
Saudi-British Relations

15–16 April 2014

Chatham House in partnership with the Institute of Diplomatic Studies

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Introduction

This is a summary of proceedings at the closed-door, inaugural workshop between Chatham House and the Institute of Diplomatic Studies that took place in Riyadh on 15–16 April 2014. The workshop brought together a number of analysts, government representatives, academics and members of Saudi Arabia's Shoura Council to discuss the relationship between Saudi Arabia and the United Kingdom, its future development and the challenges it faces against the backdrop of changing regional dynamics.

The main findings include the following.

- Saudi Arabia and the United Kingdom continue to enjoy a strong bilateral relationship. Continued strategic dialogue and cooperation are vital to enhance the relationship and overcome potential difficulties.
- A chief component of Saudi-UK relations is defence and security cooperation, with economic ties also featuring highly. There is a vast and growing range of opportunities in the economic, social and cultural spheres for both countries to engage with each other more robustly.
- In terms of global challenges such as international terrorism and resource stress, a strengthened partnership will allow Saudi Arabia and the United Kingdom to share experience, skills and technology and coordinate strategies to arrive at more nuanced responses to urgent regional and international challenges.
- People-to-people and institutional links between the two countries are fundamental to strengthening the relationship and reducing common misperceptions between their respective populations. A more comprehensive bond will facilitate better cooperation in pursuing common interests and tackling shared challenges.
- The United Kingdom and Saudi Arabia are striking a new balance in regional foreign policy at a time when protracted conflicts and turmoil in the wider Middle East are at a record level. Tactical coordination between the two countries, strategic dialogue and the pursuit of constructive solutions are key to alleviating regional problems.
- While the workshop addressed some fundamental questions, similar meetings should be set up with the aim of informing policy and generating a deeper understanding and engagement between the United Kingdom and Saudi Arabia. Similar initiatives can provide an ideal platform for voicing concerns and discussing matters of primary interest to both countries.

The meeting was held under the Chatham House Rule and the views expressed are those of the participants. This summary is intended to serve as an aide-mémoire to those who took part and to provide a general summary of discussions for those who did not.

The Chatham House Rule

'When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.'

Inauguration and Session 1: the current bilateral relationship

During the opening session, participants heralded the workshop as a significant opportunity to better understand and solidify the developing ties between the United Kingdom and Saudi Arabia. The multifaceted and historic relations between the two countries, which span a wide range of strategic issues and common interests, were a central point of discussions.

Sources of cooperation

The session began with an outline of potential avenues for cooperation and shared interests between Saudi Arabia and the United Kingdom. There was repeated emphasis on the importance of people-to-people links in promoting understanding between the two countries. The workshop was seen as an important effort to foster these ties. In 2013, the UK government issued 113, 000 visas for Saudi nationals visiting the United Kingdom; 16, 000 Saudi Arabian students are currently enrolled in universities across the country. Meanwhile, more than 100,000 British Muslims perform Hajj and Umrah each year, with a similar number visiting Saudi Arabia for business purposes or to visit family members working in the country. It was argued that such personal connections represent an invaluable opportunity to enhance cultural understanding between the peoples of Saudi Arabia and the United Kingdom.

Government-to-government relations were seen as similarly important in the continuing development of the relationship; both countries are members of the G20, sharing global responsibilities that require strategic coordination and dialogue. Ministerial and parliamentary exchanges between the two, involving officials of a variety of ranks and governmental sectors, form an integral part of bilateral ties. Participants agreed that there is much to be learned and built upon through reciprocal visits and institutional partnerships. Trade and investment were also highlighted as fundamental pillars of the relationship. As the largest economy in the Middle East, Saudi Arabia is a crucial trading partner for the United Kingdom. The United Kingdom is a leading investor in Saudi Arabia and one of the biggest contributors to its efforts towards economic diversification. A huge range of Saudi skills, technology and investment is correspondingly flowing into the United Kingdom. Vocational education was emphasized as a key pillar of UK-Saudi relations, as Saudi Arabia takes significant steps towards building a knowledge economy.

