

## **Biden's Middle East Policy**

### **Israel-Saudi Normalization as Cornerstone to an Integrated Middle East**

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- Two pillars form the Biden administration's Middle East policy: (1) reducing the military resources allocated to the Middle East, and (2) curbing the influence of China and Russia in the region. To achieve this, the administration aims to integrate Israel and Gulf partners into a U.S. led security network. This will be contingent upon normalization between Israel and Saudi Arabia
  - The ongoing crisis in Gaza and Arab public opinion discourages Saudi leaders from fully embracing normalization with Israel. To make it appealing to Saudi leaders, the United States is offering them (1) a mutual defense agreement, and (2) nuclear cooperation. In addition, Saudi Arabia is seeking some commitment from Israel regarding Middle East peace based on a two-state solution to manage the expected public backlash from the Arab public.
  - The Biden administration seeks to create space for a two-state solution by enabling hostage and prisoner exchanges, create opportunities for a long-term ceasefire, and direct efforts toward Gaza reconstruction led by Arab countries. However, with the invasion of Rafah appearing underway, significant risks remain that could derail such efforts.
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Seven months after Hamas' surprise attack on Israel last October, Israel's military operations in the Gaza Strip have intensified, highlighting security vulnerabilities and triggering a severe humanitarian crisis. Israeli Prime Minister Netanyahu has directed a military operation against Rafah City in Gaza, the last stronghold of Hamas. Citing the ongoing humanitarian crisis and further civilian casualties President Biden has warned that the U.S. will not supply weapons for the Rafah operation. For the U.S., the Middle East remains a key theater of great power competition. How it manages its relations with an internationally isolated ally will have an impact beyond the region.

Amidst these developments, the Biden administration is aiming to solve the Palestinian issue by facilitating the normalization of relations between Saudi Arabia and Israel. While it is true that the Saudi royal family desires normalization, Saudi Arabia's role as a leader among Arab nations makes this a complex step to take. To persuade Saudi Arabia, the Biden administration has been negotiating with offers of a mutual defense pact and nuclear cooperation. Despite challenges worsened by the deteriorating situation in the West Bank throughout 2023, there were high hopes for a breakthrough in the region. However, the

process seemed stalled during the Gaza crisis after October 7 last year. But on October 30, Saudi Defense Minister Khalid bin Salman visited Washington, reiterating his commitment to normalization. Recently, Saudi Foreign Minister Faisal mentioned that the coordination with the U.S. towards an agreement is nearly complete. However, as long as Israel's military operations in Gaza continue, achieving normalization will be difficult. This backgrounder explores what some commentators have called Biden's "Rube Goldberg triple bank shot plan".

## **1. Biden's Middle East Policy and the Question of Arab Legitimacy**

"As we look to the future, the only real solution to the situation is a two-state solution over time. And I say this, as a lifelong support of Israel. My entire career. No one has a stronger record with Israel than I do. I challenge any of you here. I'm the only American president to visit Israel in wartime. But there is no other path that guarantees Israel's security and democracy."

March 7, 2024

President Biden at the State of the Union Address

### **( 1 ) Biden's "Triple Bank Shot" to Save Israel**

In his State of the Union address on March 7th, Biden explained that the "only solution" to ensure Israel's security is not just to resolve the Gaza conflict, but to solve the Palestinian issue based on a "two-state solution" in which Israel and Palestine coexist. This approach is based on the framework of the Oslo Accords (1993), where the Israeli government and the Palestine Liberation Organization (PLO) recognized each other as legitimate negotiating partners. The goal is to establish first establish a Palestinian state, which then lays the groundwork for normalization between Israel and Arab countries.

President Biden's approach to Middle East policy essentially continues the strategic direction set since the Clinton administration. However, evolving geopolitical conditions have necessitated adjustments in the strategies of various stakeholders. Through U.S. mediation, Egypt (in 1979) and Jordan (in 1994) established peace treaties with Israel. Traditionally, other Arab nations have insisted that resolving the Palestinian issue is essential before normalizing relations with Israel. Nonetheless, in a significant shift under the Trump administration's mediation in 2020, Israel normalized relations with the United Arab Emirates (UAE), Bahrain, and Morocco. These agreements, collectively known as the "Abraham Accords," marked a departure from longstanding Arab principles and indicated a structural shift in the pursuit of Middle East peace. Building on this progress, the Biden administration

is actively working to mediate a normalization agreement between Israel and Saudi Arabia to further advance peace efforts in the region.

