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Saudi National Security:

Military and Security Services- Challenges & Developments

Full Report

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Please note that this document is a working draft and will be revised regularly as part of the CSIS Saudi Arabia Enters the 21st Century Project. It is also being used by the authors to develop an analysis for the Geneva Center on Security Policy. To comment, or to provide suggestions and corrections to the authors, please e-mail them at acordesman@aol.com, nawafobaid@aol.com and PBaetjer@csis.org.

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I. Introduction

Both Saudi Arabia's security situation and its security apparatus are undergoing major changes. Saudi Arabia no longer faces a major threat from Iraq, but must deal with the growing risk that Iran will become a nuclear power. This confronts Saudi Arabia with hard strategic choices as to whether to ignore Iran's efforts to proliferate, seek US military assistance in deterring Iran and possibly in some form of missile defense, or to acquire more modern missiles and its own weapons of mass destruction.

The Kingdom's most urgent security threats, however, no longer consist of hostile military forces. They have become the threat of Islamic extremism and terrorism. Saudi Arabia faces a direct internal and external threat from Islamic extremists, many affiliated with Al Qaida or exile groups, and it must pay far more attention to internal security than in the past. At the same time, the Saudi government must deal with the fact that this threat not only is internal, but also is regional and extends throughout the Islamic world. Saudi Arabia's religious legitimacy is being challenged, and its neighbors and allies face threats of their own.

Saudi Arabia must also make major adjustments in its alliances. The events of "9/11," the backlash from the Israeli-Palestinian conflict, differences over how to deal with terrorism, and differences over the Iraq War have all combined to complicate Saudi Arabia's security relations with the US, and to force it to distance itself from the US in some ways. At the same time, the Al Qaida terrorist attacks on Saudi Arabia in May 2003 made it brutally clear that Saudi Arabia was a full participant in the war on Islamic terrorism and had even stronger incentives to cooperate with the US in anti-terrorism. Similarly, Saudi Arabia has not found any substitute for US power projection capabilities in dealing with Iran, instability in Iraq, or Yemen, and needs US technical assistance to deal with massive and continuing deliveries of US military equipment.

The Gulf Cooperation Council has made some advances in military cooperation and internal security, but remains largely a hollow shell. There is no true integration of security efforts and only symbolic progress towards collective security. Interoperability remains poor at every level, there is little progress towards effective power projection and sustainability, and virtually no meaningful progress towards the creation of the kinds of information technology, C4I (Command, Control, Communications, Computers, and Intelligence), IS&R (Intelligence, Surveillance, and Reconnaissance, and net-centric systems that could tie together the forces of the GCC, as well as make Saudi cooperation with US forces far more effective. At the same time, petty rivalries continue to divide the Southern Gulf states, and Saudi Arabia face serious problems in dealing with Yemen and in obtaining Yemeni cooperation in blocking the infiltration of terrorists and the smuggling of arms and narcotics.

Saudi Arabia does maintain military ties with Europe, particularly with Britain and France. Some Saudi officials see efforts to expand the role of NATO in the Middle East as a way of both reducing de facto Saudi dependence on the US, and of using NATO as a more politically acceptable cover for Saudi military ties to the US. Saudis, however, are all too aware of the real world limits on European power projection capabilities, and as to the limits of the power projection forces NATO and the EU are trying to build. They fully

understand that Europe will not be able to replace the US in assisting Saudi Arabia to deal with serious foreign threats at any time in the foreseeable future.

All of these factors interact with a longer term set of threats to Saudi stability that are largely economic and demographic, but which may well be more important than any combination of outside military threats and the threat of Islamic extremism and terrorism. Saudi Arabia has embarked on a process of political, economic, and social reforms that reflect a growing understanding by the governing members of the royal family, Saudi technocrats, and Saudi businessmen that Saudi "oil wealth" is steadily declining in relative terms, and that Saudi Arabia must reform and diversify its economy to create vast numbers of new jobs for its growing and young population.

There is a similar understanding that economic reform must be combined with some form of political and social reform if Saudi Arabia is to remain stable in the face of change, and that the Kingdom must be far more careful about the ways in which it uses the revenues from its oil exports and its other revenues. This means hard decisions about future arms imports and investments in military and security forces. Massive changes are needed in Saudi military planning, and especially in military procurement and arms imports, to create balanced and effective forces at far lower cost.

As yet, Saudi Arabia's security apparatus has only begun to react to these changes. Its military forces are only beginning to adapt to the fact the Iraqi threat has largely disappeared, that Iran's threat is a mix of proliferation and capabilities for asymmetric warfare and not the build-up of conventional forces, and that it is engaged in a generational struggle against domestic and foreign Islamic extremism. It has begun the process of deeper political, economic, and social reform, but it has only made a beginning; its plans are still half formed, and no aspect of reform as yet has the momentum necessary to succeed. Like much of the Arab and Islamic world, Saudi Arabia also seems culturally unable to honestly address its demographic problems and rapid population growth. It can deal with the symptoms, but not the cause.

Given this background, the current structure of the Saudi security apparatus is only one key to security. It is Saudi ability to formulate and execute policies that can cope with the major changes that must be made in the Saudi approach to strategy. The finer details of governance are really of passing interest at best, and are necessarily transitional. The real question is how quickly Saudi Arabia can change and adapt its overall approach to security, and how successful it will be in the process.

No analysis of the Saudi security apparatus can, however, focus on Saudi Arabia alone. The West must be far more careful in the future in pressing for military sales in ways which do not meet vital Saudi security needs and which do not take Saudi Arabia's domestic economic problems and social needs into account. Saudi Arabia has long been the largest single customer for US and European military exports. Saudi purchases had the benefit of increasing interoperability and sustainability with British, French, and US forces, and reduced the unit cost of equipment purchased by Western forces. It is clear, however, that Saudi Arabia faces serious long-term constraints on what it can buy in the future, and that it will often have to make hard choices between the military desirability of standardization with Western power projection forces and the political need to buy arms from a range of friendly states.

Defense contractors will be defense contractors; they exist to sell regardless of need or merit. Governments, however, must act as governments and think first of their strategic interests. It is time that governments of Europe and the US make it clear to the Saudi people that they emphasize Saudi security, military readiness, and effectiveness rather than exports and sales. They need to make it clear that they are not pressuring Saudi Arabia to buy unnecessary arms, recognize Saudi Arabia's need to limit its purchases to the level Saudi Arabia can afford, and act to prevent corruption and ensure that arms buys are part of packages that include the proper support, training, munitions stocks, and sustainability.

It is also clear that the time has come to put an end to client and tutorial relations. Saudi Arabia, like the other friendly states in the region, must be treated as a partner. This means a US and European focus on creating effective Saudi forces for both defense and counterterrorism. It means that if NATO is to play a role in the region, it cannot be in a form that sees the Southern Gulf states as bases rather than partners. It means an emphasis on interoperability, and on consultation in both planning and operations that require Saudi and region support.

It certainly does not mean measures that block Saudi military training in the US, or actions that sustain the climate of tension and hostility that has grown up since "9/11." Gulf security, the war on terrorism, and the security of some 60% of the world's oil reserves require a level of cooperation and mutual understanding that has been inadequate in the past; true partnership is the only way to build and sustain it in the future.

II. The New Balance of Threats in the Gulf Region

The fall of Saddam Hussein and the Ba'ath regime has removed a critical set of military threats from the Gulf. Although Iraq did not have weapons of mass destruction at the time of the Coalition attack, it did continue its research and development efforts. It also maintained some 400,000 men under arms and nearly another 100,000 paramilitary and security forces. While it demonstrated little conventional war fighting capability against US and British forces, it did still have some 2,600 main battle tanks, 3,600 other armored fighting vehicles, 2,300 artillery weapons, and over 300 combat aircraft and 62 attack helicopters.¹

At the same time, the end of Saddam's regime has scarcely transformed the Middle East or brought the Gulf security and stability. No one knows how stable Iraq will be in the future, what its government will be like, what its strategic goals will be, or how it will eventually rebuild its military forces and rearm. Furthermore, there are other types of threats that affect the region and Saudi Arabia's planning for defense and counterterrorism:

- Local threats from conventional military forces and proliferation;
- Regional threats from terrorism and Islamic extremism;
- Self-inflicted threats created by poor military planning and inadequate attention to economic reform of the part of the Southern Gulf states; and
- Threats imposed by policy failures on the part of the US.

Local Threats from Conventional Military Forces and Proliferation

While Yemen still poses a potential threat to Saudi Arabia, this threat is now more one posed terrorist infiltration across the Saudi-Yemeni border than the threat Yemen will use direct military force. Saudi Arabia and Yemen have largely resolved their territorial claims and border issues, and Yemen no longer seems to face the kind of risk of civil war that might have spilled over into Saudi Arabia.

Yemen still has some 66,700 men in its armed forces, but almost all of its 790 tanks are obsolete. It has only 330 aging armored fighting vehicles (AFVs), and around 210 operational armored personnel carriers (APCs) out of an inventory over well over 650. It has 310 toward artillery weapons, but only 25 self-propelled weapons plus 30 obsolete SU-100 assault guns. Many of its small fleet of six aging missile craft and six mine warfare craft have limited operational status. Rough 40 of its 106 combat aircraft are in

¹ Unless otherwise stated, the numbers for military manpower and equipment used in this report are adapted by the authors from the International Institute for Strategic Studies (IISS), *Military Balance*, London, IISS, and from the 2003-2004 and 2004-2005 editions.

storage, and only 40 of its 76 operational fighters are relatively modern: 10 MiG-29s and 28-30 Su-20/22s.

Yemen has relatively weak military forces and has only funded limited military modernization in recent years. Yemen imported \$400 million worth of arms during 1996-1999, and \$600 million during 2000-2003. It signed an average of only \$700 million worth of new arms agreements during 1996-1999, and \$600 million during 2000--2003.²

Saudi Arabia has never faced a serious threat from the other Southern Gulf states and fellow members of the Gulf Cooperation Council. It has resolved all of its significant border disputes, and its mild political tensions with Qatar present no risk of war. It does not face a threat from the Red Sea states, or from Syria and Jordan. Israel only poses a threat if it feels Saudi Arabia is likely to intervene massively in some future Arab-Israeli conflict, or is acquiring weapons of mass destruction that could threaten Israel. For all of its rhetoric, Israel does not see Saudi Arabia as a significant threat or plan to fight it.

At this point in time, Iran is only military power that poses a direct threat in terms of conventional military forces and proliferation. The disclosures made by the IAEA over the last year indicate that it is nearly certain that Iran will continue to covertly seek nuclear weapons, regardless of what it claims to agree to. It is developing long-range missiles, it has never properly declared its holdings of chemical weapons, and the status of its biological weapons programs is unknown.

Moreover, the disclosures that have come out of Libya's decision to end its nuclear program indicate that Iran may well have one Chinese fission weapons design, with a 1,000-pound payload, and all of the technology necessary to make high capacity P2 centrifuges. This would eliminate the need for many aspects of nuclear weapons testing, as well as make it far easier to create small, dispersed trains of covert centrifuge facilities.

Iran is still a significant conventional power. It has some 520,000 men under arms, and over 300,000 reserves. These include 125,000 Iranian Revolutionary Guards trained for land and naval asymmetric warfare. Iran's military also includes holdings of some 1,600 main battle tanks, 1,500 other armored fighting vehicles, 3,200 artillery weapons, 300 combat aircraft, 50 attack helicopters, 3 submarines, 59 surface combatants, and 9 amphibious ships.

Iran is a potential threat to Gulf shipping as well as to shipping in the Gulf of Oman. It occupies islands near the main shipping channels in the Gulf and has close contacts with outside terrorist movements. At the same time, virtually all of Iran's military equipment is aging or second rate and much of it is worn. It has not been able to modernize its air forces, ground based air defenses, or develop major amphibious warfare capabilities. Iran lost some 50-60% of its land order of battle in the climatic battles of the Iran-Iraq War, and has not imported a cutting edge weapon system since that time, or created advanced new C4I systems.

² Richard F. Grimmett, Conventional Arms Transfer to Developing Nations, 1996-2000, Washington, Congressional Research Service, CRS RL32547, August 26, 2004, pp. 50 and 61.

According to US intelligence estimates, Iran imported \$2.0 billion worth of arms during 1996-1999, and \$600 million from 2000-2003. Iran only signed \$1,700 million worth of new arms agreements during 1996-1999, and only \$500 million in new arms agreements during 2000--2003. ³ This is roughly 30% to 35% of the level necessary to recapitalize and modernize its forces. Iran may be able to compensate in part through its domestic military production, its current weapons developments are scarcely advanced enough to solve its problems. As a result, it must either succeed in proliferation or rely heavily on asymmetric warfare.⁴

Iran has declared it has the capacity to make chemical weapons. The details of its biological warfare efforts are unknown but it continues to import suspect biotechnology. It is also moving forward in the nuclear dimension. The IAEA has discovered a number of disturbing details about its uranium enrichment program that are similar to Libya's nuclear weapons program, including the ability to produce P-2 centrifuges. Iran has conducted experiments with Uranium Hexafluoride that could fuel a weapons oriented enrichment program, and has worked on a heavy water plant that could be used in a reactor design that would produce fissile material far more efficiently than its Russian supplied light water reactor. While it is not yet confirmed, Iran may well have received the same older Chinese design data for a 1,000-2,000 pound nuclear weapon that Libya acquired through Pakistani sources.

The latest Report by the Director General of the IAEA, dated September 1, 2004, that Iran continues its nuclear development program, has a design for P-2 centrifuge, and that there has been low and highly enriched uranium contamination in Iranian nuclear sites.⁵ The Board of Governors met on September 13, 2004, they are divided over what to do with Iran, and they are likely to postpone their decision on until their November meeting.

There is also evidence that Pakistan might have helped Iran in its enrichment program. The Agency argues that Pakistan has helped Iran since 1995, and that the Pakistanis delivered the P-2 design to the Iranians. IAEA goes on to claim that Iran is intending to "turn 37 tons of nearly raw uranium called yellowcake, into uranium hexafluoride." Experts contend that this could be enough to create 5-6 atomic weapons.⁶

It's quite clear that Iran will not come clean to the IAEA, and that it's only a matter of time before they have nuclear weapons. It's unclear what kind of a nuclear power Iran will be. No plans have ever surfaced as to the number and type of weapons it is seeking

³ Richard F. Grimmett, Conventional Arms Transfer to Developing Nations, 1996-2000, Washington, Congressional Research Service, CRS RL32547, August 26, 2004, pp. 50 and 61.

⁴ Richard F. Grimmett, Conventional Arms Transfer to Developing Nations, 1996-2000, Washington, Congressional Research Service, CRS RL32547, August 26, 2004, pp. 50 and 61.

⁵ IAEA GOV/2004/60, 'Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran,' Report by the Director General, 1 September 2004.

⁶ Sanger, David, "Pakistan Found to Aid Iran Nuclear Efforts," *The New York Times*, September 2, 2004.

to produce or the nature of its delivery forces. Nothing meaningful is known about Iranian nuclear doctrine and targeting, or plans to limit the vulnerability of its weapons and facilities – and whether these could include a launch-on-warning or launch-under-attack capability.

Iran might be content to simply develop its technology to the point it could rapidly build a nuclear weapon. It might choose to create an undeclared deterrent and limit its weapons numbers and avoid a nuclear test. It might test and create a stockpile, but not openly deploy nuclear-armed missiles or aircraft. It also, however, might create an overt nuclear force. Each option would lead to a different Saudi response, as well as provoke different responses from Israel and the US, creating different kinds of arms races, patterns of deterrence, and risks in the process.

Delivery systems are also a problem. Iran is reaching final development of its Shahab-3 missile, and working on a longer-range version of the missile as well as the Shahab-4, and Shahab-5. These missiles will be able to reach most of Saudi cities, and are far too inaccurate and lacking in total payload to be effective conventional weapons. They are useful militarily only if they have warheads carrying weapons of mass destruction. Moreover, Saudi Arabia faces the risk of some form of covert attack or the possibility of the transfer of weapons to some anti-Saudi extremist group or proxy. These currently do not seem to be probable scenarios, but Saudi Arabia is worried.

Senior Saudi officials have said that Saudi Arabia has examined its options for responding to such an Iranian threat, including an effort to acquire its own nuclear weapons, but has rejected such an option. The Saudi media has also recognized the threat. For example, an article, by Abdurrahman Alrashid, in a Saudi newspaper, *Al-Sharq Alawsat*, stated: “Yes, we are afraid of the Iranian Uranium.” He went on to argue that the Iranians are not building the bomb only to threaten Israel and the US, but also the Gulf countries.⁷ Iran has tried to dominate the Gulf region since the revolution, and continues to this day.

The other potential external threats to Saudi Arabia from other nations are more limited and largely mid-term risks. They include:

- A major escalation of the Israeli-Palestinian conflict or some kind of preemptive Israeli strike on Iran’s developing nuclear facilities.
- A radicalization of Yemen, and a cross border Yemeni threat to Oman or Saudi Arabia.
- A major incident or political miscalculation involving the Iranian and UAE dispute over Abu Musa and the Tumbs.
- An Iranian backed Shi’ites takeover of Bahrain.
- The emergence of a radicalized and hostile Iraq, or an Iraqi civil war that spilled over into tensions and conflicts involving Iran, the Arab states, and/or Turkey.

⁷ Alrashid, Abdurrahman, “Yes we are afraid of the Iranian Uranium.” *Al-sharq Al-awsat*. 10/8/2003

Regional threats from Terrorism and Islamic Extremism

Every Gulf state is already caught up to some extent in the threat created by Islamic extremists who seek to create a world based on their own view of puritanical Islam, with little regard to the core value of Islam or the true needs of the region. Open violence so far is only occurring in Iraq and Saudi Arabia, but cells and groups exist in every Arab Gulf state and already have posed serious problems in Yemen.

These threats interact with other tensions in the region, most notably the Israeli-Palestinian conflict and the crisis over nation-building in Iraq. They are also reinforced by the backlash in US attitudes towards Islam and the Arab world growing out of “9/11,” and a different set of tensions within Europe over the impact of Arab and Islamic immigration. Furthermore, extremists have used the existence of US bases in the Gulf to sell their message that the rulers are illegitimate. They argue that the governments of the region allow the bases because they are either unable to protect the sovereignty of their countries or they are incapable of protecting their people and they need the US to do so.

The Economic and Demographic Pressures that Drive the Region Towards Terrorism and Extremism

While it is tempting to focus on Bin Laden and Al Qaida, this threat is much broader based and ideological, rather than tied to a given leader or movement. The threat is driven by forces that are generational, rather than limited to a few years:

- **The Middle East and North Africa are a long-term demographic nightmare.** The US Census Bureau estimates that the Middle East is a region where the population will nearly double between now and 2030. The total population of the Gulf has grown from 30 million in 1950 to 39 million in 1960, 52 million in 1970, 74 million in 1980, 109 million in 1990, and 139 million in 2000. Conservative projections put it at 172 million in 2010, 211 million in 2020, 249 million in 2030, 287 million in 2040, and 321 million in 2050.

The Middle East and North Africa had a population of 112 million in 1950. The population is well over 415 million today, and approaching a fourfold increase. It will more than double again, to at least 833 million, by 2050.

The need to come firmly to grips with population growth is all too clear. Some of the most important, and sometimes troubled, countries in the region will experience explosive population growth. Algeria is projected to grow from 31 million in 2000 to 53 million in 2050. Egypt has a lower population growth rate than many of its neighbors, but is still projected to grow from 68 million in 2000 to 113 million in 2050. The Gaza Strip is projected to grow from 1.1 to 4.2 million, and the West Bank from 2.2 to 5.6 million. Iran is estimated to grow from 65 to 100 million, and Iraq from 23 to 57 million. Morocco is projected to grow from 30 to 51 million. Oman will grow from 2.5 to 8.3 million. Saudi Arabia will grow from 22 to 91 million, and Syria from 16 to 34 million. Yemen’s population growth rate is so explosive that it is projected to grow from 18 to 71 million.

Population growth is creating a “youth explosion.” This growth has already raised the size of the young working age population (ages 20 to 24) in the Gulf area from 5.5 million in 1970 to 13 million in 2000, million. Conservative estimates indicate it will grow to 18 million in 2010 and to 24 million in 2050. If one looks at the MENA region as a whole, age 20-24s have grown steadily from 10 million in 1950 to 36 million today, and will grow steadily to at least 56 million by 2050.

The World Bank estimates that some 36% of the total MENA population is less than 15 years of age versus 21% in the US and 16% in the EU. The ratio of dependents to each working age man and woman is three times that in a developed region like the EU. The US State Department has produced estimates that more than 45% of the population is under 15 years of age.

- **Population growth presents major problems for infrastructure.** Major problems now exist in every aspect of infrastructure from urban services to education. At the same time, population pressure is exhausting natural water supplies in many countries, leading to growing dependence on desalination, and forcing permanent dependence on food imports. Demand for water already exceeds the supply in nearly half the countries in the region, and annual renewable water supplies per capita have fallen by 50% since 1960 and are projected to fall from 1,250 square meters today to 650 square meters in 2025 – about 14% of today’s global average. Groundwater is being over pumped, and “fossil water” depleted.
- **Much of the region cannot afford to provide more water for agriculture at market prices, and in the face of human demand; much has become a “permanent” food importer.** The resulting social changes are indicated by the fact that the percentage of the work force in agriculture has dropped from around 40% to around 10% over the last 40 years. At the same time, regional manufacturers and light industry have grown steadily in volume, but not in global competitiveness.
- **Employment and education will be critical challenges to regional stability.** The Gulf already is an area where approximately 70% of the population already is under 30 years of age and nearly 50% is under 20. It is also a region where real and disguised unemployment averages at least 25% for young males, where no real statistics exist for women, and where the number of young people entering the work force each year will double between now and 2025. This creates an immense “bow wave” of future strains on social, educational, political, and economic systems whose effect is compounded by a lack of jobs and job growth, practical work experience, and competitiveness. The failure to achieve global competitiveness, diversify economies, and create jobs that is only partially disguised by the present boom in oil revenues. Direct and disguised unemployment range from 12-20% in many countries, and the World Bank projects the labor force as growing by at least 3% per year for the next decade.
- **Hyperurbanization and a half-century decline in agricultural and traditional trades impose high levels of stress on traditional social safety nets and extended families.** The urban population seems to have been under 15 million in 1950. It has since more than doubled from 84 million in 1980 to 173 million today, and some 25% of the population will soon live in cities of one million or more.
- **Broad problems in integrating women effectively and productively into the work force.** Female employment in the MENA region has grown from 24% of the labor in 1980 to 28% today, but that total is 15% lower than in a high growth area like East Asia.

The World Bank does not report trends for the Gulf region but the Middle East and North Africa have had had limited or no real growth in per capita income, and growing inequity in the distribution of that income, for more than two decades. This is reflected in the fact that growth in per capita income in constant prices dropped from 3.6% during 1971-1980 to –0.6% during 1981-1990, and was only 1% from 1991-2000. During this entire period, the disparity between the income of rich and poor tended to increase. The MENA region has a region-wide average per capita income of around \$2,200 versus \$26,000 in the high-income countries in the West.

- **Overall economic growth is too low.** The World Bank’s report on Global Economic Development for 2003 shows a sharp decline in economic growth in GDP in the MENA region in constant prices from 6.5% during 1971-1980 to 2.5% during 1981-1990. While growth rose to 3.2% during 1991-2000, it barely kept pace with population growth.

- **The Middle East is not competitive with the leading developing regions.** While inter-regional comparisons may be somewhat unfair, the economic growth in East Asia and the Pacific was 6.6% during 1971-1980, 7.3% during 1981-1990, and 7.7% during 1991-2000. The growth in real per capita income in East Asia and the Pacific was 3.0% during 1971-1980, 4.8% during 1981-1990, and 5.4% during 1991-2000.
- **The region is not competitive in trade.** It is a region whose share of the world's GNP and world trade has declined for nearly half a century, where intraregional trade remains limited, and where nearly all states have states outside the region as their major trading partners. The rhetoric of Arab unity and regional development has little relation to reality.
- **Radical economic changes are affecting regional societies. Agricultural and rural communities have given way to hyper urbanization and slums.** Most countries are now net food importers; and must devote a growing portion of their limited water supplies to urban and industrial use. The region cannot eliminate food import dependence at any foreseeable point in the future, and demographics inevitably mean its water problems force economic and social change.
- **“Oil wealth” has always been relative, and can no longer sustain any country in the region except for Qatar, the UAE, and possibly Kuwait.** The present boom in oil revenues has greatly eased the financial pressures on many oil-exporting states, but such developments are cyclical and uncertain. Real per capita oil wealth is now only about 15%-30% of its peak in 1980. For example, Saudi Arabia's per capita petroleum exports in 2002 had less than one tenth of their peak value from \$24,000 in 1980 to \$2,300 in 2002.
- **In spite of decades of reform plans and foreign aid, there are no globally competitive economies in any of the MENA states.** Productivity has been inhibited by problems in education, bureaucratic barriers, a focus on state industry, a lack of incentives for foreign direct investment, a strong incentive to place domestic private capital in investments outside the region, problems in the role of women that sharply affect productivity gain, and corruption. There are beginnings in nations like Tunisia, Jordan, and Dubai, but there are no real successes as yet, and many states have little more than ambitious plans.
- **Far too many countries have a sustained debt and budget crisis.** Most states already cannot afford many of the expenditures they should make or have national budgets under great strain. The end result is to cut back entitlements and investment in infrastructure, and allow state industries to decline. At the same time, many countries still spend far too much on military forces, continue to fail to effectively modernize their forces, and now must spend more on internal security.
- **Immigration is being driven by such forces and creates new challenges of its own.** It is hardly surprising therefore that the Arab Development Report should mention surveys where 50% of the young Arab males surveyed stated their career plan was to immigrate.

The Pressures Created by a Lack of Political Reform and Stabilizing Political Ideology

Demographic and economic pressures, however, are only part of the story. There are tremendous cultural, societal, political, and ideological pressures as well. Virtually all of the countries in the region have serious ethnic and confessional differences as well as differences resulting from education, tribalism, and class.

- **The Middle East is a region with a long history of failed secularism.** Pan Arabism, Arab socialism, the cult of the leader, and exploitative capitalism, have all had their day and failed. Most states have patriarchal and authoritarian leaders, one or no real political parties, and elites unprepared for truly representative government. Far too often democracy is a word rather than a practical option.
- **Vast changes in communications – such as satellite TV News channels like Al Jazeera and the regional content of the Internet – produce serious cultural alienation and expose**

the public to the outside world. Such exposures have made the public aware of the failure of their current political and economic systems in comparison to other systems.

- **This alienation is compounded by the Arab-Israeli conflict, the military dominance and intervention of the US, and often careless and extreme US and Western criticism of Islam and the Arab world.** The image of crusaders, of neo-imperialism, and Western contempt or disregard for the values of the region and Islamic world is grossly exaggerated. So too is the blame assigned to Israel and to the US for supporting Israel. It is, however, a reality in terms of regional perceptions and there are enough underlying elements of truth behind these perceptions so that no one in the US should ignore them.
- **It is hardly surprising, therefore, that many in the region have turned back to what they regard as their roots in Islam and ethnicity.** They see their future in terms of religion, a broad Arab identity mixed with reliance on extended family and tribe. The end result is sometimes extremism, anger, hatred, and violence.
- **It is equally unsurprising that American calls for reform and democracy are seen as outside interference, as motivated by selfish US interests or even “Zionist plots,” and that US efforts at nation building are greeted with so many conspiracy theories and so much suspicion. Growing internal security problems are often far more serious than external threats.**
- **Governments are generally failing to modernize their conventional military forces at the rate required and to recapitalize them.** This failure is forcing regional states to reshape their security structures, and is pushing some toward proliferation.

This mix of complex forces can—and must—change with time. Once again, many MENA states recognize the seriousness of these problems, and are making some progress. Saudi Arabia is strengthening its Majlis, moving towards local elections, and encouraging Islam and interfaith dialog. Crown Prince Abdullah has taken the lead in advancing an Israeli-Palestinian peace proposal. At the same time, the pace of reform lags far behind the need. Moreover, political cultures cannot, however, be changed quickly, and the problem of extremism and sometimes terrorism will endure.

Failures in Interoperability, Cooperation, and the Development of the Gulf Cooperation Council

Saudi Arabia and its Gulf neighbors may not commit self-inflicted wounds, but it certainly creates self-inflicted vulnerabilities. These can be loosely divided into military vulnerabilities and economic ones.

The most serious self-inflicted military vulnerability is the failure to act on more than two decades of efforts to create a better integrated approach to defense planning and operations through the Gulf Cooperation Council (GCC); a resulting failure to develop proper mission specialization and interoperability, and a continuing tendency on the part of many individual states to buy weapons and technology for their “glitter factor” and to under fund manpower quality, readiness, sustainability, and projection/maneuver capability. The problem is not that there is no progress; it is rather the *rate* of progress, and the resulting ineffectiveness and waste.

Saudi Arabia and the Gulf may have to continue to rely on help from the US and outside powers, particularly if Iran does build and deploy nuclear forces. At the same time, Southern Gulf military forces in the GCC now are large enough so that they could take on most of the task of regional defense and deterrence if the forces of the GCC states

were more integrated, more interoperable, and each nation focused on key military missions. This would be especially true if they created joint command, control, communications, computer, and intelligence (C4I), battle management (BM), and intelligence, surveillance, and reconnaissance systems to integrate air and maritime defense, deal with infiltration and amphibious attacks, and create a true, sustainable rapid deployment capability.

Saudi Arabia has all of the assets around which such joint planning and C4I/BM capabilities could be built, and they could easily be made compatible with US, British, and other forces – when required in an emergency. Military planning groups within the GCC have recognized this for years, as have many outside military advisor. *The problem is not the need or capability to act; it is the lack of any realistic collective decision to act.*

The Coming Recapitalization Crisis

The scale of waste is indicated by the fact that no Gulf county today has balanced and effective forces, but the Southern Gulf spends some \$37 billion a year on military forces, and at least another \$3 billion on paramilitary and security forces and sustains forces with over 220,000 men.

At the same time, most Southern Gulf states cannot afford to recapitalize their present force structure. They are only spending about half as much on new arms transfers as they did in the early 1990s. Total expenditures on new arms agreements were only \$15.3 billion during 2000-2003 versus \$29.3 billion in deliveries, and new arms agreements only totaled \$33.5 billion over the entire period of 1996-2003, versus a total of \$78.7 billion in new deliveries. The gap between the rate of new orders and actual deliveries would be far greater except for some \$15.7 billion in new UAE orders during 1996-2003. The Southern Gulf states must either make serious force cuts, or sharply slow their past pace of modernization and procurement.⁸

⁸ Richard F. Grimmett, Conventional Arms Transfer to Developing Nations, 1996-2000, Washington, Congressional Research Service, CRS RL32547, August 26, 2004, pp. 50 and 61.

Figure 1
The Problems in Gulf Military Recapitalization

	Country	1985-1989	1990-1994	1995-1998	1999-2002	2000-2003
Bahrain	Deliveries	800	300	300	600	600
	New Agreements	600	200	500	500	400
Kuwait	Deliveries	1,300	2,500	4,900	2,400	2,100
	New Agreements	3,500	5,700	1,400	1,900	2,200
Iran	Deliveries	7,800	3,900	2,100	700	600
	New Agreements	10,200	2,700	1,700	1,000	500
Iraq	Deliveries	16600	0	0	100	200
	New Agreements	10500	0	0	200	200
Oman	Deliveries	200	300	1,000	100	100
	New Agreements	400	600	500	1,300	1,200
Qatar	Deliveries	300	0	1,700	200	0
	New Agreements	100	2,000	900	0	0
Saudi Arabia	Deliveries	26,300	27,900	38,000	26,600	23,900
	New Agreements	45,700	30,200	6,600	4,100	3,400
UAE	Deliveries	2,500	1,300	5100	3,600	2,600
	New Agreements	1,000	5,000	7,300	9,000	8,100
Yemen	Deliveries	2,800	300	500	800	600
	New Agreements	1,200	1,500	600	500	600

Source: Richard F. Grimmitt, Conventional Arms Transfers to the Developing Nations, Congressional Research Service, various editions.

In spite of the current boom in oil export revenues, Qatar and the UAE now seem to be the only Gulf countries able afford to sustain their past levels of military spending and arms imports -- given their needs for domestic spending for both investment and for entitlements and operating expenditures. The slow pace of economic reform and diversification, and of job creation, is more of a threat to most Southern Gulf states than any foreign threat, as well as a serious potential cause of terrorism.

Oil wealth is relative for Gulf nations whose population is increasing so rapidly. Saudi Arabia and the other Gulf states face limits on their present and future income and need to make hard trade offs. They will either have to make significant force cuts or fall behind in force modernization over time.

The scale of such pressures on their ability to fund security apparatus will depend on how well Gulf nations do in diversifying their economies, reducing dependence on foreign labor, and creating new jobs for their own citizens. Moreover, the combined impact of demographics and the need for investment in development mean, that adjustments to the pattern of spending within national budgets cannot offer more than short-term solutions to these pressures even if nations do limit or cut military expenditures.

Threats imposed by Policy Failures on the Part of the US

The US contributes important strengths to Saudi Arabia's security and the security of the Gulf region. US forward deployed military power, and power projection capabilities essentially check mate Iran and outside threats. They provide a basis for improved training and military assistance, and for counter proliferation and missile defense. At the same time, the US also poses a threat in several important areas.

One key problem has been the failure to find viable ways to support reform, and US political efforts that have been more counterproductive than useful. If the US is to maintain the political support it needs to sustain its current security role in the Gulf, it must accept the fact that change must be evolutionary and must be driven largely on the basis of local values and reform efforts. The US also needs to show its Arab allies and friends the respect they deserve. The US cannot afford to deal with Islam or the Arab world in terms of ideological prejudice. The US does not need either neo-conservatism or neo-liberalism. It needs pragmatism, neo-realism, and a return to the "internationalism" that has shaped its most successful national security policy efforts ever since World War II.

The US cannot afford to engage every terrorist movement by itself, and its intervention in Iraq has shown that it risks alienating and radicalizing peoples and movements in nations throughout the Islamic world if it does so. It needs to create local partnerships with key nations like Saudi Arabia and Indonesia. It needs to focus systematically on just how different the various Sufi, Salafi, neo-Wahhabi, and Shi'ites movements are, and then deal with each separately on the terms best tailored to defeating violence and extremism in each separate case.

A far more visible US effort is needed to make it clear that the US understands these realities, and understands that it is fighting against a relatively small minority of extremists, and not the Arab world and Islam. In the process, the US must also make it clear that it will persuade other countries that of adopting "universal values" and not seek to impose "western values".

The US also needs to start thinking in terms of decades. It needs to understand that it must make a long term effort to work with the nations of the Arab and Islamic worlds to both fight terrorist movements and encourage the full range of well-defined evolutionary reforms best suited to a given country at a given time.

The US cannot succeed if it continues to make vague calls for democracy, rather than well-planned nation-by-nation efforts to achieve evolutionary reform. In fact, the current US approach threatens to turn "democracy" into a four-letter word; a synonym for half-

reasoned US efforts to force its own political system on other countries or simply serve its own interests through regime change.

President Bush did advance support for a more nuanced approach in his speech on democracy in the Middle East in early November 2003, and the G-8 communiqué of June 2004 is a much more pragmatic and collective approach to reform. However, both American neo-conservatives and neo-liberals often still seem to dwell on slogans and often in a world where the net result of what they recommend would be “one man, one vote, one time.”

Elections are only one element in what should be a carefully tailored country-by-country effort to achieve evolutionary change and reform. The first step may often be to improve human rights and the quality of the rule of law. At the same time, helping nations achieve economic reform and deal honestly with their demographic problems should have priority.

Encouraging friendly regimes to create elected consultative institutions, to move through a process where their populations learn what voting means, developing political parties, creating media capable of supporting an honest elective process, and debating in the way states use their resources and manage the state are all be preconditions to effective pluralism in most cases. Most of all, the US should encourage transparency and accountability from its friends. As mentioned above, with the changes in communications, the public has many questions to their governments: how are public funds being managed? What is being done to secure them? What is being done to reform the educational system? The US must look beyond words like “democracy,” and remember that it is not a democracy, but rather a republic that protects the individual over the majority, and preserves the rights of all through limitations on the power of the central government and checks and balances within it. It must remember that revolution, rather than evolution, can only bring misery to the nations where it takes place, and violence and hostility to the US, and act accordingly.

The Threat of America’s Failure to Come to Grips with the Arab-Israeli Conflict

Islamic extremism is scarcely the only issue that divides the US from Saudi Arabia, and which threatens US alliances and friendships in the Gulf. No issue does more to polarize the region than the Israeli-Palestinian conflict, and there is no greater source of hostility to the US than the Arab and Islamic perception that the US is a cobelligerent with Israel. The US is Israel’s ally, and its main source of aid and military equipment. It is seen throughout most of the Arab and Islamic world as being responsible for Israel’s actions.

A struggle that the US and Israel perceive as a struggle against terrorism and extremism is perceived by Gulf Arabs and Iran as a struggle against Palestinians using the only means they have to struggle for liberation and independence. The US is seen, furthermore, to value Israeli lives more than those of the Palestinians. Far too often, Arab media are anything but objective, and tend to play to the crowds.

Worse, the US “occupation” in Iraq is increasingly perceived in the Arab world as the mirror image of the Israeli occupation in Gaza and the West Bank. There is a flood of

conspiracy theories charging that the US is copying Israeli tactics or that its actions in Iraq are somehow dictated by Israel.

The US does not have good options. It cannot abandon Israel or sacrifice its security, but it must deal with two failed leaderships, and two peoples who no longer have faith in each other or are capable of seeing the world through the other's eyes. The US will be at a major disadvantage in Iraq, in the war on terrorism, and in the Arab and Islamic worlds as long as the Israeli-Palestinian War continues.

Saudi Arabia faces equal problems. It cannot abandon its support for the Palestinians because of its need for a security relationship with the US, or the problems created by its own war against terrorism. Its legitimacy lies in its support for Islamic and Arab causes, both in terms of its own population and the perceptions of other Islamic and Arab nations.

There is no way out of this dilemma other than a continuing and highly visible Saudi and US effort to create a just Israeli-Palestinian peace regardless of how many times new initiatives fail. Moreover, this is the only way Saudi Arabia can bring full security to its Western border and minimize the risk of some kind of strategic exchange between Israel and Iran, or the broadening of the Israeli-Palestinian conflict to include other Arab states. This aspect of security cannot be achieved by military means.

Saudi interests, US interests, Palestinian interests, and Israeli interests can only ultimately be served by a just peace. The proposals advanced by Crown Prince Abdullah, and accepted in large part by the Arab League are an important step in this process. So are the proposals the US and the Quartet advanced in their "road map" for peace.

If there is any military dimension to such a peace, it may lie in finding a way both Israelis and Palestinians can accept to create an international military presence to observe or protect such a peace. Ultimately, however, economics will be more important than force. It has been clear since the time of Camp David that massive new economic aid will be needed over a period of a decade to both a new Palestinian state and to Jordan in order to ensure the success of any peace process, and provide the necessary "nation building."

The Threat of An Unstable or Divided Iraq

Finally, the US and British-led Coalition may have aided Gulf security by removing Saddam and Iraq's ability to mount a near-term threat using conventional forces or weapons of mass destruction. However, it may well have created a new threat in the process. Iraq's uncertain future creates serious problems of its own.

At best, Iraq seems likely to face years of insurgency and instability. At worst, Iraq may emerge as a state hostile to the Saudi Arabia and the other Southern Gulf states. It could emerge as a Shi'ite-dominated state that will become the source of new tensions with its Arab Sunni neighbors and an ally with Iran. It may become a new center for Islamic extremists and terrorist activity, and one much closer to the Gulf in both political and geographic terms than Afghanistan.

It is far too early to predict that the Coalition efforts at nation building will fail, that a moderate Iraqi government will not emerge, or that Iraq will be a long-term source of instability. The fact remains, however, that poor US preparations for Phase IV and nation building operations have created a level of insurgency that has become a war after the

war, and has greatly increased the risk of such failure. The success of the Coalition effort in Iraq, and Iraq's ability to create a stable and secure new government, is now too close to call.

Saudi Arabia already faces problems with Islamist and other hostile infiltrators coming into Saudi Arabia from Iraq. It is increasingly worried about a failed Iraq on its border, which could be a safe haven for terrorists. Furthermore, Saudis must now worry about the broader implications of any Iraqi government that does not give a fair share of wealth and power to Iraqi Sunnis, and the risk of further tensions within Islam or the kind that Islamic extremists have already created in seeking to deny the religious legitimacy of those who do not interpret Islam precisely as they demand.

The Saudis have made their concerns about an instable Iraq apparent. Saudi Arabia has provided aid, and is discussing debt relief and reparations issues. It has also made its own proposals to try to bring stability to Iraq. During Secretary of State Collin Powell's visit to Jeddah in the summer of 2004, the Kingdom proposed the creation of "Muslim force" to help secure Iraq under the UN, after Coalition forces withdrew. It is far from clear when Iraq will be stable enough to permit such an approach, but it is a concept that its well worth examining over the next few years if Iraqi military and security forces cannot make the transition to providing security and stability within Iraq.

III. The Saudi Security Apparatus and Saudi Military Forces

The current Saudi security apparatus is a complex mix of regular military forces, a separate National Guard, and various internal security and intelligence services. Saudi Arabia's military forces are only one element of this security structure and are currently divided into five major branches: the Army, the National Guard, the Navy, the Air Force, and the Air Defense Force. Saudi Arabia also has large paramilitary and internal security forces, and a small strategic missile force.

Saudi Arabia has made significant progress in creating modern and effective military forces, but it still faces major problems in the leadership and organization of its armed forces. These include the traditional problems all states face in organizing and commanding large military forces, and in shaping and funding the future structure of its armed forces. At the same time, the Kingdom now faces the new problems of dealing with significant problems in manpower quality, advanced military technology, readiness, sustainability, and managing an advanced force structure that must have the option of being interoperable with both region allies and those from outside the Gulf.

The Leadership of the Saudi Security Apparatus

Civilian control of the Saudi security apparatus is absolute, but it is extended through the royal family and not through the methods common in the West. Saudi military forces are formally under the direct control of King Fahd bin Abdul Aziz Al Saud. King Fahd is the Prime Minister of Saudi Arabia, Custodian of the Two Holy Mosques (since adopting the title in 1986 to substitute for "His Majesty") and the Commander-in-Chief of the Saudi Armed Forces. He is one of the sons of the Kingdom's founder, and assumed power of the Kingdom on June 13, 1982, after the death of King Khalid Bin Abdul Aziz. Prior to his current appointment, King Fahd became Saudi Arabia's first Minister of Education in 1953; he was appointed Minister of Interior in 1962. He held this post until he became Crown Prince in 1975.⁹

In actual practice, Crown Prince and First Vice Prime Minister Abdallah bin Abdul Aziz Al Saud (half-brother to the monarch and Crown Prince since 13 June 1982, has acted a regent since January 1996, and has steadily played a more leading role in shaping the country's security policy. All major policy decisions are normally made by a group of senior members of the royal family, however, and two other major princes play a critical role: Prince Sultan bin Abdul Aziz Al Saud, the Second Vice Prime Minister and the Minister of Defense and Civil Aviation, and Prince Nayef bin Abdul Aziz Al Saud, the Minister of Interior.

While Crown Prince Abdullah and his son, Prince Mitiab, the Assistant Vice Commander for Military Affairs, control the National Guard; the Minister of Defense, Prince Sultan, makes most decisions affecting the regular armed forces. Prince Sultan bin Abdul Aziz Al Saud, has been the Minister of Defense and Aviation since 1963, and the

9 David E. Long, *The Kingdom of Saudi Arabia*, 1997, University Press of Florida, pp. 35-38.

Second Vice Prime Minister since 1982. Prior to these positions, Prince Sultan held numerous government posts including: Governor of Riyadh, Minister of Agriculture and Minister of Communications. Prince Sultan has now spent four decades shaping and modernizing Saudi Arabia's armed forces, has made most policy decisions relating to military procurement, and has supervised the construction of modern military bases and cities throughout the Kingdom.¹⁰

The Saudi National Guard remains under a separate chain of command. Crown Prince Abdullah bin Abdul Aziz, the First Vice Prime Minister, has commanded the National Guard since 1962.

Prince Nayef has been the Minister of Interior since 1975. He effectively controls the General Security Services (internal intelligence services), the Public Security Administration Forces (the police), the Civil Defense Forces (fire service), the Border Guard, the Coast Guard, the Passport & Immigration Division, the Mujahideen Forces, the Drug Enforcement Forces, the Special Security Forces, and the General Investigative Bureau. Like the other senior princes, Prince Nayef has held prior gubernatorial and ministerial posts such as: Governor of Riyadh, Vice Minister of Interior, and Minister of State for Security Affairs.

Saudi Arabia has a number of intelligence services, and the three leading princes who hold government positions have their own intelligence support (Crown Prince Abdullah: National Guard Intelligence Directorate; Prince Sultan: Military Intelligence which is comprised of officers from the four major branches of the armed services; Prince Nayef: General Security Service, the domestic intelligence service).

The most important intelligence service is that formerly controlled by the Prince Turki Al Faisal, who was appointed Director-General of the General Intelligence Directorate by King Khalid bin Abdul Aziz in 1977. He held this position until he was replaced by Prince Nawaf bin Abdul Aziz on September 1, 2001. This service has been renamed "The General Intelligence Presidency" during Prince Nawaf's tenure. The service focuses on external intelligence matters affecting Saudi Arabia and its mission is to gain a better understanding of the relationship between extremist groups in Saudi Arabia and the flow of currency both within the Kingdom and beyond its borders.¹¹

The Importance of Consensus and Consultation

While these royal chains of command divide the control of the Saudi security apparatus by senior princes, it is important to understand that the senior leaders of the royal family normally operate by a consensus reached at a number of levels. It is rare for any major decision not to be discussed informally by the most senior princes. This discussion generally includes consultation and advice from all of the relevant princes at

10 Royal Embassy of Saudi Arabia, "Government Official's Biographies: His Royal Highness Prince Sultan bin Abdul Aziz Al Saud" Available from:

http://www.saudiembassy.net/gov_profile/bio_sultan.html. Accessed on May 30, 2002.

11 Joseph A. Kechichian, *Succession in Saudi Arabia*, New York, Palgrave, 2001. p. 79.

the Ministerial level, supported by a mix of outside advisors and technocrats within the key security Ministries.

Interviews indicate that there is nothing rigid about this process, and that senior Ministers can act quickly and with minimal amounts of technical advice. Such actions are rare, however, and the senior princes often staff their decision making process with analyses of options, budget implications, and advice on the internal political, social, and religious impact of their decisions.

A lack of administrative structure, and clear and well-established procedures for collective planning and review do, however, present problems. This is particularly true when decisions cut across the lines of responsibility from one senior prince to another, when they are not part of the normal flow of annual decision making, and which hard choices have to be made in analyzing the effectiveness and cost of given decision and options.

Consultation at the top is not systematic coordination throughout the security apparatus, and the coordination between planning, policy, and budget decisions for the regular armed forces, National Guard, internal security services, and intelligence branches is inadequate and sometimes tenuous. The Kingdom has talked about creating a national security council for decades, and even once built a building for such a body, but does not have either a staff that integrates all of its security efforts, or a something approaching an adequate interagency process.

At the operational level, there is a need for joint commands that include all of the regular military services, the National Guard, and the key elements of the security services under the Ministry of the Interior. There is a need for a joint approach to creating a national command, control, communications, computer, and intelligence system (C⁴I), and joint battle management capabilities. At the planning level, there is a need for a coordination planning, programming, and budgeting level. Similar “jointness” is need in intelligence, in acquiring military technology, in creating a nation intelligence system.

The problems at the top are also compounded by the fact that other princes act as governors and play a major role in shaping internal security at the regional level, while dealing with Islamic extremism involves a wide range of other ministries and religious leaders.

The Leadership of the Saudi Military Forces

The Saudi command structure has improved, but still lacks some of the elements necessary for a modern command structure, and these problems are complicated by the fact that the regular military forces and National Guard have totally separate command, planning, and budgeting operations up to the level of the respective commanders.

The military chain of command under Prince Sultan tends to be cautious and over-compartmented, and is only beginning to encourage the proper level of combined arms operations or “jointness” in the form of close cooperation between the services. Command relationships are highly personal, informal relationships often define real authority and promotion, and the senior commanders of their respective services maintain tight control over operations, deployments, procurement, and all other aspects of Saudi military spending.

The Saudi high command tends to reward longevity, conservatism, and personal loyalty rather than performance. Many senior commanders are from families with long ties to the Saudi royal family, and many mid-level officers come from families and tribes that are traditionally loyal to the Al Saud family. At the same time, the level of education and experience of Saudi officers has improved strikingly since the mid-1950s -- when most officers had a traditional background. The military forces are also less political.

The royal family has kept a moderate profile at lower levels within the armed forces. There are royal family members in a number of senior command positions, but others have deliberately been given lower ranks to allow officers outside the royal family to hold command slots.

Saudi Arabia still makes many promotions for political reasons and because of nepotism. It has been slow to develop systems of rotation that retire senior officers and systems that modernize the higher levels of command. There are many good high-ranking officers, but there are also many mediocre and overcautious loyalists. Senior officers often serve far too long, and block the promotion of younger and more capable officers below them. Some treat their positions as sinecures or positions they can exploit for profit.

At the same time, younger Saudi officers may have a traditional cultural background, but they are increasingly well educated and often have considerable technical proficiency. The Saudi military services have also developed impressive modern headquarters and management systems, with the support of Western advisors and technicians. As a result, there is a relatively high degree of military proficiency in many areas. This is particularly true at the tactical level and in those junior to mid-level positions where professionalism is more important in defining power and status than political contacts and family or tribal background.

The Saudi National Guard has a better reputation than the regular services within the Kingdom, and among its foreign advisors, for promoting on the basis of merit, for setting training standards and insisting that they be met, for budgeting and financial controls, and for avoiding corruption. At the same time, the National Guard does not have to make the vast purchases of advanced weapons technology that complicate the planning and budgeting problems of the regular armed forces.

There have been few overt signs of political activism in the Saudi military in recent years, but there are reports of extensive reviews of the political loyalty of both regular and National Guard personnel since a series of terrorist attacks in Riyadh in May 2003. These do not seem to have led to any intensive arrests or purges, however, and so far, only a handful of extremists have a background in the military or National Guard. Bin Laden Al Qaida, and other Islamist extremists are simply too far from the mainstream of Saudi society to attract significant support in the armed forces—which show few signs of the level of politicization that was a problem at the time of Nasser.

Management, Budgeting, Leadership, and Civilian Control and Management of the Regular Armed Services

Prince Sultan, the Second Vice Prime Minister and Minister of Defense and Aviation, has made a major and enduring contribution to the Kingdom's military development. However, many of his senior commanders have not always provided the kind of leadership Saudi Arabia's military needs. These individuals often focus on massive equipment purchases, and have insufficient patience to deal with the manpower management, operations and maintenance, and sustainability issues that shape real-world military effectiveness.

In general, the military commanders seem to find it easier to plan strategy, and make dramatic new arms purchases, than take the kind of hard, consistent, and systematic decisions necessary to translate strategic ideas into operational and mission-oriented war fighting capability. The end result is that Saudi arms purchases – which have totaled some \$85 billion since the Gulf War in 1991 -- have sometimes done more to disorganize the Saudi military, and create conversion problems, than they have done to improve it.¹²

Senior generals in the different military services have also failed to adequately recognize the manpower and financial constraints on the expansion of Saudi military forces. Prince Sultan's vision -- announced in a 1996 speech —has not yet been realized by senior generals: “We have great plans to modernize the armed forces during the next five-year plan. The broad headlines have been made starting with the training of the individual to securing modern equipment. The sixth plan for our armed forces, which may begin next year, will be, God willing, a plan of expansion not only in purchases but in men and attracting Saudi school and university graduates.”¹³

Perhaps fortunately, the financial constraints imposed by low oil revenues during the 1990s curbed some of these modernization plans. Unfortunately, senior military planners failed to react to these constraints by adequately downsizing and slowing Saudi procurement plans, and by creating more realistic annual budgets and five year plans that stressed investing in balanced war fighting capabilities rather than procurement. After 1995, key military activities like manpower quality, training and exercises, sustainment, and maintenance were underfunded. The Air Force also suffered from corruption at the higher command level, a problem that was corrected several years ago.

The Ministry of Defense and Aviation still needs to improve the ways in which it exerts central management over the services to ensure that they maintained readiness and convert to new equipment. In the past, it has allowed each service to develop different levels of capability by branch. Until recently, no effort was made to develop cohesive plans to ensure suitable progress in interservice cooperation or jointness, in combined arms, and in balancing the development of combat arms with suitable sustainment and support capabilities. Cost savings in many of these areas were used to fund equipment orders that should have been downsized and renegotiated, and when years of high oil

¹² Based upon the work of Richard F. Grimmett in various editions of, Conventional Arms Transfer to Developing Nations, Washington, Congressional Research Service.

¹³ Reuters, May 14, 1996; *Jane's Defense Weekly*, May 22, 1996, p. 4.

revenues did occur, the Ministry sometimes sharply over spent its budget by making new arms purchases.

Senior officials like Prince Khalid bin Sultan -- Assistant Minister for Military Affairs -- have recognized that the Ministry of Defense and Aviation needs to shift from a focus on force build-up to a focus on force effectiveness, and introduce tight top-down budget and program management. The Ministry has failed, however, to develop effective planning, programming, and budgeting systems that ensure that there are effective fiscal controls, and procurement, manpower, and operating and maintenance systems.

