

Saudi-Russian Relations in the Putin Era

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Saudi-Russian relations have been negatively affected by differences over several issues in recent years. These include oil pricing policy, investment and trade, Russian allegations about Saudi policy toward Chechnya and other Muslims in the former USSR, and Saudi security concerns about Russian arms transfers as well as the growing Russian-Israeli relationship. This article examines contrasting Saudi and Russian perspectives on each of these issues and explores the possible consequences of their troubled relationship.

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JLwenty years ago, Saudi-Soviet relations were extremely poor, as they were throughout the Cold War. The Soviets sought to reduce Saudi dependence on the United States. They were then trying, as they had for **many** years, to convince the Saudis that if Riyadh even began to cooperate with Moscow, Washington would **be** forced to take Saudi views **more** seriously than it did. The Soviets frequently pointed out how they and the Saudis shared important common interests: both supported the Palestinian side in the ongoing Arab-Israeli conflict as well as Iraqi President Saddam Husayn in his ongoing war with the

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Islamic Republic of Iran after the latter's forces crossed into Iraqi territory. Yet, despite Moscow's repeated professions of friendship, Riyadh felt extremely threatened by the Soviet invasion of Afghanistan, Soviet support for nearby Marxist regimes in South Yemen and Ethiopia as well as Marxist revolutionary movements in the area, and Soviet arms sales to radical Arab regimes. The Saudis also disapproved of Moscow's suppression of Islam and treatment of Soviet Muslims. Saudi antipathy toward the USSR was so great that Riyadh would not even agree to the restoration of diplomatic relations with Moscow (which had been cut off by Stalin in 1938).¹ Nor did this situation seem likely to change twenty years ago.

Ten years ago, however, the situation changed completely. In addition to the collapse of Communism and the winding down of the worldwide Cold War, Moscow reversed those policies which Riyadh had found most threatening by withdrawing its forces from Afghanistan and its support from South Yemen, Ethiopia, and Marxist revolutionaries generally. Further, Soviet cooperation during 1990-91 allowed for a series of UN Security Council resolutions to be approved which demanded the withdrawal of Iraqi forces from Kuwait, including one authorizing the use of force to expel them. Riyadh finally did agree to the restoration of diplomatic ties with Moscow in 1990, shortly after the Iraqi invasion of Kuwait. With the Saudis providing \$2.5 billion in aid to Moscow in 1991 and the Muslims of the former USSR suddenly free to practice their religion and interact with their co-religionists elsewhere, it appeared that good relations between Moscow and Riyadh had been well launched. Russian commentators eagerly anticipated the prospect of a friendly Saudi-Russian relationship, which they hoped would include large-scale Saudi investment in Russia as well as Russian arms sales to the Kingdom.²

These Russian hopes, however, have largely failed to materialize, and Saudi-Russian relations are once again poor. Many of the issues which Moscow and Riyadh disagreed over twenty years ago—and which appeared resolved ten years ago—have resurfaced, albeit in a very different context. Although Moscow no longer supports Marxist regimes or revolutionary movements as it did during the Cold War, Riyadh continues to feel threatened by reports of Moscow selling arms to neighboring states with which Riyadh has uneasy, or even hostile, relations. For its part, Moscow feels frustrated by the failure of Saudi investment in Russia to materialize as well as the Saudi proclivity for keeping oil prices in the moderate, instead of the high, range. While the Saudi leadership may not be particularly concerned about Russian views on these matters, it is disturbed by the growing trend in Russia to blame Saudi Arabia for the continued conflict in Chechnya, the growth of Islamic fundamentalism in the former USSR, and the actions of the Taliban in

1. For more on Saudi-Soviet relations, see Stephen Page, *The USSR and Arabia: The Development of Soviet Policies and Attitudes towards the Countries of the Arabian Peninsula, 1955-1970*, (London: Central Asian Research Centre, 1971); and Mark N. Katz, *Russia and Arabia: Soviet Foreign Policy toward the Arabian Peninsula*, (Baltimore: Johns Hopkins University Press, 1986). ch. 4.

2. Robert O. Freedman, "Moscow and the Gulf War," *Problems of Communism*, Vol.40. No.4 (July-August 1991), pp. 1-17; Abdulaziz Bashir and Stephen Wright, "Saudi Arabia: Foreign Policy After the Gulf War," *Middle East Policy*, Vol.1, No. 1 (1992). pp. 112-13; and Richard K. Herrmann, "Russian Policy in the Middle East: Strategic Change and Tactical Contradictions." *The Middle East Journal*, Vol.48, No.3 (Summer 1994). p. 468.

Afghanistan. Moscow and Riyadh no longer even share the similar views on the Arab-Israeli conflict which they held twenty years ago, since Moscow (despite its pro-Palestinian rhetoric) has developed close ties to Israel, including in the military realm. In the past twenty years, then, relations between Riyadh and Moscow have gone from cold to warm to cool—and are getting cooler.

Some might argue that cool Saudi-Russian relations is not an important topic, since Russia is no longer an important country. A study depicting Russia as still playing an important role, either in general or toward Saudi Arabia in particular, might be seen as more reflective of its author's anachronism than of contemporary reality. I will argue here, though, that the state of Saudi-Russian relations at present is important. The governments of both these countries are facing extremely difficult economic and security problems. Moscow and Riyadh have responded to these problems with policies each hopes will ameliorate its problems. The policies each side has adopted in order to ameliorate its own problems, however, have served to exacerbate the other side's problems. This process not only has negative consequences for Russia and Saudi Arabia, but for other countries too, including those in the West, due to the impact that an exacerbation of Moscow's and Riyadh's economic and security problems can have on the rest of the world.

I will begin this study with a brief discussion of the overall problems confronting Moscow and Riyadh; then examine the policies Moscow and Riyadh are each pursuing which the other sees as affecting it negatively; and conclude with an assessment of the broader implications of this difficult relationship.

DOMESTIC PROBLEMS

For all their many differences, Russia and Saudi Arabia share certain problems in common. First and foremost, the strength of their economies is largely dependent on their petroleum sectors. The role of petroleum in the Saudi economy is well known and does not require much elaboration here. Revenue from the petroleum sector supplies about 75% of Saudi government revenue.³ While not quite as dependent on its petroleum industry, it is estimated that about half Russian government revenue comes from it.⁴

One difference between the Russian and Saudi situations, though, is the relationship between the government as a whole and the petroleum sector. In Saudi Arabia, the highest levels of government exercise fairly firm control over the petroleum sector, including the large nationalized oil company, Saudi Aramco, which produces most Saudi oil. While Moscow used to exercise a similar, if not greater, degree of control over its petroleum sector during the Soviet era, this is no longer true. The more-or-less privatized Russian petroleum firms—consisting of Gazprom (the gas monopoly), Transneft (the pipeline monopoly), and over fifty private oil companies—have become important political actors in their own right. The relative wealth that this sector possesses amidst Russia's poverty

3. "Saudi Arabia: Economic Structure," www.economist.com/countries, June 19, 2001.