The large-scale attack on Israel by the Islamic organization Hamas in October last year has once again dramatically altered the geopolitical landscape surrounding Middle East peace. With Arab public sentiment intensifying due to the humanitarian crisis in Gaza, the Arab stance that insists on resolving the Palestinian issue before normalizing relations with Israel has become more prominent. Meanwhile, Israel, deeply affected by the attack, has grown increasingly resistant to the idea of coexisting with a Palestinian state. The foreign policy establishment in Washington unanimously agrees that a short-term breakthrough is unlikely. Despite this, President Biden continues to allocate significant political resources to address this issue. Having consistently exceeded low expectations both domestically and internationally, it raises the question: what are the prospects for success in his Middle East policy?

## (2) Why Biden Insists on a "Two State Solution"?<sup>1</sup>

President Biden's pursuit of normalizing relations between Saudi Arabia and Israel is primarily motivated by the resource constraints faced by the U.S. government. Traditionally the guarantor of Middle East security, the U.S. must now redirect its military, diplomatic, and political resources to prioritize regions like the Indo-Pacific and Europe, according to the National Defense Strategy of October 2022. This strategy identifies China as a "pacing challenge" and Russia as an "acute threat." In response, the Biden administration is developing a security network led by Israel and key Arab nations to lessen the U.S. burden and maintain stability in the Middle East, while also countering the influence of China and Russia in the region.

Efforts towards this goal are accelerating, with recent legislation directing the Department of Defense to devise strategies for "Integrated Air and Missile Defense" (IAMD) and "Integrated Maritime Defense." Additionally, the GCC-US Strategic Partnership is enhancing cooperation among Middle Eastern countries through targeted working groups<sup>2</sup>. To maximize

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<sup>1</sup> For more information on Biden's Middle East policy, refer to the Washington Report 「新たな地政学的条件を踏まえた米国の中東政策」(5/21/23). Only available in Japanese. ([Link](#))

<sup>2</sup> GCC-US Strategic Partnership is a diplomatic platform designed to deepen cooperation across the following areas: (1) integrated missile defense, (2) integrated maritime defense, (3) cybersecurity, (4) military training, (5) special operations, (6) counterterrorism, (7) Iran special group, (8) investment and trade.

the effectiveness of this network, diplomatic efforts are underway to secure Saudi Arabia's participation.

Initially critical of the Saudi royal family and specifically accusing Crown Prince and Prime Minister Mohammed bin Salman (MBS) of ordering the assassination of journalist Jamal Khashoggi, calling him a "murderer," Biden has shifted priorities over the past few years. In light of the rapidly changing global environment, he has prioritized geopolitics over values, dedicating substantial diplomatic resources towards normalizing relations between Saudi Arabia and Israel.

### (3) The Arab Principle

However, Saudi Arabia cannot accept the normalization of relations with Israel so easily. While true that Saudi Arabia and other Sunni Arab monarchs view the Palestinian issue as a longstanding impediment to regional integration and economic development. For next-generation leaders such as MBS and UAE Crown Prince Mohammed bin Zayed (MBZ), the economic and military benefits from Israel are attractive, leading both to pursue engagement over principle, albeit covertly, in recent years. On the other hand, as the Israeli siege of Gaza lays bare massive civilian casualties, normalizing relations with Israel could potentially undermine the legitimacy of the Saudi kingdom—an Arab-Islamic sovereign state governed by the traditions of Prophet Muhammad (Sunnah) and the Quran—as well as the legitimacy of the Saudi king as the guardian of the two holy mosques in Mecca and Medina.

Many experts in Washington often overlook the declining importance of the legitimacy of Arab monarchies grounded on ethnicity and religion, but it's worth questioning whether this shift should be ignored. As the traditional economic model reliant on oil revenues reaches its limits, Arab monarchies are compelled to find new ways to ensure future legitimacy. This includes enhancing security, diversifying the economy, attracting investment, including through cooperation with Israel. However, set against the backdrop of judicial reforms and settlement expansions by Israel's Netanyahu government—considered the most right-wing in its history—the number of Palestinian casualties in the West Bank has reached record highs in 2022 and 2023, with expectations for this trend to continue. While the diplomatic rapprochement between Israel and Saudi Arabia may seem like a rational future-proofing exercise with benefits for both sides, the surprise attack by Hamas on October 7 exposed deep-seated animosities that cannot be addressed with economic pragmatism alone.

