



Saudi Arabia: Background and U.S. Relations

Christopher M. Blanchard
Acting Section Research Manager

March 10, 2011

Congressional Research Service

7-5700

www.crs.gov

RL33533

Summary

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

Saudi leaders are now weighing a litany of economic and political reform demands from competing, energized groups of citizen activists. The prevailing atmosphere of regional unrest and increased international scrutiny of domestic political developments further complicates matters. Groups representing liberal, moderate, and conservative trends have submitted advisory petitions to King Abdullah bin Abdelaziz, and many recent reform statements refer to and echo past requests submitted to the king and his predecessor, the late King Fahd. Initiatives to organize nationwide protests on March 11, 2011, have gathered considerable nominal support, but also have been met with some popular criticism and official rejection. Some observers fear that public confrontations with unpredictable consequences could result from the apparent incompatibility of a government ban on all demonstrations and the political enthusiasm of activist groups. The Obama Administration has endorsed Saudi citizens' rights to free assembly and free expression. Saudi leaders reject foreign intervention in the country's internal affairs.

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

Contents

Recent Developments.....	1
Regional Unrest and Saudi Reactions	2
Domestic Security and Human Rights	2
Leadership Developments	3
U.S.-Saudi Relations and U.S. Foreign Assistance.....	4
Economic Relations and Trade	6
U.S.-Saudi Trade.....	6
U.S. Oil Imports and Saudi Policy.....	6

Figures

Figure 1. Map of Saudi Arabia	8
-------------------------------------	---

Tables

Table 1. U.S. Assistance to Saudi Arabia, FY2004-FY2011	5
---	---

Appendixes

Appendix A. Recent Proposed Arms Sales.....	9
Appendix B. Further Reading and Historical Resources.....	13

Contacts

Author Contact Information	14
----------------------------------	----

Recent Developments

Since January 2011, political upheaval in the Middle East and North Africa has inspired a new wave of youth activism in the kingdom and reinvigorated preexisting political reform initiatives, while unrest in Bahrain and conflict in Libya has created concern about the security consequences of political activism. Saudi citizens' efforts to organize demonstrations for March 11, 2011, and recent government attempts to reinforce strict limits on political activism are attracting new foreign attention to long-standing Saudi reform debates and generating concern that public confrontations may undermine the country's stability. Since March 4, the Saudi cabinet, Ministry of Interior, advisory Shura Council, Council of Senior Ulema, and Commission for the Promotion of Virtue and the Prevention of Vice have reiterated the government's ban on public demonstrations and urged Saudis to preserve national unity and respect "Islamic traditions."

Significant related developments since mid-January 2011 include the following.

- The transmittal of several detailed advisory petitions to King Abdullah bin Abdelaziz from different and, at times, competing political groups.
- The arrest of individuals who notified the king of their intent to establish the kingdom's first political party, known as the Islamic Umma Party.
- The arrest and subsequent release of a Shiite cleric and Shiite citizens arrested during recent protests in the Eastern Province.
- The accelerated use of Internet social media tools such as Facebook, Twitter, and Youtube by Saudi citizens to follow and respond to recent regional developments and to organize or express opposition to domestic political initiatives, including planned demonstrations.
- Upon King Abdullah's return to the kingdom in late February from a three-month medical trip abroad, he issued royal decrees expanding a number of social and economic benefit programs in what has been characterized by some observers as a "reform stimulus" package worth an estimated \$37 billion. Saudis reportedly have flocked to government buildings seeking to register for new benefits and programs, in some cases overwhelming the local offices' ability to respond and creating apparent frustration among some citizens.
- Authorities announced that candidate registration for long-delayed municipal council elections will be held in late April 2011, and some reports suggested that women would be granted undefined participation rights. Other plans for political reform that correspond directly to recent public demands have not yet emerged.

Global speculation about the prospect for instability in Saudi Arabia is being amplified by the widely held fear that unrest in the kingdom—whatever its actual likelihood or ultimate severity—could generate significant volatility in global oil markets. The kingdom plays a central role in the global oil trade as the top exporter of oil and by virtue of its unmatched spare production capacity. However, some experts note that a sustained terrorism campaign by Al Qaeda in the Arabian Peninsula has targeted Saudi oil infrastructure directly for years without apparent success, and the kingdom has weathered episodes of domestic unrest in the past without disruptions to oil output. Notwithstanding these facts, the current regional unrest and renewed pressures for and against reform are highlighting the importance of the kingdom's domestic politics for global observers.

