

Saudi–European relations 1902–2001: a pragmatic quest for relative autonomy

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Given the historical pedigree and continuing importance of the relationship between Saudi Arabia and Europe, it seems peculiar that relatively little has been written about it, beyond snapshots of certain periods or certain aspects. This article reviews the century-long relationship since 1902, when the construction of the third Saudi state began. An exercise of this kind can be fruitful only if grounded in an understanding of the trends in Saudi foreign policy more generally. Here too, while there has been excellent work on, say, Saudi foreign policy since the 1970s,¹ or on the very early period,² very few attempts have been made to tie the whole century's patterns together.³ Some brief general statements on the subject either tended to take policy statements at face value—e.g. on the Islamic or anti-communist nature of the kingdom's policy—or started from a position of ideological critique of the regime's position as a dependency of the West. My second aim, then, is to draw attention to some key long-term patterns of Saudi policy; I attempt to show that they link even the very earliest years with the present day. These patterns, moreover, are reflected in current issues in Saudi–European relations, and have implications for the future. Finally, the article highlights lessons from the Saudi case for our understanding of the foreign policy of small and/or developing states.

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¹ e.g. William Quandt, *Saudi Arabia in the 1980s: foreign policy, security and oil* (Washington: Brookings Institution, 1981).

² For an insightful study of the early days of Saudi foreign policy, see J. Goldberg, *The foreign policy of Saudi Arabia: the formative years, 1902–1918* (Cambridge, MA: Harvard University Press, 1986). See also G. Troeller, *The birth of Saudi Arabia* (London: Cass, 1976), which focuses in particular on the Saudi–British relationship up to the Saudi conquest of the Hejaz.

³ Some partial exceptions are Gregory Gause, 'The foreign policy of Saudi Arabia', in Raymond Hinnebusch and Anoushiravan Ehteshami, eds, *The foreign policy of Middle Eastern states* (Boulder: Lynne Rienner, forthcoming 2001), and the chapter on foreign policy in his *Oil monarchies: domestic and security challenges in the Arab Gulf states* (New York: Council on Foreign Relations Press, 1994); Nadav Safran's *Saudi Arabia: the ceaseless quest for security* (Cambridge, MA: Harvard University Press, 1985); and Ghassan Salama's *As-siyasa al-kharijiya as-sa'udiya mundhu 'aam 1945* [Saudi foreign policy since 1945] (Beirut: Ma'had al-inmaa' al-'arabi, 1980).

The Saudi relationship with Europe has been intertwined with the very building of the Saudi state. The latter fits neither the picture of the helpless 'dependent' state nor that held up by hagiographic writing about the seemingly unique autonomous re-emergence of Al-Saud power under Abdul-Aziz bin Abdul-Rahman Al-Saud ('Ibn Saud').⁴ The case of the third Saudi state reinforces, rather, the message from Anscombe's study of the dynamics of the Arabian sheikhdoms' consolidation in the nineteenth and early twentieth centuries:⁵ given a shifting context of competing external powers, astute local actors proved able to carve out a considerable measure of autonomy, precisely by playing on this competition, both in the search for juridical statehood and afterwards.

The Saudi-European relationship, indeed, provides one illustration of the extent to which 'small' actors in the international system can acquire such relative autonomy. Saudi Arabia's foreign relations exemplify this throughout the kingdom's existence, following a pattern set by Abdul-Aziz from the start of his state-building project in 1902. Given a pragmatic awareness of limitations and opportunities, it proved possible simultaneously to obtain great power protection (and sources of technology, arms and other imports) and to balance such dependence by keeping open options and channels towards alternative sources.⁶ For Europe, the nature of Saudi foreign policy will continue to hold out opportunities, while European (as compared to US) attitudes to the politics of the region have themselves helped to safeguard such opportunities.

Foreign policy analysis and the case of Saudi Arabia

The analysis of any country's foreign policy is necessarily rooted in a number of assumptions. Much realist thinking has been limited by considering only the 'power' impulse and by taking states as monolithic actors rationally calculating costs and benefits. Other schools have tried to improve on this approach by delving into the inner workings of these states, focusing on decision-making and/or the elites and personalities making policy. Both sets of approaches have been criticized by a third set, founded on broadly speaking structuralist and mainly Marxian-derived thinking, which sees states' interaction and foreign policy as determined largely by 'structures' beyond the state level, with some states being dominant, some dominated or 'dependent'. In these latter approaches, what transpires within states is of relatively little importance, and 'dependent' actors are seen as having little significant autonomy.⁷

⁴ e.g. George Rentz, 'The Saudi monarchy', in Willard Beling, ed., *King Faisal and the modernization of Saudi Arabia* (London: Croom Helm, 1980), pp. 15–33. The label 'Ibn Saud' is how Abdul-Aziz was usually known in the West; as his name indicates, he was in fact not the 'son of Saud', but 'son of Abdul-Rahman, of the Saud family'.

⁵ Frederick Anscombe, *The Ottoman Gulf* (New York: Columbia University Press, 1997).

⁶ These dimensions are underplayed or absent in the main Arab-language study, Salama's *As-siyasa al-kharijiya as-sa'udiya*; and in the otherwise excellent analyses by Gause in 'The foreign policy of Saudi Arabia' and the foreign policy chapter in his *Oil monarchies*, although Gause does recognize the degree of autonomy Saudi policy has displayed.

⁷ Some versions of dependency thinking see developing states' policy as constrained, rather than simply

The approach underlying this article prefers, initially, a ‘pre-theoretical’ line of enquiry, seeking to interpret the evidence found in patterns of states’ foreign policy behaviour over time, while staying alert to the possible influence of the range of variables and structures previous theory has suggested.⁸ On that basis, it is plausible to argue:

- that the search for ‘power’ is indeed an important impetus for states and regimes, as is that for ‘security’, which is related but distinct, and in many cases the object of the former;
- that there is, however, no single ‘national interest’ but a range of ‘national interests’;
- that states are not monoliths but incorporate various groups and individuals, with concomitant interests that may or may not be clothed as ‘national’;
- that between interests and policy intervenes a decision-making process which depends, *inter alia*, on the nature of the state, the administrative machinery involved, the ‘bureaucratic politics’ within it,⁹ and the personalities and perceptions of those involved;¹⁰
- that foreign policy may be domestically as well as externally oriented (indeed, the search for ‘power’ and ‘security’ may well in the first place be domestic¹¹); and
- that states and decision-makers do have to face objective external challenges, constraints and opportunities, whether in their immediate environment or in the pattern of global political and economic relations.

The present case-study shows that the assumption that ‘small’ or ‘developing’ states must lack autonomy does not fit the evidence.¹² Nor is the oft-mentioned

determined, from without. It has also been suggested that there may be coincidence of interests between elites in periphery and core, while there may be conflict between the interests of elites and populations in the periphery. There is an element of such ‘coincidence’ in the Saudi case, and a potential conflict also with nationalist and Islamist aspirations of some of the population, necessitating a careful balance in policy so as to maintain legitimacy. But this conflict should not be exaggerated (such aspirations are by no means supreme, and there is no significant ‘comprador’ exploitation); nor does partial ‘coincidence’ at a very general level explain specific variations in policy towards different outside actors.

⁸ As do, for instance, K. Holsti, *International politics: a framework for analysis* (Englewood Cliffs, NJ: Prentice-Hall, 1995); and Christopher Hill, ‘Theories of foreign policy making for the developing countries’, in Christopher Clapham, ed., *Foreign policy making in developing states* (Westmead: Saxon House, 1977), pp. 1–17. This approach is foreshadowed in James Rosenau’s ‘pre-theory’ framework: ‘Pre-theories and theories and foreign policy’, in R. Barry Farrell, ed., *Approaches to comparative and international politics* (Evanston, IL: Northwestern University Press, 1966).

⁹ Graham Allison, *Essence of decision* (Boston: Little, Brown, 1971).

¹⁰ The ‘psychological-perceptual’ school includes, among others, M. Brecher, *Crisis decision-making: Israel 1967 and 1973* (Berkeley: University of California Press, 1980).

¹¹ See Mohammed Ayoob, *The Third World security predicament* (Boulder, CO: Lynne Rienner, 1995); and Joe Hagan, ‘Domestic political explanations in the analysis of foreign policy’, in Laura Neack et al., eds, *Foreign policy analysis: continuity and change in its second generation* (Englewood Cliffs, NJ: Prentice-Hall, 1995), pp. 117–44.

¹² Considerable quantitative and case-study research has been done in this area since the 1980s: for an overview see Jeanne Hey, ‘Foreign policy in dependent states’, in Neack et al., eds, *Foreign policy analysis*, pp. 201–13. The empirical record shows ‘there is no unidimensional relationship that expresses itself constantly over time. Instead, the association between [economic dependence and foreign policy behaviour] is complex and subject to influences at the individual, domestic and international levels of analysis’ (p. 212).

choice between 'pro-core' and 'anti-core', or 'dependent' and 'counter-dependent' policies¹³ an adequate summary of the options facing such states. The extent to which foreign policy determinants in 'developing' states differ from those in other states varies widely from case to case—quite apart from the difficulty in drawing sharp boundaries between the categories in the first place. Third World foreign policy studies have often overlapped some factors deemed to differentiate the two groups at the expense of others. Thus an over-emphasis on the role of a leader's personality can obscure the domestic and external environmental determinants without which the foreign policy pattern cannot be properly interpreted; or, at the other extreme, an excessive focus on a country's 'structural' position obscures variations in foreign policy that may result from particular domestic configurations and policy choices.¹⁴

The case of Saudi foreign policy illustrates that, especially for developing states, it is appropriate to start an interpretation from the domestic environment and the survival imperative of regime and (eventually) state; to view this in the context of the regional environment and transnational ideological factors; to appreciate the overall constraining and enabling effects of the international environment; and, finally, to take into account decision-making structures and decision-makers' perceptions, since particular policy choices are indeed capable of making the sort of difference that cannot be explained by structural factors alone.

I do not intend in this article to duplicate excellent existing analyses of the shifting nature of the decision-making process in Saudi Arabia;¹⁵ instead I focus on the patterns in policy output, leaving the above underlying approach implicit. A brief summary, though, would highlight:

- the clear dominance of the royal family and, within it, of the senior princes, whose opinions may differ;
- the fluctuating importance of the king—with strong figures like Abdul-Aziz and Faisal stamping their authority on policy, and policy-making becoming more diffuse under Khaled and Fahd;
- the very gradual professionalization of the policy-making bureaucracy; and
- the consensus-seeking principle, both within the royal family and between it and other important constituencies, including the religious establishment.

¹³ As in Hill, 'Theories of foreign policy making', p. 8.

¹⁴ See Bahgat Korany, 'Foreign policy in the Third World: an introduction', in *International Political Science Review* 5: 1, 1984, pp. 7–20. Other examples of work that escapes this criticism include the rest of that issue of *International Political Science Review*; Hill, 'Theories of foreign policy making'; Bahgat Korany and Ali Dessouki, eds, *The foreign policies of Arab states*, 2nd edn (Boulder, CO: Westview, 1991); Clapham, ed., *Foreign policy making*; and Hinnebusch and Ehteshami, eds, *The foreign policies of Middle Eastern states*.

