

NATIONAL COUNCIL ON U.S.-ARAB RELATIONS

18TH ANNUAL ARAB-U.S. POLICYMAKERS CONFERENCE

“FRESH VISIONS, OLD REALITIES, NEW POSSIBILITIES: THE IMPACT OF LEADERSHIP CHANGE ON ARAB-U.S. RELATIONS”

THURSDAY, OCTOBER 15, 2009

**RONALD REAGAN BUILDING & INTERNATIONAL TRADE CENTER
WASHINGTON, D.C.**

"AMBASSADOR'S ROUNDTABLE"

Moderator: Mr. Peter J. Robertson – Co-Chairman, of the U.S.-Saudi Arabian Business Council; retired Board of Directors Vice Chairman, Chevron Corporation; Chairman, World Affairs Council of Northern California; Board of Directors Vice Chairman, International House, University of California at Berkeley; Member, Corporate Advisory Board, Global Business Coalition for HIV/AIDS, Tuberculosis and Malaria.

Speakers:

H.E. Adel A. Al-Jubeir – Ambassador of the Kingdom of Saudi Arabia to the United States; Foreign Policy Adviser to HRH ‘Abdallah Bin ‘Abd al-‘Aziz Al Sa’ud, Custodian of the Two Holy Places and King of Saudi Arabia.

The Hon. James B. Smith (Brigadier General, USAF, Ret.) – Ambassador of the United States to the Kingdom of Saudi Arabia; former International Business Development Executive, Raytheon Integrated Defense Systems; Distinguished Graduate, The Naval War College, The Air Command and Staff College, and The National War College.

Former United States Ambassadors to the Kingdom of Saudi Arabia:

The Hon. Walter L. Cutler (1984-1987 and 1988-1989)

The Hon. Charles W. ("Chas") Freeman, Jr. (1989-1992)

The Hon. Wyche Fowler (1996-2001)

The Hon. James C. Oberwetter (2004-2007)

The Hon. Robert Jordan (2002-2003)

Robertson

Thank you for the opportunity to be here in this distinguished company. I know it was said that I was Vice-Chairman of Chevron, that was my old life, in this current life I am pretty busy. But one of the things that I do that I am really proud of is co-chair of the US-Saudi Arabian Business Council. And I am co-chair because we have a Saudi co-chair as well in Riyadh. But our business council has about 330 Saudi and American companies as members and our business or our mission is to promote investment and trade between the two countries, the United States and Saudi Arabia. Though if I stray into business jargon that's because that's what I do.

As sort of a tribute to John Duke Anthony and this organization we had a Plan A and a Plan B in terms of who was going to be here because the Saudi Ambassador Jubeir can at any given day be in Riyadh or he can be here in Washington, and we did have a Plan A and Plan B. What we have here is Plan A and B. Which is a pretty impressive group of six either former ambassadors from the U.S. to Saudi Arabia or the current ambassador from Saudi Arabia to the U.S. So we've got thirty minutes and I'm not quite sure how this is going to work. But what I plan to do is, Ambassador Al-Jubeir is going to speak first and then Ambassador James Smith who is the U.S. Ambassador to Saudi Arabia is going to speak and then we are going to open up for questions and the others are going to be a part of a panel and will speak when they see an opportunity.

Adel Al-Jubeir is the Ambassador of the Kingdom of Saudi Arabia to the United States since 2007 and advisor at the Royal Court. He has degrees from Texas and Georgetown and has a distinguished career in his country's service including as Foreign Affairs Advisor to King Abdullah. And so James Smith is ambassador of the United States to the Kingdom of Saudi Arabia, and before his appointment this year, General Smith has had a distinguished career in the U.S. Air Force including serving as Deputy Commander of the Joint War Fighting Center and then previously at Raytheon and Lockheed Martin.

So Ambassador Al-Jubeir perhaps you could make some comments first of all and then we'll go to Ambassador Smith, thank you.

Al-Jubeir

Thank you Peter, I was thinking about how we could get through the program with the distinguished panel we have. We have three options, we can speak fast, we can say very little, or we can do both. So I want to start out by saying thank you to John Duke Anthony and the National Council for hosting this wonderful event. Thank you Peter, for the kind introduction, and also thank you to my colleagues the former U.S. ambassadors to Saudi Arabia. I am humbled to be speaking with such distinguished individuals at the podium with me.