Regional Unrest and Saudi Reactions

Political change in Egypt, protests in Bahrain, continuing instability in Yemen, the collapse of the pro-Saudi Lebanese government of Saad al Hariri, and the outbreak of conflict in Libya have created a series of regional diplomatic setbacks for the Saudi government. The upheaval in Egypt toppled a close personal ally—Egyptian President Hosni Mubarak—but initial fears that change would call into question the strategic orientation of the most populous Sunni Arab state have thus far proven unfounded. Unrest in Bahrain brings confrontation between a protest movement and an authoritarian monarchy to Saudi Arabia’s eastern doorstep, and Saudi leaders are carefully monitoring developments across the causeway linking the two countries. Tunisian and international authorities have begun investigating ousted former President Zine Abedine Ben Ali and his family for corruption and theft of Tunisian resources. Their presence in Saudi Arabia raises questions about whether or how Saudi Arabia might cooperate with Tunisian or international efforts to bring Ben Ali and his supporters to justice. Libya’s conflict has contributed to fear in some quarters that political activism may lead to conflict instead of political reform.

The downfall of President Mubarak in Egypt set a deeply troubling precedent from Riyadh’s perspective, although the leaders of Egypt’s defense and security establishment are expected to preserve Saudi-Egyptian cooperation on counterterrorism and regional security issues. Prior to Mubarak’s departure, the Saudi government criticized “blatant interference” by outsiders in Egypt’s affairs and called for “a peaceful settlement of the political crisis in Egypt that safeguards the country’s security, stability and economy.” Saudi leaders often cast the kingdom as a regional leader and a defender of Arab and Muslim interests. However, by offering sanctuary to ousted Tunisian president Ben Ali and by speaking out in favor of “stability” in Egypt, Bahrain, and other countries, the Saudi royal family is now seen by many in the region as having cast its lot with familiar, if politically unpopular authoritarian allies at the expense of popular reform movements. At the same time, regional observers who fear the potential for chaos in Egypt or the Gulf and the potential strengthening of Islamist political actors have welcomed and echoed the Saudi government’s emphasis on stability and wariness about demonstrations and rapid change.

Domestic Security and Human Rights

In January 2011, Saudi security officials provided an update on the legal status of over 700 individuals detained on suspicion of involvement with Al Qaeda-related terrorism. During 2010, a Special Criminal Court issued preliminary rulings in the cases of over 400 detainees, and over 300 rulings were appealed. Also in January, the Ministry of Interior released the names of 47 wanted individuals believed to be working with Al Qaeda outside of Saudi Arabia and mostly in Yemen. Saudi and U.S. officials appear confident that Al Qaeda’s capability to launch attacks inside the kingdom has been seriously degraded and remain focused on Al Qaeda in the Arabian Peninsula’s sanctuary in Yemen. However, continuing terrorism arrests in Saudi Arabia, the recent renewal of sectarian clashes in Medina, and sharp public debates among Saudi clerics concerning *jihad* and charged social issues illustrate persistent challenges posed by terrorism and religious extremism. Sustained political unrest in Yemen or a change in government there could lead Saudi and U.S. officials to alter current assumptions and policies considerably.

The 2009 State Department report on human rights in Saudi Arabia (released March 2010) noted both severe problems and improvements in human rights conditions during the previous year. Restrictions on civil liberties and religious freedom, allegations of torture, and political detention

were reported along with the implementation of judicial reforms and improvements in women's education. A regulation on electronic publishing issued in late 2010 is being criticized by reform activists for applying content restrictions and registration requirements to the activities of Saudi bloggers, web users, and online journalists.