¹⁵ e.g. Quandt, *Saudi Arabia in the 1980s*; Gause, 'The foreign policy of Saudi Arabia'.

The Saudi foreign policy ‘role’¹⁶ (like that of many other developing states) must be seen as defined through the lens of Al-Saud perceptions of the security of their regime, and of the opportunities and challenges presented by both their domestic and their external environments. Holsti has observed that regimes’ role conceptions, often in part built on domestic political culture, can over time ‘become a more pervasive part of the political culture of a nation [and thus become] more likely to set limits on perceived or politically feasible policy alternatives’.¹⁷ Yet it is misleading to think of a single role: foreign policy roles are plural, depending on the issue and the arena in question. They are also changeable; as Hill has pointed out, ‘The “belief system” of the practitioner is a deep-rooted legacy of experience and political culture, but it is also an organic set of attitudes which is capable, within limits, of self-transformation.’¹⁸ All of this is pertinent to Saudi foreign policy and the Saudi state’s relations with Europe. In this relationship as in others, Saudi foreign policy has been determined by the needs of the regime at home, the changing availability of resources, and the international strategic and economic framework within which the country always took a subordinate but not powerless role. It was also influenced and circumscribed by the regional ideological and political context (with the themes of Islam and Arabism looming especially large), both because this links into the domestic security imperative, and because it has been a genuine element in the various role conceptions of the Al-Saud leadership.¹⁹

Relative autonomy from such constraints can permit pragmatic adaptation in both role conceptions and role performance. I suggest that the room for manoeuvre which adept local leaders can turn into such relative autonomy at the domestic, regional and international levels emerges from the combination of particular domestic circumstances (the availability of material and political resources) with external ones (including limitations on, and competition between, great powers; and the global scattering of great power interests, as opposed to local actors’ regional concentration). In turn, this relative autonomy for the state at all three levels has allowed the Arab Gulf states to pursue the survival imperative and other interests through the long-term foreign policy patterns of *managed multi-dependence* and pragmatism.

¹⁶ A term much used but variously defined in the literature. In essence, it is meant to be a state’s characteristic patterns of behaviour—whether seen as the result of the state’s position in a system of balance of power (James Rosenau, *Turbulence in world politics*, Princeton: Princeton University Press, 1990), or, as rightly observed by Holsti, as also driven by policy-makers’ own perceptions and definitions, and thus as much domestically as externally generated (K. J. Holsti, ‘National role conceptions in the study of foreign policy’, in Stephen Walker, ed., *Role theory and foreign policy analysis*, Durham, NC: Duke University Press, 1987, pp. 5–43). For a good review see Lisbeth Aggestam, ‘Role conceptions and the politics of identity in foreign policy’, ARENA Working Papers 99/8, available on <http://www.arena.uio.no/publications/wp99_8.htm>.

¹⁷ Holsti, ‘National role conceptions’, pp. 38–9.

¹⁸ Christopher Hill, ‘The historical background: past and present in British foreign policy’, in Michael Smith et al., eds, *British foreign policy: tradition, change and transformation* (London: Unwin Hyman, 1988), pp. 25–49 at p. 30.

¹⁹ For a European case-study of the simultaneous existence of multiple roles, see Aggestam, ‘Role conceptions’.

Patterns in Saudi–European relations

Throughout the twentieth century, the key themes in Saudi foreign policy towards, and relations with, Europe can be summed up as follows:

- geopolitical balancing;
- the acquisition of economic resources—initially subsidies and loans, subsequently an increased share in the wealth derived from oil production, and finally the safeguarding of markets for oil and (lately) petrochemicals;
- the survival and flourishing of polity and regime, pursued via both of the first two routes;
- ideology—both religious (Islam) and political (the Palestinian cause)—which has increasingly been a feature since 1948, but has never dominated.

From the European side, relations must be seen in the wider context of European interest in the Gulf. This has been driven by:

- strategic calculations with regard to shipping lanes;
- competition among the great powers of Europe, later shifting to containment of the Soviet Union, as well as rivalry between European actors and the United States;
- increasingly, access to oil;
- since the 1970s, access to the markets of the Gulf and of Saudi Arabia in particular.

Each of these four themes is, of course, interrelated with the others.

From both sides, therefore, policy towards the other has been driven essentially by pragmatic considerations of political and economic advantage. This is not to say that there have not been issues where deep conviction (whether religious or political), matters of pride or questions of intercultural communication have come very much to the fore. Examples would include the decision by King Faisal in 1973 to impose an oil boycott in response to Western support for Israel; on a much smaller scale, the upset over the *Death of a Princess* episode in 1980,²⁰ which demonstrated a mutual lack of comprehension; or the debate in the late 1990s over policy towards Iraq. Yet such issues usually become especially important when they link in with the key considerations listed above (for instance, when they are seen to impact on the legitimacy of the Saudi regime, or on the security of mutual economic interests). On their own, and away from those linkages, they tend not to reorientate policy very significantly or for very long.

²⁰ A British TV dramatization of the events resulting in the execution of a young Saudi princess and her lover; the screening brought vehement Saudi protest. See R. Lacey, *The Kingdom: Arabia and the House of Saud* (New York: Avon Books, 1981), p. 458.

The management of these relations has, for the Al-Saud, been spectacularly successful. Of course, there have been difficult dilemmas to resolve (or at least contain) in Saudi foreign policy, and some of these continue to have destabilizing potential. Yet such difficulties have been largely inherent in Saudi Arabia's geographical position, in the pressures and expectations associated with being a central member of the Muslim and Arab world, and in its exposed, vulnerable wealth. The measure of success has been the vast strides made from humble beginnings in 1902 (at the turn of the century the Al-Saud were under the protection of the sheikh of Kuwait), and the way in which those inherent foreign policy limitations have been managed.

Much of this success must be credited to the person of Abdul-Aziz, who, starting with the reconquest of Riyadh from the rival Rasheed dynasty in 1902, welded Najd (centre), al-Hasa (east), Shammar (north), Asir (south-west) and the Hejaz (west) together in what became, in 1932, the Kingdom of Saudi Arabia. The welding process was not merely a feat of territorial conquest, but at least as much one of constructing a viable polity on political, ideological,²¹ traditional/tribal, and personal foundations. This growing domestic strength is part of the *explanation* for the success in managing relations with the outside world. At the same time, however, it was also in part the *result* of this foreign policy success. On the one hand, Abdul-Aziz *needed* to handle his external relations carefully in order to secure the success of this new state-building exercise (it was the Al-Saud's third, following earlier periods of Saudi expansion in 1745–1818 and 1824–91). On the other hand, part of the reason why he was *able* increasingly to extract the necessary assistance and/or tolerance from the external powers he was dealing with was that those powers recognized that he, and the fledgling Saudi state, were indeed growing into a local power to be reckoned with. In other words, domestic success at state-building increased his bargaining power with actors such as Great Britain, while the successful management of relations with those powers at the same time helped the state-building exercise succeed and thereby helped secure the rule of the Al-Saud. It is only on the basis of this already more secure foundation that the arrival of the oil age would bring additional internal resources and more extensive external interest, both of which would again be harnessed by King Abdul-Aziz and his successors to the project of consolidating the state and the rule of the Al-Saud.

Saudi–European relations up to the First World War

Until the Second World War, the history of Saudi relations with the great powers was that of relations with Europe and, until 1918, with the Ottoman empire:

²¹ Abdul-Aziz renewed the alliance with the descendants of the eighteenth-century religious reformer Muhammad ibn Abdul-Wahhab, which had allowed the original Saudi expansion to begin: the Al-Saud, recognized as temporal rulers, would defend the religious message of the preacher and the *ulama* (religious scholars) who came after him. See Christine Moss Helms, *The cohesion of Saudi Arabia* (London: Croom Helm, 1981), pp. 76–126.

the United States did not enter the region in any significant way until the Second World War and afterwards. The European powers that mattered were Great Britain—already dominant in the Gulf—and its competitors France, Russia and Germany. Abdul-Aziz also had to deal with the Ottomans, who not only claimed suzerainty over al-Hasa, Najd and the Hejaz, but also supported the Al-Saud's rivals, the Al-Rasheed, in Shammar. The first and second Saudi states, indeed, had been brought down in part as a result of Ottoman–Egyptian intervention, as well as that of local challengers. Even so, relations with Europe were rightly seen as crucial by the young Saudi ruler of Najd, who, we shall see, from the very beginning made every effort to obtain an alliance with Britain and thereby to counter the Ottoman grip—all the while paying obeisance to the nominal suzerainty of the sultan and making explicit use of British fears of competition from Russia and other powers. In this pragmatic appreciation of the realities of regional and international politics, Abdul-Aziz presented a striking contrast with the policies of the first and second Saudi states.²²

It appears clear that Abdul-Aziz was convinced almost from the start of the hegemony of the British empire, and hence the need to establish a close relationship. He also knew what might bring this about, and what sacrifices he might have to make in order to get it. Already in 1902, shortly after conquering Riyadh, his father, no doubt at his behest, dispatched a letter to the British political resident in the Gulf, referring to Russian interest and asking that the British government 'consider [him] as one of their protégés' (the letter remained unanswered).²³ When the Russian consul toured the Gulf in 1903, offering benefits and a special relationship, Abdul-Aziz immediately made British representatives aware of the Russian offer.²⁴ Numerous requests for an agreement with Britain followed, in which the Saudi ruler strongly played the card of the Ottoman threat to both his own and British interests. Through letters and emissaries, as well as a number of personal requests, in all at least 14 overtures were made to the British between 1902 and 1913.²⁵ Through his friend Captain Shakespear, the British political agent in Kuwait, Abdul-Aziz again tried to obtain an alliance in 1914, warning of the pressure he was under to sign an agreement with the Ottoman Porte.²⁶

²² See Goldberg, *The foreign policy of Saudi Arabia*, pp. 29, 184. Without a doubt, Abdul-Aziz's experience at the court of Sheikh Mubarak of Kuwait, who had been dealing with Great Britain in order to assure his own autonomy from the Ottomans and obtained a Treaty of Protection in 1899, was a significant contributory factor in shaping the young Saudi prince's perceptions. See Anscombe, *The Ottoman Gulf*, pp. 160, 172.

²³ Foreign Office (FO) document FO 406/16, Kemball to Government of India, 23 May 1902, and Abdulrahman to Kemball 14 May 1902.

²⁴ The meeting with the consul took place during the joint Franco-Russian visit in March 1903. See B. Busch, *Britain and the Persian Gulf 1894–1914* (Berkeley: University of California Press, 1967), p. 222.

²⁵ See India Office Records [henceforth IOR], Political Agency Kuwait records [henceforth PAK], R/15/5/24–25 (files 10/1–2); also see Capt. Shakespear's report showing how Abdul-Aziz, in his pursuit of British protection, made a point of showing him correspondence with other powers: IOR, Private and Secret Department Subject Files [henceforth L/P&S/], 10/385. For a review of the evidence based on Ottoman archives, confirming this picture, see Anscombe, *The Ottoman Gulf*, pp. 149–66. Cf. Goldberg, *The foreign policy of Saudi Arabia*, pp. 49–90.

