

# **The U.S.-SAUDI ARABIA COUNTERTERRORISM RELATIONSHIP**

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House Committee on Foreign Affairs  
Subcommittee on Terrorism, Nonproliferation, and Trade

May 24, 2016

Chairman Poe, Ranking Member Keating, members of this distinguished subcommittee, and subcommittee staff, thank you for the opportunity to appear again before you and testify today.

Saudi Arabia represents a paradox for U.S. counterterrorism. On the one hand, the Saudi government is a close partner of the United States on counterterrorism. On the other hand, Saudi support for an array of preachers and non-government organizations contributes to an overall climate of radicalization, making it far harder to counter violent extremism. Both these problems are manifest today as the United States seeks to counter the Islamic State and its allies.

I argue that Saudi Arabia has made considerable progress on counterterrorism in the last 15 years but still has a long way to go. Before the September 11, 2001 terrorist attacks, and really until Al Qaeda began to attack the Kingdom directly in May 2003, Saudi Arabia was often uncooperative on counterterrorism and more part of the problem than part of the solution. Since 2003, the Saudi regime has emerged as a vital counterterrorism partner, and several important successes against Al Qaeda in particular are due in large part to Saudi cooperation. Complicating this picture, however, is that much of Saudi ‘support’ for terrorism involves actors outside the Saudi government: the regime has at times supported, at times deliberately ignored, and at still other times cracked down on these actors. Some of these figures are important for regime legitimacy, and it is difficult for the regime to openly oppose them. As a result, the Saudi Kingdom still spews out material that is anti-Semitic, sectarian, glorifies several conflicts in which jihadists play an active role, and otherwise contributes to a climate of radicalization.

Washington’s ability to influence the Kingdom is limited, however, given the Saudi domestic sensitivities of these issues. In the end, policymakers would do well to

remember that Saudi Arabia is a key partner but not a friend: the United States and Saudi Arabia share many common interests, but they do not share common values or a common worldview.

My testimony today first briefly reviews the U.S-Saudi relationship with regard to counterterrorism. I then highlight several key distinctions that are often missed when Saudi support for terrorism is examined. I then follow this examination by discussing the motivations behind Saudi Arabia's policies and conclude my testimony with some observations on the limits of U.S. influence.

### **Saudi Arabia's Troubled Past**

Saudi Arabia has always been a conservative Muslim country, but when the Kingdom assumed its modern form in 1932 its religious energy was initially focused inward. In the 1960s, however, King Faysal bin Abdel-Aziz sought to form alliances based on a shared Muslim identity. A religious identity was meant to counter the radical pan-Arabism of Egyptian leader Gamal Abdel Nasser that was then threatening the legitimacy of monarchies throughout the Arab world. Such an identity would also unite states against international communism, which Faysal and the Saudi leadership vehemently opposed, and support Palestinian independence. Domestic politics also played a role: Faysal had essentially usurped the throne from his inept brother Saud, and support from the religious establishment was vital to ensuring his legitimacy.<sup>1</sup> To this end, Faysal created the Organization of the Islamic Conference and the Muslim World League and otherwise embraced an array of religious causes abroad.

The oil price surge after the 1973 war between Israel and its neighbors, and the resulting oil embargo and production cutback, enabled Saudi Arabia to contribute massive amounts to Islamic causes around the world. In the decades that followed, Faysal's successor as king, his brother Fahd, supported the building of mosques, Islamic centers and schools "by the thousands around the world."<sup>2</sup> His website claims that Saudi scholars helped create and administer 200 Islamic colleges, 210 Islamic centers, 1,500 mosques and 2,000 schools for Muslim children in non-Muslim countries.<sup>3</sup> Senior Treasury Department official David Aufhauser put the total figure for spending on these causes at "north of \$75 billion."<sup>4</sup>

Much of this religious teaching and proselytizing was done outside the Saudi state by various charities that educated, provided health care, and otherwise offered services as part of their mission. A European Parliament report claimed the Saudis spent \$10 billion to promote Salafism, the austere and puritanical version of Islam often referred to as "Wahhabism" after an important Saudi preacher, through charities like the Muslim World League, International Islamic Relief Organization, the al-Haramain Foundation, the

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<sup>1</sup> Bruce Riedel, "Saudi Arabia is part of the problem and part of the solution to global jihad," *Markaz*, November 20, 2015, <http://www.brookings.edu/blogs/markaz/posts/2015/11/20-clinton-saudi-arabia-riedel>.

