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# country report

Middle East and North Africa Department



## Saudi Arabia's Perspectives on Germany: Perceptions and Future Potential for Cooperation

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**The Kingdom of Saudi Arabia has emerged as a key player in the Middle East and North Africa. However, developments within the country and its role in the region regularly arouse controversy, also in Germany. This paper takes a closer look on Saudi-German relations and sheds light on mutual perceptions and expectations.<sup>1</sup>**

### **Saudi Arabia from a German Perspective: A Problematic Partnership**

***Saudi Arabia as an "anchor of stability"***: In recent years, German decision-makers perceived Saudi Arabia as an "anchor of stability" for two main reasons: First, the Kingdom remained largely unaffected by the regional turmoil caused by the so-called "Arab Spring" in 2011. Second, the long-standing bilateral relationship between the Kingdom of Saudi Arabia and Germany is based on mutual interests in regional stability, economic cooperation and combating terrorism. The intelligence services of both countries have started to fruitfully exchange, including sensitive information about jihadist networks, which is highly appreciated by the German side. In the economic field, Germany and Saudi Arabia have established well-functioning networks of trade cooperation in several fields such as automotive, pharmaceuticals, infrastructure, health care and energy. Over the last two decades, hundreds of German companies opened branches in the Kingdom, while the trade volume increased tremendously.

***Negative public image of Saudi Arabia in Germany***: However, the public image of Saudi Arabia in Germany is widely based on negative traditional stereotypes. The Kingdom is portrayed as an isolated, backward-oriented country characterized by gender segregation and discrimination, a negative human rights record, the dominance of the ultra-conservative Wahhabi interpretation of Islam, the alleged sponsoring of terrorism around the globe and a conservative authoritarian regime. Specifically, German arms exports to Saudi Arabia have been a constant issue of criticism among the German public. This image of Saudi Arabia is also a result of the lack of political, media and academic expertise on the Kingdom. So far, only few journalists and academics have been allowed to visit the country in order to write news reports or conduct research. Thus, in-depth expertise and information based on local networks or close contact to Saudi stakeholders working in politics, economy, culture, religion or civil society have hardly been established in recent years. Unlike other European states such as France and the United Kingdom or the United States,

<sup>1</sup>This country report is based on field research in Saudi Arabia. In total, 33 interviews have been conducted with Saudi representatives from politics, economy, culture, media and civil society.

Germany has so far not invested much political capital into the partnership with Saudi Arabia.

**Increased interest in Saudi Arabia after 2011:** Since the unrest of the “Arab Spring” and the ongoing reshuffle of the Middle Eastern geopolitical order, Saudi Arabia has become politically more relevant from a German perspective. With the weakness of traditional Arab state actors such as Egypt, Syria or Iraq, the Kingdom positioned itself as the most important Arab regional player. As a consequence, the increased regional role of Saudi Arabia was followed by a more intense outreach from Germany shown by several bilateral high-ranking political visits. In German decision-making circles, interest in Saudi Arabia has also increased after the inauguration of King Salman in January 2015 and the designation of his youngest son, Muhammad bin Salman (called MbS), first as Minister of Defense and later as Crown Prince. These developments have raised political and public awareness in Germany.

**Mounting criticism since MbS’ rise to power:** Although the social and economic modernization process embedded in “Vision 2030” including the lift of the driving ban on Saudi women and the opening of cinemas have been covered quite positively in the German media, the regional political engagement of the new leadership has been condemned as “assertive” and “aggressive”. For instance, a leaked Saudi-critical report of the German foreign intelligence service in December 2015 labeled MbS’ foreign policy as “impulsive” and characterized by “a strong military component”. Furthermore, Saudi Arabia is portrayed as being willing to take “unprecedented military, financial and political risks”. Particularly the Saudi-led military campaign in Yemen that started in March 2015 has raised public and political concerns in Germany about the disastrous consequences for Yemeni civilians. In addition, the blockade against Qatar initiated by Saudi Arabia, the United Arab Emirates (UAE), Bahrain and Egypt in June 2017 has also been discussed controversially. With regards to the Saudi leadership’s domestic policy, the anti-corruption campaign against popular political, media and economic figures in November 2017 and the detention of several human rights activists have raised further concerns and intensified discussions in Germany about the assertion of more political pressure on Saudi Arabia. In general, critical discussion about Saudi Arabia is centered on Germany’s arms exports to the Kingdom as an important recipient of German military equipment and can be characterized as a largely domestic debate.