²⁶ IOR, L/P&S/10/387, Shakespear to Political Resident, 4 Jan. 1915. He had already told Shakespear in 1911 that he would welcome British protection: IOR(PAK) R/15/5/25 (file 10/2).

Until the outbreak of the First World War, the British response to such overtures was tempered by a desire not to upset relations with Istanbul. The British failure to offer an agreement along the lines Abdul-Aziz would have wanted²⁷ eventually drove him to sign a secret treaty with the Ottomans in May 1914, accepting the title of Wali (governor) of Najd.²⁸ However, the war brought a marked change in the situation from the British viewpoint, as the Al-Saud became a potential ally against Germany's Ottoman allies. Even so, it was to the Hashimite Sherif Hussein of Mecca, rather than the Al-Saud, that Britain turned for assistance against the Turkish garrisons in the Hejaz and Syria. While there were British voices arguing the case that it was the latter who would be the real powerhouse in Arabia (among them Captain Shakespear and Harry St J. B. Philby), the majority view among the British foreign policy establishment was that the long-established rule of the Hashemite family of Mecca, and their religious legitimacy as protectors of the holy places and descendants of the Prophet Muhammad's family, made them the best ally against the Ottoman sultan who was, after all, also nominally the caliph of all Muslims.²⁹

With the death of Shakespear in 1915, in battle alongside the Al-Saud against the latter's Turkish-allied foes, the Al-Rasheed,³⁰ Britain was sucked in further; but it was two conscious policies by the Saudi leader that complete the explanation for his eventual success in becoming 'a British protégé at last, assured of a reliable source of arms and money for the first time'.³¹ The first was the calculated gamble that, by 1913, neither the Ottomans nor Britain would any longer act to stop him from taking al-Hasa on the Gulf coast, and that, by becoming the de facto power in that region, he could force Britain to deal with him as a political actor on the Gulf, rather than just in the interior where Britain's interests were minimal. The conquest of al-Hasa in May 1913 accomplished this goal. The second was his refusal even after the outbreak of war in 1914 to commit himself unambiguously to the British, and anti-Ottoman, cause, unless a formal guarantee were forthcoming in the shape of a written treaty with Britain.³²

²⁷ See e.g. FO 371/156 (37869), Morley to Viceroy, 10 Nov. 1906; FO 371/2124 (22042), Mallet to Grey, 12 May 1914; and FO 371/2124 (22677), 15 May 1914.

²⁸ The treaty never surfaced in the Saudi records, and Abdul-Aziz even kept it secret from his own *ulamā*. A copy was found in the Basra archives, however, after the eviction of the Ottomans by British forces: IOR, L/P&S/10/385, 'Translation of Treaty between Ibn Saud and the Turks, 15 May 1914'. See also FO 371/2124 (E34347), Enver to Ibn Saud; FO 371/2124, Grey to Mallet, 11 July 1914. See also the arguments presented by J. Goldberg, 'The 1914 Saudi-Ottoman treaty—myth or reality?', in *Journal of Contemporary History* 19, 1984, pp. 289–314; and Goldberg, *The foreign policy of Saudi Arabia*, pp. 106–11.

²⁹ See Philby's report on his Najd mission 1917–18, which includes a précis of British-Saudi relations until then: IOR, L/P&S/10/390 (Baghdad: Government Printing Press, 1918). There was, until the shift of responsibility for the Gulf to the Colonial Office in London in 1920, also a difference between the government of India, which was responsible for relations with the Gulf states and where voices more sympathetic to Abdul-Aziz had prominence, and the Foreign Office in London, which was far more concerned with the 'broader picture'. See Goldberg, *The foreign policy of Saudi Arabia*, p. 47.

³⁰ H. V. F. Winstone, *Captain Shakespear: a portrait* (London: Cape, 1967), pp. 108–110, 224.

³¹ D. Holden and R. Johns, *The House of Saud* (London: Pan Books, 1982), p. 50.

³² See Capt. Shakespear's letters to his superiors: IOR, L/P&S/10/385, Shakespear to Hirtzel, 26 June 1914, quoting Abdul-Aziz as saying that 'unless he could obtain some form of assurance he would be compelled to make his own arrangements'; and IOR, L/P&S/10/387, Shakespear to Political Resident,

By the end of the year, under the Darin Treaty of 26 December 1915,³³ Britain had officially recognized Abdul-Aziz as the independent ruler of Najd and its dependencies under British protection. In June 1916 a £20,000 loan and a shipment of arms were provided, followed from January 1917 by a stipend of £5,000 a month. Between the end of the war and March 1924 (when British subsidies were suspended), the Saudi ruler received some £60,000 a year from Britain.³⁴ By far the largest slice of these resources went into the consolidation of the new Saudi polity, through military means and acts of patronage and generosity towards both Abdul-Aziz's supporters and many of his vanquished foes.

The inter-war years and the Second World War

Turning point

The defeat of the Ottomans and the subsequent dismemberment of the empire left Saudi rule in Arabia stronger than before. Before long, the rival rule of the Al-Rasheed in Shammar (no longer assisted by their Ottoman patrons) was extinguished. The First World War and its aftermath was a turning point also for British–Saudi relations. It bears repeating here that Britain had by now succeeded in seeing off its European challengers in the Gulf, although in Persia competition with Russia (and subsequently the USSR) remained. This dominance was unchallenged along the Arab Gulf littoral (bound to Britain by a series of protective and exclusive treaties), and would also become evident to the north, when the two new states of Iraq and Trans-Jordan were carved out as monarchies under British tutelage (under the Sherif's sons Faisal and Abdallah respectively). Much of Saudi–European relations, therefore, now consisted of Saudi–British relations.

Nevertheless, as we shall see, the Saudi ruler always kept his options and other channels of communication open—a policy facilitated by a recognition on the part of Germany and the Soviet Union, among others, that he was the power to be reckoned with in a strategically ever more important part of the world. It was a policy that would in essence be maintained also when Britain was replaced by the United States after the Second World War as the dominant superpower in the region: although Saudi–US relations would become very close, Saudi policy-

4 Jan. 1915. The Saudi ruler did not in fact play a significant role in the war effort against the Turkish. As Goldberg observes: 'It is highly questionable whether the British would have been ready to pay in the form of a Treaty for the mere neutrality of a central Arabian entity. But with the Saudi state controlling a significant part of the coast, Ibn Saud did not have to commit himself to a military role in Mesopotamia in order to secure the Treaty' (*The foreign policy of Saudi Arabia*, p. 135). See also Troeller, *The birth of Saudi Arabia*, pp. 83–91.

³³ Draft and final signed versions (Sir Percy Cox and Abdul-Aziz) in IOR, L/P&S/10/387.

³⁴ A £50,000 lump sum was paid to soften the blow of ending subsidies. See Philby's report on his Najd mission, IOR, L/P&S/10/390, for details on arms and cash transferred to Abdul-Aziz up to 1918; and IOR(PAK) R/15/5/28 (file 10/4); Political Residency Bushire records [henceforth IOR(PRB)] R/15/1/560 (file 61/6) for 1921–4 (including letter from Knox to Abdul Aziz, 14 June 1923, setting out the arrangement). Also H. Philby, *Saudi Arabia* (Beirut: Librarie du Liban, 1968), p. 274; Troeller, *The birth of Saudi Arabia*, p. 93.

makers always made sure to maintain alternative channels. In other words, the geopolitics of the region and the imperative of consolidating and maintaining Al-Saud rule prior to 1945 demanded a close relationship with Great Britain, with alternative relationships (including with the United States) being kept open. After 1945, the same factors demanded a close relationship with the United States, with alternative relationships (now mainly with western Europe and, increasingly, Japan) nevertheless being cultivated.

Saudi consolidation and foreign relations

The upward trajectory of the Saudi ruler would be complicated by two main factors, one political and one economic. Politically, internal forces rubbed up against external constraints. The very success of the Saudi state-building exercise, with the defeat of the Rasheed dynasty in the north, had brought Saudi control right up to the ill-defined boundaries of the new British-protected Hashimite kingdoms of Iraq and Trans-Jordan, and the kingdom was still bounded by the original Hashimite dominions in the west. Much of the expansion had been made possible by the total commitment of the Ikhwan forces, who were driven as much by religious motivation as by loyalty to Abdul-Aziz.³⁵ They saw no obstacle in nominal boundaries. Yet Britain made clear that any further expansion into the territories of its protectorates—whether the two new kingdoms or Kuwait—would not be tolerated.³⁶ Abdul-Aziz reined in his Ikhwan troops, much against their determined wishes (he would eventually be forced to impose his will by defeating them in battle³⁷). In the Uqayr conference of 1922–3, presided over by the British high commissioner in Iraq, Sir Percy Cox, the boundaries of the new Saudi domains with Iraq and Kuwait were defined for the first time. Saudi expansion northward was halted, in return for a slice of territory which the sheikh of Kuwait had considered his, and for a strengthened alliance with the imperial power of Britain.³⁸ This outcome would also allow the Al-Saud to feel strong enough to take over the Hejaz a few years later, in December 1925—by which time Hashimite rule there had lost both its internal strength and its use for Britain. After the shērif Hussein claimed he was taking over the now vacant title of caliph, Abdul-Aziz's troops routed the Hashimite forces, and the shērif himself fled the Hejaz, never to return. Following the conquest, the notables of the Hejaz in January 1926

³⁵ The Ikhwan ('Brethren') were Abdul-Aziz's 'shock troops'. See Moss Helms, *The cohesion of Saudi Arabia*, pp. 127–50, and John S. Habib, *Ibn Sa'ud's warriors of Islam* (Leiden: Brill, 1978).

³⁶ Britain was instrumental, for instance, in ending the Saudi–Kuwaiti hostilities in 1920 which entered Kuwaiti mythology as the defining moment of 'the battle of Jahra'. See H. R. P. Dickson, *Kuwait and her neighbours* (London: Allen & Unwin, 1956), pp. 253–55.

³⁷ The decisive battles took place in 1929, and the Ikhwan's leader, Faysal al-Duwish, surrendered to British forces in Kuwait on 10 Jan. 1930. See IOR(PAK) R/15/5/42 (file 10/2); Philby, *Saudi Arabia*, pp. 308–13; Moss Helms, *The cohesion of Saudi Arabia*, pp. 225–74; and Habib, *Ibn Sa'ud's warriors*, pp. 105–55.

³⁸ The Uqayr protocol was signed on 2 Dec. 1922 and ratified by the sheikh of Kuwait in Feb. 1923; IOR, L/P&S/10/937 and IOR(PAK) R/15/5/100. See also Dickson, *Kuwait and her neighbours*, pp. 272–6 and Troeller, *The birth of Saudi Arabia*, pp. 189–211.

declared Abdul-Aziz king of Hejaz, and it was now clear that the Anglo-Saudi Treaty of 1915 had been overtaken by events. On 20 May 1927 it was supplanted by the Treaty of Jeddah, whereby Britain recognized the absolute independence of the Saudi ruler as King of Hejaz and King of Najd and its Dependencies³⁹—the ‘dual kingdom’ that would be renamed ‘Saudi Arabia’ in 1932.

