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*“Arab-U.S. Relations: Going Where?”*

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**"AMBASSADOR'S REPORT: Saudi Arabian – U.S. Relations: The American  
Ambassador's View from Riyadh"**

**Ambassador James B. Smith** – United States Ambassador to the Kingdom of Saudi Arabia.

## AMBASSADOR'S REPORT

“Saudi Arabian-US Relations: The American Ambassador’s View from Riyadh”

[Ambassador James B. Smith] First, I want to thank Dr. Anthony for the opportunity to come back this year and present.

I'm just back from Seattle this morning where we've had a reverse trade mission from New York and Seattle and I'll talk more about that later. Some of you may have come here for insight but I've got to remind you, if you look at the program you'd realize I'm really just the warm-up act for the Muppets. I don't know how that's going to fit on my resume.

Before I go into my remarks though I'd like to digress for just a minute and address this marvelous group of cadets and midshipmen. It was 40 years ago, this year that I embarked on the journey of service. I graduated from the Air Force Academy. My twin brother graduated from the Virginia Military Institute. I can assure you that it is a journey that will take you to unexpected places. It will have unexpected turns but it's a career of service that is a magnificent career. I think a life of service in its many forms is a noble decision and for those of us who find ourselves jogging in the twilight of our careers we're encouraged that we've got such a wonderful generation to hand the baton off to. We wish you well and we ask you to run a good race.

Janet and I are in our second year in Saudi Arabia and it's good to take this opportunity to reflect, and if past is prologue it will give you a little insight into where we're going to be going over the next few years. Before embarking on the path to Riyadh, I met with every former ambassador going back over 20 years. Three of them are sitting here in front of me today. Each faced very unique circumstances and have unique challenges. I would argue that the course of the context often frames what you can do and also frames your limitations.

Like anyone preparing for a new assignment I look for models and it was in your next speaker today that I found inspiration, because his Royal Highness Prince Turki Al Faisal found himself in the United States in a very difficult time. He traveled to nearly 35 states trying to have a conversation with people about what Saudi Arabia was and what was the importance of the bilateral relationship.

If you take nothing else away from this discussion please understand my personal commitment to continuing that conversation from my end. It must continue in both of our countries, as we move forward facing the key problems impacting our nations and the world.

I came to Riyadh with one clear goal, to put into practice the vision that President Obama set forth in the Cairo speech. To reframe our relationship with Muslim communities around the world, and to form a relationship based on mutual respect, mutual trust, mutual interest and mutual responsibility. This goal is served as an important guideline framing our work and mission in Saudi Arabia and then arguably for the Obama Administration at large.

To begin with, bolstering our bilateral relationship has caused us to broaden our mission objectives and operations. For years Saudi Arabia had one-year unaccompanied tours. For a close U.S. ally like Saudi Arabia it was an imperative to get moved back to two-year tours so that we that we had stronger expertise and stronger working relationships. I think I commented to this group last year that that was our number one first priority. I am proud to tell you that families of our diplomats have returned to mission Saudi Arabia at all three posts.

I firmly believe you cannot have a mature relationship in the country, a country that's so centered on the family, if you leave your families at home. In the past what did that tell our partner. It told our partner that we were ready to leave at a moment's notice. So understanding the security situation and the enormous amount of work that the Government of Saudi Arabia has done to change the dynamic there. The State Department was very helpful and on the first of November last year we moved to get families back. We are back to two-year assignments. We have families back and two weeks ago we had the first baby born to the American community in Saudi Arabia in over six years. Families are back.

My experience tells me that you cannot do the job of representing the United States isolated behind walls. In Saudi Arabia we spent eight years building walls, 5 1/2 years without families. We are now moving to a more visible U.S. presence, more openness and expanded contacts with the press and media. The new team at the Embassy is firmly committed to that goal and our active engagement with and dialogue with our local partners off embassy grounds has deepened our relationships and advanced the impact of our work.

In addition to engaging with local Saudi partners, we are also reconnecting with the American community in Riyadh, Jeddah and the Eastern Province. Over the last few weeks I've attended a number of business events in all three of those and each time I asked how many in the business audience is new to Saudi Arabia, and I get a flood of hands, easily 30% in every group. There is a new dynamism in the U.S. business community and the Embassy is there to support U.S.-Saudi business and our American citizens.