In light of Sunni monarchs' perceived backroom dealings to normalize relations with Israel, Iran could position itself as the legitimate protector of Arab citizens and Muslims, leveraging its support for the Palestinian cause. However, few experts see this as a likely shift. Most believe that Arab monarchies effectively manage public opinion, reducing the likelihood of anti-government movements like the Arab Spring. Despite this, some argue that the reliance on censorship and violence to control public opinion reveals a deep-seated vulnerability within these regimes. Additionally, the terrorist attack by Hamas against Israel aimed to disrupt the rapprochement between Israel and the Arab monarchies, capitalizing on their vulnerabilities and disregarding Palestinian interests. These actions highlight the significant "costs" associated with normalizing relations with Israel, presenting a critical test for the Biden administration's diplomatic strategy.

"One of the reasons Hamas moved on Israel... they knew that I was about to sit down with the Saudis. Guess what? The Saudis wanted to recognize Israel."

October 20, 2023  
President Biden

## **2. The Price of Israel-Saudi Normalization**

Saudi Arabia's involvement is crucial in the context of advancing Biden's Middle East-led security network. A key immediate challenge is reducing the costs associated with normalizing relations with Israel for Saudi Arabia. To incentivize Saudi Arabia, Biden is offering (1) the establishment of a mutual defense agreement, and (2) collaboration in the deployment of nuclear power within Saudi Arabia. Concurrently, Saudi Arabia requires a commitment from Israel to sustain a path toward a two-state solution as a precondition for normalization of relations with the State of Israel. However, the situation is complex as explained below.

### **(1) A Mutual Defense Treaty Between the U.S. and Saudi Arabia**

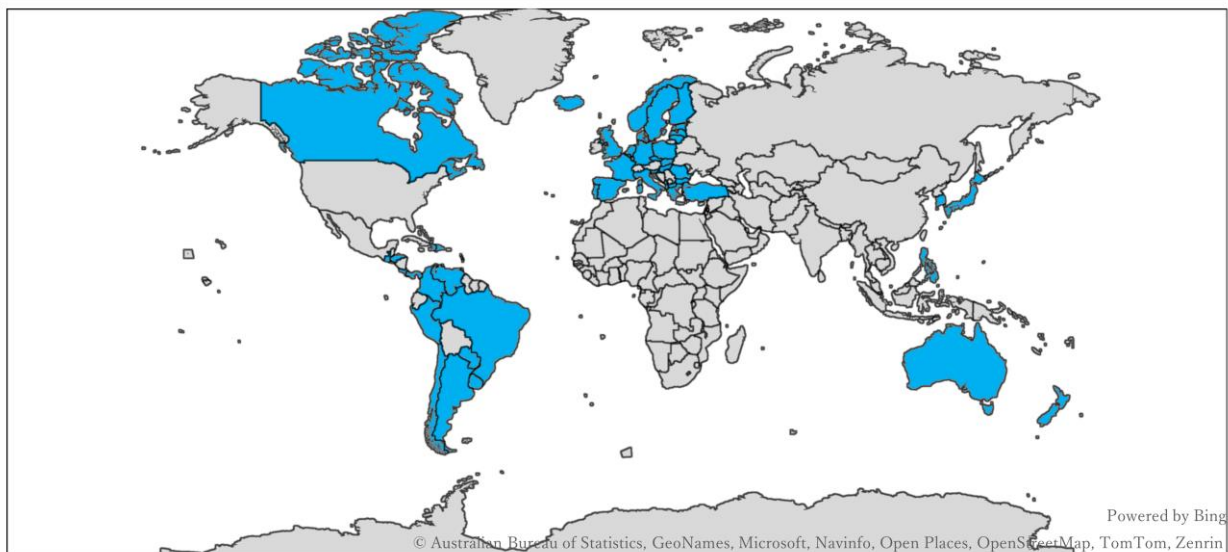
Regarding the mutual defense agreement, while the specifics remain unclear, it is widely recognized that Saudi Arabia aspires to become a treaty ally of the United States. The U.S. currently maintains alliance relationships with 51 countries across six defense treaties<sup>3</sup>. In

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<sup>3</sup> Currently, the following defense treaties are in effect: the Rio Treaty (1947), NATO (1949), ANZUS (1951), the U.S.-Philippines Mutual Defense Treaty (1951), the U.S.-South Korea Mutual Defense Treaty (1953), and the U.S.-Japan Mutual Defense Assistance Agreement (1960). The Southeast Asia Treaty Organization (SEATO), established in 1954, was dissolved in 1977.

addition, there is a designation known as "Major Non-NATO Ally" (MNNA), which offers military and financial advantages from the U.S. government. In the Middle East, countries such as Israel (1987), Egypt (1987), Jordan (1996), Bahrain (2002), and Qatar (2022) have been accorded MNNA status. It is reported that Saudi Arabia, a significant Arab state, seeks a status that at least exceeds this existing framework. Although terms like "security pact" and "mutual defense treaty" are commonly cited in the media, the exact details of these agreements are yet to be clearly defined.

