PREFACE

In international trade oil is by far the largest single commodity, and in the world, oil industry is one of the largest and most international of all industries. That is why oil is important. Oil is a very important factor in the international relations of the West Asian states, both with respect to inter-Arab relations and with respect to relation with industrial and other developing countries. Apart from this, the world had also successfully coped with three West Asian Oil crises, in 1951, 1956, and 1967.

Saudi Arabia is the largest oil producer in the world and an influential member of OPEC and continues to play a central role in OPEC’s decisions. On September 23, 1932, Ibn Saud created Saudi Arabia in its modern form and ordered officially that his country should be known as the Kingdom of Saudi Arabia and by this the Kingdom officially got its present name. The Saud family began to bring unity to Arabia in modern times, and their efforts led to the creation of three Saudi States up to the present.

The oil business of Saudi Arabia began with the United States with the May 1933 agreement. The United States is Saudi Arabia’s largest trading partner and Saudi Arabia is the largest United States export markets, in the West Asia. The meeting which occurred between President Franklin Delano Roosevelt and King Abd al-Aziz on February 14, 1945 set the tone for the next fifty years of United States-Saudi Arabia relations. The meeting marked the beginning of political relations between the United States and Saudi Arabia, overshadowing the United States’ recognition of the Kingdom in 1933. Apart from this, the meeting also established a high level personal relationship between the leaders of the United States and Saudi Arabia.
From the 1950s onwards, Saudi Arabia and the United States pursued some common national security objectives, in spite of recurring differences of opinion over the most significant regional issue, the Arab-Israeli conflict. The bilateral relations between the United States and Saudi Arabia were severely tested by the Saudi and U.S. governments’ divergent responses to Arab-Israel conflicts in 1948, 1967 and 1973.

The Carter administration, despite its policy of limiting arms sales to non-allies, was strongly inclined to honour the request of Saudi Arabia to purchase sixty F-15 fighters. Saudi air defences were not only enhanced by the F-15s but the Kingdom leadership also attach considerable political importance to the sale. Indeed, the sale of the F-15s for the Saudis became a litmus test of their relationship with the United States to the security of the Gulf. Apart from this, by selling sophisticated American weaponry to Saudi Arabia, President Reagan faced the first challenge. A significant portion of his time would be occupied by the bruising political battle, the fight over AWACS and F-15 upgrade.

After the Iran-Iraq War, Saddam Hussein instead of consolidating his victory demanded that the Kingdom and Kuwait forgive the loans they had made to keep Iraq from going bankrupt during the conflict. Apart from this, disappointed with the outcome of the war and facing a load of stored wartime debt, he began to view Kuwait as the source of his problems which was refusing to forgive the debt Baghdad had made up during the war to pay for arms. Iraq with hundreds of tanks and more than a hundred thousand troops invaded and occupied Kuwait in early August. The Kingdom did not want to be the next victim of Iraq, hence, the massive effort that was first Operation Desert Shield and finally Desert Storm came into being. None of this could have been done without the cooperation and support of the Saudi government,
which granted military fight support as well as basing rights for allied troops. The Saudi contribution was precious, and was an armistice exercise in international cooperation as well as a clear illustration of the importance of the U.S. Saudi relationship.

Because of the reality that Osama bin Laden and fifteen of nineteen hijackers on 9/11 were from Saudi Arabia, the American mood towards Saudi Arabia get worse overnight. America’s leading media began to publish harsh editorials, United States visas that had been stress-free to get, now needed months-long, pain-staking processes etc. After the terrorist bombings in Riyadh and Dammam in 2003 and 2004, the bilateral relationship began to regain its balance.

Over the past half century one of the main threats to regional peace and stability has been the Israeli-Palestinian conflicts (which laid wars in 1956, 1967, 1973 and 1982). Every Saudi ruler since King Abdul Aziz has defended the rights of the Palestinians for self-determination and a homeland based on the principle of land for peace.

Apart from these, the United States announced in April 2003 that it would withdraw the air force unit that had been stationed in Saudi Arabia since the end of the Gulf War. Only small American military training missions remained in the Kingdom as of July 2006.

In this study it has been tried to see that how oil has influenced West Asian politics since 1945 and what has been the response of major powers. The main focus has been to look at US foreign Policy towards Saudi Arabia since 1990. The major points of convergence between these two countries have also been explored.
Literature Review

According to Ian Rutledge (2005), from the very beginning oil stands as the world’s most important commodity. Today, oil is considered as a strategic commodity, without which no industrialized society can run smoothly. Apart from this, James L. Gelvin (2005), showed that most historian trace the history of the exploitation of oil the West Asia from the D’Arcy concession of 1901, the D’Arcy concession emphasized the importance of sharing risk when it came to the oil business. According to Walter J. Levy (1982), West Asian oil has played an important role in the world oil picture since First World War when Iranian oil production was developed, primarily for the use of the British navy. Benjamin Shwadran (1973), called the 1956 West Asian crisis as a first West Asian crisis, the second crisis came in July 1958, and the Arab-Israeli War of early June 1967 was followed by the third crisis. In addition, Oystein Noreng (2006), said that political events since 1970, in and between the major West Asian oil exporting countries have on several occasions caused sudden shifts in oil supplies that resulted in considerable moves in the oil price. This has been the situation in 1973-74, 1979-80 and 1986, and it was show again in 1990, 1991 and then in 1998 and 1999. Apart from this, Anthony H. Cordesman, Khalid R. Al-Rodhan (2008), have observed that in our present day, Saudi Arabia possesses the world’s largest reserves of oil, and largest oil production capacity. In addition George Orwel (2006), observed that Saudi Arabia is the major driving force within OPEC and as the world’s largest producer is the most important oil supplier.