4. Valeria Korchagina, "High Oil Prices Keep the Economy Humming Along," *Moscow Times*, June 19, 2001, p. 18.

combined with Russia's electoral politics has allowed these firms to buy influence throughout the Russian government.⁵

A second problem faced by Saudi Arabia and Russia is that while their petroleum sectors are relatively developed (though Russia's could be developed much further), their non-petroleum economies are relatively underdeveloped. This is especially true of Saudi Arabia, where petroleum is the principal export (accounting for 84% of total Saudi exports in 1999).⁶ Russia's economy is not quite as skewed; it does export items other than petroleum. Most of these, however, consist of metals and chemicals. The one category of manufactured good which it does sell competitively on the world market is weaponry. However, Russia's petroleum sector accounts for the bulk of Russian exports (about 44% of total exports in 1999).⁷

A third problem which these two countries share is widespread unemployment and underemployment. The public sector in both countries is saturated with what are commonly viewed as unproductive workers. The productive areas of their private sectors cannot absorb more workers profitably. In Russia, much of the population is employed by unproductive enterprises which pay very low salaries. These salaries are often months, if not years, in arrears. In addition, Russian unemployment levels are estimated to be as high as 25%.⁸

The employment situation in Saudi Arabia is not nearly as bleak as in Russia. Saudi Arabia has for decades now hosted millions of foreign workers in the Kingdom. Most of these, however, are workers from the developing world, who are working in low-level jobs which Saudis are unwilling to perform. There are, however, many other higher level jobs currently being performed by foreigners which Saudis would accept. Despite an active program aimed at Saudization of the work force, there are simply more young Saudis graduating from universities than there are positions being produced which can make use of their education. In addition, there is a widespread belief among both Saudi and non-Saudi employers that foreigners are far more productive as employees than are Saudis.⁹ The result is that despite Saudi Arabia's oil riches, there is growing unemployment in the Kingdom (estimated by some to be as high as 25-30% for Saudi males in 2001).¹⁰

A fourth problem that the Saudi and Russian governments face is insufficient sources of revenue to pay for all their many expenses. It has been widely reported for years now that the Russian government is unable to collect much of the tax revenue due to it, thus resulting in Moscow being unable to meet urgent demands such as servicing its massive

5. Sergei Vasiliev, "Economic Prerequisites for an Oligarchy and Authoritarianism in Modern Russia." Moscow Carnegie Center Briefing Paper, no. 6, June 2001.

6. "Saudi Arabia: Factsheet," www.economist.com/countries, July 6, 2001.

7. "Russia: Factsheet," www.economist.com/countries, January 31, 2001.

8. Steven Rosefielde, "The Civilian Labour Force and Unemployment in the Russian Federation." *Europe-Asia Studies*, Vol.52, No.8 (December 2000), pp. 1433-47.

9. Mai Yamani. *Changed Identities: The Challenge of the New Generation in Saudi Arabia*, (London: Royal Institute of International Affairs, 2000), pp. 81-6.

10. Reuters, May 29, 2001.

debt, procuring replacements for its aging weaponry, or even paying its soldiers on time." And while Saudi Arabia is still commonly viewed as oil rich, revenues from this source have for many years failed to cover the Saudi government's massive military expenditures (including costs related to the 1990-91 Gulf War), and outlays on health, education, and other services for its rapidly rising population. As a result, the Saudi budget is chronically in deficit and the government has run up enormous debts, which it mainly owes to its own citizens.¹² Though the situations are different in many respects, the basic fact that government revenues do not cover government expenditures in both Russia and Saudi Arabia limits the ability of these two governments to respond to the economic problems their countries are facing.

A fifth problem that these two (indeed, all) governments face is the impact of the forces of globalization on their societies. Despite the Putin Administration's efforts to control the Russian media, Russian citizens have widespread access to many sources of information about their own country and the rest of the world both through the traditional media and (to a lesser extent) the Internet.¹³ Similarly, despite continued government controls on the media in the Kingdom, many Saudi citizens now have access to independent media sources such as Qatar's *Al-Jazeera* and Lebanese satellite TV, as well as the Internet.¹⁴ In Russia and Saudi Arabia (as well as everywhere else), this process has allowed private citizens both to compare their circumstances with those of people in other countries as well as to express (especially over the Internet) their desire to obtain what others have which they do not.

A sixth problem that both governments face is the existence of a Muslim opposition. The nature of this opposition, however, is very different in each country. According to Mai Yamani, the Muslim opposition in Saudi Arabia is not particularly strong. On the other hand, there is rising dissatisfaction in the Kingdom over the government's apparent inability to solve society's growing problems as well as its alleged corruption. Further, those who are dissatisfied with the government tend to see it as having fallen short as a result of insufficient devotion to Islamic principles and norms. The Saudi government is

11. After years of running up deficits, the Russian federal budget was balanced in 1999 and even earned a surplus in 2000. This, however, appears to have been due more to relatively higher oil prices than anything else. As one observer noted, "If no further [debt] relief is provided, Russia can probably avoid default only if the price of oil remains in the high \$20s per barrel or increases." James R. Millar, "Can Putin Jump-Start Russia's Stalled Economy?" *Current History*, October 2000, p. 331. See also, "The Russian Economy: Boom and Gloom," www.economist.com, November 23, 2000.

L2. Rayed Krimly, "The Political Economy of Adjusted Priorities: Declining Oil Revenues and Saudi Fiscal Policies," *The Middle East Journal*, Vol.53, No.2 (Spring 1999), pp. 254-67. "Saudi Arabia has adopted a balanced budget for 2001, following a surplus estimated at around \$12 billion in 2000, the first recorded since the beginning of the 1980s." As with Russia, the rise in oil prices contributed to this. "The Winter's Tale." *Barclay's Economic Review*, (First Quarter 2001), p. 28.

13. On both the limits as well as the freedoms of the media in Russia, see Rafal Rohozinski, "How the Internet Did Not Transform Russia," *Current History*, (October 2000), pp. 334-8; and Rita S. Guenther, "The Government and the Media: A Transition from Formal Censorship to Informal Influence," paper presented at the Southern Conference on Slavic Studies annual meeting, March 2, 2001, Alexandria, VA.

14. Mamoun Fandy, "CyberResistance: Saudi Opposition Between Globalization and Localization," *Comparative Studies in Society and History*, Vol.41, No.1 (January 1999), pp. 124-47. On the information revolution in the Middle East more broadly, see the special issue on this subject published by *The Middle East Journal*, Vol.54, No.3 (Summer 2000).

highly sensitive to this sort of criticism since its legitimacy rests primarily upon its claim to be the most vigilant upholder of those Islamic principles and norms.¹⁵

While the Saudi population is entirely Muslim, Muslims make up about one eighth of Russia's population. There is, however, a very active Muslim opposition there in the form of the Chechen rebellion. This Chechen rebellion appears to be based more on nationalist than religious demands. There is, however, a strong Islamist component within the Chechen rebel movement.¹⁶ Observers in Moscow note that Islamic fundamentalism is on the rise in the northern Caucasus, Tatarstan, and other Muslim regions of Russia and the former USSR.¹⁷ What the Chechen rebels want is to secede from Russia. Many (perhaps most) Russians fear that if they are allowed to do so, other Muslim regions of Russia will follow suit, and that Russia itself will disintegrate.¹⁸

Not all of the problems Moscow and Riyadh face are similar. Despite Russia's extraordinary economic, health, and environmental problems, what Russian politicians in Moscow appear to worry about most is whether other nations regard Russia as a great power.¹⁹ This is not something that concerns the Saudi leadership. What it does see as the Kingdom's most important problem, one official source in Riyadh told me, is the rapid growth of the population.²⁰ This is not a problem for Russia, where the population actually appears to be shrinking.²¹

The extent to which Moscow and Riyadh face similar or dissimilar problems, it must be emphasized, is not what is important here. What is important to understand is that these are the set of problems which each government is attempting to resolve through adopting policies which, as will shortly be seen, negatively affect the other.

