
Fw: For Saudi Arabia, data centers are the new oil

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Morning Tech

BY GABBY MILLER

Presented by the Don't Break What Works project

*With help from Alfred Ng, Cheyenne Haslett, Benjamin Guggenheim,
Brendan Bordelon and Christine Mui*

DRIVING THE DAY

— **THE CROWN JEWELS:** After decades of oil being the United States' main connection to Saudi Arabia, the Kingdom's Crown Prince **Mohammed bin Salman** swung through Washington to ensure tech becomes its next big tie. It's another signal for how the region plans to future-proof its economy — and it's raising renewed U.S. national security concerns (not to mention moral ones, too).

PLUS: An AI executive order to clamp down on the states? Read on for details.

It's Thursday, Nov. 20. Welcome to Morning Tech. Treat yourself to an extra-large coffee this morning because today's newsletter is packed with developments on the White House's mission to preempt state AI rules.

Got an event for our calendar? Send details to techcalendar@politicopro.com. Anything else? Team info below. And don't forget to add [@POLITICOPRO](#) on X.

A message from the Don't Break What Works project:

The so-called App Store Freedom Act would open the door to malware, fraud, and illegal content by forcing app stores to allow unvetted apps and risky payment schemes. That means weaker privacy and security for mobile consumers, broken parental controls, and less competition in the app marketplace. Congress should reject legislation that breaks what works and puts users at risk. Sponsored by Don't Break What Works, a project by the Computer & Communications Industry Association. [Learn more.](#)

TECH OF THE TOWN

Saudi Arabia's crown prince is departing Washington with [an elevated formal relationship](#) (aka a "major non-NATO ally") and an AI agreement struck with the U.S. that will help deliver cutting-edge American tech to the region. It comes after his dayslong visit to D.C., where the leader upped his initial \$600 billion pledge in U.S. investments to an eye-watering \$1 trillion. Much of that money will go to tech titans such as Nvidia, AMD, Amazon and xAI.

It's a major win for the business-minded tech industry, [which wants to sell](#) high-end chips and build data centers in energy-rich countries with lax permitting rules. But it's raising eyebrows within Washington's national security community, who would prefer strict oversight of superior U.S. tech to keep it out of China's hands as the two global superpowers jockey for influence in the Middle East.

"The U.S. wants to make sure that the [United Arab Emirates] and the Saudis are aligned with the United States on AI, and not with China," **Jon Alterman**, the Center for Strategic and International Studies' chair in global security and geostrategy, told POLITICO's Cheyenne Haslett Tuesday. He added that both Abu Dhabi and Riyadh want to be the preferred tech partner between the U.S. and the region, each with its own ambitious plans for how to wield AI to diversify the Gulf economy.

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few minutes and [fill out this survey](#). It's a chance to shape the first thing you read every day.

This is all wrapped up, too, in renewed moral concerns about joining forces with an authoritarian regime and the crown prince, who U.S. intelligence said ordered the murder of Saudi dissident and journalist **Jamal Khashoggi**. (President **Donald Trump** [shrugged off concerns](#) Tuesday, saying “things happen.”)

The backdrop: Trump's tour through the Gulf region in May, where he was accompanied by [a gaggle of tech executives](#) including OpenAI's **Sam Altman** and Uber CEO **Dara Khosrowshahi**, came [with a flurry](#) of tech announcements.

Scale AI promised to [open a new office](#) in the Kingdom; Google [advanced its AI hub](#) in Saudi Arabia; and Riyadh's DataVolt [pledged to invest](#) \$20 billion in AI data centers and energy infrastructure in the U.S. Those deals came as Saudi Arabia declared its intentions to grow into one of the largest global players on AI (behind the U.S. and China) through the launch of a Bin Salman-backed AI Saudi firm called Humain.

Present day: While official details of the overall U.S.-Saudi expansion are scant, Humain unleashed an avalanche of strategic partnership agreements Wednesday afternoon with half a dozen tech companies, including Qualcomm, Cisco, GlobalAI, Groq, Luma and xAI.

Humain's partnership with xAI, which will bring a 500 megawatt data center facility to the Kingdom that relies on Nvidia chips, stole the show at the U.S.-Saudi Investment Forum Wednesday. “Our partnership with Humain is going incredibly well,” Nvidia chief executive **Jensen Huang** said on stage during a session with **Elon Musk**, where the collaboration was teased.

It's not clear how much of this is *actually* new, though. Take Qualcomm, which yesterday announced [it will establish](#) an “AI engineering center” to help Humain roll out 200 megawatts of data center capacity in Riyadh. That follows an [announcement in May](#), timed with Trump's state visit to the Kingdom, that introduced the product. “Ultimately, this reflects an evolution of the partnership — a

deepening of our relationship — which aligns with the purpose of the U.S.-Saudi Investment Forum,” a Qualcomm spokesperson told MT.

