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WHY AWACS AND THEIR TOP SECRET EQUIPMENT MUST REMAIN IN AMERICAN HANDS

A Foreign Affairs Department Background Memorandum

Why does the proposed U.S. sale to Saudi Arabia of AWACS -- the Airborne Warning and Control Systems aircraft -- actually imperil American interests? Why are these planes such a danger to Israel?

Imagine an eye in the sky that "sees" or senses any plane up in the air for as much as 400 miles away, the distance from New York to Cleveland. Imagine, too, that it could follow the movement of any tank or truck on the ground, or ship at sea, within a 300 mile range. An AWACS plane is such an eye, and much more besides.

AWACS incorporate several American top-secret electronic and other systems. So careful has the U.S. been with its AWACS over the years that only now, indeed, are they to be delivered to America's long-time, stable NATO allies. Giving them to the Saudis is to take the considerable risk that AWACS secrets will be compromised, or fall into the hands of U.S. enemies. Radical Arab forces opposed to the United States as an "imperialist" power not long ago sought to overthrow the feudal, ruling Saudi monarchy. And military security in that country is notoriously poor. One cannot overlook the possibility, therefore, that American arms will be turned against the U.S.

That they will be turned against Israel, when in Saudi possession, is virtually a certainty. Given AWACS capabilities, Israel would not be able to make a move without the Saudis immediately knowing all about it. It could not mobilize its troops for defense without the Saudis -- who have called on other Moslem states for a jihad, a holy war, against Israel -- knowing where and how the Jewish state was placing its forces and equipment.

This is bad enough. But the AWACS permit the Saudis to do even more. These advanced American radar planes (specially modified Boeing 707 jets with 30-foot long rotating domes, highly-sensitive electronic sensors and communications equipment probably unique in the world) also can discriminate among the "targets," or objects, they "see."

Assume for a moment that the Israelis find it necessary to send up substantial part of their air force, in the event of a struggle. A single AWACS, with its 12 radar systems, could pick up and distinguish among as many as 600. It could provide Israel's enemies with detailed information about 240 of them: their size, speed and direction. Thus enemy planes and anti-aircraft devices can "home-in" immediately on these Israeli planes. Indeed, the AWACS equipment is so "intelligent" that it could instantaneously determine the best route for enemy planes to intercept Israeli aircraft.

A major Israeli resource in the balance of military power in the Middle East has been the qualitative superiority of much of its arms, and particularly of its planes. The kind of information furnished by the AWACS would of course wipe out much of this essential margin.

AWACS can serve to negate, too, the tactical superiority hitherto demonstrated by Israeli pilots. One of the most important factors in past Israel-Arab conflicts was the ability of Israeli pilots to fly near ground level, so as to elude enemy radar. The AWACS, however, can distinguish between low-flying planes and the background "clutter" that normally shows up on radar screens and helps provide cover.

AWACS "vision" can best be illustrated, perhaps, with an American example. An AWACS over Washington, D.C. would detect high-flying planes as far away as Massachusetts, Michigan, South Carolina and parts of Canada, Tennessee and Ohio. Its radar would also make known any movement on the ground or in the air anywhere in the Virginias, Delaware, Maryland, New Jersey, Pennsylvania, Connecticut and a good part of New York and North Carolina.

With this in mind, one can see how an AWACS plane stationed over the Saudi airport of Tabuk, about 220 miles southeast of Jerusalem, for example, could easily blanket the entire Israel nation. Far from the battlefields, virtually invulnerable given the sensitivity of their radar, AWACS aircraft and the information they provide may well decide the fate of future battles.

Small wonder then, that military experts consider that AWACS multiply the offensive strength of an air force by three and its defensive power by five. In other words, Saudi Arabia will more than triple its effective air power if it gets AWACS from the U.S.

Compounding this is the United States' proposal -- despite a 1978 pledge to Congress that it would not do so -- to sell the Saudis equipment that will convert their 62 F-15 planes into potent offensive weapons: fuel pods and refueling tankers that will give them greater range and powerful Sidewinder missiles. Tests have demonstrated that one F-15 on a single mission -- when assisted by an AWACS -- can destroy several sophisticated planes sent up against it. The AWACS and its abilities are battle-tested: an earlier, less sophisticated version introduced in Viet-Nam raised the "kill-ratio" of American fighters by a factor of six.

Selling AWACS to the Saudis means that for the first time, the Arabs would have an important edge in surveillance, in any conflict with Israel. Israel is equipped with Hawkeye radar planes, which are by no means a match for the AWACS aircraft. The latter, moreover, can remain aloft for long periods of time; in U.S. military exercises they often stayed in the air for as long as 17 hours at a stretch.

One must expect that if any Arab state goes to war against Israel the Saudis will make the AWACS -- or at the least AWACS information -- available to it. Present U.S. plans are to sell five AWACS to Saudi Arabia. This means that they will be able to provide round-the-clock coverage.

AWACS sales to the Saudis will mean that Israel would face a serious disadvantage in the future, a disadvantage with tragic potential for the vital security of the Jewish state.

The worst of it is that neither the risk to American top secrets nor to Israel's security is at all necessary. AWACS aircraft already circle above Saudi Arabia at the present time, in defense of that country.

But these AWACS eyes in the sky are where they belong, in America's best interest -- under American control.

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April 9, 1981

#81-550-17

STATEMENT ON THE PROPOSED SALE OF WEAPONS TO SAUDI ARABIA

The proposed sale by the Administration of highly sensitive AWACS aircraft to Saudi Arabia and of add-on equipment for Saudi Arabia's F-15 planes endangers American interests and prospects for peace in the Middle East.

We are opposed to these sales. We strongly urge the Administration to withdraw its proposals. Should the Administration persist, we urge both houses of Congress to vote resolutions of disapproval.

Development of U.S. strategy for countering the threat of Soviet expansion in the Middle East and for defense of key Gulf states is essential and merits support. This is quite different, however, from selling the Saudis advanced weaponry such as the Airborne Warning and Control Systems aircraft, which will then be outside American control; different from giving the Saudis the extra fuel pods, potent Sidewinder missiles, fuel tankers and, eventually, bomb racks that transform their F-15 planes into weapons of attack.

To ensure this would not happen, Congress sought and received a specific commitment that no F-15 add-on equipment would be furnished when it approved the original plane sale to the Saudis in 1978. This commitment must be honored.

The sales now proposed are clearly contrary to American interests:

* Events in Iran should have taught us the danger of putting sensitive weaponry into the hands of undemocratic regimes threatened from within. Radical forces already have sought to overthrow the Saudi ruling monarchy. Should a future coup succeed, as in Iran, these arms would then be available for use against U.S. forces, directly or indirectly. There is no need to take this risk.

* Furnishing offensive weaponry to States like Saudi Arabia and now, in addition, to Iraq, is a temptation for them to go to war or extend existing conflicts. Escalating the Middle East arms race in this fashion is to increase the likelihood of upheaval in the very area where our goal is stability.

The surest way to protect American interests in the Gulf area is to keep sensitive weaponry in the hands of the United States. U.S.-manned AWACS presently operating in Saudi Arabia are now able to give that country advance warning of any attack that may be launched against it. Keeping these under U.S. control assures that they cannot be used for any mischievous goal.

The possibility that the Saudis will use its F-15s and AWACS for potentially tragic purposes is a real one. Saudi Arabia makes no secret of its intentions toward Israel. At the Taif gathering of Moslem states just a few weeks ago it called for a jihad, a holy war, by Moslems against Israel. To give the Saudis AWACS and aircraft that can penetrate Israeli defenses is to jeopardize Israel's security. The U.S. is pledged to protect Israel's basic security, not to weaken it.

Saudi Arabia now repeatedly seeks to dictate terms to the U.S., as a condition of its cooperation and friendship. That the U.S. has an interest in Saudi stability is undeniable. That the Saudis have even more need of the U.S. if their country is not to fall prey to external threats is likewise evident. There is good reason to deal with the Saudis on the basis of mutual respect and obligation. But the dealing thus far has been very much one-sided. The Saudis set their oil prices strictly on a self-profit basis. They have impeded, not helped, the Camp David process. They pay tribute money to the PLO and thus help support terrorism the U.S. seeks to check. They refuse U.S. bases on Saudi soil. It is time the U.S. made its own demands on Saudi Arabia rather than yield to Saudi blackmail.

The Saudi request for offensive weaponry must be firmly rejected.

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April 3, 1981
#81-550-17

NEWS COMMITTEE

FROM THE

THE AMERICAN JEWISH COMMITTEE Institute of Human Relations, 165 E. 56 St., New York, N.Y. 10022, (212) 751-4000

The American Jewish Committee, founded in 1906, is the pioneer human-relations agency in the United States. It protects the civil and religious rights of Jews here and abroad, and advances the cause of improved human relations for all people.

MORTON YARMON, Director of Public Relations

FOR IMMEDIATE RELEASE

NEW YORK, April 22 ... The following statement, on the proposed sale of arms to SAUDI ARABIA, was issued today by Bertram H. Gold, Executive Vice President of the American Jewish Committee:

"The Administration's announced decision to sell Saudi Arabia an arms package including sensitive AWACS surveillance planes, Sidewinder missiles, and F-52 aircraft add-on equipment is a serious error. It is harmful to American interests. It works to promote war, not peace, in the Middle East.

"The decision is an error because this sale is so unnecessary. The defense of Saudi Arabia and of Gulf oil lanes is a major American concern. But Saudi Arabia already is protected by AWACS today, thanks to aircraft under American control; and the F-52s already in its possession are amply adequate for its defense purposes. The proposed sale adds nothing to Saudi defense, and only multiplies the danger that sensitive U.S. electronic equipment could fall into unfriendly hands.

"The decision is an error because it sends the wrong signals to the Saudis. The Saudis are to get everything they ask for without making a single concession to U.S. policy or strategic aims. They refuse to provide the U.S. a base in the country, they are not prepared to back the Camp David peace process, and they continue to aid the PLO. The only ones who gain in this transaction are the Saudis, at expense to American prestige, for the U.S. clearly has yielded to Saudi blackmail.

"The decision is an error because it creates a risk to the vital security of America's staunchest ally in the Middle East--Israel. The U.S. is pledged to protect this security, not to weaken it. AWACS in Saudi hands mean that every Israeli move is wide open to Saudi surveillance and intelligence. Add-on equipment for F-15s means these planes can be used to attack Israel. The U.S. should not be putting Israel and Middle East peace in such jeopardy.

"Sound U.S. policy must distinguish between helping defend Saudi Arabia and giving it weapons of offense. The proposed sale fails to do so. Both the Senate and the House of Representatives should vote resounding disapproval."

Founded in 1906, the American Jewish Committee is this country's pioneer human relations organization. It combats bigotry, protects the civil and religious rights of Jews at home and abroad and seeks improved human relations for all people everywhere.

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EJP

Maynard I. Wishner, President; Howard I. Friedman, Chairman, Board of Governors; Theodore Ellenoff, Chairman, National Executive Council; Gerard Weinstock, Chairman, Board of Trustees.
Bertram H. Gold, Executive Vice President

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South America hq.: (temporary office) 165 E. 56 St., New York, N.Y. 10022 • Mexico-Central America hq.: Av. E. National 533, Mexico 5, D.F.

CSAE 1707

NEWS

FROM THE

COMMITTEE

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FOR IMMEDIATE RELEASE

NEW YORK, April 3....The American Jewish Committee today urged the Reagan Administration to withdraw its proposals to sell highly sensitive Awacs planes to Saudi Arabia, as well as add-on equipment for F-15s, declaring that such sales would "endanger American interests and prospects for peace in the Middle East."

The AJC also urged both houses of Congress "to vote resolutions of disapproval" should the Administration persist.

In a statement issued by AJC's National President Maynard I. Wishner, the organization pointed out that while it favored U.S. strategy to counter the threat of Soviet expansion in the Middle East, and defense of key Gulf states, "this is quite different from selling the Saudis advanced weaponry... which will then be outside American control," or from selling them special equipment that will "transform their F-15 planes into weapons of attack."

The surest way to protect American interests in the Gulf area "is to keep sensitive weaponry in the hands of the United States," Mr. Wishner declared.

He cited the fact that radical forces already have sought to overthrow the Saudi ruling monarchy, pointing out that "should a future coup succeed, as in Iran, these arms would then be available for use against U.S. forces, directly or indirectly."

"There is no need to take this risk," he continued, given that "U.S.-manned Awacs presently operating in Saudi Arabia can give that country advance warning of any attack that may be launched against it."

The arms, moreover, could be used in "potentially tragic" ways against Israel, said the AJC president, pointing to the recent Saudi Arabia sponsored conference that called for a jihad, a holy war, against Israel. "Escalating the Middle East arms race with these sales," he asserted, would only "increase the likelihood of upheaval in the very area where our goal is stability."

The full text of Mr. Wishner's statement follows:

Maynard I. Wishner, President; Howard I. Friedman, Chairman, Board of Governors; Theodore Ellenoff, Chairman, National Executive Council; Gerard Weinstock, Chairman, Board of Trustees.
Bertram H. Gold, Executive Vice President

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CSAE 1707

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That they will be turned against Israel, when in Saudi possession, is virtually a certainty. Given AWACS capabilities, Israel would not be able to make a move without the Saudis immediately knowing all about it. It could not mobilize its troops for defense without the Saudis -- who have called on other Moslem states for a Jihad , a holy war, against Israel -- knowing where and how the Jewish state was placing its forces and equipment.

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But these AWACS eyes in the sky are where they belong, in America's best interest -- under American control.

April 9, 1981

#81-550-17

Congressman Jack Kemp Leads 100 Members of Congress in Floor Debate of the Sale of Military Equipment to Saudi Arabia

On Tuesday, April 7, 1981, Congressman Jack Kemp joined with Congressman Jim Blanchard (D.-Michigan) to lead almost one hundred Members of Congress in a Floor discussion of their concerns over the Administration's proposed sale of enhancement equipment for the F-15 jet fighters sold to Saudi Arabia in 1978. Mr. Kemp's opposition to the sale of AWACS and his serious reservations concerning the sale of equipment designed to expand the capabilities of the F-15s are shared by increasing numbers of Senators and Congressmen. The following is the prepared text of Mr. Kemp's opening address before the House of Representatives:

"Mr. Speaker: Congress will soon be asked to consider whether the United States should sell Saudi Arabia enhancement equipment for the F-15 jet fighter aircraft scheduled for delivery to Riyadh at the end of this year, and whether we should also sell the Saudis AWACS to complement their capabilities.

"I admire and support President Reagan for his commitment to the security of Israel and to Camp David and for his firm belief -- which I share -- that Israel is first and foremost a strategic asset of the United States. The Israeli people could ask for no more loyal friend than President Reagan.

