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Saudi Arabia Handbook

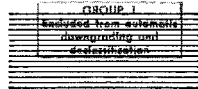
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Saudi Arabia

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INTRODUCTION

Saudi Arabia occupies the major part of the Arabian Peninsula and has long coastlines on three important waterways: the Red Sea, the Persian Gulf, and the Gulf of Aqaba. On its borders are Jordan, Iraq, Kuwait, Yemen (Sana), Yemen (Aden), Qatar, and the United Arab Emirates.

Saudi Arabia has been an oasis of stability in the otherwise volatile Middle East. Although political life remains relatively unchanged under [REDACTED]

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25X6 [REDACTED] King Faysal, the income from the country's vast oil resources is making possible the modernization of the social and economic life. Through a program of gradual reform, the King is attempting to bring the country into the 20th century without alienating his conservative supporters. The King is pro-West and has no diplomatic relations with Communist states, but he is distressed by what he regards as the pro-Israeli policy of the United States. Faysal fears encirclement by radical Arab regimes bent on destroying the Saudi monarchy; he is therefore determined to increase Saudi Arabia's power and prestige and to make it a major force on the peninsula and in the Persian Gulf.

King Faysal's father, Abdul Aziz (popularly known in the West as King Ibn Sa'ud), established the Kingdom of Saudi Arabia in 1932 after he had conquered his rivals in the area. Although four decades have elapsed since the unification of the Kingdom, many of the country's approximately five and a half million people still lack a sense of common nationality. The Arabic language and the Islamic religion have been unifying factors, but until recently identification with the extended family and tribe were the most pervasive influences. Far-reaching socio-economic changes are eroding the old patterns of individual loyalties, particularly in urban areas, and the unifying influences of improved communications and transportation are welding the country together.

King Faysal assumed the throne in late 1964, after a six-year power struggle with his elder half-brother King Sa'ud (also a son of King Ibn Sa'ud). Since then, he has centralized the monarchical powers that had appeared to be slipping from the grasp of his predecessor. The King has long been aware that social, economic, and administrative reforms are essential to political stability and the enhancement of the nation's image. His belief that a rapid transformation would threaten the existing order and lead to the alienation of conservative social forces, however, has slowed the pace of change. Some progress has been made toward the economic and social goals of the reform

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program enunciated by Faysal in 1962, but political innovations have been neglected. The program, combined with effective action by the security forces, has prevented overt opposition to the regime and has eased discontent within the society. Nevertheless, there is evidence of dissidence in the officer corps, and the regime remains concerned over subversive activity by Arab radical movements.

In his drive to modernize Saudi Arabia, the King has placed highest priority on the government's plans for development projects, the creation of an industrial base, and the reduction of the country's dependence on revenue from the Arabian-American Oil Company (ARAMCO). Economic development suffers from a shortage of trained manpower, which means that new ventures must rely on foreign workers. Cutbacks in development occurred in the late 1960s because of mounting defense spending and payments of subsidies to Egypt and Jordan pledged at the Khartoum Arab Summit Conference of 1967. Nevertheless, with increasing oil revenues, the outlook for development appears good, provided Faysal is able to maintain political stability.

Economic development, the gradual secularization of society, social progress, and political stability seem likely to continue under King Faysal's rule, but there is no assurance that these trends and programs will survive him. Much depends on whether the ruling family can avoid a prolonged struggle over succession, and on whether the loyalty of the military can be maintained.

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GEOGRAPHY

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I. GEOGRAPHY

Location and area

Saudi Arabia is located near the junction of southwest Asia and north-east Africa. It occupies the major part of the Arabian Peninsula and flanks the shortest sea route (when the Suez Canal is open) between Europe and the Far East. It stretches north-south about 1,000 miles and east-west about 1,150 miles; and it covers an area of approximately 618,000 square miles, about 17 percent that of the continental United States.

Saudi Arabia's extensive desert plains are bordered in the west by rugged hills and mountains that drop steeply to narrow coastal plains or to the sea. The mountains range from 3,000 to over 9,000 feet above sea level and have numerous narrow, steep-sided valleys dropping as much as 6,000 feet below the adjacent jagged crests. The plains have mostly flat to moderately dissected surfaces. In the northwest, sand dunes range from low hummocks less than 50 feet high to long steep ridges rising up to 500 feet; in the extensive Rub' al Khali, dunes reach nearly 700 feet in places.

Most wadis (river beds that are usually dry except during rainy periods) are fed by flash floods that occur chiefly from early November through April but contain water for only a few hours or days each year. Some of the watercourses in the southwestern highlands, however, contain water from early April through October. In most of the interior, the widely separated watercourses have broad, gravelly beds covered by a thin veneer of sand; banks are commonly low and ill-defined. In and near the highlands, numerous closely spaced wadis with boulder-strewn courses form an intricate system of intersecting narrow, steep-sided valleys.

The typical vegetation is sparse desert shrubs, dwarf acacia trees, and tufts of annual grasses separated by large areas of bare ground. In the south and southwest, small areas of brush, trees, and grass dot the better watered hill and mountain slopes and form narrow bands of dense vegetation along some of the wadis. Small coffee and qat bushes (the leaves of which produce a narcotic effect when chewed) and various tropical fruit trees are cultivated on terraced hills and mountains facing the sea. In the interior plains, date palms, small grains, and vegetables are grown in the widely separated oases.

Climate—Saudi Arabia is one of the driest and most cloud-free countries on earth. Annual precipitation averages less than five inches, although in

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some locations in the southwestern highlands rainfall approaches 30 inches. In the south, most of the precipitation comes during the summer as a result of the southwest monsoon. Elsewhere, what precipitation there is occurs predominantly during the winter. The climate is generally hot and humid; during the summer, daily maximum temperatures usually range from about 80 degrees F. to 115 degrees F., but readings near 120 degrees F. have been recorded. At higher elevations near the southwest coast, temperatures sometimes drop to as low as 20 degrees F.

Natural resources

Agriculture—Agricultural activity is restricted to scattered and largely isolated oases because of the scarcity of water. Less than one percent of the total land area is under cultivation, and perhaps 60 percent is used for sporadic and poor quality grazing. Agricultural and pastoral activity accounts for a relatively small proportion of GNP, but represents the source of livelihood for at least half of the total populace. Important crops are dates, wheat, millet, barley, sorghum, and vegetables.

Minerals—Petroleum is the country's principal mineral resource, and estimated reserves are huge (approximately 27 percent of the world's known oil reserves). Natural gas also is present in large quantities. Other minerals include substantial copper deposits, and quantities of fluorite, iron, magnesite, lead, zinc, nickel, platinum, barite, chromite, salt, potash, marble, gypsum, clay, limestone, and glass sand.

Human resources

The total population of Saudi Arabia in mid-1972 was estimated to be about 5.5 million. Unlike almost any other sizable Middle Eastern state, Saudi Arabia enjoys a substantial degree of racial and linguistic homogeneity. The overwhelming mass of the people are Arabs (an estimated 90 percent). Four groups of undetermined size are of foreign ancestry or are looked upon by the indigenous Arab population as outsiders: Negroes, non - Saudi Arabs, non - Arab Muslims (who are located mostly in the Hejaz) and Westerners, who are employed by the oil industry and reside chiefly in the Eastern Province.

The pattern of population concentration runs roughly in three belts across the country from northwest to southeast—one along or near the coastline of the Red Sea, another paralleling the Persian Gulf, and a third along the line of springs and wells of the central oases and wadis.

The annual rate of population increase in 1971 was estimated to be between 2.5 and 2.75 percent. Males are estimated to compose 51 percent of the population; an estimated 70 percent is under age 30.

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ECONOMIC
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II. ECONOMIC BACKGROUND

Growth rates and trends

The most dynamic feature of the Saudi Arabian economy is its petroleum extraction industry. This has been the major force behind the country's economic growth, which has averaged about 8.5 percent annually during the last decade. In 1971, Saudi Arabia was the largest oil producer in the Middle East, ranked third in world oil output, and had approximately 27 percent of the world's oil reserves, the largest store of reserves in the world. Oil surpasses all other sectors of the economy in importance, contributing the bulk of the gross domestic product (GDP) and of government revenues, and constituting almost all exports.

The agricultural sector is largely outside the mainstream of economic growth. Although agriculture and related pastoral activities support about half of the population, they account for only about six percent of GNP. Government services, maritime trades, handicraft industries, construction, commerce, and a nascent industrial sector are the other main economic activities.

Deficiencies in domestic production are reflected in the pattern of imported goods. Food and other consumer products accounted for about 37 percent of imports in 1969 but have declined in importance relative to construction and industrial materials during the past decade. These commodities accounted for about 34 percent of imports in 1969 and probably will increase in relative importance as expansion of petroleum, petrochemical, and other industries continues.

Shortage of manpower has been a major impediment to development. This is the result of a composite of factors, not the least of which is the traditional disdain for manual labor. In addition, much of the potential labor force is ill-trained and, in some cases, ill-disposed to training; this is particularly true of the nomadic tribesmen, who are loath to change their traditional ways. The manpower shortage is compounded by the inefficient use of existing labor, both skilled and unskilled. Because of the shortage of local labor, Saudi Arabia has relied heavily on foreign workers; 300,000 to 500,000 foreigners are thought to be employed in the country.

Since adopting a stabilization program in 1959, Saudi Arabia has operated on a relatively secure financial basis. Throughout most of the

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1960s, large and increasing oil revenues not only supported the government's expanding spending program, but also permitted the country to increase its foreign exchange reserves. This situation was reversed in 1968 and 1969 as mounting defense expenditures and aid payments to Egypt and Jordan inflated the level of foreign outlays and produced deficits in the balance of payments and losses of reserves. Increased oil revenues following the 1971 Tehran negotiations, however, will permit the Saudis to continue their internal development programs while maintaining their commitment to a large defense spending program.

