NEGATIVE BRIEF: Saudi Oil Subsidies

SIGNIFICANCE / HARMS 3

Oil prices are falling and will stay low for years to come – as of November 2014 3

Oil prices are collapsing 3

Supplies up, demand down: Oil is plentiful as US shale production ramps up, Saudis maintain supplies overseas, and demand is weak because of sluggish global economic conditions 3

Saudi oil subsidies at most affect less than 2% of the total world oil market. We see this in 2 cards: 4

1) Saudi Arabia and Venezuela together are 50% of the total negative economic impact of oil subsidies in all countries 4

2) The total negative global impact of all countries’ oil subsidies is 4% of the market. 4

SOLVENCY 4

France will be happy to replace the US for arms deals with the Saudis 4

Saudis will buy arms from France if problems develop with the U.S. 4

DISADVANTAGES 5

1. Arab Spring in Saudi Arabia 5

Link: Cutting oil subsidies for its citizens risks triggering an “Arab Spring” revolutionary movement 5

Link: Energy subsidies are key to preserving Saudi government legitimacy and avoiding an Arab Spring 5

Brink: Saudi population is restless and is being calmed with money from the government 5

Impact: Regime change would be violent and leave Saudi people economically worse off 6

2. Lose or Weaken the Saudi Alliance 6

Link: Canceling arms sales confirms Saudi fears that the US is not a reliable ally 6

Link & Brink: Weapons purchases are key to maintaining the US/Saudi alliance 6

Impact: Reduced US National Security. US security depends on the strongest possible ties with Saudi Arabia. 7

3. Saudis develop nuclear weapons 7

Link: Affirmative suspends or threatens to suspend US arms sales to Saudi Arabia 7

Link: Assurance of US arms restrains Saudi Arabia from developing nuclear weapons. 7

Brink: Saudi Arabia fears Iran getting a nuclear bomb and is considering building one of its own 7

Brink: US reassurance is key to keeping nuclear weapons out of Saudi Arabia 7

Impact: Risk of Nuclear War. Saudis would deploy nuclear weapons not only for deterring war but for fighting one 8

Impact: Nuclear Proliferation = increased risk of nuclear war 8

4. Lost military hardware exports. 8

Link: Saudi Arabia is the largest US trading partner in the Middle East. 8

Brink: Saudi Arabia is a top customer for US arms 9

Impact: Lose thousands of jobs and billions of dollars. 9

NEGATIVE BRIEF: Saudi Oil Subsidies – Not a problem

By Vance Trefethen

**This brief is against an Affirmative case to pressure Saudi Arabia (threaten to cut US arms sales) to make the Saudis stop subsidizing (using government money to reduce the market price of) oil and gasoline for domestic consumption by their own people. Saudi government subsidies encourage Saudi citizens to consume too much oil, and distort markets.**

SIGNIFICANCE / HARMS

Oil prices are falling and will stay low for years to come – as of November 2014

WALL STREET JOURNAL 2014. (journalist Liam Denning) 27 Nov 2014 OPEC’s Weapon of Mass Inaction - It will likely be years before we see triple-digit oil again <http://online.wsj.com/articles/opecs-weapon-of-mass-inactionheard-on-the-street-1417105500>

OPEC just declared war on everyone-including itself. The oil cartel’s hotly-anticipated meeting on Thursday ended with a whimper: No change to an output target that already wasn’t being observed. Oil prices, though, went bang: Brent crude fell 5% to around $72.40 a barrel after the decision was made. It will likely be years before we see triple-digit oil again.

Oil prices are collapsing

Reuters news service 2014. (journalist Barani Krishnan) 28 Nov 2014 U.S. crude down 10 percent post-OPEC, Brent breaks below $70 <http://www.reuters.com/article/2014/11/28/us-markets-oil-idUSKCN0JC1LO20141128>

U.S. crude tumbled 10 percent in its biggest one-day drop in more than five years on Friday, and benchmark Brent broke below $70 a barrel, as OPEC's decision not to cut output sent oil traders and analysts scurrying to find a new trading floor. "I see little reason to buy oil now. I think people are either going to drive it down further or just let the market collapse," said Tariq Zahir, managing member at Tyche Capital Advisors in Hollow Way, New York.

