

Waging the War on Terror: Are the Saudis Starting to Turn the Corner?

by [Matthew Levitt \(/experts/matthew-levitt\)](/experts/matthew-levitt), [Simon Henderson \(/experts/simon-henderson\)](/experts/simon-henderson)

Dec 31, 2003

ABOUT THE AUTHORS



[Matthew Levitt \(/experts/matthew-levitt\)](/experts/matthew-levitt)

Matthew Levitt is the Fromer-Wexler Fellow and director of the Reinhard Program on Counterterrorism and Intelligence at The Washington Institute.



[Simon Henderson \(/experts/simon-henderson\)](/experts/simon-henderson)

Simon Henderson is the Baker fellow and director of the Bernstein Program on Gulf and Energy Policy at The Washington Institute, specializing in energy matters and the conservative Arab states of the Persian Gulf.



Brief Analysis

MATTHEW LEVITT

In the wake of the al-Qaeda attacks in Riyadh in May and November 2003, the Saudis have made significant progress toward stemming the flow of funds to terrorists. Though bold and welcome, the Saudi measures still fall short of transforming the kingdom from the "epicenter" of terrorist financing to a full partner in the war on terror.

Progress

Since the recent al-Qaeda attacks, Saudi authorities have apprehended hundreds of terrorist operatives, initiated educational reforms, arrested several radical clerics, and removed others from their pulpits. Those who follow the Friday sermons in Saudi mosques have noted a sharp decline in hateful rhetoric and incitement, especially since November. Moreover, a joint U.S.-Saudi task force set up in the wake of the November attack has produced significant results (though U.S. officials have thus far requested only low-level information, avoiding probing questions regarding the Saudi royal or business elite). The Financial Action Task Force on money laundering has been allowed to conduct a review process in Saudi Arabia which should be completed in early 2004.

Problems

Although the Saudi Arabian Monetary Agency (SAMA) passed regulations regarding money laundering and terrorist financing in May, they have yet to be enforced. In general, SAMA is not yet empowered to play the key role that it is capable of serving. The kingdom has yet to follow up on similar plans to establish a financial intelligence unit akin to those found in eighty-four other nations around the world. Moreover, Riyadh plans to place this unit under the jurisdiction of the Ministry of Interior (a body with a checkered record) rather than under SAMA (a more

independent and professional organization). The May attack also spurred Riyadh to announce the establishment of a Saudi Royal Commission for Charities. Such a commission would indeed be a positive development, as several different Saudi ministries and agencies currently have a hand in dealing with the issue of domestic terrorist financing (e.g., the Foreign Ministry, the Ministry of Interior, the Ministry of Islamic Affairs, SAMA). Unfortunately, several official and academic inquiries with Saudi officials found no information to indicate that such a commission actually exists. In addition, donation boxes for various causes are still found outside many Saudi mosques despite official pledges to remove them. In fact, the Saudi minister for Islamic affairs continues to insist that these boxes are trustworthy means of donating to "approved" charities. Saudi officials have yet to reeducate Saudi society regarding the fact that a charity donated in fulfillment of religious obligations can be diverted to nefarious purposes; there is no sense of personal responsibility about where charitable donations end up.

Overall, Saudi efforts to combat terrorist financing are hindered by a lack of transparency and political will. For example, while all Saudi laws pertaining to terrorist financing are supposedly published, researchers requesting copies of them often have trouble obtaining them. Those laws that are accessible are not always promising. For example, Article 25 of the 1981 Charitable Organizations Charter, drafted to regulate how charities are run and overseen, states, "These laws do not apply to special charitable institutions created by Royal decree." Unfortunately, that exception would exempt almost all Saudi charities.

Promises?

U.S. officials acknowledge that their main priority is getting the Saudis to fulfill their promises. For example, according to the Washington Post, one Saudi official recently stated, "We are going to shut down the Islamic Affairs section in every embassy." Yet, the Saudi Press Agency quoted a contradictory statement by Saudi minister for Islamic affairs Shaykh Salah al-Shaykh: "This news item is incorrect. The centers are working and they are a part of the kingdom's message." In a similar case, Saudi officials claimed that they had closed the Somali and Bosnian branches of the al-Haramain Foundation even as the foundation's head explicitly denied that this was the case. In fact, a recent UN report found that "al-Haramain is still active in a number of countries and has just opened a new Islamic school in Jakarta, Indonesia." In response, a Saudi official insisted, "Al-Haramain cannot spend a penny outside Saudi Arabia." Then, apparently contradicting himself, he added, "If Indonesia thinks that al-Haramain is active there, then Indonesians must take action and not us." U.S. officials explain that the Saudis want to deal with the charity issue "within the family," but the lack of transparency and political will make that an untenable proposal.

