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King Abdallah's First Year: A Personal Perspective

By John Duke Anthony

The period since King Abdullah's accession to the position of Custodian of the Two Holy Places has been one of significant change. Overall, the changes have occurred amidst a little appreciated background of considerable constancy whether one is focusing on the domestic environment within the kingdom or on the country's role in regional and world affairs. Externally, and in the broadest terms, the major areas in which Saudi Arabia's interests and policies have been affected the most are well known to most SUSRIS readers. They include the international energy situation, major geopolitical tensions related to Israel/Palestine, Iraq, Iran, and most recently Lebanon/Syria, together with the kingdom's and other countries' ongoing efforts to combat violent extremism. Alongside major accomplishments in most of these categories there have been undeniable disappointments and in some cases significant setbacks in the same categories despite King Abdullah's efforts and those among the country's friends and allies.

Overall, during King Abdullah's tenure in office to date, Saudi Arabia has made major strides both strategically and tactically in its efforts to confront and counter acts of militancy at home. And what is more, two major reasons these gains in countering those who have perpetrated local violence have occurred is that the government has been especially effective thus far in stressing traditional family values and enhanced law enforcement techniques. To these ends, it has found ways to strengthen and expand its relations with key domestic constituencies throughout the kingdom and with its regional partners as well as the Great Powers.

In not only these ways but in numerous other important areas of endeavor, the country has proceeded in tandem with its fellow members in a variety of international organizations to place relations with allies and friends alike on a firmer foundation. To be sure, more than a few objectives have proved elusive not only of achievement in the form of satisfactory resolution but also of even acceptable amelioration or improved manageability in the near term. Even so, it been able to sustain what none would deny has been and continues to be an unstable as well as untenable status quo regarding issues pertaining to Israel/Palestine, Iraq, Iran, Afghanistan, Lebanon/Syria, and elsewhere.

NATIONAL AND REGIONAL ISSUES

Although various issues dating from the previous year and earlier remain in limbo, efforts thus far to address other specific challenges have met with varying degrees of success. An example was Saudi Arabia's holding of its first nationwide municipal elections. A second was the peaceful transition of power to King Abdullah following the death of King Fahd. A third has been the Kingdom's admission into the World Trade Organization. A fourth was the establishment in Riyadh of the first international center devoted to continuous real-time dialogue between

representatives of the world's major oil-producing and oil-consuming nations. A fifth was the June 16, 2006 formal and final conclusion of the kingdom's border agreement with Yemen.

Several intractable external issues nonetheless continue to threaten the near-term prospects for Gulf stability and security while remaining at the center of regional and international concern. Among several ongoing and in some cases accelerating conflicts and crises, one of the most prominent is the ongoing insurgency in neighboring Iraq as well as the political and economic instability there introduced in the wake of the American-led invasion that toppled the government of Saddam Hussein. From one month to the next in the past year, Iraq has veered ever closer to full-fledged geographic and cultural group civil war, with the ensuing uncertainty showing no sign of abating anytime soon.

Further east, the kingdom and its fellow GCC members have mounting reasons for concern about the policy and related implications arising from the extended standoff between Iran and much of the global community. The crux of the issue remains mainly the same as it was when King Abdallah became king. It centers on Iran's determination to proceed unopposed in exercising its rights to complete a full uranium enrichment cycle. Tehran justifies its right to do so as not only in keeping with its declared goal of advancing the nature and extent of its scientific research and development, but, also, progressing towards the day when the country's finite and depleting hydrocarbon resources will have been exhausted.

RENEWING THE SPECIAL RELATIONSHIP WITH THE UNITED STATES

Despite many of the best efforts of both the kingdom's and America's leaders, all is not well with the Saudi-United States relationship either. This is in spite of major advances on both sides in strengthening the ties between them at the level of their respective executive branches. As an illustration, there have been and remain numerous examples of heightened cooperation on issue-specific matters of importance to both countries. Major cases in point include the working consensuses and common objectives within their respective strategic and foreign policy agencies. These have related substantially to matters pertaining to terrorism, world economic growth, commercial issues, defense cooperation, and the security of oil supplies. Yet, despite these and other success stories, public awareness of them on both sides remains little known or appreciated outside specialist circles.

