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The Relations with Western World:

Saudi Arabia, a Major Energy Supplier, Purchaser of Goods and Services

Saudi Arabia's first major contact with a major Western power occurred in 1915. On Dec. 26, 1915, Britain and Ibn Saud [King Abdul Aziz is known in the West with that name] signed a treaty that secured the latter's benevolent neutrality. In return, Britain recognized Abdul Aziz's undisputed sovereignty over Najd and Al-Hasa. From 1915 to 1949, Saudi Arabian-British relations were determined by the encircling presence of more than a dozen political entities, vestiges of former empires still under the suzerainty of Great Britain, which dot the rim of the Arabian Peninsula.

Consequently, as a result of events in the decade following 1915, King Abdul Aziz became the sole ruler of most of the Arabian Peninsula by 1926. In 1927, Saudi Arabia and Britain entered into full diplomatic relations at the ambassadorial level, when Britain recognized the sovereignty of Abdul Aziz as the King of Hijaz and Sultan of Najd and its Dependencies. As a quid pro quo, Saudi Arabia acknowledged Britain's rights in Bahrain and other political entities in the area. Relations with Britain remained traditionally good up to the late 1940s. During that period, Britain gained no new political or military privileges in Saudi Arabia. However, British trade and business in Jeddah prospered.

When the conflict was submitted to arbitration in Geneva in 1954-1955, the British representative withdrew from the tribunal panel, thus creating a deadlock in the talks. In November 1956, the Saudi government severed its diplomatic relations with Britain because of the latter's invasion of Egypt. It was not until January 1963 that diplomatic relations were restored. In short, Saudi-British relations from 1925 to 1950 were mainly concerned with the fulfillment of boundary agreements concluded between the two countries.

In recent years, relations between Britain and the Kingdom of Saudi Arabia have flourished. Britain, amongst a number of other developed nations, has supplied a large number of skilled expatriate workers to assist the Kingdom in the implementation of its Development Plans. Many British companies have won substantial contracts in the Kingdom due to the expansion of the country's industrial and commercial base. Consequently, Britain has enjoyed an extremely favorable trade balance with the Kingdom.

Apart from industrial and commercial contracts, Britain has become a major supplier of military equipment, culminating in the sale of a number of tornado fighter-bomber aircraft to meet the Kingdom's defense requirements. When the contract's provisions for maintenance and the supply of associated materials and services are taken into account, this agreement - described by the British press as "the sale of the century" - will almost certainly prove to be the largest single arms contract ever awarded.

The good relations between the Kingdom of Saudi Arabia and Britain were put to the test when Iraq invaded Kuwait. Margaret Thatcher, then British Prime Minister, had no hesitation

in urging President Bush to make it clear that the act of aggression could not go unpunished, and in committing Britain to play whatever role might be demanded of it. It is at times of crisis that the true motivations of states as well as of people become clear. The Gulf War certainly helped to clarify the true goals and feelings of those involved. The importance of Arab oil to the oilimporting Western economies played a part in Western motivation.

Saudi Arabian relations with the EU have both a political and an economic dimension. On the political front, Saudi Arabian relations with the EU and its individual members have been excellent, although from the Saudi Arabian viewpoint, they have not entirely fulfilled their promise. In 1980, the European Economic Community pledged its support for the principle of Palestinian self-determination through the Venice Declaration, but the Community failed to convert this support in principle into effective diplomatic pressure.

To some extent, the ineffectiveness derived from a lack of political cohesion and determination amongst the Member States (the old rivalries between excolonial powers evidently die hard). But, to be fair to the European Union, it has to be admitted that Europe's ability to influence Israel is modest in comparison with that of the United States of America, which holds the key to any peaceful solution to the Palestinian-Israeli problem. At the same time, Saudi Arabia is eager to maintain the best possible political relations with the European Union. Its efforts to find a just settlement to the Palestinian-Israeli problem acts as a moderating influence on the overtly pro-Israeli stance of the United States of America. In economic terms, relations have, at least in one respect, been rather disappointing. Western European countries played a major role in helping to build the Kingdom's infrastructure. Thus, much of the wealth generated by the Kingdom's oil sales returned to Europe.

