



Saudi Normalization with Israel, Domestic ‘Transformation,’ and U.S. Policy

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Will Saudi Arabia normalize relations with Israel soon?

The mere fact that this is a reasonable question—discussed by diplomats, covered by journalists, debated by experts—underscores the profound change in Arab receptivity to Israel in recent years. Among the unofficial grouping of Arab monarchies, four—the United Arab Emirates, Bahrain, Morocco, and Jordan—have already paved the way for the largest and most influential member, Saudi Arabia. The first three are now celebrating nearly three years of full, open peace with Israel, while the latter’s Wadi Araba peace treaty with Israel is nearing the three-decade mark. Saudi Arabia’s all-powerful

crown prince, Muhammad bin Salman (commonly known as MbS), has personally raised the prospect of ties with Israel, a country he has termed a “potential ally”—words that even Israel’s longstanding Arab peace partners rarely use.¹ Moreover, senior Saudis have gone further, outlining both to the U.S. government and influential Washington think tanks their desiderata for compensation from the United States as part of an agreement to normalize with Israel, following a pattern other Arab peacemakers have pursued for the last half-century.²

If Saudi leaders were concerned about popular blowback to normalization with Israel, recent indications suggest they have little to fear. A substantial proportion of Saudis—around two-fifths—tell pollsters they approve of open ties with Israel in business and sports, even without the umbrella of official relations. This is essentially on par with the share of Emiratis who support such connections, which is remarkable given that the Emiratis already have peace with Israel.³ In recent months, Saudi receptivity to people-to-people contact has been tested by the hosting inside the kingdom of a wide variety of Israelis, from bankers to athletes.⁴ And as part of a U.S.-brokered deal in 2022 that required Israeli consent for the return to Saudi Arabia of two small Egyptian-controlled Red Sea islands, Riyadh effectively became a guarantor of the Egypt-Israel peace treaty’s commitment to Israeli freedom of navigation through the Straits of Tiran and Gulf of Aqaba. Moreover, as part of that understanding, Saudi Arabia agreed to allow overflights of Israeli civilian aircraft, an important step toward normal relations; now that the sultanate of Oman has also approved this arrangement, the flight time from Ben Gurion International Airport to destinations in Asia will shorten substantially.⁵ Against this backdrop, the stars would appear to be aligned for Saudi Arabia to take the plunge toward full, open peace too.

However, recent events—from Saudi Arabia’s resumption of relations with Iran to fallout from Israel’s rightward turn following the replacement of the centrist Bennett-Lapid government with a right/religious coalition under Binyamin Netanyahu—point to the cooling of prospects for normalization. Indeed,

it was expected that public announcement of a second major move—okaying special direct flights of Israeli Muslims participating in the Hajj to Mecca—would likely await the June 2023 pilgrimage season, but those plans now appear to be on hold.⁶

More generally, skeptics note that the traditional Saudi position is that normal peaceful relations with Israel can only come as the natural outcome of implementing a Saudi-drafted diplomatic proposal known as the Arab Peace Initiative (API).⁷ This twenty-year-old plan, endorsed by the Arab League, calls for “full Israeli withdrawal from all the Arab territories occupied since June 1967” and the creation of an independent Palestinian state, with East Jerusalem as its capital, in recognition of which all Arab states will commit to “normal relations in the context of a comprehensive peace.” (This language was later expanded to include a commitment from all member-states of the Organization of Islamic Cooperation.) Precisely because this proposal is so closely associated with Saudi diplomacy, so the argument goes, Riyadh cannot backtrack on a sequencing that starts with Palestinian statehood and only concludes with normalization.

But there are signs that Saudi allegiance to this sequencing is fading. See, for example, the U.S.-Saudi communique that emerged from President Joe Biden’s visit to Jeddah in July 2022. The key paragraph on the peace process states the following:

Regarding Israel-Palestinian issues, the two sides underscored their enduring commitment to a two-state solution, wherein a sovereign and contiguous Palestinian state lives side-by-side in peace and security with Israel, as the only way to resolve the Israeli-Palestinian conflict in accordance with the internationally-recognized parameters and the Arab Peace Initiative. The leaders noted their determination to remain closely coordinated on efforts to encourage the parties to demonstrate—through policies and actions—their commitment to a two-state solution. The United States and Saudi Arabia welcomed all efforts that contribute to reaching a just and comprehensive peace in the region.⁸

The wording here is instructive. The API is described solely as a guide to judge progress, not a practical plan to achieve it. The operational aspect of this paragraph is stunningly vague—merely a joint promise to “encourage” parties to demonstrate support for a two-state solution and “welcome” all efforts toward peace, without regard to the API. Saudi officials would almost certainly issue a denial if asked directly, but the message came through loud and clear that the kingdom was backtracking on its insistence on the specifics of the API—while still remaining committed to the goal of a negotiated, two-state solution to the Palestinian issue.

In fact, the Saudi foreign minister hinted at this shift while still denying any change in policy during remarks in May 2022 delivered at the World Economic Forum in Davos, Switzerland. According to a detailed report in the Saudi newspaper *Arab News*, Prince Faisal bin Farhan is quoted saying:

Nothing has changed in how we view the subject. I think we have always seen normalisation as the end result, but the end result of a path...We always envisioned there will be full normalisation with Israel—and I’ve said before that a full normalisation between us and Israel, between the region and Israel, will bring immense benefits—we won’t be able to reap those benefits unless we address the issue of Palestine.⁹

Still, the “path” remained undefined, without any clear reference to the API—at least in this authoritative report by a publication that proclaims itself “the Middle East’s newspaper of record.”

Perhaps a more substantial obstacle to normalization than the API details is the unique role Saudi leaders see themselves playing as custodians of Mecca and Medina, Islam’s holiest sites. The al-Saud ruling family takes seriously its responsibilities as guardians of the faith, appreciates that this role is critical to its political legitimacy, and knows that its formal acceptance of the Jewish state would be, for a considerable part of the Muslim world, the ultimate affirmation of Israel’s rightful place on the Middle East map. While King Salman bin Abdulaziz is said

to have an exceptionally strong attachment to the Palestinian cause, others in the ruling family are bound to be anxious at the prospect of giving regime critics an easy opportunity to question the al-Saud’s religious legitimacy.