Indeed, the positive and mutually beneficial accomplishments noted continue to be largely overlooked, ignored, or downplayed by special interests or ideological groups in the two countries. This has been the case on the American side. No less troubling is that despite the undeniable reality of the accomplishments cited, they are seen by many non-elites on both sides as inadequate to the needs of the two countries' individual and/or bilateral interests. Numerous think tanks representing private sector constituencies in the United States, for example, continue to view the Kingdom not exactly as a foe, but also not exactly as a firm and favored friend, an unalloyed ally, or a preferred partner, either. The mirror image of this contentious depiction exists among significant numbers of Saudi Arabians as well. This is in spite of their respective and continuing extraordinary range of strategic advantages and economic gains. From a more clinical and detached perspective, Saudi Arabia and the US have derived such benefits as a direct

result of their ties with one another, for which both countries, separately and jointly, remain the envy of other countries the world over.

On balance there is no doubt that Saudi Arabia's relations in general with practically all of its international partners remain as important to the kingdom as they do to its partners. The ongoing and multifaceted challenges embedded in these relationships notwithstanding, this is not only the result of a mutual preference – it is a natural tendency for countries' leaders to want to perpetuate whatever assets they have accumulated from their bilateral ties with others over the years. However, in this particular case, it is also partly the result of a stark reality confronting all of Saudi Arab's international partners. It is the realization that there are no viable short-term alternatives. Each of these partners has coldly but correctly calculated that it has no choice but to do what it can to maintain and where possible strengthen and expand as close and comfortable as well as reciprocally rewarding a web of interdependent relationships with the kingdom as possible.

For this reason, if no other, the kingdom itself and practically all of its friends remain committed to trying to do two things as successfully as possible. One is to find more cost-effective and efficient ways to fortify and increase the positive features of their inter-connectedness. The other, to the extent possible, is to reduce the number and the potentially unhealthy nature of consequences stemming from the actual or looming points of contention and divergence between them.

Stripped of cosmetics, and apart from heightened concerns in Riyadh and elsewhere about ultimate American intentions regarding the Gulf and the eastern Mediterranean regions, the following reality remains especially haunting. It is the fact that neither Saudi Arabia or many other Arab and Muslim countries' leaders have felt fully comfortable touting their relations and close ties with Washington in the past few years. This is, again, in spite of the numerous positive accomplishments that have occurred. The result has been an ongoing challenge with ominous implications for many international actors' national security and related interests and the foreign policy objectives of numerous countries. In the case of many leaders on the global stage, it has not made their or anyone else's job at statesmanship, difficult enough before King Abdallah acceded to the rulership, any easier.

None would claim that the perpetuation of this particular situation regarding some of the more controversial things that the United States, as the world's superpower, and numerous regional powers, have done or not done to advance global and regional stability – or minimize uncertainty -- has been cost-free. Neither would anyone claim that this situation has redounded to what many would argue are not just the legitimate but the increased necessary benefit, whether actual or potential, to the American, Saudi Arabian, and most other peoples.

“IT'S THE POLICIES, STUPID”

Without exception, all Arab and Muslim leaders find it difficult to explain to those among their citizens who have legitimate grievances not against the American people as a whole but against specific US foreign policies. Among the latter, respected public opinion surveys have repeatedly

been quite revealing. They document increasing exception to the political sagacity if not the strategic wisdom of why many of the region's leaders have chosen to remain as close to Washington politically as in previous decades.

The frame of reference for many of these critics differs of course from one person to the next. For many, it is the most recent period since the accession to power in Washington of the Bush Administration. For these, the criticism centers on the de facto extended periods of US unwillingness to follow the precepts of its own exhortations to its international friends and allies regarding respect for the rule of law.

A frame of reference dating much further back than the more recent contentious issues cited continues to be the region-wide view of the U.S. government -- despite its involvement in more than seventy serious peace process proposals -- doing little if anything meaningful, effective, and of lasting value in achieving a satisfactory resolution of the long-standing Israeli-Palestinian issue. Few who follow their country's international affairs dispassionately disagree that this one issue remains at the core of the pervasive anti-Americanism that has taken root and spread throughout the region. Indeed, what millions agree is that this one problem more than any other remains not only the oldest, largest, and most pervasive obstacle to maximizing regional stability and prosperity -- but, also, the one that continues to be the greatest stumbling block to improving Arab-United States relations across the board.