"At the same time, I support the President's desire to improve our relations with Saudi Arabia. The potential exists for our two countries to coordinate our efforts to provide for the defense of the Persian Gulf area. It is my sincere hope that the United States and Saudi Arabia will exploit the significant opportunities we have to work together.

"Thus it is not our purpose today to suggest that the United States should ignore the legitimate defense needs of Saudi Arabia. It is not our purpose to subvert the relations between our two countries.

"Rather I want to raise some questions and express my reservations concerning the content and timing of this sale.

"In 1978, this country agreed to provide Saudi Arabia 60 F-15 aircraft. I was opposed to that sale because I believed that Saudi Arabia had done nothing to demonstrate their support for our security interests.

"Congress approved the sale but only upon the express representation that the enhancement equipment now contemplated would not be forthcoming. While Saudi Arabia now claims that it never agreed to such a restriction, neither did it protest when Harold Brown told the Congress:

'The aircraft can carry three external fuel tanks, but the plane requested by Saudi Arabia will not be equipped with special features that could give it additional range. Specifically, the planes will not have conformal fuel tanks... Saudi Arabia has not requested nor do we intend to sell other systems or armaments that would increase the range or enhance the ground attack capability of the F-15s.'

"And in testimony before the Senate Foreign Relations Committee, Secretary Brown stated that the United States had no intention of selling the Saudi's AWACS or Hawkeye in the future.

"Now the Administration has proposed to sell conformal fuel tanks (CFTs) to increase the range of the F-15s. According to the manufacturer McDonnell Douglas the addition of conformal fuel tanks to an F-15 flying an air superiority mission enhances its flight radius 79%, extends the F-15's interdiction capability 93%, and improves its loiter capability 65% when under a close air support mission.

"In Middle Eastern geopolitics, this means that an F-15 with a one-ton bomb and two CFTs could take off from a coastal Saudi air base, run into the Israeli heartland, and land at the Saudis' forward airbase of Tabuk on the return. Alternatively, an F-15 with three external tanks and no bombs could make the same run, flying protective cover for other Arab attack planes.

"While the Administration has reportedly deferred a decision on selling bomb racks, such racks are fairly simple in design and easily fabricated, as are other necessities for ground attack, suggesting that the Saudis could buy the needed equipment elsewhere to give the F-15 clear ground attack capability.

"The AIM-9L Sidewinder missile proposed for sale is an infrared air-to-air missile with an all aspect capability, providing an improved air attack versatility over the AIM 9-P-3 missile originally included in the sale.

"And finally, the Administration has tentatively agreed to provide Saudi Arabia an early warning and control system -- reportedly AWACS.

"AWACS has an air refueling capability and would allow radar surveillance of 200 statute miles or more. Should that AWACS be configured with the capacity to direct and control interceptor action, the added capability given the Saudi F-15s would be formidable.

"I must say flat out that I am mystified why the United States would give the Saudis AWACS. There are already two AWACS in Saudi Arabia, but they are controlled and flown by U.S. personnel. It seems to me that if there are going to be any more AWACS in the Middle East, they too should be controlled by U.S. personnel.

"It is not my purpose today to turn my back on Saudi Arabia. On the contrary I hope that in the future the Saudis will join the United States in helping resolve those differences and disputes in the Middle East that stand in the way of peace and prosperity.

"I supported the Camp David accords on that basis and hoped fervently that Saudi Arabia and Jordan would have joined the process, despite their misgivings. Unfortunately, not only did the Saudis reject the accords, but they attacked Mr. Sadat, they attacked Camp David, and joined in a declaration of jihad (holy war) against Israel.

"The crucial question remains: How does the sale of this equipment to Saudi Arabia fit into overall U.S. strategic planning in the Persian Gulf? I am concerned, Mr. Speaker, that the timing and content of the proposed sale may overly reflect the legacy of the previous administration, rather than an integral part of a well-considered Reagan policy toward the Persian Gulf.

"I believe that two pervasive considerations must govern the development of the Reagan Administration's strategy regarding the Middle East and the Persian Gulf.

"First, Israel's value as a strategic and reliable democratic asset of the United States and the free world is beyond dispute. For this reason our commitment to Israel's security is resolute and unwavering. And let me add I think President Reagan and his administration will be the best friends Israel has ever had.

"Second, never before has the threat posed by the Soviet Union to the security of the region been so starkly apparent as now, when Soviet troops have occupied nearby Afghanistan, Soviet arms supplies enable Iraqi troops to wage war on Iran, Soviet bases have been established in Syria and the Horn of Africa, and Cuban and East German troops provide support for the communist government of South Yemen.

"One would think that the Government of Saudi Arabia would be particularly apprehensive of these developments. One would think that the Saudis would want to coordinate efforts to provide a regional defense against this growing threat. But to date, the Saudis have given no indication that they appreciate how crucial it is for the security of their nation to work with the United States to defend our mutual security interests.

"We thought back in 1978 that agreeing to sell the Saudis the F-15s -- the most sophisticated American weaponry ever sold an Arab state -- would result in a Saudi commitment to the security interests we hold in common. Instead we have seen the Saudis time and again act as antagonists, opposing rather than supporting our interests.

"The record of the recent past discloses repeated instances where Saudi Arabia has taken positions adverse to the United States. We cannot condone bankrolling the PLO's terrorist activities, such as Saudi Arabia has consistently done. We cannot allow ourselves to remain vulnerable to an interruption in oil supply, despite Saudi Arabia's opposition to our intention to build a strategic petroleum reserve and Saudi threats to reduce oil production as we proceed with those plans. We will not be thwarted in our need to project American power into the Persian Gulf to protect the vital interests of the West including as necessary the establishment of American bases in the area, which Saudi Arabia has opposed. We do not condone resolutions condemning our attempt to rescue our countrymen held hostage in Iran, such as that signed by Saudi Arabia in May of last year. And the cause of peace and stability is surely not served by Saudi Arabia's irrational opposition to the Camp David process.

"Thus it is ironic that the Saudis profess to regard the United States' willingness to sell them F-15 enhancement equipment a test of the relationship between our two countries. What is being tested here, our commitment to Saudi Arabia's legitimate defense needs or our willingness to take the path of least resistance? I put it to you that the United States may fail that test if we do not insist upon reciprocity.

"Political understanding must precede a military buildup. Supplying sophisticated weaponry to the Saudis will not induce them to see that we have common security interests. On the contrary, we may undermine our own credibility if we appear to be rewarding the Saudis for working against us.

"And let us put to rest the old refrain that if we do not sell them the desired equipment somebody else will.

"Certainly it is possible that if we deny the conformal fuel tanks and advanced missiles, the Saudis may cancel their order of F-15s and purchase substitute capabilities somewhere else.

"Which leaves us to wonder -- so what?

"The United States is not in the business of arms merchandising. The possibility that other markets may exist is not a reason for granting a sale. If it were, we would be selling armaments indiscriminately to the highest bidder. No; if we elect to sell armaments to Saudi Arabia, we should do so because it is in America's interest to bolster Saudi defenses in this manner, and not because we are afraid of losing the sale to someone else.

"A sale of sophisticated weaponry is fundamentally a political act, signifying that we have determined that the action is in furtherance of our national security interests. That is the only criterion upon which this proposed sale should be evaluated.

"On that basis, Mr. Speaker, I am opposed to the sale of AWACS to Saudi Arabia. Beyond that, I believe that the burden of proof is on the Saudis to demonstrate why the United States should want to bolster Saudi military capability through the sale of F-15 enhancement equipment. Until Saudi Arabia is prepared to give a clear demonstration of their commitment to peace and to our mutual security interests, until we are satisfied that the armaments we supply will be dedicated to regional defense and not to an anti-Israeli offensive, we should be in no hurry to consummate any sale."



Office of the M.A. Director

13 April 1981

Archbishop Pio Laghi
Apostolic Delegate
3339 Massachusetts Ave., NW
Washington, DC 20008

Dear Archbishop Laghi:

I write to express my deep concern about the recent meeting of the Vatican and the PLO. It is certainly my view that our church needs to be attentive to the rights of the Palestinian people. But in light of the numerous public calls for Israel's annihilation by the PLO I fear that our church leadership is acting in an irresponsible fashion towards the survivors of Auschwitz and the other Jews who have built the State by giving such public recognition to the PLO for whom terrorism has been a central tool.

I am especially disturbed by two aspects surrounding this recent meeting. The first is the press conference held by Mr. Farouk Kadoumi of the PLO immediately following the session. While I recognize that this was not an officially sanctioned session in which the Vatican took part, Mr. Kadoumi's remarks about a coalescence between PLO and Vatican views on the Middle East will remain open to misinterpretation unless the Vatican publicly disassociates itself from this position which runs counter to previous Vatican statements. I would urge you to press Rome for such a declaration.

Secondly, I would ask that you communicate to Rome the growing revulsion of those of us in the interreligious dialogue about the increasingly public role of Archbishop Hilarion Capucci. First Iran, now the Vatican-PLO meeting. His participation in these activities appears a direct violation of the conditions



Office of the M.A. Director

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13 April 1981

attached to his release from prison. The Vatican will suffer significant erosion of its status if it allows Archbishop Capucci to continue to break the terms the Vatican formally accepted for his freedom in negotiations with the Israeli government. In addition, his continuing activity will injure the developing, productive relationships which Catholics and Jews have established since the II Vatican Council.

I thank you for your kind consideration of my views. I trust you will share them with the competent persons at the Vatican.

Warmest greetings for the Easter season.

Sincerely yours,

John T. Pawlikowski, OSM
(Rev.) John T. Pawlikowski, OSM, Ph.D.
Professor

Member, Advisory Committee, Secretariat
for Catholic-Jewish Relations, NCCB

cc. Fr. Jorge Mejia, Vatican Commission on Religious Relations with Jews

THE AMERICAN JEWISH COMMITTEE

date April 17, 1981

M. Jerserbaum

to Members of the Foreign Affairs Commission
Steering Committee

from Rita Hauser

subject

You will, I believe, be interested in this report on Jewish life in Lebanon by AJC's European Representative Nives Fox, which describes the situation there prior to the most recent outbreak of fighting.

Mrs. Fox has reported, too, that the U.S. Consulate in Beirut maintains excellent contact with the Jewish community leadership, and "one cannot overestimate," she writes, "the tremendous feeling of security this gives the Jews in Beirut."

RH/el

81-550-22

memorandum





April 17, 1981

Memo

TO : Albert D. Chernin

FROM: Charney V. Bromberg

RE : Meeting of Interreligious Specialists on Saudi Arms Sale

In accordance with our assignments on the Saudi arms issue, I yesterday convened a meeting of national agency interreligious specialists to enlist the support of leading church personalities.

Invited and attending were A. James Rudin of the American Jewish Committee, Michael Wysogrod of the American Jewish Congress, Ted Freedman of the ADL and Linda Cahn of the Presidents Conference.

The participants agreed that the range of responses from the individuals mentioned below would be broad: few could be expected to speak out on behalf of their organizations or denominations; on the other hand, most of those speaking out publicly as individuals would have as great an impact as if they were speaking for their church bodies because of their personal stature. It was also agreed that priority should be given to seeking their public or private communication with the President and members of Congress.

There was also agreement that positive responses could be expected at the "grass roots" level through community contact with clergy. All participating agencies will encourage this activity among their constituencies.

The following are the names of organizations and individual figures of national stature to be contacted by the agency or individual mentioned.

The National Christian Leadership Conference for Israel (NCLCI) has begun to congeal as the principle Christian body working on Israel's behalf under the leadership of Franklin Littel and Bill Harder, and the directorship of Isaac Rotenberg. The NCLCI can be expected to have broad outreach to the Christian community including Catholics, Protestants and Evangelicals. AJCommittee said it would make contact with NCLCI.

Catholics

The American Jewish Committee will draft a letter on behalf of itself, The ADL, The Union of American Hebrew Congregations and The Synagogue Council (as the agencies with an ongoing working relationship) to Bishop John Roach, President of the National Conference of Catholic Bishops. Individual Catholic leaders to be contacted are:

Bishop McGoverell (Brooklyn) - Michael Wyshograd

Cardinal Terrence Cooke - Ted Freedman

Archbishop Quinn - Jim Rudin

Father Hesburgh of Notre Daime - Jim Rudin

Msgr. George Higgins - Jim Rudin

Msgr. Ed Flannery - Jim Rudin

Brian Hare and Gino Baroni - were also mentioned and contacts will be determined.

* * * * *

Mainline Protestants

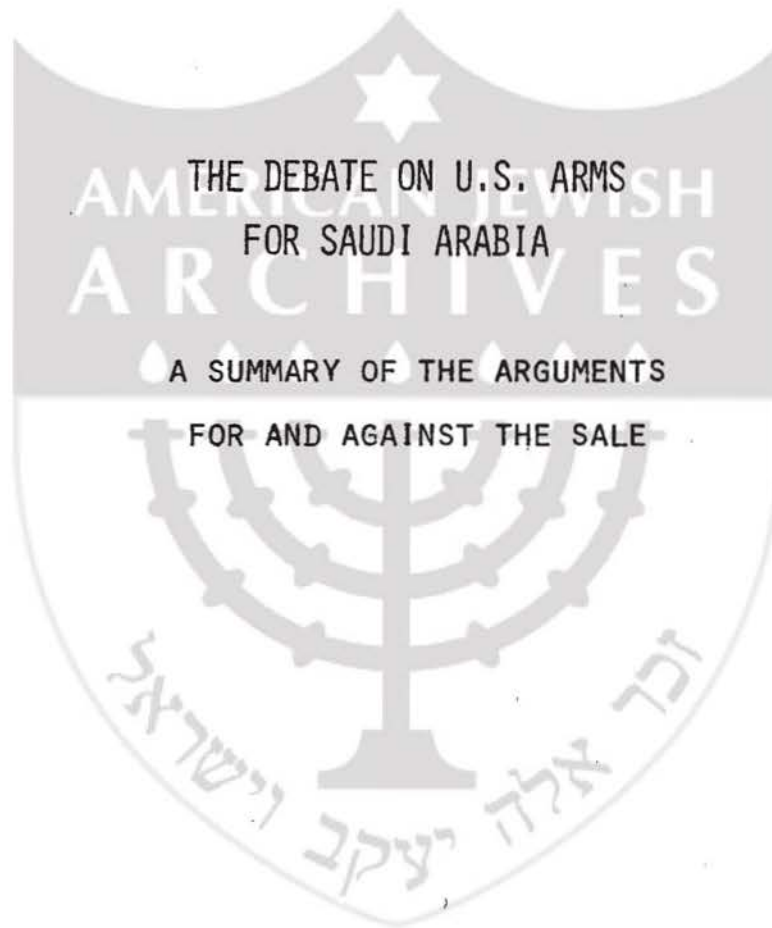
The subcommittee agreed mainline Protestants would best be approached denominationally and not through the National Council of Churches. Among the individual contacts, AJCommittee will make are Christof Stendahl and Bishop Burt of Cleveland.

