

IRAQ AND US STRATEGY IN THE GULF

Shaping and Communicating US Plans for the Future in a Time of Region-Wide Change and Instability

By Anthony Cordesman

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Arleigh A. Burke Chair in Strategy

acordesman@gmail.com

During the coming months, the US must reshape its strategy and force posture relative to Iraq and the Gulf States. It must take account of its withdrawal of most of its forces from Iraq, and whether or not it can give real meaning to the US-Iraqi Strategic Framework Agreement. It must deal with steadily increasing strategic competition with Iran, it must restructure its post-Iraq War posture in the Southern Gulf and Turkey, and define new goals for strategic partnerships with the Gulf states and its advisory and arms sales activity. It must decide how to best contain Iran, and to work with regional friends and allies in doing so. In the process, it must also reshape its strategy for dealing with key states like Egypt, Jordan, Turkey and Yemen.

This strategy cannot simply be a military one or focus on national security. It must work with its friends and allies to deal with the impact of popular unrest that has already created a crisis in Bahrain, and which presents broad problems in the other Gulf states. It must deal with an explosive political and economic crisis in Yemen.

At the same time, the US must deal with political unrest and instability in Iran and the rest of Arab world -- particularly in Egypt and Jordan. The US must decide how to plan for the risk if some form of "axis" of Iranian influence develops that will potentially extend through Iraq and Syria to Lebanon, while also taking account of the fact that unrest in Iran and/or Syria could be a major strategic benefit to the US and greatly reduce the tensions in Lebanon.

The current crisis in Somalia, other parts of the Horn, and Yemen interact with problems in Egypt and the Sudan that create a new set of security needs in the Indian Ocean and Red Sea. The United States cannot focus on Iraq, Iran, and the Gulf alone. It must consider its broader strategic concerns in the UNCENTCOM area.

These issues include the rising tension over the Palestinian Authorities search for recognition as a state, and the full range of growing tensions between Israel, its Arab neighbors, and Turkey. It must do so in the context that the power projection capabilities of its traditional allies continue to drop, and this includes key partners in the region like Britain and France, while China is emerging as at least a critical economic presence.

This mix of challenges requires the US to decide on how to restructure its entire force posture in the Gulf and Middle East, and Turkey as it largely withdraws -- or leaves Iraq. It also, however, requires an integrated civil-military effort that goes far beyond the military dimension. For what may well be the next half-decade, the US will have to deal with a new, uncertain, and constantly changing mix of regimes and regional politics. It will need a civil-military strategy geared towards uncertainty and change.

The Challenge of Withdrawal from Iraq

The US withdrawal from Iraq presents the most immediate challenge to the existing US force posture and strategy in the region. Even if the Iraqi government does seek some last minute form of continued US troop presence, this will now be at token levels with very limited facilities, stockpiles, and military capability. It will have shrunk from an original commander's goal of 14,000-18,000 personnel to no more than 10,000 to a probable level that does not exceed 3,000-4,000.

This will limit the US role in Iraq once designed to help Iraq deal with its most critical counterinsurgency needs, internal tensions, and the problems of recreating the

conventional forces and deterrent capabilities it lost in 2003. It means that it is Iraq that must assume virtually all of the burden of internal security and counterinsurgency/terrorism, and develop its own ability to defend and deter against Iran -- albeit with the aid of US advisors and arms sales.

And so far, Iraq has not decided how it wants to turn its Strategic Framework Agreement with the US into functioning plans and capabilities, what direction its future force plans will pursue, and what level of US advisory efforts and arms transfer it will want. The US may or may not be able to create a stable and well-defined strategic relationship with Iraq over the next 12 months. It seems unlikely that this can happen given the level of instability and tension within Iraq, and the fact that the US will now have to struggle with Iran for strategic and political influence.

It is more likely that the US will now have to use a State Department-led mix of political, economic, and military aid efforts to compete with Iran indefinitely into the future -- almost regardless of any formal arrangements reached under the Strategic Framework Agreement.

Seeking a Grand Strategic Result of the Iraq War

In retrospect, there is a grim irony in the fact that the US planned its invasion of Iraq and major withdrawals of US troops with 90 days of the fall of Saddam Hussein. It did so without serious plans for stability operations, and with only two contingencies involving civilians -- Saddam burning his own oil fields or a breakdown in the government's food distribution effort.

More than seven years later, the US alone has spent well over 800 billion dollars in Iraq (\$758 billion in military operations, \$41.4 in civil operations, and \$6.3 in veterans' medical benefits.) It has lost nearly 5,000 dead and has had well over 32,000 wounded. Britain lost another 179 dead and other coalition countries lost 139. The number of Iraqi casualties is too uncertain to do more than guesstimate, but casualties estimates are over 50,000 Iraqi civilians since 2005, plus over 8,300 Iraqi police and military. One bodycount put the number of Iraqi dead since 2003 at 102,417-111,938, as of September 2011.

The Challenges Iraq Now Faces

Both Iraq and the US must now deal with the fact dollars and blood have not brought stability or even something approaching a predictable future. In some ways this should not be a surprise. It is almost an iron law of military history that the peacetime outcome of a war is never what any participant expects or seeks at the start. The very term "end state" is a historical oxymoron.

If the conflict is serious, it changes the states involved in ways that play out for year after the bulk of the fighting ends. Efforts at aid and stability has partial success at best, and wartime alignments change along with the domestic political character of the scene of virtually any serious conflict. Planning conflict termination is a noble goal, but reality inevitably intervenes.

This is all too clear in today's Iraq, and it presents critical problems for US strategic and force planning. Democracy has not brought stable governance, it has brought the unstable

lack of it. Plans to develop Iraqi forces and the Iraqi economy have been unstable since the budget crisis of 2008, and consistent and moderately stable efforts cannot begin until Iraq not only choose its entire post-election government, but it is in office long enough to gain enough practical control and experience to act. The Shi'ite majority, the Sunni minority, and the Kurdish parties are deeply divided; caught up in tensions with the other sectarian and ethnic groups, corrupt, and so far often ineffective at the basics of governance.

As the US and the West have learned the hard way, democracy is only a way of choosing political leaders, it does nothing to ensure effective or honest governance – the one true, practical test of legitimacy. Given today's political leaders, figures like Sadr, and the continued violence from various Shi'ite and Sunni extremists, it seems unlikely that Iraq will have a stable leadership, much less a broadly effective government, before 2020 – if then.

The issue is not just the struggles between Maliki, Sadr, Allawi, Hakim, Barzani, and Talabani – important as these are -- it is the tremendous erosion of faith in leadership and the new political system. It is the failure to really deal with a massive decline in foreign aid and current development needs, and weak government and services at every level. It is a political system that cannot possibly begin effective governance until 2012, that cannot develop its own security forces properly until it has governance, and where the politics necessary to create that governance may lag indefinitely.

The Underlying Realities

These problems are compounded by economic and demographic realities that are far too many to ignore. Iraq may have vast resources underground, but it may again be 2020 before enough new petroleum exports are available to make a dramatic difference, and experts in the US Energy Information Agency and International Energy Agency indicate the rate of increase in Iraq's production could be about half the rate claimed by Iraq's oil ministry. This is critical in a country where the CIA estimates that its "economy is dominated by the oil sector, which provides over 90% of government revenue and 80% of foreign exchange earnings."

In spite of recent increases in oil revenues, Iraq's population is large enough to rank Iraq 161st in the world in per capita income – one of the poorest states in the world in terms of average individual income. To put this in perspective, one neighbor – Qatar – has the highest per capita income in the world, Kuwait ranks 10th, Saudi Arabia ranks 55th, and Iran ranks 105th. At least 25% of Iraq's population lives at the poverty level or below.

Iraq compounds the impact of political, economic, and social trauma of some 30 years of constant war, over a decade of sanctions, and the impact of population pressures that come from a population that has risen from 5.7 million in 1950 to 18.1 million in 1990, to 30.4 million in 2011; and that the UN estimates will rise to 64.0 million in 2050.

The CIA estimates that Iraq now has population so young that the median age is only 20.9 years. Iraq has one of the highest formal unemployment rates in the world, and youth unemployment and underemployment is probably at the 35-45% level. It also is a country whose education system began to break down in 1984 as a result of the pressure of the Iran-Iraq War. Job skills and experience are limited, and serious structural

problems in state, agricultural, service, and financial sectors interact with the barriers created by excessive state interference and control.

The Real World Limits of “Oil Wealth”

It is equally important that the US should be realistic about the fact that Iraq’s petroleum resources and budget will only be able to fund both military and civil operating costs, personnel and jobs, essential services, and development for the next three to five years. As the current political unrest in Iraq shows, democracy and stability must focus on immediate needs until Iraq’s underground oil wealth can be turned into wealth for its people.

At this point, the CIA estimates that Iraq’s per capita GDP is only \$3,600, ranking close to that of an impoverished Gaza and 160th in the world. To put this in perspective, Iran’s per capita GDP is \$11,200, ranking 99th in the world; Saudi Arabia’s per capita GDP is \$24,200, ranking 55th in the world, and Qatar’s per capita GDP is \$145,300, ranking 1st in the world.

As for oil wealth, it is critical to understand that this needs to be measured in terms of income relative to population. The EIA estimates that Iraq’s per capita income from petroleum imports only averaged \$1,335 per person in January-July 2011. This compares with \$6,081 for Saudi Arabia, \$16,702 for Kuwait, and \$33,400 for Qatar.

Iraq is scarcely bankrupt, but it can just barely fund its mix of government employees, security services, and state industries. It has been in a budget crisis since early 2009 that has frozen most investment and development, forced Iraq to freeze the manning of much of its security forces, and stopped funding for critical maintenance and military investment.

Iraq is losing most foreign aid and has been unable to fund the transfer of many aid projects to make them lasting and effective efforts. Iraq’s GNP growth masks terrible income distribution, a GDP per capita that averages 158th in the world, and massive under-employment. Its agricultural, industrial, and service sectors are half a decade away from serious recovery. Sadrist and Saddamist mismanagement have crippled its education and health sectors. While Iraq will eventually be able to exploit its vast petroleum wealth, both Department of Energy and International Energy Agency projections indicate that Iraq will not be able to expand its export income enough to meet its needs for at least the next half-decade.

None of this means Iraq has to be a failed state or a failed strategic partner, but it does highlight the cost and irresponsibility of political leaders that have paralyzed most of the country’s progress and development since the campaign for the March 2010 elections began in late 2009.