The yardstick by which Saudi efforts to curb terrorist financing will be measured is whether the kingdom follows through on one key promise: cracking down on terrorist financing connected to prominent members of the Saudi business class. For example, one such individual -- Wa'el Jalaidan, a founding member of al-Qaeda and a designated terrorist entity still works with suspicious charities and handles large sums of money (e.g., the al-Raji Bank and affiliated organizations, which have not been subject to Saudi scrutiny). There have been no arrests of prominent Saudis or closures of Saudi financial institutions, and very few accounts have been frozen.

SIMON HENDERSON

Reforms

On October 13, 2003, the Saudi government announced that elections would be held in some municipalities. Some speculated that these elections would be held in 2004, to be followed in three years time by elections for the Majlis al-Shura, the Consultative Council (some suggested that as many as a third of the council's 120 members would be chosen by election). The October announcement seemed to have been timed to precede President George W. Bush's November 6 address to the National Endowment for Democracy, about which the Saudis had been informed. The Saudis were concerned about how Bush would portray the kingdom in his speech. Thanks to Riyadh's October 13

announcement, Bush's remarks regarding Saudi Arabia were positive: "The government is talking first steps towards reform, including a plan for the gradual introduction of elections."

Additional Saudi reforms include televising the council's weekly consultative meetings and granting it powers to propose new laws rather than just debate laws drafted by others. Moreover, Riyadh announced in late November that regional councils would be granted some control over regional budgets.

Problems

Because of gridlock among the aging Saudi leadership, the kingdom is unable to plan strategically regarding the future. King Fahd will turn eighty-three in 2004, Crown Prince Abdullah will turn eighty-one, and Prince Sultan will turn eighty. As interior minister, Prince Naif is in the position most suited to countering al-Qaeda and its sympathizers. Yet, he has little intention of challenging al-Qaeda; past reports indicate that he has already prevented the implementation of several of SAMA's counterterrorism decisions. At the same time, Naif is too powerful to be pushed aside, as he is a full brother of King Fahd and slightly younger than the current leadership. Moreover, Naif's sons are becoming increasingly influential, especially his eldest son, who is the assistant minister of interior.

Indeed, the younger generation of the royal family may be growing increasingly frustrated at the gridlock seen among their fathers. For example, in an early November interview with several Arab newspapers, Prince Walid bin Talal, a noted businessman, criticized the kingdom's handling of initiatives meant to encourage U.S. and other foreign commercial interest in Saudi natural gas exploration, calling it a "farce and a glaring mistake." He also asserted that the younger generation of the royal family was generally in agreement on the need for reform, a fact that he claimed was reflected in continuous contacts between the sons of King Fahd, Crown Prince Abdullah, Prince Sultan, and a number of other senior princes.

This Special Policy Forum Report was prepared by Barak Seener.

Policy #822

RECOMMENDED



BRIEF ANALYSIS

The UAE Formally Ceases to be a Tax-Free Haven

Feb 14, 2022

◆
Sana Quadri,
Hamdullah Baycar

(/policy-analysis/uae-formally-ceases-be-tax-free-haven)



BRIEF ANALYSIS

[Iran Takes Next Steps on Rocket Technology](#)

Feb 11, 2022



Farzin Nadimi

[\(/policy-analysis/iran-takes-next-steps-rocket-technology\)](#)



BRIEF ANALYSIS

[Saudi Arabia Adjusts Its History, Diminishing the Role of Wahhabism](#)

Feb 11, 2022



Simon Henderson

[\(/policy-analysis/saudi-arabia-adjusts-its-history-diminishing-role-wahhabism\)](#)

TOPICS

[Gulf & Energy Policy \(/policy-analysis/gulf-energy-policy\)](#)

[Terrorism \(/policy-analysis/terrorism\)](#)

REGIONS & COUNTRIES

[Gulf States \(/policy-analysis/gulf-states\)](#)