* * * * *

Evangelicals

- Jerry Falwell: AJCommittee
- Bailey Smith : ADL
- Pat Robertson: ADL
- Arnold Olson : AJCommittee
- Billy Graham : AJCommittee

(For Internal Use Only)



THE AMERICAN JEWISH COMMITTEE
165 East 56th Street
New York, New York 10022

U.S. STRATEGIC GOALS

FOR

AGAINST

1 The U.S. goal is to contain Soviet expansionism in the Middle East. Recent Soviet advances -- specifically in South Yemen and Ethiopia -- make it imperative to build up Saudi Arabia's defense capabilities.

2 The sale of advanced U.S. weaponry to the Saudis is regarded as the first step in the developing U.S. strategy to defend American interests in the region. Other elements would include the Rapid Deployment Force, and bases and facilities for U.S. men and materiel. The long-term aim is a permanent U.S. military presence to deter Soviet adventurism.

3 The equipment would constitute a de facto base in Saudi Arabia. The sale of sophisticated weaponry, and especially the stationing of AWACS in Saudi Arabia -- all of which would require a U.S. presence for training, operation and maintenance -- would be the equivalent of prepositioned equipment for U.S. use in an emergency.

4 Saudi Arabia would not have complete control over use of this equipment. Through control over access to spare parts, as well as the lag time in delivery of the equipment, the U.S. could effectively limit Saudi use of the arms and prevent their use against Israel.

5 Guaranteeing a steady supply of Persian Gulf oil to the West is a primary strategic concern of U.S. policy. The U.S. imports nearly a quarter of its oil from Saudi Arabia while America's allies in Western Europe and Japan are even more

1 AWACS and F-15s in Saudi hands would not be a credible deterrent to Soviet expansionism. The Saudi armed forces are too small and too weak, no matter how advanced the weaponry, to withstand a Soviet thrust.

2 Thus far the Administration has not proved that the sale advances American objectives in the region. The Saudis have rejected the U.S. concept of a "strategic consensus" against the Soviet Union. They categorically refuse to consider granting the U.S. facilities in their country. Thus it appears that Saudi strategic aims do not coincide with those of the U.S.

3 Because the Saudis oppose any official U.S. military presence, the U.S. has no reason to believe we could use or control the equipment we sell to Saudi Arabia. Secretary of State Haig has admitted to the Senate Foreign Relations Committee that we have no Saudi assurances that we would be able to use the so-called prepositioned shield even in the event of Soviet attack.

4 Once the weapons have been sold, the U.S. has little or no control over them.

A change in the Saudi regime cannot be ruled out. If it occurs, secret U.S. weapons would once again fall into unfriendly hands.

5 Defense of the Persian Gulf is best left to the U.S. and its European allies. The experience in Iran has shown the folly of making any single country a regional policeman. Sale of F-15 add-on equipment and AWACS to the Saudis would not guarantee

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dependent on this source. The sale would provide equipment to help keep the Straits of Hormuz open and assure access to Persian Gulf oil.

6 Unless the U.S. sells this equipment to enable Saudi Arabia to defend itself, the U.S. will have to station American forces in the region to protect the oil-fields.

7 Saudi Arabia is pro-American, anti-Soviet and moderate. The Saudis have made the sale a "litmus test" of U.S. friendship and sincerity, and consider it recognition of the importance of the House of Saud.

8 Refusal to grant the Saudi request for advanced weaponry would be regarded as an affront. It would damage the Saudis' prestige both at home and in the Arab world, and possibly drive them into the Soviet camp.

9 The U.S. must build up Saudi defenses because of the significant changes in the overall situation in the region. The Iranian Revolution, the Soviet invasion of Afghanistan, the Iran-Iraq war have necessitated a review of the Carter Administration's commitments to Congress in 1978 with regard to Saudi arms sales.

a steady supply of oil to the West.

6 U.S. troops and military advisers would be stationed in Saudi Arabia to teach personnel how to use the equipment. There are already 1,000 U.S. advisers and technicians in the country, aside from 500 who maintain the four AWACS loaned to Saudi Arabia at the outbreak of the Iran-Iraq war.

7 The U.S. cannot allow Saudi Arabia to dictate policy; Saudi and U.S. interests are not all identical and may conflict.

The record does not support the claim that the Saudis are moderate. Saudi policies will continue to be determined by Saudi interests regardless of what the U.S. does.

8 To agree to sell arms to the Saudis simply because they want them would damage rather than enhance U.S. prestige. In the past the U.S. has appeared to be a supplicant for Saudi favors, particularly with regard to oil. The U.S. must begin to deal with the Saudis on the basis of mutual interest and respect and not give in to blackmail.

The Saudis are staunchly anti-Communist for their own reasons and would not turn to the Soviet Union for weapons or political support.

9 The changed strategic situation requires an enhanced U.S. presence in the region, which is now being developed. Pouring advanced weapons into a country with an unstable regime is not the way to confront the new situation. Abandonment of the 1978 commitment to provide no offensive weapons to Saudi Arabia would raise serious questions about the credibility of U.S. assurances. We appear to

be sacrificing long-term goals (stability in the region) for short-term expediency (placating the Saudis), which serves only to undermine confidence in the U.S.

10 Saudi Arabia cannot be compared with Iran. Its government is stable and has maintained the loyalty of its citizens. The U.S. need not be concerned about the safety of weapons in the country.

10 The U.S. cannot afford to ignore the lessons of Iran. Sensitive equipment (F-14s and Phoenix missiles) was compromised, "secure" American bases were overrun and American lives endangered. In formulating policy, the U.S. must take into account the threats to Saudi stability.

11 The Soviet Union is pouring arms into the Middle East. To protect our vital interests, we must match them with Western arms.

11 The sale would intensify an already dangerous arms race in an already unstable region. It would increase the likelihood of upheaval where our goal is stability. Saudi military spending, running at the rate of \$20.7 billion per year, is increasing, along with that of other Middle East states. Greater availability of sophisticated arms carries with it a greater risk that they will be used.

AMERICAN
ARCH

SAUDI DEFENSE NEEDS

1 Saudi Arabia needs advanced weaponry to protect itself from hostile neighbors. The Saudis feel they are surrounded by states which have the capability -- and possible the desire -- to attack: the radical Arab regimes -- Iraq, Syria and South Yemen, all allies of the USSR -- as well as Israel, revolutionary Iran and Egypt.

1 Whatever the threats from its neighbors, the arms package now proposed is too sophisticated to provide proper defenses for the Saudis. Furthermore, the AWACS already on loan provide Saudi Arabia with the necessary surveillance capability.

2 Saudi Arabia needs to improve its ability to counter possible subversion at home. Since the 1979 attack on the Grand Mosque in Mecca and the Shi'ite riots after the Iranian revolution, Saudi Arabia has been concerned about the ability of its armed forces to cope with future incidents.

2 F-15s and AWACS are of no value against internal subversion. Their acquisition may even contribute to destabilizing the Saudi regime. Events in Iran have demonstrated the danger of putting sensitive weaponry into the hands of unstable, undemocratic regimes threatened from within. The 1979 seizure of the Grand Mosque in Mecca showed that Saudi Arabia was not so

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stable as it appeared. While the monarchy today appears to retain the confidence of its citizens, a change cannot be ruled out.

3 The Saudis have assured the U.S. that they want the weapons only for defense. They feel their aging equipment makes them vulnerable.

3 The Saudi military cannot absorb the vast quantities of sophisticated weapons already on order from the U.S., West Germany, France and Britain. The armed forces are too small and trained manpower is scarce. Is the U.S. prepared to sanction use of Pakistani mercenaries to fight on the Saudis' behalf with U.S.-made weapons?

Extra fuel pods, missiles, fuel tankers, bomb racks and AWACS would transform the F-15s into weapons of attack.

AMERICAN JEWISH
ARCHIVES
U.S.-SAUDI RELATIONS

1 Saudi Arabia considers this equipment tangible proof of the U.S. commitment to its security. The sale would restore Saudi confidence that was eroded by U.S. treatment of the Shah.

1 It is not clear what the U.S. will get from Saudi Arabia in return for this commitment. In 1978, when the F-15s were sold, it was argued that the Saudis would reciprocate by supporting U.S. policies in the Middle East. They have not done so. If the Saudis see this sale as a litmus test of American commitment, what is the test of Saudi commitment?

2 If the Saudis are not satisfied that we are a reliable friend, they may cut their oil production. They now produce more than they need to as a favor to the U.S. and the West.

2 To expect (or assume) a quid quo pro on oil price or supply for arms is unrealistic and mistaken. The record shows that the Saudis determine oil price and production policies according to their own economic interests. There is evidence that they could not cut production too much without hurting their economy. When they maintain high production levels, it is to exert pressure on other producers as well as to make money and not to do the U.S. a favor. The sale of advanced weaponry will not ensure future Saudi moderation in either oil pricing or production.

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3. If we don't sell them arms, the Saudis will turn elsewhere -- to France and West Germany. It is in the U.S. interest to become the Saudis' principal arms supplier and thus exert some influence over the deployment and use of these weapons.

3 There is nothing to prevent the Saudis' buying arms elsewhere even after they acquire U.S. weapons. They have signed an arms contract with France and are seeking others with Britain and West Germany. These purchases will probably go through regardless of whether the U.S. sells the F-15 add-ons and AWACS.

These sophisticated weapons are available only from the U.S.; neither our NATO allies nor the USSR has anything comparable. If the Saudis have their heart set on these weapons, they cannot buy them anywhere else.

4 The U.S. must maintain good relations with the Saudis for economic as well as strategic reasons. Besides oil, U.S. firms do billions of dollars of business with the Saudis every year. We must continue to recycle the petrodollars into the U.S.

4 These economic relations will continue whether or not the sale is approved. The Saudis need U.S. technology and expertise. With 45,000 Americans working in their country, the Saudis would not risk rupturing relations with the U.S.

1 F-15 add-on equipment and AWACS are not a threat to Israel. The Administration has given Israel iron-clad security guarantees as well as promises of economic and military aid that would offset any advantage on the Arab side.

1 This equipment poses a grave danger to Israel's security, which the U.S. has pledged to protect. The Saudis have not explicitly recognized Israel's right to exist, and have fought against Israel three times in the past 33 years. Just a few weeks ago, Saudi Arabia called again for a Jihad against Israel. That the Saudis will use their F-15s and AWACS directly or lend them to another state to use against Israel is a real possibility.

2 The sale would not upset the balance of power between Israel and the Arab states. Israel is still the strongest military power in the region.

2 The AWACS would, for the first time, give the Arabs a qualitative advantage over Israel, which would radically alter the balance of power. AWACS far surpass any equipment in Israel's arsenal. In addition, F-15 add-ons would severely undermine Israel's air superiority and enable Saudi Arabia to hit any Israeli target from bases located deep in their own country.

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3 According to U.S. law, the Saudis could not transfer the weapons to a third party.

3 Once the weapons are in Saudi hands, the U.S. cannot assure that they will not be transferred to or shared with other states. The Saudis have participated in joint training maneuvers with Syria and Jordan, and may have transferred U.S. weapons to Soviet-supplied Iraq for use against Iran.

4 The U.S. cannot allow a foreign country -- Israel -- or domestic pressure groups to dictate U.S. policies in the Middle East.

4 The U.S. must determine its policies according to its own interests. Israel is an acknowledged strategic ally of the U.S. and the only stable democracy in the Middle East.

Caving in to the Saudis on AWACS and F-15 add-ons amounts to appeasement.

AMERICAN JEWISH
ARCHIVES
AWACS

1 After the sale, operation of AWACS in Saudi Arabia will be in American hands. American specialists and technicians are already manning the four AWACS now in Saudi Arabia, and will remain there.

1 To sell this ultra-sophisticated equipment to Saudi Arabia is to risk that AWACS secrets will be compromised or fall into enemy hands. Internal Saudi security is lax; Saudi stability is questionable.

Increasing the number of American military advisers in Saudi Arabia -- now between 1,000 and 1,500 -- increases the danger of American involvement in regional conflict.

2 The Administration understands that the Saudis will use the AWACS to protect the oilfields, and not against Israel.

2 Once AWACS are sold, the U.S. has no control over their use. Saudi AWACS will endanger the security of Israel. All of Israel -- its airfields, aircraft and defense systems -- will be exposed to the "sight" of AWACS from well within Arab air space.

AWACS in Saudi Arabia would seriously erode the technological superiority upon which Israel depends for its security.

FOR

AGAINST

3 The Saudis cannot operate AWACS without American help. The U.S. would not allow the system to be used against Israel, and the Saudis know it.

3 The U.S. guarantee will amount to nothing if the Saudi Government changes. Furthermore, the present Saudi rulers have declared that, "All we own is at the disposal of the Arab nations and will be used ...against the common enemy."
(Cited in the Congressional Record, May 15, 1978.)

4 AWACS in Saudi Arabia would enable the U.S. to keep an electronic watch over developments in the Persian Gulf.

4 AWACS already in Saudi Arabia -- on loan on a temporary basis since October 1980 and in U.S. hands -- provide the U.S. with the intelligence data it requires.

5 The AWACS will not be equipped with the most secret electronic devices.

5 It is highly unlikely that the Saudis would accept anything less than fully-enhanced and equipped AWACS.

6 AWACS in Saudi Arabia would enhance the defense capability of the kingdom.

6 The F-15/AWACS combination is an offensive not defensive system. With AWACS from the U.S. Saudi Arabia would more than triple its effective air power.



April 21, 1981

81-975-32

12 QUESTIONS ON U.S. ARMS PACKAGE FOR SAUDI ARABIA

1. Q. What military supplies does the U.S. now propose to sell to Saudi Arabia?
- A. The package includes 1,000 "Sidewinder" missiles, long-range fueling tanks, 7 aerial refueling tankers for the 62 F-15 jet fighters to be delivered next year, and five AWACS (Airborne Warning and Control System) planes, the most sophisticated reconnaissance aircraft in the world. Also under consideration are 10,000 TOW anti-tank missiles, multiple ejection bomb racks, ground radar stations, and M-1 tanks.

2. Q. Would F-15 add-ons and AWACS deter a Soviet attack on Saudi Arabia?
- A. NO. The Saudi armed forces, no matter how advanced the weaponry at their disposal, are too small and too weak to withstand a Soviet attack. The Saudis would have to rely on the U.S. to protect them, as both they and we are well aware.

3. Q. Doesn't the sale serve the U.S. national interest by protecting the Persian Gulf?
- A. NO. Saudi Arabia alone is incapable of serving as the policeman in the Gulf area. We cannot rely on the Saudis to counter a threat to the West's oil lifeline.

