

US AND IRANIAN STRATEGIC  
COMPETITION

**The Gulf and the Arabian  
Peninsula**

**Anthony H. Cordesman and Robert M. Shelala II**

**Anthony H. Cordesman**  
**Arleigh A. Burke Chair in Strategy**  
**[acordesman@gmail.com](mailto:acordesman@gmail.com)**

**Third Edition**  
**January 7, 2013**

**Note: This report will be updated. Please provide comments and  
suggestions to [acordesman@gmail.com](mailto:acordesman@gmail.com)**

## EXECUTIVE SUMMARY

The Gulf and the Arabian Peninsula is the most important single theater in the US-Iranian strategic competition. The proximity of the Arab Gulf states to Iran; the region's geostrategic value to the stability of the global economy; the shifting military balance; and the social, demographic, and economic tensions that threaten to create political upheavals in several key states make it a potential flash-point in tensions between Washington and Tehran.

While each state in the region has unique challenges, several overarching issues shape the significance of the region:

- *Natural Resources:* The large reserves of oil and natural gas in the Arabian Peninsula make the security and stability of the region of vital importance to the US. Three of the world's top 10 producers of oil are located on the peninsula – Saudi Arabia (1), the United Arab Emirates (7) and Kuwait (10).<sup>1</sup>
- The size of proved oil reserves in many of these states also ensures that these countries will continue to be major players in the global oil trade so long as there is demand. According to the Central Intelligence Agency, Saudi Arabia has the largest proven oil reserves of any country in the world, with 17% of the world total. Kuwait and the UAE follow with the sixth and seventh-largest proved reserves, comprising 6.8 and 6.4% of the world total, respectively.<sup>2</sup>
- While any estimates of oil and gas reserves as a percent of the world total are highly uncertain, the BP Statistical Review of Energy for 2012 estimates that the GCC states have 19.2% of the world oil reserves versus 9.1% for Iran and 8.7% for Iraq.<sup>3</sup> Some estimates put the GCC shares of the world's proven conventional oil reserves as high as 45%, with the potential to rise steadily in the future.<sup>4</sup>

The region also has key natural gas producers – namely Qatar and Saudi Arabia. The BP Statistical Review of Energy for 2012 estimates that the GCC states have 20.4% of world gas reserves versus 15.9% for Iran and 1.7% for Iraq.<sup>5</sup> Some estimates indicate that the GCC has 17% of the world's conventional gas reserves.<sup>6</sup> In terms of proved reserves of natural gas, Qatar has the world's third-largest and Saudi Arabia the fourth-largest – 12-13% and 3.9-4% of the world total, respectively.<sup>7</sup> Saudi Arabia also has extensive mineral resources.

*Geography:* Geography is significant to the importance of the Arabian Peninsula for multiple reasons. The close proximity between the Gulf Arab states and Iran shape the competition. All of the Arab states are in close range of Iranian missile, air, and naval capabilities. The presence of US military assets and facilities throughout the peninsula exacerbates this threat, as these states may be viewed by Iran as targets for retaliation in the event of a preventative US or Israeli strike against Iranian nuclear infrastructure.

The Strait of Hormuz – which passes between the UAE, Oman, and Iran – is an essential passageway for maritime commerce from the east coast of Saudi Arabia, Kuwait, Qatar, Bahrain, and the UAE to the outside world. Roughly 35% of all oil moved via ocean and 20% of all internationally traded oil passes through the Strait – some 17 million barrels daily. According to the US Energy Information Administration, “The Strait of Hormuz is by far the world's most important chokepoint [for oil trade].”<sup>8</sup>

- *Sunni and Shia Tension:* Iran is a Persian Shia state with a different language than the Gulf Arab states, and is an ambitious foe seeking regional and religious dominance. Each of the Arab Gulf states has a relatively significant Shia population – particularly Bahrain, where Shia have a majority. In several countries, the Shia portion of the population sees itself as being socially, politically, and economically less well-off than their Sunni brethren.

In Bahrain, Saudi Arabia, Yemen, the UAE, and – to a lesser extent – Kuwait, the governments have been concerned about the ability of their Shia to cause social unrest. They are also concerned

about Iranian links to these communities, and possible infiltration of these populations to undermine the Sunni leadership of the states, particularly by Hezbollah and the Quds Force of Iran's Islamic Revolutionary Guard Corps (IRGC).

- *Reluctance to Back an Escalation in Tensions with Iran:* While all of the Gulf states – with the exception of Oman – have Sunni leadership and are troubled about Iran's nuclear program and the ties between their Shia and Iran, many are reluctant to back a US-Iranian confrontation<sup>9</sup> unless they are fully convinced that Iran is a real nuclear threat and that the US will act decisively and be successful.

Each of these issues affects US and Iranian competition in the Gulf states at a time when this competition is only one of the critical factors shaping their security. This competition interacts with religious extremism and terrorism; internal sectarian, ethnic, and tribal divisions; the need to deal with massive demographic pressures and a “youth bulge” that requires the creation of massive numbers of jobs and new social infrastructure; and the need for stable political and social evolution to avoid political upheavals that can do as much or more to disrupt reform and modernization as to achieve it.

They also affect security at a time when the US and the Gulf allies must shift from a past focus on conventional warfare and compartmented internal security efforts to a spectrum of four interactive challenges:

- Internal security, counterterrorism (CT), and civil-military stability operations – often involving outside powers and arms transfers.
- Low to mid-level asymmetric wars that may involve conventional forces.
- Conventional wars using asymmetric means
- Use of weapons of mass destruction (WMD), weapons of mass effectiveness, and cyberwarfare – wild card patterns of conflict and escalation.

Both the US and its security partners in the GCC states must deal with all of these issues at a time when security means dealing with the emergence of complex or hybrid warfare which can occur at many different levels without clear probabilities – other than opponents like Iran and violent extremists who will seek to exploit any perceived weaknesses and do so as cheaply as possible. Each Gulf state must also individually and collectively deal with enduring political, social, and economic pressures that threaten its stability and that of its neighbors. These are pressures where the US and outside powers can have limited influence, but where success or failure will occur on a largely national and local basis.

### ***The US and the Arab Gulf States: Challenges and Interests***

Ever since the early 1970s, the US has sought to protect and secure the stable flow of oil and gas exports at world market prices, promote security and stability in the region, forge useful military cooperation programs to advance broader US strategic aims, and encourage economic development and trade while protecting trade lanes. Iran's unconventional military developments and nuclear weapons program pose a risk to each of these interests, and thus to the ability for the US to advance its own national security and global economic stability.

In the more than sixty years that the US has been actively engaged in the region, Washington has advanced these interests through numerous variations of alliances and containment. Saudi Arabia played an important role – along with Iran – in the US

strategy to contain the Soviet Union.<sup>10</sup> As a result of the 1979 Islamic Revolution, Iran began to emerge as the major regional threat to US regional interests. The Iran-Iraq War, the Iran hostage crisis, various acts of terrorism, and the Iranian targeting of Kuwaiti tankers in the Gulf made this threat real, while the subsequent collapse of the Soviet Union allowed the US to focus more on containing Iran. At the same time, the aggression displayed by Saddam Hussein during the 1990 invasion of Kuwait and the brief Iraqi incursion into Saudi Arabia demonstrated that an ambitious and hostile Ba'athist regime in Baghdad was also a threat to US security interests in the Gulf.

The US characterized the decade that followed in terms of “dual containment,” when the US sought to limit hostility from both Baghdad and Tehran. Economic sanctions and a no-fly zone were put into effect to mitigate against future Iraqi hostility, while Washington remained cautious of developments in Iran<sup>11</sup> and built up the militaries of the Gulf Arab states.

The Iraqi threat to Gulf security ended after the US-led invasion of Iraq in 2003, but created a new Iraqi threat to the US. While Iraq once had the fifth-largest army in the world,<sup>12</sup> the US invasion destroyed Iraq's forces while triggering a mix of clashing Sunni, Shia, and Kurdish factions and an insurgency hostile to the US. This – followed by the election of the conservative Iranian President Mahmoud Ahmadinejad and growing concern with the Iranian nuclear program – has made the containment of Iran the principal strategic objective of the US in the Gulf region.

### ***Enhanced US Partnership with the Southern Gulf States***

The US is now engaged in a major effort to enhance its own military capabilities in the Gulf and those of its partner countries on the Arabian Peninsula, particularly in the realm of air power, missile defense, and air-sea operations. At the same time, the prospect of US or Israeli preventative military action against Iran's nuclear infrastructure raises the possibility of Iranian retaliation in the Gulf region.

The relative balance of US, European, Arab Gulf, and Iranian military capabilities is analyzed in detail in Chapters III and IV, but several aspects are particularly important in shaping the attitudes of the leaders of the Southern Gulf states towards the US and Iran:

- *Terrorism and Civil Unrest:* There is a history of Iranian-linked terrorism and civil unrest dating to the infancy of the Islamic Republic. Bahrain in particular has alleged that numerous uprisings, attempted coups, and recent bombings have been linked to Iranian support for Shia factions in that country. Kuwait also has a history of dealing with Iranian-linked terrorism as early as the 1980s, with another attempted attack recently uncovered. Plots in Bahrain and Kuwait have been linked to both Hezbollah and the IRGC Quds Force.
- *Support to Other Violent Non-State Actors:* As has been the case with Hezbollah in Lebanon and Shia groups in Iraq, Iran has been accused of providing material support to violent non-state actors (VNSAs) in the Arabian Peninsula. The IRGC Quds Force is accused of meeting with and providing arms to Houthi militants in Yemen, which have been battling the US-backed regimes of Yemen and Saudi Arabia.
- *Threat to Maritime Trade:* The security of maritime commerce for much of the Arabian Peninsula is contingent upon safe passage through the Strait of Hormuz. The threat of Iranian mines, small boat attacks, and anti-ship missiles is a serious risk to regional commerce.
- *Missile Threat:* Iran's airpower capabilities are limited by sanctions and the ageing nature of the country's fixed-wing air force. However, Iran has compensated for these shortcomings with short

to intermediate range missile capabilities that put major population centers and critical infrastructure on the Arabian Peninsula in range of Iranian strikes.

- *Nuclear Threat:* The GCC Supreme Council meeting in December 2012 made it clear that the leaders of the Arab Gulf states supported Iran's right to make peaceful use of nuclear power. However, these leaders were deeply concerned about the growing evidence that Iran is developing a nuclear weapons breakout capability and has plans to arm its missile forces with nuclear weapons.

The US has responded to these threats with a series of major security cooperation initiatives in the region geared towards containing and deterring Iran. These have included deploying US special forces and mine units to the Gulf, making the Gulf Cooperation Council (GCC) states partners in its Combined Air Operations Center (CAOC) in Qatar, sharply increasing the number of multilateral military exercises – especially with the US 5<sup>th</sup> Fleet, and helping the GCC states make major improvements in their deterrent and defense capabilities.

While the major Western European states and China have cut their weapons exports to the region in recent years relative to the mid-2000s, the US increased its arms agreements with GCC states by over eight times between 2004-2007 and 2008-2011. Saudi Arabia made the most drastic increases, with a nine-fold increase in 2008-2011 in versus 2004-2007. Kuwait, Oman, the UAE, and Qatar have also experienced considerable growth in weapons imports from the US. Similar increases have also taken place in arms deliveries.

The US commitment to the security of the Arab Gulf states has steadily grown stronger, as the Iranian asymmetric and missile threats and the prospect of Iranian nuclear weapons has become more threatening. There is no doubt that Washington and the Southern Gulf states take Iranian threats seriously, and are making significant investments in building the region's defensive capabilities.

The US has focused on helping the Southern Gulf states develop their air, naval, asymmetric warfare, and counterterrorism capabilities. It has also helped them develop improved missile defense capabilities, particularly in Qatar and the UAE.

Many GCC states are acquiring PAC-3 capabilities for the Patriot missile defense system. Unlike the PAC-2 variant, the PAC-3 can accommodate 16 missiles per launcher rather than four and offers “more advanced radar and electronics systems” as well as “hit to kill” capabilities, whereas the PAC-2 uses a “proximity fuse.”<sup>13</sup> This system can be used “against short-range ballistic missiles, large-caliber rockets, and air-breathing threats.”<sup>14</sup>

Additionally, the US is selling Terminal High Altitude Area Defense (THAAD) capabilities to Qatar and the UAE. THAAD, like PAC-3, also offers “hit-to-kill” capabilities, and is able to intercept ballistic missiles in the last segment of their flight, but is a wide area missile defense system. The ability of the system to intercept missiles at high altitude – including above the Earth's atmosphere – makes it an appealing system for the intercept of nuclear, chemical, or biological-tipped missiles.<sup>15</sup> This system will offer additional protection to these countries and US facilities and assets within them by working synergistically with Patriot PAC-3 and Aegis systems<sup>16</sup> already in the region. According to Lockheed Martin, “The system [THAAD] has a track record of 100% mission success in flight testing.”<sup>17</sup>

In addition to missile defense developments, the US has taken steps to enhance the air and maritime security capabilities of each friendly state to protect against threats from the air, land, and sea.

Complimenting these efforts, the US has offered Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) assistance to many of the most vulnerable states to instability in the region, such as Yemen and Bahrain, as will be discussed in greater detail later in this report.

The Gulf Security Dialogue (GSD) initiated by the Bush Administration has been sustained through the Obama Administration as Washington engages the region. There has been discussion indicating the possibility of US security guarantees or “extended deterrence” in an effort to protect those states against Iranian threats. Such efforts could reduce the possibility that some Gulf states would acquiesce to Iranian pressure and limit the threat of proliferation in the event that Iran actually equips its force with nuclear weapons.<sup>18</sup>

All of these measures represent a US commitment to the containment and deterrence of Iran in the Gulf – addressing the conventional and unconventional threats posed to these states. At the same time, the US has encouraged economic, social, and political reform; the development of energy exports; and the expansion of trade.

### ***The Strengths and Weaknesses of Gulf Partners***

The Southern Gulf states represent the key strategic bloc in the region, and one whose ties to the US are critical to its competition with the Iran and the security of world oil flows and the global economy.

As the most powerful state on the Arabian Peninsula, Saudi Arabia maintains a larger defense budget than any of the other countries in the region – spending roughly five times as much on defense in 2011 (\$46.2 billion) as the next largest spender on the peninsula, the UAE (\$9.32 billion). Saudi Arabia is estimated to have spent nearly four times more on defense than Iran spent in 2011.<sup>19</sup>

The differences in size of active forces in the Gulf largely reflect the differences in population size between the Gulf countries, with Saudi Arabia and Yemen having the largest active forces on the peninsula – 233,500 and 66,700 respectively. Despite the considerable gap between the Kingdom’s defense budget and that of Iran, Tehran’s active force is over twice the size of Riyadh’s, with 523,000 active personnel.<sup>20</sup>

Energy exports are an important factor in driving defense spending – at least for the region’s main exporters. The region’s largest defense budgets also happen to be in the two countries with the highest crude oil exports rates – Saudi Arabia and the UAE.<sup>21</sup> It is believed that spending on defense will continue to rise as revenues from energy exports also increase, at the expense of spending on social programs.<sup>22</sup> The highly socialized economies of the Gulf states are dependent on energy export revenues to finance social programs and create jobs for the unemployed population. The allocation of a greater share of energy export revenue toward security could exacerbate economically-driven social problems, possibly leading to greater internal security challenges.