OIL

Both Saudi Arabia and Russia are major petroleum producers, and both the Saudi and the Russian governments are heavily dependent on the revenues they receive from petroleum exports. The Russian government's finances are so shaky that a significant decline in oil prices can, through interacting with Moscow's many other economic problems, cause a severe crisis there—as occurred in 1998.²² Several observers have argued that the Russian political leadership has a strong interest in the highest possible world petroleum prices in order to pay the Russian government's operating expenses,

15. Yamani, *Changed Identities*, ch. 6.

16. Interview with diplomatic source. Moscow, May 22. 2001. According to one longtime observer, the rebels in the first Chechen war (1994-96) were more nationalist while those in the second (1999—) are more Islamist. Anatol Lieven, "Through a Distorted Lens: Chechnya and the Western Media," *Current History*, (October 2000). pp. 321-8.

17. Interviews with Western diplomatic and informed Russian sources, Moscow, May 21-25. 2001.

18. For one example of this viewpoint, see Boris Nikolin, "The Threat from the Caucasus." *Russian Social Science Review*, Vol.39, No.4 (July/August 1998). pp. 46-56.

19. For a discussion of this phenomenon, see Zbigniew Brzezinski. "Living with Russia." *The National Interest*, no. 61 (Fall 2000). pp. 5-16.

20. Interview, Riyadh. May 15. 2001.

21. "Russia: Factsheet." www.economist.com/countries, January 31. 2001.

22. Michael McFaul, "Russia's Summer of Discontent," *Current History*. (October 1998). pp. 307-12.

make progress on debt repayment, and promote economic growth.²³ It has even been suggested that the Russian political leadership sees the level of world petroleum prices as having a direct impact on its electoral prospects.²⁴

The Russian desire for high world petroleum prices is not unusual. Most petroleum exporters share this desire. It is Saudi policy toward petroleum prices which is unusual. Although this is well known, it bears summarizing here.

Saudi Arabia possesses the largest proven oil reserves in the world. While most petroleum exporters tend to produce at or near their maximum production capacity, Saudi Arabia has for several decades now acted as a "swing producer," raising or lowering production at will in order to influence world prices or to achieve other goals. In the 1970s and 1980s, Riyadh could comfortably produce significantly less than its maximum capacity because it did not need the additional revenue to cover its expenses. Although Saudi government budgets have chronically been in deficit since the 1990-91 Gulf War, Riyadh has continued to limit its oil production even though, like other petroleum producers, it definitely needs the revenue.²⁵

The most important reason why Riyadh does not produce as much oil as it can is that this would dramatically lower world oil prices, thus negatively affecting not only the revenues earned by Saudi Arabia, but by all other oil producers as well. Indeed, other oil producers (including Russia) are constantly urging the Organization of Petroleum Exporting countries (OPEC) (meaning Saudi Arabia) to limit its oil production in order to avoid a decline in world oil prices.²⁶

The Saudis, though, face four disincentives to reducing dramatically their production even though this would raise world oil prices. First, while other countries producing at or near their maximum capacity gain a net windfall from the higher oil prices resulting from reduced Saudi output, Riyadh's own gains from higher oil prices are offset by this.

Second, the Saudis know from past experience that high oil prices over a prolonged period lead to increased exploration, which leads to more sources of oil coming on to the market, which in turn can lead to greatly reduced oil prices over a prolonged period of time. The dramatically higher oil prices following the 1973 Arab-Israeli conflict and later the onset of the Iran-Iraq war in 1980 were followed by a period of sustained low oil prices which lasted almost continuously from the mid-1980s until the late 1990s.²⁷

Third, dramatically high oil prices over a prolonged period of time would hurt the economies of the West, possibly limiting Western—especially American—ability to defend Saudi Arabia in general and the Saudi monarchy in particular.²⁸

23. See, for example, Yevgenia Albats. "Secrets of Putin's Success," *Moscow Times*, May 22, 2001. p. 13.

24. Interview with informed Russian source. Moscow, May 21, 2001: interview with Western diplomatic source, Moscow, May 24, 2001.

25. For a thorough discussion of Saudi oil pricing policy, see Nawaf E. Obaid. *The Oil Kingdom at 100: Petroleum Policymaking in Saudi Arabia*, (Washington, D.C.: Washington Institute for Near East Policy. 2000).

26. For an example of the Russian viewpoint on oil pricing policy, see Vladimir Kucherenko. "Only Bill Clinton Was Satisfied." *Rossiyskaya Gazeta*, March 30, 2000. pp. 1, 2. Translated in FBIS-NES-2000-0330.

27. *BP Statistical Review of World Energy 2001*, www.bp.com/centres/energy/world—stat—rev/index.asp

28. Several Saudi sources I spoke with made this point during my visit To Riyadh. May 5-15, 2001.

Fourth, dramatically high oil prices over a prolonged period of time could motivate research and development resulting in alternative energy sources, such as solar power or fuel cells, becoming inexpensive enough to replace oil and gas as a primary energy source.²⁹ If this happened, not only would Saudi Arabia's enormous oil reserves be rendered largely worthless, but the incentive for the United States to defend Saudi Arabia, and its monarchy, would be greatly reduced.

Moscow and Riyadh, then, have fundamentally different interests with regard to petroleum prices. Whereas Moscow has a strong need for high oil prices, Riyadh sees its interests as best being served by moderate oil prices (i.e., in the mid-\$20's).

There are some aspects of the Russian position on this matter that the Saudis find annoying. While the Russians are among those who continually urge the Saudis and OPEC to reduce their production, Radio Free Europe/Radio Liberty reported that Moscow has increased its own production when the Saudis have reduced theirs.³⁰ Knowledgeable energy sources, though, downplay the seriousness of these reports: since Russian oil firms are normally producing at or near their maximum capacity, their ability to increase production quickly is limited.³¹

The Saudis would like to see Russia join OPEC, and observe production limits set by it. There seems to be a general recognition in Riyadh, though, that Moscow is not likely to do this.³² Indeed, it may not be capable of doing so. Unlike the most powerful OPEC governments, which exercise fairly tight control over what is usually a state-owned oil company, Moscow has no such control over the more than fifty Russian oil companies. It is difficult to imagine the Russian government leadership being willing to force any or all of them to reduce production when it is so dependent on them for support.³³

While Russian behavior in the oil market may annoy the Saudis on occasion, it is hardly the most difficult problem they face. The problem of "quota busters" within OPEC is one that the Saudis constantly confront.³⁴ But while Russian oil pricing policy is a minor problem, at most, for Riyadh, Saudi oil pricing policy is a major one for Moscow. Moscow sees Saudi Arabia as the one country that could, at any time, dramatically reduce Russia's desperately needed oil revenue. Further, Moscow feels frustrated by the fact that it is Saudi Arabia and not Russia (either singly or in conjunction with other oil producers) which has the upper hand when it comes to setting oil prices.³⁵

29. Obaid, *The Oil Kingdom at 100*, p. 117.

30. Michael Lelyveld, "Russia: Moscow Takes Advantage of OPEC by Increasing Oil Production," January 22, 2001, www.rferl.org/nca/features/2001/01/22012001120821.asp

31. Interview with informed Western source, Moscow, May 21, 2001; interview with Western diplomatic source, Moscow, May 24, 2001.

