israeli military actions against Palestinians. However, the Crown Prince did accept a subsequent invitation to visit President Bush in Texas in April 2002 (see below).

Saudi Arabia, like other Arab states, recognizes the Palestine Liberation Organization (PLO) as the legitimate representative of the Palestinian people and provides some financial support to Palestinian institutions. At an Arab League meeting on October 22, 2000, Crown Prince Abdullah took the lead in creating a $1 billion fund: $800 million to help preserve the "Arab and Islamic identity of Jerusalem" and $200 million to help families of Palestinians killed in the current unrest. Saudi Arabia reportedly pledged a total of $250 million to these two funds, and provided an additional $30 million to the Palestinian Authority (PA) on November 5 as a separate donation. At an informal international donors' conference at Stockholm on April 11, 2001, Saudi Arabia pledged $225 million in direct monetary support to the PA over a 6-month period to cover emergency expenses. PLO/PA Chairman Yasir Arafat received a $45 million grant during a visit to Saudi Arabia on July 23, 2001, but it is not clear whether this represented part of the $225 million grant pledged by Saudi Arabia in April.

There have been unsubstantiated reports of Saudi assistance to the PLO's rival organization, the fundamentalist Hamas, particularly after the Saudi-PLO rift that occurred after the PLO supported Iraq in 1990. In its report entitled Patters of Global Terrorism, 2001, the State Department noted that Hamas receives funding from "private benefactors in Saudi Arabia" and some other countries but does not estimate amounts involved. Saudi Arabia has provided aid (variously estimated at $33 million and $59 million) to families of Palestinians killed or injured in the 17-month-old Palestinian uprising; in addition, Saudis raised additional funds (over $100 million according to one report) for this purpose at a telethon sponsored by King Fahd on April 11, 2002. Saudi officials told U.S. counterparts in late

April that proceeds of the telethon are funneled through non-governmental organizations to provide some humanitarian support to needy Palestinian families; the Saudis drew a distinction between their fund raising activities and those of Iraq, which pays families who will sacrifice their children as suicide bombers. In early May, Israel officials, citing captured Palestinian documents, said the Saudi government has given money to 13 charities, seven of which provide support to Hamas. The Saudi Ambassador denied this report.

Crown Prince Abdullah's Peace Initiative. In February 2002, Crown Prince Abdullah informally floated a peace proposal calling for full Israeli withdrawal from Israeli occupied territories in return for full normalization of relations between Arab states and Israel. An expanded version of his proposal was adopted at an Arab League summit conference held on March 27-28, 2002. It called among other things for Israeli withdrawal from territories it had occupied since 1967, a "just solution to the problem of Palestinian refugees," and establishment of normal relations between Arab states and Israel. Some commentators believe the prince's comments represented nothing new over and above long-standing Arab land-for-peace proposals. Other commentators thought that such comments from an Arab leader of Abdullah's stature carried special weight and could portend a breakthrough in Arab-Israeli peace negotiations.

The Saudi-initiated peace proposal was also a major topic of discussion during Crown Prince Abdullah's visit to President Bush at the latter's ranch in Texas on April 25. A senior Administration official told reporters that "[t]he President congratulated him [Abdullah} again on his statesmanship in putting the [initiative] forward." According to White House spokesman Ari Fleischer, there are areas of disagreement between U.S. and Saudi peace plans but significant areas of overlap as well.

Saudi officials found "positive factors" in President Bush's speech of June 24 but expressed concern over his statements conditioning a Palestinian state on the installation of a new Palestinian leadership. A statement by the Saudi cabinet on July 1 alluded to "the positive elements of the Bush initiative," but on the same day Crown Prince Abdullah was quoted as telling the visiting Spanish Defense Minister that the Palestinian people "alone have the right to choose their leadership."

Arms Transfers to Saudi Arabia

U.S. Arms Sales. The United States is currently Saudi Arabia's leading arms supplier. Total value of arms agreements with Saudi Arabia from 1950 through March 31, 1997, was $93.8 billion, while arms agreements with Saudi Arabia from 1991 through 1998 amounted to $22.8 billion. The upsurge in Saudi arms purchases from the United States after 1990 was due in large measure to the Persian Gulf crisis and its aftermath. The largest recent sale was a $9 billion contract for 72 F-15S advanced fighter aircraft, signed in May 1993. As **Table 1** shows, approximately 21% of the value of U.S.-Saudi arms contracts from 1950 to 1997 were for lethal equipment (i.e., weapons, ammunition, and combat vehicles, aircraft, and ships); the largest portion (32%) went for support services (repair, rehabilitation, supply operations, and training). Another major component of the Saudi program has been construction of military bases and facilities, accounting for 19%, although most military infrastructure projects were completed by 1990. A downward trend has marked Saudi arms procurement since the mid-1990s as Saudi Arabia completed many of its post-Gulf War purchases and the country faced straitened finances.