Shaping a Strategic Partnership if One is Possible

The US cannot control the future shape of its strategic partnership with Iraq. It can only influence Iraq. It is Iraqis that will decide the nature of their future government, and more importantly, whether Iraqi politics can be translated into effective governance, security, stability, and move towards development.

The US cannot help Iraq unless its new government both wants that aid and has the competence to use it. The US cannot fund most of Iraq's development and security needs. It must limit itself to highly selective aid programs and focus on expert advice, training, and technical assistance.

The US and Iraq have, however, signed the Strategic Framework Agreement, and most of Iraq's leaders understand that Iraq needs US help and security guarantees. The Iraqi military knows it needs US help both to bring full internal security and create enough national defense capability to deal with foreign threats.

Even a limited US advisory presence in Iraq would be a physical guarantee that the US would react to any Iranian threats or military action. It could provide the on the ground, direct cooperation necessary to provide Iraq with intelligence support, the use of unmanned aerial vehicles and other intelligence assets, and coordinate air, UCAV, cruise missile, and naval support.

Larger US advisory and aid efforts can play a critical role as part of the Strategic Framework Agreement. A strong US advisory presence, limited help in foreign military financing and security force training, and carefully targeted, catalytic economic aid and advice could play a major role in giving Iraq lasting stability and security. This could also help give Iraq the time it needs to make its potential petroleum wealth and other economic resources productive enough to move towards development.

US Strategic Interests in Iraq

Such efforts would service vital US security interests as well as those of Iraq. Iraq's geography and petroleum resources combine to serve a range of common interests. The US cannot afford to focus on the Iranian nuclear and missile threat by assuming that sanctions and diplomacy can prevent it, instead of focusing on the choice between military action and containment/extended regional deterrence. It cannot afford to ignore Iran's growing conventional and asymmetric threats to Iraq and the entire region.

The US also cannot afford to rely on empty political posturing about energy independence at a time when the Energy Information Agency of the Department of Energy estimates that there is no current probability the US will make strategically important reductions in its dependence on imports, there is a stable flow of world petroleum exports, and world oil prices that do not threaten the stability and growth of the world economy until well after 2035.

US politicians, academics, media, and think tanks have proposing failed solutions to US import dependence for nearly four decades. The fact remains, however, that the latest *Annual Energy Outlook* (<http://www.eia.doe.gov/oiaf/aeo/>) and *International Energy Outlook* (<http://www.eia.doe.gov/oiaf/ieo/>) issued by the Department of Energy project that the US will not make any significant reduction in its strategic dependence on oil imports through 2035.

These projections are shown in **Figure One**. The reference case projection shows that the US will still import roughly half of its energy liquids through 2035, and the total could be over 60%. The only case that gets dependence down to around 35% is one where real oil prices have risen to well over \$200 a barrel in constant dollars. These projections do not

measure the effect of US indirect imports of manufactured goods from Europe and Asia – manufacturers in countries like China and Japan which are far more dependent on oil and gas imports from the Gulf and other exporting nations than the US.

Moreover, **Figure Two** shows just how critical Iraq and the Gulf will be to world oil supply and the stability of the US and global economy. Even with very favorable assumptions about global production of new energy liquids and added production outside the Gulf, the Gulf share of world liquids production still continues to rise through 2035.

US national security policy and efforts to forge a lasting strategic partnership with Iraq must be driven by the fact that the energy side of US vital interests in the Gulf is driven by four critical factors that shape the need for a US strategic partnership with Iraq

- First, it does not matter where the US gets its oil from on any given day. The US competes on a world market driven by total world supply and pays world prices. If a crisis occurs in the Gulf, the US will compete at the same increase in prices as every other importing nation. If world prices rise on a longer-term basis, the US will pay for the same increase, and if supplies are cut by a major conflict, the US must share the oil left for import with other OECD states.
- Second, the US is steadily more dependent on the health of the global economy and the global economy is steadily more dependent on the stable flow of oil and gas exports. Oil prices are not simply a matter of increases in gasoline or home heating costs. They affect every business and every job in America.
- Third, the Gulf still offers the lowest marginal cost for increased export capacity for both oil and gas. The modernization and expansion of Iranian and Iraqi production has been limited for nearly three decades. This combined with Saudi Arabia's vast oil resources and Qatari gas, makes the Gulf critical to maintaining and increasing world export capacity over the coming decades. US security interests are not simply a matter of current production and current security in the flow of energy exports. They are enduring interest for the foreseeable future.
- Fourth, US talk of energy independence and the emphasis on rushing out to exploit offshore and domestic oil and gas reserves does not offer the US long-term security. It instead amounts to a strategy of "deplete American first." Barring some technological breakthrough of currently unimaginable proportions, the US is better off waiting to exploit its reserves until it has taken maximum advantage of foreign reserves and exports. It not only conserves resources that will become steadily scarcer over time, it benefits from the technology learning curve in exploration and efficiency of recovery, and from prices that push the US toward improved energy efficiency.

Iraq's Critical Role in Security and Deterrence

Helping Iraq develop its security is a major US strategic interest. Iraq is making gains against threats like Al Qa'ida in the Arabian Peninsula and violent Sadrist splinter groups. According to the GOI, more than 3,600 civilians and ISF personnel were killed in violent incidents during 2010. For the third consecutive month, December set a 2010 record for the fewest number of persons killed in attacks, down 151 from the previous month's 2010 record low of 171. These numbers have remained low in 2011, but **Figure Three** shows there is still a major threat from bombings, suicide attacks, and assassinations, and Iraq needs help with training, intelligence, and many other areas.

This alone would be a critical case for a strong security ties to Iraq in the form of a strong Office of Security Cooperation, a strong US military advisory team, and the intelligence support and cooperation Iraq needs to defeat violent extremists, in addition to giving Iraq assurances that the US will defend it against any serious foreign military threat – particularly Iran.

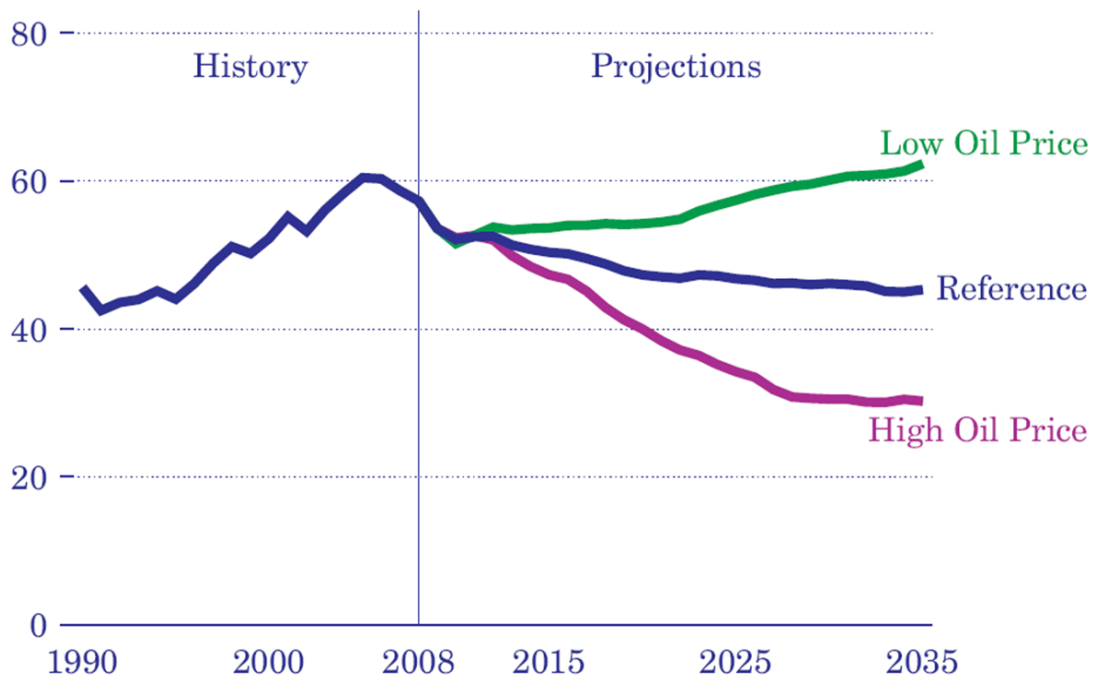
As **Figure Four** shows, the US invasion of Iraq destroyed the balance of power in the Gulf, Iraq's ability to deter Iran, and the military strength Iraq needs to act as a barrier to Iran's ability to threaten and intimate other Gulf states, the wider Middle East, and Israel.

Forging a strategic partnership with Iraq depends as much on Iraqi efforts to make a strategic partnership work as those on behalf of the US, and the irony is that the US will not have to spend money and aid funds if Iraq rejects that option and Iran effectively wins the Iraq War.

There will be no chance to create such a partnership, however, if the Congress does not fund the FY 2011 civil and military aid requests for Iraq, does not respond to the Department of Defense and Department of State request for post-withdrawal funding that begins with the FY2012 aid request, and if the Administration and the Congress do not work together to create an effective US presence in Iraq as US combat forces phase out during the course of 2011. If they fail to act, all the blood and money the US has sacrificed will have been in vain, and the US will lose the war at the strategic and grand strategic levels.

