

# **GLOBAL SAUDI: HOW EUROPEANS CAN WORK WITH AN EVOLVING KINGDOM**

**Cinzia Bianco**

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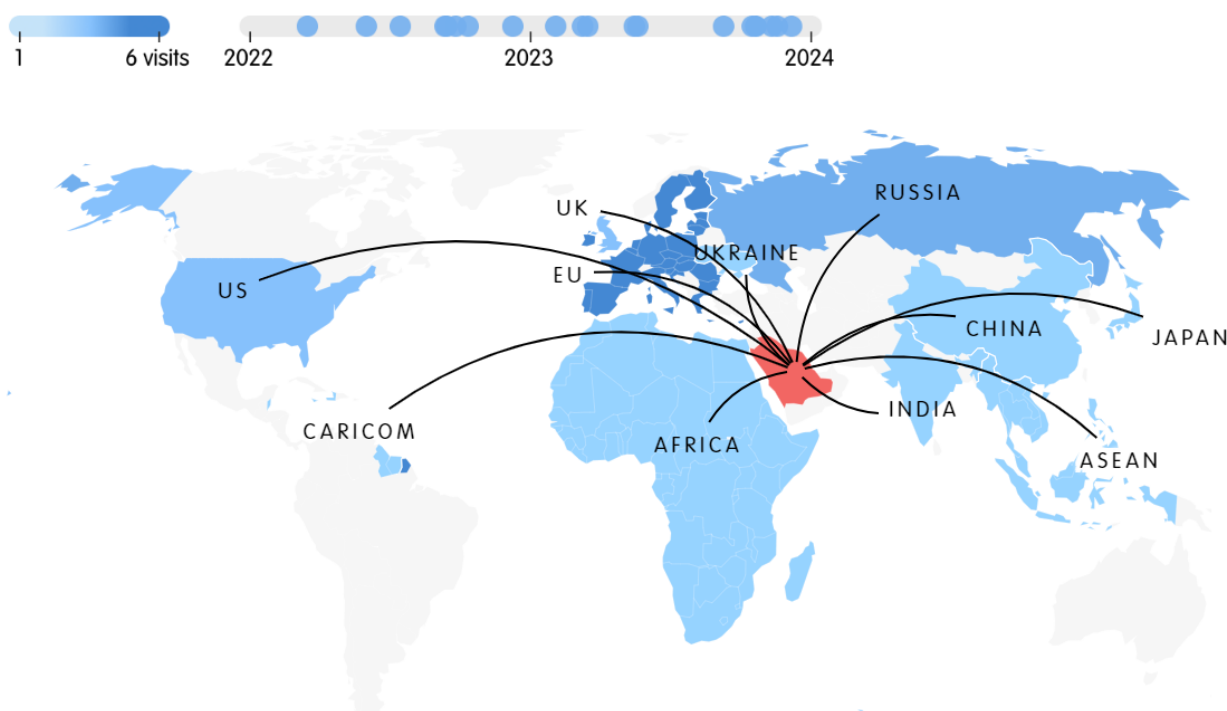
## **SUMMARY**

- Following the geopolitical shifts triggered by Russia's invasion of Ukraine and Western retrenchment from the Middle East and North Africa, Saudi Arabia has leveraged its energy, financial, and political capital to become a middle power with outsize influence in a multipolar world.
- Riyadh has adopted a foreign policy approach of 'opportunistic actionism', characterised by dynamism and driven by the pursuit of its immediate national interests.
- Saudi Arabia is working to become the pivot of the wider region to gain a seat at the global table as the representative of an economically connected and stable Middle East. On the global level, it is building transactional relationships with various countries according to different interests and vulnerabilities.
- Saudi Arabia is an increasingly important economic and diplomatic partner for Europe and plays a critical role in global conversations on climate change, connectivity, and energy.
- To strengthen their position vis-à-vis the kingdom, European countries should more actively involve Riyadh in global conversations – for instance, on de-risking – and focus on becoming partners of choice in areas of common interest, such as energy, climate, economics and connectivity, and technology.

# Riyadh's resurgence

Saudi Arabia's role on the international stage has fundamentally transformed over the last few years. Previously seen as a reckless and destabilising actor, Riyadh is now in a position to shape regional as well as global trends following the geopolitical shifts triggered by Russia's invasion of Ukraine and Western retrenchment from the Middle East and North Africa. By leveraging its energy, financial, and political capital, Saudi Arabia has become a middle power with outsize influence in a multipolar world order. Regional and global leaders have been trekking to the kingdom with new intensity, looking to Riyadh as a key actor to move beyond the war between Israel and Hamas and towards a new, inclusive, and long-term regional security framework.

## High-level visits to Saudi Arabia, 2022-2023 (selection)



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This greater geopolitical weight has led Riyadh to engage in extreme hedging between rival global and regional players with the aim of securing its own immediate national interests and maximising its influence. In this sense, its new regional and international policy can be defined as ‘opportunistic actionism’. Saudi Arabia is working to become the leader and pivot of the wider region and using this role to gain a seat at the global table as the representative of an economically connected and stable Middle East. On the global level, Riyadh’s opportunistic actionism has seen it build transactional relationships with various global players in alignment with different Saudi interests and vulnerabilities. Having lost faith in longstanding US security guarantees, Riyadh has focused on maximising its autonomy to extract gains from diverse partners, confident that it can successfully navigate the competing pressures emerging from this approach without becoming entangled in the US-China competition.

These developments have not gone unnoticed in European capitals. European leaders have made several trips to the kingdom over the last couple of years to discuss regional questions of security and stability, including on Gaza and other crises, as well as the delicate question of how to deal with Iran and its proxies. These visits, alongside policy efforts like the European Union’s first-ever Gulf strategy published in May 2022, recognise Saudi Arabia’s economic and diplomatic firepower, as well as its critical role in regional and global conversations on climate change, economic growth, connectivity, and, of course, energy. But, as the Gulf strategy acknowledges, the EU has not so far pursued the opportunities provided by a more strategic engagement with Saudi Arabia.

This paper will lay out the kingdom’s evolving role in a multipolar Middle Eastern and global order, assessing its drivers, assets, instruments, strategies, and ambitions, first at the regional and then at the global level. It will then consider what this new Saudi posture means for European engagement with the kingdom and suggest ways to strengthen Europe’s position and relevance in Riyadh in a way that benefits key European interests on energy and climate security, economic growth, and regional security and stability.

## Global Saudi in the Middle East

For Riyadh, the 2011 Arab uprisings represented a watershed moment in which a decades-old paradigm – being able to rely on external partners to achieve a favourable regional order – collapsed. To prevent the resulting geopolitical vacuum from being filled by rivals aspiring to regional leadership – first and foremost, Iran – Saudi Arabia increased its traditionally quiet regional engagement. This began a ten-year phase of polarisation in regional politics, with Saudi Arabia and the United Arab Emirates actively confronting both Iran and its regional

proxies, as well as Qatar, Turkey, and Islamist groups.