## **Southern Gulf Alignments with the US**

The US is divided from the Southern Gulf states by its different political system and values, and by its ties to Israel. At the same time, Iran's actions, political upheavals in the region, and the threat of terrorism and internal extremists have steadily pushed the Southern Gulf states towards building up their military capabilities and creating a more effective partnership with the US, Britain, and France.

The leaders of each state made this clear in the official press statement issued after of the December 2012 (33<sup>rd</sup>) Supreme Council meeting of the GCC. This statement not only highlighted the Iranian threat, but indirectly challenged Iran on Syria and any Iranian role in Yemen.<sup>23</sup>

The Supreme Council reiterated its firm stance as per previous statements rejecting the Iranian occupation of the UAE's three Islands namely: (Greater Tunb, Lesser Tunb and Abu Musa ), asserting the right to supremacy on the three islands and regional territorial waters, airspace and continental shelf and free economic zone which form an integral and inseparable part of the United Arab Emirates.

The Supreme Council expressed sorrow because no positive results could be reached through communications with the Islamic Republic of Iran as to culminate in a solution for the issue of the three UAE's islands so as to contribute into boosting the security and stability of the region.

Any acts or practices implemented by Iran on the three islands will be deemed null and void and should not entail any change in legal or historic status of the Islands which confirm the right of supremacy of the United Arab Emirates over its three Islands.

The Supreme Council did not rule out considering all peaceful means which could lead to reinstating the right of the United Arab Emirates over its three islands, inviting the Islamic Republic of Iran to respond to the UAE's efforts to solve the issue through direct negotiations or resorting to the International Court of Justice.

The Supreme Council rejected and denounced continual Iranian interference in the GCC states' internal affairs and urged Iran to immediately stop these practices for good and to refrain from policies and acts which increase tension or threaten regional security and stability. The Supreme Council emphasized the need for Iran's full compliance with the principles of good neighborliness and mutual respect and non-intervention in internal affairs and solving disputes by peaceful means without resorting to force or threats.

The Supreme Council asserted that the Iranian nuclear program does not only threaten regional security and stability but also international security and stability, urging Iran to cooperate with the International Atomic Energy Agency (the IAEA), and renewed the GCC firm stance regarding the significant need for Iran's compliance in order to make the Middle East region, including the Arabian Gulf region, free from weapons of mass destruction as well as from nuclear weapons, praising international efforts aimed to solve the Iranian nuclear program through peaceful means.

The Supreme Council affirmed the right of countries, including Iran, to harnessing peaceful nuclear energy on condition of responsibility of the operating country for the safety of its nuclear facility whilst taking into consideration environmental safety in the large geographic region and the need to fully comply with standards of safety and security and non-nuclear proliferation. Now that Iran began operating the Bushehr reactor, the GCC countries urge Iran to maintain full transparency vis-a-vis this matter and to join the agreement on nuclear safety and enforce maximum safety standards in its facilities.

The Supreme Council reviewed latest developments on the Syrian arena, under continually deteriorating conditions and the human suffering of the brotherly Syrian people. The Council expressed utmost pain and grief towards continuous bloodshed and loss of innocent lives, destruction of cities and infrastructures which necessitates a speedy political power transition. The Council urged the international community to move seriously in order to promptly stop these

massacres and blatant violations which contradict with all heavenly commandments, international laws and human values.

The Supreme Council asserted its support to the Syrian National Coalition which is the sole lawful representative of the Syrian people formed in Doha in November 2012 under the kind patronage of His Highness Sheikh Hamad bin Khalifa the Emir of the State of Qatar and auspices of the Arab League, urging the international community to urgently provide all sorts of humanitarian assistance to the brotherly Syrian people who suffer from harsh living conditions.

The Supreme Council expressed its support to the mission of the UN Arab Envoy to Syria, Mr. Lakhdar Brahimi, provided that this gains consensus from the UN Security Council especially its permanent members, in accordance with the powers and responsibilities of the UN Security Council in maintaining international security and stability.

... The Supreme Council was informed by King Hamad bin Isa Al Khalifa about the message he had received from Yemeni President Abdourabou Mansour Hadi regarding accomplishment of the GCC Initiative for Yemen's part one who thanked the GCC leaders for protecting Yemen from the ghost of civil war and solving its problem.

The Council praised the Yemeni President's recent resolution in favor of restricting the Yemeni Armed forces as part of the GCC Initiative and its executive mechanism in a key step aimed to boost security and stability in Yemen.

The Supreme Council looks forward to Yemen's implementation of the second phase of the GCC Initiative for Yemen after convening the national dialogue with participation from all segments of the Yemeni people and their concurring on what is in the best interest of Yemen and its unity, security and stability.

The Supreme Council reiterated its previous resolutions and firm stances vis-a-vis Iran in terms of respecting its territorial integrity and independence, urging Iraq to comply with UN resolutions regarding its borders and pending issues with the State of Kuwait.

A later press release on a press conference by Shaikh Khalid bin Ahmed Al Khalifa, Minister of Foreign Affairs of the Kingdom of Bahrain and Secretary General of the GCC, Dr. Abdullatif bin Rashid Al-Zayani reported that,<sup>24</sup>

'The efforts to communicate with the Islamic Republic of Iran have not stopped and will not stop and relations with it always passes stages and there are things which we disagree with Iran. GCC is keen to put its relationship with Iran in the correct path without allowing to any party to intervene in the affairs of the other party and not endanger the region, whether to the danger of violence, of environment or that of war or to the threat of nuclear reactors, even in situations of peace, and news about the danger of nuclear reactors was circulated and that was clarified for the Islamic Republic.'

...He also said 'We want a radical solution ending the tragedy of the Syrian people,'.

...On the issue of Yemen, Dr. Al-Zayani said that the GCC member States support Yemen's stability and they have had their efforts through the GCC initiative, and that the amount collected was eight billion, of which most of it came from the GCC member States and we are optimistic about the situation in Yemen for our confidence in the wisdom of the Yemeni brothers.

Also, the Bahraini Foreign Minister explained that the GCC efforts in resolving the issue of the occupied islands of the United Arab Emirates (UAE) are still going on and our stance is solid towards it and they are UAE islands occupied by Iranian forces and must be returned to the UAE either through negotiations or arbitration, and that any action carried out by Iran on these islands won't result in any legal interest in Iran's favor and we support all the UAE steps in this regard.

...On the assessment of Russian efforts to resolve the Syrian crisis, the Foreign Minister of Bahrain stressed that Russia's role is an important role, and that there is a dialogue between the GCC countries and Russia, and work is going on to remove any misunderstanding between the two sides.



Concerning the negotiations between the 'Five Plus One' group and Iran on the latter's nuclear program, Sheikh Khalid Al Khalifa said that 'if the talks are about the region, we are the region, and we need to know hidden things.'

On the nuclear negotiations, Sheikh Al Khalifa wished them success and that the two sides may reach an agreement to spare the region the scourges. In this regard, he also said that 'If you look at the language of the final statement issued earlier today by the summit, you will find a new language added to it, we want the Iranian program to be transparent and clear after international news on some of its risks.'

Answering a question on the Iraqi situation, the Foreign Minister of Bahrain said 'Ties with Iraq included in the final statement, and the relationship should be strong and the situation in Iraq now is not the optimal one.'

### **The Impact of the Divisions Between the Arabian Gulf States**

The long series of tensions between the Southern Gulf states and Iran – beginning with the Iran-Iraq War and now shaping the growing tensions over Iran's nuclear efforts and growing asymmetric threat in the Gulf – have made it clear to Southern Gulf capitals that security cooperation with the US is necessary to ensure national security, whether it be protecting tankers transiting the Gulf, or repelling an Iraqi invasion – as was the case for Kuwait and Saudi Arabia.

The growing partnership between the US and the Southern Gulf states has greatly improved the combined ability of the US and these states to both deter and defend against any threat in the region. At the same time, it has important limitations that have limited the effectiveness of the GCC, its military integration, and its level of interoperability. They are dictated by nationalism, divisions between the Arab Gulf states, and by the fact that the smaller states fear Saudi dominance:

- *Bahrain:* Bahrain is closely tied to Saudi Arabia, and is the headquarters of the US 5th fleet. It sees Iran as a major source of its current Shia and Sunni tensions. There is still some residual tension with Qatar over past disputes over the waters and reefs between them, and the fact that the Qatari ruling Al Thani family seized the peninsula in the mid-1800s from the Bahraini Al-Khalifa royal family after the Al-Khalifa's had occupied Bahrain.
- *Kuwait:* Kuwait was the key country leading to US intervention in the Iran-Iraq War in 1987-1988 – after the US agreed to reflag Kuwaiti tankers being attacked by Iran. It has been closely tied to the US since the Iraqi invasion of Kuwait in 1990, and provided assistance for the invasion of Iraq. Kuwait maintains close cooperation with the US with major basing and prepositioning facilities since 2002, when the US prepared for the invasion of Iraq. Kuwait's security concerns focused on the threat from Iraq until 2003, and Kuwait is careful to avoid provoking Iran when possible. There is a legacy of Kuwaiti-Saudi tension from the period in which Kuwait was the more developed state. Kuwait is partly divided from Saudi Arabia by a Neutral Zone, but there is no evidence of serious tension over management of the zone, and all boundary, offshore, and island issues seem to have been resolved well over a decade ago.
- *Oman:* Oman plays a key strategic role in Gulf security because of its location at the Strait of Hormuz at the entrance to the Gulf and access to the Gulf of Oman and Indian Ocean. It has a long history of low-level tension with Saudi Arabia over past border disputes, the Omani search for an increased role in GCC and aid for its forces, and Oman's desire to avoid Saudi domination of the GCC. Oman had some past tension with UAE over maritime boundaries. It offers the US contingency bases and prepositioning facilities, and Oman has close security ties to Britain. Muscat has tried to maintain correct and "friendly" relations with Iran – which sits across from Oman at the Strait of Hormuz, but has been careful to assert its sovereignty and avoid any Iranian interference.

- *Qatar*: Qatar is a key partner of the US. It hosts the US Combined Air Operations Center (CAOC), and provides air basing and prepositioning facilities. Qatar shares the same interpretation of Islam as Saudi Arabia, but there is a history of border disputes with Saudi Arabia which seemed to be resolved in 2001, along with its border disputes with Bahrain, but have recently led to some discussion of border revisions between Qatar, Saudi Arabia, and the UAE. Other tensions exist between Saudi Arabia and Abu Dhabi and Qatar's current ruler – Amir Hamad bin Khalifa Al Thani. Amir Hamad overthrew his father in a bloodless coup in 1995 and then felt Saudi Arabia and the UAE supported a failed counter-coup attempt by his father. Like Oman, Qatar resists any Saudi effort to lead the GCC. It uses the Doha-based Al Jazeera news network to increase its status and sometime critique its neighbors indirectly. Until recently, Qatar has also been careful not to antagonize Iran which shares common massive gas formations in the Gulf. Qatar has become more critical, however, because of Iran's support of Syria, and Qatar's growing efforts to assert itself by supporting Arab insurgents in Libya and Syria.
- *Saudi Arabia*: Saudi Arabia is the largest power by far in the Southern Gulf and the only GCC state large enough to have great strategic depth. It has been a key security partner of the US since World War II, and was the co-commander with the US and leader of the Arab forces in the coalition that liberated Kuwait in 1990-1991. Saudi Arabia no longer provides basing facilities to the US, but provided quiet support to the US during its invasion of Iraq in 2003, has strong US advisory teams for its military, National Guard, and internal security forces, and has bought massive numbers of arms transfers from the US. Saudi Arabia has sought correct and "friendly" relations with Iran, but has long challenged any Iranian effort to lead the Gulf.
- *UAE*: The UAE has become the most effective military force in the GCC, and now cooperates closely with the US in its military development and security affairs in the Gulf. Like Qatar, it is one of the two states now buying THAAD missile defenses, and has played an overt role in supporting insurgents in Libya and Sunni forces in Syria. The Emirates have been divided in the past in dealing with Iran because of Dubai's role as a key transshipment and training partner with Iran, but Abu Dhabi and Sharjah have long led the GCC-wide challenge to Iran's control of Abu Musa and the Tunbs – islands the Shah of Iran seized from Sharjah during British withdrawal from the Gulf and which Iran later fully occupied. At present, the UAE seems united in resisting Iran. There is some tension with Saudi Arabia over Saudi efforts to lead the GCC, and some low-level comments about reopening past border uses.
- *Yemen*: Yemen has long been the most troubled and poorest Gulf state, lacking significant petroleum resources, and built on an uncertain unity between what was once North Yemen or the Yemeni Arab Republic (YAR) and South Yemen or the People's Democratic Republic of Yemen (PDRY). Both states were affected by war – the YAR by a civil war, and an Egyptian invasion that marked the first use of poison gas since the end of World War II and the PDRY by constant internal power struggles and its support of the Dhofar rebellion in Oman. Unity came only after the internal collapse of the PDRY and a low-level conflict between northern and southern factions. A failed central government, a failed economy, massive population growth, tribal and sectarian differences, and shortages in water have left Yemen under uncertain central control, brought Saudi Arabia to intervene in the northwest border area, and have made Yemen the key source of instability in the Arabian Peninsula.

### ***The Gulf Cooperation Council (GCC) and Moves Towards Federation and Unity***

The modern history of the Southern Gulf has to some extent been the history of bilateral and multilateral efforts to break out of these divisions and create a stable regional power structure that produces more effective political and economic cooperation, more internal stability and security; and an effective military alliance that can deter and defend against outside threats.

#### **Movements Towards Enhanced Cooperation**

Six of the Southern Gulf states – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE – established the GCC in Abu Dhabi on May 25, 1981. They did so at a time when they faced several emerging threats from Iran. The Iran-Iraq War was intensifying, and the Gulf states backed Saddam Hussein in his fight against Iran. Additionally, the 1979 revolution in Iran threatened to mobilize Shia throughout the Gulf against their Sunni governments.<sup>25</sup>

The GCC was designed to enhance political, social, economic, and security cooperation, and “as a mechanism for resolving internal political and economic issues and coordinating multilateral security cooperation.”<sup>26</sup> Its individual members have steadily expanded their military forces, far outpacing Iran in military expenditures, arms transfers, and force modernization. It has great potential for such cooperation, and in 2012, it had a total population of some 45.9 million, a total GDP of some \$1.37 trillion (rising from \$207.7 billion in 1990 and \$375.5 billion in 2000), and an average GDP per capita of \$39,900.<sup>27</sup>

They have made limited progress in security cooperation in spite of their internal divisions. One such effort was the creation of a Peninsula (Jazeera) Shield Force, which was formed in 1984, and is described as a “collective defence force” under the GCC.<sup>28</sup> It was established after Iran went on the offensive in the Iran-Iraq War. The force had serious political and military limitations that ensured it had only token value during the effort to liberate Kuwait.

