

Viewpoints
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Saudi Crown Prince Visits Washington to Revitalize Strained U.S.- Saudi “Marriage”

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Saudi Arabia’s crown prince Mohammed bin Salman is visiting the U.S. to address key issues with President Trump and to also attract American investors. This comes at a time where the kingdom has also been seeking closer ties with Russia and China for its security and energy needs. The upcoming trip highlights the turning point in U.S.-Saudi relations.

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Saudi Arabia's charismatic but impulsive crown prince, Mohammed bin Salman, is coming to Washington on March 19th to hash out a growing list of issues with the Trump administration and convince uneasy American investors to ignore the arrest and \$100 billion shakedown of several hundred Saudi businessmen, high-ranking officials, and royals accused of corruption. It marks his first visit since becoming heir apparent last June.

The 32-year-old crown prince is probably President Trump's favorite Middle East leader after being feted in Riyadh like a king last May on his very first trip abroad since taking office, during which he proudly announced a possible Saudi purchase of \$110 billion worth of U.S. arms. Since that trip, however, Saudi Arabia has put the United States in a tight corner by launching a land, air, and sea boycott of neighboring Qatar where the U.S. Central Command has its regional headquarters.

Other contentious issues include whether Saudi Arabia will choose an American company to build its first two nuclear reactors; its declared intent to buy Russia's S-400 anti-missile defense system; and its wavering over whether to include the New York stock exchange to launch a \$100 billion IPO by the Saudi oil giant Aramco. The list goes on: The Saudi-led and U.S.-supported war against Iranian-backed rebels in Yemen that has stalemated and is a humanitarian disaster; the Saudi forced resignation of Lebanon's prime minister, Saad Hariri, opposed by Washington and rejected by the Lebanese; and a failing joint strategy to roll back Iranian gains in the Arab world.

In a larger sense, the U.S.-Saudi relationship has come to a turning point. Crown Prince Mohammed is seeking to develop closer ties with both Russia and China to offset the kingdom's primary dependence on the United States for its security ever since World War II. As the late Saudi foreign minister, Prince Saud el-Faisal once told this writer, the kingdom looks upon its relationship with America as a "Muslim marriage" which allows for up to four wives. (In practice, there is often a favored "first" wife, a ranking the United States finds is being disputed by other suitors.) Saudi Arabia did not want a divorce from the United States, Saud explained, just marriages with other strategic powers.

The Saudi marriage to China was consummated long ago. The first trip abroad the late King Abdullah took after ascending to the throne was to Beijing in early 2006. By then, Saudi Arabia had already bought Chinese medium-range CSS-2 missiles over the strong objections from the Reagan administration and had announced a "strategic relationship" with China, based also on the Chinese purchase of Saudi oil and Saudi investment in China's energy sector. The marriage has only grown closer under King Salman, with China displacing the United States as Saudi Arabia's leading trade partner, and with the two governments signing nuclear energy, military, and security cooperation agreements.

Now the Saudi kingdom is entering another marriage, this time with Russia involving oil, arms, security and, investments. There is something of an irony to the fact Crown Prince Mohammed, like

Trump, has been seeking better relations with President Vladimir Putin but with a lot more success. The two leading oil exporters struck a deal to curb production in order to increase world price; they signed a \$3 billion arms deals; initiated joint investment funds in technology and energy; and are about to partner together in a Russian Arctic gas export project.

Last October, the crown prince's father, King Salman, made history when he became the first Saudi monarch to visit Moscow to celebrate the Saudi-Russian marriage. His son, now the crown prince, had by then already made multiple visits as defense minister to discuss the purchase of Russian arms. The centerpiece of the deal is the much-vaunted Russian S-400 missile defense system, which could well end up alongside, or supplant, American Patriot missiles along the Saudi border with Yemen, where a civil war periodically spills over into the kingdom. Iranian-backed Shiite Houthi rebels there have so far fired 95 missiles over the border, in some instances deep inside Saudi Arabia. The Patriots have shot down most, but far from all of them; one had even reached as far as Riyadh's international airport.

By contrast to the ongoing Saudi-Russian romance, the long-time Saudi-American marriage has hit a number of bumps as the two old partners test whether the United States is still the number one wife. Surprisingly, the two have become major competitors in the energy market, as American companies have learned through extracting oil from shale to ramp up enormously both oil and gas production to the point where the United States has begun exporting both. As a result, it has become just as influential as Saudi Arabia in setting world prices. The International Energy Agency just published a report concluding that thanks to shale oil boom, the United States will dominate the global market for the next five years. Since Russia and Saudi Arabia are both heavily dependent on oil export earnings, it seems likely they will continue their cooperation to combat U.S. producers.

The Saudis may also decide to turn to Russia as its partner in launching the kingdom on the path to nuclear energy power. Russia has already built one reactor in Iran and is in the process of building another in Egypt. The Russians have already indicated that they are ready to do the same for Saudi Arabia. This could very well happen if the Trump administration and Congress insist on Saudi Arabia's adherence to Section 123 of the U.S. Atomic Energy Act. This act requires countries to forgo the enrichment of uranium or reprocessing of plutonium if they want access to American nuclear technology. The Saudis, who have their own source of uranium, are balking and citing Iran, their main regional rival, who the United States agreed to allow continue enriching under the 2015 Iranian nuclear deal.

The Trump administration also has to decide what to do about the Saudi-led boycott of Qatar, which has sundered apart the Gulf Cooperation Council of six Arab monarchies and upended U.S. efforts to build a collective GCC defense system against Iran. Saudi Arabia has the support of the United Arab Emirates and Bahrain for its boycott of Qatar. But the two other GCC members, Kuwait and Oman, have remained neutral. Trump is floating the idea of convoking a GCC summit in Washington later this year to mediate a solution, but right now prospects for success look dim.

While on his visit to the United States from March 19th to the 22nd, Crown Prince Mohammed has another delicate task on his hands: convincing American companies to continue investing in the kingdom after detaining over 350 Saudi business, ex-ministers, and high officials, including a dozen of his cousins and uncles. All but 56 have now been released, 100 found innocent, and others gave up collectively over \$100 billion in assets to avoid trial. The problem for foreign investors now is to understand what constitutes “corruption” and what the new rules of the game are in partnering with Saudis in business deals. This has yet to happen.

Another stop of the crown prince will be New York, whose stock exchange, the world’s largest, is vying to become a host for the first ever IPO by Aramco, the world’s largest state oil company. The Saudis are selling off five percent and putting its value at \$100 billion, making it the biggest IPO ever. Riyadh, London and, Hong Kong are all competing with New York, while Russia and China have proposed investing, possibly jointly, through their state sovereign wealth funds. The main disadvantage for New York is the ongoing lawsuits by 9/11 families against the Saudi government alleging the involvement of Saudi officials in the terrorist bombings. Should they succeed, some analysts believe there is a risk Aramco’s shares on the New York stock exchange might be in jeopardy.

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