Moreover, by turning our most sophisticated weaponry over to the Saudis we risk that its technology will be revealed to others -- through defection of personnel, the diversion of training manuals, through Soviet intelligence activity, or by accident. This would damage rather than protect U.S. national security.

4. Q. Would the sale bring the Saudis closer to American policy in the Middle East?
- A. NO. They have not and will not move closer to American positions on the granting of military bases, or oil policy, or the Middle East peace process. Saudi policy will continue to be determined by Saudi interests, regardless of what the U.S. does, and their interests are not the same as ours.

5. Q. Would the sale ensure peace and stability in the Middle East?

- A. NO. It would intensify a dangerous arms race in an already unstable region, and would increase the likelihood of upheaval in the very area where we need stability. Arms sales are no substitute for diplomacy.

6. Q. Is the sale a threat to Israel's security?

A. YES. It would give the Arabs a qualitative advantage over Israel, thus radically altering the balance of power in the area.

Add-on equipment significantly enhances the range and fire-power of F-15s, so that they could reach Tel Aviv, Jerusalem, Haifa and other heavily populated parts of Israel. Used together with enhanced F-15's, the ultra-sophisticated AWACS would seriously erode the technological superiority on which Israel depends for its security.

7. Q. Wouldn't the presence of American technicians -- necessary to the Saudis' operation and maintenance of the equipment -- eliminate the risk to Israel?

A. NO. These technicians would service the weapons and train personnel to use them, but effective control of their deployment would be in Saudi hands. Saudi Arabia has pledged to wage a jihad (holy war) against Israel, and declared that all its forces will be at the disposal of the Arab states in this fight.

8. Q. Don't we have to sell these arms to the Saudis because we need their oil?

A. NO. Saudi oil production and price policies are not, despite Saudi claims, a political favor to the West. They are determined by Saudi economic self-interest. Thus, arms sales have little or no effect on the supply or price of oil to the U.S.

9. Q. What would happen to our oil supply if we do not release the weapons?

A. The Saudis will not cut production in order to punish the U.S., since they maintain high production levels to serve their purposes, at home and within OPEC. We must not allow ourselves to be blackmailed with empty threats.

10. Q. Will the Saudis buy elsewhere if we do not sell them arms?

A. They already plan to buy weapons from France, West Germany and Britain, and will do so regardless of what we sell them.

11. Q. Did the Carter Administration promise in 1978 not to sell F-15 add-on equipment to Saudi Arabia?

A. YES. Congress approved the sale of F-15s to Saudi Arabia in 1978 on condition that they carry only defensive equipment. Carter's Secretary of Defense, Harold Brown, promised Congress specifically that the planes would not have FAST-packs, air-refueling tankers, bomb racks -- in short, the equipment now being proposed for sale. This sale would not only violate U.S. assurances to Congress and to Israel, but undermine confidence in all American commitments.

12. Q. The Saudis regard the sale as a test of American friendship and good will. Must we go along in order to maintain friendly relations?

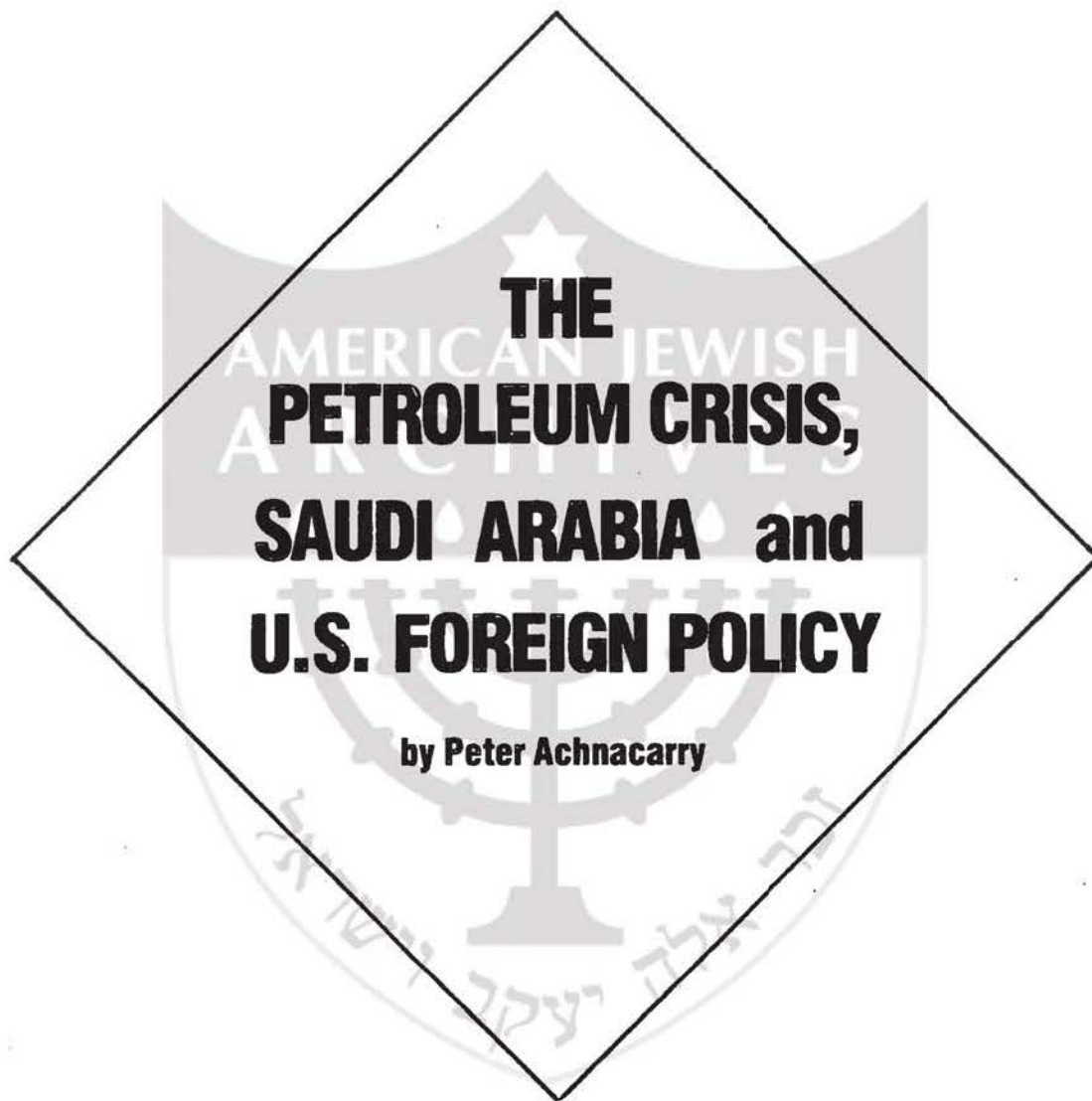
A. NO. This is not the first time the Saudis have tested our friendship, nor will it be the last. The U.S. has repeatedly acceded to Saudi wishes and got nothing in return. The Saudis have impeded, not helped, the Camp David peace process. They pay tribute money to the PLO. They refuse to permit U.S. bases on their soil. It is time we made our own demands and stopped letting Saudi Arabia dictate policy to us.



THE AMERICAN JEWISH COMMITTEE'S
ENERGY INFORMATION SERVICE

Phyllis Sherman, Director, Energy Program

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Peter Achnacarry is a Washington, D.C. analyst who has followed the international energy scene for many years.

THE PETROLEUM CRISIS, SAUDI ARABIA AND U.S. FOREIGN POLICY

The decision of the Reagan Administration to sell Saudi Arabia advanced equipment to enhance the effectiveness of its U.S.-supplied F-15 warplanes once again puts center stage the petroleum question, Saudi Arabia and U.S. Foreign Policy. The issues are not new; the pattern recurs with monotonous regularity: In 1976, the Ford Administration agrees to sell Saudi Arabia advanced tow and sidewinder missiles. Congressional opposition develops. Newspaper stories, quoting anonymous sources high in the Administration and Saudi Arabian officials, warn of the dire consequences to the West of a failure to sell the weapons. The sale is depicted as a "test" of American fidelity to its friends, the moderates in the Persian Gulf; reservations are expressed in the Congress and then forgotten. The sale is consummated.

Two years later, with a new Administration in Washington, the pattern is repeated. This time the Saudis want the F-15 fighter aircraft, the most advanced warplane in the American inventory. The arguments are the same as in 1976. No attempt is made to relate the weapon to the perceived threat; rather, the sale is justified on political grounds. The U.S. must show its support for Saudi Arabia; if it does not, the Saudis may unsheath the "oil weapon." The F-15's are sold. The Secretary of Defense assures Congress that there is no intention to arm the aircraft with additional fuel tanks and air-to-air refueling capacity (which will bring the aircraft within flying range of Israel), advanced air-to-air missiles or additional bomb racks.

And again, on January 30, 1981, The Wall Street Journal reports that the Saudi Oil Minister, Sheik Ahmed Zaki Yamani, "delivered a chilling message to the new Reagan Administration: the Saudis are prepared to use their massive oil reserves as a weapon in a new Islamic jihad, or holy war, to recover Arab lands captured by Israel." As a test of U.S. intentions, says the Journal, "the Saudis are anxiously waiting to see whether the Reagan Administration will supply bomb racks and other parts for the F-15 fighter bombers the Saudis have purchased from the U.S. Failure to supply such parts would convince the Saudis that Mr. Reagan is bowing to Israeli pressure against the weapons deal."

Predictably, the Reagan Administration agrees to sell the Saudis most of the advanced weaponry which Secretary of Defense Brown, in 1978, had disclaimed any intention of selling.

In explaining the Congressional approval of the F-15 sale in 1978, Senator John Stennis, then Chairman of the Armed Services Committee, summed up Congressional sentiment in one word: "OIL." Specifically, there are three aspects to the Saudi Arabian "oil weapon":

- (a) the threat that Saudi Arabia will impose an embargo on oil shipments to the United States or its allies,

a threat given credibility by the 1973 Arab oil embargo of the United States and the Netherlands because of their support of Israel in the 1973 Yom Kippur War;

- (b) fear that Saudi Arabia will cut back oil production substantially from its present levels of 10.0 million barrels per day (MBD), thus creating a supply shortage and leading to a massive increase in the international price of crude oil;
- (c) fear that Saudi Arabia will not increase maximum sustainable production capacity, so as to obviate future supply shortages.

Each of these propositions, however, should be approached with reservations.

The Arab Oil Embargo of 1973

The popular impression in the United States and elsewhere is that there would have been no interruption in the supply of Saudi Arabian oil in 1973 had there been no Yom Kippur War and no U.S. resupply of Israel. But this is not true. There is strong evidence that even if there had been no war, Saudi Arabia would have had to "shut in" nearly 40 percent of its production for purely technical reasons.

To understand why this was so, one has to understand the oil supply situation prevailing at the time. Saudi oil was produced by the Arabian American Oil Company (Aramco), a Delaware corporation owned by Exxon, Texaco, Standard Oil Company of California (Socal), each of which owned 30 percent of the shares of Aramco, and Mobil, which owned the remaining 10 percent.¹

In 1973, Aramco was producing crude oil at the rate of approximately 7 MBD, but this was insufficient to satisfy the demands of the parent companies. In the late 60s, at least two of these companies, Socal and Exxon had forecast a worldwide crude oil surplus and laid plans accordingly. However, the forecasts proved to be wrong. The industrial economies of the Western countries entered a simultaneous boom period between 1968 and 1973, and the demand for oil grew more rapidly than anticipated.

The companies had no spare producing capacity, that is, capacity which was in place and available immediately. Hence, they sought to maximize production from existing oil fields, including those in Saudi Arabia. In so doing, however, they ran the risk that continued production at then-existing levels would deplete the oil at too rapid a rate, reducing the amount that could ultimately be recovered from the most important Saudi Arabian oil-producing reservoirs.

The problem was explained by the Chief Reservoir Engineer of Socal, William Messick, in sworn testimony before the Senate Foreign Relations Committee's Subcommittee on Multinational Corporations:

In order to support the levels of production that were desired from these Arabian reservoirs it is necessary to replace the oil that is removed from the formation with something, and water is the most effective thing available, and so our basic plan of operating these reservoirs was to maintain the reservoir pressure by replacing the amount of water, enough to offset the withdrawal of oil and maintain the reservoir pressure above a desired level... Our pressure maintenance facilities, and this consists of the drilling of source water wells, gathering systems to transport that water to the field area and large pumping units to pump it up to inject pressure while authorized at the time as the oil increments were onstream, were delayed for a number of reasons.²

Had it not been for the embargo, Messick further explained, Saudi Arabian oil production would have had to have been substantially lowered as a consequence of these problems:

Question: Without the embargo you would have had to confront the dilemma of cutting back production at the time when the offtakers /the four American companies which owned Aramco/ were screaming for as much crude as possible, as much production as possible.

Mr. Messick: Yes, and I think that is substantially correct. There was a good deal of pressure on Aramco to maximize production substantially and had this embargo not occurred and our schedule on getting the water injection project up to its target rate, we would have had some wells I believe that would have crossed this threshold performance level and we would have had to shut them in.

Question: You specifically mentioned this was in the Shedgum part of the Ghawar field,³ the problem was most acute in the Shedgum and Uthmaniyah parts, Shedgum being responsible for approximately 3 million barrels a day, which at that time I think was a little bit more than one-third of Saudi Arabia's crude production.

Mr. Messick: Substantially correct.

In effect, then, the embargo saved Saudi Arabia and Aramco from the embarrassment of having to explain supply shortages resulting from technical problems. And because the oil-importing countries believed that the embargo served a political purpose, Saudi Arabia's international political leverage was enhanced. In fact, as Messick's testimony indicates, the 1973 production cutback bought time in which reservoir pressures could be rebuilt. Thus, the Saudis were able to turn a nearly disastrous technological and public relations debacle into a political plus in the United States. This aspect of the embargo was rarely reported in the press.

Again in 1977, Saudi Arabia was able to turn a technological disaster into a political and public relations coup in the United States. On December 15, 1976, the OPEC Ministers in Doha, Qatar, failed to reach an agreement on a new price level for the benchmark OPEC crude oil known as Arab Light. Saudi Arabia and the United Arab Emirates decided to raise prices by only 5 percent for the entire year; the others decided to raise prices by 10 percent on January 1, 1977 and scheduled another 5 percent for July 1, for an average full-year increase of 12.7 percent (the second increase was never carried out).

In order to enforce its price strategy, the Saudi Ministry of Petroleum temporarily suspended the limits it had previously imposed on the rates of production at the three main Saudi Arabian fields -- Abqaiq, Berri and Ghawar. It was anticipated that production would rise from 8.3 MBD, the level prevailing in December 1976, to 9 MBD, 10.6 MBD, 11.5 MBD and 11.9 MBD, respectively, in each quarter of 1977.