This makes it difficult to plan and control cash flow for major arms buys. It encourages "stovepiped" funding of different elements of the military forces, and makes it harder to control waste and corruption. There are no stable force modernization and force expansion goals or efforts to shape and fund balanced war-fighting capabilities. There seems to be no centralized system to assess the war fighting capability and readiness of Saudi forces and monitor measures of effectiveness. There also is no public transparency of the kind that ensures funds are spent effectively, or that allows Saudis inside and outside the Ministry of Defense and Aviation to assess what the five-year plan is, how the budget is allocated, or how money is actually spent.

In fairness, these same problems affect every military force in the Middle East, including Israel. A combination of outdated paternalism, exaggerated and unnecessary secrecy, and treating defense as a virtually fiefdom of the ruling elite is the rule in the region and not the exception. Nevertheless, there are a number of high level Saudis, including some junior members of the royal family, who hope that future new equipment buys will be reduced and streamlined in order to concentrate on military effectiveness and fund a proper level of readiness and sustainment for the Army, Air Force, and Navy.

There is a similar need for better direction and leadership in the upper echelons of each military service, and for changes in command and doctrine that will make Saudi military thinking and operational plans less static, improve every aspect of force planning and management, and prune the upper levels of command. Saudi Arabia needs to move from a nation whose military forces are static and defensive in character to one with military forces that are oriented towards maneuver and speed of concentration, and joint warfare. It also needs to match its close collective security ties to the United States and other Western powers with much more effective efforts to developing coalition war fighting capabilities with the other Southern Gulf states -- most notably Bahrain, Kuwait and the United Arab Emirates.

These problems in organization and high command are compounded by the fact that Saudi Arabia has one of the most complex force postures of any developing nation, and operate some of the most advanced military technology in the world. In several cases, Saudi military technology is more advanced than that in many developed NATO countries. Furthermore, Saudi Arabia has just completed the final stages of massive infrastructure programs that have created some of the world's most modern facilities out of empty desert. It is beginning to produce its second generation of ranks with modern military training. Only a little more than a generation ago most of its troops were traditional villagers with only limited education and technical background.

The fact that Saudi Arabia has both a regular army and National Guard has created somewhat duplicative forces without defining roles and missions in ways that seem to meet the Kingdom's needs. This does not necessarily mean that the army and National Guard should be integrated – any more than the US Army and Marine Corps should be integrated – but it does create problems that might be solved by better defining the roles and missions of each of Saudi forces, and by rationalizing the roles of the Army and National Guard. .

Still, these problems need to be kept in perspective. The people, who have criticized the Saudi military, have often ignored the challenges the military has faced and how much it has already accomplished. Saudi Arabia's military planning and management may have been imperfect, but so is that of every other country that has tried to cope with the on-going revolution in military affairs. Saudi Arabia has already overcome massive challenges in terms of manpower, infrastructure, and technology transfer. It has a solid mix of infrastructure and existing equipment holdings to build upon, and relatively high level of overall tactical proficiency for a major developing nation.

The Kingdom can draw on military support from the West, and Saudi Arabia has been fortunate in its potential enemies. Iran has never fully rebuilt its conventional forces since it experienced massive losses at the end of the Iran-Iraq War. Iraq suffered a devastating defeat in the Gulf War and its military forces and weapons of mass destruction were eliminated in the Iraq War of 2003. Yemen's forces have been weakened by civil war, and the government's lack of funds has prevented major arms imports since the end of the Cold War. Saudi Arabia may have its military problems, but its most serious potential threats have had military disasters.

This decline in the threat, however, imposes problems of its own. Saudi Arabia faces difficult challenges in determining and providing the proper levels of military spending in effectively managing its funds and in deciding upon the proper level of arms imports. Uncertain oil revenues and steadily expanding civil demands for entitlements, and civil investment, have greatly reduced the ease with which the Kingdom can sustain high levels of defense expenditures. At the same time, Saudi Arabia can still afford to spend far more on its military forces than the any other country in the Middle East, Iraq's military spending has been severely restricted by UN sanctions, and Iran's economic problems have sharply limited what it can spend on military forces.

The Kingdom must also deal with new developments in the region. First, the US announced it is lifting the 14-year old ban on military equipment sales to Yemen.¹⁴ The US believes that Yemen has been a good partner in the fight against Al Qaida, and such move is the Yemenis rearward. Second, the US is rebuilding the Iraqi army, and there might be fears on the Saudis' part that Iraq will replace the kingdom as the US major strategic partner in the Gulf. These fears are compounded by US lawmakers attempts to limit the sales of arms to the Kingdom through legislation such as the Saudi Accountability Act of 2003. Third, Iran has played constant cat and mouse game with IAEA, and most observers believe that its nuclear weapons program is becoming steadily

¹⁴ <http://www.defensenews.com/story.php?F=3150933&C=mideast>. Accessed on September 2, 2004.

more advanced. In addition, its deployment of Shihab-3 missiles could threaten most Saudi cities.

Saudi Military Expenditures

There are a number of different estimates of Saudi expenditures, and of the burden they impose on the Saudi economy, but most agree to the extent they report extremely high levels of spending. US Department of Defense estimates show that Saudi spending peaked during the Gulf War, then dropped in the mid to late 1990s as Saudi Arabia came under increasing financial pressure because of comparatively low oil revenues and increased civil spending burdens caused by major population increases. In fact, 1995 was a year of Saudi fiscal crisis, and led to cuts that reduced Saudi spending by 33% between 1990 and 2000. Other Department of Defense sources indicate, however, that Saudi expenditures leaped back up in 2001 as a result of a sudden “boom” in oil expenditures.

Reporting by the US State Department indicates that Saudi Arabia spent \$8.3 billion on defense during January 1 to December 31, 1999.¹⁵ It notes, however, that the Saudi government does not have separate line items budgets for defense and national security. As a result, such estimates of defense spending include Ministry of Interior expenditures and are therefore somewhat misleading. According to this estimate, Saudi Arabia spent 13% of its GDP and 41.65% of its national budget on military forces during this period.¹⁶

The International Institute of Strategic Studies (IISS) uses Saudi budget data to calculate the total Saudi security budget, including internal security, using data provided by the Saudi Arabian Monetary Agency (SAMA). According to the IISS, this spending totaled \$18.4 billion in 1999 (69 billion riyals), \$20.0 billion (74.9 billion riyals) in 2000, \$24.7 billion (92.7 billion riyals) in 2001, and \$22.2 billion (83.2 billion riyals) in 2002. The Saudi budget generally fell well below the level of actual spending. According to the IISS, the budget called for spending levels of \$21.1 billion (78.9 billion riyals) in 2001, \$18.5 billion (69.4 billion riyals) in 2002 and \$18.4 billion (68.9 billion riyals) in 2003.¹⁷

These figures indicate that Saudi Arabia spent 40% of its total budget on national security in 2000, 37% in 2001, 34% in 2002, and 33% in 2003. A detailed examination Saudi budget data indicate that national security spending is kept relatively high even in low budget years, but that Saudi Arabia is slowing increasing the percent of its budget going to the civil sector.

It is hard to assess how Saudi military expenditures are spent in detail. The Saudi budget provides no detail of any kind. Furthermore it does not include all purchases of

¹⁵ Exchange rate of 3.75 Saudi Riyal to \$1 USD.

¹⁶ Department of State, *Annual Report on Military Expenditures, 1999*, Submitted to the Committee on Appropriations of the U.S. Senate and the Committee on Appropriations of the U.S. House of Representatives, July 27, 2000, in accordance with section 511(b) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1993.

¹⁷ IISS, *Military Balance, 2003-2004*, London, IISS, p. 279

military equipment, construction, and services. Saudi Arabia does not report all of the relevant costs in its budget documents -- particularly costs of defense relating to the purchase of foreign defense goods and services. Saudi Arabia has often increased its defense expenditures after the budget was issued without reporting them, and has never publicly reported the actual cash flow it has spent on arms imports or on the value of the oil it has sometimes used in complex barter deals.

This lack of transparency in the Ministry of Defense and Aviation, National Guard, and other Saudi security-related budgets reflects broad problems in the management of Saudi defense resources. It makes it impossible for Saudis inside and outside military and security activities to provide intelligent criticism of the way the Kingdom spends its resources. Perhaps more importantly, it seems to disguise a critical lack of effective planning, programming, and budgeting in the Ministry of Defense and Aviation (MODA). If the MODA has anything approaching a five-year plan that keeps procurement, manpower, and operations and maintenance expenditure in the proper balance, it certainly is not clear from Saudi actions. This lack of transparency also seems to disguise serious problems in exerting the proper fiscal controls and reviewing, particularly in regard to arms orders and procurement spending.

Finding the Proper Level of Expenditure

The total cost of Saudi military efforts since the early 1970s has exceeded several hundred billion dollars, even if one excludes the cost of the Gulf War. The Kingdom spent from \$14 to \$24 billion a year on defense during the later 1970s and the 1980s, its full-time active military manpower increased from 79,000 to 199,500.¹⁸ Much of this expenditure -- probably on the order of 60-65% -- was spent on infrastructure, foreign services and maintenance, and basic manpower training. Saudi Arabia had to create entire military cities, new ports, and major road networks. It had to create modern military bases in the middle of its deserts, and pay for far more extensive training than most of the military manpower in the Third World receives.

There were good reasons for many of these expenditures during the period Saudi Arabia had to create a modern military force. Saudi recruits, whether nomad or townie, had to be brought to the point where they could operate modern military equipment, and buy a pool of equipment and munitions large and modern enough to give Saudi Arabia the ability to deter Iran and Iraq. Since the mid-1980s, Saudi Arabia has been able to shift from creating basic military capabilities and infrastructure to a slower and less expensive build-up of combat capabilities.

The cost of the Gulf War placed a massive new burden on the Kingdom, however, and such expenses had to take place at the cost of "butter," and helped lead to chronic Saudi budget deficits.¹⁹ In fact, the Gulf War pushed Saudi military and security

18 IISS, Military Balance, 2001-2002, 2002-2003, and 2003-2004. This number includes the National Guard

19 The FY1988 budget was planned to have a \$10 billion deficit, with \$8 billion in foreign borrowing. It involved the first foreign borrowing in 25 years and the first increase in taxes in eight years -- all on foreign businesses. The

expenditures to the crisis level. Saudi security expenditures rose from 36% of the total national budget in 1988, and 39% in 1989, to nearly 60% in 1990. Although any such estimates are highly dependent on exactly what aspects of the cost of Saudi support to allied military forces during the Gulf War should be included, the percentage rose to around 70% in 1991-1992 -- including the cost of aid to allied governments during Desert Storm. It declined to around 30% after 1992, and has remained at the 30-40% level ever since.

As has been noted earlier, actual Saudi military spending tends to rise if Saudi Arabia faces an increase in the threat, increase internal security expenditures, makes major arms purchases, or simply takes advantage of unexpectedly high budget revenues. It is clear that the senior Saudi leadership sometimes personally increase spending or alters the budget in such cases with little consultation or regard for the niceties of the Saudi budget process.

What is not clear is why Saudi military expenditures remained so high after the Gulf War. The long pipeline of arms deliveries ordered in reaction to the war explains some of the high expenditures made in the immediate years aright after the war, but they should have tapered off more rapidly by the mid-1990s than the data available indicates and should have bought more major combat systems, readiness, and sustainability for the money. In fact, both the size of Saudi arms deliveries after 1995, and the ratio of deliveries to new agreements after 1995, is much higher than can easily be explained by either the volume of actual deliveries of major weapons or urgent Saudi needs.

Similarly, military construction expenditures seem excessive. The Kingdom completed most of its infrastructure and basic force development expenditures by the late 1980s. In spite of post-Gulf War spending on new bases near Yemen and on the Red Sea, this should have led to sharper cuts in such expenditures during the period after the Gulf War, and this is particularly true given the systematic under funding of manpower quality and sustainment from the mid-1990s onwards.

Once again, the explanation seems to be poor planning, programming, and budgeting by the planning officials at the Ministry of Defense and Aviation.

Saudi military expenditures have also consumed too large a percentage of GDP and as a percent of total government expenditures. The US State Department estimates indicate that Saudi Arabia spent about 20% of its GDP on defense during 1983-1986. They ranged from 16% to 23% of the GNP during the 1980s, peaked at 27-29% in 1990-1992, and have since dropped to around 14%. The percentage was only about 8.5% in 1996, however, if GDP is measured in purchasing power parity.²⁰ The Department of Defense has somewhat different estimates. They indicate that Saudi expenditures peaked

actual budget reached a \$15-17 billion deficit by the year's end, with some \$10 billion in financing. *Economist*, January 16, 1988, p. 59; *Defense News*, January 18, 1988, p. 4.

20 Based on various editions of the CIA *World Factbook*. Some of the differences between these estimates may, however, reflect differences in the CIA definition of GDP and military expenditures.

at 26-28% in 1990-1992, dropped to 10.2% in 1995, rose to around 14% through 1996-1998, and were around 13% in 1999 and 2000.²¹

Saudi military expenditures averaged around 40% of all central government expenditures (CGE) before the Gulf War, and rose to a peak of 60-73% during the Gulf War. As the previous data have shown, they then dropped back to around 35%-40%. US officials estimate that Saudi expenditures accounted for approximately 35-40% of all Central Government Expenditures, and 12.9% of the GNP, in 2000.²² Even so, this is still an exceptionally high percentage for a Saudi government that must fund so large a mix of welfare, entitlement, and civil investment expenditures.

There is no way to establish a "golden rule" as to what share Saudi military and security expenditures should consume of the GNP or total budget. It is clear that the recent spending has placed an increasing strain on the Saudi budget and economy. At the same time, these percentages are not easy to cut. Saudi Arabia must spend about \$13 to \$15 billion a year, in 2002 dollars, if it is to maintain its present forces and rate of modernization. It should be noted that the military is making an effort to save some money by taking such steps as increasing its repair capabilities, which would reduce the number of spares normally required to be stockpiled while systems are en route for overseas repair.²³

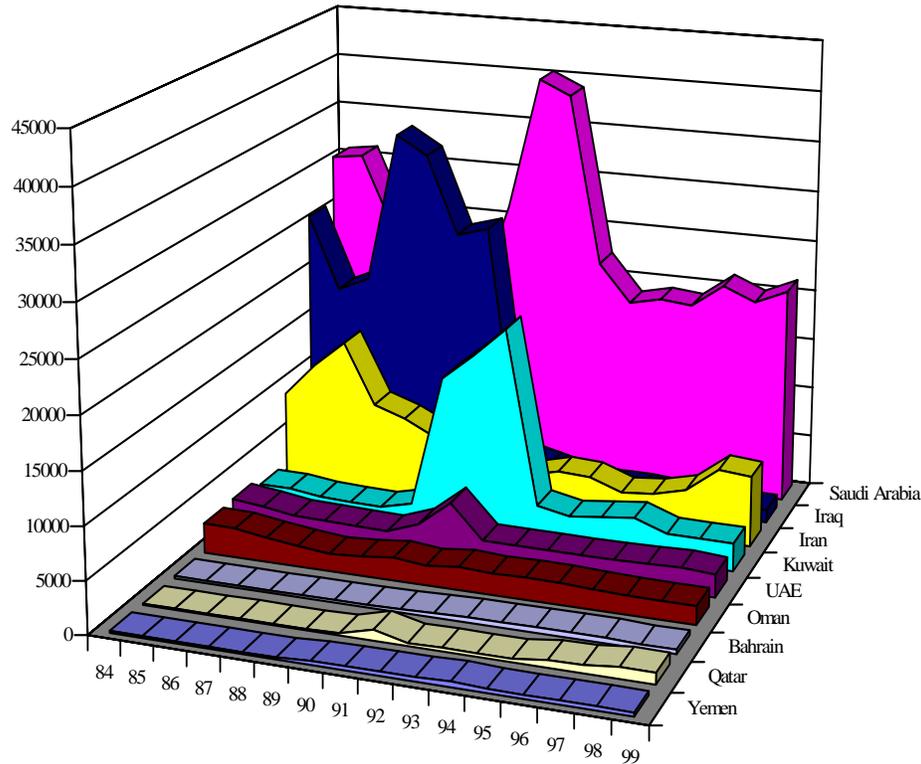
21 *Report on Allied Contributions to the Common Defense, March 2001*, Report to the US Congress by the Secretary of Defense, p. E-6.

22 Interview with official of the Office of the Secretary of Defense, February 2001.

23 *Defense News*, November 20-26, 1995, p. 27.

Figure 2

Comparative Military Expenditures of the Gulf Powers - 1984-1999
(Constant \$US 1999 Millions)

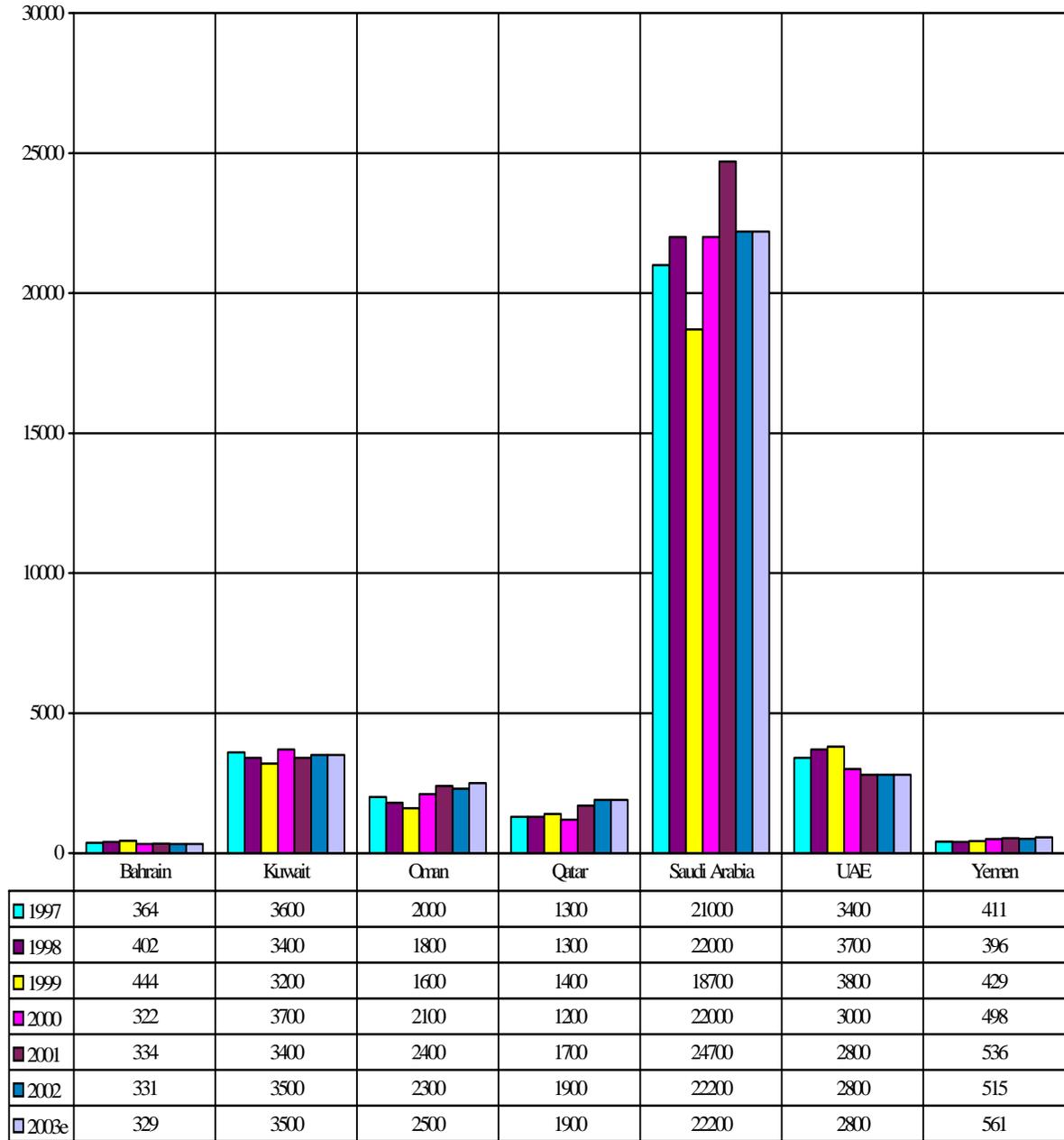


	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99
■ Yemen	192	179	183	189	161	183	372	403	430	431	536	419	379	411	414	374
■ Qatar	109	117	113	145	119	111	209	1032	284	346	310	330	700	755	1100	1060
■ Bahrain	235	225	218	214	237	238	253	315	414	505	508	519	531	533	388	415
■ Oman	2911	2855	2389	2020	1710	1890	2230	1890	2230	2060	2130	2080	1940	1820	1780	1780
■ UAE	3000	2666	2187	2120	2010	1930	3030	5550	2330	2290	2270	2250	2250	2310	2410	2180
■ Kuwait	2190	2160	1768	1630	1560	2310	15200	17800	20700	3810	3190	3550	3900	2760	2730	2690
■ Iran	9386	12680	15320	9350	8330	6820	7160	6710	4170	4950	4770	3640	3940	4730	7150	6880
■ Iraq	25890	18670	20050	35000	33200	25500	26400	3500	2800	2000	1750	1750	1500	1440	1270	1250
■ Saudi Arabia	30500	30900	24010	21600	17200	17900	27100	40200	38800	22100	18400	19100	18800	21100	19800	21200

Source: Adapted by Anthony H. Cordesman from ACDA, World Military Expenditures and Arms Transfers, 1995, ACDA/GPO, Washington, 1996 and US State Department, World Military Expenditures and Arms Transfers, 1999-2000, Bureau of Arms Control, Washington, 2001.

Figure 3

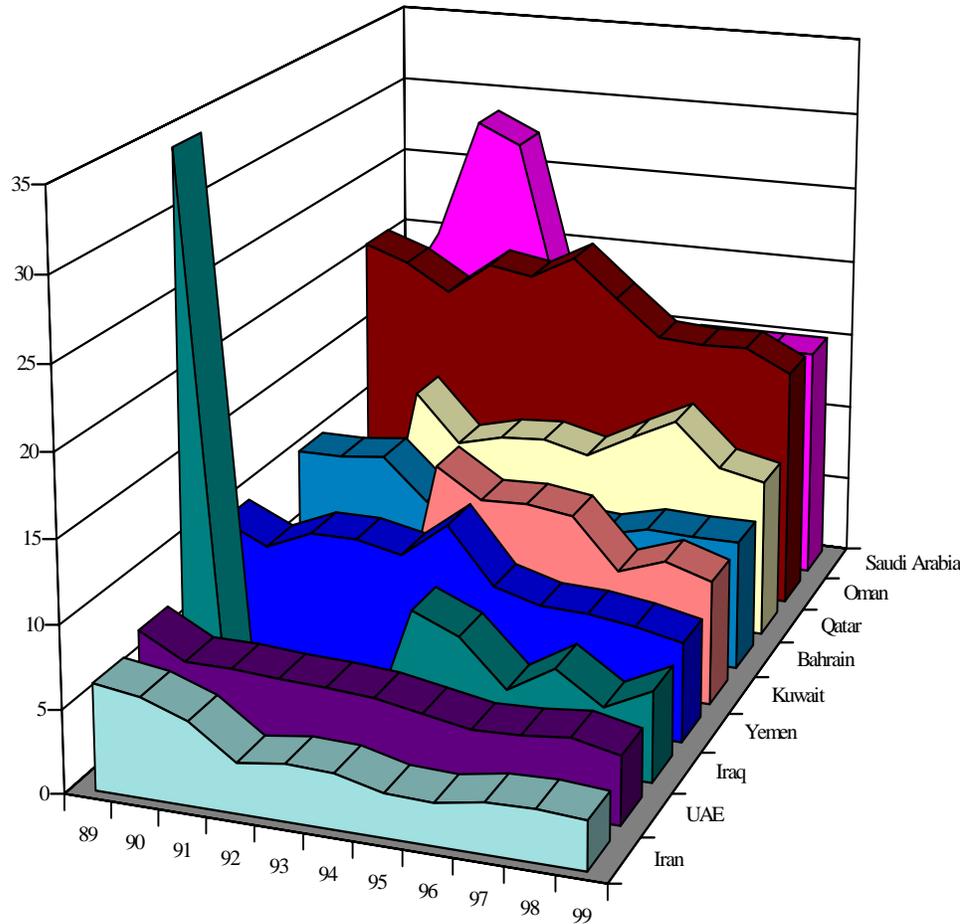
Southern Gulf Military Expenditures by Country: 1997-2003
(In \$US Current Millions)



Source: International Institute of Strategic Studies, Military Balance, various editions.

Figure 4

Comparative Military Expenditures of the Gulf Powers as a Percent of GNP - 1989-1999



	89	90	91	92	93	94	95	96	97	98	99
Iran	6.4	6	5	3	3.4	3.3	2.6	2.5	3	3.1	2.9
UAE	7.3	5.8	5.8	5.6	5.5	5.3	4.8	4.3	4.4	4.7	4.1
Iraq	34.3	-	-	-	-	8.3	7.1	4.3	6	4.1	5.5
Yemen	9.9	8.6	9.8	9.8	9.2	11.4	8	7.2	7.1	6.7	6.1
Kuwait	6.1	{53.1}	{101.9}	{77.0}	12.8	11	11.1	10.7	7.6	8.6	7.7
Bahrain	10.5	10.5	10.8	8.2	7.9	7.5	7.7	7.5	8.2	8.1	8.1
Qatar	-	-	13.2	10.2	10.9	11.1	10.4	11.9	13.3	10.6	10
Oman	21.1	20.1	18.4	20.5	20	21.5	19.1	16.8	16.6	16.7	15.3
Saudi Arabia	15.9	20.6	28.5	27.2	16.4	14.1	13.2	14.9	14.9	14.9	14.9

Source: Adapted by Anthony H. Cordesman from ACDA, World Military Expenditures and Arms Transfers, 1995, ACDA/GPO, Washington, 1996 and US State Department, World Military Expenditures and Arms Transfers, 1999-2000, Bureau of Arms Control, Washington, 2001.

Saudi Arms Imports

Saudi Arabia has long been dependent on other nations for virtually all of its arms and military technology. Saudi Arabia is making slow progress in developing an indigenous arms industry. Saudi Arabia has made progress in the support, supply, and operations and maintenance areas. It can produce some small arms, automatic weapons, and munitions, but much of the Saudi portion of the work consists of assembling imported parts rather than real manufactures.

A number of other programs consist of efforts where a foreign arms supplier has agreed to set up defense-related industrial efforts in Saudi Arabia to “offset” Saudi spending on arms imports. Some of these “offset” efforts have been useful in reducing the need to import technology, services, and parts, but many others are more symbolic efforts to employ Saudis than substantive efforts to aid the Saudi military or industrial base. It is scarcely surprising, therefore, that Saudi Arabia’s military build-up and modernization has led to massive expenditures on military imports.²⁴

Saudi Arabia has no reason to try to build major weapons systems, particularly when it can now buy some of the most advanced military technology available from diverse suppliers in the US, Europe, and Russia. Saudi Arabia’s recent arms purchases reflect this fact. During 1996-2000, it placed new orders for \$4.6 billion worth of US arms, \$500 million worth of arms from major European powers, and \$900 million worth of arms from other European states. During 2001-2003, it placed new orders for \$2.7 billion worth of US arms, \$500 million worth of arms from major European powers, and \$200 million worth of arms from other European states. During 1996-2000, it took delivery on \$16.6 billion worth of US arms, \$17.6 billion worth of arms from major European powers, and \$3.0 billion worth of arms from other European states. During 2001-2003, it took delivery on \$6.3 billion worth of US arms, \$16.6 billion worth of arms from major European powers, and \$1.0 billion worth of arms from other European states.²⁵

It does, however, have a great deal to gain from rationalizing its military industries, and equipping them to produce more spares and handle major equipment upgrades and overhauls. This would reduce Saudi life cycle costs, help sustainability, and ensure that the Kingdom could afford major upgrades and extend the life cycle of its weapons. It is also clear that this is the best way to insure Saudi Arabia’s independence from any one supplier of key weapons. Simply diversifying the sources of weapons and technology to reduce dependence on any one country is expensive, reduces

²⁴ Richard F. Grimmett, *Conventional Arms Transfers to the Third World, 1985-1992*, Washington, Congressional Research Service, CRS-93-656F, July 19, 1993, p. 59 and 69; *Conventional Arms Transfers to the Third World, 1989-1996*, Washington, Congressional Research Service, CRS-97-778F, August 13, 1997, p. 53 and 65; and *Conventional Arms Transfers to the Third World, 1992-1996*, Washington, Congressional Research Service, CRS-RL30640, August 18, 2000, pp. 47-49 and 58-60.

²⁵ Richard F. Grimmett, *Conventional Arms Transfers to the Third World, 1996-2003*, Washington, Congressional Research Service, CRS RL32547, August 26., 2004, p. 50 and 61

interoperability, raises training and readiness costs, and still leave Saudi Arabia dependent on a given supplier for a critical part of its arsenal in any sustained or high intensity conflict.

Saudi spending on arms imports also help explain why Saudi Arabia ranked as one of the world's ten largest military importers in every year for much of the last two decades. It ranked first in both new arms agreements and in actual arms deliveries during 1989-1992, and 1993-1996. It ranked first in arms deliveries during 1996-1999, although it ranked third in terms of new orders – behind the UAE and India and only marginally above Egypt.²⁶

This situation has changed strikingly, however, since the mid-1990. Saudi Arabia ranked seventh in terms of new agreements during 2000-2003, although it stayed first in arms deliveries during the same period because deliveries lag years behind orders. Saudi new orders during 2000-2003 were half of what they were during 1996-1999, and only 14% of what they were during 1991-1994.²⁷ Saudi Arabia no longer is one of the top ten arms importers.²⁸

It is not easy to make an accurate analysis of Saudi arms buys. Saudi Arabia does not provide statistics on its military imports, and most outside estimates are of limited analytic reliability. Two useful sources of unclassified intelligence estimates are, however, available from the US government: The Bureau of Arms Control in the US State Department (formerly the Arms Control and Disarmament Agency (ACDA)), and the Congressional Research Service. These estimates are based on unclassified intelligence data that make a detailed effort to include all weapons and produce comparable estimates.

These sources provide a more reliable picture than academic and non-governmental organization (NGO) estimates of arms sales. They are certainly accurate in reflecting the steady increase in Saudi arms imports that has taken place in reaction to the massive build-up of Iraqi and Iranian forces, the threats and uncertainties posed by the Iran-Iraq War, the cost of fighting the Gulf War, and other current threats.²⁹

The Impact of the Gulf War

²⁶ Richard F. Grimmett, *Conventional Arms Transfers to the Third World, 1989-1996*, Washington, Congressional Research Service, CRS-97-778F, August 13, 1997, p. 53 and 65-66.

²⁷ Richard F. Grimmett, *Conventional Arms Transfers to the Third World, 1996-2003*, Washington, Congressional Research Service, CRS-RL32547, August 26, 2004, p. 53 and 51-61.

²⁸ Richard F. Grimmett, *Conventional Arms Transfer to Developing Nations, 1996-2000*, Washington, Congressional Research Service, CRS RL32547, August 26, 2004, pp. 50 and 61.

²⁹ Arms Control and Disarmament Agency (ACDA), *World Military Expenditures and Arms Transfers, 1989*, Washington, GPO, 1990, Table II; ACDA printout dated May 14, 1996, and Arms Control and Disarmament Agency (ACDA), *World Military Expenditures and Arms Transfers, 1996*, Washington, GPO, 1997, Table II, and US State Department, *World Military Expenditures and Arms Transfers, 1998*, Bureau of Arms Control, Washington, 1999.

Saudi Arabia took delivery on \$48.1 billion worth of arms during 1983-1989, and purchased 14.1% of all Third World military import agreements during 1982-1989.³⁰ The Gulf War did, however, lead Saudi Arabia to make major additional purchases of military imports. Saudi Arabia ordered \$18.6 billion worth of military imports in 1990, and took delivery on \$6.749 billion worth. Saudi Arabia cut its new orders to \$7.8 billion in 1991, but deliveries rose to \$7.1 billion as its backlog of increased orders began to raise deliveries. Both new orders and deliveries dropped to \$4.5 billion in 1992. Saudi military imports then began to rise again because of the perceived threat from Iran and Iraq. Saudi Arabia ordered \$9.6 billion worth of arms in 1993, and took delivery on \$6.4 billion. In 1994, it ordered \$9.5 billion worth of military imports and took delivery on \$5.2 billion.

The end result of these orders was a bill that strained Saudi Arabia's financial capabilities at a time its oil revenues were declining, and a massive "pipeline" of ongoing arms deliveries that Saudi Arabia could not effectively absorb. The Kingdom had problems with meeting its payment schedules for several ongoing arms deals. Saudi Arabia had signed a multi-stage deal with Britain called Al-Yamama that costs the Kingdom up to three billion dollars per year, but which was not integrated into its normal budget process. A similar agreement for the upgrade of the Saudi Navy, Sawari, was penned with France. While the Kingdom could meet some of its obligation with oil, these deals still imposed a major financial burden. The US had to be paid in cash, which imposed even more of a burden.

There were reasons to diversify the Kingdom's arms purchases. Saudi Arabia found it could not rely on the US because of US ties to Israel, and internal political pressure from Israel's supporters. It made sense for the Kingdom not to become too dependent on one supplier. Second, major arms purchases were a diplomatic tool in ensuring support from supplier nations. Finally, arms imports were a way of "recycling" oil export revenues and preserving market share. However, the Kingdom failed to pay proper attention to interoperability and standardization. Like most Gulf countries, it often focused on buying the most effective or advanced system, and paid little attention to the practical problems of integrating weapons from different suppliers into overall force structures that minimized the problems in operating systems designed by different countries, the maintenance problems involved, and the difficulties in supplying and sustaining systems with different maintenance and ammunition needs in combat.

Aside from the National Guard, Saudi Arabia paid too little attention to the training burden involved, problems in combined arms and joint operations, and difficulties in command and control. It also underestimated the inevitable rivalry between foreign military advisory teams and the natural competitive bias of foreign contract support teams towards favoring systems made by their companies or countries. Saudi Arabia also underestimated the tendency of supplier countries to focus on sales per se and

³⁰ See "High Costs of the Persian Gulf War," Arms Control and Disarmament Agency (ACDA), *World Military Expenditures and Arms Transfers, 1987*, Washington, GPO, 1988, pp. 21-23; ACDA printout dated May 14, 1996; and Richard F. Grimmett, *Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1982-1989*, Congressional Research Service, Library of Congress, Washington, 90-298F, June 19, 1990.

ignore the Kingdom's strategic interests, even though most supplier countries were dependent on the security of Saudi oil exports.

Excessive arms spending also led to a budget crisis in the mid-1990s. The Kingdom's problems in paying for its existing arms orders in 1994 led it to make much more modest new purchases after this time. The Kingdom ordered \$2.1 billion worth of arms in 1995, and took delivery on \$2.1 billion. New orders totaled \$1.9 billion in 1996, and deliveries totaled \$6.3 billion. Saudi Arabia placed \$2.7 billion in new orders in 1997, and took \$11.0 billion worth of deliveries.³¹

The "oil crash" in late 1997 then reinforced the need for Saudi Arabia to limit its new arms imports. As a result, it placed \$2.9 billion in new orders in 1998, and took \$8.7 billion worth of deliveries, and placed \$1.6 billion in new orders in 1999, and took \$6.9 billion worth of deliveries.³² The scale of the decline in new Saudi arms import agreements is indicated by the fact that new orders during 1991-1994 were only about two-thirds of the total during 1987-1990. Saudi new orders for the four-year period from 1994-1997 were substantially less than half the new orders Saudi Arabia placed during the four-year period before the Gulf War, even measured in current dollars.³³

The Kingdom's new arms orders also suffered from planning management problems that reinforced the problems in Saudi military sustainment and modernization.

- First, the Kingdom focused on major new arms purchases during the period immediately after the Gulf War, rather than sustainment and then did not shift its purchases to focus on sustainment when it had to make major cutbacks after the mid-1990s. As a result, Saudi Arabia was flooded with weapons but seriously under funded in terms of the investment in maintenance and sustainment that was necessary to keep its existing weapons effective and properly absorb its new ones.
- Second, the flood of new deliveries during the 1990s added to the Kingdom's problems in effectively recapitalizing and maintaining its overall force posture. As a rough rule of thumb every major weapons system costs at least as much in terms of the arms imports needed to maintain and upgrade it during its life cycle as it does to buy, and often twice as much. The Kingdom now faces a major future cost problem in making and in keeping its new weapons effective that will add to the problem of sustaining its existing weapons. While no precise figures are available, some US advisors estimate that the Kingdom needed to restructure its arms import program to focus on sustainment half a decade ago, and needs to

31 Estimates based on data provided by Richard F. Grimmett of the Congressional Research Service.

32 Arms Control and Disarmament Agency (ACDA), *World Military Expenditures and Arms Transfers, 1989*, Washington, GPO, 1990, Table II; ACDA printout dated May 14, 1996, and Arms Control and Disarmament Agency (ACDA), *World Military Expenditures and Arms Transfers, 1996*, Washington, GPO, 1997, Table II, and US State Department, *World Military Expenditures and Arms Transfers, 1998*, Bureau of Arms Control, Washington, 1999.

33 These data are all take from the 1988-1996 editions of Richard F. Grimmett *Conventional Arms Transfers to Developing Nations*, Congressional Research Service.

spend three to four times more on support equipment, training systems, etc. than it does today, even if this means major additional cuts in spending on new arms.

- Third, the Kingdom never really developed a clear strategy for both improving interoperability and setting affordable long-term force goals. It went from year to year, solving its payments problems as they occurred. It did not develop effective future year plans and the spending fixes it adopted for any one year tended to compound its overall problems in standardization and interoperability.

The patterns Saudi arms imports since its funding crunch in the mid-1990s have been different. Saudi Arabia imported \$37.2 billion worth of arms during 1996-1999, and \$23.9 billion during 2000-2003. In contrast, it signed only \$6.0 billion worth of new arms agreements during 1996-1999, and only \$3.4 billion in new arms agreements per year during 2000--2003.³⁴ New orders were less than one-sixth of deliveries during 1996-1999, and roughly one-seventh during 2000-2003.³⁵

These trends are easing the strain Saudi arms imports put on the Saudi national budget and the Saudi economy, but also indicate that Saudi Arabia faces serious future problems because it is undercapitalizing its force structure. There also are major uncertainties affecting Saudi Arabia's future modernization of its armored forces.

While the Kingdom continues to discuss buying two types of advanced modern tanks, the Saudi Army cannot yet effectively operate its present mix of M-60s and M-1s, and its French-made AMX-30s are obsolete and many are in storage. It needs to rationalize its mix of other armored vehicles more than it needs new ones. As is the case with its other regular services, it needs to emphasize training and sustainment purchases over new weapons. The army does, however, need more long-range, self-propelled artillery firepower and advanced anti-tank weapons of the kind that can best help Saudi ground forces defend their long borders with Yemen and Iraq, which are exceptionally difficult to secure against infiltration and smuggling.

The past modernization of the Saudi air force and air defense forces has been overambitious, as has the modernization of Saudi Arabia's land-based air defense forces. It has created what is still a relatively modern air force, and Saudi Arabia continues to buy new systems. For example, it has upgraded its five E-3A AWACS, and taken delivery on a total of 12 AB-412TP search and rescue helicopters. At the same time, Saudi Arabia under funded the support of its F-15 force to the point where its readiness is seriously undermined. It has had to ground its aging F-5s. As a result, it is considering selling them, and buying a much smaller number of F-15s to compensate for its losses in training.

³⁴ Richard F. Grimmett, Conventional Arms Transfer to Developing Nations, 1996-2000, Washington, Congressional Research Service, CRS RL32547, August 26, 2004, pp. 50 and 61.

³⁵ Richard F. Grimmett, Conventional Arms Transfer to Developing Nations, 1996-2000, Washington, Congressional Research Service, CRS RL32547, August 26, 2004, pp. 50 and 61.

Saudi Arabia's main requirement for its air defense forces is the need to fund theater ballistic missile defenses at some point in the 2000s. The Kingdom has obtained shared early warning systems with the US, but US Patriots are the only system with anti-missile capabilities currently in Saudi Arabia. The anti-ballistic missile systems Saudi Arabia would need to deal with more advanced Iranian missiles are not yet available from the US and are not funded through its projections of its military expenditures. There are also now new sources of such defenses from other countries. In spite of some claims about the performance of the Russia S-300 and S-400 systems, they present much the same problems as the US Patriot and enhanced Standard missiles.

Saudi Arabia plans only a limited naval modernization program once it takes delivery on the three French Lafayette-class frigates in 2001-2005 that it ordered during the 1990s. Some officers still want to buy submarines, although it is far from clear that the Navy can afford to buy and sustain them. Others would like to shift the Navy's modernization priorities to areas like mine warfare and to concentrate on filling in the gaps in US Navy mission capabilities in the Gulf. This is an important change. Past Saudi naval imports often reflected more interest in prestige and in the "glitter factor" of having the best-armed large ships than in Saudi Arabia's mission priorities or real-world military effectiveness.

These issues highlight the problems caused by the fact that the quality of programming, planning, and budgeting within the Ministry of Defense and Aviation (MODA) has been poor, and the modernization planning and spending within the regular Saudi forces has seemed to lack coherent central direction. Major procurement planning has tended to lurch from year-to-year, and from major deal to major deal, rather than be part of a coherent future year plan and program budget. Once again, Force modernization often tends to focus on major weapons buys without coherent plans to provide suitable support, training, and sustainment. While Saudi Arabia has long had reasonably well-drafted five year plans in its civil sector, the MODA seems to be far behind the civil sector in practical planning, programming, and budgeting skills, and it is uncertain that it has the practical authority to implement coherent plans even if they are drafted.

As has been noted earlier, the Saudi National Guard has modernized more slowly and has kept its arms imports in better balance with its readiness and ability to absorb them. At the same time, the challenges the Guard has faced have been far less serious, and Saudi Arabia has not been able to bring its planning for the regular forces and Guard together in a common programming, planning, and budgeting, or to rationalize their modernization and roles and missions in ways that produce both military synergy and ensure that the National Guard can meet Saudi Arabia's evolving internal security needs.

Corruption, Waste, and Accountability

The lack of transparency and accountability is a major problem in Saudi arms buys, as is the tendency to create large contract programs that become open-ended purchasing programs. Some Saudi officials and officers feel that it is virtually impossible for anyone in the Saudi government, whether inside or outside the Ministry of Defense and Aviation to understand what is being bought in any detail, who is getting the money, and how the flow of Saudi payments is being accounted for. These problems are compounded by

layering service and support contracts in purchasing contracts over procurement contracts, accounting for the cost-benefits of grossly over-ambitious offset contracts, and accounting for soft expenditures like transportation and overhead costs.

Outside critics have often exaggerated the level of waste and corruption in Saudi arms deals and military procurement. The following sections show that the Kingdom has generally bought the right arms and got a highly effective mix of weapons for its money. As will be discussed later, the terms of US Foreign Military Sales (FMS) programs also places serious limits on the misuse of funds. In addition, European countries maintain audit programs that help to limit such problems.

The fact remains, however, that even relatively limited waste and corruption still involve major amounts of money – given the massive size of Saudi arms purchases. Furthermore, some very large Saudi arms deals like the Al-Yamamah program, that started out as an integrated purchase of weapons and services from Britain, were structured in ways which involved complex follow-on deals and which led to charges about massive waste and corruption.

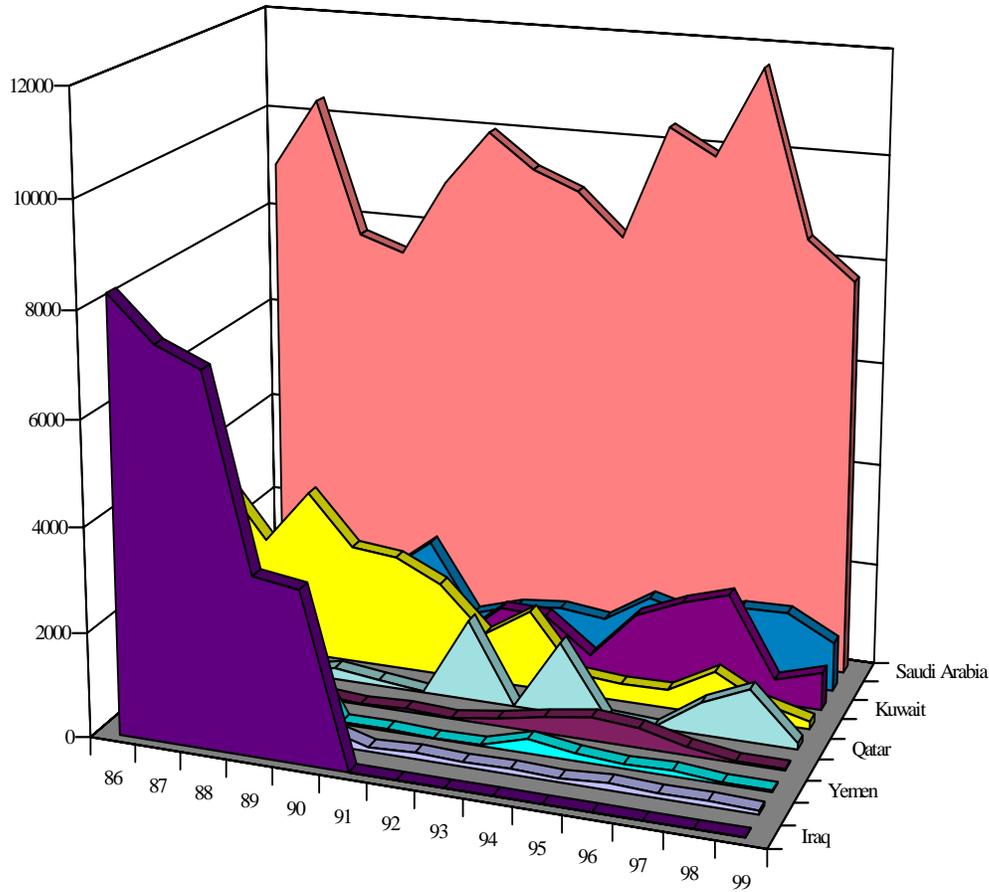
Such large-scale purchases have since been expanded to include buys from France and have layered new purchases on old in ways that have made accountability impossible. The original Al-Yamamah program was signed in the mid-1980s, and then expanded to levels costing over \$30-\$35 billion, with off-budget outlays of roughly \$3 billion a year, and additional accountability problems caused by including the barter of oil for weapons and complex offset arrangements. Further spending has taken place since 2001 in ways that have led to new charges of waste and corruption.

Saudi Arabia is scarcely unique in keeping virtually all of the military, technical, and financial and management aspects of its arms deals secret. Virtually every country in the developing world does so, and the details of procurement and service contracts of many Western states are almost impossible for outsiders to obtain. The fact is, however, that virtually every war fighting aspect of such contracts soon becomes public. There is no military or strategic reason for classifying the cost and structure of arms deals. In fact, there is even less reason to classify them than the total defense budget. The actual flow of arms and munitions is so public that attempts at secrecy are futile.

This strongly argues for several reforms in Saudi arms purchases and offset programs. First, for maximum transparency and public exposure of the financial details of contracts and purchase arrangements to encourage public review and trust. Second, for annual public reporting on contract performance and the individual performance of offset programs. Third, for the creation of a major new independent audit function within the Ministry of Defense and Aviation, with investigative accounting responsibility, to review such programs. Fourth, for the creation of a body similar to the US General Accounting Office under the King to conduct such audits in the case of suspect or troubled programs. And finally, for the inclusion of detailed procurement data in the kind of public defense program and budget discussed earlier.

Figure 5

Cumulative Saudi Arms Imports Relative to Those of the Other Gulf states - 1984-1999
(Value of Deliveries in Constant \$US Millions)

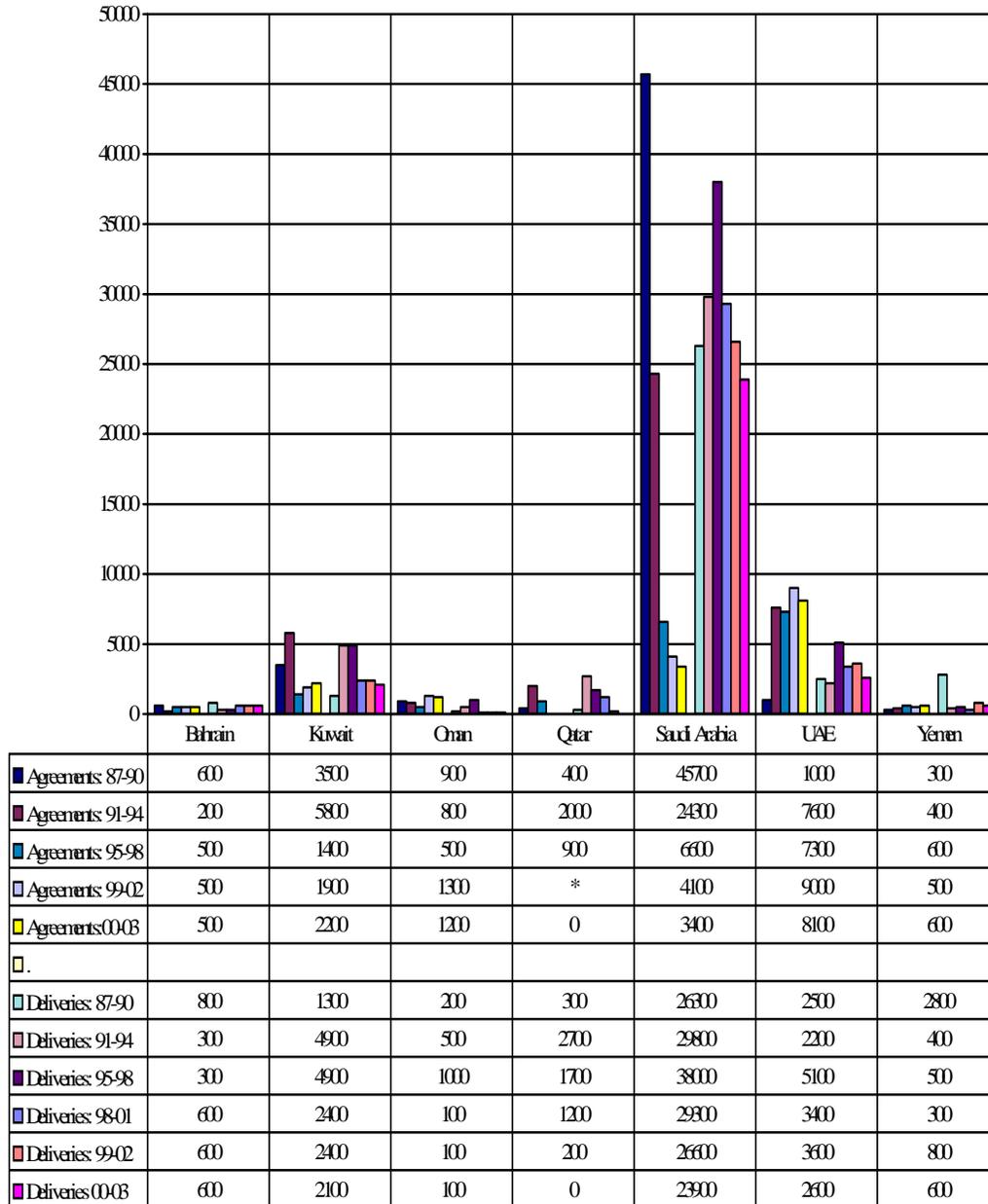


	86	87	88	89	90	91	92	93	94	95	96	97	98	99
■ Iraq	8288	7448	7078	3407	3279	0	0	0	0	0	0	0	0	5
■ Bahrain	91	418	126	97	328	79	122	86	106	72	132	90	101	70
■ Yemen	564	1045	1523	1554	35	41	6	22	275	145	81	110	30	30
■ Oman	178	157	38	73	12	57	11	140	307	445	376	160	30	30
■ Qatar	7	12	38	219	117	23	1552	11	1375	52	5	625	1015	120
■ Iran	3305	2221	3286	2312	2225	1812	942	1512	412	342	356	850	376	150
■ Kuwait	271	248	152	316	316	374	1109	1080	412	1346	1728	2000	457	725
■ UAE	247	261	404	1187	1874	532	804	891	793	1346	1118	1400	1421	950
■ Saudi Arabia	8978	10320	7710	7423	8900	9968	9312	8962	8143	10350	9862	11600	8424	7700

Source: Adapted by Anthony H. Cordesman from State Department, World Military Expenditures and Arms Transfers, GPO, Washington, and various editions.