It was argued that relations are also reinforced by a shared interest in counter-terrorism efforts. Having been victims of terrorist acts over the last decade, both countries recognize the major threat to security that global terrorism constitutes. Likewise, military cooperation represents a vital aspect of relations, hitherto encompassing several major arms deals concluded between the two countries since the 1960s, a considerable British role in increasing Saudi military and technical capability, and joint military exercises.

Potential challenges

Participants discussed the changing nature of Saudi Arabia's and the United Kingdom's foreign policies, reflecting major transformations in the regional and global orders. For its part, Saudi Arabia responded to the structural changes of a post-Cold War international arena with a deepening global reach and increasing engagement with former Eastern Bloc as well as emerging powers in Asia. It is playing a far greater regional and international role through proactive diplomacy in a difficult geostrategic environment. Some asserted that the United Kingdom meanwhile has adapted to domestic and international realities by pursuing its interests in the Gulf and the wider Middle East more actively, with a return to an 'East of Suez' policy at a time of progressive US withdrawal from the region. Participants disagreed on the extent to which there was in fact a full-fledged return to this policy of engagement,

although all agreed that there are vital British interests in the Middle East, including defence and security cooperation.

It was noted that a British 'return' to the region, while offering various opportunities, represents a source of mistrust and inherent risk if mishandled. It was therefore deemed important that any British pivot towards the region is aimed at creating a solid strategic and long-term vision for cooperation, rather than being driven by purely economic short-term needs against the background of deep cuts to military expenditure in the United Kingdom. Participants suggested that there must also exist a tolerant understanding that Saudi Arabia is committed to managed domestic socio-political progress at its own pace. Finally, for a deep and meaningful relationship to prevail between the two countries, sufficient coordination is needed on a number of regional issues, as both are committed to enhancing peace and stability in the region. Some highlighted the close collaboration between the two countries in responding to the Syrian crisis, and the shared frustration over the increasingly protracted conflict.

When discussing further obstacles to a solid strategic partnership, some participants referred to the public perception and characterization of Saudi-British relations as fundamentally problematic. Various solutions were explored, including an increase in parliamentary visits, the strengthening of institutional and educational partnerships, and greater media access to the Saudi state. It was argued that there are various realities on the ground that are unknown to the outside world, such as the rich debate on human rights and various other issues within Saudi Arabia's national dialogue, which journalists would be keen to observe.

The session ended with a general consensus that the global political and security environment presents Saudi Arabia and the United Kingdom with serious challenges – a strong bilateral relationship enables both countries to work together on a broad range of issues, to build a stable and prosperous region.

Session 2: geostrategic outlook in the Gulf

Participants discussed Britain's current and future role in the Gulf, as well as the main security challenges facing the region today.

Britain's engagement: a nuanced view

It was stated that during this time of great change in the Middle East and more broadly across the world, different actors are trying to make sense of ever-shifting geopolitical developments. In this context, it was noted that the projected scale of UK military commitment in the Gulf has decreased significantly. While this will not amount to a complete withdrawal or an end to military relations, the United Kingdom's engagement will be of a much more limited, nuanced and in some ways more effective nature.

Participants identified three main trends that have led to this state of affairs: First, public opinion in the country is far more cautious and risk-averse regarding the conditions surrounding the use of force. In large part this is due to experiences in Iraq and Afghanistan. Second, while policy-makers and the wider public are willing to countenance some defence spending, they are far less willing to support military intervention. It was argued that defence is no longer seen as a top national priority, reflecting the fact that UK involvement in recent wars was not considered vital to the public and national security. Finally, there are major developments occurring closer to home that require the United Kingdom's attention, therefore drawing it away from the Gulf. Some examples include the Ukraine crisis as well as turmoil in North Africa and the Mediterranean, closer in proximity to Britain and including countries it shares direct relations with through the European Union.

