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**SAUDI-ITALIAN RELATIONS
DURING THE REIGN OF KING FAHD**

by Roberto Aliboni

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In the hundred years that have elapsed since the birth of Saudi Arabia many important developments and changes have affected both this country and Italy. Still, whereas Saudi Arabia has progressed with remarkable political stability, Italy has suffered numerous shocks: the crisis and fall, after World War I, of the nationalist elites which had made Italy an independent and united country in the 19th century; the fall of the Fascist regime and the Savoy monarchy at the end of World War II; the emergence, during the Cold War, of a Western democracy run by the classes which the nationalist elite had excluded from the process of independence; today, after the end of the Cold War, the fall of the Catholic and communist parties that dominated the Cold War domestic stage and the painful attempt to establish a less ideologically-based, more market-oriented and liberal-minded democracy in the country¹.

This difference between a history of stability and one of shocks shapes Saudi-Italian relations, in the sense that, whereas the role of Italy in Saudi Arabia's foreign policy has maintained its character over time, the reverse is not true. In fact, following the shocks Italy suffered, Saudi Arabia's significance for Italy was also subject to relevant changes. In other words, Saudi Arabia-Italy relations have constantly been characterised by strong changes in Italian identity while there has been strong stability in that of Saudi Arabia. Still, there is no doubt that relations have been good or excellent all the time. Adaptation has been fostered by Saudi stability and sense of balance.

Three different periods can be distinguished in the long-standing relations between Italy and Saudi Arabia. The first period, before World War II, was characterised by Italy's acting like a great European power with its ambitions to have influence, compete with other great powers, and play an expanded international role, especially in an area - the Red Sea - where it was still a colonial power². In the second period, namely during its reconstruction after the dramatic defeat in the World War, the loss of its colonies, and the advent of a fully democratic political system, Italy almost came to neglect its historical relations with Saudi Arabia and the Arabian Peninsula and concentrated not only its political but - significantly enough - its oil interests elsewhere. The third period relates to more recent decades, in which Italy has resumed significant relations with Saudi Arabia thanks to an increase in bilateral trade, its participation in European and Western international or multilateral policies towards the Gulf area, and the stimuli deriving from its increased contacts with the Islamic culture, essentially as a result of immigration³.

¹ The non-Italian reader can find an excellent overview of Italian contemporary history in Paul Ginsborg, *A History of Contemporary Italy, Society and Politics 1943-1988*, Penguin Books, 1990.

² On this first period, see Renzo Sertoli Salis, *Italia-Europa-Arabia*, Istituto per gli Studi di Politica Internazionale, Milano, 1940.

³ For developments after World War II, see Giovanni Donini, "I rapporti fra Italia e Arabia Saudita", in R. Aliboni, D. Pioppi (eds.), *Arabia Saudita Cent'anni*, Istituto Affari Internazionali, Franco Angeli

Today, Italy and Saudi Arabia are mostly concerned with the need for and the aspiration to develop a sound basis for cultural relations as a building-block for exploiting the strong potential of their economic and financial relations and a springboard for upgrading their political relations. Current endeavours call for goodwill and understanding, bold enterprise and competence. For them to succeed, a better knowledge of past trends and ongoing developments in the two countries' relations is needed. This paper is a contribution to the fulfilment of that task.

The third period just mentioned above largely overlaps with the Reign of King Fahd. This Reign has straddled two dramatic periods of contemporary history: the decline and sudden end of the Soviet empire in the 1980s and the ongoing difficult adjustments of the post-Cold War era – an era still undefined in its nature and objectives. In this period, Italy has undergone, as already noted, a significant political and cultural change in its domestic politics, known in Italy as the shift from the first to the second Republic.

Can differences in Saudi-Italian relations be distinguished as a result of Italy's transition from the first to the second Republic? Given this change in Italian politics, what are the new challenges in Saudi-Italian relations? Before trying to respond to these questions, a consideration of Saudi-Italian relations in the last twenty years, i.e. during King Fahd's Reign, is in order. We will consider economic, political and cultural relations successively.

Economic relations

The fundamental economic relationship between Saudi Arabia and Italy is based on the trade of Saudi oil for Italian manufactured products. On the average, Saudi Arabia has been Italy's third largest oil supplier, after Libya and the former Soviet Union (see tab. 2).

