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Saudi Arabia: Background and U.S. Relations

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Summary

The kingdom of Saudi Arabia, ruled by the Al Saud family since its founding in 1932, wields significant global influence through its administration of the birthplace of the Islamic faith and by virtue of its large oil reserves. Close U.S.-Saudi official relations have survived a series of challenges since the 1940s. In recent years, shared concerns over Sunni Islamist extremist terrorism and Iranian government policies have provided some renewed logic for continued strategic cooperation. Political upheaval and conflict in the Middle East and North Africa have created new challenges, and the Trump Administration has sought to strengthen U.S. ties to Saudi leaders as the kingdom implements a series of new domestic and foreign policy initiatives.

Successive U.S. Administrations have referred to the Saudi government as an important partner, and U.S. arms sales and related security cooperation have continued with congressional oversight and amid some congressional opposition. The Trump Administration, like its recent predecessors, praises Saudi government counterterrorism efforts. Since 2009, the executive branch has notified Congress of proposed foreign military sales to Saudi Arabia of major defense articles and services with a potential aggregate value of nearly $139 billion. The United States and Saudi Arabia concluded arms sale agreements worth more than $65 billion, from FY2009 through FY2016.

Since March 2015, the U.S.-trained Saudi military has used U.S.-origin weaponry, U.S. logistical assistance, and shared intelligence in support of military operations in Yemen. Legislation has been proposed in the 115th Congress to condition or disapprove of some U.S. weapons sales and condition or direct the President to end U.S. support to Saudi operations without specific authorization (H.J.Res. 102, H.J.Res. 104, S.J.Res. 40, S.J.Res. 42, S.J.Res. 54, S.J.Res. 55).

In parallel to close security ties, official U.S. reports describe restrictions on human rights and religious freedom in the kingdom. Some Saudi activists advocate for limited economic and political reforms, continuing decades-long trends that have seen Saudi liberals, moderates, and conservatives advance different visions for domestic change. Saudi leaders in 2018 reversed a long-standing ban on women's right to drive, amid some arrests of women's rights advocates and critics of social liberalization. While some limited protests and arrests have occurred since unrest swept the region in 2011, clashes involving Saudi security forces have not spread beyond certain predominantly Shia areas of the oil-rich Eastern Province.

Since assuming the throne in 2015, King Salman bin Abd al Aziz (age 82) has made a series of appointments and reassignments that have altered the responsibilities and relative power of leading members of the next generation of the Al Saud family, who are the grandsons of the kingdom's founder. The king's son, Crown Prince Mohammed bin Salman (age 33), is the central figure in Saudi policymaking. He has asserted control over national security forces, sidelined potential rivals, proposed and begun implementing bold economic and social changes, and arrested prominent figures accused of corruption, including some fellow royal family members. Ambitious plans for the transformation of the kingdom's economy seek to provide opportunity for young Saudis and bolster nonoil sources of revenues for the state. Abroad, the kingdom pursues a multidirectional policy and has aggressively confronted perceived threats.

Saudi decisionmaking long appeared to be risk-averse and rooted in rulers' concerns for maintaining consensus among different constituencies, including factions of the royal family, business elites, and conservative religious figures. Crown Prince Mohammed bin Salman's assertive and more centralized leadership has challenged this model of governance. The change is leading Saudis and outsiders alike to reexamine their assumptions about the kingdom's future.

Congress may examine these developments when considering the scope, terms, and merits of U.S.-Saudi partnership, proposed arms sales and nuclear cooperation, and security commitments.

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Overview

The kingdom of Saudi Arabia's relations with the United States, its stability, and its future trajectory are subjects of continuing congressional interest. In particular, Saudi leadership transitions, trends in global oil prices, Saudi budget pressures and reform plans, aggressive transnational terrorist threats, assertive Saudi foreign policies, and Saudi-Iranian tensions have fueled recent congressional discussions. U.S.-Saudi security cooperation and U.S. concern for the continuing global availability of Saudi energy supplies continue to anchor official bilateral relations as they have for decades. In this context, the Trump Administration's efforts to reinvigorate U.S.-Saudi relations have drawn increased public attention and have generated debate. Previously, the Obama Administration had differed with Saudi leaders over Iran, the Iranian nuclear program, and conflicts in Syria, Iraq, and Yemen.

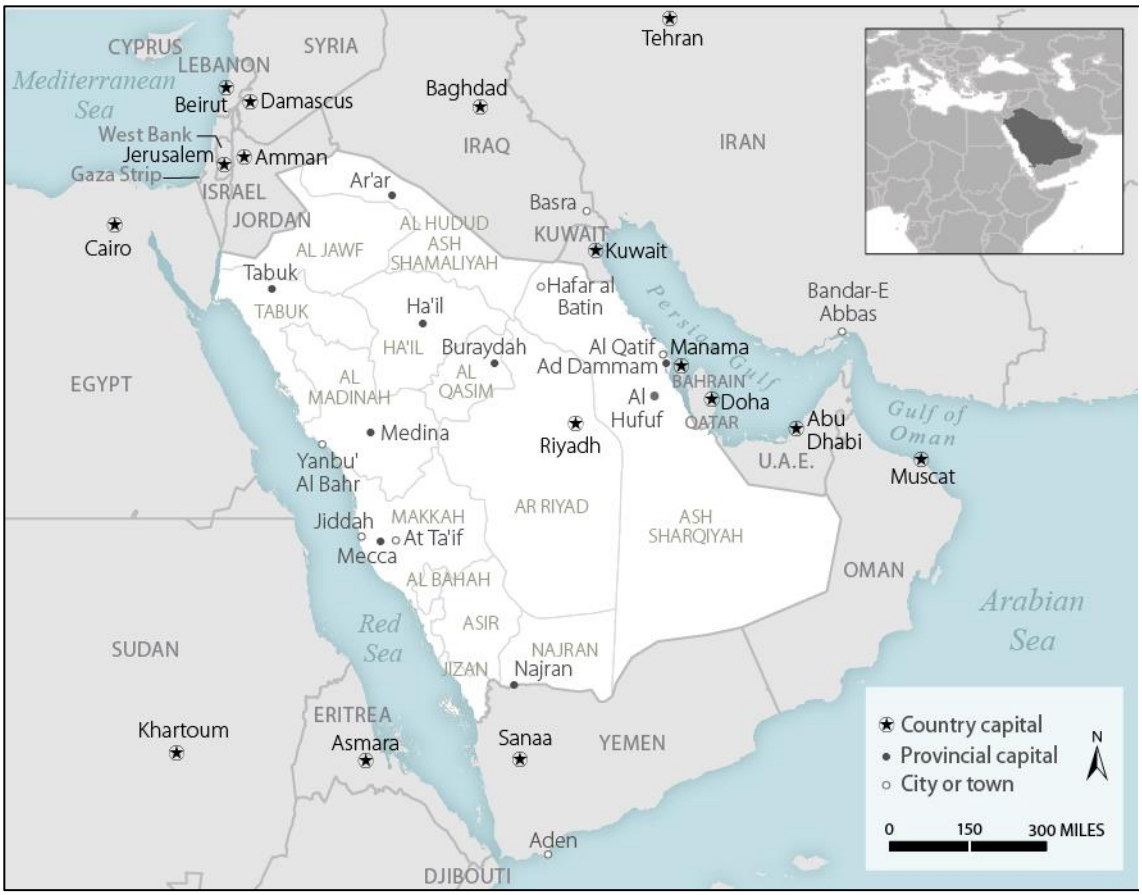
Amid some continuing differences on these issues, bilateral ties have been defined since 2017 by arms sale proposals, Yemen-related security cooperation, and shared concerns about Iran, Al Qaeda, and the Islamic State organization (IS, aka ISIL/ISIS or the Arabic acronym *Da'esh*). From 2012 through 2016, the Obama Administration notified Congress of proposed Foreign Military Sales to Saudi Arabia with a potential value of more than $45 billion. President Donald Trump and Saudi officials announced agreement on some of these sales and others during the President's May 2017 trip to the kingdom, as part of a package that may potentially be worth more than $110 billion. This package of previously discussed and newly proposed defense sales is intended to address Saudi needs for maritime and coastal security improvements, air force training and support, cybersecurity and communications upgrades, missile and air defenses, and enhanced border security and counterterrorism capabilities (see "Arms Sales, Security Assistance, and Training" below and **Appendix B**).

King Salman bin Abd al Aziz Al Saud (age 82) succeeded his late half-brother King Abdullah bin Abd al Aziz following the latter's death in January 2015. King Salman later announced dramatic changes to succession arrangements left in place by King Abdullah, surprising observers of the kingdom's politics. King Salman first replaced his half-brother Crown Prince Muqrin bin Abd al Aziz with their nephew, Prince Mohammed bin Nayef bin Abd al Aziz, who was then Interior Minister and counterterrorism chief. The king then named his own son, Prince Mohammed bin Salman bin Abd al Aziz, then 29, as Deputy Crown Prince and Defense Minister.

In June 2017, Prince Mohammed bin Nayef was relieved of his positions and Prince Mohammed bin Salman (age 33) was elevated further to the position of Crown Prince, placing him in line to succeed his father (see **Figure 1**, **Figure 2**, and "Leadership and Succession" below). Both princes are members of the generation of grandsons of the kingdom's late founder, King Abd al Aziz bin Abd al Rahman Al Saud (aka Ibn Saud). The succession changes and Crown Prince Mohammad bin Salman's efforts to assert his role as the shaper of the kingdom's national security and economic policies have resulted in an apparent consolidation of authority under one individual and sub-branch of the family that is unprecedented in the kingdom since its founding.

Shifts in Saudi foreign policy toward a more assertive posture—typified by the kingdom's military operations in neighboring Yemen and a series of regional moves intended to counteract Iranian initiatives—have accompanied the post-2015 leadership changes. Saudi leaders launched military operations in Yemen following the early 2015 ouster of Yemen's transitional government by the Zaydi Shia *Ansar Allah* (aka Houthi) movement and backers of the late former Yemeni President Ali Abdullah Saleh (see "Conflict in Yemen" below). A U.S.-facilitated, Saudi-led coalition air campaign has conducted strikes across the country since late March 2015, coupled with a joint Saudi and Emirati ground campaign aimed at reversing Houthi gains and compelling them to negotiate with U.N.-recognized transition leaders.

Table 1. Saudi Arabia Map and Country Data



Land: Area, 2.15 million sq. km. (more than 20% the size of the United States); Boundaries, 4,431 km (~40% more than U.S.-Mexico border); Coastline, 2,640 km (more than 25% longer than U.S. west coast)

Population: 28,571,770 (July 2017 est., ~30% non-nationals per 2015 U.N. data.); % < 25 years of age: 45.4%

GDP (PPP; growth rate): $1.789 trillion; 0.1% (2017 est.)

GDP per capita, PPP: $55,300 (2017 est.)

Budget (revenues; expenditure; balance): $171.6 billion; $227.8 billion; $56.2 billion deficit, 8.3% of GDP (2017)

Projected Budget (revenues; expenditure; balance): $209 billion; $261 billion; $52 billion deficit (2018 est.)

Unemployment: 12.9% (Q1 2018 est., Saudi nationals: females 30.9%, males 7.6%, youth [20-29] 29.5%)

Oil and natural gas reserves: 266.5 billion barrels (2017 est.); 8.602 trillion cubic meters (2017 est.)

External Debt: $212.9 billion (December 2017 est.)

Foreign Exchange and Gold Reserves: ~$509 billion (December 2017 est.)

Sources: CRS using State Department, Esri, and Google Maps data (all 2013), CIA *World Factbook* estimates (March 2018), and Saudi government budget data (December 2017) and General Organization for Statistics.

Concerns about Yemeni civilian deaths in Saudi airstrikes, the operation's contribution to grave humanitarian conditions, and gains by Al Qaeda and Islamic State supporters have led some Members of Congress and U.S. officials to urge all parties to seek a prompt settlement. President Obama maintained U.S. logistical support for Saudi operations in Yemen but decided in 2016 to reduce U.S. personnel support and limit certain U.S. arms transfers. President Trump has chosen to proceed with precision guided munition technology sales that the Obama Administration deferred. In September 2018, the Trump Administration certified conditions set by Congress on

Saudi actions in Yemen and renewed calls for a political solution. A U.S. State Department travel advisory issued in April 2018 warns that "rebel groups operating in Yemen have fired long-range missiles into Saudi Arabia, specifically targeting populated areas and civilian infrastructure" and that "rebel forces in Yemen fire artillery at Saudi border towns and launch cross-border attacks against Saudi military personnel."[1]

U.S. support to the kingdom's operations in Yemen and Saudi use of U.S.-origin weaponry has drawn new attention to congressionally reviewed arms sales and questions of authorization. In the 114th Congress, some Members scrutinized proposed sales of thousands of guided air-to-ground munitions and tanks to Saudi Arabia in the context of concerns about the Saudi military's conduct in Yemen (see **Appendix D** below).

In the 115th Congress, legislation has been enacted that prohibits the obligation or expenditure of U.S. funds for in-flight refueling operations of Saudi and Saudi-led coalition aircraft that are not conducting select types of operations if certain certifications cannot be made and maintained (Section 1290 of the FY2019 National Defense Authorization Act, P.L. 115-232, **Appendix D**).[2] The provision is subject to an Administration national security waiver.

A similar measure would place conditions on the transfer of any air-to-ground munitions to Saudi Arabia (S.J.Res. 40), and, in June 2017, the Senate narrowly voted to reject a motion to further consider a joint resolution of disapproval (S.J.Res. 42) on proposed sales of precision guided munitions to the kingdom. The House and Senate also have considered resolutions (H.Con.Res. 81 and S.J.Res. 54) that would direct the President to end U.S. military support for Saudi operations in Yemen unless Congress specifically authorizes the continuation of such support.

Inside the kingdom, arrests of Islamic State (IS) supporters have continued since 2014, as Islamic State affiliates have claimed responsibility for a series of deadly attacks against Saudi security forces and members of the kingdom's Shia minority across the country (see "The Islamic State's Campaign against the Kingdom" below). Saudi authorities report having disrupted planned IS attacks on government targets in 2017 and counted 34 terrorist attacks in 2016, including an attempted IS-claimed suicide bombing against the U.S. Consulate General in Jeddah. Saudi leaders and their IS adversaries have reiterated their hostility toward each other since 2015, with Saudi leaders proposing new transnational counterterrorism cooperation and IS leaders redeclaring war against the royal family, condemning official Saudi clerics, and urging attacks inside the kingdom (see "Terrorism Threats and Bilateral Cooperation"). The current U.S. State Department travel advisory for Saudi Arabia warns that "terrorist groups continue plotting possible attacks" and that "terrorists may attack with little or no warning."

Since 2011, significant shifts in the political and economic landscape of the Middle East have focused international attention on Saudi domestic policy issues and reinvigorated social and political debates among Saudis (see "Domestic Issues" below). These regional shifts, coupled with ongoing economic, social, and political changes in the kingdom, may make sensitive issues such as political reform, unemployment, education, human rights, corruption, religious freedom, and extremism more prominent in U.S.-Saudi relations than in the past. U.S. policy initiatives have long sought to help Saudi leaders address economic and security challenges in ways consistent with U.S. interests. Recent joint U.S.-Saudi diplomatic efforts to strengthen economic, educational, and interpersonal ties have focused on improving opportunities for the kingdom's

[1] U.S. State Department, Saudi Arabia Travel Warning, November 21, 2017.

[2] See also CRS Report R45046, *The War in Yemen: A Compilation of Legislation in the 115th Congress*, by Jeremy M. Sharp and Christopher M. Blanchard.

young population. Tens of thousands of Saudi students continue to pursue higher education in the United States, although numbers have declined in response to Saudi government funding changes.

Some nongovernment observers have called for a reassessment of U.S.-Saudi relations amid the kingdom's ongoing military campaign in Yemen.[3] They cite concern about human rights conditions in the kingdom, as well as resurgent questions about the relationship between religious proselytization by some Saudis and the appeal of violent Islamist extremism. U.S. officials have called publicly for the kingdom to seek a negotiated settlement in Yemen, allow peaceful expressions of dissent at home, and help fight extremism abroad. Any more strident official U.S. criticisms of the kingdom's policies traditionally remain subjects of private diplomatic engagement rather than official public discussion.

Saudi concerns about U.S. leadership and policies in the Middle East grew during the Administrations of Presidents George W. Bush and Barack Obama, in parallel to U.S. concerns about Saudi priorities and choices. In particular, Saudi leaders at times signaled their displeasure with U.S. policy approaches to Egypt, Israel and the Palestinians, Bahrain, Iraq, Syria, and Iran. Saudi officials also opposed the changes to U.S. sovereign immunity law that were made by the 114th Congress through the Justice Against Sponsors of Terrorism Act (S. 2040, P.L. 114-222, aka JASTA) and have sought their amendment or repeal.[4]

Saudi official public responses to the Joint Comprehensive Plan of Action (JCPOA) nuclear agreement with Iran were initially relatively neutral, emphasizing elements of an agreement with Iran that Saudi Arabia would support rather than expressing Saudi endorsement of the JCPOA as negotiated and agreed. King Salman eventually endorsed the JCPOA during his September 2015 visit to Washington, DC, but later called for the agreement to be reexamined and welcomed President Trump's decision to withdraw the United States from the agreement. Saudi officials have engaged in civil nuclear cooperation talks with the United States and other countries since 2017 (see "Potential U.S.-Saudi Nuclear Cooperation").

Policy differences and specific current disagreements notwithstanding, U.S. and Saudi officials have long favored continuity over dramatic strategic shifts, despite some Saudis' and Americans' calls for fundamental changes to the bilateral relationship. The Trump Administration, like its predecessors, engages the Saudi government as a strategic partner to promote regional security and global economic stability. The Saudi government appears to view the United States as an important security partner. At the end of President Trump's May 2017 visit, the U.S. and Saudi governments agreed to "a new Strategic Partnership for the 21st Century in the interest of both countries by formally announcing a Joint Strategic Vision."[5]

With a new generation of Saudi leaders assuming prominent positions in the kingdom and chaotic conditions persisting in the Middle East region, some change in U.S.-Saudi relations may prove inevitable. The Trump Administration has thus far partnered with King Salman and Crown Prince Mohammed bin Salman on their domestic policy initiatives and their approaches to Iran, Yemen, Syria, and Iraq. The success or failure of these initiatives may have considerable significance for the bilateral relationship and consequences for international security for years to come.

[3] For a summary of debates and perspectives, see, Nicolas Niarchos, "How the U.S. Is Making the War in Yemen Worse," *The New Yorker*, January 22, 2018.

[4] For background see CRS Report RL34726, *In Re Terrorist Attacks on September 11, 2001: Claims Against Saudi Defendants Under the Foreign Sovereign Immunities Act (FSIA)*, by Jennifer K. Elsea.

[5] Joint Statement between the Kingdom of Saudi Arabia and the United States of America, May 23, 2017.

Domestic Issues

Saudi Arabia is a monarchy governed in accordance with a 1992 Basic Law, and its legal system is largely rooted in the Hanbali school of Sunni Islamic law as interpreted and applied by state-appointed religious judges.[6] An appointed, 150-member national Shura Council provides limited oversight and advisory input on some government decisions, and municipal councils with both appointed and elected members serve as fora for public input into local governance.

Political decisionmaking in the kingdom long reflected a process of consensus-building among a closed elite presided over by senior members of the ruling Al Saud family. In recent years, decisionmaking appears to have become more centralized under the authority of Crown Prince Mohammed bin Salman, with the apparent blessing of the king. Members of the conservative Salafist Sunni religious establishment have long shaped government decisionmaking on social and legal issues. Some representatives of this community have endorsed swift and dramatic changes to some social policies since 2015, while others have been imprisoned for alleged foreign ties and possibly for opposing change.

The Crown Prince has presided over efforts ostensibly designed to root out corruption among elites, including prominent businessmen and members of the royal family. These efforts may also have the effect of contributing to the centralization of power. Rumored discontent among other royal family members has not manifested in demonstrable public efforts to resist or undermine the Crown Prince's agenda.[7] At present, the balances of power, interests, and influence among the rising generation of leaders in the royal family are relatively opaque and appear to be evolving.

Over time, Saudi leaders have sought to manage vocal and public demands from the country's relatively young population for improved economic opportunities, limited political participation, and improved social conditions. Efforts to do so have been balanced with the royal family's commitments to protect the kingdom's conservative Islamic traditions and address a host of regional and domestic security threats.