Supplies up, demand down: Oil is plentiful as US shale production ramps up, Saudis maintain supplies overseas, and demand is weak because of sluggish global economic conditions

Reuters news service 2014. (journalist Barani Krishnan) 28 Nov 2014 U.S. crude down 10 percent post-OPEC, Brent breaks below $70 <http://www.reuters.com/article/2014/11/28/us-markets-oil-idUSKCN0JC1LO20141128>

Since June, Brent has given up about 40 percent of its value, falling from above $115, as increasing U.S. shale oil output helped create a glut amid sluggish global growth. Friday's selloff culminated a stunning 24 hours on global crude markets, in near free fall after Saudi Arabia blocked calls from poorer members of the Organization of the Petroleum Exporting Countries to reduce production.

Saudi oil subsidies at most affect less than 2% of the total world oil market. We see this in 2 cards:

1) Saudi Arabia and Venezuela together are 50% of the total negative economic impact of oil subsidies in all countries

Prof. Lucas Davis 2013. (Associate Professor, Haas School of Business, University of California, Berkeley ) The Economic Cost of Global Fuel Subsidies December 2013 <http://ei.haas.berkeley.edu/pdf/working_papers/WP247.pdf>

In 2012, Venezuela had the cheapest fuels on the planet so even though the total dollar value of subsidies is higher in Iran and Indonesia, the subsidies in Venezuela impose more economic cost because the subsidy per gallon is so high. Deadweight loss increases approximately with the square of the subsidy amount so it is extremely concentrated among countries with the very largest subsidies. The big two, Saudi Arabia and Venezuela, represent 50% of total global deadweight loss, while only representing 34% of the dollar value of subsidies.

2) The total negative global impact of all countries’ oil subsidies is 4% of the market.

**Analysis: If Saudi Arabia and Venezuela together are 50% of that, then Saudi Arabia alone could not be impacting more than 2% of the total global oil market (less than 50% of the 4% total global impact)**

Prof. Lucas Davis 2013. (Associate Professor, Haas School of Business, University of California, Berkeley ) The Economic Cost of Global Fuel Subsidies December 2013 <http://ei.haas.berkeley.edu/pdf/working_papers/WP247.pdf>

Eliminating subsidies for gasoline and diesel would, with a -0.6 demand elasticity, decrease global fuel consumption by 29 billion gallons per year. At $1.11 per gallon this excess consumption imposes external costs worth $32 billion annually. Combined with the estimated deadweight loss ($44 billion), the total economic cost of fuel subsidies is $76 billion annually. The global market for gasoline and diesel was $1.7 trillion in 2012, so this is 4% of the market.

SOLVENCY

France will be happy to replace the US for arms deals with the Saudis

Mohammed Ballout 2013. (journalist) AL –MONITOR “France tries to supplant US as Saudi Arabia's arms supplier” 27 Dec 2013 [http://www.al-monitor.com/pulse/security/2013/12/france-saudi-relations-replace-washington-arms.html#](http://www.al-monitor.com/pulse/security/2013/12/france-saudi-relations-replace-washington-arms.html) (brackets added)

The top priority of the French president, who's visiting Saudi Arabia Dec. 29-30, is to conclude an unprecedented arms deal with Saudi Arabia, thus exploiting the chill in [US-Saudi relations](http://www.al-monitor.com/pulse/politics/2013/06/saudi-arabia-iran-us-foreign-policy-syria.html" \t "_blank) and entering the oil region’s largest arms market, which has spent more than $70 billion during in one decade to accumulate the region’s largest arsenal. [French President Francois] Hollande wishes to gradually supplant America in this market in case America keeps retreating from the crises of the Middle East and Central Asia, and if America’s nuclear understanding with Tehran is consecrated.

Saudis will buy arms from France if problems develop with the U.S.

United Press International 2013. After scuttling Iran deal, France could clinch arms deals 12 Nov 2013 <http://www.spacedaily.com/reports/After_scuttling_Iran_deal_France_could_clinch_arms_deals_999.html>

Although the Saudis currently depend heavily on U.S. weapons systems, they've indicated amid the falling-out with Washington that they're prepared to look elsewhere to acquire weapons and to "buy" influence by awarding defense contracts. French Defense Minister Jean-Yves Le Drian visited Saudi Arabia in October for discussions on a $2.72 billion deal to modernize Saudi air defenses.