For these moves, Saudi Arabia was acclaimed as a moderate on oil prices in the United States and Western Europe; but it risked incurring the enmity of the Shah of Iran and other price "hawks" within the OPEC cartel. By a strange coincidence, the production and export targets were never achieved.

Petroleum Intelligence Weekly (P.I.W.) reported that exports were hampered by the worst storms in the Persian Gulf in 30 years, which prevented port loadings of oil tankers. P.I.W. is a respected oil trade publication. The editors are reputed to have excellent sources among high Saudi petroleum officials. Less specialized media and U.S. Government officials rely on P.I.W. to a significant extent, and the weather became the official explanation for the failure to achieve targeted export levels. However, the United States Weather Bureau, which tracks worldwide weather data, could find no evidence of extraordinary weather conditions.

Under U.S. maritime-law provisions, U.S. flagships must record weather conditions at six-hour intervals. These reports are computerized and stored in Asheville, N.C. An examination of the relevant oil-tanker reports for the first quarter of 1977 indicated normal windspeed and wave data in the Persian Gulf in the area in and around Saudi Arabia's

main oil-loading port. And sources within one of the parent Aramco companies informed investigators for the Multinational Corporations Subcommittee of the Senate (which had been renamed the International Economic Policy Subcommittee) that weather conditions had little to do with the failure to achieve the export targets.

The Subcommittee, on the basis of its investigation, subpoenaed more than 20,000 documents from the four Aramco partner companies. The documents demonstrated that Aramco had been unable to achieve the oil production targets for much the same technical reasons that had obtained in 1973: significant drops in oil reservoir pressure levels (which, if allowed to continue, would have reduced the total amount of oil that could be recovered from reservoirs), salt water seepage into the wells (with potentially the same result on oil production recovery), and equipment failures. Indeed, the problems were so severe that Saudi authorities concluded that several oil fields had probably been producing at excessively high levels:

In July of 1977, the government concluded that over-production in some Arab fields had caused irreparable damage and reduced ultimate recovery. Shortly thereafter, allowable production levels were sharply reduced for north Ghawar, Abqaiq and Berri. The sustainable capacity of North Uthmaniyah, the most prolific area in Arabia, was trimmed from 2.14 mmbd to 1.755 mmbd, due to declining water available to maintain pressures and to a desire to return pressures in all areas of the field to bubble point or higher as soon as possible. The government trimmed Shedgum sustainable capacity by 60,000 barrels a day to 1.32 mmbd, Berri by 100,000 barrels a day to 0.75 mmbd, and Abqaiq by 150,000 barrels a day to 0.9 mmbd, in order to maintain current pressures. Future production levels were dependent upon the condition of reservoir pressure.⁴

Information about export levels was closely controlled by Saudi authorities. Aramco and its parent companies were instructed not to release such technical information. Hence, the data the press relied on emanated from Saudi sources. But even the less-than-targeted export levels officially released by the Saudi authorities did not accurately reflect the still-lower levels of first-quarter exports. Yet Saudi Arabia reaped a public relations and political bonanza in the United States. It was acclaimed as a price moderate in the Western media: Only an act of God -- bad weather in the Gulf -- had prevented it from achieving its benevolent objective of enforcing price moderation on its OPEC partners by placing more crude oil on the international market. At the same time, the fact that export levels did not rise to the targeted or officially reported levels avoided friction with the Shah and other members of the OPEC cartel. Consequently, Saudi Arabia had the best of both worlds.

The U.S. Government had every reason to know that the reported crude oil export levels did not reflect the real amount of exports. But

the real limitations on Saudi Arabia's production and its resulting export capacity were never publicly revealed.

In effect, in both 1973 and 1977, Saudi Arabia was able to turn technical problems, which limited its oil production capability and, therefore, its potential political leverage as an oil producer, to its political advantage. In 1973, it would have had to "shut in" nearly 40 percent of its oil production in any case. By imposing an embargo for ostensibly political reasons, it established the credibility of the "oil weapon" among the Western countries. In 1977, it gained political credit for its well-advertised "good intentions," despite the fact that, again, it was not able to deliver on its oil production goals. The real constraints on Saudi Arabian oil-producing capabilities were never made evident to the American public. For the most part, the public continues to believe that Saudi Arabia's oil production levels were constrained by political, not technical reasons, and that Saudi Arabia is the ultimate arbiter of the international price of crude oil merely by -- so to speak -- turning on its oil production valves.⁵

Lesson #1. Much will be written in the coming months about the Saudi oil weapon, particularly oil production cutbacks reflecting Saudi unhappiness with U.S. policy regarding the Palestinian question. The historical record indicates that the press does not accurately reflect the underlying reasons for Saudi Arabian actions with respect to oil production and export levels.

The 5-MBD Scenario

Aside from a supply interruption for overtly political reasons, a frequently-discussed scenario is a reduction by Saudi Arabia of its current crude oil production levels of 9.6 MBD to 5 MBD or less.⁶ Sheik Yamani is quoted as saying that the lower production level would be sufficient to satisfy Saudi Arabia's defense and economic-development financing requirements. The higher production levels are a "favor" to the Western economies. With a lower production level, the oil market would tighten; prices would rise, and the Western economies would be severely damaged. Implicit in this scenario is the threat that if U.S. policies are not satisfactory to Saudi Arabia, the level of Saudi oil production will be lowered to 5 MBD. The current U.S. Ambassador to Saudi Arabia, Governor John West, has lent credence to this thesis. More often than not, the 5-MBD figure is repeated uncritically by the American press.⁷

It is not so clear, however, that Saudi Arabia would find it easy to reduce its oil production levels to the 5-MBD range. Several scholars, notably, Theodore Moran and Eliyahu Kanovsky, argued in 1978 that the enormous waste and corruption which characterize Saudi Arabian economic development efforts necessitate oil production levels of approximately

8 MBD to generate the requisite revenues. They point to large financial deficits in 1977 and 1978 as evidence of the nearly insatiable appetite of Saudi development needs. Such estimates, of course, are subject to a variety of assumptions and variables: How much oil will other producers generate? What is the anticipated price at different production levels? How reliable are many statistics in connection with Saudi Arabia? Estimates of the financial requirements of Saudi Arabia tend to dissolve into a maze of speculation and uncertainty.

There are strong sentiments among parts of the Saudi leadership for lower crude oil production levels which are not based entirely on political considerations. Some younger and American-educated Saudi officials, including members of the ruling family, apparently favor lower oil production on grounds of conservation. Oil is a depleting resource with a finite life. They assume that it will be in short supply for the remainder of the century and that its value will therefore increase. Hence, oil in the ground is more valuable than the present value of income earned from current production.

Still, any attempt to limit oil production to approximately 5 MBD will confront Saudi authorities with a difficult dilemma; Until Recently, Aramco (which, as noted previously, produces Saudi oil) had been 97 percent owned by four American Companies -- Exxon, Texaco, Socal and Mobil. Over a period of time, however, it was "nationalized" by Saudi Arabia. Precisely what this means is not clear. Aramco is a Delaware corporation, and stock ownership was never transferred from the parent companies to Saudi Arabia. The Saudis paid a substantial sum of money to these companies as compensation for their ownership-interest. As part of the arrangement, the same companies agree to purchase a minimum of 6 to 6.7 MBD at a price which since 1979 has given them a competitive advantage vis a vis other crude oil purchasers. This agreement was concluded during the last oil "glut" (which lasted from 1975 through 1978), assuring Saudi Arabia of a guaranteed outlet for at least 6 MBD of its crude oil production. At the same time, the companies were assured an equivalent amount of oil at a favorable price. The form of nationalization was thus less important than the substance of the transaction, which enabled the companies to maintain their continued access to the Saudi Arabian crude oil while it assured the Saudis of a guaranteed outlet for a fixed amount of their oil even in a time of worldwide crude oil surplus.

However, in the aftermath of the Iranian revolution and the Iraq/Iran war, crude oil prices increased by 130 percent, to more than \$30 per barrel. Saudi Arabia increased its production to slightly more than 10 MBD. The difference between the 6 MBD which the former Aramco partners "buy back" from Aramco under the Minimum Lifting Agreement and the production of 10 MBD is marketed directly by Petromin, Saudi Arabia's national oil company. A severe reduction in oil production to 5 MBD, as threatened by Yamani, would confront Saudi authorities with a choice as to how to allocate the reduction: by how much do

they cut the share of the four American companies and how much do they reduce the amount marketed directly by Petromin?

The choice is not easy. The Saudi Royal Family is not a monolith. King Faisal and his predecessor Ibn Saud, who unified the Kingdom, were prolific in generating progeny; under Islamic law they could have several wives. More often than not, the bond is the common mother rather than the patriarchal tie. Marriages often served political purposes, binding formerly dissident tribes to the Saud clan. Old rivalries still persist. Consequently, the Royal Family is an uneasy alliance, held together by common interests. The dominant group at the moment is the "Sudheri Seven," as they are known, brothers born of the same mother belonging to the Sudheri clan. They include Prince Fahd, the Crown Prince; Prince Saud, Minister of Foreign Affairs; Prince Sultan, Minister of Defense; and Prince Turki, Head of the Intelligence establishment. Their dominance is resented by other factions of the Royal Family.

One way in which political peace has been assured is by allowing various key members of the Family to obtain commissions on the 4 MBD not marketed by the American companies. A substantial reduction in this amount of oil could create a political problem within the Royal Family: which Princes lose their commissions?

On the other hand, reducing the amount of oil marketed through the companies also presents a problem. The Saudi authorities have always understood that the American oil companies constituted an important asset for them in the United States and they have been able to use the companies to attempt to influence U.S. public opinion on the Palestinian question. The companies, for their part, fearful lest one of them succeed in ingratiating itself with the Saudis to the disadvantage of the others, have, at times, competed with each other in currying favor with the Saudis.

The following excerpt from a June 23, 1973 Socal memorandum illustrates the process at work:

As noted briefly in the Foreign Review Committee meeting June 25, we need to take some positive action whereby we can demonstrate to [the] Saudi Arabian Government (SAG) that we are not unmindful of their interests and problems. The recent advertisement in The New York Times by Mobil and the speech by Howard Page to the Alumni Association of the American University in Beirut are examples of what can be done. These actions by Mobil and Exxon will be brought to SAG's attention by Aramco. Although this will be viewed with appreciation by SAG, it is likely that in SAG's view Socal will be conspicuous by our absence in this effort.

There are several things we might do, e.g., a letter in the Bulletin which in turn could be the basis for a paid

advertisement in the Washington newspapers; a letter to employees expanding on Mr. Miller's statement of the need to "conduct our foreign affairs in a manner that will assure reasonable access to foreign oil," etc.⁸

In October 1973, during the Yom Kippur War, the chief executive officers of the four American companies wrote to President Nixon, opposing the resupply of arms to Israel on the grounds that such action would prejudice their investments in Saudi Arabia:

... We are convinced of the seriousness of the intentions of the Saudis and Kuwaitis and that any actions of the U.S. government at this time in terms of increased military aid to Israel will have a critical and adverse effect on our relations with the moderate Arab oil producing countries...

The bulk of the oil produced in the Persian Gulf goes to Japan and Western Europe. These countries cannot face a serious shut-in. Regardless of what happens to United States interests in the Middle East, we believe they will of necessity continue to seek Middle East oil and that they may be forced to expand their Middle East supply positions at our expense.

Much more than our commercial interests in the area is now at hazard. The whole position of the United States in the Middle East is on the way to being seriously impaired, with Japanese, European, and perhaps Russian interests largely supplanting United States presence in the area, to the detriment of both our economy and our security.⁹

The American companies have not always been successful in their efforts to influence American foreign policy in a direction more acceptable to Saudi Arabia. The United States did resupply Israel during the Yom Kippur War, despite the memorandum of the Aramco "chiefs." And although American policy is considered to be more "evenhanded" and less favorable to Israel at present, this change cannot be attributed solely to the efforts of the four American Aramco companies.

Nevertheless, the "buy-back" arrangements, through which the four American companies assure their access to approximately 6 MBD of Saudi oil at competitively advantageous prices, give them a powerful incentive to continue to champion the Arab position in the United States. If this access is diminished, the incentive is diminished as well. By the same token, if the companies' share of Saudi Arabian crude oil production is cut back, the Saudis stand to lose influential allies in the United States for the Arab political viewpoint.

In sum, the decision to reduce Saudi Arabian oil production to 5 MBD or less is not based simply, as Yamani would have us believe, on Saudi "benevolence" towards the United States. The allocation involved in such a severe cutback creates political problems for Saudi authorities. If they cut the share of oil marketed by the Princes, they may create an internal political problem; if they cut the share of the Aramco partners, they may lose a "friend at court" within the United States. Although the choice would appear to be clear -- cut the allocation of the companies -- the Saudis have traditionally been exceedingly careful not to prejudice their historic relationship with the Americans. The Minimum Lifting Agreement, the advantageous prices allowed the companies, show their continued desire to maintain a strong presence of the American companies in Saudi Arabia. Hence, their dilemma is real.

Lesson #2. Don't believe it when you read that Saudi Arabia can easily reduce its oil production to 5 MBD or less and still meet its development financing requirements. First, it is not clear what level of production is necessary at present prices to finance all the various claims on Saudi resources. Second, the question of how to allocate reductions in the volume of oil available for marketing creates a difficult dilemma for the Saudi authorities.

The 16 MBD-Scenario

If there is a well-publicized fear that Saudi Arabia will reduce its oil production to around 5 MBD, there is also the fear that it will not increase its productive capacity sufficiently to prevent oil supply shortages in the future. In 1972/73, Aramco and Yamani considered a possible expansion to 20 MBD. The possibility that such a plan would not be approved was used by Yamani as political leverage in Washington. The 20-MBD scenario never materialized; the pressure problems in the reservoirs and the oil "glut" in the post-'73 world oil market led to the initiative being shelved. As economic projections of oil shortages by 1985 gained currency in Washington, the 16-MBD scenario emerged: If Saudi Arabia did not expand its productive capacity to 16 MBD, there would be a severe shortage of oil by 1985. In fact, it is as implausible to think that Saudi Arabia will ever expand its productive capacity to 16 MBD as it is that it will reduce production to 5 MBD.

Two basic concepts are relevant to the discussion of Saudi oil production capacity: maximum sustainable capacity and facility capacity. The maximum sustainable capacity, representing the maximum production rate that can be physically sustained for several months -- usually six months or more -- is generally 90 to 95 percent of the total facility capacity. The latter consists of gas-oil separating plants,

main truck lines and oil loading terminals. It must be higher than the maximum sustainable capacity. For example, the present facility capacity is estimated to be approximately 12.8 MBD; the maximum sustainable capacity is approximately 9.8 MBD. Currently, there is also a surge capacity of 10.5 MBD, a level of production that can be maintained for as much as a few weeks at a time -- but not beyond. In the past, when the Saudis announced (and the press reported) that production had been raised to 10.5 MBD, they were referring to surge production. Saudi Arabia has probably been producing oil at a maximum sustainable rate of not more than 9.6-9.8 MBD. It is unlikely that this rate will be substantially increased in the next five years.

