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Saudi Arabia

Change, Continuity, and Controversy

The kingdom of Saudi Arabia, ruled by the Al Saud family since its founding in 1932, wields considerable global influence through its administration of the birthplace of the Islamic faith and by virtue of holding the world's second largest proven oil reserves. In exchange for protection, advice, technology, and armaments from the United States, the Saudi government has welcomed American investment in the kingdom and has served as a U.S. security and counterterrorism partner.

Since 2015, Saudi leaders' domestic and foreign policy decisions have renewed calls from some U.S. leaders for a reassessment of long-standing bilateral ties. Some in Congress have differed with successive Administrations over how the United States should pursue human rights policy toward the kingdom and address the war in Yemen. The Biden Administration has sought to recalibrate the U.S.-Saudi partnership while maintaining U.S. support for the kingdom's security. President Joe Biden visited Saudi Arabia in July 2022, ending a period of more limited engagement with Saudi Crown Prince Mohammed bin Salman bin Abd al Aziz Al Saud (the central figure in Saudi policy making) amid human rights concerns. The Biden Administration has engaged Saudi officials on proposed agreements to facilitate normalization of relations between Israel and Saudi Arabia, but the October 2023 terrorist attacks on Israel and ensuing war in the Gaza Strip have paused these discussions and introduced new challenges.

Leadership and Public Confidence

King Salman bin Abd al Aziz Al Saud (age 87) assumed the throne in 2015; he named his son, Crown Prince Mohammed bin Salman (age 38), as his successor in 2017. In the years since the Crown Prince has asserted control over key national security forces, sidelined potential rivals, and begun implementing ambitious policy changes. In September 2022, the Crown Prince assumed the responsibilities of head of government as Prime Minister, a position historically held by the king.

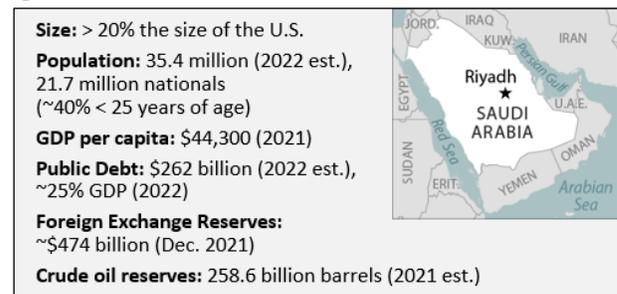
Saudi leaders appear to have considerably narrowed opportunities for citizens to express dissent since 2017. Security forces have detained dozens of activists, clerics, Islamist figures, and journalists, releasing some conditionally during 2021 and 2022. In late 2017, authorities imprisoned dozens of wealthy individuals (and potential family rivals of the crown prince) for months in the Ritz Carlton hotel in Riyadh as part of a nominal anticorruption campaign. Police released most of this latter group of detainees after reaching undisclosed financial settlement arrangements, amid accounts of abuse. Reports of additional detentions and questioning of leading royals since 2020 drew attention to succession tensions.

Saudi decision-making has shifted from what had been a relatively risk-averse posture rooted in rulers' concerns for maintaining elite consensus, to one characterized by bolder, centrally directed changes. The Crown Prince's leadership and decisions have challenged key interest groups, including factions of the royal family, business elites, and conservative religious figures.

Vision 2030 and Social Change

The centerpiece of Saudi leaders' domestic agenda is the Vision 2030 initiative, which seeks to transform the kingdom's economy by diversifying the government's sources of revenue and reducing long-standing oil export dependence through investment and private sector growth.

Figure 1. Saudi Arabia



Source: CRS, using ESRI and U.S. State Department data.

Successive Saudi leaders have pursued these goals, but with more narrow and gradual targets than those of *Vision 2030*. Historically, Saudi policymakers have faced challenges in balancing these types of reforms with concerns for the preservation of regime and national security, social stability, and cultural and religious values. The kingdom's finances and ability to implement its ambitious economic and green energy transformation agendas remain dependent on revenue derived from oil exports.

Among the G20 countries, Saudi Arabia had the highest economic growth in 2022 due to high global oil prices stemming in part from the effects of Russia's invasion of Ukraine. Higher oil prices and global economic recovery have been a boon for the kingdom, replenishing state coffers after a challenging period of lower revenue and higher-than-planned spending to offset the economic effects of the COVID-19 pandemic in 2020 and 2021. Some analysts project that Saudi Arabia's fiscal break-even oil price is \$80 per barrel; as of October 2023, with oil prices averaging \$90 per barrel, the kingdom projected a deficit for 2023 through 2026, but reported record low unemployment and low inflation.

Along with its Vision 2030 initiative, the state has made major changes in its approach to some sensitive social matters. Authorities reversed the kingdom's long-standing ban on women driving in June 2018, in part to expand

women's participation in the workforce. Parallel changes have created more public space for women in some social and cultural events. Authorities have partially amended male guardianship rules restricting women's autonomy and have acted to provide for more uniform judicial rulings in related cases. Many younger Saudis welcome changes made to date and call for more; roughly two-thirds of Saudi nationals are under the age of 35. Other Saudis express opposition or concern about the changes' potential effects on religious and social values.

