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NEW  
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PROJECT

# How Labour can reassess the UK-Saudi Arabia relationship

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## TOP LINES

- The UK Prime Minister's recent trip to Saudi Arabia, in the wake of Russia's invasion of Ukraine, has reopened the debate regarding the closeness of the UK-Saudi Relationship. Not least, because it came in the same week that Saudi Arabia executed 81 men for a range of criminal offences.
- Vladimir Putin's invasion of Ukraine has brought the Gulf states into centre stage as UK diplomats and their allies implore Saudi, UAE, and other gulf oil and gas producers to increase production to reduce Western dependence on Russian fossil fuels and to stop rising domestic gas prices.
- The forced sale of Chelsea football club, previously owned by the Russian oligarch Roman Abramovich, brings into light the role of Saudi state funded companies in UK football, not least the recent purchase of Newcastle United by a Saudi-led consortium.
- Labour should use the UK's planned 'tilt' towards the Asia-Pacific region, the withdrawal of UK troops on the ground in the Middle East, and the growing consensus on the need to phase out oil in favour of renewable energy and a 'Green New Deal', as an opportunity for a serious discussion on reassessing the UK's relationship with Saudi Arabia. Such a discussion should include looking at intelligence, arms, human rights and energy dependence - as detailed in this briefing.

## BACKGROUND

The UK Prime Minister's recent trip to Saudi Arabia, in the wake of Russia's invasion of Ukraine, has reopened the debate regarding the closeness of the UK-Saudi Relationship<sup>1</sup>. Not least, because it came in the same week that Saudi Arabia executed 81 men for a range of criminal offences.<sup>2</sup>

Vladimir Putin's invasion of Ukraine has brought the Gulf states into centre stage as UK diplomats and their allies implore Saudi, UAE, and other gulf oil and gas producers to increase production to reduce Western dependence on Russian fossil fuels and to stop rising domestic gas prices<sup>3</sup>.

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<sup>1</sup> [Saudi Arabia executes three men on day of Boris Johnson visit | News | The Times](#)

<sup>2</sup> [Saudi Arabia: Mass execution of 81 men shows urgent need to abolish the death penalty - Amnesty International](#)

<sup>3</sup> [Johnson meets Saudi, UAE leaders as Ukraine war roils oil prices | Oil and Gas News | Al Jazeera](#)

The forced sale of Chelsea football club, previously owned by the Russian oligarch Roman Abramovich, brings into light the role of Saudi state funded companies in UK football, not least the recent purchase of Newcastle United by a Saudi-led consortium.<sup>4</sup>

The UK's relationship with Saudi Arabia is one of the most controversial components of current UK foreign policy. Historically, the Labour Party in government and opposition has raised concerns about the close partnership between the UK and Saudi Government on human rights grounds.

Saudi Arabia's war in Yemen which has the tacit support of the UK Government through the provision of arms and military advisors has intensified opposition within Labour to the continuation of this defence and intelligence relationship.

Aside from opposing the Saudi Government's horrific record on human rights, Labour has yet to produce a set of proposals that could see a substantial reset in the UK-Saudi relationship. This paper attempts to consider how Labour could approach reassessing the UK-Saudi relationship in opposition and when it returns to government.

Labour should use the UK's planned 'tilt' towards the Asia-Pacific region, the withdrawal of UK troops on the ground in the Middle East, and the growing consensus on the need to phase out oil in favour of renewable energy and a 'Green New Deal', as an opportunity for a serious reassessment of the UK's relationship with Saudi Arabia.

As with other regimes in the region with questionable human rights records, the UK could previously have deflected criticism of its support for the Saudi regime by pointing to other western allies taking a similar approach. However, the decision by the Biden Administration to suspend arm sales to Saudi Arabia and call for an immediate end to the war in Yemen now leaves the UK isolated from one of its closest partners. This is a divergence from US policy in the Middle East for the first time in recent decades.

Labour should reassess the value of Saudi intelligence, the long-term viability of continued arms sales, dependence on Saudi oil imports, the Saudi Government's reliability as a partner in the region and the trade and investment relationship. In doing this, it could draw a clear distinction in policy between Labour and the current Conservative Government.

