

# Saudi Arabia: Background and U.S. Relations

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## Saudi Arabia: Background and U.S. Relations

The kingdom of Saudi Arabia, ruled by the Al Saud family since its founding in 1932, wields significant global influence through its administration of the birthplace of the Islamic faith and by virtue of its large oil reserves. Close U.S.-Saudi official relations have survived a series of challenges since the 1940s. In recent years, shared concerns over Sunni Islamist extremist terrorism and Iranian government policies have provided some renewed logic for continued strategic cooperation. Political upheaval and conflict in the Middle East and North Africa have created new challenges, and the Trump Administration has sought to strengthen U.S. ties to Saudi leaders as the kingdom implements a series of new domestic and foreign policy initiatives.

Successive U.S. Administrations have referred to the Saudi government as an important partner, and U.S. arms sales and related security cooperation have continued with congressional oversight and some congressional opposition. The Trump Administration, like its recent predecessors, praises Saudi government counterterrorism efforts. Defense ties also remain strong. Since 2009, the executive branch has notified Congress of proposed foreign military sales to Saudi Arabia of major defense articles and services with a potential aggregate value of nearly \$139 billion. The United States and Saudi Arabia concluded arms sale agreements worth more than \$76 billion from FY2009 through FY2017.

Since March 2015, the U.S.-trained Saudi military has used U.S.-origin weaponry and, at times, U.S. logistical assistance and shared intelligence, in support of military operations in Yemen. Some in Congress have grown critical of U.S. policy toward Saudi Arabia and the kingdom's leadership in light of Saudi policy in Yemen and the involvement of Saudi officials in the 2018 murder of journalist Jamal Khashoggi. Legislation has been proposed and considered in the 116<sup>th</sup> Congress to direct the President to withdraw U.S. forces from hostilities in Yemen or to limit or condition U.S.-Saudi defense cooperation and U.S. arms sales (e.g. S.J.Res. 7, S. 398, S.J.Res. 36, and H.R. 2500). Amid missile and drone attacks on the kingdom attributed by U.S. officials to Iran and Iran-backed Yemenis, President Trump in 2019 deployed additional U.S. troops and military equipment to Saudi Arabia.

In parallel to close security ties, official U.S. reports describe restrictions on human rights and religious freedom in the kingdom. Some Saudi activists advocate for limited economic and political reforms, continuing decades-long pattern of Saudi liberals, moderates, and conservatives advancing different visions for domestic change. Saudi leaders in 2018 reversed a long-standing ban on women's right to drive and in 2019 loosened restrictions on other women's rights, but over the same period have arrested a number of women's rights advocates, human rights activists, and conservative critics of social liberalization. Public demonstrations remain rare and clashes involving Saudi security forces have not spread beyond certain predominantly Shia areas of the oil-rich Eastern Province.

Since assuming the throne in 2015, King Salman bin Abd al Aziz (age 84) has made a series of appointments and reassignments that have altered the responsibilities and relative power of leading members of the next generation of the Al Saud family, who are the grandsons of the kingdom's founder. The king's son, Crown Prince Mohammed bin Salman (age 34), is now the king's successor and the central figure in Saudi policymaking. He has centralized control over security forces, sidelined potential rivals, begun implementing bold economic and social changes, and arrested prominent figures accused of corruption, including some royal family members.

Crown Prince Mohammed bin Salman's leadership style has led many Saudis and outsiders to reexamine their assumptions about the kingdom's future. Ambitious plans for the transformation of the kingdom's economy seek to provide opportunity for young Saudis and bolster non-oil sources of revenue for the state. Abroad, the kingdom pursues a multidirectional policy and has aggressively confronted perceived threats, while facing serious risks from cross-border attacks on its critical infrastructure. Congress may examine these developments when

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evaluating the scope, terms, and merits of U.S.-Saudi partnership, arms sales, nuclear energy cooperation, and U.S. security commitments.

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## Overview

The kingdom of Saudi Arabia's relations with the United States, the country's stability, and its future trajectory are subjects of continuing congressional interest. In particular, Saudi leadership transitions, Saudi human rights practices and reform plans, and assertive foreign policies, along with trends in global oil markets, shared threats from transnational terrorist groups, and Saudi-Iranian tensions have fueled recent congressional discussions. U.S.-Saudi security cooperation and U.S. concern for the continuing global availability of Saudi energy supplies continue to anchor official bilateral relations as they have for decades.

The Trump Administration has promoted U.S.-Saudi ties amid intensifying public and congressional scrutiny of Saudi policies in Yemen and the kingdom's approach toward activists and dissidents, including the 2018 murder by Saudi officials of journalist Jamal al Khashoggi. In September 2019, President Trump deployed additional military personnel and assets to Saudi Arabia in response to escalating cross-border attacks on Saudi infrastructure. Saudi Arabia's domestic politics, combined with its vulnerable regional position, have reinvigorated debate in Congress about the nature and extent of U.S. interests in the kingdom and U.S. security commitments to Saudi Arabia's defense.

Amidst this debate, bilateral ties have been defined since 2017 by continued U.S. arms sales, Yemen-related security cooperation, and shared concerns about Iran, Al Qaeda, and the Islamic State organization (IS, aka ISIL/ISIS or the Arabic acronym *Da'esh*). During that time frame, the Trump Administration has proposed arms sales to Saudi Arabia with a potential value of more than \$28 billion, including emergency arms sales announced in May 2019 (see "Arms Sales, Security Assistance, and Training" below and **Appendix B**).

The Trump Administration ended U.S. refueling of Saudi-led coalition aircraft operating in Yemen, but has continued to provide some advisory support to Saudi operations and to bolster Saudi missile and air defenses, including with deployments of thousands of U.S. military personnel to the kingdom. In June 2019, U.S. Ambassador to Saudi Arabia General (ret.) John Abizaid described Saudi counterterrorism cooperation with the United States as "very, very meaningful."<sup>1</sup>

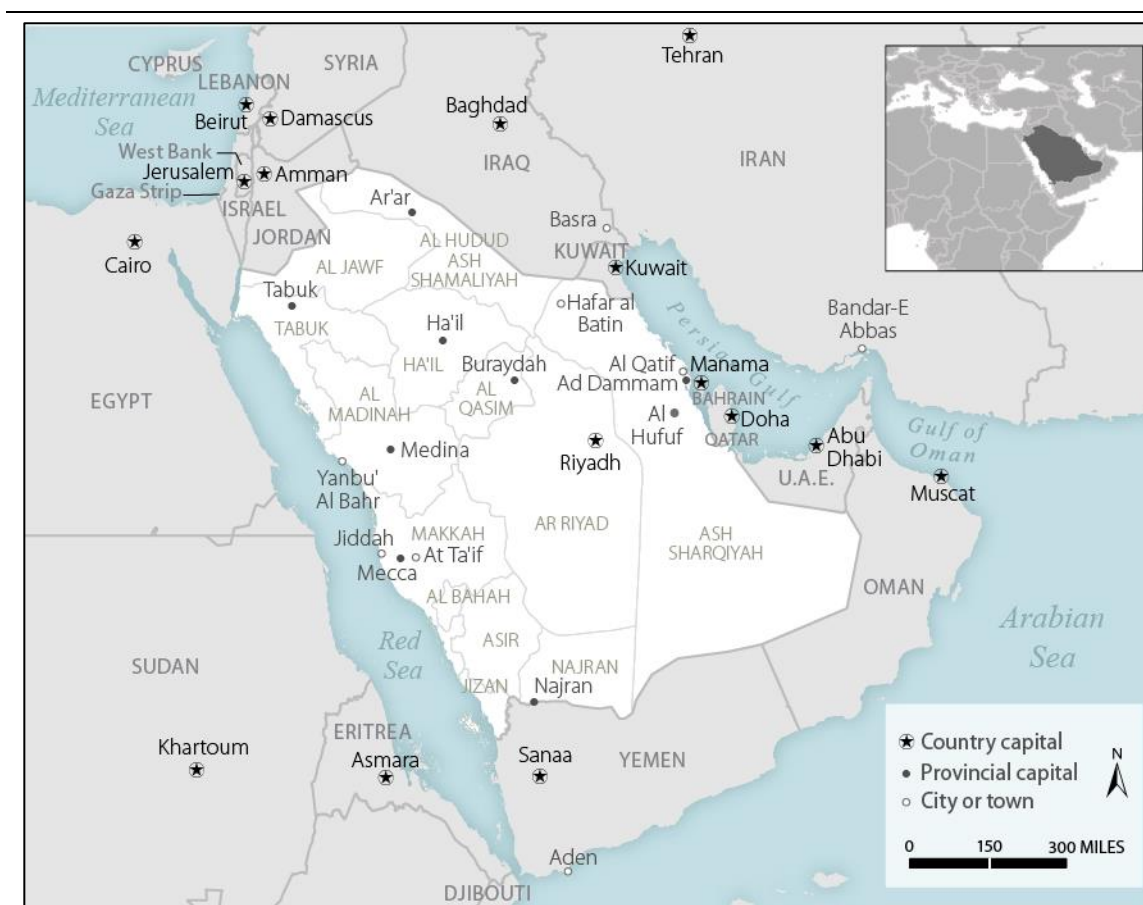
The Trump Administration has thus supported King Salman bin Abd al Aziz Al Saud (age 83) and his son, Crown Prince Mohammed bin Salman bin Abd al Aziz (age 34), on Saudi domestic policy initiatives and the kingdom's approaches to Iran, Yemen, Syria, and Iraq. Saudi leaders have at times acted contrary to U.S. preferences in recent years, while diversifying their relationships with other global actors, and seeking to bolster their self-sufficiency.

Attacks on the kingdom and its critical infrastructure demonstrate vulnerabilities that could complicate or derail sensitive political, economic, and social transitions. Given the kingdom's global influence and the prominence and depth of U.S.-Saudi security ties, the success or failure of the kingdom's domestic transformation initiatives and the future of its foreign and defense policies may have significant consequences for bilateral relations and international security for years to come.

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<sup>1</sup> Testimony of U.S. Ambassador-designate Gen. (ret.) John Abizaid, before the Senate Foreign Relations Committee,

Table I. Saudi Arabia Map and Country Data



**Land:** Area, 2.15 million sq. km. (more than 20% the size of the United States); Boundaries, 4,431 km (~40% more than U.S.-Mexico border); Coastline, 2,640 km (more than 25% longer than U.S. west coast)

**Population:** 33,091,113 (July 2018 est., ~37% non-nationals (12.2 million) per 2017 U.N. data.); < 25 years of age: 40.2%

**GDP (PPP; growth rate):** \$1.775 trillion; -0.9% (2017 est.)

**GDP per capita, PPP:** \$54,500 (2017 est.)

**Budget (revenues; expenditure; balance):** \$241.6 billion; \$287.7 billion; \$46.1 billion deficit (2018)

**Projected Budget (revenues; expenditure; balance):** \$260 billion; \$295 billion; \$35 billion deficit (2019 est.)

**Unemployment:** 12.5% (Q1 2019 est., Saudi nationals: females 31.7%, males 6.6%, youth [20-29] 29.5%)

**Oil and natural gas reserves:** 266.5 billion barrels (2017 est.); 8.602 trillion cubic meters (2017 est.)

**External Debt:** \$205.1 billion (December 2017 est.)

**Foreign Exchange and Gold Reserves:** ~\$496 billion (December 2017 est.)

**Sources:** CRS using State Department, Esri, and Google Maps data (all 2013), CIA *World Factbook* estimates (September 2019), and Saudi government budget data (September 2019) and General Organization for Statistics.

## Trends in U.S.-Saudi Relations

Leadership changes in the kingdom of Saudi Arabia and debate in the United States over foreign policy priorities are fueling calls for a reassessment of longstanding ties. Successive U.S. Administrations have sought partnership with the ruling Al Saud family since the 1940s in light of their kingdom's large oil reserves and Saudi influence derived from their management of the

birthplace of the Islamic faith.<sup>2</sup> The Al Saud monarchy has sought protection, advice, technology, and armaments from the United States, looking to U.S. partners for assistance in developing their country's natural and human resources and in facing threats over time from the Soviet Union, regional rivals, Iran, and armed Sunni Islamist extremists. U.S. leaders have valued Saudi cooperation in security and counterterrorism matters and have sought to preserve the secure and apolitical flow of the kingdom's energy resources and capital investment to global markets.

Since 2011, significant shifts in the political and economic landscape of the Middle East have focused international attention on Saudi domestic policy issues and drove social and political debates among Saudis (see "Developments in Saudi Arabia" below). These regional shifts, coupled with ongoing economic, social, and political changes in the kingdom, have made sensitive issues such as political reform, human rights, corruption, security cooperation, and arms sales more prominent in U.S.-Saudi relations than during some periods in the past. U.S. policy initiatives have long sought to help Saudi leaders address economic and security challenges in ways consistent with U.S. interests and values, but these goals, as in the past, remain in tension.

Over the last fifteen years, joint U.S.-Saudi diplomatic efforts to strengthen economic, educational, and interpersonal ties have focused on improving educational and economic opportunities for the kingdom's young population. This has included efforts to promote study in the United States and U.S. investment in the kingdom (see textbox below). As of 2020, thousands of Saudi students continue to pursue higher education in the United States, although numbers have declined since 2014, partly in response to changes in Saudi government funding and programs. The investment position of U.S. entities in Saudi Arabia has increased in value since 2010, but trails growth in U.S. investment positions in other Middle Eastern countries such as Israel and the United Arab Emirates.<sup>3</sup>

Some Members of Congress and Administration officials tentatively embraced the new dynamism brought to Saudi decision making by Crown Prince Mohammed bin Salman, but, in general, Congress has scrutinized U.S.-Saudi relations more intensely since 2015. In particular, U.S. support to the kingdom's operations in Yemen and Saudi and Emirati use of U.S.-origin weaponry there has drawn new attention to congressionally reviewed arms sales and questions of authorization (see "Arms Sales, Security Assistance, and Training" below).<sup>4</sup>

Congressional criticism of Saudi human rights practices also has grown in scope and intensity. The October 2018 murder of Saudi journalist Jamal Khashoggi by Saudi government personnel exacerbated existing congressional concerns about Saudi leaders and the pace, scope, and direction of recent changes in the kingdom's policies. Over time, an increasing number of Members have signaled their discontent about Saudi policy in Yemen and the kingdom's human rights practices, and have voted to require changes in related U.S. policies. Congress has directed relatively less attention to economic aspects of U.S.-Saudi relations or to the opportunities and risks posed by the Saudi government's *Vision 2030* initiative, a national fiscal and economic transformation plan that seeks to increase private sector activity and expand non-oil linked sources of economic growth, employment, and government revenue (see "Economic Reform, Fiscal Priorities, and Administrative Changes").

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<sup>2</sup> Saudi Arabia holds the second largest proven oil reserves in the world (16% of global total) and was the largest exporter of crude oil and petroleum products in the world in 2016.

<sup>3</sup> Comparison of U.S. Bureau of Economic Analysis Data, U.S. Direct Investment Abroad: Balance of Payments and Direct Investment Position Data, Annual Data, Country by industry detail, Position on a historical-cost basis: 2010-18.

<sup>4</sup> For a summary of debates and perspectives, see, Nicolas Niarchos, "How the U.S. Is Making the War in Yemen Worse," *The New Yorker*, January 22, 2018.

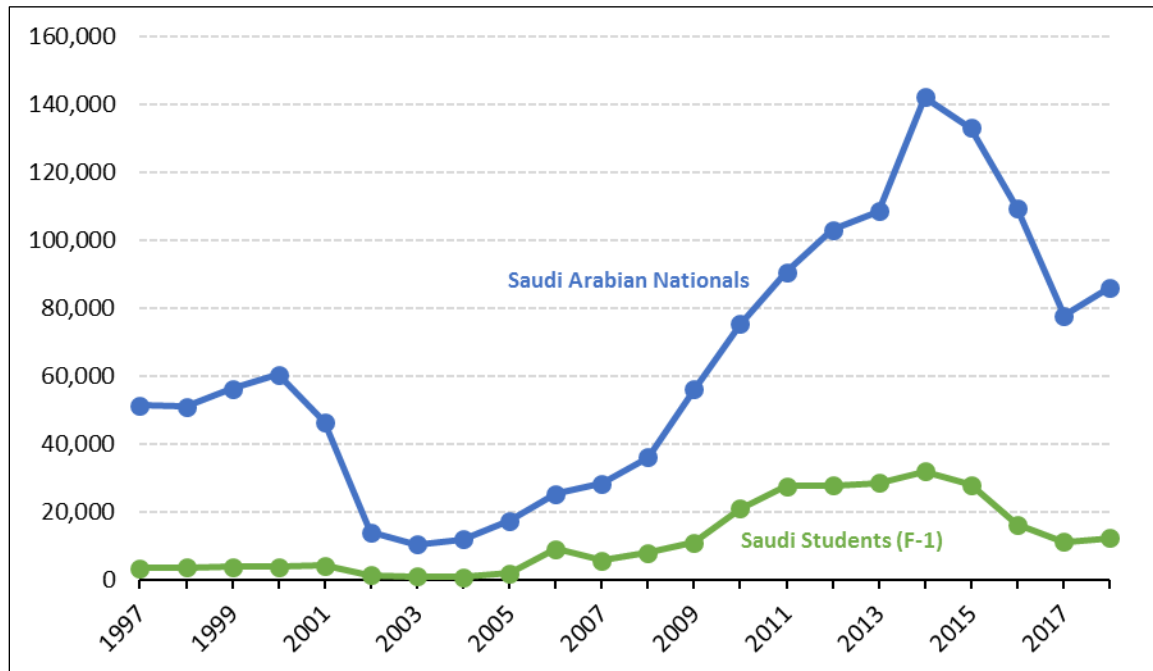


### U.S. Support in Educating the Next Generation of Saudis

The kingdom's investments in education are an acknowledgement of the challenges related to preparing the large Saudi youth population (~67% under 32 years of age) to compete and prosper in coming decades. The late King Abdullah initiated a state-sponsored scholarship program responsible for sending thousands of young Saudis abroad for undergraduate and graduate education. The number of U.S. student visas issued to Saudi nationals increased nearly ten-fold from 2000 to 2014, and the overall number of Saudi students pursuing education in the United States exceeded 44,000 in 2017/2018.<sup>5</sup> That total was a 15% decline from the previous year and a more than 27% decline from its 2015 peak. In 2016, the kingdom announced plans to reduce funding for some overseas students, and the number of Saudi students enrolled in some U.S. universities has declined as scholarship program requirements and funding commitments have changed.<sup>6</sup> U.S. student visa issuance data also reflects these changes (see Figure I).

The growth in the number of Saudi students enrolled in U.S. colleges and universities that occurred after the mid-2000s may have cumulative economic, social, and political effects on Saudi society in future decades. This includes the possibility that educated and economically engaged youth that studied in the United States and other countries could make new social and/or political reform demands of Saudi leaders. In October 2019, Saudi leaders announced plans to allow foreign universities to open branch campuses in the kingdom.

**Figure I. U.S. Visas Issued to Saudi Nationals, Including Students**



**Source:** State Department Visa Office Reports - Nonimmigrant Visas Issued by Nationality (Including Border Crossing Cards), Fiscal Years 1998-2018.

Policy differences and specific disagreements notwithstanding, U.S. and Saudi officials have long favored continuity in the bilateral relationship over dramatic strategic shifts, despite some Saudis' and Americans' calls for fundamental changes. The Trump Administration, like its predecessors, engages the Saudi government as a strategic partner to promote regional security and global economic stability. President Trump has been explicit about his desire to strengthen U.S. ties to

<sup>5</sup> Institute for International Education, "International Student Totals by Place of Origin," Open Doors Report, 2018.

<sup>6</sup> Elizabeth Redden, "Saudi Enrollment Declines," *Inside Higher Ed*, July 18, 2016.

Saudi leaders,<sup>7</sup> which became strained during President George W. Bush's Administration over Iraq and terrorism issues and during President Obama's tenure over differences about responses to regional unrest and U.S. policy toward Iran.

U.S. officials have voiced support for Saudi reform plans, while publicly calling for the kingdom to seek a negotiated settlement in Yemen, allow peaceful expressions of dissent at home, and continue to help fight extremism abroad. Saudi officials have engaged in civil nuclear cooperation talks with the United States and other countries since 2017 (see "Potential U.S.-Saudi Nuclear Cooperation"), and U.S. officials are encouraging the kingdom to forgo acquisition of nuclear fuel cycle technologies that could increase nuclear proliferation concerns.

The Trump Administration continues to argue against various congressional proposals to limit U.S. arms sales to the kingdom or to end U.S. military support to Saudi-led coalition operations in Yemen. The Administration has signaled U.S. concern on human rights issues, imposed sanctions on some Saudi officials, and pledged continued investigation and advocacy on cases of concern, but faces calls from some in Congress to do more.<sup>8</sup>

## **Saudi Priorities and Prospects**

The kingdom faces considerable challenges and opportunities at home and abroad. In Yemen, the coalition has battered the Houthi movement, which has engaged in some de-escalatory confidence building measures since September 2019. The Houthis remain ensconced in the capital and have demonstrated an ability to carry out bold cross border attacks. Strikes on Saudi infrastructure, including critical energy sector infrastructure, have changed global perceptions of security in Saudi Arabia, with U.S. officials attributing different incidents to Yemeni, Iraqi, and Iranian actors. The September 2019 drone and cruise missile attack on the oil production facility at Abqaiq significantly, if temporarily, disrupted Saudi oil operations and illustrated the potential global consequences of regional military confrontation between Iran and Saudi Arabia.

Destruction, displacement, and economic disruption in Yemen caused by the conflict (and particularly by coalition and Houthi conduct) amplify the humanitarian crisis prevailing in the country. The humanitarian crisis, along with the potential for a broader regional conflict, are generating additional international pressure to end the war. Saudi officials remain engaged with United Nations-led peace efforts and have welcomed some de-escalatory Houthi steps, but Saudi war aims have not been achieved after nearly five years of high-cost fighting.

Oil prices, which had recovered from their 2014 lows, declined during 2018, setting back the government's investment and fiscal balance initiatives. Prices recovered slightly due in part to Saudi production cuts, but global demand and supply have not driven prices high enough to relieve related fiscal pressure on Saudi state finances. In February 2019, an International Monetary Fund (IMF) official estimated that Saudi Arabia required oil prices in the \$80-\$85 per barrel range to balance its budget.<sup>9</sup> In July 2019, the IMF said that "with oil prices implied by futures markets declining over the medium-term," Saudi deficits are "projected to widen," and "volatility in global oil prices poses uncertainty."<sup>10</sup> In 2018, the IMF said deficits were "expected

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<sup>7</sup> Remarks by President Trump and Crown Prince Mohammed Bin Salman of the Kingdom of Saudi Arabia before Bilateral Meeting, March 20, 2018.

<sup>8</sup> e.g., White House, Statement of Administration Policy on H.J.Res. 37, February 11, 2019.

<sup>9</sup> IMF Middle East and Central Asia department director Jihad Azour cited in Davide Barbuscia, "Saudi Arabia would need oil at \$80-\$85 a barrel to balance budget: IMF official," Reuters, February 11, 2019.

<sup>10</sup> IMF Press Release 19/287, July 18, 2019.

to continue to be financed by a combination of asset drawdowns and domestic and international borrowing.”<sup>11</sup>

The kingdom has attracted considerable attention for its economic transformation initiatives and for dramatic changes to some policies that had limited the role of Saudi women in public life for decades. International interest in a changing Saudi Arabia appears to remain strong and global investors appear to remain interested in exploring business opportunities, even amidst uncertainty about the kingdom’s security and concerns about its human rights practices stemming from anti-corruption purges, the treatment of government critics, and the murder of Jamal Khashoggi. Saudi leaders continue to promote possibilities offered by increased economic and cultural engagement with the kingdom’s young, educated population, backed by the state’s sizeable financial resources. Some elements of Saudi society are embracing changes introduced under the leadership of Crown Prince Mohammed bin Salman, while others offer critiques.

## Developments in Saudi Arabia

### Political Structure and Leadership

Saudi Arabia is a monarchy governed in accordance with a 1992 Basic Law, and its legal system is largely rooted in the Hanbali school of Sunni Islamic law as interpreted and applied by state-appointed religious judges.<sup>12</sup> The Basic Law states that the country shall be ruled by male descendants of the kingdom’s founder, the late King Abd al Aziz bin Abd al Rahman al Saud (aka Ibn Saud). An appointed, 150-member national Shura Council provides limited oversight and advisory input on some government decisions, and municipal councils with both appointed and elected members serve as fora for public input into local governance.

The Al Saud family has exercised sole control over state affairs since conquering most of the Arabian Peninsula and founding the eponymous kingdom in the 1930s. King Salman bin Abd al Aziz Al Saud succeeded his late half-brother King Abdullah bin Abd al Aziz following the latter’s death in January 2015. King Salman in 2015 and 2017 announced dramatic changes to succession arrangements left in place by King Abdullah, surprising observers of the kingdom’s politics. These changes resulted in the king’s son, Crown Prince Mohammed bin Salman bin Abd al Aziz, being placed in line to succeed his father (see **Figure A-1**, **Figure A-2**, and “Leadership and Succession” below). The Crown Prince is a leading member of the generation of grandsons of the kingdom’s late founder, King Abd al Aziz bin Abd al Rahman Al Saud (aka Ibn Saud); members of this generation are now assuming leadership roles in the kingdom’s security sector, politics, and economy.