Major flooding in and around the western city of Jeddah recurred in January 2011, killing 10 Saudis, causing millions of dollars of damage, and rekindling criticism of local and national authorities. Similar flooding killed over 120 Saudis in November 2009 and damaged thousands of homes and vehicles. The government's response to the 2009 floods raised some Saudi's hopes for increased government responsiveness and support for official accountability. Over 50 officials were detained in the wake of the 2009 floods and investigations into alleged administrative corruption and its role in the disaster were launched. Prince Khaled al Faisal bin Abd al Aziz Al Saud, the governor of Mecca, has overseen the special investigative committee looking into the matter. In May 2010, King Abdullah issued a royal decree calling for the referral of suspects for prosecution and issuing orders to a number of ministries and regional bodies to address factors that led to the floods and to make infrastructure improvements to curb future flooding threats. The decree was welcomed and praised by many Saudi observers.

In response to the 2011 floods, a new executive committee was named by King Abdullah, and Prince Nayef travelled to Jeddah and has overseen the efforts of a group of senior officials, including Prince Khaled al Faisal and the Ministers of Finance, Transportation, Electricity and Water, Municipal and Rural Affairs. The timing of the floods coincided with the outbreak of political protests in Egypt and appeared to have concentrated Saudi leaders' attention on the importance of addressing the situation immediately in order to prevent the floods from becoming an impetus for similar unrest in the kingdom.

Clashes between security forces and Saudi Shiites in December 2010 underscored the persistence of sectarian tension in the kingdom. The violence and resulting arrests came as Shiites publicly celebrated the Shiite ritual of ashura which commemorates the seventh-century murder of the prophet Mohammed's grandson Hussein at the hands of Sunni rivals. Sectarian tensions have risen in the wake of similar clashes between Shiite worshipers and Saudi religious police and security forces in the city of Medina in February 2009. During 2010 and early 2011, Shiites in the Eastern Province also protested the arrest of a number of activists and the closure of a number of mosques. Both King Abdullah and Shiite leaders such as Shaykh Hassan al Saffar appear to remain committed to a formal dialogue process that has prevailed in recent years. However, there appears to be potential for further confrontation between activist elements of the Shiite community and conservative members of the Sunni security and religious establishment, particularly with regard to Shiite demands for permits for new mosques, attempts at more public expressions of their faith, and some calls for nondiscrimination and constitutional monarchy.

Leadership Developments

King Abdullah bin Abdelaziz has returned to the kingdom and is recuperating from surgery and a month of treatment in New York to repair a compressed disk and blood clot in his lower back. The king was discharged from New York Presbyterian hospital in late December 2010 and travelled to Morocco for rest and rehabilitation. The King's health and several events involving prominent royal family members over the last 18 months have fueled renewed interest in and speculation about Saudi royal succession issues. During the king's absence, the king's half-brothers, Crown Prince Sultan bin Abdelaziz and Second Deputy Prime Minister Prince Nayef bin

Abdelaziz administered most of the day-to-day affairs of state, in addition to carrying out their respective functions as Minister of Defense and Aviation and Minister of Interior. The crown prince is widely rumored to be suffering from several health problems, and recent international press reports have questioned his fitness for office. Prior to King Abdullah's departure to the United States, he elevated his son, Prince Miteb bin Abdullah to the position of Commander of the U.S.-trained and -equipped Saudi National Guard.

In the event of the death or incapacitation of either the king or crown prince, an Allegiance Council made up of their surviving brothers and the designated family representatives of their deceased brothers will choose new regents. Prominent figures among the next generation of Saudi princes—all grandsons of the kingdom's founder—include Assistant Minister of Defense and Aviation Prince Khaled bin Sultan, Assistant Minister of Interior for Security Affairs Prince Mohammed bin Nayef, National Security Council chief and former Saudi Ambassador to the United States Prince Bandar bin Sultan, Governor of Mecca Province Prince Khaled al Faisal, Governor of the Eastern Province Prince Mohammed bin Fahd, investor and Kingdom Holding Company Chairman Prince Alwaleed bin Talal, and National Guard Commander Prince Miteb bin Abdullah.

U.S.-Saudi Relations and U.S. Foreign Assistance

U.S.- Saudi negotiations continue concerning the series of highly significant proposed arms sales notified to Congress in October 2010 (see **Appendix A**). In the 111th Congress, some Members expressed concerns about the sales and received responses from the Obama Administration in a variety of channels. H.J.Res. 104 sought to prohibit the proposed sales pursuant to procedures provided for in the Arms Export Control Act (AECA), although the bill was not considered within the 30-day period outlined in the AECA. As of March 10, no legislation seeking to block or alter the arms sales has been introduced in the 112th Congress.