Figure 6

Southern Gulf Arms Agreements and Deliveries by Country: 1987-2003
(In \$US Current Millions)



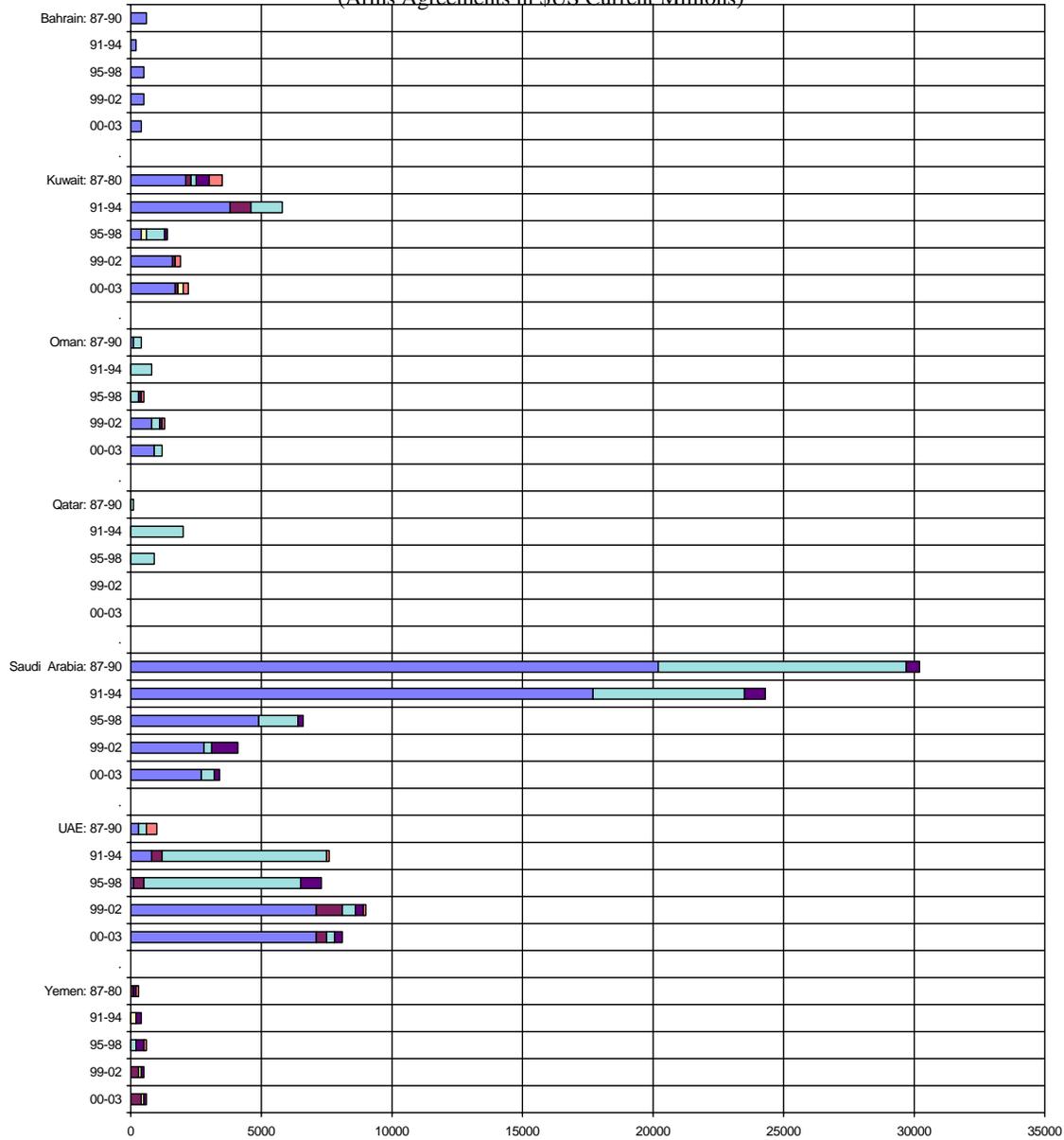
0 = Data less than \$50 million or nil. * All data rounded to the nearest \$100 million.

Source: Richard F. Grimmett, Conventional Arms Transfers to the Developing Nations, Congressional Research Service, various editions.

Figure 7

Southern Gulf New Arms Orders by Supplier Country: 1987-2003

(Arms Agreements in \$US Current Millions)



	00-03	99-02	95-98	91-94	Yemen	00-03	99-02	95-98	91-94	UAE: 87-90	00-03	99-02	95-98	91-94	Saudi Arabia	00-03	99-02	95-98	91-94	Qatar: 87-90	00-03	99-02	95-98	91-94	Oman: 87-90	00-03	99-02	95-98	91-94	Kuwait	00-03	99-02	95-98	91-94	Bahrain					
All Others	0	0	100	0	100			100	0	100	400	0	0	0	0	0	0	0	0	0	0	0	100	100	0	0	200	200	0	0	500	0	0	0	0	0				
Other Europe	100	100	300	200	100	300	300	800	0	0	200	100	200	800	500	0	0	0	0	0	0	0	0	0	0	0	100	100	0	0	0	0	100	0	500	0	0	0	0	0
Major W. Europe	0	0	200	0	0	300	500	600	630	300	500	300	150	580	950	0	0	900	200	100	300	300	300	800	300	0	0	700	120	200	0	0	0	0	0	0				
China	100	100	0	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	200	0	200	0	0	0	0	0	0	0	0				
Russia	400	300	0	0	100	400	100	400	400	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	100	0	800	200	0	0	0	0	0	0				
US	0	0	0	0	0	710	710	100	800	300	270	280	490	177	202	0	0	0	0	0	900	800	0	0	100	170	160	400	380	210	400	500	500	200	600	0	0	0	0	0

0 = less than \$50 million or nil, and all data rounded to the nearest \$100 million

Source: Adapted by Anthony H. Cordesman, CSIS, from Richard F. Grimmett, Conventional Arms Transfers to the Developing Nations, Congressional Research Service, various editions.

The Military Forces of Saudi Arabia

The US may dominate the Gulf in terms of total military power, but Saudi armed forces now dominate the strength of Southern Gulf and Gulf Cooperation Council (GCC) forces. The regular forces now total some 150,000 men, plus some 95,000 – 100,000 actives in the National Guard, and another 20,000 men in various paramilitary forces: Some 15,000 in the Border Guard, 7,500 in the Coast Guard, and some 1,500 in a special security force. These totals do not include massive additional internal security, intelligence, and police forces in the Ministry of the Interior.

Saudi forces must now deal with two significant potential threats -- Iran and Yemen -- and must still deploy forces to cover its border with Jordan and Syria. It must defend a territory roughly the size of the US east of the Mississippi, and this mix of potential threats means that the Saudi Army cannot normally concentrate its forces to meet a single threat and must disperse its forces over much of the Kingdom. Saudi Arabia has, however, reached a full border settlement with Yemen, no longer is threatened by Iraq, and has established good diplomatic relations with Iran. As a result, the primary threat it now faces comes from internal Islamic extremists, which have been a growing problem since the Gulf War, and which became far more violent in 2003.

Saudi Arabia faces a major threat from both al Qaida and independent extremist groups. It also has experienced increasing tension with the US over the fact 15 Saudis were involved in the terrorist attack on the US on September 11, 2001, because of a US response that often seemed harshly anti-Saudi, and because Saudi Arabia feels the US has often uncritically backed Israel in the Israel-Palestinian War. Saudi Arabia cooperated closely with the US and Britain during the Iraq War, providing extensive basing facilities and other support, but did so as quietly as possible. It also did so with the agreement that the active US Air Force combat forces, and Patriot units, based near Riyadh would leave the country after the war, which they did in the summer of 2003. A major US military assistance mission still operates in Saudi Arabia, and the US and Britain would certainly support Saudi Arabia in dealing with any threat from Iran or Yemen. Saudi Arabia and the US also now cooperate far more closely in the war on terrorism. Nevertheless, Saudi Arabia's military relations with the US are substantially less close than in the early 1990s.

Like most MENA states, Saudi Arabia faces major problems because of massive population growth and a failure to diversify its economy. Saudi Arabia now has a population of nearly 23 million. Its real per capita oil income dropped to \$2,296 per person in 2002, versus \$23,820 in 1980, in constant dollars. Saudi Arabia still has vast oil wealth, and had extremely high oil export earnings in 2003 and the first two quarters of 2004, giving it its first major budget surplus in recent years. It still, however, faces major problems in reforming its economy, already has official levels of unemployment approach 12% and disguised levels of unemployment in excess of 20%, and faces a "youth explosion" that will double the number of young men and women entering its labor force over the next two decades.

In spite of its recent high oil export earnings, Saudi Arabia has growing problems in funding both its normal civil expenditures, and the longer-term investments it must make in infrastructure, energy export capabilities, and economic growth and reform. Military

expenditures are a major burden on the Saudi economy, and Saudi Arabia has had to cut back significantly on its new arms orders. It still, however, continues to import significant combat equipment, including new ships, LAVs, helicopters, and munitions. Reportedly, the country is close to signing a massive contract to provide vastly increased border surveillance in an effort to restrict possible infiltration by terrorists.³⁶ Saudi Arabia has allocated more than \$18 billion in its budget to be spent on defense each year until at least 2007.³⁷

³⁶ Pierre Tran, "Thales, Saudi Arabia Close in on Border Security Deal," *Defense News*, January 30, 2004, <http://www.defensenews.com>, Accessed February 5, 2004.

³⁷ *Jane's Defence Weekly*, "Middle East Defence Spending to Rise," December 3, 2003, <http://jdw.janes.com>, Accessed January 8, 2004. Labeled 47.

Patrol Craft									
Missile	10	1	6	10	6	7	9	8	6
(Revolutionary Guards)	10	-	-	-	-	-	-	-	-
Other	42	5	4	0	7	-	17	8	5
Revolutionary Guards (Boats)	40	-	-	-	-	-	-	-	-
Submarines	3	0	0	0	0	0	0	0	0
Mine Vessels	7	3	0	0	0	0	7	0	6
Amphibious Ships	9	0	0	0	1	0	0	0	1
Landing Craft	9	-	4	2	4	0	8	5	5
Support Ships	23	2	5	4	4	-	7	2	2
Naval Air	2,000	-	-	-	-	-	-	-	-
Naval Aircraft									
Fixed Wing Combat	5	0	0	0	0	0	0	0	0
MR/MPA	10	0	0	0	(7)	0	0	0	0
Armed Helicopters	19	0	0	0	0	0	21	7	0
SAR Helicopters	-	0	0	0	0	0	4	4	0
Mine Warfare Helicopters	3	0	0	0	0	0	0	0	0
Other Helicopters	19	-	2	-	-	-	19	-	-

Note: Equipment in storage shown in the higher figure in parenthesis or in range. Air Force totals include all helicopters, including army operated weapons, and all heavy surface-to-air missile launchers.

* Iranian total includes roughly 100,000 Revolutionary Guard actives in land forces and 20,000 in naval forces. Iraqi totals are pre-conflict counts.

** Saudi Totals for reserve include National Guard Tribal Levies. The total for land forces includes active National Guard equipment. These additions total 450 AIFVs, 730(1,540) APCs, and 70 towed artillery weapons.

*** Total tanks include tanks in storage or conversion.

**** Includes navy, army, national guard, and royal flights, but not paramilitary.

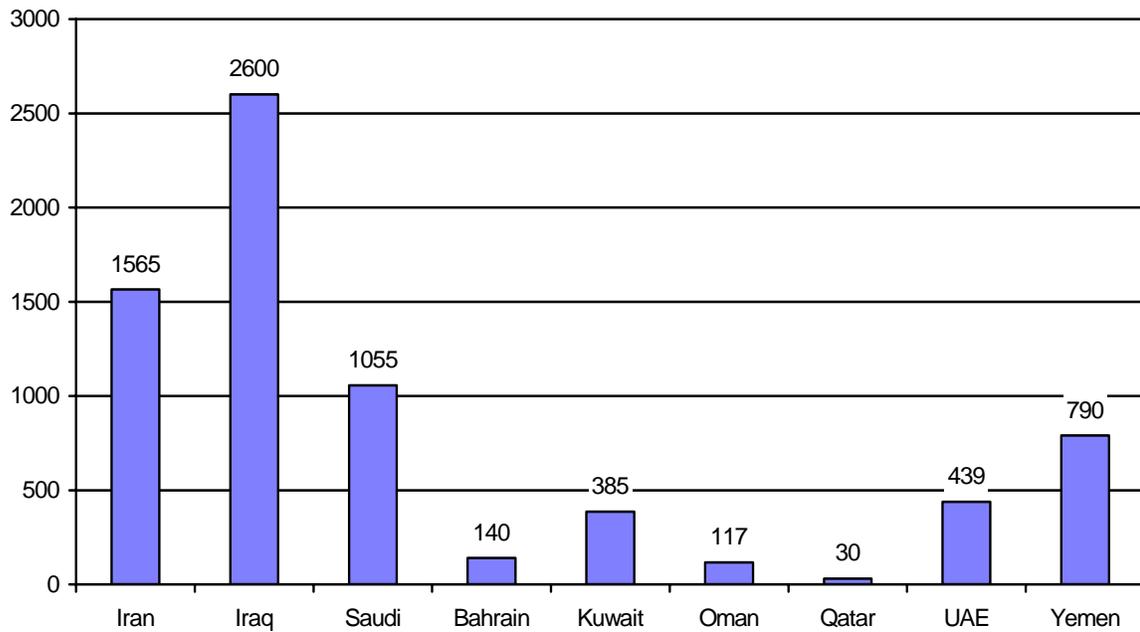
***** Includes in Air Defense Command

Source: Adapted by Anthony H. Cordesman from interviews, International Institute for Strategic Studies, Military Balance (IISS, London); Jane's Sentinel, Periscope; and Jaffee Center for Strategic Studies, The Military Balance in the Middle East (JCSS, Tel Aviv)

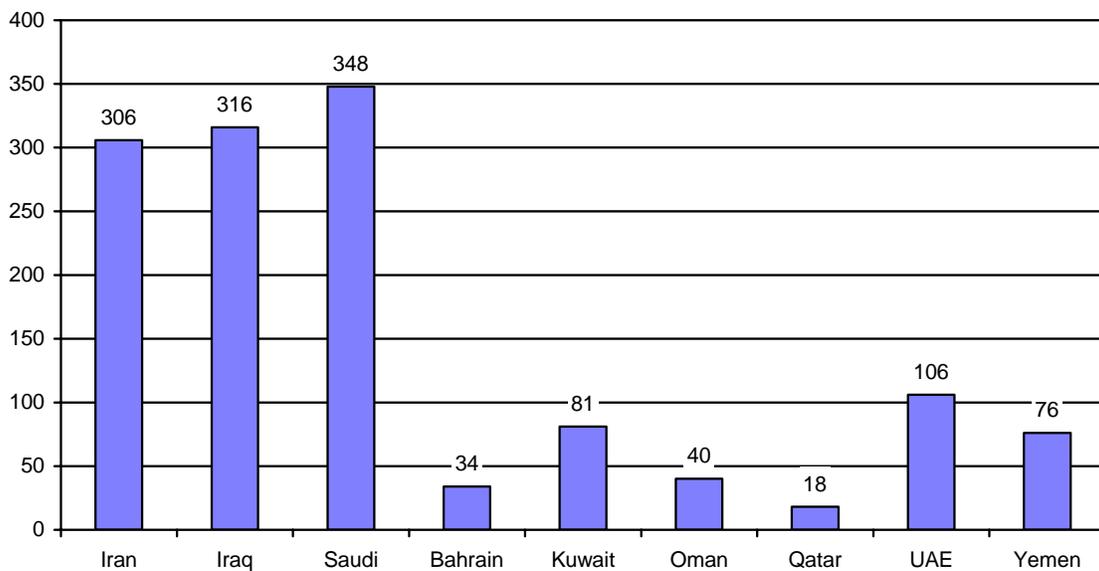
Figure 9

Major Measures of Key Combat Equipment Strength in 2004

Total Main Battle Tanks in Inventory



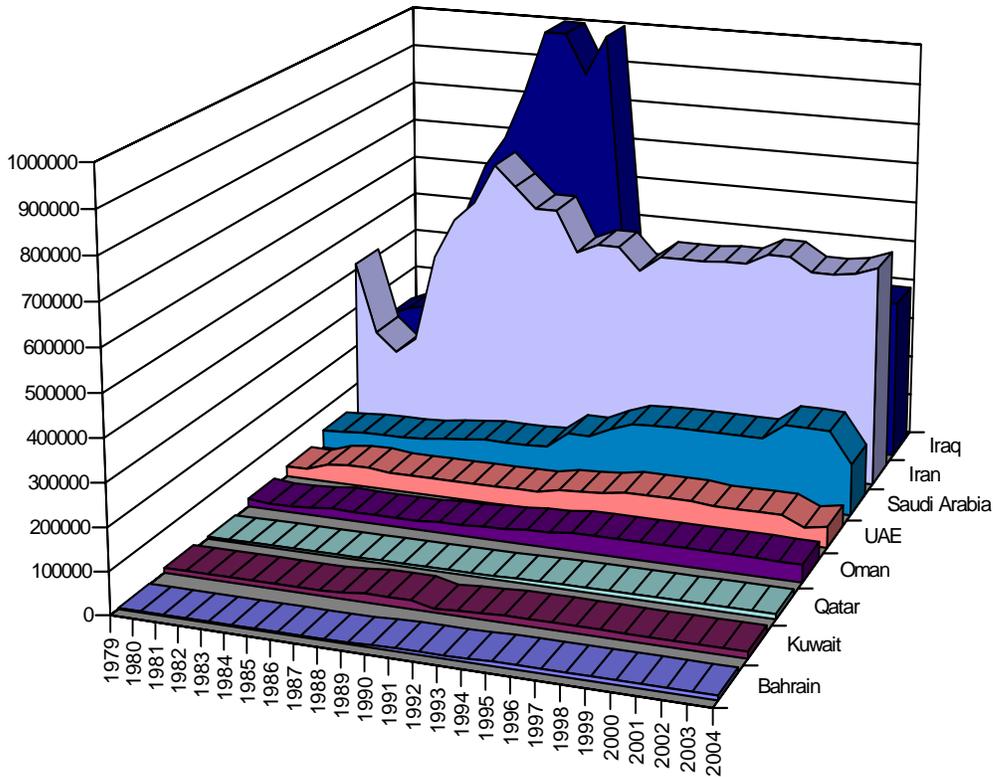
Total Fixed Wing Combat Aircraft



Source: Adapted by Anthony H. Cordesman from various sources and IISS, The Military Balance, 2003-2004.

Figure 10

Comparative Trends in Gulf Total Active Military Manpower: 1979-2004

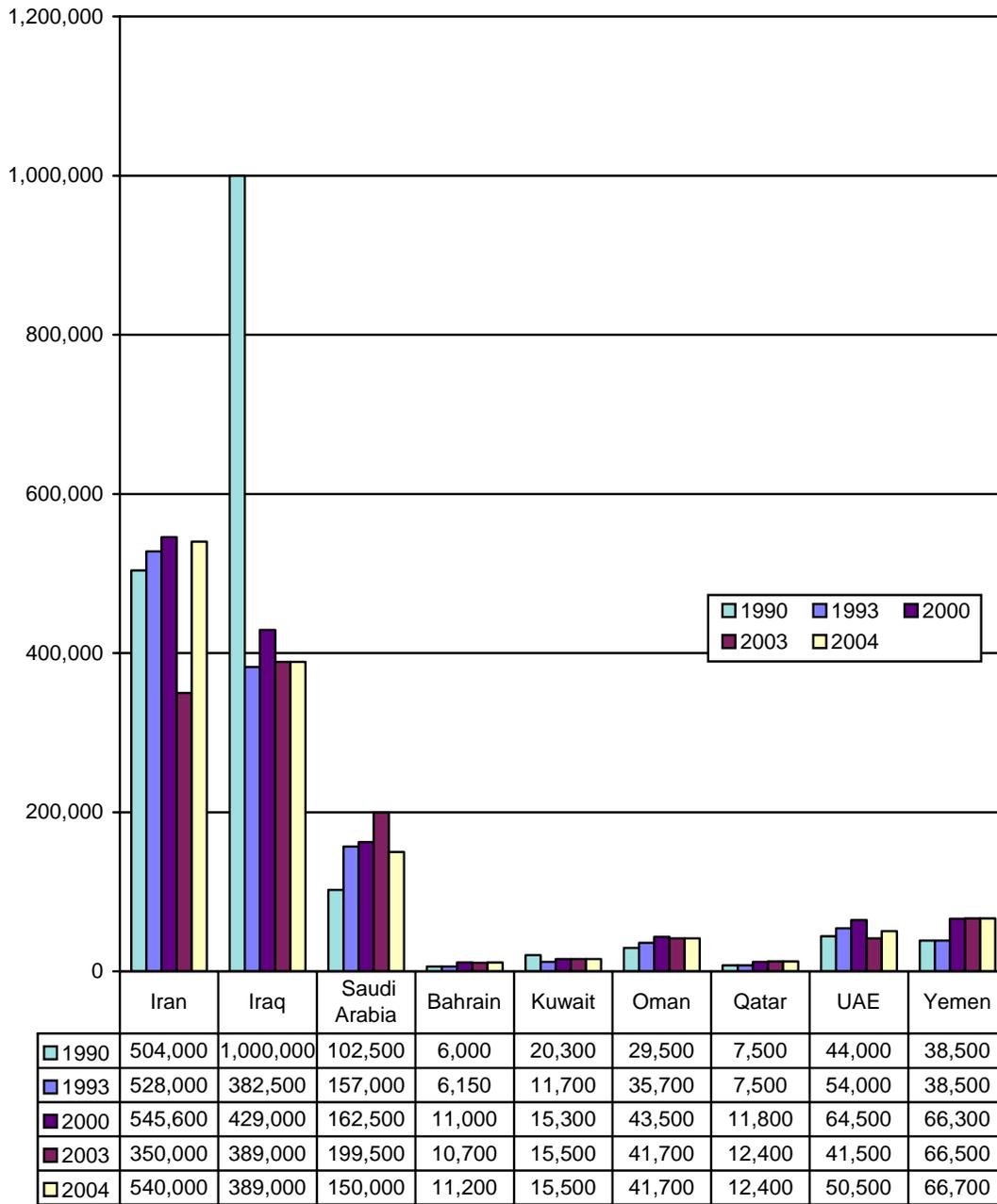


Note: Saudi totals include full-time active National Guard, Omani totals include Royal Guard, Iranian totals include Revolutionary Guards, and Iraqi totals include Republican Guards and Special Republican Guards.

Source: Estimated by Anthony H. Cordesman using data from various editions of the IISS The Military Balance, Jane's Sentinel, and Military Technology.

Figure 11

Total Active Military Manpower in All Gulf Forces 1990-2004

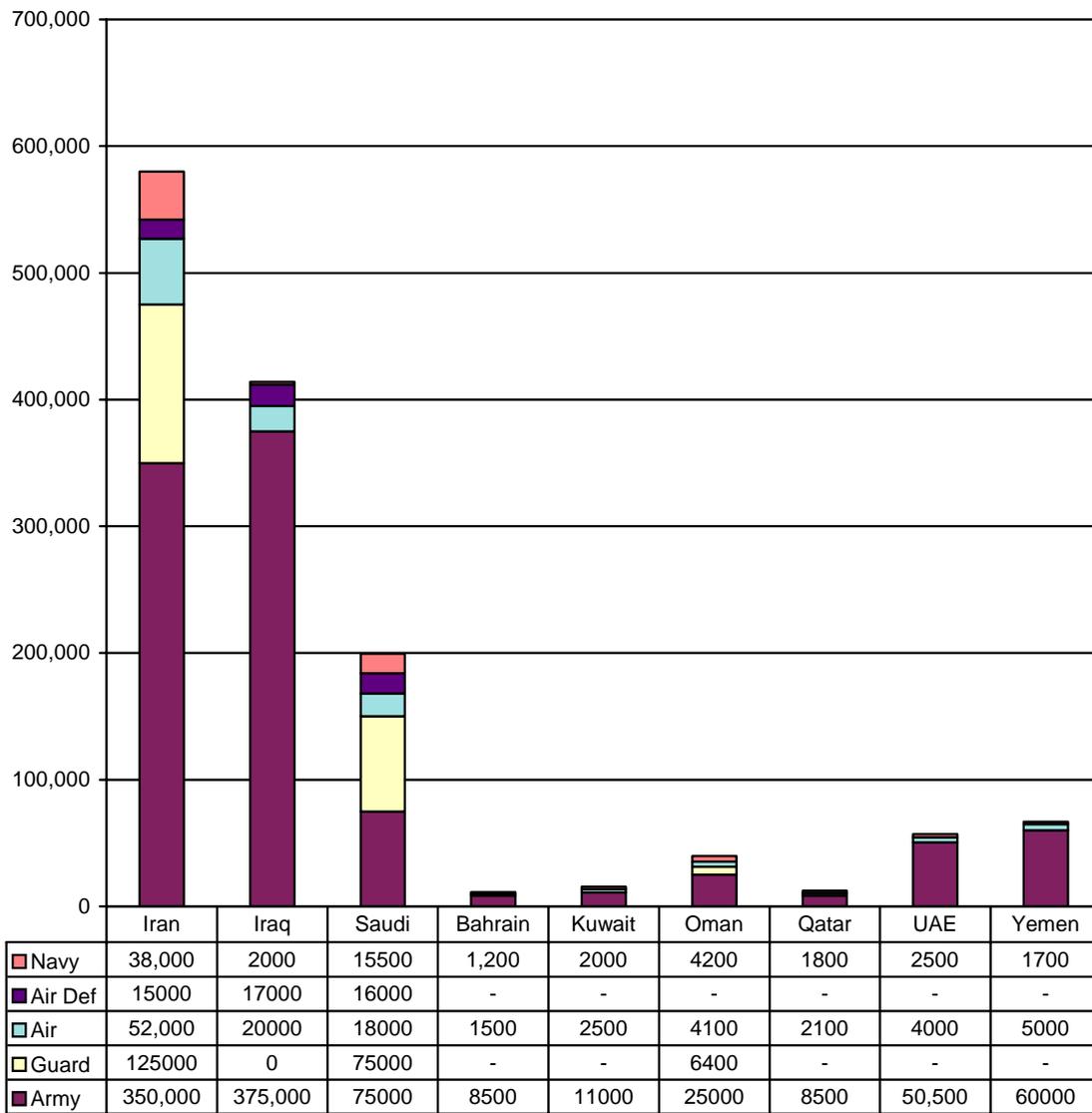


Note: Saudi totals include full-time active National Guard, Omani totals include Royal Guard, Iranian totals include Revolutionary Guards, and Iraqi totals include Republican Guards and Special Republican Guards.

Source: Estimated by Anthony H. Cordesman using data from various editions of the IISS The Military Balance, Jane's Sentinel, and Military Technology.

Figure 12

Total Gulf Military Manpower By Service in 2004



Source: Estimated by Anthony H. Cordesman using data from the IISS, The Military Balance, various editions.

The Saudi Army

The Saudi Army has about 100,000 actives, an inventory of 1,055 medium tanks on-hand or in delivery, plus over 3,000 other armored vehicles, and 500 major artillery weapons. It is headquartered in Riyadh, and has five staff branches: G1 Personnel, G2 Intelligence and Security, G3 Operations and Training, G4 Logistics, and G5 Civil and Military Affairs. It also has field commands organized into eight zones under Military Zone Commanders.

Force Strength and Structure

The combat strength of the Saudi Army consists of three armored brigades, five mechanized infantry brigades, one airborne brigade, and one Royal Guards regiment. It also has five independent artillery brigades and an aviation command. The Saudi Army deployed the 12th Armored Brigade and 6th Mechanized Brigade at King Faisal Military City in the Tabuk area. It deployed the 4th Armored Brigade, and 11th Mechanized Brigade at King Abdul Aziz Military City in the Khamis Mushayt area. It deployed the 20th Mechanized Brigade and 8th Mechanized Brigade at King Khalid Military City near Hafr al Batin. The 10th Mechanized Brigade is deployed at Sharawrah, which is near the border with Yemen and about 150 kilometers from Zamak.

A typical Saudi armored brigade has an armored reconnaissance company, three tank battalions with 42 tanks each, two tank companies with a total of 30 tanks, three tank troops with a total of 12 tanks, a mechanized infantry battalion with 54 AIFVs/ APCs, and an artillery battalion with 18 self-propelled guns. It also has an army aviation company, an engineer company, a logistic battalion, a field workshop, and a medical company. A typical Saudi mechanized brigade has an armored reconnaissance company, one tank battalion with 37-42, three mechanized infantry battalion with 54 AIFVs/APCs each, two infantry companies with a total of 33 APCs, three infantry platoons with a total of 12 APCs, and an artillery battalion with 18 self-propelled guns. It also has an army aviation company, an engineer company, a logistic battalion, a field workshop, and a medical company. It has 24 anti-tank guided weapons launchers and four mortar sections with a total of eight 81mm mortars.

The Airborne Brigade and Royal Guard Brigade are normally deployed near Riyadh. The Airborne Brigade has two parachute battalions and three Special Forces companies. The Special Forces companies report directly to Prince Sultan. The Royal Guard Brigade has three battalions, and is equipped with light armored vehicles. It reports directly to the King and is recruited from loyal tribes in the Najd. The Army also has an Army Aviation Command, which was formed in 1986, and that operated Saudi Arabia's Bell 406 armed helicopters and AH-64s. There also were security garrisons at most major Saudi cities, including Dhahran, Jeddah, and Riyadh.

This is an impressive order of battle but the Saudi Army only has around 100,000 full time actives for a force structure and equipment holdings that requires up to twice as many men. This level of manpower is adequate to man about two US division "slices," with minimal manning for combat, combat support, and service support units. In the US Army, it could support a total force with a maximum of around 600 tanks and 1,000 other armored vehicles. In practice, however, the Saudi Army's manpower must be divided into force structure that has an order of battle equivalent to around three heavy divisions, and

with an equipment pool at least that size. This requires more manpower than Saudi Arabia has available.

The Saudi Army's problems in expansion, planning, manpower, organization, and deployment have been compounded by the need to absorb the massive equipment build-up that took place before and after the Gulf War. The Army faces the need to operate a complex mix of equipment supplied by many nations, and then be able to operate effectively with the equipment mixes in the forces of regional allies, the USA, and Britain. The diversification of the Saudi Army's sources of army equipment has reduced its dependence on the United States, but it has also increased its training and support burden, and has raised its operations and maintenance costs.

Saudi Armored Forces

Saudi Army weapons and equipment numbers are more than adequate now that Iraq has ceased to be a threat. Saudi Arabia has an inventory of 1,055 main battle tanks and more than 300 tank transporters. Its tanks included 315 M-1A2s, 450 M-60A3s, and 290 French-made AMX-30s. About half of the AMX-30s were in storage, however, and only about 700-765 of Saudi Arabia's main battle tanks were operational. Saudi Arabia was also experiencing major problems in converting to the M-1A1 tanks and this left it with a core strength of around 380 well-manned M-60A3s, about 100-175 M-1A2s that were combat ready with good crew proficiency, and a residual force of around 160-170 AMX-30s.

Saudi Arabia has a large inventory of other mechanized armored equipment. It has roughly 2,600 armored vehicles in addition to its tanks (300 reconnaissance, 970 armored infantry fighting vehicles, and 1,900 armored personnel carriers), and has a ratio of about 27 actives per other armored vehicle. In contrast, Iran has 1,455 other armored vehicles for 325,000 actives (450,000 if the Revolutionary Guards are included), and Iraq has about 2,700 for 375,000 men. These comparisons are shown in more detail in Charts 4.10 to 4.13. The Saudi Army also has large numbers of French and US-made armored recovery vehicles, armored bridging units, and large numbers of special purpose armored vehicles.

It is not possible to separate all of the Saudi Army's holdings of other armored vehicles (OAFVs) from those of the National Guard, Border Guard, and other paramilitary forces. As of early 2002, however, the Saudi Army's holdings of armored infantry fighting and command vehicles seem to have included 400 M-2A2 Bradleys, 150 M-577A1s, and 570 AMX-10Ps. It had 300-330 AML-60, AML-90, and AML-245 reconnaissance vehicles, of which roughly 235 remained in active service.

The Saudi Army had 1,750 variants of the M-113, including 950-850 M-113A1s and M-113A2s. Saudi Arabia had 250 to 300 armored mortar carriers, including M-106A1s and M-125s. It also had 30 EE-11 Brazilian Urutus, 110 German UR-416s, 120 Spanish BMR-600s and 270-290 Panhard M-3/VTT armored personnel carriers in inventory, but only 150 Panhard M-3s, however, remained in active service.

It is obvious from these totals that the Saudi Army's holdings of OAFVs include enough US-supplied equipment to provide reasonable levels of standardization for all of the Saudi army's full-time active manpower, as well as a high degree of interoperability

with US forces. At the same time, the Saudi Army's total inventory of such weapons still includes far too many types of weapons bought from far too many suppliers over the years. It presents serious problems in operability, standardization and modernization. Many types are highly specialized and difficult to properly integrate into Saudi forces in small numbers. Some purchases are also the result of political efforts to give foreign suppliers a share of the Saudi market, regardless of military need. The end result is that the Saudi Army has so many different types of other armored vehicles that many are no longer in active service – or even useful as spare parts – and even the equipment which is active is still so diverse that it presents training, maintenance, logistic, maneuver, and readiness problems.

Saudi Anti-Tank Weapons

The Saudi Army has a good mix of small arms, light weaponry, and anti-tank weapons. These include massive stocks of mobile, crew-portable, and man-portable TOW, HOT, and Dragon anti-tank guided missiles. Saudi Arabia has a total of some 950 TOW launchers with some 200 TOW launchers mounted on VCC-1 armored fighting vehicles, and an additional 300 mounted on M-113A1s or other US supplied armored vehicles. It had 100 HOT launchers mounted on AMX-10P armored fighting vehicles. The Army also has large numbers of TOW crew-portable and roughly 1,000 Dragon man-portable anti-tank guided weapons systems.

It also has 300 Carl Gustav rocket launchers, 400 M-20 3.5" rocket launchers, thousands of M-72 LAWs, and extensive numbers of 75mm, 84mm, 90mm (100) and 106mm (300) rocket launchers and recoilless rifles. Unlike the older anti-tank guided weapons in some Gulf armies, the Saudi Army TOW-2A missiles can kill T-72A, T-72M1, T-80 and other modern tanks.

Saudi Artillery

The Saudi Army has large numbers of modern artillery weapons. The Saudi Army inventory includes 60-70 Astros II multiple rocket launchers, and 110-120 M-109A1/A2 and 90 GCT 155 mm self-propelled howitzers.³⁸ The Army had 24 Model 56 and 90-100 M-101/M-102 105mm towed howitzers, and 40 FH-70 105mm towed howitzers, in storage. It had 40 M-198 and 50 M-114 155mm towed howitzers in service and 5-10 M-115 203mm towed howitzers and some other older towed weapons in storage. Its total mortar strength included over 400 120mm and 4.2" weapons, over 1,000 81mm weapons, and large numbers of light 60mm weapons. It had 70 81mm, and 150 M-30 4.2" mortars on M-106 and M-125A1 armored vehicles, and roughly 200 81mm-120mm towed mortars.

Many Saudi artillery units, however, lack key targeting, command and control, and battle management capabilities and suffer from manpower quality, mobility, and support problems. Training is poor, and many units only shoot in serious training exercises every 1 1/2 years. The Saudi Army needs more and better ballistic computers, mobile fire control and ammunition-supply equipment, and desperately needs new target

38 The IISS reports 90 GCT-1s, but Giat only reports the sale of 51.

acquisition radars -- such as the AN/PPS-15A, MSTAR, or Rasit 3190B. It also needs a modern and fully integrated mix of counter battery radars and fire control systems to rapidly mass and shift fires.

The Saudi Army has limited-to-moderate ability to use artillery in maneuver and combine arms warfare, to target effectively in counter-battery fire or at targets beyond visual range, and to shift and concentrate fires. Unless the Kingdom takes combined arms and maneuver warfare far more seriously in the future than it has to date, Saudi artillery units will continue to seriously degrade the overall war fighting and defense capabilities of Saudi maneuver forces.

Saudi Light and Medium Air Defense Weapons

Saudi Arabia has relatively large numbers of modern air defense weapons by Gulf standards. It is not easy to separate the Saudi Army's air defense assets from those in the Saudi Air Defense Force, and sources disagree over which force operates given systems. However, the Saudi Army seems to have had 17 anti-aircraft artillery batteries, and is organized and equipped to protect its maneuver forces in combat. Total Saudi holdings of short-range air defenses include 73 Crotale (Shahine) radar guided missiles on tracked armored vehicles and 19 shelter-mounted firing units, 36 AMX-30 self-propelled and 10 shelter-mounted Shahine acquisition units. Saudi Arabia also had large holdings of man-portable surface-to-air missiles. Its holdings included 700 Mistrals, some 200-500 Stingers (reporting on numbers is unusually uncertain), and 570 obsolescent Redeye man portable surface-to-air missiles. Saudi Arabia may have an unknown number of Kolomna KBM Iгла (SA-16 Gimlet) weapons. Saudi Arabia bought 50 Stinger launchers and 200 Stinger missiles on an emergency basis in August 1990, and ordered additional Crotales and 700 French Mistral launchers and 1,500 missiles.

It is equally difficult to separate the Army's air defense gun holdings from those of the National Guard, but Saudi Arabia's total holdings of light anti-aircraft weapons seems to include 10 M-42 40mm, and 92 Vulcan M-163 20mm anti-aircraft guns. It also seems to have 150 Bofors L-60/L-70 40mm and 128 Oerlikon 35mm towed guns, and possibly 15 M-117 90mm towed anti-aircraft guns.

This is a reasonable mix of air defense assets, but training and readiness levels are moderate to low. The separate Saudi Air Defense Force -- which controls Saudi Arabia heavy surface-to-air missiles and fixed air defenses -- is also a relatively static force that cannot easily support the army in mobile operations. The Army's air defense units also consist largely of independent fire units, rather than an integrated system of netted C⁴I/BM capabilities, although such capabilities are planned.

Saudi Army Aviation

Saudi Army helicopter forces are important areas for future force improvement. Much of the Saudi Army is now deployed at least 500 miles from the Kingdom's main oil facilities in the Eastern Province, although a brigade is stationed in the new King Fahd military city in the Eastern Province, and combat elements of another brigade are deployed to the new Saudi Army base at King Khalid City, near Hafr al-Batin, in 1984. For the foreseeable future, the Saudi Army will be dispersed so that much of its strength will be deployed near Saudi Arabia's borders with the angles located at Tabuk, Hafr al-

Batin, and Sharurah-Khamis Mushayt. Helicopters offer a partial solution to these deployment problems. They can provide rapid concentration of force and allow Saudi Arabia to make up for its lack of experience in large-scale maneuver. These factors first led the Saudi Army to seek attack helicopters in the early 1980s.

Saudi Arabia initially experienced political problems in obtaining such helicopters from the US, and this led the Saudi Army to obtain an option to buy 88 Sikorsky-designed S-70 Blackhawk helicopters from Westland in Britain. Roughly 80 of these Westlands were to be attack helicopters equipped with TOW-2. The rest were to be configured for SAR missions. The order was divided into batches of 40 and 48 aircraft. The Gulf War changed this situation and created the political conditions in which Saudi Arabia could buy the AH-64 from the US. Saudi Arabia ordered 12 AH-64 Apache attack helicopters, 155 Hellfire missiles, 24 spare Hellfire launchers, six spare engines and associated equipment from the US.

The AH-64s began to enter Saudi service in 1993, and the Saudi Army now has a helicopter strength that includes 12 AH-64 attack helicopters, 15 Bell 406CS armed helicopters, 12 S-70A1 Sikorsky Blackhawk transport helicopters, six SA-365N medical evacuation helicopters, and 10 UL-60 Blackhawk medical evacuation and 12 UH-60 transport helicopters. The Saudi Army has had maintenance problems with its helicopter fleet, although standards seem to be much higher than in Iran and Iraq. It also tends to use helicopters more for service and medical evacuation functions than to achieve tactical mobility. This again presents problems in compensating for the dispersal of the Saudi Army and in deploying forward defenses.

Facilities and Infrastructure

The Saudi Army has the facilities, infrastructure, and equipment to support its forces in peacetime and some of its ongoing construction of facilities near Yemen may prove to be superfluous because of the improvement in Saudi-Yemeni relations. Yemen's conventional capabilities are very limited, and the Kingdom has hard choices and tradeoffs to make in every aspect of both defense spending and total government expenditures. "Worst casing" is not military planning; it is an abdication of command responsibility. This is particularly true if the real need in the Yemen border area is to secure against infiltration and asymmetric war and not the conventional warfare risks of the past.

The Army has excellent support facilities, although it has progressively under funded logistic and support vehicles and equipment since the mid-1990s. Nevertheless, the Saudi Army has made major purchases of support equipment, along with the purchase of its M-1A2s and M-2A2s. It is improving its field support vehicle strength and ordered 10,000 support vehicles from the US on September 27, 1990, including 1,200 High Mobility Multipurpose Wheeled Vehicles (HMMWVs). The Saudi Army still has extensive foreign support in spite of cutbacks in foreign manpower and support contracts.

The Saudi Army has not, however, created the sustainment and support capabilities necessary to support mobile combat operations in the field. While it made progress towards converting to maneuver warfare during the Gulf War, it then reverted to a largely static and caserne-oriented pattern of peacetime behavior, and it has failed to give sustainability the same priority as firepower and mobility.

The lack of standardization within the Saudi Army adds to these problems, as does excessive dependence on base facilities and foreign civilian support. So does the lack of progress in these areas in the rest of the Southern Gulf and the lack of an effective and integrated organization for the defense of Kuwait and the Saudi border with Iraq. There are exceptions like attack helicopters and long-range artillery, but the Saudi Army needs the specialized training, organization, and manpower necessary to improve its support structure, and ability to sustain its existing forces in combat, far more than it needs more weapons.

The Saudi Army showed during the Gulf War that it could fight well against Iraqi armored forces, and the kind of threats it faces in the Gulf region. Nevertheless, the previous analysis has shown that the Saudi Army faces continuing problems in many areas. It does not have the manpower and training necessary to operate all of its new major equipment orders properly. It is also still an army that normally operates near its peacetime casernes, and which will experience serious problems in redeploying its major combat forces unless it has extensive strategic warning.

While Saudi Arabia can move a brigade set of armor relatively rapidly, it would take the Saudi Army a minimum of 7-10 days to redeploy a combat sustainable brigade to a new front. The Saudi Army does not have a single combat brigade that is now truly combat ready in terms of the ability to rapidly deploy at full strength and then sustain operations at any distance from its peacetime casernes. Every brigade has shortfalls in its active combined arms strength, usually in artillery and mechanized elements, or both. Every brigade is short with some elements of combat and service support capability.

Saudi Arabia has made some purchases of army equipment from its major oil customers that do not serve the Army's needs. Saudi Arabia still operates three types of tanks and five different types of major armored fighting vehicles and armored personnel carriers, with an inventory of more than 20 subtypes. It has major artillery holdings from five different countries, anti-tank weapons from four, and helicopters from two.

This equipment is broadly interoperable, and there is no reason not to buy from a variety of foreign suppliers. However, Saudi Arabia's unique weather, terrain, and desert warfare conditions create special demands in terms of support and sustainability and each additional type of weapon increases any army's training and sustainability problems..

Much of the equipment the Saudi Army has purchased has required modification, or extensive changes to its original technical and logistic support plan, before it could be operated in large numbers. As a result, most new systems present major servicing and support problems, and will continue to do so until new maintenance procedures are adopted and modifications are made to failure-prone components. These problems will increase strikingly the moment the Saudi Army is forced to operate away from its bases, conduct sustained maneuvers, and deal with combat damage.

Contractor support is not a substitute for uniformed Saudi combat support and service support capabilities that can deploy and fight in the field, and the Saudi Army's standardization and interoperability problems are compounded by the need to support equipment in remote and widely dispersed locations. The Saudi Army has tried to reduce such problems by creating an advanced logistic system, but some experts feel this effort has been overly ambitious and has lacked proper advisory management.

Military advisory teams generally provide relatively unbiased advice, but do tend to push their own nation's manufactures. Contract teams – Saudi or foreign – are profit and sales oriented groups. The Kingdom should use advice, not rely on it, carefully carrying out its own independent assessment, and seek to Saudize contract efforts wherever cost-effective. Saudi planners should examine what Western countries and Israel do, compare the systems, and select the best elements tailored to Saudi needs – seeking competitive bids for what must be bought from the outside. “Trust, but verify” applies to more than arms control.

Foreign contractors are also expensive; and non-combatants that may not be willing to support military operations in the field. The Kingdom now has the manpower pool and skills to create its own major overhaul and maintenance facilities, provide the necessary maintenance and sustainment capabilities in the field, and provide recovery, service, and repair units that will enable it to maneuver in the field. It also has developed to the point where it can still benefit from foreign advice on such issues, but does not need to rely on it. It should be able to create its own plans and make its own choices about logistics, sustainment, and repair systems.

It may be initially more expensive to create Saudi managed and manned capabilities, but they will employ Saudis and develop essential skills and military capabilities. Recent wars have shown that field repair and sustainment is as important as initial combat strength and critical to rapid and effective maneuver. Moreover, one of Israel's advantages over Arab troops in past wars has been that it concentrated on the recovery of damaged equipment in combat, and rapidly brought weapons like tanks back into service, while Arab forces tend to abandon equipment with limited combat damage or field repairable maintenance problems.

The creation of Saudi-manned major maintenance and overhaul facilities also offers several other advantages. Buying from different suppliers doesn't by itself guarantee independence or sustainability. Dependence on foreign suppliers is not an issue after the equipment and weapons are delivered if Saudi Arabia has the capability to repair and refit equipment, and has bought the necessary stocks of parts and specialized equipment. Turnaround and repair times are shorter and can be peaked in prepared for war and sustaining operations without political issues and delays for delivery from the supplier country. Field exercises become far more realistic if emergency repair can be made part of the exercise without adding to foreign contractor costs. Commanders come to see repair and sustainability as an integral part of combat operations and not a task contracted out to foreigners. Developing such capabilities also creates an enhanced ability to modify and modernize equipment, and make modifications tailored to Saudi needs that can be bought from a range of foreign suppliers.

These are issues the Saudi Army must now address in the light of the fact Iraq has ceased to be a threat. It should be possible to consolidate Saudi forces around the mission of defending against any incursions by Iran or Yemen, cut major equipment purchases and eliminate older and less capable equipment, and stress training and readiness. The Saudi Army also needs to focus on developing additional light and heavily mobile forces, Special Forces and counterterrorism units.

Saudi Arabia should make its own choices and create its own operations research (OR) and test and evaluation (T&E) teams, focusing on interoperability, joint warfare performance and sustainability -- and not simply technical specifications and individual equipment performance. It should buy independent sustainability with its weapons in terms of stocks on in-Kingdom service and repair facilities to minimize dependency. Iraq's defeat and the slow rate of Iranian improvement give the Kingdom time in which to adopt a slower rate of modernization based on its own choices as to what equipment best meets its needs.

The Saudi National Guard

Saudi Arabia divides its land force manpower between the Army and the Saudi Arabian National Guard (SANG). The National Guard is the successor of the Ikhwan or White Army. It is a tribal force forged out of those tribal elements loyal to the Saud family. It was created in 1955, and was originally administered directly by the king until King Faisal appointed the current Crown Prince Abdullah its commander in 1962. A year later, Crown Prince Abdullah requested a British Military Mission to help modernize the Guard. Since the late 1970s, however, the US-Saudi Arabian National Guard Program (SANG) and US contractors have provided most of the SANG's advisory functions.³⁹ In fact, in 1973 Prince Abdullah signed an agreement with the US ambassador to set up the office of the Program Manager-Saudi Arabian National Guard Modernization Program (OPM-SANG).⁴⁰

The National Guard is sometimes viewed as a counterweight to the regular military forces. Over time, it has become a steadily more effective internal security force, as well as a force that can provide rear area security for the Army and can help defend the major urban areas and critical petroleum infrastructure. The five major current missions of the Guard are:

- **Maintain security and stability within the Kingdom,**
- **Defend vital facilities (religious sites, oil fields),**
- **Provide security and a screening force for the Kingdom's borders.**
- **Provide a combat-ready internal security force for operations throughout the Kingdom.**
- **Provide security for Crown Prince Abdullah and the senior members of the royal family.**

Strength and Organization

Estimates of the current full time strength of the National Guard differ sharply. The IISS reports it had 75,000 actives, and 25,000 tribal levies in 2000. A senior US expert quoted a strength of 105,000 in February 2001. Our estimates put the range at 100,000 actives and 30,000 tribal levies. Regardless of the exact numbers, it is clear that the Guard is now far larger than it was at the time of the Gulf War, and that it has a full-time active strength approaching that of the Saudi Army.

³⁹ Long, David, *The Kingdom of Saudi Arabia*, Gainesville, University Press of Florida, 1997.

⁴⁰ Allen, Larry R., and Bucher, Fred W., "Modernizing the Saudi Guard."

<http://www.army.mil/soldiers/march95/p28.html>. Accessed on 9/3/2004.

The Guard is organized into four mechanized brigades with a fifth forming. These brigades had modern Light Armored Vehicles (LAVs), and each brigade had some 800 men each and some 360 vehicles. There were also five light infantry brigades, equipped primarily with V-150s. These forces were deployed so that there were two mechanized brigades, and another forming, near Riyadh, plus one light infantry brigade. The Western Sector had three light infantry brigades, and the Eastern sector has one mechanized and one light infantry brigade.

The Guard does not have a complex or sophisticated mix of equipment, but has chosen to standardize on some of the best wheeled armored weapons available. The Guard's forces operational forces are equipped with about 1,117 LAV light armored vehicles in its mechanized units. According to the IISS, these include 394 LAV-25s, 184 LAV-Cps, 130 LAV-Ags, 111 LAV-AT, 73 LAV-Ms, 47 LAV, plus 190 LAV support vehicles. It also has 290 V-150 Commando armored vehicles in active service in its light infantry forces, plus 810 more V-150s in storage. The Guard prefers wheeled vehicles because of their superior speed, endurance, and ease of maintenance. The Guard also had a significant number of towed artillery weapons.

The Guard is in the midst of a major modernization campaign. Saudi Arabia recently agreed to a contract that could total over \$900 million to supply the Guard with replacement parts for its LAVs and APCs, as well as additional vehicles, artillery pieces, and training. The goal is for the Guard to become a modernized, 100,000-man force.

Strength and Organization

The major problem with the National Guard is that it must now adapt to more demanding security missions, to counter terrorism, and internal security operations on a far more demanding level in the past. The defeat of Iraq means there is little point in building up the Guard as a supplement to the regular army. At the same time, the growth of a serious terrorist threat, the critical importance of Saudi petroleum facilities and civil infrastructure, and the problem of securing the Iraqi and Yemeni borders create a clear set of new and more demanding mission priorities for the Guard.

Just as the regular military services need to comprehensively revise their future plans to take account of the fall of Saddam Hussein and the destruction of Iraq's armed forces; reexamine the potential threat from Iran, and develop better capabilities for asymmetric warfare, the National Guard needs to reexamine its roles and missions. It has evolved more along historical lines than to meet a clear national need. That need has emerged along with the terrorist threat inside Saudi Arabia.

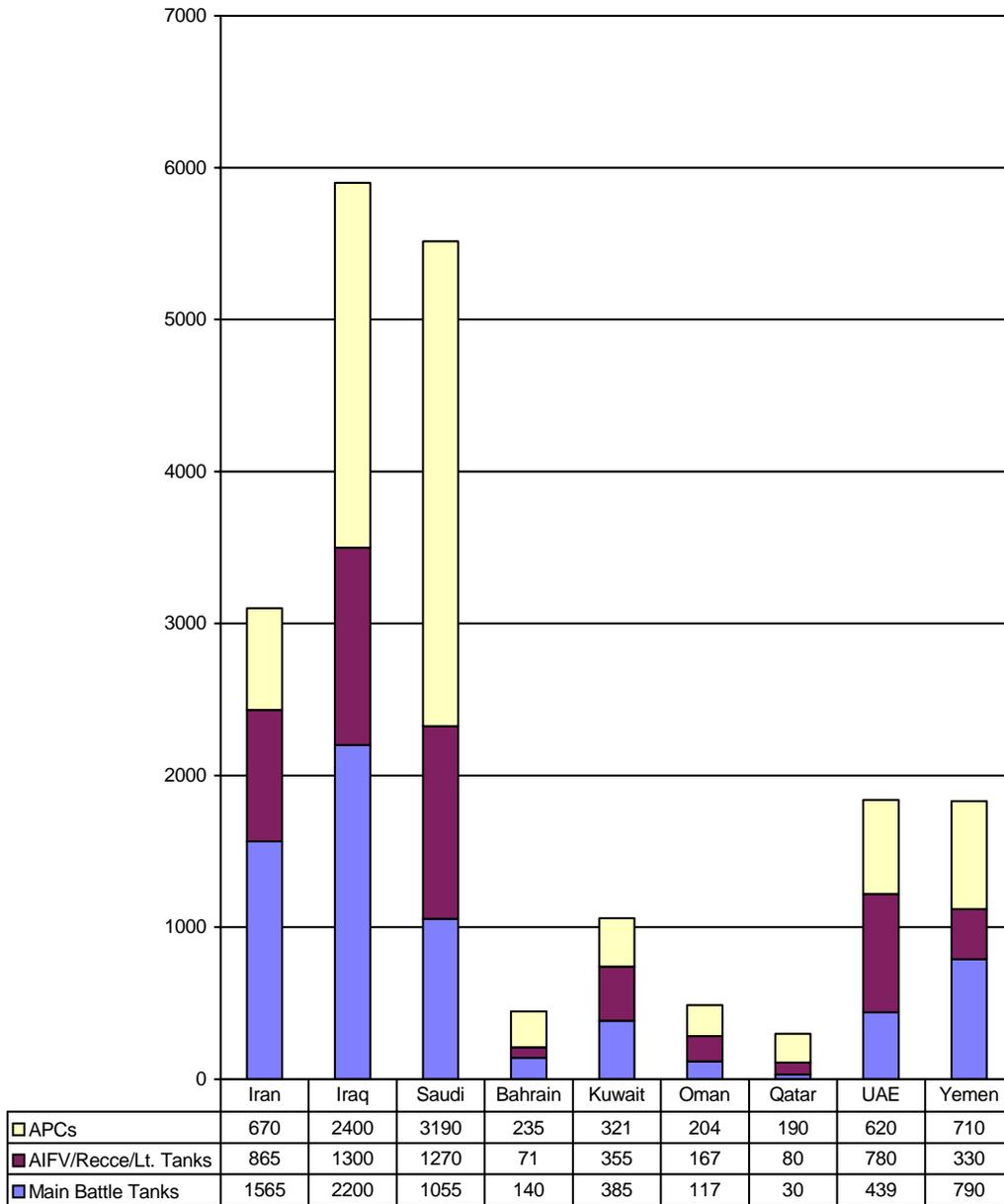
This means the Guard needs better training for counterinsurgency, urban warfare, counterterrorism, to protect Saudi Arabia's critical infrastructure, and to protect its petroleum facilities. It needs better ability to protect borders against infiltration by elements too well armed for normal border guards, and to reinforce Ministry of Interior forces when they need light mechanized forces.