<sup>2</sup> John L. Esposito, "US Eyes Money Trails of Saudi-Backed Charities," *Washington Post*, August 19, 2004, [http://www.washingtonpost.com/wp-dyn/articles/A13266-2004Aug18\\_2.html](http://www.washingtonpost.com/wp-dyn/articles/A13266-2004Aug18_2.html).

<sup>3</sup> Esposito, "US Eyes Money Trails of Saudi-Backed Charities."

<sup>4</sup> David Aufhauser, "An Assessment of Current Efforts to Combat Terrorism Financing," *Testimony of Hon. David D Aufhauser* (Government Printing Office: June 15, 2004), 46.

Medical Emergency Relief Charity, and the World Assembly of Muslim Youth.<sup>5</sup> Some of these charities were linked to terrorist groups like Al Qaeda and became an important part of the organization, particularly before 9/11. The Muslim World League reportedly funded training camps and religious schools in Pakistan and Afghanistan, exposing Afghans, Pakistanis, and foreigners to extremist ideologies. Al Haramain had a presence in roughly 50 countries and spent tens of millions: most went to proselytizing and humanitarian work, but some went to jihadist networks.<sup>6</sup>

The Kingdom in general was often slow to recognize the threat of terrorism and reluctant to cooperate with the United States. After the 1996 Khobar Towers bombing, the Saudi government did not share vital information with U.S. intelligence. Many of the causes linked to the global jihadist movement, like the fighting in Kashmir and Chechnya, enjoyed wide legitimacy within the Kingdom, and citizen support for these conflicts seemed to pose no direct threat to Saudi security. The Interior Minister in the 1990s, Nayef bin Abdelaziz (the father of the current crown prince) believed Bin Laden's terrorist reputation was a product of U.S. propaganda, and after 9/11 initially blamed the attacks on a "Zionist plot."<sup>7</sup>

### **The 2003 Turning Point**

Much changed in 2003, when Al Qaeda began to attack the Kingdom directly, targeting expatriates there and also security forces. This led to a sustained terrorism campaign that claimed over a hundred lives and hundreds more injured between 2003 and 2006.<sup>8</sup> The current Crown Prince led the campaign against Al Qaeda, ultimately devastating its organization in the Kingdom. As a result of these attacks, the Kingdom embraced intelligence cooperation with the United States and began to see Al Qaeda as a deadly threat. Writing in 2004, the 9/11 Commission declared, "The Kingdom of Saudi Arabia is now locked in mortal combat with al Qaeda."<sup>9</sup>

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<sup>5</sup> Policy Department, "The Involvement of Salafism/Wahhabism in Support and Supply and Arms to Rebel Groups Around the World," *Directorate-General For External Policies of the Union*, 2013, 5.

<sup>6</sup> Ahmed Rashid, *Taliban: Militant Islam, Oil, and Fundamentalism in Central Asia* (Cambridge: Yale University Press, 2000), 130; Bootie Cosgrove-Mather, "Al Qaeda Skimming Charity Money," *CBS News*, June 7, 2004, <http://www.cbsnews.com/news/al-qaeda-skimming-charity-money/>; "Protecting Charitable Organizations," Department of Treasury Database, 2002, [https://www.treasury.gov/resource-center/terrorist-illicit-finance/Pagcting-charities\\_execorder\\_13224-a.aspx#ahindo](https://www.treasury.gov/resource-center/terrorist-illicit-finance/Pagcting-charities_execorder_13224-a.aspx#ahindo); National Commission on Terrorist Attacks upon the United States, *Monograph on Terrorism Financing* (New York: 2004), [http://govinfo.library.unt.edu/911/staff\\_statements/911\\_TerrFin\\_Monograph.pdf](http://govinfo.library.unt.edu/911/staff_statements/911_TerrFin_Monograph.pdf).

<sup>7</sup> Bruce Riedel, "The Prince of Counterterrorism," *The Brookings Essay*, September 29, 2015, <http://www.brookings.edu/research/essays/2015/the-prince-of-counterterrorism>.