What else we know: The Commerce Department approved the sale of 70,000 of Nvidia’s most advanced AI chips, dubbed Blackwells, to Humain and Abu Dhabi-based AI firm G42 late Wednesday. The authorizations, which grant 35,000 chips to each company, are conditioned on them meeting “rigorous security and reporting requirements,” and will be monitored by the Bureau of Industry and Security.

In the admin’s own words: The State Department downplayed the national security and human rights risks in a statement to MT Wednesday, saying the partnership was designed to advance American-led global AI diplomacy and export “the full AI technology stack to countries on the path of productivity, growth, scientific discovery, free speech, and freedom.”

The devil is in the details: Guarantees over how, exactly, these Saudi-based data centers are operated or AI models are trained could help ease the nerves of the national security-minded community, according to **Janet Egan**, deputy director of the Center for a New American Security’s technology and national security program.

“But at the end of the day, deals like these confer significant geopolitical leverage on a non-democratic, authoritarian regime with strong links to China,” she wrote in an email to our Cheyenne. Egan warned against creating new dependencies on countries like Saudi Arabia, whose long-term alignments with the U.S. are uncertain, and instead looking to more trusted allies to host the behemoth AI data centers American tech companies need as they face energy constraints at home.



AT THE WHITE HOUSE

TAKING MATTERS INTO EO HANDS — Draft documents [obtained by Brendan Bordelon and Christine Mui](#) show the White House is planning to issue an executive order as soon as Friday instructing the Department of Justice and other federal agencies to prevent states from regulating AI.

The [draft document](#) would create an “AI Litigation Task Force” within the DOJ to challenge state AI regulations. It would also task the commerce secretary with publishing a review of “onerous” state AI laws within 90 days of being issued, and restrict federal broadband funds to states found to have strict regulations.

The Federal Trade Commission would be responsible for investigating whether state AI law requirements violate the FTC Act, and the Federal Communications Commission would be tasked with looking

into whether to adopt a reporting and disclosure standard for AI models that preempt conflicting state laws.

A White House official told POLITICO that discussions about potential regulations were speculation until an executive order was “officially announced.”

50 WAYS TO PREEMPT STATE AI REGS — Trump also doubled down on preempting state AI laws while speaking at the U.S.-Saudi Investment Forum on Wednesday, saying it was essential for beating China.

“We have a couple of very good, very well-meaning senators who think every state should have a right to approve. We’re not going to do that, because that will not allow you to do what we have to do,” Trump said.

His comments came a day after he took to Truth Social to call for a provision preempting state regulations to be tacked onto the National Defense Authorization Act. Several tech industry leaders, including venture capitalist [Marc Andreessen](#) and [Consumer Technology Association CEO Gary Shapiro](#), quickly latched onto the idea.

Easier said than done: A person close to House GOP leadership, granted anonymity to share the details of private deliberations, told POLITICO’s Benjamin Guggenheim the challenge to adding preemption to the NDAA is getting buy-in from all four corners.

Democrats are wary of preempting states when federal regulations aren’t in place. That includes the chairs and ranking members of the Armed Services committees, though any agreement on the preemption would also likely need the sign-off from leadership in the commerce committees.

According to a person familiar with the ongoing negotiations, the White House is now actively engaged, “but hard to see this coming together.”

FIRST IN MT: 250+ GROUPS SAY NO TO PREEMPTION: A coalition of more than 250 groups [sent a letter to Congressional leaders](#) on

Wednesday urging lawmakers to vote against preempting state AI regulations being added to the NDAA.

Signatories on the letter include advocacy groups such as Demand Progress and the AI Now Institute, as well as labor unions such as the Alphabet Workers Union and the National Union of Healthcare Workers. Academic institutions such as Cornell University and New York City Public Schools have also signed onto the letter.

“You must reject this sweeping proposal,” the letter stated. “Americans deserve both meaningful federal protections and the ability of their states to lead in advancing safety, fairness, and accountability when AI systems cause harm.”

ON TODAY'S POD

TRUMP'S QUANTUM DILEMMA — Meeting the rising energy demands of AI quantum computing and other emerging technologies is one of the big challenges facing the Trump administration. And **Dario Gil**, the undersecretary for science at the Energy Department, is one of the key officials searching for solutions — including yet-unrealized power sources like fusion.

For the POLITICO Tech podcast, host Steven Overly spoke with Gil on stage at the Aspen Cyber Summit in Washington. They discuss why he's bullish on fusion energy, the need to double U.S. research productivity in the next decade, and the impact of cuts to federal research budgets. Listen to the full conversation on [Apple](#), [Spotify](#), [Amazon Music](#) or your preferred podcast player.