With Saudi leaders expounding on potential normalization while omitting reference to historic demands for Israeli withdrawal and Palestinian statehood, there appears to be little “positive linkage” between Saudi-Israel ties and the Israeli-Palestinian peace process, in the sense that Saudis—like the Emiratis in 2020—do not appear to be conditioning bilateral progress on breakthroughs on the Palestinian front.¹⁰ There is almost surely “negative linkage,” however, in the sense that Saudis—also like the Emiratis—will recoil at being used to distract from Israeli behavior toward Palestinians they view as objectionable, whether it be some aggressive military action, some bold assertion of Israeli claims on al-Haram al-Sharif/Temple Mount, or some move toward territorial annexation. Indeed, reference to Saudi adherence to the API, when it is made, is most likely reflective of a deeper angst about how peace with Israel may affect a key religiopolitical pillar of Saudi rule.

On the other side of the ledger is the argument that while Israel would benefit greatly from peace with Saudi Arabia, the Saudis have much to gain from peace with Israel too. These benefits would come from multiple directions:

- General reputational enhancement—praise as a “historic peacemaker”—that would dilute criticism of the less attractive aspects of Saudi governance and policy, especially on human rights,¹¹ and improve everything from the climate for international investment to the willingness of conventioners to consider Saudi Arabia a respectable destination.
- A flowering of commercial, technological, cyber, and other cooperation bilaterally with Israel that would extend to the potentially enormous trade, energy, and tourism benefits of partnership between MbS’s flagship project of NEOM, the

futuristic linear city, and the Israeli port and tourist destination of Eilat, which is less than ninety miles away.

- Advantages that would come from full participation in emerging regional peace frameworks, such as the Negev process, whose six working groups—covering clean energy, education and coexistence, food and water security, health, tourism, and regional security—all focus on issues important to Saudi Arabia.¹²
- Removal of any barriers to full security and intelligence cooperation and coordination with Israel, bilaterally and in regional and international settings, on confronting common threats. Riyadh’s opening with Tehran notwithstanding, Iran remains the kingdom’s top source of threat, including its nuclear program, regional ambitions, and support for radical groups like Hezbollah—but that list also extends to countering Sunni extremist groups like the Muslim Brotherhood and affiliated organizations and movements. Cooperation in Red Sea security is an especially important arena.
- Additional inducements that the United States would provide directly to Saudi Arabia, continuing a practice undertaken with previous Arab peace partners going back to Egypt in the 1970s. In recent months, Saudi leaders have suggested that normalization with Israel could happen immediately if the United States provided direct, material benefits in three categories: political, including a request for a statement of alliance and mutual defense that approximates a NATO Article V commitment to the security of Saudi Arabia; military, including a U.S. commitment to fulfill agreements to purchase weapons that, once made, are immune to subsequent disputes or requirements, such as those over human rights concerns; and nuclear, including a commitment to reach a bilateral civil nuclear agreement that would establish a U.S.-Saudi partnership to develop the kingdom’s nuclear capabilities, from the mining of uranium through

the development within Saudi territory of the nuclear fuel cycle infrastructure.

Add it all up, and the attractions of normalization are substantial—or, as the Saudi foreign minister described them, “immense.”

Based on the above, the analytical arguments on both sides of the “Will Saudi Arabia normalize with Israel soon?” debate appear strong. But this is actually the wrong question to pose. That is because it considers normalization with Israel as a binary issue—yes, no; now, not now; soon, not soon. In practice, normalization is not an act, it is a process. And normalization does not exist in a vacuum but as part of a larger set of policy choices defined by a government’s assessment of its strategic priorities.

A review of Arab normalization efforts with Israel shows it is usually a step-by-step process spaced over many years. That was the case with the first Arab normalization, the Egypt-Israel experience, which began with the Kilometer 101 talks following the October 1973 war and culminated nine years later with Israel’s final withdrawal from Sinai. It was also the case with Israel’s much more recent peace with the United Arab Emirates, whose August 2020 announcement may have created a “big bang” but actually was preceded by the 2015 dispatch of an Israeli diplomat to Abu Dhabi attached to the International Renewable Energy Agency, as well as several years of sports, trade, and cultural connections between the two countries.¹³

As already discussed, Saudi Arabia has begun this process by issuing visas to allow nonofficial Israelis to enter the country for public purposes, such as speaking at conferences and competing in sporting events. Other aspects of this early phase of normalization include permitting former Saudi national security officials to appear alongside their Israeli counterparts in public events and raising no objection to having a major Saudi investment firm take large stakes in Israeli companies.¹⁴

If it so chooses, Saudi Arabia could stretch out an

incremental approach to normalization over many years. This could include, for example, easing people-to-people contact by allowing direct postal services and telephone calls between the two countries, and raising the bilateral profile by approving visits to Israel by Saudi cultural, business, and sports figures; okaying media interviews of Saudi personalities by Israeli journalists; highlighting Israeli authors, artists, and entertainers in Saudi media and cultural events; and inviting a broader range of Israelis to participate in conferences, workshops, and academic exchanges in the kingdom. At some point, Riyadh may decide to participate with observer status in various Negev process working groups or cooperate publicly with Israeli officials in international forums on issues of mutual concern, such as environmental safety, food security, or human trafficking. Each step along this path would chip away at the reluctance of some Saudi sectors to have relations with Israel, while reserving decisions about major diplomatic steps depending on the perception of risk and gain at the time.

Around the world, Saudi Arabia is known for many things—from its identity as the birthplace of Islam, a religion with nearly two billion adherents, and home to the energy juggernaut Aramco to being the native land of fifteen of the nineteen hijackers from the September 11 attacks as well as their guide and operational leader, Osama bin Laden. Domestically, however, the country is transfixed by a single idea: transformation.