## **UK-SAUDI INTELLIGENCE RELATIONSHIP**

Ministers have long cited intelligence sharing with Saudi Arabia as a valuable component of the UK-Saudi relationship which is described in terms of 'stopping terrorist attacks going ahead' and 'keeping British citizens safe'.<sup>5</sup>

The former Home Secretary and Prime Minister, Theresa May MP, previously identified the 2010 transatlantic cargo plane bomb plot as the one public example of when Saudi intelligence sharing saved UK lives.<sup>6</sup>

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<sup>4</sup> [MPs ask whether Newcastle United Saudi ownership is 'right and proper' after 81 executions - Chronicle Live](#)

<sup>5</sup> Security cooperation with Saudi Arabia: Is it worth it for the UK?, Armida van Rij and Benedict Wilkinson, September 2018: [uk-saudi-arabia-report.pdf \(kcl.ac.uk\)](#)

<sup>6</sup> [You never listen to me: The European-Saudi relationship after Khashoggi | Centre for European Reform \(cer.eu\)](#)

Historically, critics of the regime argued that the value of Saudi intelligence has been offset by the fact that Saudi Arabia has driven regional instability and continued to intimidate the regime's critics at home and abroad.

The House of Commons Foreign Affairs Select Committee found in an inquiry in 2013 looking at UK bilateral ties with Saudi that the Saudi Arabian Government appeared to be responsible 'for some elements that directly contribute to the growth of extremism and terrorism worldwide', particularly in West and North Africa.<sup>7</sup>

Analysts argue that this has changed under the Crown Prince Mohammed bin Salman, who in recent years has clamped down on religious extremism within Saudi Arabia's borders by firing imams who refuse to renounce extremism and pledging £110 million in 2011 to help the UN establish the UN Counter-Terrorism Centre.<sup>8</sup>

Despite lowering Saudi's profile as a funder of terrorism abroad and clamping down on extremism at home, the Saudi regime continues to intimidate critics of regime, undermine human rights, and drive instability in the region through its war in Yemen and its tense relations with its neighbours.

Counter-terrorism and intelligence sharing is a fundamental component of the UK-Saudi Relationship, yet it remains shrouded in secrecy when it comes to the value it brings to the British public with Ministers unwilling to offer an honest assessment.

## **Recommendations**

As the UK moves its military, intelligence and diplomatic assets out of the Middle East, Labour is well placed to undertake an honest appraisal and review of the value of the UK-Saudi intelligence relationship weighted against the Saudi regime's role in driving regional instability, not least given Keir Starmer's former role as Director of Public Prosecutions.

## **UK ARMS SALES**

The UK-Saudi arms relationship began in the 1980s with the Al-Yamamah arms deals, which saw the UK provide Saudi with Tornado fighter jets, but arms sales did not grow in substantial size until after 11<sup>th</sup> September 2001, when the involvement of Saudi citizens in the attacks slowed US arms sales.

According to the SIPRI Arms Transfer Database, the UK was the second largest exporter of arms transfers to Saudi Arabia between 2010 and 2019. The UK accounted for around 19% of the arms imports to Saudi Arabia.<sup>9</sup>

Between 2010 and 2019 Saudi Arabia was the largest importer of arms from the UK. The total volume of arms transfers was around 40% of the UK's total arms export volume.<sup>10</sup>

The Campaign Against Arms Trade says that of the £5.3bn worth of arms licenced for Saudi Arabia since March 2015, £2.7 billion worth were ML10 licences (aircraft, helicopters, drones) and

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<sup>7</sup> [House of Commons - The UK's relations with Saudi Arabia and Bahrain - Foreign Affairs Committee \(parliament.uk\)](https://www.parliament.uk/business/committees/committees-a-z/foreign-affairs-committee/inquiries/parliament-2013/saudi-arabia-and-bahrain)

<sup>8</sup> Security cooperation with Saudi Arabia: Is it worth it for the UK?, Armida van Rij and Benedict Wilkinson, September 2018: [uk-saudi-arabia-report.pdf \(kcl.ac.uk\)](https://www.kcl.ac.uk/assess/research/uk-saudi-arabia-report.pdf)

<sup>9</sup> [UK arms exports to Saudi Arabia: Q&A \(parliament.uk\)](https://www.parliament.uk/business/committees/committees-a-z/foreign-affairs-committee/inquiries/parliament-2013/uk-arms-exports-to-saudi-arabia)