As previously noted, the Senate Foreign Relations Subcommittee on International Economic Policy (the successor to the Multinational Corporations Subcommittee) subpoenaed over 20,000 pages of documents from the four Aramco partner companies concerning Saudi Arabian production levels and problems.

The essential point that emerged from the companies' documents is that production at higher maximum sustainable levels would require, within a relatively short time, higher facility capacities, but that the total amount of oil that could be recovered from the individual reservoirs would be depleted in a shorter period of time. Specifically, within seven years of achieving a maximum sustainable capacity of 16 MBD, significant additions to a facility capacity at increasing costs would be required merely to maintain that rate. After 13 years, a facility capacity of 21 MBD would be needed to sustain a production rate of 16 MBD. Moreover, a rate of 16 MBD, to be reached in 1990, may be sustainable for only two to seven years before declining. In contrast, a maximum production level of 12 MBD (requiring a facility capacity of 14 MBD) could be sustained for 15 to 20 years.

In other words, in order to achieve a maximum sustainable production level of 16 MBD, Saudi Arabia would have to invest enormous amounts of money in added facility capacity, with the result that its reserves would become depleted at a much faster rate. Not surprisingly, the Saudi authorities have been reluctant to commit resources to such additional capacity. They have imposed financial constraints which limit Aramco's ability to add to capacity. The Senate Staff Report, based on the subpoenaed documents, concluded: "Because of rising costs associated both with projects to maintain capacity, such as those for oil field pressure support of the separation of corrosive salt water from crude oil, and with projects to expand capacity, especially in smaller and more remote fields, the self-financing constraint will seriously delay Aramco's attainment of the lowered production target of 12 MBD." Even that 12-MBD goal would not be achieved before 1986.

Lesson #3. There is little likelihood that Saudi Arabia will increase its maximum sustainable capacity to anywhere near 16 MBD. That capacity is likely to remain closer to existing levels than to increase substantially.

OPEC Price Rises Are Compensation for Past Oil Price Injustices

The argument is sometimes made, in the United States and elsewhere, that price rises by OPEC and Saudi Arabia are justified because the oil-producing countries did not receive a "fair price" for their oil in the past. This is not true. On the contrary, throughout the 60s the cartel countries were insulated by the multinational oil companies from the vicissitudes of declining prices in the international oil market. In order to understand why this was so, it is necessary to know something about the structure of the international oil market.

In the Persian Gulf, the American-dominated Aramco consortium controlled all of Saudi Arabia's production. The same four companies -- Exxon, Texaco, Socal and Mobil -- together with Gulf Oil Company, Royal Dutch Shell and British Petroleum (BP) controlled the marketing of Iranian oil output. Shell and Gulf also dominated Kuwait's output. These "seven sisters," or Majors, as they were called, limited exports from any one Persian Gulf source so as to keep a balance between overall supply and demand. Consequently, they were able to maintain relatively stable prices throughout most of the 1950s.

Several factors came together in the late 50s and 60s to reduce the market price of international oil. In the first place, the imposition of voluntary, and then mandatory, U.S. oil import quotas sealed off most of the world's largest petroleum market to foreign sources of supply. Moreover, the beginning of large-scale Russian oil exports created further downward pressure on world oil prices. But the most significant development was the emergence of Libya in the early 1960s as a major oil producer for the European market.

The significant fact about Libya is that it followed a different pattern of oil development from that of the Persian Gulf sheikhdoms, "I did not want Libya to begin as Iraq or as Saudi Arabia or as Kuwait," said the former Libyan Petroleum Minister, Fuad Kahazi: "I did not want my country to be in the hands of one oil company."¹⁰ Libya's 1955 Petroleum Law established a highly fragmentary concession pattern. In the first round of bidding, 17 companies received 84 separate concession areas. American companies other than the Majors were awarded concessions. Known as Independents, they were for the most part newcomers to international operations. They did not have other

sources of crude oil, as the Majors did in the Persian Gulf, nor did they have established market outlets in Europe. Consequently, they had an incentive to quickly find oil in Libya and market it at lower prices in order to establish themselves in the European markets.

As Libyan oil began to be produced in large quantities in the early 1960s, the international price of crude oil declined on the Western European markets. The amount of revenue that was paid to the oil-producing countries did not decline, however. In 1960, these countries formed a cartel of Oil Producing Exporting Countries (OPEC), successfully resisting the attempts of the companies to reduce their payments. The oil companies paid taxes to the cartel countries on the basis of a posted price. This price bore no relationship to the actual prices the companies received when they sold their oil in Europe. It served only to establish the amount of taxes they would have to pay to the cartel countries. When the amounts the companies received for crude oil sales in Western Europe dropped, the artificial posted price remained the same. Thus, the revenues of the cartel countries not only did not decline but actually increased, because of certain technical definitional changes in the posted price. Average government "take" increased from 85 cents to \$1.45 at a time (1962-1968), when the cost of producing a barrel of oil in Saudi Arabia varied between 11 and 20 cents per barrel. The oil companies acquiesced to this arrangement because they wished to preserve their domination of the Persian Gulf oil concessions. Therefore, there is no basis for the allegation that the price increases which preceded and followed the 1973 Arab oil embargo are merely recompense for past injustices.

Lesson #4. Don't believe it when you read in the press that the post-1973 oil price increases are justified because the OPEC cartel countries, including Saudi Arabia, did not receive "fair prices" for their oil.

The World Is Running Out of Oil and Therefore We Will Need Saudi Arabian Oil More in the Future

It is premature to conclude that the world is running out of crude oil. In order to understand the petroleum crisis in perspective, it is worthwhile to consider the historical background. During the 1960s, the international oil companies -- which accounted for by far the largest share of investment in oil exploration and production facilities -- were faced with a situation in which more crude oil was available than they could market. Indeed, as late as 1968, the Majors were forecasting a crude oil surplus in the years ahead. The situation was summed up in an internal Social memorandum dated December 6, 1968: "Oil supply -- particularly crude oil -- remains in potential surplus relative to the market. There are strong pressures to develop crude from newer sources

by both newcomers and traditional suppliers... Within five to ten years there may be large new crude supplies from the Arctic regions of the world seeking markets and thereby extending and magnifying the surplus supply problems."¹¹

As the Majors perceived it, the problem they faced was how to satisfy the demands of the various oil-producing countries that the companies market increasing volumes of their individual "crude streams." How could Exxon, Socal, Texaco, et al., satisfy the demands of the Shah of Iran that more Iranian oil be marketed without "shutting in" the oil of some other producer where the companies had an oil-producing concession? The worst news the companies could have was that some geologist had found a new large deposit of oil. This dilemma was illustrated in the testimony of Howard Page, Exxon's Middle East Coordinator, during the decades of the 50s and 60s:

Senator Percy: Can you tell now in public hearings about an Exxon executive committee meeting in which a company geologist told of a 10 billion barrel reserve just discovered in Oman and what your reaction was to this news?

Mr. Page: Yes, sir, I was involved in that because I had recommended to the executive committee that although we had the opportunity to go into Oman that we shouldn't do it because we were unable to provide adequate outlet for our Aramco concession.

Just at this time, the producing department brought in their geologist who had just come back from Oman, and he stated, "I am sure there is a 10 billion oil field there," and I said, "Well, then, I am absolutely sure we don't want to go into it, and that settles it." I might put some money in if I was sure we weren't going to get some oil, but not if we are going to get oil because we are liable to lose the Aramco concession, our share of the Aramco concession.¹²

The companies were not anxious to develop new sources of crude oil supply. With the international price of crude oil declining as a consequence of Libyan production, the Majors did not actively pursue additional sources of supply.

The supply/demand forecasts of the Majors were wrong. The economic boom of the late 60s increased the demand for imported crude oil more rapidly than they had assumed. At the same time, the growing environmental

consciousness placed a premium on low-sulphur crude oil, which came primarily from Libya, Algeria, and Nigeria. The balance of power had shifted from the companies to the oil-exporting cartel countries. As George Piercy, Senior Vice-President of Exxon, explained, the oil price explosion of 1973 was a direct consequence of the absence of spare capacity in the United States and elsewhere outside the cartel area.¹³ Indeed, between 1957 and 1971, oil company investment in exploration and development hardly increased in real terms, remaining fairly constant in current dollars at 4 to 5 billion dollars per annum. Not until after 1971, was there a substantial expansion in such investment.¹⁴

However, the 400 percent increase in the price of crude oil imposed by the OPEC cartel between October and December 1973 led to a deep economic recession in the economies of the Western industrialized countries. The demand for crude oil dropped; the price of oil and gasoline in real terms subsequently declined. It also led to development in the North Sea, Alaska, Mexico and other smaller reserves. Domestic oil exploration, while increasing, did not advance significantly. U.S. drilling rigs were in surplus. Not until after the Iranian revolution and the second oil price "shock" of 1979, when prices increased nearly 130 percent in the course of a year, did oil and gas exploration really take off. According to Oil and Gas Journal, the respected oil trade weekly, "growth since mid-1979 has added 50 percent to the number of rigs and cranes working. Better equipment and personnel availability, higher oil prices, and bigger exploration budgets from both Majors and Independents pushed the count well above its historical trend." In other words, the big boom in oil exploration is a rather recent phenomenon. Given the long lead time between the early phases of exploration, discovery and beginning of production (5 to 7 years), it is premature to conclude that the world is "running out of oil."

Many years ago, in January 1920, the Director of the U.S. Geological Survey wrote that the "position of the United States in regard to oil can best be characterized as precarious." At the time, the major sources of petroleum outside North America appeared to be locked up by foreign interests. In 1919, a respected British observer commented: "The British position is impregnable. All the known oil fields, all the likely or probable fields outside of the United States itself, are in British hands, or under British management or control, or financed by British capital."¹⁵ Today, the position of Saudi Arabia and the OPEC cartel may appear impregnable. But given the fact that a consistent major effort has been underway for less than a decade, it is much too soon to conclude that the situation is immutable.

Conclusions

All this is not to say that Saudi Arabia is unimportant to the United States or to its Western European and Japanese allies. It is estimated that in 1980 Saudi Arabia produced an average of 9.6 MBD. This constitutes approximately one million barrels a day more than the United States produced and ranks second only to the oil production of the Soviet Union. At this time, therefore, Saudi Arabia must be

considered a critical factor in world oil production.

It is also true that Saudi Arabia supplies 1.2 MBD to the United States out of a total of approximately 5.8 MBD oil imports and a total petroleum consumption of approximately 15 MBD. This is an important contribution to America's oil supply, but Saudi Arabia is not nearly as critical to the United States as it is to Japan and such Western European countries as France and West Germany.

What is not so evident is the assumption that Saudi Arabia could reduce its crude oil production to 5 MBD or less and does not do so only out of benevolence to the West. The reality is that Saudi Arabia may soon have to confront the dilemma of allocating production cutbacks. World crude oil production dropped 4 percent in 1980 to 59.6 MBD as demand dropped sharply. OPEC output plunged nearly 13 percent, to 26.8 MBD, less than the 1975 level. At the same time, the non-OPEC, non-communist producers, led by Mexico and the North Sea, gained 3.3 percent, reaching an output of 18.3 MBD, while the U.S. nearly arrested the rate of its oil production decline, with production leveling off at approximately 8.6 MBD. According to P.I.W., "unless the present pattern of declining oil demand is unexpectedly reversed, free world oil markets will require no more than 24 or 25 million barrels daily of OPEC supplies over the next few years... The new forecast shows demand for OPEC oil dropping some 3.3 million b/d between 1980 and 1982, far eclipsing an expected 1.6 million b/d drop in overall world oil needs."¹⁶

Faced with declining demand for their oil production and the prospect that Iran and Iraq may wish to reenter the market with an additional combined 4.5 MBD or so (some estimates are 7 MBD), Saudi Arabia's OPEC partners are becoming increasingly restive at the Saudis' failure to reduce export levels. In the American press, this failure is represented as negotiating leverage on Yamani's part in order to seek acceptance by other OPEC states of Saudi long-term crude-oil pricing objectives. But the failure to reduce production and exports is just as likely to reflect Saudi concern with the world economy and difficulty in deciding how such cutbacks would be allocated between the companies and the Princes.

Realistically, then, the issue with respect to Saudi Arabia oil production prospects is not whether Saudi Arabia will reduce its production level to 5 MBD or whether it will increase its maximum sustainable capacity to 16 MBD. Rather, the most likely result in the near future (the next year or two) is for Saudi Arabia to return to a production level of between 7 and 8.5 MBD, provided the Saudi authorities can resolve the allocation problem. If this analysis is correct, then we are talking about Saudi Arabia as a swing producer of a maximum of 2 MBD, not 11 MBD (the difference between 5 and 16 MBD).

While this oil production is of considerable magnitude, it does not have the cataclysmic importance attributed to it by the U.S. Department of

State and the American media. Understood in this perspective, there is little reason to panic every time Saudi Arabia threatens to apply the 5-MBD scenario.

The more likely danger is that technical problems similar to those that occurred in 1973 and 1977 will be repeated, or that an internal political crisis will arise over the oil cutbacks. There will then be a strong temptation to divert world attention from these internal problems by invoking the Palestinian question and fomenting an international political crisis involving Israel. That crisis would then become the occasion for a drastic "shut in" of the existing capacity required in any event for internal political or technical reasons. On the basis of past historical record, such a scenario is liable to gain uncritical acceptance in the West.

Remember, when you read about the Saudi "oil weapon," beware of surface appearances; they rarely reflect the underlying realities.