Even before his ascension to the crown princship, MbS appears to have had the fundamental realization that he would not succeed if the kingdom he aspires to rule for the next half-century remains wholly dependent on an asset of diminishing value: oil. That asset may have propelled Saudi growth and development for the last eighty years, providing the al-Saud ruling family and its local allies and partners with phenomenal wealth, but the crown

Even so, all previous examples of Arab normalization with Israel did have their historic, headline-making moments—from Egyptian president Anwar Sadat’s arrival in Jerusalem to White House signing ceremonies for the Camp David, Oslo, and Abraham Accords, as well as the Jordan-Israel Washington Declaration. The question “Will Saudi Arabia normalize with Israel soon?” is as much about whether one of those iconic events is on the horizon. Here, too, the answer to this two-dimensional question demands an understanding of the broader, three-dimensional set of issues facing Saudi Arabia today. The more appropriate question to ask is “As Saudi leaders prioritize the critical and potentially controversial reforms necessary to achieve the kingdom’s strategic objectives, where do they place the idea of a high-profile breakthrough to normalization with Israel?” Absent an intensive presidential-led effort to negotiate U.S. incentives for Riyadh and thereby change the Saudis’ balance of risk and gain, in all probability the answer to that question is “Not that high.”

prince recognized that the era of fossil fuels is ending—not tomorrow, of course, but at some point in the future—and that Saudi Arabia needed to take advantage of the remaining years of plenty to transform itself into a country that survives by tapping its other resources: natural, mineral, and, above all else, human.

MbS’s second key realization was that the eventual move to a diversified, post-oil economy will require much more than just an economic shift. To go from a society in which more than 70 percent of Saudis enjoyed public sector jobs—including many who, in the much-quoted words of the civil service minister, barely worked one hour a day—to one that celebrates the ideals of meritocracy and entrepreneurship requires radical systemic change.¹⁵ Such change would need to touch all aspects of Saudi life—from education to culture, from the role of women to social

interaction between the sexes. MbS's Vision 2030 plan, which sketches many of these changes, defines itself as a "transformative economic and social reform blueprint that is opening Saudi Arabia to the world," but the scale of imagined change is even bigger and more audacious than outlined there.¹⁶ The result is that every major decision inside the kingdom today needs to be viewed through the lens of this uber-challenge, the management of which requires maintaining a constant finger on the pulse of the people as the leadership compresses into just a few years a breathtakingly broad range of reforms that would normally require decades to carry out.

None of this, it is important to note, should be confused with democratic change or liberal reform—or at least not as those terms are commonly understood in the West. Transformation envisions dramatic change, but it is a decidedly top-down process, driven by the crown prince and his close advisors and implemented by his appointees. There may be some room to debate practical details of this or that specific initiative, but woe to the Saudi who takes to online platforms to demand change as a matter of some natural, inalienable right, a frequent theme of Jamal Khashoggi, the late journalist turned enemy of the state. Similarly, the leadership's tolerance for criticism is verging on nonexistent, as evidenced by the bracing case of a Saudi doctoral student living in Britain, Salma al-Shehab, who in 2022 was sentenced to thirty-four years in prison for retweeting posts made by others.¹⁷ Whoever dares confront Saudi rulers with public disparagement or reproach tempts a fate of isolation, punishment, prison, or worse.

But the Saudi process of transformation is not intrinsically reactionary or antidemocratic either. Indeed, because the concept of choice is so integral to the changes underway, there is an aspect to it

that—for many Saudis—is almost liberating. Giving ordinary people the opportunity to choose—from choosing how to dress, to choosing whether to live at home or with friends, to choosing how to spend one's leisure time, to choosing how to channel one's natural talent into constructive enterprise—is itself revolutionary in Saudi Arabia and should not be casually dismissed.

It is far too early to suggest where this process will lead, but so far, to an outsider, it certainly appears popular.¹⁸ This is especially the case among the under-forty cohort, and particularly those in major cities, who suddenly find themselves deluged with government-encouraged outlets for their professional ambition and personal entertainment, from home mortgages and small business loans to concert venues, amusement parks, and domestic vacation options.

Resentment at the pace and content of change certainly exists within the older generation and among conservative or traditional elements, but so far it has been muted. Understanding precisely why the criticism has been so quiet—namely, the mix of repression, resignation, and sense of marvel at the widespread excitement of the younger generation that has combined to keep the critics at bay—is a difficult task. In this environment, it is similarly difficult to know when the Saudi leadership crosses a line on some issue—whether cultural reform, gender mixing, peace with Israel, or something else—that threatens to trigger a much greater backlash than the transformation project has yet seen. Of course, as important as this issue is for outsiders to track and assess, no one is more sensitive to it than Saudi leaders themselves, though as cases from Iran to Egypt attest, they would not be the first Middle East rulers to fail to feel the ground shaking beneath their feet.

Americans—especially those with vivid memories of 9/11 and other jihadist attacks on their people, embassies, institutions, interests, and allies—should have more than an academic interest in the success or failure of Saudi Arabia’s transformation project. That is because one of MbS’s earliest insights was that fundamental change in Saudi Arabia would never be possible without a dramatic shift away from the kingdom’s decades-old policy of exporting radical Islamist extremism as a way to defend against jihadist accusations targeting the Saudis’ religious legitimacy. That policy may not have been directly responsible for the spread of jihadism, but jihadism undoubtedly thrived in the extremist environment fostered by Saudi patronage of radical mosques and madrasas around the world. MbS’s realization—like so many others connected to Saudi Arabia’s transformation project—is not borne of retrospection, generosity, or magnanimity. Rather it reflects, at its core, a practical recognition that the crown prince will never build a prosperous, dynamic, self-assured “new Saudi Arabia” until the kingdom trades the business of extremism for the business of business.

A key theme of that old jihadist-friendly policy was that Muslims around the world should reserve their preeminent loyalty for the global Muslim community—the *umma*—over loyalty to their particular nation or country. MbS changed that. In place of an appeal to transnational Islam, he has de-emphasized the Muslim identity of Saudi Arabia and invested in developing a sense of Saudi nationalism. Examples range from designating February 22 as the new Saudi Founding Day, commemorating the anniversary of Muhammad bin Saud’s 1727 accession to the throne, to developing the huge, impressive Diriyah Gate historic site in Riyadh, complete with a panoramic video display on Saudi history in which neither Islam nor the Kaaba in Mecca is even mentioned.

