

# Oil city attack destabilises Saudi Arabia, deepens threat of world slump

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A recent attack by four armed Islamic militants and the ensuing 25-hour siege killed 22 expatriate oil workers in the oil city of Khobar. Al Qaeda claimed responsibility, saying that it had hit at “American companies” that “specialised in oil.” That said, it is widely believed that the primary aim of Al Qaeda is the destabilisation of the Saudi monarchy.

The attack is symptomatic of the cauldron of social, economic and political tensions within a country suppressed and looted by the one of the world’s most venal and backward regimes.

Far from turning the tide in the war on terrorism, moreover, the United States’ reckless militarism against Iraq has only served to exacerbate the social and political tensions in Saudi Arabia and the entire Middle East region that are a key source of US oil imports as well as petro-dollar investments. The crisis has led to a widespread panic about oil shortages that in turn affects the US presidential elections and presages a world recession.

On the morning of May 29, as people were returning to work after the weekend, four Islamic fundamentalists, wearing uniforms and using vehicles bearing military markings, drove through security and attacked the Al-Khobar Petroleum Centre, comprising two linked buildings, and the headquarters of the Arab Petroleum Investment Corporation (Apicorp).

They killed two guards and 10 workers—predominantly from overseas and including one Briton, whose body they tied to a car and dragged through the streets to intimidate the expatriate community upon whom the Saudi oil industry depends. They opened fire on a school bus, killing a 10-year-old Egyptian boy, the son of an Apicorp worker.

The fundamentalists then attacked the Oasis Residential Resorts Compound housing international workers and took about 50 of them hostage. In contrast to previous attacks when the gunmen were widely criticised for killing Muslims, the militants were careful to target only non-Muslim foreigners. A further 200 people were trapped inside the compound, unable to escape.

Initial attempts by Saudi security forces to free the hostages and regain control of the Oasis compound were abandoned, ostensibly because the lower floors of the six-story hotel where the hostages were being kept had been booby-trapped. The next day, three Saudi security force helicopters landed a combat force on the roof of the hotel. In the ensuing gunfights, some of the hostages were killed. Incredibly, three of the four militants escaped. The fourth man, Nimri al-Baqmi, described later by the interior ministry as being on their “most wanted” list, was injured and taken into custody.

According to the *Financial Times*, the leader of the Qaeda Organisation in the Arabian Peninsula, a small group of Islamic militants dedicated to the overthrow of the Saudi royal family that claimed responsibility for the attack, was Abdulaziz al-Muqrin. Muqrin has a long history of terrorist activity. He fought against the Serbs in Bosnia and then went to Somalia, where he joined a failed attempt to kill President Mubarak of Egypt at a meeting in Ethiopia. After serving two years in an Ethiopian jail, he was

extradited back to Saudi Arabia, where he was imprisoned and tortured. It was Muqrin’s group that was responsible for an earlier attack on foreign oil workers at Yanbu last month.

That men with well-known connections to Al Qaeda were at liberty and were allowed to escape indicates a close relationship with elements of the Saudi ruling family and the state administration, including the security forces. It raises questions about the competence and willingness of these Saudi state forces to deal with the Islamic opposition groups.

According to a report in the *Guardian* newspaper, a member of staff at Oasis said that the Saudi authorities did a deal with the attackers after they threatened to blow up the hotel, killing themselves and the hostages. The attackers would be allowed to escape from the building—despite the fact that it was ringed with security staff—if the hostages were released unharmed. Evidently, the last thing the authorities wanted was to kill or capture Saudi members of the Al Qaeda network, for fear of exacerbating social tensions.

Later reports have admitted that security forces were “tricked” into believing the building was booby-trapped and that at least one other of the three militants was on the “most wanted” list. The Saudi interior ministry claims to have hunted down two “key elements connected with this incident” and shot them.

This latest attack was one of a rising number of such killings in Saudi Arabia. This year alone, there have been three deadly ambushes.