<sup>8</sup> Global Terrorism Database, *Study of Terrorism and Response to Terrorism (START)*, accessed May 16, 2016,

[http://apps.start.umd.edu/gtd/search/Results.aspx?charttype=line&chart=fatalities&casualties\\_type=&casualties\\_max=&country=173&count=100](http://apps.start.umd.edu/gtd/search/Results.aspx?charttype=line&chart=fatalities&casualties_type=&casualties_max=&country=173&count=100); RAND Database of Worldwide Terrorism Incidents, *RAND Corporation*, accessed May 16, 2016, [http://smapp.rand.org/rwtid/search\\_form.php](http://smapp.rand.org/rwtid/search_form.php); Terrorism Index, *Institute for Economics & Peace*, accessed May 16, 2016,

<http://www.visionofhumanity.org/#page/indexes/terrorism-index/2003/SAU/OVER>

<sup>9</sup> National Commission on Terrorist Attacks upon the United States, *The 9/11 Commission Report: Final Report of the National Commission on Terrorist Attacks upon the United States* (New York: 2004), 373.

Indicative of this change, in 2008 the United States and Saudi Arabia signed a bilateral agreement on technical counterterrorism cooperation. Under the agreement, the United States provides advisors, funded by Saudi Arabia, to assist on security measures. The U.S. military also assists in training Saudi forces.<sup>10</sup>

Saudi officials are now vital counterterrorism allies. They are playing a leading role in trying to stop funding to the Islamic State and the Al Qaeda core.<sup>11</sup> The shift in the Saudi approach and the importance of Saudi Arabia's role in counterterrorism can be seen in several successes against Al Qaeda's affiliate in Yemen, Al Qaeda in the Arabian Peninsula (AQAP). One of the more notable examples of Saudi Arabia's increasingly important role in combatting terrorism was the foiled 2010 AQAP cargo plane bomb plot. According to a story in the *New York Times*, Saudi intelligence provided the critical tipoff to the American and European intelligence officials that allowed British and Emirati security personnel to intercept the expertly concealed bombs that were already en route to the United States.<sup>12</sup> The last minute intelligence was the product of long-running Saudi intelligence operations to infiltrate AQAP.<sup>13</sup> The Saudi connection was probably decisive as the concealed explosives had already cleared multiple security screenings before the timely Saudi warning initiated the successful multilateral worldwide search.<sup>14</sup> In addition to these human intelligence capabilities within jihadist circles (not easily matched by Western intelligence), Saudi Arabia also plays a central role in the U.S. campaign against AQAP in Yemen by hosting a base for drone and other attacks in Yemen according to the BBC.<sup>15</sup>

The Islamic State, like Al Qaeda, is also considered a top security threat by the Saudi regime. The Islamic State has declared Saudi Arabia to be its enemy, and its propaganda shows its black flag flying above Mecca. Islamic State terrorists have attacked Shi'a Muslim mosques in the Kingdom and Saudi security officials. The Islamic State also called on Saudi subjects to assassinate senior Saudi leaders. More broadly, the Islamic State threatens the regime's legitimacy, claiming that it – rather than the Kingdom – is the true embodiment of a state under God's law. It has called the royal family “slaves of the Crusaders and allies of the Jews” and derided them for abandoning Muslims around the world.<sup>16</sup>

The Saudi government response to the Islamic State has been strong. The government has taken steps to stop Saudis from travelling abroad to support the Islamic State and other groups, including the arrest of those who traveled abroad to fight with radical groups. In addition, it has arrested more than 1,600 suspected Islamic State

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<sup>10</sup> Christopher M. Blanchard, “Saudi Arabia: Background and U.S. Relations,” Congressional Research Service, February 12, 2014, 18.

<sup>11</sup> Riedel, “Saudi Arabia is part of the problem and part of the solution to global jihad.”

<sup>12</sup> Mark Mazzetti and Robert Worth, “U.S. Sees Complexity of Bombs as Link to Al Qaeda,” *New York Times*, October 30, 2010, <http://www.nytimes.com/2010/10/31/world/31terror.html>.

