Since Crown Prince Mohammad bin Salman’s de facto takeover of Saudi Arabia’s rule, the kingdom has been trying to adapt and adjust to his reformism. From the promotion of Vision 2030, which opened up to top-down socio-economic reforms to an assertive foreign policy – the push for the embargo on Qatar and the conflict in Yemen, above all –, the Crown Prince has been in the spotlight both domestically and internationally. While opportunities lie ahead, so do challenges. As the country is one of the major powers in the Middle East, and the second largest holder of oil reserves worldwide, its transformations could greatly affect not only the region, but the rest of the world as well. This report investigates the possible consequences of the reforms brought about by MbS in the Saudi economy and society, the effects of his centralisation of power and the impact on regional stability.
SAUDI ARABIA
AT A CROSSROADS
REFORMS AND UNCERTAINTIES AHEAD

edited by Annalisa Perteghella
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Introduction

Given its economic strength, its strategic weight in the Gulf and the MENA region, and its role as the world’s biggest oil exporter, Saudi Arabia has never been far removed from the international spotlight. Until recently, however, the kingdom’s leadership has often attempted to shape foreign affairs in the region and beyond in a far less flashy way than it appears to be doing today. The recent murder of Jamal Khashoggi and its attempted cover-up are just the latest evidence of how much Saudi Arabia has changed: for better or for worse, the country cannot avoid the international spotlight anymore.

Over the past few decades, Saudi Arabia has painted itself as a staunch ally of the United States, and of the West more generally, despite frictions over how to deal with Israel and the kingdom’s stance on political rights and civil liberties (for women, in particular). In addition, the conservative positions of the Saudi leadership even made some Western governments consider the country an island of stability against “too much change” in a strategic, yet unstable, region.

Despite all that holds true to this day, the way in which Saudi Arabia acts on the international stage started to change a few years ago, with Prince Mohammad bin Salman (MbS) becoming the de facto ruler of the country. In 2015, the kingdom launched a military intervention in Yemen, leading a coalition of nine Middle Eastern and African countries. In early 2016, MbS went on to announce “Vision 2030”, an ambitious plan of top-down economic reforms to modernise the country and
make it less dependent on oil revenues. And in 2017 the last piece of the puzzle seemed to be falling into place, as MbS’s Saudi Arabia bolstered its relations with the US during Trump’s first trip to the Middle East.

These developments have played out in a context of heightened tensions with Iran, as the two rivals face off in what observers have described as a “regional cold war”, with religion replacing ideology as the main justification for what is essentially a power game between two regional giants. Paradoxically, Saudi Arabia and Iran share one key similarity: neither refrains from trying to interfere in the domestic and foreign policies of other countries in the region, and both have played a prominent role in the Syrian crisis — a crisis that is still ongoing more than seven years since its outset. In such a fragile context, the recent unscrupulousness of the Saudi leadership might have unintended consequences, raising tensions even when the stakes are too high and an escalation would be dangerous in a potentially lose-lose game for the actors involved. Reckless action risks undermining what good has come from the smart moves of the new Saudi leader, at a time when there is a need to implement most of the announced reforms in the country.

What is sure, in any case, is that there is a growing need to investigate the choices of the new Saudi leadership, and of Mohammad bin Salman in particular, studying how they are working in practice. This report aims to do just that. Throughout its chapters, the report moves from the overall picture to specific policies, posing a series of questions. Will MbS’s high-stakes gamble pay off? Domestically, will his hold on power remain uncontested, or will he face opposition and dissent in the coming months and years? Will the Saudi Vision 2030 plan prove to be a game changer, or will it simply bring cosmetic reforms? In foreign policy, will this newfound activism contribute to bringing order and stability to the region, or will it prove to be a hazardous overstretching? And will the Khashoggi murder be dismissed as a one-off event, or will it put relations with the West on a different path?
In the opening chapter, Cinzia Bianco scratches beneath the surface of MbS’s modernizing reforms to highlight their challenges, ambitions and potential achievements in the medium to long-term. In particular, the author focuses on how the old establishment, especially the Wahhabi clerics, reacted to MbS’s Vision 2030 plan, potentially hindering it. To be sure, criticism abounds; but so far the Crown Prince has shown no weakness and appears to be ready to crush any form of dissent, even when it comes from Saudi authorities. To this end, MbS is keen to centralise power and is willing to do whatever it takes to further consolidate it, even at the cost of marginalizing members of his own family. The planned privatization process of the state-owned energy company Saudi Aramco – also included in the “Vision 2030” plan – speaks to MbS’s determination to play his cards boldly and push the reforms forward.

In the second chapter, Giorgio Cafiero further investigates the details of this plan by presenting its ambitious economic moves, from a reduction in inefficient spending to a broadening of the tax base, from privatization to the diversification of national revenues – all crucial to ensure that Saudi Arabia goes down the path of more sustainable economic growth. The author points to the challenges faced by Vision 2030, which essentially boil down to two crucial issues. First, ensuring a rise in FDI, recently jeopardised by security threats, a murky legal environment and the reputational damage caused by the killing of the journalist Khashoggi. Second, the need to draft a new social contract with the population in light of the expected tax rises, which may prompt popular demands for more transparency and political rights. At the same time, MbS needs to juggle among several external factors, such as Russia, China and other countries’ ability and willingness to act as credible foreign investors. All of this could make the successful implementation of the plan within MbS’s tight timeframe very unlikely.

A major challenge to MbS’s ambitious plans comes from within. The Islamic radicalization challenge, examined by Sara Brzuszkiewicz, indeed poses a direct threat not only to the
Crown Prince’s reforms but also to Saudi Arabia’s domestic security as a whole. That explains the kingdom’s efforts to increase its ability in counterterrorism and deradicalisation. The main paradox for Saudi Arabia is that, despite al-Qaeda’s inability to destabilise the country internally, many terrorists carrying out some of the bloodiest al-Qaeda attacks – including those on US soil on 11 September 2001 – were of Saudi origin. This is peculiar because the Saudi “social contract”, according to which the state guarantees high levels of wealth redistribution in exchange for low political demands, should increase the citizens’ loyalty to the authorities and reduce social exclusion, which is often crucial to make the terrorists’ call toothless. Instead, radicalization trends in the country have not abated as the kingdom has become richer. The author describes MbS’s strategy to counter terrorism as comprehensive and wide-ranging, targeting youth through education and deradicalisation programmes, and advocating the return to a “moderate Islam”. However, MbS’s efforts meet with persisting challenges – from demographic trends to a lack of regional cooperation, coupled with an “information overdose” that risks diluting official counterterrorist narratives.

As for the global powers, the US stands out as Riyadh’s most powerful ally, potentially facilitating MbS’s reforming efforts and power bid. In his chapter, Robert Jordan gives a glimpse of the history and possible evolution of US-Saudi relations, drawing upon his experience as a former US Ambassador to Saudi Arabia. The author argues that there is a pattern governing the ups and downs of US-Saudi Arabia relations, that is, the existence of strong shared national interests (for instance, containing Iran or fighting terrorism) that are strong enough to downplay the defense of liberal values in the US’s foreign policy towards Saudi Arabia. While these national interests are still essentially there, another important part of the equation today is the warm personal relations between MbS and Trump, who is reversing many of Obama’s foreign policy choices that were at odds with Saudi Arabia’s security interests. However, Jordan warns that some areas of friction, especially as regards the diverging views
on the resolution of the Palestinian-Israeli conflict, may put the two leaders’ “personal chemistry” at risk.

Finally, some of the challenges may also arise from shifting regional balances. In her chapter, Annalisa Perteghella investigates the assertive turn taken by Saudi foreign policy since the 2011 regional uprisings. As the author points out, since the Arab Spring Saudi Arabia has been carrying out a more and more outspoken foreign policy as a result of a change in perception about its security environment. The US’s reluctance to intervene in support of falling allies – as was most evident for Mubarak in Egypt –, as well as Iran’s increased influence in the region, or the Muslim Brotherhood’s ascent to power in key countries such as Tunisia or Egypt, significantly altered the Saudis’ threat perception. At the same time, the Saudi-UAE alignment on most issues has led to the establishment of an important strategic partnership between Riyadh and Abu Dhabi, carried out by the two crown princes. The Saudi-Emirati diarchy has since developed a sophisticated strategy revolving around commercial, politico-diplomatic, and military dimensions. A favourite area for projecting power is the Red Sea and the Horn of Africa, where shifting alliances and reconfigurations in the balance of power are quickly altering the geopolitical map. But how these changes and reconfigurations will impact long-term regional stability remains an open question.

Saudi Arabia is at a crossroads. The next few years will tell us whether the kingdom is going down the path of needed reforms, or whether the road taken by the new leader is just a rehashed, riskier version of the past one.

Paolo Magri
ISPI Executive Vice President and Director
Regardless of how, *a posteriori*, the youngest Crown Prince of Saudi Arabia will be judged, it is likely that the modern history of the Kingdom will be divided into before and after the time of Mohammad bin Salman. In just a few years since his ascent to power, the Crown Prince has advocated for reforms challenging the decades-old political-economic model of the Kingdom, social liberalisations that seemed unattainable in an ultra-conservative Kingdom, and a hawkish, assertive foreign and security policy colliding with a Saudi tradition of political conservativism. To properly dissect these pushes, it is arguably necessary to try to understand the motivations and rationales behind them. Equally crucial is to analyse if, how and why these initiatives may be disruptive and what the impacts of such disruption might be. After all, Saudi Arabia is situated at the heart of a region that is as globally strategic as it is volatile, where considerations about political instability cannot but remain pivotal.

The 2011 upheavals in the Arab world, the “Arab Spring”, sent shockwaves not only through North Africa and the Levant, but also the Gulf. Four of the six monarchies comprising the Gulf Cooperation Council (specifically, Saudi Arabia, Oman, Bahrain and Kuwait) were affected by sustained protests, with
varying degrees of intensity\textsuperscript{1}. At that time, the most intense and sustained protests in Saudi Arabia were localised in the Shia-majority eastern province and were thus largely perceived, and framed, as a rebellion of a religious minority driven by sectarian motives and fuelled by Iran for political interests. This minority, chronically and structurally marginalised in socio-political and socio-economic terms by the state, nonetheless inhabits the oil-richest province of the kingdom. Concurrently, a different phenomenon arose, involving large parts of the Sunni majority, and especially the young people. In fact, with the emergence of extremist Sunni militias in Syria, including but not limited to the Islamic State (Daesh), a long-standing trend of young Saudis leaving to become foreign fighters peaked to disproportionate magnitude. Since March 2014, Saudi nationals have been at the top of the list of foreign fighters in Syria and in much larger numbers than had, for instance, joined al-Qaeda in Iraq\textsuperscript{2}. While very complex in its intersection with religious indoctrination, regional politics and sociological drivers, this phenomenon can also be a manifestation of a certain disconnect between Saudi youth and the kingdom’s rulers, viciously attacked and de-legitimised in Daesh’s discourse, and identified as primary targets for its campaigns\textsuperscript{3}. All considered, after 2011, the House of Saud, ruling the Kingdom of Saudi Arabia since its inception as a state, perceived itself as facing one of the most challenging times in terms of its legitimacy and its relationship with the population\textsuperscript{4}.

In 2015, when Mohammad bin Salman entered the picture, this was still the dominant perception\textsuperscript{5}. The prince, in his 30s,

\textsuperscript{4} Author’s interviews.
\textsuperscript{5} Author’s interviews.
Mohammad bin Salman’s Reforms represented a chance to bridge the gap between a traditionally elderly leadership and a nation composed, for approximately 70%, of citizens under 30 years of age. An analysis of the prince’s bold reforms cannot, arguably, overlook that these young people have been identified by Mohammad bin Salman as a fundamental part of his “constituency”. Hyper-nationalism, bold and reckless policy choices, the questioning of the established order – all done with an underlying, almost arbitrary, confidence – are all characteristics of an exceptionally young leader appealing to a young audience. This dynamic is also particularly embedded in politics in the era of populism. Conversely, these are characteristics bound to make the other Saudi constituencies – the religious establishment, the business elite and even members of the royal family themselves – concerned about the impacts of impetuous change and wary of potential damage to their own interests. This is especially true given how Saudi Arabia may be facing a watershed moment in its history.

Changing Terms and Conditions in the Saudi Social Contract

From the economic point of view, Saudi Arabia is uniquely defined by one main feature: its abundance of oil reserves, fuelling economies all around the world. However, this feature has also largely reflected at the domestic level, deeply impacting the kingdom not only economically, but also socially and politically. First off, a stunning 80% to 90% of Saudi Arabia’s Gross Domestic Product (GDP) is directly or indirectly dependent on its oil resources. In fact this “oil addiction” impacts the kingdom at a much deeper level than its GDP only: it underpins its political economy as a rentier state and, through that, its socio-political and socio-economic structures. Rentier states play a dominant role in their economies by distributing resources

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to the population in the form of public services, subsidies, and employment in state bureaucracies. Rather than actively contributing to the state with their taxes, citizens become recipients of wealth, entitled to income due to their nationality. Individual wealth is thus not strictly related to individual productivity, but rather results from the commercialisation of the country\'s natural resources as managed by the state. This is the rationale underpinning the arguments by several political scientists that the population\'s reliance on the redistribution of these revenues is connected to the perpetuation of authoritarianism, in the reverse of the “no taxation without representation” principle. With such deep ramifications, it comes as no surprise that several generations of Saudi leaders have only timidly tried to address some of the related dysfunctions. However, in today\'s world, where oil prices are volatile and major economic powerhouses actively pursue new sources of energy, preparing the kingdom for the post-oil world might make a difference for the country\'s very survival. When Vision 2030 was published in April 2016, Mohammad bin Salman presented it as just that: the recipe to overcome Saudi Arabia\’s addiction to oil. Indeed, Vision 2030\’s goals revolve around the idea that, in preparation for the post-oil era, the state should start providing less for the population and the private sector should take over and increase its role in the production of the country\’s wealth. This idea challenges the rentier model at its core and thus, the argument goes, also shatters the backbone of the Saudi social contract.

The financial wealth derived from oil revenues has long allowed the Al Saud monarchy to engage in a comprehensive form of co-optation towards all strata of the Saudi population that

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[9] See the full text of Vision2030.
Mohammad bin Salman’s Reforms consolidated its rule and contributed to ensuring the monarchy’s stability\textsuperscript{10}. Through extensive patronage, allocation of government contracts and cradle-to-grave welfare, the royal family ensured loyalty from the business elites, tribes, the religious establishment, and ordinary Saudis. Revenues are distributed to Saudi citizens in the form of significant subsidies on housing, fuel, water and electricity. While the data are rather opaque on the matter, financing the comprehensive welfare state and extensive subsidies took a significant toll on Saudi Arabia’s public finances, especially amid the oil price crash in 2014. The state is also the country’s primary employer, given that around 70\% of Saudis work in the public sector\textsuperscript{11}. As the population has consistently grown, and Saudi Arabia saw a youth bulge, the public sector has increasingly lacked the ability to absorb the young workers entering the job market. As a result, in the past few years the percentage of Saudi citizens under the age of 30 who are unemployed, has remained at around 30\%\textsuperscript{12}. Inevitably, this has been a significant source of resentment within the kingdom. In this context, Vision 2030’s recipe, at its core, consists of a phased reduction in unproductive costs for the state, especially subsidies and redundant salaries, and increased investments in diversification and measures to spur the private sector, thus creating new jobs for Saudi youth. However, these measures entail a transition that could potentially come with grave consequences for stability if not managed properly. If expectations for economic growth are not met, and meanwhile the state no longer provides as much to citizens’ livelihoods (something they have been simply entitled to for decades), discontent could result in diminished loyalty and even be channelled into popular mobilisation.

\textsuperscript{12} “Saudi youth unemployment forecast to exceed 42\% by 2030", Arabian Business, 26 November 2016.
The first round of cuts started in late 2015, when the government introduced austerity measures on current spending. Between December 2015 and January 2016, the prices of fuel and electricity started to rise progressively\textsuperscript{13}. Following a public outcry, mainly on Twitter, over how the new water tariffs were being applied, the King sacked the Minister for Water and Electricity, Abdullah Al Hussayen, only six months later, in April 2016\textsuperscript{14}. In October 2016, a royal decree announced more cuts, this time of public-sector pay. Minister’s salaries were to be cut by 20%, housing and car allowances for members of the appointed Shura Council were to be cut by 15%\textsuperscript{15}. Hundreds of thousands of lower-ranking officials saw overtime bonuses decreased by 25% to 50%, wage increases frozen and annual leaves capped at 30 days\textsuperscript{16}. While the move was not met with open manifestations of organised dissent, discontent started to spread in public sector offices\textsuperscript{17}. At the same time, the social support initiatives that had been officially announced to compensate lower-income families for the subsidy cuts, were introduced slowly, unevenly and ineffectively. Again, ordinary Saudis took to social media, and especially Twitter, to complain about the cuts\textsuperscript{18}. Largely in response to public grumbling, the public-sector pay cuts were reversed by royal decree in April 2017, when the King reinstated bonuses and special allowances for civil servants and military personnel, while also ordering two months’ extra salary be paid to frontline military personnel taking part in Saudi-led operations in Yemen\textsuperscript{19}. On the one

\textsuperscript{13} “Saudis face fuel price jump under new austerity plan”, \textit{Financial Times}, 30 December 2015.
\textsuperscript{15} “Saudi Arabia unveils first public sector pay cuts”, \textit{BBC News}, 27 September 2016.
\textsuperscript{16} Ibid.
\textsuperscript{17} Author’s interviews.
\textsuperscript{18} B. Staton, “Saudi Twitter demands the royal family take a pay cut”, \textit{Al Bawaba}, 1 September 2016.
\textsuperscript{19} “Saudi Arabia’s King Salman reverses public sector pay cuts”, \textit{BBC News}, 23
hand, this was evidence of the ability, facilitated by higher oil prices, of the Saudi decision-makers to quickly adapt and react to public sentiment, addressing potential causes for disgruntlement. On the other, it was largely considered a setback for the reform agenda. Possibly mindful of such chains of events, in January 2018 King Salman ordered an increase in salaries and the introduction of new living allowances for civil servants, military personnel, pensioners, students and social security beneficiaries to help offset the introduction of a 5% value-added tax (VAT), taxes on tobacco and energy drinks, and a new rise in fuel prices. It was yet another indication that, provided that oil prices remain at medium-high levels, Saudi authorities are naturally more committed to prioritising stability than to implementing reforms. Therefore, the risk of triggering unrest with austerity measures appears to be limited. Arguably, a higher potential for backlash remains in the medium-term if these measures are combined with a failure to meet expectations about job creation. Moving from a fairly undemanding, assured job in the public sector to a competitive one in the private sector might be daunting for young Saudis not necessarily prepared, educated and trained for this transition. Policies of Saudisation, establishing a high mandatory quota of local employees for companies operating in the kingdom, have been devised to shield young Saudis from fierce competition with foreign workers, but they might not be sufficient if the number of jobs created remains below needs. Even in the presence of social security provisions, young families might have to adjust to living standards lower than their parents’, including the ability to afford the new entertainment opportunities introduced by the reforms. The impacts on the restive and underdeveloped

April 2017


eastern province, for instance, might be especially compelling. The key, and the biggest challenge of all, thus seems to lie in being able to create a huge number of jobs in the private sector, and preparing young Saudis for them.

A failure of *Vision 2030* could indeed have big consequences. However, interestingly, a successful implementation of the *Vision* is not without risks either. As a middle class is created, one that is less economically dependent on the state, emboldened and empowered citizens could seek a new relationship with the state, and new, perhaps political, rights from it. Bearing this in mind, social liberalisation reforms can also play a significant role in creating a sense of generalised change, and distract citizens from political pursuit. However, social liberalisation also has its own risks.

**Re-writing the “Holy” Pact?**

Today’s Kingdom of Saudi Arabia harks back to the first Saudi state (c. 1745-1818), established on the basis of an alliance between a local chieftain, Muhammad ibn Sa‘ud, and an ultra-conservative imam, Muhammad ibn ‘Abd al-Wahhab. The partnership consisted of a division of labour whereby Al Sa‘ud and his followers would wage the political and military campaigns needed to expand territorial control while ‘Abd al-Wahhab and his diffuse, wide-spread network of followers would provide religious legitimacy to the conquerors and the common socio-religious ground on which to build the new nation. After the full establishment of the kingdom as a state, the partnership evolved, with the Al Sa‘ud dominating politics and the Wahhabi clerics nourishing and increasing the religious ingredient in the national identity mix. The balance of power

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between the two forces has had ups and downs throughout the kingdom’s history, and yet, as the sovereign rulers, the Al Sa’ud have consistently had the upper hand. Still, through the decades, the growing network of clerics has been instrumental in giving religious legitimacy to the rulers’ political choices, at times playing the role of intermediaries between the royal house and the wider population, as their aura of righteousness won them considerable popularity. This complex dynamic provides the essential context for the concern raised by Mohammad bin Salman’s reforms, which could potentially strain this centuries-old religious-political alliance. The Crown Prince has, in fact, pushed the boundaries of social liberalisation beyond what was conceivable, and in a very short span of time.

