



Saudi Arabia's New Foreign Policy Doctrine in the aftermath of the Arab Awakening

Public Lecture by

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Ladies and Gentlemen,

I would like to begin by personally thanking Harvard University President Professor Faust Gilpin for her warm invitation to speak today, as well Ambassador Burns for organizing and moderating this event. The Harvard Kennedy School is considered the world's leading school in public policy and public administration studies and is recognized for doing an outstanding job of training the future leaders of tomorrow. In their hands lay the future prosperity of their nations, but due to the unique global reach of Harvard University and by extension the John F Kennedy School of Government, their service impacts other countries and regions as well. It is a heavy burden, but one that the alumni of the Harvard Kennedy School bravely bear and for which they deservedly receive the gratitude of so many in the international community.

Following are impressions of the consequences of the troublesome last two years and the ramifications that these troubles have had on Saudi Arabia's national security. The particulars of Saudi foreign policy doctrine are based on the following themes: external Security and energy Security. External security involves our affairs with other nations; and energy security has less to do with simply defending oil fields and much more to do with our overall energy production policy as it is designed to maintain stable global energy markets; of course, in all these areas Islam is central.

Saudi Arabia, Ladies and Gentlemen, with its stability and influence, is positioned to play important regional and international role. Working diligently to address many of its major domestic concerns, the Kingdom has turned outward with determination and inward with an ever-vigilant eye toward its own internal safeguarding.

The Kingdom is the cradle of Islam, a religion that has today an estimated 1.5 billion adherents. Saudi Arabia's GDP attained \$725 Billion in 2012, representing about 24% of the combined economic output of the Middle East-North Africa (MENA) region (and an estimated 28.5% of the Arab World's GDP according to the latest IMF numbers) making it the economic engine of the region and to be a permanent and influential member of the G20. The Saudi stock market represents over 50% of the entire stock market capitalization of the MENA region and the listed Saudi companies make up 5 of the top 10 companies in the region with the top two slots being the Saudi conglomerates, Saudi Aramco and Sabic. The Saudi Arabian Monetary Agency (SAMA), the Kingdom's central bank, is the world's third largest holder of foreign exchange reserves managing over \$800 Billion. Last but not least, Saudi Aramco, the Kingdom's national oil company, is the world's largest producer, exporter and holder of petroleum reserves, and has by far the world's largest sustained production capacity infrastructure as well as the world's largest spare capacity.

Along with these impressive numbers, our nation is a peninsula, not an island. And a look at our neighbors reveals significant challenges that fall under the rubric of external Security. The Israeli/Palestinian issue remains the most important, tragic, and likely to remain difficult problem for years. Iraq continues to struggle to ensure security and to stand on its own with a legitimate government after a devastating war. The Iranian leadership presents a host of problems and has



major domestic stability issues of its own. And, of course, all around the Arab world - in Tunisia, Egypt, Libya, Syria, Yemen, and beyond - nations have gone through major revolutions and uprisings that have destroyed their governments, and in some cases, the actual nation-state.

Our overall goal vis-a-vis other nations is to strengthen our allies in the region and beyond and to assist in whatever way we can to help our neighbors maintain stability. Saudi Arabia firmly believes that peace in the region, and a conclusion to various longstanding, conflict-resolution efforts must be a primary objective of the next decade. This peace will only be achieved through cooperation that is built on trust, dialogue, mutual respect and engagement. This is why Saudi Arabia will continue to take the lead in negotiating between conflicting parties and nations. Furthermore, the Kingdom firmly believes that the next decade's most vital security issue is progress. There must be evidence of political, economic and social progress for the people and of the governments of the Middle East so that peace, not conflict is clearly seen as the gateway to prosperity.

That said let us look at what our foreign policy imperatives will be over the next decade. The first issue, without preference to any prioritizing, is the issue of Iran. Saudi Arabia has the world's greatest petroleum reserves; Iran the second. Saudi Arabia is Custodian of the Two Holy Mosques and the birthplace of Islam, and as such it is the eminent leader of the wider Muslim world. Iran's leaders pose themselves as the leaders of not just the Shiite world, but of all Muslim revolutionaries interested in standing up to the West.