Prospects for the Saudi economy appear salutary because of the increased revenues resulting from the Persian Gulf oil producers' successful demand in May 1971 for a large share of company earnings. Judicious use of oil revenues to carry out development plans should permit the country to grow at a relatively fast pace despite large non-development expenditures. The government has elicited foreign technical assistance in formulating its first long-term plan, a Five Year Plan that will extend through mid-1975.

Major sectors of the economy

The economy of Saudi Arabia has four major sectors: oil and natural gas, agricultural, minerals and metals, and manufacturing and construction.

Oil and natural gas—Petroleum provides over half of Saudi Arabia's GDP, over 40 percent of GNP, some 90 percent of government revenue (including most of the funds for development), and all but a fraction of the country's export earnings. Saudi Arabia ranked third in world oil production in 1971; its output of over 4,750,000 barrels per day represented over one fourth of Middle East output in 1971. Between 1960 and 1969, Saudi output of crude oil increased at an average annual rate of 10.5 percent, as compared with 12.6 percent for the whole Middle East, but in 1970-1971 production increased at a much more rapid rate. About 80 percent is exported as crude oil; about 14 percent as refined products; and the remaining six percent is consumed domestically. Approximately 38 percent of exports go to Japan and most of the remainder to Western Europe.

Crude oil reserves are estimated to be upwards of 157 billion barrels, about 27 percent of the world total. The major oil fields are in the eastern coastal region, in and near the Persian Gulf. The most prolific producing wells are in the offshore Safaniya field and the onshore Ghawar and Abqaiq fields.

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The Arabian - American Oil Company (ARAMCO), with headquarters at Dhahran, produces virtually all the country's oil. ARAMCO is owned by Standard Oil Company of California (30 percent); Standard Oil Company of New Jersey (30 percent); Texaco (30 percent); and Mobil Oil Corporation (10 percent). In early 1972 ARAMCO agreed in principle to 20-percent participation by the Saudi government, and a tentative agreement was reached in October 1972 between Saudi Arabia and four other Persian Gulf countries, on the one hand, and the oil companies on the other, by which the countries will gain 51-percent control by 1983. Other oil companies operating in Saudi Arabia are the Getty Oil Company and the Japanese-owned Arabian Oil Company, which operate the Saudi oil concessions in the Neutral Zone. Exploration activities are being conducted by these three producing companies in the eastern part of the country and by three other European and US oil groups in areas of the south and west. The government oil company, General Petroleum and Mineral Organization (PETROMIN), also is making some oil exploration, but its primary functions are oil marketing and distribution and the financing of industrial ventures.

A 2,000-mile system of pipelines is used to transport oil from the production points to the various processing and export centers in and outside Saudi Arabia. This network, which is owned and operated by ARAMCO, includes the Trans-Arabian Pipeline (TAPLINE), which extends 753 miles from Al Gayesemah in Saudi Arabia to the Lebanese port of Sidon on the Mediterranean coast. This line transits Jordan and Syria as well as Israeli-occupied portions of Syria, and has been interdicted several times in recent years by the fedayeen and the Syrian Government. The pipeline to the eastern port of Ras Tanura on the Persian Gulf is the major carrier of oil. A third major line carries oil directly to the island of Bahrain where the oil is refined.

Although most Saudi oil is exported as crude, a small but growing portion is being refined within the country. In 1971, Saudi Arabia had four refineries with a combined output capacity of 537 thousand barrels per day.

Natural gas exists in large deposits, but only a fraction of the country's reserves, estimated at 50 trillion cubic feet or about two percent of the world total, is being exploited. Most of the output is flared or consumed in the production of oil; only slightly more than one percent is used for industrial purposes. Output of natural gas from 1965-69 increased by about 14 percent per year as a result of the expansion in petroleum output, and it is expected that industrial end uses for gas will increase.

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Agriculture—Agriculture, severely circumscribed by the country's topography, climate, and lack of water, nevertheless provides a livelihood for much of the population. About half of the nation's work force is engaged in farming and animal husbandry. Fishing and forestry are of minor importance.

Agriculture contributed a mere 6.2 percent of the country's gross domestic product (GDP) in FY 1969-70, and is of declining economic significance. The government estimates that agriculture will fall to about 5.4 percent of GDP by 1974-75. Because of low returns from agriculture, most of the rural population lives near subsistence level. The lag in agricultural output relative to food demands has resulted in increasing food imports.

Saudi Arabia has a high level of private land ownership, and the size of farms is growing. According to a 1969 survey, over 90 percent of the agricultural holdings were owned by the farmers; only 5.8 percent were rented. Technology and mechanization have contributed to an increase in the size of farms; the average agricultural holding in 1969 was approximately 10 acres, or nearly double that of six years earlier. By far the largest concentration of farmers is in the rain-fed southwest area, where a high percentage of the land is under cultivation. Virtually all holdings there are privately owned.

Dates are the most important single crop produced and exported by Saudi Arabia; output in 1967, the most recent year for which information is available, was 380,000 metric tons, the largest such crop in the world. Important field crops are wheat, millet, barley, and sorghum. Vegetables, principally melons, tomatoes, and pumpkins, are an increasingly important part of the country's agricultural production.

Although animal husbandry contributes less than two percent of GDP, it is the major means of livelihood for the nomadic one third of the population. The camel continues to be the most important member of the livestock family, followed by sheep and goats, cows, donkeys, poultry, and horses.

Minerals and metals—Production of non-petroleum minerals and metals remains small and underdeveloped despite government efforts to develop the considerable potential of the mineral and metal sector, in 1969 this sector contributed only 0.4 percent of GDP, approximately \$11 million. The three principal products are lime, cement and gypsum. The greatest potential exists in the western provinces, which have deposits of gold, silver, copper,

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lead, zinc, fluorite, and soapstone. Deposits of iron ore, some of very high metal content, exist at three major locations: Jabal Idsas near Riyadh, Wadi Sawawin near the Gulf of Aqaba, and Wadi Fatimah near Jidda. Small amounts of iron ore are being mined and used in the cement industry and in the Jidda steel mill, completed in 1967. The capacity of the steel mill is small, about 45,000 tons per year, less than half of domestic consumption.

Manufacturing and construction—Manufacturing and construction constituted six to seven percent of GDP during the period from 1961 to 1970. Manufacturing accounted for 2.1 percent and construction for 4.5 percent in 1969-70.

Manufacturing is dominated by small, privately owned enterprises, many of which have sprung up in recent years to serve the expanding urban markets. In addition to traditional items such as leather goods and wood products, manufacturers are catering to the growing demand for plastics, foam rubber, and detergents. Other items produced on a limited scale include paper, furniture, and clothing.

The government is attempting to develop heavy industry, largely in the field of petrochemicals. The Saudi Arabian Fertilizer Company (SAFCO) began producing ammonia and urea fertilizer from natural gas feedstocks in mid-1969. A sulfur plant, a joint venture between PETROMIN and Occidental Petroleum Company which will recover sulfur from natural gas is under construction and is expected to produce 650 tons per day.

The expanding petroleum industry has led to increased activity in the construction industry. In addition to petroleum facilities, roads, ports, airports, water projects, communications facilities, factories, and hospitals, have been financed by earnings from the oil industry.

Both the manufacturing and the construction industries face a shortage of qualified workers and are handicapped by the government's cumbersome codes and materials specifications. Inadequate domestic output forces industry to rely heavily on costly imports of raw materials.

Transportation and communications

Saudi Arabia has few transportation and telecommunications systems and facilities. Existing networks are concentrated in the Persian Gulf region, around Riyadh in the interior, and along the Red Sea Coast. Riyadh is the focal point of the 5,200-mile road network, which connects the more

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important localities. A significant regional network links Riyadh with the oil fields and Persian Gulf marine terminals. The southeastern part of the country is virtually without roads. About 600 miles of highways are either built or improved annually, but shifting sand, rock slides, intense heat, and scarcity of water present formidable construction and maintenance problems.

There is one railroad in operation, a 4-foot 8.5-inch gage, single-track line that runs from Riyadh to the oil fields and on to its terminal at Ad Dammam. The line, which is 352 miles long, was built by the US. A second railroad—the former Hejaz line of World War I—between the Jordan border and Medina is inoperable, but consideration is being given to repairing it.

The country's best port facilities are at Ad Dammam and Ras Tanura on the Persian Gulf and were developed to serve the petroleum industry. The ports on the Red Sea coast are less developed; of these Jidda is the most important. The country has a modest merchant fleet (ten ships of 1,000 g.r.t. and over); foreign-flag ships carry most of the petroleum exports. There are no inland waterways in Saudi Arabia.

Civil aviation is of growing importance, especially for international transportation of passengers and non-bulk cargo. Domestic service is provided mainly by the national flag carrier, Saudi Arabian Airlines (SDI), which has 25 major transport aircraft, and by private oil companies to serve their own needs. Nineteen foreign airlines connect Saudi Arabia with 36 other countries, and SDI has flights to 21 foreign countries. The airfield system is largely undeveloped and widely scattered, except for a concentration of fields in the Persian Gulf region. Major international airports are located at Jidda, Riyadh, and Dhahran.

Telecommunications facilities have not been extensively developed, and only certain areas, such as Riyadh, the oil fields, and the coastal areas, have adequate service. Domestic wire and radiocommunication networks are inadequate. Transportation and telecommunications systems, except for those of foreign oil companies, are owned and operated by the government.