The season of reforms began with a bold move in April 2016, when then-Deputy Crown Prince Mohammad bin Salman moved to strip the powerful religious police force patrolling Saudi streets, – the Committee for the Promotion of Virtue and the Prevention of Vice (or muṭṭawiʿa) – of its power to harass and arrest people for disobeying the strict Wahhabi moral code, directing them to refer the accused to the regular, secular, police24. In the same period, the Crown Prince announced his Vision 2030, strategically linking social reforms to the economic case for diversification. In his plan, Mohammad bin Salman suggests using social reforms to increase domestic household spending on cultural and entertainment activities inside the kingdom from 2.9% to 6%, developing potentially profitable industries that had been choked by the religious elite25. While, traditionally, thousands of Saudis flocked to Bahrain, Dubai or Lebanon to spend billions on recreation in more liberal countries, the development of a domestic entertainment sector might enable Saudi Arabia to keep the money in the kingdom. A case in point is the launch of a multibillion-dollar project in Qiddiya, “Entertainment City”, a 334 sq. km theme park that

24 A.A. Omran, “Young Saudis celebrate as reach of religious police is reigned in”, Financial Times, 14 October 2017.
25 See Vision2030 full text.
is expected to attract 17 million visitors by 2030\(^\text{26}\). Meanwhile, public concerts, including mixed-sex events, have been introduced, and last year saw the first performance ever of a female artist in the country\(^\text{27}\). In April 2018 the country’s first movie theatre opened in Riyadh, after a 35-year religious ban on cinema was lifted, amid estimates that this sector alone could be worth US$1 billion in the future\(^\text{28}\). The reforms specifically directed towards women have been among the most far-reaching, as one of the (most ambitious) stated aims of Vision 2030 is to increase women’s participation in the workforce from 22\% to 30\%\(^\text{29}\). Among the more visible reforms is the end of the ban on women driving, lifted in June 2018; the right for women to join the military; the encouragement to entrepreneurship; the appointment of women to positions of leadership, with Sarah Al Suhaime becoming the first female chairperson of the Saudi Stock Exchange in 2017 and the slight relaxation in the rules of the “guardianship system”\(^\text{30}\). What was most striking to observers is that Mohammad bin Salman presented those reforms in open defiance of the traditional Wahhabi discourse, engaged for decades in blocking many of the same initiatives, even announcing his bid to promote “moderate Islam that is open to all religions, traditions and people around the globe”\(^\text{31}\).

\(^{26}\) “King Salman launches Saudi Arabia’s ‘answer to Disneyland’”, The Guardian, 29 April 2018.


\(^{28}\) B. Lang, “AMC to Open Saudi Arabia’s First Movie Theater”, Variety, 4 April 2018.

\(^{29}\) See Vision2030 full text.


Mohammad bin Salman appears to be largely overlooking the religious establishment as a source of legitimacy. Given the strong popularity they gained him with Saudi youth and women, these reforms may in fact be viewed as part of the Crown Prince’s new legitimacy recipe\textsuperscript{32}.

In light of the direct challenge that reforms posed to their traditional role in society, Saudi clerics started to react, overcoming a tradition of “self-censorship in public and criticism in private” that characterised their relationship with the Royals. In late 2017, Abd al-Muhsin al-‘Abbad, an outspoken 79-year-old Wahhabi cleric, lamented that the country was degenerating\textsuperscript{33}. While having a reputation for being reactionary, even by Wahhabi standards, as vice president of the Islamic University in Medina al-‘Abbad has trained numerous young clerics and thus his views should be taken into account. In January 2017, the kingdom’s top religious leader, the Grand Mufti Abdulaziz al-Sheikh, condemned the introduction of concerts and movies, describing them as “a depravity corrupting morals and destroying values’ imported from the West, whose intent was ‘to change our culture’”\textsuperscript{34}. Less than a year later, the Grand Mufti retracted his words, questioning the weak evidence for music being haram in Islam. If the opposition from official, state-sponsored clerics is significant, arguably even more important is the backlash from independent clerics, often more radical than the state-linked, and enjoying a massive following, i.e. on social media. These include Sheikh Muhammad Al-Arifi, who has more than 20 million followers on Twitter, Sheikh Awad al-Qarni and Sheikh Salman Oudah, with over 2 and 14 million followers respectively. A significant difference between official and independent clerics emerged in the context of the reforms to women’s rights. Independent clerics such as

\textsuperscript{32} Author’s interviews.


\textsuperscript{34} “Saudi mufti warns of ‘depravity’ of cinemas and concerts”, \textit{The National}, 14 January 2017.
Sheikh Saleh al-Lohaidan and Sheikh Saad al-Hajari attacked the lifting of the ban on driving with all sort of arguments, yet the 21-member Council of Senior Scholars finally approved – by a thin majority – the royal decree, albeit expressing concerns about its ill effects on Saudi society. Official clerics have in fact long been co-opted by state authorities and are often dependent on the state for their positions, prestige, wealth and opportunities, in a mechanism that leads them to be, generally speaking, supportive of state policies. In fact, it was as a reaction to some of the most controversial decisions by the Saudi state justified by official clerics – such as allowing the presence of American military installations on their holy territory in the 1990s – that independent radical clerics engaged in the Sahwa religious “uprising”, propped up by strains of the population refusing to accept the establishment’s discourse. Clerics have been a source of major concern for the Saudi state, and have been met with the harshest response to crush dissent before it could become rebellion. In September 2017, the Crown Prince signed the first round of arrests including twenty clerics and religious scholars, such as the two aforementioned popular independent clerics, Sheikhs Oudah and al-Qarni. Interestingly, Mohammad al-Arifi was not taken in: while holding very radical views on social issues, al-Arifi publicly backed some of the Prince’s reforms and especially his stance towards Qatar. On the contrary, in September 2018 the Saudi state prosecutors called for the death penalty for Sheikh Oudah and al-Qarni, two clerics associated with the Doha-based, Muslim Brotherhood-linked International Union of Muslim Scholars. More generally speaking, backed by his father, King Salman, the Crown Prince has pushed to put clerics under stronger state control.

36 Ibid.
38 “Son of detained cleric denounces Saudi crackdown on independent voices”, *Middle East Eye*, 6 September 2018.
The weakening of the religious police was particularly crucial as this force was an essential vehicle for exercising authority over the population. The prince has also asserted broader government control over the issuing of religious edicts since the grand mufti has repeatedly reminded Saudis of their religious obligation to show allegiance to the king. In addition, the mufti and other clerics were prevented from appearing on television shows to express criticism and condemnation. Multiple Twitter accounts have been shut down, including that of Sheikh Saud al-Shuraim, an imam at the Grand Mosque in Mecca, who stated that social reforms were not in keeping with Islamic precepts. Bearing these developments in mind, the numerous waves of arrests of (mostly liberal) women and human rights activists represent not only a way of re-affirming that credit for the reforms lies with the royal house and are exclusively managed by it, but can be seen as an attempt to maintain the balance between progressives and conservatives and appease the clerics themselves.

However, precisely because the Saudi government has clamped down so tightly on freedom of speech, and has massively intervened to control public debate on social media, it is difficult to assess whether these clerics and their followers intend to act to obstruct the multitude of social changes taking place, especially in urban areas. A political challenge from the alienated Wahhabi establishment cannot be ruled out completely. Official clerics can count on deep-seated relations with members of the royal family sidelined by Mohammad bin Salman, as well as on their authority over a disgruntled religious police. On the other hand, they also have a lot at stake in antagonising the state. Many still feel they have the ears of the king, who has worked very closely with Wahhabi clerics and their charities since the 1980s, and this may be a significant factor for containment. Instead, the independent clerics, the ideological

39 “U.N. voices concern over Saudi arrests of women’s rights activists”, Reuters, 29 May 2018.
40 C. Bianco, “Underneath the surface of Saudi transition”, Commentary, ISPI,
descendants of the zealots who seized the Grand Mosque in 1979, may be able to encourage their numerous young Saudi followers to block these changes with violence. This would be, in fact, bitterly ironic, as Mohammad bin Salman’s pursuit of social liberalisation is also intended to provide young Saudis with new avenues for channelling their youthful energy, often unleashed in criminal activities and violent extremism as escapism-based sensation-seeking ways of coping with tedium\textsuperscript{41}. Conversely, if the Crown Prince and his reforms succeed in winning the hearts and minds of young Saudis, the lack of grassroots support may cripple an ultra-conservative domestic insubordination, similarly to how al-Qaeda in 2003 and Daesh in 2014 failed to recruit enough Saudis to run their campaigns inside the kingdom\textsuperscript{42}.

\textbf{A Saudi Game of Thrones}

In the context of the Crown Prince’s social and economic reforms, what has been consistent is an attempt to manage and control all the reforms and related dynamics through a very strong centralisation of power and authority. Arguably, the main reasoning behind this has been the need to directly control any potential backlashes generated by the initiatives, in a context of a lack of trust between the Crown Prince and a number of members of the royal family. The former Crown Prince, 59-year-old Mohammad bin Nayef – elected in place of the youngest living son of Saudi Arabia’s founder King Abdulaziz, 73-year-old Prince Muqrin bin Abdulaziz – was supposed to become the first ruler of the second generation of Saudi royals,

\textsuperscript{29} January 2015.


and continue the tradition of succession according to agnatic seniority\(^{43}\). On the other hand, if 33-year-old Mohammad bin Salman manages to succeed his father, a number of uncles and cousins (including some with longer experience in state politics) will likely be cut off from ruling. It is amid this background, that one should look at controversies within the House of Saud as well as the crown prince’s challenge to traditional methods of Saudi rule\(^{44}\). In fact, the Crown Prince has accumulated unprecedented power in his hands while cutting off other family members and breaking with the customary decision-making system of putting matters to collective consultation and deliberation. It is a fact that this system created significant obstacles for major reforms, slowing down decision-making, constrained by compromise and crossed vetoes, while the Crown Prince has embraced a culture of rapid and forceful decision-making. On the other hand, the system of collective deliberation is also credited with keeping the country’s politics stable, preventing impetuous and flawed actions\(^{45}\).

As soon as he entered the government as Minister of Defence and then Deputy Crown Prince in 2015, Mohammad bin Salman challenged this system. A process of centralisation began as he accumulated the posts of First Deputy Prime Minister, Minister of Defence, Chair of the Council for Economic and Development Affairs – the country’s main economic policymaking body – and Secretary General of the Royal Court, or the gate-keeper to the king. Having worked as his father’s closest advisor in various offices since 2009, when his father became king, Mohammad bin Salman already had

\(^{43}\) The principle of agnatic seniority is applied when the monarch’s younger brother is preferred to the monarch’s son. To see more about how succession has traditionally worked in the Kingdom, see J. Kechichian, *Succession in Saudi Arabia*, Palgrave Macmillan, 2001.

\(^{44}\) S. Hertog, “Mohammad bin Salman Isn’t Wonky Eough”, *Foreign Policy*, 14 March 2018.

a special working relationship with the most powerful man in the Kingdom and benefited from this large room for manoeuvre\textsuperscript{46}. Among Mohammad bin Salman’s first acts was to launch a military campaign against the Iran-allied rebel group known as Houthis in Yemen, indicating a strategic push for a bold, assertive foreign policy and identifying Iran as a priority threat. The decision was, in fact, controversial, with some in the royal family, including the then Crown Prince Mohammad bin Nayef, who reportedly advised against it: it was the first international military campaign led by Saudi Arabia, in a very hostile and complex terrain both politically and militarily\textsuperscript{47}. The following year, in April 2016, the prince introduced a major development plan, \textit{Vision 2030}. One of the major steps announced was a planned Initial Public Offering (IPO) of 5% of Saudi Aramco, the state-owned energy company. This was a watershed initiative, and highly controversial, as it would entail privatising a percentage of a company nicknamed the “crown jewel” and a very symbolic entity, nationalised from US stakeholders in the late 1980s and fuelling the country’s development ever since\textsuperscript{48}. Additionally, the IPO justified changes in the company’s governance, which translated into sidelining those royals who might be improperly involved, including with the company’s finances, and replacing them with technocrats who are in agreement with the Crown Prince’s vision for energy pricing and policies. One such technocrat was Khalid A. Al-Falih, appointed chairman of Aramco in May 2015\textsuperscript{49}. When, in 2018, rumours started circulating about indefinitely postponing the


\textsuperscript{47} “Mohammed bin Nayef is widely believed inside the Kingdom to have opposed the Saudi decision to launch an air war in Yemen”, writes, similarly to many others, Neil Partrick in \textit{Saudi Arabia’s Yemen Gambit}, Carnegie Endowment for International Peace, 1 October 2015.

\textsuperscript{48} Author’s interviews.

IPO, sources indicated that the King had stepped in to shelve it, on advice from members of the royal family and old-guard technocrats\textsuperscript{50}. However, reshuffles were by no means confined to Aramco. A number of high-ranking royals, aligned with the former Saudi King Abdullah, were dismissed. These included Prince Bandar bin Sultan, Secretary-General of the Saudi National Security Council until it was disbanded in January 2015, and a royal enjoying strong connections to the United States, both in politics and the security establishment\textsuperscript{51}.

The relationship with the US is of special interest to Mohammad bin Salman. Adel Al Jubeir, Saudi Ambassador to Washington since 2007, became the kingdom’s Foreign Minister in April 2015. He was replaced in Washington in April 2017 by Khalid bin Salman, a former pilot with the Royal Saudi Air Force and a younger full brother of Mohammad bin Salman. Additionally, Mohammad bin Salman put much effort into cultivating (also thanks to mutual Emirati connections) a personal relationship with US President Donald Trump and his closest advisors, such as Jared Kushner\textsuperscript{52}. These efforts culminated into an official visit by Trump to Saudi Arabia at the end of May 2017, followed by a whirlwind of events, consolidating Mohammad bin Salman’s pivotal position in Saudi Arabia’s state politics. Between May and June 2017, Saudi Arabia and the United Arab Emirates, supported by Bahrain and Egypt, launched a host of hostile measures against Qatar, including closing land, sea and air borders\textsuperscript{53}. This was another bold and controversial move, to which a number of senior royals, entertaining strong relations with Qatar, were opposed. Among them was then Crown Prince Mohammad bin Nayef, a royal strongly

\textsuperscript{50} “Exclusive: Saudi king tipped the scale against Aramco IPO plans”, Reuters, 27 August 2018.
\textsuperscript{52} K. Ulrichsen, “Fire and Fury in the Gulf”, \textit{Gulf State Analytics}, 31 January 2018.
\textsuperscript{53} C. Bianco, “Qatar: nel Golfo, una crisi tra strategia e tattica”, \textit{Affari Internazionali}, 8 June 2017.
supported by the security establishments in Europe and in the United States, yet not particularly close to the US administration.\(^{54}\) Reportedly also as a consequence of his disagreement with the draconian course of action against Qatar, Mohammad bin Nayef was relieved of all his positions by royal decrees in June 2017: Mohammad bin Salman officially replaced him as Crown Prince and Abdulaziz bin Saud as Minister of Interior.\(^{55}\) Furthermore, the Ministry of Interior was deprived of significant authorities, including over special forces, intelligence, and cyber-security, with the establishment of the Presidency for State Security, responding directly to the King, in July 2017.\(^{56}\) A few months later, in November 2017, King Salman formed a supreme committee headed by Crown Prince Mohammad bin Salman to tackle corruption in public finance, conducting a mass anti-corruption raid and arresting more than three hundred people, including high-ranking royals, businessmen, and other elite figures. Among the arrested was Prince Mutaib bin Abdullah, until 2017 Head of the National Guard, a favourite son of the late King Abdullah and considered the biggest political rival to the Crown Prince.\(^{57}\) The detainees were released after some weeks, as most transferred funds and assets for the value they were accused of embezzling to the Saudi state treasury.\(^{58}\) However, they remained discredited in the public eye: Mutaib bin Abdullah, for instance, did not return to his position in the National Guard. As an internal security force consisting of more than 100,000 highly trained men not reporting to the Ministry of Defence, and tasked with, among other things, protecting the royal family, the Guard had been involved in a successful

\(^{54}\) Author’s interviews.


\(^{57}\) C. Bianco, “Il Prossimo Re dell’Arabia Saudita”…, cit.

coup against Saudi Kings before\textsuperscript{59}. Snatching it from the control of a political rival may therefore be a key move for securing the throne, as the ruling royalties came to have a direct hold over all of the kingdom’s security forces, including those responding to the Ministry of Defence, the Ministry of the National Guard and the Ministry of Interior.

Arguably, such centralisation of power was both a trigger for and a response to evidence of disgruntlement among members of the royal family, showing discontent with the young Mohammad bin Salman since 2015. Already towards the end of 2015, it became clear that the royal family infighting had intensified. Two open letters calling for overthrowing King Salman, written by an anonymous senior Saudi prince and allegedly supported by 11 living sons of King Abdulaziz, were posted on 28 September 2015 on The Guardian’s website\textsuperscript{60}. This was the first call for a palace coup in Saudi Arabia’s modern history since the overthrow of King Saud in 1964. It was clear that changing the established order wasn’t popular with numerous family members. Discontent escalated following the ouster of Mohammad bin Nayef and the unprecedented wave of arrests in the 2017 anti-corruption probe involving the kingdom’s elite, long perceived as untouchable. Mohammad bin Salman’s critics quickly claimed that the move was really aimed at removing political rivals\textsuperscript{61}. On the other hand the arrests, together with the policy of dismissing non-aligned royalties from key political positions and the consolidation of control over the kingdom’s security institutions, have most likely crippled the capacity for concrete action to oppose the Crown Prince. It is perhaps for this reason that dissent has recently been voiced most prominently by exiled royalties. For instance Prince Khalid bin Farhan, a dissident with political asylum in Germany who

\textsuperscript{59} C. Bianco, “Il Prossimo Re dell’Arabia Saudita”…, cit.
\textsuperscript{60} The full original letters can be found at: H. Miles, “Saudi royal calls for regime change in Riyadh”, The Guardian, 28 September 2015.
\textsuperscript{61} Among others see M. Al Rasheed, “The night of the long knives in Saudi Arabia”, Middle East Eye, 5 November 2017.
comes from a branch of the royal family that is not represented in political offices and doesn’t have a strong following inside the kingdom.

In fact, the only major political card left for dissident royals to play might be the so-called Allegiance Council. Established by the late King Abdullah in 2007 and composed of the 34 descendants of Saudi Arabia’s founder, King Abdulaziz (including living sons or sons of deceased sons, a son of the King and a son of the Crown Prince), its purpose is voting to ratify new royal appointments. On the one hand the Council has traditionally acted more as a rubberstamp for the king’s decisions rather than as a decision-making body, for instance ratifying the appointment of Mohammad bin Salman as Crown Prince in June 2017 with only three votes against. On the other, when the Council will gather to elevate Mohammad bin Salman to king, it cannot be excluded that those alienated by the young royal might seek retribution by favouring a different candidate.

**Conclusion**

Mohammad bin Salman has introduced bold reforms in the Kingdom of Saudi Arabia. These have hit obstacles and elicited opposition, raising questions of stability. In the face of opposition and potential backlashes, for which the leadership may be unprepared, the Crown Prince’s political future is bound to be bumpy. At present, the Prince has remained largely defiant of critics. Hoping to shock and awe his opponents as much as his supporters, he has pushed a long list of changes in a short period of time. His rhetoric and the discourse around him has built a *persona* for whom backtracking or revisiting policies are

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not viable options. Identified as the face of reforms, their eventual failures also carry consequences for the prince’s leadership. His critics have warned that, under his authoritarian rule, the combination of his political economy plan, crackdown on religious fundamentalism and modernising Saudi society could create the perfect storm for Saudi Arabia. However, there has been evidence that, as long as King Salman remains at the helm, Saudi Arabia’s gambles remain, to a certain extent, contained. Indeed, the next big questions for the kingdom will be raised once the forthcoming royal transition has taken place.
2. Challenges of Saudi Arabia’s Vision 2030

Giorgio Cafiero

Unveiled by the Kingdom of Saudi Arabia’s then-Deputy Crown Prince Mohammad bin Salman (MbS) on 25 April 2016, the Vision 2030 economic reform plan ambitiously aims to diversify the kingdom’s economy away from its traditional oil sector by creating a sustainable, prosperous, and knowledge-based economy before the post-oil period begins. As oil accounts for approximately 87% of the government’s budget revenues, and 90% of the kingdom’s export earnings, from a financial standpoint Saudi Arabia suffered immensely from the plummeting of oil prices in mid-2014, which was partly the reason why Saudi Arabia’s leadership launched Vision 2030. MbS envisions a future based on security, effective government and a robust Saudi society, and Vision 2030 is his long-term plan for achieving these results. As the Al Saud rulers put it, Vision 2030’s intention is to confirm Saudi Arabia’s position as “the heart of the Arab and Islamic worlds, the investment powerhouse, and the hub connecting three continents”. When MbS unveiled this transformation plan, which calls for “nothing short of a societal revolution”, he declared: “Our vision is a strong, thriving and stable Saudi Arabia… with Islam as its constitution and moderation as its method”.

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1 Missile threats won’t spook Saudi Arabia’s economy, finance minister says, World Economy, CNBC, 2 May 2018.
2 Full text of Saudi Arabia’s Vision 2030, Al Arabiya, April 2016.
3 K.E. House, “This Is Not Your Father’s Saudi Arabia”, Wall Street Journal, 21
In more specific and concrete terms, Vision 2030, which is arguably a neo-liberal blueprint, sets out to boost Saudi Arabia’s private industry, make the kingdom riper for foreign investment, create high-paying jobs for Saudis outside of the oil sector, spark innovation, and push the country on a path towards economic and social modernisation. To achieve this objective, the Saudi government seeks to reduce wasteful spending, raise sales taxes, privatise certain state-owned assets, and diversify revenue streams by growing vibrant non-oil sectors, including finance, education, defense, mining, logistics, health, entertainment, tourism, construction, technology, and agriculture.

