



PERSPECTIVES

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Saudi Arabia's Problems: Coronavirus, the Economy, and Geopolitics

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EXECUTIVE SUMMARY: Combatting the coronavirus pandemic and coping with its economic fallout may be Saudi Crown Prince Muhammad bin Salman's most immediate challenge. Equally urgent is repairing strained relations with the US and ensuring the kingdom's competitiveness with Iran as the two rivals compete for China's favor.

Saudi Crown Prince Muhammad bin Salman may feel the global coronavirus pandemic and its economic fallout are the more immediate of his problems as the kingdom gradually lifts restrictions put in place to stymie its spread.

However, looming large on the horizon is a potential rift with the US resulting from the kingdom's oil price war with Russia, which contributed to the collapse of oil markets and an existential crisis for America's shale industry.

President Donald Trump is believed to be weighing [a ban on import of Saudi oil](#) in a bid to force the kingdom to reroute tankers carrying some 40 million barrels of crude to the US.

More fundamentally, Prince Muhammad has put the kingdom's relationship with the US at risk without having any real alternatives. At this time, an agreement among oil producers to cut production amounts to at best a timeout in a price war that is all about market share.

The price war has further strained Saudi Arabia's ties to the US Congress, which was already troubled by the war in Yemen, the kingdom's record of human rights abuse, and the assassination of journalist Jamal Khashoggi at the Saudi consulate in Istanbul in 2018.

Recent Saudi judiciary reforms, including the abolishing of flogging as a legal punishment and death sentences for minors who commit crimes, were an effort to respond to criticism but were unlikely to turn the tide.

Speaking for Congressmen representing US shale states, North Dakota Senator Kevin Cramer [warned](#) that “Saudi Arabia’s next steps will determine whether our strategic partnership is salvageable.”

Salvaging Saudi-US relations may be Prince Muhammad’s only option.

Russian president Vladimir Putin is unlikely to have taken kindly to a [reported shouting match](#) over the phone with the crown prince at the outset of the price war.

Signaling that the production cuts are a ceasefire rather than an end to the war, Saudi Arabia and Russia continued to fight it out on oil markets with the kingdom undercutting Russia with discounts and special offers, according to a [Reuters investigation](#).

Strained relations did not prevent the two countries from moving forward with an agreement on Russian wheat sales to the kingdom. A first Russian shipment of 60,000 tons set sail for Saudi Arabia last month.

Irrespective of the state of Saudi-Russian relations, Russia’s call for replacing the US defense umbrella in the Gulf with a multilateral security arrangement that would involve the US as well as China, Europe, and India is a skeleton with no flesh.

Russia has neither the wherewithal nor the will to shoulder responsibility for Gulf security. Nor do the other states envisioned by Russia as participants in a revised Gulf security arrangement.

Moreover, the proposal is stillborn as long as Saudi Arabia refuses to engage with Iran with no preconditions. During the coronavirus pandemic, the kingdom has hardened fault lines with the Islamic Republic rather than take opportunities to build bridges with goodwill gestures.

China has no appetite for a major military role in the Middle East despite having established its first foreign military base in Djibouti and contributing to anti-piracy operations off the coast of Somalia.

Equally troubling for Prince Muhammad is the fact that he cannot be certain that China would maintain its neutrality if US-Iranian tensions were to explode into all-out war. When the chips are down, Tehran may be of greater strategic significance to Beijing than Riyadh.

Iran's geography, demography, and highly educated population give it a leg up on Saudi Arabia for Chinese favor. So does the fact that China and Iran see each other as the bookends of Asia and share a civilizational history that goes back thousands of years.

Iran also plays a pivotal role in China's Belt and Road-related efforts to link to Europe by a rail line that would traverse Central Asia and the Islamic Republic. This route would end the expensive and time-consuming process of having to transfer goods to ships at one end of the Caspian Sea and then load them back onto trains on the Caspian's opposite shore.

Prince Muhammad's maneuvering to strike a balance in securing Saudi Arabia's place in a world of contentious big power relationships is reflected in coverage by the kingdom's tightly controlled media of Chinese and US efforts to combat the pandemic.

[Andrew Leber](#), a student of Saudi policymaking, noted that "China's mixed record in boosting its image in Riyadh is a reminder that soft-power competition is not a zero-sum game. Even as Saudi outlets have grown more willing to air criticisms of China, some have derided the efforts of President Donald Trump and his administration to blame COVID-19 on Beijing."

Leber's analysis of Saudi media coverage suggests that Prince Muhammad is seeking to keep all doors open. Still, it will take a lot more than vacillating media coverage and reform of the kingdom's penal code to polish Saudi Arabia's tarnished image in the US and level the playing field with Iran when it comes to China.

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