I'll try to make my remarks brief and I'll try to speak not too quickly. The relationship between our two countries is a historic one, last year we celebrated the 75th anniversary of formal ties between the Kingdom of Saudi Arabia and the U.S. Our relationship began in the [19] 30's with the discovery of oil and on a commercial basis it evolved in the [19] 40's with the first meeting between our two heads of state, the late King Abdulaziz and the late Franklin Delano Roosevelt

on the USS Quincy at the Great Bitter Lake in Egypt. And the relationship took on a military dimension in the 1950's when the U.S military sales program to Saudi Arabia was first established.

When we look at the history of our relationship we see that with every passing decade the relationship grows broader, and deeper, and stronger, and it becomes more multi-faceted. If you allow me now to skip to the present, when we look at our relationship today, we have tremendously strong ties in counter terrorism and terror financing. We have very strong commercial investment ties, we have very strong political ties, we have institutional links between our two countries in a way that has not existed in the past. We look at the numbers, because as Ronald Reagan used to say "facts are stubborn things" and when we look at the numbers in terms of investment and trade, in terms of visitors to Saudi Arabia by the U.S. or visitors to the U.S. from Saudi Arabia the numbers are at historic highs.

The number of Saudi students in the U.S. is in excess of 21,000 as we speak and growing, which is also a testament to the strength of the relationship and to the fact that it is these young men and women who carry the relationship forward over the next three or four decades. When you look at the interests that we have in the region, when you look at the challenges we face in Pakistan, Afghanistan, with Iran's nuclear program, in Iraq and Lebanon, with the Israeli-Palestinian conflict, in Yemen, in the Horn of Africa, in Sudan--- When you look at the challenges we face involving piracy or terrorism, financial crisis, energy situations and trade and investment I believe that the interest of our two countries to date, at this moment, are as aligned as they have never been before.

We speak to each other frankly, we consult with each other intensely, and we try to engage others in this dialogue in order to resolve problems. The Kingdom of Saudi Arabia has a history of trying to seek stability and security and peace in our region and in the world. It was King Abdullah's peace initiative that became the Arab Peace Initiative in 2002 that set the stage for the resolution of the Arab-Israeli conflict. I believe that today there is a unanimous view that the Arab Peace Initiative is the basis upon which the Israeli-Palestinian conflict will be resolved, God willing. We appreciate and thank the Obama administration for its early and robust engagement in trying to resolve the Arab-Israeli conflict, and we look forward to working with it, and moving it forward, and putting an end to this long-standing tragic conflict.

When we look at the issue of combating extremism, the Kingdom of Saudi Arabia has been on the forefront of countries trying to counter the mindset of extremism that is prized to hijack a noble faith and encourage people to use it to justify violence. Our religious scholars have taken very strong and public positions to counter this radicalism and it has had an impact. We believe we will continue to have an impact, God willing, on trying to eliminate this mindset from our midst. The custodian of the two Holy Mosques launched an inter-faith dialogue that involved different religions and cultures in order to use the universal values that are enshrined in all religions to promote understanding and to promote co-existence and to promote peace. Because at the end of the day the universal values enshrined in all faiths are very similar. They have to do with compassion, with mercy, with peace, they have to do with co-existence, being honest, taking care of the needy, and it is an attempt to try to use those universal values in order to build bridges between different people on our little planet rather than use religion in order to be divisive.

The King Abdullah University of Science and Technology which is a major research university was recently inaugurated in Saudi Arabia is also another attempt to build bridges with the rest of the world. It is an institution whose students and faculty hail from almost sixty countries. It is an open research facility; it is connected to a large number of distinguished universities and research institutions around the world with which it shares research and it shares professors and it shares students. And it is another way to connect with the rest of the world which is in line with the Kingdom's vision of trying to build bridges in order to promote peace and stability and security.

To go back to where I started when we look back at the 75 years in which our two countries have had formal ties I believe that the relationship today is very strong and I hopeful that the relationship, God willing, will continue to grow stronger for the benefit of both of our countries. And before I stop I want to say that I hope I have not spoken too fast, or too long, thank you for this opportunity I look forward to the discussions.

Smith

Well I'm the new guy, I know that because I am still an optimist. I want to thank Dr. Anthony for the opportunity to come meet you. I've been at post a month. I flew in Tuesday night. I'm leaving on the ten o'clock tonight. It is getting very close to my bedtime but I will get through this.