In terms of international relations, on MbS’s watch, the Saudi religious hierarchy has shifted gears to prioritize loyalty to countries in which Muslims live over loyalty to the *umma*. In practice, this has meant

Saudi emissaries, such as leaders of the Muslim World League, would no longer counsel Muslim faithful in America, Europe, and elsewhere to set themselves apart from the larger societies in which they live. Nor would they urge Muslims to disobey laws that may constrain the practice of their faith—such as hijab restrictions in France or Canada. Instead, the new mantra was that Muslims should be loyal, law-abiding citizens; if they did not like a law, their recourse was to use licit means—lobbying, elections, political activism—to change it.¹⁹

Of course, this approach contains an implicit demand of reciprocity—that is, if Saudi leaders are now urging Muslims around the world to respect the laws of their countries, they will expect noninterference in their own laws. This is understandably tough to swallow, since so many Saudi laws—on everything from personal status to free expression to religious freedom—differ sharply from accepted global norms.

In addition, giving nationalism pride of place over religion as a source of legitimacy means that Saudi Arabia will likely be more vocal in asserting its national prerogatives and less tolerant of perceived insult or offense. In this environment, Saudi decisionmaking is apt to be determined by a cool, independent assessment of national interest, without regard for tradition, nostalgia, or legacy friendships. As one of the kingdom’s most senior leaders explained to a private group in October 2023, “growth is power” and Saudi strategy—on oil, on security, on relations with great powers—will be driven by its ambition to be one of the world’s fastest-growing countries. While this approach may, at some point, strengthen the rationale for peace with Israel, it will also inevitably produce some friction along the way.²⁰

Given how dangerous was the old Saudi policy of exporting jihad, the bargain inherent in the new approach carries a heavy but not unreasonable price if it means the Saudis have truly ended their support of radicalism, once and for all. Almost a generation after 9/11, nearly one-third of the U.S. population was not even born by 2001; in that environment, it is not surprising that substantially fewer Americans—from

half of those polled in 2004 to barely one-third of those polled in 2023—say they worry a “great deal” about terrorist attacks inside the United States.²¹ But an important component of that receding sense of threat is the about-face Saudi leaders have taken from supporting religious extremism to actively combating it. Recognizing this and applauding an emphasis on nationalism as the animating ideology

of contemporary Saudi Arabia does not mean U.S. officials need to be silent when the kingdom commits outrageous violations of global norms, just that they should be targeted in expressing their outrage and modest about their objectives. Over time, one hopes that the process unleashed by MbS’s vision of transformation will itself sow the seeds of political reform not yet on the horizon today.

Normalization with Israel—like every other major decision in Saudi Arabia today—must be viewed both in the context of this transformation and relative to other decisions Saudi leaders are studying that could have serious sociocultural repercussions. That list of current and future reforms is both extensive and daunting. Indeed, it may very well constitute the most underappreciated strategic change happening in the Middle East today.

Changes are envisioned in virtually every aspect of life, from education to entertainment, from housing to employment. Some of the reforms attract considerable international attention, such as the Saudi commitment to achieve net-zero emissions by 2060. This is an audacious goal for a country that depends on oil as the state’s lifeblood but, because of its emphasis on carbon capture and storage technologies rather than on phasing out fossil fuels, one that has earned skeptics along with enthusiasts.²²

Some reforms appear socially enlightened but are, at their core, sound economic moves, such as the decision to allow women to drive cars, which opened up tens of thousands of jobs to women and had the knock-on effect of shrinking the foreign labor pool consisting of huge numbers of chauffeurs and other workers needed to implement a social policy of public gender segregation. The result was reform in some arenas that was truly revolutionary, such as the speed with which female workforce participation in Saudi Arabia has increased, reaching a rate by the end of 2021—31%—that far outpaced Morocco (22%), Egypt (15%), and Jordan (13%).²³

And some reforms do not get much attention from Western observers but are essential to the long-term success of Vision 2030. Educational reform, for example, is critical, though its full implementation has potentially serious sociocultural repercussions and, according to some reports, is not moving as quickly as originally conceived. This includes, for example, school and curriculum reform that involves creating the kingdom’s first-ever teacher accreditation system, placing a much higher value on teaching marketable skills so that Saudis can find meaningful private-sector work, and replacing traditional religious dogma with what an official government study, *Coexistence in Saudi Society*, termed “humanistic and moderate Islamic notions.”²⁴

Taken together, the reforms are ambitious, substantial, and—especially in the Saudi context—dramatic, even if progress is uneven.²⁵ Some 2030 targets will be met, such as goals around women’s role in society (e.g., university matriculation, workforce participation, business ownership) as well as increases in home ownership,²⁶ while others likely will be missed. This is even as government advocates contend, with some justification, that the direction of change matters more than specific benchmarks. And past performance notwithstanding, much remains to come, highlighted by the half-trillion-dollar NEOM megaproject, the building from scratch of an ambitious—some say excessively so—futuristic metropolis in Saudi Arabia’s northwest that will include “the Line,” which will measure 170 kilometers by 200 meters and is envisioned to be home to nine million people.²⁷

Indeed, it is only after weighing the enormous risks for the kingdom’s leadership in some of these initiatives and evaluating the associated costs and benefits that one can assess the relative urgency of a decision to normalize relations with Israel. Take, for example, two controversial reforms likely arising from pivotal Saudi decisions to make the kingdom the capital of Middle East business and a destination for global tourism: easing bans on organized non-Muslim prayer and the consumption of alcohol.