<sup>10</sup> [UK arms exports to Saudi Arabia: Q&A \(parliament.uk\)](https://www.parliament.uk/business/committees/committees-a-z/foreign-affairs-committee/inquiries/parliament-2013/uk-arms-exports-to-saudi-arabia)

£2.5 billion were ML4 licences (grenades, bombs, missiles, countermeasures). Saudi Arabia also buys Typhoon combat aircraft and associated systems.<sup>11</sup>

The revenue generated for the Treasury from arms sales to Saudi Arabia is relatively small. In 2016 from arms sales to Saudi Arabia was estimated to be £30 million in 2016, accounting for 0.004% of total revenue the Treasury received that financial year. In 2019, which was a peak year of UK arms sales to Saudi Arabia, total exports to the kingdom – military and civilian – comprised just 1.3 per cent of the value of British exports worldwide. in 2020.<sup>12</sup>

Saudi Arabia accounted for £2.7bn (13%) of BAE Systems arms sales in 2020. The British based arms manufacturer has long opposed ending arms sales to Saudi Arabia, citing the number of jobs that depends on them. In 2020, BAE Systems employed 35,300 staff in the UK, of which 12,000 alone were in Lancashire.<sup>13</sup>

In the past BAE Systems has cut jobs in Lancashire and other parts of the North of England as a result of failing to secure arms contracts. Therefore ending defence contracts with Saudi instantly could see a substantial economic shock for regions which are heavily reliant on the defence industry.<sup>14</sup>

These figures are dwarfed in comparison to the expenditure of the Ministry of Defence and the jobs that it supports directly and indirectly in the UK. According to Ministry of Defence figures, in 2019/20 it spent £20.3bn on UK industry and commerce which supported 202,000 direct and indirect jobs. MOD expenditure by person in the North West in 2019/20 was £310 per person. Yet, the UK army is simply not large enough to sustain the UK's domestic arms industry.<sup>15</sup>

A study by the Department for Business, Energy, and Industrial Strategy in 2017 looking at the value of defence jobs in the UK found that wages in the defence industry are 20-25% higher than other manufacturing jobs and others jobs in the UK economy. It also found that the average age of a defence worker is 41 years old, workers tend to be male with just 17% of job holders female, and the jobs are high-value involved in R&D, engineering, production and assembly<sup>16</sup>.

Longer-term, Saudi Arabia is committed to developing its own domestic defence industry. In February 2021, Saudi Arabia's military Industries announced a joint partnership with Lockheed Martin aimed at developing local capabilities. Saudi Arabia's Public Investment Fund set up Saudi Arabian Military Industries in 2017 to manufacture arms locally, with the fund expecting it to become one of the world's top defence companies by 2030.<sup>17</sup>

## Recommendations

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<sup>11</sup> [The Observer view on Britain's relationship with Saudi Arabia | Observer editorial | The Guardian](#)

<sup>12</sup> Security cooperation with Saudi Arabia: Is it worth it for the UK?, Armida van Rij and Benedict Wilkinson, September 2018: [uk-saudi-arabia-report.pdf \(kcl.ac.uk\)](#)

<sup>13</sup> Annual Report 2020, BAE Systems plc: [bae-ar-complete-2020.pdf \(baesystems.com\)](#) & <https://www.lep.co.uk/business/consumer/defence-giant-bae-systems-will-be-vital-to-lancashires-economic-recovery-and-job-creation-3084284>

<sup>14</sup> [BAE Systems to cut almost 2,000 jobs - BBC News](#)

<sup>15</sup> [MOD regional expenditure with UK industry and commerce and supported employment 2019/20 - GOV.UK \(www.gov.uk\)](#)

<sup>16</sup> [Exploring the value of defence jobs in the UK \(publishing.service.gov.uk\)](#)

<sup>17</sup> [Saudi arms producer in defence venture with Lockheed Martin - France 24](#)

Aside from the significant reputational damage UK arms sales to Saudi has created domestically, undermining the UK's role as a champion of human rights abroad, Labour should make the case that UK reliance on Saudi as an arms market is a failure of forty years of industrial policy.

The failure of consecutive governments to create high-skilled jobs and invest in areas that faced rapid de-industrialisation in the 1980s has allowed the likes of BAE Systems to argue convincingly that ending arms sales to Saudi would have a knock-on impact on high-skilled quality jobs in places like the North West.