DISADVANTAGES

1. Arab Spring in Saudi Arabia

Link: Cutting oil subsidies for its citizens risks triggering an “Arab Spring” revolutionary movement

Dr. Eckart Woertz 2013.( PhD in economics from Friedrich-Alexander University and is a senior researcher at the Barcelona Centre forInternational Affairs) The domestic challenges in the Saudi energy market and their regional and geopolitical implications November 2013 <http://www.peacebuilding.no/var/ezflow_site/storage/original/application/05a485f202440778052158eb7ef9808b.pdf>

Saudi Arabia now faces a natural gas shortage and is seeking alternative energy sources like nuclear power and renewables in order to reduce the common practice of using fuel oil, crude oil and diesel in power stations. If unchecked, domestic energy demand will threaten oil export capacity and could compromise Saudi Arabia’s role as swing producer in global oil markets. However, a reform of the subsidy regime is politically sensitive, because citizens regard subsidies as an entitlement. The government is reluctant to touch subsidies in order to avoid the kind of political unrest that has occurred elsewhere in the wake of the Arab Spring.

Link: Energy subsidies are key to preserving Saudi government legitimacy and avoiding an Arab Spring

Dr. Eckart Woertz 2013.( PhD in economics from Friedrich-Alexander University and is a senior researcher at the Barcelona Centre forInternational Affairs) The domestic challenges in the Saudi energy market and their regional and geopolitical implications November 2013 <http://www.peacebuilding.no/var/ezflow_site/storage/original/application/05a485f202440778052158eb7ef9808b.pdf>

Managing domestic demand and finding new sources of energy supply are now high policy priorities in Saudi Arabia. Cutting subsidies and moving to a targeted subsidy regime of direct aid to needy segments of the population will be the most important issues. Officials like the minister of the economy and the head of the power utility company have started to raise these issues in public, but beyond this nothing has happened yet. As an authoritarian rentier state, Saudi Arabia’s implicit social contract is no taxation and no representation. The regime buys acquiescence with welfare payments, subsidies and public sector jobs. It reiterated its part of the bargain when it increased spending in the wake of the Arab Spring to ward off spillover effects from other countries. In this environment, reducing subsidies will be difficult.

Brink: Saudi population is restless and is being calmed with money from the government

Erick Stakelbeck 2012. (journalist) 5 Mar 2012 Why the Saudis' Downfall Could Impact America , CBN NEWS, <http://www.cbn.com/cbnnews/world/2012/March/Why-the-Saudis-Downfall-Could-Impact-America/>

Then, after governments fell in Tunisia and Egypt, the Saudi royals moved to appease their own restless subjects with billions of dollars in new welfare and housing programs. "It is absolutely bribery. That's what it is. When this uprising started, they started getting nervous," said Dr. Ali Alyami, of the Washington-based Center for Democracy and Human Rights in Saudi Arabia. Alyami believes the Royal Family's days are numbered. "The Saudi people suffer from corruption, lack of political freedom, lack of religious freedom, lack of press freedom, injustice, no accountability, no transparency," he told CBN News. "So the same problems that led all of these Arabs to take to the streets are in Saudi Arabia," Alyami said. "So regardless of all the bribes -- they know it, actually -- they are not going to be spared the wrath of the people."

Impact: Regime change would be violent and leave Saudi people economically worse off

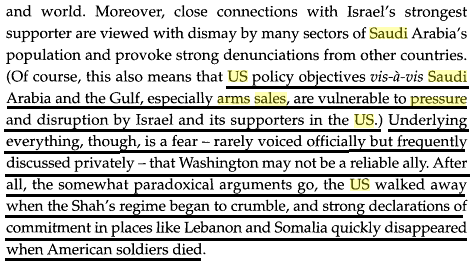
Anthony Cordesman 2014. (holds the Arleigh A. Burke Chair in Strategy at Center for Strategic & International Studies; recipient of the Dept of Defense Distinguished Service Medal; served as director of intelligence assessment in the Office of the Secretary of Defense; masters degree in International Studies, International Security, Middle East from Univ of Denver )17 Mar 2014 The Need for a New “Realism” in the US-Saudi Alliance<http://csis.org/publication/need-new-realism-us-saudi-alliance>

Americans needs to see the region through Saudi eyes, not just their own. They need to see how urgent the mix of threats are that Saudi Arabia, the other Southern Gulf states, and Arab countries like Jordan see around them. They also need to take careful heed to the lessons from political upheavals in the region to date. None have led to stable democracies, economic stability much less economic development, or improvements in the rule of law and human rights. Most have led to sharp rises in civil violence and some to civil war, most have led to serious economic decline, and most have led to serious reductions in living conditions.