Figure One: Real World US Strategic Dependence on Oil Imports

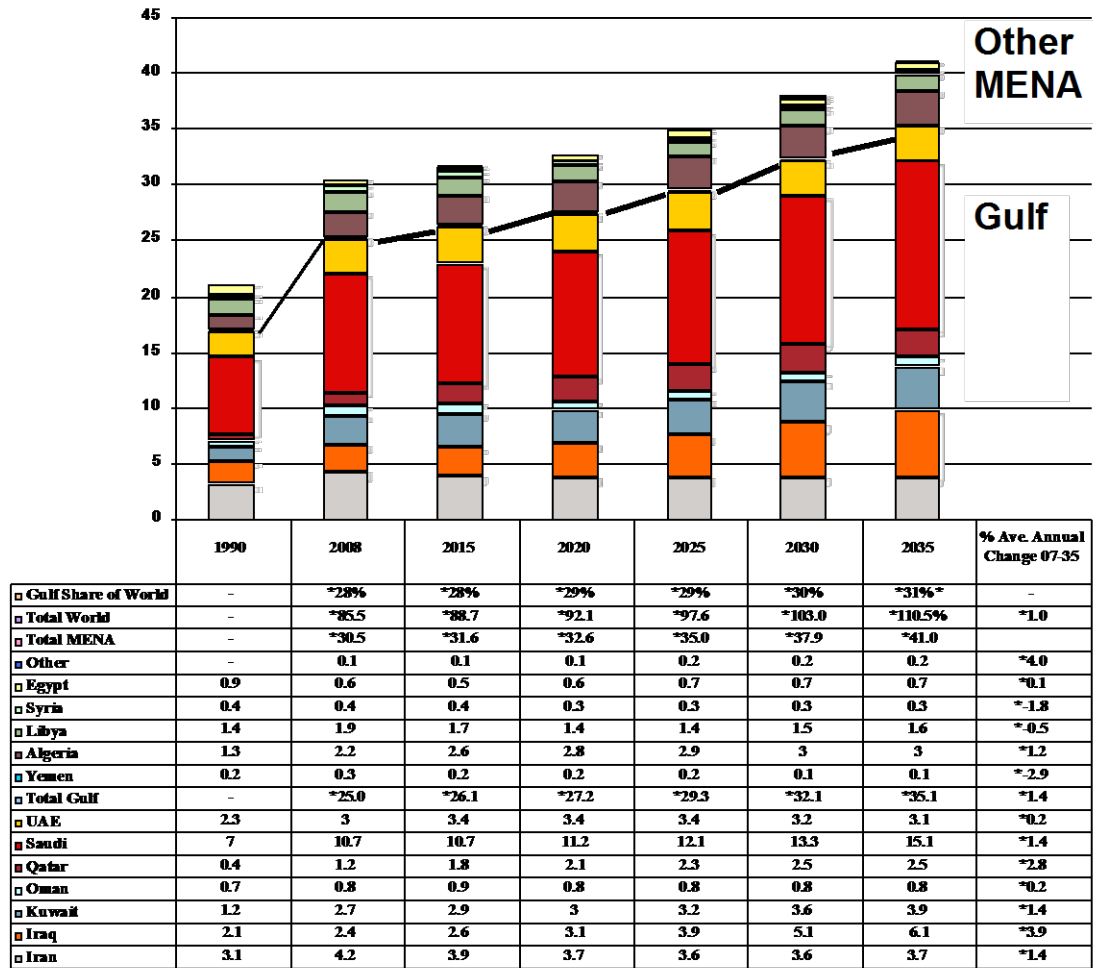
Net Import Share of U.S. Liquid Fuels Consumption, 1990-2035 in Percentages



DOE-IEA, Annual Energy Outlook 2010, p. 77

Figure Two: Real World US Strategic Dependence on the Stability and Growth of Gulf Export Capability

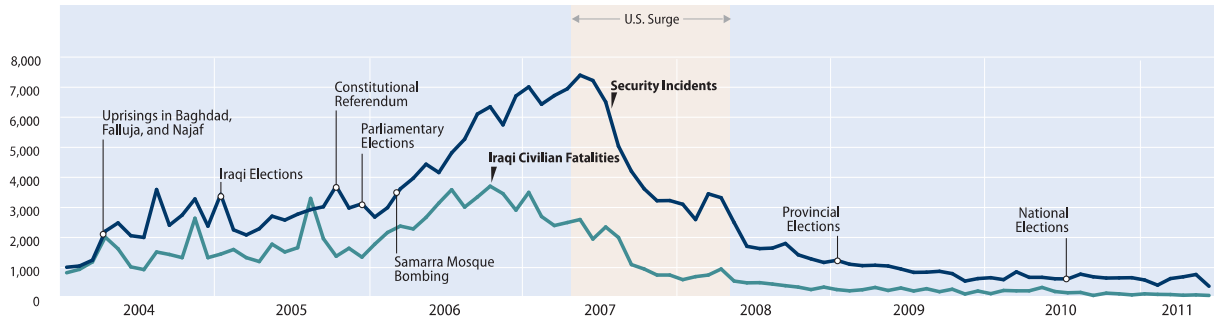
EIA Projection of of Gulf/ME Liquids Production By Country, 1990-2035 (Millions of Barrels Per Day)



Source: Adapted from EIA, *World Energy Outlook*, 2010, p. 225 and *World Energy Outlook*, 2010, p. 260

Figure Three: The Continuing Level of Violence in Iraq

MONTHLY SECURITY INCIDENTS AND CIVILIAN FATALITIES, 1/2004–6/2011



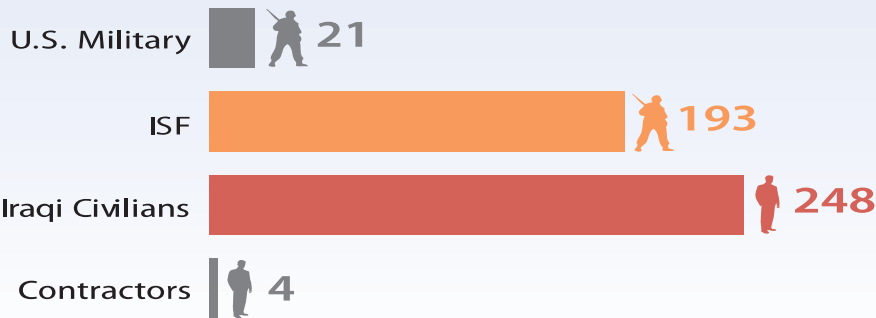
Note: Data not audited. Totals for June 2011 civilian fatalities include data through June 19, and totals for June 2011 security incidents include data through June 17. "U.S. Surge" denotes period when at least 150,000 U.S. troops were in Iraq.

Sources: USF-I, responses to SIGIR data calls, 1/4/2011, 4/12/2011, and 7/1/2011; Brookings Institution, *Iraq Index*, 6/30/2010, pp. 3, 4.

Average Daily Security Incidents, by week (1/2010–6/2011)

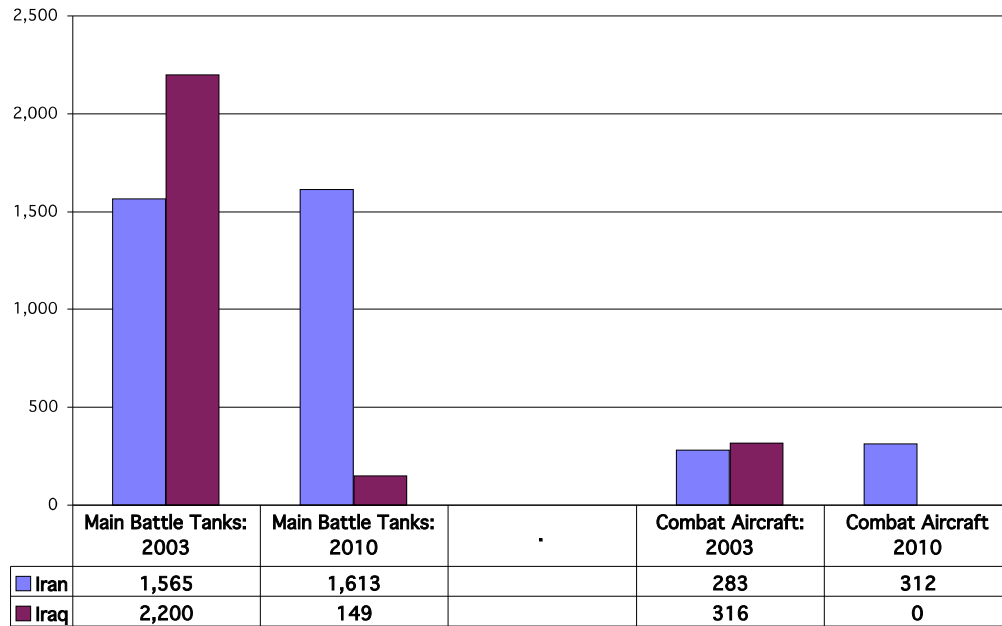


Persons Killed (4/1/2011–6/30/2011)



Source: SIGIR, *Quarterly Report, July 2011*, pp. 14 and 76.

Figure Four: The Military Power Vacuum in Iraq and the Rise of Iran
Iran vs. Iraq in 2003 versus 2010



Category	2003			2010		
	Iraq	Iran	Force Ratio	Iraq	Iran	Force Ratio
Active Manpower	424,000	513,000	8:10	191,957	523,000	2:5
Reserve Manpower	650,000	350,000	19:10	0	350,000	NA
Main Battle Tanks	2,200	1,565	7:5	149	1,613	1:10
OAFVs	1,300	815	8:5	505	725	7:10
APCs	2,400	590	4:1	1,479	650	23:10
Towed Artillery	1,900	2,085	9:10	0	2,010	NA
SP Artillery	150	310	1:2	0	310	NA
MRLs	200	889	1:5	0	876	NA
Combat Aircraft	316	283	11:10	0	312	NA
Attack Helicopters	100	85	6:5	0	50	NA
Major SAM Launchers	225	205	11:10	0	234	NA

Source: Adapted by Anthony H. Cordesman from IISS, The Military Balance, various editions; Jane's sentinel series.

The Cost of Acting vs. the Price of Not Acting

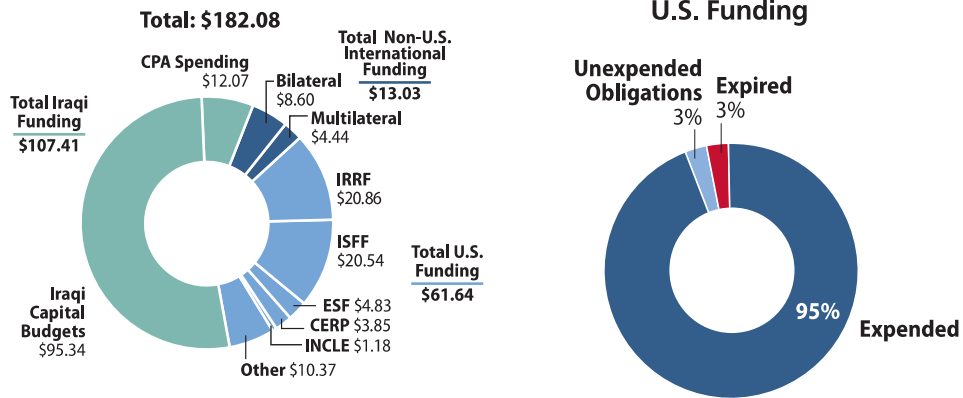
Foreign aid and federal spending may be unpopular, but if Iraq consents to a meaningful strategic partnership with the US, the US must be ready to respond. If the US does not properly fund a US presence in Iraq, it will lose a war strategically it had virtually won at the tactical level, and vastly empower Iran.

