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## WORLD

# Trump, Saudis Escalate Threats

Rancor over fate of dissident journalist is testing president's Middle East policy



President Trump shakes hands with Saudi Arabia's Crown Prince Mohammed bin Salman at the White House in March.  
PHOTO: JONATHAN ERNST/REUTERS

By *Vivian Salama and Margherita Stancati*

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WASHINGTON—The White House and Saudi Arabia traded sharp words over the suspected killing of a dissident Saudi journalist as the case tests the Trump administration efforts to make the kingdom the linchpin of its Middle East policy.

On Sunday, Riyadh vowed to retaliate against any punitive measures from Washington and delivered a pointed reminder that the world's top oil exporter “plays an impactful and active role in the global economy.”

The comments came after President Trump pledged to impose “severe punishment” on Riyadh if an investigation implicates the kingdom in the case of Jamal Khashoggi, who disappeared after he entered the Saudi consulate in Istanbul on Oct. 2.

Mr. Trump has put Saudi Arabia and its crown prince at the center of a Middle East policy aimed at challenging Iran, which is Riyadh's main rival in the region, trying to broker an end to the Palestinian-Israeli crisis and countering extremism. Mr. Trump chose Saudi Arabia as the site of his first overseas presidential trip.

Now relations are under scrutiny, and ties between Washington and Turkey, a regional competitor to the Saudis, could be improving. Mr. Trump declared on Saturday that the U.S. is now on track to have “a terrific relationship with Turkey” after it agreed to free an American pastor, Andrew Brunson. While hosting the North Carolina pastor at the White House on Saturday, Mr. Trump repeatedly thanked Turkey's President Recep Tayyip Erdogan.

The case of Mr. Khashoggi is forcing the Trump administration to recalibrate on a number of issues, from military aid to sanctions to business ties. The private sector is also adjusting. JPMorgan Chase & Co. Chief Executive James Dimon will no longer attend Riyadh's premier business conference set for later this month, a bank spokesman said Sunday.

Saudi Arabia has been implicated by Turkish officials in Mr. Khashoggi's disappearance, and has denied he is in custody. Turkey says it has audio and video recordings purporting to show that Mr. Khashoggi was killed inside the consulate.

While the U.S. has been cautious not to make any public statements about the fate of Mr. Khashoggi while an investigation is under way, Mr. Trump said on Saturday that it is “not

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looking too good.”  
 In an interview  
 with “60  
 Minutes,”  
 portions of which  
 were broadcast  
 Saturday, Mr.

Trump said he would be “very upset and angry” if the allegations against Saudi Arabia concerning Mr. Khashoggi prove true, and vowed there would be consequences.

But he also said he opposed sanctions against the U.S. ally because it may hurt jobs in the U.S. tied to a \$100 billion arms deal with the kingdom.

Capitol Hill has been pressuring the Trump administration to rethink its close partnership with the Saudi leadership in light of Mr. Khashoggi’s suspected death.

Bipartisan lawmakers have raised the possibility of halting arms sales and of imposing economic sanctions on the kingdom. They triggered an investigation by the Treasury Department’s Office of Foreign Assets Control to determine potential human rights violations under the Global Magnitsky Human Rights Accountability Act. The law gives the U.S. president 120 days to determine whether a foreign national is behind an extrajudicial killing, torture or other human-rights violation of someone exercising freedom of expression. If a foreign national is found guilty, it would lead to sanctions.

“This is the most damaging blow for Saudi Arabia and the United States since 9/11,” said a former State Department official with experience in the region. “At a minimum, MBS is damaged goods,” the official said, using shorthand to refer to Saudi Arabia’s Crown Prince Mohammed bin Salman.

The Saudi government said that if economic sanctions or other forms of punishment were imposed on the kingdom, “it will respond with a larger action,” according to an official statement, which didn’t specifically mention the U.S. or any other country.

