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US – Saudi Nuclear Deal: Enrichment, Normalisation and the Price of American Reliability

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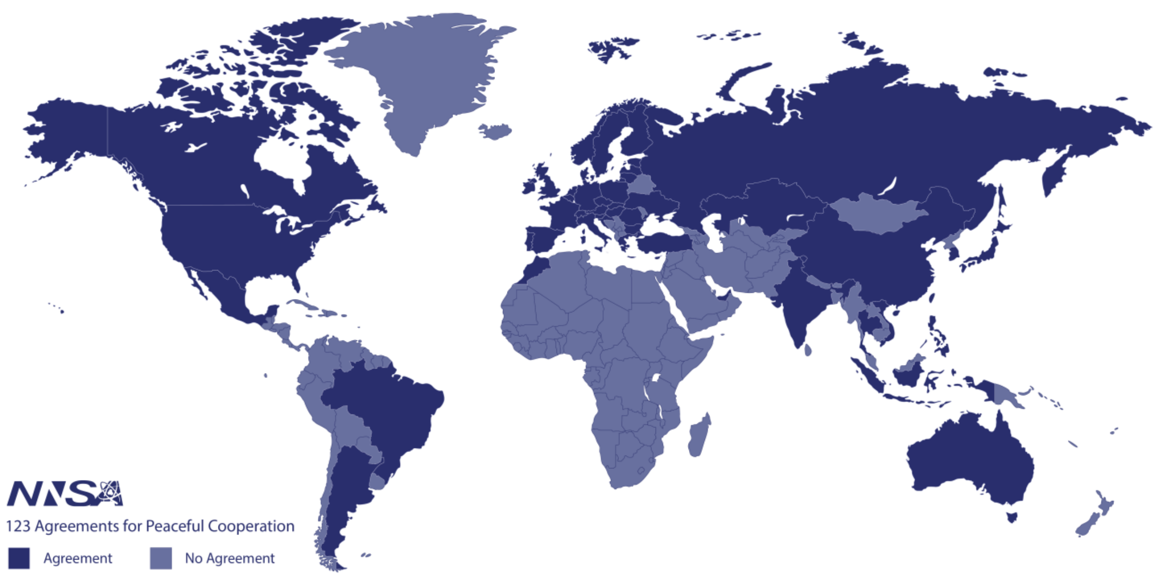
Executive Summary

- The “nuclear deal” signed under Section 123 of the US Atomic Energy Act between US and Saudi Arabia in July permits American nuclear commerce with Saudi Arabia and does no more than that. It does not itself authorise the construction or transfer of an enrichment capability, and coverage describing it as a weapons pathway for Riyadh overstates what the instrument does.
- The condition Washington attached the following day cannot be met by Riyadh alone. Netanyahu's coalition depends on partners who reject Palestinian statehood, so tying the agreement to the Abraham Accords makes its entry into force turn on an Israeli political shift rather than a Saudi decision.
- The safeguards position is weaker than Washington claims and stronger than its critics allow. Saudi inspection obligations were strengthened materially in 2024, which most coverage has missed. The substitute for the IAEA Additional Protocol is unpublished, untested and has not yet gone to the Agency's Board.
- The precedent may cost more than anything Riyadh has been given as the 2009 UAE agreement was bought with a guarantee that no regional partner would get better terms, and Abu Dhabi can now invoke the consultation mechanism attached to it. Turkey, Egypt and South Korea will also be watching this.
- Gulf governments have reason to discount American commitments. A concluded agreement was reopened by social media post, after a year in which Saudi facilities absorbed much of the retaliation for a war the kingdom did not join.
- Nothing has yet been sold. No reactor has been selected and no financing arranged, and for the next two months the question that matters is whether the president transmits the agreement to Congress at all.

Key Picture: 123 Agreements for Peaceful Cooperation



Source: U.S Department of Energy

1. Introduction

On 22 July 2026 the US Secretary of Energy and the Saudi Minister of Energy signed an agreement for peaceful nuclear cooperation under Section 123 of the US Atomic Energy Act, together with a bilateral safeguards agreement. The Energy Department described the pair as the legal foundation of a decades-long, multi-billion-dollar partnership.[1] A presidential determination of 16 July, published in the Federal Register on 28 July, had already recorded the statutory finding required before such an agreement can proceed, and it referred to two side letters and the safeguards instrument alongside the main text.[2]

The following day the president wrote on social media that there would be no enrichment of material, that the agreement covered non-military use only, and that it was contingent on Saudi Arabia joining the Abraham Accords and establishing formal relations with Israel. The White House said that without Saudi accession the deal was off.[3] No such condition had been attached when the agreement was announced. Riyadh has held the same position since 2023: normalisation requires a credible path to Palestinian statehood, which the present Israeli government has declined to accept.[4] Netanyahu's coalition depends on partners who reject that, so meeting the condition is not in Riyadh's power. Saudi outlets welcomed the agreement and then said nothing at all about the condition.[5]

The argument since has been almost entirely about enrichment, however, as will be discussed, enrichment is the least informative part of the package.