The other complicating factor was financial. With the increasing size of the Saudi state came increasing demands on the ruler’s purse, exacerbated by the war with Yemen in the early 1930s. Combined with the suspension of British subsidies in 1924 and the effect of the economic collapse in the region and the world in that period, this resulted in a financial crisis. According to Philby, Abdul-Aziz’s debts by 1931 amounted to some £300,000–400,000.⁴⁰ Attempts to find relief also brought renewed contacts with the Soviet Union, who in 1932 offered a debt write-off and a new £1 million loan. Although in the end this was never realized, it did lend extra weight to a renewed demand for British aid. When Abdul-Aziz later that same year proclaimed the Kingdom of Saudi Arabia, Moscow offered immediate recognition (as it had done in 1927)—another spur to Britain to take note.⁴¹ The main source of relief, however, was to be oil.

Although on the surface it seemed as if the Saudi state was now in a similar position *vis-à-vis* Britain as the other Gulf protectorates, there were in fact significant differences. First, Al-Saud rule had greater internal strength and legitimacy than many of the littoral principalities. Second, and in part underlying the first, the kingdom had never been truly colonized. Third, this *de facto* independence was ably maintained by playing off different external actors against one another. And fourth—an example of this ‘game’—Abdul-Aziz was the only ruler to sign an oil concession with non-British interests.

Britain did pursue an oil concession, but not with the determination necessary to compete with alternative offers (in part because, having extracted the Uqayr concession, it felt that extra pressure might be ill-advised, and in part because the Anglo-Persian Oil Company, which had been exploring in Persia and Iraq, had discovered ample reserves in any case). Abdul-Aziz instead gave the concession to Major Frank Holmes, an adventurous entrepreneur from New Zealand. Although he did not prove successful, the American oil firms subsequently found him easier to take over from than Anglo-Persian (or its daughter company, the Iraq Petroleum Company—IPC) would have been.⁴² British and

³⁹ See Troeller, *The birth of Saudi Arabia*, pp. 216–31, 236; and Philby, *Saudi Arabia*, pp. 285–91, 306.

⁴⁰ H. Philby, *Arabian jubilee* (London: Robert Hale, 1952), p. 175.

⁴¹ These contacts also undermine the claim that Saudi foreign policy has displayed a consistent anti-communist line driven by conviction that communism is anathema to Islam (e.g. A. Al-Sowayyegh, ‘Saudi oil policy during King Faisal’s era’, in Beling, ed., *King Faisal and the modernization of Saudi Arabia*, pp. 202–29 at 203–4). The end of Soviet diplomatic representation in Riyadh in 1938 was initiated by Stalin, not the Al-Saud, and resulted essentially from Moscow’s disappointment with the failure to extract a long-term trade and friendship agreement. See Philby, *Arabian jubilee*, pp. 171–2; Lacey, *The Kingdom*, pp. 240–1; and James Piscatori, ‘Islamic values and national interest: the foreign policy of Saudi Arabia’, in Adeer Dawisha, ed., *Islam in foreign policy* (Cambridge: Cambridge University Press, 1983), pp. 33–53 at pp. 37–8.

⁴² See documents on the Eastern & General Syndicate and oil concessions in IOR(PR) R/15/1/667–669 (1933–45).

French interests were still supposed to be protected by the 1929 Red Line agreement among the major oil companies, according to which none would take a concession without also offering a share in it to the others. However, in 1933 Standard Oil of California (SOCAL) obtained a 60-year oil concession in al-Hasa, having offered Saudi Arabia an immediate loan of £30,000 with another £20,000 deferred, plus a monthly rental of £5,000. Two further loans of £50,000 were held out, for transfer after the discovery of oil. Abdul-Aziz had, when opening the bidding, initially asked for a £100,000 down payment, and Britain's IPC had been unable or unwilling to offer any more than £10,000.⁴³ After the Second World War, the Red Line agreement became void when Caltex (joint venture of SOCAL and Texaco), Exxon and Mobil effectively bought off the British and French IPC shareholders.⁴⁴ It is not fanciful to see, in this episode, the conscious balancing strategy of the Saudi ruler at work. Indeed, as Holmes himself observed at the time, 'If the oil industry of his country is to be developed by Americans who have no political axe to grind he risks less of his country's independence. On the other hand he does not want to be without British influence entirely.'⁴⁵

The Second World War was, like the First, a watershed in regional politics. By this time oil had been discovered in most of the states surrounding the Gulf, including Saudi Arabia. The significance of oil as an energy source in the war effort became abundantly clear; Britain emerged from the war economically exhausted; and the United States obtained a physical presence in the Middle East, along with increasingly important interests. The British position as Saudi Arabia's pre-eminent partner hence came under increasing challenge.

It is worth noting, however, that in the lead-up to the war, Abdul-Aziz had also taken care to open lines of communications to other actors around Europe. In the late 1930s he concluded an arms agreement with the Italian leader Mussolini, and in 1937 Italy had taken over the construction of the airfield at Jeddah, left uncompleted by Britain.⁴⁶ In January 1939 diplomatic relations were established with Germany. Subsequently, the Saudi leader had a number of warm conversations with Dr Fritz Grobba, the German envoy, in which he appears to have said that he 'hated the English', and in July 1939 a deal was concluded with Germany for the supply of 4,000 rifles and ammunition, and the establishment

⁴³ FO/406/76, 'Memorandum respecting petroleum in Arabia', 11 Aug. 1933. The text of the concession agreement of 29 May 1933 between Abdul-Aziz and SOCAL is in FO/406/76, and in IOR(PR)B R/15/1/654. See H. St J B. Philby, *Arabian oil ventures* (Washington: Middle East Institute, 1964), pp. 73–134. Also S. Longrigg, *Oil in the Middle East* (London: Oxford University Press, 1968), p. 108.

⁴⁴ Holden and Johns, *The House of Saud*, pp. 111, 150–2.

⁴⁵ Quoted in Thomas Ward, *Negotiations for oil concessions in Bahrain, El Hasa (Saudi Arabia)* (New York: Ardlee, 1965), p. 65. For a review of the development of US oil interests in the region before 1940, see Aaron Miller, *Search for security: Saudi Arabian oil and American foreign policy* (Chapel Hill: University of North Carolina Press, 1980), pp. 3–31.

⁴⁶ For more on Saudi-Italian relations see Pier Giovanni Donini, 'I rapporti fra Italia e Arabia Saudita', in Roberto Aliboni and Daniela Pioppi, eds, *Arabia Saudita Cent'anni: cooperazione, sicurezza, identità* (Rome: Franco Angeli for Istituto Affari Internazionali, 2000), pp. 45–52.

of an arms factory near Riyadh.⁴⁷ Along with the Treaty of Friendship and Trade signed with Japan that year, this was again vintage Abdul-Aziz, keeping every option open. For all that, the outbreak of the war and the Saudi leader's lack of funds meant that the German deal was never enacted; indeed, the importance of the Saudi link for Britain in these new circumstances was such that from 1940 the kingdom received a British subsidy of £1 million per year.⁴⁸

Yet from this time onward the United States was competing directly with Britain for Saudi favours. Both US oil companies and the US government increasingly proved able to outspend Britain. As Holden and Johns aptly put it: 'Britain was rowing against the tide of her own exhaustion and America's expanding power.'⁴⁹ A symbol of this new US interest and access was the famous meeting between President Roosevelt and the Saudi king aboard the USS *Quincy* in February 1945—an event of which the British were informed only at the very last moment. The 'buying out' of the Red Line agreement by US oil firms, referred to above, illustrated and consolidated this trend (and formed the beginning of Aramco—the Arabian American Oil Company). Yet again, Abdul-Aziz was anything but a passive player in bringing this about. The US State Department Division of Near Eastern Affairs was pushing hard for closer American relations with Saudi Arabia, in part because of 'an almost hysterical view of British designs'.⁵⁰ This view in turn was fostered by reports from Colonel Eddy, at that time the minister plenipotentiary to the kingdom:

Eddy's telegrams and . . . reports indicated that the king was anxious to decrease his dependence on Great Britain and enter into a closer relationship with the Americans. Although Washington obviously overestimated Ibn Saud's dissatisfaction with London, there is little doubt that the king sought to encourage American aid.⁵¹

It is likely that the 'intelligence' on 'British designs' was to a considerable extent fed to Eddy by the king himself. Abdul-Aziz's technique of tailoring the message to the audience, in other words, was once again employed to good effect. It is worth noting, also, that it is increasingly possible to speak of 'Saudi' (or at least 'Al-Saud') foreign policy, rather than simply that of the king: since the establishment of a ministry of foreign affairs in 1930, Prince Faisal bin Abdul-Aziz, who would later succeed his brother Saud as the third king, had been foreign minister, laying the ground for continuity after Abdul-Aziz's death in 1953.

⁴⁷ L. Hirszowicz, *The Third Reich and the Arab East* (London: Routledge, 1966), p. 52; D. Cameron Watt, 'The foreign policy of Ibn Saud 1930–39', in *Journal of the Royal Central Asian Society* 50: 2, 1963, pp. 152–60.

⁴⁸ Safran, *Saudi Arabia*, p. 69; Lacey, *The Kingdom*, p. 257; Holden and Johns, *The House of Saud*, p. 126.

⁴⁹ Holden and Johns, *The House of Saud*, p. 130.

⁵⁰ Miller, *Search for security*, pp. xvi, 135.

⁵¹ *Ibid.*, p. 145.

The postwar era: 1945–1973

The Middle East ‘oil era’ really took off only after the end of the Second World War—both because that is when development in Arabia began in earnest and because of the fast-changing energy base of military and economic activity worldwide. In Europe, moreover, postwar reconstruction led to an energy crisis, which increased dependence on Middle Eastern oil. Saudi Arabia itself gradually became more dependent on its oil revenues and on the markets and technology, as well as on the arms, of the West. Yet the relationship that evolved should properly be characterized as one of *asymmetrical interdependence*, rather than dependence *tout court*.

The increased US role would remain a feature of Saudi Arabia’s economic and foreign policy. Yet, as before, the Saudi leadership made sure that other options were kept open. This proved especially important in the context of increased US support for Israel after 1967. The US–Israeli alliance caused difficulties in three ways: first, there has been the genuine conviction that Israel was transgressing against Arab and Muslim rights, and that the United States was condoning this; second, domestic and regional opinion made it difficult and potentially dangerous to be seen as too close to the United States and not sufficiently committed to the Palestinian cause; and third, the pro-Israeli lobby in the United States succeeded in imposing a number of limitations on arms exports to Saudi Arabia. All of this is significant for Saudi–European relations, as it provided an opening for Europe to ‘come back in’.