These confrontations took place on many different fronts – including in Egypt, Iraq, Lebanon, Libya, Syria, Tunisia, and Yemen – and played out simultaneously in the economic, military, and political domains. The new Saudi leadership enthroned in 2015 strongly supported this assertive regional strategy. Both King Salman and, especially, his son Mohammed bin Salman – commonly known as MBS – who became the kingdom’s crown prince in 2017, pushed back hard against the encroachment of rivals on Saudi Arabia’s spheres of influence and interests. Between 2015 and 2017 the Saudi leadership supported a full political boycott and economic embargo of Qatar over its support for Sunni Islamist groups, temporarily forcibly detained Lebanese prime minister Saad Hariri, launched the first-ever Saudi-led military operation against the Iranian-backed Houthi militia in Yemen, and in 2018, supported the withdrawal of the United States from the Iranian nuclear deal, the Joint Comprehensive Plan of Action (JCPOA), under Donald Trump and its maximum pressure campaign on Iran.

However, this assertive posture was met with retributions. Global capitals – particularly in the West – increasingly shunned Riyadh and sidelined its leaders. After having enabled cross-border attacks by the Houthis against Saudi Arabia for years, in September 2019 Iran coordinated a large-scale attack against crucial oil installations in Saudi Arabia. The US, then led by Trump, did not react, arguing that Saudi Arabia should lead the response. This folding of the decades-old American deterrence umbrella left Riyadh exposed and vulnerable. The Biden administration then reinforced this status, declassifying a CIA report indicating that MBS likely approved the killing of Saudi journalist Jamal Khashoggi and withholding defence supplies to Saudi Arabia, which was facing daily threats from Yemen’s Houthi rebels.

The outbreak of the covid-19 pandemic in 2020 provided time and space for Saudi Arabia to rethink its assertive approach and launch a strategic pause. Riyadh started to focus less on diminishing the clout of its regional competitors and more on strengthening its own influence, building a less confrontational regional posture that was based on diplomacy and economic statecraft. It began to actively leverage its assets – which were soon enhanced by the global energy crisis triggered by Russia’s invasion of Ukraine – to support new policies aimed at bringing about the social and economic transformation of the country envisioned in MBS’s Vision 2030 plan. Doing so would require, first and foremost, guaranteeing security for itself and stability in its neighbourhood.

Step one was mending ties with two regional players with vast partnership potential, Qatar and Turkey. The 2021 Al-Ula declaration, which ended the Qatar crisis, kickstarted a period of close Riyadh-Doha coordination. Qatar started cutting back support for its Islamist partners and downsizing its regional ambitions, prioritising alignment with Saudi Arabia. MBS himself

stepped in to repair personal relations with Qatar's Emir Tamim bin Hamad al-Thani, and the two established a Saudi-Qatari Coordination Council to deepen coordination. Meanwhile, Turkish-Saudi tensions significantly subsided as Turkey started again relying on Saudi resources to ease its domestic financial problems. In 2023 MBS and Turkish president Recep Tayyip Erdogan exchanged state visits and signed strategic deals, including a prized defence agreement on technological cooperation with the cutting-edge Turkish drone technology firm Bayraktar. Turkish exports to Saudi Arabia grew by 150 per cent year-on-year.

Saudi Arabia also attempted to lessen its antagonistic relationship with Iran through increased diplomacy. In March 2023, Saudi Arabia and Iran signed a roadmap towards the normalisation of their relations in Beijing. The document came after five rounds of bilateral negotiations hosted by Iraq and Oman, but an external actor – China – was needed to break the impasse by offering credible diplomatic guarantees underwritten by economic leverage, especially over Iran. Tehran successfully pressured Yemen's Houthis to stop cross-border attacks against the kingdom and its interests, while Saudi Arabia pledged to ease the regional isolation of the Iranian regime, which was dealing with an economic recession, domestic protests, and the collapse of negotiations to renew the JCPOA.

Moreover, Riyadh tried to take advantage of the détente with Iran to relaunch its relations with countries under Iran's influence. Extricating itself from the costly and unsuccessful war in Yemen was and remains a priority for Saudi Arabia, so much so that it ended up offering an extremely generous deal to the Houthis. Riyadh then normalised relations with the Syrian regime of Bashar al-Assad, welcoming it back into the Arab League in 2023, a decade after withdrawing its ambassador from Damascus and actively supporting the Syrian opposition. Saudi Arabia also re-opened its embassy in Lebanon and started engaging again with the country's convoluted politics, which Riyadh had determinedly avoided since its failed attempt to coerce former prime minister Hariri in an existential political fight with Iran-supported Hezbollah. Finally, Saudi Arabia dusted off its engagement with Iraq, signing a range of energy, investment, and infrastructure agreements.

However, for the most part these initiatives quickly stagnated, as Riyadh was unable to get its counterparts on board with its vision quickly or smoothly enough. For instance, the Houthis started stalling on the signing of a deal with Riyadh and the Yemeni peace process was frozen. Relations with Damascus remained hollow as the regime failed to curb the huge volume of drugs smuggled from Syria towards the Gulf. Riyadh's efforts in Lebanon fell flat as Lebanese elites once again rejected Saudi advice to embrace systemic change and reboot their country. Saudi-Iraqi cooperation slowed down significantly under the government of Muhammad al-Sudani, who the Saudi leadership considered too dependent on Iran and unwilling to make space for Saudi influence.

As part of this new vision of a 'pax saudita', Riyadh also began to attempt to move closer to Israel, another crucial partner for its interests of development, growth, and connectivity, as well as its ever-present deterrence needs. Then came Hamas's terrorist attack on Israel on 7 October 2023 and Israel's subsequent all-out military response in Gaza – which caused a major shock to regional politics. Many observers saw Hamas's attack as partly orchestrated by Iran's Islamic Revolutionary Guard Corps (IRGC) with the aim of disrupting the ongoing triangular process involving Saudi-Israeli normalisation in exchange for NATO-like US security guarantees, US nuclear technology for Riyadh, and greater access to Israeli defence capabilities. Despite this, the magnitude of Hamas's operation together with the lack of confidence in US protection pushed Riyadh to engage even more closely with Tehran. Iranian president Ebrahim Raisi visited Riyadh for the first time to attend an extraordinary joint Arab and Islamic summit on the Gaza war, and met with MBS. This summit was mostly an opportunity for Riyadh to collectivise regional strengths and weaknesses, neutralising the specific vulnerabilities linked to its normalisation process with Israel, which was not suspended, and rejecting proposals from other countries in the region such as a collective oil embargo, which would significantly damage its interests.