Security forces monitor and tightly limit political and social activism in a domestic security environment that has been defined since the mid-1990s by persistent terrorist threats and to a lesser extent since 2011 by anxiety about potential unrest and economic stagnation. Relations between some members of the Shia minority population (~10%-15%) and the government remain tense, amid periodic localized confrontations between security forces, demonstrators, and armed youth in the oil-rich Eastern Province. Efforts to improve sectarian relations are complicated by anti-Shia terrorism, official discrimination, and official Saudi concerns about perceived Iranian efforts to destabilize the kingdom by agitating Saudi Shia.

High prices in international oil markets amplified oil export earnings for most of the period from 2005 to 2014, generating significant fiscal surpluses and leaving the country with sizeable foreign reserves and low levels of official debt. After 2011, the government launched large social spending programs to improve housing and infrastructure, raise public sector wages, expand education, and ease the burdens of unemployment. This spending created new fiscal burdens, and

[6] Limited civil service and commercial codes supplement the Islamic legal system, which is based on the Quran and traditions (hadith) of the Prophet Mohammed. Some court reforms have been implemented since 2011 to strengthen the training of judges and increase the consistency of judicial outcomes. See Joseph A. Kéchichian, *Legal and Political Reforms in Saudi Arabia*, New York, Routledge, 2013.

[7] Some members of the royal family reportedly have objected to some changes under the leadership of King Salman and his son, the Crown Prince, in a series of intrafamily letters reported since 2015 and during meetings of the Allegiance Council. See David Ignatius, "A Cyclone Brews over Saudi Arabia," *Washington Post*, October 13, 2015; Hugh Miles, "Saudi Royal Calls for Regime Change in Riyadh," *The Guardian* (UK) September 28, 2015; and Simon Henderson, "Meet the Next Generation of Saudi Rulers," *Foreign Policy*, November 10, 2017.

state oil revenues decreased more than nonoil revenues grew from 2014 through 2017. At present, Saudi leaders are simultaneously managing ambitious and politically sensitive fiscal consolidation and economic transformation initiatives.

Leadership and Succession

King Salman and other Saudi leaders are likely to continue to face complex questions about political consent, economic performance, and social reform as they push ahead with ambitious economic and social initiatives, and as power is transferred from the sons of the kingdom's founder, King Abd al Aziz bin Abd al Rahman al Saud (aka Ibn Saud), to his grandsons. The willingness and ability of the monarchy's leaders to successfully manage their relationships with each other and with competing domestic interest groups is among the factors that will determine the country's future stability. Succession questions and intrafamily politics may have direct implications for regional stability and for U.S. national security interests.

Most sources suggest that the Al Saud family has managed a recent series of leadership transition decisions without a paralyzing degree of disruptive internal dissent. Formal announcements of major changes in succession have stated that a preponderance of members of an Allegiance Council made up of senior family members has considered and endorsed transition decisions taken since its establishment during the late King Abdullah's reign. This includes decisions made prior to and in the wake of King Abdullah's death in January 2015, and in conjunction with succession changes announced in April 2015 and June 2017 (see **Figure 1** and **Figure 2** below).

King Salman first placed two members of the next generation of the Al Saud family in line to rule. This generation—grandsons of the kingdom's founder—is more numerous and has more complex intrafamily ties than those of its predecessors, making answers to current and future questions of governance and succession less certain. There exists potential for competition among members of this generation, as positions of influence in government have been distributed and redistributed among them.

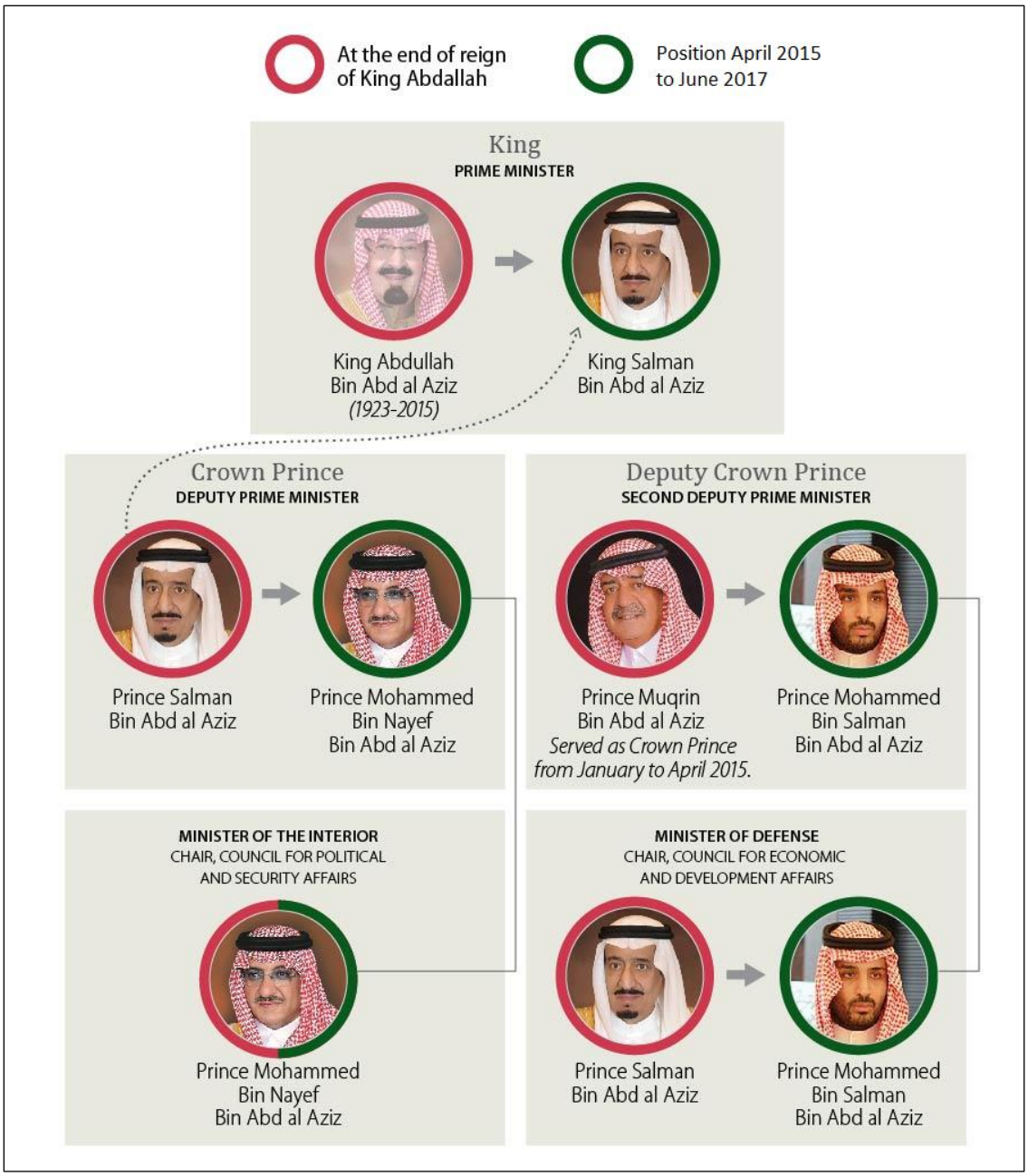
Changes undertaken in 2015 (**Figure 1**) elevated Prince Mohammed bin Nayef and the king's son, Prince Mohammed bin Salman, to the line of succession at the expense of senior members of their fathers' generation. Prince Mohammed bin Nayef, who became Crown Prince, retained his duties as Minister of Interior and assumed leadership of a newly created Council for Political and Security Affairs. Then-Deputy Crown Prince Mohammed bin Salman became Defense Minister and the head of the Council for Economic and Development Affairs.

In June 2017 (**Figure 2**), Prince Mohammed bin Nayef was replaced as Crown Prince by Mohammed bin Salman and relieved of his position as Minister of Interior. Crown Prince Mohammed bin Salman's elevation puts him next in line for the throne. Given his age, he could rule for decades upon succession. In conjunction with the change, which was approved by the Allegiance Council, the kingdom's Basic Law was amended to prohibit kings from the generation of the grandsons of the founder from choosing successors from the same maternal line of the Al Saud family. This amendment presumably was agreed to in order to assuage concern among members of the family about the further consolidation of power among the branch of the family from which King Salman and the new Crown Prince hail.[8]

[8] King Salman and the late Crown Prince Nayef were full brothers: their sons are full first cousins. Their "Sudayri" branch of the Al Saud family is named for their grandmother Hassa bint Ahmad al Sudayri—among the best known of the late King Abd al Aziz's late wives and one of three drawn from the Al Sudayri family. She was the mother of the late King Fahd bin Abd al Aziz, the late Crown Prince Sultan bin Abd al Aziz, the late Crown Prince Nayef bin Abd al Aziz, King Salman bin Abd al Aziz, Prince Ahmad bin Abd al Aziz, two other senior princes, and four daughters.

Figure 1. Saudi Leadership and Succession Changes, 2015

Changes Effective January and April 2015



Source: CRS. Official photos adapted from Saudi Arabian government sources.

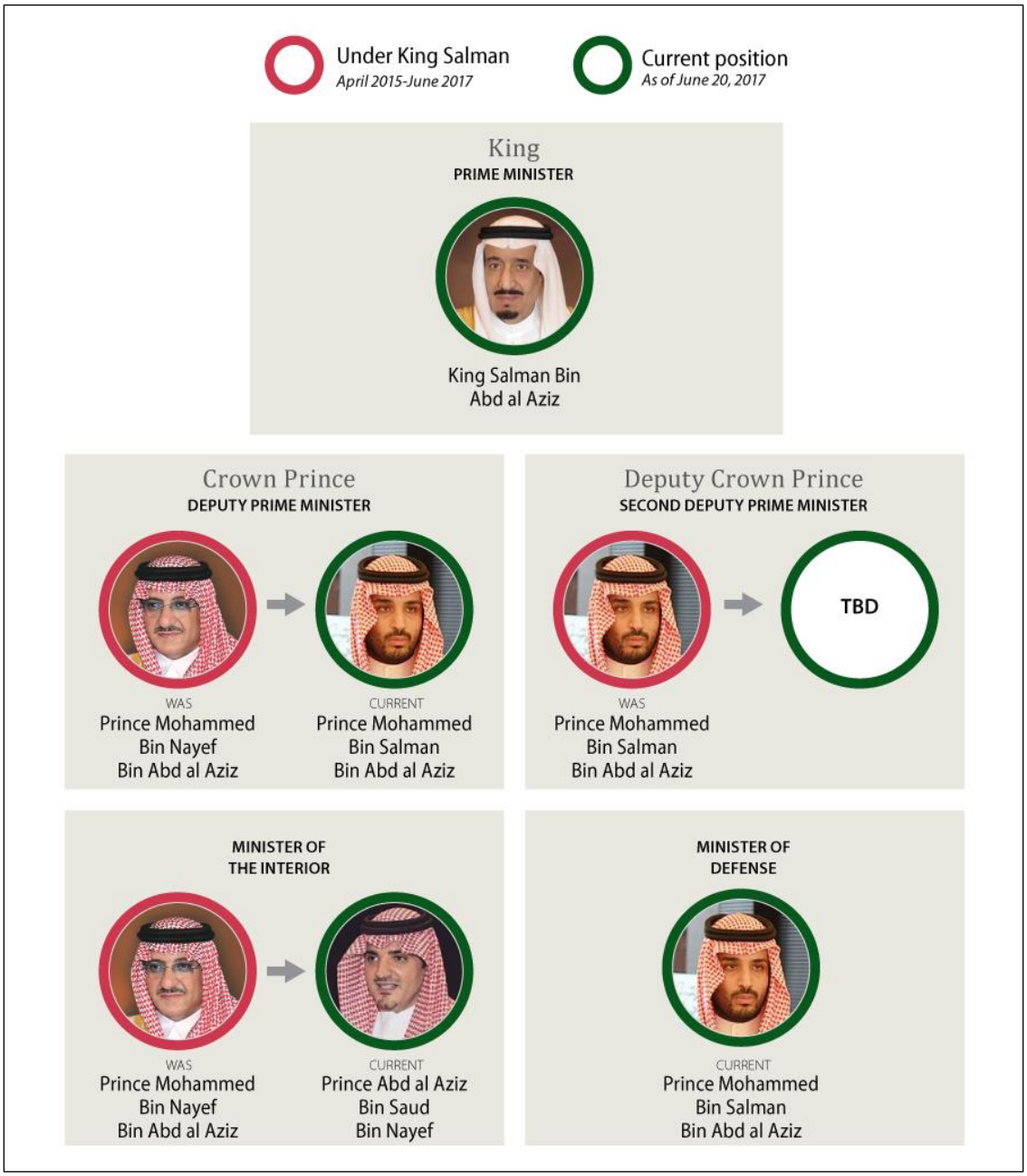
Notes: Succession changes in April 2015 reversed a key decision taken by King Abdullah before his death—King Abdullah had named his half-brother Prince Muqrin as Deputy Crown Prince in March 2014, and Prince Muqrin briefly served as Crown Prince after King Abdullah's death. In April 2015, Saudi authorities stated that Prince

Analysts of Saudi affairs have often referred to King Fahd and his younger full brothers as the "Sudayri Seven," because of their propensity to support one another. In the future, analysis of relationships and potential competition within this branch may be of more interest than analysis that presumes Sudayri solidarity in competition with other wings of the family. For background on Saudi succession issues, see Joseph Kéchichian, *Succession in Saudi Arabia*, New York: Palgrave, 2001. For analysis of recent succession changes and Saudi law, see Chibli Mallat, "'Riyadhology' and Muhammad bin Salman's Telltale Succession," Lawfare, June 8, 2018.

Muqrin stepped down as Crown Prince at his own choosing and credited then-new Crown Prince Mohammed bin Nayef with selecting King Salman's son Mohammed bin Salman to serve as Deputy Crown Prince, with the approval of a majority of the Allegiance Council.

Figure 2. Saudi Leadership and Succession Changes, 2017

Changes Effective June 2017



Source: CRS. Official photos adapted from Saudi Arabian government sources.

Crown Prince Mohammed bin Salman is asserting a public national leadership role on a range of topics, generating considerable international speculation about the potential for reported rivalry or competition to harden between him and other family members. Such potential exists, and has precedent in the family's recent past, but intrafamily dynamics historically have remained largely shielded from public view until disputes have deepened to the point that consensus breaks down.

To date there has been no clear public confirmation that leading members of the royal family have reverted to the level of overt tension and competition that characterized intrafamily relations in the mid-20th century.[9] Nevertheless, some observers expressed concern and uncertainty about Crown Prince Mohammed bin Salman's November 2017 decision to detain and investigate some royal family members on corruption charges and remove the late King Abdullah's son, Prince Miteb bin Abdullah, from his position as Minister of the National Guard.[10] These moves appeared to signal a stark end to the consensus-based approach that reportedly had prevailed among senior royal family members for decades. Taken in conjunction with the Crown Prince's bold social, economic, and foreign policy agendas, these steps may meet with different responses from various family members and components of Saudi society.

Economic Reform, Fiscal Priorities, and Administrative Changes

As of 2018, Crown Prince Mohammed bin Salman presides over the kingdom's national economic transformation initiatives, and, under his father's auspices, he has directed changes to the leadership of security and administrative bodies across the Saudi government. Saudi Arabia's *Vision 2030* initiative, National Transformation Plan, and Fiscal Balance Plan (**Figure 3**) seek to reshape the economy and reduce government and social dependence on oil revenue.[11] Authorities have introduced some taxes, reduced energy subsidies, and taken other fiscal measures to improve the kingdom's state finances, tailoring implementation and in some cases offering temporary financial support to citizens to ease burdens at the household level.

The IMF has commended the reform goals articulated in Vision 2030 and the National Transformation Plan, which in part reflect long-standing IMF recommendations for structural reforms to encourage private sector growth and improve employment opportunities for young Saudis.[12] Historically, Saudi policymakers have faced challenges in balancing these types of reforms with concerns for the preservation of security, social stability, and cultural and religious values.

In May 2017, IMF officials stated their view that the kingdom's leaders have "scope for more gradual implementation" of planned changes in order to allow citizens to adapt and preserve fiscal resources to respond to unanticipated needs.[13] In August 2018, the IMF judged that Saudi

[9] From 1958 to 1964, supporters of King Saud (the first son to succeed King Abd al Aziz) struggled for influence with supporters of Saud's brother Faisal (the following successor). Disputes over Saudi foreign policy and the management of government finances contributed to the family's decision to force King Saud from power in favor of Faisal, who served as king until he was assassinated by his nephew in 1975.

[10] See Simon Henderson, "Meet the Next Generation of Saudi Rulers," *Foreign Policy*, Nov. 10, 2017; and, Bruce Riedel, "Saudi Arabia Shifts Policy From Risk Averse to Downright Dangerous," YaleGlobal Online, Nov. 28, 2017.

[11] See, IMF Article IV Reports, 2017/2018 and, "The $2 Trillion Project to Get Saudi Arabia's Economy Off Oil," *Bloomberg Businessweek*, April 25-May 1, 2016; Ben Hubbard and Kate Kelly, "Saudi Arabia's Grand Plan to Move Beyond Oil: Big Goals, Bigger Hurdles," *New York Times*, October 25, 2017; Ahmed Al Omran, "Saudi Arabia's sleepy city offers prince a cautionary tale," *Financial Times* (UK), May 27, 2018; Al Omran, "Record numbers of foreign workers leave Saudi Arabia," *Financial Times* (UK), July 10, 2018; and, Rory Jones, "In Rare Step, Saudi's Sovereign-Wealth Fund Raises $11 Billion Loan," *Wall Street Journal*, September 17, 2018.

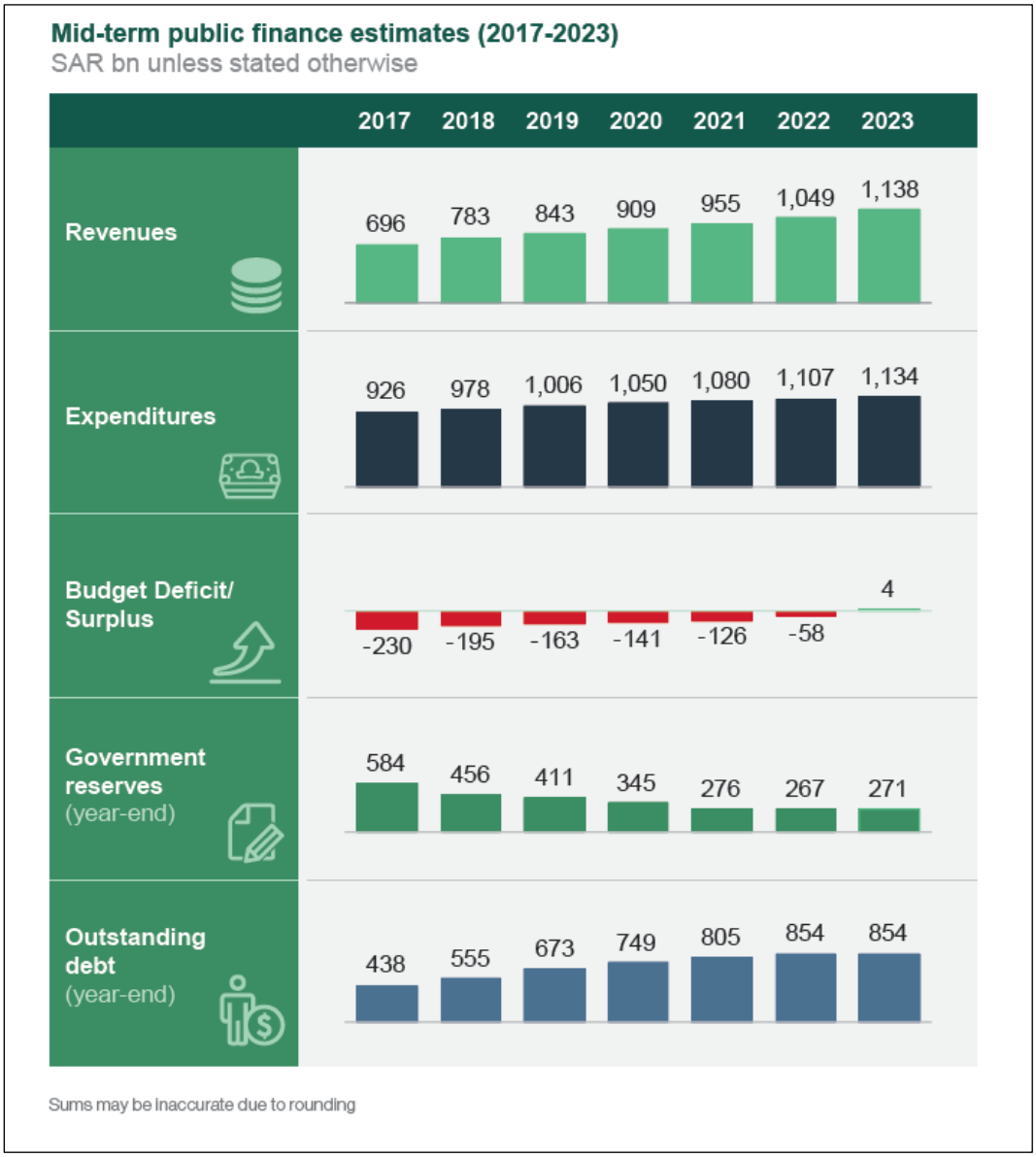
[12] Ibid.