I'm happy to say that we see the results of that effort already. Non-defense exports to Saudi Arabia have increased almost 10% in 2010 in just eight months. The commercial team has led a delegation back here to the States every month over the course of the last year and we are on schedule to lead one back every month over the course of the next year. I've led delegations to Chicago and Houston as well as the event of the past week.

Chicago was a major event in April that focused on policy and connecting American and Saudi businessmen and businesswomen, almost twelve hundred at that event. We are planning a similar event in Atlanta in April of 2011. I'm especially encouraged by the fact that there are 107 American companies who have exported to Saudi Arabia for the first time in 2010. Agricultural exports have increased 29% in the last year.

In case someone is not reading the news defense is obviously bright. Workers all over this country will be busy over the next few years building and assembling multibillion dollar F-15 and helicopter purchases by Saudi Arabia. Business and trade are on the upswing and we will continue to aggressively pursue this very important aspect of our mission because if you're going

to redefine our bilateral relationship at the top you've got to build with a foundation and that foundation begins with business.

The United States is also a big and growing market for intellectual development. Saudi students have responded to President Obama's call when he said that we must recognize that education and innovation will be the currency of the 21st century. We have between 25,000 and 30,000 Saudi students in the United States today and when you add in the families it's about 70,000 Saudis as a part of that education experience. Several weeks ago the Minister of Education announced that 1,000 additional King Abdullah Scholarships will be granted for students coming to the United States. We not only encourage Saudis to come to school here but we've got to make it easier. And that brings us to the subject of visas.

Over the last five years visa issuance in Saudi Arabia have grown fourfold. The top year was 2000 where we had 68,000 visas, last year we had 67,500, this year we will surpass 80,000 visas. Because our consular staff has been working diligently to lean out the process by which we do visas. If you go online today you will get an appointment for a visa in seven days. If you're a student we'll get you in tomorrow afternoon, because my commitment to the Custodian of the Two Holy Mosques was that we will not have a student miss class because of a visa problem process at the embassy.

We have not in the process of streamlining all of this compromised security at all. Please tell your friends that our process is optimized for volume but not last-minute requests. Some visas do take longer than others but if you plan two months ahead I can guarantee you you've got a 97% success rate of having a visa in hand when you're ready to go.

Now there are a wide range of issues that I could talk with you about for the rest of my time. Certainly Yemen, Iran, Iraq, Palestine, Syria, all are issues that are a life's work for many of you here in the audience. Rather I'd like to speak to you Saudi watchers and offer you five strategic issues, the outcome of which I cannot yet predict, that will have a significant impact on Saudi Arabia's development and the way it interacts with global partners.

The first issue is jobs. The Kingdom has recognized that Saudi Arabia needs to evolve to a knowledge based economy and they need to do this over about the next 20 years to assure prosperity for the 50% of the Saudis who are 20 years and younger. What this really means is they've got to create about 3 million jobs over the next decade. It is a daunting task but one that we can contribute to their success and it is in our interest to do so.

I encourage partnerships with joint ventures to boost job creation both in the United States and in Saudi Arabia simultaneously. We are also lending our expertise in the form of entrepreneurship seminars and there were nine Saudis who attended President Obama's summit on entrepreneurship last April. In addition to promoting entrepreneurship in Saudi Arabia we're helping to support a business climate that attracts foreign investment. We focused on contract law enforcement, intellectual property rights and patent protection.

Last year our focus was on intellectual property and because of the very hard work of the Saudis they were able to come off the 301 list. The focus now is on contract law protection and I am

delighted with the number of Saudi lawyers that I have met who are now making careers in contract law. The kingdom's success in job creation will be a key element in their stability in the future.

The second issue I bring your attention to is the role of nationalism. Last month Saudi Arabia celebrated its 78th iteration of Saudi National Day. That's is it has been 78 years since Saudi Arabia became a country in 1932. But in truth they have only had public celebrations of this event for the last five years, since 2005. This year there were festivals throughout the country. There were 15,000 people at one event down at Najran. Young people were out carrying flags and balloons, teenage boys were painting their faces green and there was laughter and pride in the air.