Riyadh did not involve Tehran in any of the following meetings on Gaza, ensuring that it could maintain its leadership of the cause, but increased its engagement with Iran more broadly, reflecting both countries' strong desire to keep tensions under control. Riyadh even served as an indirect de-confliction channel between the US and Iran: when the US and the United Kingdom started an offensive military mission in the Red Sea to fight the Houthis as they held global shipping hostage, Riyadh warned Tehran ahead of the strikes so that it could move its naval assets away.[1] But when Tehran retaliated against the Israeli strike that killed IRGC generals in the Iranian consulate in Damascus, launching over 300 drones and ballistic missiles against Israel, Saudi Arabia joined the US, Jordan, the UK, and France to intercept the Iranian projectiles – showing that Riyadh will do whatever possible to contain an Israeli-US escalation against Iran. Nonetheless, Riyadh's absolute priority remained protecting its own

interests, territory, and critical infrastructure. Fearing Iranian or Houthi retribution, Riyadh decided not to join any of the Western maritime security missions against the Houthis, even if strictly defensive like Europe's ASPIDES, and instead negotiated assurances from both the Houthis and Tehran that the kingdom would not be targeted.

Saudi Arabia's willingness to emerge as leading the Arab response to the war has been clear throughout the Gaza crisis. Saudi Arabia formed a small contact group on Palestine, including Jordan, Egypt, the UAE, and Qatar. Despite political issues between the members, Riyadh managed to present a post-war plan for Gaza, designed around Palestinian statehood in exchange for the normalisation of Israel's position in the region. Although based on Saudi Arabia's 2002 Arab Peace Initiative, the plan's demands on behalf of the Palestinians go far beyond what Riyadh had previously asked for before Israel's war on Gaza. This is the – at present, unwelcome – burden of Saudi Arabia's new leadership responsibilities: having to compromise on its own agenda for Palestinian interests. And yet, while likely frozen for the foreseeable future, Saudi Arabia's normalisation with Israel remains key to its core interest of rebuilding its dented deterrence.

A significant obstacle to this Saudi vision of a stable region under its hegemony came from an unexpected place, as the UAE emerged as the one regional actor with the strategic ability to compete with Saudi Arabia. The longstanding personal relationship between MBS and Emirati president Muhammad bin Zayed, which was the backbone of the two countries' relations, gradually weakened and from 2019 onwards, the two leaders went from being in constant interaction to having minimal contact. Then, Emirati and Saudi policies started to substantially diverge. Departing from the Saudi-led policy of confrontation and abandoning Riyadh's ally in Yemen, the UAE reached out to Iran months before Riyadh did in 2020. The UAE then normalised relations with Israel in a landmark deal brokered by the US, again without seeking Saudi counsel and undermining the Saudi Arab Peace Initiative, which entailed collective Arab normalisation with Israel under Saudi leadership in exchange for Palestinian statehood. Longstanding divergences in Yemen became an active political confrontation between groups in the south of the country, backed by Abu Dhabi, and the government, supported by Riyadh, further contributing to the souring of relations. The two capitals also supported opposite sides in the 2023 Sudanese civil war, in which Saudi Arabia attempted its first high-level regional mediation, with limited success. A zero-sum geo-economic competition ensued, based on both capitals' ambition to become the leading key hub connecting Asia, Africa, and Europe in a multipolar globalised international economic system. Saudi Arabia issued a law requiring international firms to establish their regional headquarters – which are typically located in Dubai – in Riyadh in order to be eligible for government contracts, and both countries doubled down on increasing the geo-economic

value of their territory.

Saudi Arabia's recent regional policies reflect an actionist emphasis on dynamism and a rejection of continuity, especially since 2020. MBS has markedly broken away from longstanding axioms of Saudi thinking and begun pursuing bolder policies such as normalising relations with both Iran and Israel in parallel. Riyadh's decisions are evidently guided by opportunism and a Saudi-first mantra. Its policies over this period reflect a desire to become the leader and pivot of the wider region. However, this is not driven by a desire for inclusive or consensus-based regional leadership, nor for solving traditionally 'Middle Eastern' systemic problems including endemic corruption and sectarian divisions. Indeed, Saudi Arabia has shown a lack of strategic patience with regional actors that do not follow its leadership, are anchored to traditional thinking, or unable to overcome their structural obstacles. Rather, Saudi Arabia's regional policies seem to be in service of its ambition for regional leadership in order to secure what it considers to be its rightful place in the new global order as the utmost representative of the wider region in global conversations and as a middle power in a multipolar world order.

## Global Saudi in the world

Geopolitical changes have helped Saudi Arabia to capitalise on this new regional strength on the global stage. After the US retrenchment from the kingdom in 2019, Saudi Arabia's behaviour reflected both disappointment and distrust towards the US, as well as confidence that it could survive without its close partner in Washington. Saudi Arabia once again modelled itself as a fundamental partner to global powers. Only, this time it pursued not one single partner, but sought à la carte, opportunistic multi-alignment with various emerging global powers. This was aided by the fact that several of these powers – including China, India, and Russia – started actively courting the kingdom as the new regional pivot.

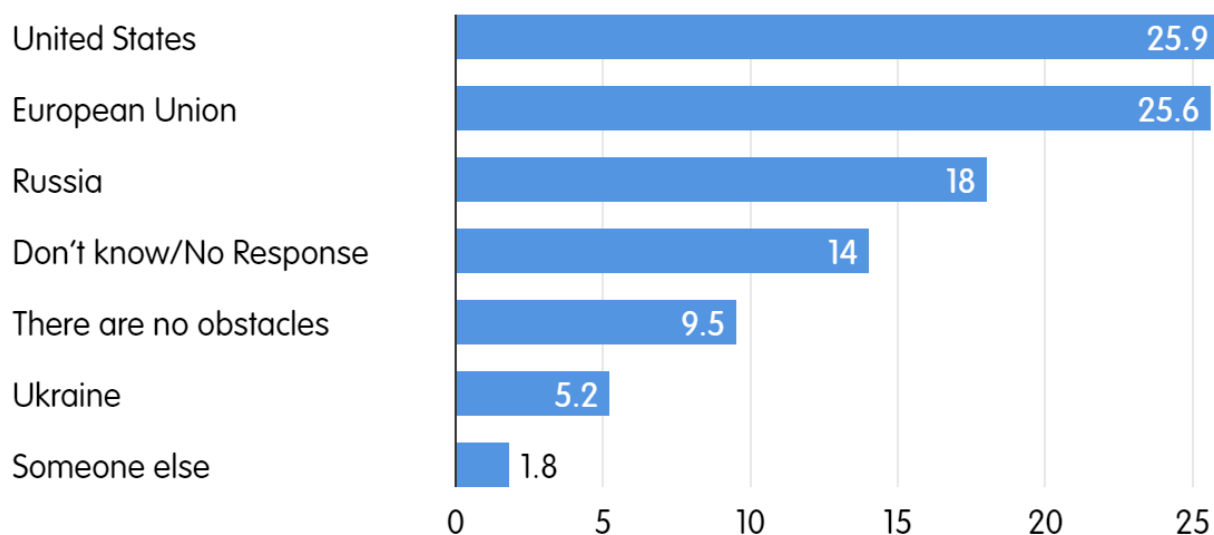
Russia's invasion of Ukraine solidified this trend, as a global energy crisis yielded new power and immense wealth to Saudi Arabia as the world's largest oil producer. Gulf rulers enthusiastically embraced the multipolar world order, believing that they could operate as a bridge between East and West, and between the global north and the global south, and rejecting the premise that they should align with traditional Western partners in the rivalry with Russia or China. Instead, they focused on pursuing their national interests, and selected partners accordingly.