Although the scale of UK military forces will be reduced and cannot act as a substitute to US forces in the Gulf, participants agreed that strong British interests in the region mean that its contribution to security will prevail in a different form. Ranking high in said interests are counter-terrorism, energy, trade and the human aspect of security. Britain has a large Muslim population, with over 100,000 citizens annually performing pilgrimage to Saudi Arabia. It was assessed that future engagement between the two countries will most likely take the form of diplomacy, military training, advice and joint exercises – all designed to build capacity and enable the people of the region to undertake more responsibility. Participants noted however, that the use of force in response to blatant aggression, as witnessed during the Gulf War in 1990–91, remains an option but admitted that there is great reluctance within the United Kingdom to employ pre-emptive or preventive force, which could lead to an escalation of conflict. Various participants conceded that any hypothetical intervention would need to clearly satisfy the UK public's concerns while passing a credible risk assessment. Moreover, being part of any coalition, the United States would be a key factor in any potential decision by the United Kingdom to use military force. It was agreed that a better understanding of the likely shape of future military cooperation is fundamental to a genuinely productive relationship between the United Kingdom and Saudi Arabia.

Security landscape in the Gulf

It was argued that the region's security depends largely on future developments in three states: Iraq, Syria and Iran. The deteriorating security situation in Iraq puts the Gulf at constant risk, with growing sectarian violence and the likelihood of Iraq splintering into a confederation of states becoming a valid possibility. In Syria, the Assad regime is gaining ground while the opposition is losing control; there too, balkanization along sectarian lines is a real and present danger. The United States has eschewed any meaningful involvement while the regime enjoys support from allies such as Russia and Iran. There was disagreement on Britain's potential role in Syria, with some participants claiming that Britain could have done more to secure public and institutional support for military engagement. Others maintained that as a representative of the people, parliament's lack of approval for military engagement was a structural limit precluding a more decisive UK role.

With regards to Iran, some participants stressed that the West's aspirations to sign a deal aimed at rolling back the country's nuclear programme fall short of alleviating security concerns for the Gulf. The key concern was seen to be the long-term balance of power in the region. Iran has a larger population than the Gulf countries combined, a sophisticated and well-educated middle class, abundant gas reserves and a GDP greater than those of Egypt, Libya, Iraq, Jordan and Yemen put together. It was argued that upon re-entering the international system, Iran will doubtlessly loom much larger on the international stage over time. While regional powers such as Saudi Arabia are not convinced that Iran will use its nuclear power to attack or blackmail its neighbours, they are very concerned that the latter will progressively exert greater influence in the region, as major powers naturally do.

In considering options to contain a nuclear Iran, one participant suggested a sub-system of nuclear deterrence in the region. Others disagreed, asserting that nuclear proliferation would undeniably place the region on a collision course. It was noted that the United Kingdom stands assiduously against the spread of nuclear weapons in the region. However, some expressed a cautious belief in a potential compromise, suggesting that there is not necessarily an inherent correlation between a nuclear deal with Iran and that country acting in a rogue way.

Participants concluded that the question of Gulf security is a multi-layered one, made more complex by the fact that it means different things to different actors – both external and internal. While Gulf security is an admittedly fluid concept and has been maintained by various models in the past, participants agreed

that the United Kingdom and Saudi Arabia have a major stake in it. Both will benefit from listening to each other's concerns and advice, and working together to find solutions to the various security challenges facing the region.

Session 3: trade and economic issues: facing the new economic and sustainable development challenge

Discussions during the third session centred on global and regional trends in energy and food consumption and trade, as well as the economic aspect of Saudi-British relations.