“Moderate Islam” in Saudi Arabia

Changing the role of the religious establishment in Saudi Arabia and redefining understandings of the Muslim creed sit at the heart of Vision 2030. Karen Elliott House, a Senior Fellow at the Belfer Center for Science and International Affairs, summed up Vision 2030 as: “Out with government dependence; in with self-reliance. Out with conservative anti-modernist Wahhabi dogma and in with moderation”4. The excessive influence of Wahhabism on Saudi Arabia’s domestic policies long prevented the kingdom from being in any position to overhaul its economy along the lines of Vision 2030. For example, enabling women to drive can be praised not only on human rights grounds: this reform is economically essential because lifting the ban was essential to making Saudi citizens (men and women) more active in the private sector. Thus, curtailing the religious establishment’s authority in the country is extremely important to reforming the Saudi political economy.

June 2017.

After MbS’ ascendency to the palace began in 2015, the kingdom began paying deeper attention to economic and social (albeit not political) reforms, and the need to urgently implement such measures. As such, MbS has presented himself to Saudis and the world at large as a “moderniser” and “reformer” who is determined to end his country’s economic addiction to oil and rigid adherence to ultra-conservative Islamic norms, such as prohibiting women from driving and attending sports events. Focused on preparing Saudis for a post-oil era, in which their STEM (science, technology, engineering and math) skills must be honed for the kingdom to compete on a global scale, MbS has sought to limit the power of the religious establishment and reform the country’s education curriculum with less emphasis on religious teachings.

In October 2017, MbS announced in an interview with The Guardian that for his country to positively progress forward, the kingdom must “return to moderate Islam”. Notable was the fact that he issued this statement at an investment conference that unveiled a new economic zone on the Red Sea, NEOM. MbS’ emphasis on “moderate Islam” was unquestionably serving his interest in attracting greater foreign direct investment (FDI) in Vision 2030’s ambitious projects. At the same time, his framing of the issue was aimed at blaming Iran for Saudi Arabia’s internal difficulties. MbS claimed that it was the Iranian Revolution of 1979 that led to excessive Wahhabi extremist influence in the kingdom’s internal and external foreign policies after the Shah of Iran’s ouster. The Crown Prince explained that Saudi Arabia was “not normal” throughout the previous 30 years and he blamed rigid doctrines that, according to MbS, resulted from Ayatollah Ruhollah Musavi Khomeini’s ascendancy in Iran. “What happened in the last 30 years is not Saudi Arabia. What happened in the region in the last 30 years is not the Middle East. After the Iranian revolution in 1979,

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5 G. Cafiero and C. Bianco, “Mohammed bin Salman is a Saudi (not a Western) Reformer”, Inside Arabia online, 23 October 2018.
people wanted to copy this model in different countries, one of them is Saudi Arabia. We didn’t know how to deal with it. And the problem spread all over the world. Now is the time to get rid of it.”

Earlier the Crown Prince stated: “We are simply reverting to what we followed – a moderate Islam open to the world and all religions. 70% of the Saudis are younger than 30, honestly we won’t waste 30 years of our life combating extremist thoughts, we will destroy them now and immediately”.

In practice, MbS’ actions to back up his rhetoric about “moderate Islam” have entailed significant social reforms in the kingdom, which would have been unimaginable only several years earlier. Permitting women to drive, enter the workforce, and participate more openly in certain ways in society with the religious police’s power being diminished on the Crown Prince’s watch attest to the magnitude of such reforms. The creation of the Global Center for Combating Extremist Ideology and the decision to permit cinemas to re-open following a decades-old ban along with the emergence of an entertainment sector have also factored into this agenda of “returning” Saudi Arabia’s brand(s) of Islam to “moderation”.

Whether the “moderate Islam” agenda of Saudi Arabia’s de facto ruler is geared more towards eradicating extremist threats from within the kingdom and diminishing the power of the country’s reactionary Islamic institutions, eliminating room for grassroots Islamist movements such as Sahwa (awakening) that push for democratic reforms, or adopting rhetoric that bodes well for MbS’ image in the West as he seeks European

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7 Ibid.

and North American investment in *Vision 2030* is debatable. Arguably, the Crown Prince is seeking to achieve all three aims simultaneously.

**The Kingdom Amid Transformation**

Two-and-a-half years after MbS launched *Vision 2030*, scores of analysts are arguing that the plan is unrealistic and that it is set for failure. One of the recent choruses of pessimism regarding *Vision 2030* came in late August 2018 when officials in Riyadh halted plants for an initial public offering (IPO) of shares in the kingdom’s state-owned oil giant, Saudi Aramco. Originally, as MbS explained in early 2016, the IPO was supposed to generate proceeds that would underwrite the economic reform programme. At this juncture, the Saudi leadership is looking for alternative ways to pay for *Vision 2030*.

Further challenging the Saudi leadership to make *Vision 2030* successful is the raging Yemeni conflict. Adding to concerns that foreign investors have with respect to stability in Saudi Arabia are the Houthi missile strikes launched against targets in the kingdom and Ansarullah’s cross-border offensives. Aside from the immediate security threats to the kingdom that the unresolved war poses to the Saudis’ means to lure more investment from abroad, the Riyadh-led military campaign itself is extremely expensive. Although it is difficult to obtain concrete data on the Yemen war’s price tag for Saudi Arabia, according to Bruce Riedel, director of the Intelligence Project at the Brookings Institution, the kingdom spends a monthly $US3 to 5 billion on the conflict. Doubtless, financing NEOM and other projects that fit into the grander reform agenda will require large-scale investments and the continued quagmire in Yemen is contributing to the depletion of the kingdom’s reserves amid this envisioned transformation.

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Yet regardless of whether the Saudis can overcome myriad challenges to *Vision 2030* and successfully implement the reforms, the kingdom has a narrowing window of time to do so. With limited time to achieve economic diversification beyond the oil sector, officials in Riyadh must also face other challenges to *Vision 2030* that pertain to the kingdom’s relations abroad and ability to lure adequate levels of foreign investment to make the reforms realistic. *Vision 2030* calls for Saudi Arabia increasing FDI to 5.7% of GDP, bringing the kingdom closer to the global average.\(^{10}\)

If Saudi Arabia’s commercial legal environment lacks sufficient grounding in the rule of law, foreign investors will continue worrying about the risks of being caught on the “wrong side” of any dispute involving authorities. The numbers have begun indicating so. The United Nations Conference on Trade and Development reported that FDI in Saudi Arabia fell significantly from $US7.5 billion in 2016 to $US1.4 billion last year with no signs of major improvement in 2018.\(^ {11}\) According to Jason Tuvey, the Saudi Crown Prince’s anti-corruption campaign is “probably one reason why FDI inflows have stayed low.”\(^ {12}\)

Reversing the trends in attracting FDI might be a significant challenge. Saudi Arabia’s reputation in Washington and other Western capitals has suffered immensely due to the 2 October 2018 premeditated murder of US resident and *Washington Post* contributor Jamal Khashoggi. The implications for *Vision 2030* are extremely negative given that the West has a special role to play in the reform agenda, especially with respect to Silicon Valley’s ability to coordinate with Riyadh on tech-intensive projects that are at the heart of the *Vision*. Gregory Gause, a Saudi expert at Texas A&M University, stated in the aftermath of the Khashoggi crisis’ eruption that “what appears to be Saudi


\(^{12}\) Ibid.
official complicity in Jamal's disappearance, and perhaps death, sends all the wrong signals to the people and groups MbS needs to change Saudi Arabia in the direction he wants.”

Indeed, scores of the most prominent business leaders invited to the prestigious economic Future Investment Initiative (FII) conference in the kingdom did not attend to protest the Saudi government’s response to the Khashoggi case’s fallout. FII was intended to be the “elite get-together” behind the advancement of Vision 2030, with some calling the conference the “brainchild” of MbS. Yet that a host of Silicon Valley giants (Google, Uber, etc.), financial firms (JP Morgan Chase, HSBC, Credit Suisse, Blackstone, etc.), and media organisations (Bloomberg, CNN, Financial Times, New York Times, etc.) did not attend the conference is a negative signal for Vision 2030 given the extent to which it will require foreign investment in order to have any chance of being successful. However, other analysts such as Aarthi Chandrasekaran of Dubai-based Shuaa Capital PSC have argued that Saudi Arabia’s importance to the global economy will ensure that “while investors are possibly in a pause mode for now, they will eventually step in when the dust [from the Khashoggi saga] settles”.

Regardless of the extent to which the Khashoggi case results in Western investors changing their perceptions of the political risks of investing in Saudi Arabia, the FII event highlighted how Saudi Arabia is looking more to the East for deep financial and investment relations as Riyadh’s ties with Western states face major tensions. Announced on 25 October, the kingdom’s Sovereign Wealth Fund (SWF), Public Investment Fund (PIF), will work with Russia’s SWF, Russian Direct Investment Fund (RDIF) in a partnership with the joint Russia-China Investment

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14 As Khashoggi crisis grows, Saudi king asserts authority, checks son’s power - sources, Reuters, 19 October 2018.
Fund. At FII, there were over 20 Russian executives – mainly from the energy and financial sectors – in attendance.

Illustrated by the Russian government’s refusal to join the West in pointing their fingers at the Saudi state, and China’s tradition of avoiding any criticism of foreign governments’ human rights records, Riyadh is set to find Moscow and Beijing as appealing alternative superpowers given their authoritarian nature and lack of interest in pressuring Arab states into making reforms concerning democracy promotion, human rights, or the rule of law. Indeed, despite the perceived political risks of investing in the kingdom which are alarming Western investors, Saudi Arabia is seen as ripe for investment from the perspective of key figures in Russia. RDIF’s CEO, Kirill Dmitriev, said at the FII, “For us, it’s important to recognise that Saudi Arabia has made a great transformation over the last three, four years under the leadership of the King (Salman) and Crown Prince Mohammad bin Salman” and that the Khashoggi saga should be seen as a “separate” issue from the Saudi leadership.

At the same time, Saudi Arabia will likely offset the decreased willingness of Western investors to take risks in the kingdom by turning to the United Arab Emirates (UAE) and Bahrain for more support amid Saudi Arabia’s transformation. The presence of the Vice President of the United Arab Emirates and ruler of Dubai Sheikh Mohammed bin Rashid Al-Maktoum – plus key government officials and businessmen from the Emirates and Bahrain – at the FII further highlighted the increased importance of Riyadh turning to non-Western states for investment support as the kingdom’s goodwill in the West suffers as questions about Khashoggi’s fate remain unanswered by the Saudi leadership.

16 “Saudi Arabia’s PIF joins Russia and China in $2.5bn ‘trilateral’ investment fund”, Arab News, 26 October 2018.
17 “Russian Direct Investment Fund CEO says FII provides great opportunities”, Al Arabiya English, 24 October 2018.
18 H. Ellyat, Saudi Arabia hails multibillion-dollar deals, as fallout from Khashoggi’s killing continues, World Economy CNBC, 24 October 2018.
19 “Saudi crown prince, UAE vice president attend Riyadh investment
Regardless of how the extent to which the Saudis succeed in attracting increased Russian, Chinese, Emirati, and Bahraini investment support for Vision 2030 to offset decreased in Western investment in the Kingdom, other incidents, apart from the Khashoggi case, involving Saudi decision-making both internally and abroad have hurt the kingdom’s foreign investment climate. The Saudi-Canada diplomatic spat of August 2018, the Ritz Carlton arrests of November 2017, the kidnapping of Lebanon’s Prime Minister in September 2017, and the blockade of Qatar beginning in June 2017 all served to unsettle foreign investors and increase their grave concerns about the political risks of investing in Saudi Arabia.20

Beyond political risk, delays with the Saudi Aramco IPO further underscore other challenges that the kingdom faces with respect to foreign investment. Hurdles regarding the Saudi legal system, regulatory regimes, compliance issues, transparency, and the state-owned oil giant’s evaluation have led to the delay of this IPO, which was an initial hallmark of MbS’ reform agenda. Undoubtedly, the Saudi Aramco IPO’s delay is damaging to MbS’ prestige.21 Concerning transparency, the Saudi Aramco IPO would have required officials in Riyadh to “air the books” on the kingdom’s largest state-owned company. As Jim Krane, an energy analyst at Rice University’s Baker Institute for Public Policy, explained, “Anybody with a smartphone would have access to detailed reserve figures that are now state secrets” in Saudi Arabia.22 To be sure, had the Saudis not complied with the transparency standards for reserves and data disclosure set by US regulators, the Saudi oil giant could have been targeted with class-action litigation.23


22 M. Egan and J. Deftertios, Why the IPO of Saudi Arabia’s crown jewel has stalled, CNN, 24 August 2018.

23 K.E. House, Saudi Arabia in Transition. From Defense to Offense, But How to Score?..., cit.
In addition to the question of how much support Riyadh can ultimately attract from foreign investors for *Vision 2030*, others remain open and debatable: How much time does the kingdom have left to implement the *Vision 2030* reforms? Is it possible for the Saudis to grow a strong private sector economy? If the country weaned itself off oil, what economic niche(s) could Saudi Arabia fill, both in the Middle East and the international economy? The answers to these questions will relate to many factors surrounding the future of global energy markets, the culture of innovation in the kingdom, the adaptability of Saudi society to life under MbS’ idea of “moderate Islam” with looser interpretations of Islamic law and values, the prospects for political stability amid this major transition, and countless other variables in the equations such as Russia, China, and other Far Eastern countries’ ability to step in as investors to fill a void should the Khashoggi saga result in far less Western investment coming to the kingdom in the months and years ahead.

Moreover, assuming that all the desired economic and social reforms are achievable, how would the kingdom’s rulers need to change their social contract(s) with Saudi Arabia’s citizens as the country transitions into the post-oil era? Would such economic and social reforms be possible to implement without making political ones and how would the social, economic, and political outcomes of an ideal transition impact the prospects for MbS’ model of “authoritarian stability” being sustained in future?

**Saudi Arabia’s Social Contract(s) in the Post-Oil Era**

Based on the reforms enumerated in *Vision 2030* and many speeches about the kingdom’s transformation, MbS and his father have never brought political reform into the cards. Indeed, MbS and King Salman’s ambitious reform agenda has only served to further consolidate power in their hands at the expense of Saudi Arabia’s traditional “consensus-building”

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approach to decision-making at the top levels of government. Unquestionably, MbS’ push for Vision 2030 enhanced his image after the reform agenda’s unveiling in April 2016, which helped shore up domestic and international support for his rise to Crown Prince.

The murder of Khashoggi in October 2018 against the backdrop of the arrests of scores of business elite at the Ritz Carlton in November 2017, as well as the detaining of numerous clerics, bloggers, figures in civil society, and journalists strongly demonstrates how MbS tolerates no dissent and is ruthlessly authoritarian. Rather than reforming Saudi Arabia along the lines of a Western, liberal, or democratic leader, MbS is taking lessons from the books of authoritarian regimes such as China’s Deng Xiaoping and Xi Jinping, Singapore’s Lee Kuan Yew, Russia’s Vladimir Putin, and Abu Dhabi’s Crown Prince Mohammed bin Zayed (MbZ)\textsuperscript{25}.

All indications are that MbS believes that a restive generation of young Saudis will live happily with economic and social reforms in the kingdom that are not accompanied by greater political rights. But as Saudi Arabia moves into the post-oil era it would be difficult to imagine the kingdom’s social contract(s) not being altered significantly. Ruler-ruled relations in Saudi Arabia would be disrupted if Vision 2030 succeeded because economic ties between the state and citizenry would change dramatically if the country ceased to rely on oil for its economic growth after having achieved a knowledge-based economy.

MbS’ reform agenda envisions a new and modernised kingdom driven by Saudis who are more critical in their thinking and better equipped with creativity and entrepreneurship in order to thrive in the private sector. Although the Saudi leaders pushing Vision 2030 frequently maintain that the kingdom’s Wahhabi establishment is the main hindrance to Saudis becoming “active citizens”, it is questionable whether the ruling establishment genuinely favours the kingdom’s citizens becoming

\textsuperscript{25} Ibid.
more critical and free-thinking, given that greater expectations regarding political form would likely accompany any developments whereby the citizens become more independent of the government. As Jane Kinninmont, a former senior research fellow and deputy head of the Middle East and North Africa programme at Chatham House, has noted, the fact that “the promises of transparency laid out in Vision 2030 have not been matched by a step change in press freedom or freedom of information”, implies that the “Saudi regime will continue to prefer a private sector that is dependent on government goodwill rather than a fully independent business class” with major implications for the balance between major constituencies in the kingdom: the public, the business elite, and the ruling Al Saud family.\(^{26}\)

Successful implementation of Vision 2030 would shake up “traditional patronage structures and probably also ultimately lead to expanded social freedoms” as Kinninmont has observed. The ways in which austerity measures, first implemented in 2015, played out were informative of the implications of Vision 2030 for the kingdom’s social contract(s). After oil prices plummeted in 2014 the Saudi government’s revenues dropped, with exports decreasing from $US322 billion in 2013 to $US134 billion in 2016.\(^{27}\) Spending depleted the kingdom’s foreign reserves by $US116 billion and $US81 billion in 2015 and 2016, respectively.\(^{28}\) Under this fiscal pressure caused by low oil prices, officials in Riyadh cut spending and raised taxes and utility fees.\(^{29}\) Yet the public’s reaction to these austerity measures, with many complaints from the kingdom’s citizens, caused the government to reverse the cuts for civil servants and military

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\(^{28}\) *Ibid.*

\(^{29}\) *Ibid.*
personnel. Saudi Arabia’s official state-owned media agency said that the reversals were required for ensuring a “decent life” for the country’s citizens.\(^30\)

Ultimately, the outcome of these austerity measures highlighted how quickly negative responses from the population can result from the government’s failure to effectively sell such reforms to the public as being in the kingdom’s long-term interests. Rather than leaving the populace with the impression that the government has simply started to run out of financial resources, the state has high stakes in changing public attitudes toward favouring such reforms in line with Vision 2030. As Kinninmont opines, the costly war in Yemen coupled with the absence of proper channels of communication and representatives to deliver this broader message about reform to the public had a negative impact, as did the fact that the austerity measures were implemented without public servants receiving any prior notice. Kinninmont further elaborates on how the Saudi government could have more effectively mitigated predictable outcry over the cuts and used more gradual approaches and more advanced consultation when implementing such austerity measures to have made the process less painful:

The cuts were effected by stripping out a complex system of allowances and benefits that had been used for years as a means of boosting pay packets without increasing base pay, and which had come to be regarded as permanent fixtures. According to one senior banker, the complexity of the system meant that few people would understand exactly what the cuts would mean for them personally until they saw their pay packet at the end of that first month. The implications of these cuts for disposable incomes was underlined by the fact that, in the first month of implementation, the central bank asked local banks to temporarily stop collecting repayments on personal loans, and to consider rescheduling loans where necessary. Banking regulations prevent banks from lending to consumers if the total monthly repayment would exceed one-third of the borrower’s monthly income, and the loss of allowances and benefits would mean that any public-sector employee who

\(^{30}\) *Ibid.*
had borrowed at the upper end of the affordability ratio would now see their repayments go above this limit. One local economist pointed out that despite official statements suggesting that social support programmes would compensate for the subsidy cuts, these had not been put in place in time: They could make the transition period less painful. There has to be some pain, but you have to manage the impact on certain segments of society that are more vulnerable than others. I don’t know if that was really considered carefully or deeply.  

The issue of taxation is important for the future of Saudi Arabia’s social contract(s) as the kingdom transitions to the post-oil period and faces the dilemma of how to increase revenue from outside the hydrocarbon sector. Unquestionably, raising taxes will result in citizens making demands for greater transparency and more of a voice in governance. Although it is extremely doubtful that many Saudi citizens will soon demand elections or a constitutional monarchy, calls for reforms that make the kingdom function more transparently, combatting graft, and demanding accountability from government officials can be expected.

In January 2018, Saudi Arabia and the UAE both implemented a Value Added Tax (VAT), a 5% levy applied to most goods and services in the two countries. Although the International Monetary Fund (IMF) has called the implementation of single-digit VAT rates as the first mechanism for GCC governments to put in place to smooth the transition to a post-oil era, the process comes with a host of commercial and financial risks that must be properly addressed through education and experience. As Grant Huxham, an advisor at Gulf State Analytics, wrote: “Direct taxes, like income taxes, necessitate a great amount of institutional framework and preparation. In… GCC countries, it will likely take years (if not decades) to fully develop and implement VAT. At a rate of 5%, VAT slowly

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introduces the idea of taxation to a region that is accustomed to subsidies and government handouts. With taxation in Saudis’ lives, calls for adjusting the kingdom’s unsustainable social contract that rests on distributing subsidies and generous social services to the Saudi population will only grow. “The traditional Gulf social contract has never been more fragile, and attempts to drastically rewrite it by GCC governments no doubt comes with its risks”, opined Sultan Al Qassemi, an Emirati scholar. “Taxation in exchange for ensuring the security of citizens in an increasingly dangerous neighbourhood might be the new accepted social contract, but Gulf states should tread carefully nonetheless. While security remains the foremost shared interest for both citizen and ruler today, there is no certainty that the demands and expectations of Gulf citizens will not change in the future.”

Doubtless, the issue of taxation will go to the heart of the Al Saud rulers’ legitimacy, which the kingdom’s leaders may need to find from alternative sources, as Kinninmont has argued. “This could mean greater consultation and public involvement in decision making, or, perhaps more likely, emphasising the importance of royal rule as a bulwark against insecurity, terrorism and chaos, while maintaining or intensifying an authoritarian model of rule”.