Foreign trade and balance of payments

Imports and Exports—Foreign trade is of much greater economic significance in Saudi Arabia than in most countries of comparable wealth and size. Imports constituted about one sixth and exports nearly three fifths of Saudi Arabia's GDP in 1966-67. Oil is of overriding importance in Saudi

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export trade, accounting for all but \$5 million of the country's \$1.8-billion exports in 1969. A yearly growth in exports of 9.5 percent reflects the expansion in oil extraction. Petroleum is exported almost exclusively to hard-currency, non-Communist countries; Japan is the major customer, followed by West Germany, Italy, the UK, France, and the US. Lebanon, Bahrain, and Jordan import small amounts of petroleum for use in their refineries. Small quantities of barter oil have been delivered by PETROMIN to Romania for credits on equipment. Most non-oil exports, mainly dates, processed fish, jewelry, and leather, go to neighboring Arab countries.

Imports have grown faster than national output, reflecting the inability of domestic production to satisfy consumer demand. During the past ten years imports rose by over 15 percent annually; in 1969 they amounted to about \$839 million, or 45 percent of exports. During this period, there was a structural shift from consumer goods to industrial supplies and capital goods. Though increasing in absolute amounts, consumer goods declined from 50 percent of imports in 1960 to about 37 percent in 1969. Meanwhile, industrial and capital goods rose from 20 percent to 34 percent of total imports, reflecting the growth in petroleum and other industrial facilities. The oil companies alone account for an estimated one fourth of total imports. Major sources of imports are Western Europe, the US, and Japan. The major Arab supplier is Lebanon; its shipments, largely re-exports, accounted for about ten percent of Saudi Arabia's total imports in 1969.

Balance of payments—Saudi Arabia's balance of payments in 1970 ended with a \$59 million surplus, in contrast with the deficits of over \$100 million in the preceding two years. Whereas the decade of the 1960s was marked by a steady downward trend in surpluses, the trend for coming years is expected to be reversed. The impact of the higher postings and tax receipts obtained in November 1970 and again in February 1971 is only beginning to be felt and, although the government will probably maintain its substantial foreign aid commitment and continue to expand development and military procurement plans at a rapid rate, these will be offset by higher receipts than the Saudis can spend. Foreign exchange earnings, reflecting the country's favorable balance of payments, grew in 1970 by some 13 percent over the preceding year and by a remarkable 90 percent in 1971, reaching \$1.69 million.

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POLITICAL
SITUATION
AND TRENDS

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III. POLITICAL SITUATION AND TRENDS

Historical background

The history of the Arabian Peninsula is largely an account of pockets of settled civilization, subsisting mainly on trade, in the midst of nomadic tribes which depended mainly on camel breeding and raiding for their livelihood. The earliest urban settlements developed in the southwest, where the Minaean kingdom was established as early as the twelfth century B.C. The Minaean kingdom was succeeded by the Sabaeen and Himyarite kingdoms, which lasted until the sixth century A.D. As a trading station between east and west, southern Arabia was brought into early contact with the Persian and the Roman empires, and was subject to the influences of Judaism, Zoroastrianism, and later Christianity.

By the end of the sixth century A.D., the center of growth had shifted to the towns of At-Ta'if, Mecca, and Medina. The southern regions fell under the control of Persia, but the Hejaz area grew in independence and importance as it became a trade route between the Byzantine Empire, Egypt, and the East. From the fifth century Mecca was an important commercial center. Meanwhile, the central deserts remained nomadic, and the east coast had also been drawn into the Persian sphere of influence.

In the seventh century the Arabs made a spectacular breakout from the peninsula, extending their political and social domination over an area reaching from Spain to northern India. The driving force behind this movement was Islam, preached by Muhammad, a member of the Quraish tribe in the Hejaz. Islamic unification of the Near and Middle East reduced the importance of the Hejaz as a trade route, but Mecca became the center of pilgrimage for the Muslim world. Meanwhile, most of Arabia had drifted back into disunity, and the peninsula continued to be restless and unsettled until the beginning of the sixteenth century, when Ottoman sultans at Istanbul established a tenuous suzerainty over the area.

The Najd region in the center of Arabia was the scene of an Islamic religious revival launched in the mid-eighteenth century by the puritanical and reforming Wahhabi movement. The strength of the movement ebbed and flowed for over a century, but by the outbreak of World War I 'Abd al-'Aziz ibn Sa'ud, later King of Saudi Arabia, had established himself as master of central Arabia and the Hasa coast on the Persian Gulf.

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The Hashemite Sharif of Mecca, Husayn, was still in control of the Hejaz, however, and when Turkey entered the war on the side of Germany in October 1914, the British, interested in undermining Turkish influence in Arabia, opened negotiations with Husayn. The Sharif was inclined to favor the allied cause and, although initially reluctant to act on this inclination, proclaimed Arab independence and declared war on the Turks in June 1916.

By the end of the war, Ibn Sa'ud's stature had been enhanced, and by late 1921 he had succeeded in eliminating some of his chief rivals in Arabia. In March 1924, when Husayn of Mecca laid claim to the title of Caliph left vacant by the deposition of the Ottoman Sultan, Ibn Sa'ud declared him a traitor and overran the Hejaz, capturing Mecca and forcing Husayn's abdication. Husayn's eldest son, Ali, continued to hold Jidda for another year before he too was driven out, and in January 1926, Ibn Sa'ud proclaimed himself King of the Hejaz.

Ibn Sa'ud's new status was recognized by Britain in the Treaty of Jidda (1927), and he, in turn, acknowledged Husayn's sons, Abdullah and Faysal, as rulers of Transjordan and of Iraq, respectively. Ibn Sa'ud also recognized the special status of the British-protected sheikhdoms on the Persian Gulf. The northern frontier of his domains had previously been established by agreements of 1925, and in the south a border war with Yemen was settled in 1934 after protracted negotiations.

During the years that followed, Ibn Sa'ud was absorbed in the task of unifying the country. He introduced a program to settle the nomadic population and suppressed Bedouin unruliness. But the most far-reaching event in the modern history of the country was his decision in 1933 to grant a concession to what is now the Arabian-American Oil Company (ARAMCO), for oil prospecting and exploitation.

In late 1953, Ibn Sa'ud died, and his son Sa'ud ascended the throne. Sa'ud introduced a Council of Ministers and appointed his half-brother, Crown Prince Faysal, prime minister and foreign minister, but retained control of all essential domestic and foreign policy.

King Sa'ud used part of the rapidly increasing oil revenues for development, but retained such huge amounts for himself and his family that the government's economic and political position began to deteriorate. In early 1958, a financial crisis caused the royal family to force the King to transfer executive responsibility to Crown Prince Faysal. The ensuing struggle between the King and the Crown Prince reached a climax in November 1964,

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when the royal family forced Sa'ud from the throne and proclaimed Faysal king.

Under King Faysal, stability and limited reforms have occurred. The King is attempting to introduce political, social, and economic changes without eroding the foundations of the monarchy or alienating the traditional conservative supporters of the regime.

Structure and functioning of the government

Central government—The central and dominating institution of the government is the monarchy. Those powers that Faysal does not exercise personally or with the help of intimate advisers have been assigned to subordinates in the administrative or judicial hierarchy. Nevertheless, Faysal cannot run the state without taking into consideration the attitudes of the extensive royal family and its collateral branches, and he holds regular public audiences during which citizens can petition the King.

Saudi Arabia has no written constitution. Instead it operates under a fairly complex set of rules based primarily on the Sharia (Islamic law). Conservative Muslims believe that the Sharia provides a complete corpus of ecclesiastical, constitutional, criminal, civil, personal, and commercial regulations for all human activities. Since the Sharia does not cover the whole range of human activities, particularly in the modern setting, questions of modification and interpretation are arising with increasing frequency, and in recent decades, numerous legal codes have been added to supplement and modify the Sharia system. Wahhabi religious scholars have opposed suggestions that a secular constitution be written.

There is no legislative body in Saudi Arabia. Laws are promulgated by the king in the form of codes and regulations. Normally he consults with the Council of Ministers, members of the royal family, personal advisers and, occasionally, the Consultative Council. The process is likely to be as complex as that in many formal legislative bodies, although discussions are secret and there is no popular representation.

When Faysal became king in 1964, he retained the positions of prime minister and minister of foreign affairs for himself. The crown prince, as heir apparent, is second in importance in the Saudi Arabian hierarchy only to the king. In March 1965, Prince Khalid ibn 'Abd al-'Aziz, half-brother of King Faysal, was designated crown prince. The selection of the crown prince is primarily the responsibility of the king; although the royal family must approve the king's choice, there is no formal election process. In both

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Islamic and Sa'ud family practice, the eldest qualified male in the family is named crown prince; succession by primogeniture is not followed.

Crown Prince Khalid, who suffered heart attacks in May 1970 and underwent cardiac surgery in early 1972, has not performed effectively in his role, and there is family opposition to his ever assuming the monarchy. Complications surrounding succession may arouse sharp dissension within the royal family, possibly jeopardizing the peaceful transfer of power, and even the dynasty itself.

As the activities of the central government began to expand in the late 1950s, numerous ministries were added. By the end of 1972, there were 14. The four key ministries (Foreign Affairs, Defense and Aviation, Finance and National Economy, and Interior) are headed by members of the royal family, while the remaining posts are occupied by commoners, most of whom are proteges of leading members of the ruling family or are technicians.

The Council of Ministers, created in 1953, consists of a president and a vice president (usually referred to as the prime minister and the deputy prime minister), the heads of the ministries, ministers of state designated by the King, and any other advisers appointed by him. The resignation of the prime minister requires the resignation of the entire Council of Ministers.

The Council's functions include, in theory, determining national policy in all domestic and external matters, including defense and economic affairs. In practice, however, the king's role as the center of authority and his retention of the offices of prime minister and foreign minister prevent either formulation or control of domestic and foreign policy by the Council. The Council appears, in fact, to be no more than a rubber stamp for the king. Nevertheless, it provides the king with an opportunity to hear and test the views of different political forces, [REDACTED]

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An elaborate organizational structure assists King Faysal. The members of the small Royal Cabinet, the Royal Advisers, and the personnel attached to the Royal Protocol Office, whose functions somewhat resemble the Executive Office of the President in the United States, have more an advisory than an executive role.