[13] IMF Press Release 17/178, IMF Staff Completes 2017 Article IV Mission to Saudi Arabia, May 17, 2017.

leaders "have made good progress in implementing their reform program," and emphasized their view that the kingdom should maintain the current pace of implementation and avoid the temptation of expansionary government spending, despite increases in oil prices since 2017.[14] The Saudi government's fiscal consolidation plans (**Figure 3**) seek to balance the kingdom's budget by 2023, an adjustment from earlier plans to achieve balance by 2020.

Figure 3. Saudi Arabian Government Fiscal Projections

Fiscal Balance Program Update 2018



Source: Saudi Arabian government, Vision 2030: Fiscal Balance Program, 2018.

Note: The Saudi riyal is pegged to the U.S. dollar at a rate of 1 USD to 3.75 SAR.

[14] IMF Country Report No. 18/263, Staff Report for the 2018 Article IV Consultation, June 28, 2018.

The kingdom's fiscal position reversed from one of repeated surpluses from 2005 through 2013 to one of actual and projected deficits in 2014. This change was rooted in lower global market prices for crude oil and major Saudi spending initiatives introduced to meet domestic economic and social demands. From 2011 to 2015, the kingdom approved a series of record-high annual budgets and expanded financial support for citizens, possibly due to government concerns that a failure to meet popular economic needs could lead to demands for political change.

When oil prices turned sharply lower between mid-2014 and mid-2017, Saudi officials turned to borrowing and deficit spending of accumulated reserves while reducing oil production levels in a bid to support global market price increases. From 2014 through 2017, Saudi officials drew more than $235 billion from state reserves and national government debt increased from 5.8% of GDP to 17.2%, as new domestic and international bonds were issued to help meet revenue needs.[15] Higher oil prices since mid-2017 have eased the kingdom's immediate fiscal burden, though IMF staff recommend that the kingdom plan for a range of oil revenue scenarios and maintain fiscal discipline.[16]

According to the IMF, Saudi officials plan to continue public stimulus spending, coupled with administrative and legal changes to encourage private sector and nonoil sources of economic growth and government revenue. They continue to review and revise state support to consumers and industry in the form of energy and utility subsidies, with some changes having already come into effect. Reviews of public land holdings are ongoing, and the kingdom has implemented a value-added tax (VAT) system. Officials also have reorganized and consolidated several important economic ministries in a bid to streamline operations, reduce costs, and support the implementation of planned reforms. Cuts to public sector salaries and bonuses were implemented in late 2016, but reversed in 2017 in response to improved fiscal performance.

U.S. Support in Educating the Next Generation of Saudis

The kingdom's investments in education are an acknowledgement of the challenges related to preparing the large Saudi youth population (~45% under 25 years of age) to compete and prosper in coming decades. The late King Abdullah initiated a state-sponsored scholarship program responsible for sending thousands of young Saudis abroad for undergraduate and graduate education. The number of Saudi students pursuing higher education in the United States increased ten-fold from 2000 to 2015, and exceeded 58,000 according to Saudi figures in March 2018.[17] In 2016, the kingdom announced plans to reduce funding for some overseas students, and the number of Saudi students enrolled in some U.S. universities has declined as scholarship program requirements and funding commitments have changed.[18]

The growth in the number of Saudi students enrolled in U.S. colleges and universities that occurred after the mid-2000s may have cumulative economic, social, and political effects on Saudi society in future decades. This includes the possibility that a more educated and economically engaged youth population could make new social and/or political reform demands of Saudi leaders. The 2017 State Department Country Reports on Terrorism states that "The United States continued to support Saudi Arabia in reforms it is undertaking by: facilitating Saudi nationals' study in the United States and promoting educational exchanges," among other steps.

[15] IMF Country Report No. 18/263, June 2018. Bloomberg estimated in September 2018 that the kingdom has issued $50 billion in bonds since the end of 2016. Archana Narayanan and Allan Lopez, "Saudi Arabia Raises $2 Billion in Islamic Bond Sale," *Bloomberg* September 12, 2018.

[16] IMF Country Report No. 18/263, June 2018.

[17] Habib Toumi, "About 60,000 Saudi students studying in US," Gulf News (Bahrain), March 21, 2018.

[18] Elizabeth Redden, "Saudi Enrollment Declines," *Inside Higher Ed*, July 18, 2016.

Human Rights, Gender Issues, and Minority Relations

Human Rights Concerns

According to the U.S. State Department's 2017 report on human rights in Saudi Arabia, Saudi law provides that "the State shall protect human rights in accordance with Islamic sharia."[19] Saudi law does not provide for freedom of assembly, expression, religion, the press, or association; rather, the government strictly limits each of these. The kingdom remains an absolute monarchy, and its citizens do not choose their government through election. Political parties are prohibited, as are any groups deemed to be in opposition to the government. A Specialized Criminal Court presides over trials of suspects in terrorism cases, including cases involving individuals accused of violating restrictions on political activity and public expression contained in counterterrorism and cybercrimes laws adopted since 2008. A government Human Rights Commission (HRC) is responsible for monitoring human rights conditions, fielding complaints, referring cases of violations for criminal investigation, and interacting with foreign entities on issues of human rights concern.

While Saudi authorities have created new space for some social and entertainment activities in recent years, they also have moved to further restrict the activities of groups and individuals advocating for political change and campaigning on behalf of individuals detained for political or security reasons, including advocates for the rights of terrorism suspects. Some young Saudis who have produced social media videos criticizing the government and socioeconomic conditions in the kingdom also have reportedly been arrested. In September 2018 Saudi prosecutors announced plans to prosecute for cybercrime individuals who produce or distribute content that "mocks, provokes or disrupts public order, religious values and public morals."[20]

King Salman, like the late King Abdullah, has moved to restrict and redefine some of the responsibilities and powers of the Commission for the Promotion of Virtue and Prevention of Vice (CPVPV), often referred to by non-Saudis as "religious police," in response to some public concerns. A government-endorsed entity, the CPVPV assumed a prominent public role in enforcing standards of religious observance and gender segregation norms for decades. In April 2016, the government formally stripped the CPVPV of certain arrest powers, required its personnel to meet certain educational standards, and instructed them to improve their treatment of citizens. The commission remains in operation, in cooperation with security forces, and its role in society, while less visible, remains a subject of debate.[21] Periodic incidents involving CPVPV personnel and the government's moves to embrace certain types of entertainment and social gatherings shape related discussion and debate among Saudi citizens and public figures.

Critics of the kingdom's record on human issues have highlighted the fact that since the 1990s, authorities have periodically detained, fined, or arrested individuals associated with protests or public advocacy campaigns. This includes some advocates for Saudi women's rights that the government has recently moved to recognize, such as rights to drive automobiles, travel freely, or to enjoy fewer guardianship-related legal restrictions (see "Women's Rights Issues" below). Since 2016, Saudi officials have more frequently described their motives for detentions and

[19] State Department Bureau of Democracy, Human Rights and Labor, Country Reports on Human Rights Practices for 2017.

[20] Arab News (Jeddah), "Saudi Arabia to penalize individuals who create or promote social media content that disrupts public order," September 5, 2018.

[21] The State Department's 2017 report on human rights said, "evidence available at year's end indicated that CPVPV officers were less visibly present and active after implementation of the new strictures."

investigations in gender-related and other human rights cases as being based on concerns about activists' relations with foreign third parties. Saudi authorities broadly reject most international calls for specific action on human rights-related cases, which they perceive to be attempts to subvert Saudi sovereignty or undermine the kingdom's judicial procedures.

Arrests and public punishments of human rights advocates have attracted increased international attention to contentious social and human rights issues in recent years, and, in February 2017, Human Rights Watch issued a report reviewing what it described as a "stepped up" campaign against activists.[22] Cases discussed in international media include the following:

- In March 2013, Saudi authorities convicted two prominent human rights activists and advocates for detainee rights, Mohammed al Qahtani and Abdullah al Hamid, on a range of charges, including "breaking allegiance" to the king.[23]
- In January 2015, Saudi blogger Raif Badawi began receiving public flogging punishments following his conviction for "insulting Islam," a charge levied in response to Badawi's establishment of a website critical of certain Saudi religious figures and practices.[24]
- Badawi's sister Samar also is a human rights advocate—Saudi authorities questioned her in January 2016 and released her, reportedly calling her back for questioning in February 2017, and then detaining her in July 2018.[25]

The Badawis' cases have complicated Saudi Arabia's bilateral relationships with Canada and some European governments pressing for their release. In August 2018, Saudi Arabia expelled Canada's ambassador to the kingdom and recalled its ambassador from Ottawa after the Canadian embassy called for the release of Raif and Samar Badawi and other jailed activists.[26] Saudi authorities further suspended plans to invest in Canada and recalled Saudi students.

The Saudi government particularly objected to Canada's call for the "immediate release" of detained individuals, describing it as "blatant interference in the kingdom's domestic affairs, against basic international norms and all international protocols" and a "major, unacceptable affront to the kingdom's laws and judicial process, as well as a violation of the kingdom's sovereignty."[27] U.S. State Department spokeswoman Heather Nauert called on Canada and Saudi Arabia to resolve their dispute diplomatically and encouraged the Saudi government "to address and respect due process and also publicize information on some of its legal cases."[28]

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[22] Human Rights Watch, "Saudi Arabia: Intensified Repression of Writers, Activists," February 6, 2017.

[23] According to Amnesty International, the defendants were convicted on charges including "breaking allegiance to and disobeying the ruler, questioning the integrity of officials, seeking to disrupt security and inciting disorder by calling for demonstrations, disseminating false information to foreign groups and forming an unlicensed organization." Amnesty International, "Saudi Arabia punishes two activists for voicing opinion," March 11, 2013.

[24] Raif Badawi was sentenced in May 2014 to 1,000 lashes (to be administered in 20 sessions of 50 lashes) and 10 years in prison. After the first session, his subsequent punishments were delayed for medical reasons. According to the State Department's 2017 Human Rights Report, Raif Badawi remained in prison in Jeddah at year's end.

[25] Ben Hubbard, "Saudi Arabia Frees Samar Badawi, Human Rights Activist, After Questioning," *New York Times*, January 13, 2016. Her former husband is a prominent human rights activist and lawyer who also was jailed in 2014 on a range of charges related to his advocacy. See Human Rights Watch, "Saudi Arabia: 15-Year Sentence for Prominent Activist," July 7, 2014.

[26] Amanda Coletta and Kareem Fahim, Saudi Arabia expels Canadian ambassador after Ottawa criticizes arrests of Saudi activists, August 6, 2018.

[27] Saudi Ministry of Foreign Affairs, Statement, August 6, 2018.

[28] State Department Press Briefing, August 7, 2018.

In parallel, press reports and human rights advocates have noted the detention of several religious figures who are presumed to be critical of the government and recent social reforms, and, in some cases, who are accused by Saudi authorities of linkages with the Muslim Brotherhood.[29] This includes prominent conservative religious figures such as Salman al Awda, Safar al Hawali, Ali al Omari, Nasir al Umar, Awad al Qarni, and Abd al Aziz al Fawzan. Several have been harsh critics of U.S. policy in the past, and some, like Awda and Hawali, were associated with the Islamist "awakening" (*sahwa*) movement of the 1990s.

Saudi prosecutors have announced their intention to seek the death penalty against some of the detainees for their involvement with the International Union of Muslim Scholars, which the kingdom considers a terrorist organization because of its ties to neighboring Qatar (see "Qatar and Intra-Gulf Cooperation Council (GCC) Tensions" below). Public backlash in the kingdom and beyond could be considerable in light of the transnational media visibility that several of the accused have long enjoyed and their large, global social media followings.[30]

Women's Rights Issues

Many women's rights issues in Saudi Arabia remain subject to domestic debate and international scrutiny. Saudi women face restrictions on travel and employment, and male guardianship rules and practices continue to restrict women's social and personal autonomy.[31] The most recent (2017) U.S. State Department report on human rights in Saudi Arabia notes that "women continued to face significant discrimination under law and custom, and many remained uninformed about their rights."[32] The report states that, despite conditions in which "gender discrimination excluded women from many aspects of public life ... women slowly but increasingly participated in political life, albeit at a disadvantage."

The late King Abdullah recognized women's right to vote and stand as candidates in 2015 municipal council elections and expanded the size of the national Shura Council to include 30 women. The third nationwide municipal council elections were held in December 2015, and expanded the elected membership to two-thirds, lowered the voter registration age to 18 from 21, and were the first in which Saudi women could vote and stand as candidates. Female candidates won 21 of the 2,106 seats, and 17 were appointed to seats.[33]

In April 2017, King Salman ordered government agencies to review guardianship rules that restrict women's access to government services and to remove those that lack a basis in Islamic law, as interpreted by the kingdom's judicial establishment.[34] The guardianship rules remain under review. In September 2017, the government directed ministries to prepare regulations to recognize women's rights to drive, and in June 2018, Saudi women began driving with state

[29] Ben Hubbard, "Saudi Prince, Asserting Power, Brings Clerics to Heel," *New York Times*, November 5, 2017.

[30] For a critical account, see Yasmine Farouk, "The Penalties of a Death," Carnegie Middle East Center, *Diwan*, September 17, 2018.

[31] For an overview on the guardianship system and related activism, see Nora Doaiji, "Saudi Women's Online Activism: One Year of the 'I Am My Own Guardian' Campaign," Arab Gulf States Institute in Washington, October 2017; and, Margaret Coker, "How Guardianship Laws Still Control Saudi Women," *New York* Times, June 22, 2018.

[32] State Department Country Reports on Human Rights Practices for 2017, Saudi Arabia. The report attributes the differences in status among men and women in political life to "guardianship laws requiring a male guardian's permission for legal decisions, restrictions on women candidates' contact with male voters in the 2015 elections, and the ban on women driving, which the government announced would be lifted in 2018."

[33] National Public Radio, "Saudi Women React to Election Results," December 20, 2015; and, "After Historic Elections in Saudi Arabia, What's The Future for Women?" December 22, 2015.

[34] Human Rights Watch, Saudi Arabia: 'Unofficial' Guardianship Rules Banned, May 9, 2017.

approval. These moves, while controversial in the kingdom, have been seen by some outsiders as signs that managed, limited political and social reforms involving gender issues are possible. The implemented and proposed changes nevertheless have been accompanied by the detention of some of their most prominent female proponents.[35] Saudi authorities allege the detainees have inappropriate ties to foreign entities.

Minority Relations and Security

Saudi Arabia's Shia Muslim minority communities have historically faced discrimination and periodic violence, although outreach by government authorities and attempts at integration and inclusion have improved intercommunal relations in some instances.[36] Since 2014, IS terrorist attacks against Shia minority communities, low-level unrest in some Shia communities in the oil-rich Eastern Province (see Ash Sharqiyah in **Table 1** above), and small protests by students and families of Sunni security and political detainees have created strains on order and stability.

Saudi authorities continue to pursue a list of young Shia individuals wanted in connection with ongoing protests and clashes with security forces in the Eastern Province. These clashes intensified in the wake of the 2016 execution of outspoken Shia cleric Nimr al Nimr, with arson attacks targeting public buildings in some Shia-populated areas and shooting attacks having killed and injured Saudi security personnel. Nimr had been charged with incitement to treason and alleged involvement with individuals responsible for attacks on security forces.[37]

In line with the firm approach evident in Nimr's 2014 death sentence, Saudi courts have handed down lengthy jail terms and travel bans for Shia protestors and activists accused of participating in protests and attacking security force personnel over the last several years. Islamic State-linked anti-Shia terrorist attacks (see below) and continuing views among some Saudi Shia of the state as being discriminatory and encouraging of anti-Shia extremism contribute to tensions.

In May 2017, Saudi security forces traded fire with armed individuals in Nimr's home village of Al Awamiya, and one Saudi soldier was killed. Explosions and gunfire have periodically killed and injured Saudi security officers in and around Awamiyah and Qatif since mid-2017. Saudi security operations and clashes with armed locals resulted in the destruction of areas of Al Awamiya in August 2017, and government-sponsored reconstruction efforts are now underway.[38]

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[35] Women's rights activists Loujain Hathloul and Maysa al Amoudi were detained at the Saudi-UAE border in December 2014 for attempting to drive and publicizing their efforts and detention using social media. Their cases were referred to the Specialized Criminal Court (also referred to as the terrorism court), where cases involving those accused of "undermining social cohesion" are tried. Both were released in February 2015. Hathloul was detained again in May 2018. Samar Badawi, Hatoon al Fassi, and Nassima al Sada were similarly detained. See Ben Hubbard, "Saudi Arabia Agrees to Let Women Drive," *New York Times*, September 26, 2017; Kareem Fahim and Loveday Morris, "Saudi Arabia Detains Womens Rights Advocates Who Challenged Driving Ban," *Washington Post*, May 18, 2018; and, Margherita Stancati, "Saudi Arabia Detains More Women's Rights Activists," *Wall Street Journal*, August 1, 2018.

[36] Kristin Smith Diwan, "Saudi Nationalism Raises Hopes of Greater Shia Inclusion," Arab Gulf States Institute in Washington, May 3, 2018.

[37] While Nimr had studied in Iran and Syria and used public sermons and statements as vehicles for acidic criticism of the Saudi royal family's rule, a review of his available statements and sermons suggests that he did not explicitly advocate in public for the use of violence by Saudi Shia or for the adoption of Iranian-style theocratic government. Nevertheless, his rhetoric was taken as crossing several Saudi red lines in questioning the legitimacy of the Saudi royal family's rule and in calling for mass protests and civil disobedience. The Saudi government stated its view of his activity as treasonous without reference to sectarian differences, and described his sentence as the result of due process, even as it struggled to convince some international observers that the execution was just, warranted, or wise given the current regional security environment.

[38] BBC, "Awamiya: Inside Saudi Shia town devastated by demolitions and fighting," August 16, 2017; and, Saudi Gazette, "Work on Awamiya development in full swing," August 4, 2018.

U.S. travel advisories warn U.S. citizens to avoid these areas of the Eastern Province because of related tensions and the potential for renewed violence.

International Religious Freedom: Country of Particular Concern Designation

Saudi Arabia has been designated since 2004 as a country of particular concern under the International Religious Freedom Act of 1998 (P.L. 105-292, as amended) for having engaged in or tolerated particularly severe violations of religious freedom. Saudi law does not provide freedom of religion. The country's official religion is Islam, and the Quran and Sunna (traditions) of the Prophet Mohammed serve as the country's foundational legal sources. In November 2017, authorities revised the counterterrorism law to criminalize "the promotion of atheistic ideologies in any form," "any attempt to cast doubt on the fundamentals of Islam," publications that "contradict the provisions of Islamic law," and other acts deemed contrary to sharia, including non-Islamic public worship, public display of non-Islamic religious symbols, conversion by a Muslim to another religion, and proselytizing by a non-Muslim.[39] On January 3, 2018, the State Department renewed this designation and deemed the waiver of accompanying sanctions as required in the important national interest of the United States pursuant to Section 407 of the act.

