

ALSA M 83-10215

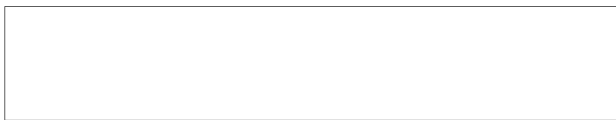
8 September 1983

Saudi Arabia-United States: Complementary Foreign Policy Goals

Saudi Arabia and the United States share complementary foreign policy goals in the Middle East and South Asia of supporting moderate governments and seeking to combat the influence of the Soviet Union and other unfriendly governments or movements. Saudi policies have helped advance US as well as their own interests in the region. Until very recently, the Saudis were actively engaged for over a year in the negotiations to remove foreign troops from Lebanon, and they have been generally, albeit quietly, supportive of President Reagan's overall Middle East peace efforts. Generous Saudi financial aid over the past decade has provided critical support for moderate, pro-Western governments from Morocco to Pakistan. The Saudis strongly prefer to carry out their diplomacy and provide aid without publicity.

Lebanon: The highest levels of the Saudi government were actively involved in the Lebanon negotiations until 7 September 1983, when Riyadh suspended--at least temporarily--mediation efforts because of the sharp deterioration in Lebanon's political and military situation.

- During the Israeli invasion of Lebanon last summer the Saudis assisted US efforts to negotiate the withdrawal of PLO fighters from Beirut and provided essential support for international arrangements to relocate them.
- Following the conclusion of the Israeli-Lebanese withdrawal agreement in May 1983, the Saudi government publicly supported the right of the Lebanese government to take the steps it considered necessary to obtain the withdrawal of Israeli forces.
- Until early September 1983, the Saudis had tried for over a year to facilitate communication between the Syrians, on the one hand, and the US and Lebanon, on the other.
- Saudi Arabia has used its considerable moral influence to encourage both Muslim Lebanese and other Arab states to support the government of President Gemayel.



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Peace Process: The Saudis have supported the President's peace initiative within Arab circles.

- Last spring they actively urged PLO leader Arafat to allow Jordanian King Hussein to negotiate for the Palestinians in expanded peace talks.

Financial Assistance: Saudi Arabia's principal means of influence is generous financial aid. Third world regional friends of the United States who have received such aid include Jordan, Morocco, and North Yemen. Other major recipients are Iraq and Syria.

- In per capita terms, Saudi Arabia's foreign assistance level far exceeds that of the United States and is among the world's highest.
- In absolute terms, Saudi Arabia has been the world's second largest aid donor, after the United States, during the past decade. During that time, Saudi foreign assistance has averaged at least \$3.5 billion annually and occasionally has been significantly higher--for example to Egypt after the 1973 war and to Iraq since its war with Iran began in 1980.
- Saudi Arabia's immense economic development effort since the mid-1970s has indirectly provided crucial aid to regional moderates and friends of the United States--such as Pakistan, Egypt, South Korea, and the Philippines--in the form of large worker remittances and construction contracts.
- The Saudis have made several large loans to the International Monetary Fund, which have substantially augmented the Fund's resources. They loaned \$3.2 billion in 1979, \$8.6 billion more in May 1981, and have agreed to consider lending an additional \$4.3 billion in 1983.

Constraints on Saudi Cooperation with the US: The prime constraint on closer Saudi cooperation with the United States in regional political and military matters remains the unresolved Arab-Israeli conflict. The Saudis differ with us on the best means to manage the conflict and other chronic regional problems.

- The Saudis look to the United States as their ultimate protector against the Soviet Union or other hostile countries.
- However, because the United States is seen as the closest ally and strongest supporter of the Arabs' most dangerous enemy, Israel, the Saudis find it politically impossible to publicly cooperate with US military efforts to defend

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Persian Gulf oil supplies against possible Soviet attack.

The Saudis--and other Arabs--see US support for Israel as virtually unquestioning and limitless.

- The Saudis repeatedly ask why the United States refuses to use its economic and military aid as leverage to force modifications in Israeli policy and to rein in what they see as continuing Israeli expansionism.

The Saudis, in turn, provide considerable financial aid to Syria--a minimum of \$529 million/year committed under the 1978 Baghdad Pact Agreements. Theoretically this aid should give Riyadh leverage to force Damascus to moderate its policies in the region. The Saudis will not use this leverage because of:

- Pan-Arab requirements to support front-line states confronting Israel.
- Fear of Syria's ability to create trouble for Saudi Arabia at home and abroad.
- Concern that a cutoff of aid would drive the Syrians closer to Moscow.

The Syrians, moreover, repeatedly have shown that they will not let Saudi aid dictate their policy toward Lebanon or Middle East peace efforts in general.

- The Saudis have found that their aid to independent minded states like Syria is difficult to curtail once committed, and often does not translate into influence with the recipient--a situation Saudis point out as analogous to the US relationship with Israel.

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SUBJECT: Saudi Arabia: Helping US Policy

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