At the end of the 1990s, because of the increase in oil prices, Italy bought less oil from Saudi Arabia. At the same time, its sales to Saudi Arabia dropped. In 2000, these trends underwent a change: there was an increase in Italian export – more than offset, however, by oil import. Table 1 shows the figures relating to the twenty years corresponding to King Fahd's Reign. Apart from year-by-year changes, the table suggests that the important imbalance which prevailed at the beginning of the 1980s between Italy's import of oil and its exports has been substantially and durably corrected since 1983. This has not been by chance.

It was at that time that the Saudi government agreed to provide Italy directly with oil, thus at a more convenient price than Italy had been paying to international companies. The Saudi agreement to sell oil directly to Italy by means of medium-term contracts was in principle reached between Mr. Giulio Andreotti, then Italian Premier, and the then Prince Fahd during the latter's official visit to Rome in June 1979. The agreement was signed by Petromin and Agip on the following July.

editore, Milano, 2000, pp. 45-52; Vincenzo Strika, "Italia e Arabia Saudita dopo il secondo conflitto mondiale", *ibidem*, pp. 53-61.

Ironically, this agreement had a difficult time: the Italian press raised allegations that it had been used by some Italian political parties to obtain kickbacks⁴ from the Italian oil company. Despite scandals and controversy in Rome in 1980-81, Saudi goodwill made it possible to finalise the important agreement in 1982, during Italian Foreign Minister Emilio Colombo's visit to Riyadh on 5-7 January. As shown by 1983 trade figures, it had an immediately beneficial effect on Italy. Initiated by King Fahd, this agreement set the tune for the subsequent overall trend in Saudi-Italian trade relations during the next twenty years of the King's Reign.

Saudi-Italian economic relations are regulated by five main operative bilateral agreements. Two basic agreements go back to 1973 and 1975. On 10 September 1996, the two Parties signed the crucial agreement on the promotion and protection of investment, which is fully operational today. Talks on a further agreement to avoid double taxation are underway and should hopefully be concluded by the end of 2001. Developments in economic co-operation and investment have failed to be as satisfactory as trade relations, however. Despite progress, both Italian and Saudi investments in Saudi Arabia and Italy respectively continue to be marginal with respect to investment from other countries.

Increasing investment and technological transfer is the real challenge in Saudi-Italian relations. In its last meeting (Riyadh, 6-8 February 2000), the Saudi-Italian Intergovernmental Commission emphasised a number of common policies aimed at giving Saudi-Italian relations new impetus and to that purpose established a permanent Steering Committee. These policies have been enshrined in an agreement signed by the Saudi Council of Chambers of Commerce and the Arab-Italian Chamber of Commerce. The agreement's agenda contemplates a programme for cross-promotion of joint ventures in the two countries; two initiatives for extending Italian assistance to Saudi investments and exports; a project of assistance to Saudi small and medium firms. With a view to co-ordinating these activities, a Business Sub-Committee has been established comprising the Saudi Council of Chambers of Commerce, the Società Italiana per le Imprese all'Estero-Simest (the Italian agency supporting the participation of Italian firms in joint ventures abroad), Confindustria (the Italian federation of industrialists) and Confartigianato (the Italian federation of craftsmen).

In these agreements, special emphasis has been put on Italian technical, managerial and financial co-operation in promoting the development of small and medium firms in Saudi Arabia, on the common conviction that there are in this country the social and cultural factors needed to develop this sector, as in Italy, alongside the capital-intensive and large industries developed by Riyadh planners so far.

To conclude, one has to go back to hydrocarbons, which for the time being remains the cornerstone of Saudi-Italian relations. In a longer-term perspective, the Saudi-Italian oil relationship is bound to be affected by developments in Italy's gas imports (see table 3) and Saudi petrochemical exports. Italy's gas imports (including LNG) are bound to increase remarkably for environmental reasons. This tendency will have to be reconciled with Saudi interests if the sound oil relationship established at the beginning of the 1980s is to be upheld. As for petrochemicals, Italy is supporting Saudi efforts to liberalise EU imports within the EU-Gulf Co-operation Council Dialogue. Meanwhile,

⁴ Details on these developments can be found in Istituto Affari Internazionali, *L'Italia nella politica internazionale*, Edizioni di Comunità, Milano in the volumes relating to years 1979-1980 (pp. 529-31), 1980-1981 (pp. 507-10), 1981-1982 (pp. 460-62).