For instance, given its impact on the global energy market on which Saudi Arabia's economic security depends, Riyadh concentrated on influencing Russia's energy policy. After Russia's invasion of Ukraine in February 2022, Saudi Arabia rejected multiple requests to align with



the West against Russia from Biden as well as leaders in Europe such as British prime minister Boris Johnson and French president Emmanuel Macron. Riyadh also resisted pressure from several G7 leaders to boost its oil production in order to weaken Russian finances, which are dependent on oil export money, and instead led oil producers to cut output, driving already-high prices up even further – just two weeks before the delicate US mid-term elections in October 2022. Saudi Arabia then started importing record quantities of under-priced Russian oil products, refining and exporting them at sky-high market prices. However, providing a counterweight to this seemingly pro-Russian bias, Saudi Arabia voted against Russia in key United Nations General Assembly resolutions, pledged aid worth \$410m to Ukraine, facilitated a deal for the release of ten foreign nationals fighting alongside Ukraine, and hosted meetings to convey Western and Ukrainian geopolitical outreach to global south officials. Nonetheless, as reflected in recent public opinion polling conducted for ECFR, over half of Saudi respondents believe that the US and the EU are the major obstacles to achieving peace in Ukraine, and an overwhelming majority believes that Russia will win the war by 2028.

### In your opinion, which of the following, if any, is the biggest obstacle to peace between Russia and Ukraine? In per cent



Source: based on ECFR public opinion polling conducted in Saudi Arabia from 19 to 27 September 2023 among 1,012 respondents.

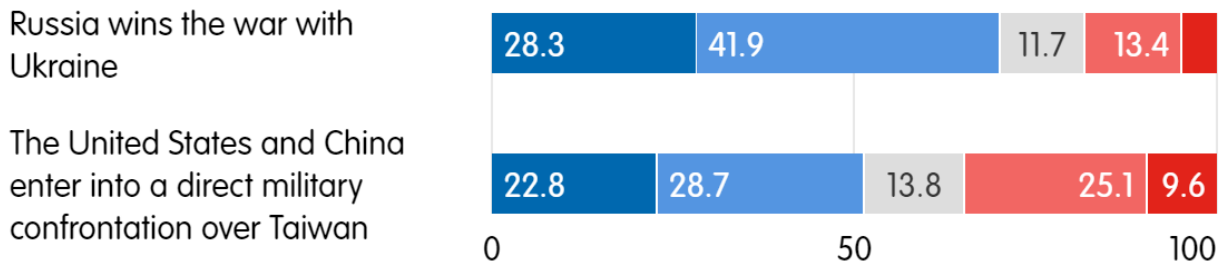
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## In your opinion how likely or unlikely do you think it is that each of the following events happens within the next 5 years?

In per cent

Very likely Fairly likely Very unlikely Fairly unlikely Don't know/No

Response



Source: based on ECFR public opinion polling conducted in Saudi Arabia from 19 to 27 September 2023 among 1,012 respondents.

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This à la carte and opportunistic multi-alignment is also reflected in Saudi Arabia's decision to join BRICS+ in August 2023, alongside the UAE, Egypt, Iran, Argentina, and Ethiopia. As the global south's major platform for political coordination in a multipolar world order, the BRICS + bloc provides Riyadh with a useful channel to reinforce its outreach to Africa and Latin America and to challenge US dominance. In November 2023 Saudi Arabia also organised the first-ever Saudi-Africa summit, signalling that Africa represents a major new frontier, especially for food security and critical raw materials. Alongside its traditional focus on the Horn of Africa, with which it shares the Red Sea, Riyadh is increasingly looking to South Africa as an actor with political clout in the global south and the G20. [2] In Latin America, meanwhile, Riyadh is stepping up its engagement with the increasingly attractive Brazil. In

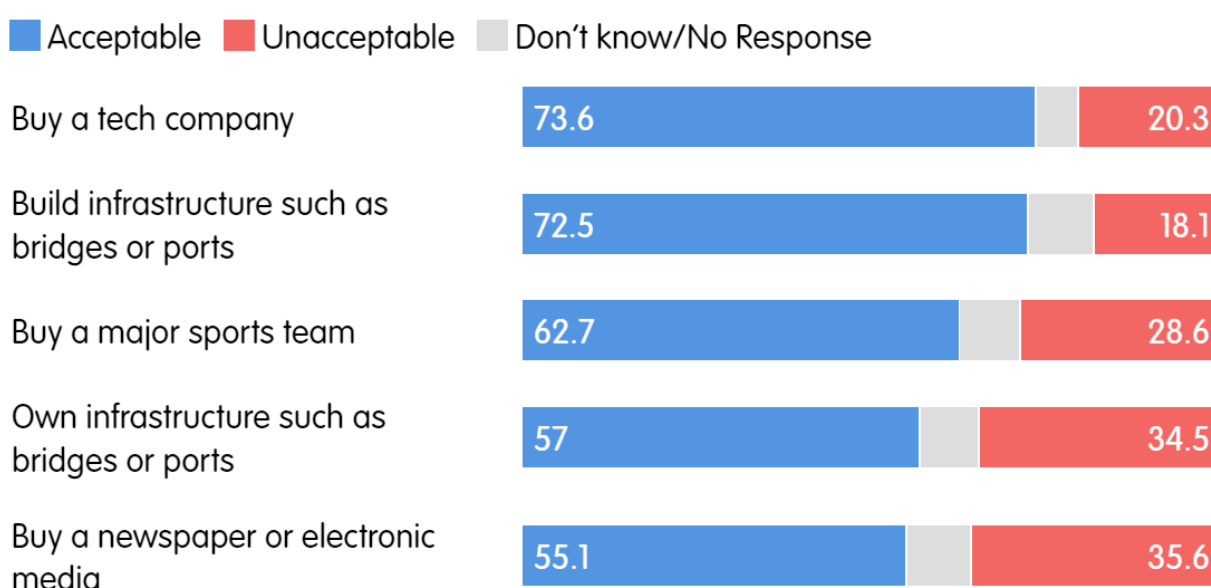
2022, for example, Saudi Arabia's state-owned firm Manara Minerals announced its acquisition of a 10 per cent stake in Brazil mining colossus Vale, facilitating access to reserves of critical minerals like nickel, copper, and cobalt.