U.S.-Saudi talks on bilateral nuclear cooperation reportedly are underway, but no recent public comments have been made. The kingdom launched the King Abdullah City for Nuclear and Renewable Energy in April 2010, to oversee the country's planned development of nuclear energy production and meet rising domestic consumption needs. Like other oil exporting states in the region, Saudi Arabia has signaled its intention to develop alternative energy generation methods to preserve its oil resources as an export revenue source. Saudi Arabia signed a Memorandum of Understanding on Civil Nuclear Energy Cooperation with the United States in 2008 in which it signaled its intent to forego domestic uranium enrichment or spent fuel reprocessing in favor of procuring nuclear fuel from market sources. Recent debate over the terms and conditions of U.S. nuclear cooperation with Jordan, affect the context in which a future U.S.-Saudi agreement may be considered. Jordan, the next regional government most likely to conclude a nuclear cooperation agreement with the United States, reportedly may no longer be willing to include in the agreement the fuel-cycle commitments described in its Memorandum of Understanding.¹ It is unclear whether Saudi authorities remain committed to forgoing enrichment and reprocessing technologies nearly three years after the original memorandum with the United States was signed.

¹ "Jordan, U.S. Nearing Nuclear Deal," *TendersInfo*, September 13, 2010; "Jordan Signs Nuclear Accord with Japan," *Agence France Presse*, September 11, 2010; Rana al-Sabbagh, "Will Amman and Washington Sign Long-Awaited Peaceful Nuclear Cooperation Agreement?," *Al-Arab al-Yawm*, July 25, 2010; Suleiman al-Khalidi, "Jordan Nuclear Deal Held Up by U.S. Curbs," *Reuters*, July 2, 2010.

Saudi authorities expressed “regret” over the February 2011 U.S. decision to veto a United Nations Security Council resolution condemning Israeli settlement activity in the West Bank. In 2010, Saudi Foreign Minister Saud al Faisal bin Abd al Aziz Al Saud had expressed Saudi leaders’ appreciation for “the prompt movement of the U.S. Administration to resuscitate the [Israeli-Palestinian] peace process and to treat the major issue of conflict within the framework of the two-state solution which aims at an autonomous and viable Palestinian state.” Prince Saud al Faisal supported the Obama Administration’s late 2010 attempt to restart Israeli-Palestinian negotiations, while continuing to vocally and vehemently criticize Israeli settlement activity, particularly in the environs of Jerusalem. In September 2010, he described Israel’s settlement policy as aiming “to change facts on the ground and thus jeopardize the peace process and render the negotiations meaningless.” This perspective is widely shared by many Saudis.

The continuing appropriations resolution currently in place carries forward terms and conditions on U.S. foreign assistance to Saudi Arabia enacted by the 111th Congress for FY2010. In December 2009, the House and Senate approved the FY2010 Consolidated Appropriations Act (H.R. 3288, P.L. 111-117). Section 7041 of the act prohibits the obligation or expenditure of funds appropriated by the act for Saudi Arabia, subject to a national interest waiver authority granted to the Secretary of State. The Administration exercised that waiver in September 2010. In the 112th Congress, an amendment (H.Amdt. 140) adopted in the House version of H.R. 1 would reinstate the prohibition of the use of FY2011 funding for Saudi Arabia without waiver authority. The FY2012 foreign assistance request does not include funding for Saudi Arabia programs.

Table I. U.S. Assistance to Saudi Arabia, FY2004-FY2011

(\$ thousands)

	FY2004	FY2005	FY2006	FY2007
IMET	\$23.5	\$6.9	\$20.3	\$19.0
NADR-EXBS	-	-	-	-
NADR-ATA	-	760	\$1,387.0	\$300.0
NADR-CTF	-	\$200.0	\$189.0	-
Annual Total	\$23.5	\$966.9	\$1,576.0	\$319.0

	FY2008	FY2009	FY2010 Estimate	FY2011 Request
IMET	-	\$11.0	\$8.0	\$10.0
NADR-EXBS	-	\$350.0	\$200.0	\$360.0
NADR-ATA	\$99.0	-	-	-
NADR-CTF	-	-	-	-
Annual Total	\$113.0	\$361.0	\$208.0	\$370.0

Sources: U.S. Department of State - Congressional Budget Justifications for Foreign Operations FY2004-FY2011; and, U.S. Department of Defense and U.S. Department of State Joint Report to Congress on Foreign Military Training, Fiscal Years 2002-2007.