It has, however, provided the shell for more recent collective security action. It was the cover for the force contingents from Saudi Arabia, the UAE, and Qatar,<sup>29</sup> as well as the Kuwaiti Navy deployed to help Bahrain deal with its political upheavals in 2011.<sup>30</sup> It was expanded to a nominal strength of nearly 40,000 in 2002-2003. It continues to be based at King Khalid Military City in Saudi Arabia, near Hafar al Batin. In practice, however, its readiness remains low and much of its assigned strength is missing or remains in its parent country.

Other security initiatives have included the “‘Belt of Cooperation’ air space monitoring network”<sup>31</sup> and a 2004 agreement on “intelligence-sharing.”<sup>32</sup> Neither has made the needed levels of progress, but they have helped lay the groundwork for further cooperation.

The GCC has also made progress in economic internal security. It launched a common market in 2008, and has considered establishing a common currency. A customs union was launched in 2003, but has reportedly made only a marginal impact.<sup>33</sup> It also has slowly improved cooperation in intelligence and counterterrorism through a network of different committees and coordinating bodies and sharing of intelligence and security data.

The GCC is also expanding. Yemen has become associated with some GCC institutions and is tentatively seeking membership in 2015. Jordan requested to join the GCC in 1986, and its request was accepted in May 2011. Morocco was invited to join – sending ministers to the GCC for the first time in September 2011.

### **GCC Relations with the US**

The US has strongly encouraged such moves as a way of strengthen regional security and stability. The GCC and Washington established a Gulf Security Dialogue (GSD) in 2006. This initiative is based on developing GCC member militaries as well as addressing sensitive issues like the Arab-Israeli conflict, terrorism, proliferation, Iraqi security, and building “interoperability” between regional defense forces.<sup>34</sup>

High-level interactions take place at the assistant secretary level of the State and Defense Departments, with lower-level interactions involving the same agencies as well as the National Security Council (NSC), US Central Command (CENTCOM), and the Joint Staff. The US has used the dialogue to help the Gulf states build the means to defend themselves, as well as to protect energy industry assets in the region.<sup>35</sup>

More recent US-GCC interactions have been focused on security issues like developing a Gulf missile defense system to protect the region against missile attacks from Iran. According to US Secretary of State Hillary Clinton:<sup>36</sup>

We can do even more to defend the Gulf through cooperation on ballistic missile defense... Sometimes to defend one nation effectively you might need a radar system in a neighboring nation... But it's the cooperation – it what they call ‘interoperability’ – that we now need to really roll up our sleeves and get to work on.

This initiative has helped lead to the sale of THAAD and Patriot systems from the US to GCC states, launching an X-band radar in Qatar, and the development of command, control, and communications (C3) capabilities within the GCC.<sup>37</sup>

### **GCC Relations with Iran**

The GCC was conceived largely in response to the perceived threat from a post-revolutionary Iranian policy in the Gulf. Since then, Iran has consistently been a central issue shaping the actions of the council. The containment of Iran has been a continuing priority of the GCC since the decade following the Iran-Iraq and Gulf Wars,<sup>38</sup> and the GCC currently seeks to build its defensive capabilities to protect the peninsula against Iran’s missile threats and unconventional forces in the Gulf.

The GCC did seek to deepen economic engagement with Iran. A free trade agreement with the Islamic Republic was considered in 2008, but rising tensions with Iran have since effectively blocked progress in such areas.<sup>39</sup>

The GCC is now united in expressing concern about Iran’s actions in dealing with Abu Musa and the Tunbs, its buildup of asymmetric forces in the Gulf and threats to close the Strait of Hormuz, and the Iranian nuclear program and possible implications this could have on regional security. However, the members of the GCC remain cautious about any form of military engagement against Iran, and publically advocate a political rather than military solution to the nuclear dispute.<sup>40</sup>

These GCC concerns over the Iranian nuclear program include concerns over the presence of nuclear facilities along the coastline of the Persian Gulf – particularly the Bushehr reactor, and the implications an accident could have on regional security.<sup>41</sup> According to Bahrain’s State Minister for Foreign Affairs, Ganem Al Buainain:<sup>42</sup>

The GCC countries have stated that they do not appreciate the existence of nuclear plants on the shores of the Gulf [even] if they are for peaceful purposes... They do represent a threat to the people of the region if there is a leak. This threat is not confined to the GCC people, but also to the

Iranians themselves living on the eastern shore of the Arabian Gulf. This matter does deserve greater attention.

Tensions between the GCC and Iran grew in spring 2011 as the GCC issued a communique criticizing Iran, and deployed the Peninsula Shield Force to Bahrain. On April 20, 2011, the GCC and the EU issued a joint communique that alluded to the Bahrain and Yemen issues without directly mentioning them – calling for Iran, “to cease interfering in the internal affairs of GCC Member States and other countries in the region.”<sup>43</sup> At the same time, the GCC continued to challenge Iranian claims to the Tunbs and Abu Musa, turning these disputes into multilateral issues that give the Arab states far greater leverage over Iran.

The statement encouraged Tehran “...to fully comply with the relevant resolutions adopted by [the] UNSC and the IAEA and recalled their commitment to the full implementation of relevant UNSC resolutions,” while also calling for diplomacy with Iran on its nuclear endeavors.<sup>44</sup>

This GCC communique and statements about Iranian involvement in Bahrain and Yemen prompted numerous harsh responses from Iranian figures against the GCC:

- “The recent statement of the PGCC contains repetitive words that are always uttered to delight their friends and themselves... They are errand boys of the Americans.” –Hassan Kamran, National Security and Foreign Policy Commission, Iranian Parliament, printed April 5, 2011.<sup>45</sup>
- “They have always sought to show Iran as an anti-security element...They attempt to accuse Iran of meddling in the regional countries’ affairs, while all these protests are self-driven and the result of cruelty of tyrant rulers against the oppressed people.” –Daryoush Qanbari, Rapporteur, Iranian parliament minority faction, printed April 10, 2011<sup>46</sup>
- “While military forces of some countries are killing defenseless men and women, PGCC claims that Iran interferes in other countries’ internal affairs.” –Ramin Mehman-Parast, Spokesman, Iranian Foreign Ministry, printed April 20, 2011.<sup>47</sup>
- “The PGCC is searching for foreign elements in vain since a change and an evolution has happened among the people and they are protesting and expect their voices to be heard... There is no foreign element in this movement.... Two years ago Yemeni President Ali Abdullah Saleh similarly accused Iran and others of having a hand in the developments in his country, but could they find even a single Iranian or foreign national in the demonstrations of hundreds of thousands of the Yemeni people.” –Manouchehr Mottaki, Former Iranian Foreign Minister, printed May 16, 2011.<sup>48</sup>
- “Unfortunately, certain (countries), under the influence of the hegemonic powers’ media outlines [sic] and without taking the regional nations’ interests into consideration, are creating a commotion about the Islamic Republic of Iran and causing misunderstanding among regional nations, a move which will negatively affect regional relations and undermine stability and security.” –Ramin Mehman-Parast, Spokesman, Iranian Foreign Ministry, printed September 13, 2011.<sup>49</sup>

Relations between the GCC and Iran have remained remain tense. The December 2011 meeting of the GCC Supreme Council used stronger rhetoric to address Iranian interference in the region and reportedly “demanded Iran to desist from such policies and practices,” while also pressing Iran to work with the IAEA on its nuclear program.<sup>50</sup>

A GCC Ministerial meeting in April 2012 produced a communique that strongly criticized President Ahmadinejad’s trip to the disputed island Abu Musa. The communique stated, “Any aggression on the sovereignty or interference in the internal

affairs of a member country would be considered as an attack on all member countries and interference in their affairs.”<sup>51</sup>

The Syrian Civil War also continues to be a point of division between the GCC and Iran, with both sides supporting opposing sides in the conflict. While Iran has provided military and political support to the Syrian regime, Saudi Arabia and Qatar have provided support to the opposition, and the GCC as a whole now considers the National Coalition of Syrian Revolutionary and Opposition Forces as the official representation of Syria.<sup>52</sup>

### **Movements Towards Greater Unity and “Federation”**

The upheavals in the region and Arab world have also led the GCC to explore forming a political union. In late 2011, King Abdullah of Saudi Arabia called on the formation of a union of Gulf states. Saudi Arabia and Bahrain remain the most vocal proponents of the plan, while other GCC states are not prepared to commit at this point to a union.<sup>53</sup>

The GCC is also examining ways to create more integrated and interoperable forces. The growing threat from Iran has led the GCC to place far more emphasis on such enhanced military cooperation. Saudi Arabia has pressed for rapid progress since the GCC ministerial at the end of 2011, and the GCC states agreed to seek added cooperation in some form of federation in March 2012.

A press release issued by Shaikh Khalid bin Ahmed Al Khalifa, Minister of Foreign Affairs of the Kingdom of Bahrain and Secretary General of the GCC member States, Dr. Abdullatif bin Rashid Al-Zayani after the December 2012 GCC Summit meeting stated that,<sup>54</sup>

On the schedule for the creation of the GCC union, the Foreign Minister of Bahrain explained that the march began in the previous summit in Riyadh and that there is a group working to develop a perception which has been emphasized in Manama summit and that will be announced in due course after the completion of it in a special summit in Riyadh.

... Answering a question about a GCC joint defense system, the Bahraini Minister of Foreign Affairs said 'The GCC Legion put forward previously by Sultan Qaboos bin Said of Oman and by the Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz Al Saud in the past, and we have a joint defensive coordination and the Peninsula Shield will not be canceled and it is a fundamental element in the GCC joint defense action.'

For his part, the GCC Secretary General commented on the same question by saying that 'This issue is relating to the common defense and its mechanisms and methods will be defined.'

With respect to the security agreement, Dr. Abdullatif Al-Zayani said 'The agreement was called the amended security agreement and it was amended to comply with the constitutions and regulations in the GCC member countries. This amended agreement included follow-up and exchange of information on offenders, criminals and the ability to deal with crises and disasters, and forged a mechanism to deal with situations such as rescue, extradition mechanism and to create a network for the exchange of information.'

A separate report on the final Ministerial statement issued after the meeting noted that,<sup>55</sup>

The Supreme Council endorsed resolutions by the joint defense council and blessed the creation of a unified military command for coordination, planning and leadership of the dedicated and additional ground, naval and air forces, and the decision to approve the treatment of employees of the armed forces and their families in the GCC countries, who are sent on official tasks or participate in training courses in the Member States in military hospitals.

The Supreme Council also approved the security agreement of the GCC countries, as amended and signed by their Highnesses and Excellencies the Ministers of Interior in their 31st meeting on November 13, 2012, stressing the importance of intensifying cooperation in particular with respect to the exchange of information among security agencies in the Member States.

The Supreme Council asserted the firm positions of Member States to renounce terrorism and extremism in all its forms and manifestations, whatever the motives and justifications, and whatever its source.

It condemned the outrageous terrorist bombings that occurred recently in the city of Manama, Bahrain, and killed a number of innocent people, praising the constructive role of the Government of Bahrain and its comprehensive dealing with events, stressing full solidarity with Bahrain in its efforts to maintain its national unity and consolidate security and stability.

The Supreme Council welcomed the opening of the International Excellence Center for Curbing Violent Extremism (Hidayah) in Abu Dhabi where experts and expertise are pooled from various countries in order to combat all sorts and phenomena of violent extremism.

Nevertheless, the security cooperation between GCC states still lags badly because of the remaining tensions between Southern Gulf regimes, and each state's military forces now cooperate more effectively with the US commands in the region than at the GCC level.

### ***The Need to Take Account of Country-by-Country Differences***

US policy must also take full account of the real difference between the Gulf states. Military and internal security are only part of the challenges each state and the GCC must meet. Economics, demographics, politics, and social change are at least as important to each country's future, and both they and the US must constantly remember that competition with Iran is only one of many priorities.

It is also important to note that while the US and the Arab Gulf states share a common interest in deterring and defending against Iran, no Gulf state has identical strategic interests with the US or its neighbors. A successful US partnership must focus on the broader strategic problem of providing regional security, but it must be tailored to the needs and expectations of each individual partner.

As is the case throughout the Middle East and the world, the US must adopt "dual standards" in dealing with each Arab Gulf state and the GCC collectively. The US must find the right balance between a narrow, short-term "pragmatism" that focuses on the security threats posed by Iran and extremism and the need to help each state ensure its internal stability, modernize, and meet the needs of its people.

At the same time, the US and its European allies must recognize that US and Western values are not "universal" values, that each state is both Arab and Islamic, and that the rate of modernization has to focus on evolution and not revolution. The US must accept the fact that it must often give security priority over its own approaches to human rights and democracy.

This need to constantly adjust US policy to find the right balance, a mix of "standards," is another key reason to address each Southern Gulf state separately. It is also a reason the US should never lose sight of the fact that US strategic interests are best served by focusing as much on each country's internal needs and stability as on its role as a military partner.

#### **Saudi Arabia**

Saudi Arabia has long been a military partner, and has become a major partner in the war on terrorism since 2003. It is a key partner in US efforts to contain, deter, and defend against Iran, and plays a critical role as the guardian of Islam's holy places in limiting what it calls "deviation" from Islam, and what the US calls violent extremism.

The US does not need to make major changes in its security policies towards Saudi Arabia, but it does need to focus on the following challenges – many of which apply to all of the country case studies that follow:

- Saudi Arabia differs from most countries in the world in that it's ruling and economic elites seek modernization and reform but do so in the face of much of its clergy and an extremely conservative population. Reform comes slowly from above, and not from popular pressure.
- Saudi Arabia's ruling elites are divided, however, and often act out of narrow self-interest and in ways that are corrupt and abuse power. King Abdullah has pressed for reform in all these areas, but it will come slow and outside pressure often does as much to mobilize opposition as aid the case for change. That reform will also come in a Saudi way, in a Saudi form, and largely at a Saudi pace. No amount of US pressure will make Saudi Arabia like the US.
- Saudi Arabia is a deeply religious Sunni puritan state whose political legitimacy depends as much on its religious legitimacy as popular support, and plays a critical role in offsetting the threat from violent religious extremism. No amount of pressure will suddenly make it liberalize in religious or social terms – particularly outside pressures under the guise of human rights that is a thinly disguised effort to open the country to Christian proselytizing.
- The US can work with the Saudi government to maintain and strengthen its peace proposals, but serious tension will exist between Saudi Arabia and Israel until a peace is reached and settlement occurs that Palestinians can largely accept. US policy must be based on balancing the interests of Israel and de facto allies like Saudi Arabia. It must also be based on realism about the differences in its security relationships. The US plays a critical role in helping Israel preserve its security, but Israel cannot play a meaningful role in helping achieve the security of the region and its oil exports. Saudi Arabia and the other GCC states can. This is no reason for the US to do anything that would undermine Israel's security, but it is a strong reason for the US to consider Saudi Arabia's priorities and security interests and to continue its efforts to create a successful peace process.
- As is the case with every nation in the region, direct personal relationships are the key to successful relations. The US needs to remember that Saudi and other GCC ruling elites and officers have often dealt with their US counterparts for decades. US country teams often have personnel that serve for only a year, rotate arbitrarily on an international cycle, and do not stay long enough in-country to either understand it or build up lasting relationships. These problems are compounded by a tendency to stay in the embassy and diplomatic quarter, a lack of accompanied tours that build up family relationships, and excessive – safety first – security rules. Visits and exchanges by senior officials help, but US relations stand or fall on the strength, activity, and experience of the country team.
- The US does not compete for successful trade, business links, energy deals, and arms sales in a vacuum. Every other government plays a strong, active – and sometimes less than legitimate – role in supporting economic ties. The US country team needs the funds and policy support necessary to strongly support US business.
- Saudi Arabia may send some 50,000 students to the US, but almost no US students come to Saudi Arabia, and US public diplomacy is critically underfunded. The cost of a large scholarship program and well-funded public affairs efforts would be minor compared to the political, security, and business benefits.