Judiciary—A separate, centralized, and coherently organized judiciary with a secular orientation has not yet developed in Saudi Arabia, although

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there has been some progress toward establishing such a system. In 1962 the reform program advanced by then - Crown Prince Faysal contained a proposal that a Justice Ministry, an office of the Public Prosecutor, and a Supreme Judicial Council be created. A tentative step was taken in December 1967, when a seven-member Supreme Judicial Board was organized, but opposition by the ulama, a body of Muslim learned men, was sufficient to delay the reorganization and secularization of the judicial system until late 1970. After lengthy discussions, a Ministry of Justice was formed in September 1970. Only about 20 people in the country have had modern legal training.

As the leader of the Islamic community, the king is the repository of judicial power and is the final authority to whom appeals may be made under Sharia law. Theoretically, the law exists independently of the king and he is subject to it; the Sharia does not recognize the theory that the king can do no wrong. Nevertheless, the king is the head of government and is responsible for the issuance of decrees and regulations which may or may not be in accordance with the Sharia. King Faysal has used his authority warily, trying to maintain a balance between the forces of judicial tradition and modernization. Below the monarch, the judicial system is fragmented, power relations are unclear, and its elements are often in conflict. In part, the king exercises his judicial power through amirs (provincial and district governors) acting on the advice of religious officials. The judicial and quasi-judicial power of the muftis and qadis (judges) who constitute the ulama has diminished in recent years, but their behavior and values are still an influence on the king. Until recently a few senior men of the ulama held a monopoly on managing judicial-religious affairs in the kingdom.

The mufti's chief task is to issue advisory opinions (fatwa) on whether the king's government and his decrees are consistent with the Sharia. The centralization of the Saudi regime, however, has relegated the muftis to a less influential position, and they now rarely disapprove publicly of the king's decrees.

The current organization of the religious or Sharia courts is basically uniform throughout the country, but administrative details vary from province to province. There are more than 200 Sharia courts and about 300 judges. All qadis are appointed from the administrative headquarters of the Chief Qadi in Riyadh. Because judges are often not aware of, or bound by, precedent, there is some divergence among the various courts in the administration of justice.

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Commercial Disputes Arbitration Boards, which came into being in 1965, are the nearest thing to a secular court in Saudi Arabia. They sporadically apply principles of Western jurisprudence and international law, but they are severely hampered by the opposition of the qadis, who view them as interlopers in their domain. Weak in both administrative structure and legal procedure, the boards have had to borrow heavily from the traditional Sharia system. They do not have the power to require persons to appear before them and must rely for the enforcement of their decisions on local amirs and police, who have not always proved to be effective instruments.

Civil and religious rights and privileges have never been recognized in Saudi Arabia, either by the state or by the king. The status of Christians and non-Wahhabi Muslims in the country's courts is inferior. Oaths and testimony by non-Muslims are often discounted, particularly if they are contrary to a position taken by a Muslim.

Provincial and local government—Saudi Arabia is divided into 18 administrative areas. Six of these—the Eastern Province, Mecca, Medina, Riyadh, Ha'il, and the Northern Frontiers—are major amirates and their governors officially report to the minister of the interior. Governors of the other amirates report to a deputy minister. Although many of the provincial governors are leading members of the royal family and its branches and powerful figures in their own right, the provinces are tied closely to the central government. Most local representatives of central government ministries report directly to their ministries in Riyadh, though they receive nominal supervision from the provincial governor.

The growth of towns in Saudi Arabia led to the issuance of the Municipal Regulations of 1938, which still stand as the outline of government for the larger urban areas. The Municipal Regulations prescribe a complex structure, including municipal and administrative councils and municipal general assemblies, for the governing of cities. No city, however, completely adheres to this prescription.

Political dynamics

Political life in Saudi Arabia revolves around the royal family, which has fairly successfully maintained its cohesion. Political conflicts are for the most part the result of personality differences and the struggle for succession within the royal family, rather than policy or ideological disagreements. Final authority rests with King Faysal, although the advantages of political

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participation are recognized in the process of consultation that has traditionally existed between the ruler and the ruled. Although there are no organized opposition groups, dissatisfied elements have emerged as a result of the major changes in the social and economic system.

The inner workings of the royal family are closely held, and the policy makers and the procedures by which significant decisions are reached are difficult to pinpoint. Even the size of the Sa'ud family is unknown, although some speculate that its several branches may total 5,000 members. King Faysal has made an effort to refurbish the image of the royal family, which had eroded during the regime of his predecessor and was damaging the long-range prospects of the dynasty.

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More and more young members of the royal family are becoming working members of the civilian and military bureaucracy.

The large royal family is King Faysal's most important constituency, and he must give careful attention to the demands of its members. Within the family, there are several major political factions. The most talented, aggressive, and clannish group within the royal family is composed of seven full brothers—half-brothers of Faysal—often referred to as the "Sudayri Seven." Six of the brothers occupy key government positions. The acknowledged leader and oldest of the group is Prince Fahd, minister of interior and second deputy prime minister. The other members are Sultan, minister of defense and aviation; Nayif, deputy minister of interior; Turki, deputy minister of defense and aviation; Salman, amir of Riyadh; Ahmadn, deputy amir of Mecca; and 'Abd al Rahman.

Another group of princes—also half-brothers of Faysal—believed often to act in concert is clustered around Crown Prince Khalid and his older full-brother Muhammad. This group is believed to include the National Guard Commander, Prince 'Abdullah, and several other royal princes. A number are thought to have strong ties with the tribes. Prince Abdullah, although inexperienced in state affairs, is believed to be a potential rival of Prince Fahd and his group. Other half-brothers of King Faysal are thought to be of limited importance because of a lack of interest in public affairs or because of personal shortcomings.

In March 1965, King Faysal issued a public proclamation designating his half-brother, Deputy Prime Minister Khalid, as crown prince and heir to the throne. The government has attempted to build up Khalid's image by

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issuing an official biography claiming for him substantial military and political achievements, an education by the ulama, an intimate knowledge of the Sharia, and familiarity with the petroleum industry. Khalid has suffered several heart attacks and has had cardiac surgery, and there are rumors that he might step down as crown prince. Should he die or step down, Prince Fahd, the minister of interior, would be the likeliest candidate for crown prince, but he has rivals and detractors within the royal family.

The small ruling elite includes a layer of privileged individuals just beneath the royal family. Their claims to elite status are based in some cases on family ties, wealth, and prominence in narrow spheres of activity, and in other cases on personal talents useful to the regime. The ulama, the group that once possessed the strongest influence on the tribal and theocratic government of Wahhabi Saudi Arabia, is now only one of several important special interest groups attempting to influence national policy. The socio-political usefulness of the ulama is magnified by the fact that an instruction issued by the Grand Mufti is certain to be repeated in sermons given in mosques throughout the kingdom.

The tribal leaders are of diminishing political importance. Although the royal family still has emotional ties to many of the tribes, which supply the monarchy with levies for the National Guard, it is doubtful that the tribes retain much influence in decision-making.

Supporters of traditionalism have considerable influence on the royal family in such matters as religion, business, and tribal affairs. They are concerned with perpetuating the patriarchal system, regionalism, and family loyalties. They are accustomed to Saudi cooperation with the United States, but are sensitive to the issue of Saudi sovereignty; they distrust and oppose Communism; and they thoroughly detest Israel.

The modernists, drawn primarily from the embryonic middle class, are working for extensive internal reforms of political, economic, and social institutions. This group, which includes persons educated abroad, many young military officers, and some members of the business community, tends to be sympathetic to Western social and political concepts and resents the deference the government still pays to the ultraconservative Wahhabi sect.

These middle-class reformers believe the individual should be given a more secure stake in his community through job permanency and more material possessions, and they hope to broaden opportunities by breaking down rigid barriers of personal status and rank. They want the country's oil