Terrorism Threats and Bilateral Cooperation

The Saudi Arabian government states that it views Al Qaeda, Al Qaeda affiliates, the Islamic State (aka ISIS/ISIL or the Arabic acronym *Da'esh)*, other Salafist-jihadist groups, and their supporters as direct threats to Saudi national security. The U.S. government has described the Saudi government as "a strong partner in regional security and counterterrorism efforts,"[40] and has reported that the Saudi government has taken increased action since 2014 to prevent Saudis from travelling abroad in support of extremist groups or otherwise supporting armed extremists. In 2016, the Saudi Ministry of Interior reported that there were "2,093 Saudis fighting with terrorist organizations in conflict zones, including ISIS, with more than 70 percent of them in Syria."[41]

Saudi and U.S. officials agree that the Islamic State and Al Qaeda in the Arabian Peninsula (AQAP)—based in Yemen and led by Saudi nationals—pose continuing terrorist threats to the kingdom. From 2014 through 2017, the aggressive expansion of the Islamic State in neighboring Iraq and in Syria and the group's attacks inside Saudi Arabia created alarm in the kingdom. Following the January 2016 execution by the Saudi government of dozens of convicted AQAP suspects, including some prominent ideologues, Al Qaeda leader Ayman al Zawahiri released a statement condemning the Kingdom and calling for revenge. Some observers, including some Members of Congress, have expressed concern about the apparent strengthening of AQAP during the course of the ongoing conflict in Yemen.[42]

Persistent terrorist threats appear to be one factor that has led the Saudi government to seek stronger partnerships with the United States. Since 2017, Saudi officials have announced plans to contribute to stabilization efforts in Syria and have reengaged with Iraqi leaders in line with U.S. preferences.[43] Saudi leaders also seek support from their regional neighbors and from the United

[39] State Department Bureau of Democracy, Human Rights and Labor, International Religious Freedom Report for 2017.

[40] State Department Bureau of Near Eastern Affairs, Fact Sheet: U.S. Relations with Saudi Arabia, February 2, 2017.

[41] U.S. State Department Bureau of Counterterrorism, Country Reports on Terrorism 2016, August 2017. A report by the private consultancy The Soufan Group cites a 2016 Saudi Ministry of Interior estimate that more than 3,200 Saudi foreign fighters had travelled abroad, with 760 having returned home, and more than 7,000 Saudi nationals had been "stop listed" by Turkish interior security officials. See, Richard Barrett, *Beyond the Caliphate: Foreign Fighters and the Threat of Returnees*, The Soufan Group, October 2017.

[42] See, for example, Letter from 55 House Members to President Donald Trump, April 10, 2017.

[43] Embassy of Saudi Arabia, "Kingdom of Saudi Arabia Contributes $100 Million for Syria's Stabilization Efforts,"

States to confront what they describe as efforts by Iran and their Hezbollah allies to destabilize Yemen through support for the *Ansar Allah*/Houthi movement (see "Conflict in Yemen" below).

The Islamic State's Campaign against the Kingdom

Since 2014, IS supporters have claimed responsibility for several attacks inside the kingdom, including attacks on security officers and Shia civilians.[44] Claims for the attacks have come on behalf of members of IS-affiliated "provinces" (*wilayah)* named for the central Najd region and the western Hijaz region of the Arabian Peninsula.[45] In June 2015, an IS-affiliated Saudi suicide bomber blew himself up in a Kuwaiti mosque, killing more than two dozen people and wounding hundreds.[46] On January 29, 2016, attackers struck a Shia mosque in Al Ahsa, killing two people and wounding seven others. An IS-claimed attack in April 2016 west of Riyadh killed a senior Saudi police official, and in July 2016, a series of three IS-linked suicide bombings targeted the U.S. Consulate General in Jeddah, the Prophet's Mosque in Medina, and a Shia mosque in the Eastern Province. Saudi officials have arrested more than 1,600 suspected IS supporters (including more than 400 in July 2015) and claim to have foiled several planned attacks.[47]

The Islamic State arguably poses a unique political threat to Saudi Arabia in addition to the tangible security threats that its supporters have demonstrated through recent attacks. IS leaders claim to have established a caliphate to which all pious Sunni Muslims owe allegiance, and they directly challenge the legitimacy of the Al Saud family, who have long described themselves as the custodians of Islam's holiest sites and rulers of a state uniquely built on and devoted to the propagation of Salafist interpretations of Sunni Islam.[48] The Saudi government's use of state-backed clerics to denounce the Islamic State signals Saudi rulers' antipathy toward the group, but IS figures dismiss these clerics as apostates and "palace scholars."

IS leader Abu Bakr al Baghdadi has aggressively challenged Saudi leaders' credentials as defenders of Islam and implementers of Salafist Sunni principles, calling them "the slaves of the Crusaders and allies of the Jews" and accusing them of abandoning Sunni Palestinians, Syrians, Iraqis, and others.[49] Islamic State propaganda also has included features claiming to justify the

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August 16, 2018.

[44] Attacks include shootings of police officers, suicide bombing attacks on Shiite mosques in the Eastern Province, a suicide bombing at a prison checkpoint, an attack on Saudi security personnel in a mosque in the southwestern city of Abha, a shooting attack on a Shia meeting place in the Eastern Province, and a bombing attack targeting Ismaili Shia in the southern city of Najran.

[45] Statement attributed to Wilayah al Hijaz, Twitter, August 6, 2015.

[46] Ahmed Al Omran, "Saudi Brothers Suspected of Links to Kuwait Mosque Bombing Arrested," *Wall Street Journal*, July 7, 2015.

[47] Ahmed Al Omran, "Saudi Arabia Arrests 431 People With Suspected Islamic State Links," *Wall Street Journal*, July 18, 2015; Isa al Shamani, "Forty-Six Saudi Women are with DA'ISH in Syria; 1,375 Individuals Accused of being Members of the Organization," *Al Hayah* (London), September 3, 2015; Reuters, Saudi Arabia says arrests 17 Islamic State attack plotters, September 19, 2016; Reuters, "Saudi Arabia arrests 46 militant suspects involved in Medina attack," April 30, 2017; and, Reuters, "Islamic State claims responsibility for Saudi checkpoint attack," July 12, 2018.

[48] Al Qaeda leaders have long criticized Saudi leaders and pledged support for leaders of the Taliban movement, but largely have refrained from establishing their own rival proto-state entities.

[49] Baghdadi Statement, "Go Ye Forth Lightly or Heavily," Twitter, May 14, 2015. In a series of videos released in mid-December 2015, Islamic State-controlled "provinces" launched a coordinated media campaign condemning the Al Saud family as apostate tyrants, promising attacks in the kingdom, and encouraging IS supporters to rise up and overthrow the Saudi government. The videos promised to free prisoners held in Saudi jails and condemned the Al Saud for protecting Shia in the kingdom and for cooperating with the United States and others in military operations targeting Muslims. Themes, terms, threats, and promises were largely consistent among the December 2015 videos, which were released by most of the self-declared IS "provinces" in Iraq and Syria as well as "provinces" in Yemen, Libya, and

assassination of several prominent Saudi clerics and exhorting its followers to do so.[50] In August 2018, IS leader Al Baghdadi challenged supporters in the Arabian Peninsula to rise up, reject the influence of Saudi state-aligned scholars, and resist what he described as Saudi leaders' plans to Westernize the kingdom "in a systematic campaign" to make believers "into infidels."[51]

Some analysts have examined the similarities and differences between the kingdom's official "Wahhabist" brand of Sunni Islam and the ideology espoused by the Islamic State.[52] IS ideologues draw on the writings of Mohammed Ibn Abd al Wahhab and other clerics who have played a historic role in Saudi Arabia's official religious establishment, but pro-IS ideologues differ from official Saudi clerics in their hostility toward the Al Saud family and on other matters.

IS critiques of the Al Saud and state-aligned religious scholars may have resonance among some Saudis who disagree with the government's policies or some who have volunteered to fight in conflicts involving other Muslims over the last three decades.[53] Saudi leaders argue that it is the Islamic State that lacks legitimacy, and some Saudi observers compare the group's ideology to that of other violent, deviant groups from the past and present.[54]

Terrorist Financing and Material Support: Concerns and Responses

According to U.S. government reports, financial support for terrorism from Saudi individuals remains a threat to the kingdom and the international community, even though the Saudi government has "reaffirmed its commitment to countering terrorist financing in the Kingdom and the Gulf region."[55] Official U.S. views of Saudi counterterrorism policy have evolved since the terrorist attacks of September 11, 2001 (see **Appendix C**), and the U.S. government now credits its Saudi counterparts with taking terrorism threats seriously and praises Saudi cooperation in several cooperative initiatives. Saudi Arabia cochairs the Counter-ISIS Finance Group of the Global Coalition to Counter ISIS alongside Italy and the United States.

Egypt.

[50] Islamic State propaganda has argued "…the palace scholars of the Saudi regime …are at the forefront of this effort to dissuade Muslims from *jihad* and from upholding the *Shari'ah*, averting them from the path of Allah." See "Kill the Imams of *Kufr*," Dabiq Magazine, Issue 13, January 2016.

[51] Baghdadi statement, "But Give Glad Tidings to Those Who Patiently Persevere," August 22, 2018.

[52] For a detailed look at this question, see Cole Bunzel, *The Kingdom and the Caliphate: Duel of the Islamic States*, Carnegie Endowment for International Peace, February 18, 2016.

[53] Thomas Hegghammer, *Jihad in Saudi Arabia: Violence and Pan-Isløimism since 1979*, Cambridge University Press, 2010.

[54] See Nawaf Obaid and Saud Al-Sarhan, "The Saudis Can Crush ISIS," *New York Times*, September 8, 2014.

[55] U.S. State Department Bureau of Counterterrorism, Country Reports on Terrorism 2017, September 2018. The report included nearly identical language from the 2013, 2014, 2015, and 2016 reports. According to a July 2016 State Department report, "Bulk cash smuggling and money transfers from individual donors and Saudi-based charities have reportedly been a significant source of financing for extremist and terrorist groups over the past 25 years. Despite serious and effective efforts to counter the funding of terrorism originating within the Kingdom, Saudi Arabia is still home to individuals and entities that continue to serve as sources of financial support for Sunni-based extremist groups. Saudi Arabia has publicly imposed targeted sanctions on more than 20 Hizballah-affiliated individuals and companies since May 2015. Funds are allegedly collected in secret and illicitly transferred out of the country in cash, often via pilgrims performing Hajj and Umrah. The government has responded in recent years and increased policing to counter this smuggling. Recent regional turmoil and sophisticated usage of social media have facilitated charities outside of Saudi Arabia with ties to extremists to solicit donations from Saudi donors. Some Saudi officials acknowledge difficulties in following the money trail with regard to illicit finance, in large part due to a preference for cash transactions and regulatory challenges posed by hawala networks, which are illegal and dismantled upon discovery." U.S. State Department, 2016 International Narcotics Control Strategy Report (INCSR)—Volume II: Money Laundering and Financial Crimes Country Database, July 2016.

Overall, according to the State Department's 2017 *Country Reports on Terrorism* entry on Saudi Arabia,

> While the Kingdom has maintained strict supervision of the banking sector, tightened the regulation of the charitable sector, and stiffened penalties for financing terrorism, some funds are allegedly collected in secret and illicitly transferred out of the country in cash, sometimes under the cover of religious pilgrimages. To address this issue, the Saudi government continued efforts to counter bulk cash smuggling. Regional turmoil and the sophisticated use of social media have enabled charities outside of Saudi Arabia with ties to terrorists to solicit contributions from Saudi donors, but the government has worked to pursue and disrupt such funding streams.[56]

Saudi authorities have forbidden Saudi citizens from travelling to Syria to fight and have taken steps to limit the flow of privately raised funds from Saudis to armed Sunni groups and charitable organizations in Syria. In January 2014, the kingdom issued a decree setting prison sentences for Saudis found to have travelled abroad to fight with extremist groups, including tougher sentences for any members of the military found to have done so. The decree was followed by the release in March 2014 of new counterterrorism regulations under the auspices of the Ministry of Interior outlawing support for terrorist organizations including Al Qaeda and the Islamic State as well as organizations such as the Muslim Brotherhood.[57] The regulations drew scrutiny and criticism from human rights advocates concerned about further restrictions of civil liberties.

In August 2014, Saudi Grand Mufti Shaykh Abd al Aziz bin Abdullah bin Mohammed al Al Shaykh declared "the ideas of extremism ... and terrorism" to be the "first enemies of Muslims," and stated that all efforts to combat Al Qaeda and the Islamic State were required and allowed because those groups "consider Muslims to be infidels."[58] The statement, coupled with state crackdowns on clerics deviating from the government's antiterrorism messaging, appears to signal the kingdom's desire to undercut claims by the Islamic State, Al Qaeda, and their followers that support for the groups and their violent attacks is religiously legitimate. In conjunction with the government's expanded efforts to dissuade Saudi citizens from supporting the Islamic State and other extremist groups, Saudi security entities continue to arrest cells suspected of plotting attacks, recruiting, or fundraising for some terrorist groups.

U.S. Foreign Assistance to Saudi Arabia

U.S. training and security support to Saudi Arabia remains overwhelmingly Saudi funded via Foreign Military Sales and other contracts, reflecting Saudi ability to pay for costly programs (and limiting opportunities for Congress to affect cooperation through appropriations legislation). Saudi Arabia receives roughly $10,000 per year in International Military Education and Training (IMET) assistance authorized by the Foreign Assistance Act of 1961. This nominal amount makes Saudi Arabia eligible for a discount on training that it purchases through the Foreign Military Sales program.[59]

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[56] U.S. State Department Bureau of Counterterrorism, Country Reports on Terrorism 2017, September 2018. The 2016 reports had stated that "Despite serious and effective efforts to counter the funding of terrorism within the Kingdom, some individuals and entities in Saudi Arabia probably continued to serve as sources of financial support for terrorist groups."

[57] Saudi Ministry of Interior, List of the Security and Intellectual Prohibitions for the Citizens and Residents, Saudi Press Agency, March 7, 2014.

[58] "Saudi Grand Mufti: DA'ISH and Al-Qa'ida Are Not Affiliated to Islam and Muslims" *Al Sharq* (Dammam), August 19, 2014.

[59] Section 21(c) of P.L.90-629, the Arms Export Control Act (AECA), states that IMET recipient countries are eligible

The Bush Administration requested limited IMET funding for Saudi Arabia from FY2003 through FY2009, and the Obama Administration similarly requested annually that Congress appropriate a small amount of IMET assistance. Successive Administrations have argued that the discount supports continued Saudi participation in U.S. training programs, which in turn supports the maintenance of important military-to-military relationships and improves Saudi capabilities. President Trump's FY2018 budget request sought $10,000 in IMET for Saudi Arabia, but for FY2019 did not specifically request the funds (without explanation). The Senate Appropriations Committee report on the FY2019 State Department and Foreign Operations appropriations bill (S. 3108, S.Rept. 115-282) recommends that $10,000 in IMET assistance be provided for Saudi Arabia.

In some past years, Congress enacted prohibitions on IMET and other foreign assistance to the kingdom in annual appropriations legislation, subject to waiver provisions. The George W. Bush and Obama Administrations subsequently issued national security waivers enabling the assistance to continue.[60] Saudi officials were privately critical of the congressional prohibitions and appear to prefer to avoid contentious public debate over U.S. foreign assistance, arms sales, and security cooperation. In 2016, the Senate Appropriations Committee narrowly rejected a proposed committee amendment to the Senate version of the FY2017 Foreign Operations Appropriations Act (S. 3117) that sought to condition the provision of FY2017 IMET assistance to Saudi Arabia on certification of Yemen- and terrorism-related criteria.[61]

Arms Sales, Security Assistance, and Training

Arms Sales

Saudi Arabia's armed forces have relied on U.S. arms sales, training, and service support for decades. Congress has broadly supported U.S. arms sales to the kingdom, while seeking to maintain Israel's qualitative military edge (QME) over potential Arab adversaries and expressing concern about the merits or terms of individual sales cases in some instances. Some Members of Congress have at times expressed concern about the potential for U.S. arms sales to contribute to

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to purchase non-IMET training at reduced cost. Section 108(a) of P.L. 99-83 amended the AECA to provide this reduced cost benefit to IMET recipients. The U.S. Defense Security Cooperation Agency (DSCA) implements the authority provided in P.L. 99-83 to apply a lower cost to U.S. military training purchased by Saudi Arabia and other IMET recipient countries through the Foreign Military Sales (FMS) program. "Incremental rates" applied to the FMS training purchases of IMET recipient countries are calculated according to the terms outlined in Department of Defense Financial Management Regulation (FMR), Volume 15, Chapter 7 (Sections 0711 and 0712). The net benefit in cost savings to the kingdom is not regularly reported, although in the past, Congress has directed the executive branch to report to it on the matter. The conference report for H.R. 3288 (H.Rept. 111-366) required the Obama Administration to report to Congress within 180 days (by June 14, 2010) on the net savings this eligibility provides to Saudi Arabia and other IMET recipients.

[60] From 2004 to 2009, Congress adopted several legislative proposals to prohibit the extension of U.S. foreign assistance to Saudi Arabia. As the total amount of U.S. assistance to Saudi Arabia has been relatively minuscule in recent years, the practical effect of the prohibitions was to rescind Saudi Arabia's eligibility to purchase U.S. military training at a reduced cost, absent the issuance of presidential waivers or the assertion of existing executive authority. Some supporters of the prohibitions raised questions regarding Saudi Arabia's reliability as a counterterrorism partner, while opponents of the assistance bans argued that the provisions would unnecessarily jeopardize continuance of cooperative diplomatic and security efforts with a longstanding regional ally. Each legislative proposal differed in its cited reasons for prohibiting aid as well as whether or not it provided national security waiver authority for the President.

[61] Consideration of Amendment offered by Senator Chris Murphy to S. 3117, Senate Appropriations Committee, June 29, 2016. Committee vote—14 in favor, 16 opposed.

or help drive arms races in the Gulf region and broader Middle East and about Saudi use of U.S. origin weaponry in Yemen. At present, congressional majorities appear to back continued sales to U.S. partners in the Gulf region, including Saudi Arabia, as a means of improving interoperability, reducing the need for U.S. deployments, deterring Iran, and supporting U.S. industry.

The United States Military Training Mission (USMTM) in Saudi Arabia and the Saudi Arabian National Guard Modernization Program (PM-SANG) oversee U.S. defense cooperation with the kingdom and have been active under special bilateral agreements and funded by Saudi purchases since the 1950s and 1970s, respectively. Saudi military and national-guard forces have, until recently, been under the leadership of two different members of the royal family, and it is unclear what if any effect recent leadership changes may have on patterns of U.S. weapons acquisition and training among these forces.[62] Since 2009, a series of high-value U.S. proposed arms sales to Saudi Arabia have been announced, including the 2010 announcement that the Royal Saudi Air Force (RSAF) would reconstitute and expand its main fighter forces with advanced U.S. F-15 aircraft (see **Table B-1**.)

In May 2017, President Trump signaled a continuation and deepening of bilateral defense cooperation, announcing completed and proposed defense sales during his visit to Riyadh with a potential value of more than $110 billion (textbox). The sales include cases that the Obama Administration had proposed and notified to Congress, cases developed under the Obama Administration on which Congress had been preliminarily consulted, and new sales that remain under development. Ongoing and proposed sale cases are set to considerably improve Saudi military capabilities, and leaders in both countries appear to view them as symbolic commitments to cooperation during a period of regional turmoil and leadership change.

President Trump Announces Defense Sales During May 2017 Visit to Saudi Arabia

In early May 2017, U.S. and Saudi officials accelerated consultations on a package of proposed and new defense sales to deepen U.S.-Saudi defense cooperation. As part of these consultations and in conjunction with President Trump's May 2017 visit, Saudi authorities signed a series of Letters of Offer and Acceptance for sales proposed and notified to Congress by the Obama Administration and U.S. officials presented Memoranda of Intent regarding sales that have been informally discussed with congressional committees of jurisdiction or that the Administration intends to develop further in consultation with Saudi officials and then propose to Congress.[63] In aggregate, the sales concerned may have an approximate value of more than $110 billion dollars. They include the following:

- A Letter of Offer and Acceptance for four Littoral Combat Ships
- A Letter of Offer and Acceptance for 115 M1A2S tanks made by General Dynamics Corp., as well as munitions and heavy equipment recovery systems
- A Letter of Offer and Acceptance for PAC-3 Patriot missiles
- A Letter of Offer and Acceptance for UH-60 Helicopters
- A Letter of Offer and Acceptance for CH-47 Chinook Helicopters
- A memorandum of intent for an $18 billion program to upgrade Saudi Arabia's military command-and-control and defense communications infrastructure
- A memorandum of intent for a potential sale of the THAAD Anti-Missile System
- A proposed FMS sale to further improve the training and capacity of the Royal Saudi Air Force to include enhanced training on precision targeting capabilities, processes, and Law of Armed Conflict

[62] Katie Paul, "Saudi prince, relieved from National Guard, once seen as throne contender," Reuters, November 4, 2017; and, Glen Carey and Zaid Sabah, "Saudi King Replaces Military Commanders as Yemen War Lingers On, *Bloomberg*, February 26, 2018.