【Chart】 U.S. Treaty Allies



Source: publicly available information complied by Marubeni Washington Office

Israel, while already designated as a Major Non-NATO Ally (MNNA) by the United States, was elevated to the status of a "major strategic partner," a level above MNNA, by the U.S.-Israel Strategic Partnership Act of 2014. Additionally, U.S. federal law requires maintaining Israel's qualitative military edge (QME) in the Middle East. Israel was the first nation outside the U.S. authorized to possess the advanced stealth fighter, the F-35, and remains the only Middle Eastern country to have it.

Saudi Arabia has long sought to purchase advanced weaponry and secure a mutual defense agreement with the U.S.; challenges that must be balanced with Israel's QME. For example, during the normalization talks between the UAE and Israel, the Trump administration considered allowing the UAE to purchase F-35s and MQ-9 Reaper drones, only after persuading Israel. Although the specifics of Saudi Arabia's requests in its negotiations with the U.S. remain undisclosed, these requests are likely part of the negotiations related to normalizing relations with Israel.

Early in his presidency, President Biden was initially inclined to approve the sale of F-35s to the UAE. However, the discovery in spring 2021 of China's construction of a military facility near Abu Dhabi<sup>4</sup> led to the suspension of these plans. In 2022, the UAE proceeded to sign agreements for purchasing French Rafale fighter jets and Chinese-made L15-A training aircraft. There are also reports indicating that the UAE is considering acquiring China's next-generation stealth fighter, the J-20, a move that conflicts with Biden's goals for establishing a defense network in the Middle East.

In the midst of these developments, on April 16, Microsoft announced a significant \$1.5 billion investment in the UAE's AI giant, G42. Following pressure from the U.S. Department of Commerce, which facilitated the investment, G42 committed to removing Huawei equipment and suspending technological partnerships with China.

If a mutual defense agreement were established, it would naturally exert similar pressures on Saudi Arabia. However, the collaboration between Saudi Arabia and China in the military and ICT sectors has been intensifying. The presence of Chinese companies was notably significant at Saudi Arabia's second World Defense Show in February this year. Additionally, in November last year, Saudi Arabia and China conducted their second joint military exercise since 2019. In the commercial sector, the Chinese AI giant SenseTime has secured contracts related to Saudi Arabia's mega-city project, Neom, and collaborations with Alibaba Cloud and Huawei in the telecommunications sector are progressing.

Given these dynamics, some experts believe that without substantial concessions from either the United States or Saudi Arabia, achieving a mutual defense agreement remains challenging.

Amid the discussions on the rise of the "Global South," it is evident that China and Russia have established a broad scope of cooperation in the Middle East. However, the United States maintains a dominant presence in the security sector. As of October last year, the U.S. had 45,400 troops stationed across the Middle East, supported by numerous military bases.

In April of this year, during a significant attack by Iran on Israeli territory, it was reported that Israel, the United States, the United Kingdom, and France participated in interception operations. Despite denials from Arab countries, there are reports suggesting that Saudi

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<sup>4</sup> Khalifa Port in Abu Dhabi. COSCO Shipping Ports Limited, a subsidiary of China COSCO Shipping Corporation, established a joint venture with Abu Dhabi Ports and was granted a 35-year operating concession in December 2018.

Arabia, Jordan, and the UAE shared intelligence related to the attack. This coordinated defense successfully intercepted 99% of the incoming threats. This incident exemplifies the type of security network the U.S. aims to promote in the Middle East.

Consequently, it remains a plausible scenario for Saudi Arabia to continue viewing the United States as its primary security provider. As long as mutual interests align, collaboration with China and Russia in areas involving significant security risks, such as defense and nuclear technologies, remains untenable.

## (2) Securing the Future of Saudi Arabia Through Nuclear Power

“If they get one, we have to get one.”