Table 1. U.S. Arms Transfers to Saudi Arabia, 1950-1997

Category	Orders		Deliveries	
	$ in Billions	% of Total Orders	$ in Billions	% of Total Deliveries
Weapons & Ammunition	19.893	21.2	9.092	15.6
Support Equipment	16.614	17.7	9.815	16.8
Spare Parts & Modifications	9.778	10.4	5.259	9.0
Supply, Repair, Training	29.615	31.6	17.804	30.6
Construction	17.924	19.1	16.197	27.8
TOTALS	**93.824**	—	**58.167**	—

Note: All figures are current through March 31, 1997.

Trade Relationships

Saudi Arabia was the second largest U.S. trading partner in the Middle East in 2002. For that year, Saudi exports to the United States were estimated at $12.2 billion and imports from the United States at $4.3 billion. Comparable figures for Israel, the largest U.S. trading partner in the Middle East, were $12.4 billion in exports and $5.3 billion in imports. To a considerable extent, this high volume of trade is a result of U.S. oil imports from Saudi Arabia and U.S. arms exports to that country. The Saudis buy significant amounts of U.S. commercial equipment, such as machinery and vehicles, as well. Also, a *Washington Post* article of February 11, 2002, estimates that Saudi nationals have invested between $500 and $700 billion in the U.S. economy.

Saudi Arabia has applied to join the 128-member World Trade Organization (WTO) as a developing country, an arrangement that would give it a special transition period to bring its commercial procedures in line with WTO rules. The U.S. State Department notes that accession will require the Saudi government to initiate substantial reforms, including tariff reduction, opening up financial services (insurance and banking), allowing competition in telecommunications and other services, and better protection of intellectual property rights. In recognition of its progress in protection of intellectual property rights, Saudi Arabia was removed from the U.S. Trade Representative's Priority Watch List in 1996, but remains on the basic Watch List pending further progress. The U.S. Trade Representative reportedly has also cited Saudi observance of the secondary boycott against Israel as an obstacle to admission to the WTO. In March 2001, WTO officials reportedly expressed disappointment over a recent list issued by the Saudi government of activities off limits to foreign investment (see below) and predicted that these restrictions could delay Saudi accession to the WTO. During Crown Prince Abdullah's April 2002 visit, however, President Bush expressed support for Saudi accession and said the United States is making technical assistance available to Saudi Arabia to support the Saudi application.

Problems in Commercial Transactions. Complaints have arisen within the U.S. business community over commercial disputes that have resulted in hardships for U.S. companies doing business in Saudi Arabia and for their employees. These disputes center on allegations by U.S. firms that Saudi clients have not paid for services rendered or have

sought to expand terms of a contract without further reimbursement, and in some cases have taken reprisals against U.S. employees of the firms involved. (For further information, see CRS Report 95-666, *Saudi Arabia: Commercial Disputes With U.S. Firms*.).

Oil Production. With the world's largest proven oil reserves (estimated at 261.7 billion barrels in January 2001), Saudi Arabia produced an average of 9.145 million barrels per day (bpd) of crude oil during 2000. Approximately 14% of U.S. oil imports and 8.46% of total U.S. oil consumption came from Saudi Arabia during 2001. Formerly the largest foreign supplier of oil to the United States, Saudi Arabia has been exceeded in this role by Venezuela and/or Canada during recent years (see **Table 2**). In recent years, Saudi Arabia has alternately supported cuts and increases in production as oil prices on the international market have fluctuated. Under a "gentlemen's agreement" reached in June 2000, members of the Organization of Petroleum Exporting Countries (OPEC) established a mechanism to adjust the supply of oil by 500,000 bpd if the 20-day average price of oil moved outside a $22 to $28 price band. Members disagree, however, as to whether this mechanism is automatic or requires separate action by OPEC to implement, and Saudi Arabia has spoken of a target price of $25 rather than a price band. Congress has approved legislation to discourage price fixing by oil producing countries (see below). Following a prolonged strike by oil workers in Venezuela and as the likelihood of war with Iraq increased in early 2003, OPEC members agreed on January 12, 2003, to raise their quotas by 1.5 million barrels per day to offset a possible shortfall in oil supply, a move reportedly spearheaded by Saudi Arabia.