This also means adopting tactics for using its LAVs suited to such missions, which may involve dealing with RPGs, improvised explosive devices, and even ATGMs in the hands of terrorists and insurgents. At the same time, the Saudi Army has the heavy armor for the kind of urban fighting described above, and may also – as did the US Army

– need retraining and organizational changes for missions of this kind. The military balance in the Gulf has changed fundamentally over the period since Iran’s defeat in 1988, and the Kingdom may need to make the same shifts toward force transformation as US and British forces.

Figure 13

Total Gulf Operational Armored Fighting Vehicles in 2004

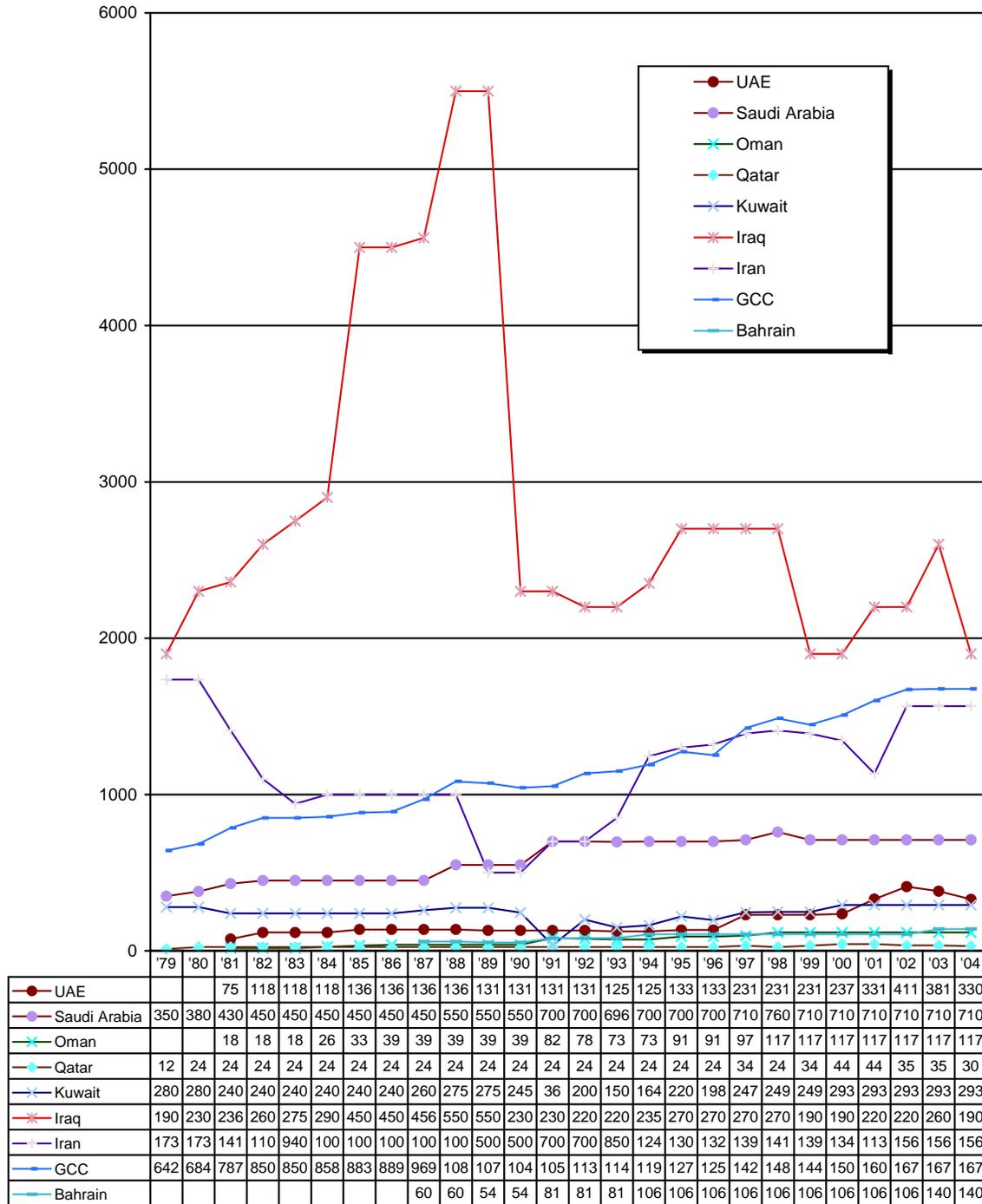


Iraq totals are for March 2003, before the Iraq War

Source: Estimated by Anthony H. Cordesman using data from various editions of the IISS The Military Balance and Jane's Sentinel.

Figure 14

Total Operational Main Battle Tanks in All Gulf Forces
1979 to 2004

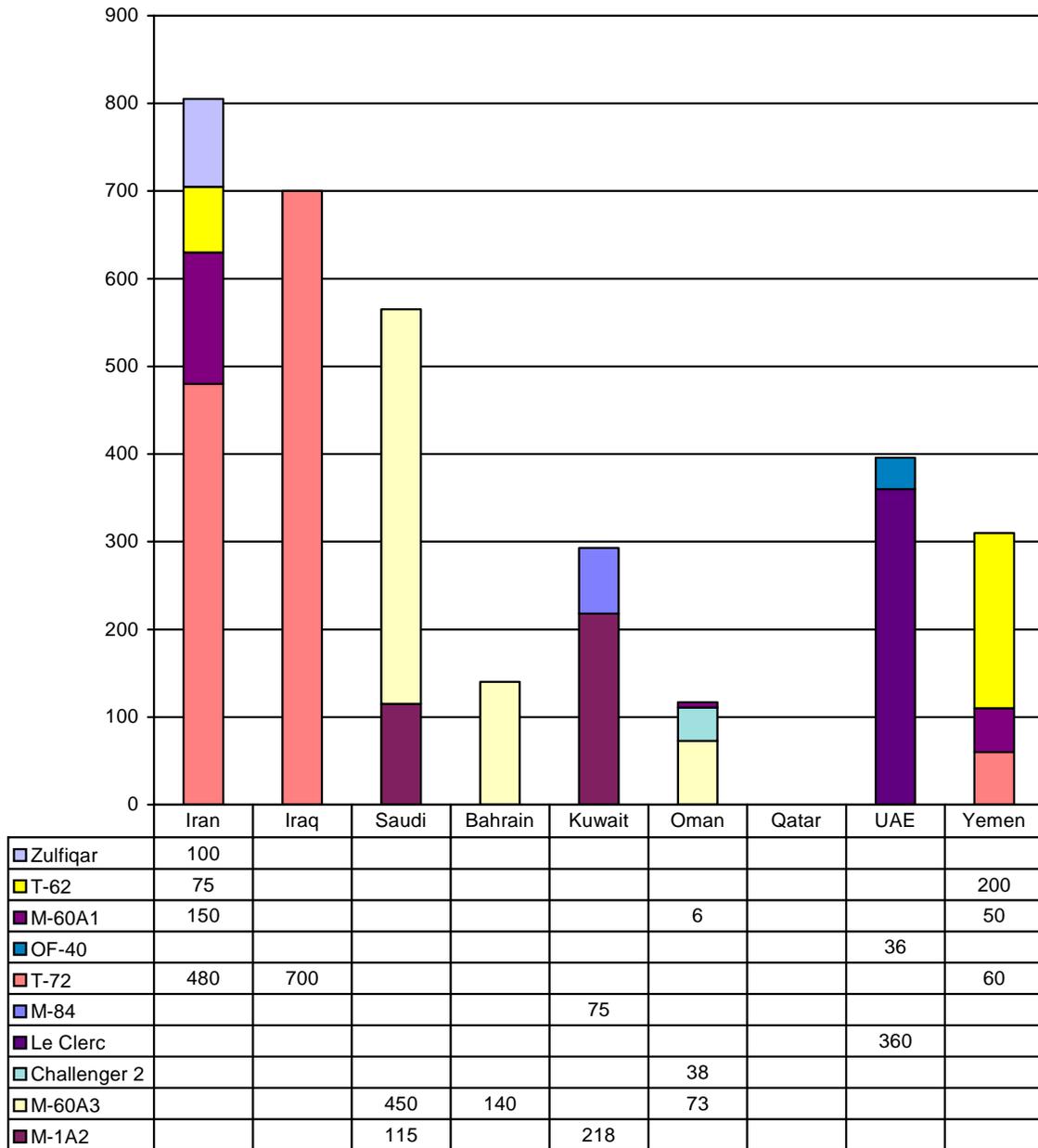


Note: Iranian totals include Revolutionary Guards, and Iraqi totals include Republican Guards and Special Republican Guards. Iraq totals are for March 2003, before the Iraq War.

Source: Estimated by Anthony H. Cordesman using data from the IISS, The Military Balance, various editions.

Figure 15

Medium to High Quality Main Battle Tanks By Type in 2004

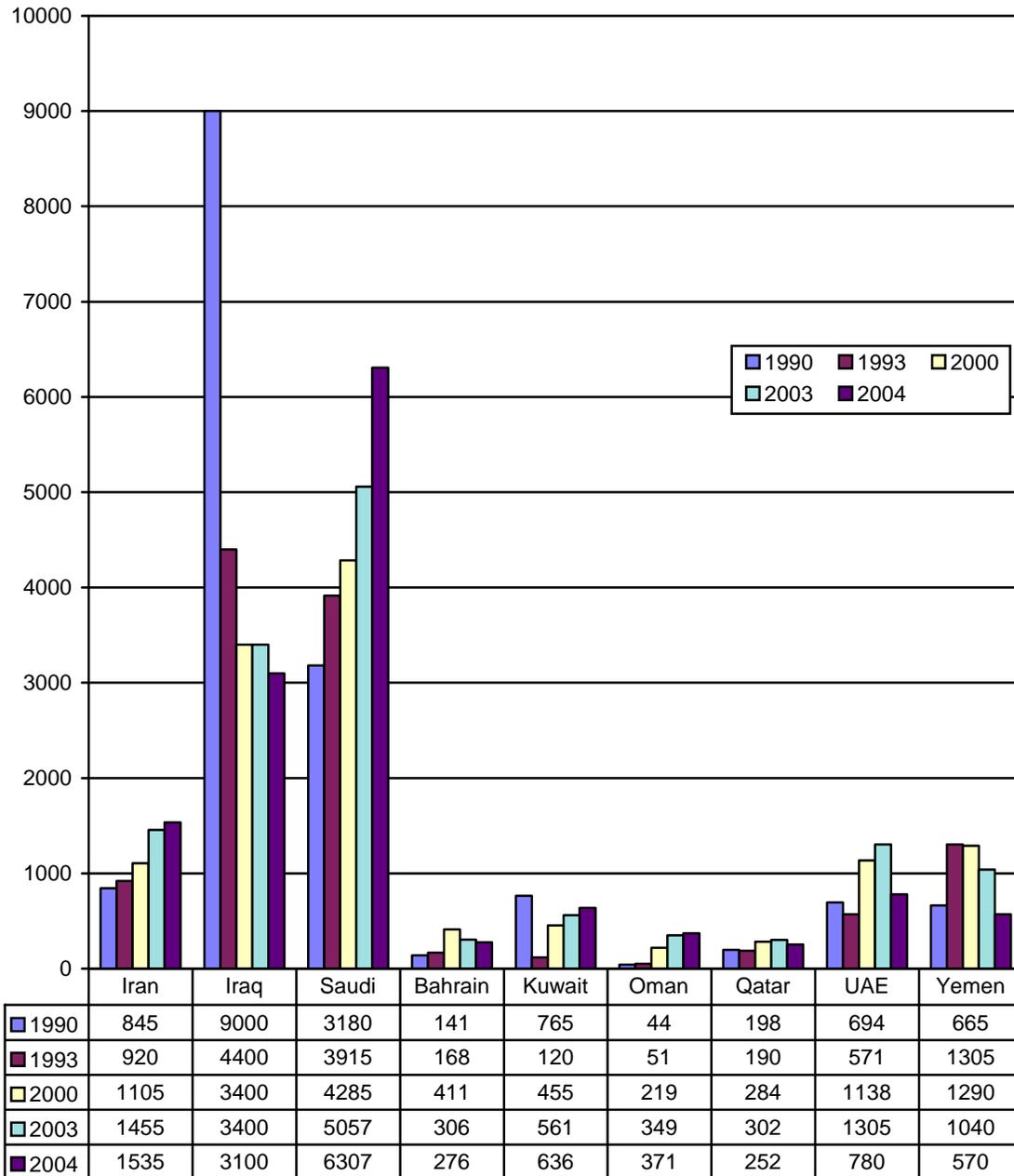


Iraq totals are for March 2003, before the Iraq War

Source: Estimated by Anthony H. Cordesman using data from the IISS, The Military Balance, various editions.

Figure 16

Total Operational Other Armored Vehicles (Lt. Tanks, LAVs, AIFVs, APCs, Recce) in Gulf Forces 1990-2004

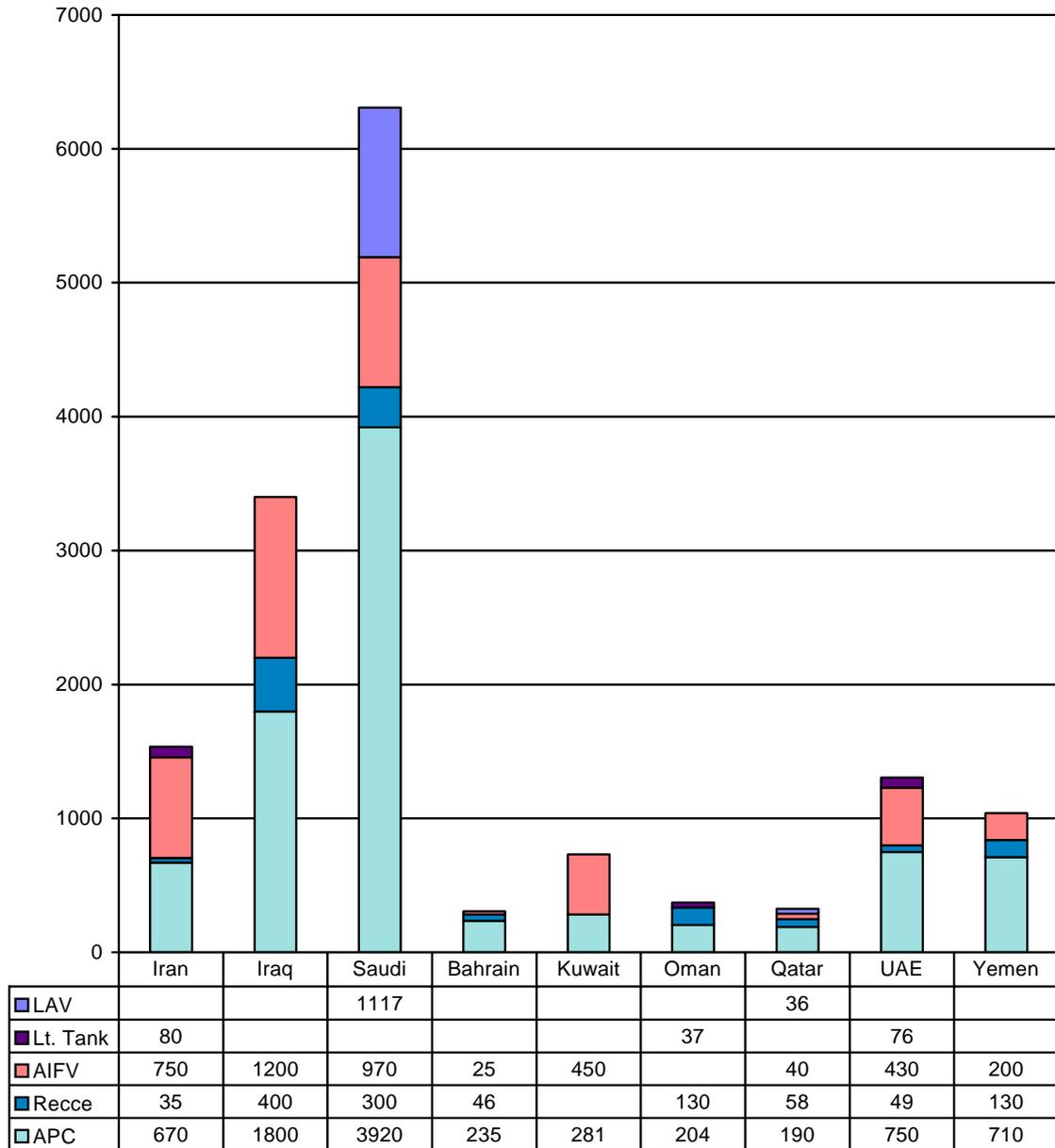


Note: Iranian totals include active forces in the Revolutionary Guards. Saudi totals include active National Guard. Omani totals include Royal Household Guard. Iraq totals are for March 2003, before the Iraq War

Source: Adapted by Anthony H. Cordesman from various sources and IISS, The Military Balance, various editions.

Figure 17

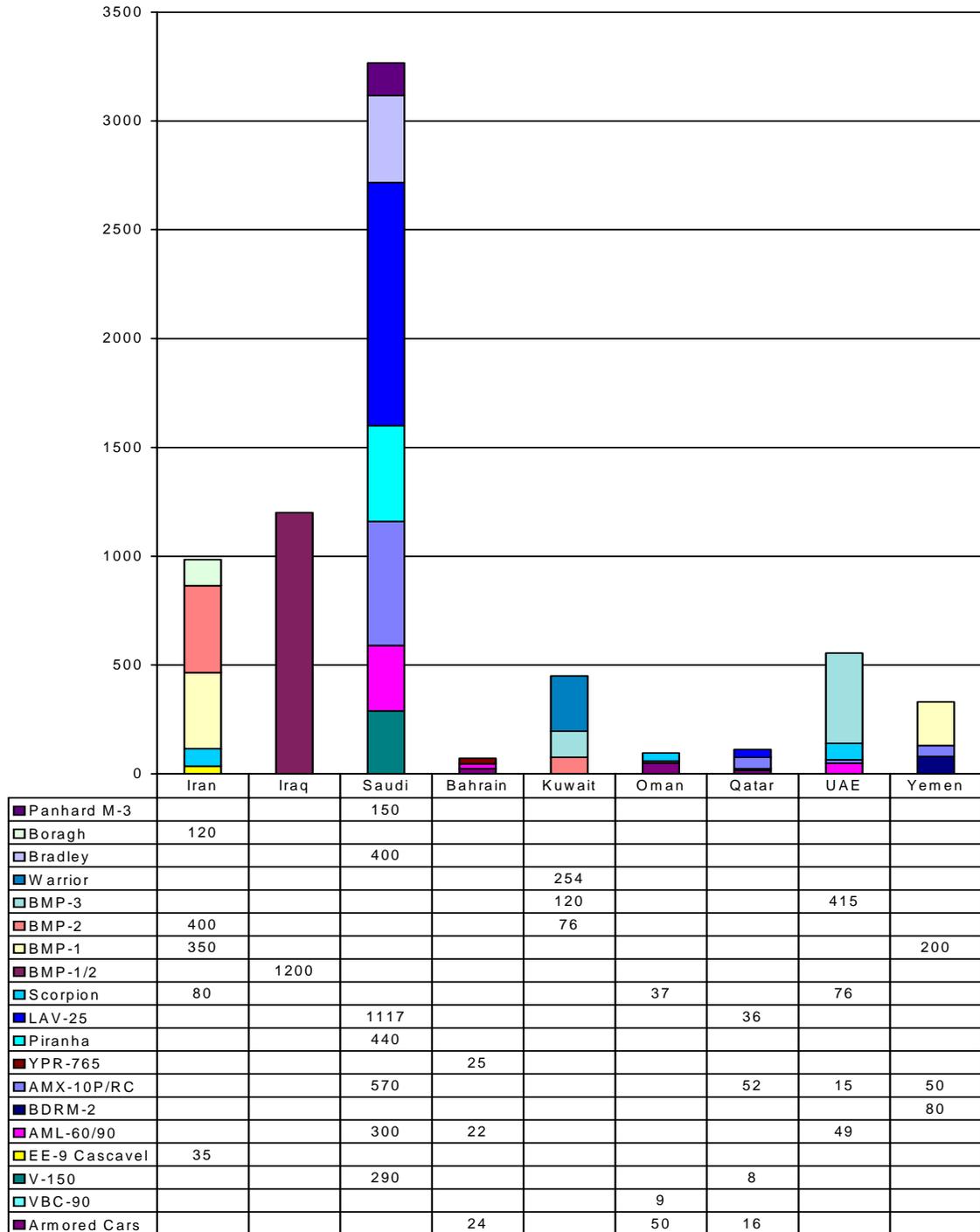
Gulf Other Armored Fighting Vehicles (OAFVs) by Category in 2004



Note: Iranian totals include active forces in the Revolutionary Guards. Saudi totals include active National Guard. Omani totals include Royal Household Guard. Iraq totals are for March 2003, before the Iraq War
 Source: Adapted by Anthony H. Cordesman from various sources and IISS, The Military Balance, various editions.

Figure 18

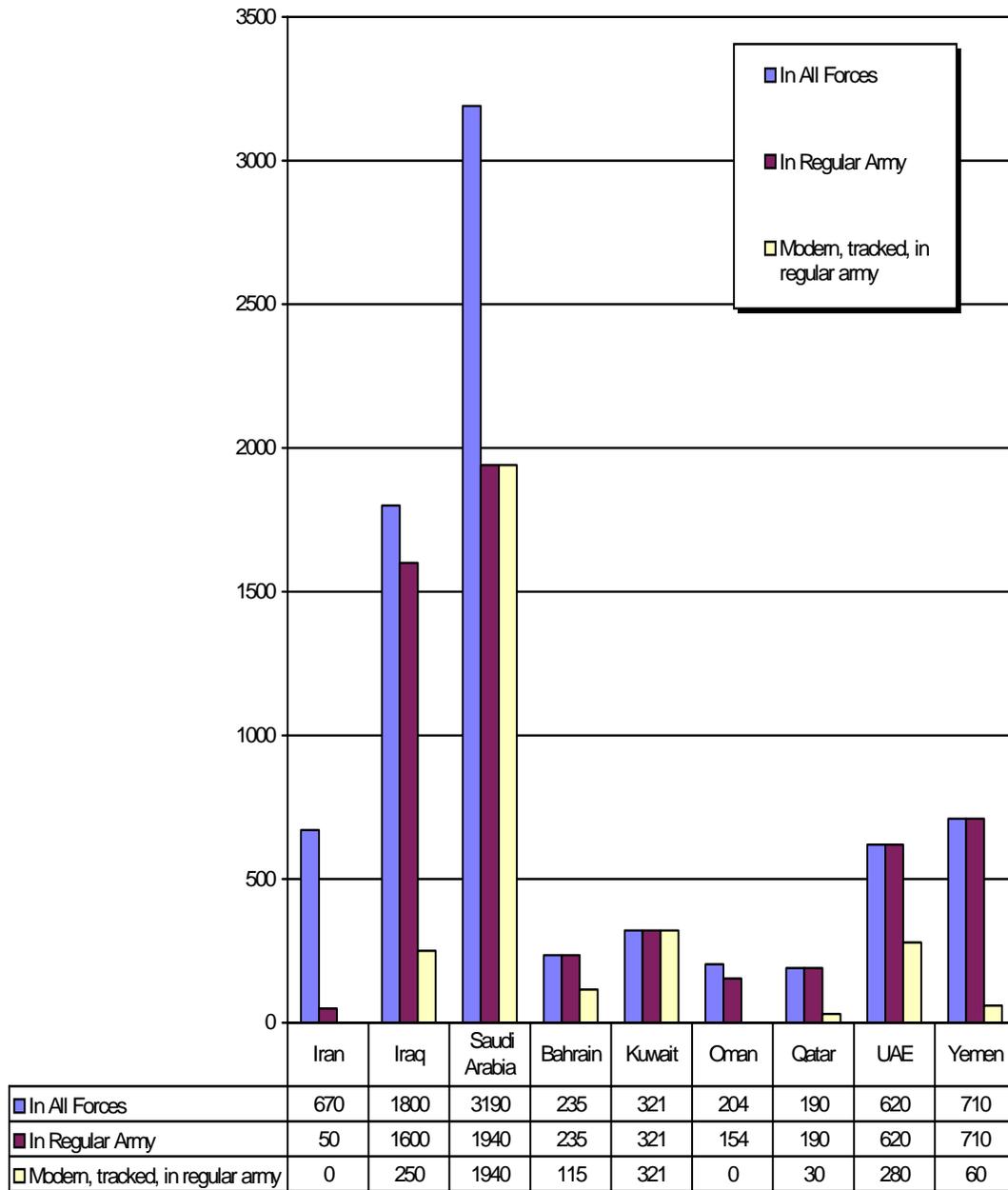
Armored Infantry Fighting Vehicles, Reconnaissance Vehicles, LAVs and Light Tanks by Type in 2004



Note: Iranian totals include active forces in the Revolutionary Guards. Saudi totals include active National Guard. Omani totals include Royal Household Guard. Iraq totals are for March 2003, before the Iraq War
 Source: Adapted by Anthony H. Cordesman from various sources and IISS, The Military Balance, various editions.

Figure 19

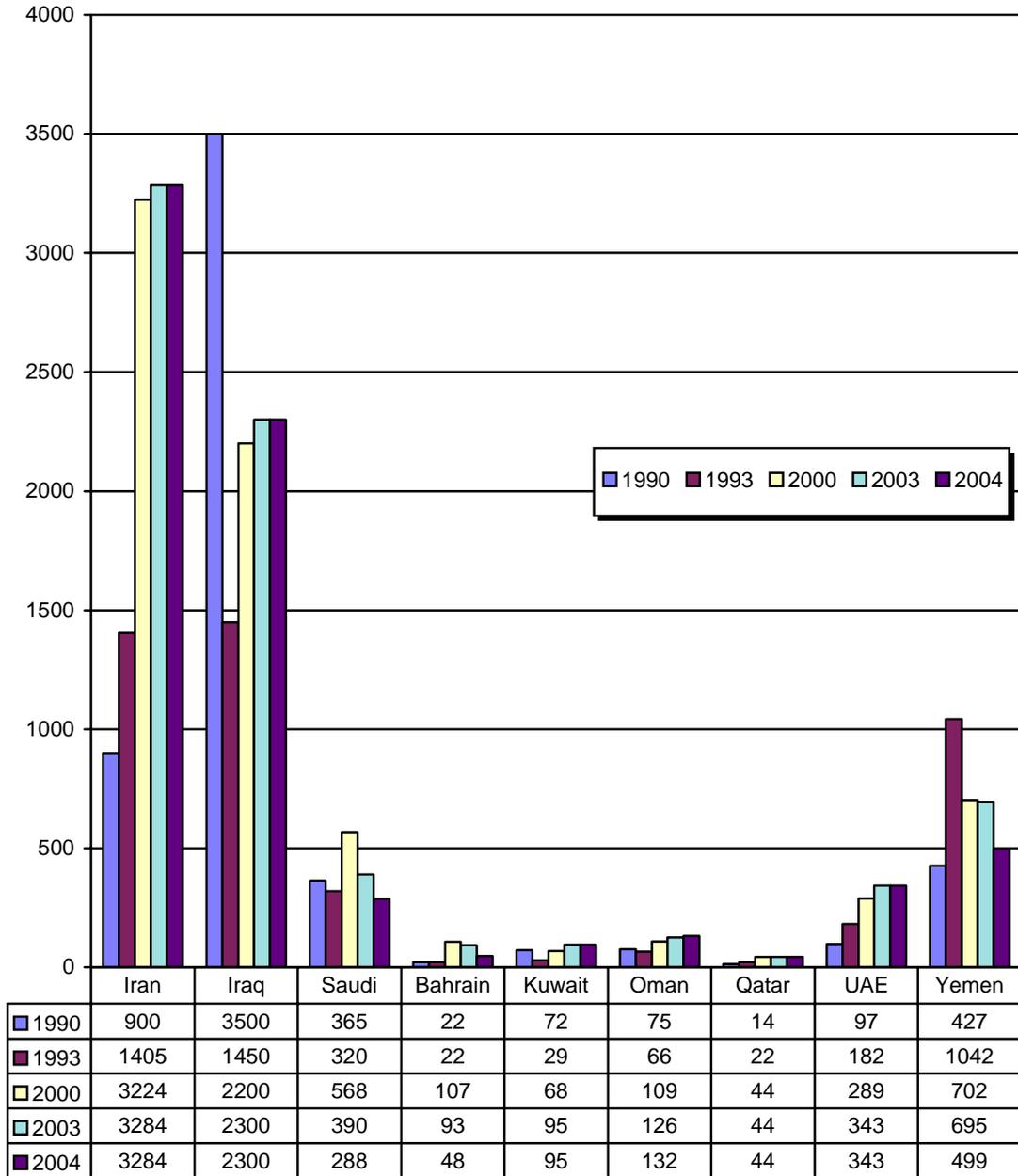
Armored Personnel Carriers (APCs) in Gulf Armies in 2004



Note: Iranian totals include active forces in the Revolutionary Guards. Saudi totals include active National Guard. Omani totals include Royal Household Guard. Iraq totals are for March 2003, before the Iraq War
 Source: Adapted by Anthony H. Cordesman from various sources and IISS, The Military Balance, various editions.

Figure 20

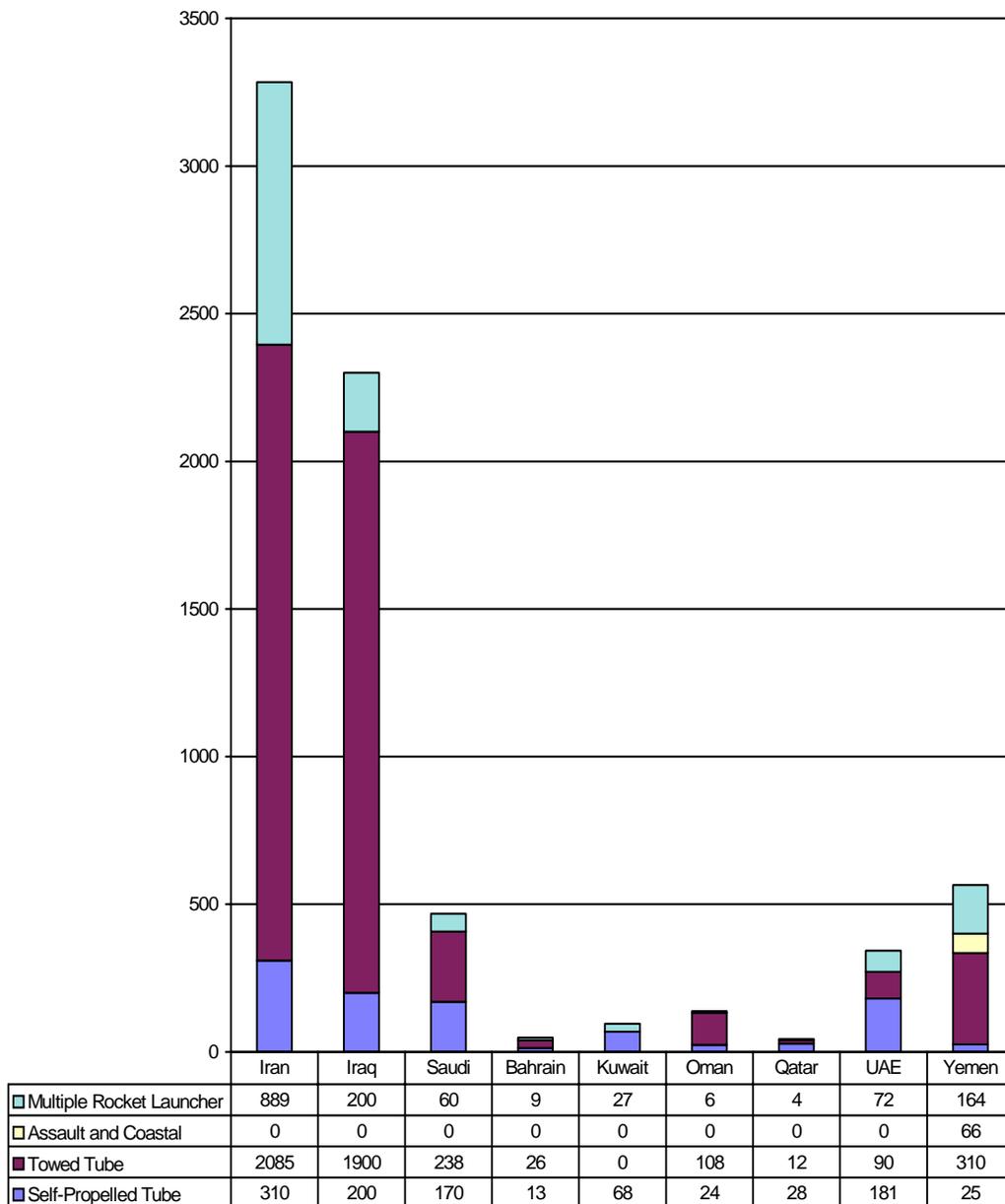
Total Operational Self-Propelled and Towed Tube Artillery and Multiple Rocket Launchers in Gulf Forces 1990-2004



Note: Iranian totals include active forces in the Revolutionary Guards. Saudi totals include active National Guard. Omani totals include Royal Household Guard. Iraq totals are for March 2003, before the Iraq War
 Source: Adapted by Anthony H. Cordesman from various sources and IISS, The Military Balance, various editions.

Figure 21

Total Operational Gulf Artillery Weapons in 2004

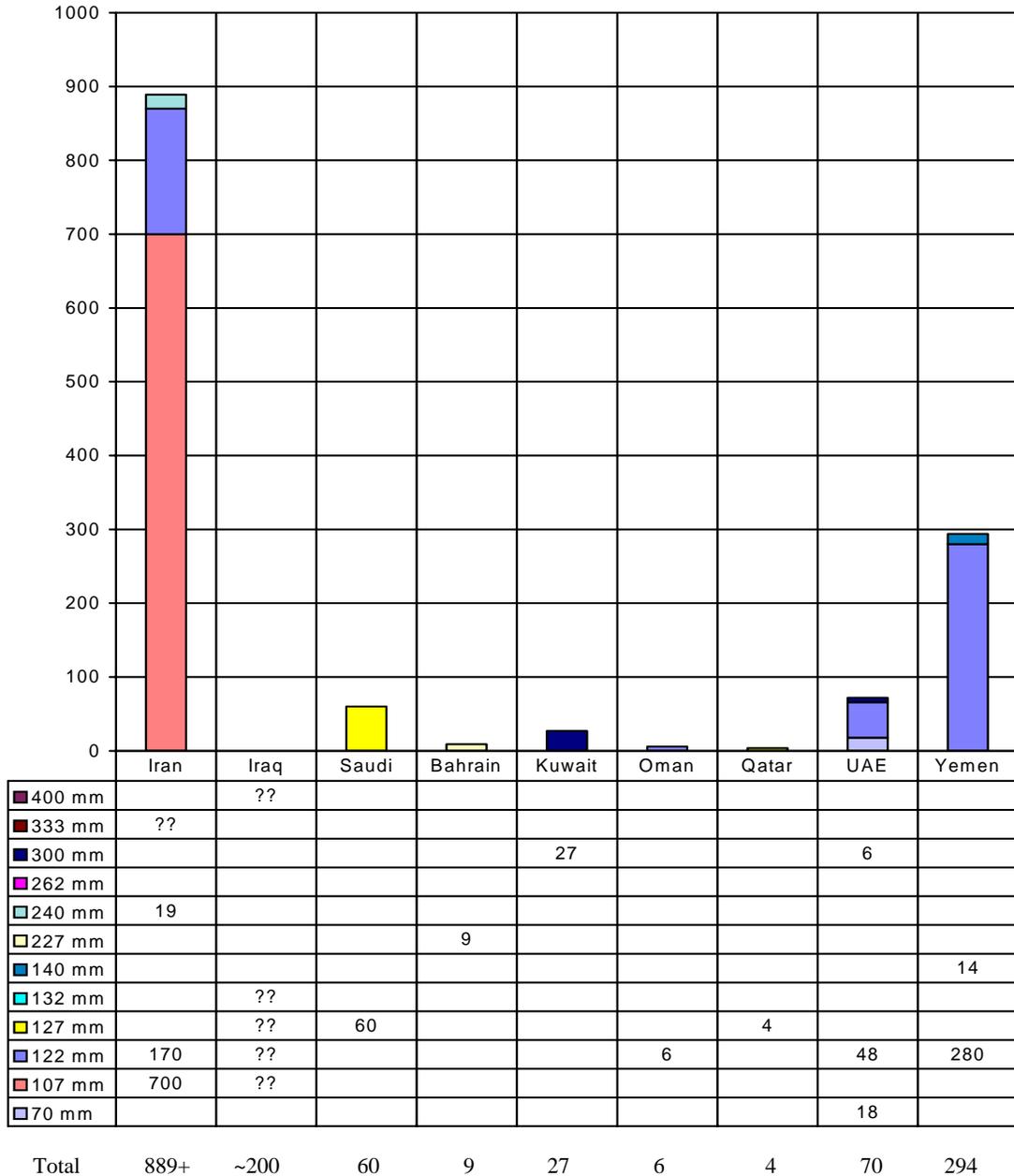


Note: Iranian totals include active forces in the Revolutionary Guards. Saudi totals include active National Guard. Omani totals include Royal Household Guard. Iraq totals are for March 2003, before the Iraq War.

Source: Adapted by Anthony H. Cordesman from various sources and IISS, The Military Balance, various editions.

Figure 22

Gulf Inventory of Multiple Rocket Launchers by Caliber in 2004



Note: Iranian totals include active forces in the Revolutionary Guards. Saudi totals include active National Guard. Omani totals include Royal Household Guard. Iraq had a total of approximately 200 Multiple-Rocket Launchers before the Iraq War in March 2003.

Source: Adapted by Anthony H. Cordesman from various sources and IISS, The Military Balance, various editions.

The Saudi Navy

The Saudi Navy has slowly improved its readiness and effectiveness, but still has major problems. Only its fleet on the Gulf coast is regarded as making significant progress as a war fighting force. Its force on the Red Sea is seen more as a symbol than a war fighting force. Joint warfare capabilities are limited, and the Navy is not integrated into either a GGC or Saudi-US-UK concept of operations. It must also restructure its plans and capabilities to focus on Iran, now that Iraq has ceased to be a threat, and on defense of the Red Sea.

Strength and Organization

The Saudi Navy has a nominal strength of 15,500 men including 3,000 Marines. It is headquartered in Riyadh and has major bases in Jeddah, Jizan, Al Wajh in the Red Sea, and in Jubail, Dammam, Ras al Mishab, and Ras al Ghar in the Gulf. Its combat strength includes four Madina-class (F-2000) frigates, three Arriyad-class (F-3000S) guided-missile frigates (JDW 7 August 2002 p. 16 labeled 49), four Badr-class missile corvettes, and nine Al Siddiq-class guided missile ships. It includes 3 Dammam-class (German Jaguar) torpedo boats, 20 Naja 12 inshore fast craft, 17 Halter-type coastal patrol craft (some in the Coast Guard), and three Al Jawf (British Sandown) and four Safwa (Addriyah)-class (ex-US MSC-322 Bluebird) mine warfare ships. The Sawari-IIs are to be fitted with Oto Melara stealth 76/62 guns.⁴¹

It has four Afif-class LCU amphibious craft, 4 LCMs, two other amphibious craft, 2 10,500-ton Boraida-class (French Durance) support ships, 4 smaller support vessels, 14 tug boats, and large numbers of small patrol boats including 40 Simmoneau Type 51 inshore patrol boats. Auxiliary ships included 3 Radhwa-class ocean-going tugs, 3 Radhwa-class coastal tugs, 2 Buraida-class replenishment oilers (French Durance-class), 1 Al Riyadh royal yacht, and the Al Azizah hydrofoil yacht tender. The royal yachts are based at Dammam. Saudi Arabia is considering acquiring up to four diesel-electric submarines. Reportedly, the Saudis are looking into the Swedish Kockums Type 471, the German IKL 200, and an undetermined French submarine.⁴²

Marine and Aviation Forces

The 3,000-man Saudi marine forces are organized into one regiment with two battalions. It initially was equipped with 140 BTR-60Ps. It is now equipped with 140 Spanish Santa Barbara SBB BMR-600 6x6 amphibious APCs. It seems to have received nearly 100 Al Fahd 8x8 Armored personnel carriers during 2001.

Saudi naval aviation is based at Al Jubail. Various sources report different holdings for Saudi naval aviation. It seems to have included 15 operational SA-565F

41 Richard Scott, "New Saudi Frigates to Receive Oto Melara Guns," *Jane's Defence Weekly*, November 27, 2002, <http://jdw.janes.com>, Accessed January 9, 2004. Labeled 50.

42 *Periscope*, 'Nations/Alliances/Geographic Regions Middle/East/North Africa—Saudi Arabia,' Labeled as Baetjer 1

Dauphin ASW and anti-ship missile helicopters with AS-15TT missiles, and four SA-565s equipped for the search and rescue mission. The SA-365Fs have only limited ASW capability, and are configured primarily for the surface search and attack roles. Each combat-equipped SA-365F carries four missiles and has an Agrion search/attack system. They have Crouzet MAD systems and can carry two Mark 46 torpedoes. The Saudi Navy also has 3 Westland Sea King Mark 47 ASW helicopters, and 12-21 land-based AS-332SC(B/F) Super Puma helicopters. Some reports indicate the AS-332s included 12 aircraft with Omera search radars, nine with Giat 20mm cannon, and 12 with Exocet or Sea Eagle air-to-ship missiles. Other reports indicate the AS-332s included only six transport aircraft, plus another six with Exocet air-to-ship missiles. The Saudis are pursuing the sale of ten NH 90 helicopters with anti-submarine warfare capabilities for the new Arriyad-class frigates.⁴³

Saudi Coast Guard

The Saudi Coast Guard has up to 7,500 men and has its main base at Azizam. Its equipment includes two large Yarmouk-class patrol boats, two fast missile attack craft with AS-15TT missiles, four large Al-Jouf-class patrol boats, two large Al Jubatel-class patrol boats, 25 Skorpion-class patrol boats, 13 other coastal patrol boats and four SRN-6, Model 4 Hovercraft, 16 Slingsby SAH 2200 Hovercraft, large numbers of inshore patrol craft, three royal yachts, three small tankers, fire fighting craft, and three tugs. Its primary mission is anti-smuggling, but it does have an internal security mission as well.⁴⁴

Roles, Missions, and Capability

The Saudi Navy has a great deal of modern, expensive equipment, but lacks a clearly defined set of roles and missions and essential capabilities for joint warfare. This is to some extent the result of the fact it has been overshadowed by the role the US and British navies have played in the Gulf since the “tanker war” against Iran in 1987-1988. Gulf navies have never had to develop the level of effectiveness and coordination that would be vital if they could not depend on the navies of other powers. The Red Sea has also been a “quiet zone,” except for limited clashes between Yemen and Eritrea over several islands.

A force this large, well-equipped, and expensive, however, must either adapt to perform important roles and missions or be seen as a potential area for trade-offs and reductions in military expenditures. There are several obvious areas where changes could take place that would enhance the value of the Saudi Navy and justify its present strength and cost:

- *Protection of critical facilities:* The Saudi Navy may never need to directly engage the Iranian Navy, but sabotage or sudden strikes on offshore oil facilities, ports, and critical shoreline facilities like

43 J A C Lewis, “Saudis Move Closer to NH 90 Purchase for Navy,” *Jane’s Defence Weekly*, December 24, 2003, <http://jdw.janes.com>, Accessed January 8, 2004. Labeled 51.

44 Based on *Jane’s Fighting Ships, 1996-1997, 1999-2000, and 2000-2001*; IISS, *Military Balance, 1996-1997 and 1999-2000 and 2001-2002*.

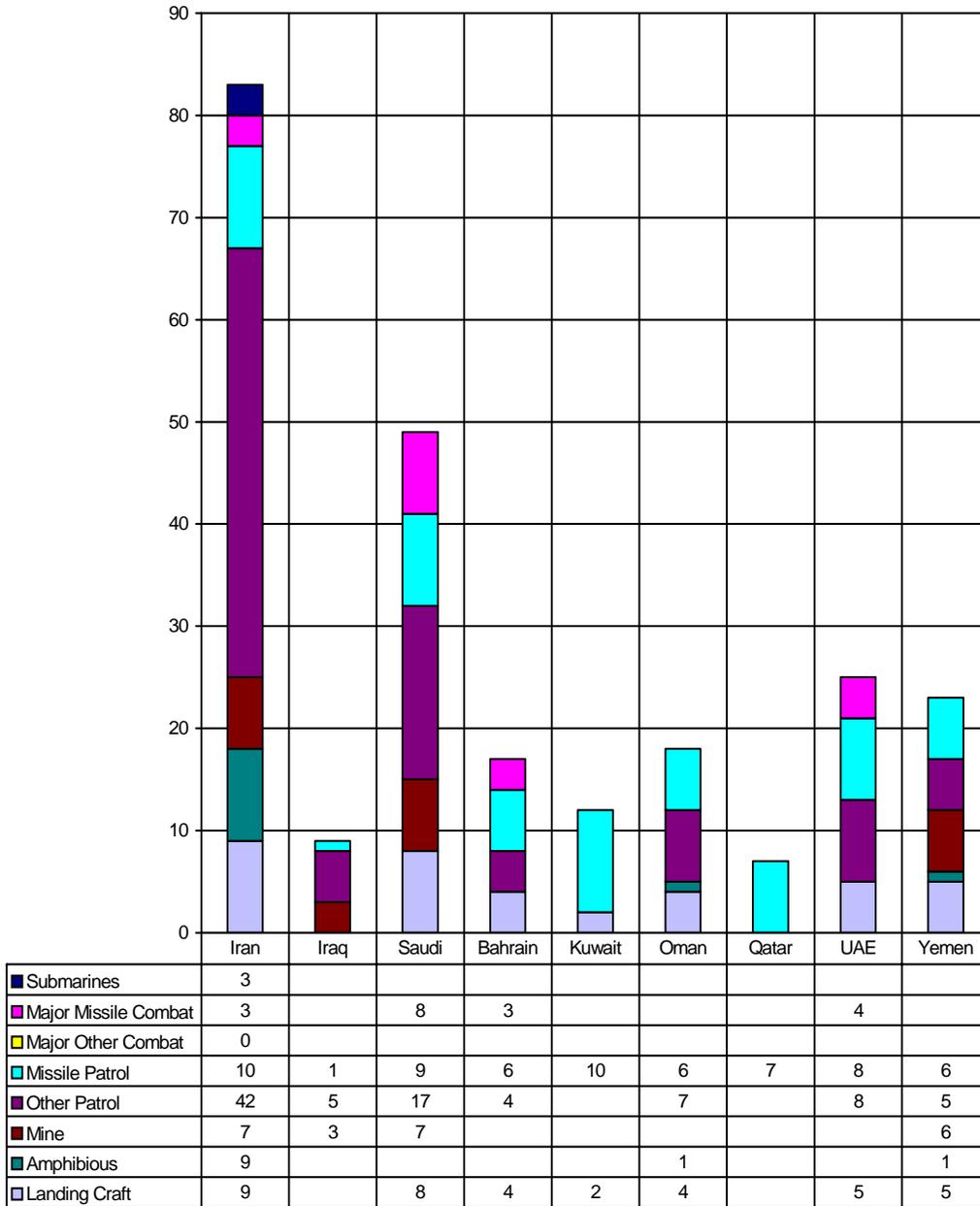
desalination plants are both possible and a form of asymmetric warfare that could do serious damage to the Kingdom.

- *Mine warfare*: Both the “tanker war” and Gulf War showed the danger mines pose, even if laid in covert operations or as free floating mines. This is an important mission in conventional war and asymmetric conflicts.
- *Ship protection and escort*: Iran’s Revolutionary Guard is well equipped to launch strikes against tankers and commercial shipping, and terrorists in Yemen have already shown that terrorists can attack in ports and other facilities.
- *Joint land/air operations*: Saudi Arabia has never fully exploited the maritime reconnaissance capabilities of its E-3A, and there is little jointness in Saudi Navy, Air Force, and Air Defense Force operations. The Saudi Navy would be far more effective as part of a joint team, able to use direct intervention with seapower when needed, relying on air strikes when more desirable, and carrying out maritime surveillance against both combat ships and potential covert and unconventional infiltration and operations.
- *A maritime role in air and missile defense*: Saudi E-3As have limits to their low altitude coverage and endurance. The ability to provide a forward screen of pickets and radar coverage, could help provide warning of air and cruise missile attacks, particularly if netted into the Saudi Air Force and Saudi Air Defense Force warning and control system.
- *Anti-amphibious raid and operations capability*: Iran has limited amphibious lift, but extensive ferry and Revolutionary Guard raid capabilities. These can attack offshore facilities, raid shoreline areas, and potentially transfer forces to a port in the event of a coup or upheaval in a Southern Gulf Country.

It should be noted that in all these missions, the Saudi Navy would benefit from a force multiplier effect if there was far closer and more realistic cooperation among all of the Southern Gulf navies, and if the Saudi Navy participated in more demanding and realistic exercises with the US and British navies. It is equally clear that “jointness” with the Saudi Air Force and possibly the Saudi Air Defense Force is equally critical.

Figure 23

Gulf Naval Ships by Category in 2004

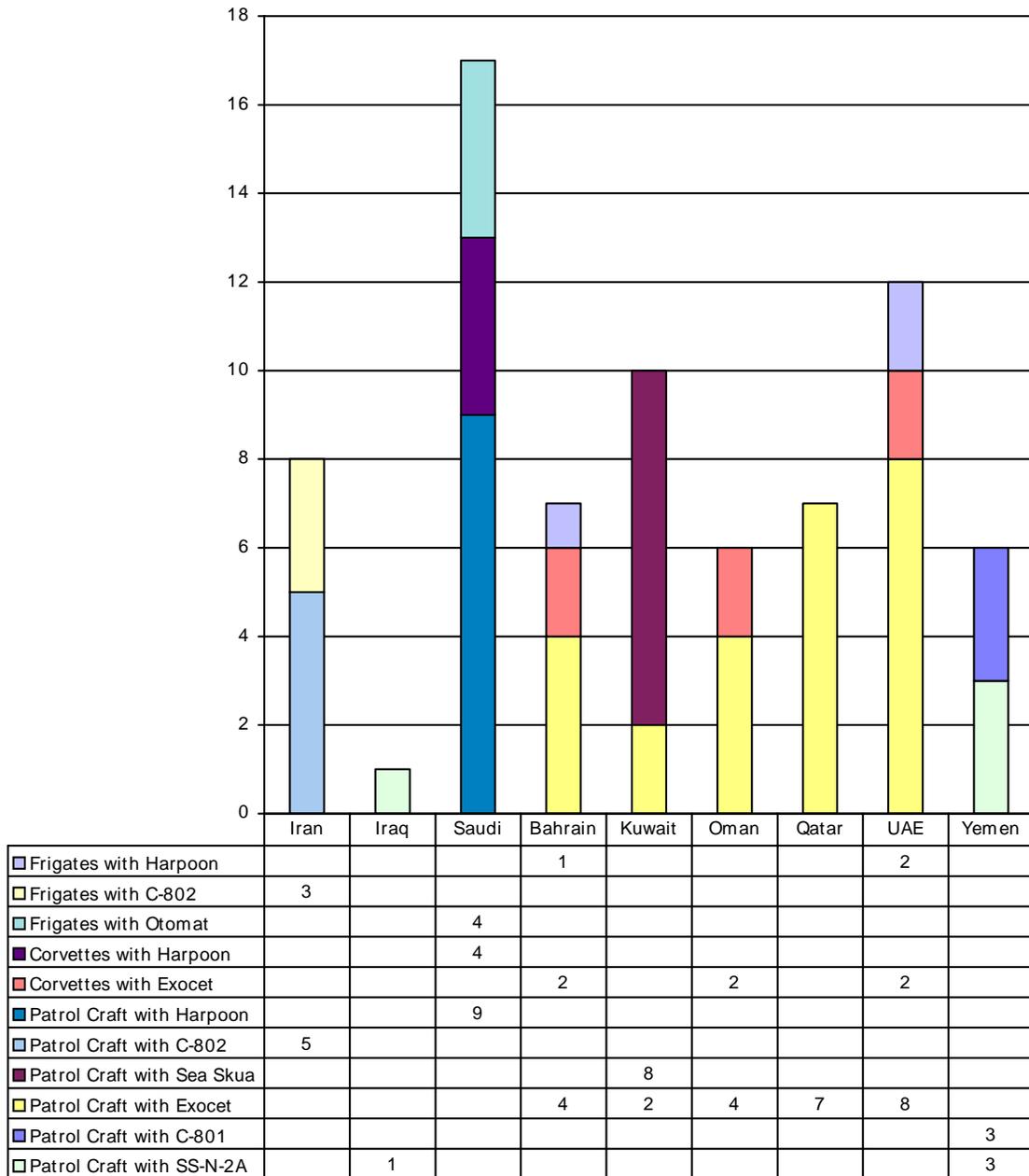


Note: Iraq totals are for March 2003, before the Iraq War.

Source: Adapted by Anthony H. Cordesman from IISS, The Military Balance, various editions.