Yet despite this seeming ideological canyon, Saudi Arabia really only has two concerns about Iran's leaders. First, it is in our interest that they do not develop a nuclear weapon, for their doing so would compel other nations to pursue policies that could lead to untold and possibly dramatic consequences. This is why, through various initiatives, we are sending messages to Iran's leaders that it is their right, as it is any nation's right, and as we ourselves are doing, to develop a civilian nuclear program, but that trying to parlay that program into nuclear weapons is a dead end, and that wiser choices will result in wider riches. Alas, Khameni is looking closely at developments with North Korea and reaching a conclusion that the US is more bluster than arm twister. Economic sanctions will not deter Iran from pursuing nuclear weapons. Unilateral or bilateral military action will bring devastating consequences to the area. Only a Zone Free of Weapons of Mass Destruction (the theme of the seminar I will be conducting tomorrow at the Belfer Center) is the best means to get Iran and Israel to give up nuclear weapons. Such a Zone must be accompanied by a rewards regime that provides economic and technical support for countries that join; plus a nuclear security umbrella guaranteed by the permanent members of the Security Council. It should include a sanctions regime that imposes economic and political sanctions on countries that don't join; plus military sanctions against those countries that try to develop weapons of mass destruction, also guaranteed by the permanent members of the Security Council.

Second, Iranian leaders' meddling and destabilizing efforts in the only two other countries with Shi'ite majorities, Iraq and Bahrain, as well as those countries with significant minority Shi'ite communities, such as Syria, Yemen, Kuwait and Lebanon must also come to an end. Saudi Arabia will oppose any and all of their actions in other countries because it is Saudi



Arabia's position that they have no right to meddle in other nations' internal affairs. Indeed, they take this position as well - they are very sensitive about other countries meddling in their domestic affairs. They should treat others like they expect to be treated. The Kingdom expects them to practice what they preach.

One cannot discuss Iran without also mentioning Iraq. Iraq has a great history as a pivotal member of the Arab community. It has been, and it can still be, an important force in the Arab world. It is a founding member of the Arab League and of OPEC, possessing vast natural resource wealth, and may someday become a major player in the energy markets. It sits at the heart of the Middle East and has a capable and diverse population. But much of its potential is being crushed by Iranian policies. Be it preferable to us or not, it is a new fact in the region that an Iraq that once waged a horridly bloody war against Iran has now become a significant arena of growing Iranian influence thanks to the aftermath of the US invasion. There are people and groups in Iraq that are, as much as they deny it, completely beholden to Khameni, and that is not only unacceptable, but it is bad for the future of an ethnically and religiously diverse country. It is our goal that Iraq remains an active participant of the Arab world and throws off these destructive foreign influences.

This is the main reason why we continue to maintain the same distance from all Iraqi factions. However, let me point out that, because we still have serious, deep-seated reservations about the formation of the current government, we have not sent an ambassador to Iraq. What is the cause of these reservations? Let me give you one example. There was a certain Iranian general who, a week prior to the formation of the current Iraqi government, was in Baghdad negotiating on behalf of Iraqi Prime Minister Nuri Al Maliki with the Shi'ite and Kurdish groups, seeking their support for the new mandate. These are the kinds of actions that are not missed by Saudi Arabia; we cannot condone such actions and we will do everything in our power to make them end. For instance, despite Baghdad's considerable debts to Riyadh estimated at over \$25 Billion, the Saudi government has pledged to forgive most of them, but this is dependent upon an end to the sectarian, Iran-influenced direction the country is taking. In short, it is the Kingdom's full intention to continue to work with the people of Iraq to assure that their country becomes a stable, positive, and independent member of the Arab world.

I propose that the Security Council should pass a resolution protecting Iraq's territorial integrity. This will dampen internal centrifugal forces and challenge external ambitions should they arise.

I will now briefly address the current situation with one of Saudi Arabia's closest neighbors, Yemen. For the Kingdom, and, indeed, the rest of the world, an increasingly unstable Yemen represents a very real security threat due to the potential for terror cells to take root there. This rough, rugged southwest corner of the Arabian peninsula, with a population of over 20 million, has been an arena for Al Qaeda operations since Al Qaeda established training camps there in the 1990's, and according to our intelligence sources, Al Qaeda's influence is strong in the country. This is largely due to the fact that the Yemeni central government has little authority in the mountainous areas outside the capital and other cities. Extremists have reportedly made

deals with local tribal leaders for supplies and protection, creating a sanctuary not unlike Pakistan's Tribal Areas.

While uprisings have rocked the country, Yemen remains a serious issue for the Kingdom. Refugees fleeing the conflict there have flooded across the border. Terrorists based in Yemen have crossed into the Kingdom. And should Yemen become unstable and the state disintegrates, this could become an even greater security threat.