As part of the Kingdom's industrial diversification, Saudi Arabia developed and expanded its petrochemical production capacity, in the hope that, just as it had given the European Union countries free (or almost free) access to its own markets, these countries would reciprocate when the Kingdom exported petrochemicals.

Economic relations between Saudi Arabia and the EU have been of very great mutual benefit. Just as the Kingdom is able to supply the Union with much needed oil, the Kingdom has been able to call on the expertise and advanced technology of Europe to help it achieve its developmental goals.

As the Kingdom's diversification program continues, and the agricultural and industrial base broadens, the economic relationship between Saudi Arabia and the EU will alter. But with the undoubted good will that exists on both sides – good will proved and enhanced by the European response to Iraq's aggression against Kuwait – there is no reason why the necessary adjustments cannot be readily accommodated.

Saudi-American relations began in 1933 when King Abdul Aziz gave an oil concession covering a large area in the eastern part of the country to the Standard Oil Company of California. It is sufficient to say here that, up to 1940, Saudi-American relations remained

purely commercial, a fact which is largely attributable to America's policy of isolation and noninvolvement in world affairs at that time.

This isolationism reflected a deeprooted doctrine in the foreign policy of the United States. The Second World War, however, changed this situation. The United States began to take a more active role in world affairs, especially in the postwar era.

During the first years of the war, King Abdul Aziz remained neutral. By 1943, the United States decided that it needed to secure a strategic airbase in the area of the Middle East to connect Cairo with Karachi, in order to strengthen the war effort against Japan. The United States' joint chiefs of staff named Dhahran as their objective.

After top-secret negotiations, King Abdul Aziz granted an airbase lease to the United States; and in March 1945, he declared war on Germany. From that year on, "what followed could be described as a multiple increase of diplomatic, military, technical, and economic contacts between the U.S. and Saudi Arabia."

In February 1945, on board an American warship in the Great Bitter Lake of Egypt, King Abdul Aziz, on his first journey abroad, had met with President Roosevelt. It was reported that their meeting was mutually profitable. By 1948, diplomatic representation between the U.S. and Saudi Arabia was upgraded to the status of an embassy where an American legation had been established on a permanent basis in Jeddah in 1943.

In 1974, the growing Saudi-American interdependence in trade and commerce led to the signing of an agreement, which created the US-Saudi Arabian Joint Commission on Economic Cooperation. The Joint Commission was set up as a government-to-government arrangement, with the primary purpose of facilitating the transfer of technology from the U.S. to Saudi Arabia.

Common interests, pre-eminently in the fields of oil and finance, have ensured that commercial ties between the U.S. and Saudi Arabia have continued to flourish in the 1980s. Because of the importance of the Saudi-American relationship, it may be helpful to examine that relationship on a rather broader canvas. Despite obvious cultural differences, there is a surprisingly large area of common ground between the U. S. and Saudi Arabia.

At the most fundamental level, the majority of people in both the United States and Saudi Arabia are united by a common morality, the basis of which is religious in nature. The shared belief in the dignity of the individual human being is a moral value common to the three great monotheistic religions which were first propagated in the Middle East.

In the world of politics, we also find large areas of common ground. Saudi Arabia's political objective is stability in the Middle East, which is a highly volatile region of the world. Both the U.S. and Saudi Arabia are opposed to political or religious elements, committed to destabilizing the region. Saudi Arabia is a major supplier of the West's energy and a major purchaser of Western services. It is in the interests of both the U.S. and Saudi Arabia that the causes of tension should be reduced by diplomatic means whenever possible.

In terms of economic interdependence, the case is clear. Because the Kingdom holds 25% of the world's oil reserves and because of its determination to develop its economy for the benefit of its citizens, and the needs of the Western expertise, there is an economic

interdependence which binds the two countries together.

Saudi Arabia's oil supplies are crucial to the economies of the Western world. Equally, Saudi Arabia is a major customer for the Western world's expertise in goods and services. It is in the interests of both the United States and Saudi Arabia to maintain and strengthen these economic ties.