

PolicyWatch #1402

The Persian Gulf's 'Occupied Territory': The Three-Island Dispute

By [Simon Henderson](#)

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Last month, Tehran announced it was building maritime offices on the Persian Gulf island of Abu Musa, reigniting the long-standing territorial dispute between Iran and the United Arab Emirates (UAE). Since 1970, the disagreement over the island and the neighboring Greater and Lesser Tunbs has been mired in legal uncertainty and historical claims and counterclaims, hindering diplomatic relations between Iran and the Gulf Arab states. The recent diplomatic intensity surrounding the issue, however, including the UAE's August 21 formal protest to UN secretary-general Ban Ki-Moon, is a significant break from the past, and may be a forerunner to a future escalation. Considering the importance of the islands -- all three are strategically located near the Strait of Hormuz, where 20 percent of the world's oil passes daily -- the dispute's outcome is deeply tied to the interests of the United States and the international community.

War of Words

On September 2, the foreign ministers of the Gulf Cooperation Council (GCC) -- Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, and the UAE -- issued a statement condemning Iran's actions and demanding that it remove its "illegal installations and respect the [UAE's] sovereignty." On September 3, a spokesman from Iran's foreign ministry complained that the GCC statement interfered "in Iran's internal affairs," and went on to say that "all [Iran's] measures on Abu Musa are completely legal and in accordance with Iran's rights of governing this Iranian island." He urged the Gulf Arab states to be "realistic." Two weeks earlier, GCC secretary-general Abdulrahman al-Attiyah compared Iran's presence on the islands to Israel's occupation of Arab lands, telling a pan-Arab newspaper, "It is not permissible for states to occupy the territory of others." In May, the UAE protested against Iran's dismissal of the dispute as a "misunderstanding," and an Emirati official compared Iran's behavior with that of Israel.

Origins of the Dispute

In the nineteenth century, the British navy landed on the islands as part of a campaign to stop piracy in the Gulf. Since then, British records portray confusion, bequeathing the islands to both Iran (then Persia) and the tribal sheikhs on the Arabian side of the Gulf. On November 30, 1971, Iran, under the Shah, occupied the islands a day before UAE's independence from Britain. The United Kingdom was not in a position to stop the Shah, since its forces were withdrawing from the Gulf, and the UAE, being a new and fragile confederation of small sheikhdoms, was also unable to respond. There is, however, a widespread belief in the region that Britain allowed Iran's takeover as a quid pro quo for Tehran abandoning its claim to the island state of Bahrain. (It gained independence in 1971 when Britain's plan to include Bahrain and Qatar in the UAE confederation fell apart.) Ironically, senior U.S. officials supported Iran's 1971 seizure because it filled the regional security vacuum caused by the British withdrawal.

Since 1971, the dispute has been a key element of UAE diplomacy in Arab forums and in the international community, serving to bind the country's disparate federation whose members, though notionally equal, vary widely in terms of oil wealth. Abu Musa is claimed by Sharjah, the third largest member of the UAE after Abu Dhabi and Dubai. The other two mainly uninhabited islands of Greater and Lesser Tunb are claimed by Ras

al-Khaimah, another emirate in the seven-member union. On November 13, 1971, the ruler of Sharjah reluctantly accepted an interim deal with Iran, which led to the sharing of the Abu Musa's offshore oil revenues. While both sides continued to claim full sovereignty, Iran changed the status quo in 1992 by restricting UAE access and dramatically increasing Iranian presence on the islands, including military. Although the UAE and Iran have partially agreed on a continental-shelf boundary between the two countries, the agreement does not include the area around the islands.

The UAE claim to the islands, particularly Abu Musa, has been weakened by the country's inability to counter violations of the original 1971 memorandum of understanding. At the same time, Iran's position has become more entrenched, as it is prepared to talk with its weaker neighbor -- but not negotiate -- and rejects the UAE's suggestion that the dispute be settled by the International Court of Justice (ICJ) in The Hague. (In 2001, the ICJ successfully defused a dispute between Qatar and Bahrain over the ownership of offshore islands.) Tehran's diplomatic stance was also bolstered by the hint of less than total Arab unity when earlier this year Iraq pointedly declined to be associated with the dispute in a communique at the end of an Arab Inter-Parliamentary Union meeting. This contrasts with Iraq's position under Saddam Hussein when Baghdad championed the issue, including an ill-fated attempt to seize the islands in 1980 at the start of the Iran-Iraq war.

Challenges for the United States

In recent months, Iranian officials have been stating that any military confrontation over Tehran's nuclear program would result in retaliation in the Gulf. The Islamic Republic's record of following through on such threats, however, has been checkered. In August, a senior Revolutionary Guard commander, noting the strategic importance of Abu Musa and the Tunbs, wrote that "closing the Strait of Hormuz is part of Iran's defense policy in the face of the U.S. military threat." Although U.S. commanders have noted that such an attempt would be short-lived and invite massive retaliation, there is concern that Iran might have some success against the U.S. Navy by using small, fast boats. (See Policy Focus #87, [Iran's Asymmetric Naval Warfare](#) by Fariborz Haghshenas.)

Iran's decision to put a ship registration office on Abu Musa might be seen as mirroring the existence of Oman's shipping office -- the Gulf state sees itself as the guardian of free navigation through the Strait of Hormuz. Both the inbound and outbound shipping channels through the Strait lie on the Omani side of the continental shelf boundary agreed on with Iran. The shipping channels, each two miles wide with a separation zone in between, pass respectively north and south of the Tunbs, while Abu Musa lies further to the south.

It is difficult to tell how long and at what intensity the current war of words will continue, but it seems likely that the UAE will attempt once again to gain some UN endorsement of its position. In the meantime, there could be close encounters between Iranian vessels and those of the U.S. navy and its allies. Last month, there was a five-day exercise involving U.S., British, and Bahraini ships. The British commander stated that the maneuvers would help fine-tune skills such as "locating and tracking" vessels that threaten ships patrolling the Gulf. Two days earlier, Iran stated it had started a production line for submarines, and the Iranian defense minister said Iran saw itself as "the protector of the security of the strategic Strait of Hormuz."

The Gulf Arab states have been ambiguous about how to handle Iran. The intensity of the latest squabble is at odds with their usual careful diplomacy, and there is a danger of escalation. Tehran is also upping the diplomatic stakes by complaining about the ill treatment of its nationals in the UAE, where roughly 450,000 Iranians live and are a part of an important bilateral trade network. It remains to be seen whether Iran's actions on Abu Musa are best interpreted as self-confident gestures or bellicose provocations.

Simon Henderson is the Baker fellow at The Washington Institute and director of its [Gulf and Energy Policy program](#). He is author of the Institute's 2008 Policy Focus [Energy in Danger: Iran, Oil, and the West](#).

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