What are our plans for the coming decade vis-a-vis this volatile situation? We have, in essence, a tri-partite approach. First, we spearheaded with our Gulf Cooperation Council (GCC) partners a peaceful transition for former Yemeni President Ali Abdullah Saleh to resign and to form the current national unity government that will carry forward the task of drawing up a new constitution and end the conflict. The Kingdom has had a decades' long program of economic and financial support for the Yemeni people. We are strengthening our borders to prevent Yemeni refugees and Al Qaeda terrorists from crossing into our country while also increasing our counter-intelligence efforts to attempt to pinpoint and destroy Al Qaeda operatives in Yemen. Our work with the US and main EU countries to eliminate the terrorist threat continues. Yemen remains a work in progress, and we will give all the support to ease it into stability.

Lebanon, however, is a troubled land, as Hezbollah continues to push its agenda regardless of law and order. With the collapse of the Mikati government, we see to what extremes Hezbollah is willing to go, risking the very foundations of the nation, to prevent itself from being subject to the scrutiny of an international tribunal whose only goal is bringing fair justice upon those who perpetrated horrible assassinations. Saudi Arabia believes that law and order must prevail in Lebanon and supports all efforts to find the culprits behind the assassination of former Lebanese Prime Minister Hariri and 22 other people in Beirut.

This is why Saudi aid to Lebanon has increased greatly since the Israeli war in the summer of 2006. The Kingdom committed several billion dollars shortly after the war ended for reconstruction and a major education initiative. This is a serious effort to rebuild a stronger, more stable Lebanon, but also an attempt to roll back the influence of Iran. Saudi leaders have for years pushed for the disarming of Tehran-backed Hezbollah. The Kingdom played an important role in supporting the selection of Tammam Salam as the interim Prime Minister whose government will oversee the forthcoming parliamentary elections, there.

On Syria, dialogue between Saudi Arabia and the Assad regime broke down completely over a year ago, primarily due to differences over how to contain the growing crisis in Lebanon and the bloodshed in Syria. The killings in that country, at the hands of the Assad thugs, have surpassed the 80,000 mark, and continue, despite an Arab League plan, led by Saudi Arabia, that urges the Syrian government to pull tanks and armored vehicles out of cities, and release political prisoners.

We will continue to do all we can by ourselves and through the Arab League and the United Nations to bring stability through Syria by acting on our basic principles - peace, cooperation, and progress. Along with diplomacy, there must be a level playing ground between



the combatants on that ground. Bashar's military superiority is what is prolonging the conflict. Supplying the defensive weapons needed by the Syrian people to defend themselves is what will bring about the political settlement. As more fighter planes are shot down and tanks and artillery are neutralized, Bashar's minions will rethink their commitments to him. By now, we all know who are the good guys from the bad ones, and supplying them with the weaponry will raise their prestige and give them credence with their people. Dillydallying is what allowed Jabhat al Nusrah and other extremists to enter the fray, not the will or wish of the Syrian people. The Kingdom has striven to support the opposition with what it needs, but the West and the US have been criminally dismissive of the Syrian peoples' plight. There must be peace in Lebanon and Syria, and this will come through cooperation of the parties involved, but little can be done without progress. This is especially true in the nations that Saudi Arabia sees as regional challenges in the coming decade - Iran, Iraq, Yemen, Lebanon, and Syria. The conditions in which peace can be maintained will only come with social and economic progress.

Egypt holds a special place in Saudi security interests. It is the largest Arab country with close and historically deep and significant ties to the Kingdom. King Abdullah held the closest of relations with President Mubarak for over thirty years. Abandoning him or any close ally during a revolutionary uprising was not and will never be a policy option for the Kingdom, which must uphold and defend its values. However, once President Mubarak resigned and the Egyptian people expressed their will, King Abdullah not only recognized the new reality, but he also extended the hand of friendship to the new leadership. For instance, he unconditionally authorized four billion dollars in grants, loans, and deposits to Egypt's emerging government, which stands in stark comparison to the conditional loans that the US and EU have promised.