2. Lose or Weaken the Saudi Alliance

Link: Canceling arms sales confirms Saudi fears that the US is not a reliable ally

Dr. J.E. Peterson 2002. (PhD; former **Historian of the Sultan's Armed Forces in the Office of the Deputy Prime Minister for Security and Defence in Muscat, Sultanate of Oman** ) Saudi Arabia and the Illusion of Security <http://books.google.fr/books?id=IV_aAAAAQBAJ&pg=PA39&lpg=PA39&dq=U.S.+arms+sales+pressure+saudi&source=bl&ots=BMRFeI0roZ&sig=Eh33cUJiVUJY69zYijrr7vVyIXs&hl=en&sa=X&ei=_CV6VLfULcPPaK_7gMgN&ved=0CDoQ6AEwBA#v=onepage&q=U.S.%20arms%20sales%20pressure%20saudi&f=false>



Link & Brink: Weapons purchases are key to maintaining the US/Saudi alliance

David Kenner 2013. (Middle East editor) [Why Is Saudi Arabia Buying 15,000 U.S. Anti-Tank Missiles for a War It Will Never Fight?](http://www.foreignpolicy.com/articles/2013/12/12/why_is_saudi_arabia_buying_15000_us_anti_tank_missiles_for_a_land_war_it_will_ne) Hint: Syria. 12 Dec 2013 FOREIGN POLICY (brackets in original; Hartung is director of the Arms and Security Project at the Center for International Policy) <http://www.foreignpolicy.com/articles/2013/12/12/why_is_saudi_arabia_buying_15000_us_anti_tank_missiles_for_a_land_war_it_will_ne>

But purchasing the weapons, rather than any intent to use them, may be the point for the Saudis. At a time when they are at odds with Washington over the Obama administration's diplomacy with Iran and nonintervention in Syria, the kingdom's deep pockets can at least make sure their ties to the Pentagon remain as strong as ever. "There was a [Washington] lobbyist who used to say, 'When you buy U.S. weapons, you're not just buying the weapon -- you're buying a relationship with the United States,'" said Hartung. "I think that's kind of the concept."

Impact: Reduced US National Security.  US security depends on the strongest possible ties with Saudi Arabia.

Anthony H. Cordesman 2010 (holds the Arleigh A. Burke Chair in Strategy at Center for Strategic & International Studies (CSIS); received Dept of Defense Distinguished Service Medal; has traveled frequently to Afghanistan and Iraq to consult for MNF-I, ISAF, U.S. commands, and U.S. embassies ; frequently acts as a consultant to the U.S. State Department, Defense Department, and intelligence community ; served as director of intelligence assessment in the Office of the Secretary of Defense ) September 14, 2010 “U.S.-Saudi Security Cooperation and the Impact of U.S. Arms Sales” CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES<http://csis.org/publication/us-saudi-security-cooperation-and-impact-us-arms-sales>

The United States needs all the friends it can find in the Gulf. It faces serious uncertainties in reshaping its security posture in the region as its forces depart from Iraq. These include Iraq’s uncertain future political stance and government, the inability to predict Iranian actions and alignments, the uncertain outcome of the Israeli-Palestinian peace process, and uncertainties surrounding the success or failure of the conflicts in Afghanistan and Pakistan.Saudi Arabia and Reshaping the U.S. Strategic Posture in the Gulf At the same time, several factors are clear. There is no possible “end state” to the U.S. presence in the Gulf nor an end to the need for the strongest possible U.S. security ties to Saudi Arabia and other friendly states in the region.

3. Saudis develop nuclear weapons

Link: Affirmative suspends or threatens to suspend US arms sales to Saudi Arabia

Link: Assurance of US arms restrains Saudi Arabia from developing nuclear weapons.

Prof. DAVID S. SORENSON 2014. (Professor of International Security Studies at the U.S. Air War College ) Why the Saudi Arabian Defence Binge? Contemporary Security Policy, Vol.35, No.1, 2014 <http://www.tandfonline.com/doi/pdf/10.1080/13523260.2014.884340> (brackets added)

[Texas A&M professor of government] F. Gregory Gause adds an additional justification for the sales; should Iran develop a nuclear weapon, Saudi Arabia may be tempted to follow suit, but modern US weapons might at least cause them to reconsider: ‘If they are confident of their American security guarantee – and these big arms sales are warrants of the American commitment to their security – American advice not to obtain nuclear weapons will carry more weight’.