By Muslim tradition, organized non-Muslim prayer has long been outlawed in Arabia’s Islamic heartland of the Hejaz, a prohibition extended in recent decades to all Saudi territory, whether holy or not. (The last independent community of Arab Christians, as distinct from foreign workers who may be Christian, was massacred in Ottoman-controlled Jeddah in 1858; the last of Saudi Arabia’s Jewish community left the southern city of Najran for Yemen in 1949.²⁸) As serious as the Saudis are about their recent forays into interfaith dialogue, a potential relaxation of this ban would be driven by economics at least as much as ecumenism—namely, the 2021 decision to require foreign corporations that want to contract with the Saudi government to set up their regional headquarters in the kingdom.²⁹

The Saudi government—together with its sovereign wealth fund—is a financial behemoth with the power to compel most major companies to accede to its wishes, and if the Saudis are serious about enforcing this regulation when it takes effect in 2024, scores of corporations will need to move thousands of executives from Dubai, Cairo, and elsewhere to major Saudi cities. Indeed, new regulations will prevent foreign companies from fulfilling the law’s requirements through setting up faux offices—essentially post offices boxes—by insisting that regional headquarters have a minimum of fifteen full-time employees, with at least three holding a corporate executive role like CEO, CFO, or vice president, within their first year of operations.³⁰ Guidance issued in late 2022 affirmed that the rules will come into effect in 2024, though exemptions will be offered for contracting with foreign entities lacking a Saudi regional headquarters if the deal

proposed is at least 25 percent more attractive than the next available offer.³¹

Saudi Arabia, of course, has long hosted millions of foreign workers—mostly South and East Asians performing largely manual, clerical, and hospitality labor—and could find a ready supply who mainly accepted all sorts of restrictions, including a ban on communal non-Muslim prayer. But an influx of corporate leaders, many from Western countries, is bound to be different. In the new scenario, in which the Saudis insist on foreign executives living in their major cities—not in the walled-off compound of a self-regulating enterprise like Aramco—religious practice will likely be an issue. How many of these executives will want to relocate to Riyadh or Jeddah, together with their families, if they are denied the right to celebrate Christmas or have to hide in their basement to attend secret church services or educate their kids in matters of faith?

Depending on whether, when, and how vigorously Saudi Arabia enforces this Saudi-centric business regulation, the kingdom’s arm-twisting of global corporations could trigger an important sociocultural change. Advocates will see this as part of the kingdom’s gradual opening to the world and embrace of religious tolerance; opponents will condemn the debasement of Saudi commitment to longstanding Islamic values. Even so, opportunities for non-Muslim prayer will likely be regulated, discreet, and restricted to certain areas; proselytizing will be strictly banned. In answer to informal questions on the topic, some Saudi officials seem to be laying the groundwork by noting that the prohibition on non-Muslim prayer may be longstanding tradition but it is not mandated in Islamic law.

Rolling back that ban may begin with permitting prayer spaces for adherents of Christianity and Judaism, “People of the Book” who lived in the territory of the present-day kingdom during the time of the Prophet Muhammad—and, for Jews, much more recently—and therefore for whom the existence of communal prayer has precedent. As a harbinger of what may become common, thousands of Coptic Christians were permitted to celebrate Christmas in

January 2023 in cities around the kingdom, under the full sponsorship of the government. *Christianity Today* not only labeled this “the first public Christmas celebration admitted by the Islamic nation” but speculated that Saudi Arabia’s first church might not be too far in the future.³² The participation in a 2022 Muslim World League–hosted interfaith conference in Riyadh by representatives of religions viewed by many Muslim traditionalists as heretical, such as Hindus and Mormons, suggests that even organized prayer for believers of those faiths may eventually be tolerated in the kingdom.³³ However the change occurs—in fits and starts, with a wink and a nod, or with a major government announcement—it will mark a major shift.

The same can be said about another potential change, the eventual easing of the ban on legalized alcohol consumption inside the kingdom. Among the big wagers Saudi Arabia is making in Vision 2030—one with a \$1 trillion price tag—is that it can transform itself into a world-class tourist destination.³⁴ From holding Formula One races to expanding ports of call for cruise liners to building luxurious resorts up and down the Red Sea coast, Saudis are creating a rationale for millions of international tourists to visit—and spend money—in the kingdom.³⁵ These are not the millions of religious tourists who annually visit Mecca for the Hajj pilgrimage, one should note; these are European, North American, and East Asian tourists the Saudis hope will make the kingdom a destination for pleasure and adventure.

Nothing exemplifies this gamble better than the Saudi-funded golf tour now challenging the dominance of the PGA. While many observers have critiqued this multimillion-dollar effort for “sportswashing,”³⁶ few have recognized that it is, at least in part, an element of a marketing scheme to attract global golf enthusiasts to the many new courses being built around the kingdom, including a Jack Nicklaus–designed course outside Riyadh.³⁷

All this raises a thorny question: How many of the high-roller tourists Saudi Arabia wants to attract—the golfers who would otherwise play Turnberry

or Pebble Beach, the cruise ship aficionados who usually sail the Amalfi Coast or the Adriatic, the resort hoppers who visit one Club Med after another—will come to a land where lemonade and seltzer water are the stiffest drinks they can find?

Just as with non-Muslim prayer and the promotion of Saudi Arabia as a regional business hub, the logic of the kingdom’s massive investment in tourism indicates that alcohol consumption is coming. Indeed, a May 2022 headline covering a deputy minister’s comments on the topic—“Saudi Arabia Has No Plans to Lift Ban on Alcohol Consumption”—was anything but categorical; her remarks were certainly not firmly grounded in religious principle.³⁸ To be sure, when it comes, the sale of alcoholic beverages will be regulated and restricted to certain tourist zones, at least at first, as suggested in a *Wall Street Journal* article that revealed plans for NEOM that included spots designated for alcohol consumption.³⁹ It will likely be a long time before well-known hotel chains have discreet bars and longer still before ordinary Saudis can have wine with dinner out or a late-night beer in one of the massive entertainment areas springing up in major cities. But if the tourism wager is to make any sense, alcohol is not far behind.

Navigating the social, cultural, and religious politics of non-Muslim prayer and alcohol consumption will be a challenge, especially in the waning days of the more traditionalist King Salman’s reign. But if recent experience is a guide, the Saudis have grown increasingly deft at managing these complicated sociocultural problems.