However, Europe had its own difficulties with Saudi Arabia. A low point in relations came with the Suez crisis of 1956, in which France and Britain colluded with Israel to take back the newly nationalized Suez Canal and to bring down the nationalist leadership of Gamal Abdul-Nasser in Egypt. Saudi Arabia broke off diplomatic relations with France and Britain, and joined in the first Arab oil embargo to be attempted, when King Saud bin Abdul-Aziz ordered US-owned Aramco to halt exports to the two countries. Though the embargo is now often written off as unsuccessful, it is worth noting that it did lead to petrol rationing in both Britain and France. In the context of the ‘Arab Cold War’ between traditional pro-Western regimes and the younger radical nationalist republics, an additional problem with France was the Algerian question, which the Saudi leadership could not ignore. With Britain, a long-running dispute centred on the oasis of Buraimi, today shared by the United Arab Emirates and Oman, but once claimed as a Saudi dependency.⁵² With Britain acting as the protector of both Abu Dhabi and Oman, and Saudi ‘possession’ of Buraimi already some time in the past, London was not prepared to countenance the Saudi claim. In fact, Britain’s continued determination to protect its official or de facto protectorates in the Gulf—and with them the possibility of oil concessions there—led it, according to one scholar, to act very much against Saudi territorial ambitions,

⁵² For a summary account, see J. Wilkinson, ‘Britain’s role in boundary drawing in Arabia’, in R. Schofield, ed., *The territorial foundations of the Gulf states* (London: UCL Press, 1994), pp. 94–108 at pp. 100–4.

using force where legal arguments failed. Wilkinson, cutting across the usual (non-Saudi) accounts, presents a compelling case that

British force had to be used to impose on Saudi Arabia the boundary with the Aden Protectorate, ... with the Sultanate of Muscat and Oman ... , and Abu Dhabi [and to] refute the Saudi claims to islands which Britain considered belonged to Bahrain and Kuwait ... For most of the history of defining territories in Arabia, Britain has been the sole arbiter of boundaries ... It was not until 1949 that Saudi Arabia obtained proper advice on its sovereignty rights from lawyers hired by Aramco,⁵³

and challenged British claims. Because Britain would not necessarily have been able to count on international law in maintaining its sphere of influence, argues Wilkinson, 'it decided in 1955 to resolve the situation by unilaterally declaring a frontier that ... drove the Saudis back across the new lines',⁵⁴ having already, in 1952, removed the Saudi occupation of Buraimi—itsself the outcome of a breakdown in negotiations over the extent of Saudi territory.⁵⁵

Relations with France were restored only in 1962, upon Algerian independence. Britain had to wait until 1963: at that time, Saudi Arabia was embroiled in a struggle with the new republican regime in Yemen, which had overthrown the monarchical system of the Imam. Saudi Arabia supported the royalist forces. Britain, for its part, delayed recognition of the new government, as it was concerned about the impact this revolution might have on its own hold over Aden and southern Yemen.⁵⁶ British intelligence gave information to the Saudi side, and airlifted a quantity of arms to Saudi Arabia to assist in the attempt to contain the North Yemeni revolution.

Intelligence cooperation would soon also be established with France, and of course the United States. Alongside this, from the 1960s competition for the supply of modern arms really began. The United States and Britain, in particular, competed to supply Saudi Arabia with the beginnings of an air force; this, especially for Britain, clearly fitted in with concern over the war in Yemen, where Egyptian forces had weighed in on the side of the republicans. I will return to the development of the arms trade and security collaboration below.

The renewed development of Saudi–Western relations was again interrupted, this time by the Arab–Israeli war of 1967. Saudi Arabia, now under King Faisal bin Abdul-Aziz,⁵⁷ reluctantly took part in the subsequent oil embargo.⁵⁸

⁵³ J. Wilkinson, *Arabia's frontiers: the story of Britain's boundary drawing in the desert* (London: I. B. Tauris, 1991), pp. ix–x.

⁵⁴ *Ibid.*, p. x.

⁵⁵ Britain could have avoided years of dispute, argues Wilkinson, if it had accepted the pragmatic minimum statement by the Saudi king of his territory in 1935: it was only after failure to get what he saw as a fair deal that he put forward the much larger 1949 claim. *Ibid.*, pp. xxvi.

⁵⁶ See C. Gandy, 'A mission to Yemen: August 1962–Jan. 1963', in *British Journal of Middle Eastern Studies* 25: 2, Nov. 1998, pp. 247–74.

⁵⁷ In 1964 he succeeded Saud, who was deposed by the senior princes, essentially for incompetence. For a good insight into the episode, see Lacey, *The Kingdom*, pp. 318–57.

⁵⁸ See Malcolm Peck, 'The Saudi–American relationship under King Faisal', in Beling, ed., *King Faisal*, pp. 230–47.

In part this was a recognition of the political need (domestic as well as regional) to be seen to be doing something to counter the Israeli conquest of Islam's third holiest city. Yet Faisal undoubtedly felt deeply about Jerusalem himself; and he came to believe that, with the passing of imperialism, communism and Zionism were in an unholy alliance against the world of Islam. For the purpose of my argument, though, it is important to note that his worldview 'was a perception, not a blueprint for policy action ... Faisal often viewed a single problem or country differently, ... dependent on the context.'⁵⁹ In any case, it would be France and Britain which benefited most from the perception that the United States had become Israel's main protector: between 1967 and 1970, the only arms transactions concluded were French and British.⁶⁰ After 1970, the US role expanded again—only to come up against new difficulties in 1973.

The oil weapon and its effect on Saudi–European relations

In the 1973 Arab–Israeli war, Faisal was again initially reluctant to impose an oil embargo against those blamed for supporting Israel. This was not only because oil revenue would be lost, and because he valued the relationships the kingdom had built up with the United States and European powers, but also because he was aware of the damage it could do the oil market and the economies of the West—both already quite important for Saudi Arabia's own longer-term well-being. Amid the growing tension during the months leading up to the war, both Faisal and his oil minister, Sheikh Yamani, began to give urgent warnings to the United States that they might be forced by domestic and regional pressures to use the oil weapon if US policies towards Israel were not adjusted—warnings which went unheeded.⁶¹ Indeed, it was less Faisal's ideological convictions than 'the intransigence of the adversary and the need to maintain the legitimacy base' that were particularly important in explaining the decisions taken—not least because, 'having assumed a leadership role in the Arab system [after 1967], Saudi Arabia could no longer practice fence-sitting.'⁶²

When the war erupted, Saudi Arabia was instrumental in making possible the OPEC decision on 17 October to reduce oil supplies to the United States and other supporters of Israel by 5 per cent each month. The following day, just as the US government was asking it to increase production to make up for reduced world output, Riyadh announced a 10 per cent cut in production. When informed that, in addition to the massive US airlift, President Nixon had asked Congress for \$2.2 billion in emergency security assistance to Israel, King Faisal decided on 20 October to cut supplies to the United States altogether. All other

⁵⁹ David Long, 'King Faisal's world view', in Beling, ed., *King Faisal*, pp. 173–83.

⁶⁰ Safran, *Saudi Arabia*, p. 203.

⁶¹ For an excellent study of Saudi (and Egyptian) decision-making at this time, see Bahgat Korany, 'The glory that was? The pan-Arab, pan-Islamic alliance decisions, October 1973', *International Political Science Review* 5: 1, 1984, pp. 47–74. For a well-researched journalistic account, see Lacey, *The Kingdom*, pp. 397–419.

⁶² Korany, 'The glory that was?', p. 54.

Arab producers quickly followed suit, except Libya and Iraq; the Netherlands' supplies were also cut. On 4 November Arab oil ministers agreed to increase the production cut to 25 per cent. In all, Saudi Arabia's own production was cut by 31.5 per cent from pre-crisis levels.⁶³

In reflection of the perceived stance of different European governments *vis-à-vis* Israel, France, Spain and the UK were placed on a 'most favoured' list, which exempted them from the worst effects of the boycott; Portugal and the Netherlands remained on an opposite list. But, given the importance of the Rotterdam spot market for oil supplies throughout Europe, even consumers not directly targeted still felt the effects. Saudi Arabia agreed therefore to sell an additional 200,000 barrels a day to the UK.⁶⁴

It was clearly not coincidental that as early as 11 November the European Community came out with a joint declaration on Palestine, in which the rights of the Palestinians were recognized. A week later, the additional 5 per cent per month cut in supplies was lifted for the EC countries, except the Netherlands and Denmark. On 14 December joint pressure from Arab ministers on an EC meeting in Copenhagen to do more brought another EC statement two days later, strengthening the previous one. By this time the differential treatment which European countries were receiving was leading to some considerable friction among them. On 18 March 1974 the embargo was lifted, except, temporarily, on the Netherlands and Denmark.

The first consequence of this use of Arab oil muscle—which largely meant Saudi oil muscle—was a real change in the way Europe henceforth dealt with the Arab–Israeli issue, as well as a general greater awareness of, and sensitivity to, Arab grievances and views. A second dramatic consequence of the use of the oil weapon was, of course, the oil price explosion and the quadrupling of the Gulf states' oil revenues. In absolute terms, the increase in Saudi Arabia's revenues—and therefore in its potential growth as a market for arms, goods and services supplied by Europe or its competitors—was by far the greatest. From this 1974 watershed, European commercial interests in Saudi Arabia expanded dramatically, as did the value of Saudi oil exports to Europe; at the same time, politics—especially Arab and Muslim politics—took a much more prominent place in European–Saudi relations. The 1973 EC policy statements also marked a shift towards a greater significance of the collective EC/EU aspect in the relationship henceforth, both from the vantage point of European policy-makers and that of the Saudi leadership. There was never a likelihood of the collective supplanting the individual, however.

⁶³ Al-Sowayyegh, 'Saudi oil policy', p. 211.

⁶⁴ Holden and Johns, *The House of Saud*, pp. 343–5.

Saudi–European relations since the oil boom: a continued balancing act

In terms of oil exploitation and industrial development, as well as in terms of military security, the United States continued to occupy the pre-eminent position for the Saudi kingdom and the royal family. Even as Saudi Arabia gradually took over what became known as Saudi Aramco, US involvement remained crucial; the US also remained the de facto guarantor of Saudi security—albeit, until the 1990 Gulf crisis, mainly ‘over the horizon’.

But Saudi Arabia was ‘never an eager participant in the superpower struggle for influence in the Middle East’.⁶⁵ There was little sympathy for the Soviet Union, but the Saudi leadership—like most others in the region—did not buy into the American view that the USSR was the main threat. If anything, the end of Faisal’s reign with his assassination in 1975 strengthened this pragmatic view. Anti-Soviet feeling had to do with the atheist character of that system, and with the support Moscow had been giving to a number of revolutionary movements and regimes around the world, and especially within the region, that were critical of Al-Saud rule and/or policies. But the closeness with the United States was based on historical experience, practical benefit and a rational calculation on both sides that both benefited equally. By the same token, practical considerations of a different kind, together with friction over US support for Israel, led the Saudi leadership always to maintain constructive dealings with other industrialized powers—especially western Europe and Japan.

Politically, Saudi Arabia sought from western Europe a more balanced stance on the Arab–Israeli dispute than could be expected from the United States, and possibly a degree of pressure or at least persuasion on Washington over this issue. From 1974, that is in fact what Europe provided—albeit with limited effect.

Arms trade

Military limitations on US arms supplies to Saudi Arabia, induced by the pro-Israeli lobby, led Riyadh to look elsewhere.⁶⁶ France, West Germany, Britain and Italy, in particular, made determined efforts to capture their own slices of the market. From the 1980s French and British arms contracts began to overtake US deals. France was first into the breach, followed by Britain.⁶⁷ The most striking European contract was the al-Yamamah deal, signed in July 1985. Concluded after five years of Saudi attempts to buy F-15 fighter-bombers were defeated by effective opposition from the US pro-Israeli lobby, this became, at an estimated

⁶⁵ Quandt, *Saudi Arabia in the 1980s*, p. 71.