FOOTNOTES

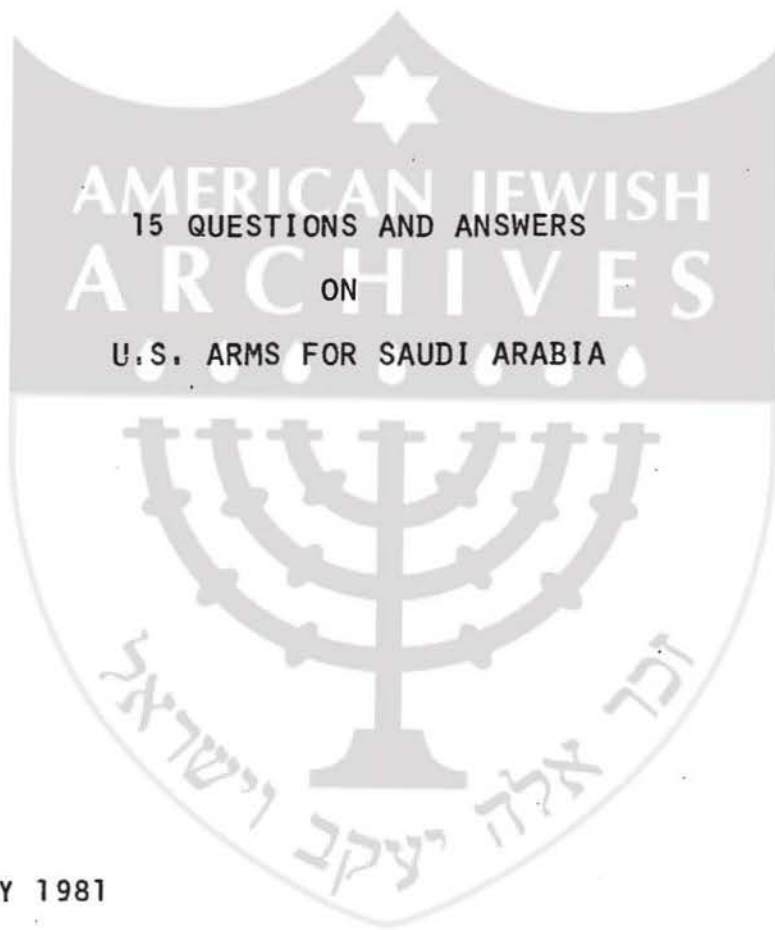
1. At a later time, Saudi Arabia bought out the ownership interests of the four American companies. However, these four companies were allowed to "buy back" a substantial part of Aramco production at advantageous prices (see page 7).
2. Hearings before the Subcommittee on Multinational Corporations of the Committee on Foreign Relations. United States Senate. Ninety-Third Congress, Part 7 p.442 (hereafter: Multinational Corporations Hearings).
3. The Ghawar field is the largest known oil field in Saudi Arabia and perhaps in the world.
4. The Future of Saudi Arabian Oil Production, A Staff Report to the Subcommittee on International Economic Policy of the Committee on Foreign Relations, United States Senate, April 1979.
5. Since 1979, substantial progress has apparently been made in controlling the pressure and seepage problems. The Saudi authorities are extremely conscious of these problems, which constitute a constraint on the amount of oil that can be produced from the existing main reservoirs.
6. 9.6 MBD is the average production level for 1980, although production reached 10 MBD in the last quarter. Oil and Gas Journal, March 9, 1981, p. 44.
7. See, for example, David Ignatius, "Confident Saudis Rattle Oil Weapon," The Wall Street Journal, January 30, 1981; also David Ottaway, "Saudi Arabia Fends Off, For Now, Pressures to Reduce Oil Production," The Washington Post, March 6, 1981.
8. Howard Page was the Exxon Middle East Coordinator at the time that Otto Miller served as Chairman of the Board of Socal. Multinational Corporations Hearings, Part 7, p. 510.
9. Ibid., p. 546
10. Multinational Oil Corporations and U.S. Foreign Policy. Report, together with individual views, to the Committee on Foreign Relations, United States Senate, by the Subcommittee on Multinational Corporations. January 2, 1975, p. 98.
11. Multinational Corporations Hearings, p. 360.
12. Ibid., p. 309.
13. Ibid., Part 5, pp. 176-200.
14. API 1980 Annual Report, as excerpted in Oil and Gas Journal, November 10, 1980, p. 174.

FOOTNOTES

15. Multinational Oil Corporations and U.S. Foreign Policy, January 2, 1975, p. 33.
16. Petroleum Intelligence Weekly, March 2, 1981



(TEXT FOR PRINTER)



MAY 1981

The American Jewish Committee
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15 QUESTIONS AND ANSWERS ON U.S. ARMS
FOR SAUDI ARABIA

1. Q. What military supplies does the U.S. propose to sell to Saudi Arabia?
- A. The package includes 1,000 "Sidewinder" missiles, long-range fuel tanks (FAST packs) 7 aerial refueling tankers for the 62 F-15 jet fighters to be delivered next year, and five AWACS (Airborne Warning and Control System) planes, the most sophisticated reconnaissance aircraft in the world. Also under consideration are 10,000 TOW anti-tanks missiles, multiple-ejection bomb racks, ground radar stations, and M-1 tanks.

2. Q. Doesn't the sale protect U.S. interests in the Persian Gulf?
- A. NO. Saudi Arabia alone is incapable of serving as the policeman in the Gulf area. We cannot rely on the Saudis to counter a threat to the West's oil lifeline.

Moreover, by turning our most sophisticated weaponry over to the Saudis we risk that secret technology will be compromised. There is no guarantee that secret technology turned over to the Saudis might not find its way into Soviet or other unfriendly hands, by accident or by design. Political upheaval in Saudi Arabia would surely render all security guarantees worthless. This would damage rather than protect U.S. national security.

The U.S. cannot afford to ignore the lessons of Iran. Sensitive equipment (F-14s, Harpoon and Phoenix missiles) was compromised there and American technicians' lives endangered. In formulating policy, the U.S. must take into account the threats to Saudi stability.

3. Q. Would this equipment in Saudi hands deter a Soviet attack on Saudi Arabia?

A. NO. The Saudi armed forces, no matter how advanced the weaponry at their disposal, are too small and too weak to withstand a Soviet attack. The Saudis would have to rely on the U.S. to protect them, as both they and we are well aware.

4. Q. Would the sale bring the Saudis closer to American policy?

A. NO. They have not and will not move closer to American positions on military-base rights, oil policy or the Middle East peace process. Saudi policy will continue to be determined by Saudi interests, regardless of what the U.S. does, and their interests are not the same as ours.

5. Q. Would the sale ensure peace and stability in the Middle East?

A. NO. It would intensify a dangerous arms race in an already unstable region, and would increase the likelihood of upheaval in the very area where we need stability. Arms sales are no substitute for diplomacy.

6. Q. Didn't the Carter Administration promise not to sell F-15 add-on equipment to Saudi Arabia?

A. YES. Congress approved the sale of F-15s to Saudi Arabia in 1978 on condition that they carry only defensive equipment. Carter's Secretary of Defense, Harold Brown, promised Congress specifically that the planes would not have FAST-packs, air-refueling tankers, bomb racks -- in short, the equipment now being proposed for sale. This sale would not only violate U.S. assurances to Congress and to Israel, but undermine confidence in all American commitments.

7. Q. Is the sale a threat to Israel's security?

A. YES. It would give the Arabs a qualitative advantage over Israel, thus radically altering the balance of power in the area.

Add-on equipment significantly enhances the range and fire-power of F-15s, so that they could reach Jerusalem, Tel Aviv, Haifa and other heavily populated parts of Israel. Used together with enhanced F-15s, the ultra-sophisticated AWACS would seriously erode the technological superiority on which Israel depends for its security.

8. Q. Wouldn't the presence of American technicians eliminate the risk to Israel?

A. NO. These technicians would service the weapons, train personnel to use them, and may even help fly the AWACS, but effective control of deployment would be in Saudi hands. Saudi Arabia has pledged to wage a jihad (holy war) against Israel, and declared that all its forces will be at the disposal of the Arab states in this fight. Americans flying in Saudi AWACS, under Saudi command, would create an intolerable situation. It would increase the danger of American involvement in regional conflicts.

9. Q. Don't we have to sell these arms to the Saudis because we need their oil?

A. NO. Saudi oil production and price policies are not, despite Saudi claims, a political favor to the West. They are determined by Saudi economic self-interest. Thus, arms sales have little or no effect on the supply or price of oil to the U.S.

10. Q. What would happen to our oil supply if we did not sell the weapons?

A. The Saudis would not cut production in order to punish the U.S. They maintain high production levels to serve their purposes, at home and within OPEC. We must not allow ourselves to be blackmailed with empty threats.

11. Q. If we don't sell them the F-15 add-on equipment, can't the Saudis buy them from another country?

A. They already plan to buy arms from France, West Germany and Britain, and will do so regardless of what we sell them.

Furthermore, only the U.S. produces the advanced weapons the Saudis want; even our NATO allies buy them from the U.S.

12. Q. Is there any European-made weapon comparable to the AWACS?

A. NO. There is no aircraft in the world comparable to the American AWACS. The British Nimrod Mk3, a recently-developed early warning plane, has approximately half of the radar consoles the AWACS has. NATO chose the American AWACS over the Nimrod.

13. Q. Wouldn't it be "suicide" for Saudi AWACS to fly near Israel's borders?

A. Israeli fighters could not easily shoot down Saudi AWACS. The U.S. has assured our allies that AWACS is virtually immune to enemy interception. Saudi AWACS, flying with a fighter escort, could monitor Israel from well within Arab air space and easily detect approaching Israeli planes.

14. Q. Won't the stature of the Presidency be threatened if Congress rejects the sale?

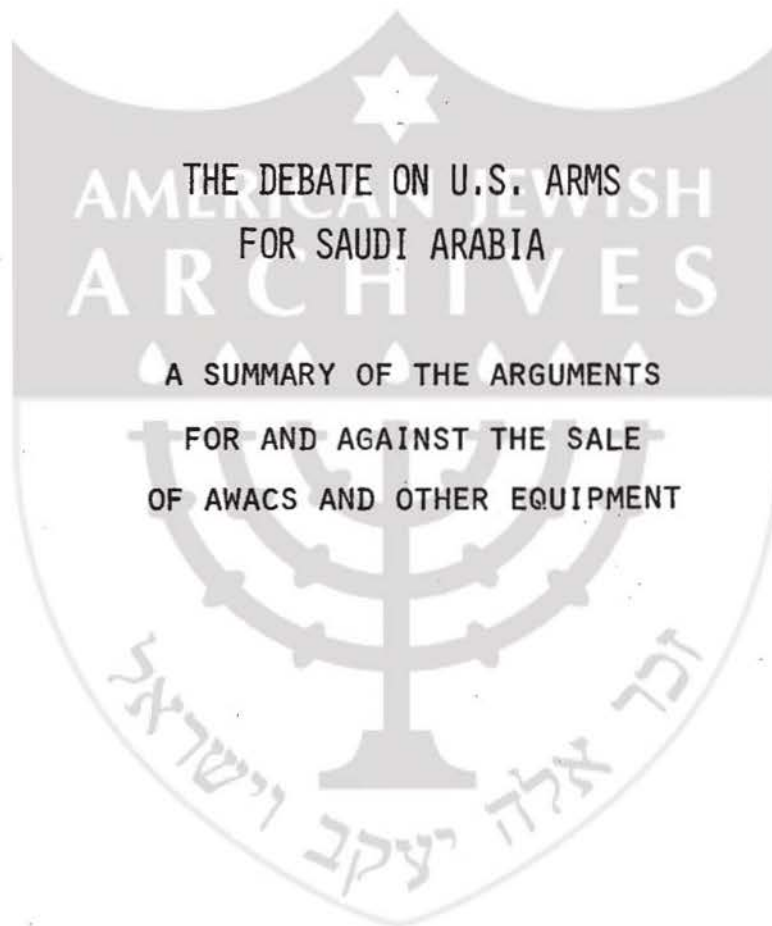
A. NO. The Legislative and Executive branches of the U.S. government are co-equals in policy making. When the two branches work together in formulating policy, the outcome is best for America. According to reliable accounts, the arms offer to Saudi Arabia was made by the Department of Defense, without full consultation with the White House and State Department.

15. Q. Shouldn't we go along with the sale in order to retain the Saudis' goodwill?

A. NO. This is not the first time they have tested our friendship, nor will it be the last. The U.S. has repeatedly acceded to their wishes and has got nothing in return. The Saudis have impeded, not helped, the Camp David peace process. They pay tribute money to the PLO. They refuse to permit U.S. bases on their soil. It is time we made our own demands and stopped letting Saudi Arabia dictate policy to us.

4/29/81

(For Internal Use Only)



THE AMERICAN JEWISH COMMITTEE
165 East 56th Street
New York, New York 10022

U.S. STRATEGIC GOALS

FOR

AGAINST

1 The U.S. goal is to contain Soviet expansionism in the Middle East. Recent Soviet advances -- specifically in Afghanistan, South Yemen and Ethiopia -- make it imperative to build up Saudi Arabia's defense capabilities.

2 The sale of advanced U.S. weaponry to the Saudis is regarded as the first step in the developing U.S. strategy to defend American interests in the region. Other elements would include the Rapid Deployment Force, and bases and facilities for U.S. men and materiel. The long-term aim is a permanent U.S. military presence in Saudi Arabia to deter Soviet adventurism.

3 The equipment would constitute a de facto base in Saudi Arabia. The sale of sophisticated weaponry, and especially the stationing of AWACS in Saudi Arabia -- all of which would require a U.S. presence for training, operation and maintenance -- would be the equivalent of prepositioned equipment for U.S. use in an emergency.

4 Saudi Arabia would not have complete control over use of this equipment. Through control over access to spare parts, as well as the lag time in delivery of the equipment, the U.S. could effectively limit Saudi use of the arms and prevent their use against Israel.

5 Guaranteeing a steady supply of Persian Gulf oil to the West is a primary strategic concern of U.S. policy. The U.S. imports nearly a quarter of its oil from Saudi Arabia while America's allies in Western Europe and Japan are even more

1 AWACS and F-15s in Saudi hands would not be a credible deterrent to Soviet expansionism. The Saudi armed forces are too small and too weak, no matter how advanced the weaponry, to withstand a Soviet thrust.

2 Thus far the Administration has not proved that the sale advances American objectives in the region. The Saudis have rejected the U.S. concept of a "strategic consensus" against the Soviet Union. They categorically refuse to consider granting the U.S. facilities in their country. Saudi strategic aims do not coincide with those of the U.S.

3 Because the Saudis oppose any official U.S. military presence, the U.S. has no reason to believe we could use or control the equipment we sell to Saudi Arabia. Secretary of State Haig has admitted to the Senate Foreign Relations Committee that we have no Saudi assurances that we would be able to use the so-called prepositioned shield even in the event of Soviet attack. Saudi Arabia keeps a high level of spare parts and equipment. In a quick Middle East war it may not need resupply.

4 Once the weapons have been sold, the U.S. has little or no control over them.

A change in the Saudi regime cannot be ruled out. If it occurs, secret U.S. weapons would once again fall into unfriendly hands.

5 Defense of the Persian Gulf is best left to the U.S. and its European allies. The experience in Iran has shown the folly of making any single country a regional policeman. Sale of F-15 add-on equipment and AWACS to the Saudis would not guarantee

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dependent on this source. The sale would provide equipment to help keep the Straits of Hormuz open and assure access to Persian Gulf oil.