Political decision-making in the kingdom long reflected a process of consensus building among a closed elite presided over by senior members of the ruling Al Saud family. In recent years, decision-making appears to have become more centralized under the authority of Crown Prince Mohammed bin Salman, with the apparent blessing of the king.<sup>13</sup> Members of the conservative

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<sup>11</sup> IMF Press Release 18/304, July 24, 2018.

<sup>12</sup> Limited civil service and commercial codes supplement the Islamic legal system, which is based on the Quran and traditions (hadith) of the Prophet Mohammed. Some court reforms have been implemented since 2011 to strengthen the training of judges and increase the consistency of judicial outcomes. See Joseph A. Kéchichian, *Legal and Political Reforms in Saudi Arabia*, New York, Routledge, 2013.

<sup>13</sup> Kristin Smith Diwan, “Saudi Arabia Reassigns Roles within a More Centralized Monarchy,” Arab Gulf States Institute in Washington, DC, January 22, 2019.

Salafist Sunni religious establishment also have long shaped government decisions on social and legal issues. Some representatives of this community have endorsed swift and dramatic changes to some social policies since 2015, while others, operating outside state structures, have been imprisoned for alleged foreign ties and possibly for opposing change.<sup>14</sup> These shifts are occurring in the midst of what some observers have described as “an aggressive nationalist rebranding.”<sup>15</sup>

Several long-time observers of Saudi affairs have noted that the apparent leadership consolidation that has taken place since 2015 represents a departure from patterns and practices among the Al Saud that had prevailed in the kingdom since the mid-1960s.<sup>16</sup> From the mid-1950s to the mid-1960s, rivalry among the sons of the kingdom’s founder threatened to destabilize the country, and leaders adopted a closed, consensus-based model for sharing power and managing state affairs. Centralizing power since 2015 may have enabled King Salman and his son to make domestically controversial changes to some social, economic, and fiscal policies, but rival family members, disgruntled religious conservatives, and other constituencies may harbor resentment over lost influence.

## Security Issues

Succession changes since 2015 and Crown Prince Mohammad bin Salman’s role as the key shaper of the kingdom’s national security policies have resulted in an apparent consolidation of security authority under one individual and sub-branch of the family that is unprecedented in the kingdom since its founding. Notably, the king has replaced the leaders of key Saudi military and internal security services, while concentrating powers that were formally diffused across several security bureaucracies under the new Presidency for State Security that reports to the king and crown prince. As Defense Minister since 2015, the crown prince has outlined goals for unifying the kingdom’s military command structure and for increasing the domestic production of military hardware overseen by the new General Authority for Military Industries (GAMI) and its implementing arm, Saudi Arabian Military Industries (SAMI).<sup>17</sup>

Shifts in Saudi foreign policy toward a more assertive posture—typified by the kingdom’s military operations in neighboring Yemen and a series of regional moves intended to counteract Iranian initiatives—have accompanied the post-2015 leadership changes. The crown prince and his brother, former Saudi Ambassador to the United States and current Deputy Minister of Defense Prince Khalid bin Salman bin Abd al Aziz, have presided over Saudi military operations in Yemen since 2015. The operations have sought to reverse the ouster of Yemen’s transitional

<sup>14</sup> For an overview, see Raihan Ismail, “How is MBS’s consolidation of power affecting Saudi clerics in the opposition?” *Washington Post*, June 4, 2019. For a detailed discussion, see Stéphane Lacroix, “Saudi Arabia and the Limits of Religious Reform,” *The Review of Faith & International Affairs*, Vol. 17:2, pp. 97-101.

<sup>15</sup> Vivian Nereim, “‘Traitor’ Is the New ‘Infidel’ as Nationalism Grips Saudi Arabia,” *Bloomberg News*, March 3, 2019.

<sup>16</sup> e.g., Stig Stenslie, “The End of Elite Unity and the Stability of Saudi Arabia,” *The Washington Quarterly*, Vol. 41, No. 1, pp. 61-82, 2018; and, F. Gregory Gause III, “Fresh Prince: The Schemes and Dreams of Saudi Arabia’s Next King,” *Foreign Affairs*, May/June 2018; and, Gause, “Why the U.S. Should Stay Out of Saudi Politics,” *Foreign Affairs*, December 18, 2018.

<sup>17</sup> GAMI is now the focal point for all major security sector procurement, and SAMI is the entity responsible for contracting and ensuring that *Vision 2030* goals are met for local procurement and production, technology transfer, and local employment. The broad *Vision 2030* goals for SAMI are to localize 50% of the kingdom’s defense spending by 2030 (currently ~2%), to export goods and services worth 5 billion Saudi riyals, create 40,000 jobs, and contribute 14 billion Saudi riyals (\$3.7 billion) to GDP. See also, Neil Partrick, “Saudi Defense and Security Reform,” *Carnegie - Sada*, March 31, 2018; and, Yezid Sayegh, “The Warrior Prince,” *Carnegie - Diwan*, October 24, 2018.

government by the Zaydi Shia *Ansar Allah* (aka Houthi) movement and backers of the late former Yemeni President Ali Abdullah Saleh (see “Conflict in Yemen” below).

A U.S.-facilitated, Saudi-led coalition air campaign has conducted strikes across the country since late March 2015, coupled with a joint Saudi and Emirati ground campaign aimed at reversing Houthi gains and compelling them to negotiate with U.N.-recognized transition leaders. Over time, Saudi military conduct and related criticism has strained the kingdom’s ties with some key partners, including the United States. In addition, fighting among Yemeni rivals has increasingly complicated Saudi-Emirati policy toward Yemen since 2018, and apparent Saudi-Emirati differences over security and political arrangements in southern Yemen intensified in 2019. A series of missile attacks from Yemen on Saudi Arabia demonstrate direct spillover effects of the conflict on the kingdom’s security. In September 2019, the U.S. State Department warned that:

Regional actors hostile to Saudi Arabia have conducted destructive and sometimes lethal attacks against a variety of targets including critical infrastructure, military facilities, airports, and energy facilities throughout the country, as well as vessels in Red Sea shipping lanes. Riyadh, Yanbu, areas in proximity to Jeddah, the civilian airport in Abha, military installations in the south, and specific oil and gas facilities are examples of recent targets. The Islamic Republic of Iran has supplied Yemen-based Houthis and other regional proxy groups with weapons, including drones, missiles, and rockets. Houthi militants continue to plan and conduct attacks against locations in Saudi Arabia. Violence associated with Iran-supported groups represents a significant threat. U.S. citizens living and working near military bases and critical civilian infrastructure, particularly in the Eastern Province and areas near the border with Yemen, are at heightened risk of missile and drone attack.<sup>18</sup>

On September 14, 2019, missile and drone attacks against Saudi oil production facilities at Abqaiq and Khurais underscored the vulnerability of infrastructure in the kingdom that remains critical to Saudi public finances and important to global markets. Swift Saudi recovery efforts have demonstrated resilience, but the risks of potential wider conflict have been established and acknowledged by Saudi leaders.<sup>19</sup>

Inside the kingdom, arrests of Islamic State (IS) supporters have continued since 2014, as Islamic State affiliates have claimed responsibility for a series of deadly attacks against Saudi security forces and members of the kingdom’s Shia minority across the country (see “The Islamic State’s Campaign against the Kingdom” below). Saudi authorities report having disrupted planned IS attacks on government targets in 2017 and 2018. In 2016, the Islamic State claimed a failed suicide bombing against the U.S. Consulate General in Jeddah. Saudi leaders and their IS adversaries have reiterated their hostility toward each other since 2015, with Saudi leaders proposing new transnational counterterrorism cooperation and IS leaders re-declaring war against the royal family, condemning official Saudi clerics, and urging attacks inside the kingdom. The current U.S. State Department travel advisory for Saudi Arabia warns “terrorist groups continue plotting possible attacks” and that “terrorists may attack with little or no warning.”<sup>20</sup>

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<sup>18</sup> U.S. State Department, Saudi Arabia Travel Advisory, September 17, 2019.

<sup>19</sup> Crown Prince Mohammed bin Salman has highlighted the risks that war between Saudi Arabia and Iran could present for the world economy: “The region represents about thirty percent of the world’s energy supplies, about twenty percent of global trade passages, about four percent of the world GDP. Imagine all these three things stop. This means a total collapse of the global economy, and not just Saudi Arabia or the Middle East countries.” *60 Minutes*, October 1, 2019.

<sup>20</sup> U.S. State Department, Saudi Arabia Travel Advisory, September 17, 2019.



## Leadership and Social Change

The Crown Prince has presided over efforts ostensibly designed to root out corruption among elites, including prominent businessmen and members of the royal family. In late 2017, authorities imprisoned dozens of wealthy individuals, including some royal family members, for months in the Ritz Carlton hotel in Riyadh as part of a declared anti-corruption campaign. Most detainees were released after reaching undisclosed financial arrangements with authorities that in total reportedly netted the state more than \$100 billion.<sup>21</sup> Authorities deny allegations of detainee abuse that continue to circulate. Some prominent individuals, including Prince Turki bin Abdullah—the son of the late King Abdullah bin Abd al Aziz—reportedly were kept in detention.<sup>22</sup> Former Crown Prince Mohammed bin Nayef’s activities also reportedly are constrained: the longtime counterterrorism chief and frequent U.S. interlocutor was replaced abruptly in June 2017.<sup>23</sup>

Bureaucratic changes and anti-corruption efforts may also have contributed to the centralization of power and financial control.<sup>24</sup> Rumored discontent among other royal family members has not manifested in demonstrable public efforts to challenge or undermine the Crown Prince’s agenda.<sup>25</sup> The balances of power, interests, and influence among the rising generation of leaders in the royal family are relatively opaque and appear to be evolving.

Over time, Saudi leaders have sought to manage vocal demands from the country’s relatively young population for improved economic opportunities, limited political participation, and improved social conditions. The royal family has balanced these efforts against its commitments to protect the kingdom’s conservative Islamic traditions and address a host of regional and domestic security threats.

The king and crown prince have introduced social reforms that have curtailed public powers long enjoyed by religious conservatives, introduced new public entertainment opportunities, and enabled women to participate in society on a more equal and open basis. Experienced observers of the kingdom emphasize the significance of these changes for the social and economic lives of Saudi citizens.<sup>26</sup> Social and economic policy changes—while transformative in some respects—

<sup>21</sup> David Kirkpatrick, “Saudis End Purge That Began With Hundreds Locked in the Ritz-Carlton,” *New York Times*, January 31, 2019; and, Devon Pendleton and Simone Foxman, “Freed Saudis Resurface Billions Poorer After Prince’s Crackdown,” *Bloomberg News*, February 2, 2019.

<sup>22</sup> Human Rights Watch, “Saudi Arabia: Clarify Status of ‘Corruption’ Detainees,” February 18, 2019.

<sup>23</sup> Former U.S. intelligence official Bruce Riedel has said that Prince Mohammed bin Nayef is under “house arrest” or “palace arrest.” Video footage of the prince meeting in September 2019 with the family of a slain personal guard of King Salman appeared on social media. See Riedel, “Four years into Salman’s reign, Saudi Arabia more unpredictable than ever,” *Al Monitor*, January 16, 2019; and Riedel, interview with Martin Smith, *PBS Frontline*, October 1, 2019.

<sup>24</sup> See Justin Scheck and Bradley Hope, “‘I Am the Mastermind’: Mohammed bin Salman’s Guide to Getting Rich,” *Wall Street Journal*, May 16, 2018; and, Devon Pendleton, “Saudi Prince’s Rise to Power Turns Him into a Billionaire Boss,” *Bloomberg News*, August 10, 2019.

<sup>25</sup> Some members of the royal family reportedly have objected to some changes under the leadership of King Salman and Crown Prince Mohammed bin Salman in a series of intra-family letters reported since 2015, during meetings of the Allegiance Council, and through other channels. See David Ignatius, “A Cyclone Brews over Saudi Arabia,” *Washington Post*, October 13, 2015; Hugh Miles, “Saudi Royal Calls for Regime Change in Riyadh,” *The Guardian* (UK) September 28, 2015; Simon Henderson, “Meet the Next Generation of Saudi Rulers,” *Foreign Policy*, November 10, 2017; Vivian Nereim, “Saudi Prince Addresses Questions of Loyalty After London Video,” *Bloomberg News*, September 5, 2018; and, Reuters, “In Saudi Arabia, criticism of Crown Prince grows after attack,” October 2, 2019.

<sup>26</sup> For an overview, see Priyanka Boghani, “The Paradox of Saudi Arabia’s Social Reforms,” *PBS Frontline*, October 1, 2019. See also comments by Kristen Smith Diwan in Anuj Chopra, “Saudi Arabia wins plaudits for ending ban on women driving,” *Agence France Presse*, September 27, 2017.

have demonstrated some consideration for the interests and potential objections of domestic constituencies, including religious conservatives. Many young Saudis reportedly have embraced the crown prince's leadership and initiatives, while some members of the royal family and elites reportedly have various doubts and concerns.<sup>27</sup> Formal and informal limits on public discourse complicate efforts to authoritatively measure public and elite opinion.

Saudi leaders have not initiated comparable liberalizing changes to the kingdom's political system, including to laws and rules that restrict public debate, expression, and association. More intense state scrutiny since 2017 of the press, social media, and other public channels for expressing dissent in the kingdom may mask (and potentially amplify) some discontent. Laws criminalizing criticism of leaders and state policies remain in effect, as do national security laws targeting broadly defined involvement with terrorism and sedition. Since 2017, security forces have detained dozens of activists, Islamist figures, and journalists, also announcing various charges against some well-known public figures, including prominent clerics, human rights advocates, and women's rights campaigners.<sup>28</sup> Trials of some accused individuals are underway. Senior Saudi leaders have stated what they view as the seriousness of the charges levied against some individuals as well as leaders' responsibility to refrain from interference in judicial processes under Saudi law.<sup>29</sup>

Security forces monitor and tightly limit political and social activism in a domestic security environment that has been defined since the mid-1990s by persistent terrorist threats and to a lesser extent since 2011 by anxiety about potential unrest and economic stagnation. Relations between some members of the Shia minority (~10%-15% of the Saudi population) and the government remain tense, amid periodic localized confrontations between security forces, demonstrators, and armed youth in the oil-rich Eastern Province (see "Shia Minority Issues" below). Efforts to improve sectarian relations are complicated by the Islamic State group's anti-Shia terrorism, official discrimination, and government concerns about perceived Iranian efforts to destabilize the kingdom by agitating Saudi Shia.

## Economic Reform, Fiscal Priorities, and Administrative Changes

Saudi leaders are simultaneously managing ambitious and politically sensitive fiscal consolidation and economic transformation initiatives. High prices in international oil markets amplified oil export earnings for most of the period from 2005 to 2014, generating significant fiscal surpluses and leaving the kingdom with sizeable foreign reserves and low levels of official debt.<sup>30</sup> After 2011, the government expanded spending programs to improve housing and infrastructure, raise public sector wages, expand education, and ease the burdens of unemployment. This spending created new fiscal burdens, even as state oil revenues decreased more than non-oil revenues grew from 2014 through 2017 (**Figure 2**). Saudi leaders used accumulated financial reserves and borrowed funds domestically and internationally to finance

<sup>27</sup> Reuters, "In Saudi Arabia, criticism of Crown Prince grows after attack," October 2, 2019; and Michael Amon and Donna Abdulaziz, "New Social Rules Leave Saudis Confused About How to Behave," *Wall Street Journal*, March 31, 2019.

<sup>28</sup> Ben Hubbard, "Saudi Arabia Seeks Death Penalty in Trial of Outspoken Cleric," *New York Times*, September 4, 2018; and, "Saudi Arabia Detains Critics as New Crown Prince Consolidates Power," *New York Times*, Sept. 14, 2017.

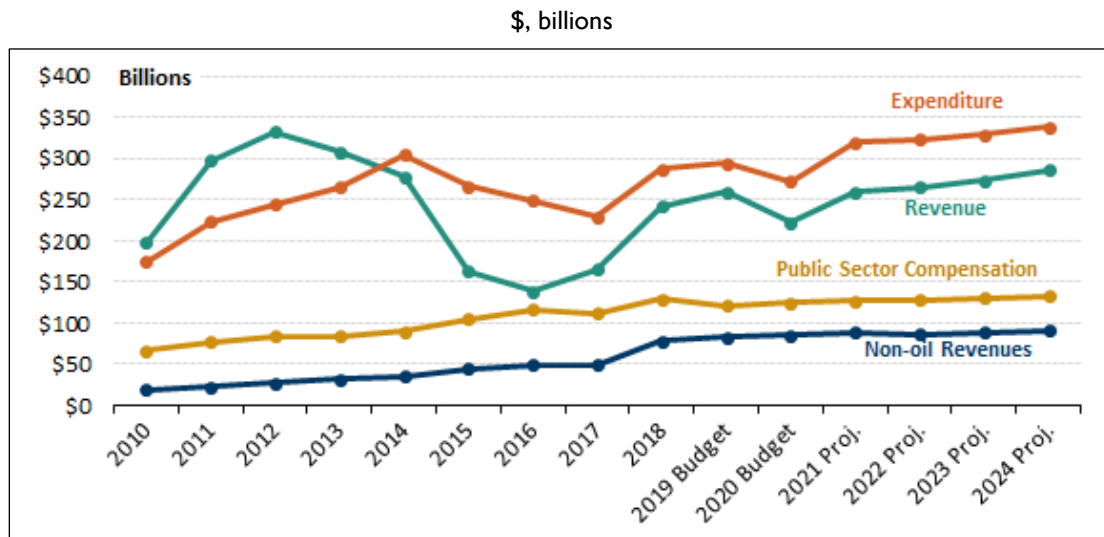
<sup>29</sup> In September 2019, Crown Prince Mohammed bin Salman said in his interview with CBS News 60 Minutes that he was unable to intervene in cases brought against certain individuals by the kingdom's public prosecutor.

<sup>30</sup> According to the U.S. State Department's 2019 Investment Climate Statement for Saudi Arabia, the Saudi Arabian Monetary Authority's (SAMA) foreign reserve holdings "peaked at USD 746 billion in mid-2014." The report states that "SAMA's foreign reserves stood at approximately USD 497 billion at the end of 2018."

deficit spending, and, in 2015, embarked on new initiatives to reshape the kingdom's economy and public finances.<sup>31</sup> Non-oil revenue has grown, but is projected to remain below public sector compensation requirements through 2024 (**Figure 2**).

Crown Prince Mohammed bin Salman presides over the kingdom's national economic transformation initiatives, and, under his father's auspices, he has directed changes to the leadership of economic and administrative bodies across the Saudi government. Saudi Arabia's *Vision 2030* initiative, National Transformation Plan, and Fiscal Balance Plan (**Figure 3**) seek to expand employment opportunities for young Saudis—67% of the kingdom's 20 million citizens are under 35—while attracting large-scale foreign investment to new sectors and creating new sources of non-oil-based state revenue and private sector economic activity.<sup>32</sup> Successive Saudi administrations have pursued these goals, but with more narrow and gradual targets than the *Vision 2030* initiative.

**Figure 2. Saudi Arabia: Select Revenues and Expenditures Data**



**Source:** International Monetary Fund Article IV reports, 2012-2019. Saudi budget release, 2020.

**Note:** The Saudi riyal is pegged to the U.S. dollar at a rate of 1 USD to 3.75 SAR.

Authorities have introduced some taxes, reduced energy subsidies, and taken other fiscal measures to improve the kingdom's state finances, tailoring implementation and in some cases offering temporary financial support to citizens to ease burdens at the household level. Plans to publicly offer shares in state-owned oil company Aramco have reached an advanced stage, with proceeds scheduled to benefit the state's Public Investment Fund (PIF) and expand the resource

<sup>31</sup> From 2014 through 2018, Saudi officials drew more than \$234 billion from state reserves and national government debt increased from 5.8% of GDP to 19.1%, as new domestic and international bonds were issued to help meet revenue needs. IMF Country Report No. 19/290, Staff Report for the 2019 Article IV Consultation, September 9, 2019. Reuters estimated in July 2019 that the kingdom has issued more than \$60 billion in bonds since the end of 2016. Davide Barbascia and Tom Arnold, "Saudi Arabia raises 3 billion with debut euro bond," Reuters, July 2, 2019.

<sup>32</sup> See, IMF Article IV Reports, 2017-2019 and, "The \$2 Trillion Project to Get Saudi Arabia's Economy Off Oil," *Bloomberg Businessweek*, April 25-May 1, 2016; Ben Hubbard and Kate Kelly, "Saudi Arabia's Grand Plan to Move Beyond Oil: Big Goals, Bigger Hurdles," *New York Times*, October 25, 2017; Ahmed Al Omran, "Saudi Arabia's sleepy city offers prince a cautionary tale," *Financial Times* (UK), May 27, 2018; Al Omran, "Record numbers of foreign workers leave Saudi Arabia," *Financial Times* (UK), July 10, 2018; and, Rory Jones, "In Rare Step, Saudi's Sovereign-Wealth Fund Raises \$11 Billion Loan," *Wall Street Journal*, September 17, 2018.

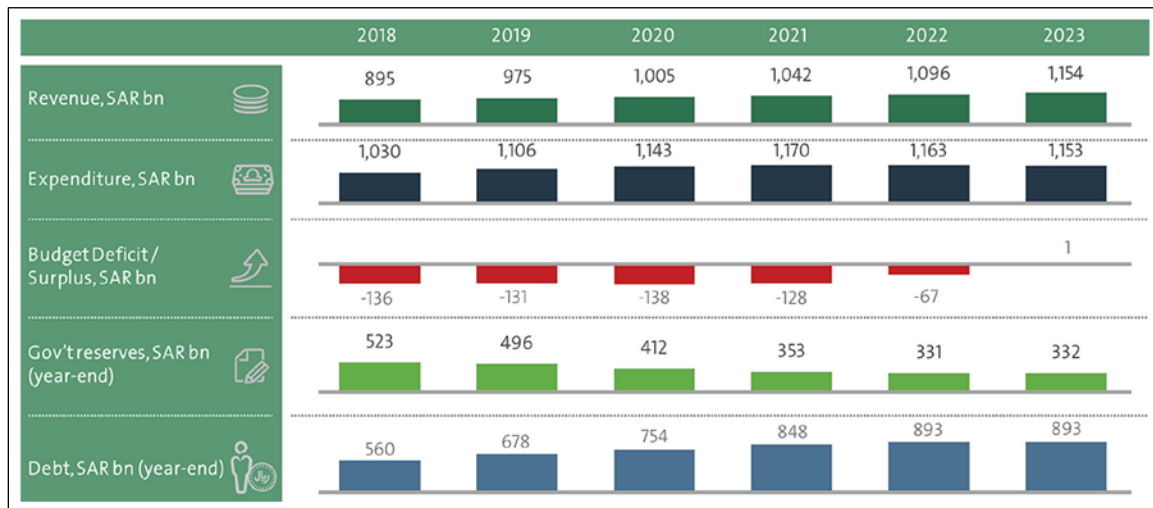


base for additional investment in *Vision 2030* priorities. Recent trends in global oil prices and uncertainty about regional security conditions create additional challenges and constraints.

The IMF has commended the reform goals articulated in *Vision 2030* and the National Transformation Plan, which in part reflect long-standing IMF recommendations for structural reforms to encourage private sector growth and improve employment opportunities for young Saudis.<sup>33</sup> Historically, Saudi policymakers have faced challenges in balancing these types of reforms with concerns for the preservation of security, social stability, and cultural and religious values. Fluctuations in global oil demand and market prices are another factor shaping decision economic and fiscal decision-making.

**Figure 3. Saudi Arabian Government Fiscal Projections**

Fiscal Balance Program Update 2019



**Source:** Saudi Arabian government, *Vision 2030: Fiscal Balance Program Update*, 2019.

**Note:** Billions noted as bn. The Saudi riyal (SAR) is pegged to the U.S. dollar at a rate of 1 USD to 3.75 SAR.

In 2017, IMF officials stated their view that the kingdom's leaders had "scope for more gradual implementation" of planned changes in order to allow citizens to adapt and preserve fiscal resources to respond to unanticipated needs.<sup>34</sup> In 2018, the IMF judged that Saudi leaders had "made good progress in implementing their reform program," and emphasized their view that the kingdom should maintain the current pace of implementation and avoid the temptation of expansionary government spending, despite increases in oil prices since 2017.<sup>35</sup>

The Saudi government's fiscal consolidation plans (**Figure 3**) seek to balance the kingdom's budget by 2023, an adjustment from earlier plans to achieve balance by 2020. The IMF's 2019 consultation concluded that the kingdom has "substantially less" fiscal space looking ahead, and judged that "the authorities' ability to balance the budget in 2023 appears reliant on relatively optimistic oil price assumptions and assumed spending restraint that has not been evident in the past two years."<sup>36</sup> According to the report, Saudi authorities disagreed with the IMF's projections

<sup>33</sup> Ibid.

<sup>34</sup> IMF Press Release 17/178, IMF Staff Completes 2017 Article IV Mission to Saudi Arabia, May 17, 2017.

<sup>35</sup> IMF Country Report No. 18/263, Staff Report for the 2018 Article IV Consultation, June 28, 2018.