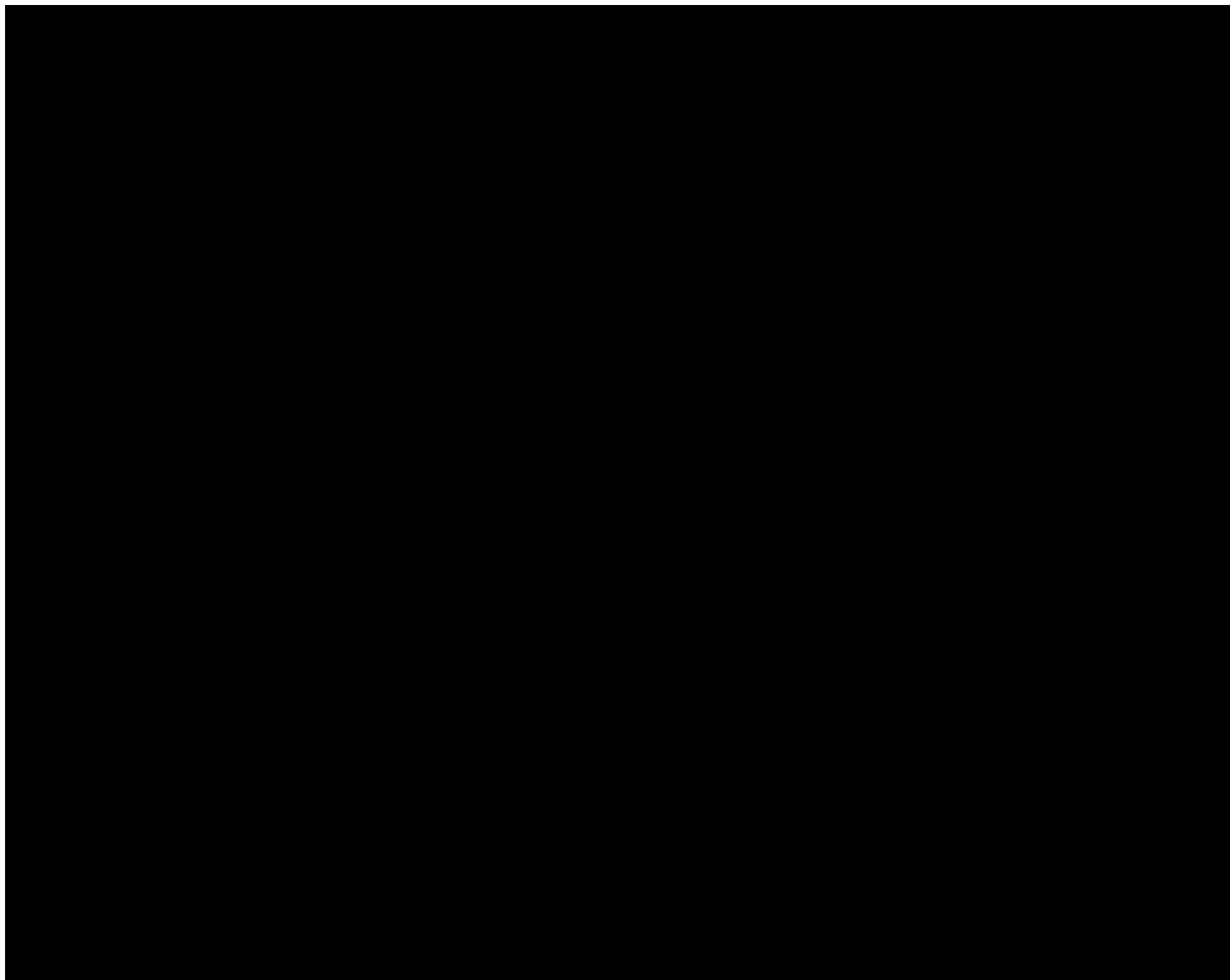
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income to be more equitably distributed, and the sluggish governmental machinery to be modernized. Some reformers believe that their desires can be fulfilled within the existing political system, others want basic modifications of this system, and still others seek the overthrow of the present regime. Although the degree of popular backing for each of these tendencies is concealed, it is clear that the politically aware are dissatisfied with the present pattern of rule. Faysal's cognizance of the modernists' dissatisfaction may have had an indirect influence on his internal reform program.

Political parties—Neither political parties nor trade unions exist, and the government places strict limits on the formation of clubs or other organizations that might assume political functions. The regime has not found it necessary or desirable to create government-organized and controlled political bodies, such as Egypt's Arab Socialist Union.

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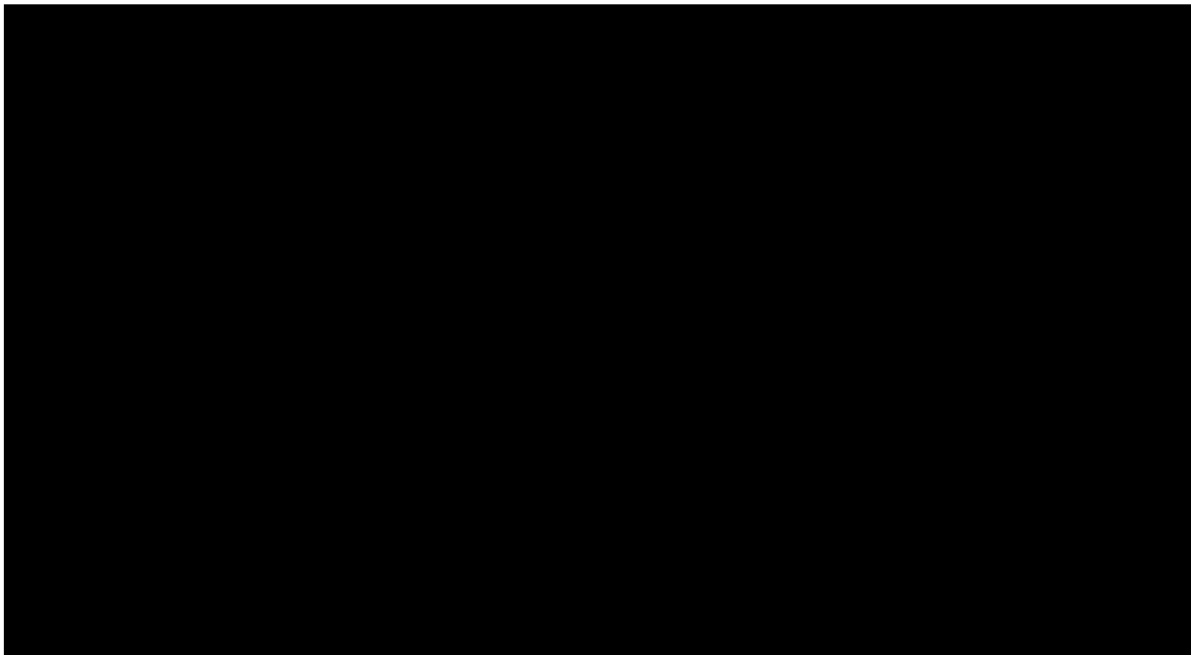


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Police—The national police and security forces, organized in the DGPS under the Ministry of the Interior, are charged with preserving order throughout the country. The directorate's responsibilities include crime prevention and detection, control of vehicular traffic, and the investigation, apprehension, and prosecution of subversive elements.

The strength of the DGPS is estimated to be 21,000, of whom 4,000 are civilians. About one third of the uniformed public security force is located in urban areas. Personnel are generally illiterate, inexperienced, and underpaid, and the force is unreliable during periods of serious trouble.

Saudi Arabia is divided into 27 directorates of police, exclusive of the Eastern Province, which has its own separate organization directly answerable to a deputy director in the DGPS who is responsible only for this province. Each police directorate is divided into precincts and posts, which are commanded by uniformed officers who delegate much of their authority to umdas (comparable to mayors). The post of umda traditionally goes to a member of a respected and well-known family in the area, and it is the duty of the umda to know each person living in his community.

The police college, known as the Internal Security Forces Officers' College, offers two- and four-year courses for recruits with varying levels of education. After receiving domestic training, some Saudis have been sent to the United States to study police administration.

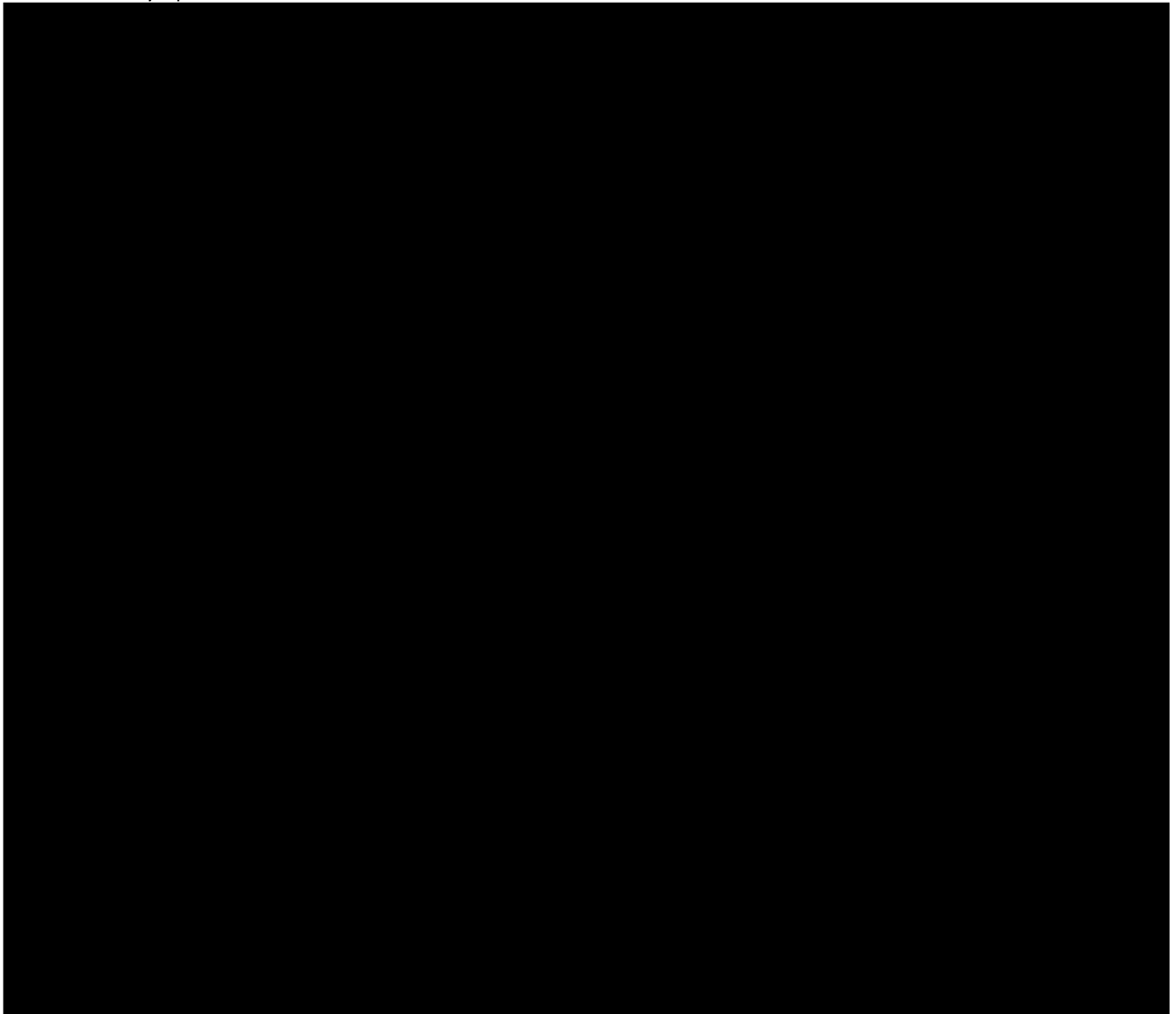
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The DGPS is attempting to modernize its forces by procuring new and sophisticated equipment. Until recently, the security organizations' communications between cities and between offices within cities were dependent upon an inadequate telephone system, the public radio-telegraph system, couriers, and regular mail service. The DGPS now has improved radio systems and teleprinter units, and it probably has limited audio surveillance equipment.