In this regard, of particular concern is the pan-Arab, pan-Islamic, and increasingly global perception that Washington officialdom has done so little to constrain Israel's further seizures of Palestinian land and resources. One respected opinion poll after another has documented that the Bush Administration's perceived support for Israel's policy of assassinating prominent Palestinian leaders resisting Israel's occupation of their land and water -- rationalized by repeated but one-sided statements that "Israel has the right to defend itself" -- falls far short of international law and the norms of inter-state legitimacy and for those reasons is unacceptable. Whether the reference is to Israel/Palestine, or more recently Lebanon or Syria, numerous other opinion surveys have condemned the Israeli Defense Forces' brutal oppression of an entire people seeking to defend against the seizure of their property and water whilst struggling to gain their elemental and legitimate human rights to freedom and dignity in their own land.

INTERNATIONALLY AND BILATERALLY LESSER KNOWN ACCOMPLISHMENTS

From a more objective viewpoint, this is not to say that the developments in the year since King Abdullah's becoming the kingdom's head of state are now or have been, on balance, negative -- as I have indicated, a remarkable range of accomplishments has occurred. For example, in addition to what was previously highlighted, Saudi Arabia's business relationships with its largest and most important customer, the United States, have grown more in the past year than in any of the preceding three years prior to Abdullah's becoming king. The value of goods traded between the two countries in the past year -- usually a key marker for the state of contemporary trust and confidence between business associates -- is, for both countries, the highest in almost a decade.

In addition, the fact that Saudi Arabia was finally admitted to the World Trade Organization (WTO) is an achievement of no small moment. This ended an arduous 12-year quest that at times had to have raised serious questions in Riyadh as to whether the process was worthwhile. In order to overcome major and prolonged American and other reluctance to facilitate the kingdom's entry to the grouping, the government, with Abdallah first as crown prince and then as king leading the drive, eventually enacted more than 40 new business-related laws, rules, and regulations. In so doing, it proved wrong the many critics who had argued that the country would be unlikely to reach such a point. For years previously, many questioned whether Saudi Arabia could do what was necessary to comply with the organization's continually expanding procedures and approved practices.

In terms of the nexus between Riyadh and Washington, there have been other areas of significant and mutually beneficial cooperation as well. Unbeknownst to all but a few in their respective foreign affairs, intelligence, and security agency communities, and among specialists within selected media, academe, and a few think tanks, Saudi-US cooperation in the fields of national security in general and counterterrorism in particular has for some time now been at an all-time high. Indeed, if one is to accept the views of acknowledged authorities on the subject, some of whom SUSRIS has interviewed, the nature and extent of the cooperation at the governmental level for the past year and several in succession before it may prove to be historically unprecedented. The frame of reference is that there are specialists on both sides who with ample reason claim that the cooperation in the several fields I just noted exceeds by a substantial measure that between not only the US and any other government among Arab countries, the Mideast, and the Islamic world. Some go further and claim the level of cooperation that Washington has in these areas with Saudi Arabia exceeds that which it has with most governments in Europe, Latin America, Asia, and Africa as well.

Throughout 2005, for more than a year before that, and continuing since the accession of King Abdullah, counterterrorism specialists from the two countries have met together daily in Riyadh and Washington. Seated side-by-side, they have examined and analyzed real-time intelligence data related to possible acts of terrorism, the location of specific terrorists, and support for terrorism. They have done so to ensure that as much as possible was being done to monitor – and where possible, shut down – the conduits through which moneys from any sources anywhere, anytime, and regardless of the rationale, have sometimes made their way into the hands of terrorist organizations and their operatives as well as supporters in the past.

The implications of numerous and diverse trends such as these are of course hardly bereft of blemish. While the positive aspects have outweighed the negative ones to date, given what the state of the bilateral relationship was before King Abdullah's accession, the results overall have been mixed. On the one hand, there can be little doubt that the Kingdom's admission into the world's premier commercial grouping, its hosting of a major global conference on terrorism and counterterrorism, its unprecedented establishment of an international energy center in Riyadh, and its delivering in the midst of heightened regional conflict every single barrel of oil promised to its international customers – would not ordinarily be considered as typical of the caliber of achievements registered by any country within the span of a single year.