ON THE HILL

NO SECTION 230 FOR ALGORITHMS — Two lawmakers want to amend a tech liability shield known as Section 230 to make companies liable for harmful recommendations from their algorithms.

Sens. **John Curtis** (R-Utah) and **Mark Kelly** (D-Ariz.) introduced the [Algorithm Accountability Act](#) on Wednesday to amend Section 230 of the Communications Decency Act to make companies responsible for their recommendation-based algorithms.

The bill comes after the [Supreme Court rejected lawsuits](#) to hold Google and Twitter responsible for their algorithms recommending content promoting terrorism on their platforms in 2023.

Section 230 has frequently been criticized for granting tech companies broad immunity from lawsuits related to harmful content posted by users. The bill's co-authors said companies should be held liable if their algorithms are promoting harmful posts that lead to "foreseeable bodily injury or death."

TRANSITIONS

Julie Brill, a former chief privacy officer for Microsoft, and **Daniel Weitzner**, director of MIT's Internet Policy Research Initiative, joins the board of directors at **Ethyca**. ... Avalara chief legal officer **Karyn Smith**, Cohesity chief legal officer **Tim Robbins**, PTC Inc. general counsel **Aaron von Staats** and Veeam Software's general counsel **Mark Wong** join the board of directors at the **Business Software Alliance**.

QUICK DOWNLOADS

— **Show us the text:** Americans for Responsible Innovation and the Alliance for Secure AI [sent a letter](#) to House Majority leader [Steve Scalise](#) calling on him to release text of the proposed provisions to preempt state AI regulations.

— **Lives on the line:** Sens. [John Barrasso](#) (R-Wyo.) and [Ben Ray Lujan](#) (D-N.M.) introduced the [988 Lifeline Location Improvement Act](#) to improve geolocation data and efficiency for the 988 Suicide and Crisis Lifeline.

— **Taking it back:** The EU is reversing course on its AI regulations, [our colleagues at POLITICO EU report](#).

— **One cloud to another:** Schools are installing surveillance tech in bathrooms to prevent students from vaping, [WIRED reports](#).

— **And don't forget to [take our survey](#).**

HAPPENING TODAY

8:55 a.m. — The Institute for Defense and Government Advancement [holds its](#) 2025 Biometrics for Government and Law Enforcement Conference.

10 a.m. — The House Foreign Affairs South and Central Asia Subcommittee [holds a hearing](#) on “Export Control Loopholes: Chipmaking Tools and their Subcomponents.”

10:30 a.m. — The Federal Communications Commission [holds an open meeting](#) on cybersecurity threats, freeing up Upper C-band frequencies, modernizing telecommunications relay services.

11 a.m. — The Peterson Institute for International Economics [holds a virtual discussion](#), beginning at 11 a.m., on “The U.S.-China AI race.”

1 p.m. — The Bipartisan Policy Center [holds a virtual discussion](#) on “America’s Workforce: Learning and Working in the Age of AI.”

2 p.m. — The Center for a New American Security [holds a virtual discussion](#) on “Prepared, Not Paralyzed: Managing AI Risks to Drive American Leadership.”

4 p.m. — The Center for Strategic and International Studies [holds a virtual discussion](#) on “Countering the Criminal Drone Threat in the Americas.”

Have a great day!

Tips, comments, suggestions? Send them along via email to our team: Steve Heuser (sheuser@politico.com), Nate Robson (nrobson@politico.com), Gabby Miller ([gmiller@politico.com](mailto:gmilller@politico.com)), Katherine Long (klong@politico.com), Brendan Bordelon (bbordelon@politico.com), John Hendel (jhendel@politico.com), Alfred Ng (alfredng@politico.com) and Aaron Mak (amak@politico.com). Got an event for our calendar? Send details to techcalendar@politicopro.com. And don’t forget to add [@POLITICOPro](#) on X.

A message from the Don't Break What Works project:

The so-called App Store Freedom Act would break digital products and services that consumers love, while undermining online safety tools parents rely on and leaving Americans with untested app stores and risky payment systems. Instead of promoting competition, ASFA is an open invitation for hackers and scammers to steal Americans' most sensitive data. By tying the hands of trusted platforms, the bill would weaken the privacy, security, and competition safeguards that define today's digital economy. Consumers already have the freedom to choose where and how they download apps. Developers already depend on app stores to reach new audiences and grow their businesses. Congress should reject ASFA and protect the system that drives U.S. innovation, empowers entrepreneurs, and keeps users safe. Sponsored by Don't Break What Works, a project by the Computer & Communications Industry Association. [Learn more.](#)

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