A good example is how the government resolved an issue that has long bedeviled businesses across the kingdom—the regulation requiring enterprises to close during Muslim prayer time, the frequency of which seriously impeded commerce. Instead of kicking up a dust storm of religious protest by having a state-sanctioned imam issue a religious edict (fatwa) changing the rules, the government had the Council of Saudi Chambers, a business promotion group, put out a new regulation in 2021 urging commercial enterprises to remain open during

prayer time in order “to prevent crowding, gatherings, long waiting under preventive measures to fight coronavirus and to maintain the health of shoppers.” Done without much pomp

as a public health measure, the new rule was met with a yawn—suggesting there may just be a way to ease into potentially controversial reforms without triggering a backlash.⁴⁰

Normalization with Israel, in the sense of a major, public breakthrough toward peace, should be seen as part of a larger question regarding the right order in which to pursue big changes. While there is general consensus among well-informed Saudis that building normal, peaceful, mutually beneficial relations with Israel is a question of when, not if, it is not readily apparent that normalization is as critical to the transformation process as some of these other major reforms.

Put differently, it is not clear that the marginal benefits of normalization—defined as the value of the advantages that Saudi Arabia does not already enjoy from its quiet, tacit cooperation with Israel minus the sociocultural strains on the Saudi leadership from explaining publicly why it shifted policy on this issue—outweigh the marginal benefits of, say, becoming a regional hub of global business (which will likely require easing the ban on non-Muslim prayer) or becoming a destination on the global tourism map (which will likely require easing the ban on alcohol consumption).

Another way to look at this issue is to compare Saudi Arabia and the United Arab Emirates. There is a widespread view that the UAE—a small, oil-rich Gulf sheikhdom ruled by an activist, forward-thinking prince—is a mini Saudi Arabia, perhaps a few years ahead of the Saudis in terms of reform and development. So, this theory goes, if the UAE has a positive experience with normalization with Israel, the Saudis cannot be far behind.

This view is mistaken. The UAE and Saudi Arabia are very different countries, defined by very different demographic realities, geographic imperatives, and

historical experiences. Indeed, the UAE has been pursuing its own version of national transformation for decades, building Dubai and Abu Dhabi into centers of travel, tourism, finance, and culture as a way to diversify away from overdependence on oil. All that was done years before the Emirates opted for peace with Israel.

Similarly, the UAE already addressed many of the sociocultural issues Saudi Arabia is currently facing, resolving its challenges with alcohol consumption and non-Muslim prayer—within its unique federal system—long before normalization with Israel was on the table. The bold decision by UAE leader Muhammad bin Zayed to normalize with Israel was part of a diversification strategy aimed at embracing the special advantages offered by each of the country’s national security partners, as well as to build synergies between the “Start-Up Nation” on the Mediterranean and the “Little Sparta” of the Gulf.⁴¹

Saudi Arabia, under MbS, is also diversifying its security partnerships—as suggested by the China-brokered agreement to restore Saudi-Iran diplomatic relations, announced one day before the announcement of the massive purchase of 121 Boeing 787 Dreamliner passenger jets, valued at \$37 billion.⁴² But diversification of security partnerships is almost certainly in service of the kingdom’s larger objective: transformation. That is to say that MbS seems principally concerned with providing a security buffer of time and space to give him an opportunity to execute the transformation agenda. This includes determining the proper order to implement the many controversial reforms that he hopes will collectively enable Saudi Arabia to compete in the twenty-first century—and enable

him to rule a stable, productive, successful kingdom far into the future.

Some fear that the Saudi-Iran détente sounds the death knell for potential Saudi-Israel normalization. While this is certainly a possibility, the more likely scenario is that the resumption of relations between longtime adversaries is mainly the price Riyadh was willing to pay for an Iranian commitment to stop supplying rockets and other weaponry to Houthi insurgents in Yemen. That, in turn, may provide some certainty of calm along the Saudi-Yemen border, allowing the Saudis to focus their energies on attracting investment for their transformative social and economic development. And the timing of the Boeing purchase announcement, a day after the Saudi-Iran newsbreak, had to have been purposeful, given that such decisions do not happen overnight. Indeed, the proximity of these two announcements points to a Saudi effort to diversify its partnerships, not to forsake old friends for new. The Biden administration appears to have accepted it as such, noting that the Iran détente, even if brokered by another power, aligns with Washington's policy to seek "de-escalation" of regional tensions and that

the Boeing deal was a major plus for U.S. workers and industry.⁴³

In this light, there is no reason why the Saudi-Iran agreement should itself prove an obstacle to Saudi-Israel normalization. Indeed, quite to the contrary, the Saudis seem to be signaling their preference to look for partners where they can find them, especially partners that bring unique competencies or advantages. Here, the UAE has already shown how a major Gulf Arab state worried about Iranian adventurism and seeking out regional security partners to compensate for an America that appears to be increasingly distant and disinterested can develop working relationships with both Tehran and Jerusalem at the same time. Riyadh today is not nearly as close to either Israel or Iran as is the UAE, but movement toward one, the other, or both cannot be ruled out.

For Saudi Arabia, therefore, normalization with Israel could be a part of its regional strategy. But it is also not a necessity. And therein lies the challenge for advocates of normalization—to change the balance of risk and benefit to make it a higher priority for the Saudi leadership.

So, is Saudi Arabia likely to normalize with Israel soon? Viewed solely within the confines of Saudi-Israel relations, while incremental steps down the normalization path are happening, the near-term potential for a dramatic breakthrough—akin to Sadat's journey to Jerusalem or the announcement of the Abraham Accords—is much less likely. On top of the wild card of King Salman's views on peace with Israel—about which there is much speculation but little real knowledge—Saudi leaders simply have too many other dramatic reforms on their agenda that are more essential to achieving the all-important goal of national transformation. And truth be told, this sequencing may be for the best, inasmuch as progress toward implementing those domestic reforms will build a firmer foundation for a deeper, more comprehensive partnership between Riyadh and Jerusalem.

However, several variables could change this calculus. These include the passing of King Salman and the accession of MbS, who is reputed to have fewer personal inhibitions than his father about open relations with Israel before final resolution of the Palestinian issue; an urgent national security crisis with Iran, in which the need for Saudi Arabia and Israel to make common cause trumps any residual political hesitation; and a major Palestinian-Israeli rupture, to which Saudi Arabia comes to the rescue the way the UAE's normalization offer helped avert Israel's unilateral annexation in the West Bank.