Table 2. Oil Consumption and Imports
(in millions of barrels per day)

Category	1998	1999	2000	2001
Total U.S. Consumption	18.917	19.519	19.701	19.649
Total U.S. Imports	10.708	10.852	11.459	11.871
Imports from Saudi Arabia	1.491	1.478	1.572	1.662
Imports from Venezuela	1.719	1.493	1.546	1.553
Imports from Canada	1.598	1.539	1.807	1.828

Source: DOE.

Foreign Investment. Saudi leaders have shown increasing interest in attracting foreign investment in their energy sector, although projects in upstream oil apparently remain off limits. On April 10, 2000, King Fahd approved a new foreign investment law which allows international investors to have full ownership of projects and related property in Saudi Arabia, reduces taxes from 45% to 30% on corporate profits, and restructures (but apparently does not abolish) requirements for foreign businessmen to have a Saudi sponsor. On February 11, 2001, the Saudi Supreme Economic Council issued a so-called "negative list" of those investment activities that remain off limits to foreign investment. In general, the list covers oil exploration and production, some manufacturing activities, radio and telecommunications, transport, electricity transmission and distribution, and a range of services including tourism, publishing, real estate brokerage, and insurance. According to news reports in March 2001, international trade officials expressed disappointment over the length and scope of the list. The list will be reviewed annually, however, and some observers

have speculated that it will be shortened as the country adjusts to an expansion in foreign investment. In a later development, according to a news report in April 2002, Saudi officials are considering a draft law that would tax the earnings of expatriate employees in Saudi Arabia for the first time since the 1970s, in addition to the annual corporate taxes already levied on foreign firms operating in Saudi Arabia.

On June 3, 2001, Saudi Arabia signed three preliminary agreements worth approximately $25 billion with eight international oil companies to develop three natural gas fields, together with related power plants, transmission pipelines, and water desalinization projects. Five of these companies are U.S.-based, including Exxon Mobil Corporation, Conoco, Phillips Petroleum Company, Occidental Petroleum Corporation, and Marathon. Exxon Mobil is the lead manager for two of the three gas field projects. Conclusion of final agreements met continuing delays as Saudi and company negotiators tried to resolve several issues, including taxes, rate of return on investments, and size of gas reserves being offered. Some think the 9/11 attacks, which led to increased criticism in the United States of alleged Saudi links with terrorism, were another factor in delaying final agreement on gas ventures. (*Middle East Economic Digest*, June 27, 2003, p. 5). In January 2003, Foreign Minister Prince Saud announced that one of the ventures headed by Exxon/Mobil had been suspended, and on June 6, the *Washington Post*, citing energy sources, reported that Saudi authorities had terminated the other Exxon/Mobil-led venture.

With the apparent collapse of the three original gas ventures, Saudi officials began to pursue a different approach based on a process of "unbundling," which would involve smaller, less ambitious projects of more limited scope. Royal Dutch/Shell, which was to head one of the three original projects, announced on July 16, 2003, that in conjunction with TotalFina it had agreed with Saudi officials on a scaled-down venture involving only gas exploration and not production. A press article estimated the value of the revised venture at $2 billion, in comparison to $5 billion for the original project Shell had planned to head. On July 22, the Saudi Oil Ministry sponsored a conference attended by 41 international energy companies at which Saudi officials presented contract terms for three smaller gas projects. Oil Minister Ali Naimi said an auction would be held in the first quarter of 2004.

Human Rights, Democracy, and Other Issues

Of particular concern to Westerners are pervasive restrictions on women's activities and an injunction against the practice of other religions throughout the Kingdom. This injunction has been applied not only against non-Islamic faiths but also at times against the Shi'ite Muslim community in Saudi Arabia, estimated at 500,000 or more persons mainly in the Eastern Province. Since 1990, the Saudi government has moved quietly to ease some restrictions on Shi'ites. Also, according to the State Department, high-level Saudi officials have said that Saudi policy allows for private non-Muslim worship, for example, in private homes or secluded compounds. On April 6, 2000, responding to criticisms by the London-based Amnesty International, a Saudi Under Secretary in the Foreign Ministry maintained that "non-Muslims enjoy full freedom to engage in their religious observances in private." Earlier, in April 1999, Crown Prince Abdullah told a local audience: "Taking into account the teachings of Islam, we will do our best to enable Saudi women to continue to contribute."