On the other hand, within the United States, the image of Saudi Arabia and its people as well as some of its domestic and foreign policies continues to be laced with ignorance and the prejudice that often accompanies lack of accurate information and insight, something that SUSRIS has long and effectively sought to reverse. And within the kingdom itself, it remains the case that large numbers wonder not only when but whether the United States will live up to its pledge to do whatever is necessary to bring about peace and stability in a region that cries out for both. The same observers and critics also continue to doubt whether Washington officialdom's policies will cease being a threat to America's own legitimate national security and related interests in the region. In addition, there are signs that progress towards comparable breakthroughs in the broader public affairs and people-to-people components of the two countries' relationship – signs that would ordinarily accompany the kinds of positive accomplishments reached between them that I have noted -- is still, at best, minimal.

LINGERING OBSTACLES TO FURTHER IMPROVEMENTS

The reasons for the uneven, incomplete, and less than desired results on both sides have a lot to do with the continuing less-than-positive image of each country in the eyes of the rank and file citizenry of the other. How the reality of the bilateral relationship came to this state of affairs cannot be said to have been associated with accident or coincidence. Aside from irresponsibly excessive hype from some commentators in both countries, part of the prevailing circumstances is reflective of a steady accumulation of disappointment by both sides of the other country's public policies and positions, together with various among their attitudes and actions, to which large numbers on both sides also take exception. In addition to disagreements over policies, the situation remains periodically exacerbated by reciprocal but no means symmetrically negative stereotypes, hostile media, and critical commentary across the board from educators as well as faith-based and other opinion leaders in both countries.

Yet finding fault in two different directions simultaneously is not necessarily the same as implying balance. Certainly it ought not to be mistaken in this instance for anything comparable to Shakespeare's Mayor of Verona admonishing the Italian families of the Capulets and the Montagues in equal measure -- far from it. On Saudi Arabia's watch, it is to King Abdullah's credit on the courage and responsibility fronts that he has castigated and called to account substantial numbers of extremist leaders who have publicly spouted defamatory and antagonistic rhetoric wrapped in the raiment of religious rhetoric.

In dramatic contrast, confronted with the same kind of challenge, the extent to which King Abdullah's counterpart as American head of state has done anything similarly responsible or comparably courageous has been barely and only intermittently discernible -- many would say if at all. In no known instance to me has anyone in the White House criticized prominent American leaders for having stated publicly some of the most patently false, bigoted, and inflammatory statements about Islam imaginable. Not only for students of governance but many others who would demand and expect that their leaders adhere to the highest standards of ethical conduct possible, the glaring contradiction in levels of public responsibility and stewardship manifested in this instance between the two heads of state on this particular issue that one would think

should be of immense importance, could hardly be more pronounced.

Anyone seeking to explain why the voice of the American president and ranking Members of Congress have been notable by their continued silence on an issue as significant as this is not at a loss for reasons. It is well known that many of the American preachers and media commentators who have publicly defamed Islam the most count themselves to be among the president's and prominent national legislators' most fervent constituents and political supporters. Among them are ones who have practically made a cottage industry of disparaging the religious beliefs and moral principles as well as the heritage and culture of Muslims -- not at the dinner table among their friends and associates, but inside large numbers of American churches and repeatedly on nationally televised television shows viewed regularly by millions throughout the United States.

EDUCATION AS BRIDGES AND OTHER RESOURCES

Given the implications for leadership and the furtherance of legitimate interests at both ends of the bilateral Saudi Arabia-United States spectrum, there is something else about the minimally realized potential for enhancing the two peoples' benefit that is remarkable. In 2005, King Abdullah announced that as many as 100,000 Saudis who could gain acceptance into recognized foreign universities would be able to do so at full government expense over the next five years.

It is my understanding that of the 20,000 students authorized to register for undergraduate and graduate higher educational programs abroad in 2005, 75 percent of those who applied indicated that, more than any place else, and in keeping with the wishes of their parents in the immediately preceding generation, they wanted to study in the United States. One part of what is remarkable in this regard is that even in the half-decade downturn in the relationship since September 11, 2001, the following, which usually drums many who hear it for the first time into silence and awe, continues to exist a fact that has no remotely comparable echo anywhere else in the world. To wit, it remains the case, as it has been on any given day since 1975, that there are more American-trained PhD holders serving in the Cabinet of Saudi Arabia than, on the same day, there are doctorate holders of any kind serving in the United States Cabinet, Supreme Court, Senate, and House of representatives combined.