<sup>36</sup> IMF Country Report No. 19/290, Staff Report for the 2019 Article IV Consultation, September 9, 2019.

and discussed a range of options with IMF officials for responding to lower oil prices and rebalancing assets and investments.

According to the IMF, Saudi officials plan to continue public stimulus spending, coupled with administrative, legal, and civil service changes. Officials also have reorganized and consolidated several important economic ministries in a bid to streamline operations, reduce costs, and support the implementation of planned reforms. IMF observers have encouraged further planned civil service performance and salary reforms. Cuts to public sector salaries and bonuses have been intermittently implemented and reversed in recent years, and projections for public sector wage bill growth are relatively flat (**Figure 2**).

The kingdom's 2020 budget calls for slightly reduced spending (\$272 billion) compared to 2019, but projects a larger budget deficit (~\$50 billion, or 6.4% of GDP) based on lower revenue estimates.

## **Human Rights, Gender Issues, and Minority Relations**

### **Human Rights**

According to the U.S. State Department's 2018 report on human rights in Saudi Arabia, Saudi law provides that "the State shall protect human rights in accordance with Islamic sharia."<sup>37</sup> Saudi law does not provide for freedom of assembly, expression, religion, the press, or association; rather, the government strictly limits each of these. The kingdom remains an absolute monarchy, and its citizens do not choose their government through election. Political parties are prohibited, as are any groups deemed to be in opposition to the government. The State Department noted "reports of disappearances carried out by or on behalf of government authorities" and observes that while Saudi law prohibits torture, "Multiple human rights organizations, the United Nations, and independent third parties noted numerous reports of torture and mistreatment of detainees by law enforcement officers."

A Specialized Criminal Court presides over trials of suspects in terrorism cases, including cases involving individuals accused of violating restrictions on political activity and public expression contained in counterterrorism and cybercrimes laws adopted since 2008. A government Human Rights Commission (HRC) is responsible for monitoring human rights conditions, fielding complaints, referring cases of violations for criminal investigation, and interacting with foreign entities on issues of human rights concern.

While Saudi authorities have created new space for some social and entertainment activities, they also have moved to further restrict the activities of groups and individuals advocating for political change and campaigning on behalf of individuals detained for political or security reasons, including advocates for the rights of terrorism suspects. Some young Saudis who have produced social media videos criticizing the government and socioeconomic conditions in the kingdom also have reportedly been arrested. In September 2018, Saudi prosecutors announced plans to prosecute individuals who produce or distribute content that "mocks, provokes or disrupts public order, religious values and public morals" for cybercrime.<sup>38</sup>

King Salman, like the late King Abdullah, has moved to restrict and redefine some of the responsibilities and powers of the Commission for the Promotion of Virtue and Prevention of

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<sup>37</sup> State Department, Country Reports on Human Rights Practices for 2018.

<sup>38</sup> Arab News (Jeddah), "Saudi Arabia to penalize individuals who create or promote social media content that disrupts public order," September 5, 2018.

Vice (CPVPV), often referred to by non-Saudis as “religious police,” in response to some public concerns. A government-endorsed entity, the CPVPV assumed a prominent public role in enforcing standards of religious observance and gender segregation norms for decades. In 2016, the government stripped the CPVPV of certain arrest powers, required its personnel to meet certain educational standards, and instructed them to improve their treatment of citizens.

While the CPVPV remains operational, the State Department reports that, “evidence available since the end of 2017 indicated that CPVPV officers were less visibly present and active after implementation of the new strictures.” Periodic incidents involving CPVPV personnel and government-sponsored changes to rules governing social affairs and public morality continue to shape related discussion and debate among Saudis. While many Saudis have embraced social changes introduced since 2015, others have been outspoken in their criticism of changes to rules concerning public dress, public performances, and gender segregation.<sup>39</sup> Some Saudi social media users explicitly call for the re-empowerment of the CPVPV.

Critics of the kingdom’s record on human issues have highlighted the fact that since the 1990s, authorities have periodically detained, fined, or arrested individuals associated with protests or public advocacy campaigns. Arrests and public punishments of human rights advocates have attracted increased international attention to contentious social and human rights issues in recent years, and, in February 2017, Human Rights Watch issued a report reviewing what it described as a “stepped up” campaign against activists.<sup>40</sup> This includes some advocates for Saudi women’s rights that the government has recently moved to recognize, such as rights to drive automobiles, travel freely, or to enjoy fewer guardianship-related legal restrictions (see below). Since 2016, Saudi officials have more frequently described their motives for detentions and investigations in gender-related and other human rights cases as being based on concerns about activists’ relations with foreign third parties. Saudi authorities broadly reject most international calls for specific action on human rights-related cases, which they describe as attempts to subvert Saudi sovereignty or undermine the kingdom’s judicial procedures.

In parallel, press reports and human rights advocates have noted the detention of several religious and tribal figures presumed to be critical of the government or its recent social reforms, and, in some cases, who Saudi authorities accuse of linkages with the Muslim Brotherhood. Saudi Arabia, along with some of its regional partners, regard the Muslim Brotherhood as a terrorist organization.<sup>41</sup> Saudi prosecutors have announced their intention to seek the death penalty against some of the detained religious figures for their involvement with the International Union of Muslim Scholars, which the kingdom similarly considers a terrorist organization because of its ties to neighboring Qatar (see “Qatar and Intra-Gulf Cooperation Council (GCC) Tensions” below).

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<sup>39</sup> Michael Amon and Donna Abdulaziz, “New Social Rules Leave Saudis Confused About How to Behave,” *Wall Street Journal*, March 31, 2019.

<sup>40</sup> Human Rights Watch, “Saudi Arabia: Intensified Repression of Writers, Activists,” February 6, 2017.

<sup>41</sup> This includes prominent conservative religious figures such as Salman al Awda, Safar al Hawali, Ali al Omari, Nasir al Umar, Awad al Qarni, and Abd al Aziz al Fawzan. Several have been harsh critics of U.S. policy in the past, and in some cases signed letters calling for armed resistance to the U.S. military presence in Iraq. Some, like Awda and Hawali, were associated with the Islamist “awakening” (*sahwa*) movement of the 1990s. See Lacroix, *op cit.*, and, Ben Hubbard, “Saudi Prince, Asserting Power, Brings Clerics to Heel,” *New York Times*, November 5, 2017.

### The Murder of Jamal Khashoggi

On October 2, 2018, Saudi government officials murdered Saudi journalist Jamal Khashoggi in the Saudi Arabian consulate in Istanbul, Turkey.<sup>42</sup> They allegedly subdued and dismembered him and then left the country.<sup>43</sup> Khashoggi, a prominent media figure and former official diplomatic advisor, had openly and pointedly criticized decisions taken by King Salman and Crown Prince Mohammed bin Salman, both before and after he moved to the United States in 2017. According to personal acquaintances, Khashoggi had sought but not yet received lawful permanent resident status in the United States at the time of his death.

Khashoggi's killing led some in Congress to question the responsibility of senior Saudi leaders for the incident and their competence, reliability, and rectitude as partners of the United States. In November 2018, the Administration placed financial sanctions on 17 Saudi individuals, including a key then-adviser to the crown prince, Saud al Qahtani, for alleged involvement in Khashoggi's murder. U.S. travel sanctions on 21 Saudis also are in place. Those sanctioned included security personnel identified by press reports as having travelled with the crown prince to the United States, some of whom are accused of direct involvement in the killing.

Saudi authorities prosecuted some individuals accused of planning and participating in Khashoggi's killing; a trial of 11 defendants began in January 2019, and in December, eight of those accused were convicted, with five receiving death sentences and three receiving prison sentences. The names of those convicted were not publicly released. Saud al Qahtani and Major General Ahmed al Asiri were investigated and cleared of wrongdoing.

Saudi authorities restricted access to the proceedings, but allowed observers from some Saudi nongovernmental organizations and from the embassies of the permanent five members of the U.N. Security Council and Turkey to attend. In conjunction with press reporting on the pace and limited reach of the trial, the State Department said in June 2019 that, "the Saudi prosecutor has taken important steps toward accountability for the killing of Jamal Khashoggi, but more needs to be done," and called for "a fair and transparent judicial process without undue delay."<sup>44</sup>

In November 2018, Secretary of State Mike Pompeo told reporters that he was confident that he had reviewed all relevant intelligence regarding the Khashoggi matter and that "there is no direct reporting connecting the Crown Prince to the order to kill Jamal Khashoggi."<sup>45</sup> In January 2019, he told the press that "every single person who has responsibility for the murder of Jamal Khashoggi needs to be held accountable," and, in February 2019, he said the U.S. government "will continue to take more action, continue our investigation... as we get additional information, we will continue to hold all of those responsible accountable."<sup>46</sup>

In interviews as the anniversary of Khashoggi's death approached in 2019, Crown Prince Mohammed bin Salman denied ordering Khashoggi's murder and said, "When a crime is committed against a Saudi citizen by officials working for the Saudi government, as a leader I must take responsibility. This was a mistake. And I must take all actions to avoid such a thing in the future."<sup>47</sup> Calling the killing "a heinous crime," he dismissed reported U.S. intelligence community conclusions<sup>48</sup> about his knowledge and responsibility and said, "If there is any such information that charges me, I hope it is brought forward publicly."<sup>49</sup>

Section 1277 of the FY2020 National Defense Authorization Act [P.L. 116-92] requires the Director of National Intelligence to report to congressional committees on the name and roles of any current or former Saudi officials or political figures in the killing of Jamal Khashoggi or the impeding of an impartial investigation.

<sup>42</sup> According to Saudi Minister of State for Foreign Affairs Adel al Jubeir, "He was murdered by agents of the Saudi government without authorization, without permission." Remarks of Saudi Minister of State for Foreign Affairs Adel al Jubeir, Council on Foreign Relations, New York, NY, September 24, 2019.

<sup>43</sup> U.N. Document A/HRC/41/CRP.1, June 19, 2019.

<sup>44</sup> Summer Said, Michael Amon, and Dion Nissenbaum, "In Khashoggi Murder Trial, Absence of Crown Prince Mohammad's Aide Stands Out," *Wall Street Journal*, June 22, 2019.

<sup>45</sup> Remarks of Secretary of State Mike Pompeo, U.S. Capitol, November 28, 2018.

<sup>46</sup> Remarks of Secretary of State Mike Pompeo to the traveling press, Riyadh, Saudi Arabia, January 14, 2019; and, Remarks at U.S. Embassy Budapest, February 11, 2019.

<sup>47</sup> Crown Prince Mohammed bin Salman interview with Norah O'Donnell, CBS 60 Minutes, September 30, 2019.

<sup>48</sup> Warren Strobel, "CIA Intercepts Underpin Assessment Saudi Crown Prince Targeted Khashoggi," *Wall Street Journal*, December 1, 2018.

<sup>49</sup> Crown Prince Mohammed bin Salman interview with Norah O'Donnell, CBS 60 Minutes, September 30, 2019.

Public backlash in the kingdom and beyond could be considerable in light of the transnational media visibility that several of the accused clerics have long enjoyed and their large, global social media followings.<sup>50</sup> The detention of prominent activists and tribal figures may have domestic security implications. An online “Prisoners of Conscience” campaign monitors and provides updates on reported details about the detention of activists, clerics, and other citizens.<sup>51</sup>

## Women’s Rights Issues

Many women’s rights issues in Saudi Arabia remain subject to domestic debate and international scrutiny. Saudi women have long faced comprehensive restrictions on travel, employment, and independent engagement with public bureaucracies. Recent policy changes have removed some official restrictions, though in other areas male guardianship rules continue to apply and, informally, social and family practices continue to restrict some women’s social and personal autonomy.<sup>52</sup> The most recent (2018) U.S. State Department report on human rights in Saudi Arabia notes, “women continued to face significant discrimination under law and custom, and many remained uninformed about their rights.”<sup>53</sup> The report states that, despite conditions in which “gender discrimination excluded women from many aspects of public life ... women slowly but increasingly participated in political life, albeit at a disadvantage.”

The late King Abdullah recognized women’s right to vote and stand as candidates in 2015 municipal council elections. He also expanded the size of the national Shura Council to include 30 women. The third nationwide municipal council elections were held in December 2015. Authorities expanded the elected membership of the councils to two-thirds for the election and lowered the voter registration age from 21 to 18. Authorities did not grant female candidates quota or list preferences. Women won 21 of the 2,106 seats, and the Minister for Municipal and Rural Affairs appoint 17 other women to seats.<sup>54</sup> Subsequent changes to social policies regarding gender interaction in public may improve female candidates’ ability to campaign in future elections.

In April 2017, King Salman ordered government agencies to review guardianship rules that restrict women’s access to government services and to remove those that lack a basis in Islamic law, as interpreted by the kingdom’s judicial establishment.<sup>55</sup> In September 2017, the government directed ministries to prepare regulations to recognize women’s rights to drive, and in June 2018, Saudi women began driving with state approval. In August 2019, the government announced amendments to regulations and to civil status and labor laws that enable Saudi women to obtain travel documents, assert civil status in dealing with the government, have custody of their

<sup>50</sup> For a critical account, see Yasmine Farouk, “The Penalties of a Death,” Carnegie Middle East Center, *Diwan*, September 17, 2018.

<sup>51</sup> Available in English at: [https://twitter.com/m3takl\\_en?lang=en](https://twitter.com/m3takl_en?lang=en), and Arabic at: <https://twitter.com/m3takl>.

<sup>52</sup> For an overview on the guardianship system and related activism, see Nora Doaiji, “Saudi Women’s Online Activism: One Year of the ‘I Am My Own Guardian’ Campaign,” Arab Gulf States Institute in Washington, October 2017; and, Margaret Coker, “How Guardianship Laws Still Control Saudi Women,” *New York Times*, June 22, 2018.

<sup>53</sup> State Department Country Reports on Human Rights Practices for 2018, Saudi Arabia. The report attributes the differences in status among men and women in political life to “guardianship laws requiring a male guardian’s permission for legal decisions, restrictions on women candidates’ contact with male voters in the 2015 elections, and the ban on women driving, which the government lifted in June.”

<sup>54</sup> George Sadek, “FALQs: Saudi Arabia Municipal Elections – Women Participate for the First Time,” Law Library of Congress, December 22, 2015; National Public Radio (NPR), “Saudi Women React to Election Results,” December 20, 2015; and, NPR, “After Historic Elections in Saudi Arabia, What’s The Future for Women?” December 22, 2015.

<sup>55</sup> Human Rights Watch, Saudi Arabia: ‘Unofficial’ Guardianship Rules Banned, May 9, 2017.



children, and work without a guardian's permission. These moves, while controversial in the kingdom, suggest that managed, limited political and social reforms involving gender issues are possible. The implemented and proposed changes nevertheless have been accompanied by the detention of some of their most prominent female proponents.<sup>56</sup> Saudi authorities allege the detainees have what they consider to be inappropriate or illegal ties to foreign entities.

#### **International Religious Freedom and Trafficking Victims Prevention Designations**

Saudi Arabia has been designated since 2004 as a country of particular concern under the International Religious Freedom Act of 1998 (P.L. 105-292, as amended and 22 U.S.C. Ch. 73) for having "engaged in or tolerated particularly severe violations of religious freedom." On December 18, 2019, the State Department renewed this designation and deemed the waiver of accompanying sanctions as required in the important national interest of the United States pursuant to Section 407 of the act.

Saudi law does not provide freedom of religion. The country's official religion is Islam, and the Quran and Sunna (traditions) of the Prophet Mohammed serve as the country's foundational legal sources. In November 2017, authorities revised the counterterrorism law to criminalize "the promotion of atheistic ideologies in any form," "any attempt to cast doubt on the fundamentals of Islam," publications that "contradict the provisions of Islamic law," and other acts deemed contrary to sharia, including non-Islamic public worship, public display of non-Islamic religious symbols, conversion by a Muslim to another religion, and proselytizing by a non-Muslim.<sup>57</sup>

Saudi Arabia is designated as a Tier 3 country pursuant to the Trafficking Victims Protection Act (TVPA, 22 U.S.C. Ch. 78), indicating that the U.S. government considers the kingdom to be a country whose government does not fully meet the TVPA's minimum standards and is not making significant efforts to do so. In October 2019, President Trump partially waived the applicability of TVPA penalties to Saudi Arabia to allow for U.S. defense sales to Saudi Arabia under the Foreign Military Sales program to continue.<sup>58</sup>

### **Shia Minority Issues**

Saudi Arabia's Shia Muslim minority communities have historically faced discrimination and periodic violence, although outreach by government authorities and attempts at integration and inclusion have improved intercommunal relations somewhat.<sup>59</sup> Since 2014, IS terrorist attacks against Shia minority communities, low-level unrest in some Shia communities in the oil-rich Eastern Province (see Ash Sharqiyah in **Table 1** above), and small protests by students and families of security and political detainees have created strains on order and stability.

Saudi authorities continue to pursue a list of young Shia individuals wanted in connection with protests and clashes with security forces in the Eastern Province. These clashes intensified in the wake of the 2016 execution of outspoken Shia cleric Nimr al Nimr: Shia protestors conducted arson attacks against public buildings and shooting attacks killed and injured Saudi security personnel. Nimr had been charged with incitement to treason and alleged involvement with

<sup>56</sup> Women's rights activists Loujain Hathloul and Maysa al Amoudi were detained at the Saudi-UAE border in December 2014 for attempting to drive and publicizing their efforts and detention using social media. Their cases were referred to the Specialized Criminal Court (also referred to as the terrorism court), where cases involving those accused of "undermining social cohesion" are tried. Both were released in February 2015. Hathloul was detained again in May 2018. Samar Badawi, Hatoon al Fassi, and Nassima al Sada were similarly detained. See Ben Hubbard, "Saudi Arabia Agrees to Let Women Drive," *New York Times*, September 26, 2017; Kareem Fahim and Loveday Morris, "Saudi Arabia Detains Womens Rights Advocates Who Challenged Driving Ban," *Washington Post*, May 18, 2018; and, Margherita Stancati, "Saudi Arabia Detains More Women's Rights Activists," *Wall Street Journal*, August 1, 2018.

<sup>57</sup> State Department Bureau of Democracy, Human Rights and Labor, International Religious Freedom Report for 2017.

<sup>58</sup> Presidential Determination with Respect to the Efforts of Foreign Governments Regarding Trafficking in Persons October 18, 2019.

<sup>59</sup> Kristin Smith Diwan, "Saudi Nationalism Raises Hopes of Greater Shia Inclusion," Arab Gulf States Institute in Washington, May 3, 2018.

individuals responsible for attacks on security forces.<sup>60</sup> In May 2017, Saudi security forces traded fire with armed individuals in Nimr's home village of Al Awamiya, and one Saudi soldier was killed. Explosions and gunfire have periodically killed and injured Saudi security officers in and around Al Awamiyah and Qatif since mid-2017. Saudi security operations and clashes with armed locals resulted in the destruction of areas of Al Awamiya in August 2017. Government-sponsored reconstruction in Al Awamiya center was completed in February 2019.<sup>61</sup>

In line with the firm approach evident in Nimr's 2014 death sentence, Saudi courts have handed down lengthy jail terms and travel bans for Shia protestors and activists accused of participating in protests and attacking security force personnel over the last several years. Several Shia individuals suspected of involvement in related violence have been killed in clashes with security forces, and other individuals convicted of crimes related to confrontations have been executed. In April 2019, Saudi authorities executed 33 individuals convicted of involvement in related unrest, attacks, or of espionage.<sup>62</sup> U.S. travel advisories state that U.S. government personnel are restricted from travel to Qatif and Al Awamiyah because of related tensions and the potential for violence.

## Terrorism Threats and Bilateral Cooperation

The Saudi Arabian government states that it views Al Qaeda, Al Qaeda affiliates, the Islamic State (aka ISIS/ISIL or the Arabic acronym *Da'esh*), other Salafist-jihadist groups, and their supporters as direct threats to Saudi national security. The U.S. government has described the Saudi government as "a strong partner in regional security and counterterrorism efforts,"<sup>63</sup> and has reported that the Saudi government has taken increased action since 2014 to prevent Saudis from travelling abroad in support of extremist groups or otherwise supporting armed extremists. In 2016, the Saudi Ministry of Interior reported that there were then "2,093 Saudis fighting with terrorist organizations in conflict zones, including ISIS, with more than 70 percent of them in Syria."<sup>64</sup>

Saudi and U.S. officials agree that the Islamic State and Al Qaeda in the Arabian Peninsula (AQAP)—based in Yemen and led by Saudi nationals—pose continuing terrorist threats to the kingdom. From 2014 through 2017, the aggressive expansion of the Islamic State in neighboring Iraq and in Syria and the group's attacks inside Saudi Arabia created alarm in the kingdom. Following the January 2016 execution by the Saudi government of dozens of convicted AQAP

<sup>60</sup> While Nimr had studied in Iran and Syria and used public sermons and statements as vehicles for acidic criticism of the Saudi royal family's rule, a review of his available statements and sermons suggests that he did not explicitly advocate in public for the use of violence by Saudi Shia or for the adoption of Iranian-style theocratic government. Nevertheless, his rhetoric was taken as crossing several Saudi red lines in questioning the legitimacy of the Saudi royal family's rule and in calling for mass protests and civil disobedience. The Saudi government stated its view of his activity as treasonous without reference to sectarian differences, and described his sentence as the result of due process.

<sup>61</sup> BBC, "Awamiya: Inside Saudi Shia town devastated by demolitions and fighting," August 16, 2017; Saudi Gazette, "Work on Awamiya development in full swing," August 4, 2018; and, Al Arabiya, "The 'Center of al-Awamiyah' injects fresh hope in Saudi Arabia's al-Qatif," February 1, 2019.

<sup>62</sup> Human Rights Watch, "Saudi Arabia: Mass Execution of 37 Men," April 24, 2019.

<sup>63</sup> State Department Bureau of Near Eastern Affairs, Fact Sheet: U.S. Relations with Saudi Arabia, February 2, 2017.

<sup>64</sup> U.S. State Department Bureau of Counterterrorism, Country Reports on Terrorism 2016, August 2017. A report by the private consultancy The Soufan Group cites a 2016 Saudi Ministry of Interior estimate that more than 3,200 Saudi foreign fighters had travelled abroad, with 760 having returned home, and more than 7,000 Saudi nationals had been "stop listed" by Turkish interior security officials. See, Richard Barrett, *Beyond the Caliphate: Foreign Fighters and the Threat of Returnees*, The Soufan Group, October 2017.

suspects, including some prominent ideologues, Al Qaeda leader Ayman al Zawahiri released a statement condemning the kingdom and calling for revenge. Some observers, including some Members of Congress, have expressed concern about the apparent strengthening of AQAP during the course of the ongoing conflict in Yemen.<sup>65</sup>

Persistent terrorist threats appear to be one factor that has led the Saudi government to seek stronger partnerships with the United States. Since 2017, Saudi officials have announced plans to contribute to stabilization efforts in Syria and have reengaged with Iraqi leaders in line with U.S. requests.<sup>66</sup> Saudi leaders also seek support from their regional neighbors and from the United States to confront efforts by Iran and their Hezbollah allies to destabilize Yemen through support for the *Ansar Allah*/Houthi movement (see “Conflict in Yemen” below).

## The Islamic State’s Campaign against the Kingdom

Since 2014, Islamic State (IS, aka ISIS/ISIL) supporters have claimed responsibility for several attacks inside the kingdom, including deadly attacks on security officers and Shia civilians.<sup>67</sup> Claims for the attacks have come on behalf of members of IS-affiliated “provinces” (*wilayah*) named for the central Najd region and the western Hijaz region of the Arabian Peninsula.<sup>68</sup> There have been few high profile and successful attacks since 2016, as Saudi security forces have worked to dismantle IS networks. In July 2019, the U.N. Monitoring Team on the Islamic State and Al Qaeda reported that, “During 2018, three attempted operations [in Saudi Arabia] by ISIL were reported to have been disrupted, leading to the death of six terrorists and eight members of the security forces. ISIL plots were described as rudimentary and to have been planned mostly by lone actors.”<sup>69</sup> The State Department describes these attacks as “sporadic lone offender, ISIS-inspired attacks, primarily targeting Saudi security forces.”<sup>70</sup>

Saudi officials have arrested more than 1,600 suspected IS supporters and report they have foiled several planned attacks.<sup>71</sup> Research by one Saudi analyst found that among one subset of Islamic

<sup>65</sup> See, for example, Letter from 55 House Members to President Donald Trump, April 10, 2017.

<sup>66</sup> Embassy of Saudi Arabia, “Kingdom of Saudi Arabia Contributes \$100 Million for Syria's Stabilization Efforts,” August 16, 2018.

<sup>67</sup> Attacks include shootings of police officers, suicide bombing attacks on Shiite mosques in the Eastern Province, a suicide bombing at a prison checkpoint, an attack on Saudi security personnel in a mosque in the southwestern city of Abha, a shooting attack on a Shia meeting place in the Eastern Province, and a bombing attack targeting Ismaili Shia in the southern city of Najran. In June 2015, an IS-affiliated Saudi suicide bomber blew himself up in a Kuwaiti mosque, killing more than two dozen people and wounding hundreds. On January 29, 2016, attackers struck a Shia mosque in Al Ahsa, killing two people and wounding seven others. An IS-claimed attack in April 2016 west of Riyadh killed a senior Saudi police official, and in July 2016, a series of three IS-linked suicide bombings targeted the U.S. Consulate General in Jeddah, the Prophet’s Mosque in Medina, and a Shia mosque in the Eastern Province. Ahmed Al Omran, “Saudi Brothers Suspected of Links to Kuwait Mosque Bombing Arrested,” *Wall Street Journal*, July 7, 2015.