I was particularly intrigued with the theme of the conference "Fresh Visions, Old Realities, and New Possibilities." Because in the run up to going to post, I had about three or four months of study time, and in that time I had consultations with all of the previous ambassadors going back to about 1988. Including Ford Fraker whose not here and I got to tell you I have great respect for this group of gentlemen to my left, they were generous both with their time, their thoughts, and their ideas. And one thing that I found was very intriguing is that each of them was there at a unique time. Because over the last fifteen years every two to three years has marked kind of an era of its own. So I'm going to limit my comments this morning to defining what I see this era like, that I am stepping into.

And the first thing I would tell you, it is not 2001, it is not 2003 and it is not 2004. So as an American, if you formed an opinion about Saudi Arabia or Saudis in the aftermath of 911, it is time to rethink your position. And as a Saudi if you formed an opinion about the United States and Americans in the aftermath of that it is time to rethink your opinion; that was eight years ago. Ours is an era of hope and expectation. Admiral Fallon, I think, was spot on when he defined the window of opportunity created by President Obama. It's also a window of opportunity created by His Majesty King Abdullah who led the Arab Peace Initiative, the Inter-Faith Dialogue, a whole range of modernization initiatives culminating with the inauguration of KAUST and if you were not there last month you missed something. Because it was stunning, not just the optics but the image of what this represents as a top-end graduate degree reigning institution in Saudi Arabia.

But it is an era of hope and opportunity. President Obama, probably the only person in the world who could have gone to Cairo and given that speech, and he went through one by one the geo-strategic challenges of the day. And I will tell you that for most every challenge facing this nation there is a cross-roads in Riyadh that we have to use and think of the words that our President used which our listen, respect, trust. Because this is a much more nuance complicated and I would argue more important relationship than it has ever been in the past. But someone said it's just a speech, you have to deliver on the promise of Cairo. And whose responsibility is that? It is mine, and it's yours.

And I say yours because as you come to visit me as a business man, as an educator, or as a think tank individual. I will share that responsibility with you. Because if you are trying to work a business opportunity I will describe the King's vision of where he is trying to take this economy and create jobs, and we will help solve his problem as we are trying to build the relationships between our two peoples. And I will share that responsibility with you and together we will figure out how to deliver on the promise of Cairo.

But there are unique challenges that we face, in the diplomatic presence in Saudi Arabia. And it is the bi-product of what happens when you build eight years building walls---because we have been building walls since 911. Physical walls---Saudi has been an unaccompanied post now for five years. So you come on one year rotations, so it takes you four months to learn your job and then you do it for six months and then you rotate. And you continue to build walls, and fences, and wires and where you were there to represent the American people to the people of Saudi Arabia you find yourself migrating into only three cities. And in fact you migrate into single buildings in individual cities instead of everywhere, and actually it is worse than that because of the single year rotation policy you migrate into single sections of individual buildings in three cities.

We have got to figure out how to start taking down walls. I see my biggest challenge over the next two years is how to figure out developing friendships without fences, relationships without barriers, even if you can't change the physical dynamic we have got to get out and represent the American people to the people of Saudi Arabia. And I would argue, that this description of our diplomatic presence is a micro-chasm of the relationship between our people and until we can increase the number of students going back and forth, increase the number of businessmen forming relationships, increasing in the trade missions, then you will have people who formed an opinion in 2001 and it hasn't changed and it is wrong. Thank you.

Robertson

Well thank you to both of you, I have asked each of the other four ambassadors on the stage here to say a couple of sentences and let me just introduce them very quickly. Walter, Cutler, going from my left and across, served as U.S. Ambassador to Riyadh from 1984 to 1989, Chas Freeman from 1989 to 2002, James Oberwetter from 2004-2007, and Bob Jordan from 2002-2003. So they were all--- some before the time period that was just discussed, some after, and

some during. But they all have different insights and something quickly to say and then we'll go to the Q&A. Ambassador Cutler.

Cutler

Thank you I just wanted to scotch a rumor here, Ambassador Al-Jubeir mentioned a meeting between Roosevelt and King Abdulaziz in 1945; I just wanted to tell you I was not there. You may be the new guy on the block; I'm the old guy on the block. Very quickly, the word that has come up here a number of times, dialogue, dialogue and engagement, and I entirely agree with you, you have to keep in touch. As so many of you here do quite regularly with the Kingdom to see how the changes are taking place. I go back every two years, thank God, because the stereotypes of a few years ago, particularly after 911 have so radically changed and for the good. Let me just say dialogue, all the kinds of exchanges. What King Abdullah is doing, dialogue within the Kingdom, what we are doing with strategic dialogue between our two countries which goes on. All of that is really what I think gives me confidence in not only the present but the future of the relationship. And one last thing, you mentioned 21,000 Saudi students in this country, think of that. Think of how many there were after 911, and it is so important to have them coming to our country. All we need now is more of American students going to the Kingdom and others, Americans going to the Kingdom. And John Duke Anthony I congratulate you for keeping up that flow of educators and others it is so important. Thank you.