On April 21, suicide bomber attacks on a government building in the capital Riyadh killed five people, including an 11-year-old girl. On May 1, gunmen attacked the offices of the US corporation ABB Lummus Global Inc. in the port of Yanbu, the biggest oil-exporting terminal on the Red Sea, killing six Westerners and a Saudi. Four of the militants were killed in the gunfight. On May 22, gunmen killed a German worker on a street in Riyadh.

Last year, 35 people died, including the nine suicide bombers, in an attack in May on three Riyadh compounds housing international workers. This was followed six months later by another suicide bombing on a housing complex in Riyadh that killed 17 people, mostly foreign Muslim workers.

By far, the largest attack in recent years was the truck bombing of the US military barracks in Dhahran in June 1996 that killed 19 US soldiers and injured 500 others.

For some time now, the US has demanded that Saudi Arabia rein in its Islamic militants, claiming that it is “soft on terror.” This recent attack comes only a few weeks after Saudi officials promised to “strike with an iron fist” against those who planned and carried out such attacks and to protect foreign workers.

The Saudi ruling family has long relied upon religion, US support and barbaric repression to bolster its regime. Now it is stuck between the rock of US support (in return for submission to its demands) and the hard place of religion (in the form of Islamic militant groups like Al Qaeda, which were initially promoted by both the US and Saudi Arabia, and their

challenge to the regime's political legitimacy). For the Saudi rulers, confronting an Al Qaeda threat is as fraught with dangers as not acceding to US demands.

The feudal regime that rules over Saudi Arabia and its 22 million inhabitants was built firstly on British support and then the conquest and subjugation of numerous tribes in the Arabian peninsula in the early part of the twentieth century. It has used the country's guardianship of Islam's holy places in Mecca and Medina and the creed of the fundamentalist Islamic sect, the Wahhabis, to provide the ideological glue to bind together the country's citizens, who owed no national allegiance to the state. This has become ever more important, as an increasing proportion of the population are migrant workers.

When relations with Britain soured, the country's first ruler, Abdul Aziz Ibn Saud, whose main source of income was the annual pilgrimage to Mecca, allowed US corporations to steal a march on the British and explore for oil. The US-Saudi alliance, signed in February 1945 between President Franklin D. Roosevelt and Ibn Saud, provided security for the king against his numerous internal and external enemies, courtesy of massive US foreign military aid, in return for unfettered access to and low prices for the country's abundant oil supplies. From the US perspective, the Saudi regime served as a useful bulwark during the Cold War against the expansion of the Moscow's influence in the region.

The relationship with the US became more difficult for the Saudis to manage after 1967, with US support for Israel against the Palestinians, the quadrupling of oil prices in the early 1970s and the boycott by the oil-producing countries of the Western powers that had supported Israel in the 1973 war. In 1975, Saudi oil production was brought more directly under the control of the ruling family, bringing unprecedented wealth to its princes and some social welfare programmes to the country. The precipitous decline in oil prices in the early 1980s meant, however, that the boom was short-lived, giving rise to social tensions and mounting political unrest.

The US made use of and encouraged the Saudi brand of Islamic fundamentalism as a means of suppressing secular nationalist and socialist movements, not just in Saudi Arabia but throughout the region. In 1979, the Saudi regime, along with promoting religion as an antidote to political opposition at home, supplied much of the funding and many of the volunteers, including Osama bin Laden and others who founded Al Qaeda, for the US-sponsored war against the Soviet-backed regime in Afghanistan. The CIA itself channelled money into Al Qaeda to help recruit, train and coordinate its fighters.

US-Saudi relations were to become severely strained after the end of the Cold War and Iraqi President Saddam Hussein's invasion of Kuwait and threats against Saudi Arabia in 1990. King Fahd turned to the US and invited Washington to station its troops in Saudi Arabia. This was despite the argument of bin Laden and others, including many senior clerics, that under Islamic law it was forbidden for foreign, non-Muslim forces to be based in Saudi Arabia under their own flag. They began to gain a wider hearing when, having "liberated" Kuwait in 1991, the Pentagon failed to withdraw all its 550,000 troops while the government kept quiet. Anti-Americanism was used as a rallying cry against the ruling family that had invited the US in.