[63] The executive branch declined to make an accounting of the proposed sales publicly available. Aaron Mehta, "Revealed: Trump's $110 billion weapons list for the Saudis," *Defense News*, June 8, 2017.

- The formal notification of Congress of three proposed direct commercial sales of precision guided munitions technology (see below)

Several of the LOA agreements signed include provisions calling for the production and/or final assembly of military equipment inside Saudi Arabia as part of the kingdom's initiative to strengthen its local defense production base, as its neighbors in the United Arab Emirates have done in recent years. Saudi Arabia intends to spend 50% of its defense dollars locally as part of its Vision 2030 initiative and has established a state-owned enterprise—Saudi Arabian Military Industries (SAMI)—to oversee local defense production and service development. In conjunction with President Trump's May 2017 visit, Lockheed Martin announced plans to produce 150 Blackhawk helicopters in Saudi Arabia through a joint venture, and Raytheon announced plans to establish a Saudi Arabia-based subsidiary.

Support to Saudi Military Operations in Yemen

Saudi Arabia established a coalition in March 2015 to engage in military operations in Yemen against the Ansar Allah/Houthi movement and loyalists of the previous president of Yemen, the late Ali Abdullah Saleh (see "Conflict in Yemen").[64] The war in Yemen has continued unabated since then, leading, according to the United Nations, to one of the world's largest humanitarian crises. President Trump and Administration officials have signaled support for the Saudi-led coalition's operations in Yemen as a bulwark against Iranian regional interference, while imploring the Saudis and their partners to improve humanitarian access, pursue a settlement to the conflict, and take measures to prevent civilian casualties.

The United States' role in supporting the Saudi-led coalition's military operations in Yemen has evolved over time.[65] At present, it consists of some intelligence sharing, aerial refueling, and the deployment of advisers to Saudi Arabia for border security and anti-ballistic missile purposes.[66] In his latest biannual War Powers letters to Congress on the deployment of U.S. forces abroad in combat operations (P.L. 93-148), President Trump informed Congress about ongoing U.S. counterterrorism operations in Yemen and stated that U.S. forces in noncombat roles were providing "military advice and limited information, logistics, and other support to regional forces combatting the Houthi insurgency."[67] The Department of Defense argues that "the limited military and intelligence support that the United States is providing to the KSA-led coalition does not involve any introduction of U.S. forces into hostilities for purposes of the War Powers Resolution."[68]

[64] In early December 2017, the Houthi-Saleh alliance unraveled, culminating in the killing of former President Saleh on December 4, 2017.

[65] For background on the evolution of U.S. military support to Saudi Arabia and the Saudi-led coalition in Yemen, see CRS Report R45046, *The War in Yemen: A Compilation of Legislation in the 115th Congress*.

[66] In February 2018, the Acting Department of Defense General Counsel wrote to Senate leaders describing the extent of then-current U.S. support, and reported that "the United States provides the KSA-led coalition defense articles and services, including air-to-air refueling; certain intelligence support; and military advice, including advice regarding compliance with the law of armed conflict and best practices for reducing the risk of civilian casualties." According to the Department of Defense, "roughly 50" U.S. personnel are in Saudi Arabia for related activities including efforts focused on Houthi ballistic missile threats to the kingdom. Press reports also have included unconfirmed details about U.S. border security and counter-missile operations. See Letter from Department of Defense Acting General Counsel William Castle to Senators Mitch McConnell and Chuck Schumer, February 27, 2018; Assistant Defense Secretary for International Security Affairs Robert S. Karem, Testimony before the Senate Foreign Relations Committee, April 17, 2018; and, Helene Cooper, Thomas Gibbons-Neff and Eric Schmitt, "Army Special Forces Secretly Help Saudis Combat Threat From Yemen Rebels," *New York Times*, May 18, 2018.

[67] See, Text of a Letter from the President to the Speaker of the House of Representatives and the President Pro Tempore of the Senate, The White House, Office of the Press Secretary, June 8, 2018.

[68] Letter from Department of Defense Acting General Counsel William Castle to Senators Mitch McConnell and Chuck

U.S. in-flight refueling to the militaries of Saudi Arabia and the United Arab Emirates (UAE) has been conducted pursuant to the terms of bilateral Acquisition and Cross-Servicing Agreements (ACSAs) between the Department of Defense and the respective ministries of each country.[69] Sales and deliveries of defense articles and services continue pursuant to the Foreign Military Sales and Direct Commercial Sales procedures established in the Arms Export Control Act.

U.S. personnel advised the Saudi-led coalition on the establishment of its Joint Incident Assessment Team (JIAT) for investigation of civilian casualties but are not deployed to Saudi Arabia to assist in ongoing JIAT investigations or to independently verify JIAT conclusions.[70] In the wake of an August 2018 Saudi airstrike that killed dozens of children in northern Yemen, Secretary of Defense Mattis directed Lieutenant General Michael Garrett to travel to Saudi Arabia to urge Saudi authorities to thoroughly investigate the incident.[71] U.S. officials welcomed the JIAT's findings that the strike had violated coalition rules and best practices and the JIAT's recommendation that those responsible for evident errors be punished.[72]

Coalition officials acknowledge that some of their operations have inadvertently caused civilian casualties, while contesting some reports of civilian casualties by explaining coalition target selection and other factors. The JIAT continues to evaluate allegations of coalition involvement in strikes resulting in civilian deaths and periodically releases accounts assessing the nature and results of individual coalition operations.[73] Saudi leaders frequently state that the coalition military campaign is an act of legitimate self-defense because of their Yemeni adversaries' repeated, deadly cross-border attacks, including ballistic missile attacks.

On September 12, Secretary of State Mike Pompeo certified to Congress that the governments of Saudi Arabia and the United Arab Emirates "are undertaking demonstrable actions to reduce the risk of harm to civilians and civilian infrastructure resulting from military operations" pursuant to Section 1290 of the FY2019 John S. McCain National Defense Authorization Act (P.L. 115-91). Some Members of Congress criticized the certification. Congress continues to debate proposals that would place conditions on or direct an end to U.S. military support to coalition operations in Yemen (see **Appendix D** below).

Assistance to the Saudi Ministry of Interior

U.S.-Saudi counterterrorism and internal security cooperation has expanded since 2008, when a bilateral technical cooperation agreement established a U.S.-interagency critical infrastructure

Schumer, February 27, 2018.

[69] ACSA agreements are governed by 10 U.S.C. 2341-2350. The agreements provide for reciprocal logistical support under a variety of circumstances, and their underlying statutory authority does not prohibit U.S. support to partner forces engaged in armed conflict. U.S. ACSA agreements with Saudi Arabia and the UAE provide for the transfer of support to third parties with the prior written consent of both the original provider and original recipient. The U.S. agreement with Saudi Arabia was signed in May 2016. The executive branch has not publicly specified what legal authority or agreement provided for refueling support to Saudi aircraft from March 2015 through May 2016. Section 1271 of the FY2019 NDAA (H.R. 5515) amends the underlying authority for ACSA agreements to prohibit the transfer of logistic support, supplies, and services to parties with whom no ACSA agreement has been signed and creates an annual reporting requirement on standing ACSA agreements and their use.

[70] Samuel Oakford "One American's Failed Quest to Protect Civilians in Yemen," *The Atlantic*, August 17, 2018.

[71] Eric Schmitt, "U.S. Commander Urges More Transparency in Yemen Strike on School Bus," *New York Times*, August 27, 2018.

[72] *Arab News* (Jeddah), "Coalition 'regrets' Yemen bus strike, JIAT says those responsible should be accountable," September 2, 2018.

[73] Lojien Ben Gassem, "Fact-finding team presents results of 7 incidents in Yemeni conflict," *Arab News* (Jeddah), September 12, 2018.

protection advisory mission to the kingdom. The agreement was extended in 2013 through 2023.[74] It is unclear what changes to ongoing cooperation programs, if any, may have resulted from 2017 changes of leadership in the Ministry of Interior (MOI).

The Office of the Program Manager-Ministry of Interior (OPM-MOI) is a Saudi-funded, U.S.-staffed senior advisory mission that embeds U.S. advisors into key security, industrial, energy, maritime, and cybersecurity offices within the Saudi government "focused on the protection of critical infrastructure and the Saudi public."[75] According to the State Department, "Through the OPM-MOI program, U.S. agencies are helping Saudi Arabia improve its ability to thwart terrorists before they act and to defend against terrorist attacks if they occur."[76]

In parallel to these advisory efforts, the U.S. Army Material Command-Security Assistance Command oversees a Saudi-funded Ministry of Interior Military Assistance Group (MOI-MAG) and Facilities Security Force-Training Advisor Group (FSF-TAG). The FSF protects key infrastructure locations, such as Abqaiq, the globally critical petroleum operations facility in eastern Saudi Arabia targeted by Al Qaeda in February 2006. According to the Defense Security Cooperation Agency, as of September 2016, the U.S. government had reached sales agreements worth $262 million in support of Saudi Ministry of Interior programs since FY2009.[77]

U.S.-Saudi Trade

Saudi Arabia was the largest U.S. trading partner in the Middle East by overall value in 2017.[78] According to the U.S. International Trade Administration, Saudi exports to the United States in 2017 were worth more than $18.8 billion (down from the 2008 value of $54.8 billion). In 2017, U.S. exports to Saudi Arabia were valued at more than $16.3 billion (up more than $6 billion since 2009). To a considerable extent, the high value of U.S.-Saudi trade is dictated by U.S. imports of hydrocarbons from Saudi Arabia and U.S. exports of weapons, machinery, and vehicles to Saudi Arabia.

Fluctuations in the volume and value of U.S.-Saudi oil trade account for declines in the value of Saudi exports to the United States in some recent years. Declines in global oil prices from 2014 through 2017 and increases in U.S. domestic oil production had pronounced effects on the value of Saudi exports to the United States. According to the U.S. Energy Information Administration (EIA), as of September 2018, Saudi Arabia was the second-largest source of U.S crude oil imports, providing an average of 948 thousand barrels per day of the 7.6 million barrels per day (mbd) in gross U.S. crude imports, behind Canada.[79]

[74] Adriane Elliot, "Security assistance growth prompts restructuring," U.S. Army, September 2, 2015.

[75] "Counterterrorism Coordination with Saudi Arabia" in U.S. State Department Bureau of Counterterrorism, Country Reports on Terrorism 2015, April 2016. The program is modeled loosely on embedded advisory and technology transfer programs of the U.S.-Saudi Joint Commission for Economic Cooperation, established in the 1970s.

[76] Ibid.

[77] Defense Security Cooperation Agency Fiscal Year Series Data, September 30, 2017.

[78] Based on U.S. Department of Commerce International Trade Administration Global Patterns of U.S. Merchandise Trade, September 2018. Comparable 2017 figures for Israel, the second largest U.S. trading partner in the Middle East, were more than $21.9 billion in exports to the United States and more than $12.5 billion in U.S. exports to Israel. U.S. exports to the United Arab Emirates in 2017 were worth more than $20 billion.

[79] Based on EIA data, "Weekly Imports & Exports: Crude" and "Weekly Preliminary Crude Imports by Country of Origin," Four Week Averages, September 7, 2018.

Energy Issues

Global Energy Trends and Saudi Policy

Saudi Arabia holds the second largest proven oil reserves in the world (16% of global total) and was the largest exporter of crude oil and petroleum products in the world in 2016. The kingdom produces an average of more than 10 mbd of its estimated 12 mbd capacity and has indicated that it may not expand that capacity in light of current trends in international oil markets. In 2016, 69% of Saudi crude oil exports went to Asia, with Japan, China, South Korea, and India as the top consumers.[80] The reimposition of U.S. sanctions on Iran has raised questions about the kingdom's ability and willingness to durably increase its output and exports to maintain overall market supply. Saudi leaders stated their intent to affect such an increase, and production levels have fluctuated since June 2018. Industry analysts differ on the sustainability and potential effects of longer-term output increases by the kingdom.[81]

Since Saudi Arabia remains dependent on oil export revenues for much of its national budget, a trend of lower oil prices from 2014 through mid-2017 was viewed with some public and official concern in the kingdom. To meet related challenges, Saudi authorities devised a three-track strategy:

1. Negotiation of agreements with other oil producers to reduce and control output,
2. Increases in domestic energy prices to reduce consumption, and
3. A now-delayed plan to offer public shares in the state owned oil company Saudi Aramco and reinvest proceeds in the kingdom's Public Investment Fund (PIF).

Negotiations with Producers. Mutual reliance on oil export revenues creates parallel interests and competition for market share between Saudi Arabia, Russia, Iran, and Iraq. With oil markets adequately supplied after 2014, Saudi officials have attempted to preserve and expand the kingdom's market share, with mixed results.[82] In 2016, Saudi authorities reversed their commitment to maintaining high production levels in the face of sustained competition from U.S. producers and surplus conditions in global oil markets. Instead, Saudi Arabia convinced fellow OPEC members to embrace shared productions cuts and reached an agreement with Russia to support a production cut arrangement that market observers credit with stabilizing prices. In November 2017, officials from Saudi Arabia, other OPEC countries, and Russia agreed to extend agreed joint cuts through 2018, but agreed in general terms to increase production in June 2018 as a response to unrest in Venezuela and U.S. sanctions on Iran. In June 2018, Crown Prince Mohammad bin Salman and Russian President Vladimir Putin announced a bilateral energy cooperation agreement that Saudi and Russian Energy Ministers said would seek "a balanced market that is supported by a reliable and sufficient supply."[83]

Domestic Energy Policy. Saudi energy use has declined since 2016, partly as a result of government-imposed domestic price increases. Prior to increases on prices of subsidized domestic oil products, some reports warned that the volume of oil consumed in Saudi Arabia could exceed

[80] EIA Country Analysis Brief—Saudi Arabia, October 2017.

[81] Reuters, "Can Saudi Arabia pump much more oil?," July 1, 2018; and, Tom DiChristopher, "OPEC's oil output jumps in June as Saudi Arabia opens the taps to tame crude prices," July 11, 2018.

[82] Anjli Raval, "Saudi Arabia loses oil market share to rivals in key nations," *Financial Times* (UK), March 28, 2016.

[83] Stanley Reed, "As Their Clout Wanes, Saudi Arabia and Russia Extend Oil Production Cuts," *New York Times*, May 15, 2017.

oil exports by 2030 if domestic energy consumption patterns did not change.[84] Price increases also may help make stakes in the kingdom's energy producers more attractive to investors drawn by the higher revenue potential of exports over domestic consumption.[85]

Saudi Aramco IPO. Saudi officials apparently have now delayed plans for a partial public offering of shares in Saudi Aramco.[86] Proceeds from the offering were to benefit the kingdom's Public Investment Fund (PIF) and enable it to better support Saudi economic transformation initiatives and help manage the kingdom's fiscal needs.[87] Market analysts vigorously debated the potential value of the share offering, with Saudi officials reportedly having hoped for a valuation of $2 trillion and other sources having suggested a valuation of $1 trillion to $1.5 trillion. Corresponding proceeds of a ~5% offering could have netted the PIF $50 billion to $100 billion.[88] In discussing the potential sale, Crown Prince Mohammed bin Salman said in a May 2017 interview that the Saudi government would retain sovereign control over oil and gas reserves and production decisions under any circumstances.[89] An alternate plan is now under consideration to sell bonds to enable Saudi Aramco to purchase the PIF's stake in the petrochemical company SABIC.[90]

Potential U.S.-Saudi Nuclear Cooperation

Saudi Energy Consumption and Nuclear Plans

In July 2017, the Saudi cabinet approved a National Project for Atomic Energy, including plans to build large and small nuclear reactors for electricity production and sea water desalination. The decision comes amid a larger effort to diversify the economy and expand renewable energy use. Specifically, Saudi officials at the King Abdullah City for Atomic and Renewable Energy (KA CARE) have stated their intent to develop as many as 16 nuclear power reactors by 2040 in order to reduce the domestic consumption of oil and natural gas for electricity production.[91] The Saudi Ministry of Energy, Industry, and Mineral Resources and KA CARE envision these reactors generating up to 17.6 GW of nuclear energy, which could provide 15-20% of Saudi Arabia's projected electricity needs.

Saudi Arabia is the largest oil consumer in the Middle East, and oil consumption for electricity generation was estimated in 2017 at 700,000 barrels per day on average and 850,000 barrels per day during peak use. As of 2017, oil and natural gas generated 40% and nearly 60% of the kingdom's electricity, respectively. The use of domestically produced oil and oil products for

[84] Glada Lahn and Paul Stevens, *Burning Oil to Keep Cool: The Hidden Energy Crisis in Saudi Arabia*, Chatham House (UK), December 2011; and, John Sfakianakis, "Saudi Arabia's Essential Oil," *Foreign Affairs*, January 8, 2014.

[85] Rania El Gamal, "Burning less oil at home will help Saudi exports and Aramco IPO," Reuters, March 7, 2017.

[86] Matthew Campbell and Glen Carey, "Aramco's Stalled IPO Tarnishes Saudi Prince's Grand Vision," Bloomberg, August 23, 2018.

[87] Anthony Dipaola & Wael Mahdi, "QuickTake: Saudi Aramco," *Bloomberg*, May 5, 2017.

[88] Summer Said, "Potential Saudi Aramco IPO Wouldn't Include Oil Reserves," *Wall Street Journal*, January 24, 2016; Sam Wilkin, "Saudi Aramco's Valuation Could Top $1 Trillion After Tax Cut," *Bloomberg*, March 28, 2017; Alan Livsey, "Lex in depth: The $2tn Saudi Aramco question," *Financial Times* (UK), April 3, 2017; and, Simeon Kerr and Ahmed Al Omran, "Saudi Aramco IPO sparks fears of loss of cash cow," *Financial Times* (UK), May 10, 2017.

[89] Wael Mahdi, "Saudis to Control Crude Reserves, Output After Aramco IPO," *Bloomberg*, May 3, 2017.

[90] Katie Paul and Tom Arnold, "Saudi sovereign fund picks Goldman, BAML, Klein for SABIC sale: sources," Reuters, September 10, 2018.

[91] KA CARE 2011 statement cited in World Nuclear Association, "Nuclear Power in Saudi Arabia," October 2017.

power generation imposes a fiscal tradeoff, with opportunities lost for export revenue in an environment where market trends have strained Saudi state finances in some recent years.

Saudi leaders have stated that they intend to solicit bids for the construction of two nuclear power reactors in 2018, of a total capacity between 2 GW and 3.2 GW, with contracts to be signed for reactor construction by year's end for delivery by 2027.[92] According to KA CARE consultant Abdul Malik Al Sabery, the kingdom planned to evaluate request-for-information submissions from firms in Russia, the United States, France, China, and South Korea during January and February 2018, with the goal of prequalifying firms from two or three countries for bidding on these reactors by April or May, although that deadline has passed without an announcement.[93]

In January, Al Sabery stated that he expected that the winning firm, to be chosen in late 2018, would enter into a joint venture with the Saudi government in 2019. A separate process with South Korean partners to study the use of relatively small SMART reactors to generate electricity in remote areas also is underway. In recent years, Saudi Arabia has entered into a range of agreements concerning possible civil nuclear cooperation with several countries (**Table 2**).

Table 2. Recent Nuclear Cooperation Developments Involving Saudi Arabia

March 2015	Argentine-Saudi joint nuclear R&D venture agreed. Saudi-South Korean mutual nuclear cooperation agreements signed, including an MOU on building two small reactors for Saudi water desalination.
June 2015	KA CARE officials sign a nuclear energy cooperation agreement with Russia's Rosatom. Agreements signed with France on cooperation, including EPR reactor feasibility studies.
January 2016	Saudi Arabia and China memorandum of understanding signed regarding cooperation in the possible future construction of a high-temperature gas-cooled reactor (HTGR) in the kingdom.
October 2016	Saudi Arabia and Kazakhstan sign a nuclear cooperation agreement focused on nuclear fuel.
March 2017	Agreement signed for Chinese-Saudi feasibility study of HTGR construction in Saudi Arabia.
March-August 2017	KA CARE officials visit China to begin HTGR study implementation planning. China National Nuclear Corporation (CNNC) and the Saudi Geological Survey sign agreements on uranium exploration cooperation.
December 2017	Russia's Rosatom and KA CARE sign implementing agreement related to small and medium reactors, personnel and fuel management.