Human Rights

More aggressive human rights restrictions have accompanied recent social change. The imprisonment and trial of several women's right activists and other vocal figures prompted congressional scrutiny of the kingdom's use of its Specialized Criminal Court and anti-terrorism laws to confront dissent. Since December 2020, Saudi courts have reduced or suspended sentences for some prominent detainees and released others conditionally, while imposing new lengthy sentences on others.

In February 2021, the U.S. intelligence community released a report assessing that the Crown Prince "approved an operation in Istanbul, Turkey to capture or kill" Saudi journalist and U.S. resident Jamal Khashoggi. Saudi officials disputed the report's conclusions. The U.S. government placed travel and financial sanctions on some Saudi officials. The kingdom prosecuted some unidentified officials, convicting eight and sentencing five to death, before reducing the death sentences to varying prison terms.

Saudi Nuclear Plans

Saudi leaders seek to recast the role of energy resources in the kingdom's economy and plan to develop domestic civilian nuclear power infrastructure. In 2022, they solicited technical bids related to the planned construction of two nuclear power reactors. The Trump Administration expedited consideration of required regulatory approvals for U.S. nuclear firms to provide marketing information to Saudi officials. Saudi officials have not forsworn uranium enrichment. They state that they intend to use domestic uranium resources to produce nuclear fuel. Saudi nuclear facilities are subject to International Atomic Energy Agency (IAEA) safeguards, though some press reports have located possibly undeclared sites. The IAEA has reviewed declared Saudi nuclear infrastructure and recommends adoption and implementation of an Additional Protocol.

Saudi Foreign Policy

Iran and Yemen

After a long estrangement, Saudi Arabia and Iran reached an agreement facilitated by Iraq, Oman, and China to reestablish diplomatic relations and reopen embassies in each country. Saudi officials remain concerned about Iranian support for various armed actors in the MENA region, especially the Ansarallah/Houthi movement in Yemen, Lebanon's Hezbollah, and Shia militias in Iraq. Saudi officials praised the Trump Administration's decision to withdraw from the Joint Comprehensive Plan of Action (JCPOA) in 2018, and the Crown Prince has said that if Iran obtains a nuclear weapon, Saudi Arabia will follow suit.

Saudi Arabia opposed the 2014-2015 Houthi ouster of the Republic of Yemen government (ROYG), and, in March 2015, organized a military coalition of mostly Arab states in

efforts to reverse Houthi military gains. Iran has provided arms to the Houthis, who have used ballistic missiles and drones to attack Saudi Arabia and the United Arab Emirates (UAE). An April 2022 truce between the ROYG and the Houthis has held, bringing a halt to cross border missile attacks from Yemen and to Saudi-led coalition airstrikes. The Biden Administration continues to provide defensive support to the kingdom and endorses Saudi dialogue with Iran and parties to the Yemen conflict.

Israeli-Palestinian Affairs

Saudi Arabia publicly supports key Palestinian demands, while Saudi leaders have engaged quietly with Israel about shared concerns over Iran. Saudi Arabia has called for a ceasefire in the war between Israel and Hamas in Gaza, and Saudi officials indicate that they remain open to possible normalization with Israel while insisting on a solution that enables Palestinian statehood. Continued or wider conflict may make the path to normalization more difficult.

"...the security of the Middle East region requires swiftly finding a just, comprehensive solution to the Palestinian issue; this solution must be based on legitimate international resolutions and the Arab Peace Initiative in a way that guarantees the right of the Palestinian people to establish their independent state on the 1967 borders with its capital in East Jerusalem."
 -- Foreign Minister Prince Faisal bin Farhan Al Saud
 Speech to UN General Assembly – September 2023

Relations with China and Russia

Saudi Arabia is a major source of oil imports for the People's Republic of China (PRC). Sino-Saudi economic and diplomatic ties have deepened since the 1990s. PRC President Xi Jinping visited Saudi Arabia in 2022, and Saudi officials joined other Arab officials in China in November 2023 to demand a ceasefire in Gaza. Media reports claim that China has provided the kingdom with ballistic missile production technology and that the two governments have cooperated on a uranium milling plant.

Saudi Arabia coordinates with Russia on oil production decisions, although the two producers at times have differed over output. Saudi Arabia voted at the United Nations to condemn Russia's 2022 invasion of Ukraine, but opposed Russia's expulsion from the U.N. Human Rights Council. Saudi officials have offered to mediate between Ukraine and Russia and have facilitated related prisoner exchanges.

Saudi-U.S. Relations

More than 2,700 U.S. military personnel are deployed to Saudi Arabia "to protect United States forces and interests in the region against hostile action by Iran and Iran-backed groups." Other U.S. personnel implement long-standing defense and security cooperation programs. U.S. officials say they still support Saudi-Israeli normalization and seek to cooperate with Saudi Arabia on several global energy and technology initiatives. U.S.-Saudi cooperation or differences over the Gaza conflict and its aftermath could affect prospects for U.S.-Saudi collaboration on other issues. For more information, see CRS Report RL33533, *Saudi Arabia: Background and U.S. Relations*.

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