As Figure Five Shows, the quarterly report of the Special Inspector General for Iraqi Reconstruction (SIGIR) for July 2011 shows that the US has already vastly reduced its spending in Iraq as it withdraws its combat forces. The US has obligated or spent most of the aid appropriated in the past, and has only limited aid requested in the FY2012 budget.

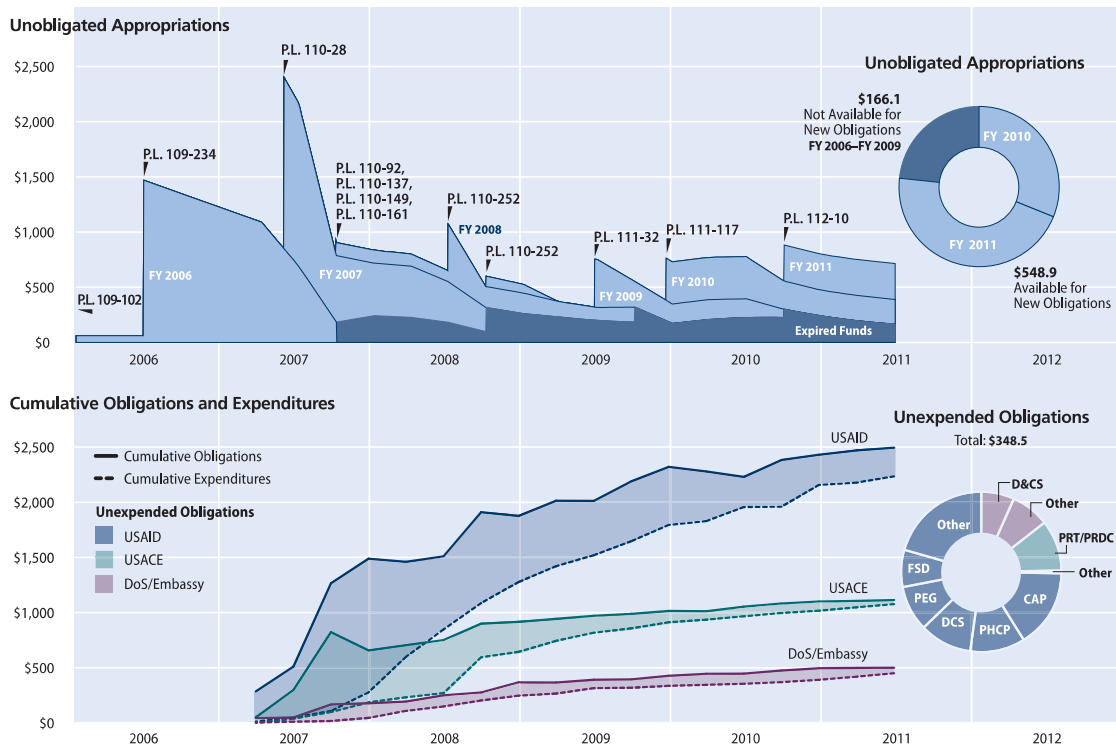
It is absolutely essential to US strategic interest, however, to make the proper transition to supporting Iraq during the three to five years during which Iraq needs outside help and support to make a successful transition to a stable democracy, complete the defeat of extremists like Al Qa'ida and Sadrist splinter groups, and rebuild enough regular military force to deter Iranian threats and intimidation.

Figure Five: Phasing Out US Aid

FUNDING SOURCES, 2003–2011
\$ Billions



Note: Data not audited. Numbers affected by rounding.



Source: SIGIR, *Quarterly Report, July 2011*, pp. 26 and 34.

The US in Transition in Iraq: What Can Be Done if Iraq Wants a Meaningful Implementation of the Strategic Framework Agreement

These pressures show why the US needs to fund a large State Department, USAID, and civil presence in Iraq. Funding is necessary for a program that calls for a large embassy, two consulates, and two additional centers that can reach out to all of the country, cut across Iraq's ethnic and sectarian divisions, and work in the field near its most critical problem areas. It does mean providing enough aid to act as seed money in helping Iraq start its most critical programs to improve its economy and governance. It means funding enough security for US efforts to be active in the field and work closely with Iraqi officials.

It also means creating as strong of a US military advisory mission as Iraq will accept in order to help Iraq's government and security forces reach the level of capability needed to provide security and stability on their own. This is a task that is half a decade from being finished which had been seriously undercut and delayed by Iraq's budget crisis. It means providing enough initial military aid to put Iraq on a path that can create strong enough conventional forces to defend and deter against threats like Iran – an effort that cannot be completed by 2020. Some form of lasting US presence in Iraq or the Gulf must be prepared to help Iraq until it can rebuild its forces.

If the US does not make this effort, it will almost ensure that it “snatches defeat from the jaws of victory.” It will throw away all of the sacrifices and investment in Iraq since 2003, and it will create a critical power vacuum in the Gulf that extends through Syria and Lebanon. It will threaten every US friend and ally in the Gulf area and Levant, as well as Israel. It also will greatly increase the risk of a major confrontation or fight with Iran that could affect the flow of world oil exports, the control of much of the world's oil reserves, the stability of a fragile global economy, US economic recovery, and the security of every job in America.

The funding required to try to win the war in grand strategic terms is minor compared to the cost of fighting it, which sometimes exceeded \$12 billion a month. It is, however, still substantial. Moreover, the money needed to make this effort needs to be made available in the FY 2011 budget and then adjusted to meet Iraq's need for the three to five years it will take to create the level of petroleum exports and income it needs to fund all its effort, create stable military and civil programs, and recover from the shock of decades of Saddam Hussein and war.

The Department of Defense Program and Budget Requests

It is important to note that it is the entire US defense program in Iraq that will shape the extent to which the US posture in the Gulf can make Iraq a strategic partner, deter Iran, and reassure Turkey and our Arab friends and allies. This is not a function of troop levels alone, but of what the remaining US forces do, and the funding they receive. It is also a function of how much support the US can provide Iraq from the outside both as a deterrent and in warfighting terms.

Some potentially critical functions like Special Forces and combat partners have to be in Iraq. The same is true of US forces that help man the checkpoints between the Arab and Kurdish zones, and certain forms of intelligence and combat support.

One can only speculate on the real issue: How many men and resources were to be assigned to a given tasks. Total manpower is never really a measure of capability. It is clear, however, that 3,000-4,000 military personnel would put such functions at the high risk level. The 14,000-18,000 that the US commander originally requested represented resources more adequate to the mission – although these figures were high enough to present major problems with the opponents of a US presence and figures like Sadr. A number like 10,000 was always more a guesstimate than a requirement, but also involved substantially less risk.

As for the core US defense presence, this too is evolving and dependent on Iraq. The best official summary again comes from the SIGIR report of July 2011 (pp. 41-42)

Effective October 1, 2011, responsibility for U.S. assistance to Iraq's Ministry of Defense will transition from the Deputy Commanding General for Advising and Training (DCG-A&T) to OSC-I. OSC-I, in conjunction with U.S. Embassy-Baghdad, the GOI, and U.S. Central Command (CENTCOM), will continue to conduct security cooperation activities to support Iraq's continued development into a stable and long-term, self-reliant strategic partner of the United States. OSC-I will be a Security Assistance Organization under Chief of Mission (COM) authority and will engage directly with the Political- Military Section at the Embassy.

According to OSC-I, on January 1, 2012, the Chief of OSC-I will likely become the Senior Defense Official (SDO) in Iraq. In this role, the SDO will serve as the principal DoD official in the Embassy and as the principal military advisor on defense and national security issues for the COM. The SDO will also serve as the focal point in Iraq for U.S. defense coordination with CENTCOM. The specific relationships and responsibilities of the SDO will be defined in the SDO appointment letter.

OSC-I will provide management within Iraq of the GOI security assistance programs. According to DoD officials, OSC-I personnel will include 118 military personnel, 9 civilians, and 30 locally employed staff. USF-I estimates that an additional 3,000 contractors may be needed to provide life support, security, and transportation assistance for OSC-I.

OSC-I DoD staff will support the Iraqi forces by advising, training, assisting, and equipping the force, providing professional military education, and planning for joint military exercises. In addition, OSC-I staff will administer the FMS program in Iraq. To provide this level of support to the Iraqi forces, OSC-I plans to operate from 10 locations throughout Iraq—6 dedicated sites and 4 sites shared with the Embassy. The six dedicated sites are located near Iraqi military installations:

- Baghdad, at the current location of DCG-A&T at FOB Union III
- Tikrit, at the home of the Iraqi Air Academy
- Umm Qasr, at the primary location of the Iraqi Navy
- Taji, at the Iraqi Army headquarters and site of the Iraqi National Logistics Center
- Kirkuk, home of the Kirkuk Regional Air Wing
- Besmaya, at the site of the Iraqi Army Training Center The four shared sites are Joint Security Stations Shield and Sather, and the Consulate locations in Erbil and Basrah. FMS case implementation may require OSC-I personnel, particularly Security Assistance Teams, to operate at additional locations.

Funding for OSC-I has not yet been approved by the Congress. The FMF budget request for FY 2012 includes \$1 billion to allow the United States to continue to advise, train, and equip Iraqi military forces. The Department of State Office of Inspector General (DoSOIG) reported in May that plans for OSC-I were “significantly behind schedule” and unlikely to reach full operational status by October, as originally planned.

Although the full scope of the USF-I advising and training mission will terminate with the USF-I withdrawal, significant balances of the ISFF will be available to continue support for the ISF after that date. USF-I reported that OSC-I will likely be responsible for executing any unobligated or unexpended ISFF monies. The ISFF had been intended to provide for the ISF to attain a minimum essential capability (MEC) standard prior to the withdrawal of U.S. troops in December 2011. It now appears that the readiness of the ISF to manage the security environment at the time of U.S. forces’ end of mission will likely fall short of the MEC that the ISFF funds were intended to realize.

The Department of Defense request for FY2011 and FY2012 is the core of the funding needed to create a stable military relationship with Iraq. The Department’s budget request cannot as yet spell out the details of a transition to a strategic partnership that Iraq’s new government cannot decide upon until its new Ministers of Defense and Interior are in place, and its new leaders have time to make decisions.