Conclusion

As explained in this chapter, Saudi Arabia must overcome a host of hurdles in order to make Vision 2030 remotely successful. Realistically, the reform goals set out by Saudi Arabia’s leadership in April 2016 are unrealistic and achieving such a level of economic independence from oil will require more than a dozen additional years. Although it is doubtful that Vision

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34 The Gulf’s New Social Contract, Middle East Institute.
2030 can meet its targets within a dozen years, the ambitious reform agenda can be credited with successfully defining the kingdom’s vision for achieving economic diversification in time for the post-oil era as the world gradually de-carbonises.

The ruling elite and citizens of Saudi Arabia, along with the rest of the world, have high stakes in Vision 2030. If the kingdom fails to eventually diversify its economy beyond oil, Saudi Arabia will head toward an eventual economic crash with implications for domestic and regional stability that are enormous. As a longstanding anchor of stability in the tumultuous Middle East, the doomsday scenario in which the kingdom collapses could fuel higher levels of unrest, refugee flows, and violent chaos throughout the greater Arab world. The energy and financial interests of industrialised countries worldwide would suffer tremendously under such circumstances by virtue of the Gulf’s vital importance to the global economy. Thus, Saudi Arabia’s ability to transform and achieve economic diversification in a relatively short span of time is of interest not only to the kingdom’s rulers and subjects, but also the world at large.
3. How To Preserve Domestic Security: The Threat of Islamist Groups

Sara Brzuszkiewicz

The ascent of Mohammad bin Salman as Crown Prince, the alternating evolutions in the strategic and military partnership with the United States, the rift with Qatar, and the conflict against the Houthis in Yemen: these are some of the major challenges that have informed the action and regional role of Saudi Arabia in the last two years.

All the reconfigurations that the country has been undergoing, however, are inextricably connected with the dilemmas concerning domestic security and the threat that Islamist and jihadist groups represent for the Kingdom of Al Saud.

The emphasis placed on domestic security, in fact, is far from being new, and major strategic and military developments have taken place over the last two decades at the cost of tens of billions of dollars and have involved a wide spectrum of measures, which range from the repressive dimension to the development of consistent counter-narratives on a national level, from the work of the rehabilitation programmes in prison and after release to the recent institution of Etidal, the Global Center for Combating Extremist Ideology. In particular, since the September 11 attacks – staged mainly by Saudi-born recruits – the kingdom has been trying to become a more reliable actor in the realm of counterterrorism and counter-radicalisation.
Yesterday: Former Attacks, al-Qaeda and the Sahwa Movement

Besides 9/11, the major propulsive thrust for the decision to create what can be said to be the most diverse approach to radicalisation in the region came from the attacks that targeted the country at the end of the twentieth and beginning of the twenty-first century.

Indeed, the first al-Qaeda attack occurred on 13 November 1995, when a Saudi National Guard training complex in Riyadh was bombed. Six people were killed, including five Americans, and over 60 were injured.

From a formal perspective, the official milestone that marked the beginning of the al-Qaeda jihad in Saudi Arabia was Osama bin Laden’s “Declaration of War against the Americans Occupying the Land of the Two Sanctuaries”, published in al-Quds al-Arabi on 23 August 1996.

Previously, in 1995, Osama bin Laden had sent an open letter to King Fahd and highlighted his disagreement with the situation in the kingdom. According to the leader of al-Qaeda, the Saudi regime brought the crusaders to protect itself, but after the Declaration of War the radical’s contempt for the kingdom intensified. In the past, bin Laden argued, the regime had made at least some effort to appear Islamic, but the arrival of the American troops had exposed the un-Islamic nature of the government and fostered a treacherous process of moral decay and Westernisation.

Al-Qaeda’s improved fortunes in Saudi Arabia resulted from a number of events that occurred around the turn of the millennium. First, the introduction of the Internet to the kingdom in early 1999, which facilitated the spread of jihadist propaganda at a time when the authorities did not have the means to

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combat online radicalisation and recruitment.

Second, the international conflicts involving Muslims worldwide, notably the Kosovo crisis (1999), the second Chechen war (1999) and the second Palestinian intifada (2000). Not only did these conflicts foster an ideological Islamic resurgence among many individuals from the Gulf, but they also led hundreds of former Arab Afghans to move to those territories, in search of a new jihadi cause.

Third, the abovementioned presence of American troops in the Land of the Two Holy Mosques, perceived as an outrage against the leading role of Saudi Arabia for the entire Muslim Umma.

In this scenario, from the Declaration onwards the al-Qaeda strategy in the Kingdom started to combine large-scale attacks with targeted actions, such as assassination attempts against the Saudi leadership. Crown Prince Muhammad bin Nayef, the kingdom’s former anti-terror chief, for instance, was targeted at least four times.

On 12 May 2003, 35 were killed and over 200 wounded during coordinated suicide attacks on Dorrat al-Jadawel, Al-Hamra Oasis Village, and the Vinnell Corporation compounds in Riyadh, in the series of attacks that would become known simply as the Riyadh Compound Bombings.

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4 On 21 June 2017 he was replaced as Crown Prince and first Deputy Prime Minister by the king’s son, Prince Mohammad bin Salman and relieved of all positions by royal decree.

5 Most recently in August 2010.

6 The Vinnell Corporation Compound in particular, was occupied by members
Tension was escalating and on 15 April 2004, the United States would order all governmental dependents and nonessential personnel out of the kingdom as a security measure.

On 29 May 2004, the militants staged one of their bloodiest attacks, killing 22 and injuring 25 in the oil-industry town of Khobar where, according to witnesses, they separated Christian and Muslim workers and shot the Christians.

The al-Qaeda in the Arabia Peninsula (AQAP) campaign in the country, however – which had been possible also because of the massive influx of al-Qaeda members from Afghanistan after the war against the Soviets - would be quite short-lived.

Identifying all the causes of al-Qaeda's substantial failure in the country is not easy. However, a number of major reasons can be highlighted. First, the lack of popular support and Osama bin Laden’s overestimation of Saudis’ resentment against Al Saud. With the exception of a few isolated incidents – such as the 1979 Mecca mosque siege\(^7\) – Saudi Arabia had largely been spared the Islamist unrest that had plagued other Arab countries in the 1970s and 1980s\(^8\).

Therefore, by calling for violent operations on Saudi soil, bin Laden was breaking a widely-held limit that was still significantly relevant not only for the population in general, but also for most Islamists.

Obviously, the absence of strong revolutionary instances in Saudi Arabia is deeply intertwined with the complex notion of the Vinnel Corporation, a Virginia-based defense contractor that was training the Saudi National Guard.

\(^7\) 20 November - 4 December 1979. The insurgents called for the overthrow of Al Saud and took over Masjid al-Haram in Mecca, declaring that the Mahdi had arrived in the form of one of their leaders, Mohammad Abdullah al-Qahtani. Al-Qahtani was killed in the recapture of the mosque and 67 of his fellow rebels who survived the assault were captured and later beheaded. For an in-depth analysis of the siege see F. Miller, *The Audacious Ascetic. What the Bin Laden Tapes Reveal About Al-Qa’ida*, Oxford University Press, New York, 2015.

\(^8\) The most relevant case is Egypt, where al-Gama’a al-Islamiya and al-Jihad al-Islamy engaged in a three-decade long confrontation with the state before disengaging and de-radicalising between 2005 and 2010.
of rentier states and the characteristics of the social contract in such states.

According to Giacomo Luciani and Hazem Beblawi – the authors who most comprehensively theorised the concept – a rentier state is a country in which the economy relies on substantial external revenue – and therefore does not require a strong domestic productive sector. In a rentier state, only a small proportion of the working population is actually involved in the generation of revenue and the state’s government is the principal recipient of the external revenue.

In this scenario, the social contract is essentially based on an implicit agreement between authority and citizens: low taxation and huge financial privileges in exchange for low political demands. Unsurprisingly, this was one of the crucial factors preventing large-scale support for vocal – let alone violent – Islamism within the country.

The second reason for al-Qaeda’s failure was that Osama bin Laden erroneously believed himself able to rely on the legacy of Sahwa to exploit conservatives’ dissatisfaction and resentment.

The reformist Sahwa (”Awakening”) movement had emerged in the 1970s and gained momentum in the late 1980s and 1990s articulating a non-violent critique of the regime and proposing a broad platform of political dialogue while building its identity on Wahhabi ideas in religion and Muslim Brotherhood-like attitudes in politics and activism.

It was led by the charismatic preachers Salman al-Awda and Safar al-Hawali but, given the ideological threat they embodied, the government arrested them and all the senior leaders in the fall of 1994, and they would be released only in 1999 without any charge.

The movement however, never aligned with al-Qaeda’s message, and in 2007 Salman al-Awda addressed Osama bin Laden on the Middle East Broadcasting Center (MBC), a widely

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9 An in-depth analysis of the characteristics of the rentier state falls outside the scope of this chapter. For this complex topic, see G. Luciani and H. Beblawi, *The Rentier State in the Arab World*, London, Routledge, 1990.
watched Middle Eastern television network, blaming him for the innocent blood that had been spilled in the name of al-Qaeda\textsuperscript{10}.

Currently, Salman al-Awda is still in jail after calling for elections and a democratisation of the country during the so-called Arab Spring.

At the beginning of last September, Saudi Arabia’s public prosecutor demanded the death penalty for him, in the framework of the harsh crackdown carried out by Mohammad bin Salman on radical clerics.

The preacher, who has more than 14 million followers on Twitter, is being tried by the Specialized Criminal Court in Riyadh and faces dozens of charges, including stirring public discord and being active in the Muslim Brotherhood.

Safar al-Hawali was arrested on 12 July 2018 after the online publication of his book *Muslims and Western Civilisation*, which harshly criticises the ruling family and calls for its replacement. A few weeks ago, al-Hawali was transferred to a hospital after his health conditions deteriorated.

Moving back to the reasons for the failure of the AQAP Saudi campaign, the third one – deeply intertwined with the second – is that its actions were alien to the domestic Islamist scene and represented a product of the radical socialisation that had taken place in Afghanistan.

The so-called Afghan Arabs (or Arab Afghans) were Arab mujahedin who went to Afghanistan during and following the Soviet-Afghan War to help fellow Muslims fight Soviets and pro-Soviet Afghans. Estimates of the foreign volunteers who took part in the conflict range between 20,000 and 35,000, and their complex relations with Saudi Arabia are crucial to understanding the historical developments of the following years.

Indeed, although the mujahedin received aid from the Pakistani, US, and Saudi governments, their primary source of

\textsuperscript{10} J.M. “Post, Reframing of Martyrdom and Jihad and the Socialization of Suicide Terrorists”, *Political Psychology*, vol. 30, no. 3, June 2009, p. 383.
funding was private donors and religious charities throughout the Muslim-majority countries – particularly in the Gulf. Most likely, as little as 25% of the money for the Afghan jihad was actually supplied directly by states.\textsuperscript{11}

This means that the major sources of funding could be found in the nebulous world of awqaf ("religious endowments"), charities, and private Islamic NGOs. These actors happily helped the fighters combat the threat of communism and kufr ("impiety") abroad, but had totally different sentiments when it came to importing jihad to their homelands. In other words, jihadism was good, but not in my backyard.

Furthermore, in the last few years and especially after international pressure intensified in the aftermath of 9/11, Saudi Arabia designed new legislative tools to fight terrorism financing.

For instance, the current regulations concerning money laundering and terrorism financing provide a remarkably broad definition of financing, which includes:

\begin{quote}
Assets, economic resources or properties of any value or type, however acquired, whether material or immaterial, movable or immovable, tangible or intangible, along with documents, deeds, transfers, letters of credit and instruments of any form, whether inside or outside the Kingdom. This includes electronic or digital systems and bank credits that evidence ownership or interest therein, also all types of commercial papers, securities, or any interest, profit or other income generated from such funds.\textsuperscript{12}
\end{quote}

Given these premises and the fast security response that enabled Saudi Arabia to quickly fill the gap between its capabilities and the unprecedented expertise of the Afghan Arabs, the AQAP attempts to destabilise the country during the first decade of the twenty-first century were doomed to failure.


For this reason, even the merger between Yemeni and Saudi al-Qaeda in January 2009 can be seen primarily as a cosmetic operation designed to elide the defeat of Saudi AQAP and convey the impression of organisational continuity.  

**Today: MbS, the Islamic State, and the New Strategies to Counter Violent Extremism**

During and after what was the substantial implosion of al-Qaeda in Saudi Arabia, the kingdom’s security apparatus underwent multiple improvements, thus gradually creating the contemporary Saudi approach to radicalism.

The challenges that Saudi Arabia is now facing, however, have changed as well, and since Abu Bakr al-Baghdadi proclaimed the establishment of a *wilaya* ("province") in the Land of the Two Holy Mosques in November 2014, more than 30 IS-linked terrorist actions took place in the country, in the framework of the operation that the Islamic State’s propaganda called *Qadimun* ("We are coming").

In 2016, Islamic State’s spokesman Mohammad al-Adnani – afterwards killed in August of the same year – encouraged IS supporters to establish local branches and to carry out attacks in other parts of the world. To complement the establishment of IS *wilayat* (provinces) globally, IS has also called on jihadist fighters to strengthen an asymmetric terror campaign and activate new frontlines in the Middle East.

Currently, the weakened Islamic State’s supporters are also likely to exploit neighbouring areas with Sunni-Shia tensions,

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particularly in Yemen and Saudi Arabia. In Yemen, both Islamic State and al-Qaeda jihadists are capitalising on the fighting between the Shia Zaydi Houthis – the militant group backed by Iran – and the Saudi-backed government of President Abed Rabbo Mansour Hadi.

At the same time, the Houthis might intensify terrorist-like operations targeting Saudis in the region, as the issue of the suicide boats seems to suggest. Indeed, in the last few months Saudi and Yemeni forces have been finding remote-controlled explosive boats belonging to Houthi rebels. These vessels had been heavily modified not to be visible on the water and loaded with explosives.

In January 2017, a remote-controlled boat was used to hit the Saudi frigate al-Madina: the explosion killed two sailors and injured three others.

More recently, in January 2018, Saudi authorities reported that they had foiled an attack on a Saudi-flagged oil tanker by three remote-controlled explosive boats by capturing and destroying the attacking craft\textsuperscript{16}.

At the same time, in the eastern provinces of Saudi Arabia, which are historically inhabited by a significant Shia minority, anti-Shia terrorist incidents have increased. On 29 January 2016, a suicide bomber attacked Shia mosques in al-Ahsa: at least 4 people were killed and 18 others wounded, and in May of the same year, a suicide bomber attacked the Shia Imam Ali ibn Abi Talib Mosque in Qatif, killing at least 21 people\textsuperscript{17}.

In 2018, a series of small-scale attacks took place in different regions, usually targeting security officers. On 19 April, for instance, 4 Saudi security officers were killed and 4 others injured, in a shooting incident in the Asir region, in the southwest of the country. The police caught two of the assailants, and killed the third.

\textsuperscript{16} M. Olimpio, “Remote Controlled Terror: Houthi Suicide Boats”, \textit{European Eye on Radicalization}, 27 September 2018.

\textsuperscript{17} M. Styszynski, “Post-Islamic State Scenario in the Middle East”, \textit{Counter Terrorist Trends and Analyses}, vol. 9, no. 3, March 2017, p. 4.
On 8 July, one Saudi security officer and one foreign national were killed in a shooting incident at a check-point in Qassim: two suspected terrorists were killed and the third detained by security forces.\textsuperscript{18}

A few months earlier, on 23 June 2017, Saudi security forces disrupted an imminent terrorist attack of a much bigger scope: jihadists were targeting the Grand Mosque in Mecca. During two joint security operations in Jeddah and Mecca aiming to foil the attack, a suicide bomber succeeded in injuring 11 people, including 5 members of the security forces.

In the meantime, the major change in the kingdom was the ascent of Mohammad bin Salman as the new Crown Prince, First Deputy Prime Minister, President of the Council for Economic and Development Affairs and Minister of Defense in June 2017, which followed his father’s decision to remove Mohammad bin Nayef from all positions.

So far, the assessments concerning the political moves of MbS have been focusing on the Qatar crisis, the war against the Houthis in Yemen, and some cultural reforms that the young prince has been speeding up, such as the regulations restricting the powers of the religious police\textsuperscript{19}, the removal of the ban on female drivers, and the reintroduction of cinemas.

The rise of Mohammad bin Salman, however, brought about significant developments also in the realm of counter-radicalisation and counter-terrorism.

In October 2017, just a few months after his formal appointment, the new Crown Prince promised that his kingdom will

\textsuperscript{18} UK Government, Saudi Arabia. Available at: https://www.gov.uk/foreign-travel-advice/saudi-arabia/terrorism

\textsuperscript{19} In fact, the power of the Committee for the Promotion of Virtue and the Prevention of Vice had started to be limited before the ascent of MbS. On 11 April 2016, a new regulation issued by the Council of Ministers declared that “Neither the heads nor members of The Committee are to stop or arrest or chase people or ask for their IDs or follow them - that is considered the jurisdiction of the police or the drug unit”. Stated differently, now the Mutaween (the members of the Religious Police) must wait for the official security authorities to stop and arrest citizens and residents.
return to “What it was before – a country of moderate Islam that is open to all religions and to the world”, and stated that Saudis “Will not waste 30 years of their lives dealing with extremist ideas; they will destroy them today”.

From a Western perspective, these statements might seem nothing more than a mere *captatio benevolentiae* addressing the international community.

Assessed from a Saudi perspective, however, these declarations tell us a lot about the new attitude of MbS toward extremism and, indirectly, Shia Muslims and Iran. Indeed, the trend is juxtaposing the image of an open Saudi society preceding 1979 with the obscurantism allegedly caused by the example of the Iranian Revolution and highlighting that it is not by chance that the Grand Mosque seizure took place in 1979.

The inspirational power of the Iranian Revolution for the other countries in the region is absolutely undeniable: Islam was finally seizing power, and this was seen as both a revenge for the oppressed and a retrospective utopia\(^{20}\) of religion as the only resource to counterbalance Western cultural influence.

The Revolution has had a far-reaching impact, direct as well as indirect, helping thousands of citizens to rediscover the mobilising power of the Islamic vocabulary\(^{21}\) and undoubtedly, it had an immediate impact in the Arab countries and on many sections of the Sunni communities worldwide.

Nevertheless, blaming exclusively the Islamic Revolution that occurred in Iran for the broadening of the Saudi radical milieu means overlooking the multiple differences between the two countries and resorting to a biased and simplistic narrative that – to sound credible – will need a thorough revision.

In addressing radicalisation, however, Saudi Arabia is achieving a number of significant goals, and one of the best moves of the Saudi national leadership is focusing on the young generations.


An interesting example of this policy is the programme Feten (“Astute”) created with the goal of actively engaging students to develop counter-extremism narratives and promote national belonging. Unfortunately, the programme has been repeatedly suspended following allegations that the project itself was hijacked by Islamists. The first head of the programme was dismissed in October after media reports that his staff expressed sympathy with the Muslim Brotherhood, designated as terrorist group by the kingdom, whereas his replacement lasted only 72 hours before she was dismissed for the same reason.

The education system has long been criticised for using a curriculum that promotes hatred of non-Muslims and creates a fertile ground for radicalisation. As for today, religious teaching materials continue to include problematic elements, passages calling Jews, Christians and pagans “original unbelievers”, and references to the evil nature of those who make graves into places of worship, a quite clear reference to Shia and Sufi Muslims.

A few months ago, the Minister of Education, Ahmed al-Eissa, announced that the government plans to stop printing textbooks by 2020 as part of its efforts to overhaul the system. Instead, schools will be equipped with interactive tablets and digital curricula that can be monitored – and updated – in real time.

**Saudi Soft Counterterrorism Strategies: From Sakinah to Etidal**

In the last two decades, Saudi authorities conducted a sophisticated campaign for the hearts and minds of the population in general and the individuals at risk of radicalisation in particular.

The key to the success of the Saudi counter-extremism measures was their diversity and multi-layered nature, which enabled the government and its ever-growing teams of CVE consultants to create new opportunities to design and spread their counter-narratives.
As far as the content is concerned, the main pillars of the Saudi counter-messaging action are three. First, equating radical militants with revolutionaries: the militants are revolutionaries who want to undermine the stability of the kingdom. This is a significant point, since all the Islamist radical strands present themselves as the only force that is committed to restoring an alleged Islamic or more-Islamic society, getting rid of the secularisation and Westernisation that has been affecting the Muslim-majority countries. In the Islamist rhetoric, going radical means a return to the past, which is also the concept comprised in the Salafiya movement that is named after the Salaf (‘Ancestors’, ‘Predecessors’).

By dismantling this narrative, the government strips the radicals of one of their major ideological milestones, and exploits the aversion to domestic rebellion that is still strong in the country.

The second pillar of the national counter-narrative is showing that radicals kill other Muslims and not only kuffar (‘infidels’) and, unsurprisingly, this is a very effective resource that historically has helped to lower popular support for radical groups.

The third counter-narrative resource that the authorities have been using in the last two decades is the re-appropriation of the notion of istishad (‘martyrdom’) from a national perspective.

This is particularly clear in the Prince bin Nayef Rehabilitation Center in the outskirts of Riyadh, where the signs and paintings on the walls of the facility commemorate police officers who died as martyrs to their duty. The choice of using the term shuhadā’ (sing. shahid), ‘martyrs’, for police officers and placing it side by side with the concept of duty in the national sense, represents the ideological challenge to the jihadi rhetoric par excellence, since it strips jihadists of the status of martyrs on the path of God.