In years past these tributary holidays were often considered as heresy because they were not a religious holidays. What I see now is a move toward a national identity and youth are at the center of the symbol of Saudi optimism. This national identity is certainly not at odds with the regional identity or Islamic faith, rather it is supportive of both. At the same time we are seeing a rich embrace of regional identities as manifested in the Janadriyah Festival. Watch to see how this manifests itself over the years to come.

The third issue I draw your attention to is the Arab Peace Initiative. Now aside from the headlines of the day and the replay of tensions and old arguments I think it's important to reflect on the efforts of Saudi leadership particularly the work of the Custodian of the Two Holy Mosques to take a bold move toward peace in the region. Now Dennis Ross in his book "The Missing Peace" notes the mismatch of efforts, the mis-timing of initiatives over the years over the troubled history of the conflict, but what ever the past frustrations it's worth noting the efforts of King Abdullah beginning in 2002 with the Arab Peace Initiative.

It is worth of reading the document yourself. It is not very long. Because you'll see a strategic vision and attention given to the desires of all sides of this conflict and it has huge implications for the region, and strategic consequences for both the United States and Saudi Arabia. The Arab Peace Initiative is a concept piece. It is a framework, which can be built upon, and we hope it will be built upon. Again I urge this audience to reread the document and the initiative and in light of current events to keep up our faith that this issue can and will be addressed.

Secretary Clinton recently said we are working to support the direct talks between the Israelis and the Palestinians and the principles enshrined in the Arab Peace Initiative are more important than ever. Saudi Arabia is committed to a solution and the absence of a peace agreement carries strategic consequences for the kingdom. King Abdullah has shown the kind of personal courage with this document and consensus that reflects the kind of boldness needed of a modern-day statesman.

The fourth issue that I will address is the role of women in Saudi Arabia, and many of you know Professor Greg Gause, a very talented professor of political science at the University of Vermont. Now Greg wrote last spring a wonderful article that has a great title. It was called "Saudi Arabia, the Second Sex and the Third Rail." As Greg writes nothing excites such fervent debate among Saudi intellectuals and activists and divides them more clearly.

The women's issue is the third rail of Saudi politics, touch it and risk getting burned. With the risk of trying to not get too close to the heat let me offer a couple of thoughts. In her interview with King Abdullah in 2005, Barbara Walters noted that King Abdullah surrounded by women in his life, all who are making a difference. Princess Adela for example lends her time and effort to the National Family Safety Center. She is committed to family safety, girls education and children's health. Her caring is mirrored by women in all sectors across Saudi Arabia.

From the brief time that I have been in Saudi Arabia I have been hugely impressed by the academic performance of Saudis young women. 60% of the college students in Saudi Arabia today are women. 55% of last year's graduates are women. The new campus of Princess Noura University, currently under construction down by the airport in Riyadh, will eventually enroll over 40,000 women. To put this in perspective in 1965 the literacy rate of women of Saudi Arabia stood at five percent, all of this has been done since I was in high school. And now we have a young generation of women all well educated, all motivated, all armed with Blackberries and every app known to mankind but largely be out of the work force.

To achieve the kind of economic success that will employ three million Saudis over the next decade the Kingdom cannot afford to leave this intellectual capital on the sidelines. Saudi women want to contribute to their country; they want to give back. Yesterday to you heard Dr. Mody Alkhalaf, she is a magnificent contributor, an important part of the Saudi Embassy here in Washington. This afternoon you're going to hear from Dr. Lama Suleiman, a woman of great courage and character, intellect and motivation. They and thousands of other caring and wise women are charting their own uniquely Saudi path, so that the dreams of all Saudi children can be realized. These are women of faith. They're women of family. They are women who have aspirations. They deserve our respect.

And lastly I want to touch on the future of dialogue. Earlier this month my good friend the gifted Ambassador from Saudi Arabia to the United States Adel Al Jubeir hosted a reception. It was a reception for the Religious for Peace to Advance Multireligious Cooperation here at his embassy. It was not an event held in isolation, because King Abdullah has been instrumental in launching an interfaith dialogue that commenced in the Holy city of Mecca in June of 2008 it moved to the Madrid Conference in August of that year and it culminated at the United Nations high-level conference in New York in November of that year.