During the first Gulf war in 1990, the Saudi government publicly maintained that it did not allow the US to launch attacks against Iraq from its eastern airbases and that flights to enforce the no-fly zone in Iraq were carried out under the aegis of the United Nations. In practice, however, US and British warplanes launched their attacks from Saudi Arabia's western airbases and the UN abandoned its 1992 resolution on the no-fly zone. Such subterfuge was vital under conditions in which the ruling clique had little political legitimacy; it was facing increasing domestic opposition and coming under attack from religious forces such as bin Laden's Al Qaeda.

The situation worsened dramatically after the horrific attacks on the World Trade Centre and the Pentagon in September 2001, when it became clear that 15 of the 19 suicide bombers were Saudi citizens and that Osama bin Laden's Al Qaeda's network was behind them. The US demanded that the Saudis round up their Islamic militants and freeze their funds.

Since then, the Saudis have found it increasingly difficult to face both ways as US policy has become ever more reckless and its military ambition to dominate the entire Middle East has become clear.

The US's criminal war against Iraq, following more than a decade of stringent sanctions that led to the death of more than half a million Iraqi children and bombing raids that punished innocent Iraqi civilians, was deeply unpopular throughout the region. The brutal occupation of the country in pursuit of its oil wealth—routinely described as part of its "war on terror"—plus the officially sanctioned use of torture and degrading and humiliating forms of punishment in Abu Ghraib prison have only served to inflame anti-American feelings. So too has Israel's murderous campaign against the Palestinians, carried out with Washington's backing.

Such tensions have coalesced with rising social hardship for the mass of the population. Despite obscene wealth for the country's ruling family, the Saudi people have seen their standard of living fall catastrophically as oil prices collapsed in the 1980s and 1990s. GDP per capita has fallen from \$18,000 per year in the early 1980s to \$7,000 today. More than half the population are young, and with economic growth failing to keep pace with the rising population, unemployment among Saudi males—few Saudi women work outside the home—is believed to be about 30 percent.

Immigrants from low-wage Muslim countries such as the Philippines, Pakistan, Bangladesh and Indonesia make up about a quarter of the country's workforce and live in constant fear of being arrested and deported if they speak out against their dreadful conditions.

The Saudi people are denied any legitimate means of political expression. Saudi Arabia has none of the institutions of a modern state: no independent legislature or judiciary; no political parties, trade unions or human rights organisations. Women are little more than chattel. The media is strictly controlled, and foreign publications are routinely censored or banned. Arrests, detentions without trial, torture and executions are commonplace.

It is these social conditions combined with the resentment towards the US that have given some legitimacy to the reactionary programme of Al Qaeda and similar groups. This plus their espousal of Islamic fundamentalism—the very basis of their own legitimacy—makes it difficult for the Saudis to clamp down on the militants for fear of undermining their own, increasingly shaky, position. Thus, the import of these groups spreads beyond their as-yet small, active membership.

Al Qaeda is not a political movement of disoriented freedom fighters that somehow expresses the strivings of oppressed, but politically confused masses. Rather, Osama bin Laden is a representative of a disaffected section of the national bourgeoisie in Saudi Arabia and the region as a whole.

He is the son of the founder of the giant Saudi construction corporation, the Bin Laden Group. Although part of the upper stratum of Saudi society, Osama bin Laden rapidly became disenchanted with his exclusion from power by the Saudi ruling elite and its US backers. His apparently contradictory political career has been that of a radical anti-communist adventurer who turned to religious fanaticism, and later anti-Americanism, in an attempt to secure a social base for himself and other scions of the Saudi elite.

In both Afghanistan and Sudan, he worked to support the most reactionary regimes that are totally hostile to the working class and the oppressed masses, with disastrous consequences for the peoples of the region. For a while a useful tool of US imperialism, he was, like many

others before him, eventually outlawed for conflicting with its strategic interests in the region.