The Obama Administration estimated that it would obligate \$8,000 for International Military Education and Training (IMET) funds and \$200,000 in border security assistance (Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)) funding for Saudi

Arabia in FY2010. The Administration requested \$10,000 in IMET funds and \$360,000 in NADR funds to continue programs in FY2011. IMET assistance makes Saudi Arabia eligible to purchase other U.S. military training at reduced rates using its own funds. The conference report for H.R. 3288 (H.Rept. 111-366) required the Administration to report to Congress within 180 days (by June 14, 2010) on the net savings this eligibility provides to Saudi Arabia and other IMET recipients. As of January 2011, that report had not been submitted.

Economic Relations and Trade

U.S.-Saudi Trade

Saudi Arabia remained the largest U.S. trading partner in the Middle East in 2010. According to the U.S. International Trade Administration, Saudi exports to the United States were \$31.4 billion (up from \$22 billion in 2009 but below the 2008 figure of \$54.8 billion) and U.S. exports to Saudi Arabia are estimated at \$11.6 billion (up from \$10.8 billion in 2009 but below the 2008 figure of \$12.5 billion). Comparable 2010 figures for Israel, the second-largest U.S. trading partner in the Middle East, were nearly \$21 billion in exports to the United States and \$11.3 billion in imports from the United States. To a considerable extent, the high value of U.S.-Saudi trade is dictated by U.S. imports of hydrocarbons from Saudi Arabia and U.S. exports of weapons, machinery, and vehicles to Saudi Arabia. Fluctuations in the volume and value of U.S.-Saudi oil trade account for declines in the value of Saudi exports to the U.S. in recent years.

U.S. Oil Imports and Saudi Policy

With the world's largest proven oil reserves (estimated at 266.7 billion barrels), Saudi Arabia produced roughly 8.6 million barrels per day (bpd) of crude oil as of late December 2010, an increase over the prevailing level for most of 2009 and 2010, but well below the record high production of 9.7 million bpd in mid-2008.² Saudi oil reserves, oil exports, and spare oil production capacity make the kingdom the focal point for the global oil market, and recent political unrest in the Middle East has contributed to market concerns and price increases. Saudi Aramco recently completed a multi-year, multi-billion dollar production capacity expansion project that raised its daily crude oil production capacity to 12.5 million bpd. According to the U.S. Energy Information Administration, as of December 2010, Saudi Arabia was the third-largest source of U.S. oil imports, about 1.1 million bpd of 11.1 million bpd gross U.S. imports, behind only Canada and Mexico.

² In addition to crude oil, Saudi Arabia also produces approximately 1.5 million bpd of non-crude liquid fuels that contribute to global oil supply. U.S. Energy Information Administration, Saudi Arabia: Energy Profile and Data, available at <http://www.eia.doe.gov/countries/country-data.cfm?fips=SA#data>; and, Economist Intelligence Unit, Country Report: Saudi Arabia, January 19, 2009.

Increases in global oil demand and the effects of regional unrest on market prices since early-2011 have pushed oil prices back up to levels seen during 2008; levels which had delivered record oil export revenues and budget surpluses to Saudi Arabia. Saudi authorities estimated a 2010 budget surplus of \$28.9 billion and their 2011 budget included a nearly 8% expansion in public spending prior to the king's announcement in February 2011 of a \$37 billion benefits package. Most estimates suggest that oil export revenue provides 90% of the Saudi government's budget. When oil prices rose steeply in early 2008, Saudi Arabia pushed production to peak levels unilaterally [i.e., without the approval of fellow members of the Organization of the Petroleum

Exporting Countries (OPEC)]. In response to the drop in global oil demand during 2008 and 2009 caused by economic contractions in consuming countries, Saudi Arabia led OPEC production cuts in an attempt to stabilize oil prices. At present, Saudi oil officials continue to signal their readiness to respond to market demand and maintain prevailing price levels amid the continuing unrest. This is largely viewed as a commitment to use spare capacity to increase output if necessary. In September 2009, Saudi Oil Minister Ali al Naimi said in an interview that, "We believe that around \$75 [per barrel] is a fair price for the oil producer, the consumer." In late 2010, he made similar remarks and gave an upper range of \$90. In March 2011, Naimi signaled continued Saudi willingness to stabilize prices, although some feared that demonstrations in the kingdom could roil world energy markets.