<sup>68</sup> Statement attributed to Wilayah al Hijaz, Twitter, August 6, 2015.

<sup>69</sup> U.N. Document S/2019/570, “Twenty-fourth report of the Analytical Support and Sanctions Monitoring Team submitted pursuant to resolution 2368 (2017) concerning ISIL (Da’esh), Al-Qaida and associated individuals and entities,” July 15, 2019.

<sup>70</sup> U.S. State Department, Country Reports on Terrorism 2018, November 2019.

<sup>71</sup> Ahmed Al Omran, “Saudi Arabia Arrests 431 People With Suspected Islamic State Links,” *Wall Street Journal*, July 18, 2015; Isa al Shamani, “Forty-Six Saudi Women are with DA’ISH in Syria; 1,375 Individuals Accused of being Members of the Organization,” *Al Hayah* (London), September 3, 2015; Reuters, Saudi Arabia says arrests 17 Islamic State attack plotters, September 19, 2016; Reuters, “Saudi Arabia arrests 46 militant suspects involved in Medina attack,” April 30, 2017; and, Reuters, “Islamic State claims responsibility for Saudi checkpoint attack,” July 12, 2018; and, Saudi Arabian Embassy in Washington, DC, “Saudi Arabia Foils ISIS Terrorist Attack on Intelligence Center in Zulfi, Arrests 13 Terrorists,” April 22, 2019.



State recruits in Syria, Saudi recruits were drawn from all of the kingdom's provinces, with northwestern and central provinces relatively overrepresented on a population ratio basis.<sup>72</sup> In October 2017, an independent report on global foreign fighter trends cited Saudi Ministry of Interior estimates from 2016 that of more than 3,200 Saudi foreign fighters who travelled to Syria or Iraq after 2011, 760 had returned.<sup>73</sup>

The Islamic State aspires to pose a political challenge to Saudi Arabia in addition to the tangible security threats that its supporters have demonstrated through successful and attempted attacks.<sup>74</sup> IS leaders claim to have established a caliphate to which all pious Sunni Muslims owe allegiance, and they directly challenge the legitimacy of the Al Saud family, who have long described themselves as the custodians of Islam's holiest sites and rulers of a state uniquely built on and devoted to the propagation of Salafist interpretations of Sunni Islam.<sup>75</sup> The Saudi government's use of state-backed clerics to denounce the Islamic State signals Saudi rulers' antipathy toward the group, but IS figures dismiss these clerics as apostates and "palace scholars."<sup>76</sup>

Late IS leader Abu Bakr al Baghdadi aggressively challenged Saudi leaders' credentials as defenders of Islam and implementers of Salafist Sunni principles, calling them "the slaves of the Crusaders and allies of the Jews" and accusing them of abandoning Sunni Palestinians, Syrians, Iraqis, and others.<sup>77</sup> Islamic State propaganda also has included features claiming to justify the assassination of several prominent Saudi clerics and exhorting its followers to do so.<sup>78</sup> In August 2018, Al Baghdadi challenged supporters in the Arabian Peninsula to rise up, reject the influence of Saudi state-aligned scholars, and resist what he described as Saudi leaders' plans to Westernize the kingdom "in a systematic campaign" to make believers "into infidels."<sup>79</sup>

Because IS ideologues draw on the writings of Mohammed Ibn Abd al Wahhab and other clerics who have played a historic role in Saudi Arabia's official religious establishment, some analysts have examined the similarities and differences between the kingdom's official "Wahhabist" brand

<sup>72</sup> Abdullah bin Khaled Al-Saud, "Saudi Foreign Fighters: Analysis of Leaked Islamic State Entry Documents," International Centre for the Study of Radicalisation/King Faisal Center for Research and Islamic Studies, February 2019.

<sup>73</sup> Richard Barrett, "Beyond the Caliphate: Foreign Fighters and the Threat of Returnees," The Soufan Center, October 2017. The report also includes Saudi Ministry of Interior estimates that more than 7,500 Saudi nationals had been "stopped in, deported from, denied entry to, or watch-listed by Turkey,"

<sup>74</sup> Abdullah Bin Khaled Al-Saud, "Deciphering IS's Narrative and Activities in the Kingdom of Saudi Arabia," *Terrorism and Political Violence*, October 27, 2017.

<sup>75</sup> Al Qaeda leaders have long criticized Saudi leaders and pledged support for leaders of the Taliban movement, but largely have refrained from establishing their own rival proto-state entities.

<sup>76</sup> Abdullah Bin Khaled Al-Saud, "Deciphering IS's Narrative and Activities in the Kingdom of Saudi Arabia," *Terrorism and Political Violence*, October 27, 2017.

<sup>77</sup> Baghdadi Statement, "Go Ye Forth Lightly or Heavily," Twitter, May 14, 2015. In a series of videos released in mid-December 2015, Islamic State-controlled "provinces" launched a coordinated media campaign condemning the Al Saud family as apostate tyrants, promising attacks in the kingdom, and encouraging IS supporters to rise up and overthrow the Saudi government. The videos promised to free prisoners held in Saudi jails and condemned the Al Saud family for protecting Shia in the kingdom and for cooperating with the United States and others in military operations targeting Muslims. Themes, terms, threats, and promises were largely consistent among the December 2015 videos, which were released by most of the self-declared IS "provinces" in Iraq and Syria as well as "provinces" in Yemen, Libya, and Egypt.

<sup>78</sup> Islamic State propaganda has argued "...the palace scholars of the Saudi regime ...are at the forefront of this effort to dissuade Muslims from *jihad* and from upholding the *Shari'ah*, averting them from the path of Allah." See "Kill the Imams of *Kufr*," Dabiq Magazine, Issue 13, January 2016.

<sup>79</sup> Baghdadi statement, "But Give Glad Tidings to Those Who Patiently Persevere," August 22, 2018.

of Sunni Islam and the ideology espoused by the Islamic State.<sup>80</sup> IS critiques of the Al Saud and state-aligned clerics may have resonance among some Saudis who disagree with the government's policies or some who have volunteered to fight in conflicts involving other Muslims over the last three decades.<sup>81</sup>

Saudi leaders argue that it is the Islamic State that lacks legitimacy, and some Saudi observers compare the group's ideology to that of other violent, deviant groups from the past and present.<sup>82</sup> In August 2014, Saudi Grand Mufti Shaykh Abd al Aziz bin Abdullah bin Mohammed al Al Shaykh declared "the ideas of extremism ... and terrorism" to be the "first enemies of Muslims," and stated that all efforts to combat Al Qaeda and the Islamic State were required and allowed because those groups "consider Muslims to be infidels."<sup>83</sup> The statement, coupled with state crackdowns on clerics deviating from the government's antiterrorism messaging, appears to signal the kingdom's desire to undercut claims by the Islamic State, Al Qaeda, and their followers that support for the groups and their violent attacks is religiously legitimate. In conjunction with the government's expanded efforts to dissuade Saudi citizens from supporting the Islamic State and other extremist groups, Saudi security entities continue to arrest cells suspected of plotting attacks, recruiting, or fundraising for some terrorist groups.

## Terrorist Financing and Material Support: Concerns and Responses

Through 2018, U.S. government reports indicated that financial support for terrorism from Saudi individuals remained a threat to the kingdom and the international community, even though the Saudi government had "reaffirmed its commitment to countering terrorist financing in the Kingdom and the Gulf region."<sup>84</sup> Official U.S. views of Saudi counterterrorism policy have evolved since the terrorist attacks of September 11, 2001 (see **Appendix C**), and the U.S. government now credits its Saudi counterpart with taking terrorism threats seriously and praises Saudi cooperation in several cooperative initiatives. Saudi Arabia co-chairs the Counter-ISIS Finance Group of the Global Coalition to Counter ISIS alongside Italy and the United States.

Overall, according to the State Department's 2018 *Country Reports on Terrorism* entry on Saudi Arabia,

During 2018, Saudi Arabia continued to regularly engage with U.S. officials to prevent acts of terrorism both through bilateral programs and through information-exchange arrangements with the United States. This was particularly evident in Saudi efforts to counter terrorist financing in the Kingdom and the Gulf region. ... There were no significant changes to Saudi Arabia's legal framework for terrorism-related legislation in 2018, but Saudi security forces took numerous significant law enforcement actions against suspected domestic terrorists, terrorist groups, and affiliates operating in Saudi Arabia. The State

<sup>80</sup> For a detailed look at this question, see Cole Bunzel, *The Kingdom and the Caliphate: Duel of the Islamic States*, Carnegie Endowment for International Peace, February 18, 2016.

<sup>81</sup> Thomas Hegghammer, *Jihad in Saudi Arabia: Violence and Pan-Islamism since 1979*, Cambridge University Press, 2010.

<sup>82</sup> See Nawaf Obaid and Saud Al-Sarhan, "The Saudis Can Crush ISIS," *New York Times*, September 8, 2014.

<sup>83</sup> "Saudi Grand Mufti: DA'ISH and Al-Qa'ida Are Not Affiliated to Islam and Muslims" *Al Sharq* (Dammam), August 19, 2014.

<sup>84</sup> U.S. State Department, *Country Reports on Terrorism 2017*, September 2018. The report included nearly identical language from the 2013, 2014, 2015, and 2016 reports. See also U.S. State Department, 2016 International Narcotics Control Strategy Report (INCSR)—Volume II: Money Laundering and Financial Crimes Country Database, July 2016.

Security Presidency played key roles in securing Saudi Arabia from terrorist threats and engaged frequently with the U.S. government.<sup>85</sup>

Saudi authorities forbade Saudi citizens from travelling to Syria to fight and have taken steps to limit the flow of privately raised funds from Saudis to armed Sunni groups and charitable organizations in Syria. In January 2014, the kingdom issued a decree setting prison sentences for Saudis found to have travelled abroad to fight with extremist groups, including tougher sentences for any members of the military found to have done so. The decree was followed by the release in March 2014 of new counterterrorism regulations under the auspices of the Ministry of Interior outlawing support for terrorist organizations including Al Qaeda and the Islamic State as well as organizations such as the Muslim Brotherhood.<sup>86</sup> The regulations drew scrutiny and criticism from human rights advocates concerned about further restrictions of civil liberties.

## **U.S. Foreign Assistance to Saudi Arabia**

U.S. training and security support to Saudi Arabia is overwhelmingly Saudi funded via Foreign Military Sales and other contracts, reflecting Saudi ability to pay for costly programs (and limiting opportunities for Congress to affect cooperation directly through appropriations legislation). From 2002 through 2018, Saudi Arabia received roughly \$10,000 - \$25,000 per year in International Military Education and Training (IMET) assistance authorized by the Foreign Assistance Act of 1961. This nominal amount made the kingdom eligible for a discount on training that it purchased through the Foreign Military Sales program for training initiatives overseen by the U.S. Military Training Mission (USMTM) and other U.S. entities.<sup>87</sup> Successive Administrations waived congressionally enacted restrictions on the provision of this assistance and argued that the aid and related discount supported continued Saudi participation in U.S. training programs, which in turn supported the maintenance of important military-to-military relationships and improved Saudi capabilities.<sup>88</sup>

President Trump's FY2018 budget request sought \$10,000 in IMET for Saudi Arabia, but the requests for FY2019 and FY2020 did not specifically ask for the funds. The FY2019 Consolidated Appropriations Act and FY2020 Further Consolidated Appropriations Act prohibit the use of funds made available by the acts for IMET assistance for the kingdom (Section 7077 of Division F, P.L. 116-6 and Section 7041(h) of Division G, P.L. 116-94).

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<sup>85</sup> U.S. State Department, Country Reports on Terrorism 2018, November 2019. The 2016 report had stated that "Despite serious and effective efforts to counter the funding of terrorism within the Kingdom, some individuals and entities in Saudi Arabia probably continued to serve as sources of financial support for terrorist groups."

<sup>86</sup> Saudi Ministry of Interior, List of the Security and Intellectual Prohibitions for the Citizens and Residents, Saudi Press Agency, March 7, 2014.

<sup>87</sup> Section 21(c) of P.L. 90-629, the Arms Export Control Act (AECA), states that IMET recipient countries are eligible to purchase non-IMET training at reduced cost. Section 108(a) of P.L. 99-83 amended the AECA to provide this reduced cost benefit to IMET recipients. The U.S. Defense Security Cooperation Agency (DSCA) implements the authority provided in P.L. 99-83 to apply a lower cost to U.S. military training purchased by Saudi Arabia and other IMET recipient countries through the Foreign Military Sales (FMS) program. "Incremental rates" applied to the FMS training purchases of IMET recipient countries are calculated according to the terms outlined in Department of Defense Financial Management Regulation (FMR), Volume 15, Chapter 7 (Sections 0711 and 0712). The net benefit in cost savings to the kingdom was not regularly reported, although in the past, Congress has directed the executive branch to report to it on the matter. The conference report for H.R. 3288 (H.Rept. 111-366) required the Obama Administration to report to Congress within 180 days (by June 14, 2010) on the net savings this eligibility provided to Saudi Arabia and other IMET recipients.

<sup>88</sup> From 2004 to 2009, Congress adopted several legislative proposals to prohibit the extension of U.S. foreign assistance to Saudi Arabia. The George W. Bush and Obama Administrations subsequently issued national security waivers enabling the assistance to continue.

The FY2020 Further Consolidated Appropriations Act prohibits the use of appropriated funds for Export-Import Bank support for nuclear exports to Saudi Arabia until Saudi Arabia has an agreement in effect pursuant to Section 123 of the Atomic Energy Act of 1954, as amended (AEA, 22 U.S.C. 2011 et seq.); commits to renouncing uranium enrichment and reprocessing; and has signed an Additional Protocol to its Comprehensive Safeguards Agreement with the International Atomic Energy Agency (Section 7041[h] of Division G, P.L. 116-94).

## Arms Sales, Security Assistance, and Training

### Arms Sales and U.S. Military Presence

Saudi Arabia's armed forces have relied on U.S. arms sales, training, and maintenance support for decades. Congress has historically supported U.S. arms sales to the kingdom, while seeking to maintain Israel's qualitative military edge (QME) over potential Arab adversaries and expressing concern about the merits or terms of individual sales cases in some instances. Some Members of Congress have at times expressed concern about the potential for U.S. arms sales to contribute to or help drive arms races in the Gulf region and broader Middle East and, since 2015, about Saudi use of U.S.-origin weaponry in Yemen.

Congressional majorities long backed continued arms sales to U.S. partners in the Gulf region, including Saudi Arabia, as a means of improving interoperability, reducing the need for U.S. deployments, deterring Iran, and supporting U.S. industry. Since 2009, a series of high-value U.S. proposed arms sales to Saudi Arabia have been announced, including the 2010 announcement that the Royal Saudi Air Force (RSAF) would reconstitute and expand its main fighter forces with advanced U.S. F-15 aircraft (see **Table B-1**). In May 2017, President Trump signaled a continuation and deepening of bilateral defense cooperation, announcing completed and proposed defense sales during his visit to Riyadh with a potential value of more than \$110 billion. The sales include cases that the Obama Administration had proposed and notified to Congress, cases developed under the Obama Administration on which Congress had been preliminarily consulted, and new sales that remain under development.

Ongoing and proposed sale cases are set to considerably improve Saudi military potential, and executives in both countries have referred to them as symbolic commitments to cooperation during a period of regional turmoil and leadership change. As with past sales, Saudi investments in maintenance and training and decisions about force posture and command arrangements will shape the net effect new acquisitions have on Saudi military readiness and capabilities.

Since 2015, Saudi and Emirati use of U.S. weaponry in Yemen has prompted additional congressional scrutiny of new sales to those countries, although, to date, Congress has not acted to finally block any proposed sales. In the 116<sup>th</sup> Congress, majorities in the House and Senate rejected the Trump Administration's May 2019 use of emergency arms sales authority to expedite sales of air-to-ground munitions and other defense systems to Saudi Arabia and the United Arab Emirates. However, Congress did not vote to overcome presidential vetoes of related resolutions of disapproval (S.J.Res. 36, S.J.Res. 37, and S.J.Res. 38). In April 2019, Congress also directed the President "to remove United States Armed Forces from hostilities in or affecting the Republic of Yemen, except United States Armed Forces engaged in operations directed at al Qaeda or associated forces," but the Senate did not vote to overcome President Trump's veto of S.J.Res. 7. (See CRS Report R45046, *Congress and the War in Yemen: Oversight and Legislation 2015-2019* and **Table B-2** below).

The United States Military Training Mission (USMTM) in Saudi Arabia and the Saudi Arabian National Guard Modernization Program (PM-SANG) oversee U.S. defense cooperation with the kingdom. They have been active under special bilateral agreements and funded by Saudi purchases since the 1950s and 1970s, respectively. Saudi military and national guard forces had, until 2017, been under the leadership of two different senior members of the royal family, and it is unclear what if any effect post-2017 leadership changes and Saudi plans to increase self-sufficiency in defense production may have on future acquisition of U.S. weapons and training among these forces.<sup>89</sup>

As of September 2019, the Department of Defense Manpower Data Center (DMDC) reported that there were 555 U.S. military personnel (including 314 active duty forces) in Saudi Arabia. In October 2019, the Department of Defense announced that since September 2019, it had extended or authorized deployments to the kingdom for 3,000 U.S. personnel “to assure and enhance the defense of Saudi Arabia.”<sup>90</sup> The deployments include two fighter squadrons, one air expeditionary wing, two Patriot missile defense batteries, and one Terminal High Altitude Area Defense System (THAAD). In a November 2019 letter to Congress, President Trump said, “These personnel will remain deployed as long as their presence is required” to fulfill missions described in the letter.<sup>91</sup> These include “to improve defenses against air and missile threats in the region,” “to support the operation of United States fighter aircraft from the Kingdom of Saudi Arabia,” and, “to assure our partners, deter further Iranian provocative behavior, and bolster regional defensive capabilities.” Press reports in January 2020 estimated the U.S. force presence at 2,500 personnel.

U.S. officials reportedly are exploring joint air-defense operations with the Saudi military to better protect against air and missile attacks in light of recent attacks on Saudi oil facilities and other infrastructure.<sup>92</sup> President Trump has stated that Saudi Arabia has agreed to finance related U.S. deployment and operations costs, but the Department of Defense has not publicly described the details of any related arrangements.<sup>93</sup> Saudi Arabia already pays for the incremental costs of some U.S. military training and advisory activities through Foreign Military Sales cases. In the past, the kingdom contributed billions of dollars to offset the incremental costs of U.S. military operations during the 1991 Gulf War.<sup>94</sup> Current law provides for acceptance of burden sharing contributions by designated countries and regional organizations (see 10 U.S.C. 2609 and 10 U.S.C. 2350j).

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<sup>89</sup> Katie Paul, “Saudi prince, relieved from National Guard, once seen as throne contender,” Reuters, November 4, 2017; and, Glen Carey and Zaid Sabah, “Saudi King Replaces Military Commanders as Yemen War Lingers On,” *Bloomberg*, February 26, 2018.

<sup>90</sup> Department of Defense Statement on Deployment of Additional U.S. Forces and Equipment to the Kingdom of Saudi Arabia, October 11, 2019.

<sup>91</sup> Text of a Letter from the President to the Speaker of the House of Representatives and the President Pro Tempore of the Senate, November 19, 2019.

<sup>92</sup> A U.S. State Department official declined to comment officially on private diplomatic conversations. Benoit Faucon, Gordon Lubold, and Summer Said, “U.S., Saudis Heighten Security Defenses After Attacks on Oil Industry,” *Wall Street Journal*, October 17, 2019.

<sup>93</sup> President Trump remarks at joint news conference with Italian President Sergio Mattarella, October 16, 2019.

<sup>94</sup> Contributions were made via the Defense Cooperation Account authority (10 U.S.C. 2608) established by Congress at the executive branch’s request in October 1990 following the Iraqi invasion of Kuwait (P.L. 101-403). Congress established additional terms for the reimbursement of costs and oversight reporting in the March 1991 supplemental appropriations act (P.L. 102-25). See United States Costs in the Persian Gulf Conflict and Foreign Contributions to Offset such Costs, Report #21, October 15, 1992; and, Conduct of the Persian Gulf War, Final Report to Congress Pursuant to Title V of P.L. 102-25, April 1992.



## Support to Saudi Military Operations in Yemen

Saudi Arabia established a coalition in March 2015 to engage in military operations in Yemen against the Ansar Allah/Houthi movement and loyalists of the previous president of Yemen, the late Ali Abdullah Saleh (see “Conflict in Yemen”).<sup>95</sup> The Houthi-Saleh alliance had ousted the internationally recognized interim government of Yemen in January 2015. The war in Yemen has continued since then, leading, according to the United Nations, to one of the world’s largest humanitarian crises. President Trump and Administration officials have signaled support for the Saudi-led coalition’s operations in Yemen as a bulwark against Iranian regional interference, while imploring the Saudis, their partners, and the Houthis to improve humanitarian access, pursue a settlement to the conflict, and take measures to prevent civilian casualties. Saudi leaders frequently state that the coalition military campaign is an act of legitimate self-defense because of their Yemeni adversaries’ repeated and, at times, deadly, cross-border missile and drone attacks.

The United States’ role in supporting the Saudi-led coalition’s military operations in Yemen has evolved over time.<sup>96</sup> As noted above, concerns about Yemeni civilian deaths in Saudi airstrikes, the operation’s contribution to grave humanitarian conditions, and gains by Al Qaeda and Islamic State supporters have led some Members of Congress and U.S. officials to urge all parties to seek a prompt settlement. In the 114<sup>th</sup> Congress, some Members scrutinized proposed sales of thousands of guided air-to-ground munitions and tanks to Saudi Arabia in the context of concerns about the Saudi military’s conduct in Yemen. President Obama maintained U.S. logistical support for Saudi operations in Yemen but decided in 2016 to reduce U.S. personnel support and limit certain U.S. arms transfers, including planned air-to-ground munitions sales.

In the 115<sup>th</sup> Congress, debate over arms sales continued, and Congress passed legislation prohibiting the obligation or expenditure of U.S. funds for in-flight refueling operations of Saudi and Saudi-led coalition aircraft that were not conducting select types of operations if certain certifications could not be made and maintained (Section 1290 of the FY2019 National Defense Authorization Act, P.L. 115-232).<sup>97</sup> The Trump Administration issued required certifications in September 2018 but announced an end to U.S. refueling support weeks later.<sup>98</sup> Saudi Arabia and

<sup>95</sup> In early December 2017, the Houthi-Saleh alliance unraveled, culminating in the killing of former President Saleh on December 4, 2017.

<sup>96</sup> For background on the evolution of U.S. military support to Saudi Arabia and the Saudi-led coalition in Yemen, see CRS Report R45046, *Congress and the War in Yemen: Oversight and Legislation 2015-2019*.

<sup>97</sup> Until November 2018, U.S. in-flight refueling to the militaries of Saudi Arabia and the United Arab Emirates (UAE) was conducted pursuant to the terms of bilateral Acquisition and Cross-Servicing Agreements (ACSAs) between the Department of Defense and the respective ministries of each country. ACSA agreements are governed by 10 U.S.C. 2341-2350. The agreements provide for reciprocal logistical support under a variety of circumstances, and their underlying statutory authority does not prohibit U.S. support to partner forces engaged in armed conflict. U.S. ACSA agreements with Saudi Arabia and the UAE provide for the transfer of support to third parties with the prior written consent of both the original provider and original recipient. The U.S. agreement with Saudi Arabia was signed in May 2016. The executive branch has not publicly specified what legal authority or agreement provided for refueling support to Saudi aircraft from March 2015 through May 2016. Section 1271 of the FY2019 NDAA (H.R. 5515) amended the underlying authority for ACSA agreements to prohibit the transfer of logistic support, supplies, and services to parties with whom no ACSA agreement has been signed and created an annual reporting requirement on standing ACSA agreements and their use.