Finally, after the killing of Saudi journalist Jamal Khashoggi in the Kingdom’s consulate in Istanbul in October 2018, the German government announced halting all arms exports to Saudi Arabia (as had already been stated in the German coalition agreement of the new government that took office in March 2018, consisting of conservative Christian Democrats and Social Democrats). In addition to that, Germany, France and the UK published a joint statement demanding a full investigation into the circumstances of Khashoggi’s murder. A planned trip of German Foreign Minister Heiko Maas to Saudi Arabia was postponed. Instead, Federal Foreign Office’s State Secretary Andreas Michaelis met, in January 2019 in Riyadh, with Adel al-Jubair, the former Saudi Foreign Minister and newly appointed Minister of State for Foreign Affairs.

## Saudi Arabia's Perception on Germany: Trustworthy but not the Most Important Partner

**Germany as a reliable partner:** In general, Saudi Arabia perceives Germany as a trustworthy and reliable partner due to its economic capabilities, its lacking colonial past in the region and its high quality of trading goods. For Saudi businesses, the economic partnership with their German counterparts is based on common trust, a long-lasting relationship and respectful communication.

**Germany as "too pro-Iranian":** From the official Saudi perspective, Germany's diplomatic engagement in the Joint Comprehensive Plan of Action (JCPOA) with Iran has negatively affected Germany's image as an "honest broker". Instead, the Saudi government perceives Germany as being "too pro-Iranian". It is often expressed by several interlocutors that Germany should "choose sides" in order to show its support to the Saudi political position and its anti-Iran approach. This critical assessment of Germany's Middle East policy was intensified by the statements of former German Foreign Minister Sigmar Gabriel whom Saudi officials accused of acting "as an Iranian agent". The perception in Saudi-Araba that Germany stands on the wrong side in the regional Saudi-Iranian struggle was further increased by the German handling of the Hariri incident in November 2017. Gabriel indirectly blamed Saudi Arabia for the temporary resignation of Lebanese Prime Minister Saad Hariri and called Saudi involvement in the affair "adventurism" leading to the recall of the Saudi ambassador to Germany, HRH Prince Khalid bin Bandar Al Saud, by Riyadh. The ensuing diplomatic crisis between both governments also hampered the bilateral business climate. It was said that a royal order was issued to block Saudi ministries from cooperating with German companies. In addition, several German politicians were denied entry into the Kingdom. The end of this "boycott" in September 2018 was welcomed by Saudi representatives from politics, economy and culture aiming at returning to normality.

**The German business community as too risk-averse:** Nonetheless, some in the Saudi business community have expressed their disappointment regarding hesitant and reserved German investments in the Kingdom. In order to implement "Vision 2030" successfully, the Saudi economy is in dire need of foreign investment from international partners such as Germany. However, the German business community, based on a strong SME sector (the so-called German "Mittelstand"), has shown a risk-averse stance towards investment in Saudi Arabia. Regardless of the specific sectors, German companies are mostly looking for trade opportunities rather than for direct investment. In this regard, high expectations by the Saudi side were not met by their German partners. Quite the opposite: Instead of engaging in the Saudi diversification program, the bilateral trade volume has decreased in recent years – a trend that intensified with the above-mentioned diplomatic crisis between Riyadh and Berlin. The same year, the German export volume decreased by 8% and by another 13% in the first quarter of 2018. Therefore, the traditional positive image of Germany as a reliable trade and investment partner has suffered. Today, Saudi companies have, to some extent, lost their trust in their German counterparts and are looking for other investors from countries such as China, South Korea or France.

**Germany as no influential political player:** Finally, Germany is mostly perceived as an important economic partner but not as an influential political actor. In contrast to other countries such as France, the UK, and the United States, for Saudi decision-makers, Germany has so far not played a significant political role. In general, Germany's impact on shaping the Saudi foreign policy is very limited. Due to its strong links to the United States and especially to the Trump administration, the Saudi leadership under MbS relies on close personal ties to US President Donald Trump and his son-in-law, Jared Kushner, as well as to the UK and France, the two major former colonial powers in the MENA region. In contrast, Germany has no leverage on the new leadership under MbS and can neither offer incentives nor exercise pressure in order to shape Saudi decision-making processes. Even the decision to put all arms exports on hold was not followed by an official Saudi reaction – neither a positive nor a negative one.