But the question of Saudi-Israel normalization is not a strictly bilateral issue. There is a critical third party: the United States. As in previous Arab normalizations, Washington's role in providing incentives to Riyadh will almost certainly be essential in MbS's

decisionmaking. As noted earlier, he has already floated trial balloons that link normalization fully and directly to requests of the United States. That formula could change over time, especially in light of the variables listed in the previous paragraph, but his message about the centrality of U.S. incentives in his decision to normalize with Israel is clear.

Regrettably, this decision depends, at least in part, on the relationship between MbS and President Biden, leaders who appear to have developed a visceral dislike for each other that aggravates deeper, longstanding bilateral tensions. For a brief moment in July 2022, when the president visited Jeddah and fist-bumped the leader he had earlier promised to make a “pariah” for his alleged role in the Khashoggi killing and other objectionable acts, they suspended their mutual animosity for the sake of larger strategic interests. That hopeful moment, however, was bracketed by insults from both sides—Biden pointedly saying he was visiting the “Saudi leadership” but not meeting personally with MbS;⁴⁴ and MbS reportedly disparaging the president in conversation with colleagues.⁴⁵ Ultimately, it lapsed less than three months later with White House accusations that MbS broke a promise to raise oil output by actually cutting production. This was a step many Democrats denounced as a belligerent act to help sustain Russian oil revenue to support its aggression against Ukraine, with some even suggesting it was designed to drive up gasoline prices and thereby hurt Democrats in the November midterm election.⁴⁶ Quick to anger and livid at MbS, the president authorized a “policy review” and promised “consequences” for alleged Saudi perfidy; for a number of weeks, virtually all senior engagement between these two longtime security partners was suspended.⁴⁷

In the end, gasoline prices did not spike as the White House feared—to the contrary, the U.S. national average was nearly 15 percent lower during election week than when the president visited Saudi Arabia.⁴⁸ But the administration never publicly announced the end of the “policy review” or a decision not to impose “consequences” for Saudi behavior, let alone acknowledge its haste in castigating Riyadh for its

decision to cut production. Riyadh’s turn to Beijing in March 2023 to conclude its diplomatic agreement with Tehran should be viewed, in part, as a riposte to what the Saudi leader likely viewed as a personal insult. This was followed by another turn for the worse, when the Saudis led an OPEC+ decision in April 2023 for a further cut in oil production, prompting another, though less histrionic, round of recriminations from Washington.⁴⁹ Arguments from the producers that this was a reasonable response to concerns about the Chinese economic recovery as well as America’s worrying economic signals—combined with complaints from the cartel about the Biden administration’s refusal to authorize promised purchases to refill the Strategic Petroleum Reserve, much of which was emptied to address last year’s high gasoline prices—fell on deaf ears.⁵⁰

It is in this sour environment that the Biden administration—and the president himself—will address MbS’s ideas to normalize with Israel in exchange for U.S. compensation. On the face of it, the trio of Saudi requests is a political nonstarter. Anyone who thinks American friends of Israel can “deliver” Washington’s acquiescence to Saudi desiderata solely as a result of the kingdom’s agreement to normalize with Israel does not appreciate political reality.

Even before MbS’s ascent, Saudi Arabia had few vocal friends on Capitol Hill and lots of enemies. One piece of evidence for this is that Barack Obama had only a single veto overridden by Congress in his two terms in the Oval Office—his veto of the Justice Against Survivors of Terrorism Act (JASTA), which lifted sovereign immunity on the Saudis for legal action connected to the September 11, 2001, terrorist attacks.⁵¹ Saudi standing in the court of public opinion has certainly worsened since then, a function of such developments as the Khashoggi killing, the human toll of the war in Yemen, the Saudi leadership’s effusive embrace of Donald Trump, and a series of acts that occurred either on MbS’s order or on his watch, from the incarceration of dozens of wealthy Saudis in a Riyadh hotel in an “anti-corruption” campaign to the imprisonment of women’s right campaigners to the decades-long prison sentences meted out for objectionable

tweeting. While the vitriol toward Saudi Arabia is especially strong within the progressive wing of the Democratic Party,⁵² criticism of Saudi behavior runs across the political spectrum and is a rare example of bipartisanship in today's polarized politics.⁵³

In this context, the idea that Congress—even in exchange for Saudi normalization with Israel—would approve an agreement of alliance with Riyadh that included a NATO-like Article V commitment to defend the kingdom, as Riyadh would like, is almost certainly beyond the realm of the possible. So, too, is the request to provide top-of-the-line U.S. weaponry, like the F-35 stealth combat aircraft, without any conditions on their use or connection to other issues, like human rights concerns or technology leakage to China. Equally daunting is the request for a U.S.-Saudi civilian nuclear cooperation agreement that legitimizes domestic Saudi enrichment, a right Washington succeeded in convincing Abu Dhabi to give up in the U.S.-Emirates “123 accord” reached in 2009.⁵⁴ But viewing this issue through the narrow lens of whether the Biden administration will accede to Saudi demands does not account for the complexity, and the promise, of what is on offer. In practice, this is very much a three-way affair, in which success would be defined by all three parties—Saudi Arabia, Israel, and the United States—offering something to the others (see figure 1).

Specifically, to succeed, Saudi Arabia would not just provide Israel with “normal, peaceful relations,” thereby opening the floodgates for numerous other Arab and Muslim states to build ties with Israel, but it would likely need to address some critical U.S. concerns, such as approving major changes in Saudi laws on free speech and criminal justice and reaching understandings with Washington on the outer limits of Saudi-China technological and military cooperation. For its part, Israel would not just provide material benefits directly to Saudi Arabia—in terms of enhanced partnership in technology, energy, security, and intelligence—but it would also likely need to make commitments to both Riyadh and Washington on key Palestinian-related issues, such as limits on West Bank settlement

activity, restraint on “functional” annexation of the territories, and approval for more robust cooperation and coordination with the Palestinian Authority. (Jerusalem may try to sell the Saudis an extension of the commitment it made in the UAE deal to suspend plans for West Bank annexation, but Riyadh is unlikely to welcome a recycled concession; given their sense of status and stature, the Saudis—along with the Americans—will surely want more.) For the White House, all these benefits—along with the prestige that comes with midwifing the most consequential Arab-Israel peace accord since the Egypt-Israel peace treaty and the reaffirmation of America's indispensable role in regional diplomacy—are the stuff of legacy.