Since King Abdullah's announcement of the new program, each Saudi Arabian scholarship to an American university has been valued at an average of \$50,000 per year. However, the matching of applicants and acceptances to American universities has hit an unexpected snag on the visa front. Despite this important and long-sought development in the Saudi-US relationship on the people-to-people stage, the visa processing centers at the American consulates in Dhahran and Jeddah remain closed. So do both consulates in their entirety, as per US policy.

Thus far, no other country has decided to emulate the US example or adopt its own version of American official policy in this regard. This has meant that far fewer Saudis have been able to obtain the necessary visas to travel to America and begin their studies there than had been accepted. In the end, the reasons why the consulates and their visa offices were and remain closed are of little relevance, while the result continues to be important. Worse, the damage inflicted upon American and Saudi Arabian interests alike is self-evident.

The chief executive officer of a leading corporation in the kingdom recently informed me of the following that will take a long time for me not only to fathom the reason but, if ever, to forget its implications for the bilateral relationship's needs for the near-term future. "Since 2001," he said, and here I paraphrase, "the United States has already lost 400 of my company's employees. These are not run of the mill workers. They are what would have been a key sector of my country's leaders of tomorrow. They cannot be counted on to be as supportive of promoting the future well-being of our bilateral relationship as they would be if we did not have this problem. The situation is harming us both. It is spreading ill will on both sides to neither country's advantage. Because of America's highly restrictive visa policies, we had no choice but to send them to Australia, Canada, China, Great Britain, Ireland, New Zealand, and elsewhere."

VISA ISSUES AND POSSIBLE LEGISLATIVE ANIMOSITY

The ongoing visa issue remains, as it has for five consecutive years, a major obstacle to improving the human element in the bilateral relationship. It is not so much a problem on the Saudi Arabian side of the relationship; to the contrary, it is mainly the opposite: the problem is on the American side of the relationship. This issue continues to constitute a powerful political and bureaucratic roadblock to something else that is of no less importance – as President Bush has so often been fond of saying, " ..of doing whatever is necessary to defend the United States and the interests of the American people."

Leaders from among America's nearly 4,000 institutions of higher learning and such professional associations as those that advise foreign students are not alone among those who have expressed their exasperation at the United States' failure to do what has been and continues to be necessary to further the American national interest in this regard. They and many others have repeatedly pointed out the self-inflicted damage of policies that have ensued from American policies towards not just Saudi Arabia but also other Arab countries, the Mideast, and the Islamic world in this regard. To that effect, they have denied a much sought-after American component to the education and training of Saudi Arabia's future leaders – the very people destined to be involved in managing the kingdom's side of ties between the two countries.

At the governmental level, there have also been additional developments that reflect fundamental difficulties in a particularly important aspect of the relationship. In 2006, for example, it is my understanding that the Saudi Arabian Accountability Act (SAAA), which was first presented to the US Congress as a bill for consideration in 2004, remains in suspended animation. The proposed legislation mirrors a similar bill that had been enacted against Syria the year before last. The effect of that legislation was to place Syria – which was already subject to American economic sanctions – at an even greater distance from the United States. Were the same proposed legislation to become a law applicable to Saudi Arabia-US relations, the negative implications for the bilateral ties between the two countries would be self-evident.

With the 2004 US elections as a guide, the forthcoming 2006 biennial American elections for the entirety of the House of 435 Representatives and a third of the seats in the 100-member Senate are already illuminative of the kinds of additional stress and strain that a sane person would think

neither country needs. Indeed, the heat and tumble of partisan political electioneering has already begun to accelerate the renewed and heightened spate of Saudi Arabia-bashing. Given the reality of the US domestic political climate, some things are as predictable this year as they have been in elections before. For example, it is a given that many American candidates for elected office and those among their supporters who would aspire to an appointed position or have extended to them some personal or other favor following the election, will be unlikely to wage an effective campaign against such bashing.