32. Interview with Saudi diplomatic source, Riyadh, May 6, 2001; interview with Saudi official source, Riyadh, May 15, 2001.

33. Interview with Western diplomatic source, Moscow, May 24, 2001.

34. Obaid, *The Oil Kingdom at 100*, ch. 7.

35. In an article blaming Saudi Arabia for OPEC decisions that were adverse to Russian interests, one Russian observer admitted, "We have no potential for influencing OPEC." Kurchenko, "Only Bill Clinton Was Satisfied."

INVESTMENT AND TRADE

Moscow not only hoped, but expected, that the restoration of Saudi-Russian relations in 1991 would lead to massive Saudi investment in Russia. The Russian petroleum sector has been especially desirous of Saudi investment.³⁶ Much to Moscow's disappointment, however, there has been very little Saudi investment in Russia over the past decade. Nor does this appear likely to change any time soon.

When asked to explain why there has been so little Saudi investment in Russia, Saudi sources point out that there are two very basic reasons. First, the Saudis have their own severe financial problems, and simply do not have the cash to spare for investment in Russia. Second, even if the Saudis did have the money, they would not invest it in Russia given the disastrous experience of so many Western firms that have invested there. They sincerely doubt that investments they might make in Russia would fare any better than those made by the West. They express amazement at the persistence of Western investment in Russia despite its being so unprofitable.³⁷

While these might appear to be fairly compelling explanations for the lack of Saudi investment in Russia, many Russian observers do not regard them as valid. As far as the Saudis not having money to invest in their country, Russian observers point out that the Saudis are investing in Central Asia and the Caucasus.³⁸ Indeed, they appear to be quite resentful about this. For even if they are not large, Russians tend to regard any Saudi aid to or investment in the Muslim regions of the former USSR as a loss to Russia of money that could have—even should have—gone to it.³⁹

As for the lack of profitability of foreign investment in their country, many Russians simply do not see this as being its main point. Instead of foreign investment being something that Moscow needs to attract by allowing the investor to profit, Russians tend to see it as something Russia is owed due to its many sacrifices, such as withdrawing its forces from Eastern Europe and the Third World, as well as dissolving the USSR. With regard to investment from Saudi Arabia in particular, Russians seem to feel that this is something Riyadh owes to Moscow in return for Moscow's authorizing the 1991 UN military intervention which expelled Iraqi forces from Kuwait and in compensation for the loss of revenue Russia has suffered through observing UN economic sanctions against

36. In 1997, for example, then Russian First Deputy Prime Minister and Fuel and Energy Minister Boris Nemtsov gushed about how, "The immense investment capabilities of Saudi Arabian companies could be implemented in Russia." *Interfax in English*, May 27, 1997 in FBIS-SOV-97-147.

37. Interviews with various Saudi official, diplomatic, and other informed sources, Riyadh, May 5-15, 2001.

38. The Russian media has carefully noted actual or even potential Saudi investment activity in the non-Russian republics of the former USSR. For examples of such statements on Saudi investment activity in Azerbaijan, Turkmenistan, and Kazakhstan respectively, see *ITAR-TASS in English*, August 25, 1994 in FBIS-SOV-94-166; *Interfax in English* October 24, 1997 in FBIS-SOV-97-297; and *ITAR-TASS in English*, November 1, 2000 in FBIS-SOV-2000-1101.

39. Interviews with informed Russian sources, Moscow, May 21-22, 2001.

Baghdad, with which Moscow enjoyed a lucrative economic relationship prior to the 1990-91 Gulf crisis.⁴⁰

Similarly, Moscow had hoped that the Saudis would purchase large quantities of Russian goods, especially arms. They seemed to hope that their burgeoning arms sales to the United Arab Emirates (UAE) (which in the late 1990s became the fourth largest purchaser of Russian weapons) would influence Saudi Arabia, as well as Oman and Qatar, to follow suit.⁴¹ Much to Moscow's disappointment, however, the Saudis have continued to purchase weapons from America and Western Europe, not from Russia. This pattern is not likely to change either, one official Saudi source told me.⁴² Since, despite their financial difficulties, the Saudis continue to devote a substantial portion of their budget to arms purchases, the Russians are especially resentful that Riyadh does not spend even a portion of it in Moscow.⁴³ Saudi-Russian trade has remained low, with the Saudis buying only SR 351 million (approx. US\$ 100 million) worth of goods from Moscow in 1999 and selling less than SR 1 million to it that year.⁴⁴

What especially irritates the Russians is that while Moscow and Riyadh have different views concerning whether the Saudis should invest in or buy from Russia, it is the Saudis who have the upper hand—to an even greater extent than with regard to setting oil prices—in deciding to what extent these activities occur.

RUSSIAN SECURITY CONCERNS

The Russians are deeply frustrated by their inability so far to end the secessionist rebellion in Chechnya, are frightened by the rise of what they see as Islamic fundamentalism in Russia and elsewhere in the former USSR, and are fearful of how Afghanistan's Taliban regime might act against Russian interests. Many Russian commentators see Saudi Arabia as being responsible for exacerbating, or even causing, these three problems. Indeed, the bulk of Russian press coverage on Saudi Arabia focuses on Riyadh's alleged actions with regard to these three issues, particularly Chechnya.

Especially since the onset of the second Russo-Chechen war in the fall of 1999, officials from the Russian Federal Security Service and the government of Dagestan, among others, have directly accused the Saudis of providing support to Chechen rebels. They have charged that this is being done by Al-Haramayn, an Islamic foundation based

40. One of Russia's premier specialists on Saudi Arabia, Alexei Vassiliev, stated this viewpoint bluntly when he wrote, "the war against Iraq in 1991 was a success owing to the transfer of the main NATO forces to the Middle East with the indulgence of the former Soviet Union. But the Soviet Union (or later Russia) was not 'remunerated' either materially, militarily or politically. The USSR and later Russia suffered an enormous economic loss." "Russia and Iraq," *Middle East Policy*, Vol.7, No.4 (October 2000), p. 127.

41. See, for example, Interfax in English, February 1, 1997 in FBIS-SOV-97-022.

42. Interview, Riyadh, May 15, 2001.

43. Interviews with informed Russian sources. May 21-23, 2001.

44. Kingdom of Saudi Arabia Central Department of Statistics, Foreign Trade Statistics, Imports (By Utilization of Items) for the Year 1999, and Exports (By Utilization of Items) for the Year 1999. The bulk of Saudi imports from Russia during 1999 appears to have consisted of equipment from the Lucent Technologies telecommunications factory in St. Petersburg (i.e., Western equipment manufactured in Russia). ITAR-TASS in English, January 14, 1999 in FBIS-SOV-99-014.

in Saudi Arabia.⁴⁵ Russian law enforcement authorities have also accused a representative of Iqra', another Saudi-based foundation, of conducting "intelligence and subversive activities" in Dagestan as well as Chechnya.⁴⁶ One Russian general charged that "Islamic terrorist organizations" from Saudi Arabia as well as the UAE and Jordan were financing Chechen insurgents, and that the Chechen situation would only "stabilize" after "the main channels of financial flows to terrorists are blocked."⁴⁷