As far as the rehabilitation center is concerned, it has been created in the framework of the soft counterterrorism strategies designed in the aftermath of the attacks of the early 2000s, which are based on the acronym PRAC, ‘Prevention’,
“Rehabilitation”, “Aftercare”, where the rehabilitation phase plays a major role and benefits from the majority of resources. In fact, the programme starts in prison, where teams of psychologists, psychiatrists, Islamic jurisprudence experts, and imams interact with the radicalised individual challenging his or her beliefs from different perspectives. After serving their sentences, the former inmates are moved to the rehabilitation center, where they are supposed to complete the process with the help of other experts and counsellors from different backgrounds who, at the end of the stay, will give their opinion on whether the inmate should be released or sent back to jail\textsuperscript{22}.

In the last fifteen years, Saudi authorities have been investing increasing amounts of money also on the online side of CVE, and the first example is the Sakinah campaign. Sakinah (“Tranquillity”) is an independent non-governmental initiative supervised by the Ministry of Islamic Affairs and launched in 2003 as one of the pioneering online counter-radicalisation campaigns in the MENA region, designed to give an ideological response to the radical wave that was raging in the kingdom.

Among the initiatives falling into the scope of the soft CVE measures, Sakinah is a remarkably interesting programme because, fifteen years after its birth, it shows a clear evolution from a defensive counter-narrative to a more proactive message\textsuperscript{23}, which is certainly more complex and “risky”\textsuperscript{24} and affirms the importance of tailoring CVE interventions according to the evolution of radicalisation patterns.


\textsuperscript{24} Especially for the principle Do No Harm. Preventing and Countering Violent Extremism (P/CVE) interventions must respect the twin principles of Do No Harm and Do Maximum Good, by ensuring that interventions do not cause human rights violations, exacerbate divisions between institutions and communities, and worsen existing grievances. Given the sensitivities involved, strict adherence to the principle of doing no harm may even lead to no action being taken.
It is run by a team that since 2003 has ranged between 30 and 80 experts in various religious, psychological and social disciplines, who systematically target social media and online forums confronting those users who broadcast radical thoughts and ideas and disseminating moderate religious notions.

The approach is highly experimental, and the team has gained cumulative knowledge and expertise through trial and error, thus becoming more capable of deciding when to use theological, political, logical, ethical, or emotional languages during their virtual interactions.

The most recent figures claim that the experts involved in the Sakinah Campaign to Promote Moderation have interacted with over 3,000 individuals\textsuperscript{25}.

Interestingly, a high number of counsellors involved in the programme tend to group the individuals they have been interacting with into three generations:

- Al-Qaeda members or supporters;
- Those who witnessed the recession of al-Qaeda but joined the branches of the so-called al-Qaeda franchise;
- The post-Arab Spring radicals, variably linked to the Islamic State galaxy.

The reasons behind their radicalisation are diverse, ranging – as in any other context – from identity-related issues to peer pressure, from the sense of belonging and camaraderie that the group is able to give individuals to personal or collective grievances.

Among the last generation, however, the experts working in Sakinah highlight a new triggering factor: the urge for retaliation emerging in those who had had previous relationships with dead or imprisoned terrorists or who had lived and fought in previous conflict zones.

This point should not be overlooked, since these generation-al interconnections represent further evidence that a clear-cut separation between al-Qaeda and the Islamic State, which may well be effective from a geopolitical and strategical perspective, loses relevance when it comes to individual radicalisation: there is a demand for radicalisation, and often which group provides the supply is not particularly important for the subject.

Religious knowledge is significantly lower in the newer generations and therefore Sakinah messages and dialogues had to change accordingly. Nowadays, while still employing theological and religious language, the Sakinah campaign attracts radicals to debates through today’s faster media and messages, especially on Twitter, often in the form of caricatures and infographics, which reflects the shift from defensive to offensive and proactive counter-narratives.

As is the case with dozens of countries worldwide, the Returning Foreign Terrorist Fighters (RFTFs) and more in general the disengaged but not de-radicalised individuals fleeing Iraq and Syria will likely represent the ultimate challenge for Sakinah, especially given the size of the Saudi contingent (1,200 - 2,500 in 2014), which represented the second biggest group after the Tunisian fighters (6,000)\(^\text{26}\).

Notoriously, the most recent Saudi initiative for countering radicalisation is the creation of Etidal (“Moderation”), the Global Center for Combating Extremist Ideology (GCCEI), established in May 2017 and inaugurated by King Salman during President Donald Trump’s first official visit to the kingdom. It is the product of a collective effort and more than 55 countries joined Saudi Arabia and committed to expose, combat and refute radicalism.

The center is run by a board of directors appointed every five years and entrusted to draw up policies and develop its plans and budget, and it aims to serve as a global reference in

\(^{26}\) *Foreign Fighters: An Updated Assessment of the Flow of Foreign Fighters into Syria and Iraq*, The Soufan Group, December 2015.
promoting moderation and battling extremist ideologies.

The research and the monitoring branches work in synergy and Etidal places enormous emphasis on digital actions, researches extremist propaganda and publishes fact-checked information.

The first projects run by the Center are: the Etidal Innovation Lab (EIL), the Global Extremism Index (GEI), and the Media Affairs Department.

The EIL team, in collaboration with leading tech companies like Google’s Jigsaw, developed software and predictive models capable of monitoring and recognising extremist content uploaded to the Internet within seconds after it is posted and with an alleged 80% accuracy rate\(^27\).

Etidal has more than 220,000 followers on Twitter and, combining high level technical tools with the Saudi solid history of soft counter-radicalisation programmes, it will likely represent an interesting case study in the framework of CVE initiatives.

The Global Extremism Index (GEI) programme aims at creating a predictive index to monitor the increase or decrease in extremist mindsets based on levels of extremist ideologies and demographics (social background, age distribution, geographic distribution, and educational level). In comparison with well-known international projects like the Global Terrorism Database (GTD) and the Global Terrorism Index (GTI), GEI targets violent extremist ideologies, rather than terrorist incidents.

The Media Affairs Department engages in the actual confrontation with radicals on the Internet, with the goals of challenging extremist ideologies, revealing false propaganda, and providing counter-narratives on social media outlets.

Persisting Critical Issues and Outlooks

Apparently, in their efforts to prevent and counter radicalisation and violent extremism, Saudi Arabia and Mohammad bin Salman are sounding all the right notes, combining incisive statements with actual commitment and huge investments aimed at keeping pace with the evolution and diversification of the threat.

Neither the actual accomplishments nor the rosy picture that the official sources paint, however, should overshadow a number of critical issues that are yet be addressed.

The first problem is systemic: 56% of the population is under 30\textsuperscript{28}, and in the last 20 years, graduate schools and universities have been graduating students much faster than the economy has been creating jobs. Such demographic trends represent an ideal breeding ground for dissatisfaction and resentment and, to accomplish its modernisation and counter radicalisation goals and avoid limiting change to a top-down, poorly effective and illusory modernisation, the kingdom will have to meet the economic expectations of the younger generations.

Moreover, many young, highly educated and secular individuals, having to deal with the narrowness of the political spectrum and while continuing to consider Islamists as incompatible with broad social change, might start to see them as potential allies in specific political battles, thus creating a more solid opposition front.

A second important issue is the need to strike the right balance between the cultural renewal promoted by Mohammad bin Salman and the potential effects of a number of targeted actions that he might take. If Salman al-Awda is ultimately sentenced to death, for instance, given the popular support that the preacher’s ideas still enjoy, this will represent one of the greatest gambles taken by the Crown Prince. Indeed, in spite

\textsuperscript{28} D. Fahmy, 5 Facts about religion in Saudi Arabia, Pew Research Center, 12 April 2018.
of the undeniable failure of the Sahwa movement in the past, it represented the largest and best-organised anti-establishment group, with arguably hundreds of thousands of members and a significant mobilising capacity that might – at least partly – be dormant in the country.

As far as the soft counterterrorism and rehabilitation strategies are concerned, the major predicament relates to the assessment of programmes and initiatives like Sakinah and the Bin Nayef Center.

How is the relapse rate measured and for how long? Do the approved results tend to be too optimistic? According to the official statistics on the former inmates rehabilitated in the center for instance, the success rate is between 80 and 90%, but it might be advisable to wait a few more years in order to have reliable figures on relapses.

From an international perspective, geopolitical issues have been impeding a truly cooperative approach against the common threat of jihadism. In other words, Saudi Arabia has been partnering with international powers like the United States, but the war in Yemen seems to have no end in sight, the tension in relations with Qatar is not significantly de-escalating, and the lack of regional cooperation could still represent an obstacle to organic, smooth implementation of the new strategies.

A last, less obvious factor concerns the supply of counter-radicalisation ideas. In the country, huge amounts of money are being invested in think tanks, consulting companies, and individuals to provide innovative, smart, and catchy ideas and projects in the realm of CVE.

This is undeniably positive, but this unprecedented supply risks making the efforts less organic, whereas the unified and structured nature of the interventions has always been one of the main strengths of the Saudi counter-radicalisation approach.

The risks are having overlapping competency and tasks, wasting money in unsuccessful initiatives, and more broadly losing incisiveness and sharpness.
When it comes to the current Saudi scenario, no historical parallel is exact, and this is also true for the Saudi counter-radicalisation approaches, which will have to be assessed taking into account the country’s political, social, and economic peculiarities and the distinctive history of Saudi CVE programmes and initiatives.
4. **US - Saudi Relations in the New World of Trump and Mohammad bin Salman**

Robert Jordan

The breathtaking rise of Mohammad bin Salman can define the course of Saudi Arabia for decades to come. His rejection of the historical compact among the royal family to rule by consensus reflects his willingness to be a disruptive force. His willingness to use harsh methods to achieve reform and consolidate power has caused some to call him a “progressive authoritarian”. The surprising victory of Donald Trump in the election of 2016 likewise ushered in a new disruptive force on the American scene. President Trump met with Prince Mohammad, “MbS,” at the White House early in his tenure and then made his first trip abroad as President in May 2017, hosted by King Salman and MbS in Riyadh.

President Trump’s reception in Riyadh was lavish. Posters displaying his picture lined the streets. Highly choreographed receptions, photo opportunities and sword dances projected the image of leaders eagerly affirming their zeal to take the relationship to a new level. President Trump’s speech to the assembled worldwide Muslim leadership made clear that the United States and Saudi Arabia have strong common ties, especially in countering their common adversaries, Iran and Islamic extremism.

How far can this newly invigorated relationship go? Despite the absence of shared political or cultural values, can the Saudis and Americans forge a deeper bond that successfully manages the multitude of regional challenges they face? In order to
evaluate these prospects, it is important to understand the ups and downs of the relationship in recent times. It has not always been a smooth road. Let me begin with my own personal experience at a time when the relationship was teetering on the brink of disaster. We will then explore other peaks and valleys that inform our view of future prospects. Against this backdrop we will then examine the bond that these two disruptive leaders seek to forge, and the challenges they face.

In October 2001 I arrived in Riyadh as the new US Ambassador, just a few weeks after the attacks of September 11. The world was reeling from the attacks, and American popular and political sentiment was angrily turning against the Saudis. Fifteen of the 19 hijackers of 9/11 were Saudis. The Saudi government was slow to condemn the attacks or even to acknowledge that most of the attackers were Saudis. One of my first meetings was with the Governor of Riyadh Province, Prince Salman bin Abdulaziz. I asked him how it could be that 15 of the hijackers were Saudis. He emphatically denied that any were Saudis, saying that it was clear that the Israelis were behind the attacks, as a means of driving a wedge between Saudi Arabia and its longtime ally, the United States. In 2015 Prince Salman became king.

Next I met with Prince Nayef bin Abdulaziz, the Minister of Interior. I asked him the same question and got the same answer: it was the Israelis, not Saudis, who launched the attacks. In his view, it had to be the Mossad. Even Crown Prince Abdullah, who was ruling the Kingdom on behalf of the ailing King Fahd, mused publicly that it was important to note who “benefitted” from the attacks, implying Israeli complicity. Ultimately it was necessary to bring an official from Washington with forensic and documentary evidence to convince these reluctant leaders that the hijackers were nearly all Saudis.

Denial of Saudi citizens’ involvement in the attacks turned to grudging acceptance. But the US relationship with the Kingdom was hanging by a thread. Our requests for cooperation in investigating the origins of the attacks and the remaining danger of
further terrorist threats initially met a stone wall. Saudi law enforcement officers refused to share with our investigators the results of interrogations, or even the contents of the cell phones, hard drives or pocket litter found on detainees. We were denied the ability to participate in, or even witness, interrogations.

American bombing attacks on the Taliban in Afghanistan began in early October. Many were launched from Prince Sultan Air Base near Riyadh. Yet each sortie required a separate flight clearance from the Saudi commander of the base. Clearances were arbitrarily denied or limited, and the US military personnel headcount at the base was also under strict limitation. Osama bin Laden, still furious at the presence of American soldiers on holy Saudi soil lingering from Operation Desert Storm in 1991, condemned the Saudi royal family for allowing any American presence at all.

The relationship suffered further as the Saudis seethed with resentment at the harsh characterisations of their society and religion flowing from American media and politicians. Some Saudis even portrayed themselves as the true victims of a vengeful American public out for Saudi blood in the wake of the attacks.

The dark state of the relationship was compounded by the Kingdom’s frustration over the Israeli-Palestinian conflict. When President George W. Bush took office in 2001, the Saudis were optimistic that he would mirror his father, President George H.W. Bush, in prioritising a resolution of the conflict and recognising the aspirations of the Palestinian people, as reflected in the negotiations conducted in Madrid. Yet these hopes would not be realised. The new President Bush had a different view. In August 2001 at his ranch in Crawford, Texas, he told me that he had received a letter from Crown Prince Abdullah stating that unless President Bush took a more aggressive stance in promoting a resolution of the conflict, Saudi Arabia would have to reconsider its strategic relationship with the United States. President Bush observed to me that he could not invest political capital in resolving the conflict until he saw partners for peace
in the leadership of both the Palestinians and the Israelis. If there were an opening, he would try to bring the parties together, but he saw no such opening in the fall of 2001.

Over the next few months we had some success in dealing with the enormous challenges of managing the relationship with the Saudis. Intelligence and law enforcement officials began to trust each other and share information. Flight clearances and military headcount issues were rationalised. A summit meeting between President Bush and Crown Prince Abdullah in April 2002 ended on a positive note despite an initial threat by the Saudis to walk away from the meeting. Efforts to close the gap between the Palestinians and the Israelis were intensified.

Throughout 2002 we dealt with the Saudis on a looming crisis that would shake the region: the threat that Iraq had, and would deploy, weapons of mass destruction. The Saudis had no love for Saddam Hussein and had joined us in 1990 to repel his troops from Kuwait before they could invade the Saudi oil fields. In fact, most Saudi leaders had hoped we would march on to Baghdad and remove Saddam from power in 1991. But in 2002 the prospect of removing Saddam, with the risk that a vacuum could be created that would invite archrival Iran to play a larger role in Iraq, was a nightmare scenario for the Saudis. While they did not dispute our intelligence evaluations (deeply flawed as we later learned) that Saddam had weapons of mass destruction, the Saudis felt that a US-led invasion would be a disaster. Some suggested other means of removing Saddam, from assassination to bribery to exile.

In December of 2002 on one of my visits to the White House President Bush told me, “Bob, we’re fixin’ to do a regime change in Iraq”. He said he needed me to be his point man to secure Saudi cooperation, which was essential to the mission. We were aided by the active cooperation of the Saudi Ambassador to the US, Prince Bandar bin Sultan. Prince Bandar worked closely with CIA Director George Tenet, along with White House, State and military officials.
On the ground in Riyadh, my task was to secure flight clearances for our air assets, border crossings for our intelligence and reconnaissance operatives, basing for additional Air Force squadrons, and at the last minute clearance to shoot cruise missiles from the Red Sea over Saudi airspace and into Iraq. Fortunately, by late 2002 our senior military officers in the region had excellent relationships with their Saudi counterparts and greatly assisted in securing what we needed. Despite public pronouncements that we should not be launching the invasion, the Saudis quietly facilitated a massive invasion by our coalition forces. Their cooperation, against the sentiment of their population and much of the Muslim world, illustrates the strength of the US-Saudi relationship at the time. Sadly, many elements of the post-invasion phase were badly handled during the coalition occupation and the Saudis to this day express great resentment at the results. Prince Saud al Faisal, the highly respected Minister of Foreign Affairs, lamented to me in exasperation, “You have turned Iraq over to Iran on a silver platter”. He continued to use that phrase for the rest of his life.

In modern times the US-Saudi relationship has been the closest when each side has had a common interest at stake. The legendary meeting between King Abdulaziz and President Franklin Roosevelt aboard the U.S.S. Quincy on 14 February 1945, is generally considered the beginning of an alignment of common interests that would last over 70 years, with a few potholes along the way.

Since the days of the First World War the use of oil to fuel naval ships, and the rapidly expanding use of gasoline in the growing automobile market, led the major powers to seek more and more sources of oil. Even though the US produced two-thirds of the world’s crude oil at the beginning of World War II, it could not keep up with burgeoning demand. Oil had been discovered in Saudi Arabia in commercial quantities in 1938. During World War II the US government sent seismologist Everette De Golyer to Saudi Arabia and other Gulf countries to estimate their oil resources. His report in 1944 predicted a bonanza of oil reserves.
So it was not unusual for President Roosevelt to have an uncom-
mon interest in meeting King Abdulaziz of Saudi Arabia. They
met in the Great Bitter Lake of the Suez Canal on the Quincy.
Roosevelt was infirm, in a wheelchair, and would die within
two months. Abdulaziz, a grizzled veteran of wars of conquest,
walked with a serious limp. The King was desperate for cash, and
Roosevelt was anxious to find a secure supply of oil. The two lead-
ers discussed the likely aftermath of the war, oil concessions, and
the plight of the Palestinian people. Abdulaziz was concerned that
the Jewish settlers in Palestine were agitating for a state of their
own, and sought Roosevelt’s assistance. Roosevelt was noncom-
mittal. But as an act of solidarity Roosevelt gave Abdul-Aziz his
spare wheelchair, positioned on the deck of the Quincy. He sweet-
ened the relationship with the gift of a DC-3 aircraft. Abdulaziz
approved the expansion of the oil for security relationship and the
two states had a deal. It helped that Abdulaziz was suspicious of
Britain, whose Prime Minister Winston Churchill also had de-
signs on a Saudi oil concession. Saudi Arabia had never been col-
onised, and Abdulaziz felt more comfortable in dealing with the
Americans, who had never been a colonial power.

The relationship hit its first pothole when the United Nations
proposed the establishment of a Jewish state in Palestine. King
Abdulaziz sent his 19-year-old son, Prince Faisal, as a delegate
to the UN to witness the debate and vote, which included
US support. The Saudis were horrified and felt that President
Truman had betrayed a tacit understanding struck between
Roosevelt and Abdulaziz. The rise of Israel and the immedi-
ate attacks on Israel by Arab neighbours kept the relationship
frosty for a number of years, but the oil revenue was needed,
and the Saudis continued to supply the American market.

An opportunity for improved relations was presented by the
Suez Canal crisis. The British had controlled the Canal for over
75 years. Oil from the Persian Gulf flowed through the Canal to
Europe in massive quantities. But in 1954 Gamal Abdel Nasser
took control of Egypt in a coup. Nasser allied with the Soviets
in 1955 and expelled the British from the Canal. In 1956 the
British, French and Israelis attacked Egypt to seize the Canal. President Eisenhower intervened on behalf of Egypt, fearing that a takeover by European colonial powers would alienate much of Africa and Asia and throw them into the Soviet orbit. The British, French and Israelis withdrew. The Saudis admired Eisenhower for his firm stand, and continue to cite this episode as an important milestone in the US-Saudi relationship.

Over the next several presidential terms the relationship remained calm. President Kennedy took a special interest in encouraging the Saudis to improve their record on human rights including abolishing slavery. In a meeting with Crown Prince Faisal in Washington, Faisal appeared to take these suggestions to heart. He proceeded to abolish slavery, and introduced mandatory education for girls along with the first television station in the Kingdom.

Faisal became king in 1964 and continued his programme of modernisation. But Israel’s defeat of Egypt in a war that lasted only six days in 1967 galvanised Faisal against America’s ally, Israel. Israel’s occupation of Jerusalem continued to be a major irritant. By 1973 Faisal was determined to use oil as a weapon if President Nixon did not force Israel to withdraw from the territories occupied since the 1967 war. Egypt and Syria launched attacks on Israel, and in October 1973 Saudi Arabia implemented a complete embargo on shipments of oil to the United States. As imports of Saudi oil had become critical to America’s energy needs, the embargo caused the price of gasoline to quadruple. The US economy was badly damaged, and Secretary of State Henry Kissinger urged Riyadh to end the embargo. Finally, after brokering minor concessions on the part of Israel, Kissinger secured an end to the embargo in 1974. But the massive increase in oil prices transformed the Saudi economy and created vast wealth in the Kingdom.

The pendulum of the relationship swung once again as the invasion of Afghanistan by the Soviet Union in late 1979 brought the US and the Saudis together in another pursuit of common interests. King Faisal had been assassinated in 1975
and his half-brother Khalid bin Abdulaziz was now king. The Saudis were alarmed at the invasion, seeing a Soviet threat to the entire Gulf. In Iran the Shah had already fallen in a revolution, and in Mecca extremists had captured the Grand Mosque until Saudi and French forces took them out.

President Carter launched a covert campaign to supply weapons to the mujahedin, the rebels resisting the Soviet invasion. King Khalid undertook to match American funding through Pakistan to arm and train the rebels. Private Saudi financial support also flowed to the mujahedin. And a number of Saudis volunteered for combat duty, including a youthful Osama bin Laden, son of a wealthy construction magnate. Bin Laden ultimately built a substantial army and joined Afghan mujahedin in their jihad against the Soviets. After expelling the Soviets from Afghanistan in 1988, the Americans and Saudis would later have to deal with the return of bin Laden and his battle-hardened jihadis on Saudi – and American – soil.