Trends and challenges in development patterns

It was stated that, as the world consumes an ever-rising amount of food, water and energy, it is witnessing an era of severe resource stress. Current trends are showing a dramatic increase in the global demand for food; participants agreed that stress on vital resources, such as water, is likely to produce more volatile markets in the future. The environmental limits imposed by global patterns of development are compounded by the phenomenon of climate change. New interdependencies in the global system of trade present new risks overlaid by climate change: it was pointed out that in 2008, for instance, export controls enforced by 30 different governments pushed up the price of food considerably.

In terms of energy, one participant affirmed that traditional exporters have emerged as the fastest growing consumers, with Saudi Arabia for example showing a 6 per cent rise in oil consumption in the last decade. It was posited that shale gas is affecting markets and benchmarks of competitiveness, with various participants attributing both positive and negative features to the 'shale gas revolution'. Many agreed that with the potential to increase the lifespan of oil dependency, increasing trade in shale gas could be a constructive development. The question was raised of how best to reverse damaging models of production and consumption. This was seen as particularly challenging given the hindrance of engrained habits of infrastructure and the attempt by developing countries to meet development plans and raise living standards while relying on exports for that development. Moreover, one participant estimated that total of 40 per cent of food produced and water for agriculture is wasted annually. There is also tremendous energy waste occurring throughout the world, with dangerous existing levels of air and atmospheric pollution, while growing portions of land are affected by desertification. Governance was therefore seen to be an increasingly critical factor in economic and political stability, with the question of resource management looming large.

The Saudi economy's dependence on one export, namely oil, was highlighted as a key challenge facing the country. While the oil market is relatively stable and ideal for stimulating fast growth, reliance on the energy industry does not foster long-term sustainability or human development (for instance through job creation) allowing big companies to dominate at the expense of small and medium-sized ones. Participants highlighted the growing interest in conservation and the reduction of energy intensity in the Gulf region. In November 2012, Saudi Arabia's minister of petrol, Ali Al-Naimi, pointed out that if current consumption levels continue, they would lead to a doubling of domestic demand by 2030. Herein lies a convergence of interest between the Gulf and the United Kingdom: Saudi cooperation and diplomacy with the United Kingdom is key in facing upcoming challenges, assessing costs involved in future developmental trends and sharing experience, technology and expertise. There was consensus among participants that a chief asset in the country is its booming young population, which possesses the energy to drive forward constructive efforts towards sustainable development. This asset, as well as bilateral cooperation with the United Kingdom, could go a long way in resolving some of the major challenges facing the region today.

Foundations of Saudi-British economic relations

It was noted that at present, economic ties are an unparalleled driver of relations between Saudi Arabia and the United Kingdom, perhaps more important to the latter than to the former. The aftermath of the global financial crisis (which the Gulf states weathered soundly) and austerity policies in Britain mean that there exists substantial recognition of Saudi Arabia as Britain's biggest and growing trade partner in the region. One participant outlined the bulk of economic relations as consisting of British sales of defence equipment and training, with remaining activities entailing joint ventures, investment, services and retail. Participants noted that there are roughly 6,000 British companies believed to be exporting to Saudi Arabia, with the United Kingdom investing in education, healthcare and over £1 billion in vocational training over the past two years alone. On the other hand, Saudi Arabia undertakes vast investments in UK real estate and hotels, as well as in Islamic finance and instruments within the City of London's financial district.

What both sides recognize, it was argued, is that trade and investment could stand to be much higher; Saudi economic involvement in the United Kingdom is lower than that of other Gulf states. One participant suggested that this could be due to a higher degree of cautiousness among Saudi investors in terms of sovereign wealth. Nevertheless, there is an abundance of positive signs for increased investment between the two countries to complement an already robust history of economic ties. The Saudi market is undoubtedly vast, with a young and educated population. Increasing Saudi investment in health, social welfare and IT was seen to offer a huge opportunity for British companies with expertise in these sectors. Moreover, participants suggested that as Saudi companies move up the manufacturing chain they will have the potential to start exporting to the United Kingdom, which offers a stable and open market for investment.

