

Kuwait-based Arab Fund for Economic and Social Development (AFESD) sponsored the feasibility study which led to the setting up of the Arab Authority for Agricultural Investment and Development (AAAID), and Kuwaiti money initially backed the prestigious Kenana sugar project.

**Food plans** Economic considerations are becoming more telling though. Economic self interest has led Saudi Arabia to lend support to Sudan's agricultural development plans. Riyadh sees Arabia's food deficit widening as the century draws to a close. It believes Sudan can help meet some of that deficit. Sudan's chronic balance of payments difficulties have given it a means of influencing the direction Sudan's agricultural development takes while at the same time making profits for itself. Saudi Arabia has

AAAID has been slow to get off the ground as adequate finance still has to be found (*Middle East Newsletter 21 May 1979*). But an example of Saudi's commitment to Sudan is its contribution to the capital of the Kenana Sugar Corporation last year, at a time when costs were rising rapidly and the main Kuwaiti shareholders were unwilling to cough up more money. Saudis were not shareholders in the original company, except through their interest in the multi-national Arab Investment Company. However last autumn the company's capital was increased by \$29.75 million to \$183.75 million, \$29 million of the increase coming from Saudi Arabia.

In November 1978, when petrol rationing was introduced in Khartoum and the Sudanese government had to go to the commercial banks for a \$36m loan to buy essential foreign supplies, the Saudis agreed to a \$300m aid package for

Sudan, including \$200m to buy oil, for which Iraq was then the main source. The Saudi aid promise came after the IMF had agreed to two loans totalling \$62.8m last June

However the Saudi Arabian Monetary Authority paid only the first quarterly instalment of that loan package, with the result that Sudan's financial situation worsened and Iraq ran out of all supplies of oil. Riyadh was quick to move in and promise to make up any shortfall in Sudan's oil following Iraq's decision to cut supplies. But it made clear it could provide no more financial backing until Sudan had agreed to the terms attached to a further IMF loan of 200m SDR (\$257m). The IMF demanded increased domestic savings, holding down of domestic credit and a different mix of crops in Sudan's agricultural development. Saudi Arabia was not prepared to support Sudan financially unless Khartoum accepted the IMF terms even though these ran counter to AAAID's wheat plans.

In May President Nimeiri reluctantly bowed to the combined Saudi-IMF pressure and accepted the terms of the loan. Thereupon the Saudis immediately resumed payments to the Bank of Sudan under the \$300m package agreed in November. The third tranche was paid in May 1979 and the fourth on 4 June bringing the total transferred by SAMA to \$134m. (An interim second tranche of \$40m was in fact paid in March following much delay and haggling.)

Saudi Arabia has also agreed separately to make up the 1.2 million tons of oil which Sudan received from Iraq until April. However, the arrival of Saudi oil in Khartoum has been delayed following the discovery of faults in the 12,000 b/d oil pipeline linking Port Sudan and the capital. ■

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## DEFENSE

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# American officers move in at the top

The United States is edging Saudi Arabia into a closer if very discreet military form of military collaboration which will reassure Saudi apprehensions while avoiding any obvious or overt ties which the Saudis would find highly embarrassing. No formal agreement has been concluded, but discussions are currently taking place about deeper US involvement in Saudi defense strategy in the 1980s.

**T**here has been much talk of late – positively encouraged by the Administration – of the establishment of a US quick reaction strike force of up to 110,000 men capable of intervention anywhere in the world. Defense Secretary

Harold Brown reiterated that the United States already has such a capability through the 82nd Airborne Division. In revealing the proposals last month, retiring US Army Chief-of-Staff General Bernard Rogers was careful not to link the plan

solely to the Gulf – but as far as the Saudis and their neighbors are concerned, the strike force primarily concerns them.

The proposals are part of a continuing effort this year by Washington to correct the image of a hesitant and weak-willed United States which has little regard for the security of its natural allies among the conservative Arab regimes of the Gulf. The American failure to take effective counter-measures in the Afghan, Ethiopian and Iranian crises has left the Saudis anxious and nervous. But at the same time, they cannot afford to jeopardize their standing in the Arab World (or their relations with the radicals in the anti-peace treaty front) by welcoming an overt US military presence. Predictably, therefore, senior Saudi officials (including King Khaled himself) have made major public statements opposing US plans for military intervention.

Much more acceptable to the Saudis is closer US involvement in defense planning, and in the long run this is likely to prove more important than talk of an intervention force. The United States is already deeply engaged in the training of the Saudi armed forces on US equipment; what Washington apparently has in mind now is formal (if discreet) collaboration at the planning and command level. Discussions have been going on since US Defense Secretary Harold Brown visited Saudi Arabia in February specifically to reassure the Saudis that the Administration would take "substantive action" to protect Western interests in the region. Addressing Saudi officer cadets in Riyadh, he declared that relations between the two countries had taken "a new military and economic turn". Saudi sources report that this statement indeed covered a major reassessment of the US-Saudi alliance. Washington offered an increased US military presence in Saudi Arabia which would amount in reality if not in name to the establishment of American bases in the country, and the execution of joint US-Saudi military exercises.

**Price tag** In return, Washington wanted greater Saudi economic and financial cooperation. This is understood to have included an increase in Saudi oil production from the current 8.5 million b/d to 16 million b/d by the mid-1980s, and a Saudi commitment to make greater purchases of US Treasury certificates and more financial investments in the United States. Effectively, the Brown proposals amounted to a formal US-Saudi politico-economic deal.

The Saudis were taken aback by the offer, but it seems that Washington is leading them in that direction by slow and gradual steps. One of the

most significant of these has been the despatch four months ago to Saudi Arabia of a "planning and command structure" team headed by General Ralph Lawrence, a key figure in Egyptian-Israeli military disengagement talks. The task of his team is to overhaul the Saudi defense ministry and set up a defense planning unit – thereby installing an American presence at the very top of the Saudi military command. Formal participation by US officers in Saudi military decision-making has not yet been arranged, although it is understood that the Saudis themselves were the first to propose this in 1978. Since then, they have become somewhat wary of going the whole way and forming a joint US-Saudi military commission through fear of adverse reaction elsewhere in the Arab World and nervousness about becoming involved in similar "collective consultation" bodies planned by Brown with Egypt, Israel and Jordan.

One option seriously being studied in Washington is the establishment of a US Middle Eastern command (American military activities in the Middle East region are currently handled through the European command). The logical location for this would be Saudi Arabia. This would not necessarily go so far as bringing American forces into the Middle East, but the local commander-in-chief (General Lawrence is tipped in Washington as the most likely candidate) would be able to draw on resources from other areas. His task would be primarily a planning and command one.

**Saudi octagon** Closer US involvement in Saudi defense matters would be a logical extension of Washington's already massive military commitment in the peninsula. There are estimated to be more than 10,000 US military personnel in the kingdom in training and advisory capacities – a ratio in excess of one officer for every six members of the Saudi armed forces. All Saudi military construction work (currently valued at \$20 billion) is under the supervision of the US Army Corps of Engineers. The centerpiece is the network of three military cities (*Saudi Arabia Newsletter* 2 July 1979), the largest of which is an octagonally-planned base at Al-Batin. Engineer Corps commander General Robert N. Ellis has even gone so far as to describe this as the local branch of the Pentagon in Washington.

Inexorably, the United States appears to be extending its military involvement in Saudi Arabia to a role which includes participation in strategic planning. This can be seen largely as a response to the Iranian collapse, and a renewed appreciation of Saudi Arabia's vulnerability. ■