September 20, 2023  
Saudi Crown Prince, Muhammad bin Salman

Let’s examine the offerings from the Biden administration regarding Saudi Arabia's nuclear development. The dialogue on nuclear technology between the two countries dates back to a Memorandum of Understanding signed in 2008. Despite this longstanding engagement, they have not yet finalized a "123 Agreement," which is essential for U.S. involvement in Saudi Arabia's nuclear ambitions. A 123 Agreement, derived from Section 123 of the U.S. Atomic Energy Act (AEA)<sup>5</sup>, establishes a legal framework<sup>6</sup> for nuclear cooperation to advance non-proliferation and support the U.S. nuclear industry's market access. Currently, the U.S. has 23 such agreements with 47 countries and Taiwan.

The 123 Agreement with the UAE, signed in 2009, included stringent requirements: (1) the signing of the IAEA Additional Protocol as a precondition for the U.S. exporting nuclear materials and technology, and (2) a commitment from the UAE to forego establishing a nuclear fuel cycle, including uranium enrichment and plutonium reprocessing. These provisions exceed AEA standards and represent what the U.S. considers the "gold standard" for such agreements. However, the Obama administration clarified in 2013 that renouncing

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<sup>5</sup> The Atomic Energy Act of 1954. This law, amended by the Nuclear Non-Proliferation Act of 1978, stipulates that non-nuclear weapon states seeking nuclear cooperation from the United States must conclude a Comprehensive Safeguards Agreement (CSA) with the International Atomic Energy Agency (IAEA) as a prerequisite for entering into a 123 Agreement. Additionally, the amendment granted the U.S. Congress the authority to review nuclear material exports.

<sup>6</sup> Under the Atomic Energy Act (AEA), "cooperation for the civilian use of nuclear energy" with other countries refers to the export of U.S.-produced nuclear materials for commercial, industrial, and medical purposes, as well as the export of reactors and their parts. Additionally, when exporting items regulated by the U.S. Nuclear Regulatory Commission (NRC), a 123 Agreement is required.



the nuclear fuel cycle is not a mandatory precondition for all 123 Agreements but is assessed on a case-by-case basis. For instance, the agreement with Vietnam in 2014 did not mandate the abandonment of the nuclear fuel cycle.

Despite attempts by both the Obama and Trump administrations to secure a 123 Agreement with Saudi Arabia that aligns with this gold standard, Saudi Arabia has pursued its own capabilities for a nuclear fuel cycle, and an agreement remains elusive. To provide context, in April 2010, Saudi Arabia initiated the King Abdullah City for Atomic and Renewable Energy (K.A.CARE) with a mission to develop alternative energy sources for power generation and desalination. By 2032, the plan aims to achieve a nuclear power generation capacity of 1.7 GWe. In January 2016, as part of Crown Prince Mohammed bin Salman's Vision 2030, the Saudi National Atomic Energy Project (SNAEP) was approved in July 2017, which prioritizes large reactor programs, small modular reactors, and the nuclear fuel cycle.

Currently, there is ongoing debate about whether Saudi Arabia should be permitted to establish a nuclear fuel cycle. Proposed compromises include a 10-year "enrichment moratorium"<sup>7</sup> in the 123 Agreement or allowing the construction of an enrichment facility operated by U.S. firms<sup>8</sup> in Saudi Arabia. Additionally, proposals have been made to link the abandonment of Saudi Arabia's nuclear fuel cycle ambitions with the conclusion of a mutual defense agreement.<sup>9</sup>

Crown Prince Mohammed bin Salman's statement, "If Iran acquires it, we must also acquire it," was a warning issued in the context of Iran's advancing nuclear weapons capabilities. This statement also reflects the bitter lesson from 2019, when the U.S. did not support Saudi Arabia after Iran attacked its oil facilities. For Saudi Arabia, which has exposed security vulnerabilities, establishing a nuclear fuel cycle not only diversifies energy resources and fosters the nuclear industry but also serves as a strategic display of potential nuclear capabilities to hostile nations, especially in situations where U.S. reliability as an ally is questioned.

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<sup>7</sup> For further information, refer to the article, "A way forward on a US-Saudi civil nuclear agreement" by Robert Einhorn, Senior Fellow at the Brookings Institution and former U.S. Department of State special advisor for nonproliferation and arms control. ([link](#))

<sup>8</sup> See the Congressional Research Service Report from 9/28/23 ([link](#)).

<sup>9</sup> For further information, see the Foreign Affairs article "Will Saudi Arabia Get the Bomb" (5/6/24) written by Daniel Byman, Doreen Horschig, and Elizabeth Kos at the Center for Strategic and International Studies. ([link](#)).