Finally, the US does need to carefully encourage Saudi efforts to strengthen the GCC on a military, political, and economic level. It needs to be very cautious in doing so, often



concentrating on specialized aid in developing suitable institutions, technology, and other lower-level, in country diplomatic efforts. The tensions between the GCC states need to be worked out by the GCC states.

### **Kuwait**

Kuwait is in many ways the most vulnerable of all the Southern Gulf states. It shares a common border with Iraq and – as became clear during the Iran-Iraq War – it is within easy striking distance of Iran. It lacks strategic depth, and – like most Gulf states other than Saudi Arabia – is dependent on one major urban center for the security and economy of virtually all its population.

This helps explain why Kuwait has been the target of two Iraqi attempts at invasion – one of which took control of the country in 1990-1991, and provided the US with basing facilities and extensive support during the US invasion and occupation of Iraq. It also explains why Kuwait turned to the US to reflag its tankers and reduce the threat from Iran during 1986-1988 – a critical period in the Iran-Iraq War.

The end result is that Kuwait has maintained close security relationships with the US for over two decades, while also maintaining a delicate relationship with Iran. While Kuwait maintained a hostile policy toward Iran in the first decade after the 1979 Islamic Revolution and was a key source of support for Iraq during the Iran-Iraq War, the Iraqi invasion of Kuwait did lead Kuwait to begin a policy of engaging Iran. This policy never led it to turn away from the US, however, and like other Southern Gulf states, Kuwait has become increasingly concerned about both Iran's actions and military buildup, and ties to the Maliki regime in Iraq.

While the US has to focus on the broad threat Iran poses to the Gulf and the region, Kuwait illustrates the dangers of focusing on the Strait of Hormuz and the direct threat posed by Iran. Kuwait is exposed at a critical point in the upper Gulf. Iraq no longer has the forces to invade, but Iraqi instability is as much a problem for Kuwait as the Iranian threat. Kuwait is too small to defend itself against Iran, and is – as the Iran-Iraq War showed – particularly vulnerable to an Iranian strategy that singles out a given Gulf state in a divide and pressure approach to asymmetric warfare.

Like the other smaller Gulf states, Kuwait also illustrates a different kind of need for improved military integration and interoperability than Saudi Arabia. Its forces are now relatively well-equipped, much better trained than in 1990, and exercise regularly with US forces. They are, however, very small relative to Iran, and depend on links to outside forces for any meaningful capability. They can only really be effective as part of a larger whole, which requires both US power projection capability and a much stronger GCC role in unifying Gulf security.

### **Bahrain**

The US faces a difficult balancing act in Bahrain. Bahrain is a key security partner, its stability is critical to the GCC, and there is no stable substitute for its present regime. The US needs to take these strategic interests into constant account, as well as the fact that the problems in its regime – serious as they may be – are matched by an opposition that has elements that are unwilling to compromise and would be destabilizing, and some opposition elements with at least some ties to Iran. Washington also needs to take into

account the growing anti-US reaction of Bahrain's Sunnis and some members of its ruling elite to US pressures for compromise with its Shia population and other reforms.

At the same time, the US cannot ignore the fact that Bahrain's mid-to-long-term stability does require reforms, shifts in the power structure of its royal family and ruling elite that give its Shia majority more rights and a share of the nation's economy, and reforms in its justice system and way of dealing with human rights. It also must take the sensitivities of the other GCC states into account – all which strongly back the Bahraini government.

As is often the case in the region, this may also mean finding the least bad option, and a degree of strategic patience on the part of the US that gives at least near-term priority to security and stability. It is also clear that quiet and patient efforts by the US country team and State Department are likely to achieve better results for all of Bahrain's people than any sudden or drastic pressure on its government – as long as that government limits its internal security actions and makes some progress towards reform.

### **Oman**

Oman has been a consistently good security partner, and has a long history of close security ties to Britain and the US. While Oman sought to maintain correct friendly relations with Iran even after the Shah's fall, it resisted Iranian efforts to pressure it into allowing Iranian ships to interfere with shipping traffic during the Iran-Iraq War and quietly cooperated closely with the US during its "tanker war" with Iran in 1987-1991.

Like the other GCC states, Oman was an ally of the US in the first Gulf War, and has regularly participated in exercises with US and British forces as well as offered the US contingency bases and prepositioning facilities. US officials and officers feel Oman is a close partner in current security efforts in the Gulf, and that its efforts to main good relations with Iran have played a useful role in allowing the US to communicate indirectly with the Iranian regime.

Oman's demographics are different from other states on the Arabian Peninsula, and have eased Oman's relationships with Tehran. Oman's population is predominantly Ibadhi (75%) – a unique Islamic sect that does not identify with the two other major sects.<sup>56</sup> Oman has also generally sought to maintain friendly relations with Iran rather than confront it. While Oman has supported the GCC, it also has tense relations with Saudi Arabia. At the same time, Muscat has also maintained a close relationship with the US by supporting US military operations in the region.

The fact that Oman still maintains relatively good formal relations with Iran as well as good security relations with Washington, and has demographics that insulates Oman from regional Sunni-Shia tensions, reduce its role in the more public aspects of US-Iranian strategic competition. Unless a major clash or conflict breaks out in the Gulf, or the nuclear issue leads to preventive strikes, Oman is likely to continue to be an interlocutor between Washington and its allies on the one hand and Tehran on the other, and help in resolving relatively minor diplomatic tensions.<sup>57</sup>

US senior officers and officials do not feel, however, that Oman's relations with Iran limit its role as a partner or its role in Gulf security.<sup>58</sup> They understand that Oman does not openly support US preventive military action against Iran,<sup>59</sup> and its economic,

political, and military relationship with Iran. The US, too, emphasizes negotiations rather than military action and Oman's position might well change if Iran actively moves to deploy nuclear weapons.

More broadly, Oman provides yet another case study in the reasons the US should provide any help it can to assist the GCC states in their moves toward more military integration, as well as ease any remaining tensions between them and Saudi Arabia.

### **Qatar**

The US has a good security partner in Qatar, but it needs to continue to respect Qatar's exposed strategic position and search for an individual political identity. While the US needs to support efforts to create a stronger and more unified GCC, it also needs to accept the fact that some of the other Gulf states still see Saudi leadership efforts as a threat, and that progress will be slow and evolutionary.

The US also needs to work closely with the Qatari government – as well as other GCC governments like the UAE – to coordinate as closely as possible in providing outside aid to insurgents and dissidents like those in Libya and Syria – remembering that its allies are Arab, Sunni, and often have different priorities and values. Strong US country teams, and quiet and patient diplomatic efforts, will be the key to success.

### **UAE**

The UAE is a solid security partner. As is the case with Qatar, however, the US needs to continue to respect the UAE's need to pursue its own approach to Iran and the problems sanctions create for the UAE's economy, as well as the UAE's search for an individual political identity. While the US again needs to support efforts to create a stronger and more unified GCC, it also needs to accept the fact that progress will be slow and evolutionary.

The US also needs to work closely with the UAE's government – as well as other GCC governments – to coordinate as closely as possible in providing outside aid to insurgents and dissidents like those in Libya and Syria – remembering that its allies are Arab, Sunni, and often have different priorities and values. Strong US country teams, and quiet and patient diplomatic effort will be the key to success.

### **Yemen**

Yemen presents major challenges to the US, Saudi Arabia, Oman, and the other GCC states. It is in the middle of political upheavals that currently center around power struggles in the capital, but affect different factions throughout the country and have no clear solution.

The immediate challenges are daunting. They include creating an effective government to replace Saleh, bringing some kind of unity to divided military security forces, dealing with Al Qai'da in the Arabian Peninsula (AQAP) and terrorism, ending rebellions, and securing the borders with Saudi Arabia and Oman. Some progress has been made on these fronts, but success has been limited and the country remains. Moreover, the US and Saudi roles supporting the government and counterterrorism is unpopular and is as much a limited part of the country's problems as it is part of the solution.

It is the underlying challenges, however, that are even more serious. They include finding some approach to nation-wide governance and economics that can create stability in a grindingly poor country with small and diminishing petroleum exports; a narco-economy that consumes a large part of its domestic resources; inadequate water supplies; major demographic pressures; and deep sectarian, tribal, and regional divisions. So far the Yemeni government, the World Bank, the GCC, US aid planners, and NGOs have all failed to present a credible path forward in creating a credible, fundable plan to deal with these pressures.

The end result almost has to be to find the least bad set of options for dealing with Yemen's near-term political and security problems, hoping that some credible path can be found for dealing with its deep structural and development problems. Iran is one of these problems but scarcely the most serious one. Its spoiler role is marginal and likely to remain so, although it highlights the problem Saudi Arabia has in securing its border with Yemen – one that forces the Kingdom to deploy significant forces in the south to deal with Houthis and other factions, creates a major illegal immigration and smuggling problem, and has led to new – and costly and technically uncertain – efforts to create electronic and physical barriers along its entire border.

The problem of terrorism and extremism, coupled to regional and tribal divisions is critical. It is also difficult for the US to deal with. Support for Yemeni military counterterrorism efforts has to be carefully managed to avoid making the US an inadvertent party in Yemen's internal power struggles. Direct US attacks on AQAP and other terrorist groups, using systems like unmanned combat air vehicles (UCAVs) are achieving positive results, but also producing enough civilian casualties in polarized tribal areas to create a significant popular backlash.

The US should carefully encourage progress towards a more real democracy and human rights. It should also understand that such progress is likely to be slow and limited, and may suddenly be halted by new internal power struggles, internal conflicts, and the rises of centers of extremism and terrorism.

The US must also work with Saudi Arabia and the GCC to try to find some workable approach to sheer scale of Yemen's economic and demographic problems, its growing population of nearly 25 million, and its lack of effective governance and poverty. Such progress is likely to be negligible in real terms in the near future because of the country's lack of effective governance, inability to absorb aid, corruption, and poverty.

The sheer scale of Yemen's problems also preclude any credible combination of US, Saudi and other aid efforts from buying Yemen out of these challenges and make real membership in the GCC a serious potential liability to the GCC. The real question is whether Yemen can slowly be put on a credible path in the future. The answers are uncertain, and may force the US and other Southern Gulf states into a strategy focused more on containment than development.

Dealing with these issues requires a grim degree of realism and pragmatism. Slogans, good intentions, and half-formed concepts are not going to buy the US and its Gulf allies a significant amount of time.

### ***Gulf Cooperation Council***

The US has already established a strong foundation for a security partnership with the Gulf states, and Iran's conduct and military actions seem likely to sustain that partnership indefinitely – along with the additional incentive of the need for cooperation in dealing with extremism and terrorism. Much does depend, however, on actions only the Southern Gulf states can take – although they are actions the US and other outside powers can encourage.

Only the Gulf states can deal with their own internal political, demographic, economic, and social challenges. It must be stressed that meeting these non-military internal challenges will be at least as important to their stability, regional security, and the success of US and Gulf cooperation in competing with Iran as any improvements in their military and internal security forces. If there is any one lesson that emerges from the upheavals that have already taken place in the Arab world, it is that no state can ignore the demands and needs of its people, but that evolutionary progress offers far more hope than violent revolution and insurgency in any case where the regime is willing to change and make reforms.

At the same time, there is a clear need for the kind of efforts called for by King Abdullah of Saudi Arabia and in recent GCC Supreme Council meetings for more military integration, interoperability, and cooperation. It has been clear since the GCC was formed that each state in the council could benefit from creating more interoperable forces; integrated warning, intelligence, surveillance, and reconnaissance (IS&R); and developing a command tailored to the key missions necessary to meet the security needs of all the GCC states.

The new momentum provided by the Riyadh Declaration creates an opportunity to move forward in many areas, particularly if the GCC builds on the experience of alliances like NATO where “unity” serves common interests while preserving individual national forces and sovereignty.

### **Planning and Interoperability**

GCC military forces now have a very diverse mix of equipment, command and control systems, munitions, support facilities, and power projection capabilities. They cannot be easily and quickly made fully interoperable, and countries will preserve sovereign decision making authority.

One way to make steady improvements in interoperability is to set up planning staffs within the GCC that address the key tasks necessary to change this situation, and to report regularly to a committee of Ministers of Defense or their delegates. NATO has used somewhat similar methods. While the GCC has different needs, it could build on its existing efforts and adapt NATO methods as follows to produce a higher degree of unity and common effort:

### **Command, Control, Communications, Computer, Intelligence (C4I), Sensor, and Battle Management (BM) Systems**

The GCC has the shell of common or integrated C4I and BM systems in some areas like air defense. What it needs, however, are truly integrated C4I/BM systems in several key areas, tied to common efforts to develop IS&R systems.

The changes in the Iranian threat, and the threat of terrorist and extremist movements creates a broad spectrum of areas where the GCC needs to be able to react in real-time or near real-time to threats ranging from long-range missiles to asymmetric naval attacks to complex attacks by terrorists and extremists.

The highest priorities for such efforts include measures that could play a critical role in deterring – and defending against – Iran. In many cases, the GCC would have only 7-15 minutes warning of a major air or missile attack, or would need to integrate maritime and air surveillance to determine the status of Iran’s asymmetric forces and whether they were deploying to present a threat or involved in complex operations.

### **Building Common Training and Exercise Capacity**

The GCC states already have some exceptional training facilities at the national level, and do cooperate in military exercises, but there are gaps. Many states do relatively little large-scale training that simulates real combat, and member states still have limited cross and common training. There also is a need for joint training that cuts across service lines.