Perhaps no single event has brought together the common interests of the US and Saudi Arabia more intensely than Saddam Hussein’s invasion of Kuwait in August 1990. The Americans and Saudis were both surprised and unprepared. The danger that Saddam’s forces would march on to the oil fields in the Eastern Province of Saudi Arabia was palpable. King Fahd and his Saudi advisers struggled with a response. One offer of help came from Osama bin Laden, who suggested that he and his mujahedin force would undertake to repel Saddam. When asked how he would counter Saddam’s air force since the mujahedin had none, bin Laden reportedly replied, “We will stop them with the power of prayer”. This response did not impress King Fahd, who then turned to Secretary of Defense Dick Cheney and the Americans. Thousands of American troops were deployed to Saudi Arabia, much to the consternation of the Saudi religious establishment. Bin Laden used the massive presence of American soldiers on holy Saudi soil to attack the legitimacy of the Saudi regime and to recruit followers for his nascent al-Qaeda network.
The Saudi military commander, Prince Khalid bin Sultan, and the American commander, General Norman Schwarzkopf, worked closely together to develop a campaign to repel Saddam. Prince Khalid once showed me the headquarters rooms he and Schwarzkopf occupied during the war, including the bedroom where both slept on adjoining bunks. Iraqi forces were routed, and the war ended with Saddam’s withdrawal from Kuwait. President Bush declined to pursue the removal of Saddam from Baghdad, reasoning that such a move would go beyond the United Nations mandate. Coalition forces maintained control over the airspace, however, protecting Shiite Iraqis and Kurds from attack by Saddam. While most American troops were withdrawn from the Kingdom, a few thousand remained to enforce the air surveillance over Iraq, called Operation Southern Watch. Even this small force remained a major theme of bin Laden’s growing agitation against the Saudi-American alliance.

The arc of the US-Saudi relationship over the years reflects a largely transactional quality. From the oil for security arrangement contemplated aboard the U.S.S. Quincy to the establishment of Israel, the resolution of the Suez Canal crisis, the 1967 and 1973 Arab-Israeli wars, the Arab oil embargo, the joint campaigns to repel the Soviets from Afghanistan and Saddam from Kuwait, the attacks of September 11, the counterterrorism collaboration, and the resistance to Iran’s nuclear threat and destabilising behaviour in the region, Saudi and American leaders have managed both cooperation and conflict from issue to issue. American commitment to democracy, human rights, religious freedom, and transparency has rarely entered the picture. Perceived national interest has trumped these values. Likewise, the Saudis have had no illusions that the Americans would embrace the values or culture of a theocratic statist monarchy with little tolerance for dissent or popular participation. What, then, to make of the tectonic shifts introduced by the disruptive whirlwinds of Trump and MbS?

Mohammad bin Salman turned 33 years of age on 31 August 2018. His meteoric rise to the position of Crown Prince and de
facto ruler of the Kingdom was unexpected. His grandfather, King Abdulaziz, promoted a succession plan that would pass the throne to each of his qualified sons. When his son Faisal became King in 1964 he developed the governance model of the Kingdom in which brothers and half-brothers of the King would be cabinet ministers and governors of the provinces. Decisions were arrived at largely by consensus. The model was mostly successful. As the Kingdom grew some cabinet posts went to non-royal technocrats such as Petroleum Minister Ali Al Naimi and the current Minister of Foreign Affairs Adel Al Jubeir. Over time the consensus model has led to episodes of gridlock or decisions that have lacked implementation due to poor oversight or enforcement. Many have felt that the many challenges confronting the Kingdom may require more decisive and nimble leadership.

With the deaths of Crown Princes Sultan and Nayef, King Salman reached into the next generation, the grandsons of King Abdulaziz, to appoint Prince Mohammed bin Nayef Crown Prince in 2015. As Minister of Interior, Prince Mohammed bin Nayef was perhaps the most seasoned counterterrorism expert in the Middle East and a strong ally of the United States. Mohammad bin Salman became Deputy Crown Prince, also serving as Minister of Defense. By 2017 he had edged out Mohammed bin Nayef and had taken over as Crown Prince.

Upon assuming office in 2017, President Trump reached out to King Salman and Mohammad bin Salman. He sent CIA Director Mike Pompeo to visit the Saudis, and MbS reciprocated with a trip to Washington. Trump’s son-in-law, Jared Kushner, spent time with MbS and developed a bond. The two are reported to communicate regularly. Kushner urged President Trump to make his first trip abroad to Riyadh.

From his public statements it seems clear that one of the animating elements in Trump’s relationship with the Saudis is that he is not Barack Obama. President Obama made numerous trips to Saudi Arabia but did not develop a significant personal relationship with its leaders. He urged progress on human
rights and reform. He advocated withdrawal from Iraq and a decreased commitment to the Middle East. He called the Saudis “free riders” for relying on the American security umbrella. He promoted the nuclear agreement with Iran, which the Saudis privately abhorred. He declared a “red line” on Syria’s use of chemical weapons and then backed down from enforcing it. He declared that “Assad must go” but devoted few resources to making it happen. And most notably, in the midst of the Arab Spring and calls for the ouster of President Hosni Mubarak in Egypt, he observed that it was time for Mubarak to go “now.” Mubarak’s ouster infuriated the Saudis and forever colored their view of Obama. If Obama could do this to Mubarak, they opined, he could do it to the Saudis as well. The Saudis were delighted when Morsi and the Muslim Brotherhood were removed in a military coup.

Donald Trump has devoted much of his presidency to dismantling the policies and legacy of President Obama. Trump was an early advocate of the “birther” movement questioning whether Obama was truly a natural born US citizen and legitimately eligible to be president. He has praised the “strength” of authoritarian leaders around the world and has shown a disdain for Western alliances and much of the world order. And early in his term he called for the cancellation of the Iran nuclear agreement, painting Iran as an international pariah and mortal enemy. Much of this anti-Iran rhetoric was music to Saudi ears.

Trump also promised early in his term that he would “settle” the Palestinian-Israeli conflict. He appointed his son-in-law Jared Kushner to develop a plan. Kushner joined Trump on the trip to Saudi Arabia and further developed his relationship with MbS. The Palestinian question remains a major concern of Saudi leadership. An American administration that appears intent on resolving the conflict will be greeted warmly in Riyadh. Whether that administration will devise a realistic plan that the Arab world can accept is another matter.

Trump has connected with Saudi leadership in a visceral manner, unlike Obama’s transactional and, from a Saudi
standpoint, condescending style. Similarly, I witnessed personally the development of a bond between President George W. Bush and King Abdullah. Abdullah rode around Bush’s ranch in his pickup truck. They truly liked each other, despite some profound policy differences. At the 2005 summit they emerged holding hands. I doubt that Trump and MbS will hold hands in the traditional way of Saudi male friendship, but clearly Trump is attracted to absolute monarchs who rule with a firm hand and tolerate no dissent. For Trump, personal relationships are the key to deal-making and are more important than policy analysis.

But policy still matters. Support for the Palestinians remains a critical component of the Saudi national narrative, and the failure to curtail Israeli settlements or to develop a two-state solution remains a sore spot in the relationship. Yet Trump’s decision to move the US embassy from Tel Aviv to Jerusalem drew less outrage from the Saudis than some expected. Indeed, the loudest protests came from Iran and Turkey, in an effort to imply that the Saudis had been coopted by Trump. Nevertheless, King Salman has asserted himself, perhaps contrary to MbS’ leanings, in declaring that no resolution can take place without a Palestinian state whose capital is in East Jerusalem.

Trump and MbS initially aligned more closely on the Saudi confrontation with Qatar. One month after Trump’s 2017 visit to Riyadh, Saudi Arabia, joined by the United Arab Emirates, Egypt and Bahrain, severed diplomatic relations with Qatar and ultimately imposed a blockade denying Qatar access to the Kingdom by land, sea or air. Qatar has been an irritant to the Saudis for years. In 2002 during my time as Ambassador Qatar-funded Al Jazeera ran a television series very critical of King Abdulaziz. The Saudi government recalled their Ambassador and broke off diplomatic relations for six years. Qatar shares the world’s largest gas field with Iran, and thus is essentially a business partner with Iran. The Saudis view Iran as a mortal enemy. Moreover, Qatar has supported the Muslim Brotherhood, another enemy of Saudi Arabia and the UAE. The Saudis have
viewed Qatari cooperation with Iran, Hezbollah, Hamas and the Muslim Brotherhood with alarm for years. By 2017 the Saudis had lost patience and implemented the blockade.

Once the blockade was announced, Trump promptly tweeted his support, appearing to take credit for the move. He doubled down on this position in his Rose Garden speech that month. Secretary of State Rex Tillerson reportedly disagreed with the blockade, especially in light of the fact that the United States has its largest military base in the Middle East in Qatar. Qatar has been a longstanding US ally and an essential component of the Gulf Cooperation Council. In response to the blockade Qatar turned to Turkey and Iran for sources of supply and support. Qatar now appears poised to provide substantial financial aid to Turkey in the midst of the meltdown of the Turkish lira. Trump’s aides have urged him to reconsider his support for the blockade and Trump now seems to be reversing his views, urging the parties to resolve their dispute. In the meantime the main beneficiary of the blockade likely is Iran.

Trump’s visit to Riyadh was not purely to soak up the pomp and circumstance. He announced approximately US$110 billion in arms sales, although no identifiable contracts have been confirmed. He also lobbied for the listing on the New York Stock Exchange of a proposed initial public offering (IPO) for 5% of Aramco. Yet the IPO now seems stalled, with advisers being dismissed and alternative plans being explored. The postponement or collapse of the Aramco IPO presents significant problems for MbS. His *Vision 2030* plan depends heavily on cash to invest in non-oil sectors and for development of human capital at home.

With the US withdrawal from the Iran nuclear agreement American sanctions against Iran are being reinstated. The sanctions include significant worldwide restrictions on the purchase of Iranian crude. Purchasers who continue to buy Iranian oil will face secondary sanctions. Thus the price of oil could shoot up substantially, causing a major increase in the price of gasoline at the pump. This potential has worried Trump, who has asked
the Saudis to replace Iranian production with a surge in Saudi production. The Saudis have said they can accommodate an increase in production, but there remains a large question over how much they can increase output, and for how long.

With the US anxious to reduce its footprint in the Middle East, Saudi Arabia has taken a more aggressive approach to regional affairs than the consensus-based regimes of the past. For example, the Saudis remained hostile to the Iranian incursions in Iraq in the wake of the 2003 US invasion. Yet they now have returned an Ambassador to Baghdad and have conducted talks with major Iraqi Shiite clerics including the Ayatollah Sistani and Muqtada al-Sadr. Al-Sadr’s political party emerged with a plurality in recent parliamentary elections and has been struggling to form a government. Al-Sadr has announced that he wants to form a secular government that puts aside sectarian conflict. He also contends that he is neither pro-American nor pro-Iranian, but pro-Iraq, beating the drum of Iraqi nationalism. If al-Sadr emerges as a political figure independent of Tehran, then the Saudis may have an opportunity for dialogue, if not a closer connection.

The newly assertive foreign policy under MbS is on full display in Yemen. For years the Saudis supported the repressive government of President Ali Abdullah Saleh despite frequent disagreements. The Saudis finally eased Saleh out and supported his replacement by Abd Rabbuh Mansur Hadi. The government in Sanaa treated the minority Houthi population with disdain, despite the fact that the Houthis comprise around 30% of the population. In 2014 the Houthis revolted and marched on Sanaa, capturing the city and driving Hadi out of the country. The Saudis intervened militarily in 2015, together with a coalition including Egypt, Jordan, Sudan and Bahrain. American forces have provided munitions, intelligence, reconnaissance and logistical support. Despite overwhelming firepower the Saudi-led coalition has not been able to defeat the Houthis for over three years.
In the initial stages of the war Mohammad bin Salman loomed large, with posters displaying him in full military regalia and extensive media coverage. His popularity within the Kingdom soared, especially in light of the fact that 70% of the population is under the age of 30. The Minister of Defense was a rock star.

As the war has churned on, the Houthis have garnered support from Iran and the fight has turned into a proxy war. The Houthis have fired missiles into Riyadh and cities in southern Saudi Arabia, so far with little effect. The war has killed thousands of Yemeni civilians, primarily in airstrikes. Recently a Saudi bomber attacked a school bus full of children and many were killed. Some have estimated that 80% of the population is malnourished. Cholera outbreaks are widespread. The port of Hodeida has been blockaded by the coalition, denying needed humanitarian aid and supplies.

In August of 2018 investigators for the United Nations accused the coalition of potential war crimes, alleging indiscriminate bombing, torture, rape and use of child soldiers. The report focused upon Saudi and Emirati bombing of residential areas, markets, funerals, weddings and medical facilities. The report suggested there was little effort to minimize civilian casualties. The Houthis also drew criticism for potential war crimes as well.

US Secretary of Defense James Mattis said he is “constantly reviewing” American support for the coalition but indicated no intention of reducing such support. The most recent National Defense Authorization Act requires the administration to certify within 30 days that the coalition is helping end the war, alleviate the humanitarian crisis and protect civilians. A bipartisan group of senators has urged the administration to adhere to this certification requirement or suspend US military assistance. President Trump objected to this provision in the act in his signing statement and it is unclear whether he will address the certification issue. Despite the close relationship Trump and Kushner have with the Saudis, the legislative branch of the US government may begin to play an important role in how far
American support for Saudi military actions will go.

What, then, can we expect from the relationship in the future? The upheaval in the Saudi model of governance has not yet run its course. The winners and losers in the Kingdom’s “Game of Thrones” are not fully determined. Some observers have compared Crown Prince Mohammad to his grandfather, King Abdulaziz. They bear a physical resemblance to each other, are charismatic figures, and have demonstrated an unbridled ambition for the Kingdom. Yet King Abdulaziz lived in very different times. He assembled a kingdom by conquest in an impoverished, desolate part of the world. Violence was a way of life. Tribal alliances were critical to his success. By contrast, MbS has inherited a wealthy state that is a member of the G20 and the World Trade Organization. His half-brother was an astronaut. Life in the Kingdom bears little resemblance to the world as it was in 1932.

Crown Prince Mohammad also faces staggering strategic challenges. The war in Yemen, the blockade of Qatar, the threat of Iran, uncertainties on every border, and an economy that cannot sustain military adventures or provide jobs to its rapidly growing population at its present rate. In 1962 President Kennedy warned Crown Prince Faisal that the Kingdom’s greatest threat would come from within. The need to reform was urgent, and Faisal took the warning to heart.

MbS also recognises the need to reform. He has opened up the Kingdom to movie theaters and sporting events that are attended by mixed-gender audiences. Women have been given permission to drive, and several women have been appointed mayors of municipalities. He is placing major emphasis on tourism and entertainment. He famously launched an anti-corruption drive that included the incarceration of several hundred members of the royal family and leading merchant families in the Ritz Carlton in Riyadh. Those imprisoned, and ultimately released, conveniently included a number of royals who might have been considered political rivals of the Crown Prince, a classic move to consolidate power.
Crown Prince Mohammad has demonstrated no tolerance for dissent. Hard-line clerics who opposed his social liberalisation were imprisoned. Women who demonstrated in favour of the right to drive also were imprisoned, even as driving privileges were being granted. Peaceful Shiite protesters in the Eastern Province, including women, have been charged with grave crimes for which the penalty can be death. When the Canadian government objected to the imprisonment of protesters, the Saudi government expelled the Canadian ambassador as persona non grata and refused landing rights to Canadian aircraft. International reaction to these measures has been negative. Foreign direct investment has plummeted from an all time high to a negligible amount. MbS has made it clear that social liberalisation and driving are privileges bestowed by him alone, and not rights possessed by the people. The reform agenda, even in the ambitious Vision 2030 plan, does not include political reform.

Prince Mohammad’s defenders contend that any process of major reform will proceed unevenly. Even MbS has likened his authoritarian progressive approach to chemotherapy or shock treatment, necessary under the circumstances. Reports suggest that the Crown Prince remains popular throughout the Kingdom, and many say changes are overdue, even harsh ones.

President Trump appears comfortable with the Crown Prince’s approach. In his 2017 visit, and since then, he has made no mention of human rights, democracy or political freedom in the Kingdom. Unlike Presidents Bush and Obama, Trump has glossed over these issues and his silence has been well received in Riyadh. If these issues are raised, it will be at the behest of congressional forces. For the time being, the United States will continue to supply arms, support confrontation with Iran, and emphasise stability in the relationship.

The relationship, however, may not proceed smoothly over time. The primacy of American support for Israel could clash with fundamental Saudi objectives. While the move of the US embassy to Jerusalem may have been viewed as largely symbolic,
other American policies will trouble the Saudis. Withdrawal of funding for Palestinian refugees through the United Nations may have a devastating effect. Jared Kushner has reportedly pushed for this reversal, which could negatively impact his friendship with MbS. The withdrawal of funding will be felt severely in Jordan, whose finances the Saudis have augmented for years. The prospect of a two state solution between the Israelis and Palestinians seems to be slipping farther away.

Likewise, disagreements over prosecution of the war in Yemen may deepen. The humanitarian toll, the threat of war crimes accusations, and the sheer expense of the effort with little success all may converge to scuttle Saudi objectives. Cracks also appear to be emerging in the blockade of Qatar. The Qatars have weathered the storm better than expected, and have rebounded into the arms of Iran and Turkey. The Trump administration is deeply concerned about the impact within the Gulf Cooperation Council.

A further concern may be Iran. While the Saudis view Iran as an existential threat, the Americans do not. A cosmetic renegotiation of the nuclear agreement may give President Trump an opportunity to declare victory and remove or lessen sanctions on Iran. The transactional nature of his approach may leave the Saudis out in the cold if a “deal” can be made. Conversely, if sanctions end up destroying the economy and bring down the regime in Tehran, the Saudis and Americans may not like what could replace it, namely a more militant, ruthless government run by the Islamic Revolutionary Guard Corps.

**Conclusion**

Finally, the role of Islam as propagated by Saudi Arabia may cloud the future relationship with the United States. Crown Prince Mohammad has announced that he is “returning” the Kingdom to its “traditional” approach to Islam as existed prior to 1979. That year, of course, was the time of the attack on the Grand Mosque in Mecca by extremists. In the aftermath, in an
attempt to bolster their legitimacy, the Saudi leadership adopted a more pious demeanor and delegated to the religious establishment more responsibility for the domestic and educational policies of the Kingdom. The Crown Prince implies that intolerance and rigidity arose from this detour in 1979. In reality, the “traditional” version of Wahhabi Islam that existed for over 200 years was hardly more tolerant or inclusive. While efforts are being made to reform textbooks that teach intolerance in the schools, the Saudis are spreading Wahhabi orthodoxy around the world, particularly in South Asia. As these teachings formed a basis for much of the extremism that seized upon a perverted version of Islam in the past, American foreign policy and security officials may find cause for concern with Saudi proselytising abroad.

In summary, two disruptive leaders have assumed power in a chaotic period. Their personal chemistry is positive at present, despite challenges and occasionally diverging national interests. Whether untested leaders can manage and overcome the tectonic forces confronting the region remains to be seen. The United States needs Saudi Arabia as an ally, but perhaps less than at any time in the past 70 years. The Saudis need the United States as an oil consumer less than in recent history, but with the challenges ahead they may need the US as an ally more than ever.
For decades, Saudi foreign policy has been characterised by its cautious approach, with regime survival and regional stability as central – and interlinked – goals. Additionally, it has been shaped by a strong self-conception of Saudi Arabia as a regional superpower and hegemon. This is reflected in the kingdom’s role as a mediator in many regional crises thanks to the use of both soft power and a significant amount of financial resources. In recent years, however, changing perceptions about the regional security environment have brought about a more assertive and interventionist twist. The deterioration in regional security sparked by the 2003 US intervention in Iraq, Iran’s perceived rise in the region, as well as the uprisings of the Arab Spring heightened Saudi Arabia’s state of alert, setting it “on the defensive despite displaying a will, and a capacity, to project power”.

King Salman’s succession to Abdullah in 2015 also appears to have ushered in a more assertive foreign policy, at a time of increased domestic pressure. The shift has been driven probably by his son, Crown Prince and Defence Minister Mohammad bin Salman. While once again trying to strike a balance between

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2 F. Gaub, *Saudi Arabia and the Islamic Alliance*, ISS Brief, no. 1, 2016, p. 2
the interlinked objectives of domestic regime stability and regional security, Saudi Arabia has been willing to take gambles – such as in the November 2017 orchestrated resignation of Lebanese Prime Minister Saad Hariri – and to project its power abroad – as in the 2011 intervention in Bahrain or the 2015 intervention in Yemen.

In this increased activism across the region and militarisation of foreign policy, Saudi Arabia seems to have found a partner in Abu Dhabi, whose strategic ambition has come to the fore in recent years, giving it the nickname of “Little Sparta”³.

Two areas where this is most evident are the Red Sea and the Horn of Africa, which in recent years have become the battlefields of a new geopolitical scramble involving regional as well as external powers: Gulf States such as Saudi Arabia, the UAE, Qatar and Kuwait, but also Iran and Turkey, as well as the US, India and China⁴. In September 2018, the signing in Jeddah of the historical peace agreement between Ethiopia and Eritrea suddenly opened a window on the Saudi-Emirati involvement in the region. The reconciliation between these two key regional actors, reached thanks to Saudi-Emirati mediation, is much more than a diplomatic success: it is the symbol of shifting regional balances in the name of commercial, political and military interests.