Saudi Arabia has also tended its relations with India, its third-largest trading partner and a particularly attractive one in terms of connectivity. At the G20 summit in Delhi, India, the US, the EU, France, Germany, Italy, Saudi Arabia, and the UAE unveiled plans for the India-Middle East-Europe economic corridor (IMEC), which aims to enhance connectivity between Asia and Europe via the Arabian Peninsula by building a railway that will supplement existing maritime and road transport routes, enabling transit from India to Europe, via the Gulf monarchies as well as Jordan and Israel. The railway could ultimately be complemented by cables for electricity and digital connectivity, as well as pipes for the export of clean hydrogen. The project was sponsored by the US as a way to entice Saudi Arabia to normalise its relations with Israel, given that IMEC would economically link the two countries with a major global connectivity route. While Israel's military aggression against Gaza has complicated the next steps, making it politically toxic for Riyadh to engage with the project, IMEC remains strategic for Saudi Arabia's geoeconomic plans, especially with the Houthis constantly attacking commercial shipping in the Red Sea. Indeed, in December 2023 the Israeli smart transportation company Trucknet Enterprise signed deals with its Emirati-based counterpart Puretrans FZCO and the Dubai port-operating company DP World to facilitate an overland trade route from the UAE – through Saudi Arabia and Jordan – to the Israeli port of Haifa as a trial run for the corridor. IMEC is exemplary of Riyadh's hedging between global powers; ultimately Riyadh wants the corridor to emerge as an additional network complementing China's Belt and Road Initiative (BRI) and cement Riyadh's position as a fundamental bridge towards the world's largest emerging economies, and has rejected the idea that engagement with India would mean disengagement from China or the BRI.

Indeed, despite Western pressure, Saudi Arabia is clearly working to ringfence its relations with China, which is a strategic partner for Riyadh's economic security. China has been the main buyer of Saudi crude oil since 2019, with Riyadh sending on average a whopping quarter of its oil there. Since 2020, China is also among the top two trade and investment partners for Saudi Arabia, alongside the EU. Despite a general substantial slow-down of funds through China's BRI after the covid-19 pandemic, with countries like Egypt seeing investments fall to zero, Saudi Arabia is the largest recipient of BRI-branded funds, receiving around \$5.5 billion, including via the Chinese Cosco Shipping Ports acquiring a 20 per cent stake in Saudi Arabia's Red Sea Gateway Terminal – the largest terminal at the country's largest port. This acquisition is no cause for concern in the kingdom: more than half of the Saudis surveyed by ECFR in 2023 thought that Chinese capital owning a tech company, media organisation, or critical

infrastructure in Saudi Arabia was acceptable. The two countries have also been making moves to safeguard their interests in case the West imposes sanctions on China. During his state visit to Saudi Arabia in December 2022, Chinese leader Xi Jinping formally stated his willingness to purchase Saudi oil in renminbi. Saudi officials acknowledged that there are active talks on the matter, and in 2023, China and Saudi Arabia signed their first currency swap agreement worth \$7 billion which will be valid for three years.

## Do you think it is acceptable or unacceptable for Chinese companies to...? In per cent



Source: based on ECFR public opinion polling conducted in Saudi Arabia from 19 to 27 September 2023 among 1,012 respondents.  
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Beijing also opened up fully to techno-scientific cooperation with Saudi Arabia, becoming a dependable catalyst for technological localisation and granting generous access to know-how even for sensitive technologies that Western states remain reluctant to share, in defence, AI, bio-tech, and cyber-security. The opportunity for such unfettered access and cooperation motivated Riyadh to show a brazen willingness to cross US red lines in getting Chinese digital infrastructure, dismissing American concerns that these could become a backdoor into Western defence systems, and welcoming Huawei's leadership in 5G network development. China is also one of Riyadh's potential partners on nuclear energy cooperation. But, worryingly for Beijing, so are China-sceptic US allies, such as Japan and South Korea, which remain strategic interlocutors for Riyadh.

In addition to their fruitful economic relationship, Beijing also has a strong political appeal in Riyadh with its much-flaunted rhetoric of the Arabian Peninsula as a region of crucial long-term geostrategic relevance and bashing of Washington's posture towards the Middle East. In this regard too, Saudi Arabia is positioning itself as Beijing's first point of contact with the wider region, for example, hosting Xi with all honours for the first China-Arab States summit and a summit with the Gulf Cooperation Council (GCC) monarchies in December 2022. In March 2023, China brokered a normalisation deal between Iran and Saudi Arabia. This greatly boosted China's diplomatic profile in the region, but also came with Saudi expectations that Beijing would leverage its economic influence over Iran to rein in transgressions of the agreement. Saudi Arabia has given China opportunities for a deeper diplomatic role, visiting Beijing as the first stop on its diplomatic tour to build international consensus on obtaining a ceasefire in Gaza in November, but China has not embraced the chance. After 7 October, for instance, China did little to put pressure on Iran to stop the Houthi attacks. And despite its statements of support for a ceasefire, China had no influence on the Gaza dossier.

In its own way, the war in Gaza has therefore demonstrated that the US is still the indispensable geopolitical and security interlocutor in the region, albeit one that seems increasingly untrustworthy to Riyadh. US standing in Saudi Arabia and the wider Arab world has been severely undermined by its policy of unconditional support of Israel's all-out aggression against Gaza, despite its violation of international humanitarian law, especially when contrasted with America's lack of interest in preserving Arab stability when engaging in military tit-for-tat with Iranian proxies in Iraq, Lebanon, Syria, and Yemen. Anti-Americanism is now pervasive in policy conversations in Riyadh. And given how US and Saudi priorities and interests have incrementally diverged since Barack Obama's presidency, a world in which the US is no longer a hegemon likely looks more attractive from Riyadh.

Nonetheless, given the lack of viable alternatives, Riyadh has remained determined to maintain – and even strengthen – security ties with the US, while working to beef up its own security and defence capabilities in the long term. Riyadh seems to accept that there still is no alternative to US security guarantees today, hence its eager engagement in the US-mediated process to normalise relations with Israel. However, Saudi Arabia intends to obtain such guarantees without making its relationship with the US exclusive. While it may be willing to comply with specific US redlines on freezing cooperation with China on digital and cyber infrastructures, on the petro-yuan and on ruling about Chinese military bases on Saudi soil, Riyadh has no intention of cutting relations to China and likely realises that the US could not force it to, especially if the kingdom continues to link these guarantees to the ultimate prize for Washington: normalisation with Israel. [3] This belief in multi-alignment with the great powers, even in the event of a serious crisis, is shared by the population. In ECFR's September

2023 polling in Saudi Arabia, 77 per cent of respondents thought it was realistically possible for their country to have good relations with both the US and China, although over half of respondents expect a US-China military confrontation within the next five years. And when asked which country they would want Saudi Arabia to side with if forced to choose, 50 per cent selected the US compared to 39 per cent that chose China.