There are several measures that the GCC staff could examine on a civil-military level to improve cooperation and develop interoperability of the kind King Abdullah referred to in his speech to the GCC:

### **Areas For Improved Planning and Dialogue**

The GCC needs to improve cooperation in several key areas by:

- Developing a common policy towards sanctions, and incentive/disincentives in persuading Iran to halt such policies.
- Developing a common and integrated approach toward missile defense in cooperation with the US – the only real world provider and integrator of such a system. This is critical both in ensuring the creation of any effective system that is truly interoperable, has the proper wide area coverage, can be reinforced by US ships with SM-2 missile defenses, and can be linked-in effectively to US satellite systems. It also potentially represents the most expensive GCC investment in new types of military capability over the next decade.
- Creating a GCC estimate of the Iranian-Israeli nuclear and missile balance and the risks the rising arms race and potential use of such forces presents to the GCC states.
- Working collectively with the US to explore Secretary Clinton’s offer of “extended deterrence” to counter Iran if it does move forward in deploying nuclear weapons.
- Evaluating GCC options for acquiring a GCC deterrent.
- Evaluating the costs-benefits of supporting preventive military action.

These are sensitive areas, and involve data that is classified and needs to be closely controlled in several areas. At the same time, a lack of GCC coordination and unity will encourage Iran, waste a vast amount of money on less effective defenses, and steadily increase military risks over time.

### **Plan a Joint, Integrated Missile Defense System**

The best way of handling these issues would be to create an integrated missile defense system as an expanded part of an integrated GCC air defense system. The GCC states already have made a massive investment in upgrading their surface-to-air missile

defenses to the PAC-3 Patriot missile and the UAE and Qatar are buying THAAD at a combined cost of over \$10 billion.

There is no way such purchases can become a fully effective defense and deterrent unless all Gulf states have such defenses and integrate them at the C4I/BM level to provide a unified wide-area defense capability. At the same time, countries would find it easier and less sensitive to focus on a new aspect of GCC capability.

#### **Focusing on Other Key Mission Areas**

As has been touched upon earlier, security cooperation is most effective when it focuses on key mission priorities rather than formal generic training or training by military services and branches of the internal security services.

The need for integrated air and integrated sea and coastal defense tailored to both Iranian conventional and asymmetric threats has already been described. So has the need to focus on the Iranian missile and nuclear threat, internal security issues, and infrastructure protection. There are other critical mission areas where joint planning efforts – and coordinated improvements in forces, C3I, and training – are necessary

#### **Improving Internal Security Efforts**

Several earlier suggestions have already focused on the need for integrated intelligence efforts. It is clear that cooperation in internal security is extremely sensitive on a national basis. Nevertheless, there again are areas where the GCC staff and member states may be able to develop important options for improving GCC “unity.”

#### **Encouraging Stability Through Economic, Educational, and Social Measures**

The GCC should also consider ways to improve security cooperation that address the causes of security issues as well as ways to deal with such threats. The last year has made it clear that the combination of high population growth, issues in educating and employing native youth, housing, infrastructure pressures, medical services, and other material issues play a critical role in the security of each GCC state. These issues are compounded by sectarian differences, tribal pressures, foreign labor issues, and popular perceptions of corruption, responsiveness and integrity of government services, and divisions by region and income group over the quality of government services.

Most GCC states are now attempting to deal with these issues on a national basis, and national sensitivities preclude “unity” in addressing the problems of each state in a GCC-wide environment. There also are sufficient national differences, so one size scarcely fits all.

At the same time, the need to encourage stability and security through economic, educational, and social measures is at least as great a security issue as any foreign threat or terrorism. There also are important areas for cooperation in spite of national differences.

#### **Improving Energy and Infrastructure Security: Passive Defense**

Civil defense and passive defense are other areas for cooperation and ones where the GCC can act to provide study plans and create a dialogue. The GCC states are extremely dependent on central power, desalination, and energy facilities – and several require

major increases in capacity to deal with growing populations. GCC states have already taken some measures to create pipeline routes that bypass the Strait, but “unity” in the GCC requires a broader range of actions.

One key test of such security is that no Gulf city should be critically vulnerable to an Iranian attack or some form of sabotage to a major power or desalination facility. Another goal is to disperse energy facilities in ways that share national use and reduce reliance on any one facility.

### **Creating More Effective Cooperation with Power Projection Forces Outside the GCC**

There are limits to the GCC options in cooperating with forces outside the Gulf. Only one additional regional power now seems to be a viable immediate candidate. Including Jordan in the GCC would add an important military force, although one from a country where stability may be an issue. Pakistan is approaching the status of a failed state, is no longer superior to Gulf forces in training and leadership, and presents a far greater political risk than Jordan. Russia and China are not acceptable options. Turkey is a rising power, but its forces are not designed for power projection.

This leaves the GCC dependent on Europe and the US – both of which have their own limitations. The GCC faces the reality that British and French power projection capabilities are already severely limited in going beyond the Mediterranean areas and the operating range from major peacetime basing facilities. Current plans and budget pressures make it clear that they are going to be steadily reduced as a result of financial pressure over the next five years.

The situation is more favorable in regard to European arms sales. Cutbacks in European military procurement have limited the range of advance air and surface-to-air missile equipment, smart munitions, and systems likeUCAVs that Europe can sell and support at a contractor level. However, Europe still can provide excellent land weapons, helicopters, and trainers; and Europe also produces naval vessels that often are better suited to the operating needs and ranges of GCC states than most US naval systems.

Europe still offers GCC states alternative sources of arms, but it should be noted that GCC states need to be careful to ensure that contract supports offer high degrees of interoperability with US or other European forces, and that both the European and US contract teams that support equipment in peacetime will be adequate and willing to support combat operations.

The US remains the leading global military power, and has a large presence in the Gulf. The US is already cooperating in depth in areas like the modernization of GCC air forces, common training, and many other areas. USCENTCOM, the US 5<sup>th</sup> Fleet, and the US commands in Kuwait and Qatar all provided major support as do US advisory teams. At the same time, the US does face force and military spending cuts, and has not established a stable Strategic Framework Agreement with Iraq.

The GCC needs to establish a much clearer base for mid and long-term planning for the support US, British, and French power projection forces can actually provide over time. It also needs to link GCC force planning and procurement to clear plans for interoperability, and develop suitable contingency plans.



### ***Implications for Future US Policy***

Unless there are massive changes in the nature and conduct of Iran's regime, the Arabian Peninsula will continue to be the most important theater of US-Iranian strategic competition. US energy and security interests in the region will be sustained through the long-term, as will US military assistance programs and weapons transfers – particularly in the realm of airpower and missile defense.

Iran on the other hand will continue its attempts to exert influence in the Gulf, seeking to rival Saudi Arabian hegemony and GCC power. The emergence of Qatar as a second Sunni rival to Iranian influence in the broader Middle East can be expected to continue as the situations in Syria and Gaza grow more volatile. As the principal supporters of the belligerents in the Syria conflict, Saudi Arabia and Qatar on the one hand and Iran on the other will be in a position to influence any resolution to the Syrian Civil War, though developments in that conflict are not likely to drive broader US-Iranian and Gulf-Iranian tensions.

Iran will continue its political and covert support to Shia opposition movements in Bahrain and Yemen, while looking for opportunities to exploit other Sunni/Shia rifts elsewhere in the Gulf. The Islamic Republic's success in those endeavors could be mitigated by continued efforts on the part of the Arab Gulf states to avoid internal Sunni-Shia tensions, as well as by what some believe to be rights-driven Shia movements, rather than pro-Iran movements.

The US must act on the statements in its new strategy that call for the Middle East to be given the top strategic priority as Asia. It needs to maintain and strengthen every aspect of its security partnerships with the Southern Gulf states, seek to create a real strategic relationship with Iraq and limit Iranian influence, work with its European allies to negotiate an end to those Iranian nuclear weapons programs that threaten to create Iranian nuclear forces, persuade Israel not to launch preventive strikes and treat such strikes as a last resort, and work with the Southern Gulf states to put an end to terrorism and violent extremism.

Successful US efforts are going to take continuing US dialogue with each Southern Gulf state. It is going to take strong country teams that can both build more effective security forces and help each state move towards the necessary level of political, social, and economic modernization and reform. It is going to take enhanced US cooperation with the GCC, and creating the kind of US military presence in the Gulf that will reassure its Gulf allies and provide a strong additional level of deterrence and defense capability.

## Table of Contents

INTRODUCTION.....	1
THE US AND THE ARAB GULF STATES: CHALLENGES AND INTERESTS .....	3
<i>Enhanced US Partnership with the Southern Gulf States</i> .....	4
<i>The Strengths and Weaknesses of Gulf Partners</i> .....	9
Southern Gulf Alignments with the US.....	10
The Impact of the Divisions Between the Arabian Gulf States.....	13
<i>The Gulf Cooperation Council (GCC) and Moves Towards Federation and Unity</i> .....	14
Movements Towards Enhanced Cooperation.....	15
GCC Relations with the US.....	16
GCC Relations with Iran.....	17
Movements Towards Greater Unity and “Federation” .....	20
IRANIAN INTERESTS IN THE GULF.....	21
INTERNAL DYNAMICS AFFECTING US AND IRANIAN COMPETITION.....	23
<i>Demographic Trends</i> .....	23
<i>Sectarian, Ethnic, Tribal and Regional Divisions</i> .....	30
<i>Resource Trends</i> .....	33
<i>Economic Trends</i> .....	38
<i>The Need for Country-by-Country Case Studies</i> .....	42
SAUDI ARABIA .....	43
<i>Saudi-Iranian Competition</i> .....	47
Tensions Over Saudi Shia.....	48
Tensions Over Energy Resources .....	51
Tensions Over the Hajj.....	51
Tensions Over Bahrain.....	52
Tensions Over Terrorism and Covert Operations.....	53
Tensions Over Iraq.....	55
Tensions Over the Iranian Nuclear Program.....	57
Tensions Over Middle East Competition .....	57
<i>Saudi Arabia’s Security Relations with the US</i> .....	59
<i>Policy Implications for the US</i> .....	62
KUWAIT .....	66
<i>Kuwait’s Relations with Iran</i> .....	69
<i>Kuwait’s Relations with the US</i> .....	72
<i>Political Divisions Within Kuwait</i> .....	78
<i>Policy Implications</i> .....	80
BAHRAIN.....	81
<i>Bahrain’s Sunni-Shia Crisis</i> .....	84
<i>Bahrain’s Relations with Iran</i> .....	88
<i>Bahrain’s Relations with the US</i> .....	89
<i>Implications for US Policy</i> .....	92
OMAN .....	96
<i>Oman’s Relations with Iran</i> .....	99
<i>Oman’s Relations with the US</i> .....	100
<i>Policy Implications for the US</i> .....	102
QATAR.....	104
<i>Qatar’s Relations with Iran</i> .....	107
<i>Qatar’s Relations with the US</i> .....	110
<i>Implications for US Policy</i> .....	111
UAE.....	114
<i>UAE’s Relations with Iran</i> .....	117
<i>UAE’s Relations with the US</i> .....	122

<i>Implications for US Policy</i> .....	124
YEMEN.....	126
<i>Yemen's Relations with Iran</i> .....	129
<i>Yemen's Relations with the US</i> .....	131
<i>Implications for US Policy</i> .....	135
GULF COOPERATION COUNCIL.....	139
<i>Planning and Interoperability</i> .....	139
Create a GCC Force Planning Exercise.....	139
Create a Standardization and Interoperability Committee and Staff.....	140
Create a Technology and Procurement Committee and Staff.....	140
Create a Working Group on Arms Control.....	140
<i>Command, Control, Communications, Computer, Intelligence (C4I), Sensor, and Battle Management (BM) Systems</i> .....	140
Create a fully integrated air and surface-to-air missile control and warning system.....	141
Create a fully integrated maritime surveillance system.....	141
Create a Joint Intelligence Center.....	142
GCC Net Assessment Group.....	142
<i>Building Common Training and Exercise Capacity</i> .....	142
Survey training facilities to determine how to make best use on a GCC-wide basis.....	142
Focus on key contingencies.....	143
Preparing for Missile and WMD Threats.....	143
<i>Areas For Improved Planning and Dialogue</i> .....	143
<i>Plan a Joint, Integrated Missile Defense System</i> .....	143
<i>Focusing on Other Key Mission Areas</i> .....	144
Iraq, the Iraqi Border, and the Kuwaiti "Hinge".....	144
Yemen Border Security and Threats.....	144
Mine and Anti-Submarine (ASW) Warfare.....	145
Strait/Gulf of Oman/Indian Ocean/Red Sea/Horn of Africa.....	145
<i>Improving Internal Security Efforts</i> .....	145
GCC Identity Cards, Passport Data.....	145
A GCC-wide Intelligence Effort for Counterterrorism and Dealing with Popular Unrest.....	146
GCC Internal Security Center.....	146
Common Counterterrorism Training.....	146
Common Police and Crowd Control Standards and Training.....	146
GCC-wide Rapid Reaction Forces for Counterterrorism and Dealing with Violent Unrest.....	147
<i>Encouraging Stability Through Economic, Educational, and Social Measures</i> .....	147
Education.....	148
GCC Domestic and Foreign Labor Policies.....	148
Setting Common Social and Economic Standards/Goals.....	148
Building Dignity, Trust, and Faith in Government Integrity.....	149
CREATING GCC STUDY AND PLANNING EFFORTS.....	149
GCC Development Report.....	150
GCC Survey.....	150
GCC Jobs Creation Program.....	150
GCC Housing Program.....	150
<i>Improving Energy and Infrastructure Security: Passive Defense</i> .....	150
<i>Creating More Effective Cooperation with Power Projection Forces Outside the GCC</i> .....	151
FUTURE IMPLICATIONS FOR US POLICY.....	152
<i>Scenario I – Conflict Over the Iran Nuclear Program</i> .....	153
<i>Scenario II – Continued Tension Short of Conflict</i> .....	153

