Background
Saudi Arabia authored the 2002 Arab Peace Initiative (API), which affirmed the Arab League’s willingness to pursue establishing relations with Israel once Palestinian statehood is achieved.

Constraints
- Saudi demands from U.S.
  - NATO-esque security guarantees
  - Support for civilian nuclear energy program
  - Pulling back limits on U.S. weapon sales to KSA
  - U.S. unlikely to and should not fulfill these demands
- Saudi demands for meaningful steps toward Palestinian statehood
- Israeli and U.S. domestic politics
- Saudi Arabia may not be ready for full normalization

Recommendations

The U.S. should:
- Continue leading normalization process
- Establish goal within normalization process of advancing two states
- Mobilize support from Jordan and Egypt

Saudi Arabia should:
- Clarify its demands of Israel regarding the Palestinian issue
- Ask Israel for a public commitment to the spirit of the API
- Restore aid to Palestinians and invest in the Palestinian economy
- Use economic leverage to push for Palestinian reforms

Israel should:
- Commit to forgoing West Bank annexation
- Bolster PA sovereignty in West Bank through economic and territorial measures
- Maintain status quo in Jerusalem

The PA should:
- Conduct serious governance reforms to its structure and functioning
- Implement economic reforms to improve the Palestinian people’s economic prospects