Saudi Arabia's drive for its own domestic defence industry and independent capability in the medium-term will put these jobs at risk regardless of whether the UK chooses to follow the USA and adopt an ethical position of refusing to sell arms to Saudi Arabia.

Labour should instead be encouraging longer-term economic investment into local areas heavily reliant on defence jobs, while in the short-term encouraging defence manufacturers to pivot away from Saudi and sell products instead to the democratic world, including UK allies in the Asia-Pacific region.

The Ministry of Defence is one of the largest employers and investors in the UK defence industry, Labour should commit in government to leverage the Ministry of Defence's substantial procurement budget to directly invest in and support UK jobs. Committing to an overhaul of defence procurement rules will put a stop to the litany of disastrous defence procurement projects we have seen in recent years and the inclusion of clauses in contracts which require the use of UK supply chains will support UK jobs.

## **AN UNSAVOURY PARTNER**

Outside of arms and intelligence, there remain significant questions regarding the reliability of Saudi Arabia as a foreign policy partner. With the support of British military advisors, for the last seven years Saudi Arabia has launched a failed military intervention in Yemen against Houthi Rebels, which the UN has estimated has killed more than 230,000 civilian.,<sup>18</sup> 4 million people are refugees as a result of the war, and 16 million Yemenis suffer from hunger.<sup>19</sup>

With the collapse of peace talks with the Houthi rebels, the Saudi-led coalition has stepped up its bombing of Yemen including bombing the capital Sanaa on 14 February 2022.<sup>20</sup>

The Saudi government continues to repress dissidents, human rights activists, prominent women's rights advocates, LGBTQ+ activists and independent clerics within its borders. On 12 March 2022, the Saudi regime executed 81 individuals in one day for a variety of "crimes".<sup>21</sup> Amnesty International regularly reports that trials in Saudi are "gross unfair trials, marred by claims of torture during pre-trial detention leading to forced confessions".

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<sup>18</sup> ['Saudi Arabia has lost the war in Yemen' | Middle East | News and analysis of events in the Arab world | DW | 25.03.2021](#)

<sup>19</sup> [Yemen Refugee Crisis: Aid, Statistics and News | USA for UNHCR \(unrefugees.org\)](#)

<sup>20</sup> [Saudi-led coalition bombs Sanaa, says it hit drone-control site | News | Al Jazeera](#)

<sup>21</sup> [Saudi Arabia: Mass execution of 81 men shows urgent need to abolish the death penalty - Amnesty International](#)

Increasingly, more of Saudi foreign and domestic policy is being run by the Crown Prince Mohammed bin Salman, who has undertaken purges of the other crown princes at home and hedged an aggressive foreign policy within the region.

In November 2017, Crown Prince Mohammed bin Salman (MbS) arrested 11 Saudi princes considered rivals to his eventual succession as part of an “anti-corruption” drive which saw the Saudi princes detained in the Ritz Carlton Hotel and released after paying billions to the Saudi Government.<sup>22</sup>

The Crown Prince’s purges have extended to the senior echelons of Saudi royalty, in March 2020 three senior Saudi princes including Prince Ahmed bin Abdulaziz, the younger brother of King Salman, and Prince Mohammed bin Nayef, the king’s nephew were arrested for “contacts with foreign powers, including the Americans and others, to carry out a coup d’état”.<sup>23</sup>

Abroad, MbS has been accused of directing the torture and murder of the journalist Jamal Khashoggi which took place at the Saudi consulate in Istanbul on 2 October 2018. A report by a UN Special Rapporteur published in 2019 labelled Khashoggi’s death as an “extra-judicial killing” and in February 2021 the Biden Administration sanctioned 76 Saudi citizens in relation to the murder of Jamal Khashoggi but stopped short of sanctioning the Crown Prince himself.<sup>24</sup>

In June 2017, Saudi Arabia led a diplomatic and economic boycott of Qatar alongside Egypt, UAE, and Bahrain accusing its neighbour of offering material support to the Arab Spring protests throughout the region and being too closely aligned to Turkey. In January 2021, after 43 months the Saudi Government lifted its blockade of Qatar and restored diplomatic relations.<sup>25</sup>

In July 2021, Saudi Arabia and the UAE had a two-week standoff over OPEC’s future oil production, with the UAE demanding its own baseline for production. In response, the Saudi Government banned direct flights to the UAE and introduced tariffs on goods from the UAE. On 7 September 2021, Saudi Arabia announced that it would resume flights to the UAE.<sup>26</sup>