## Table of Figures

FIGURE VI.1: NEW ARMS TRANSFER AGREEMENTS IN MILLIONS OF CURRENT US DOLLARS.....	6
FIGURE VI.2: NEW ARMS DELIVERIES IN MILLIONS OF CURRENT US DOLLARS.....	7
FIGURE VI.3: RELATIVE ACTIVE FORCE SIZE OF THE ARAB GULF STATES .....	10
FIGURE VI.4: POPULATION TRENDS IN THE ARABIAN PENINSULA – 1950-2050.....	25
FIGURE VI.5 DEMOGRAPHIC PRESSURE ON THE GULF STATES: 1950-2050.....	26
FIGURE VI.6: PERCENTAGE OF POPULATION 15-24 YEARS OF AGE (IN 1,000S).....	27
FIGURE VI.7 FEMALE PARTICIPATION IN THE LABOR FORCE.....	28
FIGURE VI.8 DEPENDENCE ON FOREIGN LABOR IN ARAB GULF STATES.....	29
FIGURE VI.9: KEY ETHNIC AND SECTARIAN DIFFERENCES BY COUNTRY: GULF & ARABIA.....	31
BAHRAIN .....	31
ETHNICITY: POPULATION 1,214,705; INCLUDES 235,108 NON-NATIONALS (JULY 2011 EST.); BAHRAINI 62.4%, NON-BAHRAINI 37.6% (2001 CENSUS). 44% OF THE POPULATION IN THE 15-64 AGE GROUP IS NON- NATIONAL (2010 EST.) .....	31
RELIGION: MUSLIM (SHIA AND SUNNI – NO BREAK OUT) 81.2%, CHRISTIAN 9%, OTHER 9.8% (2001 CENSUS).....	31
LANGUAGE: ARABIC (OFFICIAL), ENGLISH, FARSI, URDU.....	31
IRAN 31	
ETHNICITY: PERSIAN 51%, AZERI 24%, GILAKI AND MAZANDARANI 8%, KURD 7%, ARAB 3%, LUR 2%, BALOCH 2%, TURKMEN 2%, OTHER 1% .....	31
RELIGION: MUSLIM 98% (SHIA 89%, SUNNI 9%), OTHER (INCLUDES ZOROASTRIAN, JEWISH, CHRISTIAN, AND BAHA'I) 2%.....	31
LANGUAGE: PERSIAN AND PERSIAN DIALECTS 58%, TURKIC AND TURKIC DIALECTS 26%, KURDISH 9%, LURI 2%, BALOCHI 1%, ARABIC 1%, TURKISH 1%, OTHER 2%.....	31
IRAQ 31	
ETHNICITY: ARAB 75%-80%, KURDISH 15%-20%, TURKOMAN, ASSYRIAN, OR OTHER 5%.....	31
RELIGION: MUSLIM 97% (SHIA 60%-65%, SUNNI 32%-37%), CHRISTIAN OR OTHER 3% .....	31
NOTE: WHILE THERE HAS BEEN VOLUNTARY RELOCATION OF MANY CHRISTIAN FAMILIES TO NORTHERN IRAQ, RECENT REPORTING INDICATES THAT THE OVERALL CHRISTIAN POPULATION MAY HAVE DROPPED BY AS MUCH AS 50 PERCENT SINCE THE FALL OF THE SADDAM HUSSEIN REGIME IN 2003, WITH MANY FLEEING TO SYRIA, JORDAN, AND LEBANON .....	31
LANGUAGE: ARABIC (OFFICIAL), KURDISH (OFFICIAL IN KURDISH REGIONS), TURKOMAN (A TURKISH DIALECT), ASSYRIAN (NEO-ARAMAIC), ARMENIAN. ....	31
FIGURE VI.10: RELATIVE SIZE OF SHIA AND FOREIGN SECTORS OF THE POPULATION IN THE ARAB GULF STATES .....	33
FIGURE VI.12: BP ESTIMATES OF ARABIAN AND MIDDLE EAST CONVENTIONAL OIL AND GAS PRODUCTION: 2001- 2011.....	36
FIGURE VI.13: EIA ESTIMATE OF OPEC OIL EXPORT REVENUES.....	37
FIGURE VI.14: GULF STATE ECONOMIC INDICATORS AND DEFENSE BUDGETS.....	39
FIGURE VI.15: EASE OF DOING BUSINESS INDEX .....	40
FIGURE VI.16: GULF GDP PER CAPITA ESTIMATES BY COUNTRY .....	41
FIGURE VI.17: SAUDI ARABIA: A STATISTICAL OVERVIEW .....	47
FIGURE VI.18: SAUDI MILITARY STRENGTH IN 2012.....	64
FIGURE VI.19: US FMS DELIVERIES AND COMMERCIAL EXPORTS OF DEFENSE ARTICLES – FY2007-FY2011.....	65
FIGURE VI.20: KUWAIT: A STATISTICAL OVERVIEW.....	69
FIGURE VI.21: KUWAITI MILITARY STRENGTH IN 2012 .....	77
FIGURE VI.22: BAHRAIN - A STATISTICAL OVERVIEW .....	83
FIGURE VI.23: BAHRAINI MILITARY STRENGTH IN 2012.....	93
FIGURE VI.24: US ARMS TRANSFERS AND MILITARY ASSISTANCE TO THE SOUTHERN GULF STATES .....	95
FIGURE VI.25: OMAN – A STATISTICAL OVERVIEW.....	98
FIGURE VI.26: OMANI MILITARY STRENGTH IN 2012 .....	103
FIGURE VI.27: QATAR – A STATISTICAL OVERVIEW .....	107
FIGURE VI.28: QATARI MILITARY STRENGTH IN 2012.....	112
FIGURE VI.29: THE UAE – A STATISTICAL OVERVIEW .....	117
FIGURE VI.30: UAE MILITARY STRENGTH IN 2012.....	125
FIGURE VI.31: YEMEN - A STATISTICAL OVERVIEW.....	129

FIGURE VI.32: YEMENI MILITARY STRENGTH IN 2012..... 137

## ***Introduction***

The Gulf and the Arabian Peninsula is the most important single theater in the US-Iranian strategic competition. The proximity of the Arab Gulf states to Iran, the region's geostrategic value to the stability of the global economy, the shifting military balance, and the social, demographic, and economic tensions that threaten to create political upheavals in several key states make it a potential flash-point in tensions between Washington and Tehran.

While each state in the region has unique challenges, several overarching issues shape the significance of the region:

- *Natural Resources:* The large reserves of oil and natural gas in the Arabian Peninsula make the security and stability of the region of vital importance to the US. Three of the world's top 10 producers of oil are located on the peninsula – Saudi Arabia (1), the United Arab Emirates (7) and Kuwait (10).<sup>1</sup>
- The size of proved reserves in many of these states also ensures that these countries will continue to be major players in the global oil trade so long as there is demand. According to the Central Intelligence Agency, Saudi Arabia has the largest proven reserves of any country in the world, with 17% of the world total. Kuwait and the UAE follow with the sixth and seventh-largest proved reserves, comprising 6.8 and 6.4% of the world total, respectively.<sup>2</sup>
- While any estimates of oil and gas reserves as a percent of the world total are highly uncertain, the BP Statistical Review of Energy for 2012 estimates that the GCC states have 19.2% of the world oil reserves versus 9.1% for Iran and 8.7% for Iraq.<sup>3</sup> Some estimates put the GCC shares of the world's proven conventional oil reserves as high as 45%, with the potential to rise steadily in the future.<sup>4</sup>

The region also has key natural gas producers – namely Qatar and Saudi Arabia, The BP Statistical Review of Energy for 2012 estimates that the GCC states have 20.4% of world gas reserves versus 15.9% for Iran and 1.7% for Iraq.<sup>5</sup> Some estimates indicate that the GCC has 17% of the world's conventional gas reserves.<sup>6</sup> In terms of proved reserves of natural gas, Qatar has the

---

<sup>1</sup> "Countries," U.S. Energy Information Administration, undated.

<http://www.eia.gov/countries/index.cfm>

<sup>2</sup> Central Intelligence Agency, *The World Factbook [Country Comparison::Crude Oil – Proved Reserves]*, undated. <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2244rank.html?countryName=Saudi%20Arabia&countryCode=sa&regionCode=mde&rank=2#sa>. Saudi Arabia, Kuwait, UAE, and world data are estimates for January 1, 2012.

<sup>3</sup> BP, "Statistical Review," undated.

<http://www.bp.com/sectionbodycopy.do?categoryId=7500&contentId=7068481>

<sup>4</sup> Sharif M. Taha, "GCC Share of Global Oil Reserves Likely to Rise to 70%," *Zawya*, July 8, 2012.

[http://www.zawya.com/story/GCC\\_share\\_of\\_global\\_oil\\_reserves\\_likely\\_to\\_rise\\_to\\_70-ZAWYA20120708031409/](http://www.zawya.com/story/GCC_share_of_global_oil_reserves_likely_to_rise_to_70-ZAWYA20120708031409/); Moign Khawaja, "GCC Global Oil Reserves Share to Hit 70% in Next Few Years," *Arabian Gazette*, July 8, 2012. <http://arabiangazette.com/gcc-global-oil-reserves-share-rise/>

<sup>5</sup> BP, "Statistical Review," undated.

<http://www.bp.com/sectionbodycopy.do?categoryId=7500&contentId=7068481>

<sup>6</sup> Central Intelligence Agency, *The World Factbook [Country Comparison::Natural Gas – Production]*, undated. <https://www.cia.gov/library/publications/the-world->

world's third-largest and Saudi Arabia the fourth-largest – 12-13% and 3.9-4% of the world total, respectively.<sup>7</sup> Saudi Arabia also has extensive mineral resources.

*Geography:* Geography is significant to the importance of the Arabian Peninsula for multiple reasons. The close proximity between the Gulf Arab states and Iran shape the competition. All of the Arab states are in close range of Iranian missile, air, and naval capabilities. The presence of US military assets and facilities throughout the peninsula exacerbates this threat, as these states may be viewed by Iran as targets for retaliation in the event of a preventative US or Israeli strike against Iranian nuclear infrastructure.

The Strait of Hormuz – which passes between the UAE, Oman, and Iran – is an essential passageway for maritime commerce from the east coast of Saudi Arabia, Kuwait, Qatar, Bahrain, and the UAE to the outside world. Roughly 35% of all oil moved via ocean and 20% of all internationally traded oil passes through the Strait – some 17 million barrels daily. According to the US Energy Information Administration, “The Strait of Hormuz is by far the world’s most important chokepoint [for oil trade].”<sup>8</sup>

- *Sunni and Shia Tension:* Iran is a Persian Shia state with a different language than the Gulf Arab states, and is an ambitious foe seeking regional and religious dominance. Each of the Arab Gulf states has a relatively significant Shia population – particularly Bahrain, where Shia have a majority. In several countries, the Shia portion of the population sees itself as being socially, politically, and economically less well-off than their Sunni brethren.

In Bahrain, Saudi Arabia, Yemen, the UAE, and – to a lesser extent – Kuwait, the governments have been concerned about the ability of their Shia to cause social unrest. They are also concerned about Iranian links to these communities, and possible infiltration of these populations to undermine the Sunni leadership of the states, particularly by Hezbollah and the Quds Force of Iran’s Islamic Revolutionary Guard Corps (IRGC).

- *Reluctance to Back an Escalation in Tensions with Iran:* While all of the Gulf states – with the exception of Oman – have Sunni leadership and are troubled about Iran’s nuclear program and the ties between their Shia and Iran, many are reluctant to back a US-Iranian confrontation<sup>9</sup> unless they are fully convinced that Iran is a real nuclear threat and that the US will act decisively and be successful.

Each of these issues affects US and Iranian competition in the Gulf states at a time when this competition is only one of the critical factors shaping their security. This competition interacts with religious extremism and terrorism; internal sectarian, ethnic, and tribal divisions; the need to deal with massive demographic pressures and a “youth bulge” that

---

[factbook/rankorder/2249rank.html?countryName=Saudi%20Arabia&countryCode=sa&regionCode=mde&rank=10#sa](http://factbook.rankorder/2249rank.html?countryName=Saudi%20Arabia&countryCode=sa&regionCode=mde&rank=10#sa). Qatar and world data estimates for 2010. Saudi Arabia data estimate for 2011.

<sup>7</sup> Central Intelligence Agency, *The World Factbook [Country Comparison::Natural Gas – Proved Reserves]*, undated. <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2253rank.html?countryName=Saudi%20Arabia&countryCode=sa&regionCode=mde&rank=5#sa>. Qatar and Saudi Arabia data estimates for January 1, 2012. World total estimate for January 1, 2011; Sharif M. Taha, “GCC Share of Global Oil Reserves Likely to Rise to 70%,” *Zawya*, July 8, 2012. [http://www.zawya.com/story/GCC\\_share\\_of\\_global\\_oil\\_reserves\\_likely\\_to\\_rise\\_to\\_70-ZAWYA20120708031409/](http://www.zawya.com/story/GCC_share_of_global_oil_reserves_likely_to_rise_to_70-ZAWYA20120708031409/); Moign Khawaja, “GCC Global Oil Reserves Share to Hit 70% in Next Few Years,” *Arabian Gazette*, July 8, 2012. <http://arabiangazette.com/gcc-global-oil-reserves-share-rise/>

<sup>8</sup> “World Oil Transit Chokepoints,” U.S. Energy Information Administration, updated August 22, 2012. <http://www.eia.gov/countries/regions-topics.cfm?fips=WOTC&trk=p3>

<sup>9</sup> Kenneth Katzman, *Iran: U.S. Concerns and Policy Responses*, Congressional Research Service, September 5, 2012. p. 45.

requires the creation of massive numbers of jobs and new social infrastructure; and the need for stable political and social evolution to avoid political upheavals that can do as much or more to disrupt reform and modernization as to achieve it.

They also affect security at a time when the US and the Gulf allies must shift from a past focus on conventional warfare and compartmented internal security efforts to a spectrum of four interactive challenges:

- Internal security, counterterrorism (CT), and civil-military stability operations – often involving outside powers and arms transfers.
- Low to mid-level asymmetric wars that may involve conventional forces.
- Conventional wars using asymmetric means
- Use of WMD, weapons of mass effectiveness, and cyberwarfare – wild card patterns of conflict and escalation.

Both the US and its security partners in the Gulf Cooperation Council (GCC) states must deal with all of these issues at a time when security means dealing with the emergence of complex or hybrid warfare which can occur at many different levels without clear probabilities – other than opponents like Iran and violent extremists who will seek to exploit any perceived weaknesses and do so as cheaply as possible. Each Gulf state must also individually and collectively deal with enduring political, social, and economic pressures that threaten its stability and that of its neighbors. These are pressures where the US and outside powers can have limited influence, but where success or failure will occur on a largely national and local basis.

### ***The US and the Arab Gulf States: Challenges and Interests***

Ever since the early 1970s, the US has sought to protect and secure the stable flow of oil and gas exports at world market prices, promote security and stability in the region, forge useful military cooperation programs to advance broader US strategic aims, and encourage economic development and trade while protecting trade lanes. Iran's unconventional military developments and nuclear weapons program pose a risk to each of these interests, and thus to the ability for the US to advance its own national security and global economic stability.

In the more than sixty years that the US has been actively engaged in the region, Washington has advanced these interests through numerous variations of alliances and containment. Saudi Arabia played an important role – along with Iran – in the US strategy to contain the Soviet Union.<sup>10</sup> As a result of the 1979 Islamic Revolution, Iran began to emerge as the major regional threat to US regional interests. The Iran-Iraq War, the Iran hostage crisis, various acts of terrorism, and the Iranian targeting of Kuwaiti tankers in the Gulf made this threat real, while the subsequent collapse of the Soviet Union allowed the US to focus more on containing Iran. At the same time, the aggression displayed by Saddam Hussein during the 1990 invasion of Kuwait and the brief Iraqi

---

<sup>10</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, and Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 5.



incursion into Saudi Arabia demonstrated that an ambitious and hostile Ba'athist regime in Baghdad was also a threat to US security interests in the Gulf.

The US characterized the decade that followed in terms of “dual containment,” when the US sought to limit hostility from both Baghdad and Tehran. Economic sanctions and a no-fly zone were put into effect to mitigate against future Iraqi hostility, while Washington remained cautious of developments in Iran<sup>11</sup> and built up the militaries of the Gulf Arab states.