Saudi Arabia in Brief

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

Growth rate: 1.55%

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

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

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

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

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

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

Inflation (2010 est.): 5.7%

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

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

Figure 1. Map of Saudi Arabia



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

Appendix A. Recent Proposed Arms Sales³

On October 20, 2010, the Administration notified Congress of several proposed sales of military equipment and related services to Saudi Arabia, including the proposed sale of fighter aircraft, attack and utility helicopters, upgrades of existing Saudi fighter aircraft, and related weaponry and services. (See “Summary of Proposed Fighter Aircraft and Helicopter Sales to Saudi Arabia,” below). If all options are exercised, the proposed sales may be worth over \$60 billion dollars over a period of 10 to 15 years. The potential value of the proposed sale of 84 new F-15SA fighter aircraft and the upgrade of the existing Saudi fleet of 70 F-15S fighters to the F-15SA configuration, if approved and fully exercised, would be the largest in the history of the United States to any single country—more than \$29.4 billion. Such a sale would dwarf the value of either the AWACS (Airborne Warning and Control System), aerial tankers, and F-15 enhancements package sale of 1981, (valued at approximately \$7.5 billion) or the sale in 1992-1993 of 72 F-15 aircraft to the Saudis, valued at about \$9 billion.

The Administration also has proposed the sale to Saudi Arabia of 70 AH-64D APACHE Longbow attack helicopters; 72 UH-60M BLACKHAWK utility helicopters; and AH-6i light attack helicopters; together with a variety of systems and weaponry associated with each aircraft. The United States has previously sold APACHE and BLACKHAWK helicopters to Saudi Arabia without major policy concerns being raised in Congress about the transfer of those specific platforms and their weaponry. The proposed helicopter sales appear to be a continuation of the augmentation of the Saudi helicopter fleets.

The proposed sales raise a series of policy questions that have been considered in relation to past sales as well as some new questions related to current regional security conditions and U.S. priorities. Among these are questions about the rationale for the sales, their likely effect on the regional security balance, their implications for U.S. relations with key regional countries, and their effect with regard to Israel’s security. On November 12, 2010, 198 Members of Congress wrote to the Obama Administration “to raise concerns and pose a number of strategic questions” about the proposed sales. The Obama Administration’s response letter of November 16, 2010, reflects its belief—which has been shared by successive previous Administrations—that it is possible to maintain and strengthen the long-standing U.S. military partnership with Saudi Arabia while maintaining Israel’s qualitative military edge over its neighbors. In this regard, Administration officials note that in addition to the new aircraft and helicopter sales and upgrades being proposed for Saudi Arabia, the U.S. government is simultaneously pursuing an initiative to supply Israel with fifth-generation F-35 Joint Strike Fighter aircraft (see below), which, when delivered, would maintain Israel’s status as having the most advanced fighter aircraft in the region. The Obama Administration hopes the proposed sales will help “sustain long-term relationships to ensure continued U.S. influence for decades.”⁴ H.J.Res. 104, introduced in the 111th Congress on December 15, 2010, sought to prohibit the proposed sales. There has been no public indication from the Administration or the Saudi government that the current political unrest in the Middle East region has altered plans for the proposed sales.

³ CRS Specialist in International Security Richard Grimmett and Specialist in Military Aviation Jeremiah Gertler contributed to this Appendix.

⁴ Letter from Secretary of State Clinton and Secretary of Defense Gates to Hon. Howard Berman et al., November 16, 2010.