Further, many Russian commentators believe that Saudi assistance is fueling the rise of Sunni Islamic fundamentalism—what the Russians call "Wahhabism"—in the northern Caucasus and Central Asia. The pro-Moscow Supreme Mufti of Russia, Talgat Tadjuddin, has charged "foreign radicals" with establishing "Islamic schools" in Russia which train "kamikaze terrorists" intolerant of other Muslims.⁴⁸ A Dagestani official claimed that there were over 3,000 Wahhabites in his republic alone "with expenses paid by foreign countries, primarily Saudi Arabia."⁴⁹

Moscow sees the Taliban as implacably hostile toward Russia. President Putin himself has accused the Taliban of "providing support to terrorists in the Northern Caucasus."⁵⁰ Russian commentators also accuse the Taliban of acting to destabilize the former Soviet republics of Central Asia.⁵¹ And these are actions which the Taliban is undertaking even though it does not yet control all of Afghanistan. Fearing what they might do if they did, Moscow has been supporting the remaining opposition to the Taliban—the late Ahmad Shah Mas'ud and his Tajik followers.⁵² (It never seemed to occur to the Russians that their support for Mas'ud may have something to do with the Taliban's support for the Chechen rebels and the Islamic Movement of Uzbekistan, which operates from Afghan sanctuaries.)

As is well known, Riyadh supported the Afghan mujahidin (many of whom later joined the Taliban) in their struggle against Soviet occupation during the 1980s. In addition, Saudi Arabia is one of only three governments (Pakistan and the UAE being the other two) which recognized the Taliban as the government of Afghanistan following their 1996 capture of Kabul. Riyadh also provided the Taliban with some economic assistance afterward. But Saudi-Taliban ties soured in 1998 when Kabul refused to return the fugitive Saudi terrorist, Usama bin Ladin, to Riyadh. Despite this, some Russian commentators

45. See, for example, ITAR-TASS in English, May 19, 2000 in FBIS-SOV-2000-0519; "Al-Haramayn Funds Chechen Bandits," *Rossiyskaya Gazeta*, May 20, 2000, p. 7 in FBIS-SOV-2000-0522; and ITAR-TASS in English, June 25, 2000 in FBIS-SOV-2000-0625.

46. ITAR-TASS in English, April 2, 2001 in FBIS-SOV-2001-0402.

47. ITAR-TASS in English, April 18, 2001 in FBIS-SOV-2001-0418. Russian sources have also claimed that funding for the Chechen rebels comes from other Muslim countries, but they see Saudi Arabia as the principal source of this.

48. Interfax in English, July 4, 2000 in FBIS-SOV-2000-0704.

49. Moscow Interfax in English, January 20, 1998 in FBIS-SOV-98-020.

50. Interfax in English, March 11, 2000 in FBIS-NES-2000-0311.

51. Vladimir Lapsky, "Taliban on a Rampage." *Rossiiskaya Gazeta*, September 21, 2000, p. 7 in *Current Digest of the Post-Soviet Press* [hereinafter referred to as *CDPSP*], October 18, 2000, p. 8.

52. Oleg Vladykin, "The 'Afghan Syndrome' Again," *Obshchaya Gazeta*, November 2-8, 2000, p. 3 in *CDPSP*, November 29, 2000, p. 20.

have claimed that powerful forces within the Kingdom not only support the Taliban, but also Usama bin Ladin!⁵³

Russian officials have been quite outspoken about blaming Saudi Arabia for Russia's problems in these three areas. Saudi officials, in accordance with their usual practice, have been reticent about discussing these issues publicly. However, they are quite willing, I discovered during my May 2001 visit to Riyadh, to discuss these issues privately—provided they not be quoted directly. While respecting this condition, I can give what amounts to a composite response to these Russian accusations from various "official," "diplomatic," and "informed" Saudi sources.

Saudi officials in a position to know categorically deny that the Saudi government provides aid to the Chechen rebels. They insist that Riyadh has no desire to see the retreat of Russian power and a host of small, impoverished, warring states emerge in its wake, even if those states were to be Muslim. Some private Saudi money may go to the Chechen rebels, they acknowledge. But just as private American donations to the Irish Republican Army (IRA) does not mean that the US government supports the IRA, private Saudi donations to the Chechen rebels do not mean that the Saudi government supports them.⁵⁴

They strongly deny, however, that the Islamic foundations based in Saudi Arabia are aiding the Chechen rebels, as some Russian officials have claimed. These foundations provide refugee assistance instead, and that the Russians know this. Some Russian complaints, an official Saudi source I spoke to believes, have been made in order to induce these Saudi charitable organizations to distribute their aid through various Russian governmental units and NGOs. But this is something these foundations will not do, he insisted. For not only is it the practice of these charitable foundations to provide aid directly to the Muslims who need it, but he also suspects that an unacceptably high proportion of any money given to Russian governmental organizations or NGOs would never reach the people for whom it is intended.⁵⁵

Other Russian officials, my Saudi interlocutor told me, really do believe that Riyadh is deliberately aiding the Chechen rebels, and have even brought this up in Saudi-Russian bilateral discussions. The Saudis always ask them to provide proof, but the Russians have never done so.⁵⁶

Saudi sources also deny that Riyadh is fostering Islamic fundamentalism in the former USSR. They strongly object to the Russians referring to this phenomenon as "Wahhabism" not only because they regard this as a pejorative term, but also for the implication that Riyadh is somehow responsible for this phenomenon. The Saudis say that the type of Islamism that appears to be growing in the former USSR is linked to those types which are influential in Pakistan and Afghanistan, not Saudi Arabia. Further, while

53. An article acknowledging that official Saudi-Taliban relations had deteriorated over the Bin Ladin issue also cited "American intelligence information" as testifying that Bin Ladin "is partially funded by the ruling dynasty in Riyadh." Sanobar Shermatova, "Islamic Sword-Bearer," *Moskovskie Novosti*, January 31, 1999, p. 14 in FBIS-SOV-1999-0212.

54. Interviews in Riyadh with a Saudi diplomatic source, May 6, 2001; an informed Saudi source, May 7, 2001; and an official Saudi source, May 15, 2001.

55. Interview, Riyadh, May 15, 2001.

56. Interview, Riyadh, May 15, 2001.

they admit that some Saudi individuals may be supporting Muslim opposition to Moscow, the Saudi foundations active in the former USSR are giving money only for religious and charitable causes. Once again, when the Saudis ask for proof that they are doing otherwise, the Russians have never provided any.⁵⁷

The Saudis express great frustration at the Russian charge that Riyadh is supporting the Taliban. Riyadh really stopped assisting the Taliban after it refused to hand over Bin Ladin in 1998.⁵⁸ The Saudis regard the wilder Russian accusations that Riyadh is actually supporting Bin Ladin via the Taliban as being laughable. "Why would we support that man? He wants to kill us!" remarked one informed source.⁵⁹ While Riyadh did not break diplomatic relations with the Taliban until September 2001, the Saudis to whom I spoke believe that Moscow knows full well that Riyadh was poor for three years beforehand. They believe that such Russian statements are designed to induce Riyadh to prove them wrong by breaking its diplomatic ties with the Taliban and perhaps even joining Moscow in aiding the opposition to them. These are not steps, the Saudis insist, that Riyadh would take just to please Moscow.⁶⁰ Riyadh finally broke relations with the Taliban at Washington's urging, not Moscow's.