Figure 24

Gulf Warships with Anti-Ship Missiles in 2004

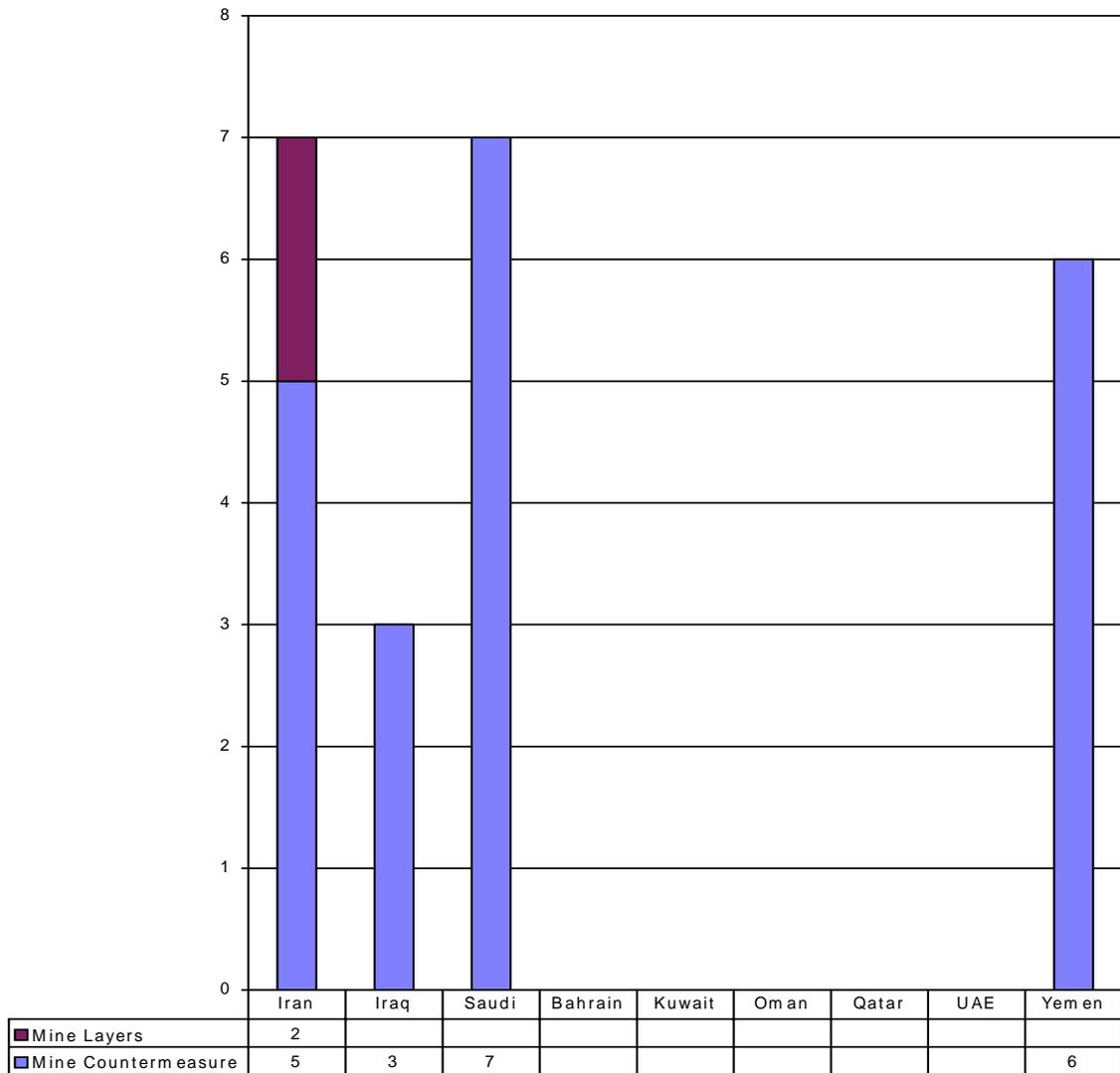


Note: Iraq totals are for March 2003, before the Iraq War

Source: Adapted by Anthony H. Cordesman from IISS, The Military Balance, various editions and material provided by US experts.

Figure 25

Gulf Mine Warfare Ships in 2004

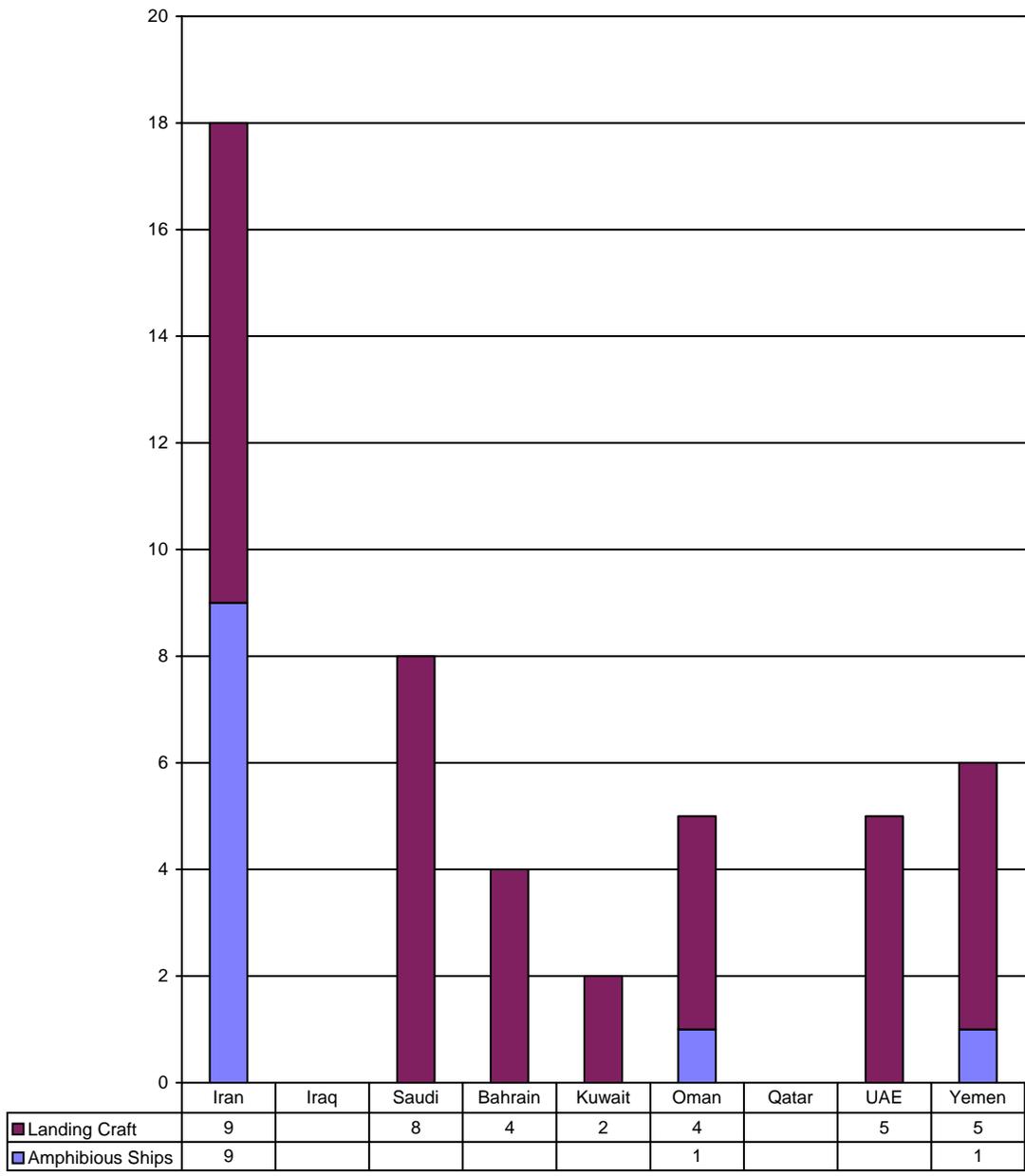


Note: Iraq totals are for March 2003, before the Iraq War

Source: Adapted by Anthony H. Cordesman from IISS, The Military Balance, various editions and material provided by US experts.

Figure 26

Gulf Amphibious Warfare Ships in 2004

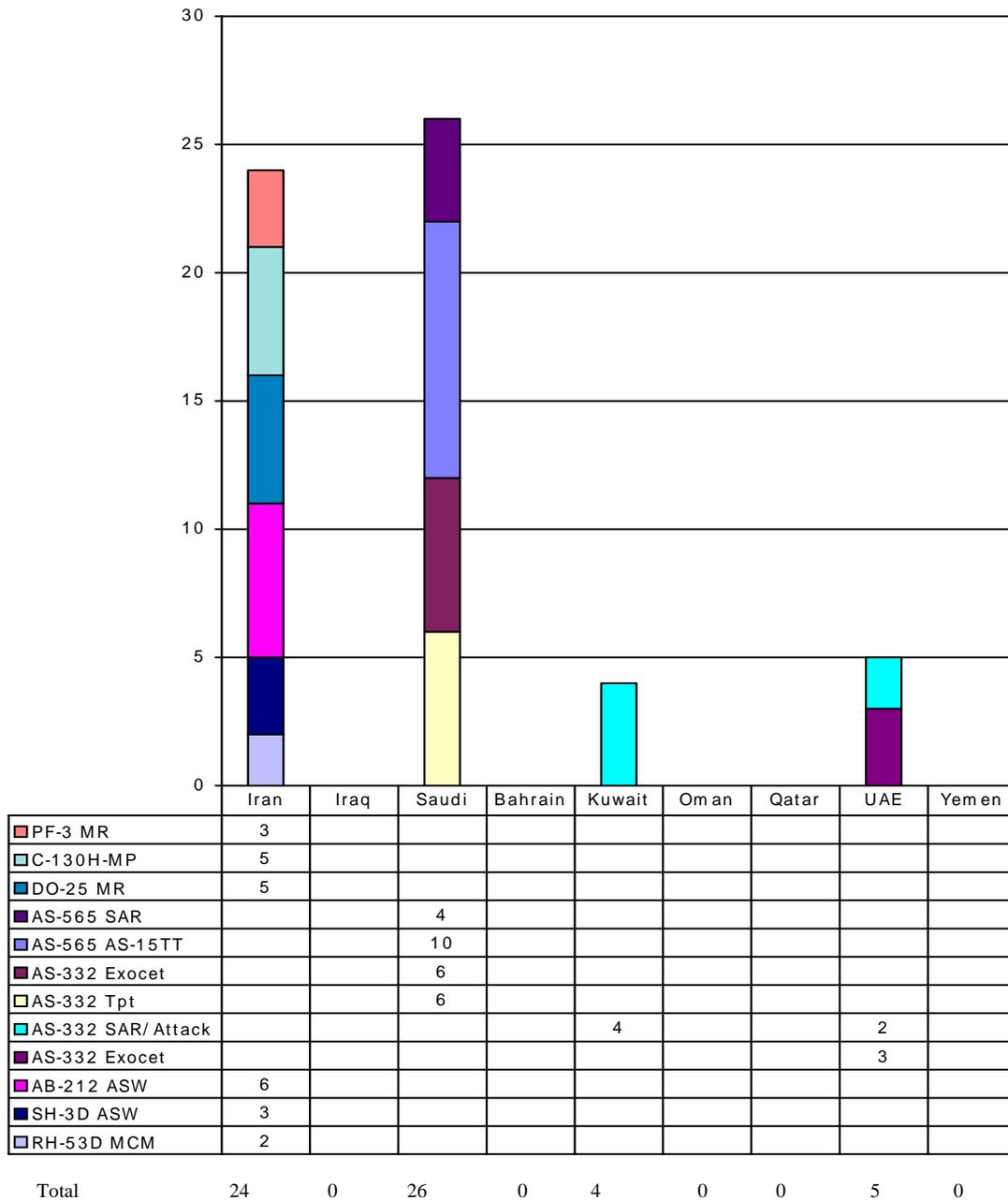


Note: Iraq totals are for March 2003, before the Iraq War

Source: Adapted by Anthony H. Cordesman from IISS, The Military Balance, various editions and material provided by US experts.

Figure 27

Gulf Naval Aircraft and Helicopters Aircraft in 2004



Note: Iraq totals are for March 2003, before the Iraq War

Source: Adapted by Anthony H. Cordesman from the IISS, The Military Balance.

The Saudi Air Force

The Royal Saudi Air Force (RSAF) is one of the most advanced air forces in the Middle East. It also has the potential to be the most decisive single element of both Saudi forces and the military forces of the Gulf Cooperation Council, but it still has significant shortcomings. These shortcomings include:

- An over-emphasis on air defense at the expense of offensive air capabilities, and particularly capabilities designed to deal with advancing Iraqi armor or the naval threat from Iran.
- A failure to develop effective joint warfare capabilities, realistic joint warfare training capabilities, and transform joint warfare doctrine in to effective war fighting plans to support the land-based Air Defense Force, and the Army, National Guard, and Navy.
- A failure to develop a truly integrated air defense and war fighting capability with other Southern Gulf states.
- A failure to rapidly modernize the RSAF C⁴I/SR and battle management system and to develop high capacity secure communications, and to expand the role of sensor, electronic warfare, and intelligence aircraft to support offensive and joint warfare missions.
- A lack of overall readiness, and poor aircrew and maintenance to aircraft ratios, which has forced the near grounding of its F5s, and has severely reduced the effectiveness of its F-15s and Tornados. Since 1994, the poor leadership of the air force, the mishandling of overall training and readiness, under funding, and poorly managed Saudization, have brought readiness to the point of near-crisis and led to a severe increase in the Air Force's accident rate.
- A failure to modernize training to support realistic offensive and joint warfare missions.
- A decline in leadership since the Gulf War, and particularly in focusing the modernization of the RSAF on key missions. Slow promotion and turnover, coupled with corruption in the highest ranks, have compounded these problems.

Strength and Structure

The RSAF has about 20,000 men, not including another 16,000 men in the Air Defense Force. USCENTCOM estimates the Air Force's strength at a total of 16,500 men. According to one source, the RSAF's combat forces were organized into six wings with a total of 15 combat squadrons and about 259 operational first-line, fixed-wing combat aircraft, and 39 combat capable trainers. The IISS estimates that Saudi Arabia maintains a total inventory of about 432 combat aircraft with about 294 of those currently active. The Saudi Army operates an additional force of 12 AH-64 attack helicopters, and the Navy has 21 more armed helicopters. These armed naval helicopters include 19 AS-56 helicopters, of which four are equipped for the search and rescue mission and 15 AS-15TT anti-ship missiles, six AS-332B transports, and six AS-332Bs equipped with Exocet anti-ship missiles.⁴⁵

Combat Aircraft

Saudi Arabia's total inventory of major combat aircraft includes 72 F-15Ss, 67 F-15Cs, 20 F-15Ds, 85 Tornado IDSs (10 Tornado GR.1 recce-attack equipped), 22 Tornado ADVs, and 5 E-3A AWACS. Until recently, the RASF also had 56 F-5Es, 21 F-5Fs, 10 RF-5Es, and 14 F-5Bs. By early 2001, however, most of the F-5s were grounded

45 USCENTCOM, *Atlas, 1996*, MacDill Air Force Base, USCENTCOM, 1997; IISS, *Military Balance, 1996-1997, 1999-2000, 2000-2001, and 2001-2002*.

and in storage. Only 14 F-5B still seem to be operational in a combat-capable training unit.⁴⁶

Combat aircraft strength includes four fighter-attack squadrons, three with Tornado IDS, and one with 14 F-15B/F/RFs. In theory, there were still three squadrons with 53 F-5Es, but virtually all of these aircraft were grounded. The IDS squadrons had dual-capable trainer aircraft, and 10 had a dual-mission in the reconnaissance role. These squadrons were equipped with a wide range of attack munitions, including AS-15, AS-30, AGM-45 Shrike, and AGM-65 Maverick air-to-surface missiles and the Rockeye, Sea Eagle, and Alarm air-to-ground weapons. Saudi Arabia has MQM-74C Chukar II and Banshee remotely piloted vehicles for reconnaissance and target acquisition.

The Tornado squadrons provide much of the offensive strength of the Saudi Air Force, but are configured more for bombing against fixed targets than joint warfare or operations against armor. The Tornado does, however, have superior low altitude flight performance in attack missions to the F-15S, and was specifically designed to fly nap of the earth missions, while the F-15S is subject to buffeting because of its large wing area. The Tornado also has superior air-to-surface missile armament. It can deliver the ALARM anti-radiation missile and Sea Eagle anti-ship missile while the Saudi F-15S is currently limited to the Maverick, which only has a strike range of around 10 miles. Both aircraft can deliver laser-guided bombs and self-illuminate their targets.

The RSAF has nine interceptor squadrons for defensive missions. There are five squadrons with a total of 87 F-15C/Ds (67 F-15C and 20 F-15Ds), and more squadrons with 72 F-15Ss. F-15Ds were deployed to each F-15 squadron to perform both training and operational missions. There was one Tornado ADV squadron with 22 aircraft, which also included dual-capable trainer aircraft. Saudi fighters are equipped with modern air-to-air missiles, including AIM-9L and AIM-9P infrared guided missiles, AIM-7F Sparrow and Sky flash radar guided missiles. The RSAF is acquiring the AMRAAM air-to-air missile, which will give it substantial beyond visual range (BVR) all-weather air combat capability. Saudi F-15 fighter units are capable in the air defense role, but most aircrews now lack adequate advanced fighter combat training. The Tornado ADS has not proved to be an effective fighter except in a standoff missile defense role and is being shifted to other missions.

During the mid and late 1990s, the training of Saudi aircrews became weak to the point where it presented serious safety problems in advanced mission profiles, and led to a number of fatal accidents. Saudi Arabia's remaining active F-5 units present particular problems. They have poor readiness and proficiency levels and their aircraft have little combat capability. This loss of the F-5E led Saudi Arabia to obtain US permission to deploy some of its F-15s to Tabuk in western Saudi Arabia in 2003, although it had previously agreed not to do so because of Israeli security concerns. This deployment has little, if any, practical impact on Israel's security.

46 USCENCOM, *Atlas, 1996*, MacDill Air Force Base, USCENCOM, 1997; IISS, *Military Balance, 1996-1997, 1999-2000, 2000-2001, and 2001-2002*.

Reconnaissance and Early Warning

Saudi Arabia has been the only Southern Gulf air force with meaningful numbers of reconnaissance aircraft. Until recently, the RSAF had two aging reconnaissance squadrons with a total of 10 RF-5Es. These aircraft have reached obsolescence in terms of their sensors and survivability, however, and most are now deadlined or in storage. The 10 Tornado IDS-Rs in the fighter-ground attack force could probably perform most missions, and Saudi Arabia is acquiring reconnaissance and electronic warfare pods for its F-15s and has deployed some of this equipment.

The RSAF has an airborne early warning squadron with five E-3As. These aircraft now have Saudi crews, but the crews have shown only limited capability to manage complex air battles and the RSAF must rely on the USAF for help in such missions. The Saudi E-3As also lack adequate secure communications and data links, and need an upgrading of their software and improved electronic support measures. The remaining multipurpose squadron with 14 F-5Bs has both training and combat missions, but had little real operational capability. Most aircraft were “parked” and without real operational capability.

Training Aircraft

The RSAF has 25-armed Hawk Mark 65 jet trainers, and 20 armed Hawk Mark 65A jet trainers. Saudi holdings of 36 BAC-167 turboprop COIN and training aircraft were phased out of service in the late 1990s. The Hawk units are technically capable of performing COIN and light attack functions with machine guns, cannons, and rockets, in addition to training missions but the limited combat mission training of the Hawk aircrews prevents RSAF from using them in that role. The RSAF also has 13 Cessna 172s, one Jetstream, and 50 PC-9 aircraft in training units that were not armed for combat.

Refueling, Transport, and Support

The RSAF is the only Gulf air force with an effective mid-air refueling capability. Its support units include a tanker squadron with 8 KE-3A tanker/transport, and 8 KC-130H tankers. It has three transport squadrons with 38 C-130 cargo-transport (7 E, 29 H, and 2 H-30), 1 KE-3B (EW), 3 L-100-30HS hospital aircraft, and 4 CN-235s. There are also two helicopter squadrons with 22 AB-205s, 13 AB-206s, 17 AB-212s, 40 AB-41EP (SAR) and 10 AS-532A2 (SAR). Three AS-532A2 Cougar search and rescue helicopters were ordered from France in September 1996, at a cost of \$590 million.⁴⁷ The Royal Flight provided substantial additional airlift assets, including 2 B-747SP, 1 B-737-200, 4 BAE 125-800, two Gulfstream III, 2 Learjet 35, 4 VC-130H, and 5 utility helicopters.

Munitions and Spares

Saudi Arabia has moderate but aging inventories of air munitions and spares-- a marked decline from the large inventories of cutting edge munitions and high inventories it had at the time of the Gulf War. The Kingdom has not continued to properly maintain

⁴⁷ *Defense News*, September 9, 1996, p. 26.

and modernize its munitions inventory, however, and has not procured all of the air-to-ground and anti-ship ordnance necessary for joint warfare.

Support, Training, Logistics, and Sustainment

Saudi air force facilities remain excellent. No US or NATO base has sheltering or hardening equal to the Saudi bases at Dhahran and Khamis Mushayt, and similar facilities will be built at all of Saudi Arabia's main operating bases.

Maintenance and sustainment, however, present problems. Up until the mid-1990s, the Saudi Air Force had excellent foreign support. The Kingdom did, however, face growing financing and payment problems after the mid 1990s, and these problems worsened after the "oil crash" of late 1997. This created a climate where readiness and sustainment were not properly funded.

Efforts to force the rate of Saudization without adequate resources and standards have not helped. Foreign contractors have often been replaced with Saudis selected more for their contacts than their skills, and training programs for Saudis have not enforced the proper qualification standards. The RSAF has also failed to make adequate use of its offset programs. These have some important successes, but they have not developed the level of maintenance, major repair, and other capabilities the RASF needs to support sustained operations and maintain readiness.

Training has also become a problem. Saudi flight hours per aircrew have dropped and the realism of the training missions flown has become a problem. Above all, the RSAF has not moved forward in creating truly demand training profiles for the use of precision weapons in interdiction and close support missions, and integrated air defense training using large numbers of fighters, its E-3As, and Air Defense Forces in demanding "aggressor" exercises.

The Gulf War, Kosovo conflict, and Iraq War all demonstrated the fact that integrated, joint air operations can be decisive, but that they are extraordinarily difficult to conduct and require extensive pre-conflict training between all elements of the armed forces, and particularly in air-land battle exercises. They also show that meaningful air training must be conducted primarily on a task force basis, and integrate all elements of targeting, strike planning, damage assessment, and "jointness" with the land forces,

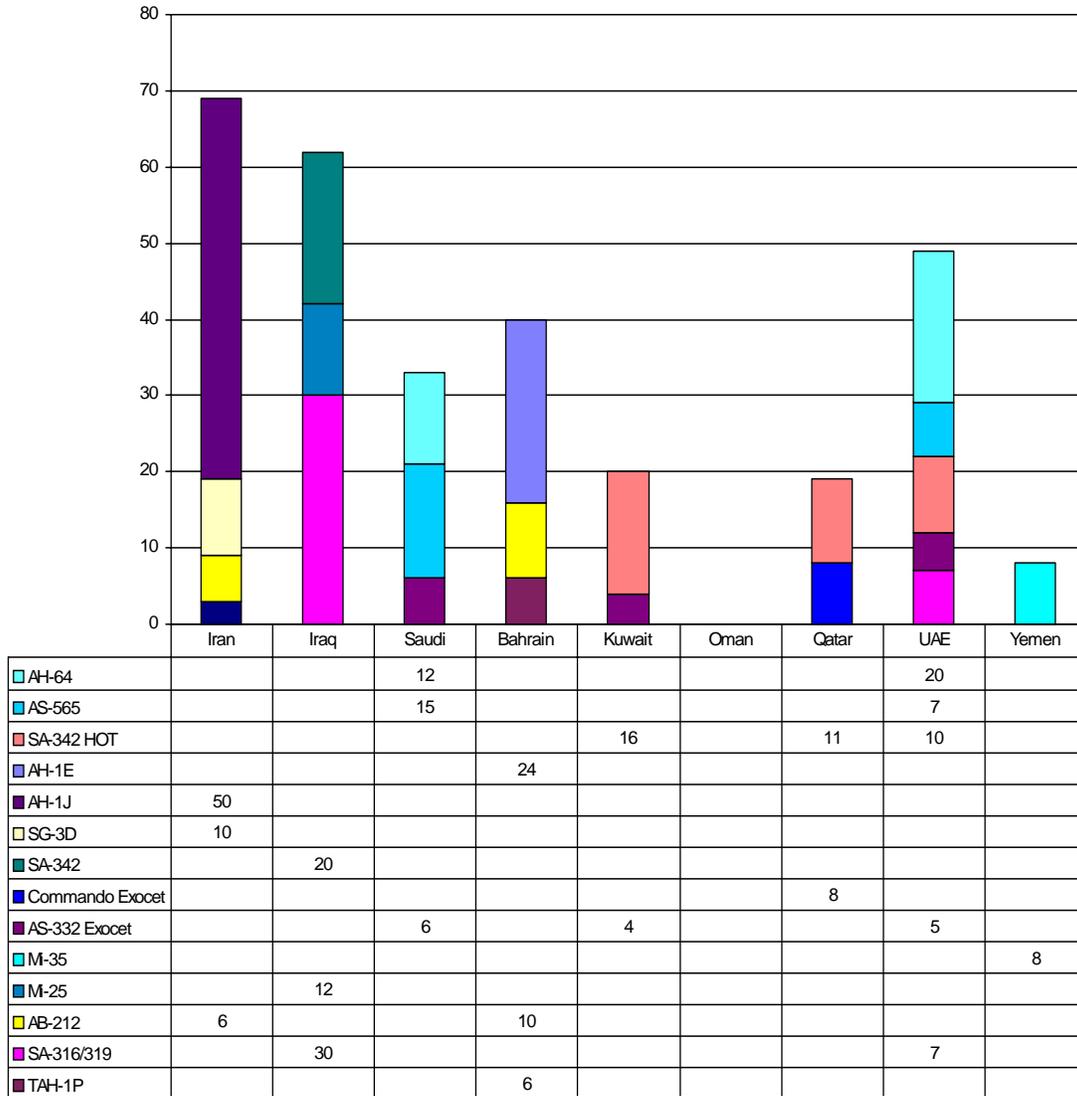
Put differently, the RSAF must ask itself why did the Iraqi air force collapse after a few days in 1991 and fail to fight in 2003? It must ask why the Syrian Air Force has become something of a military joke, and why Israel has acquired such an "edge." The answer is that effective C4I/BM and IS&R integration of the air force is the key to modern air warfare. Without it, military spending can only produce a third rate or ineffective force

Once again, the destruction of the Iraqi threat and slow pace of Iranian modernization give Saudi Arabia a window of opportunity in which it can concentrate on effectiveness rather than modernization and force building. The Saudi Air Force's most important challenges are the improvement of its readiness, training, and capability for joint operations. Iraq's defeat has greatly reduced the potential threat, as has the slow rate of Iranian air modernization. As a result, Saudi Arabia has no immediate need for

replacement of its F-5Es, or for any other major procurement. It can consolidate around its most advanced aircraft, creating a smaller and more effective force.

Figure 28

Total Operational Combat Aircraft in All Gulf Forces 1990-2004
 (Does not include stored or unarmed electronic warfare, recce or trainer aircraft)



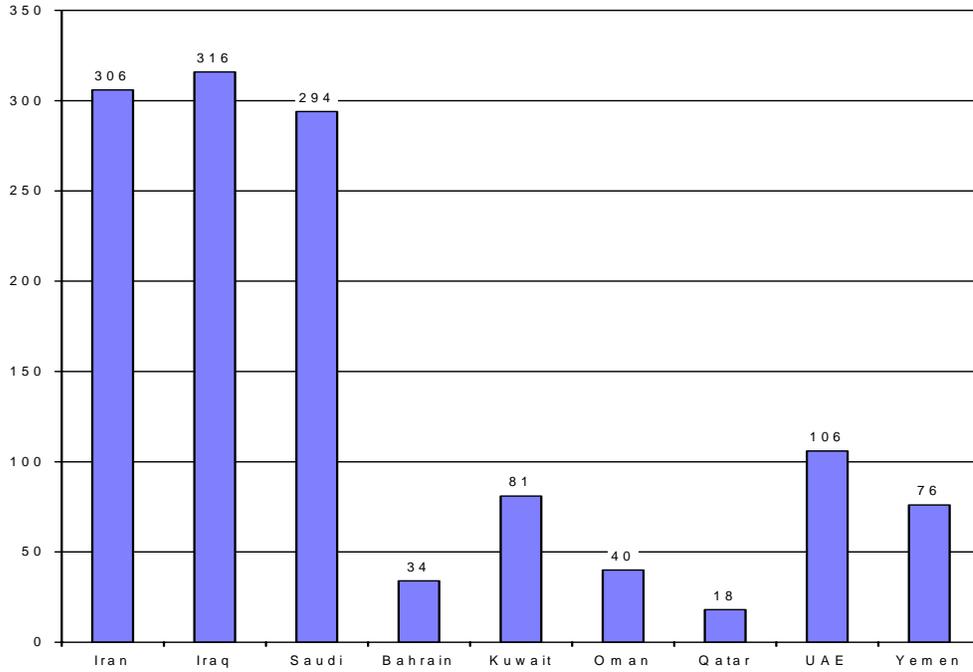
Iraq totals are for March 2003, before the Iraq War

Source: Adapted by Anthony H. Cordesman from various sources and IISS, The Military Balance, various editions.

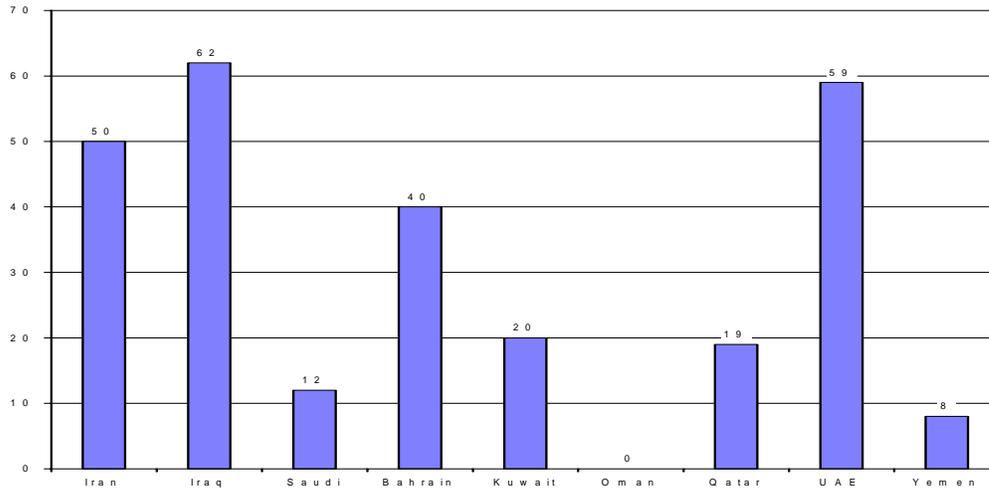
Figure 29

Total Gulf Holdings of Combat Aircraft in 2004

Fixed Wing Combat Aircraft



Armed and Attack Helicopters

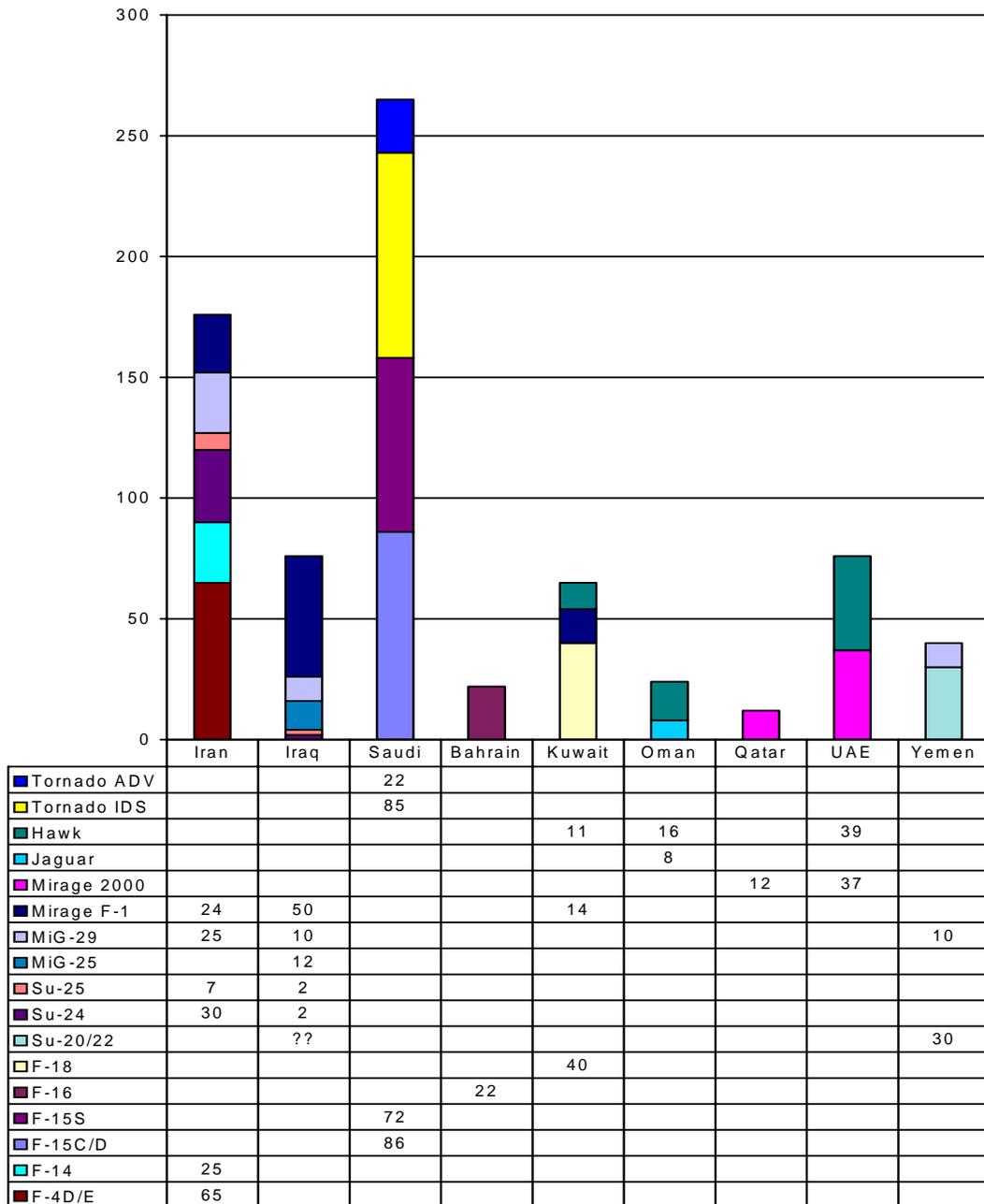


Note: Only armed or combat-capable fixed wing combat aircraft are counted, not other trainers or aircraft. Note: Yemen has an additional 5 MiG-29S/UB on order. Iraq totals are for March 2003, before the Iraq War
Source: Adapted by Anthony H. Cordesman from IISS, The Military Balance, various editions.

Figure 30

Gulf High and Medium Quality Fixed Wing Fighter, Fighter Attack, Attack, Strike, and Multi-Role Combat Aircraft By Type in 2004

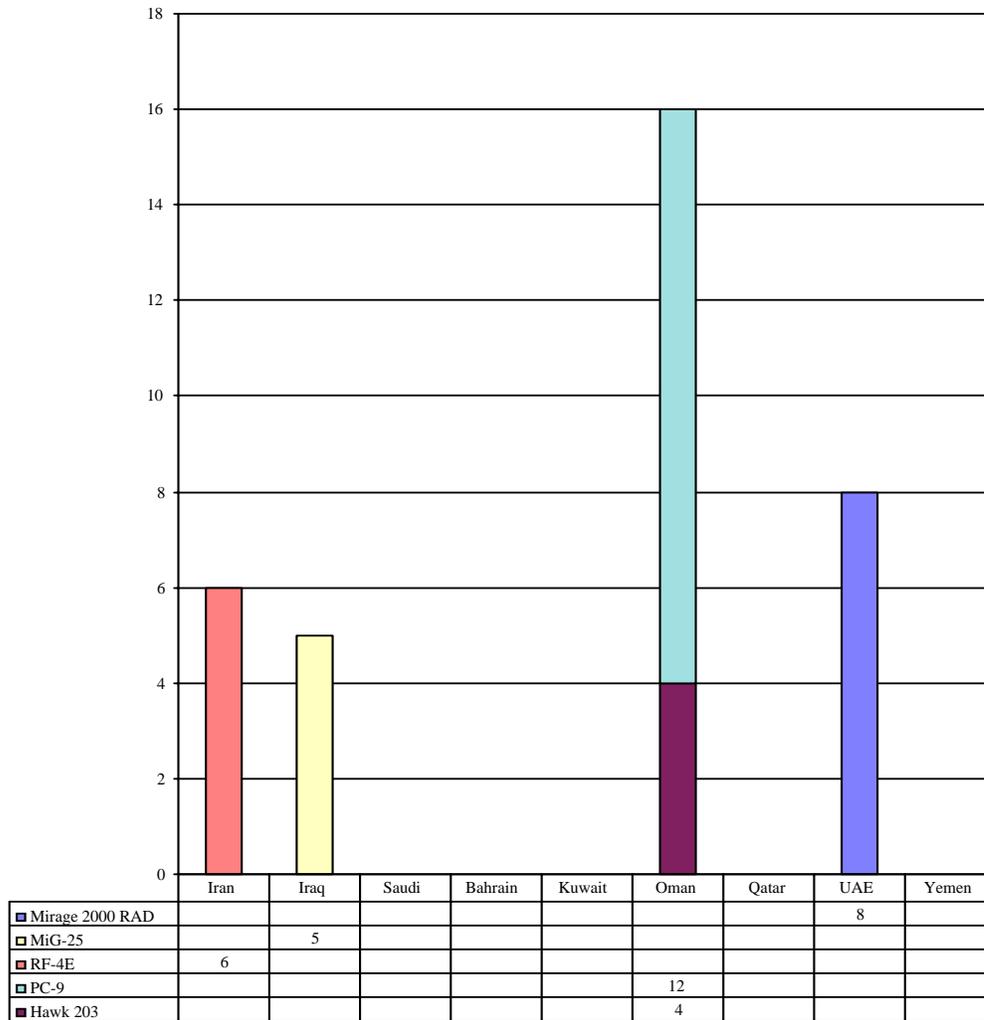
(Totals do not include combat-capable recce but does include OCU's and Hawk combat-capable trainers)



Note: Yemen has an additional 5 MiG-29S/UB on order. Iraq totals are for March 2003, before the Iraq War
 Source: Adapted by Anthony H. Cordesman from various sources and IISS, The Military Balance, various editions.

Figure 31

Gulf Reconnaissance Aircraft in 2004



Total

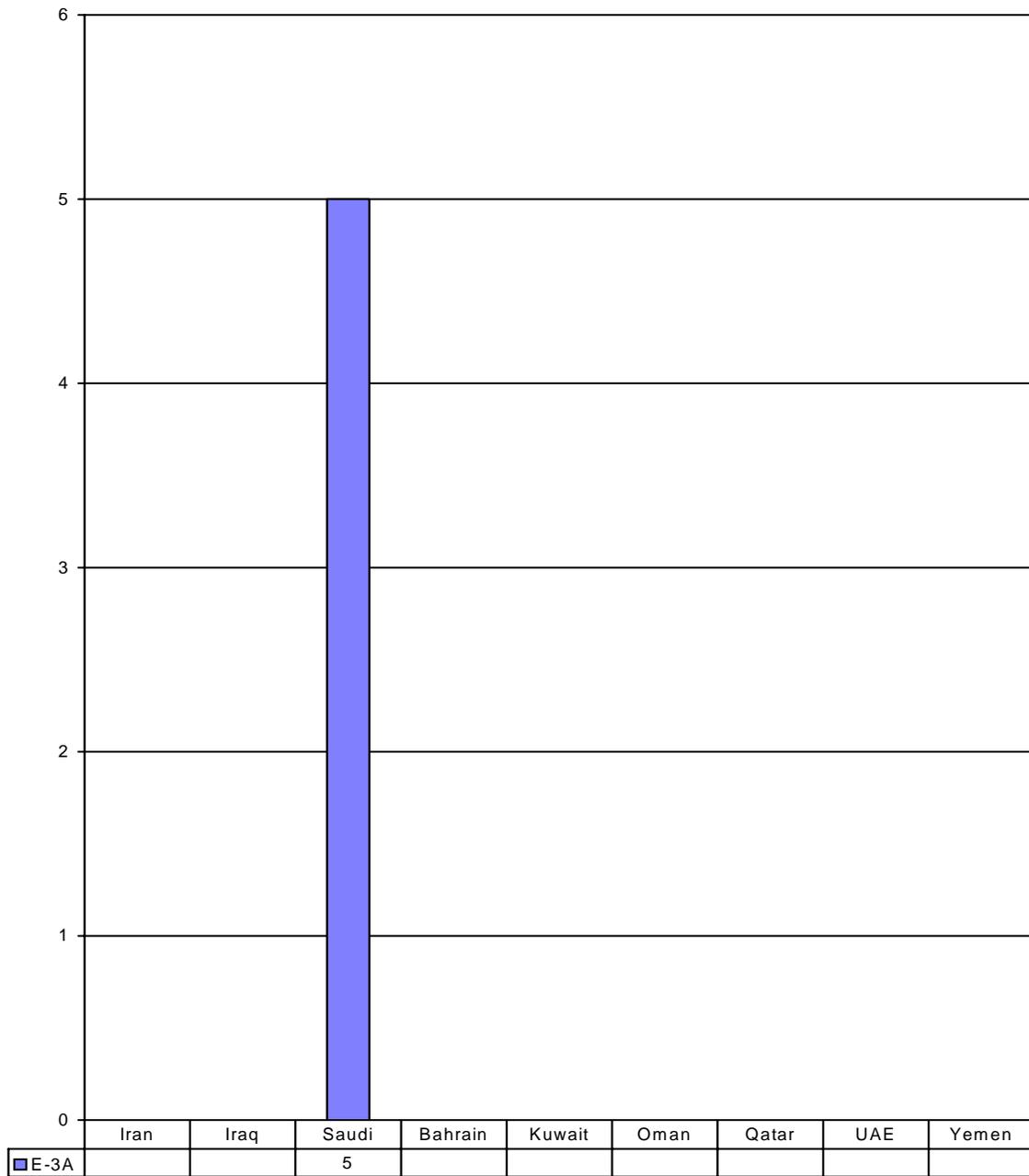
6 5 0 0 0 16 0 8 0

Iraq totals are for March 2003, before the Iraq War

Source: Adapted by Anthony H. Cordesman from IISS, The Military Balance, various editions.

Figure 32

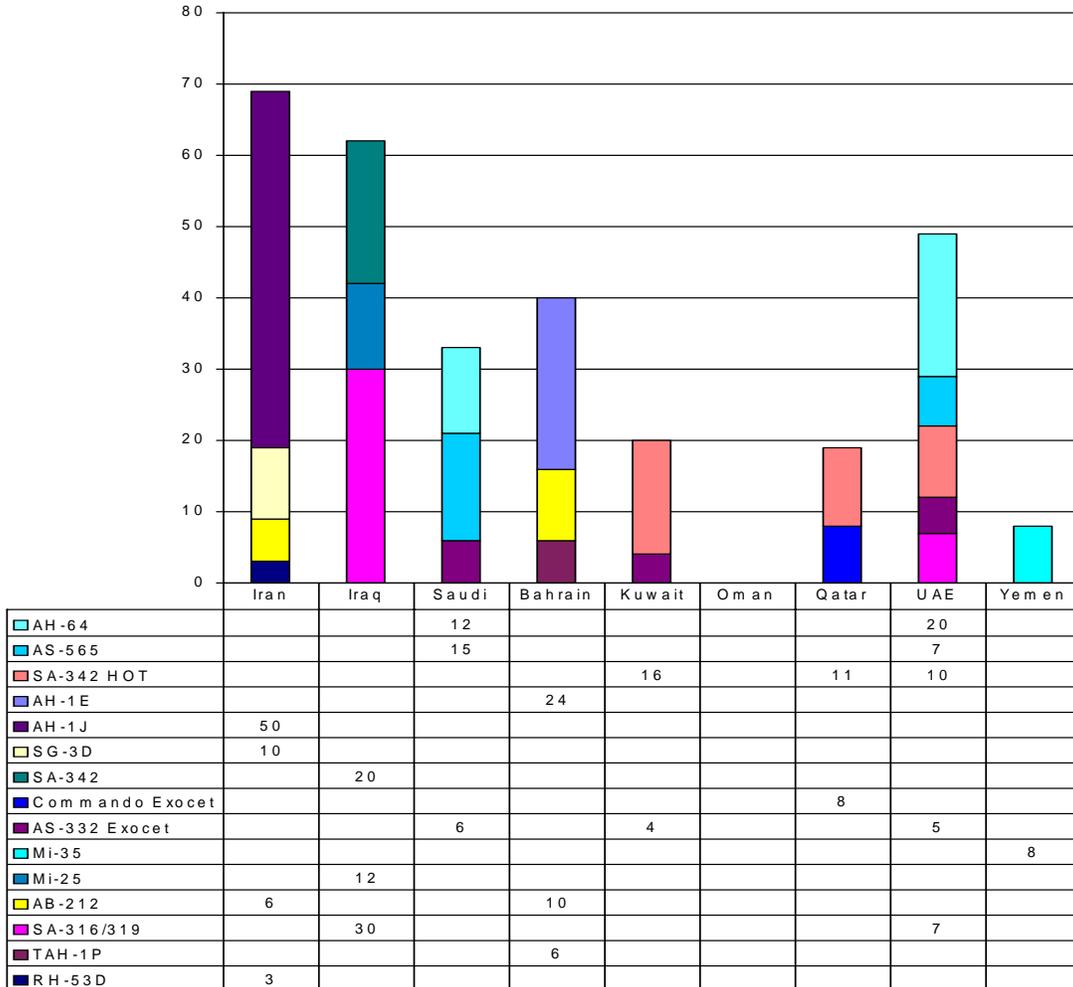
Sensor, AWACS, C4I, EW and ELINT Aircraft in 2003



Iraq totals are for March 2003, before the Iraq War

Source: Adapted by Anthony H. Cordesman from IISS, The Military Balance, various editions.

Figure 33
Gulf Attack, Anti-Ship and ASW Helicopters in 2004



Iraq totals are for March 2003, before the Iraq War

Source: Adapted by Anthony H. Cordesman from IISS, The Military Balance, various editions.

Saudi Land-Based Air Defenses

Saudi Arabia has extensive land-based air defenses, some under a separate Air Defense Force and some integrated into other services.

The Saudi Air Defense Force

The Saudi Air Defense Force had a nominal strength of 16,000 men in 2004, and some 33 surface-to-air missile batteries. Some reports indicated its total major surface-to-air missile strength included 16 Improved Hawk batteries with 128 fixed and mobile fire units, 9 Crotale batteries with 48 Crotale fire units (currently being modernized), 16 air defense batteries with 72 Shahine fire units, and 50 AMX-30SA 30 mm self-propelled guns.

The IISS reported a strength 16 Improved Hawk batteries with 128 fire units, 17 air defense batteries with 68 Shahine fire units and AMX-30SA 30 mm self-propelled guns, and 73 Crotale and Shahine fire units in static positions. It reported a total inventory of 50 AMX-30 SAs, 141 Shahine launchers, and 40 Crotale launchers. It also reported 92 M-163 20mm Vulcan anti-aircraft guns and 50 AMX-30SA anti-aircraft guns, plus 70 L/70 40mm anti-aircraft guns in storage.

Most of Saudi Arabia's Shahine units were deployed in fixed locations for the defense of air bases and key targets. All of the Shahine systems have been upgraded as the result of an agreement with France signed in 1991. These units provide short-range defense capability for virtually all of Saudi Arabia's major cities, ports, oil facilities, and military bases.

Reports differ as to whether Saudi Arabia has two or three major operational MIM-104 Patriot fire units, and there is one report indicating it had a fourth. The US deployed an additional Patriot battalion near Riyadh in 2001, and some reports indicate equipment was pre-positioned for a second. Another source cites only 8 active MIM-104 fire units. There seems to be agreement that operational readiness is limited. Live fire exercises only really began to improve in the fall of 2000, and mobile operations have taken years to develop. The first mobile deployment approaching a combat exercise was a road march from Dhahran to a site near King Khalid Military City in the fall of 2000.

Other Land-Based Air Defenses

Total Saudi Army holdings of man-portable surface-to-air missiles include 500-700 Mistrals, 350-400 Stingers, and 500-600 Redeyes. The number and type of anti-aircraft guns currently operational is uncertain. Some reports state that Saudi Arabia has 35 35mm Oerlikon-Contraves twin AA guns with Skyguard fire control systems, 72 40mm L-70 AA guns, 53 30mm AMX-30 DCA twin anti-aircraft guns, and an unknown number of 20mm Vulcan M163 guns. Other reports indicate it had had 92 M-163 Vulcan 20 mm anti-aircraft guns, 30 V-150s with Vulcan 20 mm guns, 30 towed 20 mm Vulcans, 128 35 mm AA guns, and 150 L/70 40 mm guns (most in storage).

Readiness and Combat Capability

The end of an Iraqi threat greatly eases the potential air defense burden on both the Saudi Air Force and Army, and the Air Defense Force's Saudi Hawk and Patriot units

have improved Saudi Arabia's low to high-level air defense capability along Gulf coast, while providing some defense against medium-range and theater ballistic missiles.

At the same time, the Saudi Air Defense force needs to improve its capability for joint operations with the Saudi Air Force and Army. The fact that active US air forces and army forces have left Saudi Arabia requires that Saudi Arabia develop far more effective Air Defense Force and Air Force capabilities to use its C4 and IS&R assets effectively. Both air defense and air land battle training should be joint as a rule, not an exception, and based on more demanding standards in peacetime than war. Joint commands and operations centers should be the major focus of all command activity.

Figure 34

Gulf Land-Based Air Defense Systems in 2004

<u>Country</u>	<u>Major SAM</u>	<u>Light SAM</u>	<u>AA Guns</u>
<u>Bahrain</u>	8 I Hawk	60 RBS-70 18 Stinger 7 Crotale	15 Oerlikon 35 mm 12 L/70 40 mm
<u>Iran</u>	16/150 I Hawk 3/10 SA-5 45 HQ-2J (SA-2) ? SA-2	SA-7/14/16, HQ-7 <u>HN-5</u> 30 Rapier FM-80 (Ch Crotale) 15 Tigercat SA-7 Stinger (?)	1,700 Guns ZU-23, ZSU-23-4, ZSU-57-2, KS-19 ZPU-2/4, M-1939, Type 55
<u>Iraq</u>	SA-2 SA-3 SA-6	Roland 1,500 SA-7 850 (SA-8 (SA-9 (SA-13 (SA-14, SA-16	6,000 Guns ZSU-23-4 23 mm, M-1939 37 mm, ZSU-57-2 SP, 57 mm 85 mm, 100 mm, 130 mm
<u>Kuwait</u>	4/24 I Hawk 4-5/40 Patriot	6/12 Aspede 48 Starburst	6/2X35mm Oerlikon
<u>Oman</u>	None	Blowpipe 2 Mistral SP 34 SA-7 <u>14 Javelin</u> 40 Rapier	10 GDF 35 mm/Skyguard 4 ZU-23-2 23 mm 12 L-60 40 mm
<u>Qatar</u>	None	10 Blowpipe <u>12 Stinger</u> 9 Roland 20 SA-7, 24 Mistral	?
<u>Saudi Arabia</u>	16/128 I Hawk 4-6/16-24 Patriot 17/68 Shahine Mobile	189 Crotale 400 Stinger 500 Mistral <u>500 Redeye</u> 40 Crotale 73-141 Shahine static	50 AMX-30SA 30 mm 92 M-163 Vulcan 20 mm 150 L-70 40 mm (in store)
<u>UAE</u>	5/30 I Hawk Bty.	20+ Blowpipe <u>Mistral</u> 12 Rapier 9 Crotale 13 RBS-70 100 Mistral Javelin Igla (SA-16)	42 M-3VDA 20 mm SP 20 GCF-BM2 30 mm
<u>Yemen</u>	SA-2, SA3, SA-6 SA-7, SA-9, SA-13 SA-14	<u>SA-7, SA-9, SA13, SA-14</u> 800 SA-7/9/13/14	52 M-167 20mm 20 M-163 Vulcan 20mm 100 ZSU-23-4 23 mm 150 M-1939 23 mm 120 S-60 37 mm KS-12 85 mm

Iraq totals are for March 2003, before the Iraq War

Source: Adapted by Anthony H. Cordesman from IISS, The Military Balance, Periscope, JCSS, Middle East Military Balance, Jane's Sentinel and Jane's Defense Weekly. Some data adjusted or estimated by the author.

Saudi Missile Forces and the Possibility of Saudi Weapons of Mass Destruction

The Saudi interest in weapons of mass destruction has been far more the subject of rumor than fact. For example, many reports from various Saudi opposition groups have never been confirmed, and many of their reports of visits of senior Saudi officials to Pakistan and other potential nuclear suppliers have either not occurred in the way reported or have not occurred at all.

Some relevant visits and discussions do, however, seem to have taken place with China and Pakistan. The Saudi Chief of Staff, Lt. General Saleh Mohaya, and Prince Khalid Bin Sultan, also seem to have begun discussing replacement of the CSS-2 with China in 1995.¹ Similarly, in 1999 after Pakistan's nuclear tests, Prince Sultan and other Saudi military officials toured Pakistan's nuclear weapons facilities. There was no firm evidence, however, that they ever considered buying any form of "Islamic bomb."