Freeman

The late Arthur Goldberg when he was ambassador to the UN, observed that diplomats approach every issue with an open mouth, and I'll get my chance to do that tomorrow. So I am going to yield the balance of my time to diplomats with only remarking this. I am now a business man and thanks to all the free advertising I got earlier this year my business in the Middle East is prospering.

Oberwetter

I'm glad to hear that Charles. I think that the focus on education, that's the remarks I want to make. As Ambassador Cutler has pointed out and Ambassador Al-Jubeir. When I arrived after 911, I got there in 2004. There were about 3,000 Saudi students left in the United States and you have heard the number today of 21,000 Saudis back, because of agreements between our two countries that allow for this exchange of students. And the King of the Kingdom should be heartily commended for what he has done in providing scholarships to his students to come not only to the United States but to other countries around the world and to become exposed to our systems of government. As Walt said, now it's time for us to begin the exchange in the other way. But the focus with KAUST, what the King is doing, nothing is of greater importance to the relationships between our two countries than the focus on education. Thank you.

Jordan

I would simply say briefly that actions speak louder than words. I was very impressed with President Obama's speech in Cairo, was actually in Dubai when he gave it, but I got to thinking that most of the words he spoke were exactly the same words that George W. Bush spoke and the difference in what will be the proof of the pudding is what is the action that is undertaken in both contexts. We have an unique opportunity at this moment and I think it needs to be seized. King Abdullah is a great example of actions speaking louder than words, he is on airplanes constantly, he is engaging in shuttle diplomacy, and in the midst of the opening of this grand new university, KAUST, there was a very popular Imam in Saudi Arabia who was critical of the mixing of men and women on the campus. This is sort of like Pat Robertson or Billy Graham saying something like this. The King fired him, and it is like a president firing Billy Graham or Pat Robertson. King Abdullah has made things happen, he continues to make things happen and we continue to applaud him for that.

Robertson

Well we've got time for a couple of questions. I'm going to take the prerogative that I get from being here and ask the first question. And as I've mentioned I'm sort of about business so it relates to business between the two countries. The World Bank put out a report here recently that ranks countries by the ease of doing business. And you might have preconceived ideas—talk about preconceived ideas--- as to who would be where on this list. The US certainly wasn't number one, I think it was in the top three or four and I think a lot of preconception would have Saudi Arabia quite a long way down the list. Saudi Arabia was number 13, in the world, in terms of countries' ease of doing business. Now that's the good news; the bad news is that in the details there were some things that were very, very good and were number one in a bunch of areas and there were some areas where it wasn't very good. I'm not going to disclose what those were but I really was going to ask the question to the panelists, what are the strengths and what are the weaknesses in our business relationships and what can we do in the business community to--- we're doing a lot--- a lot going on but there is a heck of a lot more that needs to be done. So what can we do to enhance these business relationships between the two countries because I am a believer that those kind of relationships are the things that lead, or can lead, to people understanding each other better and to people getting along with each other a lot better. And to, frankly, all the things that we want in life in terms of peace and prosperity. Ambassador Jubeir, maybe I can throw to you.

Al-Jubeir

I think our objective is to be among the top ten most competitive economies by the end of 2010, and God willing, we will be able to succeed. I think that the economic reform that took place in Saudi Arabia over the last ten, twelve, years, including in particular Saudi Arabia's succession to the World Trade Organization have radically and positively changed the business environment in the Kingdom. New commercial laws were introduced new commercial courts, new regulations,

lower taxes, more attractions to foreign investors in the Kingdom. All of this put together led to a tremendous increase in the confidence of foreign investors in the Saudi economy and in the ease with which foreign investors can enter the Saudi market and compete. The Kingdom of Saudi Arabia is one of the top twenty economies in the world. It is a very competitive market, a very open market. So you put the two together and what you see is a tremendous increase in the percentage of foreign investment, direct foreign investment, in the Kingdom of Saudi Arabia. You see it with American companies; you see it with European companies; everything is essentially running on all cylinders and somebody used the example of the proof of the pudding is in the eating well the proof of the success of these economic reforms is in the reaction of the investors both Saudi and foreign investors who have flocked to Saudi Arabia to invest. More areas of the Saudi economy were opened up for foreign investment and local investment and people took advantage of it whether it is the gas sector or petrol chemicals, virtually every aspect of our economy is open for doing business.