In general, the Saudis are very disturbed by the increasing trend for Russians to identify Saudi Arabia as the cause of all their problems with Muslims within or near their borders. The Saudis believe that instead it is Russian behavior toward these Muslims that is the cause of Moscow's problems with them. If Moscow treated these Muslims respectfully instead of oppressively, its problems with them would disappear. Not only should Moscow adopt more benign policies toward these Muslims, but it could do so easily without sacrificing anything.⁶¹

After visiting Riyadh, I went to Moscow and spoke with various "official," "diplomatic," and "informed" sources knowledgeable about the Saudi-Russian talks or different aspects of their relationship. They, too, spoke to me on condition that they not be identified. While respecting this condition, I can also give a composite Russian response to the Saudi positions.

Russian sources expressed exasperation at Saudi claims that Moscow has failed to provide proof that Saudi money is going to the Chechen rebels or to Islamist groups elsewhere in the former USSR. They insist that the money is provided to these groups in such a way that there is no proof of where it came from. The Russians know this, one informed Russian source admitted, because they themselves used these techniques during the Soviet era to provide support to opposition movements in other countries so that it could not be traced back to Moscow. Merely because Moscow cannot provide proof that

57. Interviews in Riyadh with a Saudi diplomatic source, May 6, 2001; an informed Saudi source, May 7, 2001; and an official Saudi source, May 15, 2001.

58. Interview with a Saudi diplomatic source, May 6, 2001.

59. Interview, Riyadh, May 7, 2001.

60. Interview with an official Saudi source, Riyadh, May 15, 2001.

61. Interview, Riyadh, May 15, 2001

Riyadh is providing money to Chechen and other Muslim opposition movements does not mean that this is not occurring.⁶²

While Russian sources acknowledge that the Saudi government may not exercise full control over private Saudi sources of funds, they believe that these foundations would not do anything which the very top levels of the Saudi government disapproved of. Al-Haramayn and other Islamic foundations based in the Kingdom are not completely independent of the Saudi government.⁶³

The Russian sources I spoke to acknowledged that Saudi relations with the Taliban are poor and that Riyadh is not supporting Usama bin Ladin there ("You can't believe everything you read in the Russian press," several emphasized). But considering how the Taliban are hosting such a fierce opponent of the Saudi government, my Russian interlocutors believe that the Saudis could do more to thwart the Taliban, such as cutting off diplomatic ties. The fact that Riyadh had not done so before September 2001 appears highly suspicious to many Russian observers.⁶⁴

Saudi and Russian sources portray very different images of what Saudi Arabia is doing with regard to these three Russian security concerns, especially Chechnya. Western diplomatic sources in Riyadh, London, and Moscow—who also spoke to me on condition that they not be identified—portray the situation somewhat differently from either the Saudis or the Russians. According to them, the Saudi government does have a large say over the activities of the Islamic foundations based in the Kingdom (but much less over wealthy individual Saudi donors). Further, the Chechen rebels appear to have plenty of money with which to buy weapons from the impoverished and corrupt Russian troops who are supposed to be fighting them. Most of this money, they suspect, comes from Saudi sources.⁶⁵

This does not mean, however, that Riyadh is deliberately funding the Chechen rebels or other Islamist groups. For even if the Saudi foundations are pursuing basically charitable aims, the mosques, humanitarian organizations, or individual refugees in the region receiving money from them exercise wide discretion over how it is ultimately spent. And the fact of the matter is that "refugees" and "rebels" are not mutually exclusive categories. Indeed, it is the Russian government's chronic mistreatment of Chechen refugees which provides the main incentive for them to become rebels.⁶⁶

It cannot be determined here which image of Saudi policy with regard to these areas of concern to Russian security interests is most accurate. One thing, though, is certain: Russian complaints have not induced Riyadh either to alter its policy toward the Taliban or to push Saudi charitable organizations to change the way in which they fund Chechen refugees or other Muslim groups in the former USSR in order to satisfy Moscow. While it should not be surprising that Riyadh has the upper hand in determining these Saudi

62. Interview. Moscow. May 22, 2001.

63. Interviews in Moscow with an informed Russian source. May 22, 2001, and with Russian diplomatic sources, May 22, 2001.

64. Interviews with informed Russian sources. Moscow. May 22 and 23, 2001.

65. Interviews with Western diplomatic sources in Riyadh, May 9, 2001; in London, May 17, 2001; and in Moscow. May 22, 2001.

66. Interview with Western diplomatic source, Moscow, May 22, 2001.

policies, the Russians feel particularly bitter that the Saudis will not accommodate their wishes in areas which Moscow sees not just as vital but also as purely defensive Russian security interests.

SAUDI SECURITY CONCERNS

To a greater or lesser extent, the Saudis have at various times had adversarial relationships with Iran, Iraq, and Yemen. To a greater or lesser extent, Moscow is reported to be selling weapons to each of these three countries. Riyadh is concerned about this practice.

Since Soviet General Secretary Mikhail Gorbachev's rapprochement with Tehran in 1989, Moscow has been selling conventional weapons and missile technology to Iran. It has also been helping Tehran complete an atomic energy plant begun by the West Germans before the Iranian Revolution but on which they ceased work in its aftermath. As a result of the 1995 agreement between then US Vice President Al Gore and then Russian Prime Minister Viktor Chernomyrdin, Moscow agreed to sign no more arms contracts with Tehran and to cease work on the Bushehr nuclear power plant project. Whether in accordance with this agreement or not, Russian arms and missile technology sales to Iran continued. In late 2000, Russian President Vladimir Putin declared that Moscow was no longer bound by the terms of the Gore-Chernomyrdin agreement. Moscow renewed its commitment to complete the one nuclear reactor at Bushehr and may well build several more. It is widely expected that Russian sales of arms and missile technology to Tehran will increase. With Russian technology, Iran has already developed a missile (*Shahab-3*) capable of striking targets in Saudi Arabia. Tehran is reportedly in the late stages of developing a longer range missile (*Shahab-4*), and may be working on another one (*Shahab-5*) with an inter-continental range.⁶⁷

Despite the recent improvement in Saudi-Iranian relations and their agreement to cooperate on preventing terrorism, Riyadh is not happy about Iranian efforts to increase its military capabilities or about the Russian role in assisting Tehran do so. But while some in Riyadh expressed fears about Iran's conventional weapons buildup, others were more sanguine. The latter argue that despite this buildup, Iran lacks the capacity to project force across the Gulf or Iraq into Saudi Arabia, and that the United States would repulse Tehran if it ever tried. All the Saudis I spoke to, however, are unhappy that Iran can now strike the Kingdom with its missiles, concerned that it may be able to mount nuclear warheads on them, and frustrated with Moscow for hastening the day when this might occur.⁶⁸

The Russian (and Iranian) response to these charges is to deny hotly that Iran is threatening anyone. They claim that Russian-Iranian cooperation in the military and foreign policy spheres is not aimed at third countries. They also deny that Iran is seeking

67. For discussions of the Russian-Iranian relationship, see Brenda Shaffer, *Partners in Need: The Strategic Relationship of Russia and Iran*, (Washington, D.C.: Washington Institute for Near East Policy, 2001); and Mark N. Katz, "Unfaithful Allies," *Northwestern Journal of International Affairs*. (Summer 2001), pp. 55-65.