This chapter aims to analyse how the evolution of Saudi foreign policy as well as its growing strategic partnership with Abu Dhabi plays out in the Red Sea and the Horn of Africa. The overall argument is that the Saudi-UAE breakthrough in the region, encompassing a sophisticated commercial, diplomatic, and military strategy, though strong for the time being, and capable of stabilising achievements as in the case of Ethiopia and Eritrea, raises many questions in the long term. Not only as far as the actual convergence of purposes and its duration

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³ “In the UAE, the United States has a quiet, potent ally nicknamed ‘Little Sparta’”, The Washington Post, 9 November 2014.
between the two countries is concerned, but also in regard to the potentially destabilising effects this strategy can have in an already fragmented and deeply penetrated area.

Leading the Counter-Revolution: Saudi Reaction to the Arab Spring

The Arab Spring brought about a new Saudi activism. The unfolding of popular revolutions in the region heightened Saudi Arabia’s state of alert, the most urgent need being to prevent the revolutionary wave from causing damage at home and in the region. Indeed, the Arab Spring was perceived as both a domestic and a foreign policy issue. Thus, Saudi response was driven by these two main needs: domestically, to contain the Arab Spring within its borders, and externally, to contain the Arab Spring across the Arab world.

Within the domestic realm, Saudi Arabia’s most urgent concern was the protest movement of the Shiites in the Eastern province. The Saudi Shiite minority, representing up to 15 percent of the population (between 2 and 3 million people), has always suffered political as well as economic discrimination, which periodically erupted in protests. This Shia discontent has a multi-level strategic dimension: first, it is a threat to what Riyadh perceives as the most precious good: stability; second, the Shia population is concentrated in the Eastern province, which hosts the country’s main oil fields; third, it is perceived as a potential fifth column of Iran. The Saudi response to its Shia population protests – which erupted massively in 2011 – was a tightening repression, through sometimes brutal methods.

But Saudi concern was not limited to its Shia minority. More generally, Riyadh began to worry about a possible imitation effect sparked by the uprisings in Tunisia and Egypt, encouraging Saudis to protest against the government.

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5 G. Steinberg, *Leading the Counter-Revolution. Saudi Arabia and the Arab Spring*, SWP Research paper, June 2014
To counter these threats, Saudi leadership relied on a carrot-and-stick response. A heightened repression, with detentions, an increased deployment of security forces, a diminishing tolerance for criticism from both Islamist and liberal oppositions. The government thus increased its clamping down on intellectuals and activists, the most affected being groups and individuals connected to the Muslim Brotherhood (MB). At the same time, the government began a “payback policy”, proceeding with direct and indirect payments to the people, intended to defuse the possible economic causes of discontent in the country.

As far as the regional realm is concerned, the Saudi counterrevolutionary efforts were carried out through military interventions, an increased emphasis on Arab unity, and financial support for its weaker partners in the Gulf Cooperation Council (GCC): Bahrain and Oman were promised/delivered US$20 billion in aid, in a sort of “Marshall plan” for the region. The financial instrument was also used in Egypt, to salvage an increasingly embattled Mubarak, especially due to the US’ reluctance to intervene.

With Mubarak gone, Riyadh continued to work in order to restore parts of the old regime to power. Saudi strategic calculations were driven by three main fears: the potential domestic instability sparked by the policies of President Muhammad Morsi; the tilting regional balance towards the Muslim Brotherhood; and the growing role played by Tehran in the region, after Morsi’s visit to Tehran. In the face of political instability and economic deterioration, general al-Sisi’s coup was welcomed in Riyadh, which almost immediately signalled its willingness to cooperate with Egypt’s new regime and to sustain it financially: a week after the coup, Saudi Arabia, the UAE and Kuwait announced a US$12 billion aid disbursement, as well as central bank support.

Saudi foreign policy also underwent an unprecedented militarisation process: beginning in Bahrain, Riyadh sanctioned a military intervention under the umbrella of the al-Jazeera
Shield Forces, in order to prevent the Shiite protesters – identified as an Iranian fifth column – from endangering the rule of the allied House of Khalifa. Similarly, after 2012 Saudi Arabia became one of the most important supporters of the Syrian opposition, eyeing the opportunity to get rid of the Assad regime, one of Tehran’s most important allies in the region. Here too, Riyadh’s increasing involvement reflected a dissatisfaction with the US’s apparently little interest in supporting the insurgents meaningfully.

Then, in Yemen, in 2015, under the umbrella of the Arab Coalition, Riyadh launched an intervention in the attempt to prevent what it traditionally perceived as its backyard from falling into the hands of Iran-allied Houthi rebels, as well as from becoming a hub for terrorist groups.

But Saudi Arabia’s new assertiveness was also evident in its attempt to cement Arab unity and to reassert its leadership role. The most emblematic example in this sense was the proposal made to Jordan and Morocco to join the GCC, which was, however, quickly degraded to a “strategic partnership”, given the self-evident difficulties of such an extended interpretation of the GCC’s scope.

As part of this attempt to cement Arab unity and create a “wall of containment”, Riyadh engaged in the formation of military coalitions. This was also aimed at providing legitimacy for its interventions, as in the case of Yemen, where in March 2015 it put together a Coalition of nine African and Middle Eastern states, and of the Islamic Military Alliance to Fight Terrorism (IMAFT), created in December 2015 and joined by 34 Islamic countries.

The motivations of Saudi Arabia’s increased assertiveness can be found in two main regional developments.

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6 Beside the GCC countries’ worrying about the substantially weaker economic position of Both Jordan and Morocco, in the case of Morocco the geographical distance from the Arabian peninsula played an important role, while as far as Jordan is concerned it was the ample participation of the MB in domestic politics as well as Jordan’s huge Palestinian population to create worries about stability.
First, a perception that the US’s role in the region was waning. The US’s expressions of concern over human rights violations in Bahrain and elsewhere, together with a passive reaction to upheavals, letting traditional allies such as Hosni Mubarak fall, had increased the Saudi perception that its American allies could not be fully counted on. Furthermore, it led Riyadh to realise that the energies for containment and counterrevolution had to be found first of all in itself and only later in the region.

Second, a perceived growing Iranian threat, the main lenses through which Riyadh looks at the region. Relations between Riyadh and Tehran have never been easy, but they took a steep downward turn in 2003, when the US-led intervention in Iraq (opposed by Saudi leadership) paved the way for Tehran’s rise in the region, as actually happened in 2005 with the accession to power in Baghdad of a Shiite-dominated, Iran-allied government led by Nouri al-Maliki. The 2011 upheavals further aggravated Saudi fears about Iran benefitting from regional chaos as well as supporting Shiite minorities in GCC countries. Finally, the 2015 nuclear deal between Iran and the P5+1 made Saudi Arabia worry about what it perceived as a too conciliatory US approach towards Tehran, which would have enabled Iranian regional supremacy in return for concessions on its nuclear programme.

**Saudi Arabia and the UAE: A Growing Strategic Partnership**

Saudi Arabia-UAE relations have long been plagued with mistrust as part of a history of conflict during the eighteenth and nineteenth centuries, territorial disputes as well as the UAE’s perception – in line with that of the other member states – of Saudi dominance in the GCC. However, in recent years the two countries have developed a growing partnership, as a consequence of a shared threat perception as well as generational change at the top.

Riyadh and Abu Dhabi’s growing relationship has been one of the most important side effects of the Arab Spring. Since
2011, the two countries have been sharing a concern about the US’s weakened role in the Middle East and its tendency, in their perception, to too easily let go of friends and allies. Moreover, aside from the longstanding threat emanating from Iran's policies in the region, they also shared the perception of threat posed by the ascent to power in the region of Islamist groups related to the Muslim Brotherhood.

In both countries, local versions of the MB are designated as terrorist organisations, because perceived as a threat to national security. What Saudi Arabia and the UAE fear the most is that the MB’s rise to power in key countries in the region – such as Egypt and Tunisia – could incite domestic groups affiliated with the Brotherhood to push for political change.

It is no coincidence that while the Saudi-UAE partnership was getting stronger, the GCC fell apart. The rift between Riyadh/Abu Dhabi and Doha, which originated in June 2017 when they imposed the blockade of Qatar as a punishment for – among other things – Doha’s closeness to MB groups, has since led to the creation of two groups within the GCC, with Doha on one side and all the other countries on the other, Saudi/Emirati-led, side – with Kuwait and Oman uneasily attempting to mediate a settlement.

But the growing Saudi-Emirati partnership can also be attributed to the generational shift in leadership that is underway in both countries. A sort of special relationship seems to have been developing between Saudi Arabia Crown Prince and Defence Minister Mohammad bin Salman (MbS), and Emirati Crown Prince and Deputy Supreme Commander of the Armed Forces Mohammed bin Zayed (MbZ). Given the well-established links of both Crown Princes with the military, this partnership has been developing within a military, interventionist dimension. Indeed, it could be said that in both countries a new leadership is emerging which is more and more confident with using the military instrument – rather than quiet, behind-the-scenes, diplomacy – to settle disputes and project power.
The 2011 armed intervention in Bahrain, in support of the embattled al-Khalifa reigning family, was carried out by a joint Saudi-Emirati command operating in the context of the Peninsula Shield Force, the joint military force of the GCC established in 1984 but left inactive until then. Operations in Yemen are also led by the Saudi-Emirati partnership – even though it is a difficult task to assess exactly where the buck stops, whether in Riyadh or in Abu Dhabi. Saudi Arabia also offered strong political and diplomatic support to the UAE’s involvement in Libya, where Abu Dhabi backed secular groups sustaining the elected government in order to prevent groups aligned with either the MB or the Islamic State (IS) from seizing power.

Since 2014 this growing partnership was matched by an increasing institutionalisation. In May 2014 a “Joint Supreme Committee” led by the ministers of foreign affairs of both countries was established. Among the committee’s tasks, there are the implementation of the strategic visions of their leaders, and the development of a coherent and unitary response to regional challenges, with the ultimate aim of ensuring security and stability. Two years later, in May 2016, the two countries launched a joint “Coordination Council” to consult on topics of mutual interest, while also calling for regular meetings of the council to be held in both countries. The first meeting took place in Abu Dhabi on 21 February 2017, while the second was held in Riyadh on 13 April of the same year. In December 2017, the UAE’s President, Sheikh Khalifa bin Sultan al-Nahyan announced a “joint cooperation committee” to coordinate in “all military, political, economic, trade and cultural fields”. Finally, in June 2018, Saudi Arabia and the UAE announced the launch of a “Joint vision”, elaborated by the Coordination Council as part of the “al-Azm Strategy” (Strategy of resolve). The Joint Vision revolves around three axes – the economic axis, the human and knowledge axis, and the political, security and military axis – and aims to implement 44 joint strategic projects, thus upgrading bilateral ties to unprecedented levels.

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7 UAE, Saudi Arabia announce Joint Vision, strategic partnership across 44
The Great Game in North-East Africa

Over the last ten to fifteen years the Gulf States – especially Saudi Arabia, the United Arab Emirates and Qatar – have become increasingly active in the Red Sea and the Horn of Africa. Their involvement has particularly increased during the last five years, with the aim of establishing an economic, political, and military presence.

This strategy is driven by three main factors, one contingent – the war in Yemen and the need to protect the Bab el-Mandeb – and the other two reflecting the fault lines that are currently dividing the Gulf: the proxy war between Saudi Arabia and Iran, and the Saudi/Emirati-Qatar rift.

It’s a twofold – political and commercial – strategy: to establish a foothold, to occupy space and to protect lines of communication and trade. Thus, this presence is apparent in the form of military bases as well as commercial and infrastructural projects meant to consolidate political relations and project power, with the ultimate aim of gaining greater influence in regional politics and creating a “security belt” against Iran in Eastern Africa.

This strategy associates with a new pattern of urban development, as a part of the economic diversification strategies underway in many Gulf States: commercial ports combined with state-planned cities and mega-projects. Following a horizontal rather than vertical model of development, the Arab Gulf states clearly signal their objective: they want to make themselves visible.

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economic, developmental, military projects. United Arab Emirates Ministry of Foreign Affairs and International Cooperation, https://www.mofa.gov.ae/EN/MediaCenter/News/Pages/07-06-2018-UAE-Saudi-Arabia.aspx#sthash.8fdm-kuc0.dpuf


9 E. Ardemagni, Gulf Powers: Maritime Rivalry in the Western Indian Ocean, ISPI Analysis, 13 April 2018
In this renewed scramble for the Red Sea and the Horn of Africa, Saudi Arabia and the UAE are – for the moment – closely on the same side, combining Riyadh's geopolitical clout and economic power with Abu Dhabi's money-driven sophisticated diplomacy. The UAE itself – through Dubai Ports World (DP World) – is involved in the development of Saudi ports, such as the port of Jeddah, Saudi Arabia's main logistical hub.

Shifting balances in the Red Sea

Since the Red Sea is currently the pivot of Saudi Arabia’s major infrastructural economic projects, such as King Abdullah Economic City (KAEC) and NEOM, ensuring stability in the region – which is in itself a matter of national security – has acquired a new dimension, linked to the exigency of protecting these projects. Riyadh aims at enhancing its presence not only in the Red Sea waterway but also with regard to the security of Sinai, the latter being a goal shared by Saudi Arabia, Egypt, Jordan, the UAE, and Israel. Moreover, Saudi Arabia’s attempt to control the Red Sea is driven by the objective of acting as a counterweight to the Iranian control of the Strait of Hormuz in the Persian Gulf.

A first signal of Riyadh’s new focus on the region was the surprise announcement in April 2016 of a new maritime border agreement between Saudi Arabia and Egypt, formally establishing the boundary between the two countries in the Gulf of Aqaba and the Strait of Tiran, and including the transfer of sovereignty of the two islands of Tiran and Sanafir from Egypt to Saudi Arabia. The agreement was part of the bailout package Saudi Arabia offered Egypt on the occasion of the summit between Egyptian President al-Sisi and Saudi King Salman, entailing the achievement of contracts and investment deals

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10 “Saudi authorities give DP World Jeddah Port plans go-ahead”, Gulf News, 11 February 2018
worth US$22 billion. In exchange for Saudi economic help, al-Sisi has agreed to tie Egyptian development to the Saudi vision for the region.

According to Crown Prince Mohammed bin Salman’s speech for the 2017 Future Investment Initiative, Tiran and Sanafir will be part of a 26,000 square kilometre-wide economic zone called NEOM, which will see a number of economic and infrastructure projects, housing facilities and a bridge connecting Saudi Arabia and Egypt, named after King Salman.

But the transfer of Tiran and Sanafir is emblematic of a much wider regional reconfiguration.

The two islands – the former 80 sq. km. and the latter 33 sq. km – are situated in the 13 km Strait separating the Sinai and the Arabian peninsulas from where access to the Israeli port of Eilat and the Jordanian port of Aqaba is controlled. In fact, they have always played a pivotal role in conflicts between Egypt and Israel.

In the mid-1950s, Egypt sent troops to Tiran and Sanafir in order to protect Saudi Arabia – which at the time lacked even a rudimentary navy – from Israeli invasion. Back in those days, both Egypt and Saudi Arabia were focused on restricting maritime trade to the Israeli port town of Eilat, in a wider attempt to strangle the trade of the newly established State of Israel. In fact, one of Israel’s main achievements in the Suez War of 1956 was the opening of the Straits to unrestricted Israeli commerce.

Egypt’s decision to blockade the Strait of Tiran in 1967, in order to curb Israeli-bound trade, was one of the main causes of the June 1967 six-day war. Once again, during the course of the war, Israel occupied the islands and opened the Straits and the Red Sea to the Israeli navy and maritime trade. In 1982, in line with the Israel-Egypt peace treaty, the islands were returned to Cairo, which in turn acknowledged Israel’s unrestricted access. Since then, they have hosted military bases of the Egyptian army and the Multinational Forces and Observers tasked with monitoring adherence to the peace treaty and guaranteeing freedom of navigation through the Straits.
Today, the Saudi-Egyptian agreement on the two islands reflects a shift in interests and capabilities between Egypt and Saudi Arabia. Cairo – in economic distress – needs a powerful patron to keep it afloat while at the same time redirecting its primary focus to strategic assets such as gas in the Mediterranean. On the other hand, Saudi Arabia clearly signals its desire to reverse a six-decade willingness to defer to Egyptian maritime military supremacy in an arena Riyadh now considers vital for Saudi security.

At the same time, Israel – whose approval was required for transferring sovereignty of the islands – has made clear it has no reservations about effective Saudi control over the waterway, thus cementing a growing convergence of interests between Riyadh and Tel Aviv lying in the ultimate common objective of rolling back Iran.

The scramble for the Horn

The Horn of Africa has recently re-emerged as the hub of new trends and shifting loyalties mirroring the two fault lines that are tearing the Gulf apart – the Saudi-Iranian proxy war and the Saudi/Emirati-Qatar dispute. Indeed, the region is at the crossroads of diverse agendas: Chinese, Indian, Turkish etc.

Here too Saudi Arabia and the UAE are closely aligned in a new penetration strategy that has economic and political as well as military ramifications.

Indeed, since the end of the 2000s, the East African region has been crucial for Saudi food security. Following the launch in 2008 of King Abdullah’s Initiative for Saudi Agricultural Investment Abroad, there has been a significant increase in Saudi investments in food production and agribusiness across the region. Today, more than 70 percent of Saudi investments in agriculture and food go to Africa, primarily Sudan and Ethiopia.\(^\text{12}\)

But aside from this consolidated interest, Saudi Arabia has recently been engaging local elites in a money-for-loyalty scheme, whilst at the same time the UAE carries out a well-established strategy of commercial and infrastructural penetration. The result is a huge scaling-up of the two countries’ presence in the region and a reconfiguration of regional balances.

If we look at Eastern Africa as the battlefield of the Saudi-Iranian proxy war, we can see a well-oiled strategy of investments, loans and central bank to central bank transfers towards crucial countries such as Sudan and Eritrea, which consequently turned from the Iranian to the Saudi-led side, as well as subscribing to the Saudi-Emirati war effort in Yemen. Moreover, since the June 2017 Saudi/Emirati-Qatar rift, countries in the region have been forced to pick a side in the dispute, bringing about a decline in Qatar’s previous reputation as mediator in regional disputes.

On the edge of economic collapse in 2011, after the secession of South Sudan, Khartoum has become a major recipient of Saudi and Qatari money transfers, which have proved essential in keeping Omar al-Bashir in power. But it was apparently Saudi Arabia’s promise to support delisting Sudan from the US’s “State sponsors of terrorism” list – thus partially lifting the US sanctions regime – which made the country cut ties with Iran in 2016. This happened despite a previously close politico-military relationship between Tehran and Khartoum: the arms and ammunition facility of Yarmouk, which was bombed by Israel in 2012, was allegedly run by Iran’s Revolutionary Guards, which used Sudan as an arms-smuggling route to Gaza. As part of this change in loyalties, since 2015 Sudan has been contributing troops to the Saudi-Emirati alliance in Yemen, deploying members of its Rapid Support Forces.

Similarly, Eritrea, once a close Iranian ally in the region, has in recent years witnessed an increase in aid from the Saudi Arabian Monetary Authority (SAMA), Riyadh’s central bank, and the Central Bank of the Emirates, which were crucial in Asmara’s decision to give the go-ahead in 2015 for its southern
port of Assab – allegedly used by Iran in the 2000s – to be used as a naval base for the Saudi and Emirati bombing campaign – operation “Restoring Hope” – in Yemen. Eritrea, too, deployed troops under the Saudi-Emirati alliance in Yemen. Regarding the Saudi/Emirati-Qatar dispute, Eritrea has subsequently sided with Riyadh and Abu Dhabi, cutting ties with Qatar even though the latter was its former main economic partner.

In this light, the September 2018 landmark Eritrea-Ethiopia peace agreement, signed in Jeddah in the presence of Saudi and Emirati officials, is deeply explanatory of the ongoing geopolitical transformations. Saudi and Emirati mediation was crucial in reconciling differences between the two old rivals, but most of all it was crucial in showing them the potential of their cooperation. Before the war between Ethiopia and Eritrea, Addis Ababa had access to the Eritrean port of Assab, which is located in the south of the country, closer to the Ethiopian border (50 km) than to the Eritrean capital (600 km). After the closing of the border with Eritrea in 1998, Ethiopia was landlocked, and left relying entirely on the port of Djibouti. The Ethiopia-Eritrea reconciliation paves the way for Addis Ababa to regain access to Assab as well as other Eritrean ports. On a wider scale, it paves the way for the launching of major infrastructural projects connecting Ethiopia, Eritrea, Saudi Arabia and the UAE: DP World has already expressed its interest in developing the port of Assab, while in August 2018 the UAE announced a pipeline project connecting Addis Ababa to Assab.

Furthermore, it is no coincidence that after the signing of the Ethiopia-Eritrea peace agreement, Saudi Arabia hosted talks between Eritrea and Djibouti (replacing Qatar as a mediator in the dispute). Saudi diplomacy aims at offering Djibouti – which will host the first Saudi military base in the region – reassurances, since Addis Ababa-Asmara reconciliation risks leaving

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13 “Ethiopian, Eritrean leaders sign peace agreement in Jeddah”, Reuters, 16 September 2018.
the tiny but crucial Djibouti – whose port manages over 95 percent of Ethiopia’s trade – in the cold. Moreover, Riyadh looks committed to mediating between DP World and Djibouti for their dispute over the port of Doraleh, an extension of the port of Djibouti. The dispute dates back to 2014, when Djibouti accused DP World of corruption and subsequently refused to be used as military launching pad into Yemen. Djibouti sought to cancel the contract which granted DP World the development of Doraleh, but the London Court of International Arbitration ruled in favour of DP World on two occasions, the last being in August 2018.