Saudi investment in Italy in this field would be welcome. Sabic's interest in taking over Enichem is certainly to be regarded as a positive development⁵.

Political relations

With the end of World War II and the loss of its African colonies on the Red and Arabian Seas, namely Eritrea and Somalia, Italy ceased to have geopolitical concerns in those regions.

For almost fifty years, Italy was party to Arabian politics. Its interest concentrated mainly on Yemen and Asir, as these territories were located opposite its colonies, especially Eritrea. In the 1920s, Italy also developed good relations with Hejaz. Its efforts to gain a presence and influence in the region were essentially due, in line with the politics of the times, to the need to assert itself as a great power with respect to Great Britain, France and Germany. In this game, Italy happened to cross Saudi interests from time to time. For example, Italy's course of action in Hejaz might have appeared at odds with Saudi aspirations in this territory. As a matter of fact, Italy's policy towards Hejaz was part of its competition with Great Britain and not with the emerging Kingdom of Saudi Arabia. This was certainly clear to King Abdul Aziz, who always maintained a very friendly attitude to Italy, even when London asked Riyadh to act inimically towards Italy on the occasion of Ethiopia's occupation and World War II. After World War II, direct geopolitical relations were replaced for a long time by a good but distant relationship. In fact, Italy was absorbed by its own social, political and economic transformation within the Euro-Atlantic context and only remotely involved in Third World regions. Unlike other European countries, it was not directly involved in the dramatic events of decolonisation and, despite its UN mandate in Somalia, its role and presence outside the Western world and Europe was quiet and marginal. Italy and Saudi Arabia were living in two distinct and distant regional frameworks.

Furthermore, in the 1950s and 1960s Italy developed an oil policy strongly aiming at independence from the "Seven Sisters" and - to that end - it fostered relations with radical countries and regimes in the Middle East and North Africa⁶. The legacy of this policy was only overcome with the 1982 agreement mentioned above. In fact, that agreement was consciously regarded by the Italian leadership as an essential step in diversifying oil imports from radical to moderate suppliers.

However, in the 1960s changes in domestic politics pursued by the leadership taken up at that time by the left-wing of the Christian Democratic Party set the conditions for a more pro-Arab stance in Italian foreign policy⁷. After the 1967 Arab-Israeli war, the Italian position towards the Arab-Israeli conflict and its numerous facets became more distinct and, although it did not undergo a total about-turn, it did move sensibly closer to Arab positions. The then Prime Minister, Mr. Aldo Moro, supported a stronger role for the UN in solving the conflict, a position that was not opposed by but was still not exactly in tune with the most important Euro-Atlantic allies, above all the United States.

⁵ See Roberta Scagliarini, "E la Sabic accelera su Enichem", *Corriere della Sera-Economia*, 22 October 2001.

⁶ On oil policy and ENI oil company see Leonardo Maugeri, *L'arma del petrolio*, Loggia de' Lanzi, Firenze, 1994; Manlio Magini, *L'Italia e il petrolio tra storia e cronologia*, Agip, Mondadori, 1976.

⁷ See Sergio Romano, *Guida alla politica estera italiana*, Rizzoli, Milano, 1993, pp. 111-19.

This trend was destined to strengthen over time. Among other things, it strengthened the Saudi-Italian political relationship and provided it with a substance that was not there before.

Notwithstanding specific disagreements - for example on the Camp David agreement between Egypt and Israel and Italian participation in the MFO (a question that was raised in Minister Colombo's visit to Riyadh in 1982) - common feelings concerning the Arab-Israeli conflict and, later on, the Middle East peace process have continued to bring the Saudi and Italian governments together since then. Convergence has extended to consideration of and concern for the Gulf region's stability. More broadly speaking, during King Fahd's Reign, there has been Saudi-Italian convergence on all the most important crises and developments in the region, from the Israeli invasion of Lebanon to the Madrid Conference. This trend reached its climax during the 1980s, with the leadership of Mr. Andreotti and Mr. Bettino Craxi. In fact, these periods corresponded to a peak in the pro-Arab trend in Italian foreign policy noted above.

Meanwhile, other factors have contributed to substantiating Saudi-Italian relations. One is the involvement of Italy in the European Union (EU). As a member of the EU, Italy participates in two agendas with a strong interest for Saudi Arabia: the Dialogue with the Gulf Co-operation Council and the establishment of the common European currency, the Euro. Both provide Riyadh with a chance to diversify and reinforce its international relations and investments. As Italy's role in EU is important, Italy becomes that much more important for Saudi Arabia.