68. Interviews with informed Saudi sources. Riyadh, May 7 and 8, 2001.

to acquire nuclear weapons, pointing out that Tehran is a signatory to the Non-Proliferation Treaty (NPT) and that it is in full compliance with all International Atomic Energy Agency (IAEA) safeguards.⁶⁹

Saudi, Western, and even some Russian sources respond by saying that while the existing Iranian atomic energy program may comply with IAEA safeguards, there exists a secret Iranian nuclear weapons program which the IAEA does not inspect. In addition, there is no guarantee that the Iranian government will continue to abide by IAEA strictures or the provisions of the NPT once the Russians complete work on the reactors at Bushehr. If Tehran does not, then nothing could stop it from diverting nuclear material from them for its nuclear weapons program.⁷⁰

As far as Iraq is concerned, there have been a number of reports in the Western press about Russia clandestinely selling it arms despite UN Security Council resolutions forbidding this.⁷¹ Russian sources hotly deny these stories, insisting that the Russian government does not allow arms sales to Baghdad. Any Russian weapons which have gone there, they say, have been unauthorized, illegal sales which have been made in violation of Russian law. They also say that, under Putin's leadership, Moscow has halted these transactions (thus appearing to admit that they used to take place).⁷²

Saudi and Western diplomatic sources largely concur that there have been no Russian arms sales to Iraq authorized by Moscow.⁷³ Nor do they believe that the unauthorized Russian arms sales have involved major weapons systems. On the other hand, the Saudis are deeply concerned by reports of any weapons reaching Saddam Husayn. Unlike Iran, Iraq can attack the Kingdom by conventional weapons. As one informed Saudi source pointed out, while the Iranian leadership is basically rational and hence unlikely to launch an attack out of the blue, the same cannot be said for Saddam Husayn.⁷⁴

Saudi-Yemeni relations were extremely tense during the 1990s as a result of Sana'a' siding with Saddam in the 1990-91 Gulf War and the Saudis siding with the southern secessionists in the 1994 Yemeni civil war. There were even a number of armed clashes

69. Interview with informed Russian source, Moscow, May 25, 2001. See also Tehran IRNA in English, March 12, 2001 in FBIS-NES-2001-0312; Susan B. Glasser, "Russia, Iran Renew Alliance Meant to Boost Arms Trade," *Washington Post*, March 13, 2001, p. A14; and Anatoliy Kurganov, "Moscow-Tehran: Course of Rapprochement," *Rossiyskaya Gazeta*, March 15, 2001, p. 3 in FBIS-NES-2001-0315.

70. Interview with an informed Saudi source, Riyadh, May 7, 2001; interview with an informed Russian source, Moscow, May 23, 2001; and interview with a Western diplomatic source, Moscow, May 24, 2001. See also Patrick E. Tyler, "Russians Question Wisdom of their Coziness with Iran," *New York Times*, March 16, 2001 (Internet edition). One Western scholar has suggested that the Saudis are so concerned about the Iranian threat (as well as others) that Riyadh is seeking to acquire nuclear weapons itself. Richard L. Russell, "A Saudi Nuclear Option?" *Survival*, Vol.43, No.2 (Summer 2001), pp. 69-79.

71. See, for example. Con Coughlin, "Iraq Orders Russian Anti-Aircraft Missiles," *Sunday Telegraph*, July 16, 2000 (Internet edition); and Jessica Berry, "Iraqis Step Up Secret Russian Weapons Trade," *Sunday Telegraph*, February 25, 2001 (Internet edition).

72. Interviews in Moscow with an informed Russian source, May 22, 2001; with Russian diplomatic sources, May 22, 2001; and with an informed Russian source, May 25, 2001.

73. Interview with an official Saudi source, Riyadh, May 15, 2001; interview with a Western diplomatic source, London, May 17, 2001; interview with an informed British source, London, May 19, 2001; and interview with a Western diplomatic source, Moscow, May 24, 2001.

74. Interview, Riyadh. May 7, 2001.

along the undefined Saudi-Yemeni border.⁷⁵ Riyadh was not happy that Moscow was selling arms to Sana'a' during this period. However, with the signing of the Saudi-Yemeni border agreement in 2000, relations between Riyadh and Sana'a' have improved substantially. Russian arms sales to Sana'a' are no longer the concern that they used to be in Riyadh.⁷⁶

As was previously noted, the UAE became the fourth largest purchaser of Russian weapons (after China, India, and Iran) in the late 1990s.⁷⁷ Although the Saudis are puzzled as to why the UAE would want to purchase so much Russian (as opposed to Western) weaponry, they do not see this as posing any sort of threat to the Kingdom.⁷⁸

The Saudis recognize (indeed, the Russians acknowledge) that Moscow's principal motive for selling arms to Riyadh's neighbors is commercial. Simply put: Moscow needs the money. The Saudis also regard Russian arms sales to Iran and Iraq (by whatever means they are occurring) as something that exacerbates Riyadh's security concerns about these countries. They suspect that if Riyadh asked Moscow to curb its arms sales, the Russians would respond by offering to do so if the Saudis would compensate them for their lost revenue—such as by buying Russian weapons themselves. Saudis sources also suspect, though, that if they made this bargain, Moscow would not honor it, but would continue to sell arms to anyone who would pay. "We do not want to play this game," one informed Saudi source told me.⁷⁹

Russian arms sales to the Kingdom's neighbors is one of the few issues they differ over where Moscow has the upper hand.

THE ARAB-ISRAELI ARENA

During most of the Cold War, the one issue that Moscow and Riyadh appeared to have similar positions on, at least in general terms, was the Arab-Israeli conflict. There is no need to repeat the well-known history of how the USSR armed various radical Arab states during this period while the United States supported Israel. Despite Moscow's oft-expressed hopes that the pro-Arab position it shared with Riyadh could be the basis of fruitful Saudi-Soviet cooperation, Soviet support for the Kingdom's radical Arab rivals as well as encouragement of revolutionary movements seeking to overthrow conservative Arab monarchies served to convince Riyadh that Moscow's friendly overtures were less than genuine. Despite Riyadh's deep unhappiness over American support for Israel, the Saudis did not see moving away from Washington and toward Moscow as enhancing their security.⁸⁰

75. On the tense Saudi-Yemeni relationship during the 1990s, see Renaud Detalle, ed., *Tensions in Arabia: The Saudi-Yemeni Fault Line*, (Baden-Baden: Nomos Verlagsgesellschaft, 2000).

76. Interview with an official Saudi source, Riyadh, May 15, 2001.

77. Oksana Antonenko, "Russia's Military Involvement in the Middle East," *Middle East Review of International Affairs*, (<http://meria.biu.ac.il>), December 2000.