<sup>98</sup> In September 2018, Secretary of State Mike Pompeo certified to Congress that the governments of Saudi Arabia and the United Arab Emirates were “undertaking demonstrable actions to reduce the risk of harm to civilians and civilian infrastructure resulting from military operations” pursuant to Section 1290 of the FY2019 John S. McCain National Defense Authorization Act (P.L. 115-91). Some Members of Congress criticized the certification.

the United Arab Emirates have agreed to reimburse the United States for the costs of refueling, with balances reported outstanding as of September 2019.<sup>99</sup>

President Trump chose to proceed with precision guided munition technology sales that the Obama Administration had deferred, and, as discussed above, in May 2019 invoked emergency authority under the Arms Export Control Act to proceed with proposed sales that simple majorities in both chambers in Congress opposed. The sales followed President Trump's April 2019 veto of S.J.Res. 7, through which Congress sought to direct an end to U.S. military involvement with non-counterterrorism missions in Yemen.<sup>100</sup>

### Investigations into Coalition Air Strikes

Saudi-led coalition officials acknowledge that some of their operations have inadvertently caused civilian casualties, while contesting some reports of civilian casualties by explaining coalition target selection and other factors. U.S. personnel advised the Saudi-led coalition on the establishment of its Joint Incident Assessment Team (JIAT) for investigation of civilian casualties but are not deployed to Saudi Arabia to assist in ongoing JIAT investigations or to independently verify JIAT conclusions.<sup>101</sup> The JIAT continues to evaluate allegations of coalition involvement in strikes resulting in civilian deaths and periodically releases accounts assessing the nature and results of individual coalition operations.<sup>102</sup> In August 2018, a panel of U.N. appointed experts concluded a review of 71 JIAT investigation summaries and found that, at that time, the JIAT had "investigated certain prominent cases but appears to have chosen to investigate a majority of cases where very few civilian casualties or little damage to protected objects occurred."<sup>103</sup> The review contained several criticisms of JIAT operations and noted that the panel's requests for input from JIAT had not received responses. The group's 2019 report reiterated its concerns with respect to the JIAT, and questioned whether the Houthis "have examined and investigated alleged violations of international law, in accordance with international standards, at all."<sup>104</sup> Saudi officials have rejected the group's conclusions about the JIAT and coalition operations and criticize its methodology and approach, particularly what Saudi officials view as a false equivalency between the Yemeni government and the Houthis.<sup>105</sup>

The U.S. government continues to provide limited military support to the Saudi-led coalition in Yemen, while having stated that, for the United States, "ending the conflict in Yemen is a national security priority."<sup>106</sup> Specifically, U.S. forces "provide military advice and limited information, logistics, and other support to regional forces combatting the Houthi insurgency."<sup>107</sup> U.S. forces are deployed to Saudi Arabia for these purposes, including advisers for border security and anti-missile purposes.<sup>108</sup> The Administration has reported to Congress "there are no United States

<sup>99</sup> Joe Gould, "Facing Iran, Saudi Arabia still owes US \$181 million for Yemen refueling," *Defense News*, September 20, 2019.

<sup>100</sup> President Donald Trump, Presidential Veto Message to the Senate to Accompany S.J.Res. 7, April 16, 2019.

<sup>101</sup> Samuel Oakford "One American's Failed Quest to Protect Civilians in Yemen," *The Atlantic*, August 17, 2018.

<sup>102</sup> JIAT statements are released via the Saudi Press Agency, available at: <https://www.spa.gov.sa/>.

<sup>103</sup> U.N. Document A/HRC/39/43, Situation of human rights in Yemen, including violations and abuses since September 2014, August 17, 2018.

<sup>104</sup> U.N. Document A/HRC/42/17, Situation of human rights in Yemen, including violations and abuses since September 2014, August 9, 2019.

<sup>105</sup> Remarks of Saudi Minister of State for Foreign Affairs Adel al Jubeir, Council on Foreign Relations, New York, NY, September 24, 2019.

<sup>106</sup> Statement by Secretary of State Mike Pompeo, September 12, 2018.

<sup>107</sup> In his latest biannual War Powers letters to Congress on the deployment of U.S. forces abroad in combat operations (P.L. 93-148), President Trump also informed Congress about ongoing U.S. counterterrorism operations in Yemen. See, Text of a Letter from the President to the Speaker of the House of Representatives and the President Pro Tempore of the Senate, The White House, Office of the Press Secretary, June 11, 2019.

<sup>108</sup> Ibid. Press reports also have included unconfirmed details about U.S. border security and counter-missile operations.

military personnel in Yemen commanding, participating in, or accompanying military forces of the Saudi led coalition against the Houthis in hostilities in or affecting Yemen.”<sup>109</sup> Further, the Administration has argued, “the limited military and intelligence support that the United States is providing to the KSA-led coalition does not involve any introduction of U.S. forces into hostilities for purposes of the War Powers Resolution.”<sup>110</sup> According to U.N. officials, the scope and pace of air operations has declined by roughly 80% since September 2019, as Saudi, Yemeni government, and Houthi representatives have engaged in ceasefire discussions.

Sales and deliveries of defense articles and services continue pursuant to the Foreign Military Sales and Direct Commercial Sales procedures established in the Arms Export Control Act. Congress continues to debate proposals that would place conditions on or direct an end to U.S. military support to coalition operations in Yemen (see CRS Report R45046, *Congress and the War in Yemen: Oversight and Legislation 2015-2019*).

## Assistance to the Saudi Ministry of Interior

U.S.-Saudi counterterrorism and internal security cooperation expanded after 2008, when a bilateral technical cooperation agreement established a U.S.-interagency critical infrastructure protection advisory mission to the kingdom. The agreement was extended in 2013 through 2023.<sup>111</sup> The U.S. government Country Report on Terrorism 2018 reported that security and counterterrorism cooperation programs were ongoing and productive, suggesting that little change, if any, may have resulted from 2017 changes of leadership in the Ministry of Interior (MOI) and the creation of the Presidency for State Security.<sup>112</sup>

The Office of the Program Manager-Ministry of Interior (OPM-MOI) is a Saudi-funded, U.S.-staffed senior advisory mission that embeds U.S. advisors into key security, industrial, energy, maritime, and cybersecurity offices within the Saudi government. In 2018, the State Department Office of Inspector General said the program “facilitates the transfer of technical knowledge, advice, skills, and resources from the United States to Saudi Arabia in the areas of critical infrastructure protection and public security.”<sup>113</sup> According to a 2016 State Department report, the OPM-MOI program seeks to help Saudi Arabia “improve its ability to thwart terrorists before they act and to defend against terrorist attacks if they occur.”<sup>114</sup>

In coordination with these advisory efforts, the U.S. Army Material Command-Security Assistance Command (USASAC) oversees a Saudi-funded Ministry of Interior Military Assistance Group (MOI-MAG) and Facilities Security Force-Training Advisor Group (FSF-

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Helene Cooper, Thomas Gibbons-Neff and Eric Schmitt, “Army Special Forces Secretly Help Saudis Combat Threat From Yemen Rebels,” *New York Times*, May 18, 2018.

<sup>109</sup> President Donald Trump, Presidential Veto Message to the Senate to Accompany S.J.Res. 7, April 16, 2019.

<sup>110</sup> Letter from DOD Acting General Counsel William Castle to Senators Mitch McConnell and Chuck Schumer, February 27, 2018.

<sup>111</sup> Adriane Elliot, “Security assistance growth prompts restructuring,” U.S. Army, September 2, 2015.

<sup>112</sup> U.S. State Department, Country Reports on Terrorism 2018, November 2019.

<sup>113</sup> State Department Office of Inspector General, “Inspection of Embassy Riyadh and Constituent Posts, Saudi Arabia,” ISP-I-18-17, May 2018.

<sup>114</sup> “Counterterrorism Coordination with Saudi Arabia” in U.S. State Department Bureau of Counterterrorism, Country Reports on Terrorism 2015, April 2016. The program is modeled loosely on embedded advisory and technology transfer programs of the U.S.-Saudi Joint Commission for Economic Cooperation, established in the 1970s.



TAG). The FSF provides security for key infrastructure locations, such as the globally important petroleum operations facility at Abqaiq in eastern Saudi Arabia that was targeted by Al Qaeda in February 2006 and by missiles and drones in September 2019. USASAC describes the MOI-MAG program as “the only U.S. military organization that advises and trains another country’s Ministry of Interior security forces.”<sup>115</sup> According to the Defense Security Cooperation Agency, as of September 2017, the U.S. government had reached sales agreements worth \$287 million in support of Saudi Ministry of Interior programs since FY2009.<sup>116</sup>

## U.S.-Saudi Trade and Investment

Saudi Arabia was the second largest U.S. trading partner in the Middle East by overall value in 2019.<sup>117</sup> According to the U.S. International Trade Administration, U.S. imports from Saudi Arabia in 2019 were worth \$13.4 billion (down from \$24.1 billion in 2018). In 2019, U.S. exports to Saudi Arabia were valued at \$14.3 billion (up from more than \$13.6 billion in 2018). To a considerable extent, the high value of U.S.-Saudi trade is dictated by U.S. imports of hydrocarbons from Saudi Arabia and U.S. exports of commercially sold weapons, machinery, and vehicles to Saudi Arabia.

Fluctuations in the volume and value of U.S.-Saudi oil trade account for corresponding changes in the value of U.S. imports from Saudi Arabia in recent years. The value of U.S. exports to Saudi Arabia has fluctuated relatively less. Declines in global oil prices from 2014 through 2017 and increases in U.S. domestic oil production reduced the value of U.S. imports from Saudi Arabia. Price increases in 2018 accounted for relative increases in the value of imports. According to the U.S. Energy Information Administration (EIA), as of January 2020, Saudi Arabia was the third-largest source of U.S. crude oil imports, providing an average of 368 thousand barrels per day of the 6.57 million barrels per day (mbd) in gross U.S. crude oil imports, behind Canada and Mexico.<sup>118</sup>

According to the State Department’s 2019 Investment Climate Statement, the kingdom has taken several steps to facilitate increased foreign participation in the kingdom’s private sector in connection with *Vision 2030*. These steps include the establishment and reinforcement of institutions to facilitate investment in new economic sectors, changes intended to increase labor force participation by Saudi women, infrastructure improvements, and new financial exchange linkages.<sup>119</sup> However, the report also states that other Saudi government actions, “led to a negative impact on the investment climate” and “gave rise to additional investor concerns over rule of law, business predictability, and political risk,” and that consequently, “U.S. and international investors withdrew or indefinitely put on hold plans to invest in the kingdom” during 2018.<sup>120</sup> The U.S. Trade Representative’s 2019 National Trade Estimate Report notes some

<sup>115</sup> USASAC Public Affairs, “MOI-MAG advise and train in Saudi Arabia,” November 6, 2019.

<sup>116</sup> Defense Security Cooperation Agency Fiscal Year Series Data, September 30, 2018.

<sup>117</sup> Based on U.S. Department of Commerce International Trade Administration Global Patterns of U.S. Merchandise Trade, February 2020. Comparable 2019 figures for Israel, the second largest U.S. trading partner in the Middle East, were more than \$14.3 billion in U.S. exports and more than \$19.5 billion in U.S. imports from Israel. U.S. exports to the United Arab Emirates in 2019 were worth more than \$20 billion.

<sup>118</sup> Based on EIA data, “Weekly Imports & Exports: Crude” and “Weekly Preliminary Crude Imports by Country of Origin,” Four Week Averages, January 31, 2020.

<sup>119</sup> State Department, Investment Climate Statement, Saudi Arabia, July 11, 2019.

<sup>120</sup> Related actions cited in the report include “the killing of journalist Jamal Khashoggi by Saudi government personnel” and “the Kingdom’s public dispute with Canada, the reported exclusion of German firms from certain Saudi government tenders, the arrest of prominent women’s rights activists, the continued detention and prosecution of

trade barriers, including U.S. concerns with Saudi customs practices, regulatory barriers, intellectual property rights policies, while also noting progress and cooperation in certain areas.<sup>121</sup>

Events since 2017 have demonstrated interrelations among Saudi politics, regional security, and the kingdom's economic transformation plans. International observers and investors appear to be weighing these factors from a variety of perspectives. Foreign private sector actors seeking to participate in and profit from new investment and expanded business opportunities in the kingdom have had to navigate political and security developments that have created uncertainty. Foreign government actors seeking to support Saudi Arabia's transformation plans as a hedge against political instability that could result from the initiatives' failure have faced related challenges in convincing investors to make long-term commitments. The kingdom's adversaries have leveraged relatively low cost, high impact attacks to amplify investors' doubts.

## Energy Issues

### Global Energy Trends and Saudi Policy

Saudi Arabia holds the second largest proven oil reserves in the world (16% of global total) and was the largest exporter of crude oil by volume in the world in 2018.<sup>122</sup> Following a September attack on critical oil facilities at Abqaiq and Khurais, Saudi officials have announced plans to restore oil production to more than 9.8 million barrels per day (mb/d) out of an estimated maximum capacity of 12 mb/d.<sup>123</sup> In 2018, Saudi oil officials stated that the kingdom plans additional investments in maintaining and/or expanding spare production capacity.<sup>124</sup> In 2018, Saudi Arabia consumed 3.7 mb/d of its production, mainly for transportation and electricity generation.<sup>125</sup> From January to August 2019, 75% of Saudi crude oil exports went to Asia, with Japan, China, South Korea, and India as the top consumers.<sup>126</sup>

Since Saudi Arabia remains dependent on oil export revenues for much of its national budget, a trend of lower oil prices from 2014 through mid-2017 caused some public and official concern in the kingdom. To meet related challenges, Saudi authorities devised a three-track strategy:

1. Negotiation of agreements with other oil producers to reduce and control output,
2. Increases in domestic electricity and gasoline prices to reduce consumption, and
3. A plan to offer public shares in the state owned oil company Saudi Aramco and reinvest proceeds in the kingdom's Public Investment Fund (PIF).

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prominent Saudi businessmen under the anti-corruption campaign launched in November 2017, and the continuation of the diplomatic rift with Qatar.”

<sup>121</sup> U.S. Trade Representative, National Trade Estimate Report on Foreign Trade Barriers, March 2019, pp. 431-437.

<sup>122</sup> BP Statistical Review of World Energy 2019.

<sup>123</sup> Julian Lee, “Saudi Recovery From Oil Attack Isn’t All It Seems,” *Bloomberg News*, September 27, 2019. According to Bloomberg, “Aramco defines its maximum sustainable capacity as the amount of crude it can bring into production within three months and sustain for at least a year.”

<sup>124</sup> Denis Pinchuk, Dmitry Zhdannikov, Olesya Astakhova, “Saudi Arabia to invest \$20 billion in spare oil production capacity,” Reuters, October 4, 2018.

<sup>125</sup> BP Statistical Review of World Energy 2019; and, Jim Krane, “Energy Governance in Saudi Arabia: An Assessment of the Kingdom’s Resources, Policies, And Climate Approach,” January 2019.

<sup>126</sup> Eric Yep, Takeo Kumagai, and Sambit Mohanty “Analysis: Saudi disruptions expose Asia's deficient emergency oil reserves,” *S&P Global Platts*, September 19, 2019.

**Negotiations with Producers.** Mutual reliance on oil export revenues creates parallel interests and competition for market share among Saudi Arabia, the United States, Russia, Iran, and Iraq. With oil markets adequately supplied after 2014, Saudi officials reportedly have attempted to preserve and expand the kingdom's market share, with mixed results.<sup>127</sup> In 2016, Saudi authorities reversed their commitment to maintaining high production levels in the face of sustained competition from U.S. producers and surplus conditions in global oil markets. Instead, Saudi Arabia convinced fellow OPEC members to embrace shared productions cuts and reached an agreement with the "OPEC+" group (Russia and 10 other non-OPEC countries) to support a production cut arrangement that some market observers credit with stabilizing prices.<sup>128</sup>

In November 2017, officials from Saudi Arabia and the OPEC+ countries agreed to extend joint cuts through 2018. An agreement was also made in general terms to revise production levels in June 2018 as a response to diminished oil production resulting from unrest in Venezuela and U.S. sanctions on Iran. In June 2018, Crown Prince Mohammad bin Salman and Russian President Vladimir Putin announced a bilateral energy cooperation agreement that Saudi and Russian Energy Ministers said would seek "a balanced market that is supported by a reliable and sufficient supply."<sup>129</sup> OPEC+ officials revised production targets again in December 2018. In June 2019, the leaders again announced an agreement to extend coordinated production levels through March 2020.<sup>130</sup> OPEC+ announced a further 500,000 barrel cut in December 2019 and Saudi officials have instituted further voluntary cuts. Press reports suggest that OPEC+ countries are considering further cuts to stabilize prices amid concerns that reduced economic activity stemming from the COVID-19 coronavirus outbreak could limit demand for oil through mid-2020.

**Domestic Energy Policy and Consumption.** Saudi Arabia is the largest oil consumer in the Middle East. Oil consumption for electricity generation was estimated in 2018 at an average of 400,000 barrels per day (bpd), down from a record high near 900,000 bpd in 2015.<sup>131</sup> As of 2017, oil and natural gas generated 40% and nearly 60% of the kingdom's electricity, respectively. The use of domestically produced oil and petroleum products for power generation imposes a fiscal tradeoff, with opportunities lost for export revenue in an environment where market trends have strained Saudi state finances in some recent years. Plans for electricity generation to meet projected consumption growth reflect an intent to increase the role of natural gas, some renewables, and nuclear power. The National Renewable Energy Program's current targets call for the kingdom to develop 27.3 gigawatts (GW) of renewable energy generation capacity by 2024 and 58.7 GW by 2030. Thirty percent of the target is to be met through tendered projects managed by the Renewable Energy Project Development Office of the *Vision 2030* initiative, with Public Investment Fund partnerships with international investors making up the balance.<sup>132</sup>

Saudi oil consumption has declined since 2016, partly because of government-imposed domestic price increases to curb demand.<sup>133</sup> Prior to increases on prices of subsidized domestic oil

<sup>127</sup> Anjali Raval, "Saudi Arabia loses oil market share to rivals in key nations," *Financial Times* (UK), March 28, 2016; and, Grant Smith, "Saudis Take Iran's Oil-Market Share, Keeping OPEC Supply Steady," *Bloomberg News*, June 3, 2019.

<sup>128</sup> See the "Declaration of Cooperation" here: [https://www.opec.org/opec\\_web/en/publications/4580.htm](https://www.opec.org/opec_web/en/publications/4580.htm).

<sup>129</sup> RFE/RL, "Russia, Saudi Arabia Agree To Expand Cooperation On Oil, Gas," June 15, 2018.

<sup>130</sup> Katya Golubkova and Alex Lawler, "Russia agrees with Saudi Arabia to extend OPEC+ oil output deal," Reuters, June 29, 2019. See also: [https://www.opec.org/opec\\_web/en/press\\_room/5591.htm](https://www.opec.org/opec_web/en/press_room/5591.htm).

<sup>131</sup> U.S. Energy Information Administration, "Saudi Arabia used less crude oil for power generation in 2018," June 3, 2019.

<sup>132</sup> *Middle East Economic Digest*, "Saudi Arabia resets renewable energy goals," January 22, 2019.

<sup>133</sup> BP Statistical Review of World Energy 2019; and, IMF Country Report No. 19/290, September 2019.

products, some reports warned that the volume of oil consumed in Saudi Arabia could exceed oil exports by 2030 if domestic energy consumption patterns did not change.<sup>134</sup> Domestic price increases and resulting declines in consumption also may help make stakes in the kingdom's energy production activities more attractive to investors drawn by the higher revenue potential of exports over domestic consumption.<sup>135</sup>

**Saudi Aramco IPO.** Saudi officials delayed plans for a partial public offering of shares in Saudi Aramco but announced plans to proceed with a local offering of shares in November 2019.<sup>136</sup> Proceeds from the offering are intended to benefit the kingdom's PIF and enable it to better support Saudi economic transformation initiatives and help manage the kingdom's fiscal needs.<sup>137</sup> Market analysts vigorously debated the potential value of the share offering prior to its announcement, with Saudi officials reportedly hoping for a valuation of \$2 trillion and share offering plans suggesting a valuation of \$1.6 trillion to \$1.7 trillion.<sup>138</sup> Corresponding proceeds of the offering are estimated to have netted the PIF more than \$25 billion, down from previous possible estimates of \$100 billion.<sup>139</sup> In discussing the potential sale, Crown Prince Mohammed bin Salman said in a May 2017 interview that the Saudi government would retain sovereign control over oil and gas reserves and production decisions under any circumstances.<sup>140</sup> In March 2019, Saudi Aramco purchased the PIF's 70% stake in the petrochemical company SABIC, financed partly through a bond issuance.<sup>141</sup>

**Carbon Emissions and Climate Policy.** Domestic carbon emissions in Saudi Arabia increased rapidly from the 1960s onward as the kingdom used proceeds from oil exports to develop its economy and raise the standard of living of its population, which grew from 4 million in 1960 to more than 30 million in 2019 (including foreign nationals). Global consumption of Saudi oil contributes to global carbon dioxide emissions. Saudi representatives have taken positions in international climate policy negotiations that appear to reflect the kingdom's preferences and prerogatives as a major producer, exporter, and consumer of fossil fuels and as a recently developed, if relatively wealthy, country. The kingdom's representatives argue that the interests and needs of developing countries should be given more consideration when it comes to reductions in fossil fuel-derived carbon emissions and financial transfers to meet agreed diversification targets.<sup>142</sup>

Saudi representatives suggest that major carbon consumers, particularly legacy consumers in developed industrialized economies, should bear more of the burden for emissions reductions and

<sup>134</sup> Glada Lahn and Paul Stevens, *Burning Oil to Keep Cool: The Hidden Energy Crisis in Saudi Arabia*, Chatham House (UK), December 2011; and, John Sfakianakis, "Saudi Arabia's Essential Oil," *Foreign Affairs*, January 8, 2014.

<sup>135</sup> Rania El Gamal, "Burning less oil at home will help Saudi exports and Aramco IPO," Reuters, March 7, 2017.

<sup>136</sup> Matthew Campbell and Glen Carey, "Aramco's Stalled IPO Tarnishes Saudi Prince's Grand Vision," Bloomberg, August 23, 2018; Arash Massoudi, Anjli Raval, and Simeon Kerr, "Saudi Aramco abandons international roadshow for IPO," *Financial Times* (UK), November 18, 2019.

<sup>137</sup> Anthony Dipaola & Wael Mahdi, "QuickTake: Saudi Aramco," *Bloomberg*, May 5, 2017.

<sup>138</sup> Dinesh Nair, Matthew Martin, and Javier Blas, "Aramco IPO Hangs on Same Old Question: Is It Worth \$2 Trillion?" *Bloomberg News*, October 18, 2019.

<sup>139</sup> Summer Said, "Potential Saudi Aramco IPO Wouldn't Include Oil Reserves," *Wall Street Journal*, January 24, 2016; Alan Livsey, "Lex in depth: The \$2tn Saudi Aramco question," *Financial Times* (UK), April 3, 2017; Simeon Kerr and Ahmed Al Omran, "Saudi Aramco IPO sparks fears of loss of cash cow," *Financial Times* (UK), May 10, 2017; and Simeon Kerr, Anjli Raval, and Arash Massoudi, "Saudi Aramco pares back IPO on weak foreign demand," *Financial Times* (UK), November 17, 2019.

<sup>140</sup> Wael Mahdi, "Saudis to Control Crude Reserves, Output After Aramco IPO," *Bloomberg*, May 3, 2017.

<sup>141</sup> Summer Said and Rory Jones, "Saudi Aramco to Buy Majority Stake in Petrochemicals Producer Sabic for \$69.1 Billion," *Wall Street Journal*, March 27, 2019.

<sup>142</sup> Leo Hickman, "The Carbon Brief Interview: Saudi Arabia's Ayman Shasly," CarbonBrief, December 12, 2018.

energy transition financing than developing countries or more recently developed countries. In this context, officials have also taken strong positions in international climate change negotiations to seek compensation for “Loss and Damage” from policies of other countries that might reduce demand for fossil fuels, as well as compensation for damages due to the effects of climate change. (The United States vetoes negotiating on this topic.) A rapid global transition away from use of petroleum-derived fuels would likely directly challenge the kingdom’s fiscal stability and disrupt its society and political economy.

## Potential U.S.-Saudi Nuclear Cooperation

### Saudi Nuclear Plans

In July 2017, the Saudi cabinet approved a National Project for Atomic Energy, including plans to build large and small nuclear reactors for electricity production and seawater desalination. The decision comes amid a larger effort to diversify the economy and expand renewable energy use. Originally, Saudi officials at the King Abdullah City for Atomic and Renewable Energy (KA CARE) stated that the kingdom could develop as many as 16 nuclear power reactors by 2040 in order to reduce the domestic consumption of oil and natural gas for electricity production.<sup>143</sup> The Saudi Ministry of Energy, Industry, and Mineral Resources and KA CARE envisioned these reactors generating up to 17.6 GW of nuclear energy, which would have provided 15-20% of Saudi Arabia’s projected electricity needs. Saudi leaders reportedly intend to solicit bids in 2020 for the construction of two nuclear power reactors, for a total capacity between 2 GW and 3.2 GW. Original plans called for contracts to be signed for reactor construction in 2018, for delivery by 2027.<sup>144</sup> Russia, the United States, France, China, and South Korea reportedly remain under consideration for partnership.

A separate process with South Korean partners to study the use of relatively small SMART reactors to generate electricity in remote areas also is underway. Saudi Arabia has entered into a range of agreements since 2015 concerning possible civil nuclear cooperation with several countries (**Table 2**).

**Table 2. Select Nuclear Cooperation Developments Involving Saudi Arabia**

March 2015	Argentine-Saudi joint nuclear R&D venture agreed. Saudi-South Korean mutual nuclear cooperation agreements signed, including an MOU on building two small reactors for Saudi water desalination.
June 2015	KA CARE officials sign a nuclear energy cooperation agreement with Russia’s Rosatom. Agreements signed with France on cooperation, including EPR reactor feasibility studies.
January 2016	Saudi Arabia and China memorandum of understanding signed regarding cooperation in the possible future construction of a high-temperature gas-cooled reactor (HTGR) in the kingdom.
October 2016	Saudi Arabia and Kazakhstan sign a nuclear cooperation agreement focused on nuclear fuel.
March 2017	Agreement signed for Chinese-Saudi feasibility study of HTGR construction in Saudi Arabia.
March-August 2017	KA CARE officials visit China to begin HTGR study implementation planning. China National Nuclear Corporation (CNNC) and the Saudi Geological Survey sign agreements on uranium exploration cooperation.