## Is it realistically possible for Saudi Arabia to have good relations with both China and the US? In per cent

■ Possible ■ Not possible ■ Neither ■ Don't know/No Response



Source: based on ECFR public opinion polling conducted in Saudi Arabia from 19 to 27 September 2023 among 1,012 respondents.

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## If Saudi Arabia was forced to choose between being part of an American or a Chinese bloc of countries, which would you prefer it to end up in? In per cent



Source: based on ECFR public opinion polling conducted in Saudi Arabia from 19 to 27 September 2023 among 1,012 respondents.  
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For Riyadh, multipolarity means no longer blindly accepting US desiderata, but being able to pursue transactional relationships with different global players and, ultimately, setting its own agenda. Saudi Arabia sees a world in which middle powers – preferring multi-alignment – condition superpowers, rather than the other way around. It aims to capitalise on its strategic location between Africa, Asia, and Europe to maintain its geopolitical centrality. While the US and Europe are worried about dependence on China and Russia and the implications of uncontrolled globalisation, Riyadh has therefore been working to further strengthen both globalisation and multipolarity and protect them from what it sees as Western revanchism.

However, while this hedging tactic has so far allowed the country to thrive, it would likely not

survive a full-scale escalation of the current simmering tensions, for instance between the US and China, or Iran and Israel. Already in 2023, a prized defence deal between US giant RTX and Saudi Arabia's defence company SCOPA Industries collapsed due to the latter's link to Russian and Chinese firms. Due to similar concerns in the technology space, the US has implemented temporary export control measures on Saudi Arabia for its cutting edge Nvidia semiconductors. Serious concerns about sensitive information being leaked to China or Russia are also preventing Saudi Arabia from joining the fighter jet alliance, Global Combat Air Program, between the UK, Italy, and Japan to develop and export highly advanced sixth-generation combat jets.

## Europe's approach to Saudi Arabia

Europeans have long struggled to come to terms with the end of America's hegemony in the Middle East and North Africa, as well as with the shift in the balance of power in the region away from countries in North Africa and the Levant, and towards the Gulf. For decades, European states embraced a marginal geopolitical role in the region under the US security umbrella, and focused mostly on the Mediterranean and on issues such as economics, energy, and socio-cultural engagement. This resulted in weak geopolitical influence over the Gulf monarchies, especially once the latter stepped forward to become significant sources of investment and other financial support in Europe during the 2008-2009 global financial crisis.

Elected politicians have also found political engagement with the Gulf to be extremely difficult given the weight of human rights issues in public discourse in Europe. And European countries have tended to pursue the country's formidable economic opportunities bilaterally rather than through the EU. Saudi Arabia was the epitome of this dichotomic approach: with the publication of Vision 2030 in 2016, economic interest in the country went through the roof, but the involution of civil rights under MBS's leadership made outreach politically toxic. France represented an exception, attempting more geopolitical engagement with Saudi Arabia, such as on the crisis in Lebanon.



This dualism between economic and political ties generated controversies. For example, when in 2017 then German foreign minister Sigmar Gabriel condemned Saudi “adventurism” in the Middle East and called for an embargo on arms exports to the country, Riyadh withdrew its ambassador from Berlin and prevented major German companies from bidding for government contracts. This pushed Gabriel’s successor, Heiko Maas, to resolve the dispute by partially reversing the arms embargo. Former Italian prime minister Matteo Renzi also found himself at the heart of a media storm after joining the Saudi state-led Future Investment Initiative Institute’s board of trustees.

Moreover, there was little incentive for European countries to operate through the EU, especially given the Gulf’s longstanding resistance to engaging with the multi-layered, hyper-institutionalised ways in which the EU functions. The lack of confidence in the EU persists among the public today, with 62 per cent of the Saudis surveyed in 2023 by ECFR believing that the bloc will fall apart in the next 20 years. However, although the EU does not have a reputation as a solid geopolitical actor, it retains considerable soft power in the country. In the same survey, 31 per cent of respondents said that if forced to live outside of Saudi Arabia, they would like to live in an EU country.

## Looking ahead, how likely do you think it is that in the next twenty years the European Union will fall apart? In per cent

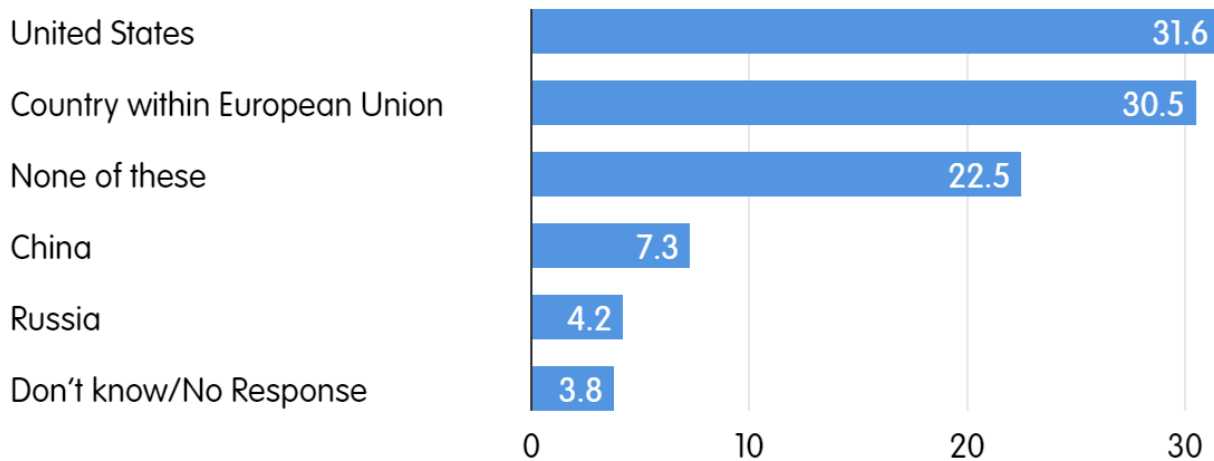
■ Very likely ■ Fairly likely ■ Very unlikely ■ Fairly unlikely ■ Don’t know/No Response



Source: based on ECFR public opinion polling conducted in Saudi Arabia from 19 to 27 September 2023 among 1,012 respondents.