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Paramilitary security forces—The 32,000-man National Guard, formed in 1956 from the remnants of the old Bedouin armed force, is a paramilitary force commanded by a half-brother of the king. Its mission is to maintain internal security, and it assists or in some cases supplants, the regular police forces. The National Guard is believed to be a powerful supporter of the monarchy and of the royal family. It has assisted the armed forces in resisting external aggression, but is not capable of conducting sustained, organized warfare.

The National Guard has two types of units: the firqah or regular units, and the liwa or irregular units, plus a cavalry regiment and one 800-man police and guard regiment. The firqah units, which work under the guidance of British and Jordanian advisers, are recruited from various areas of Saudi Arabia and are identified with no specific tribal group. The liwa, on the other hand, consist of tribesmen recruited from a single tribe and are under the leadership of local chieftains.

The Coast Guard and Frontier Force guards the coastline and the land frontier of the kingdom and reportedly has responsibility for physical security at some petroleum installations in the Eastern Province. The force maintains 138 patrol posts, as well as some mobile patrols, and its maritime section is equipped with 178 craft, ranging from seven-foot fiberglass dinghies to 70-foot steel diesel cutters. Personnel strength is estimated to be about 6,500, of whom 300 are civilians.

The 90-man Directorate of Technical Services (DTS) is responsible for providing the other security components of the Ministry of Interior with technical assistance and with centralized support in such fields as records maintenance, communications, and research and analysis. Little use seems to have been made of these services by other security forces, however.

The Directorate of Fire Brigades, also known as the Civil Defense Force, is responsible for all civil defense activities in a national emergency. Its normal functions are routine firefighting, rescue work, and fire prevention. The directorate's personnel number approximately 2,000.

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SUBVERSION

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IV. SUBVERSION

Communist subversion

Communism presents no major threat to political security in Saudi Arabia. Communist doctrines have had little appeal, and countermeasures by Saudi Arabian intelligence and security forces have created an environment inhospitable to the development of a Communist movement. The government refuses to establish diplomatic relations with Communist states, and Communist nationals rarely enter the country. The aid and direction that Communist officials in embassies and cultural centers could provide are thus denied Saudi Arabian dissidents. No substantial Communist organization exists in Saudi Arabia outside the Eastern Province, and even there the organization is limited to a group of cells of industrial workers and perhaps several cells in the local offices of some government ministries. In recent years the Saudi Arabian National Liberation Front (NFL) has been thought to be the Communist Party front organization in the country.

Non-Communist subversion

Various unorganized elements in Saudi Arabia advocate changes in the Saudi system ranging from rapid social and economic reform to the replacement of the monarchy with a republic.

Although little is known about the organizations of these elements, they probably draw their greatest strength from the civilian and military bureaucracy, intellectuals, and students. They have been severely handicapped by factionalism, however, and by their failure to agree on methods to achieve their goals; hence, they present little threat to the government.

The clandestine Saudi Arabian branch of the Arab Nationalist Movement (ANM), believed to have been founded in 1961 by a Palestinian Arab, aims at the overthrow of the Saudi monarchy and its replacement by a system based on Arab socialism. Other declared goals of the ANM are Arab unity, elimination of all capitalist "exploitation" and other "vestiges of colonialism" in Arab countries, and the liberation of Palestine. It is thought to be a small organization with 200-300 members, but its significance is increased because of its ties to the Kuwait and the Bahrain branches of the ANM and to George Habbash's Popular Front for the Liberation of Palestine. Most members of the ANM in Saudi Arabia are workers and students in the Eastern Province.

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The Ba'th Party—The Saudi Ba'th party probably has only a few hundred members, primarily foreign-educated "intellectuals." Many Syrian workers in Saudi Arabia, however, are believed to belong to the Ba'th Party and the party's operations are apparently under the direction of the Syrian Embassy. Ba'thist ideology has little appeal for Saudi dissidents, and the activities of Ba'th Party members in Saudi Arabia, most of whom are located in Jidda, Riyadh, and Ad Dammam, have been largely restricted to the clandestine distribution of anti-regime pamphlets.

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ARMED FORCES

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VI. ARMED FORCES

Defense organization

The armed forces of Saudi Arabia consist of an army, a navy, an air force and several paramilitary forces totaling over 100,000 men. King Faysal is the supreme commander of all military and paramilitary organizations, but much of his authority is exercised through his younger half-brothers, Minister of Defense and Aviation Prince Sultan and National Guard Commander Prince Abdullah. The Public Security Force and the Coast Guard and Frontier Force are under the control of Minister of Interior Prince Fahd, who also reports directly to the King. (See section on Security Forces for information on the paramilitary forces.) The minister of defense and aviation controls and administers the three regular forces through a general staff headed by the chief of staff.

Although the army, navy, and air force theoretically are co-equal, in practice the army is the dominant service. With a strength of 37,000 men, the army is capable of conducting limited border operations against the states and principalities of the Arabian Peninsula and of assisting the National Guard in controlling internal disorder and insurgency, but it is not capable of conducting coordinated combat operations against a modern military force. The army does not compare favorably with the armies of neighboring Jordan, Iraq, or Iran. It has a quantity of modern conventional weapons and equipment and is approaching the optimum strength that can be supported by indigenous Saudi manpower resources without conscription or added incentives. It suffers from inefficient training, poor discipline, lack of trainable manpower, poor logistics, a centralization of authority that stifles initiative, and an over reliance on foreigners for maintenance, training, and operational functions.

The army is organized into four regiments of approximately 2,700 men each, with attached combat and service support elements. In addition, there are two separate airborne battalions, three field artillery battalions, one special guard battalion, one tank battalion (with a total of five companies), one reconnaissance battalion, and five military police companies. There are also, as part of the Saudi Arabian Joint Air Defense Command, ten Hawk missile batteries and 16 antiaircraft artillery batteries. With US assistance, an army reorganization is now under way, which will improve command and control and increase firepower. The reorganization is expected to be completed by 1975.

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The Saudi Army's primary weakness is a lack of trainable manpower. With an illiteracy rate of about 90 percent, there are not enough educated people available in the country to support the army's skilled manpower requirements. Training schools are under the Headquarters of the Army Schools Command at Taif and include branch service schools, specialist schools, officer schools, and recruit training centers. The United States Military Training Mission monitors the army's school system, and Saudi Arabia also seeks military advice from the British, French, and Pakistanis.

The Royal Saudi Naval Force (RSNF), neglected for the first ten years of its existence, has been expanding since early 1967. Realizing that a shift of power in the Persian Gulf would take place upon British withdrawal in 1971, the Saudis began to place more emphasis on naval development, and since February 1969, the navy has been assigned a relatively autonomous role under the Ministry of Defense and Aviation. The most recently developed expansion program calls for establishment of new port facilities and operations in both the Red Sea and the Persian Gulf. Virtually all in-country Saudi naval activities and resources are now concentrated in the vicinity of Ad Dammam on the Persian Gulf, the site of Saudi Arabia's only naval base.

The RSNF commander, who exercises personal control over the navy's six ships (soon to be expanded to 19, with US assistance) and the minuscule shore establishment, is assisted by a staff divided into four sections: operations, administration, personnel, and supply. Directly responsible to him are three co-equal officers commanding the operating force, the training center, and the supply section.

The navy relies on foreign assistance for training, logistical support, and naval materiel. Initially, Saudi naval officers received much of their training in Egypt. A US Military Training Mission established in 1963 selected Saudi naval personnel to participate in occasional Persian Gulf cruises aboard US destroyers. Pakistan is playing an increasing role in training Saudi naval personnel. Over 100 Saudis are in Pakistan attending either the two-year naval technician program or the Naval Academy.

The primary missions of the Royal Saudi Air Force (RSAF) are troop and cargo transport; control and defense of Saudi airspace against foreign intrusion or air attack; and air search and rescue. The RSAF is gradually developing its potential with massive foreign assistance, but it has only a marginal capability to carry out its missions. The RSAF has 12 operational squadrons. Its command structure runs from the RSAF commander through

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base commanders to operational unit commanders. The RSAF commander exercises virtual direct operational control over his units.

The air force has grown rapidly since 1965 and now consists of 141 (92 jet) aircraft and approximately 5,800 personnel, including 135 pilots. Most of the aircraft are of US or British origin; types include Lightning interceptors, F-86 fighters, BAC-167 trainers, T-33 trainers, C-130 transports, C-140 transports, helicopters, Cessna-172 trainers, and a Cessna-310 light transport. The US has agreed, as part of a modernization program for the air force, to sell Saudi Arabia 20 F-5B and 30 F-5E aircraft.

The RSAF places strong emphasis on training. The jet training program, aimed at upgrading Saudi pilots to the Lightning aircraft, has been in progress since 1968. Most pilot and maintenance training is contracted out to foreign corporations, usually to the same companies supplying the aircraft or equipment. The Pakistani Government has a large force in Saudi Arabia working side by side with Saudi Air Force personnel. Most flight training takes place at Dhahran and Riyadh.

Manpower

As of early 1971, Saudi Arabia had 969,000 males aged 15-49 of whom about 54 percent were physically fit for military service. The average number reaching military age (18) annually between 1971 and 1975 is projected at approximately 45,000. There is no conscription system in Saudi Arabia; the normal term of enlistment is three years. A voluntary program of home-guard training for civilians was instituted in January 1963, but there still are no reserves with adequate training in modern military weapons and tactics.