### Tapping the Full Potential: Towards New Ways of Cooperation

In Germany, Saudi Arabia is still perceived as a problematic partner whereas in Saudi Arabia, Germany is currently losing political and economic relevance. Therefore, windows of opportunity for cooperation have become limited. Nonetheless, Saudi interlocutors from different levels and sectors have expressed their hopes to improve bilateral cooperation especially in the fields of entrepreneurship and culture.

**Engaging with a "new Saudi Arabia":** After the diplomatic tensions between Riyadh and Berlin had been solved in the fall of 2018, representatives from different business sectors expressed aspirations for a better German-Saudi cooperation. In light of "Vision 2030", launched in 2016, Saudi Arabia considers Germany an excellent source of innovative solutions for the development of Saudi Arabia's private, health care, pharmaceutical, entertainment and sports sectors, its education system as well as the bilateral cultural cooperation. Based on "Vision 2030", administrative reforms now provide better opportunities for foreign investors to enter the Saudi market. In addition, a young Saudi generation thrives for future job perspectives by engaging in start-ups and entrepreneurs. Saudi women are increasingly integrated into the job market and are positioning themselves as "drivers for economic and social change". From the perspective of Saudi businessmen, a "new Saudi Arabia" is emerging and Germany should take the new opportunities for more intense economic engagement by supporting "Vision 2030" goals of diversifying the economy and strengthening the private sector.

**Strengthening Entrepreneurship:** With regard to start-up development, incubators and accelerators, Saudi Arabia is undergoing tremendous changes. Currently, only a few start-up initiatives have established contacts to their German counterparts. During a German start-up delegation visit to Saudi Arabia and Bahrain in 2018, Saudi young entrepreneurs expressed their wish to establish closer contacts to German colleagues by visiting German start-up hubs such as Berlin. By presenting their products at German exhibitions and other events, Saudi entrepreneurs aim to raise awareness of Saudi Arabia as a new emerging ecosystem in the Middle East. They are interested in studying the German legal framework, evaluating co-working solutions and seeking funding opportunities. Of particular interest to Saudi entrepreneurs are the sectors of renewable energy, artificial intelligence, commerce 2.0, digitalization, intelligent logistics, life sciences, second-hand online markets and app development. Thus, cooperation between German and Saudi start-ups is a promising field of enhancing exchange between Saudi and German business communities and societies in general.

**Fostering cultural cooperation:** From a Saudi perspective, Germany is admired for its cultural heritage including its literature, classical music and opera. Although German institutions such as the German Embassy in Riyadh or the General Consulate in Jidda as well as the Goethe Institute have already organized cultural events such as hip-hop competitions and concerts, more opportunities for joint cultural cooperation in several sectors such as literature, arts, music, comedy, movies and theaters are emerging. In the framework of "Vision 2030", state-sponsored and non-state cultural initiatives and institutions have been established that could serve as interesting partners for German institutions. On the one hand, by organizing joint events in Germany, Saudi artists could present more information about the "daily life" in Saudi Arabia to a German audience. On the other hand, organizing a Saudi-German cultural week or establishing a "German cultural house" could be of utmost interest for Saudi audiences.

**Intensifying cooperation in research and education:** Research and education, vocational training and know-how transfer are main pillars of "Vision 2030". Thus, new governmental committees and semi-official institutions such as the MiSK Foundation (Prince Muhammad bin Salman bin Abdulaziz Foundation), established by the organization's namesake in 2011, have been founded in order to create new research and educational opportunities for the young Saudi generation. For German universities and other educational institutions, it could be of interest to establish links to those Saudi players. In addition, Saudi interlocutors demand the expansion of existing student exchange programs, ranging from engineering to the humanities. By providing detailed information, German universities and colleges could attract more Saudi students to study in Germany. At the moment, young Saudis often decide to study in the United States or other English-speaking countries. Most of them are unaware of the fact that many German universities offer degrees in English. Therefore, German universities should improve their online information and should look for institutional partnerships with their Saudi counterparts.