Saudi has grown closer to China in recent years, with Saudi Arabia selling a quarter of all its oil exports to China. In March 2022, the Wall Street Journal reported that Saudi is in talks with China to price its oil sales in Yuan, some have speculated that this could serve as the foundation of the creation of a parallel system for international payments.<sup>27</sup>

Western officials have raised concerns about the drive by the Saudi Government to develop its nuclear and ICBM capabilities. In August 2020, the Wall Street Journal reported that the Saudi Government was working with China to develop a facility for extracting uranium yellowcake from uranium ore in the North West city of Ula.<sup>28</sup>

US intelligence reported in June 2019 that the Saudi Government was working with China to develop its ballistic missile program, buying missile infrastructure and technology from the

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<sup>22</sup> [A house divided: How Saudi Crown Prince purged royal family rivals | Reuters](#) & [Saudi Prince Miteb bin Abdullah freed after \\$1 billion settlement deal \(cnbc.com\)](#)

<sup>23</sup> [Saudi Arabia detains senior royals for alleged coup plot, including king's brother: sources | Reuters](#)

<sup>24</sup> [U.S. imposes sanctions, visa bans on Saudis for journalist Khashoggi's killing | Reuters](#)

<sup>25</sup> [Qatar crisis: Saudi Arabia and allies restore diplomatic ties with emirate - BBC News](#)

<sup>26</sup> [Behind the OPEC standoff: Saudi Arabia, the UAE and the rush to decarbonise in the Middle East \(cityam.com\)](#)

<sup>27</sup> [Saudi Arabia and China: New best friends? | Middle East | News and analysis of events in the Arab world | DW | 21.03.2022](#)

<sup>28</sup> [Saudi Arabia's Nuclear Program and China | Middle East Institute \(mei.edu\)](#)

Chinese Government to expand its program and raise its military strength in relation to Iran.<sup>29</sup> On 14 March 2022, the Saudi Government formally invited Xi Jinping to visit the Kingdom, with the expectation that they hope to boost trade and investment ties.<sup>30</sup>

The Saudi Arabian Government has stated that it will not oppose the resumption of the Iran nuclear deal with the P5+1 but has asked that it be included in talks, this call has been supported by France. Since March 2021, Saudi Arabia and Iran have held secret security talks focusing on Yemen, which continued under the new Iranian Government. On 13 March 2022, Iran cancelled the latest round of talks with Saudi, without providing a reason.<sup>31</sup>

## Recommendations

Labour should commission a review of the benefits and risks of the UK's continued closeness to Saudi Arabia. This will become particularly important as the Crown Prince ascends to the throne.

Saudi Arabia's increasingly close relationship with China is of significant concern, in particular its collaboration with China to develop its nuclear and ICBM capabilities. Labour should call on the Government to work with the US to counter China's increasing influence in the MENA region, as well as pressuring the Saudi Government to maintain its commitment to the relevant nuclear weapons treaties.

## UK-SAUDI ECONOMIC AND TRADE RELATIONSHIP

Saudi Arabia is the UK's 27<sup>th</sup> largest trade partner, accounting for 0.9% of total UK trade. Total exports from the UK to Saudi from 2020-21 (Q3-Q3) amounted to £8.6bn. The UK imported just £2.4bn worth of goods in 2020-21 from Saudi.<sup>32</sup>

The UK Government is seeking a trade deal with the Gulf Cooperation Council, which includes Saudi Arabia, UAE, Qatar, Kuwait, Oman and Bahrain. In October 2021, the Foreign Secretary Liz Truss MP visited Saudi Arabia to boost economic ties.<sup>33</sup>

Saudi's oil and gas sector accounts for about 50 percent of gross domestic production and around 70 percent of the Kingdom's exports. In response to the global movements towards greater use of renewable energy, the Saudi King and Crown Prince have committed to Saudi Vision 2030 to diversify the Saudi economy and attract foreign investment.<sup>34</sup>

Historically, Saudi Arabia's sovereign wealth fund has invested heavily in the UK, including buying a £598 million stake in BP in 2020, growing a sizable stake in British Telecommunications (BT), and in 2021 a Saudi-led consortium bought Newcastle football club. Some analysts argue that as with the Russian oligarchs, the City of London's reliance on this money has a corrosive impact on the UK's ability to stand up for human rights abroad.<sup>35</sup>