<sup>143</sup> KA CARE 2011 statement cited in World Nuclear Association, “Nuclear Power in Saudi Arabia,” October 2017.

<sup>144</sup> Reuters, “Saudi Arabia aims to prequalify firms by April or May for first nuclear plant,” January 15, 2018.



December 2017	Russia's Rosatom and KA CARE sign implementing agreement related to small and medium reactors, personnel and fuel management.
March 2019	Saudi trainees begin uranium exploration and mining training in Jordan.
September 2019	KA CARE and South Korean officials sign MoU on comprehensive cooperation in nuclear research and development, with emphasis on SMART Reactor design and construction.

**Source:** Official statements and media reports.

Saudi nuclear facilities would be subject to International Atomic Energy Agency (IAEA) safeguards under the terms of the country's comprehensive safeguards agreement, which has been in force since 2009. Such safeguards present a significant hurdle to the development of nuclear weapons. The IAEA completed an Integrated Nuclear Infrastructure Review (INIR) in Saudi Arabia at the kingdom's invitation in July 2018.<sup>145</sup> Saudi Arabia has not agreed to an Additional Protocol to its safeguards agreement. The country has a Small Quantities Protocol (SQP) to its safeguards agreement, which suspends certain verification provisions for states with comprehensive safeguards agreements and small quantities of nuclear materials. The agency's Board of Governors in 2005 approved changes to the SQP designed to increase verification obligations and Saudi Arabia has not accepted the modified text. Saudi Arabia would need to rescind its SQP to build nuclear reactors.

## U.S. Civil Nuclear Cooperation with Saudi Arabia

In 2008, the George W. Bush Administration and Saudi Arabia signed a Memorandum of Understanding (MOU), which stated the intention to cooperate on a variety of nuclear activities in the fields of medicine, industry, and electricity production. Previous U.S. Administrations had explored a civil nuclear energy agreement with Saudi Arabia but had not finalized an agreement.

In 2017, the Trump Administration expedited consideration of required regulatory approvals for U.S. firms to provide marketing information to Saudi officials, and U.S. companies have provided proposals to Saudi authorities in relation to the planned tender for nuclear reactor construction. In September 2018, Secretary of Energy Rick Perry and Minister of Energy, Industry, and Mineral Resources Khalid al Falih met in Washington, DC, and discussed, *inter alia*, "the potential for U.S.-Saudi civil nuclear engagement and new technologies such as Small Modular Reactors."<sup>146</sup> In September 2019, Secretary Perry wrote to then-Minister Al Falih addressing requirements for a nuclear cooperation agreements under Section 123 of the Atomic Energy Act of 1954, as amended (AEA, 22 U.S.C. 2011 *et seq.*), and stating that, "The terms of the 123 Agreement must also contain a commitment by the kingdom to forgo any enrichment and reprocessing for the term of the agreement."<sup>147</sup>

<sup>145</sup> IAEA, "IAEA Reviews Saudi Arabia's Nuclear Power Infrastructure Development," 35/2018, July 31, 2018.

<sup>146</sup> U.S. Department of Energy, "Secretary Perry Meets with Khalid Al-Falih, Minister of Energy, Industry and Mineral Resources of the Kingdom of Saudi Arabia," September 10, 2018.

<sup>147</sup> Ari Natter, "U.S. Says Saudis Must Forgo Enrichment for Nuclear Sharing Deal," Bloomberg, September 18, 2019. Trump Administration officials had previously indicated they were seeking such commitments in discussions with Saudi authorities. In May 2018, Secretary of State Mike Pompeo said in Senate testimony, "we want a gold-standard Section 123 Agreement from them, which would not permit them to enrich." Secretary of Energy Rick Perry also told a House committee that if Saudi Arabia does not reach an agreement with the United States, "the message will be clear to the rest of the world that the kingdom is not as concerned about being leaders when it comes to nonproliferation in the Middle East."

## Congressional Views, Legislation, and Administration Perspectives

In September 2019, then-Deputy Secretary of Energy and now Secretary Dan Brouillette said, “we’re going to pursue a 123 agreement” with Saudi Arabia. So-called 123 Agreements are required for significant nuclear cooperation such as the transfer of certain U.S.-origin nuclear material subject to licensing for commercial, medical, and industrial purposes; the export of reactors and critical reactor components; and the export of other commodities under Nuclear Regulatory Commission export licensing authority. A “123 agreement” is required for any covered nuclear exports but appears to be unnecessary for U.S. companies to conclude contracts for nuclear reactors. It remains to be seen whether terms requiring Saudi Arabia to forgo fuel cycle technologies will be acceptable to the kingdom. Congress could debate a U.S.-Saudi 123 agreement within prescribed timelines or enact legislation to approve an agreement notwithstanding the AEA congressional review requirements.<sup>148</sup>

Some Members of Congress have criticized the potential for U.S.-Saudi nuclear cooperation in the absence of a firm Saudi commitment to forego uranium enrichment and fuel reprocessing technologies. Members considered resolutions and bills in the 115<sup>th</sup> Congress that would have addressed potential Saudi enrichment and reprocessing or have amended the procedures for consideration of 123 agreements to require congressional approval of any agreement not containing, *inter alia*, commitments by cooperating countries to forego enrichment and reprocessing (H.R. 5357 and S.Res. 541).

In the 116<sup>th</sup> Congress, several bills and proposed resolutions would address the subject of possible U.S.-Saudi nuclear cooperation, Saudi Arabia’s nuclear energy program, and related proliferations concerns (e.g., S. 612, S. 2338, S.Con.Res. 2, H.Con.Res. 23, H.R. 1471, and, H.R. 1541). As noted above, the FY2020 foreign operations appropriations act placed restrictions on the use of export promotion funds related to nuclear cooperation with Saudi Arabia (see “U.S. Foreign Assistance to Saudi Arabia” above).

Some Administration officials and nuclear industry advocates have warned that Saudi Arabia may pursue nuclear cooperation with other countries, including Russia or China, if the United States insists on including enrichment and reprocessing commitments in a bilateral agreement.<sup>149</sup>

## Saudi Views on Fuel Cycle Technologies

Analysts have examined Saudi nuclear plans and proposals for decades in light of the kingdom’s economic profile, energy resources, and security dilemmas. Saudi state policy underscores that the kingdom’s nuclear energy pursuits are limited to peaceful purposes, but senior officials, including Crown Prince Mohammed bin Salman, also have stated that if Iran pursues or obtains a nuclear weapon, then the kingdom also would work to do so. In March 2018, Crown Prince Mohammed bin Salman said, “Saudi Arabia does not want to acquire any nuclear bomb, but without a doubt if Iran developed a nuclear bomb, we will follow suit as soon as possible.”<sup>150</sup>

The 2008 U.S.-Saudi MOU on nuclear cooperation, which is a statement of intent and is not legally binding, described the Saudi government’s intent “to rely on existing international markets

<sup>148</sup> Such legislation has precedent; bills introduced in the House and Senate in 2010 would have approved the 123 agreement between the United States and Australia. See CRS Report R41312, *U.S.-Australia Civilian Nuclear Cooperation: Issues for Congress*, by Mary Beth D. Nikitin and Bruce Vaughn.

<sup>149</sup> Jennifer A. Dlouhy, Ari Natter, and Jennifer Jacobs, “CEOs Ask Trump to Help Them Sell Nuclear Power Plants Abroad,” Bloomberg News, February 12, 2019; and, Testimony of Secretary of Energy Rick Perry before the Senate Committee on Armed Services, March 28, 2019.

<sup>150</sup> Reuters, “Saudi crown prince says will develop nuclear bomb if Iran does: CBS TV,” March 15, 2018.

for nuclear fuel services as an alternative to the pursuit of enrichment and reprocessing.” Saudi Arabian officials have not publicly stated that they will reject prohibitions on uranium enrichment and fuel reprocessing if such prohibitions are required to enter into a bilateral nuclear cooperation agreement with the United States. However, Saudi officials also have not forsworn enrichment or reprocessing and have stated their intent to use and develop domestic resources and capabilities to support their nuclear program.

Saudi official statements since late 2017 have implied that the country seeks, at a minimum, to preserve the option to pursue uranium enrichment. KA CARE officials have said that the Saudi program may use indigenous uranium resources for fuel,<sup>151</sup> and, in December 2017, then-Energy Minister Khalid al Falih said, “We intend to localize the entire value chain with nuclear energy.... Whatever we do is going to be under strict compliance with international agreements. But we will not deprive ourselves of accessing our natural resources and localizing an industry that we intend to be with us for the long term.”<sup>152</sup> In February 2018, Saudi Foreign Minister Adel Al Jubeir said, “we want to have the same rights as other countries.”<sup>153</sup>

Energy Minister Prince Abd al Aziz bin Salman, the king’s son, replaced Al Falih in September and was quoted as saying that the kingdom is proceeding with plans to pursue nuclear fuel cycle technology “cautiously.”<sup>154</sup> Prince Abd al Aziz further said, “We want to make sure that even if we scale up [nuclear power], we scale up to the notion that we want to go to the full cycle, to producing the uranium, enriching the uranium, using the uranium.”<sup>155</sup>

## Saudi Foreign Policy

Close U.S.-Saudi security cooperation continues in parallel with efforts to overcome U.S.-Saudi differences of opinion on some regional security threats. The latter years of President Obama’s Administration were characterized by reports of tension between U.S. and Saudi leaders on key issues, most notably the conflict in Syria, Iran’s nuclear program, and U.S. policy toward Egypt. Saudi officials also opposed the changes to U.S. sovereign immunity law that were made by the 114<sup>th</sup> Congress through the Justice Against Sponsors of Terrorism Act (S. 2040, P.L. 114-222, aka JASTA) and have sought their amendment or repeal.<sup>156</sup>

Some of those issues—in addition to political-military developments in Yemen and more pronounced confrontation with Iran—remain prominent on the U.S.-Saudi policy agenda and were identified as issues of interest during President Trump’s May 2017 visit to the kingdom, Crown Prince Mohammed bin Salman’s March 2018 visit to the United States, and subsequent bilateral exchanges between senior leaders. President Trump and King Salman bin Abd al Aziz agreed to a “Strategic Partnership for the 21<sup>st</sup> Century” during the President’s May 2017 trip to Riyadh. King Salman and President Obama had previously formed such a partnership in

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<sup>151</sup> Ibid.

<sup>152</sup> Rania El Gamal and Katie Paul, “Saudi Arabia hopes to start nuclear pact talks with U.S. in weeks – minister,” Reuters, December 20, 2017.

<sup>153</sup> CNBC, Interview with Saudi Foreign Minister Adel Al Jubeir, Munich, Germany, February 19, 2018.

<sup>154</sup> Rania El Gamal and Alexander Cornwell, “Saudi Arabia flags plan to enrich uranium as U.S. seeks nuclear pact,” Reuters, September 9, 2019.

<sup>155</sup> Herman Wang and Andrea Jennetta, “Saudi Arabia wants option to enrich uranium, says new energy minister,” Platts Nucleonics Week, September 12, 2019.

<sup>156</sup> For background see CRS Report RL34726, *In Re Terrorist Attacks on September 11, 2001: Claims Against Saudi Defendants Under the Foreign Sovereign Immunities Act (FSIA)*, by Jennifer K. Elsea.



September 2015. President Trump and King Salman further agreed to a “Joint Strategic Vision for the Kingdom of Saudi Arabia and the United States of America” and announced plans for a “Strategic Joint Consultative Group” intended to meet “at least once a year, alternating between the two countries” to review bilateral cooperation.<sup>157</sup>

King Salman and Crown Prince Mohammad bin Salman have actively pursued Saudi interests across the Middle East since 2015, challenging Iran, reopening dialogue with Iraq, seeking to isolate Qatar, and fighting an ongoing war in Yemen. This Saudi activism in regional affairs has created new questions for the Trump Administration and Congress to consider, including with regard to defense cooperation and the U.S. military presence in the Middle East.

## **Iran, Iraq, and Syria**

Saudi policies toward Iraq, Syria, and Lebanon continue to reflect the kingdom’s overarching concerns about Iran and Iran’s ties to state and non-state actors in these countries. Statements by Saudi leaders suggest that they see Iran’s policies as part of an expansionist, sectarian agenda aimed at empowering Shia Muslims in the Middle East at the expense of Sunnis.<sup>158</sup> Iranian leaders attribute similarly sectarian motives to their Saudi counterparts and remain critical of Saudi cooperation with the United States.<sup>159</sup>

Saudi concern about Iranian nuclear activities also persists. The kingdom scrutinized and then accepted the Iran-P5+1 Joint Comprehensive Plan of Action (JCPOA), later calling for its rigorous enforcement and reconsideration. In May 2018, the kingdom welcomed President Trump’s decision to withdraw the United States from the JCPOA and announced its support for the re-imposition of economic sanctions on Iran and efforts to curtail Iranian support to the Syrian government and various non-state actors in the region.<sup>160</sup>

Limits on arms sales to Iran imposed under U.N. Security Council Resolution 2231 are set to remain in place until later in 2020. In the interim, ongoing initiatives to improve U.S.-Saudi defense cooperation and approve sales of new defense systems (see “Arms Sales, Security Assistance, and Training”) may further improve Saudi Arabia’s conventional military advantage over Iran and strengthen its ability to respond to unconventional threats from Iran or Iranian proxies. However, a series of missile and drone attacks on Saudi infrastructure and energy facilities in 2019 may suggest that Saudi defense capabilities alone are not sufficient to prevent such strikes or, more broadly, to deter the kingdom’s adversaries. As discussed above, additional U.S. military forces have deployed to Saudi Arabia to assist the kingdom in defending itself and to deter further attacks.

Saudi officials support the Administration’s “maximum pressure” approach to Iran and express doubt that Iranian diplomats and elected officials are empowered to resolve outstanding differences with the kingdom and others. In an October 2019 interview, Saudi Minister of State for Foreign Affairs Adel al Jubeir said, “We think that appeasement doesn’t work. Actions count, not words. Members of the Iranian government talk, but have no power. Those who have [power], like the Revolutionary Guards, don’t want to negotiate. ...As far as we’re concerned, maximum

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<sup>157</sup> Joint Statement by President Trump and King Salman bin Abd al-Aziz Al Saud of Saudi Arabia, May 23, 2017.

<sup>158</sup> “Saudi FM to Asharq Al-Awsat: We Reject Iran’s Sectarian Strife, Support for Terrorism,” July 11, 2018.

<sup>159</sup> Reuters, “Iran’s leader accuses Saudis of ‘treason’ against Muslims,” January 16, 2018.

<sup>160</sup> Embassy of the Kingdom of Saudi Arabia, Washington, DC, Statement on the United States Withdrawal from the JCPOA, May 8, 2018.

pressure is the only way.”<sup>161</sup> At the same time, Saudi officials reportedly are reaching out to regional leaders to help facilitate talks with Iran to lower regional tensions.<sup>162</sup>

## **Iraq**

In December 2015, Saudi officials reopened the kingdom’s diplomatic offices in Iraq after a 25-year absence that began after Saddam Hussein’s 1990 invasion of Kuwait. The reopening marked a milestone in a relative normalization of Saudi-Iraqi relations that occurred after the 2014 change in Iraqi leadership from the government of Nouri al Maliki—who had close ties to Iran—to that of Hayder al Abadi—who positioned Iraq more neutrally among its neighbors. High-level Saudi-Iraqi contacts continued under the government of Iraqi Prime Minister Adel Abd al Mahdi, including in the wake of 2019 attacks on Saudi oil infrastructure that reportedly were carried out from Iraqi territory.

Abd al Mahdi’s resignation in November 2019 and the unfolding transition period in Iraq open a new era of uncertainty for Saudi-Iraqi ties. U.S. officials have praised exchanges of official visits between senior Saudis and Iraqis as important in strengthening Gulf Arab ties with Iraq’s government. Border crossings between the two countries have been reopened, although to date Saudi Arabia and the other GCC states have not offered major new economic or security assistance or new debt relief initiatives to help stabilize Iraq.<sup>163</sup> Saudi officials have long viewed the empowerment of Iran-linked Shia militia groups in Iraq with suspicion.<sup>164</sup>

## **Syria**

Saudi authorities back the U.N. Security Council’s call for a negotiated settlement to the conflict in accordance with Resolution 2254 and would prefer that such a settlement result in a transition away from the Iran-aligned government of Syrian President Bashar al Asad.<sup>165</sup> Saudi efforts to consolidate and align the views of various Syrian opposition actors and armed groups bore some fruit in 2017, but divisions among Syrian factions persist. In conjunction with the Trump Administration’s plans to reduce some U.S. spending on stabilization efforts in areas of Syria liberated from the Islamic State, Saudi authorities agreed to make contributions and, in August 2018, announced plans to spend \$100 million on related programs. U.S. civilian personnel that were overseeing implementation of coalition funded stabilization programs were withdrawn in conjunction with the redeployment of U.S. forces in northeastern Syria in October 2019.

Minister of State for Foreign Affairs Al Jubeir joined other Arab League foreign ministry officials in condemning Turkey’s military incursion into northeastern Syria in October 2019.<sup>166</sup> Saudi Arabia had previously supported Turkey’s 2016 Operation Euphrates Shield insofar as the operation contributed to efforts to counter the Islamic State organization and sever the group’s access to the Turkish border.<sup>167</sup>

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<sup>161</sup> Reuters, “Saudi minister says maximum pressure only way to get Iran to negotiate,” October 24, 2019.

<sup>162</sup> Farnaz Fassihi and Ben Hubbard, “Saudi Arabia and Iran Make Quiet Openings to Head Off War,” *New York Times*, October 4, 2019.

<sup>163</sup> Saudi Arabia claims nearly \$16 billion in Iraqi official debt dating to the era of Saddam Hussein’s war with Iran.

<sup>164</sup> Adel Al Jubeir, “Can Iran Change?” *New York Times*, January 19, 2016.

<sup>165</sup> U.N. Security Council Resolution (UNSCR) 2254, adopted in 2015, endorsed a “road map” for a political settlement in Syria, including the drafting of a new constitution and the administration of U.N.-supervised elections.

<sup>166</sup> *Arab News*, “Turkish attack in Syria condemned as ‘invasion of an Arab state’s land,’” October 12, 2019.

<sup>167</sup> Can Erözden and Ali Abo Rezeg, “Saudi FM: We support Turkey’s operation in N.Syria,” Anadolu Agency (Turkey), September 9, 2016.

## Conflict in Yemen

Saudi Arabia has long exercised a strong role in Yemen, seeking to mitigate various threats to the kingdom through liaison relationships and security interventions. Saudi officials expressed increasing concern about developments in Yemen over the course of 2014, as the Saudi- and GCC-backed transition process there stalled. An alliance between the northern-Yemen based Zaydi Shia movement known as the Houthis/*Ansar Allah* (see text box below) and forces loyal to the now deceased former president Ali Abdullah Saleh grew more aggressive in their attempts to coerce transitional authorities.

In mid-2014, pro-Saleh and Houthi forces took control of the Yemeni capital, Sana'a, and, in September 2014, they continued military operations in contravention of an agreed power-sharing arrangement with the Hadi government. Houthi forces' unwillingness to withdraw from the capital and unilateral moves by Houthi leaders and Saleh supporters to circumvent Hadi's authority precipitated a crisis that culminated in the outbreak of renewed conflict and Hadi's resignation and de facto house arrest in January 2015. Houthi leaders announced a new governance plan in February 2015 and in March launched an offensive against pro-Hadi forces in central and southern Yemen.

### Yemen's Houthi Movement and Saudi Arabia

The *Ansar Allah* movement is a predominantly Zaydi Shia revivalist political and insurgent movement that formed in the northern province of Sa'da in 2004 under the leadership of members of the Al Houthi family. It originally sought an end to what it viewed as efforts to marginalize Zaydi Shia communities and beliefs, but its goals grew in scope and ambition as it embraced a populist, antiestablishment message following the 2011 uprising in Yemen. Members of its Zaydi Shia base of support are closer in their beliefs to Sunni Muslims than most other Shia, and some Yemeni observers argue that the motives of the Houthi movement are evolving to include new political and social goals that cannot be explained strictly in sectarian terms. Skeptics highlight the movement's ideological roots, its alleged cooperation with Iran, and the slogans prominently displayed on its banners: "God is Great! Death to America! Death to Israel! Curse the Jews! Victory to Islam!"

Saudi air, ground, and border forces fought Houthi militia members in 2009 in a campaign that ejected Houthi fighters who had crossed the Saudi border, but Saudi Arabia failed to defeat the movement or end the potential threat it posed to southern Saudi Arabia and Saudi interests in Yemen. The development and increased sophistication of Houthi military capabilities since 2014 is a source of significant concern to Saudi Arabia, especially the group's demonstrated ability to conduct cross-border missile attacks against targets inside the kingdom.<sup>168</sup> U.S. officials express concern not only about Houthi threats to Saudi Arabia, but the potential for ties between the Houthi movement, Iran, and Iranian-supported groups such as Hezbollah to develop to an extent that Houthi forces could pose a durable, Iranian-linked threat in the southern Arabian Peninsula and Red Sea region.

In response, the Saudi Foreign Minister decried what the kingdom considered a "serious escalation... carried out by an Al Houthi militia coup against constitutional legitimacy."<sup>169</sup> Days later, as Houthi forces advanced on the southern city of Aden, Saudi Arabia and members of a coalition launched air strikes in response to a specific request from President Hadi.<sup>170</sup> Saudi Arabia has led a military coalition of mostly Arab states since March 2015 in efforts to reinstate the Hadi government.<sup>171</sup>

<sup>168</sup> For a detailed discussion, see Michael Knights, "The Houthi War Machine: From Guerrilla War to State Capture," U.S. Military Academy Combatting Terrorism Center, *Sentinel*, Volume 11, Issue 8, September 2018.

<sup>169</sup> Saudi Ministry of Foreign Affairs, Minister of Foreign Affairs Stresses Depth of Historical and Strong Relations Between Saudi Arabia and Britain, March 24, 2015.

<sup>170</sup> Text of Hadi request letter in "GCC statement: Gulf countries respond to Yemen developments," *The National* (UAE), March 26, 2015.

<sup>171</sup> See CRS Report R43960, *Yemen: Civil War and Regional Intervention*, by Jeremy M. Sharp.

Since April 2015, U.N. Security Council Resolution 2216 has demanded that the Houthis take a number of steps immediately and unconditionally that remain unfulfilled, including

- ending their use of violence;
- withdrawing their forces from all areas they have seized, including the capital Sana'a;
- relinquishing all additional arms seized from military and security institutions, including missile systems;
- ceasing all actions that are exclusively within the authority of the legitimate Government of Yemen; and
- refraining from any provocation or threats to Yemen's neighbors, including through acquiring surface-surface missiles and stockpiling weapons in territory adjacent to Yemen's borders.

## **Conflict Status**

Since 2015, Houthi fighters have launched attacks on Saudi border areas that have killed Saudi civilians and security personnel, and Saudi military operations have continued to strike Houthi positions across Yemen. Iranian material and advisory support to the Houthi war effort—including the provision of missiles that have been fired into Saudi Arabia—has amplified Saudi leaders' anxieties and concerns. Saudi forces have intercepted missile attacks from Yemen on several occasions and failed to stop attacks in others. High profile incidents include a missile attack on Riyadh in November 2017 and attacks on Saudi airports and oil facilities in 2019.

In general, Saudi officials have approached the Houthis as a hostile minority movement that many other Yemenis oppose and that continues to benefit from Iranian security support to the detriment of the kingdom's security.<sup>172</sup> In 2018, the United Nations helped facilitate an agreement between the parties regarding security in the northern Yemeni port city of Al Hudaydah. The U.N. Security Council established a new special political mission, the United Nations Mission to support the Hudaydah Agreement (UNMHA) under Resolution 2452 in January 2019. U.N. officials praise progress in UNMHA operations, but point out areas where implementation of related agreements remain incomplete.

After missile and drone attacks on Saudi Arabia attributed to Iran but claimed by the Houthis in September 2019, Houthi leaders announced they would suspend all drone and ballistic missile attacks on Saudi Arabia.<sup>173</sup> The Houthis also agreed to release some Saudi and Yemeni prisoners. U.N. officials have confirmed that these steps have led to a reduction in violence, including a decline in the number of airstrikes.<sup>174</sup>

## **Civilian Casualties and Humanitarian Concerns**

As the conflict and Saudi-led coalition's military campaign have unfolded, reports of civilian casualties and displacement; food, medicine, and water shortages; advances by AQAP forces; Islamic State attacks; and persistence by the Houthis and their allies fueled international criticism of Saudi policy. Civilian casualties were highest in 2015, but continue to occur in connection with indiscriminate fire by Houthi forces and coalition airstrikes. Saudi officials have acknowledged

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<sup>172</sup> Minister of Foreign Affairs Adel Al Jubeir, Remarks at Council on Foreign Relations, September 26, 2018.

<sup>173</sup> Reuters, "Yemen's Houthis propose to Saudi Arabia that both sides halt missile strikes," September 20, 2019.