Political reforms promulgated by King Fahd appear to represent a limited move toward democracy and protection of individual freedoms. The "main law" announced by the King

on March 1, 1992, bans arbitrary arrest, harassment, or entry of individual homes without legal authority and specifies privacy in telephone calls and mail. On August 20, 1993, the King appointed a 60-member consultative council (increased to 90 in 1997 and to 120 in 2001), with limited powers to question cabinet members and propose laws. On the other hand, King Fahd has said that free elections are not suitable for his country; he stated on March 30, 1992 that elections "do not fall within the sphere of the Muslim religion, which believes in the al-Shura (consultative) system and openness between ruler and his subjects and which makes whoever is in charge fully answerable to his people."

According to press reports in January 2003, Crown Prince Abdullah has proposed an "Arab Charter" advocating internal reforms, increased political participation, regional economic integration, and mutual security measures. The charter was to be submitted to a summit conference of Arab heads of state in March.

Child Custody Cases. Child custody cases in which a Saudi husband has refused to permit his children by an American wife to travel to the United States have been a source of U.S.-Saudi friction. Under Saudi laws the father is almost always given custody of children in divorce cases; moreover, in some instances where a wife secured child custody in the United States, an estranged Saudi husband has abducted the children from the United States and taken them to Saudi Arabia, where his claim is usually upheld. Members of Congress have criticized the U.S. State Department for not exerting more pressure on Saudi Arabia to resolve these cases. State Department officials say they have tried to do so, and point out that there are approximately 1,100 such cases world wide, of which 92 involve U.S. citizens in Saudi Arabia. According to September 2002 press reports, Saudi and U.S. officials have agreed to work on establishing a mechanism to help resolve these issues.

Background to U.S.-Saudi Relations

Political Development

Saudi Leadership. As the birthplace of the Islamic religion in 622 A.D. and as the home of Islam's two holiest shrines, the Arabian Peninsula has always occupied a position of special prestige within the Middle East. With the establishment of Arab empires based in Damascus and Baghdad, the peninsula gradually lost its political importance and sank into disunity. In the 16th century, much of the Arabian Peninsula came under the nominal rule of the Ottoman Empire; however, tribal leaders effectively controlled most of the region. During this period, an alliance developed between an influential eastern tribe, the House of Saud, and the leaders of a puritanical and reformist Islamic group known as the Wahhabi movement. During the first quarter of the 20th century, a chieftain of the Saud family, Abd al-Aziz ibn Abd al-Rahman (later known as Ibn Saud) overcame numerous rivals with the support of his Wahhabi allies and succeeded in unifying most of the Arabian Peninsula under his rule. Four sons have succeeded him.

Royal Succession. King Fahd, the current ruler and a dynamic leader for many years, is approximately 80 years old and suffers from medical problems including diabetes and arthritis. In early 1996, King Fahd temporarily turned over affairs of state to his half-brother, Crown Prince Abdullah, for a six-week period while the King recuperated from a

stroke. More recently, amid conflicting reports about the King's condition, Crown Prince Abdullah has increasingly carried out many governmental functions since 1996, together with other senior princes of the royal family. Another key figure is Defense Minister Prince Sultan, a full brother of King Fahd, who is generally considered next in line of succession after Prince Abdullah. (King Fahd, Prince Abdullah, and Prince Sultan also hold the positions of Prime Minister, First Deputy Prime Minister, and Second Deputy Prime Minister, respectively.) Press reports in August and September 2002 indicate that King Fahd's health has been deteriorating.

Most commentators believe the royal family would back Crown Prince Abdullah in a smooth transfer of power if King Fahd should pass from the scene. Various sources describe Prince Abdullah as more traditional and less western in outlook than King Fahd and more oriented toward the Arab world. On balance, the Crown Prince seems likely to maintain Saudi Arabia's long-standing strategic and economic ties with the United States. U.S. officials commented that President Bush and Crown Prince Abdullah established a very good personal rapport during the latter's visit in April 2002. Some speculate, however, that succession could become more intricate after Abdullah (who is only two years younger than Fahd but believed to be in better health) and fear that future intra-family rivalries could weaken the Saud dynasty over the long term. Possible future candidates include some 25 brothers and half-brothers of King Fahd and a number of sons and nephews.