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<sup>29</sup> [US intel shows Saudi Arabia has expanded its ballistic missile program - CNNPolitics](#)

<sup>30</sup> [Saudi Arabia Invites China's Xi to Visit Kingdom Amid Strained U.S. Relations - WSJ](#)

<sup>31</sup> [Iran suspends scheduled round of talks with Saudi Arabia – report | Iran | The Guardian](#)

<sup>32</sup> [Trade and Investment Factsheet \(publishing.service.gov.uk\)](#)

<sup>33</sup> [Foreign Secretary visits the Gulf to boost economic and security ties, October 2021 - GOV.UK \(www.gov.uk\)](#)

<sup>34</sup> [Saudi Arabia: What happens when the oil stops | Middle East Eye](#)

<sup>35</sup> [Gulf ownership of UK assets raise questions over undue influence \(trtworld.com\)](#), [Government drafts in Saudi to help with levelling up investment push \(cityam.com\)](#), & [£65 billion investment in Britain unlocked by Saudi Crown Prince \(thenationalnews.com\)](#)

The UK has signed a strategic agreement with Saudi Arabia to help implement Vision 2030, with UK companies signing contracts in sectors including: education, training and skills; financial and investment services; culture and entertainment; healthcare services and life sciences; technology and renewable energy; and the defence industry. The UK Government also recently signed an agreement to cooperate in the space sector, an area which includes sensitive dual-use technologies.<sup>36</sup>

Saudi Arabia's Vision 2030 includes a number of megaprojects like a development on the Red Sea in which the Government hopes to raise Saudi Arabia's status as a tourist destination by developing 50 hotels across 22 islands by 2030.<sup>37</sup> The Crown Prince's crowning jewel of Vision 2030 is his aspiration to build a £500bn futuristic city the size of Belgium called Neom from scratch in the desert.

A mixture of the international backlash against the murder of Jamal Kashoggi, the "corruption" crackdown on Saudi princes, and delays as a result of COVID-19 has led some to speculate whether Vision 2030 will realistically be delivered.

Saudi Arabia is investing heavily in financial services and in particular fintech. In recent years it has developed 30 fintech companies and invested \$1.8 billion in UK fintech.<sup>38</sup>

The Saudi Arabian Central Bank is attempting to pioneer block-chain technology which it has used to deposit part of its liquidity into the banking sector. Although the Saudi Government continues to reject reports that it is considering adopting its own crypto currency following a successful digital currency pilot between the Saudi Arabian Central Bank and the UAE Central Bank.<sup>39</sup> Given the rise of digital currencies and growing calls for regulation, this will impact on the City of London's interests.

## Recommendations

The Labour Party should continue to oppose a free-trade agreement with the Gulf Cooperation Council until Saudi Arabia commits to improving labour and environmental standards as well as its human rights record, along with the other countries in the region.

As with the Russian oligarchs, the City of London's reliance on Saudi money arguably has a corrosive impact on the UK's ability to stand up for human rights abroad. Labour should consider a new framework for reviewing investment from authoritarian states to ensure that the UK does not exchange economic reliance on Russian oligarchs for gulf princes.

Saudi Arabia's Vision 2030 offers substantial opportunities for UK companies to invest and for UK exports in industries largely uncontroversial including tourism, culture, entertainment, and education. More broadly, the UK should want Vision 2030 to succeed and for Saudi Arabia to diversify its economy away from oil and gas. There is no reason why the Labour Party should not support these opportunities on a case-by-case basis, but these projects should be underpinned by

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<sup>36</sup> [United Kingdom and Kingdom of Saudi Arabia Strategic Partnership: joint statement \(Economic and Social Pillar\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-saudi-strategic-partnership-joint-statement)

<sup>37</sup> [Saudi's Red Sea project signs agreements for nine hotels with 1,700 keys \(gulfbusiness.com\)](https://www.gulfbusiness.com/news/saudi-red-sea-project-signs-agreements-for-nine-hotels-with-1700-keys)

<sup>38</sup> [Insight to the Middle East: Bridging a GAP between the UK and Saudi Arabia Through Fintech | The Fintech Times](https://www.fintechtimes.com/insight-to-the-middle-east-bridging-a-gap-between-the-uk-and-saudi-arabia-through-fintech/)

<sup>39</sup> [Saudi Arabia Blockchain Technology \(trade.gov\)](https://www.trade.gov/saudi-arabia-blockchain-technology)



a recognition that there is a need for the UK to reassess its long-term relationship with Saudi Arabia.