78. Interview with an official Saudi source, Riyadh, May 15, 2001.

79. Interview, Riyadh, May 7, 2001.

80. Katz, *Russia and Arabia*, pp. 148-51.

When the Cold War was winding down and the USSR was collapsing, Moscow re-established ties with Tel Aviv in October 1991, which the Soviets had broken off in 1967. During the 1990s, Moscow and Tel Aviv developed a genuinely close bilateral relationship which has survived the downturn in Russian-American ties. The two have developed a strong trade relationship over the years. Large-scale Jewish emigration from the former USSR to Israel also took place. Ironically, those Jews who immigrated to Israel in part to escape Russian anti-Semitism have become strong advocates of close ties between Moscow and Tel Aviv. President Putin himself has publicly stated that Russia has a special relationship with Israel because of the large number (over one million) of Russian-speakers there.⁸¹

Despite Moscow's continued pro-Palestinian rhetoric, the Saudis—as well as other Arabs—understand that Russia is not going to do anything for the sake of the Palestinians that might jeopardize its profitable relationship with Israel. This is disappointing and frustrating to the Saudis, but not nearly as much as American support for Israel is to them. Saudi dependence on American protection, though, has induced Riyadh to tolerate American support for Israel. By contrast, Riyadh sees Russian weakness as rendering Moscow unable to play anything more than a minor role on the Arab-Israeli stage.⁸² However much they might wish it was inaccurate, Russian sources largely concur with this assessment.⁸³

Russian policy in the Arab-Israeli arena is more an irritant than a threat to the Saudis. There is one aspect of the Russian-Israeli relationship, though, that Riyadh finds disturbing: Russian arms exports are reportedly being upgraded with Israeli technology.⁸⁴

CONCLUSION

Moscow sees the Saudi capacity to lower oil prices as highly threatening to the Russian government's precarious finances and even the political survival of its leadership. It is resentful over Saudi unwillingness to invest money in Russia. And more and more, it sees Saudi assistance as being responsible for the continuation of the Chechen rebellion as well as the rise of Islamic fundamentalism in the former USSR. For its part, Riyadh is unhappy about Russian arms sales—particularly of missile technology and nuclear know-how to Iran — and of anything at all to Iraq (even if these sales are unauthorized).

Neither Moscow nor Riyadh appears to be pursuing any of these policies with the deliberate intention of harming the other side. Saudi oil pricing policy appears designed

81. Shlomo Avineri, "Israel-Russia Relations," Carnegie Endowment Report. 2001, www.ceip.org/files/Publications/russiaisrael.asp?from = pubdate

82. Interview with an official Saudi source, Riyadh, May 15, 2001.

83. Interview with an informed Russian source, Moscow, May 25, 2001.

84. Antonenko, "Russia's Military Involvement in the Middle East." Antonenko mentioned that these Israeli-upgraded Russian weapons have been sold to India and China as well as in the Central European and African markets, but does not state whether any Muslim government has bought them. It was also reported that Israel bought Russian weapons through Croatia during the reign of President Franjo Tudjman. If true, it is not clear whether this occurred with or without Moscow's approval. Nur-al-Din Salih, "Croatia Purchases S-300 Missiles for Israel," *Al-Sharq al-Awsat*, June 7, 2001, p. 1 in FBIS-EEU-2001-0607.

to protect the Kingdom's market share over the long-term as well as ensure that the West remains strong enough to come to Riyadh's defense. While non-financial factors may enter into the decision-making by Saudi corporations or individuals with money to invest, calculations of risk and return appear to lie at the heart of their investment decisions. Finally, the aid given by Saudi sources to Chechen and other Muslim causes in the former USSR appears to be a response to genuine sympathy for them within Saudi society.⁸⁵ And as causes, the Chechens and other former Soviet Muslims have one distinct advantage for Riyadh: their oppression is not linked to American foreign policy, and thus does not call into question the merits of Riyadh's close ties to Washington. Finally, while there is a political component to them, Moscow's arms sales to Riyadh's regional rivals along with its growing ties to Israel appear to be motivated primarily by commercial interests.

Yet while neither side may be seeking to hurt the other, each perceives the other as doing so. Prone to viewing the world in terms of enemies and conspiracies anyway, the Russian press increasingly blames Saudi Arabia for its problems, accusing Riyadh of seeking the breakup of Russia and the rise of Islamic fundamentalist states on its territory. Russian specialists on the Middle East do not think Riyadh has hostile intentions toward Moscow, but note that the view that it does is gaining increasing acceptance within Russia, including within the Russian government.⁸⁶

The Saudis, for their part, are deeply concerned about the trend among Russians to blame Riyadh for their problems. They fear that Moscow's arms sales to Iran and Iraq are being made, or could be increased, in retaliation for the harm it perceives coming from Riyadh.

The danger, of course, is that perceptions, once they become deeply embedded, cannot help but affect policy. If the Russian government really does become convinced that the Saudi government is deliberately trying to harm it, Moscow may decide to retaliate in earnest with increased arms transfers to Saudi Arabia's regional rivals. And to the extent that greater tension in the Gulf region leads to higher oil prices, Moscow would be very pleased. Moscow may also calculate that putting Riyadh more on the defensive may induce the Saudis to be far more cooperative on issues such as aid to the Chechens as well as investment in and trade with Russia. For a nationalist Russia alienated from the West, putting pressure on Saudi Arabia may appear as the key both to resolving some of its problems as well as re-establishing Moscow as an acknowledged great power.

Such a hostile Russian policy toward Saudi Arabia might not succeed in achieving these goals. But it would exacerbate the Kingdom's problems, and hence the West's. Indeed, Russia could end up exacerbating its own problems. For if increased Russian pressure contributed to the downfall of the Kingdom, it is highly doubtful that whatever replaced it would benefit Russia. Middle East specialists in Moscow anticipate that if the Saudi monarchy fell from power, its most likely replacement would be an Islamic fundamentalist regime hostile not just toward the West, but also toward Russia. A

85. This point was made to me repeatedly in my interviews with various Saudi and Western sources in Riyadh, May 5-15, 2001.

86. Interviews with informed Russian sources, Moscow, May 22, 23, and 25, 2001.

revolutionary Arabia which put its mind to it could provide far more resources directly to the rebels (not just refugees) in Chechnya and other Muslim regions of the former USSR than these groups are getting, by whatever means, from Saudi sources now.⁸⁷

But where there is danger, there is also hope. If the Russian government again comes to the realization (as it did during the summer of 1996 when it made peace with the Chechens) that it cannot defeat its Muslim citizens, but must somehow learn to live with them peacefully, Riyadh may be able to help it do so. The close relations that the Saudis have developed with the Chechens and other Muslim groups in the former USSR may enable Riyadh to persuade them to negotiate with Moscow. Similarly, a Russian understanding that the Saudis really are not interested in the spread of radical Islam may make them acceptable as a mediator to Moscow. There is no guarantee, of course, that Riyadh could help resolve the ongoing conflicts and tension between Moscow on the one hand and the Chechens and other Muslim groups on the other. But if it could, then another benefit Moscow would gain is that Saudi charitable assistance would all go for just that if there were no more rebels for it to be deflected to.

Whether they deteriorate, improve, or remain as they are now, the state of Saudi-Russian relations will not only have an important effect on these two countries, but on world politics generally. Despite all the changes that have taken place since the collapse of Communism, the Saudi-Russian relationship is one that merits continued attention.

AFTERWORD

This article was written before the September 2001 attacks on the World Trade Center and the Pentagon. Both Riyadh and Moscow have expressed their willingness to assist Washington—to varying degrees—in responding to them. Moscow, though, has indicated that in return for assisting the United States against bin Ladin and the Taliban, it expects Washington's support for a renewed Russian effort to defeat the Chechen rebels. But considering the popularity of the Chechen cause in the Kingdom, American support for such a Russian effort could add unneeded strains to the Saudi-US relationship. Conflicting Saudi-Russian interests, then, are already serving to complicate the American response to this crisis.

87. Interviews with informed Russian sources in Moscow, May 22, 23, and 25, 2001.