It is clear, however, that Iraq will need years of additional help to build the security forces shown in **Figure Six** into an effective force. The US has already largely phased out aid to the Iraqi security forces, although substantial unobligated funds are still available. The IGIR reported in July 2011 that,

Since 2005, the Congress has appropriated \$20.54 billion to the ISFF to enable the U.S. Forces-Iraq (USF-I) and its predecessor, the Multi-National Force-Iraq, to support Iraq’s Ministry of Defense (MOD) and Ministry of Interior (MOI) in developing the Iraqi Security Forces (ISF) and increasing ministerial capacity. This includes \$1.50 billion provided by P.L. 112-10, which will remain available for obligation until September 30, 2012. The Administration did not request any ISFF funding for FY 2012. Instead, the Administration requested \$1.00 billion in Foreign Military Financing (FMF) and \$1.00 billion in INCLE to support the ISF as part of its “Overseas Contingency Operations” request.

As of June 30, 2011, \$863 million of obligated ISFF funds had not been expended. An additional 2.20 billion had not been obligated, but \$509 million of this amount has expired. This leaves \$1.69 billion available for obligation to new projects: \$190 million from P.L. 111-212, which expires on September 30, 2011, and nearly the full \$1.50 billion from P.L. 112-10, which expires on September 30, 2012. In total, \$2.55 billion in available budget authority remained unexpended for the ISFF. (SIGIR, Quarterly Report, July 30, 2011, pp. 20-21.)

The FY 2011 request for the Iraqi Security Forces Fund is roughly \$2 billion, but so far the Senate has only approved around \$1 billion -- enough to cripple any effort to create a meaningful strategic partnership. Given the uncertain ties in Iraq and the strategic risks and turmoil around it, it is absolutely essential that the Department be fully funded to both develop the ISF and meet its other security needs during FY2011.

Moreover, a strong US military effort is needed to help build an Iraqi regular military that helps stabilize the Gulf region. US funding and help is critical in influencing Iraq to use its own resources effectively, deal with the initial creation of effective national defense

forces, and help Iraq cope with the fact its budget and election crisis have seriously limited Iraqi progress since the spring of 2009.

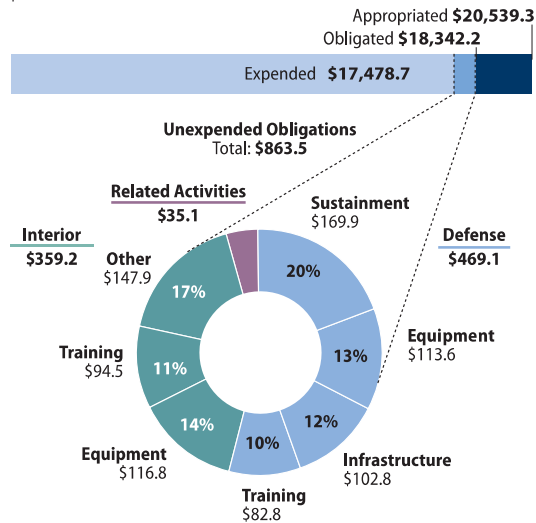
This does not mean rebuilding Iraq's conventional forces to their past levels, or some quick crash effort. Iraq needs to concentrate on counterinsurgency and counterterrorism, rebuilding forces at a pace that can absorb modern equipment, and funding other priorities like unity and development until its export revenues increase. Iraq does, however, need to make a beginning. It needs to see it can trust and rely on the US to help, and that it can rely on US power projection in an emergency without becoming dependent indefinitely into the future.

The US also needs to fully fund near-term State and Defense efforts to build up the Iraqi armed forces, the security forces and police, and do so in ways that minimize ethnic and sectarian tensions. The combined State and Defense budget request for FY2011 and FY2012 will put the US on the right track, but they represent the minimum level needed and they need to be fully funded as soon as possible to allow them to be properly implemented in the face of a highly demanding US schedule for withdrawal. If Iraq does ask for a limited continuing US troop presence of the kind Secretary Gates has discussed, this too should be funded. It will be far, far cheaper to succeed in Iraq than to fail and turn military victory into a strategic defeat.

Looking at the future, the Department of Defense will probably need all of the \$11 billion that **Figure Six** shows that the Department estimates it will need for FY2012 to meet both US and Iraqi security needs, and it may take an average of some \$3 billion a year for five years (FY 2012 – FY 2017) to sustain this effort, build up Iraq's conventional forces until its petroleum revenues increase, and ensure the kind of advisory effort that will create effective national forces that will not become involved in politics or favor a given ethnic or sectarian faction.

Figure Six: Building the Iraqi Security Forces

ISFF: STATUS OF FUNDS, AS OF 6/30/2011
\$ Millions



Note: Data not audited. Numbers affected by rounding.

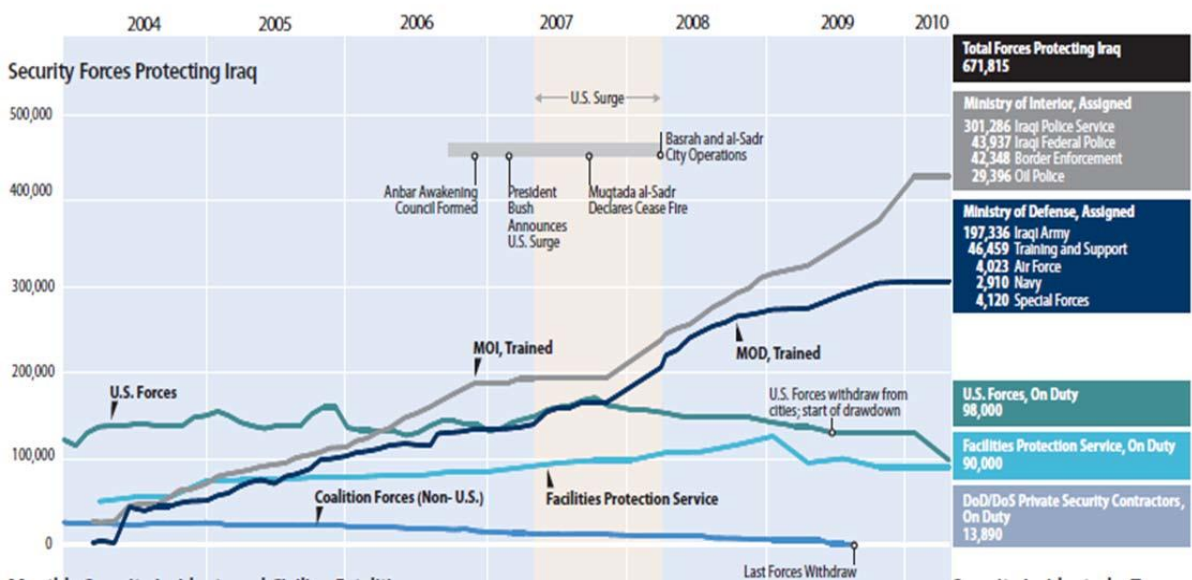
Sources: P.L. 109-13; P.L. 109-102; P.L. 109-234; P.L. 110-28; P.L. 110-92; P.L. 110-116; P.L. 110-137; P.L. 110-149; P.L. 110-161; P.L. 110-252; P.L. 111-32; P.L. 111-212; P.L. 112-10; OUSD(C), response to SIGIR data call, 7/15/2011.

IRAQI SECURITY FORCES, AS OF 6/30/2011

SERVICE	ASSIGNED PERSONNEL	
Ministry of Defense	Iraqi Army	193,421
	Training and Support	66,938
	Air Force	5,053
	Navy	3,622
	Army Air Corps	2,366
Total MOD	271,400	
Ministry of Interior	Iraqi Police	302,000
	Facilities Protection Service	95,000
	Department of Border Enforcement	60,000
	Iraqi Federal Police	44,000
	Oil Police	30,000
Total MOI	531,000	
Counter-Terrorism Force	4,200	
Total	806,600	

Source: SIGIR, *Quarterly Report, July 30, 2011*, pp. 21 and 85.

SECURITY IN IRAQ, 1/2004-3/2010



SIGIR, *Quarterly Report, April 30, 2010*, p. 49

The Department of State Program and Budget Request

The same pressures drive the need for a strong State Department effort, particularly because the State Department will lead all US efforts in Iraq once US combat forces withdraw at the end of 2011, and will assume responsibility for critical parts of the security effort: training a police force that can support civil justice and the rule of law and financing a key part of Iraq's military equipment needs. This will also sharply reduce the need for a US military advisory presence.

The SIGIR quarterly report for July 30, 2011 (p. 37) notes that,

As the troops depart, U.S. Embassy-Baghdad and the Department of State (DoS) will take on a series of ever-increasing challenges. While maintaining a significant diplomatic presence, DoS over the next six months will assume primary responsibility for a planned \$6.8 billion operation that includes advising and mentoring the Iraqi Security Forces (ISF), leading the Police Development Program (PDP), supporting advice and training for purchased military equipment, building capacity, and providing technical assistance to various government ministries and provinces. It will do so from 11 locations around Iraq, including three consulates and the world's largest embassy. DoS will also be responsible for working with the Department of Defense (DoD) to execute two of the largest Foreign Military Sales (FMS) and Foreign Military Financing (FMF) programs in the world and to spend the \$2.55 billion in Iraq Security Forces Fund (ISFF) budgetary authority remaining as of June 30, 2011. Plans call for up to 16,000 government employees and contractors needed to do the work and to ensure adequate air and land transportation, maintenance of intelligence and security capabilities, personal protection, life support, logistics, and medical services.

“Foreign aid” may have become one of the most controversial aspects of federal spending, but it remains a critical tool in US national security and one where again, funding a strategic partnership with Iraq until Iraq can fund its entire share is far cheaper than any of the alternatives.