⁶⁶ For details on the instances over several years of Saudi requests for arms being blocked as a result of pressure from Israel and/or the Jewish lobby, see Anthony Cordesman, *Saudi Arabia: guarding the desert kingdom* (Boulder, CO: Westview, 1997), pp. 155–8 and *The Gulf and the West* (Boulder, CO: Westview, 1988), pp. 283–95, 361, 419.

⁶⁷ B. Korany, ‘Defending the faith amid change: the foreign policy of Saudi Arabia’, in Korany and Dessouki, eds, *The foreign policies of Arab states*, 2nd edn, pp. 310–53 at p. 337.

£20 billion (\$30 billion), the largest single defence contract in British history, and shifted the entire structure of the Saudi air force from dependence on the United States to dependence on Britain.⁶⁸ The deal became known also for its 'offset' component of return investment, and the oil component of Saudi payment. In January 1993 'al-Yamamah II' was signed, bringing the scheme's total value to some £35 billion and conferring on it the status of the world's largest ever oil-for-arms deal.⁶⁹ By 2000 it had led to the establishment of seven joint companies, and it is estimated to have supported some 30,000 jobs in Britain.⁷⁰

Of a total of over \$73 billion worth of arms supplies to Saudi Arabia over the period 1979–94, the share of the United States can be estimated at \$26–27 billion, the UK's at \$21–22 billion, France's at \$12–13 billion, and other European suppliers' at \$3–4 billion. Thus European suppliers together easily outstripped the United States. However, this overall picture hides major fluctuations. France was the kingdom's largest arms supplier in the period 1984–8 (\$7.5 billion); the UK came first in 1989–91 (an estimated \$8 billion), and again in 1992–4 (\$9.4 billion). Western Europe, therefore (and in particular Britain), remains a very important source for Saudi defence imports, even if the first decade of the twenty-first century may well see a reassertion of the United States's pre-eminent position. Since the 1991 Gulf War, Washington has been able to set aside previous objections from Congress, becoming once again a much more formidable competitor. Indeed, of the \$22.3 billion in new orders (as opposed to deliveries) which Saudi Arabia placed in 1991–4, the United States captured \$15.6 billion and Europe only \$6.6 billion. Nevertheless, in 1995–9 equilibrium was restored, with new orders worth some \$17 billion from each.⁷¹ Additionally, British and French security experts continue to be used on both the domestic and external security fronts. However prominent the United States may be, the Saudi leadership still values the benefits of 'multi-dependence' in maintaining its relative autonomy.

In terms of revenues for European exporters, defence deals are often worth at least as much as non-defence exports. About half of the UK's \$2.3 billion sales to Saudi Arabia in 1994, for instance, were defence-related. In the same year, France's military exports to the kingdom of over \$4 billion compare with non-defence exports of \$1.4 billion. German exports have been relatively less strongly defence-related.⁷²

⁶⁸ See Cordesman, *Saudi Arabia*, pp. 155–8; *The Gulf and the West*, p. 291.

⁶⁹ This formalized the memorandum of understanding which had been signed in 1988. See also Nawaf Obaid, *The oil kingdom at 100* (Washington DC: Washington Institute for Near East Policy, 2000), pp. 105–6. For equipment details of the Al-Yamamah deal up to 1996, see Cordesman, *Saudi Arabia*, pp. 155–8. Saudi financial difficulties in 1999, by which time the bulk of the deliveries had gone through, led to a postponement of the final tranches.

⁷⁰ R. Hollis, 'Europe and Gulf security: a competitive business', in D. Long and C. Koch, eds, *Gulf security in the twenty-first century* (Abu Dhabi: Emirates Center for Strategic Studies and Research, 1997), pp. 75–89 at pp. 81–3.

⁷¹ All figures and estimates based on Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers*, issues for 1985–95 (Washington DC: Government Printing Office, 1985–96); and Richard Grimmet, *Conventional Arms Transfers to Developing Nations*, various issues (Washington DC: Congressional Research Service, 1987–2000).

⁷² Hollis, 'Europe and Gulf security', p. 83.

Non-defence trade and investment

Saudi exports to the EU in the 1990s ran at \$8–12 billion annually; imports fluctuated between \$8 billion and \$10 billion. The United States and Japan have remained the country's main trade partners in both directions. Yet the EC/EU as a whole accounted for between 22 and 23 per cent of Saudi exports in 1987–94, except for a dip in 1990, and declined thereafter to 17 per cent by 1999. In 1999 the kingdom's main export partners (mainly for oil and petroleum products) were the United States (17 per cent) and Japan (16 per cent); the first European destination, France, ranked fifth with \$1.8 billion (4 per cent), and the Netherlands, Italy and the UK occupied seventh to ninth places (over the decade 1985–95, both the Dutch and French shares of Saudi exports fluctuated around 5 per cent, and Italy's around 4 per cent).

This is in sharp contrast with the imports picture. The EC/EU was the source of 35–40 per cent of Saudi visible (non-defence) imports between 1981 and 1987, and for between 33 and 36 per cent in 1987–2000 (mainly machinery and transport equipment, and other manufactured products). Even though the United States (19 per cent) and Japan (9 per cent) again come first, the UK (8 per cent) and Germany (7 per cent) follow closely, with Italy and France in fifth and sixth places with 4 per cent each (1999). (Over the 1985–95 period, Britain's share fluctuated between 7 and 11 per cent, Germany's around 8 per cent, France's between 4 and 5 per cent, Italy's between 5 and 7 per cent, and Switzerland's between 3 and 6 per cent.)⁷³

Viewed from the European side, exports of the EU–15 to Saudi Arabia averaged some ecu 8–10 billion per year in 1980–96, rising to ecu 12–13 billion in 1997–8 before falling back to ecu 10.5 billion in 1999. This masks a relative drop from a 4 per cent share in 1980 (fourth) to 2 per cent in 1990 (eighth) and 1 per cent in 1999 (twenty-first). Imports from the kingdom fell in absolute terms from ecu 26.3 billion (10 per cent) in 1980 to ecu 8.5 billion (2 per cent) in 1990, and ecu 8.5 billion again (1 per cent) in 1999. From second place in 1980, therefore, Saudi Arabia slipped to twenty-second among the EU's import partners by 1999. These figures hide large variations: for instance, the country was the EU's second largest source (14.5 per cent) of petroleum in 1998 (after Norway); and the EU was the kingdom's second-largest supplier (10 per cent) in the aerospace sector in 1997 (slipping to third place in 1998).⁷⁴ The reasons for the slide include lower oil prices after the mid-1980s, and a trend of increasing European energy reliance on Norwegian and North African supplies, while Saudi Arabia has refocused on, and by the turn of the century had succeeded in,

⁷³ Data from IMF, *Direction of Trade Statistics Yearbook 1993 and 2000*; and Ministry of Planning, Saudi Arabia (for 2000). For a more extensive look at commercial developments between Saudi Arabia and the EU, and especially also at investment and joint ventures, see Abd al-Rahman Al-Ali, 'I rapporti commerciali fra Arabia Saudita e Unione Europea', in Aliboni and Pioppi, eds, *Arabia Saudita Cent'anni*, pp. 193–202.

⁷⁴ Data from Eurostat, *External and Intra-European Union Trade: Statistical Yearbook, Data 1958–1998* (Brussels: European Commission, 1999); for 1999, from European Commission, DG Trade, 'Saudi Arabia' (26 June 2000), <<http://europa.eu.int/comm/trade/pdf/saudi.pdf>>.

once again becoming the largest oil supplier to the United States, as well as pursuing Asian markets.⁷⁵ The figures, indicating a negative European trade balance with Saudi Arabia in visible trade from the mid-1990s, also hide the fact that the overall balance, including services (of which Saudi Arabia is a very large net importer), remains heavily in favour of the EU.⁷⁶

Beyond trade, there has also been a modest level of European investment in the kingdom in the form of joint ventures (always with a Saudi majority stake). As of 1998, there were a total of 140 such companies, with a total investment of \$1.2 billion. This compares with US investment of \$7.6 billion in 87 ventures. The main EU investors are the UK (31, total \$305 million), Italy (13, total \$260 million), Finland (4, total \$208 million), and Germany (30, total \$121 million).⁷⁷ The oil-induced development boom in Saudi Arabia also led to a sizeable European presence within Saudi Arabia. In 1980—at the height of the boom—there were some 40,000 Americans in the kingdom, but over 65,000 west Europeans (including 25,000 British, 15,000 French, 13,000 Italians and 10,000 Germans).⁷⁸

In Europe as elsewhere, the signs of an opening up of the Saudi investment regime in 2000 under Crown Prince Abdullah's de facto reign—for the first time holding out the possibility of majority foreign shareholding—has raised expectations. Before summing up this and other current issues in Saudi-European relations, we need first briefly to consider the implications of the two wars that have scarred the Gulf region since 1980.

The Gulf wars

This is not the place to recapitulate the story of the Kuwait crisis,⁷⁹ but it is worth noting both the European participation and the continued role which European actors have played since the defeat of Iraq. It is also worth noting that this active European presence in the Gulf—in part to bolster the security of Saudi Arabia—did not begin with the crisis of 1990–1. Since 1987 US naval forces had formed the bulk of the protective shield extended to shipping in the Gulf, safeguarding it from Iranian attacks (and in effect helping Iraq). But European forces also played a role. By the summer of 1988 the EC members had 25 warships in the Gulf (compared to the United States' 32). This had come down from the previous winter's 48 (UK: 18; France: 14; Italy: 8; Belgium: 4; Netherlands: 4).⁸⁰ The reason for this involvement, of course, was concern for the safety of oil supplies from the Gulf to the rest of the world—not least to Europe itself, which remained dependent on Gulf oil for 25–30 per cent of its requirements.

⁷⁵ See also Obaid, *The oil kingdom at 100*, p. 106.

⁷⁶ IMF, *Direction of Trade Statistics Yearbook 1999*.

⁷⁷ Al-Ali, 'I rapporti commerciali', p. 200.

⁷⁸ Safran, *Saudi Arabia*, p. 223.

⁷⁹ See Lawrence Freedman and Ephraim Karsh, *The Gulf conflict 1990–1991* (London: Faber, 1993); R.

Dannreuther, *The Gulf conflict: a political and strategic analysis*, Adelphi Paper no. 264 (London: Brassey's, 1992).

⁸⁰ See N. El-Sayed El-Shazly, *The Gulf tanker war* (London: Macmillan, 1998), pp. 239, 256.