<sup>13</sup> Julian Borger, Tom Finn, and Chris McGreal, “Cargo plane bomb plot: Saudi double agent ‘gave crucial alert,’” *The Guardian*, November 1, 2010, <http://www.theguardian.com/world/2010/nov/01/cargo-plane-plot-saudi-agent-gave-alert>.

<sup>14</sup> Eric Schmitt and Scott Shane, “Saudis Warned U.S. of Attack Before Parcel Bomb Plot,” *New York Times*, November 5, 2010, <http://www.nytimes.com/2010/11/06/world/middleeast/06terror.html>.

<sup>15</sup> “CIA operating drone base in Saudi Arabia, US media reveal,” *BBC News*, February 6, 2013, <http://www.bbc.com/news/world-middle-east-21350437>.

<sup>16</sup> Blanchard, “Saudi Arabia,” 12-13.

supporters in the Kingdom and reportedly foiled several attacks.<sup>17</sup> U.S. Treasury officials have declared the Saudis see “eye to eye” with the United States in stopping Islamic State fundraising, and the Kingdom has stepped up its monitoring of social media.<sup>18</sup> Senior religious officials with close ties to the royal family have also denounced the Islamic State (and Al Qaeda).<sup>19</sup> The Kingdom announced it was forming an “Islamic” military alliance, headquartered in Saudi Arabia, to fight terrorism.

The Kingdom has grown far more effective in stopping terrorist financing. Al Qaeda long drew on financial supporters in the Kingdom, and the Saudi government’s capacity for stopping this was initially poor even after it began to go after the problem seriously.<sup>20</sup> (Part of the problem was that the Kingdom did not have an elaborate taxation system, so the government lacked knowledge of how much money its citizens had or how they spent it). The Kingdom invested heavily in fighting terrorist financing with considerable U.S. help. As a result, it is far harder to send money to terrorist groups from Saudi Arabia. In 2014, money going to fighters in Syria was often channeled via Kuwait to avoid Saudi countermeasures.<sup>21</sup> Despite these more aggressive measures and considerable progress, financial support for Sunni extremist groups from Saudis remains a significant problem.<sup>22</sup> Groups in Pakistan and elsewhere often benefit from the support of wealthy Saudis, and it is not clear how hard the Saudi government is trying to stop these flows.

Saudi Arabia also has initiated a terrorist rehabilitation program. This well-funded program gives terrorists a chance to reintegrate into Saudi society. Religious leaders are involved to dissuade participants from radical views. Participants also receive a job and family support. Some of those who have gone through the program, however, have returned to extremism, including several important members of AQAP.<sup>23</sup>

Considerable problems remain. As former senior CIA official Bruce Riedel contends, “Saudi sources remain major funders of groups like the Afghan Taliban and Lashkar-e Taiba in Pakistan. Some accounts suggest Saudi money has gone to al-Qaida’s affiliate in Syria, the al-Nusra Front.”<sup>24</sup> Although Riyadh opposes the Islamic State, it sees the Syrian regime, with its close ties to Iran, as a far greater danger and has focused its energies accordingly. Despite greater regime efforts to reduce the flow of fighters

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<sup>17</sup> Ibid., 11-12.

<sup>18</sup> Lori Plotkin Boghardt, “Saudi Funding of ISIS,” *The Washington Institute for Near East Policy*, June 23, 2014, <http://www.washingtoninstitute.org/policy-analysis/view/saudi-funding-of-isis>; Maria Abi-Habib and Rory Jones, “Kuwait Attack Renews Scrutiny of Terror Support Within Gulf States,” *Wall Street Journal*, June 28, 2015, <http://www.wsj.com/articles/kuwait-attack-renews-scrutiny-of-terror-support-within-gulf-states-1435529549>.

<sup>19</sup> “Saudi Grand Mufti Issues Statement Saying ISIL, Al-Qa’ida Are ‘Khawarij,’” *Al Sharq* (Dammam), August 19, 2014.

<sup>20</sup> For a comprehensive review, see National Commission on Terrorist Attacks upon the United States, *Monograph on Terrorism Financing* (New York: 2004), [http://govinfo.library.unt.edu/911/staff\\_statements/911\\_TerrFin\\_Monograph.pdf](http://govinfo.library.unt.edu/911/staff_statements/911_TerrFin_Monograph.pdf).