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## If you were to move and live outside Saudi Arabia, which of the following countries would you choose? In per cent



Source: based on ECFR public opinion polling conducted in Saudi Arabia from 19 to 27 September 2023 among 1,012 respondents.  
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However, the US retrenchment from the region and the undeniable geopolitical rise of the Gulf monarchies changed the calculus in multiple European capitals regarding their relations with Saudi Arabia and the other Gulf states. In 2019, member states gave the EU the mandate to draft its first-ever Gulf strategy. The strategy officially defined key European interests in working with Gulf actors for the first time: developing connectivity; boosting trade and investment; fighting climate change; strengthening energy security and promoting a smooth green transition; scaling up development and humanitarian aid; and pursuing peace, stability, and de-escalation of tensions in the broader region. Containing instability clearly underpins all other interests, including related to energy, economics, and maritime security.

Three years later, Russia's invasion of Ukraine reinforced the centrality of the Gulf

monarchies as indispensable energy providers: member states signed new energy deals with the kingdom and the EU unveiled its Strategic Partnership with the Gulf, which included a chapter on energy, in May 2022. The region's strategic ambiguity towards Russia quelled this newfound European enthusiasm towards the Gulf, but there was no denying that the monarchies had become meaningful geopolitical and geoeconomic interlocutors for Europe.

European countries have significant economic interests with the Gulf monarchies: in 2022, the trade between EU and GCC countries made another spectacular jump to €87 billion. In addition to bilateral trade, around 40 per cent of trade between Europe and Asia moves through Gulf waters and ports. The Gulf's centrality in economic connectivity between Asia and Europe will only increase after the implementation of the IMEC in Saudi Arabia and the UAE, making regional de-escalation and maritime security even more important.

With at least a dozen ambitious mega-projects in Vision 2030, Saudi Arabia also offers greatly attractive opportunities for trade, investment, and connectivity. To seize these opportunities the EU is working to overcome decades-old and apparently insurmountable obstacles to the EU-GCC free trade agreement – negotiations over which have been officially frozen since 2008 – as well as the upcoming Carbon Border Adjustment Mechanism, a tax on imports that rely on polluting, energy-intensive industrial processes, which is bound to affect several Saudi imports, including steel, aluminium, fertilisers, and cement. Saudi Arabia is both a leading oil producer and a first-mover on green hydrogen and is active in a strategic dialogue with the EU and some member states.

Striving to be net-zero by 2060, since 2021 Riyadh has also developed a new interest in being a regional leader on climate change, launching the Saudi and Middle East Green Initiative, the Global Water Organization, and vying to host several UN climate events. Over the past three years, through the King Salman Humanitarian Aid and Relief Center (KSrelief) and the Saudi Fund for Development, Riyadh has emerged as a top official development assistance (ODA) donor, pledging – on average – 1 per cent of its gross national income. Saudi ODA also often targets the same countries across the Middle East and Africa that constitute a priority for Europe, such as Sudan or Tunisia. And yet, Riyadh has so far preferred to work unilaterally. Europeans have been unable to find a way to reconcile their strictly bureaucratised approach with the highly personalised and politicised Saudi attitude, despite the Saudis departing from unrestricted financial assistance towards more results-oriented projects. [4]

Finally, European expectations have grown significantly around the role that Saudi Arabia can play in regional de-escalation and stability. Despite the Iran-Saudi normalisation deal being signed in China, European governments politically supported the deal. They had argued for years that the Saudi-Iran rivalry was fuelling regional conflicts and instability in Iraq,

Lebanon, Syria, and Yemen, and several governments supported Track II initiatives bringing regional voices together to discuss diplomatic solutions to these conflicts. For example, the idea that regional cooperation was necessary to sustain Iraq after almost two decades of war was central to the French-supported Baghdad Conference for Cooperation and Partnership in 2021 and 2022. The 2021 edition was the first time in years that both the Iranian and Saudi foreign ministers had participated in a political event together.

Preserving the Saudi-Iran détente is also an important way to prevent an expansion of the Israel-Palestine conflict to other regional theatres. Europeans were therefore lukewarm about America's approach to containing the Houthis in Yemen through military force, which could cause new flare-ups of the conflict there and lead to a collapse of Iran-Saudi relations. Instead they launched their defensive maritime security mission in the Red Sea – ASPIDES – mirroring the one operating in the Gulf since 2019, EMASoH, with active participation from Belgium, Denmark, Germany, Greece, Italy, the Netherlands, Norway, and Portugal. Saudi Arabia's engagement with both missions has to date been minimal, despite Europeans seeking greater maritime security cooperation with Riyadh. In the early weeks of the Gaza crisis, Europeans also looked to Saudi Arabia as an actor with the leverage to shepherd a political solution between Israel and the Palestinians, though they possibly overestimated Riyadh's capabilities. In the longer run, Europeans will expect the kingdom to become a more prominent and effective geopolitical interlocutor in the crises of the Red Sea – especially in Sudan – as well as to take the lead in supporting struggling countries in the Middle East and North Africa, such as Iraq, Lebanon, and Egypt in the post-war period.

On the global level, Europeans would benefit from upgrading their engagement with Saudi Arabia to gain influence over a player that can shape global questions – first and foremost on energy security, but also climate and the world economy. Although increasingly clear-eyed about Saudi Arabia's strategic ambiguity in international alignment and suspicious of Riyadh's Russian and Chinese connections, they believe they can become strategic partners-of-choice for Riyadh in technological and scientific global races that are of core value for the kingdom, such as the green transition, space exploration, and the new generation of defence. Saudi Arabia could, in turn, benefit from friendshoring away from riskier countries that are more clearly under Russian and Chinese influence and towards the West. However, given the risk that Saudi companies could serve as backdoors for Russia and China into Western technology, financial trading, and services markets, European countries are unlikely to offer such opportunities to the kingdom. While Europe remains an open system – and, in this sense, is sympathetic to Saudi views on globalisation – economic security threats have irreversibly curbed their enthusiasm for unmanaged globalisation.

## A new European approach

In order to enhance their relationship with Saudi Arabia, Europeans need to reset their approach to account for Riyadh's gearshift towards a dynamic actionism that is guided by self-centred opportunism and is pursuing regional primacy as a vehicle to increase its clout as a middle power in a multipolar global order. In light of Riyadh's new foreign policy, European policymakers should consider the following strategies:

### Engage on global issues first

Europeans should, in the first instance, swap their order of engagement with Riyadh by approaching Riyadh on global issues, rather than prioritising regional cooperation. Europeans should abandon their traditional focus on seeking Saudi support to alleviate the structural challenges that are typical of their shared neighbourhood, which is problematic in three ways. Firstly, it limits engagement with Saudi Arabia to the Middle East and North Africa region, which Saudi ambitions have far outgrown. Secondly it underestimates the fact that Riyadh shares the "Middle East fatigue" that is taking hold in both the US and Europe. Finally, it ignores the historic inability to align European and Saudi thinking and priorities towards regional politics, from how to relate to Iran to how to manage post-Arab Spring Mediterranean countries – a discrepancy which has significantly deepened since Hamas's 7 October attack and Israel's all-out war on Gaza.