Defense budget

Saudi Arabian defense expenditures have increased from \$183.7 million in FY 1966 to \$762.2 million in 1972 in an effort to expand, modernize, and generally improve the capability of the defense forces. The defense budget for FY 1972 constitutes 29.7 percent of the national budget.

Logistics and major weapons

The armed forces are almost completely dependent on foreign assistance for logistic support. The US provides the major portion of military hardware, although competition from Western European and Pakistani interests is encouraged by Saudi Arabia to keep prices down and avoid total

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dependence on one source. Periodic and emergency repairs on Saudi naval vessels are done at Bahrain under contract services, although some minor repairs can be performed at Ad Dammam. There are two new British-built aluminum floating dry docks, one at Jidda harbor and the other in the Persian Gulf. An ammunition factory capable of manufacturing .22 caliber through 81-mm. mortar rounds and two G-3 (NATO 7.62-mm.) rifle factories are located at Al Kharj.

The RSAF is totally dependent on foreign sources of supply, except for POL products. Most equipment is either of British or US manufacture, and the aircraft maintenance system is patterned after that of the US Air Force. Perhaps the most serious continuing logistic problem is the inability to move men and equipment rapidly throughout the kingdom. This deficiency has been somewhat alleviated by the acquisition of C-130 transports by the air force.

Major weapons in the hands of Saudi ground forces include tanks, armored cars, mortars, field artillery, and Hawk air defense missiles (ten batteries). The navy has one motor gunboat, three PT boats and two service craft. The air force has some 140 aircraft (92 jet, ten turboprop, nine propeller) and 29 or 30 helicopters.

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VII. FOREIGN RELATIONS

The policies of Saudi Arabia toward the Middle East have for much of King Faysal's reign been conditioned by Faysal's premise that the country is under siege by external enemies who, by subversion and propaganda, are attempting to destroy the Saudi monarchy and establish a radical regime. The trend toward moderation in much of the Arab world, however, has somewhat lessened Faysal's fears and his preoccupation with the alleged designs of other Arab regimes on Saudi Arabia. Until recently, for instance, he was intent on neutralizing the radical Arab governments of Egypt, Syria, and Iraq and preventing the extension of Egyptian influence to the peripheral states of the Arabian Peninsula. The advent of more moderate regimes in Egypt and Syria has served to reorient Faysal's thinking, although he is still anxious to neutralize the radicalism of Iraq. Faysal has taken a generally moderate and somewhat detached position toward Israel, only infrequently voicing the rhetoric associated with many Arab leaders. Saudi leaders are intransigent, however, on the status of Jerusalem.

The Saudi response to the Arab-Israeli war of 1967 was limited, and there was no contact with Israeli forces, although the island of Tiran, which Saudi Arabia claims, was occupied and is still controlled by Israel. A battalion of Saudi troops did move into southern Jordan, and a sizable contingent has remained there.

King Faysal and other Arab moderates achieved some success at the Khartoum Arab Summit Conference of August-September 1967, when they pushed through an agreement, based on a proposal by Saudi Arabia committing Arab states to abstain from subversive activity and propaganda against each other. King Faysal and President Gamal Abd al-Nasir also agreed to end their opposing participation in the civil war in Yemen (Sana). Saudi Arabia agreed to annual payments of approximately US\$100 million to Egypt and US\$40 million to Jordan until the "effects of the Israeli aggression are erased."

In 1968 the fedayeen movement began to capture the imagination of many Saudi Arabians, but the government's endorsement of the fedayeen is not a blanket one; Fatah is regarded most favorably because of its relatively conservative position. King Faysal's government is suspicious of the more radical Popular Front for the Liberation of Palestine (PFLP), believing it to have been responsible for sabotage of TAPLINE, which carries oil from Saudi Arabia to Lebanon, in May 1969; he also fears the PFLP's interest in propagating socialist tenets.

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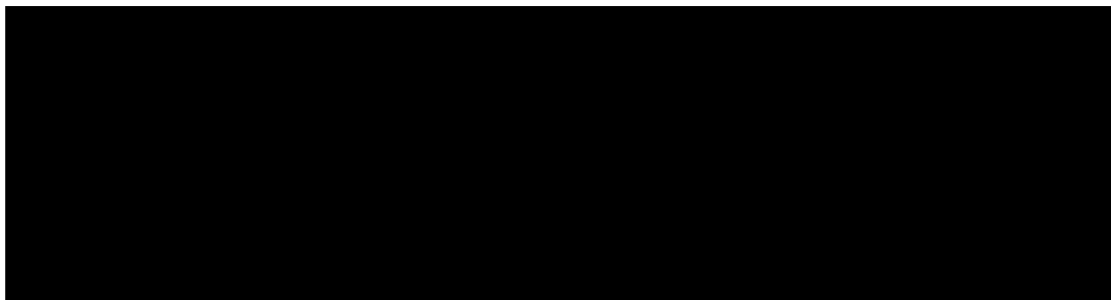
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Relations with Egypt were a major preoccupation of Saudi Arabian leaders during the 1960s. Throughout much of this period, the two countries were engaged in a vituperative propaganda campaign by radio and press and were protagonists in the Yemen civil war. Saudi policy toward Egypt was based on the conviction that Egypt was seeking to eliminate the royal family and to replace it with a government more sympathetic to President Nasir.

The Khartoum Arab Summit Conference in August-September 1967 led to a detente between the two countries. The evacuation of Egyptian troops from Yemen, the halt of the propaganda campaign between Egypt and Saudi Arabia, and the Saudi Arabian subsidy to Egypt arranged at the conference permitted the resumption of relatively normal political and commercial relations between the two countries. Relations have further improved since the death of President Nasir and the accession of his successor Anwar Sadat.

Since the June 1967 Arab-Israeli war, Saudi-Jordanian relations have improved appreciably. King Faysal's government not only makes quarterly payments to Jordan, but has provided additional funds for military assistance. Faysal believes that the survival of King Husayn and a moderate government in Jordan is an essential element in the security of Saudi Arabia.

Since the coup that brought Hafiz Asad to power in Syria in November 1970, Saudi-Syrian relations have improved markedly. Saudi leaders had viewed Syria as Soviet-dominated and as an exporter of subversion directed against Saudi Arabia, but with Asad's assumption of power, Syria has been less inclined toward anti-Saudi activities. Relations with Lebanon, on the other hand, have worsened in recent years, principally because of economic and trade disputes.

Saudi Arabia and the revolutionary government of Iraq until recently managed to maintain correct diplomatic relations but, as attention has been focused on the political future of the Persian Gulf, relations have deteriorated. The incipient cooperation between Saudi Arabia and Iran in the Gulf has been the subject of harsh attacks by the government of Iraq, and Saudi

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officials are concerned that revolutionary Arab groups in the Gulf will receive military weapons and financial aid from Iraq.

The coup d'état by young military officers that overthrew the conservative Libyan monarchy of King Idris in mid-1969 reinforced the conviction of Saudi leaders at the time that their country was being isolated by revolutionary Arab governments; although they have been reassured by the changed attitudes of other, formerly more radical Arab governments, the Saudis still regard Libyan President Qadhafi and his government as a hostile element. Despite the moderate approach to area problems taken by Tunisia, relations with Saudi Arabia are not close;

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Although Saudi Arabia disapproves of Algerian domestic and foreign policies, King Faysal visited that country in 1970 and was warmly received. Saudi relations with Sudan, which deteriorated in 1969 following the military coup by leaders whom the Saudis considered to be Communists, have again improved since President Numayri moved against the Communists in his government in mid-1971.

The development of cordial relations between Saudi Arabia and Iran is a comparatively recent phenomenon. A shared interest in the stability of the Persian Gulf, brought on by the British decision in 1968 to withdraw from the area, has encouraged serious negotiations and led to the settlement of some outstanding problems, but Saudi Arabia has been careful not to endanger its primacy on the Arabian Peninsula.

Facilitated by fraternal religious feelings, Saudi Arabia has made efforts, especially since 1967, to reinforce relations with Pakistan. The Saudis hope to enlist Pakistan as an active opponent of Israel and as a Muslim ally in the Saudi contest with radical Arabs. Nearly 500 Pakistani military and civilian personnel are providing technical aid and participating in training programs for the Saudi Air Force.

Saudi Arabia has maintained friendly relations with the United States, although there is some strain over the Arab-Israeli conflict. Under the Mutual Defense Assistance Agreement, the US provided Saudi Arabia with military assistance and training, as well as some economic aid throughout the 1950s, in return for use of the Dhahran Airfield; since the agreement terminated in 1962, the US has maintained a small military training mission in Saudi Arabia to give technical assistance and training. The Saudi Government continues to look to the US as the principal source of military equipment. In recent years it has spent an average of US\$33 million annually for weapons.

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The Israel and the Palestine questions are the chief threats to US-Saudi relations. Saudis see US policies in the area as overwhelmingly pro-Israeli; not only does King Faysal have strong feelings about the issue, but he is under pressure from his own people and from other Arabs to demonstrate that he is not a "lackey" of the US. Saudi officials have made numerous attempts to influence US policy on the Arab-Israeli conflict and are disturbed at their lack of results.

King Faysal believes that the United States seriously underestimates, or is indifferent to, the danger of Communist encroachment into the Middle East, either directly or through the influence of indigenous radicals. Faysal believes that US policy toward Israel encourages Arabs to look to the Soviet Union for support and undermines the stability of moderate Arab states, such as Saudi Arabia, by making them vulnerable to the propaganda of militant Arabs. Despite its resentment of US relations with Israel, the governing elite does not believe that fundamental disagreement on this question should preclude cooperation in other matters.