In the current American state and local political atmosphere, for an actual or aspirant leader or would-be political appointee to stand up, be crystal clear, and call for an end to the unwarranted bashing of Saudi Arabia and the special American-Saudi Arabian relationship, would be more than the best of Hollywood fantasia; it would be costly in the extreme to that person's electoral or appointive prospects. It is on one hand a commentary on the times and on the other the timidity of national leaders to note that not doing so is almost cost-free. In this context, it remains to be seen whether, either before or in the aftermath of the coming American elections, there will be an even greater effort to move the SAAA into law. If so, whether the expected elevation in emotionalism associated with most American national elections would have a decidedly anti-Arab, anti-Muslim, or anti-Saudi Arabian tone greater than has existed of late -- which specialists believe would be necessary to ensure its passage -- remains to be seen.

OIL

In the period since King Abdallah became king, the world has remained as concerned about Saudi Arabian and other Gulf oil issues as before, if not more so. Not only have all the GCC countries been producing flat-out. More importantly but strategically, in the eyes of some, also more ominously, only Saudi Arabia before as now has any significant excess capacity.

In dramatic contrast, the circumstances regarding Iraq's oil industry: -- not to mention Nigeria's, Russia's, and Venezuela's -- remain exceptionally problematic. The situation there, problematic before the American campaign to topple the government of Saddam Hussein, has been exacerbated by the country's invasion and occupation. It has been compounded by the ensuing repeated attacks by insurgents on the country's oil production, pipelines, pumping stations, refineries, export terminals, and other facilities. Even now, more than three years later, Iraqi production still falls far short of the pre-invasion level of 2.3 million barrels per day -- on good days, it is half that.

The ongoing setbacks represent more than a massive disappointment to Iraqis -- they constitute formidable domestic and international disincentives for Saudi Arabians or anyone else interested in the possibilities of investing substantially in the country's oil and gas sectors, economic infrastructure, agriculture, manufacturing, and service industries. The setbacks also negatively impact energy forecasting. For Saudi Arabians no less than Americans and purchasers of oil all over the world, uncertainties associated with the prospects for Iraq's near-term stability and security have been adding for some time, all by themselves, as much as ten dollars per barrel to the price of oil on world markets. An additional seven to eight dollars' hike in the price continues to be caused by speculators. These non-production variables in the past three plus years -- none

of which can be laid at the feet of Saudi Arabia or any of the other Arab oil producers -- continue to account for as much as a third of the cost per barrel.

Added to these factors continue to be the record-high Chinese and Indian demand for oil since King Abdallah became the country's official head of state. Compounding the situation as noted have been periodic strikes by petroleum workers in Venezuela; recurring attacks against oil facilities in Nigeria; an extreme shortage of refineries in the United States; recent uncertainties regarding whether Russia would continue to supply oil to newly independent countries to its west with guarantees on terms similar to ones in the past; publications in America hyping the view that world oil production has peaked; hawkish talk by high-ranking Americans and Israelis against Iran and now Lebanon and possibly also Syria; and a backlog of orders worldwide to rent oil drilling platforms, all of them being in use. The overall impact should not be surprising -- high oil prices are practically guaranteed for the indefinite future.

Further, several factors related to the United States in particular continue to play a prominent role in keeping oil prices high. One is American demand. This shows no signs of lessening. Despite having only five percent of the world's population, the United States continues to consume 25 percent of all internationally traded petroleum. Another factor, recent talk by the Bush Administration of promoting conservation and encouraging substitutes for oil, has come cheap. It has fostered unrealistic expectations about the prospects for early success, especially with regard to transportation fuels, exceeding what is possible in the near term and fueling -- no pun intended -- little more, if anything, than false, over-the-horizon hopes, bordering on fantasia.

A third factor likely to sustain historically elevated oil prices is that the levying of an added gasoline tax to curb consumption in the United States remains taboo. A fourth is that prominent American voices that might otherwise campaign in favor of the imposition of more stringent limits on the size and fuel consumption of automobiles and other motorized vehicles -- other than the ones presently in effect -- remain silenced. This issue continues to be more than difficult to discuss objectively within the US Congress. With the fall 2006 elections coming nearer by the day, the topic remains politically off-limits.