Bahrain. This nation is geographically and historically the closest to Saudi Arabia. Right after the 1979 revolution in Iran, Khomeini began trying to export his revolution to all Muslim countries. This resulted in eruptions of violence not only in Muslim countries but also among Shi'ite communities in other countries. Those who claim that the recent disturbances were not instigated by Iran forget that Khomeini's creation, Hizballah in Bahrain, still exists and that Iranian propaganda broadcasts beamed at Bahrain have never ceased. Prominent leaders of Bahrain's opposition have received training in Iran. When King Hamad delegated his Crown Prince to negotiate with the protesters on their demands, the Kingdom publicly endorsed the negotiations and still does. The GCC has extended a ten-year economic package of \$10 billion dollars, mostly from the Kingdom. The deployment of GCC troops at the request of a member country of the GCC to protect its strategic infrastructure like the oil refinery, the airport, the seaport, and economic installations is a duty that the Kingdom was and remains happy to provide. No GCC personnel have been engaged in any action against protesters. King Hamad has continued to call for negotiations and the Kingdom continues to support that call. He also announced his wish for negotiations with the opposition. An independent commission of inquiry led by a respected international jurist issued its report on events in Bahrain. King Hamad announced his acceptance of the commission's conclusions. Negotiations have now begun. Whether this means that the opposition has accepted the commission's conclusions, I have not heard. Let us hope that they reach a peaceful conclusion.



A full analysis of the Kingdom's situation vis-a-vis the region cannot be considered complete without discussing the most important issue, and that is the Israeli/Palestinian conflict. As we have recently seen, Israel's unwillingness to cease its unlawful colonization and continual refusal to grant the Palestinians their own homeland is the core reason that this conflict continues. There is no lack of proposals for peace, many of them completely rational and fair. Indeed, the only viable one today, remains The Arab Peace Initiative, originally outlined by King Abdullah in 2002. It calls on Israel to withdraw to its 1967 borders and for the establishment of a viable and contiguous Palestine bordering Israel, Jordan, and Egypt.

The Kingdom continues to urge Israel to take the necessary steps toward peace and justice. It also continues to support the Palestinian Authority in its attempts to build lasting institutions for its people, and it remains, counter to recent accusations, the world's largest contributor to the Palestinian Authority. In addition to the billions delivered from the 1960's through the early 2000's, in 2007 the Kingdom promised \$500 million in development aid over five years to fund the Palestinian Authority's Reform and Development Program. More than \$300 million of this funding has been handed out to projects and include the Islamic Development Bank's Aqsa Fund, which supports Palestinian projects, and housing and assistance for Palestinian refugees. More pledges, ranging into the billions of dollars, have been made to support the Palestinian Authority and the Kingdom has delivered several more billion dollars in the past few years for rebuilding and developing Palestine --- money that is being spent on schools, roads and security. Funding, engagement, and a call for a two-state solution are the central pieces of the Saudi position in the coming decade.

And on the all-important issue of statehood, King Abdullah has called upon Saudi Arabia, as its ethical and religious obligation, to come up with a Marshall-like Plan for the Palestinians whose objective will be the establishment of a Palestinian state. As such Saudi Arabia stands behind those UN member nations who wish to make an official UN declaration recognizing the state of Palestine and calls on the US to support the declaration as well. In essence, Saudi Arabia believes that Palestinian statehood is not a matter of if, but now.

Let me now touch upon the second area of concern - energy Security - as it is such a vital element of the coming Saudi decade, primarily due to Saudi Arabia's pivotal role in the global energy market by holding the world's largest proven oil reserves estimated currently at 264 billion barrels. To underline that unique role, allow me also to point out that Saudi Arabia now possesses about 85% of the spare production capacity in the world, with every other country possessing a very small amount or practically nothing. To put this into perspective, Saudi Arabia has so much production capacity – nearly 2.5 million barrels/day - that we could almost instantly replace all of Iraq's oil exports (OPEC's second power). This massive spare capacity is the outcome of a capacity expansion program from 10 million barrels per day to 12.5 million barrels per day and beyond, which the Kingdom is undertaking at a cost of over \$100 billion in petroleum infrastructure. Saudi Arabia's national production management scheme is set to increase total capacity to 15 million barrels per day and have an export potential of 10 barrels per day by 2020. The overall Saudi spare production program is the result of several decades of precise planning, hard work and political courage that proves the undeniable evidence of Saudi Arabia's long term interest in a stable, secure and prosperous oil market.



For many years, Saudi Arabia has been and will remain for many more decades the major supplier of energy to the world. Heretofore, that energy has been in the form of oil. But what people want and desire is changing in this new century and that is why Saudi Arabia is constantly re-conceptualizing its energy production policy. And it is to that policy that I now turn.

Now, as the demand for oil continues to rise, especially from China and India, the Kingdom has every intention of meeting that demand. Indeed, Saudi Aramco currently has two stated main strategic objectives. First, and most important, is to support the Kingdom's geopolitical importance by holding sufficient surplus oil-output capacity to offset potential, global supply disruptions. This is done using the OPEC quota system to ensure Saudi exports sufficient volumes of oil to meet its revenue needs. This spare capacity offers the breathing room the country needs to look to its own economic growth and specifically its domestic energy demands. And one of the most important policies the Kingdom has adopted to meet these demands is to develop alternative energy sources.