This foreign protection changed in both its composition and its target with the Iraqi invasion of Kuwait in August 1990. The EC swiftly declared its solidarity with the UN and United States in their demands for Iraqi withdrawal. The UK, Italy and France immediately froze Iraqi assets. This was also one occasion where the Western European Union (WEU) adopted a slightly higher profile than usual, agreeing on 21 August to step up and coordinate European naval operations in the Gulf. King Fahd had accepted the help of US forces on 7 August, and had also formally requested forces from Britain. Britain announced on 8 August that several aircraft would be sent, in addition to strengthening its naval presence. On 14 September, Britain decided to send the 7th Armoured Brigade to take part in the operation to defend Saudi Arabia, as well as additional Tornado squadrons. The next day France (whose ambassador's residence in Kuwait had been assaulted) also committed ground troops. In Operation Desert Storm, following Operation Desert Shield, the United States was obviously the dominant partner, but the British Royal Air Force participated extensively in the air war (taking relatively heavy losses), while both British and French troops were engaged in the short land war that followed.⁸¹

Since the ceasefire, there has remained a level of security cooperation on the part of Britain and France, including the stationing of some personnel, although most of the latter is related to arms supply contracts. In addition, Saudi Arabia has continued to pay one-third (\$300 million annually) of the cost of maintaining the southern no-fly zone in Iraq, which is enforced by the US and Britain. Britain maintains some 200 personnel and 6 Tornado GR-1A aircraft in place as part of this 'Southern Watch', while France, at least until 1998, had some 130 personnel, 6 Mirage 2000C and 3 C135 transport aircraft in Saudi Arabia as part of the same operation.⁸² Saudi Arabia did not conclude explicit defence agreements with the United States, the UK and France as the other Arab Gulf states did in the wake of the Gulf crisis, but there is a very extensive understanding and cooperation in defence terms with the United States in particular (which maintains an estimated 5,000 troops in the kingdom). As we have already seen, though, that has not meant an exclusive reliance on US weapons imports—rather the contrary. It is worth noting, also, that Saudi Arabia was among those refusing permission for its territory to be used in the Desert Fox attacks on Iraq in December 1998.

Current issues

The key issues colouring Saudi–European relations in 2001 can be summed up under the categories of oil; trade and investment; security; Middle East politics; relations between the EU and the Gulf Cooperation Council (GCC); and

⁸¹ For an overview of the role of the WEU states, see N. Gnesotto and J. Roper, *Western Europe and the Gulf* (Paris: Institute for Security Studies, Western European Union, 1992).

⁸² *The Military Balance, 1999–2000*.

cultural understanding. Here, the aim can be no more than to outline them; in essence, they remain driven or constrained by the themes listed earlier. Indeed, economics, security and regional/cultural themes retain the centrality in the relationship which they have had for a century. The issues summarized below demonstrate yet again the balance between the need to cultivate European (and other Western) connections, and the need and ability to achieve a measure of autonomy, not least by balancing multiple 'core' actors.

Oil

The reliable supply of oil at stable, predictable prices is equally important for both sides. For the EU, the effects on the global economy and world oil prices are as important as the (relative declining) direct oil imports from the kingdom. Similarly, for Riyadh those supplies per se are perhaps less important than the impact the EU market and EU policies can have on the state of the oil market. The dramatic fall in oil prices in the course of 1998 was of serious concern to Saudi Arabia, but it was of similar significance to international oil companies, as it affected long-term investment and development prospects in the sector. This is a reflection of the growing interdependence of producers and consumers which will be an increasing trend as production struggles to keep pace with world demand in the next two decades; and Saudi Arabia, with 25 per cent of the world's proven reserves, will retain the central role in this production picture.⁸³ With prices rebounding in 1999 in the wake of renewed OPEC determination to control production levels (driven in no small measure by Saudi determination to restore prices),⁸⁴ occasional instances of scaremongering began to be seen again in Europe; in one English newspaper, for instance, an article on the future of the oil market was illustrated with a cartoon of King Fahd holding the nozzle of a petrol pump as a gun to the head of the world.⁸⁵ While this is evidence of 1970s-style xenophobic stereotyping, it is also plainly untenable: Saudi decision-makers are perfectly aware that, while they need oil prices higher than the disastrously low levels of 1998, it would be against their own interests to cause oil shocks of the type seen in the 1970s and 1980s. In the short term it would upset the political understanding they have with the West, which could have security implications; in the medium term it would, through affecting the health of the world economy, also affect the value of, and return on, Saudi investments abroad; and in the longer term it would risk severely damaging the market for their oil. Saudi oil policy has long demonstrated an understanding of these fundamental features of Saudi interdependence with the rest of the world. Yet the insistence in 1999–2001 on sticking to a production

⁸³ See *The geopolitics of energy into the 21st century* (Washington DC: Strategic Energy Initiative, Center for Strategic and International Security, 2000). Executive summary on <<http://www.csis.org/sei/geopoliticsexecsum.pdf>>.

⁸⁴ Obaid, *The oil kingdom at 100*, pp. 60–3.

⁸⁵ W. Rees-Mogg, 'Troubled waters for oil', *The Times*, 30 Aug. 1999.

policy aimed at keeping prices within the OPEC band of \$22–28 a barrel demonstrated that the Saudi leadership will not simply buckle under Western demands for higher production, if they feel that would endanger longer-term price stability.⁸⁶

There is, however, a genuine difference between the two sides over the desirability of reducing dependence on oil. On the European side, this stems from an economic/security motive and concern for the environment—in particular, global warming. A prospect of secure oil supplies at predictable prices to a large extent deals with the first concern. Yet the environmental one remains. Since one of the greatest contributing factors to the growth of carbon dioxide output in the industrialized world is transport, which is largely powered by oil, a series of policies have been and continue to be introduced to reduce consumption in this area. Especially in Europe, a variety of taxes are prominent tools in this strategy. At the same time, of course, many a government has found such taxes a habit-forming source of revenue—an accusation the Gulf producers have been quick to make. During the first half of the 1990s an additional element of Saudi–European (and indeed Gulf–European) friction was the proposal for the so-called ‘carbon tax’, as part of the Energy Charter signed in December 1991, intended to make CO₂-generating fuel more expensive. Pertinently, the Gulf producers pointed out that European subsidies on coal worked against this ostensible aim. Unrelenting pressure was exerted by Saudi Arabia and other Gulf producers to have the proposal dropped.⁸⁷ There were two main strands to the case put forward: the tax was said to be unfair and a threat to the economic security of the Gulf producers; and it was argued that it would damage the economic well-being of European consumers without having any beneficial effect on the environment. The second part of the argument was seen in Europe as flimsy and little more than self-serving, yet it would appear that the political implications of the first part carried the day: the proposal seems to have been shelved since 1995. Nevertheless, the underlying tension between European economic and environmental instincts to limit consumption, and the producers’ need to maintain it, remains.

Trade and investment

For European manufacturers and service providers, Saudi Arabia remains a coveted market, while European markets are of obvious importance to Saudi Arabia not only as regards oil but also in the petrochemicals sector. On both

⁸⁶ Especially given the (correct) assessment that the price spike of 2000 was the result of refining and supply bottlenecks within the US market, not of a shortage of crude.

⁸⁷ Economist Intelligence Unit, *Saudi Arabia country profile 1999–2000* (London: EIU, 1999), p. 44. For a more extensive discussion see G. Nonneman, ‘The Gulf: background assessment’, in G. Nonneman, ed., *The Middle East and Europe: the search for stability and integration* (London: Federal Trust, 1993), pp. 55–62 at pp. 60–61. Forceful recent expressions of these Saudi views were heard in presentations by Prince Faisal bin Turki Al-Saud and Dr Mohammed Al-Sabban, advisers to the Saudi Minister of Petroleum, at the Royal Institute of International Affairs (RIIA), London, 12 Feb. 2001.

sides, however, this ambition for access to the other's market has been cut across by a desire to protect their own—or at least, certain sensitive sectors of it. This topic has been treated in some detail elsewhere.⁸⁸ Suffice it to say here that Saudi Arabia has been the main driving force behind negotiations to establish a free trade area between the GCC and the EU, in large part because of its determination to obtain what it views as fair access for its petrochemical industry to European markets. The 1988 agreement to form such an area has not yet led to actual implementation. This has in effect been put off to 2005 at the earliest: the date agreed by the GCC states in November 1999 for the establishment of a customs union of their own.⁸⁹ Saudi reluctance to open and liberalize the economy is gradually being diminished in the context of relatively shrinking state resources and slowly rising privatization, as well as the country's ambition to become a member of the WTO.⁹⁰ The still overwhelming role of the state and state subsidies in the economy, however, especially given its socio-political importance, will nevertheless limit the speed of progress in this respect. By the same token, there remains an ambivalence on the European side too. The petrochemical producers' lobby in particular has been active in trying to maintain a degree of protection for its sector. It is probably fair to say, in fact, that there remains a division within Europe: it seems clear that there is a European Commission 'logic' operating in favour of a free trade agreement, while at the same time certain sectors of industry and, on occasion, individual politicians, have stepped on the brakes.⁹¹

Keen interest in Europe and elsewhere remains focused on what the fledgling signs of economic liberalization will mean for the prospects of greater access to Saudi Arabia's investment scene—not least in services and utilities, such as the mooted partial privatization of the Saudi Telecommunications Company. At the time of writing, very significant hurdles remain in the form of lack of transparency and Saudi reluctance genuinely to devolve control.⁹² For European (and other) energy firms, the central question is to what extent Abdullah's leadership will open the upstream oil sector in the kingdom to foreign investment. This question has by no means been settled within the Saudi policy elite (oil minister Ali al-Na'imi and the top individuals at Aramco are thought to be opposed).⁹³ Apart from access to proprietary technology, one of the reasons for bringing in international firms would be to shore up security, and so US companies would be the most obvious candidates if or when this opposition fails;

⁸⁸ e.g. chapters 16, 17 and 18 in Aliboni and Pioppi, eds, *Arabia Saudita Cent'anni*.

⁸⁹ See John Duke Anthony, 'GCC tariffs en route to a common market and a customs union', *GulfWire*, 2000 <<http://www.arabialink.com/GulfWire/News&Articles/GCCTariffMainText.htm>>.

⁹⁰ See 'Investing in the future of Saudi Arabia', interview with Prince Abdullah bin Faisal bin Turki Al-Saud, in *Shell in the Middle East*, no. 12, Jan. 2001, pp. 4–7; also EIU, *Saudi Arabia country profile 1999–2000*, p. 44.

⁹¹ For good analyses from a Saudi point of view, see Salih al-Mani, 'UE e CCG: una prospettiva Saudita', in Aliboni and Pioppi, eds, *Arabia Saudita Cent'anni*, pp. 218–28; and Al-Ali, 'I rapporti commerciali'.

⁹² *Middle East Monitor: The Gulf* 11: 2, Feb. 2001, p. 3.

⁹³ Obaid, *The oil kingdom at 100*, pp. 53–60.

European companies appear keen to compete, however, and past Saudi foreign policy patterns would seem to offer them some hope of success.⁹⁴

Security

Security of predictably priced oil supplies is crucial for Europe, while enduringly healthy oil markets and a vibrant world economy are integral to the economic and political security of Saudi Arabia. Yet for the kingdom there is an additional security aspect to consider. The country remains a vulnerable part of a region where threats are the rule rather than the exception. It has traditionally dealt with this in four ways:

- a generally cautious policy, retaining bridges to all;
- the so-called *riyal*-politik, defusing potential jealousies and obtaining good relations through the dispensing of aid;
- arms purchases; and
- cultivating foreign protectors.