The other factor is Italy's growing military role in dealing with international crisis. Since the first steps with the MFO and Lebanon, Italy has multiplied its interventions. Its contribution to the Gulf War in 1990-91, though limited, was decidedly a high point in Saudi-Italian relations⁸. It hopes to materialise its potential by opening up new fields of political and industrial co-operation.

All in all, the end of World War II has brought about a shift in Saudi-Italian political relations, from a geopolitical character to a kind of strategic convergence, stemming from the fact that both Saudi Arabia and Italy belongs to the same set of international alliances and that both have a role in and common concerns on a number of relevant regional and international issues.

This convergence, as already noted, was fostered by Italy's pro-Arab stance during the 1960s when the Italian coalition government was led by the left-wing of the Christian Democratic Party and included the Italian Socialist Party. The policy was reinforced by the support of the Italian Communist Party, the subsequent transformation of this party - after the end of the Cold War - and its rise to government in the mid 1990s. The advent of the so-called second Republic has brought in new feelings and directions, in general stauncher support for Israel and the United States, and a less Europeanist stance. This change may give Saudi-Italian relations a new flavour, if not an entirely new direction.

Cultural Relations

Because of its political involvement in the region before World War II, Italy has accumulated considerable knowledge of Saudi Arabia, in particular thanks to the early scientific work carried out in the 1930s by Prof. Carlo A. Nallino. This tradition has been unilaterally continued in Italian universities.

⁸ The Italian contribution brought in air and naval forces manned by 1950 troops under US command (see Khaled bin Sultan, *Soldato del Deserto*, Adn Kronos Libri, Roma, 2001, p. 402. Details in Istituto Affari Internazionali, *L'Italia nella politica internazionale*, Edizioni di Comunità, Milano, 1993, pp. 272-74.

In the 1990s, a number of Saudi initiatives came to complement and enrich the Italian tradition. Besides the recent translation of some Saudi works from Arabic into Italian⁹, the most outstanding undertaking was the establishment of the King Abdul Aziz Center for Islamic Studies at Bologna University. The Center was inaugurated by Prince Sultan during His visit to Italy in January 2000. Furthermore, Italian archaeologists are co-operating in excavation campaigns in Saudi Arabia.

Italian culture in Saudi Arabia may be less present. Some efforts should be made by governments and private bodies alike to foster a knowledge of Italian culture in the Kingdom.

This imbalance notwithstanding, there are exchanges of people, in particular scientists, artists and students. Still, the cultural agreement signed in Riyadh in 1973 has never been endowed with the necessary administrative and legal instruments to be fully enforced. Nor have the protocols of 1992 and 1996 been fully implemented either.

These deficiencies do not match a situation in which people-to-people contacts are increasing, particularly in the form of immigration of Muslims from various countries to Italy. While Saudi Arabia already made efforts in the past (ever since the 1973 agreement to build the Islamic Cultural Centre in Rome, signed and endowed by King Feysal) and is now multiplying them (as witnessed by the Bologna Center for Islamic Studies), the Italian government is hesitating to provide Muslims with the necessary cultural information and training on Italian culture.

As concerns immigration, the two countries play a different role. Saudi Arabia, as the Custodian of the two Holy Mosques, acts in a transnational mode, whereas Italy acts as an individual nation. The two countries have different problems and perspectives here and there is a potential for disputes. For these disputes to be prevented, a special effort of collaboration is needed.

It must also be noted that, with few exceptions¹⁰, co-operation and information in the field of political, strategic and international issues is just not there, whereas it is evident that it must be developed to reinforce existent Saudi-Italian convergence of interests and perceptions.

Conclusions

Despite structural asymmetries between Saudi Arabia and Italy, the two countries enjoy very good relations. These relations could, however, be improved. King Fahd's Reign has made a unique and strong contribution to Saudi-Italian relations. It will definitely continue to improve them with its sense of balance and competence.

In the field of economic co-operation, Italy should make more efforts to help Saudi Arabia move towards the diversification of its economy. Investments and transfers of technology and knowledge must be multiplied. The Italian project to foster small and medium firms in Saudi Arabia certainly fits the task. On the other hand, Saudi Arabia

⁹ Further to Prince Khaled bin Sultan's book quoted in previous footnote, Prof. Isabella Camera d'Afflitto edited a collection of short stories written by Saudi women, *Rose d'Arabia*, edizioni e/o, Roma, 2001.