Source: Official statements and media reports.

Saudi nuclear facilities would be subject to International Atomic Energy Agency (IAEA) safeguards under the terms of the country's comprehensive safeguards agreement, which has been in force since 2009. Such safeguards present a significant hurdle to the development of nuclear weapons. The IAEA completed an Integrated Nuclear Infrastructure Review (INIR) in Saudi Arabia at the kingdom's invitation in July 2018.[94] To date, Saudi Arabia has not agreed to an Additional Protocol to its safeguards agreement. The country also has a Small Quantities Protocol (SQP) to its safeguards agreement, which in some cases the IAEA has noted when suspending certain verification requirements for NPT state-parties with small quantities of fissionable materials. The agency's Board of Governors in 2005 approved changes that were designed to bolster verification obligations under the protocol, and Saudi Arabia has not accepted the modified text. Saudi Arabia would need to rescind its SQP to build nuclear reactors.

[92] Reuters, "Saudi Arabia aims to prequalify firms by April or May for first nuclear plant," January 15, 2018.

[93] Ibid.

[94] IAEA, "IAEA Reviews Saudi Arabia's Nuclear Power Infrastructure Development," 35/2018, July 31, 2018.

U.S. Civil Nuclear Cooperation with Saudi Arabia

In 2008, the United States and Saudi Arabia signed a Memorandum of Understanding (MOU), which stated the countries' intentions to cooperate on a variety of nuclear activities in the fields of medicine, industry, and electricity production. Previous U.S. Administrations had explored a civil nuclear energy agreement with Saudi Arabia but had not finalized an agreement.

Assistant Secretary of State for International Security and Nonproliferation Christopher Ford told the Senate Foreign Relations Committee on November 28, 2017, that renewed discussions with Saudi Arabia about a nuclear cooperation agreement are "underway." In 2017, the Trump Administration expedited consideration of required regulatory approvals for U.S. firms to provide marketing information to Saudi officials, and U.S. companies have provided proposals to Saudi authorities in relation to the planned 2018 tender for nuclear reactor construction. In September 2018, Secretary of Energy Rick Perry and Minister of Energy, Industry, and Mineral Resources Khalid al Falih met in Washington, DC, and discussed, inter alia, "the potential for U.S.-Saudi civil nuclear engagement and new technologies such as Small Modular Reactors."[95]

Congressional Views, Legislation, and Administration Perspectives

It remains to be seen whether or when the Trump Administration might propose a bilateral nuclear cooperation agreement for Congress to consider. Nuclear cooperation agreements under Section 123 of the Atomic Energy Act of 1954, as amended (AEA, 22 U.S.C. 2011 et seq), are required for significant nuclear cooperation such as the transfer of certain U.S.-origin nuclear material subject to licensing for commercial, medical, and industrial purposes; the export of reactors and critical reactor components; and other commodities under Nuclear Regulatory Commission export licensing authority. A "123 agreement" is required for any covered nuclear exports but appears to be unnecessary for U.S companies to conclude contracts for nuclear reactors. Whether Saudi Arabia would be willing to conclude such a contract without a 123 agreement in place that would be required for related exports is unclear. Whether a U.S.-Saudi 123 agreement can enter into force by the end of 2018 depends on a number of variables, such as the length of the governments' negotiations and the adjournment of the 115th Congress. Congress also could enact legislation to approve an agreement notwithstanding the AEA congressional review requirements.[96]

Some Members of Congress have criticized the potential for U.S.-Saudi nuclear cooperation in the absence of a firm Saudi commitment to forego uranium enrichment and fuel reprocessing technologies. In the 115th Congress, H.R. 5357 would amend the procedures for consideration of 123 agreements to require congressional approval of any agreement not containing, inter alia, commitments by cooperating countries to forego enrichment and reprocessing. In July 2018, the Senate Foreign Relations Committee reported S.Res. 541 to the Senate, which would state the sense of the Senate

> that any United States-Saudi Arabia civilian nuclear cooperation agreement under section 123 of the Atomic Energy Act of 1954 (42 U.S.C. 2153), commonly known as a "123 Agreement", concluded in the future should prohibit the Kingdom of Saudi Arabia from enriching uranium or separating plutonium on Saudi Arabian territory in keeping with the strongest possible nonproliferation "gold standard" as well as require the Kingdom of

[95] U.S. Department of Energy, "Secretary Perry Meets with Khalid Al-Falih, Minister of Energy, Industry and Mineral Resources of the Kingdom of Saudi Arabia," September 10, 2018.

[96] Such legislation has precedent; bills introduced in the House and Senate in 2010 would have approved the 123 agreement between the United States and Australia. See CRS Report R41312, *U.S.-Australia Civilian Nuclear Cooperation: Issues for Congress*, by Mary Beth D. Nikitin and Bruce Vaughn.

Saudi Arabia to bring into force the Additional Protocol with the International Atomic Energy Agency.

Some Administration officials and nuclear industry advocates have warned of the potential for Saudi Arabia to pursue nuclear cooperation with other countries, including Russia or China, if the United States insists on including enrichment and reprocessing commitments in a bilateral agreement. Nevertheless, the Trump Administration has indicated it is seeking such commitments in discussions with Saudi authorities. In May 2018, Secretary of State Mike Pompeo said in Senate testimony, "we want a gold-standard Section 123 Agreement from them, which would not permit them to enrich."[97] Secretary of Energy Rick Perry also told a House committee that if Saudi Arabia does not reach an agreement with the United States, "the message will be clear to the rest of the world that the kingdom is not as concerned about being leaders when it comes to nonproliferation in the Middle East."[98]

Saudi Views on Fuel Cycle Technologies

Analysts have examined Saudi nuclear plans and proposals for decades in light of the kingdom's economic profile, energy resources, and security dilemmas. Saudi state policy underscores that the kingdom's nuclear energy pursuits are limited to peaceful purposes, but senior officials, including Crown Prince Mohammed bin Salman, also have stated that if Iran pursues or obtains a nuclear weapon, then the kingdom also would work to do so. In March 2018, Crown Prince Mohammed bin Salman said, "Saudi Arabia does not want to acquire any nuclear bomb, but without a doubt if Iran developed a nuclear bomb, we will follow suit as soon as possible."[99]

The 2008 U.S.-Saudi MOU on nuclear cooperation, which is a statement of intent and is not legally binding, described the Saudi government's intent "to rely on existing international markets for nuclear fuel services as an alternative to the pursuit of enrichment and reprocessing." Saudi Arabian officials have not publicly stated that they will reject prohibitions on uranium enrichment and fuel reprocessing if such prohibitions are required to enter into a bilateral nuclear cooperation agreement with the United States. However, Saudi officials also have not forsworn enrichment or reprocessing and have stated their intent to use and develop domestic resources and capabilities to support their nuclear program.

Saudi official statements since late 2017 have implied that the country seeks, at a minimum, to preserve the option to pursue uranium enrichment. KA CARE officials have said that the Saudi program may use indigenous uranium resources for fuel,[100] and, in December 2017, Saudi Energy Minister Khalid al Falih said, "we intend to localize the entire value chain with nuclear energy.... Whatever we do is going to be under strict compliance with international agreements. But we will not deprive ourselves of accessing our natural resources and localizing an industry that we intend to be with us for the long term."[101] In February 2018, Saudi Foreign Minister Adel Al Jubeir said "we want to have the same rights as other countries."[102]

[97] Secretary of State Mike Pompeo, Testimony before the Senate Foreign Relations Committee, May 24, 2018.

[98] Sec. of Energy Rick Perry, Testimony before the House Committee on Science, Space, and Technology, May 9, 2018.

[99] Reuters, "Saudi crown prince says will develop nuclear bomb if Iran does: CBS TV," March 15, 2018

[100] Ibid.

[101] Rania El Gamal and Katie Paul, "Saudi Arabia hopes to start nuclear pact talks with U.S. in weeks – minister," Reuters, December 20, 2017.

[102] CNBC, Interview with Saudi Foreign Minister Adel Al Jubeir, Munich, Germany, February 19, 2018.

Saudi Foreign Policy

Close U.S.-Saudi security cooperation continues in parallel with work to overcome U.S.-Saudi differences of opinion on some regional security threats. The latter years of President Obama's Administration were characterized by reports of tension between U.S. and Saudi leaders on key issues, most notably the conflict in Syria, Iran's nuclear program, and U.S. policy toward Egypt. Many of those issues—in addition to political-military developments in Yemen and campaigns against the Islamic State and other violent extremists—remain prominent on the U.S.-Saudi policy agenda and were identified as issues of interest during President Trump's May 2017 visit to the kingdom and Crown Prince Mohammed bin Salman's March 2018 visit to the United States.

President Trump and King Salman bin Abd al Aziz agreed to a "Strategic Partnership for the 21st Century" during the President's May 2017 trip to Riyadh. King Salman and President Obama had previously formed such a partnership in September 2015. President Trump and King Salman further agreed to a "Joint Strategic Vision for the Kingdom of Saudi Arabia and the United States of America" and announced plans for a "Strategic Joint Consultative Group" that is intended to meet "at least once a year, alternating between the two countries" to review bilateral cooperation.[103]

King Salman and Crown Prince Mohammad bin Salman have actively pursued Saudi interests across the Middle East since 2015, challenging Iran, reopening dialogue with Iraq, seeking to isolate Qatar, and fighting an ongoing war in Yemen. This Saudi activism in regional affairs has created new questions for the Trump Administration and Congress to consider, including with regard to defense cooperation.

Iran, Iraq, and Syria

Saudi policies toward Iraq, Syria, and Lebanon continue to reflect the kingdom's overarching concerns about Iran and its ties to state and nonstate actors in these countries. Statements by Saudi leaders suggest that they see Iran's policies as part of an expansionist, sectarian agenda aimed at empowering Shia Muslims in the Middle East at the expense of Sunnis.[104] Iranian leaders attribute similarly sectarian motives to their Saudi counterparts and remain critical of Saudi cooperation with the United States.[105]

Saudi concern about Iranian nuclear activities also persists. The kingdom scrutinized and then accepted the Iran-P5+1 Joint Comprehensive Plan of Action (JCPOA), later calling for its rigorous enforcement and reconsideration. In May 2018, the kingdom welcomed President Trump's decision to withdraw the United States from the JCPOA and announced its support for the reimposition of economic sanctions on Iran and efforts to curtail Iranian support to the Syrian government and various nonstate actors in the region.[106]

At present, limits on arms sales to Iran imposed under U.N. Security Council Resolution 2231 are set to remain in place until 2020. In the interim, ongoing initiatives to improve U.S.-Saudi defense cooperation and sales of new defense systems (see "Arms Sales, Security Assistance, and

[103] Joint Statement by President Trump and King Salman bin Abd al-Aziz Al Saud of Saudi Arabia, May 23, 2017.

[104] "Saudi FM to Asharq Al-Awsat: We Reject Iran's Sectarian Strife, Support for Terrorism," July 11, 2018.

[105] Reuters, "Iran's leader accuses Saudis of 'treason' against Muslims," January 16, 2018.

[106] Embassy of the Kingdom of Saudi Arabia, Washington, DC, Statement on the United States Withdrawal from the JCPOA, May 8, 2018.

Training") may further improve Saudi Arabia's conventional military advantage over Iran and strengthen its ability to meet unconventional threats from Iran or Iranian proxies.

Short of outright war between the two regional contenders, their apparent proxy competitions may intensify. Such intensification could complicate the Administration's desired outcomes in places like Lebanon, Iraq, Syria, and Yemen, and could affect stated U.S. national security objectives across the Middle East.

Iraq

In December 2015, Saudi officials reopened the kingdom's diplomatic offices in Iraq after a 25-year absence, marking a milestone in a relative normalization of Saudi-Iraqi relations that occurred after the 2014 change in Iraqi leadership from Nouri al Maliki to Prime Minister Hayder al Abadi. U.S. officials have praised a series of official visits by senior Saudis to Iraq intended to strengthen ties with Iraq's government. Border crossings between the two countries have been reopened, although to date Saudi Arabia and the other GCC states have not offered major new economic or security assistance or new debt relief initiatives to help stabilize Iraq.[107] Saudi officials view the empowerment of Iran-linked Shia militia groups in Iraq with suspicion. It remains to be seen whether or how Saudi-Iraqi relations may be affected by the selection of a new government in Iraq following May 2018 elections.[108]

Syria

With regard to Syria, Saudi authorities back the U.N. Security Council's call for a negotiated settlement to the conflict and would prefer that such a settlement result in a transition away from the Iran-aligned government of Syrian President Bashar al Asad.[109] Saudi efforts to consolidate and align the views of various Syrian opposition actors and armed groups bore some fruit in 2017, but divisions among Syrian factions persist. In conjunction with the Trump Administration's plans to reduce some U.S. spending on stabilization efforts in areas of Syria liberated from the Islamic State, Saudi authorities have agreed to make contributions and, in August 2018, announced plans to spend $100 million on related programs.

Conflict in Yemen

Saudi Arabia has long exercised a strong role in Yemen, seeking to mitigate various threats to the kingdom through liaison relationships and security interventions. Saudi officials expressed increasing concern about developments in Yemen over the course of 2014, as the Saudi- and GCC-backed transition process there stalled. An alliance between the northern-Yemen based Zaydi Shia movement known as the Houthis/*Ansar Allah* (see text box below) and forces loyal to the now deceased former president Ali Abdullah Saleh grew more aggressive in their attempts to coerce transitional authorities.

In mid-2014, pro-Saleh and Houthi forces took control of the Yemeni capital, Sana'a, and, in September 2014, they continued military operations in contravention of an agreed power-sharing arrangement with the Hadi government. Houthi forces' unwillingness to withdraw from the capital and unilateral moves by Houthi leaders and Saleh supporters to circumvent Hadi's authority precipitated a crisis that culminated in the outbreak of renewed conflict and Hadi's

[107] Saudi Arabia claims nearly $16 billion in Iraqi official debt dating to the era of Saddam Hussein's war with Iran.

[108] See CRS Report R45096, *Iraq: In Brief*, by Christopher M. Blanchard.

[109] U.N. Security Council Resolution (UNSCR) 2254, adopted in 2015, endorsed a "road map" for a political settlement in Syria, including the drafting of a new constitution and the administration of U.N.-supervised elections.

resignation and de facto house arrest in January 2015. Houthi leaders announced a new governance plan in February 2015 and in March launched an offensive against pro-Hadi forces in central and southern Yemen.

In response, the Saudi Foreign Minister decried what the kingdom considered a "serious escalation… carried out by an Al Houthi militia coup against constitutional legitimacy."[110] Days later, as Houthi forces advanced on the southern city of Aden, Saudi Arabia and members of a coalition launched air strikes in response to a specific request from President Hadi.[111] Saudi Arabia has led a military coalition of mostly Arab states since March 2015 in efforts to reinstate the Hadi government.[112]

Yemen's Houthi Movement and Saudi Arabia

The *Ansar Allah* movement is a predominantly Zaydi Shia revivalist political and insurgent movement that formed in the northern province of Sa'da in 2004 under the leadership of members of the Al Houthi family. It originally sought an end to what it viewed as efforts to marginalize Zaydi Shia communities and beliefs, but its goals grew in scope and ambition as it embraced a populist, antiestablishment message following the 2011 uprising in Yemen. Members of its Zaydi Shia base of support are closer in their beliefs to Sunni Muslims than most other Shia, and some Yemeni observers argue that the motives of the Houthi movement are evolving to include new political and social goals that cannot be explained strictly in sectarian terms. Skeptics highlight the movement's ideological roots, its alleged cooperation with Iran, and the slogans prominently displayed on its banners: "God is Great! Death to America! Death to Israel! Curse the Jews! Victory to Islam!"

Saudi air, ground, and border forces fought Houthi militia members in 2009 in a campaign that ejected Houthi fighters who had crossed the Saudi border, but Saudi Arabia failed to defeat the movement or end the potential threat it posed to southern Saudi Arabia and Saudi interests in Yemen. The development and increased sophistication of Houthi military capabilities since 2014 is a source of significant concern to Saudi Arabia, especially the group's demonstrated ability to conduct cross-border missile attacks against targets inside the kingdom.[113] U.S. officials express concern not only about Houthi threats to Saudi Arabia, but the potential for ties between the Houthi movement, Iran, and Iranian-supported groups such as Hezbollah to develop to an extent that Houthi forces could pose a durable, Iranian-linked threat in the southern Arabian Peninsula and Red Sea region.

Since April 2015, U.N. Security Council Resolution 2216 has demanded that the Houthis take a number of steps immediately and unconditionally that remain unfulfilled, including

- ending their use of violence;
- withdrawing their forces from all areas they have seized, including the capital Sana'a;
- relinquishing all additional arms seized from military and security institutions, including missile systems;
- ceasing all actions that are exclusively within the authority of the legitimate Government of Yemen; and
- refraining from any provocation or threats to Yemen's neighbors, including through acquiring surface-surface missiles and stockpiling weapons in territory adjacent to Yemen's borders.

[110] Saudi Ministry of Foreign Affairs, Minister of Foreign Affairs Stresses Depth of Historical and Strong Relations Between Saudi Arabia and Britain, March 24, 2015.

[111] Text of Hadi request letter in "GCC statement: Gulf countries respond to Yemen developments," *The National* (UAE), March 26, 2015.

[112] See CRS Report R43960, *Yemen: Civil War and Regional Intervention*, by Jeremy M. Sharp.

[113] For a detailed discussion, see Michael Knights, "The Houthi War Machine: From Guerrilla War to State Capture," U.S. Military Academy Combatting Terrorism Center, *Sentinel*, Volume 11, Issue 8, September 2018.

Yemen and U.S.-Saudi Relations

Saudi Arabia's military intervention in neighboring Yemen has placed the United States in a difficult position. On the one hand, U.S. officials share Saudi concerns about the ouster of the Hadi government, Iranian ties to the Houthi movement, and armed extremist threats from Al Qaeda and Islamic State supporters in Yemen. On the other hand, Saudi intervention has embroiled a key U.S. partner in a seemingly intractable armed conflict in which Saudi use of U.S.-origin weaponry appears to have contributed to mass displacement and resulted in civilian casualties and infrastructure damage. As the conflict continues, extremist groups have remained active, and Houthi forces conduct cross-border attacks and threaten maritime security in the Red Sea, with some Iranian support.

The Saudi intervention in Yemen also may have broader implications for the kingdom's future leadership and stability. Insofar as Crown Prince Mohammed bin Sultan has portrayed himself as the architect and leader of the intervention, its relative success or failure may shape perceptions of his competence and judgment. Saudi casualties in the campaign also have cost the kingdom's military some key personnel and added to the domestic political sensitivity of the overall effort.

Despite possible concerns over the ramifications of Saudi-led operations, both the Trump and Obama Administrations have voiced diplomatic support for Saudi efforts to reinstall Hadi's government and have provided logistical and intelligence support to Saudi-led military operations. U.S. officials have repeatedly spoken about what they view as the importance of avoiding civilian casualties and reaching a negotiated solution to the crisis.

- Congressional concerns expressed in the 114th and 115th Congress have been driven in part by civilian casualties and deteriorating humanitarian conditions resulting from Saudi and coalition military operations in Yemen. Related legislative proposals and debates are discussed in detail in CRS Report R45046, *The War in Yemen: A Compilation of Legislation in the 115th Congress*, by Jeremy M. Sharp and Christopher M. Blanchard
- Congress reviews proposed foreign military and commercial arms sales pursuant to the provisions of the Arms Export Control Act, and some Members have sought to condition or disapprove of proposed sales to Saudi Arabia.[114] Critics of proposed sales argue that Saudi airstrikes in Yemen using U.S. munitions and weapons platforms violate international humanitarian law and that further U.S. sales of identical or related items risk facilitating further such airstrikes or otherwise indelibly associating the United States with Saudi conduct. Proponents of the sales argue that in order to improve Saudi military operations and targeting, the United States should provide more advanced U.S. technology and expand training and intelligence support to the Saudi air force.
- Congress also authorizes and appropriates funds for Department of Defense activities in support of the Saudi-led coalition, and some Members have proposed conditions on U.S. support and sought certifications on Saudi and coalition activities and additional information about U.S. programs.
- Congress also reviews U.S. military operations pursuant to its war powers under the Constitution and pursuant to the War Powers Resolution (P.L. 93-148). Some Members have proposed legislation directing the President to withdraw U.S. military forces from missions in Yemen not expressly authorized by Congress.