<sup>21</sup> Boghardt, “Saudi Funding of ISIS;” Abi-Habib and Jones, “Kuwait Attack Renews Scrutiny of Terror Support Within Gulf States.”

<sup>22</sup> U.S. Department of State, *Country Reports on Terrorism 2014* (2015).

<sup>23</sup> Abi-Habib and Jones, “Kuwait Attack Renews Scrutiny of Terror Support Within Gulf States.”

<sup>24</sup> Riedel, “Saudi Arabia is part of the problem and part of the solution to global jihad.” See also Yaroslav Trofimov, “To U.S. Allies, Al Qaeda Affiliate in Syria Becomes the Lesser Evil,” *Wall Street Journal*, June 11, 2015, <http://www.wsj.com/articles/to-u-s-allies-al-qaeda-affiliate-in-syria-becomes-the-lesser-evil-1434022017>.

abroad, Saudis still have found it easy to travel and fight on behalf of the Islamic State – they are perhaps the largest source of foreign fighters for the group.<sup>25</sup>

Perhaps most important, Saudi Arabia is home to many preachers and religious organizations that embrace sectarianism and oppose a U.S. role in the Middle East. A number of prominent Saudi preachers regularly condemn Shi'a Muslims, thus validating the Islamic State's sectarian campaign and otherwise increasing its legitimacy. Some also blame the United States for a host of ills, embracing conspiracy theories such as the Bush administration being behind the 9/11 attacks. There is relative progress, however, in that many senior religious leaders do urge Saudis not to be foreign fighters or otherwise participate in conflicts abroad, arguing instead that local Muslims or state authorities should be the ones to respond.<sup>26</sup>

Saudi Arabia considers Al Qaeda to be a mortal enemy, yet its military campaign in Yemen has indirectly assisted the group. By targeting and pushing back the Houthis in Yemen, which Riyadh considers (largely erroneously) to be a pawn of Tehran, Saudi Arabia has given breathing space to AQAP, which also is fighting the Houthis. Recently, however, Saudi-backed forces have focused on AQAP as well as the Houthis, forcing AQAP to retreat in several areas.<sup>27</sup>

## Key Distinctions

Understanding Saudi Arabia's relationship with terrorists, however, is far more difficult than assessing Iran's backing of terrorism, which is open, extensive, and state-sponsored.<sup>28</sup> Much of Saudi support is done by non-state actors. Yet being 'non-state' does not absolve the Saudi government of responsibility. These non-state actors enjoy a range of relationships to the Saudi regime. Some receive or did receive official patronage. Others, particularly those tied to leading clerics in the Kingdom, are embraced indirectly by the regime's self-proclaimed role as Defender of the Faithful. And still others are truly private, acting independently of the government and in times in opposition to it.

In addition, the Saudi royal family itself occupies an unusual role. In one sense the royal family, with its tens of thousands of princes, is not the government. However,

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<sup>25</sup> The Soufan Group, *Foreign Fighters*, December 2015, [http://soufangroup.com/wp-content/uploads/2015/12/TSG\\_ForeignFightersUpdate3.pdf](http://soufangroup.com/wp-content/uploads/2015/12/TSG_ForeignFightersUpdate3.pdf).

<sup>26</sup> "Saudi Arabia's clerics condemn IS but preach intolerance," *Reuters*, September 10, 2014, <http://www.reuters.com/article/us-saudi-islam-security-idUSKBN0H50EE20140910>; *The Week* Staff, "How Saudi Arabia exports radical Islam," *The Week*, August 8, 2015, <http://theweek.com/articles/570297/how-saudi-arabia-exports-radical-islam>; Victor Mallet, "Madrasahs: behind closed doors," *Financial Times Magazine* (October 30, 2015), <http://on.ft.com/1WoRqVT>.