**Fostering cultural tourism:** Germany and Saudi Arabia could enhance cooperation in terms of cultural tourism. "Vision 2030" aims to attract more cultural tourists from Europe. In order to achieve this goal, Saudi Arabia is planning to invest billions into historical sites such as Mada'in Salih. In the long run, bringing German tourists to the Kingdom for hiking, diving or sight-seeing could be an attractive business model for Saudi as well as German travel agencies. In addition to that, German Muslims could extend their stay in Saudi Arabia after performing the pilgrimage spending their holidays in the Kingdom. At the moment, most Saudi tourists traveling to Western countries are visiting France, Italy, the UK or the United States. Although German cities such as Munich and Heidelberg are famous destinations for medical tourism, the potential for Saudi cultural tourism in Germany is still very high. Young Saudi women and men are especially interested in German history and the country's federal political system. In this regard, infotainment packages could be offered to attract more Saudi tourists to Germany.

**Fostering cooperation in sports education:** Many young Saudis suffer from obesity, diabetes and cardiac diseases due to a lack of physical fitness and imbalanced nutrition. In recent years, more awareness has been raised for those issues: Gyms have been opened for women and men, cycling and hiking have become popular and sports in general have gained a new significance for the young generation. However, qualified training personnel is lacking in schools, colleges and clubs. Therefore, the demand for highly qualified personnel such as German sports teachers, physiotherapists and fitness coaches is growing. Saudi schools are in dire need of well-educated sports teachers for girls and disabled students. Furthermore,

programs such as Saudi-German sports festivals, non-competitive running events or swimming festivals could be organized.

**Intensifying cooperation in football:** Due to political reasons, the German football association DFB has been reluctant in recent years to establish closer ties with their Saudi counterpart. Nevertheless, organizing amateur football summer camps for Saudi girls and boys, workshops and other training events to bring together young Saudi and German talents could be an adequate opportunity to foster mutual understanding.

**Organizing joint e-sports competitions:** In Saudi Arabia, e-sports have become very popular. In recent years, several Saudi e-gamers won the electronic football world championship. On the German side, e-sports are also gaining social, commercial and political attention. Therefore, a Saudi-German e-sports tournament could be another option to foster dialogue between both countries. Such a digital tournament could be organized both in Saudi Arabia and in Germany.

**Increasing knowledge and engaging in critical discussion:** Finally, it is important to provide more information in Saudi Arabia about Germany and vice versa in order to reduce stereotypes and clichés currently hindering closer cooperation. Although language barriers have become less relevant at universities and urban centers, many Saudis still avoid traveling to Germany as they expect significant communication hurdles. In addition, many Saudis are concerned about rising Islamophobia, xenophobia and racism in Germany. In this regard, orientation courses and the provision of detailed information by German institutions in Saudi Arabia could help to overcome those concerns. In order to reduce stereotypes about Saudi Arabia, it is essential to invite a larger number of representatives from official Saudi institutions, civil society and NGOs to Germany to allow them to present their activities to a critical and interested German audience. Saudis should then be willing, however, to engage in open and frank dialogue with their German counterparts. This is only possible if issues such as religion, human rights and terrorism are part of those discussions.

## Conclusion: Chances for Better Cooperation amid Remaining Challenges

Saudi-German cooperation is likely to remain problematic: From the perspective, the ongoing controversial debate about critical issues such as Saudi Arabia's human rights record, the Kingdom's assertive regional policy, the murder of Khashoggi and the repression of civil society will further hamper chances for strengthening bilateral ties. In return, Saudi Arabia is distancing itself from Germany due to the latter's ongoing dialogue with Iran and its reluctant stance towards "Vision 2030". Against this background, a more nuanced view from both sides is needed in order to address the respective ambivalent perceptions and find options for better mutual understanding.

Therefore, the specific sectors mentioned above could allow for new ways for such cooperation despite remaining challenges and obstacles. From a Saudi perspective, the Kingdom offers new chances for closer cooperation with German players in politics, economy and culture. Nowadays, attractive partners for the development of future cooperation plans are easier to identify than in the past. However, German actors should present concrete ideas and precise business models to their Saudi partners.

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