In many ways, this approach is no different from the policies followed by King Abdul-Aziz. The Gulf War of 1990–91 showed that the first two elements were insufficient when it came to the crunch. Further arms build-up might be useful; but it was the fourth strand, namely foreign protection, that proved crucial. Since then, this protection has been significantly expanded and deepened.⁹⁵ In part, arms purchases can be seen as an insurance policy, making it more likely that the supplier countries will come to the rescue when needed. While Saudi Arabia's key guarantor of security remains the United States, and while this will also mean that the United States will continue to obtain a significant slice of Saudi arms contracts, it seems likely nevertheless that the traditional Saudi strategy of not putting all the eggs in one basket will continue to bring dividends for European arms manufacturers.

Yet no amount of weaponry and foreign agreements can definitively safeguard Saudi Arabia without more general progress on the issue of Gulf security—involving discussions over domestic as well as regional arrangements—and, more widely still, improvements in the political climate in the Middle East as a whole.

Regional politics

In such issues and debates there is inevitably a role for Europe. Indeed, Saudi Arabia has (together with other Arab states) long pressed for a more active European role in the Arab–Israeli peace process—counter to the wishes of its main

⁹⁴ Prospects for involvement in the Gas Initiative, to develop the country's gas fields for domestic supply, already seem more promising in early 2001, as are possibilities for investment in the downstream sector. Prince Faisal bin Turki, keynote speech, RIIA, 12 Feb. 2001; also 'Investing in the future of Saudi Arabia'.

⁹⁵ See Cordesman, *Saudi Arabia*.

protector, the United States. In the absence of an acceptable settlement, close association with Israel's guarantor poses a legitimacy problem for the Saudi leadership. Disaffection with the PLO after the latter's stance against Desert Storm has not changed the underlying dilemma. The issue of Palestine, then, can be expected to feature prominently in Saudi–European discussions, even if Riyadh is unlikely to deviate from its essentially moderate stance, or to allow the crucial economic and security relationship with the United States and Europe to be disturbed. In the kingdom's immediate environment, the questions posed by Iraq and Iran loom large. Saudi Arabia, while concerned about the Iraqi threat and cautious about Iran, is in some respects nevertheless closer to European than to American views on these questions. Regarding the US 'dual containment' policy towards Iran and Iraq—now at last being gradually decommissioned—Saudi Arabia in the latter part of the 1990s increasingly joined Europe in opposing at least the Iran part of the US boycott; it refused to let its territory be used for Desert Fox in 1998 and, unless thrown off course by the Baghdad regime, is likely to continue looking for ways of making the sanctions regime more palatable to Saudi, Arab and Muslim opinion.⁹⁶

The EU and the GCC

A very significant part of Saudi Arabia's relations with Europe in these and other fields will continue to unfold in the context of wider GCC–EU relations—as has already become clear above. This relationship has been examined elsewhere in some depth,⁹⁷ so it will suffice here merely to highlight it. In this dialogue, Saudi Arabia is undoubtedly the 'heavyweight' on the GCC side. In some ways, indeed, GCC policy towards Europe can be seen as an extension of Saudi policy (e.g. on petrochemicals), although this is certainly moderated by other voices—perhaps especially those of Kuwait and Oman. Saudi Arabia, like the other GCC states, smarted from being excluded from the EU's 'Barcelona Process', which aimed to link the EU with the states of the southern and eastern Mediterranean. This included all Arab states except Libya and those of the peninsula, and was seen by some Arab commentators as an attempt to divide the Arabs.⁹⁸ The EU

⁹⁶ On differences in EU and US policies on the Gulf, see Hollis, 'Europe and the Gulf'; Phebe Marr, 'US policy of sanctions', in Sven Behrendt and Christian-Peter Hanelt, eds, *Bound to cooperate: Europe and the Middle East* (Gütersloh: Bertelsmann Foundation Publishers, 2000), pp. 263–86; and Gerd Nonneman, 'Constants and variations in British–Gulf relations', in Joe Kechichian, ed., *Iran, Iraq and the Arab Gulf states* (New York: Palgrave, forthcoming 2001).

⁹⁷ See al-Mani, 'UE e CCG'; Al-Ali, 'I rapporti commerciali'; Bichara Khader, 'UE e CCG: una prospettiva Europea', in Aliboni and Pioppi, eds, *Arabia Saudita Cent'anni*, pp. 193–202; Nonneman, ed., *The Middle East and Europe*; and Bichara Khader, *L'Europe et les pays arabes du Golfe: des partenaires distants* (Paris: Publisud, 1994). A very pertinent document is the European Commission's *Communication from the Commission to the Council: improving relations between the European Union and the countries of the Gulf Cooperation Council (GCC)*, 22 Nov. 1995 (COM(95)541 final).

⁹⁸ Saleh al-Mani, 'Barcelona's first pillar: an appropriate concept for security relations?', in Sven Behrendt and Christian-Peter Hanelt, eds, *Security in the Middle East* (Gütersloh: Bertelsmann, 1999), pp. 65–8.

has taken note of this unease and a set of modest initiatives was launched to expand ‘decentralized cooperation’ between the two regions.⁹⁹

Culture

The issue of mutual understanding and cultural communication is not merely the ‘soft’ side of international relations; nor is it so in Saudi–European relations. Yet it has generally, on both sides, been treated as merely that, and as a consequence has remained underdeveloped. Its importance lies not only in communication for its own sake, but equally in the relevance of such understanding and communication for the future success of the ‘hard’ aspects of the relationship: oil, commerce and politics. Many in the Gulf, and especially in Saudi Arabia, believe that their society is often misrepresented in the West; this belief is not without foundation, and is expressed forcefully at all levels of society. By the same token, the European Commission has been concerned to find ways of expanding understanding of Europe, its institutions and society, among the younger generation of the Gulf, in part to underpin future relations.¹⁰⁰ Yet a more problematic aspect of the question confronts Saudi society, and the regime in particular. As a result of the international politico-economic and technological pressures/opportunities referred to above, there exists an ineluctable imperative to adapt to a globalizing world. How this can be reconciled with the perceived need to protect ‘Saudi’ culture remains a question fraught with tension. Questions of the application of Shari’a law, especially if it concerns Europeans in the kingdom, will remain sensitive. Yet it is important to distinguish in this respect between, on the one hand, the views of the state-builders, Westernized intelligentsia and the new bourgeoisie that has extensive links to, and interests in, the global economy, and, on the other, those of the less cosmopolitan majority of the population, for whom such linkages are indirect at best. The royal family continually needs to play the role of buffer and balancer, between traditionalist and globalizing sentiment, and between the pressures to open up and the need to maintain ‘local’ tradition—both supplying different building blocks for legitimacy and security. In this, it is, again, continuing the century-old pattern established by Abdul-Aziz. The regime’s Islamic credentials have been buttressed also by the support of Islamic institutions across the world, including in western Europe, where Islam has acquired a major presence. In this

⁹⁹ Following a 1995 EU–GCC agreement, three strands of such cooperative projects were tentatively started up: in business, in technology and in university cooperation. The latter moved ahead most swiftly—with keen interest from King Saud and King AbdulAziz Universities especially—until becoming stranded on intra-EU bureaucratic and communications problems. See G. Nonneman, ‘A future for Gulf studies in Europe?’, paper presented to the Conference on Gulf Studies, Exeter University, July 1999; available from Centre for Arab Gulf Studies, Exeter University, or from the author. The project was finally, and embarrassingly, abandoned by the European Commission in 2000.

¹⁰⁰ One means to do this would have been the mooted expansion of ‘European studies’ in the curriculum of Gulf universities—but this fell victim to the overall collapse of the university cooperation project referred to in note 99.

area, Saudi and European policy-makers have been careful to appear sensitive to each other's concerns.¹⁰¹

Conclusion: the relative autonomy of small and/or developing states

In the course of a century the third Saudi state passed through very different sets of circumstances, changing from an ill-defined and unrecognized domain to a fully fledged member state of the UN, witnessing drastic changes in the external power context and moving from the impoverished pre-oil age to that of oil riches. It is striking, then, that the key themes in its foreign policy behaviour have displayed such consistency, both in its relations with Europe and more generally. These themes include the predominance of pragmatic calculation of economic and political interest, centring on regime consolidation/survival, and evidence of a significant degree of actively pursued autonomy *vis-à-vis* the powers of the 'core' in the international system. Given the origins of the pattern in 1902, oil and oil wealth cannot be taken as a sufficient explanation for such autonomy (nor, of course, at least in foreign policy, does the argument stand up that oil has brought a net increase in Saudi dependency).

Looking beyond the Saudi case to that of small or developing states more generally, the factors creating the space within which such autonomy may be acquired would seem to be, in variable combination, the following:

- a weakening of the dominant external power (as under the late Ottoman empire);
- competition among the external powers for influence in/access to the country or region in question;
- the likelihood that for external powers the country concerned is only one among many foci of interest competing for resources and attention, whereas the 'small' state's policy concerns will be less global and more concentrated, thus partly compensating for the power differential;
- the possession by the state in question of a valued resource, whether in terms of strategic position, oil, wealth or otherwise; or
- by contrast, the relative insignificance of the state in question, which may mean that it does not command the level of external powers' attention and resources needed to constrain its autonomy.

To take advantage of this constellation of factors requires the sort of pragmatism displayed by Saudi Arabia in playing off outside powers against each other and avoiding 'mono-dependence'. Yet this in turn will at times require a degree of autonomy from *domestic* and *regional* ideological pressures or constraints. The potential for such autonomy is likely to be greater, it is suggested, the

¹⁰¹ The space is lacking here to explore this issue further; see G. Nonneman et al., eds, *Muslim communities in the new Europe* (London: Ithaca Press, 1997).

better established a regime is domestically, and it can be enhanced by judicious use of the resources available from outside powers (e.g. protection, money) or at home (e.g. oil wealth). While astute policy-making, as displayed by the Al-Saud decision-makers, was important in making the most of this virtuous circle, it seems plausible that the underlying dynamic applies more generally to small and/or developing states.

Saudi Arabia, of course, is in some ways distinct. First, it was never colonized, thus perhaps making it easier to escape the peculiar relationship with one particular European state that this induces, and the often chronic impact on self-confidence. Arguably, it consequently had a much wider range of potential connections than most Third World states have, and correspondingly greater chances of autonomy. Yet there is no iron law to prevent leaderships of former colonies from 'branching out'. I have argued elsewhere that the smaller Gulf states that came closer to 'colonial' status, as protectorates, have displayed a similar ability.¹⁰² Second, it is true that Saudi Arabia has had the benefit of exceptional economic resources. However, they could equally be seen as factors potentially *attracting* outside domination and *increasing* dependence. In any case, the continuities from the pre-oil era show conclusively that such resources cannot themselves be a satisfactory explanation. Third, the continuity of royal rule has lent a strength and consistency to Saudi policy that many other developing states have lacked. Yet this cannot be seen as an independent variable: the very continuity of Al-Saud rule has itself been in large measure the result of their adept handling of foreign policy throughout the century. Moreover, the other autonomy-enabling explanatory factors suggested above would still hold regardless of the particular regime in question.

The Saudi case, then, has implications for the study of Third World foreign policy more generally. In particular, it draws our attention to the fact that Third World foreign-policy makers are often extremely adept at riding the currents of global change. A state that has been playing this game for so long may well have something to teach more recent entrants.

¹⁰² Nonneman, 'Constants and variations in British–Gulf relations'.