<sup>27</sup> Thomas Joscelyn, "AQAP says it withdrew from Mukalla to protect resident," *The Long War Journal*, May 1, 2016, <http://www.longwarjournal.org/archives/2016/05/aqap-says-it-withdrew-from-mukalla-to-protect-residents.php>; Bruce Riedel, "What the Yemen ceasefire means for the Gulf, the anti-ISIS campaign, and U.S. security," *Markaz*, April 12, 2016, <http://www.brookings.edu/blogs/markaz/posts/2016/04/12-yemen-ceasefire-us-security-riedel>; Yara Bayourny, Noah Browning, and Mohammed Ghobari, "How Saudi Arabia's war in Yemen has made al Qaeda stronger – and richer," *Reuters*, April 8, 2015, <http://www.reuters.com/investigates/special-report/yemen-aqap/>; Bruce Riedel, "Al-Qaida's Hadramawt emirate," *Markaz*, July 12, 2015, <http://www.brookings.edu/blogs/markaz/posts/2015/07/12-al-qaeda-yemen-emirate-saudi-riedel>.

<sup>28</sup> For my broader thoughts on state support, see Daniel Byman, *Deadly Connections: States that Sponsor Terrorism* (Cambridge University Press, 2005).

the family's and the government's finances are interwoven, and if a prince supports a group it has an unofficial imprimatur of approval. King Salman himself, for example, helped raise money for the *mujahedin* in Afghanistan and the Balkans.<sup>29</sup>

Many of these voices are responsible for indoctrination rather than direct violence. That is to say that might propagate views on the Satanic nature of Jews, the apostasy of Shia or the heretical nature of the Ahmadiyyas, and the legitimacy of using violence to fight foreign occupiers of Muslim lands, be it Indian forces in Kashmir, U.S. forces in Iraq, or Israeli forces in historic Palestine.<sup>30</sup> Such support, in the United States, would often be considered distasteful but part of protected free speech. For terrorists, however, it can prove invaluable as it provides theological legitimacy for their actions, enabling them to attract recruits and funds.

## Motivations

Saudi counterterrorism policy represents a mix of ideology, domestic politics, and cold pragmatism.

Most Saudis, including many in the government, are strong supporters of an austere version of Salafism, regard non-Muslims (and most non-Salafis) as hostile, and see fighting Israel, India, and at times even the United States as legitimate. Missionary work, such as spreading 'true' Islam through preaching and education, is particularly supported across a wide spectrum of the population.

For the royal family, this general domestic support is mixed with a need for legitimacy. The royal family is not elected, and its record of providing services and economic growth is mixed. It is particularly vulnerable now given the collapse of the price of oil since mid-2014: the Kingdom's budget deficit today is the largest in its history.<sup>31</sup> As such, the royal family relies heavily on its pact with the clerical establishment to implement Islamic law in the Kingdom and to defend the faith in general. Rejecting missionary work and religious education, with this pact in mind, is difficult, and even rejecting violence in the name of the faith is hard if the cause is popular, as is the anti-Assad struggle in Syria today. The new king, Salman bin Abdel Aziz Al Saud, if anything, has moved closer to the clerical establishment since he took power in 2015. He fired the Kingdom's only female Cabinet minister and is in regular contact with leading conservative clerics.<sup>32</sup>

The Saudi royal family, however, is also pragmatic. It values its relationship with the United States, and the 2003 attacks taught it that problems that are seemingly safely abroad can come home quickly and unexpectedly. So the time-honored practice of

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<sup>29</sup> Scott Shane, "Moussaoui Calls Saudi Princes Patrons of Al Qaeda," *New York Times*, February 3, 2015, <http://www.nytimes.com/2015/02/04/us/zacarias-moussaoui-calls-saudi-princes-patrons-of-al-qaeda.html>; Bruce Riedel, "The Next King of the Saudis: Salman, the Family Sheriff," *The Daily Beast*, January 23, 2015, <http://www.thedailybeast.com/articles/2015/01/22/the-next-king-of-the-saudis-salman-the-family-sheriff.html>; David Andrew Weinberg, "King Salman's Shady History," *Foreign Policy*, January 27, 2015, <http://foreignpolicy.com/2015/01/27/king-salmans-shady-history-saudi-arabia-jihadi-ties/>

<sup>30</sup> Michael Scott Doran, "The Saudi Paradox," *Foreign Affairs* 83, no. 1 (January/February 2004), <https://www.foreignaffairs.com/articles/saudi-arabia/2004-01-01/saudi-paradox>.

<sup>31</sup> Bruce Riedel, "Saudi Arabia's Mounting Security Problems," *Al-Monitor*, December 28, 2015, <http://www.al-monitor.com/pulse/originals/2015/12/saudi-yemen-security-salman-houthi-gulf.html>.