As a consequence of the dispute with Djibouti, DP World had to redirect its interest towards Eritrea’s Assab, also looking for opportunities along the coast of Somalia, in order to expand its strategic depth for the war in Yemen. The opportunity was found in the port of Berbera, in the self-declared Republic of Somaliland, as well as in Bosaso, in the Somali federal state of Puntland.

If the Ethiopia-Eritrea reconciliation can be deemed as a positive effect of Saudi-Emirati strategy, the effects on Somalia are much more a cause of concern. The already fragmented state of Somalia is being torn apart by these dynamics, with the central government in Mogadishu still aligned with its backer Qatar, whereas the three semi-autonomous provinces of Puntland, Hirshabelle, and Galmudug cut ties with Doha.

Moreover, there is a deal between DP World, Ethiopia and Somaliland to give Ethiopia a 19 percent stake in the DP-World-developed Somaliland port of Berbera. This participation adds up to the DP World plans to upgrade the connectivity infrastructure that links Berbera to the Ethiopian border. By recognising Somaliland as an autonomous entity, the UAE and Ethiopia are de facto contributing to the fracturing of Somalia.

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15 *The United Arab Emirates in the Horn of Africa*, International Crisis Group, Middle East Briefing no. 65, 6 November 2018.
Conclusion

Since the 2011 Arab Spring, Saudi Arabia has been carrying out an always more assertive foreign policy, as a result of a change in perception of its security environment. The US’s reluctance to intervene in support of falling allies – as most evident in Egypt’s Mubarak – as well as Iran’s increased influence in the region or the Muslim Brotherhood’s ascent to power in key countries such as Tunisia or Egypt, significantly altered Saudi Arabia’s threat perception.

At the same time, the Saudi-UAE alignment on most issues as well as a shared perception of threat developed their relation to the point of establishing an institutionalised partnership, carried out by the two Crown Princes, Saudi Arabia’s Mohammed bin Salman and UAE’s Mohammed bin Zayed.

The Saudi-Emirati diarchy has since developed a sophisticated strategy revolving around commercial, politico-diplomatic, and military aspects. A privileged area for projecting power is the Red Sea and the Horn of Africa, where shifting alliances and reconfigurations in the balance of power are quickly altering the geopolitical map.

The three main drivers of Saudi-UAE penetration in Eastern Africa are the war in Yemen, with the need to acquire strongholds across the Bab el-Mandeb, the Saudi-Iranian proxy war, and the Saudi/Emirati-Qatar rift. As a result of this strategy, key countries such as Sudan and Eritrea switched sides from Iran to Saudi Arabia in exchange for investments and an end to international isolation. They also supported the Saudi-Emirati alliance in Yemen, providing troops and diplomatic support.

Although the Saudi-Emirati alliance appears solid for the time being, the core interests of these two countries are not always aligned, including in Yemen and in the Horn of Africa.

Of course, the rapprochement between Ethiopia and Eritrea is to be seen in a positive light, since it represents a constructive example of what Saudi-Emirati mediation can help achieve. However, the rationale behind the Saudi Arabia-UAE strategy
of stabilising the Horn in order to raise their positions as global logistical and shipping hubs, as well as rallying a group of states on their side both for the rivalry with Iran and the dispute with Qatar, risks sowing the seeds of future rivalries. Further fragmentation and instability is looming on the horizon of an already fragile region, casting a shadow on the Saudi-Emirati capacity to act as a stabilising force and, in Saudi Arabia’s case, to live up to its ambition of acting as the guarantor of regional stability.
Conclusions and Policy Recommendations for the EU

Saudi Arabia is a powerful actor in world politics, prominent in multiple domains encompassing political, economic and religious aspects. The Kingdom is a strategic ally of the Union for trade, as well as cooperation to achieve regional stability and defeat terrorism. Although Saudi Arabia’s economy is heavily dependent on oil, there is a sense that “a new era has dawned”, with the launch of Vision 2030. Such economic reorientation, however, has not been met by parallel alterations to sociopolitical realities. Saudi Arabia remains chastised by rights organizations such as Amnesty International for its restriction of political rights and civil liberties and its arbitrary persecution of dissidents and rights activists.

The EU’s relationship with Saudi Arabia typifies the constant interaction between economic and political dynamics that shapes Europe’s involvement in global politics. Moreover, Brussels-Riyadh relations are affected by the ever present ambiguous separation of competences between the EU as a unitary actor and individual Member States. Foreign policy outcomes, therefore, “depend … on individual Member States and their actions”, creating a “capability-expectation gap” in EU foreign policy implementation¹. Other authors accentuate the importance of striking an equilibrium between the aims of the “EU

as a collective” and the individual member states: “the ‘internal’ pressures - from member state governments […] and from competition between the institutions - intersect with the external pressures created by globalization, by competition from major established and emerging economies, and by the pursuit of the EU’s sizeable ambitions in a changing world”.2

While the Union has utilized its trade accords (Free Trade Agreements, FTA) with third countries to disseminate European values, it also engages with partners who, despite not having an FTA with the EU, play a vital role in managing its key priorities. And this is the case of Saudi Arabia.

EU-Saudi ties are multi-faceted, encompassing energy supply, arms trade, and political cooperation. However, these links must first be viewed in the context of the Kingdom’s GCC membership. Although all GCC states currently enjoy preferential access to the EU market, the actual lack of economic focus and EU demands for GCC countries to uphold fundamental rights are the main reasons behind the failure of FTA negotiations. There is a wide acknowledged sense that the EU’s “emphasis on cultural and political issues” represent an obstacle to further trade liberalisation3. This effort to press for political reform in the MENA region is said to have been rejected by Saudi Arabia.

Although these opposing ideas have culminated in deadlock in EU-GCC FTA negotiations, there has not been a complete cessation of relations. Bilateral engagement has persisted between individual member states, aided by the fact that decision-making remains a “nation state” competence of GCC states, as opposed to a supranational power. To this end, Saudi Arabia’s crucial role in the international oil market complements Europe’s energy dependency, half of which is met by imported sources and over three-quarters of which consists of fossil fuels,


3 Author interview with a Saudi diplomat, Brussels, July 2018
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primarily oil and gas. Conversely, EU Member States’ competence in defence and, to a lesser extent, foreign policy has facilitated bilateralism and weakened the Union’s hand in other areas, such as the supply of arms, which (ultimately) remains a prerogative of each Member State. From a security perspective, amid the ongoing terrorist threat and political upheaval in the Middle East, Saudi Arabia has been presented as the only regional power able to counter the instability pervading the region. Even at the height of Western-Saudi resentment following the September 11 attacks, analysts reaffirmed that “reformist trends” in Saudi Arabia should be encouraged in pursuit of enhanced “antiterrorism cooperation” and “enhanced political consultation”\(^4\). The complex issues discussed above emphasise the realpolitik that characterises EU Saudi ties. However, these three pillars - crude oil, arms, and political cooperation – are to be weighed against the normative liberal values propagated by the EU, namely democracy, the rule of law and respect for human rights.

**Trends in EU crude oil imports from Saudi Arabia**

Energy security is one of Europe’s most pressing issues due to its dependency on external suppliers of fossil fuels, particularly gas and crude oil. Statistics show a steady rise in the Union’s dependency rate for crude oil over the last decade, reaching 87.9% in 2016. This is partly credited to Europe’s drive to reduce its carbon footprint and invest in infrastructural projects that prioritise other sources, such as natural gas and renewables. The significance of this dependency, however, is that crude oil accounts for over a third of the Union’s Gross Inland Consumption of Energy\(^5\).

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Although Europe’s crude oil dependency has only increased by 5% since 2006, the fact remains that Member States’ stocks are almost entirely contingent upon the stability of their neighbours; not only suppliers but also those that function as transit partners. The Global Strategy highlights energy diplomacy as a priority for the EU to reinforce relations with these two types of third countries and for the continent to establish the infrastructure required to diversify its energy sources\(^6\).

These findings demonstrate Europe’s reliance on a small number of countries for the majority of its crude oil supplies. While Russia and Norway lead the way, Saudi Arabia has been Europe’s fourth largest external supplier of crude oil in 2016, surpassing Iraq – the third EU external supplier – only by little.

\[\text{Fig. 1 – EU crude oil imports, 2016}\]

\[\text{Source: EuroStat}\]

Saudi Arabia is Europe’s fourth largest external supplier of crude oil, providing 7.4% of all Extra-EU imports, equivalent to 40,516 thousand tonnes of crude oil in 2016; 396,897 thousand tonnes from 2007 to 2016.

Over 80% of all EU28 crude oil sourced from KSA over this period was purchased by just five Member States. France is the single largest European importer, comprising 20% of all imports, followed closely by Italy (17.5%) and Spain (17.2%).

**Fig. 2 – Crude oil imports from Saudi Arabia**

![Crude oil imports from Saudi Arabia](source: EuroStat)

**Trends in EU Arms Exports to Saudi Arabia**

Saudi Arabia depends on Europe for strategic arms supplies and political backing. Among the EU’s justifications for its disposition to satisfy this dependence is the idea that such support
would guarantee the solidity of a key supplier of crude oil, and reinforce Europe’s mutually strategic affinity with an influential regional power.

The provision of arms is as vital for Saudi Arabia’s defence capabilities as it is for European firms that sustain their operations through demand for these products. Arms constitute a relatively small share of overall EU trade. Nonetheless, the increase in Extra-EU arms exports over the last five years is evidence of Europe’s sustained willingness to satisfy a demand that shows no signs of diminishing, especially in the MENA region.

This trend is confirmed by a report compiled by the Stockholm International Peace Research Institute (SIPRI), stating that in 2013-2017 Saudi Arabia was the world’s second largest arms importer, with arms imports increasing by 225% compared with 2008-2012. According to SIPRI, “the previous peak in Saudi Arabia’s arms imports occurred in 1995-1999, when it was also the world’s second largest arms importer. However, its arms imports in 2013-2017 were 48% higher than those in 1995-1999. Unlike in the late 1990s, Saudi Arabia now uses the weapons it has imported in large-scale combat, in particular in Yemen”.

In 2010, the proliferation in Saudi arms imports was generated in part by external factors such as the uncertainty surrounding Iran’s nuclear capabilities as well as growing disquiet in neighbouring Yemen. Internal concerns were also prevalent, as the Saudi government has long been committed to the suppression of Islamists (the Islamic Awakening or Sahwa Movement) protesting the al-Saud use of religion which, in their view, had been turned into a tool for power. EU arms exports to Saudi Arabia continued at a steady, albeit slower, pace between 2012 and 2015. Indeed, since 2014 the Kingdom has been strengthening its border presence to safeguard against the expanding reach of Daesh in Iraq.

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Fig. 3 - Arms exports to Saudi Arabia (selected countries)

Source: SIPRI

The heights set in 2016-2017 for EU arms exports to Saudi Arabia are undoubtedly the most controversial element of this analysis. The Yemen Civil War began in 2015, as the Ansar Allah movement, also referred to as the Houthis, mounted a rebellion against the Yemeni government. The Kingdom has been condemned worldwide for orchestrating the bombardment of rebel held areas by an allied coalition and stands accused of violating International Humanitarian Law (IHL) in its targeting of civilians. According to SIPRI, in 2016 Saudi Arabia imported

638 million TIV worth of arms from Europe in 2016, 8 times more than in 2008 according to the same database\textsuperscript{10}.

\textbf{Fig. 4 – Arms exports to Saudi Arabia (selected EU countries)}
\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure4.png}
\caption{Arms exports to Saudi Arabia (selected EU countries)}
\end{figure}

The domination of a few Member States in the provision of arms to Saudi Arabia epitomises the divisions within the Union on this issue. 75\% of all EU28 arms exports to KSA between

\textsuperscript{10} SIPRI’s TIV is based on the known unit production costs of a core set of weapons and is intended to represent the transfer of military resources rather than the financial value of the transfer. Weapons for which a production cost is not known are compared with core weapons based on: size and performance characteristics (weight, speed, range and payload); type of electronics, loading or unloading arrangements, engine, tracks or wheels, armament and materials; and the year in which the weapon was produced. \textit{SIPRI Arms Transfer Database – Methodology}.
2008 and 2017 originated equally in two Member States: the UK (65%) and France (10%)\textsuperscript{11}. Other traditional suppliers to the Kingdom include Spain, Germany, and Italy.

These Member States argue that other major arms producing nations, primarily Russia and the US, would fill the void in demand if Europe were to dismiss such trade opportunities. Indeed, arms sales to KSA have increased, despite the aggravation of repression in conflict zones like Yemen. In 2016, the United Kingdom sold almost 843 million TIV worth of arms to Saudi Arabia, a 12% increase from the previous year. These constituted 62% of all UK arms exports in 2016. Germany – while reducing its exports between 2014 and 2016 – registered a spike in 2017, from 14 to 105 million TIV.

These findings demonstrate the difficulty in aligning the concerns of EU Member States. In theory, the Council’s Common Position governing arms exports states “respect for human rights in the country of final destination” as a prerequisite for the sale of weapons\textsuperscript{12}. In reality, arms provision is found to reflect the depth in the political alliance between Saudi Arabia and individual Member States, several of whose discretionary interests have indeed come before the possible repercussions of such transactions\textsuperscript{13}.

\textsuperscript{11} EuroStat, \textit{Product Type 93: Arms and Ammunition; Parts and Accessories Thereof}.


\textsuperscript{13} Despite a lack of research on the topic, as well as debate at the European institutions’ level, an attempt at problematizing EU-Saudi cooperation in the field of defence was made at the workshop \textit{Relations between the EU Member States and Saudi Arabia in the field of security and defence}, organised by the Subcommittee on Security and Defence (SEDE) of the European Parliament on 13 October 2016, “with the aim of assessing relations between Saudi Arabia and the Member States in the field of armaments cooperation, touching on absence of a common European position in this area”. See the workshop report A. Levallois and J. Kinninmont, \textit{Relations between the EU Member States and Saudi Arabia in the field of security and defence}, European Parliament, December 2016.
Prospects for EU-Saudi Arabia political cooperation

The EU’s political alliance with the Kingdom of Saudi Arabia – despite being fraught with contentious issues as those examined above – remains essential, and a cessation of relations would be detrimental to the EU’s interest in geopolitical stability, counter-terrorism, and human rights protection. However, some serious consideration of the basis upon which they are built is long overdue.

The analysis of the political-economic dynamics of EU-Saudi ties, while illustrating the complexity of the relationship, revealed the existence of a divergence between the EU’s normative objectives and foreign policy outcomes. Of course everybody is well aware of the difficulty in constructing a foreign policy based upon values alone, since the Union exists not in its own moral vacuum but a global arena featuring diverse actors and political-economic influences.

Yet, in the case of Saudi Arabia, the EU’s economic leverage rather than fostering its political objectives ends up impeding their pursuance. Thus, there is a need to align Member States’ discretionary interests, which continue to dominate the EU’s external relations.

While Saudi Arabia does not seek to reconstruct the Middle East in its autocratic image, its activity in the region at times conflicts with the democratic values championed by Europe. The royal family regards the 2011 uprisings not as a social movement for democracy, but as a threat to its own survival, and has sought to suppress any fronts that oppose its vision for the region. Moreover, since the Arab uprisings of 2011, the political turmoil in the Middle East has encouraged the country to take a more hawkish and activist approach in regional conflicts. This has been particularly evident with the new leadership that came into power in Saudi Arabia in 2015. Its approach is influenced by multiple threat perceptions: fears that there is a vacuum of security, authority and order in the region, because
of the collapse of traditional centres of power since 2011, combined with a less interventionist and more ambivalent USA; worries that this vacuum will be filled by Iran and its proxies; and concerns about ISIS or other movements of the Islamist galaxy, which have carried out several suicide bombings inside Saudi Arabia in the past five years. Thus, under King Salman and his son and Defence Minister Mohammed bin Salman, Saudi Arabia has adopted a more confrontational defence and foreign policy in its neighbourhood. Above all, the military intervention in Yemen is a clear break with past Saudi policy.

In light of all these trends, the EU should recalibrate its relationship with Saudi Arabia, realigning its interests with its foreign policy objectives: regional stability, and counter-terrorism cooperation.

Regional stability

With an eye to regional stability, it is in the EU’s interest to assume an alternative role prioritizing Saudi-Iranian de-escalation as crucial for the toning down of conflicts in the region. This means using the same diplomatic engagement as well as the same yardsticks towards both countries, developing an integrated approach that creates a level playing field, establishing common aspirations while simultaneously punishing shortcomings by both states in equal measure.

Most of all, despite the increasing polarization in the Saudi-Iranian rivalry, the EU should address Saudi’s threat perceptions (influenced by the elements outlined above) and advance a proposal for the establishment of a security cooperation framework in the Gulf. This means raising awareness about the indivisibility of security in the area, enhancing cooperation between officials from both Saudi Arabia (and the GCC) and Iran, starting with “soft” issues such as food security, water scarcity, and other environmental challenges, and aiming for dialogue on “hard” security issues, such as counter-terrorism and the two countries’ respective support to proxies in the region.
The debate on the need for a Persian Gulf security framework is as old as the Gulf disputes themselves, with authors pinpointing to the Association of Southeast Asian Nations (ASEAN) and the Conference for Security and Cooperation in Europe (CSCE) as possible models for a regional security architecture\(^{14}\). The actual bone of contention is the inclusion – or exclusion – of Iran (and, till 2003, Iraq) from the forum. In this sense, attempts at mediation between Iran and the GCC have been made in recent years via Kuwait\(^{15}\). However, Iranian policies in the region – including missile development and testing – have not been consistent with moderate Iranian voices’ rhetorical outreach to Gulf Arab states. At the same time, a growingly hawkish Saudi position – calling for the isolation of Iran – which enjoys the support of the current US administration, has concurred in derailing any effort made by Kuwait. The EU, which has not been taking any sides in Gulf rivalries, but instead enjoys a frank dialogue with both Saudi Arabia and Iran, is well positioned for pressuring both states to develop a sequential process for dealing with regional problems.

Counter-terrorism cooperation

The perils and complexities of global terrorism have reinforced ambiguous partnerships built upon the shared ambition of national security. While internal measures against terrorism remain a Member State competence, the EEAS coordinates the Union’s efforts in addressing the extraneous aspects of this threat. By engaging with third countries, the Union seeks to project a coherent position while assisting in strengthening these states’ security capacities to deter extremist activity\(^{16}\). EU institutions and Member States alike are united in emphasising the “critical

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\(^{16}\) EEAS, “Counter Terrorism”, 3 May 2016.
importance of EU-KSA cooperation in countering terrorism and violent extremism”\textsuperscript{17}. This partnership features bilateral “Political Dialogues on Counter-Terrorism” with Saudi Arabia, and multilateral coordination within the UN Global Counter-Terrorism Strategy (UNGCTS). There has also been a commitment to EU-GCC cooperation on a host of issues, including terrorism. The 25th Joint Council and Ministerial Meeting yielded a renewal of their collective resolve to “sustain ongoing efforts to counter terrorism and terrorism financing, [...] defeat Daesh and other terrorist organisations”\textsuperscript{18}. The Kingdom has condemned terrorist attacks carried out across Europe and sought to disassociate itself and Islam from the “violence and hate” propagated by Daesh\textsuperscript{19}.

Yet, democratic governments face a moral dilemma in responding to terrorism. Although terrorism exerts intense pressure to restrict fundamental rights, such restrictions often end up being counterproductive to defeating terrorism. This quagmire creates an infinite loop of conflict whereby states’ reactions to terrorist events play into the hands of extremist groups, rendering their annihilation more difficult. Although the EU advocates a “criminal justice approach to counter-terrorism while protecting human rights”, it has been unable to ensure the Kingdom’s equivalent observance of fundamental rights\textsuperscript{20}. The Kingdom’s anti-terrorism laws are frequently applied against dissidents of the government, such as Saudi lawyer Waleed Abu al-Khair\textsuperscript{21}.

\textsuperscript{17} European Parliament, \textit{Report on Saudi Arabia, its relations with the EU and its role in the Middle East and North Africa}, Committee on Foreign Affairs, (2013/2147(INI)), 2014, p. 7.


\textsuperscript{19} Abdulrahman Sulaiman Alahmed, “Recognising the Saudi Role in Combatting Terrorism”, KSA Mission to the EU: Counter Terrorism, Royal Embassy of Saudi Arabia, Brussels, 4 April 2017.


\textsuperscript{21} On 6 July 2014, Waleed was sentenced to 15 years in prison, a 15-year travel
These shortcomings show that, while Saudi involvement in the international community’s efforts to defeat terrorism is crucial, there is much that Europe and others can do to promote a joint approach that satisfies ethical and judicial standards.

At the same time, the EU should adopt a more realist approach in acknowledging not only Saudi Arabia’s crucial role in fighting terrorism, but also its shadowy role in facilitating it. For the first time, the European Commission is in the stage of adopting a blacklist of countries and jurisdictions that are failing in the fight against money laundering and terrorist financing, a move that will require European banks to carry out intrusive vetting of customers from these countries. Saudi Arabia appears to be on the list, since it would not satisfy Brussels’ criteria regarding the rigour of countries’ banking rules, the transparency of corporate ownership and the kind of punishment meted out for laundering and terrorist financing offices. The EU move is likely to stoke tensions between Saudi Arabia and Brussels, a relationship which has been already clouded by the murder in October 2018 of Saudi journalist Jamal Khashoggi at the Saudi consulate in Istanbul. However, it is exactly the kind of yardstick the EU should adopt if it wants to set its relationship with Riyadh on a more open and less short-sighted basis.

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