Brink: Saudi Arabia fears Iran getting a nuclear bomb and is considering building one of its own

Dr. John B. Alterman 2011. ( PhD History, Princeton Univ. Director of the Middle East Program at Center for Strategic & International Studies; former member of the Policy Planning Staff at the U.S. Department of State and as a special assistant to the assistant secretary of state for Near Eastern affairs) “Fierce or feeble - Persian gulf assessments of U.S. power”<http://csis.org/files/publication/110613_alterman_CapacityResolve_Web.pdf> (brackets in original)

Speaking with Western researchers, a senior Saudi diplomat said in 2006 that the best way for the Gulf to respond to an Iranian nuclear capability would be “with another nuclear weapon.” “We are naked,” a Saudi prince recently complained. “We are surrounded by a country that already has a nuclear capability [Israel], and a country that is building it [Iran].”

Brink: US reassurance is key to keeping nuclear weapons out of Saudi Arabia

Michael Miner 2011. ( teaching fellow at Harvard Univ.; member of the International Institute for Strategic Studies and International Society for Iranian Studies) 18 Dec 2011 “Strategic Clarity and the Prospect of a Nuclear Iran” FRONTLINE<http://www.pbs.org/wgbh/pages/frontline/tehranbureau/2011/12/opinion-strategic-clarity-and-the-prospect-of-a-nuclear-iran.html>

Saudi Arabia represents the most likely state to begin a nuclear program in response to developments in Iran. Riyadh may not feel that a U.S. alliance is adequate enough defense on its own accord. With significant pressure from allies and increased security reassurances, these anxieties can be dealt with through political and economic policies. As a signatory of the Nuclear Non-Proliferation Treaty (NPT), and given substantial investment in the United States of Saudi assets, it seems reasonable that strategic alliances and guarantees would be adequate to keep nuclear weapons out of Saudi Arabia.

Impact: Risk of Nuclear War. Saudis would deploy nuclear weapons not only for deterring war but for fighting one

Dr. Richard L. Russell 2009. (PhD; Professor of National Security Affairs in the Near East South Asia Center for Strategic Studies at the National Defense University and Adjunct Professor of Security Studies in the Security Studies Program at Georgetown University) “Key Determinates of Nuclear Developments in the Middle East” Prepared for the Nonproliferation Policy Education Center 1 July 2009 [http://www.npolicy.org/article\_file/Key\_Determinates\_of\_Nuclear\_Developments\_in\_the\_Middle\_East.pdf](http://www.google.com/url?q=http%3A%2F%2Fwww.npolicy.org%2Farticle_file%2FKey_Determinates_of_Nuclear_Developments_in_the_Middle_East.pdf&sa=D&sntz=1&usg=AFQjCNHGXlIxMo8zKwkYkYjYHE2LxcEu6w" \t "_blank)

Another key determinant for nuclear weapons proliferation in the Middle East is the desire for nuclear weapons to wage war. This view may be startling to observers who judge that nuclear weapons are only good for deterrence and not for warfighting. But the history of nuclear weapons development shows otherwise. The United States and its NATO Allies during the Cold War deployed nuclear weapons in Europe not as some grand deterrent bluff, but because they intended to use them if the Warsaw Pact forces invaded Western Europe with conventional forces. The United States and its Allies worried that Warsaw Pact forces outnumbered and outgunned NATO forces, so the Alliance would have to resort to tactical nuclear weapons to blunt a conventional invasion. Middle Eastern states will probably be making similar calculations. Saudi Arabia, for example, might come to think that the early use of nuclear weapons against Iranian forces invading through Kuwait would be wiser statecraft than letting those forces get an operational foothold in the oil-rich Eastern Province of Saudi Arabia, where a largely Shia population is alienated from the Sunni Saudi regime and is sympathetic to Iran.

Impact: Nuclear Proliferation = increased risk of nuclear war

GEORGE P. SHULTZ, WILLIAM J. PERRY, HENRY A. KISSINGER AND SAM NUNN 2011 (Mr. Shultz was secretary of state from 1982 to 1989. Mr. Perry was secretary of defense from 1994 to 1997. Mr. Kissinger was secretary of state from 1973 to 1977. Mr. Nunn is former chairman of the Senate Armed Services Committee.) March 7, 2011 “Deterrence in the Age of Nuclear Proliferation” THE WALL STREET JOURNAL<http://online.wsj.com/article/SB10001424052748703300904576178760530169414.html>

Today, the Cold War is almost 20 years behind us, but many leaders and publics cannot conceive of deterrence without a strategy of mutual assured destruction. We have written previously that reliance on this strategy is becoming increasingly hazardous. With the spread of nuclear weapons, technology, materials and know-how, there is an increasing risk that nuclear weapons will be used. It is not possible to replicate the high-risk stability that prevailed between the two nuclear superpowers during the Cold War in such an environment. The growing number of nations with nuclear arms and differing motives, aims and ambitions poses very high and unpredictable risks and increased instability.