It is not exactly as if the situation in the United States is one where public thinking about new and different ways of meeting the country's energy requirements is dormant. To the contrary, proposals for automobiles and other modes of land transportation to get the maximum possible mileage as well as other ideas promoting greater fuel efficiency and energy conservation continue to be the stuff of television shows, industry advertisements, administration speeches, scientific seminars, and ongoing research and development. However, despite President Bush's rhetoric about the need to lessen America's reliance on foreign oil -- but not on foreign food, not on automobiles, not on electronic gear, not on textiles, and not on fashion -- and new but modest budgetary appropriations to spur further research on alternative fuels, growing concerns over high oil prices have had -- and will likely continue to have limited effect.

Such measures have not yet forced the United States to urgently undertake truly drastic and revolutionary necessary measures. Indeed, nothing effective has been done in order to curb its seemingly insatiable thirst for manageably priced petroleum and petroleum products.

Accordingly, and not surprisingly, the cost for regular grade American automobile gasoline at the pump remains, on average, at just below or above three dollars a gallon. The same amount of gasoline -- as a direct result of substantial taxes imposed not by Saudi Arabia or any of the other producing countries but by most energy importing nations -- costs nearly twice that in Brussels, London, Rotterdam, Tokyo, and many other places.

As King Abdallah and numerous other Saudi Arabian officials have noted, a further enormous hindrance to setting right the world's energy situation is the inadequate level internationally of refining capacity. In 2005, even before two major hurricanes struck the American Gulf coast, the lack of refined products had been driving up the price of oil, although gasoline was not affected much. This factor was rooted in the United States' failure to build a single new refinery for 30 years. The first of the two hurricanes disabled two major refineries. This alone sent prices skyward. The weather could not have affected the country at a more vulnerable spot -- nearly 40 percent of US oil imports have traditionally entered the country through this region.

In the period since King Abdallah became king a year ago, the world has been nowhere near to solving its multifaceted refinery problems. In fact, and in fairness, it is not as if Saudi Arabia and the other GCC oil and gas producers have failed to be forthcoming in offering to provide assistance. Riyadh, for example, has repeatedly offered to invest in building two or more refineries in the United States. However, Washington and various American state and local governments, the latter for reasons reportedly related to environmental concerns, have been consistently resistant. Who wants to have a refinery within view or walking distance of the left or right side of their apartment or house or near the front or back side of their dwelling either? If this situation were to change, and the building of new refineries or substantial expansions to existing refineries were allowed to occur, this would considerably lessen some of the uncertainties facing the world's largest consumer of imported oil regarding prices as well as supplies.

EASTERN WINDS

In mid-2006, the dynamics of Saudi Arabia's oil relations with the world as a whole continue to stand in marked contrast to its customers' situations. This is so for reasons unrelated to the developments noted earlier. As a case in point, King Abdallah is recognized as having done much to elevate the kingdom's ties with China. In return, China's policies, positions, actions, and attitudes regarding Arabs, Muslims, Islam, and Mideast oil constitute studies in dramatic contrast with the United States. The difference in the political climate between Washington, on one hand, and China, on the other, on matters pertaining to their respective declared interests and relations with key Arab and Islamic countries, is in some ways like night and day. The divergence to date in their stylistic approaches, too, has been profound -- they are practically polar opposites.

The Bush Administration, in contrast to China, is seen globally as increasingly willing to pay homage to those calling to reduce the country's reliance on foreign -- which most see as a thinly veiled reference for Middle Eastern and particularly Saudi Arabian -- oil. China thus far has elected to view the matter differently and decided to act quite differently. Beijing's leaders to date have adopted almost the opposite approach of that of American officials and much of the

US public and media. Until now, they could hardly have been more positive, enthusiastic, and forthright in extending a hand of friendship and commercial partnership to their counterparts in Saudi Arabia and the other GCC oil-producing countries. They have repeatedly stated that they welcome the opportunity to forge greater interdependence based on their oil import needs and the oil export objectives of Saudi Arabia and other GCC countries.

It is still too soon to determine what the medium-term impact of such developments might be. However, it seems like some of the consequences I have noted could potentially prove problematic for Saudi Arabian and other GCC-US oil relations – possibly sooner rather than later. A major reason is that oil remains a finite and undeniably vital resource driving world economic growth and one which is constantly being depleted. What is either already clear or may possibly be so earlier than anticipated is the following. One is the growing nexus between Saudi Arabian and other GCC, Iranian, and Chinese, together with Indian, oil and gas interests.