Now those are all the positive ones. Why do I think this tremendous increase and this tremendous momentum--- how can we make it even stronger? I think that a number of these issues go back to the perception of stability or instability; there was the threat of violence and terrorism, the Kingdom of Saudi Arabia waged a tremendous battle against terrorists beginning after 9/11, in particular after the Riyadh bombings of 2003. We have the terrorists on the run; our security forces are succeeding; they are also succeeding in combating the mindset and I think that will also reinsure foreign investors even more. Simple things like travel advisories, that portray Saudi Arabia as a very unstable country, or a potentially dangerous country have the effect of turning off some potential foreign investors. I don't say this to be critical of the U.S., because it is entirely the U.S. prerogative to determine how it assesses stability or how it assesses security in a particular country. And that is not an area that we are in any position to criticize the U.S. for, just like we will not accept criticism from others about what we do in order to protect the security of our citizens. But I think that's one part of it, the visa situation that was resolved thanks to the hard work of officials in both governments, here, I would like to thank Ambassador Ford Fraker and Ambassadors Oberwetter and Jordan for reaching an agreement on five-year multiple entry visas for citizens of our two countries. Whether the Americans go to Saudi Arabia or Saudis come to the U.S. That also has made doing business easier.

But I go back to--- Can it be made better? Can we have more investment? Probably. I think a lot of it is now related to psychology and perception rather than laws, rules, regulations, and realities.

Robertson

I think that's true and I think that a lot of what you said though is still a fairly well kept secret in the United States so maybe, Ambassador Smith, what can we do here? --- I think a lot of this issue is in the United States --- what can we do here to improve the situation because there aren't very many (U.S.) politicians who are willing to stand up and talk, in public, about Saudi Arabia and all the positives.

Smith

Well my message was we need to move beyond a bunker mentality and that goes to business. I don't have to tell anybody that's on this list behind me about the importance of doing business in Saudi Arabia. We've been doing it for a long, long time and most of you didn't come home eight years ago. I saw a number two days ago that quoted 18.75 billion dollars is the amount of revenue that could be coming to the United States if in fact American businessmen were engaged. But it's finding its way east---we're not there, we're on the sidelines. Again, not this group, but medium, small businessmen on the sideline kind of waiting to see what's going to happen in Saudi Arabia. Well it is happening---it is happening. A sound economy--- best thing I think that happened to them was G20, and everything that they had to go through to transform an economy for inclusion into the G20. And now we're going through--- and even the harshest critics said they are doing a marvelous job of getting their arms around IP. And with KAUST they are going to be developing their own intellectual property, it then feeds itself. It's a positive thing. But American business and industry that can bring the kinds of training and education that they desperately need to mature an entrepreneurial class, to be able to grow this non-energy economy that they need for balance. It's all about jobs and it's a global economy and think about a job here and a job there. This is not rocket science. And you've got an amazing number of very successful business women who are succeeding beyond description. Now how do you go in and tap that individual, connect them with the global economy, celebrate that success. These are sorts of things that we need to do to help both us and the Saudis in their modernization. We need to get off the sidelines.

Robertson

You mentioned Saudi women, what is the percentage of Saudi women in universities in Saudi Arabia?

Smith

Fifty-five percent of the college the college graduates last year were women. There are 21,000 Saudi students in the United States today, a quarter of them are women. Women are making As and the guys are making Cs.

Al-Jubeir

Objection! I have to stand up for the Saudi guys. Of the 21,500 Saudi students we have in the United States approximately a quarter are women. All of them, both men and women are doing a tremendous job. They are focusing on the sciences, on technology, in ways that my generation didn't. But I think--- I'm very, very proud of each and every single one of them and I wish all of them success.

Robertson

Well I think we are going to end on that. But one of the panelists mentioned that we all have a responsibility here, and I think we all do have a responsibility, at least in the United States, to talk about some of this. And to talk about some of these statistics, and it's not to say that all is perfect in either country frankly. And it is not to say that every has the same opportunity. But the opportunity for us to bring this situation into a little more balance from the perspective of the ambassadors' talk about the views in the U.S. I think it's up to us to get the word out and talk about this relationship, talk about what's positive as opposed to what's negative. So I think you've heard a lot of positives today, and I appreciate your attention, and I'll turn it back to great Dr. John Duke Anthony, thank you.