Since 1963 relations between Saudi Arabia and Great Britain have been correct, but not always cordial. The Saudis are anxious that the UK, which has had and still holds considerable interests in the Peninsula, act in the area in a way that will maximize Saudi national security and political-territorial ambitions. Saudi-UK relations were severely tested in 1967, when the UK turned over authority in the Federation of South Arabia—now Yemen (Aden)—to a radical regime the Saudis felt threatened their security. Saudi Arabia and Great Britain also remain at odds over the ownership of the large Al Buraymi oasis near the Persian Gulf. The area is claimed by Saudi Arabia on the grounds that its inhabitants have traditionally acknowledged Saudi rule, but the UK supports the claims of Oman and of the UAE to various portions of the area.

Relations with France have improved in recent years as Saudi Arabia has diversified its sources of military procurement and economic and technical aid, and France has continued its support of the Arab position in Middle Eastern affairs. Close ties with France are regarded as essential in the event that the US position deteriorates in the Middle East.

There have been no formal diplomatic relations between Saudi Arabia and the Soviet Union since the withdrawal of the Soviet legation from Jidda in 1938; nor are there any diplomatic or consular relations with other Communist countries. The Saudi Government prohibits any known Communists, diplomatic or otherwise, from residing in the country. Occasional

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Communist bloc trade missions visit Saudi Arabia, and the government permits Muslim groups from these countries to make the annual pilgrimage to the holy cities of Mecca and Medina.

Since the late 1950s, the Soviet Union has made several overtures toward resuming diplomatic relations, but the Saudis have been unwilling to take such a step, fearing that it would facilitate Soviet penetration of the Persian Gulf. Government policy is more permissive, however, in the commercial field. Communist-bloc ships visit Saudi Arabian ports, and a variety of Communist-produced goods are found in the markets of the country. An embargo on Chinese Communist products was proclaimed in April 1968, but the goods still enter Saudi Arabia under the pretense of originating in Hong Kong. In late 1967, Saudi Arabia entered into a barter agreement with Romania under which light crude oil would be exchanged for Romanian industrial goods and equipment.

Saudi objectives in Africa are 1) to make Islam the dominant religious, political, and social ideology; 2) to contain the spread of Marxist and socialist doctrines and reduce the influence of states propounding them; 3) to extend Saudi political influence in Africa; and 4) to gain African support for Arab causes.

A primary overseas instrument for achieving Saudi religious objectives in Africa is the Muslim World League, a Mecca-based organization through which the Saudis channel funds for assistance to Muslim schools, mosques, and hospitals, particularly in West Africa. The government's most active propaganda agency is the "Voice of Islam" radiobroadcast which is transmitted in the Swahili language to Africa. Saudi Arabia maintains diplomatic relations with the Arab states of North Africa, as well as the nine non-Arab countries. Most of the diplomatic business between Saudi Arabia and African states concerns consular problems arising over the hajj.

Saudi Arabia is a charter member of the United Nations and is a member of most of the specialized UN agencies. In an effort to avoid intimate involvement in the East-West struggle, Saudi Arabia often abstains on votes in the UN. On issues of immediate interest to the Arab world, the Saudi delegation is instructed to vote in conformity with the Arab states most directly involved.

Saudi Arabia is also a founding member of the League of Arab States. It is a member of the Organization of Petroleum Exporting Countries (OPEC), and also of the Organization of Arab Petroleum Exporting Countries (OAPEC).

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VIII. US INTERESTS

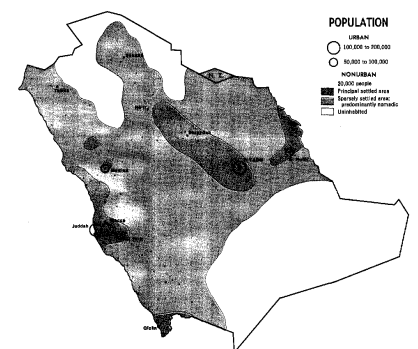
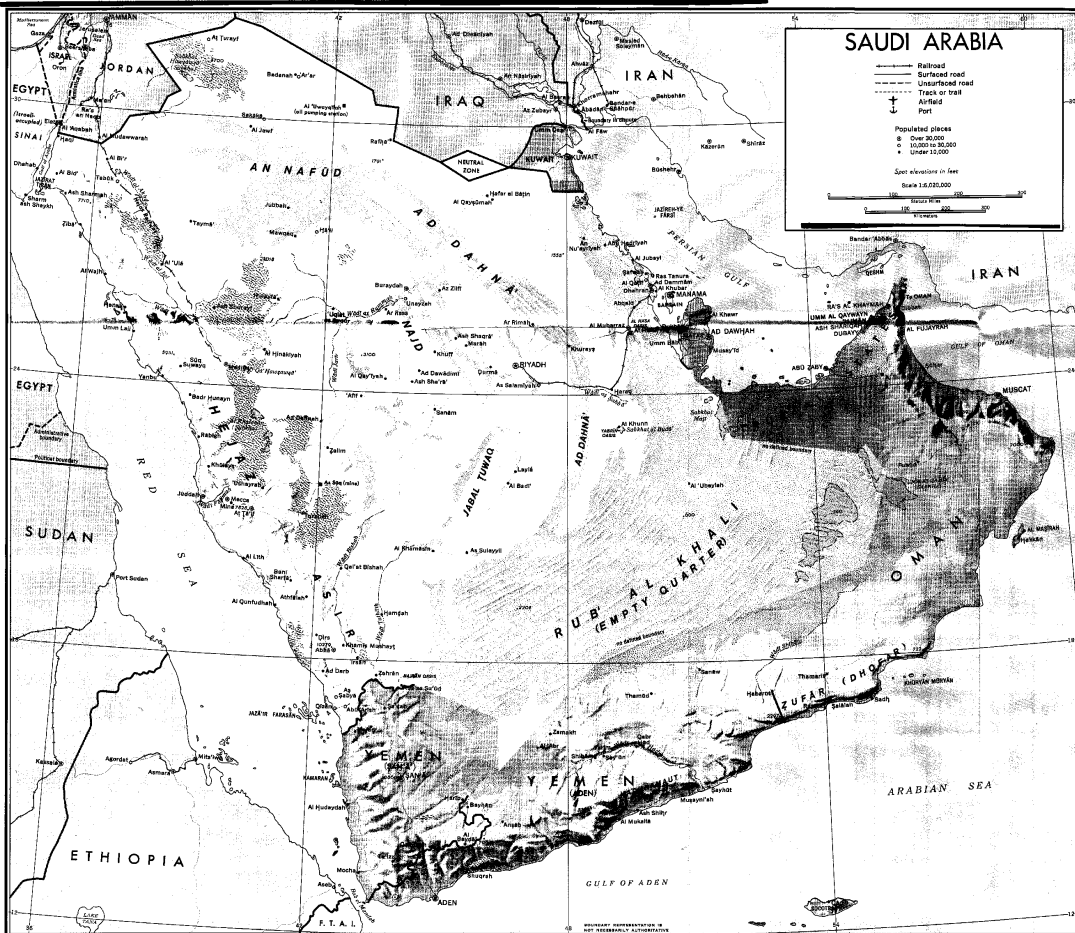
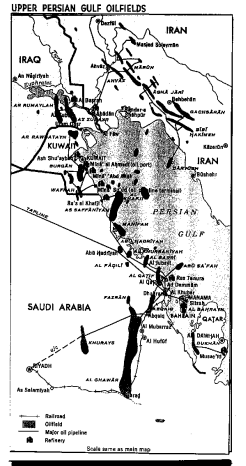
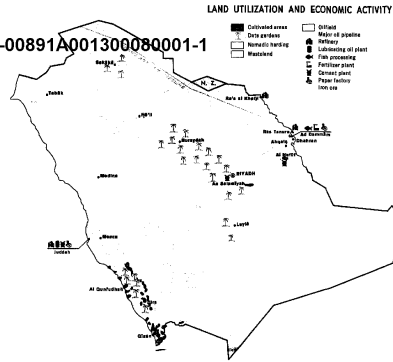
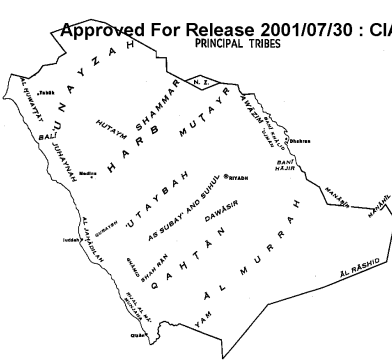
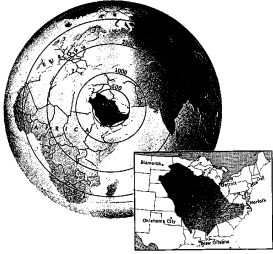
US interests in Saudi Arabia are chiefly economic and center principally on Saudi oil—on maintaining access to oil sources and ensuring a continuous supply of oil to US allies in Europe and in Asia. The US gives the Saudis military, technical, and training assistance. Continued US access to oil resources ensures the financial benefits which the American oil companies' operations provide for the US balance of payments, and the Saudi regime serves as a moderating influence in, and gives the US entree to, the otherwise less friendly Arab world.

The US is the chief supplier of goods to the Saudi market. US exports to Saudi Arabia after declining in the late 1960s, increased substantially in 1971, to a total of \$180 million. The US share in the Saudi market also rose, reaching a figure of almost 20 percent.

The US is heavily committed to improving Saudi Arabia's defense capability. The Saudi Government looks to the US as its principal source of military equipment and in recent years has spent an average of over \$30 million annually for weapons. A US Military Training Mission has been in Saudi Arabia for several years. The US has built a modern transport system for the Saudi Army, and during the last year agreements have been concluded under which the US will assist Saudi Arabia in expanding and modernizing its air force, navy, and national guard.

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