This does not mean that Europeans should no longer strive to upgrade their political engagement with Saudi Arabia on regional crises, such as managing Iran or the Gaza war. This can be a key opportunity for constructive Saudi regional leadership on the one hand, and, on the other, showcase how European capitals and institutions can be more useful interlocutors than the likes of Russia and China, which are both clearly disinterested in pushing for regional de-escalation and stability. Ultimately Europeans should support the Saudi-led Arab plan to halt violence in the Palestinian territories and move towards a two-state solution and Israel's integration in the wider region.

Europeans should not shy away from engaging on human rights – but should seek to reframe this conversation around Saudi Arabia's own development plans, both in terms of Vision 2030 and its international soft power campaign, presenting its poor human rights record as an obstacle to these ambitions. Social and economic liberalisation in Saudi Arabia has been accompanied by a significant increase in the repression of political and civil rights. However, European support for Israel has so deeply compromised Europe's credibility on human rights

and values to the point that, in the short and mid-term, any hint of lecturing Riyadh on those issues will derail the entire conversation. European governments should focus on where progress is within reach, such as moving towards the abolition of the death penalty for minors, the end of the guardianship system for women, legislated religious freedom, and strengthening the rule of law in business and labour regulations.

## Pursue strategic interdependence

Europeans, in practice, should pursue strategic interdependence in their approach towards Saudi Arabia, deepening partnerships in order to protect their interests and increase Europe's own sovereignty while respecting the sovereign desires of middle powers. Europeans should do this by focusing on becoming partners-of-choice in the domains that Riyadh considers critical, including energy, climate, economics and connectivity, and technology. This does not mean becoming exclusive interlocutors, but preferred ones. To compete with other external powers, Europeans should focus on their own added value and reinforce their strengths vis-à-vis the weaknesses of other players' offers by highlighting their shared visions with Saudi Arabia. A binary, zero-sum approach to partnerships is unlikely to work. And accepting multipolar realities creates not just challenges but also opportunities for Europe to strengthen its own role.

Europeans should, for example, play a fundamental role in significantly upgrading Saudi efforts to seek regional leadership in combating climate change, given European policy, scientific, and technical edge in this domain. Alleviating some of the dire challenges emanating from climate change – especially food and water scarcity – would also positively impact stability and security in the region. A high-profile, diplomatic platform on environmental security with a heavy focus on operationalisation could also be a useful way to cement regional de-escalation processes, including that between Saudi Arabia and Iran, which has become ever more important in preventing a regional expansion of the most recent conflict between Israel and Palestine.

## Accept interests-based engagement on development cooperation and connectivity

Europeans also need to change their approach to seeking Saudi involvement in their projects for development aid and cooperation which currently ignores Saudi Arabia's fundamental desires for an active strategic role and substantial returns. For example, Italy's outreach for Saudi backing on its Mattei plan for Africa could be a significant opportunity to develop tools to get Riyadh on board. The Mattei plan moves away from an aid-focused approach towards a

pragmatic, industry-driven one that takes into account business and growth opportunities; it promotes public-private partnerships and the involvement of sovereign wealth funds and investment vehicles; and it tries to slim down the bureaucracy and develop more flexible criteria. However, Saudi Arabia would rather subscribe to initiatives where it can have some input on design and active involvement in execution, and a clear return on its investment, be it in the form of political influence or actual advancement of their core interests, such as in terms of energy, connectivity, and economic growth. Italy and the EU should reframe their outreach to Saudi Arabia towards engagement with the Mattei plan in this context.

A connectivity project like IMEC could therefore be a strategic way to support Saudi Arabia's core aim of becoming a connectivity hub, while also reinforcing regional economic diplomacy. To do so, Europeans should make sure that this project is, as much as possible, inclusive towards non-signatory regional actors who would otherwise present obstacles. Turkey has already expressed its opposition to IMEC because it has not been involved. There is no reason why this should be the case; IMEC's action plan should be left flexible and open to mini extensions to the central corridor, branching out to link Oman to Saudi Arabia, Turkey to Jordan, or Sudan to Saudi Arabia via a sea bridge. This would also be useful in de-risking terms, giving IMEC players options to bypass regional tensions or rivalries, such as the one between Saudi Arabia and the UAE. At the same, given Saudi Arabia's reluctance to loosen ties with China, Europeans should not present IMEC as an alternative project to the BRI.

## Actively involve Saudi Arabia in the de-risking conversation

While accepting the realities of multipolarity and multi-alignment, Europeans should actively involve Saudi Arabia in the geoeconomics conversation, especially about de-risking and mitigating the risks associated with dependencies, mostly by diversifying partnerships and reducing exposure to potential disruptions. Europeans have a wealth of ideas to share on de-risking, and could find common ground with Saudi Arabia, given that they both share an aversion to economic coercion and supply chain bottlenecks.

Europeans should highlight the potential benefits of friendshoring but also the consequences of being viewed as backdoors for Russia and China into Western technology, financial trading, and services markets. Although not a major topic for Riyadh, it is starting to realise the impact of the weaponisation of interdependence and connectivity. In 2023 alone, Saudi firms lost opportunities for accessing know-how on US counter-drone technology, semiconductor technology, and sixth-generation combat jets.

In this sense, Europeans should place Saudi Arabia under further scrutiny for certain critical technologies in the context of the EU's economic security strategy. However, if happening

within specific red lines, a diversification of partnerships (or multi-alignment) can indeed become a tool for de-risking for both Saudi Arabia and Europe, by enhancing economic security and the resilience of supply chains. To exploit multipolar opportunities, Europeans should continue thinking about minilateral cooperation with Saudi Arabia and other common partners – such as India, Japan, or South Korea – on shared interests, such as maritime logistics, food security, or the green transition. If Saudi Arabia and the other Gulf monarchies tighten some loose ends and increase the reliability of their systems, the Arabian Peninsula is well-placed to become the principal route for both the US and Europe as they seek to diversify their own partnership options for trading.

## About the author

Cinzia Bianco is a visiting fellow at the European Council on Foreign Relations, where she works on political, security, and economic developments in the Gulf, as well as the region's relations with Europe. She holds a PhD in Gulf studies from the University of Exeter. Between 2013 and 2014, Bianco was a research fellow on Sharaka, a European Commission project on EU-GCC relations. In the past, she worked as a non-resident scholar at the Middle East Institute. She is the author of *The Gulf Monarchies After the Arab Spring: Threats and Security* (Manchester University Press, 2024).

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[1] Author's interview with Saudi policymaker, by phone, January 2024.

[2] Author's interview with senior Saudi policymaker, by phone, January 2024.

[3] Author's interview with senior Saudi policymaker, by phone, January 2024.

[4] Author's interview with EU policy official, Brussels, February 2024.



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