The broad trends in projected US spending are shown in **Figure Seven**, and the importance of the State Department request becomes far clearer when it is analyzed in detail:

- The State Department received \$1.5 billion in D&CP operational funds in FY 2011 for its diplomatic presence through the current Continuing Resolution (CR). The current level provided in the CR is only sufficient to cover mission operations and Baghdad transition efforts through March, 2011. But after March, significant outlays are required for security and life support contracts, which need to be set in the third quarter.
- On the foreign assistance side, the Department has enough INCLE funds to cover costs of the critical Police Development Program (PDP) through March 4. However, under a full year CR, FY 2011 INCLE funding would be short by \$63 million after including the \$200 million forward funded in the FY 2010 Supplemental. Other assistance accounts, including ESF, NADR, and IMET, are fully covered through the current CR.
- State's planned diplomatic facilities in Iraq will be expensive, largely because of the extraordinary security costs that will be involved until Iraq can finally deal with its internal threats. The money needed for a civilian presence, however, will be far less than was needed for our military operations in Iraq. DoD budgeted \$59.1 billion for military operations in Iraq in FY 2010, and projects spending an additional \$43.4 billion for FY 2011. In contrast, the State FY 2011 budget request for operations and assistance funding in Iraq totaled \$2.517 billion.

To put this funding in perspective, a proper transition from a military-led to a civilian-led U.S. presence in Iraq will result in a considerable cost savings for the U.S. government as a whole. More importantly, continued Congressional support for State is critical to sustaining success in Iraq.

The Department's pending FY 2012 Budget request for Iraq totals \$6.2 billion. D&CP funding equates to the entire \$3.72 billion for Iraq Operations. The \$2.4 billion foreign assistance request includes support for essential economic growth activities in the provinces with a particular focus on agriculture, job creation, and essential service provision. Funds will also provide critical continued assistance for human rights, democracy promotion, and good governance programs.

The total FY 2012 budget request represents an 85% increase over the FY 2010 enacted total due to the tasks formerly performed by the military that State will assume during the transition. These include myriad security responsibilities, including expanded personal security detachments (PSDs) for movement security, explosive ordnance disposal (EOD), medical operations, and logistics support contracting

This spending is particularly critical because FY 2012 will be the critical first year of full civilian leadership in the US bilateral relationship with Iraq. US foreign assistance relationship with Iraq will undergo a major shift as we complete the assumption by civilian agencies of some responsibilities previously borne by the Department of Defense.

State Department Manpower vs. Military Manpower

These requests again depend on Iraqi acceptance, but they are critical to any analysis of the new US security structure in Iraq and the Gulf, and to any assessment of how adequate the overall US personnel and funding effort is, as distinguished from a largely symbolic (if not vacuous) focus on total numbers of soldiers.

The State Department is seeking Foreign Military Financing (\$1 billion) in FY2012 for the first time. This will help close remaining gaps in the Iraqi Security Forces' capabilities and help form the basis of a long-term security relationship.

FY 2012 is also the first full year of a full INCLE funded Police Development Program (PDP) that will support the development of the Iraqi police and Ministry of Interior. The State Department is seeking \$1 billion in INCLE funds to support this effort. The FY 2011 request for PDP only covers three months of initial operational expenses.

The July SIGIR report (pp. 40 highlights just how critical this effort is to the overall capability of Iraqi security forces, and to allowing the US Defense Department to concentrate on building up Iraqi conventional military, counterinsurgency, and counterterrorism capabilities: U.S. Embassy-Baghdad officially takes over the program for training the Iraqi police from the USF-I Training and Advisory Mission on October 1, 2011. The 90-day handover period began on July 1. Finalizing the PDP, which will be led by the DoS Bureau of International Narcotics and Law Enforcement Affairs (INL), has been delayed because of funding uncertainties. DoS has requested \$1 billion in the FY 2012 budget to underwrite the first year's program expense and other criminal justice program costs. Despite these uncertainties, the first wave of advisors who will guide the PDP have already arrived in Iraq. By the end of June, there were 18 advisors in Iraq. The plan developed by INL calls for a total of 190 advisors.

DoS announced in May that Ambassador Michele Sison will become the Assistant Chief of

Mission for Law Enforcement and Rule of Law Assistance at U.S. Embassy-Baghdad. She is expected to arrive in Iraq this summer. Ambassador Sison's primary role will be to lead the Embassy's INL office and the PDP. In addition, Ambassador Sison will replace the Deputy Chief of Mission as Chair of the Law Enforcement Working Group, which meets biweekly, and she will coordinate with the Department of Justice on programs funded by INL.

The Supplemental Appropriations bill for FY 2010 provided INL with \$450 million to construct temporary locations at FOB Shield, which is adjacent to the Baghdad Police College several miles from the Embassy. The other two PDP sites are in Erbil and Basrah. A recent DoS Office of Inspector General (DoS OIG) inspection report recommends that the U.S. Consulate in Erbil be located near the Erbil Airport with INL's police training and air wing operations. In August 2009, DoS OIG reported that the Erbil facilities are inadequate. In May 2011, DoS OIG estimated that \$12 million on security and facility upgrades could be saved if the Consulate were located with INL operations until a permanent facility could be constructed. INL expressed its opposition to this cost-saving recommendation, stating it would be cost-effective for the Erbil Consulate to remain at its Ankawa location until a permanent Consulate is constructed.

The FY 2012 D&CP request of \$3.72 billion represents a 45% increase from the FY 2010 total, but it reflects the extraordinary costs associated with the Department assuming operational leadership in Iraq. The State Department will have stood up Embassy Branch Offices in Kirkuk and Mosul, Consulates General in Erbil and Basra, and will reconfigure facilities at the embassy to support all USG agencies working in Iraq.

Figure Seven: The Changing Patterns of Defense Funding for Afghanistan (OEF) and Iraq (OIF)

(\$ in Billions)

	FY 2009	FY 2010	FY 2011	FY 2012
OEF	52	100	113	107
OIF	94	62	46	11
Total	146	162	159	118

Numbers may not add due to rounding

Source: Department of Defense , FY2012 Budget Summary, B02-11-101 v 2.2FY 2012 Budget

Figure Seven: The FY2011 and FY2012 State Department Budget Requests for Iraq

	FY2010 Base Actual	FY2010 Supp Actual	FY2011 Forward Funding (from the FY2010 Supp)	FY2011 President's Request	Total FY2012 Requirement
State Ops:					
D&CP	\$1,121.60	\$1,030.00	-	\$1,787.00	\$3,725.35
Foreign Assistance:					
ESF	\$382.50		-	\$382.95	\$325.70
INCLE	\$52.00	\$650.00	\$200.00	\$314.56	\$1,000.00
NADR	\$30.30		-	\$29.80	\$32.45
IMET	\$2.00		-	\$2.00	\$2.00
FMF	-	-	-	-	\$1,000.00
USAID OE	\$56.76	-	-	\$56.76	\$75.37
<i>FA Total</i>	<i>\$523.56</i>	<i>\$650.00</i>	<i>\$200.00</i>	<i>\$786.07</i>	<i>\$2,435.52</i>
TOTAL	\$1,645.16	\$1,680.00	\$200.00	\$2,573.07	\$6,160.87

Source: US State Department, February 2012

A Stable Future and Strategic Partnership is Far Cheaper than Any of the Alternatives

If the US can achieve any of its strategic objectives in Iraq, there will be a need for continued spending in FY2013 for both the Defense and State Departments. However, the U.S. government's security assistance and activities will not be open-ended. Iraq is expected to be capable of paying for its own development within 5-7 years as it expands its oil and gas infrastructure and reenters the world energy market. However, the US must provide funding during this transition period to build the capacity of the GoI to manage its future resources if it is to meet its national security objectives.

Ongoing US support for the development of the Iraqi military and law enforcement will be important to mitigate the risk of a resurgent Al Qaeda in Iraq (AQI) or other extremist activity that could pose a direct threat to the security of U.S. citizens both at home and abroad. Continued support for a fair and inclusive political process will help the Government of Iraq resist foreign interference, leading to greater long-term stability in the region. Above all, it will serve as a vital counterbalance to Iran, and as a way of securing world oil exports and the global economy.

If Iraq consents to a meaningful strategic partnership with the US, the US must be ready to respond. If the US does not properly fund a US presence in Iraq, it will lose a war strategically it had virtually won at the tactical level, and vastly empower Iran.

The US can vastly reduce its spending in Iraq as it withdraws its combat forces. It already has reduced much of its foreign aid. It is absolutely essential to US strategic interest, however, to make the proper transition to supporting Iraq during the three to five years during which Iraq needs outside help and support to make a successful transition to a stable democracy, complete the defeat of extremists like Al Qa'ida and Sadrist splinter groups, and rebuild enough regular military force to deter Iranian threats and intimidation.

These costs also will be a tiny fraction of the cost of dealing with Iran and instability throughout the Gulf and the Middle East if Iraq should implode in a new series of internal conflicts, or if Iraq should tilt decisively towards Iran and Syria. It is also money that will only be spent if the US does succeed in making Iraq a real strategic partner. If the new Iraqi government does not want that partnership, the US will face different and far more expensive problems in reshaping its diplomatic and security posture in the Gulf and throughout the region.

Meeting New Politico-Military Challenges in the Gulf

Iraq, however, is only part of the problem. The US now faces new challenges from Iran and new major uncertainties in the Southern Gulf.

Dealing with Iran

A wide range of recent news reports, Iranian military claims, and steadily more aggressive statements by Iranian security officials and officers document the rising challenges from Iran. The IAEA has made it clear that Iran's nuclear program present growing challenges and risks, as well as many areas where there is no meaningful form of inspection and reporting. Iran's long range missile programs have little military value

without warheads equipped with weapons of mass destruction, and Iran's Al Qods force continues to play a major role in arms transfer and smuggling into Lebanon and Gaza.

A new US strategy, force posture, and set of security partnerships in the Gulf region must address the following issues relating to Iran:

- The US cannot afford any strategic illusions about Iran, or hope that regime change will somehow eliminate the need for a major and continuing US strategic presence in the region.
- The US must treat Iran as a potential nuclear power even if Israel conducts some form of preemptive strikes. It has simply moved too far, and diversified too much in expanding its nuclear technology base and long-range missile capabilities. It also will retain both chemical and biological options.
- The US should not change its efforts to persuade Iran to accept arms control, but it needs to work closely with the Southern Gulf states and Iraq to examine missile defense options – and integrated approaches to an air and missile defense system using advanced systems like THAAD and the SM-2. The US should continue to repeat that it is offering extended regional deterrence and work with each state to convince them that this US guarantee is both real and offers more security than their own effort to acquire weapons of mass destruction.
- The US must also maintain a strong naval and air presence, and some form of land presence while it rebuilds a new form of prepositioning. It must make it clear that it will work with Iraq and the GCC states to build capabilities that deny Iran options for intimidation or military action in either a conventional or asymmetric form. This may well require stronger efforts in working with Oman, Saudi Arabia, and the UAE to develop cooperative capabilities to deal with the naval/air/irregular warfare threat to both the Strait of Hormuz and the Gulf of Oman/Indian Ocean area.
- The US must also work with its friends and partners to help them with intelligence on Iran's efforts to use its military, the IRGC, Al Qods force, and intelligence services like the Savak to infiltrate their security forces, exploit sectarian and ethnic tensions, carry out covert operations and sabotage, and win other forms of influence. It must help them create the kind of Special Forces, mobility, and security efforts that can deny Iran success in any such attempts.