Participants outlined some key challenges to increased bilateral trade: Impediments in the visa process and bureaucracy in Saudi Arabia could hinder the development of trade relations. Furthermore, official efforts by the United Kingdom to increase trade ties have not yet been matched by British businesses, perhaps owing to a misperception about business and life in Saudi Arabia. Strengthening people-to-people and organizational ties was proposed as a potential counterweight to this perception. There was agreement among participants that the private sector rather than the government should be taking the lead and driving forward trade between the two countries. Business-to-business links can prove to be far more resilient and comprehensive, and small and medium enterprises will likely be the seeds and future of bilateral relations.

As the Gulf diversifies its range of economic partners with a shift eastward to emerging economies such as China and India, firms in those countries are in competition with the United Kingdom for trade deals and other economic opportunities in Saudi Arabia. One participant noted the concern within the British public that Saudi-British relations are based predominantly on economic imperatives, potentially leading to disproportionate Saudi influence in the relationship. Consequently, countries such as China, which do not link economics with politics, could be better placed to act as a strategic trading partner with Saudi Arabia. Most participants agreed, however, that ties and common interests between Saudi Arabia and the United Kingdom are multi-layered and are not limited to economic connections, although these have vast potential.

The session concluded with an overview of various strategic opportunities for cooperation between the United Kingdom and Saudi Arabia, particularly within the context of the latter's twin drives of economic diversification and job creation. Participants stressed the abundance of interest from British companies to invest in sustainable sectors. Saudi Arabia's vast solar power-concentrated regions and government plans

to develop Saudi Arabia's solar power industry, present an ideal opportunity for British companies with know-how in renewable energy to engage in the country. Vocational and other training was seen as an equally important facet of economic ties; one participant pointed out that the Saudi British Joint Business Council is currently working on a project to train doctors and nurses in Saudi Arabia, with 80,000 members of staff to be trained by British instructors. Participants agreed that there is unlikely to be a shift in the importance the UK government attaches to economic relations with Saudi Arabia; strengthening people-to-people ties and interactions between the two countries was considered an important accompanying step to these relations.

Session 4: the way ahead

During the final session, participants considered the likely future of bilateral relations, summarizing the potential challenges as well as common goals and interests.

A more focused partnership

It was deeply stressed that the United Kingdom's engagement with Saudi Arabia and the Gulf in general is not only driven by commercial prospects; in an ever-changing global system, forging new partnerships and reinvigorating existing ones is paramount. Bilateral relations are, and in the foreseeable future will continue to be, cooperative and strong. Although the relationship has been developing for almost a hundred years, the last three decades have witnessed a substantial quantitative and qualitative leap.

Participants discussed potential obstacles to better bilateral relations. Some mentioned the opacity of some of the United Kingdom's strategic calculations and policies as a possible challenge. British policy towards Syria, for example, was seen to have changed considerably over time, having shifted from a relatively hard line at the outset of the conflict to a perceivably softer approach today. Some agreed that in order to address questions of reliability and uphold Britain's credibility as a strategic partner, these contradictory foreign policy decisions need to be clarified. Others suggested that such apparent policy incoherence may reflect changing strategic developments as well as the broader complexities inherent in democratic decision-making processes. It was asserted that it is dangerous to rely solely on rhetoric, particularly public rhetoric, as an indicator of governmental deliberations and policy trajectories; strategic dialogue and human exchanges are necessary to clarify policies and the rationales behind them. Another participant referred to the impact of Britain's legacy in conflicts such as Iraq, Afghanistan and Libya in shaping future approaches to intervention policy. All participants were in agreement that strategic discussion and action on Syria is imperative. It was generally acknowledged that as interventionist policy options are no longer available to the United Kingdom, its focus will be on humanitarian alternatives – the country has made its biggest ever aid donation to Syria.