U.S. officials have acknowledged[115] that pressure from Congress has altered how the Administration deals with the coalition over the Yemen conflict, and Congress continues to debate legislative proposals seeking variously to

- Require additional oversight reporting on U.S. activities;
- Restrict or prohibit the deployment of U.S. military personnel or the use of U.S. funds for certain purposes in Yemen; and/or
- Condition or prohibit the provision of certain support or the sale of certain weaponry to Saudi Arabia.

Since 2015, Houthi fighters have launched attacks on Saudi border areas that have killed Saudi civilians and security personnel, and Saudi military operations have continued to strike Houthi positions across Yemen. Iranian material and advisory support to the Houthi war effort—including the provision of missiles that have been fired into Saudi Arabia—has amplified Saudi leaders' anxieties and concerns. Saudi forces have intercepted missile attacks from Yemen on several occasions, including a missile attack on Riyadh in November 2017.

[114] See CRS Report RL31675, *Arms Sales: Congressional Review Process*, by Paul K. Kerr.

[115] Acting Assistant Secretary of State for Near Eastern Affairs David Satterfield, Testimony before the Senate Foreign Relations Committee, April 17, 2018.

As the military campaign has continued, reports of civilian casualties and displacement; food, medicine, and water shortages; advances by AQAP forces; Islamic State attacks; and persistence by the Houthis and their allies have fueled international criticism of Saudi policy. In August 2018, U.N. officials estimated that 6,660 civilians have been killed in the conflict since March 2015 and another 10,563 injured.[116] A report issued by the U.N. Human Rights Council-organized Group of International and Regional Eminent Experts on Yemen attributed most direct civilian casualties to coalition airstrikes based on data from the U.N. Office of the High Commissioner for Human Rights and also described potential violations of international law by Houthi forces and their allies.[117] Humanitarian conditions worsened significantly in Yemen in 2017 amid Saudi coalition-enforced limits on air and sea access that have remained in place, with some changes. Periodic coalition strikes that cause civilian casualties continue.

Saudi officials have acknowledged some shortcomings in their operations, while placing most of the blame for reported civilian deaths and for difficult humanitarian conditions on the activities of and threats posed by their adversaries. Saudi officials accuse Houthi forces of conspiring to restrict flows of humanitarian goods to areas under their control and of profiting from the illicit diversion and sale of such goods. Saudi officials also underscore their view of the Houthis as a hostile minority movement that is opposed by many other Yemenis and continues to benefit from Iranian security support to the detriment of the kingdom's security.

Saudi and coalition officials have taken some steps to improve humanitarian access and implement more effective military targeting, but criticism has grown among some Members of Congress and several legislative proposals have been made to condition, reduce, or eliminate related U.S. assistance (see **Appendix D**).[118]

Successive U.S. Administrations have expressed varying degrees of criticism of some coalition actions while emphasizing a consistent view that strictly military solutions to the Yemen conflict are not possible. At present, the U.S. government continues to provide limited military support to the Saudi-led coalition in Yemen, while stating that, for the United States, "ending the conflict in Yemen is a national security priority."[119]

In September 2018, the Administration certified to Congress pursuant to the FY2019 NDAA (P.L. 115-232) that the Saudi and Emirati governments are taking steps to reduce the risk of harm to civilians and civilian infrastructure, engaging in good-faith efforts to diplomatically resolve the conflict, and acting to alleviate the humanitarian crisis and reduce unnecessary delays to shipments entering Yemen. The Administration's certifications described steps taken by U.S. government officials to engage Saudi and Emirati officials on related issues and to encourage them to take specific actions. Updated certifications are required under the provisions of the FY2019 NDAA not later than 180 and 360 days from August 13, 2018. Some Members of Congress have criticized the Administration's decision to certify the coalition's actions and may propose new legislation related to U.S. operations in Yemen and arms sales to coalition countries.[120]

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[116] U.N. Document A/HRC/39/43, Report of the United Nations High Commissioner for Human Rights containing the findings of the Group of Independent Eminent International and Regional Experts, August 17, 2018.

[117] According to the OHCHR data, OHCHR, coalition airstrikes have killed at least 4,300 civilians. See Annex 4, U.N. Document A/HRC/39/43, Report of the United Nations High Commissioner for Human Rights containing the findings of the Group of Independent Eminent International and Regional Experts, August 17, 2018.

[118] Also see CRS Report R45046, *The War in Yemen: A Compilation of Legislation in the 115th Congress*, by Jeremy M. Sharp and Christopher M. Blanchard.

[119] Statement by Secretary of State Mike Pompeo, September 12, 2018.

[120] Joe Gould, "Yemen skeptics in Congress see politics shifting their way — and against Trump," *Defense News*,

Qatar and Intra-Gulf Cooperation Council (GCC) Tensions

Saudi-Qatari disputes have flared periodically over the last 20-plus years and soured significantly in 2017.[121] Saudi Arabia has taken issue with the pro-Islamist and independent foreign policy pursued by Qatar's leaders and opposed Qatar's maintenance of ties to Iran, with which Qatar shares lucrative natural gas reserves.

Saudi Arabia and Qatar have both sought to shape the outcome of regional uprisings since 2011, in some cases using their own military forces, such as in Libya and Yemen, and, in other cases, such as Syria, supporting different nonstate armed groups. In March 2014, these and related differences—including over the 2013 military overthrow of an elected Muslim Brotherhood-linked President of Egypt—widened to the point where Saudi Arabia, UAE, and Bahrain withdrew their ambassadors from Doha. The ambassadors returned in November 2014 in exchange for mutual pledges not to interfere in each other's affairs. Nevertheless, underlying policy differences remained.

Emir Tamim bin Hamad participated in the May 2017 U.S.-Gulf summit and met with President Donald Trump, but there were indications of Qatari-Saudi discord prior to and during the summit. On June 5, 2017, Saudi Arabia abruptly severed diplomatic relations with Qatar, closed the land border between the two countries, closed its air space and waters to Qatari vessels, prohibited Saudi nationals from visiting or transiting Qatar, and gave Qatari nationals 14 days to leave the kingdom. The moves followed a period of escalation in official Saudi-Qatari confrontation marked by mutual recriminations and accusations.

Saudi Arabia accuses Qatar's government of supporting terrorism, interfering in the internal affairs of fellow Arab states, and facilitating Iranian efforts to destabilize Saudi Arabia and its neighbors.[122] Qatar rejects the charges and views Saudi Arabia as seeking to violate Qatari sovereignty and impose its will on the country's leaders and population.[123] Qatar has rejected some demands presented by Saudi Arabia, the United Arab Emirates, Egypt, and Bahrain, but has sought to resolve the confrontation through negotiation. Saudi authorities have kept their isolation measures in place. Both sides of the dispute have sought to influence the United States to support their position.

The United States maintains close defense cooperation, including arms sales, with both Saudi Arabia and Qatar and continues to operate from military bases in Qatar. U.S. officials have called for reconciliation and have offered to facilitate dialogue among the parties. Limitations imposed on travel and transit to Qatar by Saudi Arabia could impact U.S. nationals and businesses, and U.S. nationals and businesses operating in the kingdom may face pressure to limit or curtail their contacts with Qatar as the dispute continues.

Israeli-Palestinian Affairs

For decades, official Saudi statements have been routinely critical of Israeli policies, and many Saudi clerics, including leading official clerics, appear to remain implacably hostile to Israel. Apart from any potential alignment of views or interests with Israel on some regional threats, Saudi leaders and government officials have historically been vocal advocates for the Palestinians

September 13, 2018.

[121] For background, see Kristian Coates Ulrichsen, "Qatar: The Gulf's Problem Child," *Atlantic Monthly*, June 5, 2017, and, CRS Report R44533, *Qatar: Governance, Security, and U.S. Policy*, by Kenneth Katzman.

[122] Saudi Ministry of Foreign Affairs, Statement, June 5, 2017.

[123] Qatar Ministry of Foreign Affairs, Statement, June 5, 2017.

in the context of Israeli-Arab disputes. Saudi Arabia supports the international recognition of a Palestinian state and full Palestinian membership at the United Nations.

Shared antipathy to the Iranian government's policies, parallel cooperation with the United States, and shared terrorism concerns do not appear to have contributed to tangibly closer Saudi-Israeli ties in recent years. However, some new, overt contacts have occurred between Saudis and Israeli government officials, and this has driven speculation about the potential for a breakthrough in bilateral engagement.[124]

In May 2017, President Trump flew directly to Israel from Saudi Arabia and upon his arrival said, "I was deeply encouraged by my conversations with Muslim world leaders in Saudi Arabia, including King Salman, who I spoke to at great length. King Salman feels very strongly, and I can tell you would love to see peace between Israel and the Palestinians."[125] The U.S.-Saudi joint statement released following President Trump's May 2017 visit to the kingdom says that the President and King Salman "stressed the importance of reaching a comprehensive peace between Israelis and Palestinians" and "agreed to do everything they can to promote an environment that is conducive to advancing peace."[126]

King Salman has remained committed to the terms of the peace initiative his predecessor (the late King Abdullah) put forward under the auspices of the Arab League in 2002. The initiative calls for normalization of Arab relations with Israel if Israel were to

1. withdraw fully from the territories it occupied in 1967,
2. agree to the establishment of a Palestinian state with a capital in East Jerusalem, and
3. provide for the "[a]chievement of a just solution to the Palestinian Refugee problem in accordance with U.N. General Assembly Resolution 194."[127]

In January 2018, King Salman reiterated the kingdom's "firm position on the Palestinian cause and the legitimate rights of the Palestinian people to establish their independent state with Jerusalem as its capital and on continuing efforts to find a just and lasting solution to the Palestinian cause in accordance with relevant international resolutions."[128] Saudi officials reportedly have consulted with other Arab states on joint responses to the Trump Administration's

[124] Israeli Prime Minister Benjamin Netanyahu speculated in January 2016 that "Saudi Arabia recognizes that Israel is an ally rather than an enemy because of the two [principal] threats that threaten them, Iran and Daesh [the Arabic acronym for the Islamic State]." i24 News, "Netanyahu urges EU to adopt policy of moderate Arab states on Israel," January 22, 2016.

[125] President Donald Trump, Remarks with Israeli President Reuven Rivlin, May 22, 2017.

[126] The White House, Joint Statement Between the Kingdom of Saudi Arabia and the United States of America, May 23, 2017.

[127] Adopted in December 1948, General Assembly Resolution 194 states that "the refugees wishing to return to their homes and live at peace with their neighbours should be permitted to do so at the earliest practicable date, and that compensation should be paid for the property of those choosing not to return and for loss of or damage to property which, under principles of international law or in equity, should be made good by the Governments or authorities responsible." This resolution is often cited by advocates for the right of Palestinian refugees to return to their former homes in what is now Israel. In April 2013, representatives of the Arab League agreed that land swaps could be an element of a conflict-ending agreement between Israel and the Palestinians. In September 2015, King Salman and President Obama "underscored the enduring importance of the 2002 Arab Peace Initiative, and underlined the necessity of reaching a comprehensive, just and lasting settlement to the conflict based on two states living side-by-side in peace and security." Joint Statement on the Meeting between President Barack Obama and King Salman bin Abd al Aziz Al Saud, September 4, 2015.

[128] Ministry of Foreign Affairs, Statement on Phone Conversation between King Salman and Palestinian Authority President Mahmoud Abbas, January 9, 2018.

recognition of Jerusalem as the capital of Israel and U.S. decisions to reduce contributions to U.N. relief efforts for Palestinian refugees.

At an Arab League meeting in September 2018, Saudi Foreign Minister Adel al Jubeir said, "the Palestinian cause is the top priority and concern of the Kingdom of Saudi Arabia, which seeks to achieve the legitimate rights of the Palestinian people based on the Arab Peace Initiative and the resolutions of international legitimacy for the establishment of an independent state on the 1967 borders with East Jerusalem as its capital."[129]

Saudi relations with Hamas have evolved over time and have grown strained since 2017, amid the deteriorating relationship between Iran and Saudi Arabia and Saudi confrontation with Qatar. Whereas Saudi authorities vociferously criticized Israeli conduct during the summer 2014 Gaza war with Hamas, condemning what they described as "Israeli inhuman aggression" and pledging Saudi support "to the Palestinian brothers in the West Bank and Gaza Strip to alleviate the difficult conditions in which they live because of the Israeli aggression and terrorism,"[130] in June 2017, Foreign Minister Al Jubeir called on Qatar "to stop supporting groups like Hamas."

Outlook

As described above, Saudi Arabia has close defense and security ties with the United States anchored for decades by long-standing military training programs and supplemented by high-value weapons sales, critical infrastructure security cooperation, and counterterrorism initiatives. Joint security ties would be difficult and costly for either side to fully break or replace. While Saudi and U.S. officials have taken steps to maintain and deepen these ties, differences in preferred tactics and methods may continue to complicate bilateral coordination on regional security issues, including on Iran and action against the Islamic State and other terrorist groups. U.S. willingness to arm and train Saudi security forces may reduce potential burdens on U.S. forces, but may also more deeply entangle the United States in dilemmas or disputes in cases where U.S.-equipped or -trained Saudi forces are deployed.

In recent years, U.S. policymakers have engaged with an emerging class of Saudi leaders during a particularly challenging and tumultuous period for the kingdom and its neighbors. Islamic State attacks, leadership transition and consolidation in the kingdom, the collapse of the Saudi-backed transitional government in neighboring Yemen, oil market trends, Russian military intervention in Syria, and Iranian nuclear policy and regional activism have all created pressure on Saudi leaders and tested U.S.-Saudi relations. Saudi Arabia's pursuit of an independent and assertive course on regional security issues and its leaders' ambitious plans to transform the kingdom's economy and fiscal base reflect these concerns and offer both new opportunities for U.S.-Saudi partnership and shared risks.

Over time, Saudi and U.S. officials have periodically attempted to articulate a shared "strategic vision" that includes, but extends beyond, defense and counterterrorism partnership. As the kingdom repositions itself as a hub for global investment, commercial ties and investment opportunities may forge new bonds between Saudis and Americans, even if U.S. firms may not enjoy the privileged role they once held in the increasingly open Saudi market. In June 2017, former U.S. Ambassador to Saudi Arabia Joseph Westphal identified education and judicial reform as potential areas for expanded U.S.-Saudi cooperation.

Changes to succession arrangements have elevated Crown Prince Mohammed bin Salman and raised the prospect that, while still in his 30s, he could succeed his father and potentially remain

[129] Foreign Minister Adel al Jubeir, Statement to 150th session of the Arab League Council in Cairo, Sept. 11, 2018.

[130] Saudi Press Agency (Riyadh), Deputy Crown Prince Chairs Cabinet's Session, August 18, 2014.

as monarch for decades. The Crown Prince's economic and social reform proposals would overturn decades of precedent, and he has taken dramatic steps against high-profile individuals accused of corruption and/or abuse of power, including fellow royal family members.

The changes unfolding may eliminate uncertainty about the consolidation of power among the next generation of Saudi leaders, but also may signal an end to the system of ostensibly consensus-based rule among the Al Saud family that has prevailed since the 1960s. Successive U.S. Administrations have cultivated ties to different royal actors and security entities in Saudi Arabia in an effort to build a broad-based partnership with different power centers. Consolidated control could alter the dynamics of U.S.-Saudi cooperation, particularly with regard to Saudi purchases of military equipment. Alternatively, if the Crown Prince's initiatives stall or fail, recent events could mark the beginning of a more volatile period in the kingdom and in U.S.-Saudi relations, with varying and potentially serious economic and security consequences.

If past patterns in the bilateral relationship prevail, leaders on both sides may seek to maintain U.S.-Saudi solidarity, while managing points of friction and resisting calls from some parties on both sides for a more fundamental reevaluation of a productive, if imperfect, partnership. Congress may continue to shape bilateral relations through its oversight of U.S.-Saudi security cooperation and its engagement on regional economic and diplomatic policy issues.

Appendix A. Historical Background

The modern kingdom of Saudi Arabia is the third state established in the Arabian Peninsula since the end of the 18th century based on the hereditary rule of members of the Al Saud family. In the mid-18th century, a local alliance developed between the Al Saud and the members of a puritanical Sunni Islamic religious movement led by a cleric named Mohammed ibn Abd Al Wahhab. Alliances between the Al Saud family and supporters of Abd Al Wahhab (referred to by some as Wahhabis) built two states in the Arabian Peninsula during the next century. Each eventually collapsed under pressure from outside powers and inter- and intrafamily rivalries.

During the first quarter of the 20th century, an Al Saud chieftain named Abd al Aziz ibn Abd al Rahman Al Saud (commonly referred to as Ibn Saud) used force to unify much of the Arabian Peninsula under a restored Al Saud state. Ibn Saud's forces overcame numerous tribal rivals with the support of an armed Wahhabi contingent known as the Ikhwan (or brotherhood), and, at times, with the financial and military backing of the British government. By 1932, King Abd al Aziz and his armies had crushed an Ikhwan revolt, consolidated control over most of the Arabian Peninsula, and declared the establishment of the Kingdom of Saudi Arabia.

Six of Ibn Saud's sons—Kings Saud, Faisal, Khaled, Fahd, Abdullah, and Salman—have succeeded him as rulers of the Saudi kingdom during the subsequent eight decades. This era has been dominated by the development and export of the kingdom's massive oil resources, the resulting socioeconomic transformation of the country, and accompanying religious and cultural debates spurred by rapid change. During this period, Al Saud rulers have managed a complex consensus-based system of governance, balancing the various interests of tribal, religious, regional, political, and economic constituencies.

A series of agreements, statements by successive U.S. Administrations, arms sales, military training arrangements, and military deployments have demonstrated a strong U.S. security commitment to the Saudi monarchy since the 1940s. That security commitment was built on shared economic interests and antipathy to Communism and was tested by regional conflict during the Cold War. It has survived the terrorism-induced strains of the post-Cold War era relatively intact, and has continued as new arms sales to Saudi Arabia—the largest in U.S. history—are implemented. Transition to a new generation of leadership in the Al Saud family, evolution in the Saudi economy, and instability in the regional security environment may continue to create challenges and opportunities for the U.S.-Saudi relationship.

Appendix B. Proposed Major U.S. Defense Sales to Saudi Arabia

Table B-1. Proposed Major U.S. Foreign Military Sales to Saudi Arabia

January 2009 to September 2018; Possible values in billions of dollars

Formal Notification Date	System	Recipient Force	Pos. Value
August 2009	CNS-ATM	RSAF	$1.500
August 2009	TASS	RSAF	$0.530
December 2009	SANG Modernization	SANG	$0.177
September 2010	Blanket Order Training Program	RSAF	$0.350
October 2010	F-15 Sales, Upgrades, Weaponry and Training	RSAF	$29.400
October 2010	APACHE, BLACKHAWK, AH-6i, and MD-530F Helicopters	SANG	$25.600
October 2010	APACHE Longbow Helicopters	RSLF	$3.300
October 2010	APACHE Longbow Helicopters	Royal Guard	$2.200
November 2010	JAVELIN Missiles and Launch Units	—	$0.071
May 2011	Night Vision and Thermal Weapons Sights	RSLF	$0.330
June 2011	CBU-105D/B Sensor Fuzed Weapons	RSAF	$0.355
June 2011	Light Armored Vehicles	—	$0.263
June 2011	Light Armored Vehicles	SANG	$0.350
September 2011	Howitzers, Fire Finder Radar, Ammunition, HMMWVs	—	$0.886
October 2011	Up-Armored HMMWVs	RSLF	$0.033
December 2011	PATRIOT Systems Engineering Services	—	$0.120
August 2012	RSAF Follow-on Support	RSAF	$0.850
August 2012	Link-16 Systems and ISR Equipment and Training	RSAF	$0.257
November 2012	C-130J-30 Aircraft and KC-130J Air Refueling Aircraft	RSAF	$6.700
November 2012	RSLF Parts, Equipment, and Support	RSLF	$0.300
November 2012	PATRIOT (PAC-2) Missiles Recertification	RSADF	$0.130
June 2013	SANG Modernization Program Extension	SANG	$4.000
July 2013	Mark V Patrol Boats	RSNF	$1.200
August 2013	RSAF Follow-on Support	RSAF	$1.200
October 2013	U.S. Military Training Mission (USMTM) Program Support Services	MOD	$0.090
October 2013	SLAM-ER, JSOW, Harpoon Block II, GBU-39/B Munitions	RSAF	$6.800
November 2013	C4I System Upgrades and Maintenance	RSNF	$1.100
December 2013	TOW 2A and 2B Missiles	RSLF	$0.170
December 2013	TOW 2A and 2B RF Missiles	SANG	$0.900

Formal Notification Date	System	Recipient Force	Pos. Value
April 2014	Facilities Security Forces- Training and Advisory Group (FSF-TAG) Support	MOI	$0.080
August 2014	AWACS Modernization	RSAF	$2.000
October 2014	Patriot Air Defense System with PAC-3 enhancement	—	$1.750
May 2015	MH-60R Multi-Mission Helicopters	—	$1.900
July 2015	Ammunition	RSLF	$0.500
July 2015	Patriot Advanced Capability-3 (PAC-3) Missiles	—	$5.400
October 2015	UH-60M Black Hawk Utility Helicopters	RSLF Aviation Command	$0.495
October 2015	Multi-Mission Surface Combatant Ships	RSNF	$11.250
November 2015	Air-to-Ground Munitions	RSAF	$1.290
February 2016	MK 15 Phalanx Close-In Weapons System (CIWS) Block 1B Baseline 2 Kits	RSNF	$0.154
February 2016	USMTM Technical Assistance Field Teams and other Support	—	$0.200
August 2016	M1A2S Tanks and Related Equipment	RSLF	$1.150
December 2016	CH-47F Chinook Cargo Helicopters	RSLF Aviation Command	$3.510
January 2017	Persistent Threat Detection System (PTDS) Aerostats	RSLF	$0.525
May 2017	Naval Training Blanket Order	RSNF	$0.250
June 2017	Air Force Training Blanket Order	RSAF	$0.750
June 2017	AN/TPQ 53-V Radar and Support (Counter Indirect Fire)	RSLF	$0.662
October 2017	Terminal High Altitude Area Defense (THAAD)	RSADF	$15.000
January 2018	Missile Support Services	—	$0.500
March 2018	TOW 2B (BGM-71F-Series) Missiles	—	$0.670
March 2018	RSLF Ordnance Corps FMS Order II	RSLF	$0.300
March 2018	Maintenance Support Services	RSLF Aviation Command	$0.106
April 2018	155mm M109A6 Paladin Howitzer System	RSLF	$1.310
Total			**$138.914**

Source: U.S. Defense Security Cooperation Agency (DSCA).