The Iraqi threat to Gulf security ended after the US-led invasion of Iraq in 2003, but created a new Iraqi threat to the US. While Iraq once had the fifth-largest army in the world,<sup>12</sup> the US invasion destroyed Iraq's forces while triggering a mix of clashing Sunni, Shia, and Kurdish factions and an insurgency hostile to the US. This – followed by the election of the conservative Iranian President Mahmoud Ahmadinejad and growing concern with the Iranian nuclear program – has made the containment of Iran the principal strategic objective of the US in the Gulf region.

### *Enhanced US Partnership with the Southern Gulf States*

The US is now engaged in a major effort to enhance its own military capabilities in the Gulf and those of its partner countries on the Arabian Peninsula – particularly in the realm of air power, missile defense, and air-sea operations. At the same time, the prospect of US or Israeli preventative military action against Iran's nuclear infrastructure raises the possibility of Iranian retaliation in the Gulf region.

The relative balance of US, European, Arab Gulf, and Iranian military capabilities is analyzed in detail in Chapters III and IV, but several aspects are particularly important in shaping the attitudes of the leaders of the Southern Gulf states towards the US and Iran:

- *Terrorism and Civil Unrest:* There is a history of Iranian-linked terrorism and civil unrest dating to the infancy of the Islamic Republic. Bahrain in particular has alleged that numerous uprisings, attempted coups, and recent bombings have been linked to Iranian support for Shia factions in that country. Kuwait also has a history of dealing with Iranian-linked terrorism as early as the 1980s, with another attempted attack recently uncovered. Plots in Bahrain and Kuwait have been linked to both Hezbollah and the IRGC Quds Force.
- *Support to Other Violent Non-State Actors:* As has been the case with Hezbollah in Lebanon and Shia groups in Iraq, Iran has been accused of providing material support to violent non-state actors (VNSAs) in the Arabian Peninsula. The IRGC Quds Force is accused of meeting with and providing arms to Houthi militants in Yemen, which have been battling the US-backed regimes of Yemen and Saudi Arabia.

---

<sup>11</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, and Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 5.

<sup>12</sup> John M. Broder and Douglas Jehl, “Iraqi Army: World's 5<sup>th</sup> Largest but Full of Vital Weaknesses: Military: It Will Soon Be Even Larger. But its Senior Staff is Full of Incompetents and Only a Third of Its Troops Are Experienced,” *Los Angeles Times*, August 13, 1990. [http://articles.latimes.com/1990-08-13/news/mn-465\\_1\\_iraqi-army](http://articles.latimes.com/1990-08-13/news/mn-465_1_iraqi-army)

- *Threat to Maritime Trade:* The security of maritime commerce for much of the Arabian Peninsula is contingent upon safe passage through the Strait of Hormuz. The threat of Iranian mines, small boat attacks, and anti-ship missiles is a serious risk to regional commerce.
- *Missile Threat:* Iran's airpower capabilities are limited by sanctions and the ageing nature of the country's fixed-wing air force. However, Iran has compensated for these shortcomings with short to intermediate range missile capabilities that put major population centers and critical infrastructure on the Arabian Peninsula in range of Iranian strike.
- *Nuclear Threat:* The GCC Supreme Council meeting in December 2012 made it clear that the leaders of the Arab Gulf states supported Iran's right to make peaceful use of nuclear power. However, these leaders were deeply concerned about the growing evidence that Iran is developing a nuclear weapons breakout capability and has plans to arm its missile forces with nuclear weapons.

The US has responded to these threats with a series of major security cooperation initiatives in the region geared towards containing and deterring Iran. These have included deploying US special forces and mine units to the Gulf, making the GCC states partners in its Combined Air Operations Center (CAOC) in Qatar, sharply increasing the number of multilateral military exercises – especially with the US 5<sup>th</sup> Fleet, and helping the GCC states make major improvements in their deterrent and defense capabilities.

While the major Western European states and China have cut their weapons exports to the region in recent years relative to the mid-2000s, **Figure VI.1** shows the US increased its arms agreements with GCC states by over eight times between 2004-2007 and 2008-2011. Saudi Arabia made the most drastic increases, with a nine-fold increase in 2008-2011 in versus 2004-2007. Kuwait, Oman, the UAE, and Qatar have also experienced considerable growth in weapons imports from the US. **Figure VI.2** shows similar increases in arms deliveries.

These figures indicate that the US commitment to the security of the Arab Gulf states has steadily grown stronger, as the Iranian asymmetric and missile threat and the prospect of Iranian nuclear weapons has become more threatening. The data in **Figures VI.1** and **VI.2** leave no doubt that Washington and the Southern Gulf states take Iranian threats seriously, and are making significant investments in building the region's defensive capabilities.

**Figure VI.1: New Arms Transfer Agreements in Millions of Current US Dollars**

Recipient Country	U.S.	Russia	China	Major West European <sup>a</sup>	All Other European	All Others	Total
<b>2004-2007</b>							
Algeria	0	6,500	400	200	0	0	7,100
Bahrain	400	0	0	100	0	0	500
Egypt	4,400	400	300	0	300	0	5,400
Iran	0	1,600	300	0	100	100	2,100
Iraq	1,100	100	100	200	600	200	2,300
Israel	1,800	300	0	1,500	0	0	3,600
Jordan	700	200	100	0	300	0	1,300
Kuwait	1,000	0	0	0	0	0	1,000
Lebanon	0	0	0	0	0	0	0
Libya	0	200	0	600	200	0	1,000
Morocco	0	200	0	400	100	0	700
Oman	100	0	0	2,100	0	0	2,200
Qatar	0	0	0	0	0	100	100
Saudi Arabia	5,000	0	800	16,900	800	100	23,600
Syria	0	5,700	500	0	100	600	6,900
Tunisia	0	0	0	0	0	0	0
U.A.E.	1,400	300	100	1,100	200	0	3,100
Yemen	0	200	0	0	100	100	400
<b>2008-2011</b>							
Algeria	0	2,100	200	800	100	0	3,200
Bahrain	400	0	0	0	0	0	400
Egypt	7,400	500	600	100	300	0	8,900
Iran	0	100	0	0	100	100	300
Iraq	4,800	300	0	500	900	200	6,700
Israel	5,900	0	0	0	0	0	5,900
Jordan	1,500	0	0	0	100	0	1,600
Kuwait	2,500	700	0	0	0	0	3,200
Lebanon	300	0	0	0	0	200	500
Libya	0	100	0	700	200	0	1,000
Morocco	2,700	0	500	1,000	900	0	5,100
Oman	1,500	0	0	200	0	0	1,700
Qatar	200	0	0	800	0	0	1,000
Saudi Arabia	45,600	0	0	5,300	1,100	100	52,100
Syria	0	1,700	200	0	0	100	2,000
Tunisia	100	0	0	0	0	0	100
U.A.E.	14,300	100	0	1,600	1,100	100	17,200
Yemen	0	100	0	0	300	100	500

**Notes:** 0=data less than \$50 million or nil. All data are rounded to the nearest \$100 million.

a. Major West European category includes France, United Kingdom, Germany, and Italy totals as an aggregate figure.

Source: Richard F. Grimmer and Paul K. Kerr, *Conventional Arms Transfers to Developing Nations, 2004-2011*, Congressional Research Service, August 24, 2012. p. 44, 45. "0" represents any value below \$50 million.

**Figure VI.2: New Arms Deliveries in Millions of Current US Dollars**

Recipient Country	U.S.	Russia	China	Major West European <sup>a</sup>	All Other European	All Others	Total
<b>2004-2007</b>							
Algeria	0	900	200	0	0	0	1,100
Bahrain	200	0	0	100	0	0	300
Egypt	5,700	300	400	0	400	0	6,800
Iran	0	500	200	0	0	200	900
Iraq	200	100	0	100	300	100	800
Israel	5,700	100	0	0	0	0	5,800
Jordan	600	100	0	0	0	0	700
Kuwait	1,500	0	0	0	0	0	1,500
Lebanon	0	0	0	0	0	0	0
Libya	0	200	0	0	200	0	400
Morocco	100	100	0	0	0	100	300
Oman	700	0	0	300	0	0	1,000
Qatar	0	0	0	0	0	0	0
Saudi Arabia	4,300	0	200	9,900	100	100	14,600
Syria	0	500	300	0	0	300	1,100
Tunisia	0	0	0	0	0	0	0
U.A.E.	600	200	0	4,000	400	0	5,200
Yemen	0	400	0	0	100	100	600
<b>2008-2011</b>							
Algeria	0	4,700	400	300	0	0	5,400
Bahrain	0	0	0	0	0	0	0
Egypt	3,900	300	400	0	200	0	4,800
Iran	0	200	0	0	0	0	200
Iraq	2,600	300	0	300	100	100	3,400
Israel	3,800	200	0	0	0	0	4,000
Jordan	900	100	100	0	300	0	1,400
Kuwait	1,300	100	100	0	0	0	1,500
Lebanon	200	0	0	0	0	100	300
Libya	0	100	0	300	0	0	400
Morocco	1,000	0	500	200	400	0	2,100
Oman	200	0	0	500	0	0	700
Qatar	0	0	0	200	0	0	200
Saudi Arabia	5,900	0	700	3,300	300	0	10,200
Syria	0	2,000	400	0	100	200	2,700
Tunisia	0	0	0	0	0	0	0
U.A.E.	2,000	300	100	600	300	0	3,300
Yemen	0	100	0	0	200	100	400

**Notes:** 0=data less than \$50 million or nil. All data are rounded to the nearest \$100 million.

a. Major West European category includes France, United Kingdom, Germany, and Italy totals as an aggregate figure.

Source: Richard F. Grimmer and Paul K. Kerr, *Conventional Arms Transfers to Developing Nations, 2004-2011*, Congressional Research Service, August 24, 2012. p. 58 ,59. "0" represents any value below \$50 million.

The US has focused on helping the Southern Gulf states develop their air, naval, asymmetric warfare, and counterterrorism capabilities. It has also helped them develop improved missile defense capabilities, particularly in Qatar and the UAE.

Many GCC states are acquiring PAC-3 capabilities for the Patriot missile defense system. Unlike the PAC-2 variant, the PAC-3 can accommodate 16 missiles per launcher rather than four and offers “more advanced radar and electronics systems” as well as “hit to kill” capabilities, whereas the PAC-2 uses a “proximity fuse.”<sup>13</sup> This system can be used “against short-range ballistic missiles, large-caliber rockets, and air-breathing threats.”<sup>14</sup>

Additionally, the US is selling Terminal High Altitude Area Defense (THAAD) capabilities to Qatar and the UAE. THAAD – like PAC-3 – also offers “hit-to-kill” capabilities, and is able to intercept ballistic missiles in the last segment of their flight, but is a wide area missile defense system. The ability of the system to intercept missiles at high altitude – including above the Earth’s atmosphere – makes it an appealing system for the intercept of nuclear, chemical, or biological-tipped missiles.<sup>15</sup> This system will offer additional protection to these countries and US facilities and assets within them by working synergistically with Patriot PAC-3 and Aegis systems<sup>16</sup> already in the region. According to Lockheed Martin, “The system [THAAD] has a track record of 100% mission success in flight testing.”<sup>17</sup>

In addition to missile defense developments, the US has taken steps to enhance the air and maritime security capabilities of each friendly state to protect against threats from the air, land, and sea.

Complimenting these efforts, the US has offered Nonproliferation, Anti-terrorism, Demining and Related Programs (NADR) assistance to many of the most vulnerable states to instability in the region, such as Yemen and Bahrain, as will be discussed in greater detail later in this report.

The Gulf Security Dialogue (GSD) initiated by the Bush Administration has been sustained through the Obama Administration as Washington engages the region. There has been discussion indicating the possibility of US security guarantees or “extended deterrence” in an effort to protect those states against Iranian threats. Such efforts could reduce the possibility that some Gulf states would acquiesce to Iranian pressure and limit

---

<sup>13</sup> “Gulf States Requesting ABM-Capable Systems,” *Defense Industry Daily*, July 29, 2012.

<http://www.defenseindustrydaily.com/gulf-states-requesting-abm-capable-systems-04390/>

<sup>14</sup> “Elements: PATRIOT Advanced Capability-3 (PAC-3),” Missile Defense Agency, US Department of Defense, undated. [http://www.mda.mil/system/pac\\_3.html](http://www.mda.mil/system/pac_3.html)

<sup>15</sup> “Elements: Terminal High Altitude Area Defense (THAAD),” Missile Defense Agency, US Department of Defense, undated. <http://www.mda.mil/system/thaad.html>

<sup>16</sup> “THAAD,” Lockheed Martin, undated. <http://www.lockheedmartin.com/us/products/thaad.html>

<sup>17</sup> “THAAD,” Lockheed Martin, undated. <http://www.lockheedmartin.com/us/products/thaad.html>

the threat of proliferation in the event that Iran actually equips its force with nuclear weapons.<sup>18</sup>

All of these measures represent a US commitment to the containment and deterrence of Iran in the Gulf – addressing the conventional and unconventional threats posed to these states. At the same time, the US has encouraged economic, social, and political reform; the development of energy exports, and the expansion of trade.

### *The Strengths and Weaknesses of Gulf Partners*

The Southern Gulf states represent the key strategic bloc in the region, and one whose ties to the US are critical to its competition with the Iran and the security of world oil flows and the global economy.

As the most powerful state on the Arabian Peninsula, Saudi Arabia maintains a larger defense budget than any of the other countries in the region – spending roughly five times as much on defense in 2011 (\$46.2 billion) as the next largest spender on the peninsula, the UAE (\$9.32 billion). Saudi Arabia is estimated to have spent nearly four times more on defense than Iran spent in 2011.<sup>19</sup>

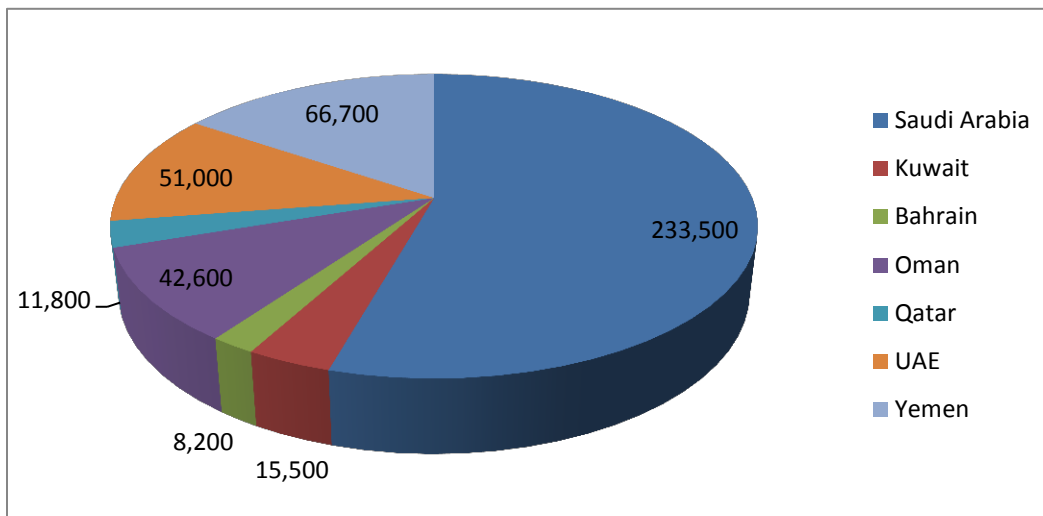
The differences in size of active forces in the Gulf largely reflect the differences in population size between the Gulf countries, with Saudi Arabia and Yemen having the largest active forces on the peninsula – 233,500 and 66,700 respectively, as reflected in **Figure VI.3**. Despite the considerable gap between the Kingdom's defense budget and that of Iran, Tehran's active force is over twice the size of Riyadh's, with 523,000 active personnel.<sup>20</sup>

---

<sup>18</sup> Kenneth Katzman, *Iran: U.S. Concerns and Policy Responses*, Congressional Research Service, September 5, 2012.