The issue of security cooperation was reiterated as a key component of bilateral relations; the aftermath of the Arab Spring has produced a phenomenon of weak or failed states in the wider Middle East, acting as a direct threat to regional and international security. This is compounded by the decimating effect of regional turmoil on Arab economies, which are in need of essential support. Participants noted that addressing the threat of international terrorism remains one of Saudi Arabia's top priorities. In this context, the United Kingdom's intention to scale back its military presence in the region might be understood as a divergence of interests. Some worried that this might impact the bilateral relationship. It was agreed, however, that tackling terrorism and maintaining regional security remains a priority for both countries. While the United Kingdom's commitment of ground forces is likely to diminish, Britain will undoubtedly continue to play an important role in safeguarding security interests and contributing to defence in the region. Nonetheless, participants stressed that viewing the bilateral relationship solely in

terms of security cooperation offers an incomplete understanding of the relationship itself and the opportunities for its development: although defence was a primary factor of relations in the past, it is clear that fundamental ties are increasingly shifting to include other areas, such as economic development and cultural exchange.

Outlook on the future

There was a general consensus that all the challenges and issues discussed can only be effectively addressed through strategic cooperation within the bilateral relationship. Identifying and recognizing each other's unique views on global issues and developments will only serve to benefit efforts to work towards common solutions. Holding different views is by no means a disadvantage, as the closest allies sometimes diverge on a variety of issues. One participant stated that one of the best ways for the United Kingdom and Saudi Arabia to bolster their relationship is to proactively reach out to their respective publics and different centres of decision-making. Talking through solutions, rather than listing the perceived difficulties, will enable both to come up with attractive alternatives to even the most protracted issues, such as the Syrian conflict.

Participants hoped that the workshop would act as a springboard for further dialogue and cooperation, and agreed that future ones will continue to draw on the wealth of knowledge and experience available on both sides to produce concrete results, for instance in alleviating negative public perceptions. The first IDS-Chatham House workshop on Saudi-British relations has produced an ideal forum for both sides to take forward this initiative, informing policy-makers and the public. All participants were positive about conducting future meetings and broadening strategic dialogue between the two institutions.

ABOUT THE FUTURE TRENDS IN THE GCC PROJECT

Our core research project on the Gulf, Future Trends in the Gulf States, directed by Senior Research Fellow Jane Kinninmont, aims to research, analyse and anticipate some future scenarios for the political and economic development of the GCC states.

The research explores four main themes:

- **Citizenship and political development:** This theme looks at citizens' shifting attitudes and political aspirations, particularly those of the under-30s who make up the majority of the GCC's population, exploring the dynamics of reform.
- **Citizenship and the economy:** This theme explores changing economic realities within the GCC, analysing the potential of GCC countries to reform and diversify their economies and the links between citizens' political and economic expectations.
- **Islamism and post-Islamism in the Gulf:** This theme considers the diverse aspirations of Islamically inspired movements and their respective trajectories amid regional changes.
- **External 'threats' and internal community relations:** This theme focuses on the intersections between shifting regional dynamics, transnational movements and community relations within GCC countries.

The project seeks to deepen understanding of these various themes while analysing the prospects for GCC countries to adapt to ongoing changes in the region and develop their systems accordingly. These themes will be explored in the context of relevant changes in the wider Middle East region – primarily the Arab awakenings and the ongoing tensions between Iran and some of its neighbours. Engaging with younger-generation scholars, researchers and analysts from the GCC countries is a core element of the project.

ABOUT THE MENA PROGRAMME

The Middle East and North Africa Programme, headed by Dr Claire Spencer, undertakes high-profile research and projects on political, economic and security issues affecting the Middle East and North Africa. To complement our research, the MENA Programme runs a variety of discussion groups, roundtable meetings, workshops and public events which seek to inform and broaden current debates about the region and about UK and international policy. We also produce a range of publicly available reports, books and papers.

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