Notes: Possible values noted in sale proposals may not match actual values of concluded contract sales. Direct Commercial Sales not included. Table includes proposed sales to Royal Saudi Air Force (RSAF), Saudi Arabian National Guard (SANG), Royal Saudi Land Forces (RSLF), Royal Guard, Royal Saudi Air Defense Force (RSADF), Royal Saudi Naval Forces (RSNF), Ministry of Interior (MOI), and Ministry of Defense (MOD). Dashes indicate unspecified recipient force.

Appendix C. Saudi Arabia and Inquiries into the Terrorist Attacks of September 11, 2001

The report of the congressional Joint Inquiry into Intelligence Community Activities Before and After the Terrorist Attacks of September 11, 2001, released in December 2002, brought attention to the alleged role of Saudi Arabia in supporting terrorism.[131] In the 900-page report, a chapter on alleged foreign support for the September 11 hijackers was redacted virtually in its entirety—Part Four of the report, often referred to as "the 28 pages" (actually 29)—because executive branch officials determined at the time that its public release was contrary to U.S. national security interests.

The congressional Joint Inquiry's report stated that the committee had "made no final determinations as to the reliability or sufficiency of the information regarding these issues [alleged foreign support for the hijackers] that was found contained in FBI and CIA documents. It was not the task of this Joint Inquiry to conduct the kind of extensive investigation that would be required to determine the true significance of such alleged support to the hijackers." U.S. law enforcement and intelligence agencies subsequently investigated information in the redacted portion of the report further. Some information reportedly remains under investigation.

In the years since, speculation and periodic media reporting focused on the degree to which the redacted pages may have addressed the question of whether or not there was some degree of official Saudi complicity in the September 11 attacks. For years, some people who claimed to have read the formerly classified sections of the report said it addressed some Saudi nationals' links with individuals involved in the attacks.[132] In 2003, the Saudi government appealed to U.S. authorities to publish the redacted pages so as to enable Saudi Arabia to rebut related allegations.[133] On April 19, 2016, President Barack Obama stated that he had asked Director of National Intelligence James Clapper to review the redacted pages of the congressional Joint Inquiry's report for potential release.[134]

On July 15, 2016, the Senate Select Committee on Intelligence released a declassified version of Part Four of the congressional Joint Inquiry as well as two declassified pages from the executive summary of the September 2005 Joint FBI-CIA Intelligence Report Assessing the Nature and Extent of Saudi Government Support of Terrorism.[135] The latter report focused in part on investigating information discussed in the 2002 Joint Inquiry and was originally submitted as required by the classified annex of the Intelligence Authorization Act for FY2004.

The "28 pages" of the congressional Joint Inquiry released in 2016 address a number of reports that individual Saudi nationals had contact with and may have provided assistance to some of the September 11, 2001, hijackers. Specifically, the pages discuss information that suggested that (*emphasis* added)

> "…while in the United States, some of the September 11 hijackers were in contact with, and received support or assistance from, individuals who *may be* connected to the Saudi Government. There is information, primarily from FBI sources, that at least two of those

[131] Joint Inquiry into Intelligence Community Activities Before and After the Terrorist Attacks of September 11, 2001, S.Rept. 107-351/H.Rept. 107-792.

[132] CBS News 60 Minutes, "Top secret '28 pages' may hold clues about Saudi support for 9/11 hijackers," April 8, 2016.

[133] Josh Meyer, "Saudis to Seek Release of Classified Parts of 9/11 Report," *Los Angeles Times*, July 29, 2003.

[134] President Barack Obama interviewed by Charlie Rose, PBS, April 19, 2016.

[135] Both documents are available on the website of the Senate Select Committee on Intelligence.

> individuals were *alleged by some* to be Saudi intelligence officers. The Joint Inquiry's review confirmed that the Intelligence Community also has information, much of it which has *yet be independently verified*, indicating that individuals associated with the Saudi Government in the United States *may have* other ties to al-Qa'ida and other terrorist groups."

As noted above, the pages of the 2002 report discuss allegations that were then under consideration and not investigatory conclusions of law enforcement or intelligence officials.

The declassified pages from the September 2005 FBI-CIA report state that, "There is no evidence that either the Saudi government or members of the Saudi royal family knowingly provided support for the attacks of 11 September 2001 or that they had foreknowledge of terrorist operations in the Kingdom or elsewhere." The executive summary of the joint FBI-CIA report further states that "there is evidence that official Saudi entities, [redacted portion], and associated nongovernmental organizations provide financial and logistical support to individuals in the United States and around the world, some of whom are associated with terrorism-related activity. The Saudi Government and many of its agencies have been infiltrated and exploited by individuals associated with or sympathetic to al-Qa'ida."

The 2004 final report of the bipartisan National Commission on Terrorist Attacks Upon the United States (aka "The 9/11 Commission") states that the commission "found no evidence that the Saudi government as an institution or senior Saudi officials individually funded [Al Qaeda]."[136] The report also states that Saudi Arabia "was a place where Al Qaeda raised money directly from individuals and through charities," and indicates that "charities with significant Saudi government sponsorship" may have diverted funding to Al Qaeda.

In July 2016, Saudi Foreign Minister Adel al Jubeir argued that the pages' release exonerated the Saudi government with regard to allegations that it supported or had foreknowledge of the September 11 attacks, saying that "when the appropriate agencies, the 9/11 Commission and the FBI and CIA investigated those leads and came out with their conclusions they said that 'there's no there there.'"[137] The Saudi Embassy in Washington, DC, has consistently responded to news reports about the so-called 28 pages' contents by citing some of the findings of later investigations and noting the dismissal of some lawsuits against the kingdom.[138]

[136] Final Report of the National Commission on Terrorist Attacks Upon the United States, July 22, 2004.

[137] Royal Embassy of Saudi Arabia Information Office, "Saudi Foreign Minister: '28 Pages' Were Misleading," July 16, 2016.

[138] Royal Embassy of Saudi Arabia Information Office, "Saudi Arabia Responds to 60 Minutes Report," April 10, 2016.

Appendix D. Legislative Developments

Developments in the 114th Congress

When the Obama Administration informally notified Congress of a proposed sale of precision guided munitions (PGMs) to Saudi Arabia, some Senators sought to delay its formal notification. After the formal notification in November 2015,[139] Senate Foreign Relations Committee leaders jointly requested that the Administration notify Congress 30 days prior to associated shipments.[140]

No related joint resolutions of disapproval of this proposed sale were introduced during the 30-calendar-day consideration period outlined in the AECA (22 U.S.C. 2776), but the delay and additional notification request demonstrated congressional concern. Then, in April 2016, legislation was introduced that sought to place conditions on future proposed sale notifications, previously approved sales, or transfers of PGMs to Saudi Arabia (S.J.Res. 32 and H.J.Res. 90). Proposed amendments to FY2017 defense legislation would have added some similar conditions on the use of funds to implement sales of PGMs (FY2017 National Defense Authorization Act, S. 2943) or prohibited the transfer of cluster munitions to Saudi Arabia (Defense Appropriations Act, H.R. 5293).

The Senate did not consider the PGM amendment submitted in conjunction with its consideration of the FY2017 NDAA, but the House narrowly defeated the Saudi cluster munitions prohibition amendment in a June 2016 House floor vote.[141] Saudi use of U.S. cluster munitions in Yemen has been reported, and unnamed U.S. officials have indicated that the Obama Administration placed a hold on further cluster munitions transfers.[142]

In August 2016, the Obama Administration notified Congress of a proposed sale of M1A2S tanks to Saudi Arabia, and some lawmakers wrote to request that President Obama withdraw the proposal, citing concerns about Yemen.[143] In September 2016, joint resolutions of disapproval of the proposed tank sale were introduced in the Senate (S.J.Res. 39) and House (H.J.Res. 98). U.S. tanks form the core of the Royal Saudi Land Forces fleet, and a series of contracts concluded since 2006 has seen Saudi M1 series tanks first sold to the kingdom in the 1990s upgraded to the M1A2S standard.[144] On September 21, 2016, the Senate voted to table a motion to discharge the

[139] Defense Security Cooperation Agency Transmittal No. 15-57, November 16, 2015.

[140] The request marked the first time that Congress has invoked an authority it added to the Arms Export Control Act in December 2014 through an amendment included in the Naval Vessel Transfer Act of 2013 (P.L. 113-276). Section 201 of the Naval Vessel Transfer Act of 2013 (P.L. 113-276) added Section 36(i) to the AECA. Potentially applicable to any foreign military sale requiring notification pursuant to Section 36(b) of the AECA, the 36(i) mechanism requires both the chair and ranking member of either of the two committees of jurisdiction (SFRC/HFAC) to jointly request that the President provide such a "pre-shipment notification" 30 days prior to a shipment. The preshipment notification would inform Congress that a shipment was about to occur, but would not require or preclude Congress from taking further action to modify or block the shipment.

[141] Hon. Conyers Amendment No. 40, Roll Call Vote 327, Consideration of H.R. 5293, June 16, 2016.

[142] John Hudson, "White House Blocks Transfer of Cluster Bombs to Saudi Arabia," Foreign Policy (online), May 27, 2016. U.S. officials had previously said that they "have discussed reports of the alleged use of cluster munitions" in Yemen with Saudi officials and consider their use "permissible" if "used appropriately" and according to "end-use rules." State Department Daily Press Briefing, August 20, 2015.

[143] See Hon. Lieu et al., Letter to President Barack Obama, August 29, 2016.

[144] A series of contracts have been signed to implement the sale proposed in Defense Security Cooperation Agency Transmittal No. 06-31, July 28, 2006.

Senate Foreign Relations Committee from further consideration of S.J.Res. 39 (71-27, Record Vote 145).[145]

In the wake of an October 2016 Saudi airstrike on a funeral hall in Sana'a that killed 140 people, the Obama Administration announced that it was initiating a review of U.S. security assistance to Saudi Arabia. In December 2016, press reports cited Obama Administration officials as stating that a planned commercial sale of precision guided munitions technology, including more than 16,000 air-to-ground munitions kits, would not proceed and that U.S. intelligence sharing would be further limited in favor of enhanced training for the Saudi Air Force.[146]

Developments in the 115th Congress

The Trump Administration has attempted to balance its condemnation of the Houthis and their Iranian backers with more direct calls for the coalition to ease its restrictions on access to Yemen, limit civilian casualties, and pursue negotiations. Some lawmakers have suggested that U.S. arms sales and military support to the coalition have enabled alleged violations of international humanitarian law, while others have argued that U.S. support to the coalition improves its effectiveness and helps minimize civilian casualties. Some Senators have focused on Yemen-related questions in considering nominations, some Members of both chambers have conducted enhanced oversight, and Congress has considered but has not enacted proposals to curtail or condition U.S. defense sales to Saudi Arabia or to prohibit the use of funds for coalition support operations.[147]

Legislation seeking to place conditions on future transfers or sales of precision guided munitions technology was modified and reintroduced in the 115th Congress (S.J.Res. 40 and H.J.Res. 104) and sought to condition the sale or transfer of munitions on a presidential certification that the Saudi government and coalition were taking "all feasible precautions" to protect civilians, "demonstrable efforts" to facilitate flows of aid and goods, and "effective measures" to target Islamic State and AQAP terrorists. Neither resolution has been considered, but their formulations have influenced other legislation, including Section 1290 of the FY2019 NDAA, which requires a similar set of certifications as a condition for the use of FY2019 defense funding for refueling support to Saudi and coalition aircraft engaged in certain missions in Yemen.

On March 19, 2017, just prior to his visit to the kingdom, President Trump notified Congress that he is proceeding with three proposed direct commercial sales of precision guided munitions technology deferred by the Obama Administration, subject to congressional review.[148] The

[145] Congressional Record, September 21, 2016, pp. S5921-S5935.

[146] Helene Cooper, "U.S. Blocks Arms Sale to Saudi Arabia Amid Concerns Over Yemen War," *New York Times*, December 13, 2016.

[147] In late 2017, Senators Todd Young and Christopher Murphy placed a hold on the confirmation of the State Department's nominee for legal advisor, Jennifer Newstead, until the Administration took certain steps to address the coalition's blockade of Yemen. Dan De Luce and Robbie Gramer, "GOP Senator Presses Trump Administration Over Deadly Saudi Blockade in Yemen," *Foreign Policy*, December 4, 2017; and, Dan De Luce, "Trump Nominee Concedes Saudi Siege of Yemen Could Be Violating U.S. Law," *Foreign Policy*, December 19, 2017. On December 14, Senator Young sent a letter to President Trump thanking the President for his December 6 statement, while asserting that the coalition's blockade triggers, per the Foreign Assistance Act of 1961 as amended (22 U.S. Code §2378–1(a)), a prohibition on U.S. foreign assistance to Saudi Arabia. Newstead was confirmed by the Senate on December 19 after promising the Senate Foreign Relations Committee to consider evidence of any possible foreign government restriction of the delivery of U.S. humanitarian assistance to Yemen in determining whether to apply statutory prohibitions found in 22 U.S. Code §2378-1(a). See, Senator Todd Young, Young: Law Triggered by Saudi Arabia's Actions in Yemen, December 14, 2017, and Newstead response online at https://www.documentcloud.org/documents/4333104-20171114-Young-Newstead-QFRs-Round-3-1.html.

[148] DDTC Transmittals No. DDTC 15-132 (JDAM), No. DDTC 16-011 (FMU-152A/B bomb fuzes), No. DDTC 16-043 (Paveway II & III, Enhanced Paveway II & III, Paveway IV), May 19, 2017.

proposed sales would include equipment and services related to joint direct attack munitions (JDAMs), Paveway laser-guided munitions kits, and programmable bomb fuzes. Pursuant to Section 36(c) of the Arms Export Control Act, the executive branch may proceed with a proposed direct commercial sale case 30 days after formally notifying Congress. Legislation in the House (H.J.Res. 102) and Senate (S.J.Res. 42) was proposed to disapprove of the three proposed sales. On June 13, the Senate voted to reject a motion to discharge the Senate Foreign Relations Committee from further consideration of S.J.Res. 42 (47-53, Record Vote 143).

On March 20, 2018, the Senate voted to table a motion to discharge the Senate Foreign Relations Committee from further consideration of S.J.Res. 54, a joint resolution that would direct the President to remove U.S. forces from "hostilities in or affecting" Yemen (except for those U.S. forces engaged in counterterrorism operations directed at al Qaeda or associated forces).

In May, the Senate Foreign Relations Committee reported S.J.Res. 58 to the Senate; it would prohibit the obligation or expenditure of U.S. funds for in-flight refueling operations of Saudi and Saudi-led coalition aircraft that are not conducting select types of operations if certain certifications cannot be made and maintained at 30-, 180-, and 360-day intervals. The joint resolution identified several certification criteria, although, reported as amended by the committee, it would enable the Secretary of State to waive the certification requirement for national security purposes if the Secretary provides an unclassified explanatory justification to the appropriate committees. The joint resolution also would require a report on, among other things, United States objectives in Yemen and a detailed strategy to accomplish those objectives.

The Senate Armed Services Committee incorporated the provisions of the Senate Foreign Relations Committee-reported text of S.J.Res. 58 as Section 1266 of the version of the FY2019 John S. McCain National Defense Authorization Act (NDAA) that it reported to the Senate on June 5, 2018 (S. 2987). The provision was modified further and passed by both the House and Senate as Section 1290 of the conference version of the FY2019 NDAA (P.L. 115-91). The potential restrictions on the use of U.S. funds for in-flight refueling of coalition aircraft do not apply to certain types of operations, including missions related to Al Qaeda and the Islamic State or "related to countering the transport, assembly, or employment of ballistic missiles or components in Yemen." Under the modified version, the Administration must certify that the Saudi and Emirati governments are undertaking

- an urgent and good faith effort to support diplomatic efforts to end the civil war in Yemen;
- appropriate measures to alleviate the humanitarian crisis in Yemen by increasing access for Yemenis to food, fuel, medicine, and medical evacuation, including through the appropriate use of Yemen's Red Sea ports, including the port of Hudaydah, the airport in Sana'a, and external border crossings with Saudi Arabia; and
- demonstrable actions to reduce the risk of harm to civilians and civilian infrastructure resulting from military operations of the Government of Saudi Arabia and the Government of the United Arab Emirates in Yemen, including by (1) complying with applicable agreements and laws regulating defense articles purchased or transferred from the United States, and (2) taking appropriate steps to avoid disproportionate harm to civilians and civilian infrastructure

With specific regard to Saudi Arabia, the Administration also must certify that "the Government of Saudi Arabia is undertaking appropriate actions to reduce any unnecessary delays to shipments associated with secondary inspection and clearance processes other than UNVIM." The Administration may waive the certification requirement if certain explanatory submissions are made. Reporting and strategy submission requirements also were included in the final version.

On September 12, 2018, Secretary of State Mike Pompeo announced that the Saudi and Emirati governments are "undertaking demonstrable actions to reduce the risk of harm to civilians" in Yemen.

Senator Robert Menendez, the Ranking Member on the Senate Foreign Relations Committee, has refused to consent to formal congressional notification of a potential U.S. sale of precision guided munitions to Saudi Arabia and the United Arab Emirates. In a June 28 letter to Secretary of State Pompeo and Secretary of Defense Mattis, Senator Menendez said,

> I am not confident that these weapons sales will be utilized strategically as effective leverage to push back on Iran's actions in Yemen, assist our partners in their own self-defense, or drive the parties toward a political settlement that saves lives and mitigates humanitarian suffering…. Even worse, I am concerned that our policies are enabling perpetuation of a conflict that has resulted in the world's worst humanitarian crisis.[149]

Several Senators also submitted an amendment to the FY2019 Defense Department appropriations act (H.R. 6157) that would have prohibited the use of funds made available by the act to support the Saudi-led coalition operations in Yemen until the Secretary of Defense certified in writing to Congress that the coalition air campaign "does not violate the principles of distinction and proportionality within the rules for the protection of civilians." The provision would not have applied to support for ongoing counterterrorism operations against Al Qaeda and the Islamic State in Yemen. The amendment was not considered after an objection on the Senate floor.[150]

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[149] Senate Foreign Relations Committee, Ranking Member's Press, Menendez Demands more Answers from Trump Admin before letting Arms Sales to United Arab Emirates and Saudi Arabia move forward," June 28, 2018.

[150] Congressional Record, Volume 164, Number 140, August 22, 2018, p. S5797.