While there have been reports of a much more extensive Saudi nuclear program, the "evidence" advanced to date has been tenuous at best and the charges involved seem to be more political in character and directed at trying to break up the US-Saudi military relationship than inspired by any facts or actual knowledge. The most disturbing aspect of Saudi talks with Pakistan has had nothing to do with the Kingdom, but has resulted from the fact that some estimates indicate that Pakistan's production of fissile material will begin to exceed its domestic military requirements at some point around 2005. Similarly, there is no convincing data available on whether Saudi Arabia has had any discussions with China about the possible purchase of weapons of mass destruction.

Saudi Arabia has never had any illusions about the problems Saudi proliferation would create in terms of its relations with the US, or the extent to which they would suddenly make the Kingdom a key target for Israel's nuclear forces. Saudi Arabia has, however, continued to study such options along with missile defense. Ironically, it also now faces a growing risk from Iran at a time that the potential threat from Iraq has disappeared.

Saudi Arabia cannot possibly develop and build its own weapons of mass destruction for the foreseeable future. If it did try to obtain such weapons, its options would be to acquire a nuclear weapon from nations like China or Pakistan. Buying weapons from either country would create a host of political difficulties, even if they consented. One "wild card" option has been the idea of buying Pakistani nuclear weapons that could be rapidly deployed on Saudi missiles. This would not be an overt violation of the NPT.⁴⁸ However, Saudi Arabia cannot count on the Pakistan: The government is not stable; recent revelations about Pakistani involvement in the Iranian program raise additional questions; and Pakistan might well not risk the tensions with the US that would arise if such an arrangement became public.

In making its choices, Saudi Arabia has two important additional options. One is to buy missile defenses. The other is to seek some form of "extended deterrence" from the

⁴⁸ Clawson, Patrick, "Nuclear Proliferation in the Middle East: Who is Next After Iran?" *The Washington Institute for Near East Policy*.

US against any threat by Iran. These options could be combined, and such “extended deterrence” could be part of a broader, Gulf-wide, US security guarantee. They would not necessarily require a new, formal agreement with the US.

Modernizing the CSS-2

The Kingdom does, however, have to make hard choices at some point in the future about the future of its CSS-2 missiles, and the US State Department, published a report, in August 2002, that stated that Saudi Arabia held “discussions” with Pakistan regarding nuclear cooperation.⁴⁹ Some high level visits did take place by Saudi leaders to Pakistan and China in 1999 and 2000, and the Chinese Premier, Jiang Zemin, visited the Kingdom in 2000. Some have speculated that the Chinese approached the Kingdom with offers to modernize their CSS-2 that was purchased in 1988.⁵⁰

Saudi Arabia claimed that it bought the CSS-2 to “propagate peace,” but it actually bought them for a number of other reasons.ⁱⁱ Its efforts to buy arms from the US had reached a low point when the purchase was made, and Saudi Arabia felt the purchase would be a major demonstration of its independence. Equally, Saudi Arabia felt threatened by the fact that Iran and Iraq had long-range surface-to-surface missiles, and Yemen then had the SS-21, and Saudi Arabia did not. Saudi Arabia was particularly interested in acquiring systems that could hit Tehran, while being deployed outside the range of Iranian surface-to-surface missiles.

Today, however, Saudi Arabia’s present CSS-2 missiles are not a meaningful response to the Iranian CBRN threat, and they have only token war fighting capability. The CSS-2 has limitations that led Saudi Arabia to examine possible replacements beginning in the mid-1990s. It is an obsolete missile that was first designed in 1971. While an improved version has been deployed, most experts still estimate that the missile has a CEP of nearly two to four kilometers, and lacks the accuracy to hit anything other than large area targets like cities or industrial facilities. Even with the improved warhead, each missile would still only have the effective lethality of a single 2,000-pound bomb. It requires large amounts of technical support and ground equipment, and takes hours to make ready for firing.ⁱⁱⁱ

It is also far from clear that the CSS-2 missile can be properly calibrated for targeting purposes, and be kept truly operational, without more frequent test firings and without test firings conducted at long ranges along the axis it would have to be fired in an actual strike. Saudi Arabia has never conducted a meaningful operational test of the CSS-8, and is incapable of conducting the tests necessary to refine the missile’s targeting using the derived aim point method.^{iv}

The CSS-2 missiles are extremely large 70-ton systems, and have a special, large conventional warhead. They are nearly 70-ton missile/launcher systems but they are semi-mobile, and one-third are supposed to be kept armed and near-launch-ready on

⁴⁹ Blanche, Ed. “Gulf-Saudi ‘Arabia’s nuclear footprint.” *Jane’s Islamic Affair Analyst*, 9/1/2003.

⁵⁰ *GlobalSecurity.org* available at <http://www.globalsecurity.org/wmd/world/saudi/>. Accessed on 9/15/2004

transporters, one-third are kept half fueled, and one-third are normally empty and being serviced. Saudi sources indicate that actual readiness rates are normally far lower.

The missiles are deployed in two battalions. One is located at the As-Sulayyil Oasis, roughly 475 kilometers south to southwest of Riyadh. As-Sulayyil will also be the site of one of Saudi Arabia's new air bases for its Tornado fighter-bombers. A second battalion is located at Al-Juaifer near the Al-Kharj air base south of Riyadh. A further training facility that may have a launch capability, seems to exist in southwestern Saudi Arabia at al-Liddam.^v

Commercial satellite photos of the site at As-Sulayyil show a headquarters and transportation complex with 60 buildings or tents; a transportation center; a command and control complex with roughly 40 buildings and tents; a secure area; a construction area; a bunker which may be a fixed launcher site; other launch areas with bunkers for missile storage; an additional launch area, and three 150 meter-long white buildings that may be missile assembly facilities.^{vi} Saudi Arabia has only a limited technological base to support such programs, although it has begun to experiment with short-range artillery systems.

It is unclear whether the Saudis can maintain or fire its CSS-2 missiles without Chinese technical support, and Chinese technicians are operating the missiles under Saudi supervision. Ballast Nedam, a subsidiary of British Aerospace, has recently extended the runway at the As-Sulayyil air base to 3,000 meters. There are some signs that Saudi Arabia may be deploying surface-to-air missiles to defend the facility.^{vii}

None of the Saudi missiles are now armed with weapons of mass destruction. Saudi Arabia is a signatory of the Non-Proliferation Treaty, and Saudi Arabia and the PRC have provided US officials with assurances that the missiles will remain conventional. The Saudi government has issued a written statement that, "nuclear and chemical warheads would not be obtained or used with the missiles." US experts believe that Saudi Arabia has largely kept its word, although the Saudis have refused a US request to inspect the missile sites in Saudi Arabia and Saudi Arabia's visits to nations like China and Pakistan do raise questions about their future intention.^{viii}

There are good reasons to question the military value of such missiles, as long as they are only equipped with conventional warheads.^{ix} The CSS-2s deployed in the PRC are all nuclear-armed missiles. Each can carry one to three megaton warheads. They have a maximum range of about 2,200 miles (3,500 kilometers), an inertial guidance system, and a single-stage, refrigerated liquid fuel rocket motor. The version of the CSS-2 that the PRC has sold to Saudi Arabia is very different. It is heavily modified and has a special large conventional warhead, which weighs up to 3,500 to 4,000 pounds. This added warhead weight cuts the maximum range of the missile to anywhere from 1,550 nautical miles (2,400 kilometers) to 1,950 nautical miles (3,100 kilometers).

A conventional warhead of this size is more effective than the warhead on a Scud, but is hardly a weapon of mass destruction, or even an effective conventional weapon. Assuming an optimal ratio of HE to total weight, the warhead of the CSS-2 could destroy buildings out to a radius of 200-250 feet, seriously damage buildings out to a radius of 300-350 feet, and kill or injure people with projectiles to distances of up to 1,000 feet.^x

This is the damage equivalent of three to four 2,000-pound bombs, or about the same destructive power as a single sortie by a modern strike fighter.

The CSS-2s have aged to the point where they need to be replaced, and the need to find a new system is becoming steadily more pressing. Saudi Arabia does not, however, have any good short-term options for acquiring its own missile capabilities. Saudi Arabia has no capability to produce its own long-range ballistic missiles or weapons of mass destruction. The most it has done is develop an unguided rocket. In July 1997, Saudi Arabia test-fired its first domestically produced surface-to-surface artillery rocket or missile at the Al-Kharj complex. Defense Minister Prince Sultan stated that the missile has a range of between 35km and 62km.^{xi}

Pakistan's missile programs are still in development, as are those of North Korea. As a result, the Kingdom has three major choices in dealing with the CSS-2: (1) to establish a program with China to extend the life of the CSS-2, (2) to get a new MRBM, preferably a solid-fuel system like the CSS-5 which would eliminate all of the problems in using liquid fuels and the need for Chinese operators, and (3) to use Pakistan as a source of other missile. Yet, China cannot make new sales of long-range missiles without openly violating its agreements relating to the Missile Technology Control Regime (MTCR), and Russia and the other FSU states are bound by both the MTCR and the limits of the IRBM Treaty.

The Saudi holdings of the CSS-2 thus raise serious issues on several grounds:

- A costly weapons system is deployed in small numbers with relatively low lethality.
- As now configured, the missile system may do more to provoke attack or escalation than to deter attack or provide retaliatory capability. This point became clear to the Saudis during the Gulf War. King Fahd rejected advice to retaliate against Iraqi strikes because he felt that strikes that simply killed civilians would have a provocative, rather than a deterrent effect;
- On the other hand, Saudi acquisition of chemical or nuclear warheads would radically improve the value of the system as a deterrent or retaliatory weapon.

What Comes Next? Missiles, Missile Defenses, Civil Defense, Counter Proliferation, Counterterrorism, and Deterrence

At best, the CSS-2 now acts as a low-level deterrent and a symbol of Saudi Arabia's willingness to retaliate against Iranian strikes. At worst, the missiles are a potential excuse for Iranian missile strikes, and their use could trigger a process of retaliation against which Saudi Arabia would have little real defense capability. Israel, which initially showed concern about the system, no longer seems to perceive it a direct threat. Israel has the capability to launch air strikes against the Saudi missile sites, but is unlikely to consider preemptive strikes unless radical changes take place in Saudi Arabia's political posture or regime.

The CSS-2 does, however, symbolize the risk that Saudi Arabia will buy a more capable missile and seek weapons of mass destruction. While nations like India, Iran, Israel, Pakistan, and Syria are the major proliferators in the region, Saudi possession of the CSS-2 does give other countries an added incentive and excuse to join the missile arms race, acquire weapons of mass destruction, or preempt in a conflict.

At some point, Saudi Arabia has to make hard choices as to whether it should invest in a symbolic and ineffective deterrent, buy new missiles armed with weapons of mass destruction, trust in extended deterrence by the US and/or invest in areas like theater missile defense, civil defense, and counter-terrorism.

A few Saudi analysts outside government do advocate buying modern missiles and arming them with chemical, biological, or nuclear weapons. They believe that buying long-range missiles without such weapons has little purpose. It is unclear, however, that such thinkers as yet have any broad support or that Saudi Arabia really does have better options to acquire weapons of mass destruction than it does to buy missiles. It does not have the industrial base to produce biological and nuclear weapons, or to compete in producing chemical weapons. It is very difficult to purchase “turn key” production capabilities and/or finished weapons abroad, and such purchases might well cut off Saudi Arabia from US and other Western supplies of conventional arms.

As has been noted earlier, any missile purchase or development of weapons of mass destruction would certainly seriously jeopardize US-Saudi security arrangements and could make Saudi Arabia a target for Israel. Even if Saudi Arabia could find ways to join Iran and Israel in proliferating, it is not clear whether it would reduce its vulnerability or simply raise the threshold of any attack on the Kingdom. Mere possession of weapons of mass destruction may be adequate for the purposes of prestige in peacetime, but they must be carefully structured to avoid encouraging preemption and escalation in wartime and accelerating the efforts of neighboring states to acquire even more chemical, biological and nuclear arms.

It is also unclear how much Saudi Arabia is concerned with the fact Iran may be emerging as a nuclear power. Although Saudi Arabia has long expressed its concerns over regional proliferation, it has never publicly expressed the kind of concern over Iran’s efforts to arm itself that US has. In an interview with *Al-Sharq al-Awsat*, Crown Prince Abdullah defended Iran’s right to arm itself, as well as the right of others to do so: “Iran has every right to develop its defense capabilities for its security without harming or damaging the rights of others. We also do the same. All countries follow the same policy.” He also expressed concern about Israeli armament and weapons programs. Although Saudi views differ from those held by Washington, Saudi Arabia is not likely to enter any arrangements or relations with Iran that would compromise their defense links with the US and the West.^{xii}

At the same time, Saudi Arabia can scarcely privately ignore such a major shift in the balance of power in the Gulf in its strategic planning, and measures like buying improved theater missile defense, civil defense, and counter-terrorism may well not be enough to deal with the creeping proliferation in Iran.

The US has agreed to share missile early warning data with Saudi Arabia and other friendly Arab states, but it is unclear what this warning is worth. The US Patriot missiles deployed in Saudi Arabia have only limited missile intercept capability against advanced Scud missiles. While the Patriot 3 should provide more effective defense against such missiles – when and if the Patriot 3 becomes available – it has only limited effectiveness against more advanced missiles with higher closure speeds. Iran is already

testing such missiles, and Iraq is almost certain to develop them if it can break out of sanctions.

Developmental anti-theater ballistic missile (ATBM) US systems like the Navy Standard, and US Army ATBM systems are designed to provide such defense capabilities – as are additional boost-phase intercept weapons – but these programs are lagging and deeply troubled. The US currently has no ability to tell Saudi Arabia when it will be able to sell such weapons, and what their cost, effectiveness, and delivery dates will be.

Furthermore, US efforts like the agreement to provide early warning of enemy missile launchers, and discussing the potential sale of theater missile defense systems, offer little mid-term to long-term security. Warning at best can have limited benefits in improving civil defense if it is not backed by active missile and air defense or retaliation in kind. The US will not possess wide-area theater missile defenses until well after 2010, and their future cost, effectiveness, and delivery schedule is unclear. At least, at present, a determined proliferator is likely to acquire major offensive capabilities that outstrip any near-term options for defense.

As a result, Saudi Arabia may begin to believe that it needs a stronger form of deterrence, as do the other Southern Gulf states. If so, the main options for Saudi Arabia would likely be to create a major long-range strike capability that combines the assets of the Saudi Air Force with modern strike systems like cruise missiles—systems Saudi Arabia might arm with either conventional warheads or some imported weapon of mass destruction—and Saudi de facto or formal reliance on US extended deterrence and counter proliferation capabilities.

As has been discussed earlier, the first option raises serious questions as to whether the Kingdom can either create conventional strike capabilities that are a credible deterrent to weapons of mass destruction or obtain weapons of mass destruction on its own. The second option requires a major rethinking of US strategy as well as that of Saudi Arabia. Extended deterrence is not a casual affair, and it cannot be separated from efforts to develop some form of regional arms control and develop integrated missile defense, civil defense, and counter-terrorism defenses for the Southern Gulf.

These issues are not urgent as long as Iran's proliferation remains a possibility and not a reality. There scarcely, however is any guarantee that these conditions will hold true long after the year 2005. Dealing with these issues may be one of Saudi Arabia's most difficult challenges in the years to come.

IV. The Saudi Paramilitary and Internal Security Apparatus

Saudi Arabia has long struggled with internal and external extremist movements. In fact, the Saudi monarchy has had to deal with a long series of internal challenges from Islamic extremists since the time of the Ikhwan in the 1920s, as well as from more secular movements supported by other Arab states. These struggles were particularly serious during the peak of Nasserism and Pan Arabism in the 1950s, and the first major Islamic backlash from oil wealth and modernization in the late 1970s.

The Evolving Saudi Internal Security Challenge

These internal security challenges decreased during the period from 1979-1990 (following the Grand Mosque takeover in 1979 until the Gulf War in 1990), largely because of the Kingdom's oil wealth, rapid growth, and a focus on internal development. They have been a resurgent problem since the Gulf War, however, because of the rise of new extremist movements hostile to any US or Western military presence on Saudi soil. After the mid-1990s, the Saudi government increasingly came under direct and indirect attacks by such Islamic extremist groups. As a result, the Saudi government has slowly strengthened its internal security and counterterrorist programs. It has also cooperated with the US in a number of investigations including Al Khobar Towers, the attack on the Saudi National Guard Headquarters, and the attack on the USS Cole.

Saudi Internal Security Before "9/11"

The Saudi reaction to this resurgence, however, was relatively low key until the events of "9/11". The Kingdom quietly put pressure on the Saudi Ulema. It arrested a wide range of extremists, and publicly condemned terrorism. It exploited the fact that the Saudi clergy is paid by the government, and there are no Madrassas in Saudi Arabia that provide religious education that are separate from the state educational system. It also used a part of its security apparatus that has no clear Western counterpart.

The Saudi Ministry of Islamic Affairs (MOIA) is organized for the purpose of religious administration, but it has always had an internal security element as well. It has been used to provide both carrots and sticks for internal security purposes. In fact, MOIA was created after the Gulf War, when it became apparent that many hard-line Islamists opposed any Western presence on Saudi soil, and was slowly stepped up in the 1990s when Islamic extremists became more active.

The Ministry of Interior and the General Intelligence Presidency also took steps to strengthen their counterterrorist and security operations. They have arrested extremists within the Kingdom, and continued to monitor the activities of outside based opposition and pressuring foreign governments. After Osama Bin Laden emerged as an open opponent of the monarchy in the mid 1990's, Saudi intelligence stepped up its fight against these extremists. The security services stepped up their monitoring of the activities of hard-line Saudi opposition groups overseas that attacked the government, exploiting divisions within them, co-opting or bribing elements within them, and putting pressure on foreign governments to end their activities.

Failures to see the Problems Before “9/11”

As mentioned above, there are many reasons why extremists appose the Kingdom. The announced motivations, however, of all the extremist groups, apposed to the Saudi leadership, seem to be their apposition to the US-Saudi alliance given the unconditional US support of Israeli policies toward the Palestinians, the US sanctions against Iraq, and the existence of the US and other western forces on Saudi soil.

There are two main groups that threaten the internal security in the Kingdom. First, it is the Sunni extremist lead by Al Qaida and other affiliated group such as the Egyptian Islamic Jihad and what is left of the Muslim Brotherhood. Second, there are the Shi'ites groups, supported by Iran, that are angry at the perceived mistreatment of their fellow Shi'ites in the Easter province, but they also resent the fact that the Mecca and Medina are under the control of Sunni.

The Saudi society and authorities underestimated the extent to which such groups were growing and how lethal they have become. Looking back, there were several failures:

First, during the 1960's and the 1970's, members of the Muslim Brotherhood were driven out of mainly Egypt, Syria, and some Palestinians. They found a sanctuary in the Kingdom mainly as preachers and teachers. This had great influence on the next generation of Imams, teachers, and eventually their students. The majority of teachers in Saudi Arabia were non-Saudis until very recently; in fact, they were mainly Egyptians or Syrians. They used their positions to spread their ideology and a lot of what we see now can be traced back to them. Prince Nayef iterated this point in an interview with the Kuwaiti newspaper *Al-Siyasa* on November 29, 2002. He argued that the Muslim Brotherhood is the cause of most problems in the Arab world, and that they have “done great damage to Saudi Arabia.”⁵¹ In addition, the Saudi society was young. It lacked any established institutions like Al-Azhar in Egypt to withstand and counter the influences of such ideologies.

Second, fund transfers were not well regulated. People were free to raise money for different causes, and spend it as they wished—and sometimes such causes were that of the extremists. People sympathetic to different organizations raised money directly from wealthy Saudis, or legitimate charities for genuine causes were used to finance groups that in fact threatened the existence of the Saudi state. This was a difficult issue to deal with because: a) it is impossible to monitor every cash transaction, and most transactions in the region are still done by cash. In addition, there is no income tax in the Kingdom, which makes it hard to monitor what people do with their money. b) Able Muslims are obligated to give, *Zakat*, 2.5% of their annual income and 5%-10% of their land to the needy.

⁵¹ *Ain AlYaqeen*, November 29, 2002. www.ain-al-yaqeen.com/issues/20021129/feat6en.htm. Accessed on 9/8/2004

Companies are obligated to pay their *Zakat* to the Ministry of Islamic Affairs, but individuals pay it directly to the needy. Given the religious nature of such action, it is usually done discreetly; hence, it is difficult to know to whom people give money, and even more difficult to question people's "noble motivations." c) Causes such as that of the Palestinians and the Chechens are seen by Saudis as legitimate struggles against an occupying power, and the Saudi authorities cannot be seen as trying to prevent donation to such causes. d) Many Saudi citizens have a lot of money in foreign banks; hence, not under the jurisdictions of the Kingdom authority. In addition, other neighboring countries, such as the UAE, have less strict banking rules than the Kingdom, and often are used by people to make large cash transfers.

The lack of a Saudi income tax, Saudi Arabia's highly patriarchal, tribal, and clan-oriented society and the resultant dependency on personal patronage and charity, make Saudi Arabia a nation that places a heavy reliance on voluntary Islamic charity. As a result, large amounts of money flowed out of the Kingdom from the senior leadership and wealthy businessmen to groups and causes that would never have received the money if those asking for it had received even cursory review of what they were actually doing and saying. Senior members of the royal family, officials, and wealthy businessmen often left the task of allocating funds to junior staff that either cared nothing about where the money actually went or had far too little political sophistication to evaluate the groups asking for money.

Third, there was a *laissez-faire* attitude toward people and organizations that were not hostile to the Saudi government. Sometimes this manifested itself in sermons, newspapers articles, and lectures. They tended to be xenophobic, inflammatory to other faiths, and sometimes called for violent actions. The authorities feared the public reactions had they cracked down on such groups—especially when they had a perceived legitimate cause e.g. the Palestinian cause. Some groups were given plenty of time to establish networks inside and outside the Kingdom, and sometimes they turned against the Saudi leadership.

Saudi intelligence and security services paid too little attention to the growing and highly visible ties between hard-line Pakistani extremists in the Pakistani ISI and religious schools, and the impact of Saudi-financed activities in Pakistan and Central Asia and the number of young Saudi men associated with Osama Bin Laden and Al Qaida. Discussions with Saudi officials indicate that they had surprisingly little understanding of the difference between legitimate Islamic organizations in Central Asia, China, and the Far East and highly political action groups that used Islam as an ideological weapon. They paid little attention to the fact that such groups were committed to the violent overthrow of governments in their region, which strongly opposed both modernization and reform, and which were broadly anti-Western in character. They also failed to monitor "missionary" and charity groups operating in Europe. Even though such groups showed little of the pragmatic tolerance and moderation, they often took on an extremist character particularly in the United Kingdom and Germany.

Fourth, the Saudi authorities failed to keep track of young Saudis leaving to fight in foreign wars to support Islamic causes; they number between 70,000 and 100,000. This started with the war in Afghanistan against the Soviets and included: the war in Bosnia, Kosovo, and Chechnya. People who left were either very religious, and thought

that it was a religious obligation to help their brethren; or they were young, uneducated, and poor. The latter were perfect recruits for organizations who were sending people abroad. In any case, they came back more radicalized—unable to get a job, unable to be accepted in the society, and more often than not stayed in touch with people with similar experience to form what will become “sleeping cells.” They failed to assimilate back in society, and tend to blame their failing on the leadership, and most importantly on the Saudi-US alliance. The General Intelligence Presidency discovered after the National Guard and Al Khobar bombings of 1995 and 1996 that approximately 8,000-15,000 young Saudi men had some kind of contact with Islamic extremist groups, Afghanis, and paramilitary training facilities between 1979 and the mid-1990s.⁵²

Fifth, the Shi'ites in Saudi Arabia feel left out of the political process and threatened by what they perceive as a “puritan” Sunni society. This was compounded by the Iranian revolution and by Iranian incitements to rise against the royal family. There was a failure to integrate the Shi'ites, and win them over before Iran exploits their situation. Lack of diplomatic relations with Iran also was a problem because Iran had nothing to loose by supporting extremist groups that threatened the Kingdom.

Sixth, the Saudi security services to detect a significant flow of arms, explosives, and terrorist supplies into Saudi Arabia from neighboring countries like Yemen, Jordan, and Iraq. They also failed to connect the many young Saudis coming back from Afghanistan and Bosnia with this inflow of weapons.

Such failures took a long time to have any effects. The disagreement with the presence of US forces on Saudi soil was only that—a disagreement. However, it was taken a step further on November 13, 1995 when the American mission to train the Saudi National Guard was bombed leaving 6 dead and 60 injured. Then on June 25, 1996 a truck bomb ripped Khobar towers, where US military personnel were staying, killing 19 and injuring 500.

Nevertheless, Saudi intelligence and diplomacy failed to assess just how rapidly the threat was growing and to deal effectively with Al Qaida and Bin Laden in Afghanistan, and the security services failed to monitor the degree to which Saudis and Saudi money became involved in supporting Al Qaida and other extremist causes in Central Asia, Pakistan, Germany, and elsewhere.

To deal with Bin Laden, Al Qaida, and Islamic extremism from the mid-1990s onwards, the Saudi government continued to tolerate occasional problems with such extremists and ultra-conservative forms of Wahhabi and Islamist teaching and textbooks in its educational system that encouraged extremism. The Saudi government was generally careful to monitor the activities of Islamic groups that directly criticize the Saudi government and royal family, but failed to monitor the flow of money to causes and groups outside the Kingdom the care and depth required until September 11, 2001 and was then slow to correct the situation.

52 Interviews in Saudi Arabia in 2000.

These failures were compounded by other actions that affected internal security. The government tolerated sermons, teaching, and textbooks with a strong xenophobic character—sometimes attacking Christians, Jews and other religions—as long as they did not attack specific political targets in Saudi Arabia or call for specific violent actions. The government also made relatively little effort to monitor the activities of “Islamic” groups in secondary schools and colleges if they did not directly oppose the monarchy, and made far too little effort to evaluate what Saudi and many foreign contract teachers were actually teaching their students.

The Saudi government did not oppose foreign and domestic efforts to raise money and obtain support for “pro-Islamic” movements in Bosnia, Kosovo, Afghanistan, and Central Asia even when these represented extreme and sometimes violent causes. Little or no effort was made to monitor the extent to which foreign “charities” raised money for political movements in Europe, the Middle East, and Asia that were far more extreme (and sometimes violent) than would have been tolerated in Saudi Arabia. The government turned a blind eye to the flow of funds to movements like Hamas that mixed charitable activity with terrorist activities in Israel.

Extremists and terrorists learned to exploit this situation, using formal charities or personal requests for charitable aid to obtain money they would never have gotten if they announced their real purpose in seeking funds. At the same time, some real charities had a strong political orientation and often supported extremist movements and some donors knowingly gave money to “charities” that were extremist fronts. This was particularly true in the case of money going to Palestinian causes, after the beginning of the Second Intifada in the fall of 2000. Most Saudis saw Israel as an occupying nation constantly using excessive force against Palestinian freedom fighters – virtually the opposite image from Americans who saw them as terrorists. The exploitation of individualized charity resulted in massive amounts of money flowing out to extremists, and sometimes-terrorist movements, through sheer negligence, fraud, or under the guise of charity.

In retrospect, both the Ministry of Interior and the General Intelligence Presidency also failed to pay attention to the “youth explosion” caused by Saudi Arabia’s high birth rate. They not only were slow to monitor the movement and activities of young Saudis outside the Kingdom, and to closely examine those Saudis that became involved in paramilitary training and movements in Afghanistan, Bosnia, Kosovo, and Chechnya; they paid too little attention to developments inside the Kingdom, activities in its schools and universities, and the impact of unemployment and underemployment.

Saudi Response to “9/11”

The royal family, most of the Ulema, and business leaders in Saudi Arabia condemned the attacks on September 11th. Saudis like everyone in the world was horrified, and it was brought home by the fact that there were many Saudis on those planes, and that Bin Laden himself was a Saudi.

The Saudi government issued a statement condemning the “regrettable and inhuman bombings and attacks...” that “contravene all religious values and human civilized concepts; and extended sincere condolences to the families of the victims, to

U.S. President George W. Bush and to the U.S. people in general.” The Saudi statement reiterated the Kingdom's position condemning all forms of terrorism, and its ongoing cooperation with the international community to combat it. Many senior members of the royal family also issue their own statements condemning the attacks. For example, the Minister of Foreign Affairs, Prince Saud Al-Faisal, argued during the Islamic Conference meeting, on October 11th, that terrorism harmed the Islamic world, impairs just Islamic causes, and cited that terrorism and violence never advanced the Palestinian cause.

Senior Saudi religious and legal figures condemned the attacks with equal speed. The Chairman of the Supreme Judicial Council, Sheikh Salih Al-Luheidan, stated on September 14th “as a human community we must be vigilant and careful to oppose these pernicious and shameless evils, which are not justified by any sane logic, nor by the religion of Islam.” Sheikh Abdulaziz Al-Sheikh, the Chairman of the Senior Ulema and the Mufti of Saudi Arabia, iterated the same on September 15th “The recent developments in the United States constitute a form of injustice that is not tolerated by Islam, which views them as gross crimes and sinful acts.” Since that time, leading Saudi officials and clerics have repeatedly condemned the attack on the World Trade Center and the Pentagon, and other terrorist activities.⁵³

The Saudi public and leadership were in denial. They went through introspections because they did not understand why so many Saudis were involved in the “9/11” atrocities. They were preoccupied—trying to answer charges in the Western media about their “sect of Islam,” their society, and their schools that led young Saudis to become extremists. They were less worried about internal terrorism as they were about external threats. Their focus was mainly political and diplomatic and little was done to boost the internal security. This attitude change suddenly a year and a half later—when the first major terrorist attack occurred.

The priority for Saudi internal security activity changed radically after the attacks on the World Trade Center and the Pentagon on September 11, 2001, although the Saudi government initially did more politically than it did to strengthen the operations of the Saudi security apparatus. What Saudi Arabia was still slow to understand, until major terrorist attacks began to occur on Saudi soil in May 2003, was that Saudi Arabia faced truly serious internal security issues as well as the need to deal with terrorism outside the country.

The apparent lack of a significant number of cells and the comparatively low levels of activity in Saudi Arabia led the Kingdom to focus on such terrorism largely in terms of external, rather than internal, threats.

Some 70,000 – 100,000 young men had gone to various Islamic extremist training camps and indoctrination centers between the Soviet invasion of Afghanistan in 1979, and late 2003, and many were Saudis. The General Intelligence Presidency discovered after the National Guard and Al Khobar bombings of 1995 and 1996 that approximately

53 Associated Press, NY, December 30, 2001, 1928; Reuters, December 29, 2001, 1802; *Saudi Arabia*, Vol. 18, No 10, October 2001, pp. 1-4.

8,000-15,000 young Saudi men had some kind of contact with Islamic extremist groups, Afghanis, and paramilitary training facilities between 1979 and the mid-1990s.⁵⁴ While this represented a small fraction of young Saudi males, it was scarcely insignificant given the generally small size of Islamic extremist groups and terrorist cells in general.

Saudi intelligence and security services paid too little attention to the growing and highly visible ties between hard-line Pakistani extremists in the Pakistani ISI and religious schools, and the impact of Saudi-financed activities in Pakistan and Central Asia and the number of young Saudi men associated with Osama Bin Laden and Al Qaida. Discussions with Saudi officials indicate that they had surprisingly little understanding of the difference between legitimate Islamic organizations in Central Asia, China, and the Far East and highly political action groups that used Islam as an ideological weapon. They paid little attention to the fact that such groups were committed to the violent overthrow of governments in their region, which strongly opposed both modernization and reform, and which were broadly anti-Western in character. They also failed to monitor Wahhabi “missionary” and charity groups operating in Europe. Even though such “Wahhabi” groups showed little of the pragmatic tolerance and moderation common to mainstream Wahhabi practices in the Kingdom, they often took on an extremist character particularly in the United Kingdom and Germany.

The Saudi security services also failed to fully appreciate the threat posed by the flow of Saudi money to Palestinian groups like Hamas, and Palestinian Islamic Jihad, and other hard-line or violent Islamic elements in countries like Egypt, and failed to detect a significant flow of arms, explosives, and terrorist supplies into Saudi Arabia from neighboring countries like Yemen.

The Saudi government was slow to understand the fact that so many young Saudis were directly involved in “9/11,” as well as in the overall membership of Osama Bin Laden’s Al Qaida, reflected the fact that Saudi security efforts had failed to come firmly to grips with its Islamic extremists at many levels.

One key problem was that the Saudi intelligence community relied too much on human contacts and informers and signals intelligence, rather than active counterterrorism efforts in the field. It also remained weak in dealing with the financial aspects of intelligence and internal security, which helps explain why it failed to properly monitor the flow of money to Saudi charities, religious organizations, and individuals in financing extremist groups – other than those that posed a direct threat to the rule of the Saudi royal family.

In fairness, such monitoring is not easy. Saudi banking rules are relatively strict in terms of tracking and identifying individual accounts, but little effort was made before September 11th to track the flow of money inside or outside the country to extremist causes and factions. It should be noted however, that Saudi organizations and individuals have hundreds of billions of dollars of privately held money in Western and other foreign banks. Effective surveillance of such holdings is difficult, if not impossible. The problem is further compounded by easy access to the financial institutions of other GCC countries,

54 Interviews in Saudi Arabia in 2000.

like the UAE. Many Gulf countries have financial institutions that make cash transfers extremely easy, which tolerate high levels of money laundering, smuggling, and narco-trafficking, and which have often been far more careless in allowing the flow of money to extremist causes than Saudi Arabia. The leaders and citizens of countries like Kuwait and the UAE have also been as careless in their donations to “charities” as Saudis.

The Impact of May 2003

As was the case in the US before September 2001, it was not until the threat of terrorism truly came home to Saudi Arabia that the Kingdom fully understood the seriousness of the threat and the nature of the challenges it faced. As the chronology in Appendix 1 – which is adapted from work by the National Council on US-Arab Relations -- shows, Saudi Arabia should have seen what was coming. Nevertheless, it failed to do so until terrorists carried out a brutal attack on a housing compound in Riyadh on May 12, 2003.⁵⁵

The attackers carried out four suicide bombings in an attack on a compound housing many Western residents. The bombing resulted in 34 dead, including 7 Americans and 7 Saudis, plus 200 wounded. From that point onwards, Saudi Arabia found itself fighting a repeated series of terrorist attacks on its own soil, and having to deal with more terrorist cells with far larger stocks of arms and explosives, than it had previously estimated. The Saudi government also found that it was dealing with serious infiltration problems, particularly across the Yemeni border.⁵⁶

As we will see later, the Saudi authorities took the challenge seriously, and took many steps to fix their internal security apparatus, reform parts of their educational system, and develop a system of tracking and regulating charities.

The chronology of developments in terrorism in Saudi Arabia can be summarized as follows:⁵⁷

55 This chronology is taken from work by the National Council on US-Arab Relations. A far more detailed version, with detailed references to the events in Appendix 1, can be found at http://www.saudi-us-relations.org/Fact_Sheets/TimelineTerrorism.html.

56 *Gulf News*, February 19, 2004, <http://www.gulf-news.com/Articles/news.asp?ArticleID=111432>.

⁵⁷ Various sources were used for this chronology. Including many wire stories, some of the documents provided by the Saudi embassy and:

i. <http://timelines.ws/countries/SAUDIARABIA.HTML> Accessed 9/28/2004

ii. http://www.saudi-us-relations.org/Fact_Sheets/TimelineTerrorism.html. Accessed 9/28/2004

iii. <http://www.arabnews.com/?page=1§ion=0&article=43846&d=26&m=4&y=2004> Accessed: 9/28/2004

- 1970: Shi'ites in the town of Qatif, Eastern Province riot and demand more shares in the Oil revenues. The town is sealed for months.
- 1978: Shi'ites protest again in the city of Qatif. The Saudi National Guard is mobilized. As many as 50 are arrested and some are executed.
- November 20, 1979: About 200-500 armed Sunni extremists lead by, Juhaiman Al-Utaibai, seize control of the Grand Mosque in Mecca. The extremists accuse the royal family of corruption, imitating the West, and of being puppets of the US. This is the same argument Juhaiman's grandfather, who was part of the Ikhwan army with King Abdulaziz, argued 58 years before. This is also the same argument that Khomeini made against the Shah. Because it is forbidden to fight inside the Grand Mosque, the Saudi authorities did not go in immediately. However, the Ulema in the Kingdom approve of the Saudi military going into the Mosque. The Saudi National Guard with the help of French Special Forces regains control of the Mosque 10-14 days later.
- December 3-5, 1979: Shi'ites in Qatif go on a riot in support of the Iranian revolution and demanding a higher share of the oil revenues. The Saudi National Guard are mobilized, they clash with protesters, and at least 5 people are killed.
- December 24, 1979: The Soviets invade Afghanistan--and shortly many Saudis, most notably bin Laden will travel to Afghanistan to fight the Soviets. The Saudi intelligence, along with the US, will train the mujahedeen in guerrilla warfare to fight the communists.
- January 9, 1980: Sixty male terrorists are executed after being convicted of the Grand Mosque seizure.
- July 31, 1987: Iranian pilgrims riot and protest against the Saudi authorities. As many as 402 get killed during those riots.
- August 1, 1987: Iranians attack the Saudi and Kuwaiti embassies in the Tehran as a response to the riots in Mecca.
- August 25, 1987: The Saudi government denounces the Iranian government as terrorists for causing the riots in Mecca.
- May 15, 1988: The Soviets start withdrawing troops from Afghanistan after 9 years of war.
- 1988: Shortly after the Soviets withdrawal, Osama bin Laden forms the Al-Qaeda network from people who fought in Afghanistan.
- 1988 and 1989: A Shi'ite militants group, which will be called Saudi Hezbollah, takes credit for bombing oil and petrochemical installations and for assassinations of Saudi diplomats in Ankara, Bangkok, and Karachi.
- July 9, 1989: Two bombs explode in the vicinity of Mecca's Grand Mosque causing the death of one pilgrim and injuring 16.
- September 1989: Sixteen Shi'ites, Kuwaiti nationals, are executed for their involvement in the explosions in Mecca.
- 1994: Osama bin Laden is stripped of Saudi citizenship, and his family disowned him. Safar al-Hawaly and Salman al-Awdeh, two Ulemas who spoke against the Saudi leadership and the US presence on Saudi soil are jailed.
- November 13, 1995: The U.S. Office of the Personnel Manager, Saudi Arabian National Guard (OPM/SANG)--American training mission--is attacked by a 220-pound car bomb in a parking lot. Five Americans and two Indians are killed, and 60 people are injured. Two Saudi opposition groups, Tigers of the Gulf and the Islamist Movement for Change, claim responsibility
- April 22 1996: Saudi TV airs the confessions of four Saudi nationals who admit to planning and conducting the bombing on the OPM/SANG compound. Three are veterans of the conflicts in Afghanistan, Bosnia, and Chechnya.
- May 31 1996: Three of the Saudis, who are involved in the OPM/SANG bombing, are executed in Riyadh.
- June 25, 1996: Truck containing about 5,000 pounds fuel and explosives targets US military compound, near King Abdulaziz Air base, in the city of Khobar, the Eastern Province. There are 19 deaths and about 500 injuries.
- 1996: Hani al-Sayegh, a Saudi, leaves the Kingdom to Iran, shortly after the bombing, and is shown to have ties to Iranian intelligence. He then leaves to Kuwait, and finally to Canada.

- June 1997: Hani al-Sayegh is deported from Canada to the US. Canadian officials say that he was the lookout person during the bombing.
- October 10, 1999: Hani al-Sayegh is returned to Saudi Arabia from the US. The US denies him political asylum and argues that he "was not entitled to remain in this country and that his removal to Saudi Arabia was appropriate."
- 1999: Mohammed Hamdi al-Ahdal is arrested in Saudi and put in jail for 14 months. He is charged with having contact with Osama bin Laden in Afghanistan (Fourteen months later, Al-Ahdal is deported to Yemen).
- November 17, 2000: A car bomb in Riyadh kills Christopher Rodway, a British Engineer, and wounds his wife. Saudi authorities accuse Bill Sampson, a Canadian biochemist, of the bombing due to illegal trade of alcohol.
- November 22, 2000: A car bomb explodes in Riyadh wounding two men and a woman, which, again, the Saudi authorities blame on the illegal alcohol trade.
- December 15, 2000: A Bomb, which was left of the windshield, explodes in Huber severely injuring a British citizen.
- February 4, 2001: Bill Sampson appears on Saudi TV, and confesses of the bombing against Rodway.
- March 15, 2001: Chechen rebels hijack a Russian airplane after leaving Turkey they divert it to Medina in Saudi Arabia.
- March 16, 2001: Saudi commandos storm the Russian hijacked plane and free the hostages. A flight attendant, a passenger, and a hijacker are killed in the raid.
- May 2, 2001: A Letter bomb injures American doctor in Khubar.
- September 23, 2001: The GCC countries meet in Jeddah, and declare they are joining the international coalition against terrorism
- September 25, 2001: Saudi Arabia withdraws its recognition of the Taliban.
- October 6, 2001: A bomb explodes in Khubar killing two people and injuring 4.
- October 15, 2001: Hamoud bin Uqlaa al-Shuaibi, calls on Muslims to wage war on any one who supports the US war in Afghanistan.
- October 31, 2001: the Bush administration announces that it has asked the Saudi government to freeze the assets of people involved in the September 11 attacks.
- January 4-10, 2002: Muslim scholars meet in Mecca and define terrorism as "any unjustified attack by individuals, groups or states against a human being...the environment, public or private facilities, and endangering natural resources."
- March 11, 2002: The U.S. Treasury Department and Saudi Arabia announce the freezing of the accounts of the Somali and Bosnian branches of the Al-Haramain Islamic Foundation.
- April 25, 2002: Crown Prince Abdullah meets President Bush in Texas regarding the war on terrorism, the Israeli-Palestinian issue, and the possible war on Iraq.
- June 14, 2002: Three Saudis, Zuher al-Tbaiti, Abdullah al-Ghamdi and Hilal Alissiri, appear in court in Casablanca. They are accused of plotting to blow up British warship in the Strait of Gibraltar.
- June 18, 2002: Saudi Arabia announces its arrest of 13 of al-Qaida members: 11 Saudis, an Iraqi and a Sudanese for plotting to down a US airplane near Prince Sultan airbase.
- June 20, 2002: A British citizen, John Venessm, is killed when in a bomb explosion in Riyadh.
- August 10, 2002: Saudi foreign minister announces that Iran has turned 16 al-Qaida suspects to Saudi authorities in June.
- September 6, 2002: The assets of Wa'el Hamza Julaidan, who is accused of being an al-Qaida financier, are frozen in Saudi Arabia
- December 10, 2002: Saudi dissidents start a new radio station, Sawt al-Islah, "to push for reforms."

- February 17, 2003: Deputy governor of Al-Jouf Province, Hamad Al-Wardi, is shot dead as he is driving to work.
- February 18, 2003: Saudi Arabia announces that it is: 1) referring 90 Saudis to trial for al-Qaida links. b) 250 people are under investigation.
- May 6, 2003: After a raid and a gunfight with terrorists in Riyadh, the Saudi authorities find weapons and announce the hunt for 19 terrorists: 17 Saudis, an Iraqi, and a Yemeni.
- May 2003: Saudi Arabia asks the Al-Haramain Islamic Foundation and all Saudi charities to suspend activities outside Saudi Arabia until mechanisms are in place to adequately monitor and control funds so they cannot be misdirected for illegal purposes.
- May 12, 2003: Bombers simultaneously attacked three compounds, in Riyadh, housing mostly Westerns. There are 35 deaths including: 10 Americans and 7 Saudis. There are 200 injuries.
- May 13, 2003: Crown Prince Abdullah announces that the Saudi government and people will not be deterred by Monday's terror attacks in Riyadh, "We will fight terrorism together...These messages, which do not require any interpretation, provide clear evidence that the fate of those murderers is damnation on earth and the fury of Hell in the thereafter..."
- May 28, 2003: Three clerics, Ali Fahd Al-Khudair, Ahmed Hamoud Mufreh Al-Khaledi and Nasir Ahmed Al-Fuhaid, are arrested, in Tabuk, after calling for support to the terrorists who carried out the Riyadh attacks. Also, eleven suspects are taken into custody in the city of Madinah. Weapons, false identity cards and bomb-making materials are confiscated. In addition, Saudi national Abdulmonim Ali Mahfouz Al-Ghamdi is arrested, following a car chase. Three non-Saudi women without identity cards are detained.
- May 31, 2003: Yousif Salih Fahad Al-Ayeeri, a.k.a. Swift Sword, a major Al-Qaeda operational planner and fundraiser, is killed while fleeing from a security patrol.
- June 7, 2003: Prince Nayef, Interior Minister, identifies 12 suicide bombers responsible for attacks on three Riyadh compounds and says 10 suspects are still at large. Interior Minister Prince Nayef says 25 people have been arrested and that the attacks are the work of al-Qaida.
- June 14, 2003: Saudi security raided a terrorist cell in the Alattas building in the Khalidiya neighborhood of Makkah. The raid leaves two security agents dead. In addition, five suspects are killed and 12 are arrested. The authorities find a number of booby-trapped Qur'ans, 72 homemade bombs, weapons, ammunition, and masks.
- June 20, 2003: Security forces in Makkah arrest four Saudi women after a raid on a flat rented by a suspected terrorist.
- June 26, 2003: One of the men wanted in connection with the May 12 bombings, Ali Abdul Rahman Saeed Al-Faqaasi Al-Ghamdi, considered the top al-Qaida guy in the Kingdom, surrenders.
- July 1, 2003: President Bush comments on US-Saudi cooperation in the war on terrorism, "America and Saudi Arabia face a common terrorist threat, and we appreciate the strong, continuing efforts of the Saudi government in fighting that threat."
- July 3, 2003: Turki Nasser Mishaal Aldandany, a top Al-Qaeda operative and mastermind of the May 12 bombings, is killed on July 3 along with three other suspects in a gun battle with security forces, in the northern city of Al-Jouf.
- July 21, 2003: The Ministry of Interior announces that they have stopped terrorist operations against vital installations and the arrest of 16 members of terrorist cells after searching their hideouts in farms and houses in Riyadh, Qasim, and the Eastern Province. Underground storages are found containing chemicals that would have been used to make explosive.
- July 25, 2003: Three men are arrested at a checkpoint in Makkah for possessing printed material that included a "religious edict" in support of terrorist acts against Western targets.
- July 28, 2003: Saudi security forces kill 6 terror suspects and wound another in a gunfight at a farm in the Qasim Province. Two Saudi policemen are also killed in the gun battle.
- August 10, 2003: Saudi security forces detain 10 suspected militants after a gunfight outside the Saudi capital, Riyadh.

- August 13, 2003: Security personnel arrest five terrorists after four policemen and a militant are killed in a shootout in Riyadh two days earlier.
- August 15, 2003: 11 militants are arrested by the Saudi authorities in the southern city of Jazan. The authorities seize a large cache of weapons, rockets and explosive chemicals.
- August 18, 2003: The Council of Ministers approves a new money laundering and terror financing laws that include harsh penalties for the crime of money laundering and terror financing.
- August 26, 2003: Saudi Arabia and the United States are to create a joint task force aimed at combating the funding of extremist groups in the country. Agents from FBI, IRS, and Treasury are to be stationed in Saudi Arabia.
- August 29, 2003: US Attorney General John Ashcroft commends Saudi Arabia's efforts in the war on terrorism: "I believe that progress is being made and I think not only that it (cooperation) is good but it continues to improve."
- September 17, 2003: US Treasury Secretary John W. Snow meets with officials in Saudi Arabia and notes that "...we discussed our outstanding progress working together on the fight against terrorist financing. Saudi Arabia has been a strong ally to the United States in this essential matter. Their close oversight of charities to guard against money laundering and terrorist financing sets an example to all countries engaged in the war against terror... "
- September 23, 2003: Security forces surrounds a group of suspected terrorists in an apartment in the city of Jazan. During a gun battle, one security officer is killed and four officers are injured. Two suspects are detained and three are killed. One of the militants detained, Sultan Jubran Sultan al-Qahtani, is wanted by the US. The suspects are armed with machine guns, pistols and a large quantity of ammunition.
- October 5, 2003: Security forces arrest three suspects during a raid in the desert to the east of Riyadh.
- October 8, 2003: Security forces raid a farm in the northern Muleda area of Qasim Province and are able to arrest a suspect. Three other suspects fled the scene. Two security officers are injured. Large amounts of materials to make explosives and light weaponry are found in the farm where the suspects had been hiding.
- October 14, 2003: Many Saudis take to the streets in Riyadh demanding reforms.
- October 20, 2003: Saudi security forces raid several terrorist cells in various parts of the country, including the Al-Majma'a District in Riyadh, Makkah, Jeddah, and Qasim. Security forces confiscate many items including C4 plastic explosives, homemade bombs, gas masks, and large quantities of assault rifles and ammunition.
- November 2, 2003: US Defense Secretary Donald Rumsfeld says "The Saudi government, particularly since they were attacked some weeks and months ago, has been very aggressive, more aggressive than ever in the past."
- November 3, 2003: Saudi police arrest six suspected Al-Qaeda militants after a shootout in the holy city of Makkah. Two suspected terrorists are killed, and one security officer is wounded. Saudi police seize a large cache of weapons they believe are stockpiled for attacks during the Muslim holy month of Ramadan. The militants had rented the apartment for just the month of Ramadan.
- November 6, 2003: Saudi security forces encircle two terrorists in al-Swaidi district in Riyadh. The terrorists fire at the security forces and try to flee. In the gunfight, the Saudi security officers kill one militant, but 8 officers also injured. In the same day, Saudi authorities in the Holy city of Makkah, surrounds two suspects, a gun battle continues until a homemade bomb explodes killing the militants
- November 7, 2003: The United States warns of terrorist strikes in the Kingdom.
- November 9, 2003: Just after midnight, Suicide bombers attack al-Muyaya residential compound in Riyadh. The Interior Minister and other leaders blame al-Qaida for the attack. Leading to 17 deaths and 122 injuries.
- November 10, 2003: A report on Saudi Arabia's progress in the War on Terrorism is released by the Saudi Embassy.
- November 20, 2003: Abdullah bin Atiyyah Al-Salami, a terror suspect, surrenders to Saudi police.
- November 25, 2003: A car bomb is foiled in the Saudi capital of Riyadh. Two notorious terror suspects die in the raid. Abdulmohsin Abdulaziz Al-Shabanat is killed in a gun battle and Mosaed Dheedan Al-Sobaiee also is killed as a hand grenade detonated. At least 10 suspects are detained in different parts of the country.

- November 26, 2003: A raid takes place in which a terror suspect, who is linked to the Nov-9 bombing, is arrested. A large cache of weapons is confiscated including: 1 SAM-7, 5 RPG launchers, 384 KG of explosives (RDX), 8 AK47, 41 AK47 magazines, 20 hand grenades, 16800 rounds of ammunition. Money and communication devices are also found.
- December 1, 2003: The UK Foreign and the Commonwealth Office advise British nationals against all but essential travel to Saudi Arabia.
- December 2, 2003: A U.S. Embassy issues a warning to the 37,000 U.S. citizens living in Saudi Arabia, saying that compounds housing Westerners have come under surveillance by terrorists, indicating the possibility of another attack.
- December 4, 2003: Brigadier General Abdulaziz al-Huwairini escapes an assassination attempt in Riyadh. The "Two Holy Mosques Brigade" claims responsibility, and declares in a statement that 'since our brothers in al-Qaeda are busy fighting the crusaders, we took it upon ourselves to cleanse the land of the two holy mosques of the crusaders' agents' -- a reference to the Saudi government.
- December 6, 2003: The Saudi Ministry of Interior releases a list and the photos of 26 wanted terrorist suspects. A reward of up to \$1.9 million is also offered to anyone who would lead the authorities to the arrest of the 26 militants.
- December 7, 2003: Security forces arrest 25 suspects in connection with the May 12 bombings in Riyadh.
- December 8, 2003: One of the Kingdom's most wanted terrorists, Mohammad Abdullah Al-Rayis, one of the 26 most wanted, is killed. Another militant is arrested following a shootout with the security forces in Al-Suwaydi district in southern Riyadh. The Ministry of Interior praises the "citizen's cooperation."
- December 17, 2003: The United States says it will allow its non-essential diplomats to leave Saudi Arabia due to security concerns.
- December 18, 2003: Deputy Secretary of State Richard Armitage tells a television interviewer "...the Saudis have been going after these terrorists and trying to tear them out, root and branch...the Government of Saudi Arabia has been terrific, particularly since May 12th and their Riyadh bombing."
- December 30, 2003: Mansour ibn Muhammad Faqeeh, one of the most wanted terrorists in the Kingdom, surrenders to the security forces.
- January 3, 2004: Brig. Gen. Hadi Mabjer Al-Sahli, chairman of the military council at the border guards command in the Jizan region, is killed in front of his house.
- January 8, 2004: Swiss police arrest 8 suspects for their involvement in the May 12 attack in Riyadh.
- January 12, 2004: The Ministry of Interior announces the progress of the war against the militants. They announce the confiscation of: 23,893 kg of explosive, 301 RPG, 431 homemade grenades, 304 explosive belts, 674 detonators, 1,020 small arms and 352,398 rounds of ammunition.
- January 22, 2004: US Treasury Secretary John W. Snow tells a Washington news conference, "The United States and Saudi Arabia share a deep commitment to fighting the spread of terrorism in all its forms...Like the United States, the Saudis have been victims of al-Qaida. They are an important partner in the war on terrorist financing, and have taken important and welcome steps to fight terrorist financing."
- January 30, 2004: The Ministry of Interior announces a raid on a house in Al-Siliye district of Riyadh. 7 people are arrested, and weapons cache and military uniform are confiscated.
- February 13, 2004: The Interior Ministry warns residents in the capital against a possible terrorist attack. It says that a car laden with explosives registered to a wanted suspect could be used in the attack.
- February 14, 2004: Saudi Arabia's Interior Ministry offers SR7 million rewards for information leading to the recovery of a GMC Suburban loaded with explosives.
- February 16, 2004: British Airways cancels its flight from London to Riyadh, for 'security reasons.'
- February 22, 2004: The Ministry of Interior confirms the death of A'amir Al-Zaidan Al-Shihri, one of the 16 most wanted terrorists announced in last December. His buried body is recovered from outside Riyadh.
- February 28, 2004: A royal decree is announced to establish the Saudi National Commission for Relief and Charity Work abroad: to ensure that terrorist organizations do not misuse Saudi donations for humanitarian projects worldwide.