Looking to defuse tensions on Sunday, the Saudi Embassy in Washington tweeted: “To help clarify recently issued Saudi statement, the Kingdom of Saudi Arabia extends its appreciation to all, including the US administration, for refraining from jumping to conclusions on the ongoing investigation.”

The Saudi government has dispatched a team of officials to Ankara to take part in a joint working group to look into what happened to Mr. Khashoggi.

Saudi King Salman spoke on Sunday with Mr. Erdogan for the first time since the journalist’s disappearance. In the phone call, King Salman thanked the Turkish president for agreeing to set up the joint Saudi-Turkish team, according to an official Saudi statement.

While U.S. officials praised the move as a positive step, privately, they are treating it with some skepticism.

One U.S. official told The Wall Street Journal that Turkish intelligence sharing, while appreciated, isn’t always reliable. Regional observers also warn that Turkey, which has been locked in a battle for regional supremacy with the Saudis, could use the investigation of Mr. Khashoggi’s disappearance to extract financial or political concessions.

A full restoration of close relations with Turkey isn’t a given, because other irritants remain, including differences over the war in Syria and Turkey’s purchase of Russian arms, and because U.S. interests in Saudi Arabia remain strong.

Its economy in decline, and calls for a bailout growing, Turkey’s place as a regional powerhouse has increasingly come into question in recent years. A Muslim nation at Europe’s doorstep, Turkey had long billed itself as a bridge between the East and West, bringing modernity and democracy to a Middle East that was leaning more toward religious conservatism.

But that image has increasingly dissipated amid during Mr. Erdogan’s ironclad clampdown on power. Foreign investors have been alienated and the value of the Turkish lira has crumbled.

The International Monetary Fund predicted this month that Turkey's gross domestic output will grow 3.5% this year—less than half last year's 7.4% expansion—and only 0.4% in 2019. Pressure on the lira saw inflation rates soar to nearly 25 percent in September, marking the highest levels since Mr. Erdogan came to power 15 years ago, the fund said.

Mr. Trump invested considerable strategic capital in freeing Mr. Brunson, using a mix of economic sanctions, public pressure and face-to-face talks with Mr. Erdogan. He also imposed steel and aluminum tariffs on Turkey, among other countries.

But as Mr. Trump remained steadfast in his support for the Saudi leadership, the bilateral relationship hasn't always been smooth. The president was recently critical of Saudi Arabia's oil policy, calling on it to lower global prices. There has also been growing opposition on Capitol Hill to the kingdom's conduct of the war in Yemen over civilian victims of the fighting.

Saudi Arabian stocks tumbled on Sunday as investors worried about the impact of the growing international pressure, and particularly tensions with the U.S., analysts say. The Saudi Stock Exchange's benchmark index closed 3.5% lower, after falling nearly 7% at one point.

Investors and business executives say the allegation of Saudi involvement in Mr. Khashoggi's disappearance, if proven true, is likely to sour interest in the kingdom and derail an ambitious plan by the crown prince to diversify the economy away from oil.

Already, dozens of Western executives have pulled out of Riyadh's premier business conference later this month, including Uber Chief Executive Dara Khosrowshahi, whose company is partly owned by the kingdom's sovereign-wealth fund. Media partners such as CNN, Bloomberg and the New York Times also withdrew support for the conference, the Future Investment Initiative, dubbed "Davos in the Desert."

The Trump administration will decide in the coming week whether Treasury Secretary Steven Mnuchin sticks with plans to attend the conference.

Jonathan Schanzer, vice president at the Foundation for Defense of Democracies, said that the worst possible scenario would be if the mystery behind Mr. Khashoggi's disappearance never gets answered.

"If we don't get clarity on this at all and the explanation of Khashoggi shakes out along 'tribal lines'—Saudi versus Turkey—this would be the worst possible outcome," he said.

—*Warren Strobel in Washington and Rory Jones, Nicolas Parasie and Summer Said in Dubai contributed to this article.*

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