Dealing with the Arab Gulf states

Iran, Yemen, and other sources of instability all require the US to maintain a military presence and/or contingency facilities in Kuwait, Bahrain, Qatar, the UAE, Oman, and Turkey. They require the US to maintain a strong security partnership with Saudi Arabia, Jordan, and Egypt. They affect Israel's security both in terms of terrorist and asymmetric threats, and potentially its existence. As is the case with Iraq's security, they also affect the flow of world oil exports, the health of the world economy, and – at least indirectly -- every job in America.

There is no magic troop or force level for such activity. It is clear, however, that the US should keep its bases in Kuwait to both defend Kuwait and the upper Gulf and provide the basis to aid Iraq and deter Iran. It does not have good substitutes for its naval facilities in Bahrain, and its air base in Qatar is now a pivotal part of its regional security capabilities.

US ties to Saudi Arabia in both military affairs and counter insurgency need to be preserved and strengthened. The same is true of US ties to the UAE and Oman. The Southern Gulf needs to see the US is there, powerful, committed to their security, committed to building up their forces, and will keep a strong mix of active air and naval forces and ground force prepositioning.

The wave of political unrest affecting the entire Middle East will require changes in US efforts to cooperate with the Southern Gulf states in dealing with Iran, and efforts to deal with terrorism and violent extremists. The most critical examples to date are Bahrain – the headquarters of the US Fifth Fleet -- and Yemen. Sunni-Shi'ite tension in Bahrain has reached the level of open violence, and progress towards a peaceful and stable solution has failed to materialize so far. Yemen seems likely to pass from a declining near-dictatorship to years of instability.

There have been serious demonstrations in Oman, and at least token demonstrations in Saudi Arabia. Kuwait's awkward mix of royal, Islamic, and self-seeking service politics has become less stable. Sectarian tensions between Sunni and Shi'ite have increased in Kuwait, Saudi Arabia, and Yemen as well as Bahrain. The crisis in Bahrain has triggered anger and increased sectarian tensions in Iraq and Lebanon, giving Iran further local and regional fracture points to try to exploit. The upheavals in Egypt are far from over, and Egypt's future role in the peace progress as well as a strategic partner of the US is uncertain. Jordan and Syria are facing their own problems, and Turkey's tensions with Israel, goals in Iraq, and links to Iran create a further set of problems.

The US will have to rebalance its relationships with every Southern Gulf state, restore their confidence and trust that the US will stay engaged in the region in spite of calls for budget cuts. The US will also have to restore their trust that it will support them in dealing with key security issues at a time when some regional leaders feel the US effectively abandoned Mubarak.

At some level, the US will also have to establish a new approach to balancing its strategic interest with efforts to help each Southern Gulf state deal with the need for reform and a reduction in internal political tensions. Such efforts may work best as the result of quiet, low profile work by the country teams in each embassy, but the US cannot simply be passive and focus on security.

The US goal should be to create a high degree of regional capability to act without the US – both for its own interests and to make it clear the US does not seek some form of regional dominance – although creating steadily stronger partners will take years and success may ultimately require a fundamental change in the character of Iran's regime and ambitions.

The US must assure its partners in the Southern Gulf that it will stay in the region, and maintain a strong and active presence in the bases and facilities the US is allowed to use in Kuwait, Bahrain, Qatar, and Oman.

The US should reinforce the fact that it does not want to leave any key facility or access capability in the Gulf. It should not leave any fears that it will not make use of such facilities to protect the host country, and it should – wherever possible – seek to work as a partner with host country forces, rather than turn to a US-only approach.

The US must continue to work with Saudi Arabia and the UAE to help them build up strong forces to contain, deter, and defend against Iran, deal with terrorism, and deal with new potential threats like instability in Yemen.

The US already has proposed important arms transfer programs to strengthen its partnership with Saudi Arabia and the UAE. As is the case with every friendly regional

state, the US should make such arms transfer an effective part of friendly forces, show it is a reliable source of training and support, and emphasize building up host country capabilities to lead and minimize dependence on the US. It should use the models provided by USMTM and the SANG advisory group in Saudi Arabia as models, and maximize joint training, exchanges, and the use of IMET and other training opportunities in the US.

The US must continue to work with each state in the region to help them develop their counterterrorism capabilities, and quietly emphasize improvements they may find politically difficult. At the same time, it must now emphasize tying internal security and the rule of law to reform, and efforts to win over and reeducate potential and current extremists and terrorists.

The US already has a strong counterterrorism effort in friendly countries in the region. It now needs to be far more careful to emphasize the limits that should be placed on such efforts, the importance of human rights and the rule of law, and the value of the kind of cooption and reintegration developed by Saudi Arabia and other regional states.

The US does need to recognize the fact that US-trained or US-equipped forces may at some point be used against civilians. This occurred a number of times during the Cold War in Latin America. In practice, however, US sales and advisory efforts have done much to help educate friendly military forces as to their responsibilities in avoiding civilian casualties and in serving the people of their country.

Most of the equipment security forces are likely to use in such cases are also light and specialized, are held by specially trained security forces, and are bought from other countries or through uncontrolled commercial sales. Most major US arms sales to the Gulf (FMS or DCS) include standard end-use monitoring agreements that preclude the use of systems in anything but a national defense capacity. The US already has very active monitoring programs for this (Blue Lantern for DoS and Golden Sentry for DoD), however it may need to do a better job of advertising this fact.

At a different level, the US needs to put even more effort into advocating education reform and the kind of measures several states are taking to break down religious barriers, and educate their clergy. At the same time, it needs to be far more careful to make it clear that the US respects Islam, the Arab and Islamic worlds, and rejects the actions of its own religious extremists. This is an area where the US military cannot succeed on its own. It absolutely requires an effective civil-military partnership in the US effort at the national, interagency, command, and country-team levels.

The US must develop a strategy to deal with Yemen, Somalia, the Horn of Africa and the Red Sea.

There are no good options for dealing with Yemen, but the US must make every effort to help a post-Saleh government develop the most effective security capabilities it can. A strong US advisory mission and quiet aid in counterterrorism will be critical steps in this process. At the same time, the US should work with Saudi Arabia and Oman to develop an effective approach to border surveillance and security, and examine options like the security fence plans Saudi Arabia has already developed.

It will have to try to find some way of both helping Yemen achieve stability and strengthening Omani and Saudi capabilities to deal with a Yemen that may become far more divided, with much stronger radical Al Qaida elements – with far greater efforts on the part of Yemenis to emigrate across borders.

The US also will have to deal with the risk that both terrorism and piracy can take new forms, and new linkages may develop between extremists in Somalia, Yemen, and other parts of the region. The US not only needs to work with all friendly states and navies to check the threat of piracy and terrorism in Somalia and other states in the Horn, but to ensure that similar threats do not develop from other Red Sea countries. It needs to work with Saudi Arabia to strengthen its Red Sea fleet, air, and IS&R capabilities. These are areas where France, Britain, and Egypt can all play a significant role.

Meeting New Politico-Military Challenges in Jordan, Egypt, and the Levant

Gulf security will be sharply affected by developments in every area around the Gulf, but particularly by Egypt and the Levant. The US needs to treat Egypt and Jordan as critical security partners, in that they provide access to the Gulf and secure it from the West..

The US will have to deal with a radical new mix of uncertain politics and security alignments affecting Egypt and Jordan that may impact US access to the Gulf. The US must find some new way to try to work with a Lebanese government absent many post-2005 local allies, at a time when Hezbollah continues to expand its political influence.

The US must continue to must juggle its desire for reform in Syria, and to reduce Iran's influence, against the need for Syrian and Lebanese stability. It must deal with major new complications in the search for an Arab-Israeli peace process. These will be driven by Egypt's uncertain politics, Israel's divided politics, Syrian instability, divisions in Lebanon, Palestinian divisions in Gaza and the West Bank and a growing Arab feeling that only treating Palestine as a sovereign state can push Israel towards some solution.

The US must continue to support the Arab-Israeli peace efforts, reassure Israel, and help the Palestinians move toward full sovereignty as a state. The search for a just and lasting Arab-Israeli peace has all of the joys (and near-term prospects for success) of the labors of Sisyphus. It is, however, necessary.

No matter how difficult the effort may be, the US needs to make it clear that it will continue to push for a peace while both helping Israel ensure its security and showing the Palestinians that the US is sincere in seeking to give them dignity, sovereignty, and a working state and security effort.

At the same time, the US must continue to make it clear that it is not offering any form of "green light" for a unilateral Israeli action against Iran. It must help Israel deal with the risks Iran poses through the same kind of measures like extended deterrence, missile defense, aid, and arms transfers that it will use to protect key Arab friends and allies.

Working with Britain France, and Turkey

The US needs to do what it can to help Britain and France adjust to the coming cuts in their long-range power projection capabilities. Both powers have shown they still can

play a critical role in Afghanistan, and – along with a number of other NATO power including Italy – that they can be the lead partners in shorter-range operations in North Africa like the one in Libya. The US should make sure to include them in all regional exercises, do what it can to provide comment ISW, C4I/BM, and similar capabilities, and consider whether it can provide joint basing and support facilities for common deployments.

The British role in Oman, the French role in Djibouti, and developments like the new French naval facility in the UAE are all activities that serve important common strategic purposes. To the extent possible, the US also needs to work with all European states to ensure the maximum degree of effectiveness and interoperability in arms transfers to friendly Arab states – regardless of whether these are US sales or US made.

Turkey presents a different case. It is a key member of NATO, but it is also a key Middle Eastern and Gulf power with common borders with Syria, Iraq, and Iran. The US needs to do all it can to work with Turkey to ensure the security and stability of Iraq, deal with the problem of Syria, and contain Iran. It needs to recognize that Turkey is a de facto USCENTCOM power, and one that will have steadily growing power and influence.