<sup>32</sup> Riedel, "The Prince of Counterterrorism."

diversion – convincing radicals to go after other targets – is risky. The regime is particularly sensitive to anything that might call into question the regime’s legitimacy, and it has not hesitated to silence or imprison popular clerics when necessary.

### **A Changing Saudi Arabia?**

Making these generalizations less certain, the Kingdom is now in the midst of a profound change. King Salman is the last of his generation: all future Saudi leaders (and the vast majority of Saudis) will have grown up in a Kingdom that has known considerable wealth. In the past two years the Kingdom, which historically preferred to act behind the scenes, has already charted an increasingly independent and assertive path. Salman has shaken up succession, gone to war in Yemen against initial U.S. opposition, openly criticized the Obama administration harshly on the Iran deal, stepped up action in Syria, and otherwise is playing a far more leading role in the region than is traditional. On counterterrorism, the appointment of Mohammad bin Nayef as Crown Prince is at least promising, as he is pro-American and an aggressive and effective foe of Al Qaeda and other groups.<sup>33</sup>

The Kingdom is also beginning – in rhetoric at least – a massive economic restructuring. The Kingdom’s economy remains dependent on oil, its public sector is bloated, its education system need to teach more practical knowledge, and Saudis have grown used to massive government subsidies: all daunting challenges. The new King and his young son, the new Deputy Crown Prince, have proposed an ambitious set of reforms to wean the Kingdom off its dependence on oil. Possible changes include a decrease in subsidies, the sale of public lands, and a value added tax.<sup>34</sup> The Kingdom, however, is often glacial regarding the pace of any reforms. To the extent that the Kingdom’s own radicalization problems are driven by economic and social ills, little progress is likely in the near-term, and things may get far worse.

### **Limits to U.S. Influence**

U.S. pressure under the Bush and Obama administrations has moved Saudi Arabia away from many dangerous activities and has helped transform Saudi capacity in fighting terrorism. Even if the key motivation was the change in the perceived threat to the Kingdom itself rather than U.S. influence, these are considerable successes that deserve recognition.

Changing Saudi policy still further is difficult. Although the United States has sold the Kingdom almost \$100 billion in arms during the Obama administration, the Saudi media remains critical of the President as unreliable and hostile to the Kingdom. Riyadh, moreover, is frustrated with U.S. policy regarding Iran in particular but also in the region in general. Saudi Arabia backed the coup in Egypt, in opposition to U.S. policy, and Saudi leaders were previously outraged that the United States abandoned the Mubarak regime. The Obama administration has largely abandoned criticizing the Saudi

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<sup>33</sup> For an overview, see Riedel, “The Prince of Counterterrorism.”

<sup>34</sup> Peter Waldman, “The \$2 Trillion Project to Get Saudi Arabia’s Economy Off Oil,” *Bloomberg Businessweek*, April 21, 2016, <http://www.bloomberg.com/news/features/2016-04-21/the-2-trillion-project-to-get-saudi-arabia-s-economy-off-oil>; Blanchard, “Saudi Arabia,” 8.

regime on human rights grounds, but it is important to remember that most Saudis do not share U.S. values regarding women's and homosexual rights, religious liberty, and other basic freedoms that are fundamental to American society.

Many issues regarding counterterrorism – particularly the promotion of extremism abroad via sectarianism and criticism of non-Muslims – touch on core domestic political issues vital to the regime's legitimacy and very survival. Change in these areas will at best be slow, and the United States should expect progress to end or even reverse should the regime's domestic situation face challenges.

Quiet pressure is almost always best when trying to change Saudi policy. The small circle of decision-makers in Saudi Arabia does not take well to public embarrassment, and they believe strongly in the value of close personal relationships. To be effective, U.S. pressure must involve top officials, including the President. Otherwise, it will simply be ignored or may even prove counterproductive.

Saudi Arabia is vital partner in the struggle to defeat the Islamic State, Al Qaeda, and other groups. But it is not a friend. Demonizing Saudi Arabia does not help advance U.S. interests, but nor should critics of U.S. policy in the region see Washington and Riyadh as fully aligned given the profound difference in values.