- March 15, 2004: Two of Saudi Arabia's most wanted terror suspects, Khaled Ali Haj, a Yemeni, and Ibrahim bin Abdul-Aziz bin Mohammed al-Mezeini, a Saudi, are shot dead in a shootout with Saudi police.
- March 19, 2004: U.S. Secretary of State Powell meets Saudi officials in Riyadh, tells the press that the US and Saudi Arabia are united in war on terror.
- March 24, 2004: J. Cofer Black, Coordinator for Counterterrorism, U.S. State Department, testifies to Congress, "The Saudis are a key ally in the Global War On Terror. Their performance has not been flawless, and they have a large task before them, but we see clear evidence of the seriousness of purpose and the commitment of the leadership of the Kingdom to this fight."
- March 24, 2004: Juan C. Zarate, Deputy Assistant Secretary, Executive Office for Terrorist Financing & Financial Crimes, U.S. Department of the Treasury, testifies to Congress, "the targeting actions and systemic reforms undertaken by the Kingdom of Saudi Arabia clearly demonstrate its commitment to work with us and the international community to combat the global threat of terrorist financing..."
- March 24, 2004: Thomas J. Harrington, Deputy Assistant Director, Counterterrorism Division, Federal Bureau of Investigation, testifies to Congress, "The Kingdom of Saudi Arabia is an important partner in this international effort and has taken significant steps to deter global terrorism."
- April 5, 2004: Saudi security forces kill a suspected militant and wound another during a car chase in al-Rawdah, an eastern Riyadh neighborhood—after receiving fire from a stolen car.
- April 8, 2004: Al-Qaeda chief in Saudi Arabia, Abdulaziz al-Moqrin, puts out a video vowing to eject U.S. from the Arabian Peninsula, and argues that the real battle against the US is starting.
- April 12, 2004: A member of the security forces is killed, one militant is killed, and five policemen are wounded during a clash in eastern Riyadh.
- April 13, 2004: In the town of Uniza, Qassim, during a police patrol, the security forces come under attack from militants believed to be the same from the day before. Four Saudi policemen are killed. Two trucks filled with explosives are confiscated by Saudi security.
- April 15, 2004: Evacuation is ordered for most U.S. diplomats in Saudi Arabia - "The United States ordered the evacuation of most U.S. diplomats and all U.S. family dependents from Saudi Arabia, and "strongly urged" all American citizens to leave because of "credible and specific" intelligence about terrorist attacks planned against U.S. and other Western targets.
- April 18, 2004: Eight terror suspects, linked to violent clashes with security forces in the capital, are arrested. Three large vehicle bombs — each with over a ton of explosives on board — are defused.
- April 19, 2004: Saudi security forces seize two SUV loaded with explosives near a gas station on a highway north of Riyadh.
- April 21, 2004: Terrorists launch two suicide car bombs attacks against Saudi Arabian security headquarters in Riyadh. Five people are killed and over 150 are wounded in the attack.
- April 22, 2004: Saudi Security forces kill five terror suspects, including two of the country's most wanted men, during raids in Al-safa district in Jeddah.
- April 22, 2004: The "Al Haramin (the holy sites) Brigades in the Arabian Peninsula" claim responsibility on web sites for the April 21 Riyadh suicide bombing against "special security forces."
- April 22, 2004: Grand Mufti Abdul-Aziz al-Sheik, the kingdom's highest religious authority, condemns the attack "as one of the greatest sins" and says the attackers are "a lost minority under the cover of religion" and will be "burned in hell."
- April 24, 2004: King Fahd characterizes the April 21 attack as "the work of a deviant few who wanted to undermine the country, terrorize peaceful people and kill Muslims."
- April 29, 2004: U.S. State Department's annual report, "Patterns of Global Terrorism - 2003," praises Saudi Arabia's commitment to the war against global terrorism, "I would cite Saudi Arabia as an excellent example of a nation increasingly focusing its political will to fight terrorism. Saudi Arabia has launched an aggressive, comprehensive, and unprecedented campaign to hunt down terrorists, uncover their plots, and cut off their sources of funding."
- May 1, 2004: Gunmen opens fired against oil contractors in Yanbu, kills at least six people and wounds a dozen. A naked body is dragged behind a car. The Saudi police chase the militants and kill all four. At least

- one of the attackers is No. 10 on the Saudi most wanted list, Abdullah Saud Abu-Nayan al-Sobaie. In a simultaneous attack in Yanbu, a pipe bomb is thrown into an international school injuring the custodian.
- May 20, 2004: The security forces come under heavy fire from machineguns after locating five militants in a rest house in Khudairah, a village in the area of Buraidah. Saudi security forces kill four terrorist suspects and injure another in a gunfight in the town of Buridah. A Saudi policeman is killed and five are wounded.
 - May 27, 2004: The top al-Qaida leader, Abdulaziz Al-Muqrin, in Saudi Arabia issues a battle plan for an urban guerrilla war in the kingdom. He gives a detailed list of steps militants should take to succeed in their campaign against the Saudi government. He argues that the campaign should include urban warfare, assassinations, kidnapping and bombing. The "execution group" or "strike force" in each four-tiered cell should be "trained to carry out operations inside cities, including assassinations, abductions, bombings, sabotage, raids and the liberation of hostages."
 - May 29, 2004: Four gunmen attack the Osais compound housing oil workers in Khobar, Eastern Province, Saudi Arabia at about 7:30 a.m. Hostages, between 20-60, are being held at one compound.
 - May 30, 2004: Saudi security commandos storm the Oasis compound and free the hostages. 22 people are killed in the attacks including 7 Saudi security officers. Three of the attackers escape. Al Qaeda claims responsibility.
 - June 7, 2004: Two BBC journalists are shot. Simon Cumbers is killed and security correspondent Frank Gardner is seriously injured in a gun attack in the Saudi capital, Riyadh.
 - June 8, 2004: Robert C. Jacobs, an American defense contractor, is shot and killed in the Khaleej neighborhood in Riyadh.
 - June 12, 2004: Paul Johnson, an American who works for Lockheed Martin, is kidnapped by al-Qaida. Kenneth Scroggs of Laconia, who worked for Advanced Electronics Co, is killed in his garage in Riyadh.
 - June 15, 2004: A video of Paul Johnson is posted on an extremist website. They demand the release of all militants detained in Saudi jails.
 - June 18, 2004: The beheading of American Paul Johnson is posted on the militants' website. Saudi security forces are able to track down and kill al-Qaeda leading Abdul Aziz al-Muqrin and three of his associates. Twelve others are also arrested in al-Malaz district of Riyadh.
 - June 23, 2004: King Fahd offers terrorists a limited amnesty; calling on them to turn themselves in or face the "full might" of the state. In a televised address read on his behalf by Crown Prince Abdullah, King Fahd said those who willingly surrender within 30 days will be secure and warned all those who don't will be subjected to a fierce crackdown
 - June 24, 2004: The Ministry of Interior announces that Saaban Al-Shihri, a wanted terrorist, is the first to take advantage of the amnesty by surrendering to the police.
 - June 25, 2004: Prince Nayef announces that Saudi Arabia will allow foreigners, who feel threatened by the wave of terrorist violence in the Kingdom, to carry guns for their protection.
 - June 28, 2004: One of Saudi Arabia's most wanted terrorists surrenders, the second suspect to turn himself in under the Amnesty. Othman Hadi Al-Maqbul Al-Amri, 37, a close associate of Saaban Al-Shehri, gives himself up after two years on the run.
 - July 1, 2004: Saudi Security forces engage in a gun battle with terrorists killing one and wounding another. One Saudi police officer is killed in the fight and another is injured.
 - July 3, 2004: The Saudi Arabian Interior Ministry identifies the terrorist killed in a gun battle on July 1 as Awad ibn Muhammad ibn Ali Al-Awad and the one wounded as Abdul Rahman ibn Muhammad ibn Abdul Rahman Al-Abdul Wahab.
 - July 4, 2004: Saudi security investigations uncover the deaths of two senior terrorists who died from untreated wounds after clashes with security forces in April 2004. Rakan ibn Mohsen Al-Seikhan and Nasser ibn Rashid Al-Rashid--both on a list of 26 most wanted suspects--were wounded during the April 12 clashes in Riyadh.
 - July 14, 2004: A disabled Saudi terror suspect, Khaled ibn Odeh ibn Mohammed Al-Harbi, hands himself in to the Saudi embassy in Iran, the third to do so under a month-long partial amnesty announced in June. The man is suspected of being a top Al-Qaeda figure close to Osama Bin Laden and had been hiding along the

- Iran-Afghan border. He is the disabled man shown in the video found in Afghanistan showing bin Laden confessing to the 9/11 attacks.
- July 20, 2004: Saudi Arabian security forces kill two terrorist suspects, including one on a most-wanted list, and capture six others in a gun battle late yesterday in the capital, Riyadh. Authorities also found the head of slain U.S. hostage Paul Johnson in a refrigerator in the suspects' hideout.
 - July 23, 2004: The partial amnesty offered by the King expires.
 - July 26, 2004: A message purportedly from an al-Qaida cell in Saudi Arabia surfaces, acknowledging that three of its militants were killed in a shootout last week with security forces.
 - July 30, 2004: Abdurrahman Alamoudi pleads guilty in a Virginia court to moving cash from Libya and involvement in a plot to assassinate Saudi Prince.
 - August 5, 2004: Saudi security forces arrest Faris Ahmed Jamaan Al-Zahrani, the No. 11 on a list of most wanted 26 terrorists published by the Interior Ministry last December.
 - August 16, 2004: "As a result, since September 11th, 2001, more than two-thirds of al-Qaida's top leadership have been killed or captured. More than 3,000 al-Qaida criminals have been detained in over 100 countries. Terrorist cells have been wrapped up in Singapore, in Italy, right here in the United States. The Saudis are going after them with vigor and are more successful with each passing day." -- U.S. Secretary of State Colin Powell.
 - August 17, 2004: Saudi Arabia's major battle with terrorism is over, and the kingdom is chasing the last remaining militants, Saudi Crown Prince Abdullah Bin Abdul Aziz says in an interview.
 - August 29, 2004: Saudi police arrest two wanted militants in the central city of Buraidah in the Qasim Province.
 - August 30, 2004: Gunmen opens fire at a U.S. diplomatic car near the U.S. consulate in the Red Sea port city of Jeddah, Saudi Arabia, but there are no injuries.
 - September 2, 2004: One policeman is killed and three others are wounded in clashes with militants in a town northeast of Riyadh.
 - September 3, 2004: Abdullah Al-Muqrin, who planned the attacks in May in Khobar, surrenders to the Saudi authorities. He is a relative of the slain Al-Qaida chief.
 - September 5, 2004: Saudi security forces arrests 7 suspects in Buraydah. Three policemen are killed in the engagement.
 - September 6, 2004: A young man, who is accused of incitement of violence, is arrested near the Grand Mosque in Mecca.
 - September 15, 2004: Edward Stuart Muirhead-Smith, 55, a British citizen, who works for the telecommunication corporation Marconi, is shot and killed at the Max shopping center in eastern Riyadh.
 - September 20, 2004: Saudi Security forces clash with militants in the northern city of Tabuk. The gun battle ends with the arrests of 2 militants and the injuries of 3 Saudi officers.
 - September 21, 2004: Saudi TV airs "Special Facts from Inside the Cell." Two detained militants, Khaled al-Faraj and Abdul Rahman al-Roshoud, argue that al-Qaida cells recruited young men and once they are in the cell, they are threatened to stay in, and many are afraid to leave.
 - September 22, 2004: Al-Qaida in Saudi Arabia claims responsibility for the killing of Edward Muirhead-Smith, a British, who is killed on September 15, 2004.
 - September 26, 2004: Laurent Barbot, 41, who is a technician for the French defense and electronics company, Thales, which is negotiating a border security deal, is shot dead in Jeddah. After a car chase and a shootout in the streets of Riyadh in Al-Shafa district, three suspects are injured, and one is arrested.
 - September 27, 2004: Saudi Arabia announces plans to host an international conference on combating terrorism in Riyadh, which will take place in February 5-8.
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Saudi Arabia's intelligence community is now making a major effort to track the activities of Saudi religious and charitable groups inside and outside the Kingdom, and is now giving special attention to Pakistan and Central Asia. It is tightening security inside the Kingdom, and increasing surveillance of young men with ties to extremist groups, and religious figures who have made hard-line or extremist statements. Surveillance has also been increased over the activities of religious schools and teachers.

Furthermore, the Saudi authorities have also realized that "emptiness leads to terrorism" said a consultative Shura Council member.⁵⁸ The authorities have realized that addressing economic and educational needs of the Saudi public is the most important element of the fight against terrorists. Although this was realized before the May 2003 bombing, it is more urgent now. The government has poured millions of dollars into training young Saudis the technical and job related skills to prepare them for the work force. "The Saudi government has come to view putting more of its people to work as a matter of national security." This seems to be the realization of the authorities, and as the development director at the General Organization for Technical Educations and Vocational Training argued, "I believe that not being able to get a job for young Saudis will lead to disaster, whether in security or moral terms."⁵⁹

Needless to say, the Saudization program has not met its goals. Saudis fill only 13% of the private sector jobs compare to a goal of 45% by this year.⁶⁰ There are many signs that this is heading in the right direction, but a lot more has to be done in both the training and the Saudization program. There ought to be a change in the attitudes toward taking private sector jobs. This involves changes in the attitude of the Saudis. Culturally they have tended to avoid low paying jobs especially those in the service sector. Clearly this is disappearing slowly as many Saudis taking jobs as hotel concierge, supermarket cashiers, and taxi drivers.

The Problem of Corruption

Saudi Arabia also failed to address another area of internal security that is not normally seen as part of the security apparatus but which certainly affects its operations. The level of corruption in Saudi Arabia is often exaggerated and used to make broad, undocumented charges against the government and royal family. Corruption is, however, a serious problem. Exaggerated perceptions of corruption can be as important as reality.

Saudi Arabia has been slow to reform civil law and regulation to create the legal basis for large-scale private and foreign investment and commercial operations that can be based on secure rights to property, conducting business without interference or reliance on agents, and resolving commercial disputes. There has been progress in these areas, but there has not been enough and Saudi security is growing increasingly dependent on the broad international perception that Saudi Arabia will reduce corruption,

⁵⁸ Salhani, Claude, "Game over for Saudi terrorists." UPI International, 9/14/2004.

⁵⁹ Wilson, Scott, "Saudis Fight Militancy with Jobs." *The Washington Post*, 8/31/2004.

⁶⁰ Ibid.

that members of the royal family and senior officials cannot intervene improperly in business affairs, and that investments and business activities are safe.

More and more Saudis are demanding transparency. They want to know where money is being spent. The leadership is heeding the call, and we see this in Crown Prince Abdullah's announcement about the Kingdom's plans for spending the projected budget surplus for 2004.⁶¹ This will please the Saudi public, prevent squandering of funds, and improve the country's reputation in the world.

The Risk Posed by Iran

Amidst growing concern with internal security threats, one threat seems to have diminished. In the past, Saudi Arabia also had serious problems with Iranian intelligence agents and covert support of Shi'ite extremists after the fall of the Shah in 1979 until it reached an accommodation with the Iranian government in the late 1990s. Weapons and explosives were intercepted in the Eastern Province and there were numerous small acts of sabotage related to Iranian-sponsored activities. Iran trained a number of Saudi Shi'ites in low intensity warfare and covert operations in Iran and Lebanon, and regularly disrupted the Hajj to make political protests.

Saudi intelligence estimates have clearly linked Iran's Revolutionary Guard and certain officers of Iran's Ministry of Intelligence with the Al Khobar bombing. Iranian activity seems to have sharply diminished since the uncovering of the major covert Iranian networks operating in the Eastern Province, but Saudi intelligence officials note that Iran still attempts to maintain a significant intelligence presence in the Kingdom, and still provides political, paramilitary, and religious training for at least some Saudi Shi'ites. However, due to the new capabilities of the Saudi counter-intelligence and counter-terrorism forces, it is proving more difficult for Iranian informants and operatives to establish new networks within the Kingdom.

While the threat Iran posed as an enabler of the Shi'ite opposition is under control, as mentioned above, the potential threat posed by a nuclear Iran is real. The Kingdom is worried, and again the country can: a) live with a nuclear Iran by doing nothing, b) build an anti missile defense system, or c) acquire its own nuclear weapons. None of these choices is easy, but given that Iraq, as a military power, is gone for at least the next 5-10 years, with the US occupation, the only viable rival to Iran is Saudi Arabia. Doing nothing is not an option especially during this period of transitional reforms the kingdom is going through.

Iran could use its nuclear weapons to blackmail the Kingdom over its Shi'ite population, over its support of Bahrain, or its control over the holy places, Mecca and Medina. Conventional weapons by themselves are not the answer. The questions, however, remains, will the Saudis trust that the US will be there for their protection? Is this enough to deter Iran from blackmailing the Kingdom? Do they have to look somewhere else of protection? Do they try to acquire their own deterrence?

⁶¹ Salhani, Claude, "Analysis: Saudi's new weapon—reform." UPI International, 9/7/2004.

The Saudi Security Apparatus That Deals with These Challenges.

Saudi Arabia's security apparatus now deals with these issues using a complex mix of paramilitary and internal security forces, and an equally complex legal system for dealing with civil and security cases. This is a truly massive effort. Our sources estimate the total internal security budget for 2003 to have topped at \$7 billion (including security and intelligence), with a virtually open-ended capability to spend on any internal security purpose.

As has already been noted, a number of civil ministries like the Ministry of Islamic Affairs and Guidance play at least an indirect role in internal security because of their political impact. Others include the Ministry of Foreign Affairs; the Ministry of Communications; the Ministry of Finance; the Ministry of Culture and Information; the Ministry of Education; Ministry of Higher Education; Ministry of Justice; the Ministry of Petroleum and Mineral Resources; and the Ministry of Pilgrimage and Islamic Trusts. This kind of indirect role in internal security is typical of similar ministries in virtually every country in the developing world, as well as a number of countries in Europe.

The formal Saudi security forces involve a mix of elements in the regular armed forces, and the National Guard, and a range of internal security and intelligence services most of which are under the Ministry of Interior. The following charts show visually the various services. The regular army provides external security, but is kept away from urban areas. The National Guard – with its more than 100,000 troops – provides internal security under a different chain of command using both its regular forces and tribal levies. It protects the territory of the Kingdom and the approaches to its cities and critical facilities, acts as reinforcements for the regular forces, can serve as an urban security force in an emergency. It does, however, have an Intelligence Directorate that focuses on counterintelligence within the National Guard itself and plays a limited role in counterterrorism operations. As of yet, it has not foreign intelligence operations capability.

The Pivotal Role of the Ministry of Interior

The key to the Saudi security apparatus is, however, the Ministry of Interior. The internal security forces are centralized under Prince Nayef Bin Abdul Aziz, the Minister of Interior.⁶² Prince Nayef is a major political power in the Kingdom. He is one of the strongest figures in the Royal family and has long played a critical role in Saudi security. His Vice-Minister is Prince Ahmed bin Abdul Aziz, whose main function is to deal with the different provinces of the Kingdom; Prince Mohammed bin Nayef is the Assistant Minister for Security Affairs and handles all the uniformed services that fall under the Ministry of Interior.

These services include:

- General Security Service (*mabahith*)

⁶² Prince Nayef is 68 years old. Like Fahd, Abdullah and Nawaf, he is a son of King Abdul Aziz.

- Public Security Administration
- Special Security Forces
- Border Guard
- Coastal Guard
- Mujahideen
- Mutawwa'in
- Anti-Narcotics Agency

There are two prevailing schools of thought prevailing in the Kingdom on Prince Nayef. Some Saudis feel he is conservative and has underestimated the Kingdom's security problems. They feel he was too slow to react to the growth of Islamic extremist movements outside the Kingdom, and the role the Kingdom played in supporting such movements with money and Saudi volunteers, and saw outside pressure from the US to crackdown on such activities as the result of exaggerated US fears that were at least partly the result of pressure from Israel. The other school of thought holds that he is the nerve center of the complex security network in Saudi Arabia and hence he is the key actor in Saudi Arabia's ongoing war against terrorism and they give him the credit for all the successes in that war (hundreds of arrests of suspected militants, killing of senior al-Qaida figures, foiling of major bombings, and the uncovering of huge weapons and explosives caches).

The former view is given at least some support in Prince Nayef's own words. Since September 11, 2001, Prince Nayef has made several political statements implying that the people who benefited the most from the attacks were the "Zionists." For example, he made such statements in an interview with the Kuwaiti newspaper *Al-Siyasa* on November 29, 2002. In fairness, Prince Nayef did so in a long interview stressing the need to crack down on terrorism, that the government was putting pressure on Saudi religious figures and mosques that the Kingdom has made numerous arrests, and that terrorism was fundamentally anti-Islamic. He was also reacting to a flood of poorly-founded US and Western press criticism of Saudi Arabia, linked the possibility that the wife of the Saudi Ambassador to the US gave money to a family that *might* have been linked to terrorists.⁶³

Nevertheless, other Saudis feel that Prince Nayef has reacted strongly and effectively to the increases in the Islamist threat to the Kingdom since the attacks of May 2003, and feel he is often quoted out of context. For example, Prince Nayef did say, "we put big question marks and ask who committed to the events of September 11 and who benefited from them. Who benefited from the event of September 11? I think they (the Zionists) are behind these events." He expressed the view that it was "impossible" that Al Qaida alone, or that 19 youths of which 17 were Saudi, could have acted alone.

63 These comments are based on an English transcript and summary provided in e-mail form by the Saudi Embassy in Washington on December 5, 2002.

He then went on to attack the Moslem Brotherhood by saying “All our problems come from the Moslem brotherhood. We have given too much support to this group...The Muslim Brotherhood has destroyed the Arab world.” He attacked a multinational spectrum of Islamic Politicians for turning their backs on Saudi Arabia, forgetting the favors it had given them, and launching attacks on the Kingdom. He singled out Hassan Al Turabi of the Sudan as a case in point. He also mentioned Hamas, the Jordan’s parliamentary opposition and the Islamic Action Front for their attacks on the Kingdom, and attacked Islamic scholars like Abdul Rahman Khalifa, Rashid Ghannouchi, Abdul Majeed Al-Zidani, and Necmettin Erbakan for supporting the Iraqi invasion of Kuwait. He stated there were no dormant Al Qaida cells remaining in Saudi Arabia and that this threat no longer existed.⁶⁴

Prince Nayef and Prince Ahmad are reported to pay massive bonuses to successful security officers, but also have a reputation for honesty and using the massive security budget only for the mission and not to enrich themselves. And Prince Mohammed bin Nayef has also been very generous to the families of the fallen security officers who have died combating the terrorist networks in the Kingdom. This generosity has made the three senior figures (Prince Nayef, Prince Ahmad and Prince Mohammed) extremely popular among the different services of the Ministry of Interior and other military forces.

Prince Ahmad, the Vice Minister, is the youngest full brother of the King. The Assistant Minister for Security Affairs is Prince Mohammad bin Nayef, Prince Nayef’s son and the third ranking official in the Ministry. The Deputy positions include Dr. Ahmad Al Salem, the Deputy Minister of Interior who effectively runs the Ministry and is the fourth ranking individual. The Deputy Minister for Security Affairs is General Ahmad Al Robayaan. He was formerly head of the Minister's Research & Studies Bureau, and effectively reports to Prince Mohammad bin Nayef. There are also a handful of special advisors with ministerial rank to Prince Nayef.

The Director Generals of the respective services administratively all report to the Minister and Vice Minister and are directly responsible to the Minister; operationally they are directly linked to the Assistant Minister for Security Affairs. They include the Director Generals of GSS (General Security Service), Civil Defense Administration, Public Security Administration (all police forces fall under this service and more importantly, the Special Emergency Forces, which have taken the lead in the domestic war against terrorism), General Directorate of Investigations, Passports & Immigration Department, Border Guards, Mujahideen, Coast Guard and the Special Security Forces. The security colleges fall under the Deputy Minister Dr. Ahmad Al Salem who runs the administration and management of the Ministry.

The Coast Guard, Civil Defense Administration, and the Border Guard are under one chain of command in the Ministry of the Interior. The Public Security Force, Special Security Forces, Mujahideen, and General Security Service (GSS) Director Generals are

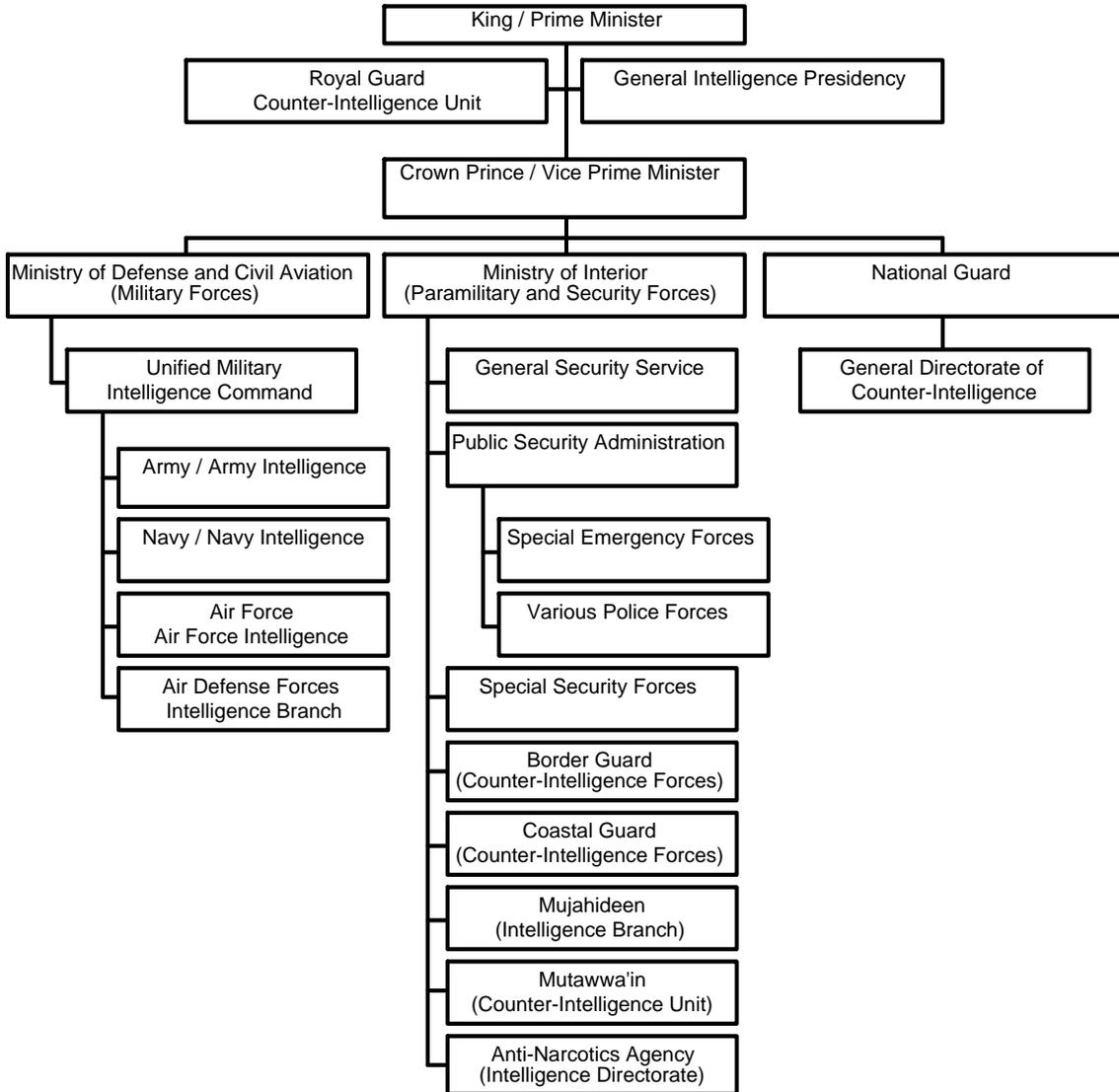
64 These comments are based on an English transcript and summary provided in e-mail form by the Saudi Embassy in Washington on December 5, 2002.

under a separate chain of command. These latter organizations provide internal security at the political and intelligence levels, security inside cities and deal with limited problems that require crowd control and SWAT like operations, and counter-terrorist capabilities. They also provide the Kingdom's primary counter-terrorist force and played a major role in dealing with the bombings of the SANG headquarters and the USAF barracks at Al Khobar.

Figure 35

The Saudi Intelligence and Security Community

The Saudi Intelligence and Security Community



The Police and Security Services

The police and security forces are still somewhat traditional in character, but have been steadily modernized. Over the past two years, under the strong leadership of Prince Mohamed bin Nayef; there has been a major reorganization and development of these forces financed by huge budget increases. Early in Saudi Arabia's history, there were no formal police and local and tribal authorities administered justice. During the reign of King Abd al Aziz, more modern police, justice, and internal security organizations were developed. In 1950, he created a "general directorate" to supervise all police functions. He established the Ministry of Interior in 1951, which has since controlled police matters.

Saudi Arabia has received substantial technical advice from British, French, German, Jordanian, Pakistani, and US experts. Substantial numbers of British and French advisors served in Saudi Arabia in the past, including seconded ex-government and military personnel, but it is unclear how many have continued to serve since the early 1990s.

The police security forces are now divided into regular police (which fall under public security) and special investigative and intelligence police of the General Security Service (GSS), which are called the *mabahith* (secret police). The GSS performs the domestic security and counterintelligence functions of the Ministry of Interior. The GSS has a large special investigation force, something like the British CID. The US State Department reports that political detainees arrested by the GSS are often held incommunicado in special prisons during the initial phase of an investigation, which may last weeks or months. The GSS allows the detainees only limited contact with their families or lawyers.

There are approximately 40,000 paramilitary policemen in the Public Security Administration equipped with small arms and some automatic weapons. They are assigned to Provincial Governors, and are under the Minister of Interior. Public Security forces train at the King Fahd College for Security Studies located in Riyadh. The Public Security Administration forces have a police college in Mecca. Police uniforms are similar to the khaki and olive drab worn by the army except for the distinctive black beret. Policemen usually wear side arms while on duty.

The Public Security's Special Emergency Forces have taken the lead in combating the al-Qaida networks in the Kingdom. They have similar specialized training as the Special Security Forces in counterterrorism and counterinsurgency operations. Because of their mobility, they act as a rapid deployment security force in case of an unexpected security threat. They number around 10,000 and are in the process of a large-scale modernization and development program. They operate basically as the defensive Special Security Force and anti-terrorist service of the Kingdom. The Special Security Force is the Saudi equivalent of a special weapons assault team (SWAT). It reports directly to the Minister of Interior but its operational head is the Assistant Minister for Security Affairs. It was organized in response to the poor performance of the National Guard during the revolt in 1979 at the Grand Mosque in Mecca. The force is equipped with light armored vehicles, automatic weapons, and non-lethal chemical weapons. Although it has 5,000 core personnel, its total strength is unclear because it varies

according to the threat level. Its antiterrorism units have been steadily expanded since 1990. In the past few years, enormous sums have been spent to reorganize and modernize this force. It is designed to deal with terrorism and hijacking and has SWAT capabilities and detachments in every major Saudi city and province. Saudi Special Forces include a regular Army airborne brigade, a Royal Guard Brigade, and a Marine Regiment.

The public security forces are recruited from all areas of the country and maintain police directorates at provincial and local levels. These forces, particularly the centralized Public Security Police, can be reinforced by the National Guard in an emergency or can get support from the regular armed forces. The director general for public security retains responsibility for police units but, in practice, provincial governors exercise considerable autonomy.

The focus of police and security activity has also changed over the years. Saudi Arabia is now a highly urbanized society and these formal state institutions carry out most internal security and criminal justice activity in urban areas. This has helped drive the effort to modernize the police and security forces. For example, state of the art command and control systems have been acquired and deployed and new vehicles and radio communications equipment have enabled police directorates to operate sophisticated mobile units, particularly in the principal cities. The Special Security Forces and the Special Emergency Forces have acquired a sizable fleet of helicopters for use in urban areas and have been utilized against various terrorist cells operating in the Kingdom.

The Ministry of Interior now maintains arguably one of the most sophisticated centralized computer systems in the world at the National Information Center in Riyadh. This computer network, links some 1,100 terminals, and maintains records on citizens' identity numbers and passports, foreigners' residence and work permits, hajj visas, vehicle registrations, and criminal records. Reports from agents and from the large number of informants employed by the security services are also entered. Officials of the GSS and GIP have authority to carry out wiretaps and mail surveillance. The Ministry of the Interior also has a large electronic intelligence operation with a separate budget that is estimated at over \$500 million per year.

Some security activities do, however, continue to be enforced on a tribal level in tribal areas. The King provides payments or subsidies to key Sheiks and they are largely in charge of tribal affairs. Offenses and many crimes are still punished by the responsible Sheik. The National Guard acts as a support force to deal with problems that cannot be settled or controlled by the tribal authorities.

The General Intelligence Presidency

Saudi Arabia's main foreign intelligence service is the General Intelligence Presidency (GIP). Among its many responsibilities it has a foreign security, anti-terrorism, foreign liaison functions, strategic analytical assessments, coordinating the foreign covert networks of the Kingdom, and ultimately foreign covert operations if need be. The President of the GIP reports directly to the Prime Minister (who is the King). Although the budget of the GIP is classified, it is roughly estimated at a minimum of \$500 million per year. That would make it the most funded intelligence service in the Middle East.

In theory, the head of the General Intelligence Presidency is responsible for intelligence collection and analysis, and for the coordination of intelligence tasks and reporting by *all* intelligence agencies, including those of the Ministry of Interior, Ministry of Defense and Civil Aviation and the National Guard. In practice, at the operational level, there now is no real Saudi intelligence “community.”

One is in the process of being formed so that the various services can function in a unified manner. Since 9/11, the senior Saudi leadership has realized that intelligence sharing -- or “fusion” -- is weak, coordination is poor, and the different services are filled with personal and bureaucratic rivalries and tensions. The problems are compounded by the fact that the research departments of the services --- especially those at the GIP -- are weak, and that in general Saudi intelligence collection relies too heavily on personal contacts and briefings, rather than systematic and structured analysis.

The formation of the Saudi intelligence community will be comprised of the GIP, GSS, the three intelligence branches of the military (Army, Navy, and Air Force), the National Guard Intelligence Directorate, the Interior Minister’s Bureau of Analysis and Study, the Foreign Ministry’s Information and Study Center, and the National Guard’s Specialized Study Center.

Under Prince Turki Al Faisal’s leadership, the GIP was successful in dealing with many internal and foreign threats that posed a direct threat to the Kingdom. It had a long history of cooperation with US intelligence although it has (along with its sister agency, the GSS) generally opposed any Western efforts to introduce law enforcement organizations like the CIA and FBI into Saudi security issues in ways that could embarrass the Saudi government. This led to acute tensions between the two main Saudi services and their American counterparts over the investigation like the Al Khobar bombing, and helped lead to the charges that the Saudi government covered up Iranian involvement in the bombing.

In fairness to Saudi Arabia, however, the US, Britain, and other Western countries had failed to cooperate with Saudi intelligence in a number of past cases because they felt that this might violate the rights of legitimate opposition movements or raise human rights issues. The US and other Western intelligence services also turned a blind eye, or at least tolerated, Islamic extremist activity when it seemed to serve their interests in Afghanistan and Bosnia, or acted as a counter balance to Russian influence in Central Asia and paid little attention to the potential threat posed by funds and manpower coming out of the Kingdom. If Saudi Arabia was slow to see the threat of extremism and terrorism and sometimes “exported” its problems, the US, Britain, and other European intelligence and security services made equally serious mistakes in monitoring and characterizing “Islamic” movements.

Major developments have taken place within the GIP since September 11th. Prince Turki Al Faisal was replaced in 2001 by Crown Prince Abdullah’s half-brother, Prince Nawaf bin Abdul Aziz.⁶⁵ This development was particularly striking because Prince

65 Prince Nawaf is a son of King Abd al-Aziz, and the uncle of Prince Turki. Prince Turki is brother of Prince Saud al-Faisal, the foreign minister and son of the late King Faisal.

Turki Al Faisal had spent some 30 years in intelligence and had built a solid reputation for professionalism and effectiveness. He began his career as deputy director in the Office of Foreign Liaison at the age of 23. Over the years, he reorganized and consolidated the office into a full-fledged intelligence service. He became Director of Intelligence in 1977 and it was at that time that the move toward a professional intelligence service began in earnest. Prince Turki had long been the main contact point for the US, British, French and other main Western and Arab services among others. He had also been responsible for dealing with operations in Afghanistan and Central Asia since the Soviet invasion in 1979. He had also been the main point of contact with the US-Saudi backed Mujahideen and the Pakistani Inter-Services Intelligence (ISI) service, with the various warring Afghan factions after the Soviet withdrawal, and with the Taliban and Osama Bin Laden (along with other Arab Mujahideen).⁶⁶ He was considered by many inside Saudi Arabia as one of the Kingdom's leading strategic thinkers.

The Saudi explanation for the change was that Prince Turki had resigned "at his own request." There are many different rumors and interpretations of what happened, but regardless of the exact explanation, Prince Nawaf has since had a stroke in 2002, and is regarded as little more than an ineffective figurehead. Without far stronger, more modern, and more independent leadership, the future of Saudi internal security will not be shaped by the leadership of the General Intelligence Presidency alone, but rather by the overall effectiveness of the government and the royal family in dealing with the broader mix of political, economic, social, and demographic issues that threaten Saudi Arabia's internal security. An important fact that has been missed by most foreign assessments is that the GIP, in its bylaws, does not have the right to make arrests, rather, it can track and monitor individuals in Saudi Arabia. At the same time, the General Security Service generally carries out any recommendations for arrests. Hence, its role is one of an early warning advisory system, which, depending on the effectiveness of its head can be extremely influential in Saudi security planning, or irrelevant, as is the case today.

Saudi Arabia clearly needs to do more to expand and modernize some aspects of its intelligence operations. In the past, Saudi intelligence has tended to rely heavily on interpersonal relations and human intelligence (HUMINT), supplemented by limited usage of surveillance equipment (SIGINT) and computerized records. It worked closely with the major Western and Arab intelligence services in some areas, and had some access to more advanced imagery and signal intelligence through such sources. Saudi intelligence did not, however, establish and organize for the kind of sophisticated domestic and foreign surveillance networks necessary to provide adequate coverage of small, dispersed Islamic terrorist groups and individual movements. It has tended to rely on information from traditional elites, and to have limited data on urbanized Saudis and Saudi young males that become affiliated with extremist movements inside and especially outside of Saudi Arabia. Surveillance of financial transfers, charitable organizations, and activities like money laundering has been particularly weak, as no such body within the GIP was set up to deal with those issues.

66 See Simon Henderson, "The Saudis: Friend or Foe?," *Wall Street Journal*, October 22, 2001, as provided by e-mail in publications@washingtongtoninstitute.org. Also see *The Estimate*, Vol. XIII, No. 16, September 7, 2001, p. 1.

Moreover, the GIP has become markedly less effective since the departure of Prince Turki. Most of the sophisticated networks that had been established over many years have deteriorated and hence the GIP's role in the global war on terrorism has been marginal at best. Thus, the Kingdom has had to rely heavily on only one truly professional security service, the GSS.

To address this deficiency, Crown Prince Abdullah appointed Prince Faisal bin Abdullah bin Mohammed as the new Assistant President of the GIP. While this position is technically the number three slot, his power is far greater due to the incapacitation of Prince Nawaf and the Vice President Prince Saud bin Fahd. Prince Faisal was a former Deputy Commander of the National Guard for the Western Region, and this experience, along with his personal dynamism, has led some to hope that he can save the GIP irrelevancy. This will be especially likely if he surrounds himself by a core group of capable new professional intelligence officers.

Furthermore, as mentioned above, the cooperation between the US and Saudi intelligence communities has increased since the attacks in May 2003. The FBI has begun to work with the Interior Ministry's General Security Service (GSS), and is looking at ways to help them improve their operations. The FBI director iterated this point by saying that "We need to bring people from other countries to work with us here jointly, whether it be from Indonesia or Pakistan or Saudi Arabia or elsewhere."⁶⁷

The GSS is also making progress against the terrorists. They have been successful at thwarting many plots, and pressuring many not to join. On August 30, 2004 Prince Nayef said that he "...can say, confidently, that what happened does not exceed five or six per cent of what was foiled."⁶⁸

Furthermore, terrorists have attempted to attack senior officers of the GSS. There were at least two instances when they attempted assassinations against top security officials. First, in December 2003, Lieutenant-Colonel Ibrahim al-Dhaleh, of the GSS, was attacked by a car bomb. Second, there have been other attempts against Major-General Abdelaziz al-Huweirini, the Assistant Director for Interrogations at the GSS, and the senior officer in charge of debriefing captured al-Qaeda terrorists in the Kingdom. He was shot and injured on December 4, 2003.⁶⁹ He has since recovered and returned to his post.

However, a weak Research and Analysis Department within the General Intelligence Presidency (GIP) has weakened that organization and has made it incapable of meeting the intelligence requirements of the senior leadership in assessing and countering threats to the Kingdom. Considering the kingdom's vital strategic position in

⁶⁷ *Middle East Newsline*, http://www.menewslines.com/stories/2004/july/07_06_2.html. Accessed on 9/16/04

⁶⁸ http://www.gulf-daily-news.com/arc_Articles.asp?Article=90497&Sn=WORL&IssueID=27163

Accessed 9/16/04

⁶⁹ Blanche, Ed. "Saudi Extremists Target Intelligence Chiefs." *Jane's Intelligence Review*, February 1, 2004.

the international community, as well as its place at the center of the global war on terrorism, such deficiencies are particularly dangerous. In general, the weakness of the GIP is one of the critical national security problems facing Saudi Arabia.

Border and Coastal Security

Saudi Arabia has taken diplomatic steps to greatly reduce its problems and tensions with Iran and Yemen, and particularly to reduce Iranian efforts to exploit Saudi Arabia's problems with its Shi'ites and use the Haj as a propaganda forum. It has remarkably improved its monitoring of foreign nationals and ability to track their movements and activities. Nevertheless, Saudi Arabia faces major challenges in providing security for its borders and coastlines.

Smuggling is endemic, even across the Saudi border with Iraq. Saudi border guards arrested 777 smugglers crossing the border during 2001, and seized nearly three tons of hashish, more than 5,700 bottles of alcohol, more than 450 weapons, and 43,680 rounds of ammunition.⁷⁰ Since the fall of Saddam Hussein, smuggling across this border has dropped drastically. While Saudi Arabia does not announce the fact publicly, it regularly had to deal with Iraqi patrols that crossed into Saudi territory, and it is now clear that some Iraqi intelligence officers had been operating in the Kingdom prior to the Iraq war.

Border and coastline control have long been an important aspect of security operations. The paramilitary Border Guard and Coastguard are security forces with dedicated missions that can perform light combat functions. The 15,000 man Border Guard covers Saudi Arabia's land and sea borders. It performs a host of patrol and surveillance missions, and can act as a light defensive screen. It is equipped with four-wheel drive vehicles and automatic weapons as well as a sizable fleet of helicopters. The Border Guard did much of the fighting with Yemen in the past, and took casualties in doing so. It still must deal with the problem of smuggling and infiltration across the Saudi borders with Yemen, Jordan, and Iraq. The 7,500 men in the Coast Guard are primarily concerned with smuggling, but do have a limited internal security mission.⁷¹

It is virtually impossible, however, for Saudi Arabia to fully secure its Gulf or Red Sea coasts against smuggling and infiltration by small craft. Traffic in the Gulf and Red Sea is simply too high, the coasts are too long, and sensors cannot track movements by dhows and small craft. The Saudi navy, coastguard, and National Guard are able to provide adequate security screening for key ports, desalination facilities, and petroleum export facilities with roughly two weeks of warning. Coverage is generally limited in peacetime.

⁷⁰ *Arab News*, July 8, 2001, Jeddah, <http://www.arabnews.com/article.asp?ID=3823>.

⁷¹ This analysis draws heavily on interviews, various annual editions of the IISS, *Military Balance*; and Jane's *Sentinel: The Gulf States, 1997*; London, Jane's Publishing 1997..

Some members of the Border Guards have been implicated in smuggling by sea, but this activity is severely punished and does not seem to be any more common than in other countries. Similar problems exist along the border with Yemen, although the border clashes that used to take place between Yemeni and Saudi security forces seem to have largely ended following the settlement of the Saudi-Yemeni border in June 2000. The main problems are now smuggling and inter-tribal violence, which are still endemic. The Yemeni border has been the main source of the weapons and explosives used in the recent terrorist attacks against the Kingdom. This border is still the main conduit by which militants from Afghanistan enter the country. The Saudi borders with Kuwait, Bahrain, the UAE, and Oman are stable and secure except for smuggling. The movement of alcohol and narcotics is still a problem.

Saudi Arabia has considered major changes in its security apparatus to deal with these issues. As early as the 1990s, Saudi Arabia considered building a border surveillance system that would use patrol aircraft, remotely piloted vehicles, and early warning systems to detect intruders and border crossings. This would have involved a 12 kilometer-deep security zone around all 6,500 kilometers of the land and sea borders, with a mix of acoustic, seismic, radar, magnetic, and infrared sensors to detect movements of men and vehicles in the border area. It would have been supported by small manned patrol aircraft, and unmanned remotely piloted vehicles, wherever some threat from an intruder might exist. Thomson CSF completed a \$5 million feasibility study for this system in early 1990, and two consortiums—one led by E Systems and the other by Thomson CSF -- submitted bids to Saudi Arabia in May 1991. The system was not funded in part because of its cost, and in part because of the ease with which given sections could be penetrated before an effective response would be possible. Its estimated cost was around \$3 billion and it would have taken several years to complete.⁷²

These problems are now expected to be solved by the installation of a much more technically sophisticated system. The Ministry of Interior has approved an \$8.75 billion contract with the French government to install an electronic defensive shield along this border in the fall of 2004. It has been reported that the French aerospace group, Thales, is to be granted a multibillion-dollar contract to build a border security screen, but it was reported by *Le Fargo* and *Arab News* that the deal is still “some way off.”⁷³

⁷² *Defense News*, November 11, 1991, p. 36; *Washington Technology*, September 24, 1992, p. 1.

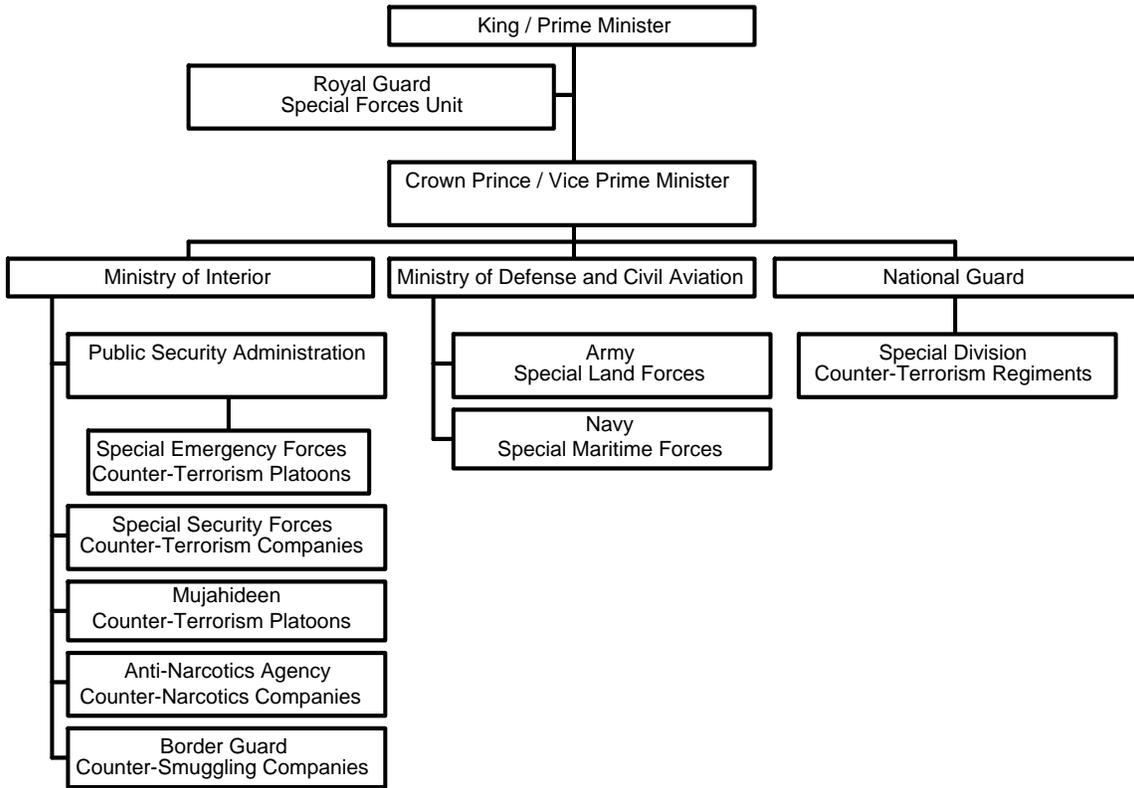
⁷³ *Arab News*, February 10, 2004, Jeddah,

<http://www.arabnews.com/?page=1§ion=0&article=39304&d=10&m=2&y=2004>

Figure 36

Saudi Counterterrorism Forces

Saudi Counter-Terrorism Forces



Security and the Role of the Judicial System

The Saudi civil and criminal legal system is another aspect of the Saudi security apparatus. It has slowly been modernized, but presents problems both in terms of both efficient internal security operations and human rights. It is traditional, religious in character, and is based on Shari'a as interpreted by Islamic practice under the Wahhabi order, which adheres to the Hanbali School of the Sunni branch of Islam.

The Shari'a courts exercise jurisdiction over common criminal cases and civil suits regarding marriage, divorce, child custody, and inheritance. These courts base judgments largely on the Koran and on the Sunna, another Islamic text. Cases involving relatively small penalties are tried in Shari'a summary courts; more serious crimes are adjudicated in Shari'a courts of common pleas. Appeals from Shari'a courts are made to the courts of appeal. The Saudi government permits Shi'a Muslims to use their own legal tradition to adjudicate non-criminal cases within their community. Other civil proceedings, including those involving claims against the Government and enforcement of foreign judgments, are held before specialized administrative tribunals, such as the Commission for the Settlement of Labor Disputes and the Board of Grievances.⁷⁴

The Judicial System and Internal Security

The judicial system works differently when it deals with internal security issues. The Saudi government is still deeply concerned about the security of the military forces – although there have been no recent cases of active opposition within either the regular military forces or the paramilitary and security forces. The military justice system has jurisdiction over uniformed personnel and civil servants that are charged with violations of military regulations. The King, the Crown Prince, and the Minister of Defense and Civil Aviation review the decisions of courts-martial and it is clear that serious cases get the direct attention of the senior leadership. Similarly, the Saudi government conducts closed trials for persons who may be political prisoners and in other cases has detained persons incommunicado for long periods while under investigation.

The US State Department reports that there are several bodies that perform higher legal review functions:

- The Supreme Judicial Council is not a court and may not reverse decisions made by a court of appeals. However, the Council may review lower court decisions and refer them back to the lower court for reconsideration. Only the Supreme Judicial Council may discipline or remove a judge. The King appoints the members of the Council.
- The Council of Senior Religious Scholars is an autonomous body of 20 senior religious jurists, including the Minister of Justice. It establishes the legal principles to guide lower-court judges in deciding cases.

⁷⁴ This text is modified from text provided in the US State Department, *Country Report on Human Rights Practices*, [http:// www.state.gov/www/global/human_rights/1999_hrp_report/saudiara.html](http://www.state.gov/www/global/human_rights/1999_hrp_report/saudiara.html), and US State Department, *1999 Country Reports on Human Rights Practices*, "Saudi Arabia", Released by the Bureau of Democracy, Human Rights, and Labor, U.S. Department of State, February 25, 2000.

- Provincial governors have the authority to exercise leniency and reduce a judge's sentence.
- The King reviews cases involving capital punishment. The King has the authority to commute death sentences and grant pardons, except for capital crimes committed against individuals. In such cases, he may request the victim's next of kin to pardon the murderer—usually in return for compensation from the family or the King.

The “Mutawwa’in” or Religious Police

Saudi Arabia has a religious police called the “Mutawwa’in,” which is a force organized under the King in conjunction with the Islamic “clergy” or Ulema. It is known in English as the Organization to Prevent Vice and Promote Virtue or Committees for Public Morality and part of the government's Department of Virtue Propagation and Vice Prevention. It is primarily responsible for ensuring compliance with the precepts of Wahhabism, but performs some security functions in dealing with religious extremists.⁷⁵ The Mutawwa'in enforce the public observances of religious practices, such as the closure of public establishments during prayer times. They have been known to exceed their authority with both Saudi and expatriates alike by undue harassment of both men and women in public places and trespassing into private homes.

The State Department reports that:

The Mutawaa'in have the authority to detain persons for no more than 24 hours for violations of the strict standards of proper dress and behavior. However, they sometimes exceed this limit before delivering detainees to the police. Current procedures require a police officer to accompany the Mutawaa'in at the time of an arrest. The Mutawaa'in generally comply with this requirement. In the more conservative Riyadh district, however, there are continuing reports received of Mutawaa'in accosting, abusing, arresting, and detaining persons alleged to have violated dress and behavior standards. Mutawaa'in practices and incidents of abuse varied widely in different regions of the country, but were most numerous in the central Nejd region. In certain areas, both the Mutawaa'in and religious vigilantes acting on their own harassed, assaulted, battered, arrested, and detained citizens and foreigners. The Government requires the Mutawaa'in to follow established procedures and to offer instruction in a polite manner; however, Mutawaa'in did not always comply with the requirements. The Government has not publicly criticized abuses by Mutawaa'in and religious vigilantes, but has sought to curtail these abuses.