Press reports of a Turkish call for US basing of UAVs and UCAVs in Turkey to deal with terrorist threats in Iraq can be linked to US efforts to help in halting the PKK from reemerging as a serious terrorist threat, quiet US efforts to persuade both Turkey and Iraq to reach political settlements with their respective Kurdish populations, keep their security efforts carefully in proportion, and focus on incentives and human rights.

Unfortunately, Turkish and Israeli tensions do complicate the issue, but the US cannot begin to choose between Israel and Turkey on any level. Strategically, it also has to deal with the reality that Israel can never be an effective partner in any military contingency involving an Arab country without a solution to the Arab-Israeli conflict, while Turkey as a Moslem state and successful economy has growing respect and freedom of action in the Arab world.

Changing the US Civil-Military Posture in the Region

US leverage over all of these issues will be uncertain at best, but the US cannot afford to stand aside from any issue; or ignore the need to try to find some mix of diplomatic, aid, and security efforts that can make things better. This will not be easy for either the Administration or the Congress at a time when far too many Americans focus so much on domestic politics and economic issues, and where there is so much resistance to new foreign aid efforts and spending, and so much ignorance as to how small these efforts now are.

“Aid” and “nation building” have become four letter words in some parts of US politics, and respect for the military and calls for military spending does not imply any insight as to what military efforts in support of international security partnerships with given states really means. Such efforts cannot be successful except as part of a partnership with the State Department and at least some efforts to provide focused aid in improving governance, political capacity, economies, the rule of law and human rights. Even counterterrorism experts are only beginning to realize that success now means dealing

with reform and improved justice systems. The days when this critical aspect of US policy could rely on regime stability and excessive security measures are over.

The fact is that the US must make new country-by-country politico-military efforts a critical aspect of its plan to reshape its strategic posture in the Gulf, as any solely military efforts will fail. This requires strong support at the national level in the White House, NSC, State Department and Department of Defense. It is even more important, however, that the US creates a clear strategy for a civil-military regional effort by the key desks in the State Department and by USCENTCOM, and builds up its country teams in each embassy and gives them more funding and latitude to deal with local information programs, exchanges, and aid.

This does not require changes in US strategy – almost every strategy document issued in the Bush and Obama Administrations has recognized such needs. It does, however, require new resources, money and personnel. It requires far better planning, funding, and management of efforts to execute such strategies. Most demandingly, it requires two fundamental changes in the operations of the US government.

- First, it requires a fully integrated and well-managed effort by State, DoD, USAID, the various agencies involved in counterterrorism, and other federal agencies. It means real integration of civil-military plans, programs, and budget and manpower resources – none of which have been fully achieved in either Iraq or Afghanistan after ten years of war. It requires someone to be in charge rather than the past reliance on ineffective coordination and good intentions. It requires State to come to grips with its dismal failure to produce a workable QDDR, and the weakness of USAID's top leadership.
- Second, it requires a new kind of partnership between the Congress and the Executive Branch at a time when American politics are moving in precisely the wrong direction. The Executive Branch needs to present the kind of plans and reporting that show there are realistic integrated civil military plans to justify all expenditures and programs. It needs to provide honest reporting, rather than vague, ritual justifications copied from last year's reports.

The Administration needs to demonstrate effectiveness, and not rely on spin, exaggerate claims, omissions, and calls for trust. The Congress needs to focus on key national security needs and find some other area for partisan extremism and political advantage. It needs to look beyond narrow areas of jurisdiction, one-year budgets, and competing ideological slogans and gross oversimplifications. It needs to focus on ensuring that money is well spent, and not on budget cuts or efforts to give the military precedence over civil programs without regard to cost-benefit and need.

Accepting the Need for Continued Strategic Dependence on Energy Imports

The problem of energy import dependence goes far beyond Iraq; it is the fundamental US strategic interest in the Gulf and the Middle East. This means both the Executive Branch and the Congress need to become far more realistic about the strategic importance and priorities of Gulf and MENA energy exports. The US government has been issuing failed calls for energy independence ever since the Nixon Administration. It did this again during the Bush Administration – although the Bush Administration never got beyond the domestic side of policy or attempted to develop a meaningful plan. The Obama Administration has issued yet another call for such independence without flagging the fact that it will be decades -- if ever -- before the US can possibly achieve such results.

As noted earlier, the reality is that the modeling and forecasts by the Energy Information Agency of the Department of Energy, and by the International Energy Agency, all project continued US dependence on energy imports through 2035, even given very favorable assumption about alternative energy. The US is as dependent as every other importing nation on the world price of energy imports, regardless of where imports come from, and the flow of supply from the Gulf dominates that price.

Moreover, the US is equally dependent on whether Europe and key nations like Japan, South Korea, and China get a reliable flow of affordable petroleum and gas. Globalism means dependence on the overall health of a global economy. It also means massive indirect imports of petroleum in the form of manufactured goods from other countries.

US strategy must be based on the security of global energy exports and they are driven by exports from the Gulf. Unless the Executive Branch and Congress accept this reality, they may never be able to agree on giving the region the priority and funding that vital US security interests require.

Dealing with Key Military Tasks

That said, there is a range of specific military tasks that the US does need to perform. Many are ones the US is already involved in, but it is often still unclear how the US intends to deal with given tasks. US overall strategy is unclear, and at some point in the near future it needs to go far more public in order to reassure its friends in the region and deter and contain potential threats.

The US should let Europe take the lead in Libya and North Africa. It must, however, recognize that the strategic importance of Egypt and Jordan goes far beyond the Arab-Israeli peace process and directly affects the security of world energy exports as well. Egypt and Jordan are critical parts of the US strategy in the Gulf, and US aid and security efforts need to recognize this fact.

Finally, the US needs to work closely with Britain, France, and Turkey to maintain a broader strategic partnership to secure the region. The US must work with Britain and/or France to try to limit the extent to which they react to their own budget crises by reducing their role in the region. It is also critical that the US recognize Turkey's steadily expanding role and influence, and do as much to strengthen its military partnership with Turkey outside the boundaries of NATO as possible.

At a technical level, the US needs to develop coherent plans for cooperative intelligence, surveillance, and reconnaissance (IS&R), missile and air defense, mine warfare, and arms transfer efforts in the region that emphasize partnership on a broad cooperative level.

There is no way the US can hope to impose standard military architectures on a region with so many conflicting national interests and priorities. It can, however, update its efforts to develop its own architectures that cover key military tasks in the region, which give friends and allies an incentive to cooperate in the form of enhanced capability, reduce the burden on US forces, and prepare for added cooperation when contingencies alter the willingness of partner states to work together.

Setting Broader Strategic Priorities

Finally, the US must be very careful in conducting any form of strategic triage that reduces its presence and role anywhere in the world. It is far from clear that the US does have to make hard choices between its current strategic priorities. Its direct, baseline defense expenditures are still below 4% of its GNP – far lower levels than during the demanding periods of the Cold War.

Even if one adds in all related State Department and aid expenditures, and all of the foreign aspects of Homeland security, the total is still under 5%. This would still be true if the US funded all of the necessary enhancements on the civil side of its security posture in the Gulf and the broader MENA region, and the cost will drop far below 5% if the US can largely end its troop presence in Afghanistan after 2014.

If the US does have to make choices, it should give priority to the Gulf and East Asia, and pay close attention to some of the advice from Secretary Gates about the merits of a major land conflict in Afghanistan. The war in Afghanistan and Pakistan is both extremely costly and offers only a marginal chance of enduring US grand strategic success. The US has yet to find a reliable partner in the Afghan government, and its role in Pakistan remains even more uncertain. Moreover, even if the US can lead ISAF and the ANSF to a successful implementation of a “clear, hold, build, transition” strategy it is unclear that it will have a lasting impact once US and ISAF forces are gone.

The US is now deeply committed in Central and South Asia because of 9/11, and not because it has clear and lasting security interests that require it to be there. Geography ensures that Central Asia will always be more of a focus for powers like Russia and China, and the US has no clear military reason to try to affect the balance between Pakistan and India – as distinguished from encouraging both states towards peace.

If trade-offs have to be made – and it is far from clear that such trade-offs are necessary – the US needs to reexamine its priorities for being in – or staying in – a region where the best way to win the new “Great Game” may well be not to play it. The Persian Gulf is a different matter entirely. Iran cannot be allowed to dominate the region, and the continued safety of energy exports from the Gulf is a core US National Security priority. Afghanistan is a war of choice – defending the Persian Gulf is a necessity.

The Burke Chair in Strategy has released a number of reports on the current situation and future trends of the Gulf and the wider Middle East. Please find their links below:

Stability in the Middle East and North Africa: the other Side of Security

This report examines the range of indicators that do seem to underlie the current unrest in the Middle East and North Africa (MENA) area. <http://csis.org/publication/stability-middle-east-and-north-africa-other-side-security>

Understanding Saudi Stability and Instability: A Very Different Nation

This commentary discusses the recent unrest in the region in regards to Saudi Arabia. <http://csis.org/publication/understanding-saudi-stability-and-instability-very-different-nation>

GCC Security, Risk Assessment, and U.S. Extended Deterrence

This report details the security dynamics of the Gulf region. <http://csis.org/publication/gcc-security-risk-assessment-and-us-extended-deterrence>

US, Gulf and Israeli Perspectives of the Threat from Iran

This report examines the perspectives Israel, the US and Iran have on their strategic competition. <http://csis.org/publication/us-gulf-and-israeli-perspectives-threat-iran-part-1>

U.S. and Iranian Strategic Competition: Saudi Arabia and the Gulf States

This report analyzes the nature of the competition between Iran and the US in each Arab Gulf country, paying special attention to Saudi Arabia's major role. <http://csis.org/publication/us-and-iranian-strategic-competition>

U.S. and Iranian Strategic Competition: Iranian Views of How Iran's Asymmetric Warfare Developments Affect Competition with the US and the Gulf, Sept. 2010 – Feb. 2011 This report examines press statements from Iran on their asymmetric capabilities <http://csis.org/publication/us-and-iranian-strategic-competition-1>

US Strategic Competition With Iran: Energy, Economics, Sanctions, And The Nuclear Issue This report examines how energy, economics, trade, and sanctions all interact with the nuclear issue. <http://csis.org/publication/us-strategic-competition-iran-energy-economics-sanctions-and-nuclear-issue>

U.S. And Iranian Strategic Competition: Competition between the US and Iran in Iraq This report examines the competition for influence between the US and Iran inside Iraq. <http://csis.org/publication/us-and-iranian-strategic-competition-0>