A second reason for concern is the near-certainty of expanded joint ventures among these key non-U.S. and increasingly important international actors. Such ventures could possibly be not only in energy production but also in the security of energy supplies plus co-investments in mining, railroads, construction, and maintenance. A third, albeit for the moment more remote possibility, is enhanced defense cooperation between Saudi Arabia and its Asian customers and partners. There are no signs that this is imminent but one cannot rule out the possibility that it may occur at some point if only in small increments and with a view to ensuring the prolonged mutuality of increased strategic, economic, and commercial benefits resulting from the two trends that I have noted.

PIQUED BY “PEAK OIL?”

Beyond the uncertain longer-term results of elevated Chinese and Indian demand for Saudi Arabia’s and other Gulf countries’ fuel deposits, there are additional considerations that investment analysts, bankers, and energy consultants will want to ponder. Market predictions for oil and gas, for example, are confounded to some degree by articles focusing on the future of Saudi Arabia’s energy resources. Of particular concern is the intermittent public fascination with the topic of “peak oil” -- this is in spite of the fact that many specialists believe that the earlier sustained public interest in peak oil has itself begun to show signs of peaking.

Some banking and financial publications have caused a stir by hyping the fear that Saudi Arabia’s production will peak years sooner than expected. A few maintain that world reserves peaked as of 2005. Such alarmist reporting has helped sow a degree of doubt among energy planners. No such lack of confidence was evident, let alone as publicly obvious or widely discussed, in years past. Earlier unchallenged views that Arabia and the Gulf would be the main source of world oil supplies, and that Saudi Arabia would definitely be the premier source for the indefinite future, have been, if not exactly shaken, then at least nudged.

Lost in the swirl of controversy surrounding this new analysis by some people of world energy dynamics is that few publications have noted that the accompanying scare was originally the result of writings by Matthew Simmons. The latter has been and remains a controversial source.

Simmons' analytical credentials, if not also his prognostic ones as well, are considered by many to be dubious given that he has long been an American investment banker based in Houston, Texas.

Even now, relatively few people outside the publications and conferences where Simmons has argued this case would have known the frequency with which his contentions have been soundly rebutted by geologists, petroleum engineers, and oil reservoir technical specialists. These quite differently situated individuals and specialists, almost all of whom have had decades of firsthand experience working with the oil fields in question and whose work has required that they carefully monitor and report on such matters every day, all year round, continue to contest and argue the exact opposite of the "peak" oil theorists.

At this point exactly one year after King Abdullah's accession to the rulership of Saudi Arabia, there are some further considerations, amounting to apprehensions for many that relate to concerns about the international energy situation. One of the largest sources of concern continues to be Iraq, which I addressed in passing earlier. Another is Iran. Two scenarios presently relating to that country seem to have the potential to drive oil prices even higher. One is the range of possibilities, however remote or questionable in terms either of feasibility or of dubious certainty in terms of outcome, that are embedded in the much-ballyhooed scenario of a military strike of some kind -- by the United States, by Israel, by some combination of the two -- against Iran. The other is the possibility that Iran could be censured by the UN Security Council in the coming weeks. In the latter case, the Security Council might enact economic sanctions against Iran over and above the ones already imposed unilaterally by the United States.

Both scenarios are nightmarish. The first possibility is associated with estimates of oil prices exceeding 100 dollars per barrel in a matter of days. The second one, in the eyes of most energy analysts, would likely prove self-defeating and counterproductive. The reason is that few if any can envision oil-hungry nations other than the United States and Israel refusing to purchase as much Iranian oil as Tehran is willing to produce and place on the market -- regardless of whether additional sanctions are enacted.

As of today, it is hard to believe that any strategist or foreign policy analyst would disagree that two current developments present challenges of immense international significance. The first is that there has been a major and hard-earned renewal of many of the numerous and undeniable benefits derived nationally, bilaterally, regionally, and globally from the long special relationship between Saudi Arabia and the United States-- not this year, not last year, not since the end of the Cold War, but for decades on end. The other is that, despite this, the larger Mideast region, inclusive of the issues I have discussed that impact simultaneously on near-term trends and indications regarding Israel-Palestine, Iraq, Iran, and ominously Lebanon and Syria as well, could inflict great damage upon these notable accomplishments.