2. What a 123 Agreement Does

A Section 123 agreement removes a statutory prohibition. It is the legal precondition for American nuclear exports, and by itself it transfers nothing. It does not give Saudi Arabia a reactor, an enrichment plant or access to sensitive technology, and it awards no contract to any company. Exports of reactors and material still require licensing by the Nuclear Regulatory Commission, and transfers of technology and assistance still require Department of Energy authorisation. Enrichment or reprocessing of American-obligated material needs separate approval again, and those consent rights follow the material after export.[6]

The reported terms of the agreement appear to postpone the enrichment question. Reporting on the unpublished text describes a two-year joint study of whether enriching uranium in Saudi Arabia is commercially justified. If it concludes in favour, American companies would build a facility on a "black box" basis, operated by Saudi Arabia without access to the underlying technology. If Washington declines, Riyadh may not pursue enrichment independently or with another supplier for ten years.[7] The Wall Street Journal reported these terms first. The Atlantic Council and the Bulletin of the Atomic Scientists have since described them the same way, and the Washington Post obtained them separately from three people familiar with the talks.[8] The text itself remains unpublished, so each of these provisions is reported rather than documented.

The commercial position deserves the same caution. No reactor design has been selected, no owner or regulator established, no financing arranged. American vendors are well placed and Westinghouse's AP1000 is the presumed candidate, but that reactor's domestic record is uneven: two units at V.C. Summer were abandoned in 2017 after more than nine billion dollars had been spent.[9] Section 123 permits trade; but no such trade has yet begun.

3. The 2009 Precedent

The comparison everyone reaches for is the 2009 agreement with the United Arab Emirates, but two features of it are presently underdiscussed. The Secretary of State signed a first text on 15 January 2009 in the closing days of the Bush administration, which never sent it to Congress. The incoming administration reopened the negotiation, signed a revised version on 21 May and transmitted it the same day; it entered into force that December.[10] Abu Dhabi's undertaking to forgo enrichment and reprocessing became known as the gold standard.

However, two things are usually omitted from this analysis. The first is that this was an exception rather than the legal baseline. Section 123 has never required partner states to renounce the fuel cycle, and Congress has not amended it to do so, which is why the Saudi agreement can depart from the Emirati model without departing from the statute.[11] The second is that the renunciation was purchased.[12] The UAE's undertaking was accompanied by a safeguard against being left uniquely disadvantaged: if Washington offered more favourable terms to another state in the region, Abu Dhabi could request consultations on whether its own agreement should be amended. The Saudi agreement may now test that provision

The safeguards picture is likewise more mixed than the coverage allows. Saudi Arabia announced at the IAEA General Conference in September 2024 that it would rescind its Small Quantities Protocol and implement its Comprehensive Safeguards Agreement in full. The rescission took effect at the end of that year and was recorded by the Director General in his statement to the Board.[13] That strengthened the Agency's position in the kingdom, and it has gone almost unmentioned. Saudi Arabia has still not brought the Additional Protocol into force, and the new agreement does not require it. Saudi officials have long objected that the protocol could in principle admit inspectors to Mecca or to royal palaces, and the bilateral instrument is reported to resemble the model protocol with the offending elements removed.[14] It applies only to facilities involved in sensitive cooperation, it requires approval by the IAEA Board of Governors, and as of mid-August the Agency had said it was still waiting for Washington and Riyadh to ask.[15]

4. What is an American Signature Worth?

The proliferation argument has crowded out a more consequential one. A social media post does not amend a signed bilateral instrument. A president can instead decline to give it effect: by withholding transmission to Congress, by refusing the licences and authorisations needed to implement it, or by seeking a further Saudi commitment.[16] Transmission is now the live lever. The Act provides for two review periods totalling ninety days of continuous session, which is not, acutely, ninety calendar days. Had the agreement gone up at signature it could have entered into force around the end of October. With the Senate targeting adjournment on 18 December, the room for using that clock as pressure is narrow, and an agreement not transmitted in this Congress would have to be put to the next one.[17]

Whether the pressure works depends on how Riyadh now reads American reliability, and the past year has not helped. Saudi territory and Saudi facilities absorbed a large share of the retaliation for a war the kingdom did not join. Researchers attributed more than 1,200 missile and rocket attacks on Saudi energy infrastructure and government facilities to Iran and Iran-aligned groups between February and May.[18] Over the same period Washington upgraded the relationship in form, designating the kingdom a major non-NATO ally in January, while the formal security guarantee that would have accompanied normalisation under the previous administration never appeared.[19] A government that has been told that a concluded agreement now depends on a concession it has publicly ruled out will draw its own conclusions about what American commitments are worth.

Indeed, Riyadh has hedged already, and not by building a fuel cycle. In September 2025 it signed a mutual defence agreement with nuclear-armed Pakistan.[20] The agreement gives Riyadh an additional security relationship with a nuclear-armed state, although whether it extends Pakistan's nuclear deterrent to Saudi Arabia remains unclear. For Riyadh, strengthening alternative security relationships may be faster and cheaper than developing an indigenous fuel cycle, and provides a hedge against uncertainty over American protection.

5. The Verdict

The critics have called this an arms race and the Energy Department has called it a non-proliferation success. It is, however, better described as a commercial gate, a development opened on terms that will be harder to refuse the next applicant.

Five things are worth watching from here. The first is whether Washington and Riyadh make the request that allows the IAEA Board to authorise the additional measures; until they do, the substitute for the Additional Protocol exists only as a description. The second is whether the text and the two side letters are published during congressional review, which is the first point at which the terms become verifiable. The third is the timing of transmission, which will show whether the normalisation condition is a negotiating position or a decision. The fourth is whether Abu Dhabi invokes its Agreed Minute. The fifth is the two-year study itself, which reports long after the political attention has moved on, and which determines whether any of this involved enrichment at all.

Saudi Arabia is determined to acquire civil nuclear power and, if Washington does not provide it, Moscow or Beijing remain potential alternatives. What 22 July decides is whether the conditions attached to it survive the next applicant. The Gulf governments now recalculating the worth of American protection are asking something simpler, which is what an American signature is worth.

NOTES

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