6 Unless the U.S. sells this equipment to enable Saudi Arabia to defend itself, the U.S. will have to station American forces in the region to protect the oil-fields.

7 Saudi Arabia is pro-American, anti-Soviet and moderate. The Saudis have made the sale a "litmus test" of U.S. friendship and sincerity, and consider it recognition of the importance of the House of Saud.

8 Refusal to grant the Saudi request for advanced weaponry would be regarded as an affront. It would damage the Saudis' prestige both at home and in the Arab world, and possibly drive them into the Soviet camp.

9 The U.S. must build up Saudi defenses because of the significant changes in the overall situation in the region. The Iranian Revolution, the Soviet invasion of Afghanistan, the Iran-Iraq war have necessitated a review of the Carter Administration's commitments to Congress in 1978 with regard to Saudi arms sales.

a steady supply of oil to the West. Even with AWACS, Saudi borders cannot be hermetically sealed.

6 U.S. troops and military advisers would be stationed in Saudi Arabia to teach personnel how to use the equipment. There are already 1,000 U.S. advisers and technicians in the country, aside from 500 who maintain the four AWACS loaned to Saudi Arabia at the outbreak of the Iran-Iraq war.

7 The U.S. cannot allow Saudi Arabia to dictate policy; Saudi and U.S. interests are not all identical and may conflict.

The record does not support the claim that the Saudis are moderate. Saudi policies will continue to be determined by Saudi interests regardless of what the U.S. does.

8 To agree to sell arms to the Saudis simply because they want them would damage rather than enhance U.S. prestige. In the past the U.S. has appeared to be a supplicant for Saudi favors, particularly with regard to oil. The U.S. must begin to deal with the Saudis on the basis of mutual interest and respect and not give in to blackmail.

The Saudis are staunchly anti-Communist for their own reasons and would not turn to the Soviet Union for political support.

9 The changed strategic situation requires an enhanced U.S. presence in the region, which is now being developed. Pouring advanced weapons into a country with an unstable regime is not the way to confront the new situation. Abandonment of the 1978 commitment to provide no offensive weapons to Saudi Arabia would raise serious questions about the credibility of U.S. assurances. We appear to

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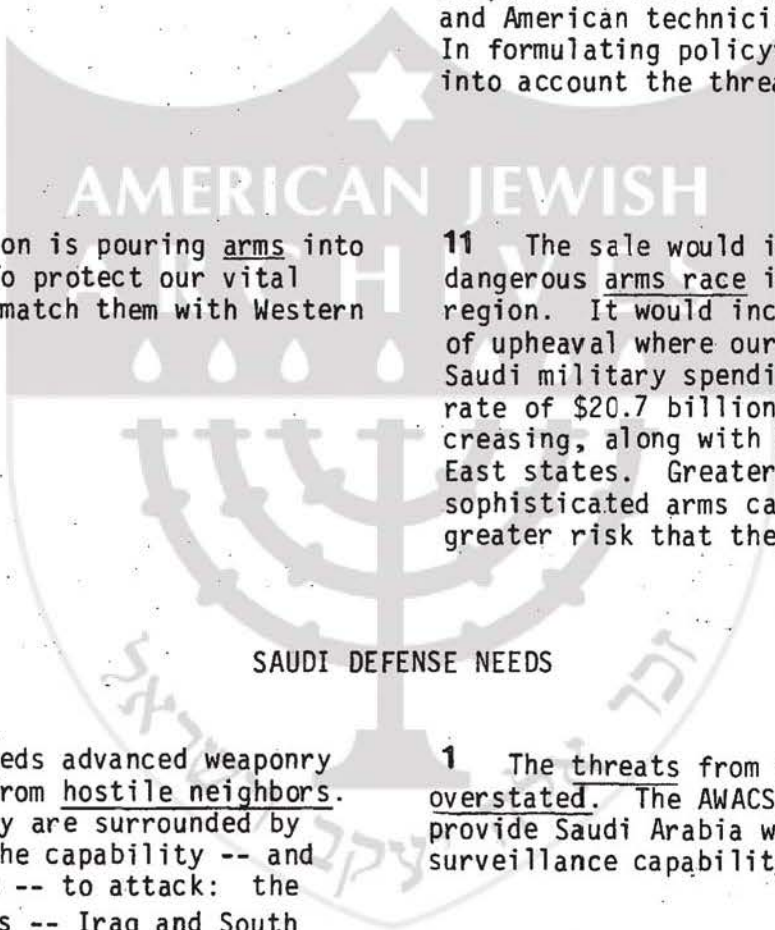
be sacrificing long-term goals (stability in the region) for short-term expediency (placating the Saudis), which serves only to undermine confidence in the U.S.

10 Saudi Arabia cannot be compared with Iran. Its government is stable and has maintained the loyalty of its citizens. The U.S. need not be concerned about the safety of weapons in the country.

10 There are several sources of instability threatening the Saudi government as evidenced by the 1979 seizure of the Grand Mosque of Mecca. The U.S. cannot afford to ignore the lessons of Iran. Sensitive equipment (F-14s, Harpoon and Phoenix missiles) was compromised, and American technicians' lives endangered. In formulating policy, the U.S. must take into account the threats to Saudi stability.

11 The Soviet Union is pouring arms into the Middle East. To protect our vital interests, we must match them with Western arms.

11 The sale would intensify an already dangerous arms race in an already unstable region. It would increase the likelihood of upheaval where our goal is stability. Saudi military spending, running at the rate of \$20.7 billion per year, is increasing, along with that of other Middle East states. Greater availability of sophisticated arms carries with it a greater risk that they will be used.



1 Saudi Arabia needs advanced weaponry to protect itself from hostile neighbors. The Saudis feel they are surrounded by states which have the capability -- and possible the desire -- to attack: the radical Arab regimes -- Iraq and South Yemen, allies of the USSR -- as well as Israel, revolutionary Iran and Egypt.

1 The threats from its neighbors are much overstated. The AWACS already on loan provide Saudi Arabia with the necessary surveillance capability.

2 Saudi Arabia needs to improve its ability to counter possible subversion at home. Since the 1979 attack on the Grand Mosque in Mecca and the Shi'ite riots after the Iranian revolution, Saudi Arabia has been concerned about the ability of its armed forces to cope with future incidents.

2 F-15s and AWACS are of no value against internal subversion. Their acquisition may even contribute to destabilizing the Saudi regime. Events in Iran have demonstrated the danger of putting sensitive weaponry into the hands of unstable, undemocratic regimes threatened from within. The 1979 seizure of the Grand Mosque in Mecca showed that Saudi Arabia was not so

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stable as it appeared. Historically, the greatest danger to the Saudi regime has come from the Saudi Air Force, the perpetrator of several coup attempts. This is the very force that will be strengthened by the sale.

3 The Saudis have assured the U.S. that they want the weapons only for defense. They feel their aging equipment makes them vulnerable.

3 The Saudi military cannot absorb the vast quantities of sophisticated weapons already on order from the U.S., France and Britain. The armed forces are too small and trained manpower is scarce. Is the U.S. prepared to sanction use of Pakistani mercenaries to fight on the Saudis' behalf with U.S.-made weapons?

Extra fuel pods, missiles, fuel tankers, bomb racks and AWACS would transform the F-15s into offensive weapons.

AMERICAN JEWISH ARCHIVES

U.S.-SAUDI RELATIONS

1 Saudi Arabia considers this equipment tangible proof of the U.S. commitment to its security. The sale would restore Saudi confidence that was eroded by U.S. treatment of the Shah.

1 It is not clear what the U.S. will get from Saudi Arabia in return for this commitment. In 1978, when the F-15s were sold, it was argued that the Saudis would reciprocate by supporting U.S. policies in the Middle East. They have not done so. If the Saudis see this sale as a litmus test of American commitment, what is the test of Saudi commitment?

2 If the Saudis are not satisfied that we are a reliable friend, they may cut their oil production. They now produce more than they need to as a favor to the U.S. and the West.

2 Oil price and supply are unrelated to arms supply. The record shows that the Saudis determine oil price and production policies according to their own economic interests. There is evidence that they could not cut production too much without hurting their economy. When they maintain high production levels, it is to exert pressure on other producers as well as to make money and not to do the U.S. a favor. The sale of advanced weaponry will not ensure future Saudi moderation in either oil pricing or production.

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3 If we don't sell them arms, the Saudis will turn elsewhere -- to France and West Germany. It is in the U.S. interest to become the Saudis' principal arms supplier and thus exert some influence over the deployment and use of these weapons.

3 There is nothing to prevent the Saudis' buying arms elsewhere even after they acquire U.S. weapons. They have signed an arms contract with France and are seeking others with Britain and West Germany. These purchases will probably go through regardless of whether the U.S. sells the F-15 add-ons and AWACS.

AWACS and F-15s are available only from the U.S.; neither our NATO allies nor the USSR has comparable technology.

4 The U.S. must maintain good relations with the Saudis for economic as well as strategic reasons. Besides oil, U.S. firms do billions of dollars of business with the Saudis every year. We must continue to recycle the petrodollars into the U.S.

4 These economic relations will continue whether or not the sale is approved. The Saudis need U.S. technology and expertise. With 45,000 Americans working in their country, the Saudis would not risk rupturing relations with the U.S.

1 F-15 add-on equipment and AWACS are not a threat to Israel. The Administration has given Israel iron-clad security guarantees as well as promises of economic and military aid that would offset any advantage on the Arab side.

1 This equipment poses a grave danger to Israel's security. The Saudis have not explicitly recognized Israel's right to exist, and have fought against Israel three times in the past 33 years. Just a few weeks ago, Saudi Arabia called again for a jihad against Israel. That the Saudis will use their F-15s and AWACS directly or lend them to another state to use against Israel is a real possibility.

2 The sale would not upset the balance of power between Israel and the Arab states. Israel is still the strongest military power in the region.

2 The AWACS would, for the first time, give the Arabs a qualitative advantage over Israel, which would radically alter the balance of power. AWACS far surpass any equipment in Israel's arsenal. In addition, F-15 add-ons would severely undermine Israel's air superiority and enable Saudi Arabia to hit any Israeli target from bases located deep in their own country.

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3 According to U.S. law, the Saudis could not transfer the weapons to a third party.

3 Once the weapons are in Saudi hands, the U.S. cannot assure that they will not be transferred to or shared with other states. The Saudis have participated in joint training maneuvers with Syria and Jordan, and may have transferred U.S. weapons to Iraq for use against Iran.

AWACS

1 After the sale, operation of AWACS in Saudi Arabia will be in American hands. American specialists and technicians are already manning the four AWACS now in Saudi Arabia, and will remain there. As many as 30 American technicians will fly on AWACS missions after Saudi Arabia receives its AWACS.

1 To sell this ultra-sophisticated equipment to Saudi Arabia is to risk that AWACS secrets will be compromised or fall into enemy hands. Internal Saudi security is lax; Saudi stability is questionable.

Americans flying in Saudi AWACS, under Saudi command, is intolerable. Americans are not in the Saudi service. This increases the danger of American involvement in regional conflict.

2 The Administration understands that the Saudis will use the AWACS to protect the oilfields, and not against Israel.

2 Once AWACS are sold, the U.S. has no control over their use. Saudi AWACS will endanger the security of Israel. All of Israel -- its airfields, aircraft and defense systems -- will be exposed to the "sight" of AWACS from well within Arab air space.

AWACS in Saudi Arabia would seriously erode the technological superiority upon which Israel depends for its security.

3 The Saudis cannot operate AWACS without American help. The U.S. would not allow the system to be used against Israel, and the Saudis know it.

3 The U.S. guarantee will amount to nothing if the Saudi Government changes. Furthermore, the present Saudi rulers have declared that, "All we own is at the disposal of the Arab nations and will be used...against the common enemy."
[Quoted by Senator Howard Metzenbaum (D.-Ohio) on the Senate floor, May 15, 1978 (Congressional Record - S7414)]
The Saudis have frequently rejected any conditions on their weapons' use.

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4 It would be "suicide" for Saudi AWACS to fly near Israel's borders, Israeli fighters would quickly shoot down the planes.

4 When the United States sold AWACS to NATO it assured our allies that the planes were virtually immune to enemy interception. Saudi planes will also be practically immune to Israeli planes. The AWACS will fly well within Arab territory, will be equipped with ECM to thwart enemy radar and missiles, and will be accompanied by fighter escort -- F-15s or F-5s. Lastly, the AWACS can detect any Israeli planes approaching, call up interceptors, or turn and fly away at speeds approaching 600 mph. Enemy aircraft pursuing it would quickly find itself dangerously deep in enemy territory.

5 While AWACS could see all of Israel, with so much normal air traffic in the region, it would be difficult to spot an Israeli air attack.

5 The primary function of the AWACS is to analyze all aircraft in the region and identify enemy aircraft. In a European test of AWACS, one aircraft was capable of detecting every plane in the air between Paris and Warsaw. In periods of regional tension, civilian air traffic will be minimal.

6 AWACS in Saudi Arabia would enhance the defense capability of the kingdom.

6 The F-15/AWACS combination is an offensive and defensive system. AWACS will have a "force multiplier effect;" Saudi Arabia would more than triple its effective air power.

7 AWACS in Saudi Arabia would enable the U.S. to keep an electronic watch over developments in the Persian Gulf.

7 AWACS already in Saudi Arabia -- on a temporary basis since October 1980 and in U.S. hands -- provide the U.S. with the intelligence data it requires.

8 The AWACS will not be equipped with the most secret electronic devices.

8 It is unlikely that the Saudis would accept anything less than fully-enhanced and equipped AWACS.

9 If the United States doesn't provide the AWACS, Saudi Arabia will seek other equipment, particularly the British Nimrod.

9 There is no aircraft in the world comparable to the American E-3A AWACS. The British Nimrod Mk3 is a recently-developed early warning plane which evolved from an earlier maritime surveillance version of

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the Nimrod. The Nimrod Mk3, which will enter British RAF service next year, will have approximately half of the radar consoles as the American AWACS. NATO chose the American AWACS over the Nimrod.

GENERAL

1 The stature of the Presidency will be threatened if Congress rejects the sale to Saudi Arabia.

1 This refrain has often been heard in recent history to cover errors by policy-makers in the executive branch. The Legislative and Executive branches of the U.S. government are co-equals in policy making. When the two branches work together in formulating and shaping policy, the outcome is best for America. According to reliable accounts, the arms offer to Saudi Arabia was made by the Department of Defense without full and proper consultation with the White House or State Department.

2 The U.S. cannot allow a foreign country Israel -- or domestic pressure groups to dictate U.S. policies in the Middle East.

2 The U.S. must determine its policies according to its own interests. Israel is an acknowledged strategic ally of the U.S. and the only stable democracy in the Middle East.

Caving in to the Saudis on AWACS and F-15 add-ons amounts to appeasement.