Economy and Aid

Economic Conditions. Oil is the dominant factor in the Saudi economy, accounting for 35-40% of GDP, 75% of budget receipts, and 90-95% of export earnings as of 2001; even more of the GDP is derived indirectly from the oil industry. Despite immense oil revenue, a combination of fluctuating oil prices, domestic welfare spending, and military spending have caused periodic budget deficits (see **Table 3**). For example, the 1990-1991 Gulf war cost Saudi Arabia approximately $55 billion (including $16.9 billion contributed to the United States to help defray expenses). Although the government was able to retire its external debt in May 1995, it had to borrow $4.3 billion again from external sources in December 1997 to finance purchase of aircraft and had to resort to subsequent borrowing from both external and domestic creditors to cover other expenses. Since 1994 the government has instituted various austerity measures to deal with shrinking revenue.

Table 3. Saudi Budget Figures
(In billions of U.S. dollars, at exchange rate of $1.00=S.R. 3.75)

Category	2000		2001		2002		2003
	Budget	Actual	Budget	Actual	Budget	Est.	Budget
Expenditure	49.3	62.7	57.3	68.0	53.9	60.0	55.0
Revenue	41.9	68.8	57.3	61.3	41.9	54.4	45.3
Balance	-7.5	6.1	0	-6.7	-12.0	-5.6	-9.7

Source: Saudi Ministry of Finance; Saudi government announcements; press estimates.

Aid Relationships. As Saudi oil income expanded, U.S. economic aid ended in 1959. Small amounts of aid continued through 1975, limited to a small international military

education and training (IMET) program after 1968. Total U.S. aid to Saudi Arabia from 1946 through its termination in 1975 amounted to $328.4 million, of which $295.8 million was military and $32.6 million was economic assistance. Approximately 20% of total aid was in the form of grants and 80% in loans, all of which have been repaid. A small IMET program of $25,000 per year to help defray some expenses of sending Saudi officers to U.S. military service schools was resumed in FY2002, and the same amount was requested by the Administration for Saudi Arabia in FY2003. Saudi officials also cite their country's role as a donor of aid to less affluent countries; according to a Saudi diplomat, the Saudi government extended $820.3 million worth of aid to developing countries in 2001.

Defense and Security

The United States and Saudi Arabia are not linked by a formal defense treaty; however, a series of informal agreements, statements by successive U.S. Administrations, and military deployments have demonstrated a strong U.S. security commitment to Saudi Arabia. (For statements by previous administrations, see CRS Report 94-78, *Saudi Arabia: U.S. Defense and Security Commitments*, February 3, 1994.) Saudi forces acquired experience during the Gulf war and are undergoing further upgrading through a large-scale program of arms procurement (see below), both Saudi Arabia and its five smaller Gulf neighbors remain vulnerable to future external aggression. On one hand, both the Iranian and Iraqi armed forces suffered major personnel and equipment losses during the 1980-1988 Iran-Iraq war and Operation Desert Storm, respectively, and neither is in a position to offer an immediate threat to the Gulf Cooperation Council (GCC). On the other hand, as shown in **Table 4**, the combined forces of Saudi Arabia and its GCC allies are outnumbered in important categories by those of Iraq and Iran, even after the losses sustained by both countries in recent wars. Figures on Iraq do not include losses sustained so far during Operation Iraqi Freedom.

Congressional Interest in Saudi Arabia

In early 2000, the precipitate rise in international oil prices prompted several legislative initiatives designed to restrain oil price increases, as mentioned above. On March 22, 2000, by a vote of 382 to 38 (with one present and 30 abstentions, Roll Call 65), the House passed H.R. 3822, which requires the President, *inter alia*, to determine which oil producing nations are engaged in oil price fixing to the detriment of the U.S. economy, submit reports to Congress, and "take the necessary steps to begin negotiations to achieve multilateral action to reduce, suspend, or terminate bilateral assistance and arms exports to major net oil exporters engaged in oil price fixing as part of a concerted diplomatic campaign with other major net oil importers..." In the 107th Congress, H.R. 334, the Persian Gulf Security Cost Sharing Act, introduced on January 31, 2001, would have directed the President to seek further contributions from Saudi Arabia and other Persian Gulf states to defray the costs of U.S. military deployments in the region. This bill did not come to the floor. Other U.S.-Saudi bilateral issues of interest to Congress in recent years include arms sales to Saudi Arabia, Arab-Israeli issues including the now somewhat attenuated Arab boycott of Israel, and Saudi trade practices, including disputes between U.S. companies and Saudi clients.