Summary of Proposed Fighter Aircraft and Helicopter Sales to Saudi Arabia⁵

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

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

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

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

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

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

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

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

Analysis and Current Issues for Congress

In light of past experience, congressional policy concerns may center on issues primarily associated with the prospective sale of F-15SA fighter aircraft and upgrade of existing Saudi F-15S aircraft to the F-15SA configuration.⁶ The United States has sold various models of the F-15

⁵ For further information on the proposed sales see Defense Security Cooperation Agency notification transmittal press releases available at http://www.dsca.mil/PressReleases/36-b/36b_index.htm.

⁶ See DSCA Transmittal No. 10-43 for details regarding the proposed F-15SA sales package to Saudi Arabia. For details of earlier sales, see CRS Report 86-744F, *Background on Delivery of AWACS Aircraft to Saudi Arabia*, June 26, 1986, and CRS Report for Congress, *Arms Sales to Saudi Arabia: 1990-1993*, December 17, 1993 (both are out of print and available from the author upon request). Details regarding the currently proposed helicopter sales are contained in (continued...)

fighter aircraft to Saudi Arabia since 1978, and Congress has made consistent efforts to ensure that the type and number of F-15s sold, as well as the capabilities and weapons provided through such sales do not endanger Israel's security or otherwise threaten U.S. security interests. Congress has received oral and written assurances from Presidents and senior cabinet members since the first F-15 sale that steps would be taken to ensure that sales of advanced military equipment to Saudi Arabia—particularly combat aircraft—would not pose such threats.

Over time, as regional security balances have shifted and the relative capabilities of regional militaries have evolved, successive Administrations have sought to improve the existing capabilities of U.S. partner militaries in Saudi Arabia and Israel, while addressing persistent concerns voiced in Congress. The cumulative effect of changes in regional conditions and the policies of successive Administrations over time has been the gradual dilution or obviation of restrictions that Congress has placed or sought to ensure on the sale of advanced combat fighter aircraft and related equipment to Saudi Arabia. In recent years, some Members of Congress have continued to express concern and opposition to the sale of certain military equipment to Saudi Arabia, particularly equipment that would improve Saudi air-to-ground attack capability.

Administration officials support the proposed fighter aircraft and helicopter sales for diplomatic, military, and economic reasons. The potential domestic economic benefits for U.S. companies are self-evident. From a strategic diplomatic perspective, Saudi officials, by most accounts, continue to view U.S. willingness to sell sophisticated military technology to Saudi Arabia as an indicator of the strength of U.S. commitments to Saudi security and the health of the broader bilateral relationship. Overall, U.S.-Saudi security relations appear to have regained a degree of mutual confidence not seen since the early 1990s, led primarily by new counterterrorism cooperation and continued military-to-military engagement. Decision makers in Riyadh likely view the proposed F-15 and helicopter sales under consideration as an important symbol of their government's commitment to renew its strategic defense partnership with the United States. The proposed sales would provide an expanded basis for continued military cooperation and training over a period of 10 to 15 years, a period during which important leadership changes may occur in Saudi Arabia given the advanced age of King Abdullah bin Abdelaziz and his half-brother Crown Prince Sultan bin Abdelaziz, who has served as Minister of Defense and Aviation since the 1970s. Their sons, Prince Miteb bin Abdullah and Prince Khalid bin Sultan, play leadership roles with regard to the forces that would receive the equipment and training under the proposed sales.⁷ In November 2010, Administration officials stated in a letter to Congress that,

“The Saudi choice to partner with the United States through sales will have a decades-long impact, strengthening and deepening our military-to-military relationship, and leading to extensive collaborative training and exercises. Such engagement helps deepen our relationship with Saudi Arabia beyond the senior political level, minimizing the chance that political change will negatively impact our relationship.”

Analysis of the current regional military balance presents a mixed picture. Saudi Arabia's importance to the global economy and the country's geography suggest the need for a strong national defense posture and deployable military forces capable of combined operations.

(...continued)

Transmittal No. 10-44, Transmittal No. 10-45, and Transmittal No. 10-46.

⁷ On November 18, 2010, Prince Miteb bin Abdullah was elevated to the position of Commander of the Saudi National Guard, a position his father—the king—had held since 1962. Prince Miteb will also serve on the Council of Ministers (cabinet equivalent). Prince Khalid bin Sultan serves as Assistant Minister of Defense and Aviation.