<sup>174</sup> Meeting of the United Nations Security Council, U.N. Document S/PV.8642, October 17, 2019.

some shortcomings in their operations, while placing most of the blame for reported civilian deaths and for difficult humanitarian conditions on the activities of and threats posed by their adversaries. Independent observers cite public reporting to attribute most civilian casualties to coalition airstrikes, particularly strikes that occurred in 2015.<sup>175</sup> In October 2019, U.N. officials described steps taken both by the Houthis and by the Yemeni government that restrict humanitarian access and impede flows of humanitarian goods.<sup>176</sup>

As of June 2019, the Office of the United Nations High Commissioner for Human Rights had documented at least 7,292 civilians killed and 11,630 civilians injured as a direct result of armed conflict since March 2015.<sup>177</sup> As discussed above, reports issued by the U.N. Human Rights Council-organized Group of International and Regional Eminent Experts on Yemen have described potential violations of international law by Houthi forces, their allies, and the Saudi-led coalition.<sup>178</sup>

In August 2019, a statement attributed to U.N. Humanitarian Coordinator in Yemen Lise Grande said, “Yemen is the world’s worst humanitarian crisis. Nearly 80 per cent of the total population, 24.1 million people, requires some form of humanitarian assistance and protection. Ten million people are a step away from famine and starvation and 7 million people are malnourished.”<sup>179</sup> The United Nations 2019 humanitarian appeal for Yemen seeks more than \$4 billion in international donor support. At a February 2019 pledging conference, Saudi Arabia and the United Arab Emirates pledged \$500 million each, and delivered the pledges in September 2019 after U.N. officials began suspending programs and issuing more stark warnings about humanitarian consequences. Saudi Arabia has contributed \$708 million to the 2019 plan.

Successive U.S. Administrations have expressed varying degrees of criticism of some coalition and Houthi actions while emphasizing a consistent view that strictly military solutions to the Yemen conflict are not possible. Saudi and coalition officials have taken some steps to improve humanitarian access and implement more effective military targeting, amid rising concern among some Members of Congress and consideration of several legislative proposals to condition, reduce, or eliminate related U.S. assistance.<sup>180</sup>

In June 2019, members of the “quad” (United States, United Kingdom, Saudi Arabia, and the United Arab Emirates) reiterated their shared views of the Yemen conflict. The quad emphasized the importance of implementing U.N.-facilitated security agreements, the problematic role Iran plays in arming and financing the Houthis, and the need for additional humanitarian assistance and full humanitarian access. The quad also noted “with concern the recent escalation in Houthi

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<sup>175</sup> Armed Conflict Location & Event Data Project (ACLED), “Over 100,000 Reported Killed in Yemen War,” October 31, 2019.

<sup>176</sup> U.N. Document S/PV.8642, Briefing by U.N. Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator Mark Lowcock to the U.N. Security Council, October 17, 2019.

<sup>177</sup> U.N. Document A/HRC/42/17, Situation of human rights in Yemen, including violations and abuses since September 2014, August 9, 2019.

<sup>178</sup> According to the U.N. Office of the High Commissioner for Human Rights (OHCHR), as of June 2018, coalition airstrikes had killed at least 4,300 civilians. See Annex 4, U.N. Document A/HRC/39/43, Report of the United Nations High Commissioner for Human Rights containing the findings of the Group of Independent Eminent International and Regional Experts, August 17, 2018.

<sup>179</sup> Statement by the U.N. Humanitarian Coordinator for Yemen Lise Grande, August 29, 2019.

<sup>180</sup> See also CRS Report R45046, *Congress and the War in Yemen: Oversight and Legislation 2015-2019*, by Jeremy M. Sharp and Christopher M. Blanchard.

attacks on Saudi Arabia using Iranian made and facilitated missiles and Unmanned Aerial Vehicles.”<sup>181</sup>

In October 2019, U.S. Deputy Representative to the United Nations Ambassador Jonathan Cohen said that the United States is “committed to the full implementation of the Al-Hudaydah Agreement, but that cannot come at the expense of progress on a broader political solution. The time has come to pursue both concurrently.”<sup>182</sup> Also in October, Under Secretary of State for Political Affairs David Hale reaffirmed U.S. support for the unity of Yemen and for the Hadi government as Yemen’s legitimate government. He also “expressed support for the political process led by U.N. Special Envoy Martin Griffiths and stressed that a political solution is the only path to a peaceful, prosperous, stable, and unified Yemen.”<sup>183</sup>

## **Qatar and Intra-Gulf Cooperation Council (GCC) Tensions**

Saudi-Qatari disputes have flared periodically over the last 20-plus years and soured significantly in 2017.<sup>184</sup> Saudi Arabia has taken issue with the pro-Islamist and independent foreign policy pursued by Qatar’s leaders and opposed Qatar’s ties to Iran, with which Qatar shares lucrative natural gas reserves.

Saudi Arabia and Qatar have both sought to shape the outcome of regional uprisings since 2011, in some cases using their own military forces, such as in Libya and Yemen, and, in other cases, such as Syria, supporting different non-state armed groups. In March 2014, these and related differences—including over the 2013 military overthrow of an elected Muslim Brotherhood-linked president of Egypt—widened to the point where Saudi Arabia, UAE, and Bahrain withdrew their ambassadors from Doha. The ambassadors returned in November 2014 in exchange for mutual pledges not to interfere in each other’s affairs. Nevertheless, underlying policy differences remained unresolved.

Emir Tamim bin Hamad participated in the May 2017 U.S.-Gulf summit and met with President Donald Trump, but there were indications of Qatari-Saudi discord prior to and during the summit. On June 5, 2017, Saudi Arabia abruptly severed diplomatic relations with Qatar, closed the land border between the two countries, closed its air space and waters to Qatari vessels, prohibited Saudi nationals from visiting or transiting Qatar, and gave Qatari nationals 14 days to leave the kingdom. The moves followed a period of escalation in official Saudi-Qatari confrontation marked by mutual recriminations and accusations.

Saudi Arabia accuses Qatar’s government of supporting terrorism, interfering in the internal affairs of fellow Arab states, and facilitating Iranian efforts to destabilize Saudi Arabia and its neighbors.<sup>185</sup> Qatar rejects the charges and views Saudi Arabia as seeking to violate Qatari sovereignty and impose its will on the country’s leaders and population.<sup>186</sup> Qatar has rejected some demands presented by Saudi Arabia, the United Arab Emirates, Egypt, and Bahrain, but has sought to resolve the confrontation through negotiation. Saudi authorities have kept their isolation

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<sup>181</sup> Joint Statement by Saudi Arabia, the United Arab Emirates, the United Kingdom and the United States on Yemen and the Region, June 24, 2019.

<sup>182</sup> Meeting of the United Nations Security Council, U.N. Document S/PV.8642, October 17, 2019.

<sup>183</sup> Readout of Under Secretary David Hale’s Meetings with Republic of Yemen Government Officials, Oct. 17, 2019.

<sup>184</sup> For background, see Kristian Coates Ulrichsen, “Qatar: The Gulf’s Problem Child,” *Atlantic Monthly*, June 5, 2017, and, CRS Report R44533, *Qatar: Governance, Security, and U.S. Policy*, by Kenneth Katzman.

<sup>185</sup> Saudi Ministry of Foreign Affairs, Statement, June 5, 2017.

<sup>186</sup> Qatar Ministry of Foreign Affairs, Statement, June 5, 2017.



measures in place. Both sides of the dispute have sought to influence the United States to support their position.

The United States maintains close defense cooperation, including arms sales, with both Saudi Arabia and Qatar and continues to operate from military bases in Qatar. U.S. officials have called for reconciliation and have offered to facilitate dialogue among the parties, but the dispute continues.

## **Israeli-Palestinian Affairs**

For decades, official Saudi statements have been routinely critical of Israeli policies, and some Saudi clerics, including leading official clerics, for years appeared implacably hostile to Israel. Nevertheless, Saudi leaders have outlined parameters of an Israeli-Arab agreement on the Palestinian question that they would accept, and speculation has increased about potential warming in Israeli-Saudi relations based on shared antipathy to the Iranian government's policies, parallel cooperation with the United States, and shared terrorism concerns.<sup>187</sup> This speculation has been amplified by some new, overt contacts that have occurred between Saudis and Israeli government officials, and ecumenical statements from some Saudi officials and state-affiliated Saudi clerics about relations between Muslims, Christians, and Jews.<sup>188</sup>

Apart from any potential alignment of views or interests with Israel on some regional threats, Saudi leaders and government officials have historically been vocal advocates for the Palestinians in the context of Israeli-Arab disputes. Saudi Arabia supports the international recognition of a Palestinian state and full Palestinian membership at the United Nations. King Salman has remained committed to the terms of the peace initiative his predecessor (the late King Abdullah) put forward under the auspices of the Arab League in 2002. The initiative calls for normalization of Arab relations with Israel if Israel were to

1. withdraw fully from the territories it occupied in 1967,
2. agree to the establishment of a Palestinian state with a capital in East Jerusalem, and
3. provide for the "[a]chievement of a just solution to the Palestinian Refugee problem in accordance with U.N. General Assembly Resolution 194."<sup>189</sup>

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<sup>187</sup> Jonathan Marcus, "Israel and Saudi Arabia: The relationship emerging into the open," BBC News, April 3, 2018; Yoel Guzansky and Daniel B. Shapiro, "Friends With Caveats: Will Israel and the Gulf States Form a United Front Against Iran?" *Foreign Affairs*, August 5, 2019. Israeli Prime Minister Benjamin Netanyahu speculated in January 2016 that "Saudi Arabia recognizes that Israel is an ally rather than an enemy because of the two [principal] threats that threaten them, Iran and Daesh [the Arabic acronym for the Islamic State]." i24 News, "Netanyahu urges EU to adopt policy of moderate Arab states on Israel," January 22, 2016.

<sup>188</sup> Raphael Ahren, "US-Israeli Christian leader discusses peace process with Saudi crown prince," *Times of Israel*, September 11, 2019; "In first, Saudi envoy in Washington sends Rosh Hashanah greeting to US Jews," *Times of Israel*, October 2, 2019.

<sup>189</sup> Adopted in December 1948, General Assembly Resolution 194 states that "the refugees wishing to return to their homes and live at peace with their neighbours should be permitted to do so at the earliest practicable date, and that compensation should be paid for the property of those choosing not to return and for loss of or damage to property which, under principles of international law or in equity, should be made good by the Governments or authorities responsible." This resolution is often cited by advocates for the right of Palestinian refugees to return to their former homes in what is now Israel. In April 2013, representatives of the Arab League agreed that land swaps could be an element of a conflict-ending agreement between Israel and the Palestinians. In September 2015, King Salman and President Obama "underscored the enduring importance of the 2002 Arab Peace Initiative, and underlined the necessity of reaching a comprehensive, just and lasting settlement to the conflict based on two states living side-by-side in peace and security." Joint Statement on the Meeting between President Barack Obama and King Salman bin Abd al Aziz Al

In January 2018, King Salman reiterated the kingdom's "firm position on the Palestinian cause and the legitimate rights of the Palestinian people to establish their independent state with Jerusalem as its capital and on continuing efforts to find a just and lasting solution to the Palestinian cause in accordance with relevant international resolutions."<sup>190</sup> In April 2018, Crown Prince Mohammed bin Salman said, "I believe that each people, anywhere, has a right to live in their peaceful nation. I believe the Palestinians and the Israelis have the right to have their own land. But we have to have a peace agreement to assure the stability for everyone and to have normal relations."<sup>191</sup> In September 2019, Minister of State for Foreign Affairs Adel al Jubeir argued that the United States' and Saudi Arabia's views of the conflict are aligned, "in the sense of wanting to bring an end to this conflict that is just, that leads to a two-state solution, that leads to '67 borders, with minor agreed-to adjustments, that basically reflects the Arab peace initiative."<sup>192</sup>

Saudi leaders welcomed the Trump Administration's efforts in developing its "Peace to Prosperity" plan, and they encourage the start of Israeli-Palestinian negotiations to resolve differences. After the Arab League and the Organization of Islamic Cooperation (OIC) rejected the U.S. plan, the Saudi cabinet "emphasized the centrality of the Palestinian cause to the Arab and Islamic nation" and stated "the need to adhere to the peace process as a strategic option for the conflict, based on the two-state solution, in accordance with legitimate international resolutions, the Arab Peace Initiative and adopted international references."

Saudi Arabia has provided regular financial support to the Palestinian Authority's budget, and has increased its contributions in recent years as U.S. assistance and Israeli transfers have declined.<sup>193</sup> Saudi Arabia also has provided additional support to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) after U.S. contributions ended in 2018. Saudi relations with Hamas have evolved over time and have grown strained since 2017, amid the deteriorating relationship between Iran and Saudi Arabia and Saudi confrontation with Qatar. Whereas Saudi authorities vociferously criticized Israeli conduct during the summer 2014 Gaza war with Hamas, condemning what they described as "Israeli inhuman aggression" and pledging Saudi support "to the Palestinian brothers in the West Bank and Gaza Strip to alleviate the difficult conditions in which they live because of the Israeli aggression and terrorism,"<sup>194</sup> in June 2017, Foreign Minister Al Jubeir called on Qatar "to stop supporting groups like Hamas." In September 2019, Hamas figures complained that Saudi Arabia reportedly arrested its senior representative and a network of more than 60 of its supporters in the kingdom.<sup>195</sup> A Hamas figure was quoted as saying, "The arrests were carried out under American pressure. Saudi Arabia is trying to force Hamas to abandon its resistance against the Israeli occupation."<sup>196</sup>

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Saud, September 4, 2015.

<sup>190</sup> Ministry of Foreign Affairs, Statement on Phone Conversation between King Salman and Palestinian Authority President Mahmoud Abbas, January 9, 2018.

<sup>191</sup> Jeffrey Goldberg, "Saudi Crown Prince: Iran's Supreme Leader 'Makes Hitler Look Good'" *The Atlantic*, April 2, 2018.

<sup>192</sup> Remarks of Saudi Minister of State for Foreign Affairs Adel al Jubeir, Council on Foreign Relations, New York, NY, September 24, 2019.

<sup>193</sup> Rami Ayyub, "As Trump team prepares Mideast plan, Palestinians face financial crisis," Reuters, May 1, 2019.

<sup>194</sup> Saudi Press Agency (Riyadh), Deputy Crown Prince Chairs Cabinet's Session, August 18, 2014.

<sup>195</sup> Khaled Abu Toameh, "Hamas: Saudi Arabia arresting our men under U.S. pressure," *Jerusalem Post*, September 12, 2019.

<sup>196</sup> Ibid. Comment attributed to Wasfi Qabaha, reportedly "a senior Hamas representative in the West Bank."

## Outlook

With Saudi leadership in transition, and the Middle East region beset by turbulence and conflict, the Trump Administration and Members of Congress are likely to continue to debate how best to navigate this contentious period in U.S.-Saudi relations. Members of Congress and U.S. policymakers may seek to determine whether recent dynamics in the relationship portend a permanent and fundamental shift, or whether they are likely to be a temporary aberration. If past patterns in the bilateral relationship prevail, leaders on both sides may seek to maintain U.S.-Saudi solidarity, while managing points of friction and resisting calls from some parties on both sides for a more fundamental reevaluation of a productive, if imperfect, partnership.

In recent years, U.S. policymakers have engaged with an emerging class of Saudi leaders during a particularly challenging and tumultuous period for the kingdom and its neighbors. Islamic State attacks, leadership transition and consolidation in the kingdom, the collapse of the Saudi-backed transitional government in neighboring Yemen, oil market trends, Russian military intervention in Syria, and Iranian nuclear policy and regional activism all have created pressure on Saudi leaders and have tested U.S.-Saudi relations. Saudi Arabia's pursuit of an independent and assertive course on regional security issues and its leaders' ambitious plans to transform the kingdom's economy and fiscal base reflect these strains and concerns. They also offer both new opportunities for U.S.-Saudi partnership and shared risks.

As described above, Saudi Arabia has close defense and security ties with the United States anchored for decades by long-standing military training programs and supplemented by high-value weapons sales, critical infrastructure security cooperation, and counterterrorism initiatives. While Saudi and U.S. officials have taken steps to maintain and deepen security ties, differences in preferred tactics and methods may continue to complicate bilateral coordination on regional security issues, including on Iran and Yemen. The redeployment of U.S. military personnel, aircraft, and air defense systems to the kingdom in 2019 may suggest a deepening of those ties in the immediate term, even if fundamental questions about the future of the security partnership continue to be debated.

Continued U.S. willingness to arm and train Saudi security forces may reduce potential burdens on U.S. forces if they enable Saudi Arabia to provide for its own defense, but may also more deeply entangle the United States in dilemmas or disputes in cases where U.S.-equipped or -trained Saudi forces are deployed. The deployment and use of U.S. military forces to protect Saudi Arabia may better deter common adversaries and enhance the security of the kingdom, its people, and globally significant infrastructure, but may more directly involve U.S. personnel and assets, increasing potential direct threats to both. An expanded U.S. military presence in Saudi Arabia also may rekindle religious and nationalist opposition inside the kingdom and beyond.

Over time, Saudi and U.S. officials have periodically attempted to articulate a shared "strategic vision" that includes, but extends beyond, defense and counterterrorism partnership. In 2004, the bipartisan National Commission on Terrorist Attacks upon the United States (aka "The 9/11 Commission") challenged both governments to confront problems in the bilateral relationship openly and urged them to "build a relationship that political leaders on both sides are prepared to publicly defend." In that era, problems identified in the relationship centered on U.S. concerns about Saudi ties to extremism and financial support for armed extremist groups. Deeper counterterrorism partnership and a range of Saudi efforts to combat extremism have contributed to closer ties in the fifteen years since.

Today, principal questions in the relationship relate to whether or not leaders and citizens in both countries are willing to maintain strategic defense ties while more fully embracing economic and

cultural partnership at a time when a new generation of Saudi leaders are seeking to transform the kingdom. More specifically, parties on both sides are considering whether differences over human rights, foreign and defense policy, and energy issues will limit the potential for deeper ties.

Changes to succession arrangements have elevated Crown Prince Mohammed bin Salman and raised the prospect that, while still in his 30s, he could succeed his father and potentially remain as monarch for decades. That outcome might eliminate some uncertainty about the consolidation of power among the next generation of Saudi leaders, but consolidated control also could alter the dynamics of U.S.-Saudi cooperation, particularly with regard to Saudi purchases of military equipment and the opportunities available to U.S. defense firms and in other sectors. Saudi Arabia maintains diverse defense supply relationships, and has acquired systems such as armed unmanned aircraft<sup>197</sup> and, reportedly, new ballistic missiles systems from China.<sup>198</sup> As the kingdom repositions itself as a hub for global investment and pursues increased military self-sufficiency and diversified acquisition, U.S. firms may not enjoy the privileged role they once held in an increasingly open Saudi market.

U.S. leaders also may seek to rearticulate and define U.S. interests with regard to Saudi Arabia and determine whether U.S. policy approaches afford the United States sufficient input in and leverage over outcomes in issues involving the kingdom. U.S. ties to the kingdom are uniquely close from Saudi Arabia's perspective and domestically sensitive. No other state enjoys comparably cooperative relations with the Saudi security establishment, and decades of close security, diplomatic, and commercial contacts afford the United States a broad network of interlocutors and a deep well of experience. Nevertheless, it is not certain that the United States can easily use its partnerships with the kingdom and its relationships with individual Saudis to predict or shape developments in Saudi foreign and domestic policy. Past and recent instances of congressional scrutiny or rejection of arms sales have achieved discrete objectives (e.g., conditioning the location of deployment or sensitivity of transferred U.S. defense systems and delaying transfers of precision guided munitions), but there is little evidence that U.S. pressure has fundamentally altered core Saudi domestic or foreign policy approaches.

Overall, long-term U.S. concerns about avoiding instability in the Gulf region and denying influence to geopolitical rivals may remain in tension with U.S. desires to convince or compel the kingdom's evolving leadership to change or act in accordance with U.S. preferences. U.S. decision-makers may applaud steps taken by Saudi leaders to change longstanding practices and policies, but they continue to face uncertainty about the strength and limits of U.S. influence, and about the kingdom's stability and trajectory. Critics of Saudi leadership argue that the United States cannot afford to embrace top-down rule that stifles all dissent both for strategic and moral reasons.<sup>199</sup> Advocates for continued partnership cite the kingdom's potential, its influence, and its recent social and fiscal reforms to argue for a principled, but non-confrontational approach.

Congress may continue to shape bilateral relations through its oversight of U.S.-Saudi security cooperation and its engagement on regional economic and diplomatic policy issues. Lawmakers and officials also may seek to explore alternative policy approaches or better understand the sources of Saudi government behavior, the potential for changes in Saudi ties with U.S. rivals like Russia and China, and the views of Saudi leaders and citizens about their country's future and its ties with the United States.

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<sup>197</sup> U.S. Department of Defense, *Military and Security Developments Involving the People's Republic of China*, 2019.

<sup>198</sup> Phil Mattingly, Zachary Cohen and Jeremy Herb, "U.S. intel shows Saudi Arabia escalated its missile program with help from China," CNN, June 5, 2019.

<sup>199</sup> For an overview of this debate, see Uri Friedman and Yara Bayoumy, "The U.S.-Saudi Alliance Is on the Brink," *The Atlantic*, July 1, 2019.

# Appendix A. Historical Background and Leadership

## Overview

The modern kingdom of Saudi Arabia is the third state established in the Arabian Peninsula since the end of the 18<sup>th</sup> century based on the hereditary rule of members of the Al Saud family. In the mid-18<sup>th</sup> century, a local alliance developed between the Al Saud and the members of a puritanical Sunni Islamic religious movement led by a cleric named Mohammed ibn Abd Al Wahhab. Alliances between the Al Saud family and supporters of Abd Al Wahhab (referred to by some as Wahhabis) built two states in the Arabian Peninsula during the next century. Each eventually collapsed under pressure from outside powers and inter- and intra-family rivalries.

During the first quarter of the 20<sup>th</sup> century, an Al Saud chieftain named Abd al Aziz ibn Abd al Rahman Al Saud (commonly referred to as Ibn Saud) used force to unify much of the Arabian Peninsula under a restored Al Saud state. Ibn Saud's forces overcame numerous tribal rivals with the support of an armed Wahhabi contingent known as the Ikhwan (or brotherhood), and, at times, with the financial and military backing of the British government. By 1932, King Abd al Aziz and his armies had crushed an Ikhwan revolt, consolidated control over most of the Arabian Peninsula, and declared the establishment of the Kingdom of Saudi Arabia.

Six of Ibn Saud's sons—Kings Saud, Faisal, Khaled, Fahd, Abdullah, and Salman—have succeeded him as rulers of the Saudi kingdom during the subsequent eight decades. This era has been dominated by the development and export of the kingdom's massive oil resources, the resulting socioeconomic transformation of the country, and accompanying religious and cultural debates spurred by rapid change. During this period, Al Saud rulers have managed a complex consensus-based system of governance, balancing the various interests of tribal, religious, regional, political, and economic constituencies.

A series of agreements, statements by successive U.S. Administrations, arms sales, military training arrangements, and military deployments have demonstrated a strong U.S. security commitment to the Saudi monarchy since the 1940s. That security commitment was built on shared economic interests and antipathy to Communism and was tested by regional conflict during the Cold War. It has survived the terrorism-induced strains of the post-Cold War era relatively intact, and has continued as new arms sales to Saudi Arabia—the largest in U.S. history—are implemented. Transition to a new generation of leadership in the Al Saud family, evolution in the Saudi economy, and instability in the regional security environment may continue to create challenges and opportunities for the U.S.-Saudi relationship.

## Leadership and Succession

King Salman and other Saudi leaders are likely to continue to face complex questions about political consent, economic performance, and social reform as they push ahead with ambitious economic and social initiatives, and as power is transferred from the sons of the kingdom's founder, King Abd al Aziz bin Abd al Rahman al Saud (aka Ibn Saud), to his grandsons. The willingness and ability of the monarchy's leaders to successfully manage their relationships with each other and with competing domestic interest groups is among the factors that will determine the country's future stability. Succession questions and intra-family politics may have direct implications for regional stability and for U.S. national security interests.

Most sources suggest that the Al Saud family has managed a recent series of leadership transition decisions without a paralyzing degree of disruptive internal dissent. Formal announcements of



major changes in succession have stated that a preponderance of members of an Allegiance Council made up of senior family members has considered and endorsed transition decisions taken since its establishment during the late King Abdullah's reign. This includes decisions made prior to and in the wake of King Abdullah's death in January 2015, and in conjunction with succession changes announced in April 2015 and June 2017 (see **Figure A-1** and **Figure A-2** below).

King Salman first placed two members of the next generation of the Al Saud family in line to rule. This generation—grandsons of the kingdom's founder—is more numerous and has more complex intra-family ties than those of its predecessors, making answers to current and future questions of governance and succession less certain. There exists potential for competition among members of this generation, as positions of influence in government have been distributed and redistributed among them.

Changes undertaken in 2015 (**Figure A-1**) elevated Prince Mohammed bin Nayef and the king's son, Prince Mohammed bin Salman, to the line of succession at the expense of senior members of their fathers' generation. Prince Mohammed bin Nayef, who became Crown Prince, retained his duties as Minister of Interior and assumed leadership of a newly created Council for Political and Security Affairs. Then-Deputy Crown Prince Mohammed bin Salman became Defense Minister and the head of the Council for Economic and Development Affairs.