As part of the mutual defense agreement with the U.S., extending nuclear deterrence is being considered, particularly as Iran edges closer to nuclear armament. In the short term, Saudi Arabia is likely to depend on the U.S. "nuclear umbrella." However, it is also reasonable for Saudi Arabia to preserve the option of developing nuclear weapons over the medium to long term, and the extent of concessions the Biden administration is willing to make is a crucial factor to be watched.

During a time of complex negotiations, Saudi Arabia has indicated a willingness to collaborate with Russia and China. The country established the Nuclear and Radiological Regulatory Commission (NRRC) in March 2018, and in March 2022, it founded the Saudi Nuclear Energy Holding Company (SNEHC) along with its subsidiary, the Duwaiheen Nuclear Energy Company. The latter has initiated a tender process for the EPC contract of Saudi Arabia's first nuclear power plant. China National Nuclear Corporation (CNNC), Russia's Rosatom, France's EDF Group, and Korea's KEPCO are expected to participate. However, the bid deadline has been repeatedly extended<sup>10</sup>, likely due to considerations involving coordination with the U.S. During U.S. Secretary of State Antony Blinken's visit to Saudi Arabia in June of the previous year, Foreign Minister Faisal expressed a hope that the U.S. would participate in the bidding, emphasizing the desire to adopt the best technology, which requires specific agreements. Despite differences with the U.S., Saudi Arabia is exploring mechanisms that enable cooperation.

### **3. Will Biden's "Triple Bank Shot" Succeed?**

"The meeting emphasized the importance of the need to adopt a holistic approach towards a credible irreversible track for the implementation of the two-state solution. This needs to be in accordance with international law and agreed parameters, including United Nations Security Council Resolutions and the Arab Peace Initiative, among other initiatives"."

April 30, 2024

Joint Statement by Saudi Arabia and Norway<sup>11</sup>

At the World Economic Forum special meeting held in Riyadh on April 29th, Saudi Foreign Minister Faisal indicated that the U.S.-Saudi agreement was nearing completion, stating, "The coordination toward an agreement is almost complete," and "We have a broad

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<sup>10</sup> According to Middle Eastern Economic Review (MEED), although the bid submission deadline was April 30th of this year, the current status of the bidding process is unclear. A source explained, "The bidding process requires a certain level of political stability in the region to be maintained, and it appears that the deadline extension is automatic." ([link](#))

<sup>11</sup> Joint statement by Saudi Arabia and Norway (4/29/24) that calls for the concrete steps towards the two-state solution. ([link](#))

framework regarding the steps we should take concerning Palestine." The following day, during the Middle East and Europe Foreign Ministers' meeting, he warned that denying a two-state solution jeopardizes regional security and stability. Furthermore, the chair's statement from this meeting reinforced that establishing a Palestinian state is essential for normalizing relations between Saudi Arabia and Israel, describing the path to a two-state solution as "irreversible."

Shortly after these discussions, Israel launched its Rafah invasion, resulting in ongoing civilian casualties in Gaza. This situation complicates the normalization of relations between Saudi Arabia and Israel, making it challenging given questions of legitimacy for Sunni Arab leaders. Moreover, Israel's stance on establishing a Palestinian state has hardened following a major terrorist attack by Hamas, rendering short-term progress unlikely. In March, U.S. Senate Majority Leader Schumer labeled Netanyahu a "obstacle to peace," highlighting a frustration within the Democratic leadership. Despite Netanyahu's low approval ratings due to corruption charges and controversial judicial reforms, removing him from power alone is unlikely to clear the path for peace.

Historical parallels show that shifts in public opinion can significantly impact peace initiatives. For instance, after the 1973 Yom Kippur War, Israeli sentiment initially shifted to the right but later led to the 1978 Camp David Accords and the subsequent peace agreement with Egypt. Similarly, during the First Intifada, international efforts like the Madrid Conference in 1991 and the Oslo Accords in 1993 moved forward despite ongoing conflict.

Although Israel's current reluctance to embrace a two-state solution, given recent developments, is understandable, public opinion could evolve over time. However, the prospect of aligning Israeli and Saudi public opinion with President Biden's desired timeline for normalization seems unlikely. Recently, there has been discussion about proceeding with a U.S.-Saudi agreement independently, but President Biden is unlikely to relinquish leverage over Saudi Arabia lightly, especially when the country remains hesitant about normalizing relations with Israel. Consequently, expecting a short-term breakthrough under these conditions seems unrealistic, setting a baseline expectation for ongoing negotiations.

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