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

“Iran maintains very sizeable military forces, but they would be relatively ineffective against a direct assault by well trained, sophisticated military such as that of the United States or its allies. At present, Iran's forces are sufficient to deter or defend against conventional threats from Iran's weaker neighbors, such as post-war Iraq, the GCC, Azerbaijan and Afghanistan, but lack the air power and logistical ability to project power much beyond Iran's borders or to confront regional powers such as Turkey or Israel.”⁸

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

According to non-governmental assessments, the kingdom currently has 230 fighter aircraft in service, drawn from its existing F-15S and F-15C/D fleet, its Tornado fighter aircraft obtained from the British, and a limited number of older U.S. F-5 aircraft.⁹ As of August 2010, Saudi Arabia also had received 10 Eurofighter Typhoon aircraft and is scheduled to receive 14 more UK-produced Typhoon aircraft, with the remainder of its order of 72 aircraft being co-produced in Saudi Arabia. On paper, the existing air fleet provides the Saudi military with significant air-to-air and air-to-ground combat resources that appear unmatched in the region, with the exception of Israel. In practice, recent experience suggests that needed improvements in the integration of Saudi Arabia's military forces, their ability to operate against small, mobile ground forces, and the Royal Saudi Air Force's ability to support operations by other forces could be addressed through the proposed U.S. sales and related training.

⁸ U.S. Department of Defense, *Unclassified Report on Military Power of Iran*, April 2010, submitted pursuant to Section 1245 of FY2010 National Defense Authorization Act (P.L. 111-84).

⁹ Jane's Sentinel Security Assessment, “Saudi Arabia - Air Force,” August 27, 2010.

Appendix B. Further Reading and Historical Resources

Paul Aarts and Gerd Nonneman (eds.), *Saudi Arabia in the Balance: Political Economy, Society, Foreign Affairs*, New York University Press, 2006.

Rachel Bronson, *Thicker than Oil: America's Uneasy Partnership with Saudi Arabia*, Oxford University Press, 2006.

Steve Coll, *Ghost Wars: The Secret History of the CIA, Afghanistan, and Bin Laden, from the Soviet Invasion to September 10, 2001*, Penguin Press, 2004.

Steve Coll, *The Bin Ladens: An Arabian Family in the American Century*, Penguin Press, 2008.

John S. Habib, *Ibn Saud's Warriors of Islam: The Ikhwan of Najd and their Role in the Creation of the Saudi Kingdom, 1910-1930*, E.J. Brill, 1978.

Thomas Hegghammer, "Terrorist Recruitment and Radicalisation in Saudi Arabia," *Middle East Policy*, Volume 13, Number 4, 2006.

Joseph Kostiner, *The Making of Saudi Arabia, 1916-1936, From Chieftaincy to Monarchical State*, Oxford University Press, 1993.

Robert Lacey, *The Kingdom: Arabia & The House of Sa'ud*, Harcourt Brace Jovanovich, 1982.

Thomas W. Lippman, *Inside the Mirage: America's Fragile Partnership with Saudi Arabia*, Westview Press, 2004.

David E. Long, *Culture and Customs of Saudi Arabia*, Greenwood Press, 2005.

David E. Long, *The United States and Saudi Arabia: Ambivalent Allies*, Westview Press, 1985.

Madawi Al Rasheed, *A History of Saudi Arabia*, Cambridge University Press, 2002.

Madawi Al Rasheed, *Contesting the Saudi State*, Cambridge University Press, 2006.

Yaroslav Trofimov, *The Siege of Mecca: The Forgotten Uprising in Islam's Holiest Shrine and the Birth of Al Qaeda*, Doubleday, 2007.

Alexei Vassiliev, *History of Saudi Arabia*, New York University Press, 2000.

Robert Vitalis, *America's Kingdom: Mythmaking on the Saudi Oil Frontier*, Stanford University Press, 2006.

Mai Yamani, *Cradle of Islam: The Hijaz and the Quest for an Arabian Identity*, I.B. Tauris, 2004.

Mai Yamani, *Changed Identities: The Challenge of the New Generation in Saudi Arabia*, University of British Columbia Press, 2005.

Author Contact Information

Christopher M. Blanchard
Acting Section Research Manager
cblanchard@crs.loc.gov, 7-0428