Fintech and block-chain technology are two areas where the UK could deepen its cooperation with Saudi Arabia and may provide opportunities for increased investment from Saudi Arabia into the UK. Labour should consider supporting collaboration between Saudi and the UK on fintech and block-chain technology outside of any formal investment or trade agreements.

## **RELIANCE ON SAUDI OIL IMPORTS**

The UK's transition to green energy and electric cars will reduce its reliance on Saudi oil imports and dismantle another core tenet of the Saudi-UK relationship in the long-run. However, Saudi's dominant role in determining global oil prices means that it will continue to wield substantial influence.

Nowhere is this power more evident than when it comes to the current rising oil prices which are the result of Russia's war in Ukraine and potential Western plans to boycott Russian oil and gas. Saudi Arabia is one of the few countries in the world which could ramp up oil production and bring global prices down.

According to the Department of Business, Energy, and Industrial Strategy, in 2020 the UK relied on oil for just 31% of its energy consumption. This compared to gas for 41.9% of its energy consumption, primary electricity (mainly nuclear) for 12.5%, coal for 3.4%, and bioenergy and waste for 11%.<sup>40</sup> These figures are likely to change as a result of the current energy crisis, which has been born in part out of Russia's war in Ukraine.

The debate regarding the UK's reliance on Saudi oil is at times misleading as the USA, Russia, Norway, and the Netherlands all export more oil to the UK than Saudi Arabia. Norway is in fact the leading exporter to the UK of natural gas and crude oil accounting for 34% of crude oil imports and 55% of gas imports in 2020.<sup>41</sup>

Refined oil accounts for 46% of all UK imports from Saudi Arabia. Saudi Arabia provides a substantial amount of road diesel in the UK. Saudi dominance in UK refined oil imports is often overstated.<sup>42</sup> While the Kingdom is a large oil exporter to the UK, in 2019 the UK imported two times the amount of refined oil from the Netherlands than it did from Saudi Arabia.<sup>43</sup>

The UK Government has announced a ban on the sale of new diesel and petrol cars and vans from 2030 and investment to accelerate the transition to electric vehicles including £1.3 billion in charging infrastructure. Over the next decade, this will hopefully address the UK's reliance on these particular Saudi oil imports.<sup>44</sup>

## **Recommendations**

Labour should pressure the Government to ensure that Russia's war in Ukraine does not lead to increased reliance on Saudi oil imports. Instead, it should make the case that rising oil and gas

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<sup>40</sup> [UK Energy in Brief 2021 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/92422/uk-energy-in-brief-2021.pdf)

<sup>41</sup> [UK Energy in Brief 2021 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/92422/uk-energy-in-brief-2021.pdf)

<sup>42</sup> [Trade and Investment Factsheet \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/92422/uk-energy-in-brief-2021.pdf)

<sup>43</sup> [UK Energy in Brief 2021 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/92422/uk-energy-in-brief-2021.pdf)

<sup>44</sup> [Government powers up electric vehicle revolution with £20 million chargepoints boost - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/government-powers-up-electric-vehicle-revolution-with-20-million-chargepoints-boost)

prices make the green transition even more vital, encouraging an acceleration of government investment in the transition to electric vehicles, renewable energy, and a low-carbon economy.

Longer-term, Labour should work with key partners to encourage Saudi and the Gulf states that it is in their interest to decarbonise and adopt renewable energy, not least in part to address the existential threat they face as a result of the changing climate.

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### About the New Diplomacy Project:

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### Further Reading

1. <https://www.cer.eu/publications/archive/policy-brief/2019/you-never-listen-me-european-saudi-relationship-after>
2. <https://publications.parliament.uk/pa/cm201314/cmselect/cmfaaff/88/8807.htm>
3. <https://www.kcl.ac.uk/policy-institute/assets/uk-saudi-arabia-report.pdf>
4. <https://www.gov.uk/foreign-travel-advice/saudi-arabia/terrorism>
5. <https://researchbriefings.files.parliament.uk/documents/CBP-8425/CBP-8425.pdf>
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