In terms of background history of Arabia, Anthony H. Cordesman (2003), said that before the rise of Islam, Arabia played a very limited role in history and the rise of Islam in the Arabian Peninsula played the most important role in shaping the
character of modern day Saudi Arabia. An alliance between Muhammad ibn Abd al-Wahhab (a spiritual reformer) and Muhammad ibn Saud (a political leader and warrior) set the foundation for the first Saudi State in 1744. It was said that the birth, rise, and fall of the second Saudi State followed the same patterns of the first Saudi State.

Rachel Bronson (2006), said that King Abdel Aziz formally declared his massive territorial acquisition to be the Kingdom of Saudi Arabia on September 23, 1932 and it was recognized by the United States in 1933. In the same year, Socal (Standard Oil of California) won the Saudi oil concession. In 1932, the oil was struck in Bahrain by Standard Oil of California. Suddenly there was an appearance of Saudi Arabia, situated less than twenty miles away from Bahrain and showing a similar geological profile, as a potential oil producer. No major oil company had taken much interest in the Saudi Arabia until that time. That began to change with the Bahrain discovery. In addition, Anthony H. Cordesman (2005), showed that the first oil concession to Standard Oil of California (Socal) was granted by the Saudi Arabia on May 29, 1933. On March 4, 1938, the first major oil discovery took place and oil exports began that same year. Until World War Second, this relationship did not develop a security dimension and even then the Gulf was seen by the United States as largely a zone of British strategies influence. Apart from these, Rachel Bronson, (2006), observed that the meeting which occurred between President Franklin Delano Roosevelt and King Abd al-Aziz on February 14, 1945 aboard the USS Quincy, a state-of-the-art military cruiser that was anchored in Egypt’s Great Bitter Lake, is the starting point for the more robust U.S. Saudi political relationship that developed, thereafter. The issues which were raised in the meeting were the number of hard-headed security reasons, energy matters, and the conflict between Jews and Arabs in
Palestine. In addition, Anthony H. Cordesman, (2005), observed that the first significant tension in the U.S. Saudi relationship occurred due to the Israel’s declaration of independence in 1948 and U.S. recognition of the state of Israel. ‘Evan Campbell and Steve A. Yetiv (2007), said that when Israel became a state in 1948, the U.S. Saudi differences over Israel began to develop. But, only after the 1967 war when Israel according to the United Nations to be an act of self-defence, attacked Arab states that appeared calm, and confident to launch war, these differences clearly expanded. Until the 1973 oil embargo, the United States and Saudi Arabia managed their differences over Israel fairly well. Apart from these, Rachel Bronson (2006), also said that Saudi Arabia’s AWACS and F-15 enhancement request like the outgoing Carter administration, the incoming Reagan administration by and large supported.

Wayne H. Bowen (2008), said that Iraq invaded neighbouring Kuwait on August 2, 1990, hoping to take over the emirate as its 19th province, annex its oilfields, and use its $100 billion in financial reserves to rebuild from the Iran-Iraq war and pay down its debt. Terrified of the more than one hundred thousand Iraqi soldiers massed in Kuwait, King Fahd on August 6 invited the United States to deploy military forces in defence of the Kingdom. Further, John Dumbrell (1997), said that from almost 30 nations, a multinational force come together to defend Saudi Arabia. The anti-Saddam coalition involved Arab nations, especially Syria and Egypt. 200,000 American troops led this defensive operation, named Desert Shield. A massive allied air bombardment of Iraq and Kuwait on 16 January 1991 signalled that war had begun, and that Desert Shield had converted into Desert Storm.

In terms of Israeli-Palestinian conflict, Wayne H. Bowen (2008), said that then-crown prince Abdullah bin Abd al Aziz in March 2002 proposed a peace
initiative asking for normalization of Arab relations with Israel following the conclusion of a complete Israeli-Palestinian peace accord and the formation of a Palestinian state. The 2002 initiative paralleled and formed upon the August 1981 eight-point plan offered by then crown prince Fahd bin Abd al Aziz and then supported by the Arab League. The heads of states of most of the Arab League countries met on March 28-29, 2007, in Riyadh and reconfirmed their support for peace proposal of King Abdullah, as accepted by the Arab League in 2002. Apart from this, F. Gregory Gause III (2006), said that the strategic picture in the Gulf region was changed by the Iraq war of 2003, removing the need of Washington to maintain big air force units in Saudi Arabia. The United States announced in April 2003 that it would withdraw the air force units that had been stationed in Saudi Arabia since the end of the Gulf War. Only small American military training missions remained in the Kingdom as of July 2006.

Apart from these, Markaz al-Imarat lil-Dirasat wa-al-Buhuth al-Istiratijiyal (2005), observed that Saudi relations with the United States of America, its traditional supporter have seriously worsened since 9/11, 2001.