Indeed, it may come as a surprise to some of you here that Saudi Arabia is now solidly on the path of meeting most of its internal energy needs via non-oil energy sources, not only so that it can export more oil, but also so that it can export the excess alternative energy. Already, Saudi Arabia meets around 40% of its internal energy needs via domestically produced natural gas. The Kingdom is also striving to realize other energy sources, such as solar, wind, and nuclear. These steps are being taken because the Kingdom realizes well what was expressed by the Saudi oil minister, Ali Al Naimi: "In the same way we are an oil exporter, we can also be an exporter of energy."

The King Abdullah City for Atomic and Renewable Energy has just issued the Saudi government's white paper on renewable energy detailing the objective requirements for new solar PV and solar thermal plants, wind farms, geothermal facilities and waste to energy plants. The first installment of this colossal program in renewable energy is to create more than 7GW of new capacity by 2020, the majority of which will come from solar power. The second installment of this renewable energy program is to hike up capacity to 54GW by 2032, at an estimated cost of over \$80 billion, making Saudi Arabia one of the world's largest green energy generators. Under this new national strategy, the vast majority of the new green capacity will be from concentrated solar thermal sources.

In short, Saudi Arabia fully realizes that a multiplicity of energy sources, both for domestic use and foreign export, is now both its national ideal and the global standard. No country can or should power itself from one form of energy. It is strategically, economically, politically, socially and environmentally irresponsible. Yet Saudi Arabia, as a nation that has such a central role in the planet's transportation and consumption of energy, has also realized it has a special role to play in helping other nations facilitate energy diversity. And as a nation with so much oil, it fully understands that its petroleum output must play a part in other nations' progress toward achieving an ideal energy mix.

That said, Saudi Arabia, as it always has, will commit itself in the coming decade to full energy market stability. A stable, coordinated price brought about by stable, coordinated

production and pricing policies is the only way to assure this stability, and, as we have seen again and again, a situation that is ideal for both producer and consumer alike. Such stability and coordination are at the heart of Saudi, and global, energy security now and for the future. And on the topic of coordination, it is the Saudi position that those who call for energy independence are misleading and disingenuous. The optimum formula for energy security for all nations is cooperation among nations to achieve a mix of all energy sources. Let us call it interdependence. For this reason, the Kingdom is working on adding solar, wind and nuclear energies to offset its own use of oil and gas because we know that the more oil we consume, the less there will be for exports, creating a shortage at the very time when worldwide oil consumption is growing. Another consideration is that every barrel of oil we burn can be otherwise refined to produce scores of products that are of added value and thus the less oil we consume, the more money we can get in export revenues.

In order to foster international energy cooperation and coordination, the Kingdom has also established the International Energy Forum and the Joint Oil Data Initiative Archive of current individual country statistics in Riyadh. The goal of these initiatives is to overcome the adversarial confrontation, between producers and consumers, which has existed since the OPEC oil boycott in the early seventies. Producers, consumers, and the oil companies make up the forum, and, already, a better sharing of more exact and beneficial information on reserves, production capacities, and consumption projections is available to all through the fully transparent Joint Oil Data Initiative Archives.

Ladies and gentlemen,

As we develop, our area needs to be open; open to itself and to others. If you will allow me a slight stretch of my poetic faculties, I would say that openness is indeed at the heart of many of the issues addressed in this speech - the very issues that Saudi Arabia sees as being its national security challenges in the coming decade. For is it not openness that Iranian leaders fear, lest their true nuclear ambitions be discovered? Is it not a brave form of openness that the government of Iraq needs in order to assure that it is accepted by its own people, and by surrounding nations? Is it not an open Yemen that the terrorist enclaves fear lest they be found out? Is it not the threat of its own openness before the law that so rattles Hezbollah in Lebanon? Is not Israel evading the openness of its role in preventing peace with the Palestinians by somehow claiming that it has a right to new settlements? And yes, it is even openness that Saudi Arabia needs to embrace as it modernizes and diversifies and takes on a greater role in global politics and Islam.

And so I stand before you and say that Saudi Arabia, in a post Arab troubles world, is opening itself, internally and externally. For if we can all stand before each other and have nothing to hide then we can all sit down together and have nothing to fear.

Thank you.