It also reports that the Mutawaa'in enforce strict standards of social behavior, including the closing of commercial establishments during the five daily prayer observances, insisting upon compliance with strict norms of public dress, and dispersing gatherings of women in public places. The Mutawaa'in frequently reproach Saudi and foreign women for failure to observe strict dress codes, and arrested men and women found together who were not married or closely related. In November 1998, several Mutawaa'in attacked and killed an elderly Shi'a prayer leader in Hofuf for calling the prayer according to the Shi'a tradition. Mutawaa'in attempts to cover up the killing were unsuccessful. The State Department reports that the government reportedly investigated

⁷⁵ US State Department, *Country Report on Human Rights Practices*, various editions, especially US State Department, *1999 Country Reports on Human Rights Practices*, “Saudi Arabia”, Released by the Bureau of Democracy, Human Rights, and Labor, U.S. Department of State, February 25, 2000.

the incident; but does not make public the results of any investigations involving Mutawaa'in personnel.

The level of Mutawwa'in activity has varied over time, and is difficult to predict. The government appointed a new and more compliant leader of the religious police after a series of raids on rich and influential Saudis in 1990, but their power grew strikingly after the Gulf War, as Saudi traditionalists reacted to the presence of US and other Western forces, but seems to have peaked in the mid-1990s. The number of reports of harassment by the Mutawaa'in during the late 1990s remained relatively low in comparison with previous years, but the Mutawaa'in continues to intimidate, abuse, and detain citizens and foreigners of both sexes.

Some Saudi officials go so far as to describe the Mutawwa'in as a form of disguised unemployment for religious Saudis, and state it is sharply overstaffed in some areas. One senior Saudi official went so far as to refer to the Mutawwa'in a "religious labor union more interested in their benefits than anything else." Other Saudis are more divided in their reaction. Some feel the Mutawwa'in perform a useful function in limiting the secularization of the Kingdom. Others see it as an outdated and over-conservative annoyance.⁷⁶ Serious questions also remain about the degree to which the attitudes of organizations like the "Mutawwa'in" affected the safety of Saudi girls schools and did or did not interfere in a school fire that killed 15 Saudi girls in March 2002⁷⁷

In late November 2002, Prince Nayef was sufficiently disturbed over continuing problems with the Mutawwa'in so that he publicly took action to try to improve the conduct of the Department of Virtue Propagation and Vice Prevention. He called upon the Department to "hire well qualified people and not people of limited qualifications who act recklessly," to "gently deal with the people and avoid harshness, especially with young people." He announced a training institute was being set up, and that the Mutawwa'in would operate with better training and discipline.⁷⁸

In general, the "Mutawwa'in" seem to be more of a Saudi internal security problem than part of the solution. Saudis do not seem to be able to cite any examples of cases where the "Mutawwa'in" have played a role in limiting the activities of Islamic extremists and defending the core values of Islam against extremism. They cannot cite cases in which the "Mutawwa'in" played a role in defending religious values while aiding modernization and reform. To be blunt, they have been a "gentler and kinder" Taliban. They have carried out rote enforcement of Saudi religious practices while acting as a tacit endorsement of efforts to force compliance with Islam rather than persuade. As

⁷⁶ The Ministry of Islamic Affairs funds the Mutawaa'in, and the general president of the Mutawaa'in holds the rank of cabinet minister. The Ministry also pays the salaries of imams (prayer leaders) and others who work in the mosques. During 1999, foreign imams were barred from leading worship during the most heavily attended prayer times and prohibited from delivering sermons during Friday congregational prayers. The Government claims that its actions were part of its Saudisation plan to replace foreign workers with citizens.

⁷⁷ Associated Press, NY, March 18, 2002, 0650, March 25, 2002, 1225; Reuters, March 12, 2002, 0430.

⁷⁸ These comments are based on an English transcript and summary provided in e-mail form by the Saudi Embassy in Washington on December 5, 2002.

such, they often at least indirectly endorse Islamic extremism while lacking the intellectual depth, training, and experience to truly defend one of the world's great religions.

It should be noted, however, that there is another force called the "Mujahideen," whose operations are centered in Riyadh, and largely patrol it at night as a kind of religious vice squad. It has taken part in counter-terrorism operations. This force is much more professional than the "Mutawwa'in," and is rarely seen or talked about. It is staffed by around 3,000 and is an independent service that reports administratively to Prince Nayef, the Minister of Interior, and operationally to the Assistant Minister for Security Affairs.

V. Reform and the Military

As has been touched upon earlier, Saudi Arabia's primary need for reform does not affect its security apparatus. It is rather the need for the kind of economic, social, and political reforms that will develop and diversify its economy, and create jobs and economic opportunity for Saudi Arabia's rapidly growing population. Its second priority is to create more effective internal security forces without creating a climate of repression and without creating new cells of terrorists or groups of extremists. The reform of the Saudi military is now a distinctly third priority, and the control of the cost of Saudi forces and especially Saudi arms imports has priority over reforms that enhance military effectiveness.

Saudi Military Development

Saudi Arabia is by far the strongest and most modern military power in the Gulf, and the only force large enough to provide the support, training, C⁴I/BM, and other specialized capabilities necessary to sustain modern land-air combat and provide the infrastructure for effective regional cooperation. Its military forces are now strong enough to deal with many low-intensity contingencies, and limit the amount of US reinforcements needed in low-intensity contingencies.

Yet, Saudi Arabia does remain vulnerable to threats from Iran. Iran may be moving towards moderation, but Saudi Arabia cannot ignore its conventional military capabilities or efforts to proliferate. Saudi Arabia is within five to seven minutes flying time from Iran, from the earliest point of detection by an AWACS to over-flying key Saudi targets on the Gulf coast. Missile attacks would offer even less warning and present more problems for defense. While Iran cannot bring the bulk of its land power to bear without major increases in amphibious lift, it can bring naval and air pressure to bear on tanker and air traffic through the Gulf, and threaten Saudi Arabia in other ways. "Wars of intimidation" will generally offer Iran more prospects of success than actual fighting, and Iran's ability to intimidate will increase as it develops its missile forces, and chemical, biological, radiological, and nuclear warfare capabilities.

Cooperation with Other Southern Gulf States

The best way of dealing with these challenges is not reforming the internal structure of the Saudi armed forces alone, but rather doing so in the context of more effective efforts to develop collective security. The lack of effective military cooperation between the Kingdom, other moderate Gulf states, and its Arab neighbors outside the Gulf presents major problems for Saudi Arabia that are not easy to solve. Saudi Arabia cannot turn to the rest of the Arab world for meaningful military support. The failure of the Damascus Declaration, 1992, to give Saudi Arabia any credible guarantee of Egyptian and Syrian reinforcements was the result of far more than Arab politics and Egyptian and Syrian demands for money. Neither Egypt nor Syria is organized to project effective combat forces. They lack most of the technological advantages of US and Saudi forces, and they are not equipped and trained to provide the Saudi Air Force and Saudi Army with the mix of interoperable capabilities they need. Although they are Arab and Muslim,

they also are states with separate interests, regional ambitions, and strategic objectives that often differ from those of Saudi Arabia.

Saudi Arabia badly needs to strengthen its cooperation with the countries of the Gulf Cooperation Council. So far, however, there has been more progress in political and economic areas than in military areas. Efforts to create a GCC-wide C⁴I system for air defenses are making progress, but they are still in the early stages of development, and the GCC has only made serious progress in a few areas of military exercise training like air combat and mine warfare. The GCC's longstanding failure to agree on effective plans for cooperation, interoperability, and integration has left the military role of the GCC a largely symbolic one. The GCC will only play a major role in regional security once it can develop integrated air defenses, develop integrated mine warfare and maritime surveillance capabilities, an ability to deal with Iranian surface and ASW forces, rapid reaction forces that can actually fight, and the ability to defend Kuwait and Eastern Saudi Arabia against land attack.

Saudi Arabia needs to look beyond its own military modernization program and take tangible steps to expand military cooperation with the GCC. Even if this is not possible on a GCC-wide basis, Saudi Arabia must focus on finding ways to strengthen the defense of its northern border area and Kuwait. At a minimum, Saudi Arabia must work to:

- Create an effective planning system for collective defense, and the creation of interoperable forces with common C⁴I/BM capabilities, and interoperable infrastructure and sustainability.
- Provide the infrastructure, transportation, sustainability, training and C⁴I systems to rapidly deploy Saudi forces to support the joint land defense of the Kuwaiti/Northwestern Saudi borders and to reinforce other Gulf states like Oman in the event of any Iranian amphibious or airborne action.
- Create joint air defense and air attack capabilities with an emphasis on Saud-Kuwaiti-Bahraini cooperation.
- Integrate the Saudi C⁴I and sensor nets for air and naval combat, including BVR and night warfare, link them to Kuwait, Bahrain, and the other Southern Gulf states.
- Create joint air and naval strike forces to deal with threats from Iran and Iraq.
- Develop a joint war fighting capability to provide minesweeping, naval-based air and anti-ship missile defenses to protect Gulf shipping, offshore facilities, ports, and coastal facilities.
- Establish effective cross-reinforcement and tactical mobility capabilities throughout the Kingdom with special emphasis on the defense of Kuwait and the Saudi-Iraqi border. Emphasize forward defense and active maneuver warfare.
- Prepare for rapid over-the-horizon reinforcement by the US and other Western powers. Work with the other Gulf states and the US and other Western forces

to find solutions to repositioning on a GCC-wide basis, and prepare Saudi bases for rapid over-the-horizon deployments and reinforcements in an emergency.

- Set up joint training, support, and infrastructure facilities with the other Southern Gulf states.
- Create common advanced training systems that develop a brigade and wing-level capability for combined arms and joint warfare, and which can support realistic field training exercises for Saudi and allied Southern Gulf forces of the kind practiced by US and Israeli forces.
- Develop a common capability to provide urban and urban area security and to fight unconventional warfare and low-intensity combat.
- Begin development of a broadly based counter-proliferation program.

Force Transformation and Mission-Oriented Procurement Priorities

External issues are only some of the challenges the Kingdom must meet. The time is over when the Kingdom could spend its way out of its military development problems, or could excuse the lack of overall balance and effectiveness in its forces on the grounds it was still in the early phases of force modernization and development. Saudi Arabia needs to give its force development efforts far more focus in order to develop a program of force transformation that can better meet its future needs. In doing so, it must focus on procuring interoperable and/or standardized equipment to provide the capability to perform the following missions:

- Heavy armor, artillery, attack helicopters, and mobile air defense equipment for defense of the upper Gulf.
- Interoperable offensive air capability with standoff, all-weather precision weapons and anti-armor/anti-ship capability.
- Interoperable air defense equipment, including heavy surface-to-air missiles, BVR/AWX fighters, AEW & surveillance capability, ARM & ECM capability. (Growth to ATBM and cruise missile defense capability)
- Maritime surveillance systems and equipment for defense against maritime surveillance, and unconventional warfare.
- Mine detection and clearing systems.
- Improved urban, area, and border security equipment for unconventional warfare and low-intensity conflict.
- Advanced training aids.
- Support and sustainment equipment.

Eliminating the Glitter Factor

Money is a critical issue and will become steadily more important in the future. Saudi Arabia signed nearly \$25 billion worth of new arms agreements between 1993 and

2000, and took delivery on \$66 billion worth of military imports.⁷⁹ This is more than the Kingdom can afford, and Saudi Arabia needs to consolidate its modernization programs to reduce its number of different suppliers and major weapons types and Saudi Arabia needs to establish much more strict limits to its defense spending and make its spending more effective.

One key is the emphasis on mission capabilities just discussed; another is to give proper priority to readiness, training, and sustainability. This emphasis needs to be integrated into an effective MODA planning, programming, and budgeting system that gives proper emphasis to funding jointness and balanced war fighting capability, rather than the procurement of new weapons. There needs to be a staff within each branch, services, and the MODA.

This means carefully monitoring current and planned rates of expenditure to ensure proper readiness and sustainability, and making hard choices like going for PGMs and C⁴IBM as substitutes for whole new platforms. It means stretching out procurements, and not retaining obsolete weapons, etc. Hard choices are after all, both the essence of effective planning. A key beginning point is effective net assessment, and creating a realistic set of goals and planning, programming, and budgeting system to match.

Realistic Limits on Military Spending and Arms Purchases

Saudi Arabia needs to set firm and realistic limits on its military procurement spending. The goal for Saudi Arabian military procurement should not be simply to buy the best or most possible equipment, but rather to improve the overall holdings of combat forces in a balanced and evolutionary manner. It should be to reach the maximum possible interoperability with the power projection capabilities of US land and air forces, and to procure the training, munitions, and support facilities to deal with the threat from Iran.

This Kingdom needs to recognize that it can no longer afford military procurement efforts that emphasize political considerations and/or high technology “glitter” over military effectiveness. Saudi Arabia needs long-term force plans and planning, programming, and budget systems that create stable and affordable force development and defense spending efforts. It needs to bring its manpower quality and sustainment capabilities into balance with its equipment. It needs to recognize that its effectiveness is heavily dependent on interoperability with US and GCC forces.

Reducing Future Waste

There should never be another massive Saudi arms package deal with the US or Europe of the kind that took place during the Gulf War or a purchase like Al Yamama. Barring a future major war, purchases should be made and justified on a case-by-case basis, off budget and oil barter deals should be illegal, and all offset deals subject to annual public reporting with an independent accountant and auditor.

⁷⁹ Richard F. Grimmett, Conventional Arms Transfers to Developing Nations, 1993-2000, Washington, Congressional Research Service, RL31083, August 16, 2001, pp. CRS-47, 48, 58, 59.

Saudi Arabia must also take every possible step to eliminate the waste of funds on:

- Unique equipment types and one-of-a-kind modifications.
- “Glitter factor” weapons; “developmental” equipment and technology.
- Arms buys made from Europe for political purposes where there is no credible prospect that the seller country can project major land and air forces.
- Non-interoperable weapons and systems.
- Submarines and ASW systems.
- Major surface warfare ships.
- Major equipment for divided or “dual” forces.
- New types of equipment that increase the maintenance, sustainability, and training problem, or layer new types over old.
- New types of equipment which strain the financial and manpower resources of Saudi Arabia, and overload military units that are already experiencing absorption and conversion problems in using the equipment they possess or have on order.

One way of eliminating the waste is to go ahead with plans to privatize the civil aviation to take the burden off the MODA. Use the Saudi telecom example, by privatizing Saudia Airlines slowly, with many steps, and partly owned by the government. This will encourage other companies to start, may be cut down the size of Saudia to be more competitive, and limit wasteful spending. Furthermore, it will eliminate favors by giving out free tickets while MODA’s budget suffer. Saudia is stretched too thin, lacks competition, and burdensome on the budget.

Given the internal security situation, privatizing civil aviation will be delayed. The government will be worried for security reasons, and would want to make sure planes are not used as weapons as it was the case in the attacks of 9/11 or passengers held hostages.

Reshaping Defense Planning, Programming, Budgeting, and Transparency

Saudi Arabia needs to make fundamental reforms in the way it shapes its defense plans, budgets, and purchases. Secrecy does not aid effective planning or preserve the Kingdom’s security. It instead encourages poor planning and budgeting, as well as corruption and cronyism. It encourages the failure to insist on plans that force the various military services to develop joint plans, demonstrate their effectiveness, and convince the Saudi people that they get the security their money should buy. It also makes it impossible to explain the need for the Kingdom’s alliances, and the nature of the threats the Kingdom faces.

The creation of public defense plans, programs, and program budgets is one way to help reform the Kingdom’s defense planning, programming, and budgeting system; to set a sustainable level of defense spending, and to build public confidence and trust. The

Kingdom should also begin to issue white papers explaining major defense purchases, real-world progress in offset efforts, and other major security actions is another way to build that trust and reduce political pressure from outside countries over issues like major arms purchases.

Arms Sales and Security Assistance

Both the Saudi government and its foreign arms suppliers need to recognize that the majority of educated Saudis already ask serious questions about the value of Saudi Arabia's arms imports and the honesty of the procurement and delivery process. This questioning comes from senior Saudi officials and some junior members of the royal family as well as the public, and is one of the few areas where Saudi Arabia's most progressive businessmen and technocrats and Islamic extremists agree in criticizing the Saudi government. The time has passed when the Saudi government could deal with these problems with secrecy and silence. It needs to make its programs more public, bring them openly on budget, and demonstrate that it has accounting procedures that limit favoritism and commissions to levels that are broadly acceptable in Saudi society.

Effective arms buys also require hard choices and well planned trade-offs, and Saudi Arabia is long past the point where it simply can throw money at the problem. It needs a stable long-term procurement plan that spends no more than 60-70% of what the Kingdom has averaged since the Gulf War, that limits total outstanding orders to \$7-8 billion, and focuses on its highest priorities for standardization and inter-operability with the US, and which ensures that Saudi Arabia does not buy a series of partly incompatible systems when it buys from other countries.

The West must be careful in pressing for military sales in ways which do not meet vital Saudi security needs and which do not take Saudi Arabia's domestic economic problems and social needs into account. Saudi Arabia has long been the largest single customer for US and European military exports. Saudi purchases had the benefit of increasing interoperability and sustainability with British, French, and US forces, and reduced the unit cost of equipment purchased by Western forces. It is clear, however, that Saudi Arabia faces serious long-term constraints on what it can buy in the future, and that it will often have to make hard choices between the military desirability of standardization with Western power projection forces and the political need to buy arms from a range of friendly states.

Defense contractors will be defense contractors, they exist to sell regardless of need or merit. Governments, however, must act as governments and think first of their strategic interests. It is time that governments of Europe and the US make it clear to the Saudi people that they emphasize Saudi security, military readiness, and effectiveness rather than exports and sales. They need to make it clear that that they are not pressuring Saudi Arabia to buy unnecessary arms, recognize Saudi Arabia's need to limit its purchases to the level Saudi Arabia can afford, and act to prevent corruption and ensure that arms buys are part of packages that include the proper support, training, munitions stocks, and sustainability.

VI. Reform and Internal Security

Saudi Arabia has taken a number of steps to improve its internal security and support the war on terrorism since September 11th. Saudi intelligence and the Saudi foreign ministry have conducted a detailed review of Saudi companies and charities operating in Pakistan and Central Asia. Saudi Arabia and the other Gulf Cooperation Council countries agreed to take new steps to control the flow of funds and money laundering at the GCC summit meeting on December 31, 2001.⁸⁰ Saudi Arabia did make the Combined Aerospace Operations Center (CAOC) at Prince Sultan Airbase available for US use in supporting the war in Afghanistan and Iraq.⁸¹

The Saudi government has arrested a number of individuals the US suspects of supporting Osama Bin Laden, as well as cracked down on its more extreme Islamists. While it has acted slowly because of the sensitivity Saudis show to any outside pressure, and rising public anger over the Second Intifada, it issued orders blocking the assets of 66 persons, companies, groups, and charities on the US watch list for entities linked to global terrorism in late October, 2001.⁸² Saudi Arabia agreed to sign the 1999 UN anti-terrorism convention aimed at blocking the financial support of terrorists in early November 2001.⁸³ The Foreign Minister, Prince Saud Al Faisal, promised to punish Saudis criminally involved in al Qaida terrorism, in December 2001.⁸⁴

The government has acted to freeze bank accounts linked to suspected terrorists, and Saudi intelligence is now monitoring at least 150 accounts for terrorist activity. The Saudi Chamber of Commerce established a task force in January 2002 to develop a financial and administrative system for Saudi charities to ensure that their funds would not go to extremist causes, and the Saudi Arabian Monetary Agency is assisting Saudi banks to develop and computerize systems to track money laundering. The Saudi government is also drafting new laws to limit money-laundering activity.⁸⁵

Another major institutional initiative is the creation of a specialized Financial Intelligence Unit (FIU) in the Security and Drug Control Department of the Ministry of Interior. This unit is specially tasked with handling money-laundering cases. A communication channel between the Ministry of Interior and SAMA on matters involving terrorist-financing activities has also been established.

80 *Wall Street Journal*, February 5, 2002.

81 The Estimate, January 25, 2002, p. 4.

82 Reuters, October 31, 2001, 1255.

83 Associated Press, NY, November 6, 2001, 0617.

84 *Washington Post*, December 8, 2001, p. A-3.

85 *Washington Times*, February 8, 2002, p. 18; *Wall Street Journal*, February 5, 2002.

Saudi Reforms to the Internal Security Apparatus Before May 2003

Saudi Arabia issued a full list of the new actions it has taken to reshape these aspects of its security apparatus in early December 2002, and US officials have confirmed the validity of this list. These measures can be summarized as follow:⁸⁶

International Cooperation

- **Supporting and implementing UN Security Council Resolution 1267 by freezing the funds and financial assets of the Taliban. Freezing the funds of the individuals listed in Security Council Resolution 1333. Signing the International Convention for Suppression and Financing of Terrorism based on Security Council Resolution 1373 and reporting on the implementation of the rules and procedures pertaining to this resolution; reporting to the Security Council on the implementation of Resolution 1390. Supporting and implementing Security Council Resolution 1368, of September 12, 2001, limiting the financing of terrorist activities.**
- **Maintaining a Counter-Terrorism committee with the United States comprised of intelligence and law enforcement personnel who meet regularly to share information and resources and to develop action plans to root out terrorist networks. Saudi Arabia has sought to strengthen cooperation between the Kingdom and the United States through reciprocal visits.**
- **Encouraging Saudi government departments and banks to participate in international seminars, conferences and symposia on combating terrorist financing activities. Saudi Arabia has hosted seminars, conferences and symposia on combating terrorism and is a member of the GCC Financial Action Task Force (FATF).**
- **Completing and submitting the Self-Assessment Questionnaire regarding the 40 recommendation of the FATF. Saudi Arabia has also submitted the Self Assessment Questionnaire regarding the 8 Special Recommendations of the FATF.**
- **Having the Saudi Arabian Monetary Authority (SAMA) exchange information on money laundering related activities with other banking supervisory authorities and with law enforcement agencies. SAMA has created a Committee to carry out a self-assessment for compliance with the recommendations of the FATF and these self-assessment questionnaires have been submitted. Saudi Arabia has invited the FATF to conduct a Mutual Evaluation in April 2003.**
- **Signing a multilateral agreement under the auspices of the Arab League to fight terrorism.**
- **Submitting a report every 90 days on the initiatives and actions the Kingdom has taken to fight terrorism to the UN Security Council committees dealing with terrorism.**
- **Establishing formal communication points between the Ministry of foreign affairs and the Permanent Representative to the UN.**

Arrests and Questioning of Suspects:

- **Saudi Arabia has questioned over 2,000 individuals for possible ties to Al Qaida. Many of these people fought in Afghanistan during the Soviet invasion as well as in Bosnia and Chechnya.**
- **Detaining up to 200 suspects out of this total for questioning and interrogation. Well over 100 were still held in detention in December 2002.**
- **Saudi intelligence and law enforcement agencies identified and arrested a cell composed of seven individuals linked to Al Qaida who were planning to carry out terrorist attacks against vital sites in the Kingdom. The cell leader was extradited from the Sudan. This cell was responsible for the attempt to shoot down American military planes at Prince Sultan Airbase using a shoulder-launched surface-to-air missile.**

⁸⁶ Embassy of Saudi Arabia, Initiatives and Actions Taken by the Kingdom of Saudi Arabia in the Financial Area to Combat Terrorism, December 3, 2002.

- Saudi Arabia successfully negotiated with Iran for the extradition of 16 suspected Al Qaida members.
- Successfully negotiating with Iran for the extradition of 16 suspected Al Qaida members. These individuals are now in Saudi custody and are being questioned. The Iranian authorities handed over the Al Qaida fugitives, all Saudis, knowing that whatever intelligence was obtained from them during interrogation in Saudi Arabia would be passed on to the United States for use in the war against terrorism.
- Asking Interpol to arrest 750 people, many of whom are suspected of money laundering, drug trafficking, and terror-related activities. This figure includes 214 Saudis whose names appear in Interpol's database and expatriated who fled Saudi Arabia.
- Helping to identify a network of more than 50 shell companies that Osama Bin Laden used to move money around the world. The companies were located in the Middle East, Europe, Asia and the Caribbean. A sophisticated financial network that weaved through more than 25 nations was uncovered and virtually shut down.

Legal and Regulatory Actions and Freezing Terrorist Assets and Combating Money Laundering

- Signing and joining the United Nations Convention against Illicit Trafficking of Narcotics and Psychotropic Substances in 1988.
- Freezing assets of Osama Bin Laden in 1994.
- Establishing Anti-Money Laundering Units at the Ministry of Interior, SAMA and Commercial Banks in 1995.
- Having SAMA issue "Guidelines for Prevention and Control of Money Laundering Activities" to Saudi Banks to implement "Know your Customer Rules," maintain records of suspicious transactions, and report them to law enforcement officials in SAMA in 1995.
- Adopting 40 recommendations of the Financial Task force relating to banking control of money laundering that grew out of the G-7 meeting in 1988.
- Saudi banks to identify and freeze all assets relating to terrorist suspects and entities per the list issued by the United States government on September 23, 2001. Saudi banks have complied with the freeze requirements and have initiated investigation of transaction that suspects linked to Al Qaida may have undertaken in the past.
- Investigating bank accounts suspected to have been linked to terrorism. Saudi Arabia froze 33 accounts belonging to 3 individuals that total about \$5,574,196.
- Establishing a Special Committee with personnel from the Ministry of Interior, Ministry of Foreign Affairs, the Intelligence Agency and the Saudi Arabian Monetary Agency (SAMA) to deal with requests from international bodies and countries with regards to combating terrorist financing.
- Reorienting the activities of the GCC Financial Action Task Force (FATF) to deal with terrorism and creating a Committee to carry out a self-assessment for compliance with the recommendations of the FATF.
- Joining Finance Ministers and Central Bank Governors of the G-20 in order to develop an aggressive action plan directed at the routing out and freezing of terrorist assets worldwide.
- Having the Saudi Arabian Monetary Authority (SAMA) instruct Saudi banks to promptly establish a Supervisory Committee to closely monitor the threat posed by terrorism and to coordinate all efforts to freeze the assets of potential terrorists. The Committee is composed of senior officers from banks responsible for Risk Control, Audit, Money-Laundering Units, Legal and Operations. The committee meets regularly in the presence of SAMA officials.
- Requiring Saudi banks to put in place mechanisms to respond to all relevant inquiries, both domestically and internationally, at the level of their Chief Executive Officers, as well as at the level of the Supervisory Committee. To ensure proper coordination and effective response, all Saudi banks route their responses and relevant information via SAMA.
- Having the Ministry of Commerce issue Regulation #1312 aimed at preventing and combating money laundering in the non-financial sector. These regulations are aimed at manufacturing and trading sectors and also cover professional services such as accounting, legal and consultancy services.

- Creating an institutional framework for combating money laundering, including the establishment of Anti-Money Laundering units, with a trained and dedicated specialist staff. These units work with SAMA and law enforcement agencies. The government has also encouraged banks to bring Money-Laundering related experiences to the notice of various bank committees (Chief Operations Officers, Managing Directors, Fraud Committee, etc.) for exchange of information and joint actions.
- Creating specialized Financial Intelligence Unit (FIU) in the Security and Drug Control Department of the Ministry of Interior. This unit is specially tasked with handling money-laundering cases. A new liaison group dealing with terrorist finances has been established between SAMA and the Ministry of the Interior.
- Carrying out regular inspection of banks to ensure compliance with laws and regulations. Any violation or non-compliance is cause for serious actions and is referred to a bank's senior management and the Board. Furthermore, the government has created a permanent Committee of Banks' compliance officers to review regulations and guidelines and recommend improvements, and to ensure all implementation issues are resolved.
- Freezing bank accounts suspected of links to terrorists.
- Use of the inter banking system in Saudi Arabia to identify possible sources of funding of terrorism,
- Supporting UN resolutions, such as UN Security Council Resolution 1368 to limit the financing of terrorist activities.
- Working with the US and other countries to block more than \$70 million in possible terrorist assets in Saudi Arabia and other countries.
- Quietly providing data on suspect private Saudi accounts in Switzerland, Liechtenstein, Luxembourg, Denmark, and Sweden.
- Directing SAMA to issue rules "Governing the Opening of Bank Accounts" and "General Operational Guidelines" in order to protect banks against money laundering activities in May 2002. For instance, Saudi banks are not permitted to open bank accounts for non-resident individuals without specific approval from SAMA. Banks are required to apply strict rules and any non-customer business has to be fully documented.
- Carrying out regular inspection of banks to ensure compliance with laws and regulations. Any violation or non-compliance is cause for serious actions and is referred to a bank's senior management and the Board. Creating a Permanent Committee of Banks' compliance officers to review regulation and guidelines and recommend improvements, and to ensure all implementation issues are resolved.
- Making significant new efforts to train staff in financial institutions and the Security and Investigation departments in the Ministry of Interior as well as others involved in compliance and law. Special training programs have been developed for bankers, prosecutors, judges, customs officers and other officials from government departments and agencies. Furthermore, the Prince Nayef Security Academy, King Fahd Security Faculty and Public Security Training City offer training programs.
- Establishing a Permanent Committee of representatives of seven ministries and government agencies to manage all legal and other issues related to money laundering activities.
- Directing SAMA to organize a conference with the Riyadh Interpol for the First Asian Regional meeting in cooperation with law enforcement agencies and financial institutions on January 28-30, 2002.
- Having the Council of Saudi Chambers of Commerce and Industry in cooperation with SAMA conduct and International Conference on Prevention and Detection of Fraud, Economic Crimes and Money Laundering on May 13-14, 2002.
- Directing Saudi banks and SAMA to computerize reported cases to identify trends in money laundering activities to assist in policymaking and other initiatives.

Actions Taken in regard to Charitable Organizations

- Creating a High Commission for the Oversight of Charities to look at ways to regulate charities, help them put financial control mechanisms and procedures in place, require that charities conduct audits, and review them. A Department will be set up that will grow out of the High Commission for the Oversight of Charities to maintain suitable review and controls. This will compensate for the fact that

- Saudi Arabia does not have an income tax and does not have the same tax-related review of expenditures common in the West.
- Requiring that charitable activities that extend outside Saudi Arabia be reported to the Saudi government and are routinely monitored, and that charitable activities outside Saudi Arabia be reported to the Foreign Ministry.
 - Taking joint action with the United States to freeze the assets of, Wa'el Hamza Julaidan, a Saudi fugitive and a close aide of Bin Laden, who is believed to have funneled money to Al Qaida. Julaidan served as the director of the Rabita Trust and other organizations.
 - Establishing a High Commission for oversight of all charities, contributions and donations is in the final process of setting up Operational Procedures to manage Contributions, Donations to and from the Charities.
 - Auditing all charitable groups to ensure there are no links to suspected organizations since September 11, 2001.
 - Issuing new guidelines and regulations, including financial control mechanisms to make sure terrorist and extremist organizations cannot take advantage of legitimate charities.
 - Setting up the Higher Saudi Association for Relief and Charity to oversee the distribution of donations and guarantee they are channeled to the needy.
 - Strengthening the role of the Saudi Arabia and US counter-terrorism committee comprised of intelligence and law enforcement personnel who meet regularly to share information and resources on the misuse of charities and charitable funds and develop plans of action to root out terrorist networks.
 - Freezing bank accounts involving the flow of charitable funds that are suspected of being linked to terrorism.
 - Working with the US Treasury Department to block the accounts of the Somalia and Bosnia branched of the Saudi Arabia-based Al-Haramain Islamic Foundation in March 2002. While the Saudi headquarters for this private charitable entity is dedicated to helping those in need, the US and Saudi Arabia determined that the Somalia and Bosnia branched of Al-Haramain Islamic Foundation engaged in supporting terrorist activities and terrorist organizations such as Al Qaida, AIAI (Al-Itihaad Al-Islamiya), and others.

Other Initiatives Related to Fighting Terrorism

- Signing a multilateral agreement under the auspices of the Arab League to fight terrorism.
- Participating in G-20 meetings and signing various bilateral agreements with non-Arab countries.
- Preparing and submitting a report on the initiatives and actions taken by the Kingdom, with respect to the fight against terrorism, to the UN Security Council Committees every 90 days.
- Establishing communication points between the Ministry of Foreign Affairs and the Permanent Representative to the United Nations.
- Supporting and meeting the requirements of various UN resolutions related to combating terrorism:
- Freezing funds and other financial assets of the Taliban regime based on UN Security Resolution 1267.
- Freezing funds of listed individuals based on UN Security Council Resolution 1333.
- Signing the International Convention for Suppression and Financing of Terrorism based on UN Security Council Resolution 1373 on reporting to the UN Security Council's committee regarding the implementation of the Rules and Procedures pertaining to 1373.
- Reporting to the UN Security Council the implementation of Resolution 1390.

Saudi Internal Security Reforms Since May 2003

The Saudi security dynamic changed again as a result of the events of 2003. This increase in Saudi activity is shown in the following chronology of events that took place during 2003:

- In February 2003, the Saudi Arabian Monetary Agency (SAMA) began to implement a major technical program to train judges and investigators on terror financing and money laundering. The program educates judges and investigators on legal matters including terror financing and money-laundering methods, international requirements for financial secrecy, and the methods followed by criminals to exchange information.
- On May 12, 2003, a series of tragic bombings took place in Riyadh. Saudi Arabia reacted with a series of new efforts to combat terrorism, and more than 200 suspects were arrested in connection with the Riyadh bombings between May and September 2003. Since September 11, Saudi Arabia has questioned thousands of suspects and arrested more than 600 individuals with suspected ties to terrorism:
 - In May 2003, three clerics, Ali Fahd Al-Khudair, Ahmed Hamoud Mufreh Al-Khaledi and Nasir Hamad Al-Fahad, were arrested after calling for support of the terrorists who carried out the Riyadh attacks. In November 2003, Ali Fahd Al-Khudair recanted his religious opinions on Saudi TV. Shortly after, a second cleric, Nasir Ahmed Al-Fuhaid, recanted and withdrew his religious opinions describing them as a “grave mistake”. On December 16, 2003, Ahmed Hamoud Mufreh Al-Khaledi became the third cleric to recant on national television.
 - Eleven suspects were taken into custody on May 27 and May 28 in the city of Madinah. Weapons, false identity cards and bomb-making materials were confiscated. In addition, Saudi national Abdulmonim Ali Mahfouz Al-Ghamdi was arrested, following a car chase. Three non-Saudi women without identity cards, who were in the car he was driving, were detained.
 - Yousif Salih Fahad Al-Ayeeri, a.k.a. Swift Sword, a major Al-Qaida operational planner and fundraiser, was killed on May 31 while fleeing from a security patrol.
 - Ali Abdulrahman Said Alfagsi Al-Ghamdi, a.k.a. Abu Bakr Al-Azdi, surrendered to Saudi authorities. Al-Ghamdi, considered one of the top Al-Qaida operatives in Saudi Arabia, is suspected of being one of the masterminds of May 12 bombings in Riyadh.
 - Turki Nasser Mishaal Aldandany, another top Al-Qaida operative and mastermind of the May 12 bombings, was killed on July 3 along with three other suspects in a gun battle with security forces that had them surrounded.
 - Saudi security forces raided a terrorist cell on June 14, in the Alattas building in the Khalidiya neighborhood of Makkah. Two Saudi police officers and five suspects were killed in a shootout. Twelve suspects were arrested, and a number of booby-trapped Qur’ans and 72 home-made bombs, in addition to weapons, ammunition, and masks were confiscated.
 - In July 21, the Ministry of Interior announced that Saudi authorities had defused terrorist operations which were about to be carried out against vital installations and arrested 16 members of a number of terrorist cells after searching their hideouts in farms and houses in Riyadh Province, Qasim Province, 220 miles north of Riyadh, and the Eastern Province. In addition, underground storage facilities were found at these farms and homes containing bags, weighing over 20 tons, filled with chemicals used in the making of explosives.

- Three men were arrested on July 25, at a checkpoint in Makkah for possessing printed material that include a “religious edict” in support of terrorist acts against Western targets.
- On July 28, Saudi security forces killed six terrorist suspects and injured one in a gunfight at a farm in Qasim Province, 220 miles north of Riyadh. Two Saudi security officers were killed and eight suffered minor injuries. Four people who harbored the suspects were arrested. Nine security officers have been killed and 19 injured in counter-terrorism activities since May 12.
- In May 2003 SAMA issued instructions to all Saudi financial institutions to strictly implement 40 recommendations of the FATF regarding money laundering and the numerous recommendations regarding terror financing. Furthermore, SAMA issued instructions to all Saudi financial institutions prohibiting the transfer of any funds by charitable organizations outside the Kingdom. SAMA has also created a committee to carry out self-assessment for compliance with the FATF recommendations and these self-assessment questionnaires have been submitted. The FATF conducted a mutual evaluation on September 21 – 25, 2003.
- In May 2003, a Saudi-U.S. task force was organized from across law enforcement and intelligence agencies to work side by side to share “real time” intelligence and conduct joint operations in the fights against terrorism. Saudi authorities worked closely with U.S. and British law enforcement agents who came to the Kingdom to assist in the investigation. The U.S. Ambassador to Saudi Arabia, Robert Jordan, described the cooperation of Saudi investigators with the U.S. law enforcement representatives as “superb”.

Saudi Arabia redeployed Special Forces to enhance security and counter-terrorism efforts.

- In May 2003, SAMA distributed entitled “Rules Governing Anti-Monetary Laundering and Combating Terrorist Financing” to all banks and financial institutions in Saudi Arabia requiring the full and immediate implementation of nine new polices and procedures. The new regulations include the following:
 - All bank accounts of charitable or welfare societies must be consolidated into a single account for each such society. SAMA may give permission for a subsidiary account if necessary, but such an account can only be used to receive, not to withdraw or transfer, funds.
 - Deposits in these accounts will be acceptable only after the depositor provides the bank with identification and all other required information for verification.
 - No ATM or credit cards can be issued for these accounts. No checks and drafts are permitted from the charitable institution’s account, and all checks and drafts are to be in favor of legitimate beneficiaries and for deposits in a bank account only.
 - No charitable or welfare society can open or operate these bank accounts without first presenting a valid copy of the required license.
 - No overseas fund transfers allowed from these bank accounts
 - SAMA’s approval is required to open a bank account.
 - Only two individuals who are authorized by the Board of a charitable institution shall be allowed to operate the main account.

Another major institutional initiative is the creation of a specialized Financial Intelligence Unit (FIU) in the Security and Drug Control Department of the Ministry of Interior. This unit is specially tasked with handling money-laundering cases. A communication channel between the Ministry of Interior and SAMA on matters involving terrorist-financing activities had also been established.

- In August, 2003, the Council of Ministers approved new legislation, which puts in place harsh penalties for the crime of money laundering and terror financing. This legislation requires jail sentences of up to 15 years and fines up to \$1.8 million for offenders. The new law:
 - Bans financial transaction with unidentified parties,
 - Requires banks to maintain records of transactions for up to 10 years,
 - Establishes intelligence units to investigate suspicious transactions,
 - Sets up international cooperation on money-laundering issues with countries with formal agreements have been signed.
- In August 2003, Saudi Arabia and the United States established another joint task force aimed at combating the financing of terrorism. The task force, which was initiated by Crown Prince Abdullah, is further indication of the Kingdom's commitment to the war on terrorism and its close cooperation with the United States in eradicating terrorists and their supporters.
 - On September 23, 2003, security forces surrounded a group of suspected terrorists in an apartment in the city of Jizan. During a gun battle, one security officer was killed and four officers injured. Two suspects were arrested and one killed. The suspects were armed with machine guns and pistols and a large quantity of ammunition.
 - On October 5, 2003, security forces arrested three suspects during a raid in the desert to the east of Riyadh.
 - On October 8, 2003, security forces raided a farm in the northern Muleda area of Qasim Province and were able to arrest a suspect. Three other suspects fled the scene. Two security officers suffered injuries.
 - On October 20, 2003, security forces raided several terrorist cells in various parts of the country, including the city of Riyadh, the Al-Majma'a District in Riyadh Province, Makkah Province, the Jeddah District of Makkah Province, and Qasim Province. Security forces confiscated items including C4 plastic explosives, home-made bombs, gas masks, and large quantities of assault rifles and ammunition.
 - On November 3, 2003, Saudi police arrested six suspected Al-Qaida militants after a shootout in the holy city of Makkah in Saudi Arabia. The raid on an apartment triggered a shootout that left two suspected terrorists dead, and one security officer wounded.
 - On November 6, 2003, security forces investigating a suspected terrorist cell in the Al-Suwaidi district of the city of Riyadh came under fire from the suspects, who attempted to flee while attacking security forces with machine guns and bombs. In the exchange of fire, one terrorist was killed and eight of the security officers suffered minor injuries. On the same day, in the Al-Shara'ei district of the city of Makkah, two terrorist suspects, who were surrounded by security forces, used home-made bombs to blow themselves up. Their suicide followed a firefight during which they refused to surrender when requested by the security officers.
 - On November 20, 2003, Abdullah bin Atiyyah bin Hudeid Al-Salami surrendered himself to security authorities. He was wanted for suspected terrorist activities.
 - On November 25, 2003, a car bomb plot was foiled in Riyadh. The encounter with security forces led to the deaths of two wanted terrorist suspects: Abdulmohsin Abdulaziz Alshabanat, who was killed in the exchange of fire, and Mosaed Mohammad Dheedan Alsobaiee, who committed suicide by detonating the hand grenade he was carrying. The vehicle that was seized was loaded with explosives and camouflaged as a military vehicle.
 - On November 26, 2003, a suspected terrorist was arrested. The suspect's hiding place was linked to the terrorist cell involved in the November 9 car bombing at the Al-Muhaya residential complex in Riyadh. Search of the hiding place revealed large quantities of

arms and documents. Items discovered by security forces include one SAM-7 surface to air missile, five rocket-propelled grenade launchers, 384 kilogram of the powerful explosive RDX, 89 detonators, 20 hand grenades, eight AK-47 assault rifles, 41 AK-47 magazines, and 16,800 rounds of ammunition. Also recovered were four wireless communication devices, three computers, computer disks and CDs, and SR 94,395 in cash, as well as numerous identity cards and leaflets calling for the perpetration of acts of terror.

- On December 6, 2003, the Ministry of Interior published the names and photos of 26 suspects wanted by security forces in connection with the terrorist incidents that have taken place in the Kingdom in the past few months, urging them to surrender to the authorities. The Ministry called on all citizens and residents to report information they may have about any of the wanted suspects. Immediate financial rewards of up to \$1.9 million are being offered for information leading to the arrest of any wanted suspect, or any other terrorist elements and cells.
- On December 8, 2003, the Ministry of Interior announced that Ibrahim Mohammad Abdullah Alrayis, whose name was on the December 6 list, had been killed by security forces. The Ministry statement praised citizens' cooperation with the security forces, who are pursuing those wanted and those who are trying to undermine the country's security and safety.
- On December 30, 2003, Mansoor Mohammad Ahmad Faqeeh, whose name had been published in a December 6 list of 26 wanted terrorist suspects, surrendered himself to security authorities.
- By December 2003, Saudi security forces had conducted over 158 raids on various terrorist elements and groups.
- In December 2003, Saudi Arabia and the United States took steps to designate two organizations as financiers of terrorism under United Nations Security Council Resolution 1267 (1999). These organizations are the Bosnia-based Vazir and the Liechtenstein-based Hochburg AG. On January 22, 2004, in a joint press conference, U.S. Treasury Secretary Snow and Adel Al-Jubeir, Foreign Affairs Advisor to Crown Prince Abdullah, called upon the United Nations Sanctions Committee to designate four branch offices of the Al-Haramain Islamic Foundation as financial supporters of terrorism. This was the fourth joint action taken against terrorist financing by the United States Treasury Department and the Kingdom of Saudi Arabia.

Prospects for Further Internal Security Reforms

The Kingdom will take at least several years to come fully to grips with current terrorist threats. Its short-term successes have not removed cadres that are well equipped with arms and explosives, and past experience indicates that extremists and terrorists will soon change tactics, acquire better intelligence, and become far more sophisticated in concealing their existence and affiliations. Like the broader war on terrorism, Saudi Arabia faces at least a low-level threat that will be generational in character and which will probably exist in some form for the next decade.

Saudi Arabia can only move so quickly. It must maintain popular support, and many of the necessary social and educational reforms to address the problems that created these threats will take a half a decade to address. In the interim, there are bound to be more successful terrorist attacks. Almost inevitably, the Kingdom's pace of change – an emphasis on cooption versus direct action – will also prolong tensions with the US.

As yet, there seems to be little broad social support for violent extremism anywhere in the Kingdom. To the extent there are relevant public opinion surveys, they

show that young Saudis are far more interested in education, jobs, and a career than any form of radicalism, and that the most polarizing political issue is the Arab-Israeli conflict and not religion. The situation seems far closer to the early phases of the low-level "Armed Islamic Group" (AIG) threat to Egypt than to the kind of threat that could overthrow the monarchy. It is a major warning that both better security methods and reforms are needed, but not that the government is at risk or that investments in Saudi Arabia should be assigned a much higher level of risk.

It is clear, however, that the Saudi government must continue to steadily do more to come to grips with security problems like Islamic extremism while it simultaneously continues to liberalize its overall internal security arrangements and create and enforce a more modern version of the rule of law.

No one can argue with Saudi advocacy of Islam and the conservative practices of the Wahhabi sect when these are so clearly the choice of the Saudi people. Everyone can argue with the thesis that extremists can use God to advocate violence, terrorism and actions that kill innocent civilians. The same is true of halting religious practices that teach intolerance and hatred, regardless of whether such practices are defended in the name of Islam, Judaism, Christianity or any other faith. The Saudi government needs to aggressively and consistently enforce its own policies in those areas.

There is no inherent dilemma between improving intelligence and the security services and liberalization. More modern security and legal procedures can improve the quality of investigations, intelligence gathering, and warning without preventing reductions in censorship and government controls, more tolerance of the Saudi Shi'ite and practices of foreigner on Saudi soil, and methods of arrest and trial that guarantee more rights. Past progress in these areas has also shown that the necessary rate of progress can be made on Saudi terms and in ways that preserve Saudi custom.

There are also five key problems that Saudi Arabia must face in terms of cooperation with the US and other key actors in the broader war on terrorism:

- Counterterrorism cooperation must steadily improve at every level. **Although counterterrorism has improved drastically, the Kingdom must continue its internal or external progress on promised reforms, fully implement the measures underway, and pay more attention to the need to reshape its approach to Islamic causes outside Saudi Arabia in ways that support reform, moderation, and tolerance.**
- The level of popular tension between the US and Saudi Arabia has reached the point **where it actively encourages Saudi hostility to the US in ways that aid extremists and terrorists. This has been compounded by a failure to create immigration and visa procedures that combine protection against terrorists with rapid and effective procedures for encouraging legitimate cultural, business, medical and student entrants to the US. The US badly needs to reshape its focus on counterterrorism to strengthen the ties between the US and Saudi and Arab moderates throughout the world, and ensure that students continue to be educated in the US and that the US preserves its ties to the most progressive and moderate forces in countries like Saudi Arabia, and to ensure that legitimate medical cases are screened and expedited on a humanitarian basis.**
- **The Arab-Israeli conflict -- and Israeli-Palestinian War in particular -- have created serious tensions between the US and Saudi Arabia. Both Saudi Arabia and the US are going to have to live with this fact, and inevitably, most Saudis will see movements like Hamas and the Hezbollah more as "liberators" or "freedom fighters" than as terrorists. Whatever the US and Saudi governments say in public about this aspect of the war on terrorism, there will be inevitable limits to their cooperation. This will, inevitably, lead to Israeli and pro-Israel demands for Saudi action in dealing with such groups that Saudi Arabia will not comply with, triggering more political and media attacks against Saudi Arabia. Equal hostility will exist in Saudi Arabia over US unconditional support to Israel. No**

- amount of pressure can resolve this situation. Strong parallel efforts to revitalize the Arab-Israeli peace process can – to some extent – ameliorate it.
- **The fall of Saddam’s regime, and the rise of active terrorism within Saudi Arabia are key factors that illustrate the need to recast Saudi security in the broadest sense. Saudi security efforts now cost so much that they are a serious threat to Saudi security. They also indicate that the US needs to actively help Saudi Arabia to refocus its security efforts on internal security – with is generally an order of magnitude cheaper than a conventional military build-up – and shift resources to economic growth and social programs.**
 - **Coordinating a policy to make sure Iran does not get nuclear weapons, and if it does to create deterrence either through an anti-missile defense or any other means necessary. The Kingdom is worried about Iran controlling the Shi’ite majority of Iraq, and if it goes nuclear, two hostile countries will surround the Kingdom. This alliance will not only impose an external threat on Saudi Arabia, but potentially an increase in the incitements of the Shi’ite minority in the Easter province. The Saudis will have to find a deterrent system if they feel that they cannot rely on the US protection anymore.**
 - **Finally, the mid and long-term key to US efforts to help Saudi Arabia fight terrorism is not government-to -government cooperation, but rather cooperation between the Saudi and US private sectors. It is investment and trade that create jobs in Saudi Arabia and reduces the social and economic pressures that help encourage extremism and terrorism. Saudi Arabia needs to be more realistic about the ROI, risk premiums, contract structures, and security necessary to create suitable incentive for US and foreign investment at the level and speed required. The US, however, must do more to assist US industry and may have to provide some form of guarantees. A “business as usual” approach will not do.**

VII. Broader Social and Economic Reforms are the Key Security Priority

It cannot be stressed too firmly that Saudi security is best preserved by broad progress and reform, and not by reforming the Saudi military or intelligence services. The state of the Saudi economy, and coming to grips with the Kingdom's problems with education, Saudization, youth employment, and demographics, are the true keys to internal security. So is a level of political progress that expands the role ordinary Saudis can play in government, and making further reductions in sources of social unrest like corruption. Even the best counterterrorist operations can only deal with the small fraction of the Saudi population that is violent extremists. True internal security is based upon popular support.

There is no reason that Saudi Arabia should always copy Western approaches to internal security and law enforcement as it makes these changes. The Kingdom can preserve its Islamic character and still take the necessary steps to end support for violent Islamic extremism both within and outside Saudi Arabia. Similarly, Saudi Arabia can also do much to liberalize and improve human rights without giving up its own national cultural traditions and still act to suppress terrorist and extremist activity.

Nevertheless, Saudi economic and political reform cannot take place without sufficient social and religious reform, and without sufficient tolerance of modern media and communications, to allow Saudi Arabia to compete in global economic terms. Saudi Arabia must become a more open society and one where its young men and women are fully prepared to compete in the market place with global efficiency. This is not a need based on the moral and ethical need to improve human rights – valid as such issues are -- it is a pragmatic need that is vital to Saudi Arabia's future development and growth.

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ⁱ Defense News, March 17, 1997, p. 3; Associated Press, May 12, 1997, 0251; Jane's Defense Weekly, July 30, 1997, p. 17.

ⁱⁱ Associated Press, May 12, 1997, 0251.

ⁱⁱⁱ US experts have never monitored a test of the conventional version of the missile. CEP stands for circular error probable, and is an indication of a missile's accuracy. The figure represents the radius of a circle in which half the warheads are expected to fall. It should be noted, however, that the theoretical figures apply only to missiles that operate perfectly up to the point which the missile has left the launcher and at least its first booster and guidance system are operating perfectly. Operational CEPs can only be "guesstimated", but will be much lower. Missiles generally do not have fail-safe warheads. A substantial number will have partial failures and deliver their warhead far from their intended targets. Jane's Defense Weekly, October 1, 1990, pp. 744-746; Fred Donovan, "Mideast Missile Flexing", Arms Control Today, May, 1990, p. 31; Shuey, Lenhart, Snyder, Donnelley, Mielke, and Moteff, Missile Proliferation: Survey of Emerging Missile Forces, Washington, DC, Congressional Research Service, Report 88-642F, February 9, 1989.

^{iv} Jane's Defense Weekly, October 1, 1990, pp. 744-746, July 30, 1997, p. 17; Fred Donovan, "Mideast Missile Flexing", Arms Control Today, May, 1990, p. 31; Shuey, Lenhart, Snyder, Donnelley, Mielke, and Moteff, Missile Proliferation: Survey of Emerging Missile Forces, Washington, DC, Congressional Research Service, Report 88-642F, February 9, 1989.

^v Associated Press, May 12, 1997, 0251; Jane's Defense Weekly, July 30, 1997, p. 17.

^{vi} Jane's Defense Weekly, October 1, 1988, pp. 744-755, July 30, 1997, p. 17; Associated Press, May 12, 1997, 0251.

^{vii} Jane's Defense Weekly, October 1, 1990, pp. 744-746.

^{viii} Washington Times, October 4, 1988, p. A-2; Christian Science Monitor, October 8, 1988, p. 2.

^{ix} Shuey, Lenhart, Snyder, Donnelley, Mielke, and Moteff, Missile Proliferation: Survey of Emerging Missile Forces, Washington, DC, Congressional Research Service, Report 88-642F, February 9, 1989, pp. 64-65.

^x The warhead could also be enhanced with submunitions, a proximity fuse to detonate before impact to give an optimum burst pattern and widen the area covered by shrapnel, and a time delay fuse to allow the warhead to fully penetrate a building before exploding. Shuey, Lenhart, Snyder, Donnelley, Mielke, and Moteff, Missile Proliferation: Survey of Emerging Missile Forces, Washington, DC, Congressional Research Service, Report 88-642F, February 9, 1989, pp. 23-24.

^{xi} Jane's Defense Weekly, July 30, 1997, pg.17.

^{xii} Jane's Defense Weekly, June 16, 1999, pg.14.