And even with these Saudi and Israeli “deposits,” the United States will likely drive a hard bargain with Saudi Arabia on the actual terms of the enhanced bilateral partnership the latter seeks. But agreement is not impossible. For example, instead of a treaty of alliance, one can imagine the administration negotiating a detailed memorandum of understanding with Riyadh on security partnership that would, under the right circumstances, earn a congressional resolution of approval. While condition-free sale of weaponry is not in the cards, agreement on a streamlined process could potentially happen, especially if Saudi Arabia's role in the Yemen war were definitively concluded and Riyadh convincingly addressed a range of administration concerns, from human rights to potential technology leakage to China. And while legitimate proliferation concerns will make American approval for the Saudi “right to enrich” difficult to accept—even with U.S.-authored and U.S.-monitored safeguards, guardrails, and inspection regimes—advocates could persuasively argue that a longtime security partner should not be denied recognition of a right that, in the 2015 Iran nuclear deal, the United States already gave away to its most dangerous regional adversary.

For its part, Saudi Arabia might take stock of its often difficult relationship with the Biden administration and conclude that it would be better off waiting to achieve a three-way peace deal until after the 2024 election. If a Republican were in the Oval Office, so

Figure 1.

ELEMENTS OF A U.S.–SAUDI ARABIA–ISRAEL PEACE AGREEMENT

A Three-Way Negotiation



this thinking goes, he or she might not drive as hard a bargain as the incumbent Democrat; alternatively, if Biden wins a second term, legacy will be even higher on his personal agenda, perhaps lowering the costs along the way.

This, however, is faulty strategic reasoning. At one level, waiting would open the door for an incalculable number of variables to complicate the diplomatic picture, potentially depriving Saudi Arabia of the substantial benefits of a deal. At a deeper level, purposefully choosing the midwifery of a Republican president would deny the Saudis the huge, long-term political advantage that comes with having a Democrat bless the new U.S.-Saudi partnership that would be part and parcel of the normalization agreement. (Here, the analogue is the political benefit Israel derived by reaching a ten-year memorandum of understanding on strategic partnership with President Obama, a Democratic hero who had an often prickly relationship with Israel.) If President Biden is willing to invest time, resources, and political capital in reaching an understanding on peace and normalization with Saudi Arabia and Israel in his first term, Riyadh would be wise not to wait for a hypothetical better deal.⁵⁵

In the end, with some ingenuity and a willingness by each party to address the needs of the others, a three-way deal is possible in which Riyadh receives most of what it seeks, Israel gains the enormous benefit of full peace with the custodian of the Two Holy Mosques, and the United States makes substantial gains on regional security, Israeli-Palestinian relations, and emotive human rights

and political issues. It would not be easy, but this win-win-win deal is certainly possible.

While the Biden administration will be focused on the thorny U.S.-Saudi aspects of this deal, the U.S.-Israel angle deserves special attention. Specifically, it is important to underscore the substantial leverage the White House wields vis-à-vis Israel as the essential third actor in the Saudi-Israeli-American triangle, leverage it may choose to apply in its complex relationship with the current Israeli government. Prime Minister Binyamin Netanyahu has not only identified peace with Saudi Arabia as one of his top two strategic objectives—the other being preventing Iranian nuclear progress—but he has reportedly put on notice cabinet ministers Bezalel Smotrich and Itamar Ben-Gvir, vocal advocates of West Bank settlement expansion and, eventually, Israeli annexation, that their policy ambitions must be paused while he pursues those goals. For Biden, who has known Netanyahu for decades and says he “loves” him despite their deep policy differences,⁵⁶ this offers enormous influence—on the one hand, if he engages fully and seriously with the Saudis and Israelis on a three-way peace agreement, he will, *inter alia*, help Netanyahu bottle up his most extreme political partners; on the other hand, if Biden opts not to invest energy in a Saudi deal, he will expose Netanyahu to his right flank and deny the prime minister an excuse to deflect the Smotrich/Ben-Gvir demands. Ultimately, these personal relationships—between the president of the United States, the crown prince of Saudi Arabia, and the prime minister of Israel—will have as much impact on the prospects of Saudi-Israel normalization as the strategic stakes on the table.

While the question of Saudi-Israel normalization may not be resolved in the Biden administration, it cannot be postponed forever; key dates on the road to normalization are already on the horizon. Saudi Arabia has been awarded the right to host the World Combat Games in October 2023, an event that will likely see a large Israeli delegation descend on the kingdom, given that it encompasses sports in which Israelis historically excel.⁵⁷ In 2024, Riyadh will host a major UN conference on desertification (COP16) that Israeli representatives will surely want to attend.⁵⁸ And much bigger events, with more consequential political and diplomatic implications, loom. These include one of the world’s great extravaganzas, Expo 2030, which the kingdom has ambitiously applied to host in NEOM, a city that does not yet exist. If the Israeli pavilion at the Dubai World Expo 2020 is any guide, design and planning can happen well before normalization does.⁵⁹

If the kingdom remains true to MbS’s vision for growth, development, and expansion on the world stage, events with full Israeli participation will become less noteworthy and more routine, which likely reflects a Saudi strategy to normalize the concept of normalization with the Saudi people. Even without a high-level diplomatic breakthrough, Saudis and Israelis are incrementally building ties from the bottom up. Hopefully, these two dynamics—greater and more varied people-to-people contact and leader-to-leader agreement on a trilateral agreement for peace and normalization—can come together. Perhaps those looking forward to the day when the Star of David flies above an Israeli embassy in Riyadh’s cloistered diplomatic quarter should do what millions of visitors to Saudi Arabia may themselves have the chance to do before long—say a prayer and take a stiff drink. ❖

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