¹⁰ One such exceptions was the initiative of the Saudi Ambassador to Italy, Prince Muhammad bin Nawaf ibn Abdul -Aziz Al Saud, to organise a conference in Rome at the occasion of Saudi Arabia's centennial anniversary. The conference was organised by the Istituto Affari Internazionali on 4-5 March 1999 in the premises of the Islamic Cultural Center and gave way to the volume quoted above in footnote 3.

should invest more in Italy in both economic and financial initiatives. A Saudi-Italian financial instrument is definitely lacking and should be set up.

In the field of political relations, the visits by Mr. Oscar Scalfaro, the former Italian President of the Republic, to Riyadh in July 1997, and by Prince Abdullah, the Saudi Crown Prince, to Rome in May 1999 confirmed the Saudi-Italian harmony and collaboration. This collaboration has been fostered by a long-standing sensitivity on the part of the Italian governments to the Arab world. This sensitivity may have changed with the passage from the so-called first to the second Republic.

At the same time, the commitment of the current Italian leadership towards globalising Italy's economic relations should not be overlooked. It could be an important factor in shaping a new fruitful stage in Saudi-Italian relations with an emphasis on economic and financial collaboration.

Coming to cultural relations, while both Italians and Saudis have made an excellent effort to foster Italy's capacities and instruments to understand Saudi and Muslim culture, the reverse is lagging behind.

The problem of Muslim immigrants and the cultural and religious assistance they need must be taken into consideration more carefully by the two governments in planning their co-operation, to prevent interference in Italian politics, while assuring Muslim immigrants their rights and the fulfilment of their cultural and religious needs.

Last but not least, an effort is needed to increase Saudi-Italian cultural relations in the field of political, strategic and international studies, with a view to reinforcing the good existing political relations between the two countries and to provide them with a stronger rationale.

Tab. 1 - Italy: export to and import from Saudi Arabia, 1980-2000 (billion Italian Lire at current prices)

	1980	1981	1982	1983	1984	1985	1986
Export	1.781,8	2.605,5	3.331,0	4.557,4	4.187,2	3.505,9	2.180,7
Import	5.519,1	9.193,6	6.896,2	4.504,1	3.375,9	2.783,4	2.781,8
Balance	-3.737,3	-6.588,1	-3.565,2	53,3	811,3	722,5	-601,1
	1987	1988	1989	1990	1991	1992	1993
Export	1.886,2	1.878,0	1.884,4	1.449,8	2.100,8	2.475,7	3.185,3
Import	1.687,2	1.362,3	1.618,7	2.149,3	2.874,9	2.589,3	2.702,2
Balance	199,0	515,7	265,7	-699,5	-774,1	-113,6	483,1
	1994	1995	1996	1997	1998	1999	2000
Export	2502,1	2482,6	2861,8	2918,5	2854,2	2609,7	3009,4
Import	2381,8	2576,2	2915,3	3662,3	2411,6	2132,5	4219,7
Balance	120,3	-93,6	-53,5	-743,8	442,6	477,2	-1210,3

Source: Camera di Commercio Italo-Araba, Rome

Tab. 2 - Italy: oil imports from the Middle East and North Africa (million tonnes)

	1998		1999	
	Quantity	% of total imports	Quantity	% of total imports
Algeria	1.7	2.0	2.0	2.5
Egypt	3.2	3.8	3.5	4.3
Libya	25.1	29.3	20.3	25.3
Iran	13.9	16.2	13.3	16.5
Iraq	5.3	6.2	6.4	7.9
Kuwait	0.0	0.0	0.1	0.2
Saudi Arabia	12.5	14.5	8.3	10.4
Syria	2.6	3.0	2.8	3.5
Yemen	0.08	0.1	0.0	0.0
MENA total	64.4	75.0	56.7	70.6
Total	85.9	100	80.4	100

Source: Unione Petrolifera, Rome

Tab. 3 - Italy: gas imports (million cubic metres)

	1998	1999
Netherlands	3.0	2.9
Ex-USSR	16.7	19.1
Algeria	22.8	26.8
Nigeria	0.0	0.5
Abu Dhabi	0.1	0.2
Total imports	42.6	49.5

Source: Unione Petrolifera. Rome