In June 2017 (**Figure A-2**), Prince Mohammed bin Nayef was replaced as Crown Prince by Mohammed bin Salman and relieved of his position as Minister of Interior. Crown Prince Mohammed bin Salman's elevation puts him next in line for the throne. Given his age, he could rule for decades upon succession. In conjunction with the change, which was approved by the Allegiance Council, the kingdom's Basic Law was amended to prohibit kings from the generation of the grandsons of the founder from choosing successors from the same maternal line of the Al Saud family. This amendment presumably was agreed to in order to assuage concern among members of the family about the further consolidation of power among the branch of the family from which King Salman and the new Crown Prince hail.<sup>200</sup>

Crown Prince Mohammed bin Salman is asserting a public national leadership role on a range of topics, generating considerable international speculation about the potential for reported rivalry or competition to harden between him and other family members. Such potential exists, and has precedent in the family's recent past, but intra-family dynamics historically have remained largely shielded from public view until disputes have deepened to the point that consensus breaks down.

To date there has been no clear public confirmation that leading members of the royal family have reverted to the level of overt tension and competition that characterized intra-family relations in

<sup>200</sup> King Salman and the late Crown Prince Nayef were full brothers: their sons are full first cousins. Their "Sudayri" branch of the Al Saud family is named for their grandmother Hassa bint Ahmad al Sudayri—among the best known of the late King Abd al Aziz's late wives and one of three drawn from the Al Sudayri family. She was the mother of the late King Fahd bin Abd al Aziz, the late Crown Prince Sultan bin Abd al Aziz, the late Crown Prince Nayef bin Abd al Aziz, King Salman bin Abd al Aziz, Prince Ahmad bin Abd al Aziz, two other senior princes, and four daughters. Analysts of Saudi affairs have often referred to King Fahd and his younger full brothers as the "Sudayri Seven," because of their propensity to support one another. In the future, analysis of relationships and potential competition within this branch may be of more interest than analysis that presumes Sudayri solidarity in competition with other wings of the family. For background on Saudi succession issues, see Joseph Kéchichian, *Succession in Saudi Arabia*, New York: Palgrave, 2001. For analysis of recent succession changes and Saudi law, see Chibli Mallat, "Riyadhology and Muhammad bin Salman's Telltale Succession," *Lawfare*, June 8, 2018.



the mid-20<sup>th</sup> century.<sup>201</sup> Nevertheless, some observers expressed concern and uncertainty about Crown Prince Mohammed bin Salman's November 2017 decision to detain and investigate some royal family members on corruption charges and remove the late King Abdullah's son, Prince Miteb bin Abdullah, from his position as Minister of the National Guard.<sup>202</sup> These moves appeared to signal a stark end to the consensus-based approach that reportedly had prevailed among senior royal family members for decades. Taken in conjunction with the Crown Prince's bold social, economic, and foreign policy agendas, these steps may meet with different responses from various family members and components of Saudi society.

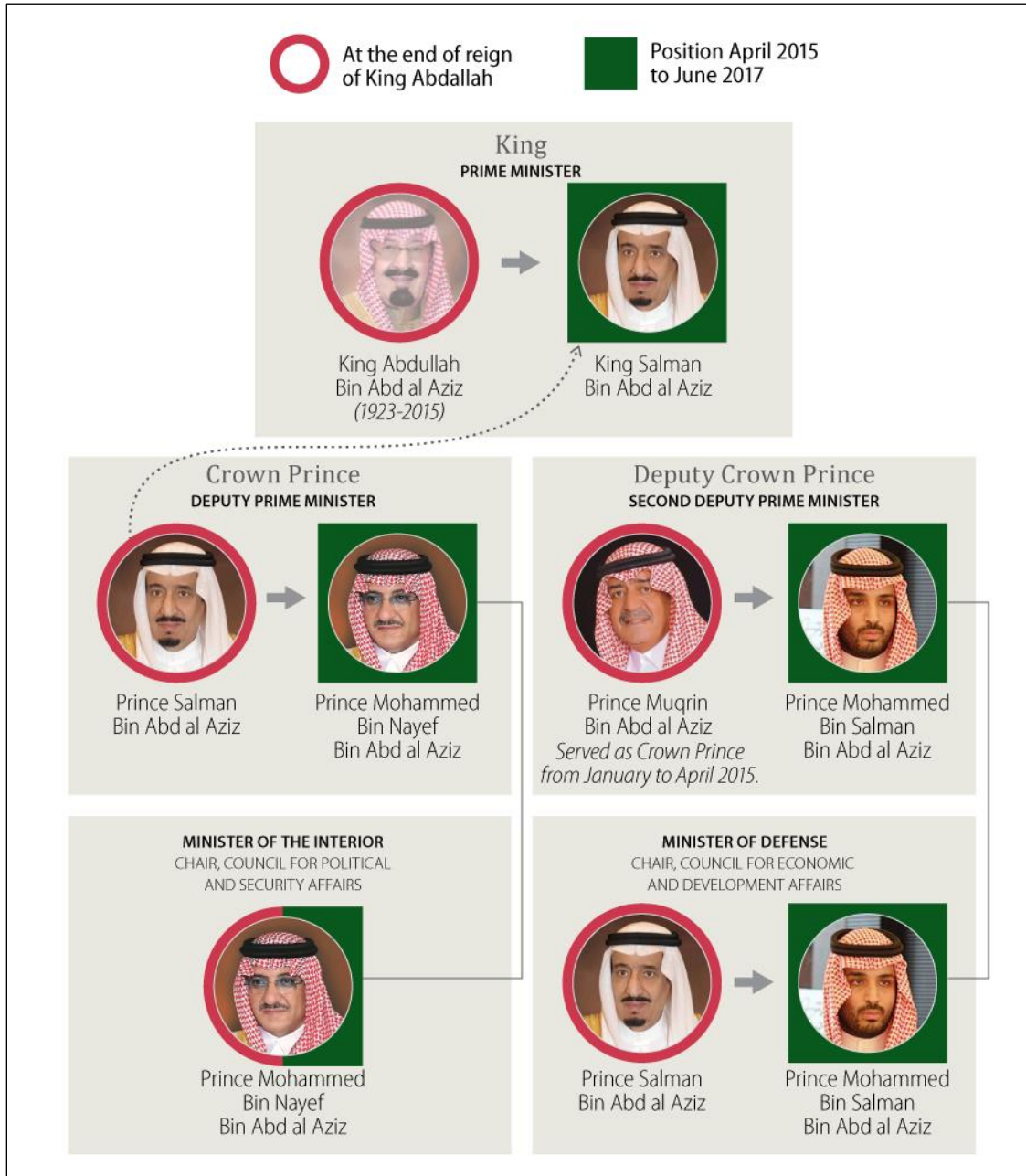
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<sup>201</sup> From 1958 to 1964, supporters of King Saud (the first son to succeed King Abd al Aziz) struggled for influence with supporters of Saud's brother Faisal (the following successor). Disputes over Saudi foreign policy and the management of government finances contributed to the family's decision to force King Saud from power in favor of Faisal, who served as king until he was assassinated by his nephew in 1975.

<sup>202</sup> See Simon Henderson, "Meet the Next Generation of Saudi Rulers," *Foreign Policy*, Nov. 10, 2017; and, Bruce Riedel, "Saudi Arabia Shifts Policy From Risk Averse to Downright Dangerous," *YaleGlobal Online*, Nov. 28, 2017.

**Figure A-1. Saudi Leadership and Succession Changes, 2015**

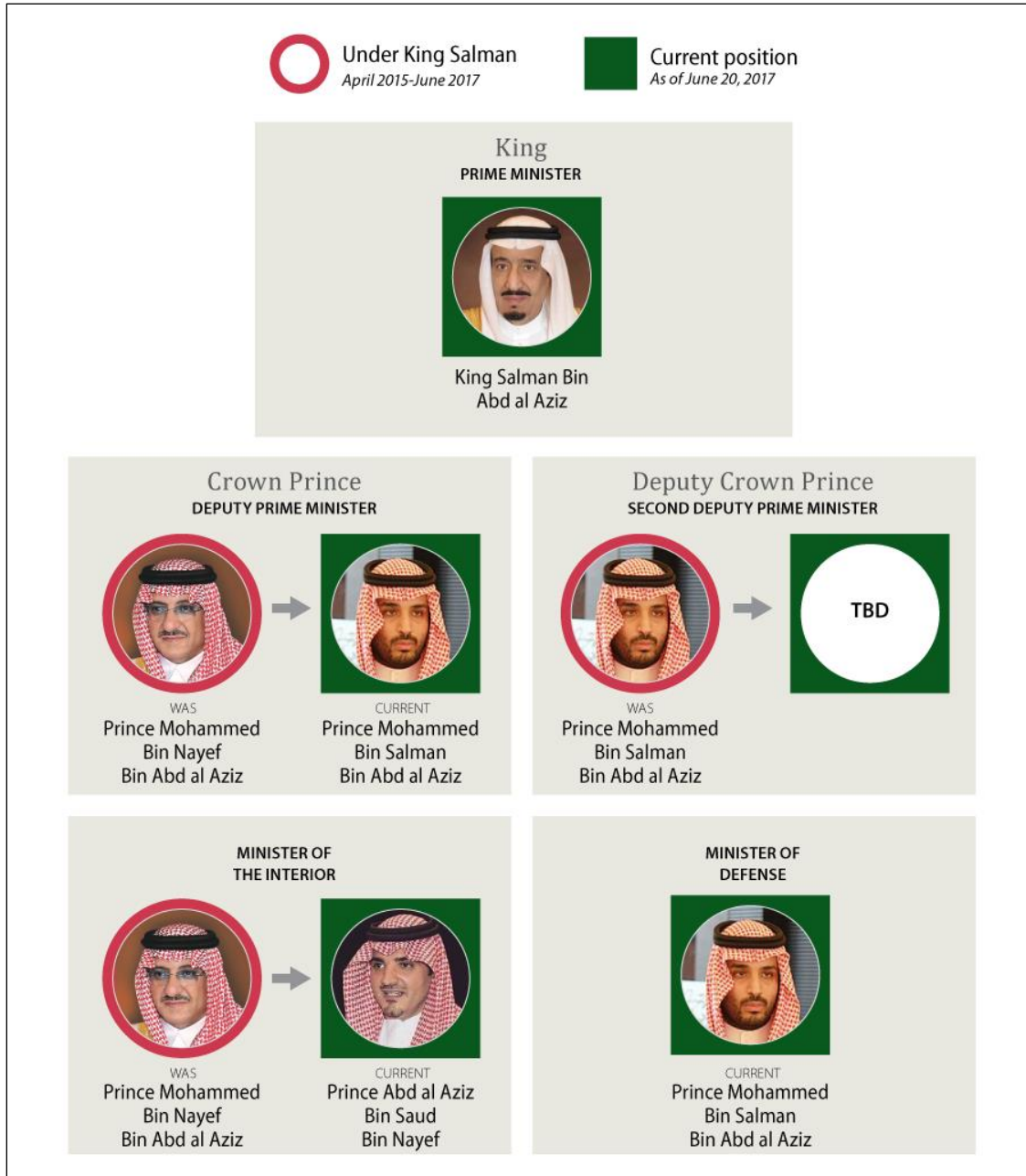
Changes Effective January and April 2015



**Source:** CRS. Official photos adapted from Saudi Arabian government sources.

**Notes:** Succession changes in April 2015 reversed a key decision taken by King Abdullah before his death—King Abdullah had named his half-brother Prince Muqrin as Deputy Crown Prince in March 2014, and Prince Muqrin briefly served as Crown Prince after King Abdullah's death. In April 2015, Saudi authorities stated that Prince Muqrin stepped down as Crown Prince at his own choosing and credited then-new Crown Prince Mohammed bin Nayef with selecting King Salman's son Mohammed bin Salman to serve as Deputy Crown Prince, with the approval of a majority of the Allegiance Council.

**Figure A-2. Saudi Leadership and Succession Changes, 2017**  
Changes Effective June 2017



**Source:** CRS. Official photos adapted from Saudi Arabian government sources.

## Appendix B. Proposed Major U.S. Foreign Military Sales to Saudi Arabia

**Table B-1. Proposed Major U.S. Foreign Military Sales to Saudi Arabia**

January 2009 to August 2019; Possible values in billions of dollars

Formal Notification Date	System	Recipient Force	Pos. Value
August 2009	CNS-ATM	RSAF	\$1.500
August 2009	TASS	RSAF	\$0.530
December 2009	SANG Modernization	SANG	\$0.177
September 2010	Blanket Order Training Program	RSAF	\$0.350
October 2010	F-15 Sales, Upgrades, Weaponry and Training	RSAF	\$29.400
October 2010	APACHE, BLACKHAWK, AH-6i, and MD-530F Helicopters	SANG	\$25.600
October 2010	APACHE Longbow Helicopters	RSLF	\$3.300
October 2010	APACHE Longbow Helicopters	Royal Guard	\$2.200
November 2010	JAVELIN Missiles and Launch Units	—	\$0.071
May 2011	Night Vision and Thermal Weapons Sights	RSLF	\$0.330
June 2011	CBU-105D/B Sensor Fuzed Weapons	RSAF	\$0.355
June 2011	Light Armored Vehicles	—	\$0.263
June 2011	Light Armored Vehicles	SANG	\$0.350
September 2011	Howitzers, Fire Finder Radar, Ammunition, HMMWVs	—	\$0.886
October 2011	Up-Armored HMMWVs	RSLF	\$0.033
December 2011	PATRIOT Systems Engineering Services	—	\$0.120
August 2012	RSAF Follow-on Support	RSAF	\$0.850
August 2012	Link-16 Systems and ISR Equipment and Training	RSAF	\$0.257
November 2012	C-130J-30 Aircraft and KC-130J Air Refueling Aircraft	RSAF	\$6.700
November 2012	RSLF Parts, Equipment, and Support	RSLF	\$0.300
November 2012	PATRIOT (PAC-2) Missiles Recertification	RSADF	\$0.130
June 2013	SANG Modernization Program Extension	SANG	\$4.000
July 2013	Mark V Patrol Boats	RSNF	\$1.200
August 2013	RSAF Follow-on Support	RSAF	\$1.200
October 2013	U.S. Military Training Mission (USMTM) Program Support Services	MOD	\$0.090
October 2013	SLAM-ER, JSOW, Harpoon Block II, GBU-39/B Munitions	RSAF	\$6.800
November 2013	C4I System Upgrades and Maintenance	RSNF	\$1.100
December 2013	TOW 2A and 2B Missiles	RSLF	\$0.170
December 2013	TOW 2A and 2B RF Missiles	SANG	\$0.900

Formal Notification Date	System	Recipient Force	Pos. Value
April 2014	Facilities Security Forces- Training and Advisory Group (FSF-TAG) Support	MOI	\$0.080
August 2014	AWACS Modernization	RSAF	\$2.000
October 2014	Patriot Air Defense System with PAC-3 enhancement	—	\$1.750
May 2015	MH-60R Multi-Mission Helicopters	—	\$1.900
July 2015	Ammunition	RSLF	\$0.500
July 2015	Patriot Advanced Capability-3 (PAC-3) Missiles	—	\$5.400
October 2015	UH-60M Black Hawk Utility Helicopters	RSLF Aviation Command	\$0.495
October 2015	Multi-Mission Surface Combatant Ships	RSNF	\$11.250
November 2015	Air-to-Ground Munitions	RSAF	\$1.290
February 2016	MK 15 Phalanx Close-In Weapons System (CIWS) Block 1B Baseline 2 Kits	RSNF	\$0.154
February 2016	USMTM Technical Assistance Field Teams and other Support	—	\$0.200
August 2016	M1A2S Tanks and Related Equipment	RSLF	\$1.150
December 2016	CH-47F Chinook Cargo Helicopters	RSLF Aviation Command	\$3.510
January 2017	Persistent Threat Detection System (PTDS) Aerostats	RSLF	\$0.525
May 2017	Naval Training Blanket Order	RSNF	\$0.250
June 2017	Air Force Training Blanket Order	RSAF	\$0.750
June 2017	AN/TPQ 53-V Radar and Support (Counter Indirect Fire)	RSLF	\$0.662
October 2017	Terminal High Altitude Area Defense (THAAD)	RSADF	\$15.000
January 2018	Missile Support Services	—	\$0.500
March 2018	TOW 2B (BGM-71F-Series) Missiles	—	\$0.670
March 2018	RSLF Ordnance Corps FMS Order II	RSLF	\$0.300
March 2018	Maintenance Support Services	RSLF Aviation Command	\$0.106
April 2018	155mm M109A6 Paladin Howitzer System	RSLF	\$1.310
May 2019	Aircraft Follow On and Support Services	RSAF	\$0.800
May 2019	Continued Tactical Air Surveillance Support System	RSAF	\$0.136
May 2019	Aircraft Follow On and Support Services	RSAF	\$1.800
<b>Total Possible Value</b>			<b>\$141.650</b>

**Source:** U.S. Defense Security Cooperation Agency (DSCA).

**Notes:** Possible values noted in sale proposals may not match actual values of concluded contract sales. Direct Commercial Sales (DCS) not included. Table includes proposed sales to Royal Saudi Air Force (RSAF), Saudi Arabian National Guard (SANG), Royal Saudi Land Forces (RSLF), Royal Guard, Royal Saudi Air Defense Force (RSADF), Royal Saudi Naval Forces (RSNF), Ministry of Interior (MOI), and Ministry of Defense (MOD). Dashes indicate unspecified recipient force.

**Table B-2. Emergency Arms Sales to Saudi Arabia**

As Notified to Congress, May 24, 2019

Transmittal Number	Item	Possible Value USD, billions	Other Countries Involved
DDTC 17-094	Coproduction, manufacture, assembly, development, integration, installation, operation, testing, maintenance, repair, and demilitarization of the Paveway and Enhanced Paveway Weapon System for the Royal Saudi Air Force F-15, Tornado, and Eurofighter Typhoon aircraft	\$1.571	United Kingdom, Spain, and Italy
DDTC 17-112	The manufacture of the Aurora Fuzing System for the Paveway IV Precision Guided Bomb Program for end use by the UK Ministry of Defense and the Royal Saudi Air Force.	\$0.209	United Kingdom
DDTC 17-128	To provide technically qualified personnel to advise and assist the Royal Saudi Air Force (RSAF) in maintenance and training for the RSAF F-15 fleet of aircraft.	\$0.176	
DDTC 18-029	To support the performance of maintenance and repair services of F-110 engines for the Kingdom of Saudi Arabia Ministry of Defense	\$0.549	
DDTC 18-050	Export of 15,000 120mm M933A1 120mm mortar bombs to the Saudi Arabian Royal Land Forces.	\$0.051	
DDTC 18-110	KSA Ministry of Defense Transformation Project	\$0.071	United Arab Emirates
DDTC 18-109	To support the manufacture, production, test, inspection, modification, enhancement, rework, and repair of F/A-18E/F and derivative series aircraft panels.	\$0.076	South Korea, India, Israel
DSCA 18-21	Aircraft Follow On and Support Services	\$0.800	
DSCA 18-31	Continued Tactical Air Surveillance Support System	\$0.136	
DSCA 19-01	Aircraft Follow On and Support Services	\$1.800	
<b>Total Possible Value</b>		<b>\$5.439</b>	

**Source:** State Department and Defense Department notifications to Congress, May 2019.

**Notes:** DDTC = State Department Directorate of Defense Trade Controls and denotes a Direct Commercial Sale proposed pursuant to Section 36 (c) or (d) of the Arms Export Control Act, as amended (22 U.S.C. 2776). DSCA = Defense Department Defense Security Cooperation Agency and denotes a Foreign Military Sale proposed pursuant to Section 36 (b) of the Arms Export Control Act, as amended (22 U.S.C. 2776).



## Appendix C. Saudi Arabia and Inquiries into the Terrorist Attacks of September 11, 2001

The report of the congressional Joint Inquiry into Intelligence Community Activities Before and After the Terrorist Attacks of September 11, 2001, released in December 2002, brought attention to the alleged role of Saudi Arabia in supporting terrorism.<sup>203</sup> In the 900-page report, a chapter on alleged foreign support for the September 11 hijackers was redacted virtually in its entirety—Part Four of the report, often referred to as “the 28 pages” (actually 29)—because executive branch officials determined at the time that its public release was contrary to U.S. national security interests.

The congressional Joint Inquiry’s report stated that the committee had “made no final determinations as to the reliability or sufficiency of the information regarding these issues [alleged foreign support for the hijackers] that was found contained in FBI and CIA documents. It was not the task of this Joint Inquiry to conduct the kind of extensive investigation that would be required to determine the true significance of such alleged support to the hijackers.” U.S. law enforcement and intelligence agencies subsequently investigated information in the redacted portion of the report further. Some information reportedly remains under investigation.

In the years since, speculation and periodic media reporting focused on the degree to which the redacted pages may have addressed the question of whether or not there was some degree of official Saudi complicity in the September 11 attacks. For years, some people who claimed to have read the formerly classified sections of the report said it addressed some Saudi nationals’ links with individuals involved in the attacks.<sup>204</sup> In 2003, the Saudi government appealed to U.S. authorities to publish the redacted pages to enable Saudi Arabia to rebut related allegations.<sup>205</sup> On April 19, 2016, President Barack Obama stated that he had asked Director of National Intelligence James Clapper to review the redacted pages of the congressional Joint Inquiry’s report for potential release.<sup>206</sup>

On July 15, 2016, the Senate Select Committee on Intelligence released a declassified version of Part Four of the congressional Joint Inquiry as well as two declassified pages from the executive summary of the September 2005 Joint FBI-CIA Intelligence Report Assessing the Nature and Extent of Saudi Government Support of Terrorism.<sup>207</sup> The latter report focused in part on investigating information discussed in the 2002 Joint Inquiry and was originally submitted as required by the classified annex of the Intelligence Authorization Act for FY2004.

The “28 pages” of the congressional Joint Inquiry released in 2016 address a number of reports that individual Saudi nationals had contact with and may have provided assistance to some of the September 11, 2001, hijackers. Specifically, the pages discuss information that suggested (*emphasis added*)

<sup>203</sup> Joint Inquiry into Intelligence Community Activities Before and After the Terrorist Attacks of September 11, 2001, S.Rept. 107-351/H.Rept. 107-792.

<sup>204</sup> CBS News 60 Minutes, “Top secret ‘28 pages’ may hold clues about Saudi support for 9/11 hijackers,” April 8, 2016.

<sup>205</sup> Josh Meyer, “Saudis to Seek Release of Classified Parts of 9/11 Report,” *Los Angeles Times*, July 29, 2003.

<sup>206</sup> President Barack Obama interviewed by Charlie Rose, PBS, April 19, 2016.

<sup>207</sup> Both documents are available on the website of the Senate Select Committee on Intelligence.

“...while in the United States, some of the September 11 hijackers were in contact with, and received support or assistance from, individuals who *may be* connected to the Saudi Government. There is information, primarily from FBI sources, that at least two of those individuals were *alleged by some* to be Saudi intelligence officers. The Joint Inquiry's review confirmed that the Intelligence Community also has information, much of it which has *yet be independently verified*, indicating that individuals associated with the Saudi Government in the United States *may have* other ties to al-Qa'ida and other terrorist groups.”

As noted above, the pages of the 2002 report discuss allegations that were then under consideration and not investigatory conclusions of law enforcement or intelligence officials.

The declassified pages from the September 2005 FBI-CIA report state that, “There is no evidence that either the Saudi government or members of the Saudi royal family knowingly provided support for the attacks of 11 September 2001 or that they had foreknowledge of terrorist operations in the Kingdom or elsewhere.” The executive summary of the joint FBI-CIA report further states that “there is evidence that official Saudi entities, [redacted portion], and associated nongovernmental organizations provide financial and logistical support to individuals in the United States and around the world, some of whom are associated with terrorism-related activity. The Saudi Government and many of its agencies have been infiltrated and exploited by individuals associated with or sympathetic to al-Qa'ida.”

The 2004 final report of the bipartisan National Commission on Terrorist Attacks Upon the United States (aka “The 9/11 Commission”) states that the commission “found no evidence that the Saudi government as an institution or senior Saudi officials individually funded [Al Qaeda].”<sup>208</sup> The report also states that Saudi Arabia “was a place where Al Qaeda raised money directly from individuals and through charities,” and indicates that “charities with significant Saudi government sponsorship” may have diverted funding to Al Qaeda.

In July 2016, Saudi Foreign Minister Adel al Jubeir argued that the pages’ release exonerated the Saudi government with regard to allegations that it supported or had foreknowledge of the September 11 attacks, saying that “when the appropriate agencies, the 9/11 Commission and the FBI and CIA investigated those leads and came out with their conclusions they said that ‘there’s no there there.’”<sup>209</sup> The Saudi Embassy in Washington, DC, has consistently responded to news reports about the so-called 28 pages’ contents by citing some of the findings of later investigations and noting the dismissal of some lawsuits against the kingdom.<sup>210</sup>

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<sup>208</sup> Final Report of the National Commission on Terrorist Attacks Upon the United States, July 22, 2004.

<sup>209</sup> Royal Embassy of Saudi Arabia Information Office, “Saudi Foreign Minister: ‘28 Pages’ Were Misleading,” July 16, 2016.

<sup>210</sup> Royal Embassy of Saudi Arabia Information Office, “Saudi Arabia Responds to 60 Minutes Report,” April 10, 2016.

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