4. Lost military hardware exports.

Link: Saudi Arabia is the largest US trading partner in the Middle East.

Christopher M. Blanchard 2011 (Analyst in Middle Eastern Affairs, Foreign Affairs, Defense, and Trade Division for Congressional Research Service) March 10, 2011 “Saudi Arabia: Background and U.S. Relations” CONGRESSIONAL RESEARCH SERVICE<http://www.fas.org/sgp/crs/mideast/RL33533.pdf>

Saudi Arabia remained the largest U.S. trading partner in the Middle East in 2010. According to the U.S. International Trade Administration, Saudi exports to the United States were $31.4 billion (up from $22 billion in 2009 but below the 2008 figure of $54.8 billion) and U.S. exports to Saudi Arabia are estimated at $11.6 billion (up from $10.8 billion in 2009 but below the 2008 figure of $12.5 billion). Comparable 2010 figures for Israel, the second-largest U.S. trading partner in the Middle East, were nearly $21 billion in exports to the United States and $11.3 billion in imports from the United States. To a considerable extent, the high value of U.S.-Saudi trade is dictated by U.S. imports of hydrocarbons from Saudi Arabia and U.S. exports of weapons, machinery, and vehicles to Saudi Arabia. Fluctuations in the volume and value of U.S.-Saudi oil trade account for declines in the value of Saudi exports to the U.S. in recent years.

Brink: Saudi Arabia is a top customer for US arms

Robert Burns 2011 (Associated Press National Security Writer) May 19, 2011 “US Quietly Expanding Defense Ties with Saudis” FOX NEWS [http://www.foxnews.com/us/2011/05/19/quietly-expanding-defense-ties-saudis/](http://www.google.com/url?q=http%3A%2F%2Fwww.foxnews.com%2Fus%2F2011%2F05%2F19%2Fquietly-expanding-defense-ties-saudis%2F&sa=D&sntz=1&usg=AFQjCNEcYWHcA64E24fj0SjyNaGYY1Fizg" \t "_blank)

Even so, Saudi Arabia has become one of Washington's most valued counterterrorism partners. It also is a top client for U.S. arms. When Defense Secretary Robert Gates visited Riyadh in April, he reaffirmed U.S. intentions to proceed with the deal announced last fall to sell up to $60 billion in weaponry, including 84 F-15s and the upgrading of 70 existing Saudi F-15s. U.S. officials said the arms deal might be expanded to include naval ships and possibly more advanced air and missile defense systems. The Saudis want to upgrade their Patriot air defenses to the latest U.S. version, which can knock down short-range ballistic missiles in flight. And they have expressed interest in a more capable system designed to defend against higher-flying, medium-range missiles.

Impact: Lose thousands of jobs and billions of dollars.

David Jackson 2011 (USA Today Reporter) Updated December 29, 2011 “U.S. arms sale to Saudis: Jobs and a message to Iran” USA TODAY (Mr Earnest name is misspelled Earnet in the original at the first reference) <http://content.usatoday.com/communities/theoval/post/2011/12/obama-team-makes-294b-arms-sale-to-saudis/1#.T4nfYqtSTzN>

In announcing the new arms deal with Saudi Arabia, White House spokesman Josh Earnet said: "Valued at $29.4 billion, this agreement includes production of 84 new aircraft and the modernization of 70 existing aircraft as well as munitions, spare parts, training, maintenance and logistics." "These F-15SA aircraft, manufactured by the Boeing Company, are among the most sophisticated and capable aircraft in the world," Earnest said. Earnest also said in a statement: "This agreement will positively impact the U.S. economy and further advances the president's commitment to create jobs by increasing exports. According to industry experts, this agreement will support more than 50,000 American jobs, engaging 600 suppliers in 44 states, and providing $3.5 billion in annual economic impact to the U.S. economy. This agreement reinforces the strong and enduring relationship between the United States and Saudi Arabia, and demonstrates the U.S. commitment to a strong Saudi defense capability as a key component to regional security."