He and layers like him feel aggrieved that they have not received their fair share of the cake. Hence, the support and funding they have received from Saudi businessmen and officials. They seek to promote the reactionary utopia of a pan-Islamic state that would strengthen the mullahs, landowners and traders against the broad masses of the population and pledge to take the Muslim countries back to the rule of the Sharia and the Caliphate.

It is the failure of the secular nationalist movements—the FLN in Algeria, Nasserism in Egypt and the Palestinian Liberation Organisation—to ameliorate the social conditions of the masses or achieve any genuine independence from the imperialist exploitation that has spawned the growth of these groups. In the absence of a socialist alternative, thanks to the counter-revolutionary actions of the Stalinist bureaucracy in the former USSR and its satellite parties, Al Qaeda and similar groups have been able to exploit the social misery of the broad sections of the population.

The US “war on terror” is a euphemism for the use of its military superiority to achieve economic hegemony and will do nothing to actually eradicate terrorism. Rather, such is the recklessness of the current White House administration that the war on terror is providing a fertile breeding ground for new recruits to the Islamic fundamentalist movements and is undermining the very regimes upon whom the US has depended for so long.

The degree to which events have spun out of US control can be seen from the impact that the increased instability in Saudi Arabia has had on the world’s key resource, oil. Prices have shot up to \$40 a barrel and are set to rise further.

Saturday’s siege was the second launched against the kingdom’s oil infrastructure and was explicitly aimed at disrupting the oil industry. In this, the Islamic militants already appear to have had some success. Expatriate oil workers and their families have begun to leave, while some corporations have transferred their non-core staff to the United Arab Emirates. Any further exodus could jeopardise oil supplies from the world’s largest oil exporter, which also has one quarter of the world’s proven reserves—far more than those of its four neighbours in the Gulf plus Russia, Nigeria and Alaska combined.

Even more important is the role that Saudi Arabia plays as “swing” producer. It is the only major producer to have much spare capacity—believed to be about 1.5 million barrels per day (bpd)—that can rapidly be brought on stream. As such, it controls more than 75 percent of the world’s excess capacity of 2 million bpd, which is itself less than 3 percent of demand—just about the lowest percentage in the last 30 years.

This allows the Saudis to control the price of oil by increasing or reducing its supply. They have intervened actively, at Washington’s behest, in the oil markets to increase supply and reduce prices whenever supplies from other countries have been disrupted, whether through war or industrial and political conflicts.

Should domestic opposition to the rule of the house of Saud continue to mount, the ruling clique might feel unable to oblige its US overlords.

Saturday’s attack has also raised fears that the country’s oil installations and pipelines that lie above the ground could be vulnerable to a terrorist attack. An *Economist* report cites James Woolsey, a former head of the CIA, as being unimpressed with the Saudis’ claims to have beefed up their security. “Guards and fences are easy to put up, but they don’t defend against real threats,” he said. He believes that several coordinated attacks by terrorists with sympathisers inside Aramco, the state-owned oil producer, could cripple the Saudi oil system.

Richard Baer, another former CIA functionary, was similarly dismissive of Saudi security. He wrote in his recent book *Sleeping with the Devil*, “Taking down Saudi Arabia’s oil infrastructure is like spearing fish in a

barrel.” He cites a number of possible scenarios that would take a major part of the Saudi oil supply out of the world’s markets. Even a relatively minor attack, given Saudi’s key role in the world’s oil supply, would have a major impact. The worst scenario, a coordinated attack on the five key junctions of the 10,500 miles of pipelines that connect the five major oil fields, could put the Saudis out of the oil business for two years.

Thus, the US’s reckless quest for economic supremacy through military might has not only failed to get sufficient oil out of the ground in Iraq, which has the second largest oil reserves, and put an end to terrorism. It has also jeopardised its access to the world’s largest supplier of oil and seems set to spark off a hike in oil prices not seen since the 1970s. Should that happen, it cannot fail to affect the fragile world economy and plunge it into a major recession.



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