

the incentive of oil entitlements, and the obvious competitive stature of a firm like Technip, whose only contract in Saudi is for utility installations at the Jubail II desalination project.

One problem is that the French have been slow to consider joint ventures with Saudi firms to gain either better distribution or preferential treatment in bidding orders. Only a handful of the

more than 120 French firms with representatives in Saudi Arabia have taken in Saudi partners, and in the case of the French firm Oger that did, the arrangement ended badly with Saudi-Oger continuing to win major contracts, but after it had bought out the French partner (*Saudi Arabia Newsletter 2 July 1979*). The French cannot afford to ignore joint ventures. ■

POLITICS

Yemeni tribes, Shiite rioters and an advisory council

The Saudi royal family's political preoccupations are as much external as domestic. The great efforts made to stop North Yemen effecting a rapprochement with Aden reflect concern about the ultimate political allegiance of tribesmen on the borders. At home, a consultative council has now been definitely promised, but its importance will probably be more formal than real.

The Saudis appear to have succeeded in dragging the flighty President Abdullah Saleh of North Yemen back into the fold. After his flirtation with the Russians (which brought him some dated Soviet military equipment) and with the South Yemenis (which revived pledges of unity between the two countries), Saleh proved dutifully responsive to a Saudi suspension of budgetary assistance. North Yemeni unreliability may seem of little concern to outsiders, but the prospect of greater coordination between the two Yemens has recently been a much greater cause of concern to Riyadh than the Shiite riots in the Eastern Province or other political upheavals which have been reported in the Western press. A brief survey of the Saudi political scene at present is indicative of the anxieties of the royal family.

1) *Relations with North Yemen* Arms have recently been supplied by South Yemen to what were once the royalist tribes from the northern areas of North Yemen. This lies behind recent reports emanating from American government sources and Middle Eastern diplomatic circles of frontier incidents between Saudi Arabia and North Yemen. In mid-February, several North Yemeni soldiers were reported to have been killed in a border skirmish; subsequently, the Saudis were forced to send troops to protect road construction activities near the border.

What really seems to have been happening is that the South Yemenis have sent gifts of arms to formerly pro-Saudi tribes near Arhab, Najran, the Wadi Jawf and Khawlan al-Tiyal and incited them to create disturbances with the Saudis and

the North Yemen government. There is plenty of latent dissatisfaction with the Saudis among the tribes which fought under Saudi subventions for the royalist cause in the Yemeni civil war of the 1960s, and who have felt for some time that they should be receiving more aid. Adeni help for these disaffected tribesmen is particularly nerve-racking for the Saudis just now because it brings a threat of subversion to their very doorstep.

The prospect would have been even more unfortunate if President Saleh had followed up his declared intention of working more vigorously towards unification with the South. The Saudis are justifiably afraid that the better politically organized but Marxist Adenis would effectively take over the North. Riyadh already faced a challenge to its dominant influence in Sanaa from the Iraqis last year (the squabble over whether Iraq should be allowed to help pay for North Yemen's American planes and tanks delayed their delivery). When Saleh turned to the Russians for more tanks and military advisers, the Saudis struck back by withdrawing their vital \$300 million per year in budgetary aid. Saleh seems now to have got the message.

2) *The Shiite minority* Saudi Arabia's other problem of political control has received somewhat more publicity outside, but its significance can be overplayed. The Shiites are mainly found in the Eastern Province, though there are also small communities in the Hijaz and Asir. Their treatment is certainly firm, probably discriminatory and at times arbitrary. Unfortunately, the very nature of Islam precludes religious tol-

eration – for both Shiite and Sunni faithful, there is only one indivisible truth. Sectarian antagonism is nothing new to Saudi Arabia, and outbursts of Shiite restlessness have occurred every year during the month of Muharram (last November) when the death of the saint, Ali, is publicly mourned.

The Iranian upheaval has put this into a different perspective (as another outbreak of violence in February on the anniversary of Khomeini's return to Iran showed), but not essentially altered its nature. Nevertheless, the Saudi authorities are sitting up and taking some notice. Deputy Interior Minister Prince Ahmad is to be the new governor of the Eastern Province, bringing to an end the 60-year rule of the Jiluwi dynasty who were delegated to run the area by Ibn Saud. Prince Ahmad rushed to the province during the November riots with promises to improve the Shiite lot. But it is difficult to envisage any dramatic change in the status of the minority.

3) *The Consultative Council* The Shiite riots and the siege of the Grand Mosque in Mecca last year have impelled the Saudi leadership to think in terms of political reform. Following Crown Prince Fahd's promises in January, a committee has been formed to draft laws for a governmental system and a consultative council. Prince Fahd said that the council would consist of 50 to 70 appointed advisers, and that government statutes would be drawn up.

The reform will certainly be a big step for Saudi Arabia, but it will not really change the system of government. At present, decision-making is affected by a consensus of opinion arrived at through informal and personal contact between the royal family and tribesmen, businessmen (through chambers of commerce) and local leaders. The effect of the consultative council will be to formalize this arrangement rather than replace it. Nor does the formation of the council presage a more "liberal" approach to government: for every Western-oriented businessman selected to serve, there will be a fundamentalist *ulema*.

Significantly, the consultative council will not be able to relieve the real causes for unrest or complaint – such as Shiite grievances, the historic rivalry between the desert Nejd from which the Saudis sprang and more cosmopolitan Hijaz, and the widespread dissatisfaction with the inefficiency of the bureaucracy (largely attributable to the fact that minor officials simply do not know what to do). Tensions and grievances such as these are not yet expressed politically, and the consultative council will not be the forum for their discussion. Far more likely, it will concentrate its

activities on fields such as health, education and social services, leaving the really important policy issues to be settled – as they are now – by the senior members of the royal family. ■

OIL

Don't talk about stockpiling

Saudi Arabia is more impressed by American efforts to encourage energy conservation than by proposals for resumption of purchases for the stalled Strategic Petroleum Reserve.

Saudi officials are pleased if a little surprised at the progress of American efforts towards energy conservation. That is the message US Energy Secretary Charles Duncan is putting across after his recent visit to Riyadh. Most reports of his conversations in mid-March with Oil Minister Sheikh Zaki Yamani have emphasized Saudi Arabia's refusal to maintain an extra 1 million b/d output for the purposes of replenishing the stalled Strategic Petroleum Reserve (SPR), but that issue is really peripheral. It is fairly clear that whether or not the Americans decide to resume purchases for the SPR, the Saudis will keep up their extra production at least for the second quarter of 1980. What the Americans seem to find difficult to grasp is that the Saudis will make no promises in advance and insist on making strict quarter-by-quarter decisions on liftings.

Yamani insisted that Saudi policy was simply determined by the necessity of stabilizing the oil markets and the international economic structure (though no doubt he also feels that cutting back to 8.5 million b/d at this point would undermine Saudi Arabia's bargaining power with the rest of OPEC). The quid pro quo the Saudis have always sought from the West was an effective effort to conserve oil consumption. Which is the reason why the Saudis were apparently so pleased that latest Department of Energy figures showed total petroleum demand in the United States down almost 10% in February on a year ago, with a refreshing 8.6% decline in gasoline use. After he returned Duncan underlined the significance of American efforts by stressing that the Saudis and Washington had a "mutual objective" of stabilizing world oil markets.

The stockpiling issue certainly contributes nothing to such stabilization – hence Saudi anti-