It was also the culmination of a much larger effort inside the Kingdom called the National Dialogue, which focused on religion, education and the family. This has been a significant initiative for the Saudis in the battle against extremism and it parallels President Obama's initiative for a new beginning in the Islamic world. A relationship based on mutual trust and mutual respect.

If we are to change the tone and tenor of the conversation between that part of the world and ours it will be through ongoing dialogue that is encouraged by the leaders of both of our countries.

I'd like to close by quoting from the Holy Koran. "Oh mankind you have created you from a single pair of male and female and made you into tribes and nations so that you may know each

other.” This remains an inspiring notion, that inspires men and women of good will to embrace the diversity of our world and to work together for peace. As President Obama pledged us we are committed to pursuing that peace and world prosperity in a spirit of partnership based on that trust and respect that I mentioned.

This work is not easy. It is not the cause of a single day or a single year but it is worthy of our continued efforts.

Thank you for the time today.

[Dr. John Duke Anthony] In the manner of the previous sessions I will articulate several questions to the Ambassador and he can choose to answer whatever ones he wants or fuse them together.

The ones that have been submitted here, one, the increasing role of America's defense and aerospace companies both in the kingdom present with expatriate employees and representatives on one hand and here in the United States, backups supplying, producing, educating and training on the other, if you would be comfortable commenting on that, and related to that by extension you and I have talked before about the value of having Saudi Arabians who study and live and work in the United States and are being educated before they return to the kingdom, if at all possible interning in the companies that, in the private sector involved with Saudi Arabia and how that gives them the cutting-edge of when they return to the kingdom. One to better understand the United States represent the United States to those who have never been here and also to be involved in a dynamic private sector component of the relationship. How is that going if it's going at all because of the idea is there in the marketplace but it really hasn't taken off in a massive way?

Second, related to all of this how can the U.S. political leadership be educated to stop using Saudi Arabia as a punching bag or as a symbol of opposition to U.S. policy and interests in the region for really what amounts to personal domestic political advantage in the United States and how should the United States respond to the presence of Al Qaeda in the Arabian Peninsula? Can this be done in our response without increasing opposition to the US presence in Saudi Arabia or elsewhere? And can it be done without undermining long term US strategic, economic, political, commercial, defense cooperation goals in the region?

[Smith] First, on the defense and aerospace, that's really a very small part of the industry focus that I spend my time on. And the model a generation ago was you win the contract and you come in with a bunch of Americans to do the work. That's not what the Saudis are looking for. They're looking for long-term relationships. What America brings is a lifelong commitment to training and education, a culture of innovation, of technology transfer. They're looking for jobs and to bring the training and education associated with that. So you're really looking at a model that and I will proudly point out Alcoa in their joint venture with Maaden mining. A small group of Americans but over time you're going to Aramcoize the thing. So if it is being run by Saudis, who have been going through the hands-on training of how to run an operation, that's really the model.

It's also a lot cheaper than trying to pay expatriate salaries, trying to go into the country. So if you come with a model of training and job creation you're going to succeed.

I would not for a minute try to answer the question on political leadership but my good friend Wyche Fowler, the former Senator from Georgia can explain what goes in a politician's head.

The question about Al Qaeda comes up, I think and I'm actually surprised because most people do not understand and appreciate the very close relationship that we have with the Saudis in countering extremism. We are very quick to quote the impact of the emotion of 9/11 on us but I would remind you that they had their own 9/11 in May and June of 2003. Since that time they have been a very close partner on Al Qaeda but they have approached it from a much different approach than we.

Because they do not see that winning the battle against extremism as a kinetic solution or a military solution. It's all about undermining, changing the base of support within the country for an extremist movement. So the National Dialogue the way that a member of Al Qaeda gives himself up and comes back in for repatriation, the focus on the family and tribe and not creating 100 new extremists while you try to capture one. It's a completely different thought process than we have taken of go after the terrorists.

So this whole notion of job creation, of dialogue to reassess the support for extremism, for the Saudis have been a very valuable partner and not only in solving the problem of Al Qaeda in Saudi Arabia, working with our shared concerns of Al Qaeda in the Arabian Peninsula, but also the realization that these are not problems that have military solutions.

[Anthony] If you would please join me in thanking it Ambassador Smith.

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