<sup>19</sup> "Chapter Seven: Middle East and North Africa," in *The Military Balance: 2012*, International Institute for Strategic Studies, 2012. p. 306.

<sup>20</sup> "Chapter Seven: Middle East and North Africa," in *The Military Balance: 2012*, International Institute for Strategic Studies, 2012. Iran data on p. 323.

**Figure VI.3: Relative Active Force Size of the Arab Gulf States**

Source: Created by Robert Shelala II using data from: "Chapter Seven: Middle East and North Africa," in *The Military Balance: 2012*, International Institute for Strategic Studies, 2012. p. 318, 333, 342, 344, 346, 352, 354.

Energy exports are an important factor driving defense spending – at least for the region’s main exporters. The peninsula’s largest defense budgets also happen to be in the two countries with the highest crude oil export rates – Saudi Arabia and the UAE.<sup>21</sup> It is believed that spending on defense will continue to rise as revenues from energy exports also increase, at the expense of spending on social programs.<sup>22</sup> The highly socialized economies of the Gulf states are dependent on energy export revenues to finance social programs and create jobs for the unemployed population. The allocation of a greater share of energy export revenue toward security could exacerbate economically-driven social problems, possibly leading to greater internal security challenges.

### Southern Gulf Alignments with the US

The US is divided from the Southern Gulf states by its different political system and values, and by its ties to Israel. At the same time, Iran’s actions, political upheavals in the region, and the threat of terrorism and internal extremists have steadily pushed the Southern Gulf states towards building up their military capabilities and creating a more effective partnership with the US, Britain, and France.

The leaders of each state made this clear in the official press statement issued after of the December 2012 (33<sup>rd</sup>) Supreme Council meeting of the GCC. This statement not only

<sup>21</sup> Central Intelligence Agency, *The World Factbook [Country Comparison:: Crude Oil – Exports]*, undated. <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2242rank.html?countryName=Yemen&countryCode=ym&regionCode=mde&rank=32#ym> (Accessed December 10, 2012)

<sup>22</sup> "Chapter Seven: Middle East and North Africa," in *The Military Balance: 2012*, International Institute for Strategic Studies, 2012. Iran data on p. 306.

highlighted the Iranian threat, but indirectly challenged Iran on Syria and any Iranian role in Yemen.<sup>23</sup>

The Supreme Council reiterated its firm stance as per previous statements rejecting the Iranian occupation of the UAE's three Islands namely: (Greater Tunb, Lesser Tunb and Abu Musa ), asserting the right to supremacy on the three islands and regional territorial waters, airspace and continental shelf and free economic zone which form an integral and inseparable part of the United Arab Emirates.

The Supreme Council expressed sorrow because no positive results could be reached through communications with the Islamic Republic of Iran as to culminate in a solution for the issue of the three UAE's islands so as to contribute into boosting the security and stability of the region.

Any acts or practices implemented by Iran on the three islands will be deemed null and void and should not entail any change in legal or historic status of the Islands which confirm the right of supremacy of the United Arab Emirates over its three Islands.

The Supreme Council did not rule out considering all peaceful means which could lead to reinstating the right of the United Arab Emirates over its three islands, inviting the Islamic Republic of Iran to respond to the UAE's efforts to solve the issue through direct negotiations or resorting to the International Court of Justice.

The Supreme Council rejected and denounced continual Iranian interference in the GCC states' internal affairs and urged Iran to immediately stop these practices for good and to refrain from policies and acts which increase tension or threaten regional security and stability. The Supreme Council emphasized the need for Iran's full compliance with the principles of good neighborliness and mutual respect and non-intervention in internal affairs and solving disputes by peaceful means without resorting to force or threats.

The Supreme Council asserted that the Iranian nuclear program does not only threaten regional security and stability but also international security and stability, urging Iran to cooperate with the International Atomic Energy Agency (the IAEA), and renewed the GCC firm stance regarding the significant need for Iran's compliance in order to make the Middle East region, including the Arabian Gulf region, free from weapons of mass destruction as well as from nuclear weapons, praising international efforts aimed to solve the Iranian nuclear program through peaceful means.

The Supreme Council affirmed the right of countries, including Iran, to harnessing peaceful nuclear energy on condition of responsibility of the operating country for the safety of its nuclear facility whilst taking into consideration environmental safety in the large geographic region and the need to fully comply with standards of safety and security and non-nuclear proliferation. Now that Iran began operating the Bushehr reactor, the GCC countries urge Iran to maintain full transparency vis-a-vis this matter and to join the agreement on nuclear safety and enforce maximum safety standards in its facilities.

The Supreme Council reviewed latest developments on the Syrian arena, under continually deteriorating conditions and the human suffering of the brotherly Syrian people. The Council expressed utmost pain and grief towards continuous bloodshed and loss of innocent lives, destruction of cities and infrastructures which necessitates a speedy political power transition. The Council urged the international community to move seriously in order to promptly stop these massacres and blatant violations which contradict with all heavenly commandments, international laws and human values.

The Supreme Council asserted its support to the Syrian National Coalition which is the sole lawful representative of the Syrian people formed in Doha in November 2012 under the kind patronage of

---

<sup>23</sup> SUSRIS, 33rd GCC Supreme Council, the Sakhir Summit, Concludes, SPECIAL REPORT Dec 25, 2012. <http://www.susris.com/2012/12/25/33rd-gcc-supreme-council-the-sakhir-summit-concludes/>



His Highness Sheikh Hamad bin Khalifa the Emir of the State of Qatar and auspices of the Arab League, urging the international community to urgently provide all sorts of humanitarian assistance to the brotherly Syrian people who suffer from harsh living conditions.

The Supreme Council expressed its support to the mission of the UN Arab Envoy to Syria, Mr. Lakhdar Brahimi, provided that this gains consensus from the UN Security Council especially its permanent members, in accordance with the powers and responsibilities of the UN Security Council in maintaining international security and stability.

... The Supreme Council was informed by King Hamad bin Isa Al Khalifa about the message he had received from Yemeni President Abdourabou Mansour Hadi regarding accomplishment of the GCC Initiative for Yemen's part one who thanked the GCC leaders for protecting Yemen from the ghost of civil war and solving its problem.

The Council praised the Yemeni President's recent resolution in favor of restricting the Yemeni Armed forces as part of the GCC Initiative and its executive mechanism in a key step aimed to boost security and stability in Yemen.

The Supreme Council looks forward to Yemen's implementation of the second phase of the GCC Initiative for Yemen after convening the national dialogue with participation from all segments of the Yemeni people and their concurring on what is in the best interest of Yemen and its unity, security and stability.

The Supreme Council reiterated its previous resolutions and firm stances vis-a-vis Iran in terms of respecting its territorial integrity and independence, urging Iraq to comply with UN resolutions regarding its borders and pending issues with the State of Kuwait.

A later press release on a press conference by Shaikh Khalid bin Ahmed Al Khalifa, Minister of Foreign Affairs of the Kingdom of Bahrain and Secretary General of the GCC, Dr. Abdullatif bin Rashid Al-Zayani reported that,<sup>24</sup>

'The efforts to communicate with the Islamic Republic of Iran have not stopped and will not stop and relations with it always passes stages and there are things which we disagree with Iran. GCC is keen to put its relationship with Iran in the correct path without allowing to any party to intervene in the affairs of the other party and not endanger the region, whether to the danger of violence, of environment or that of war or to the threat of nuclear reactors, even in situations of peace, and news about the danger of nuclear reactors was circulated and that was clarified for the Islamic Republic.'

...He also said 'We want a radical solution ending the tragedy of the Syrian people.'

...On the issue of Yemen, Dr. Al-Zayani said that the GCC member States support Yemen's stability and they have had their efforts through the GCC initiative, and that the amount collected was eight billion, of which most of it came from the GCC member States and we are optimistic about the situation in Yemen for our confidence in the wisdom of the Yemeni brothers.

Also, the Bahraini Foreign Minister explained that the GCC efforts in resolving the issue of the occupied islands of the United Arab Emirates (UAE) are still going on and our stance is solid towards it and they are UAE islands occupied by Iranian forces and must be returned to the UAE either through negotiations or arbitration, and that any action carried out by Iran on these islands won't result in any legal interest in Iran's favor and we support all the UAE steps in this regard.

...On the assessment of Russian efforts to resolve the Syrian crisis, the Foreign Minister of Bahrain stressed that Russia's role is an important role, and that there is a dialogue between the

---

<sup>24</sup> Qatar-US Relations, "33rd GCC Supreme Council Press Conference: Special Report," December 25, 2012. <http://qatarus.com/2012/12/25/33rd-gcc-supreme-council-press-conference/>

GCC countries and Russia, and work is going on to remove any misunderstanding between the two sides.

Concerning the negotiations between the 'Five Plus One' group and Iran on the latter's nuclear program, Sheikh Khalid Al Khalifa said that 'if the talks are about the region, we are the region, and we need to know hidden things.'

On the nuclear negotiations, Sheikh Al Khalifa wished them success and that the two sides may reach an agreement to spare the region the scourges. In this regard, he also said that 'If you look at the language of the final statement issued earlier today by the summit, you will find a new language added to it, we want the Iranian program to be transparent and clear after international news on some of its risks.'

Answering a question on the Iraqi situation, the Foreign Minister of Bahrain said 'Ties with Iraq included in the final statement, and the relationship should be strong and the situation in Iraq now is not the optimal one.'

### **The Impact of the Divisions Between the Arabian Gulf States**

The long series of tensions between the Southern Gulf states and Iran – beginning with the Iran-Iraq War and now shaping the growing tensions over Iran's nuclear efforts and growing asymmetric threat in the Gulf – have made it clear to Southern Gulf capitals that security cooperation with the US is necessary to ensure national security, whether it be protecting tankers transiting the Gulf, or repelling an Iraqi invasion – as was the case for Kuwait and Saudi Arabia.

The growing partnership between the US and the Southern Gulf states has greatly improved the combined ability of the US and these states to both deter and defend against any threat in the region. At the same time, it has important limitations that have restricted the effectiveness of the GCC, its military integration, and its level of interoperability. They are dictated by nationalism, divisions between the Arab Gulf states, and by the fact the smaller states fear Saudi dominance:

- *Bahrain:* Bahrain is closely tied to Saudi Arabia, and is the headquarters of the US 5th fleet. It sees Iran as a major source of its current Shia and Sunni tensions. There is still some residual tension with Qatar over past disputes over the waters and reefs between them, and the fact that the Qatari ruling Al Thani family seized the peninsula in the mid-1800s from the Bahraini Al-Khalifa royal family after the Al-Khalifa's had occupied Bahrain.
- *Kuwait:* Kuwait was the key country leading to US intervention in the Iran-Iraq War in 1987-1988 – after the US agreed to reflag Kuwaiti tankers being attacked by Iran. It has been closely tied to the US since the Iraqi invasion of Kuwait in 1990, and provided assistance for the invasion of Iraq. Kuwait maintains close cooperation with the US with major basing and prepositioning facilities since 2002, when the US prepared for the invasion of Iraq. Kuwait's security concerns focused on the threat from Iraq until 2003, and Kuwait is careful to avoid provoking Iran when possible. There is a legacy of Kuwaiti-Saudi tension from the period in which Kuwait was the more developed state. Kuwait is partly divided from Saudi Arabia by a Neutral Zone, but there is no evidence of serious tension over management of the zone, and all boundary, offshore, and island issues seem to have been resolved well over a decade ago.
- *Oman:* Oman plays a key strategic role in Gulf security because of its location at the Strait of Hormuz at the entrance to the Gulf and access to the Gulf of Oman and Indian Ocean. It has a long history of low-level tension with Saudi Arabia over past border disputes, the Omani search for an increased role in GCC and aid for its forces, and Oman's desire to avoid Saudi domination of the GCC. Oman had some past tension with UAE over maritime boundaries. It offers the US contingency bases and prepositioning facilities, and Oman has close security ties to Britain. Muscat has tried to maintain correct and "friendly" relations with Iran – which sits across from

- Oman at the Strain of Hormuz, but has been careful to assert its sovereignty and avoid any Iranian interference.
- *Qatar*: Qatar is a key partner of the US. It hosts the US Combined Air Operations Center (CAOC), and provides air basing and prepositioning facilities. Qatar shares the same interpretation of Islam as Saudi Arabia, but there is a history of border disputes with Saudi Arabia which seemed to be resolved in 2001, along with its border disputes with Bahrain, but have recently led to some discussion of border revisions between Qatar, Saudi Arabia, and the UAE. Other tensions exist between Saudi Arabia and Abu Dhabi and Qatar's current ruler – Amir Hamad bin Khalifa Al Thani. Amir Hamad overthrew his father in a bloodless coup in 1995 and then felt Saudi Arabia and the UAE supported a failed countercoup attempt by his father. Like Oman, Qatar resists any Saudi effort to lead the GCC. It uses the Doha-based Al Jazeera news network to increase its status and sometime critique its neighbors indirectly, Until recently, Qatar has also been careful not to antagonize Iran which shares common massive gas formations in the Gulf. Qatar has become more critical, however, because of Iran's support of Syria, and Qatar's growing efforts to assert itself by supporting Arab insurgents in Libya and Syria.
  - *Saudi Arabia*: Saudi Arabia is the largest power by far in the Southern Gulf and the only GCC state large enough to have great strategic depth. It has been a key security partner of the US since World War II, and was the co-commander with the US and leader of the Arab forces in the coalition that liberated Kuwait in 1990-1991. Saudi Arabia no longer provides basing facilities to the US, but provided quiet support to the US during its invasion of Iraq in 2003, has strong US advisory teams for its military, National Guard, and internal security forces, and has bought massive numbers of arms transfers from the US. Saudi Arabia has sought correct and “friendly” relations with Iran, but has long challenged any Iranian effort to lead the Gulf.
  - *UAE*: The UAE has become the most effective military force in the GCC, and now cooperates closely with the US in its military development and security affairs in the Gulf. Like Qatar, it is one of the two states now buying THAAD missile defenses, and has played an overt role in supporting insurgents in Libya and Sunni forces in Syria. The Emirates have been divided in the past in dealing with Iran because of Dubai's role as a key transshipment and training partner with Iran, but Abu Dhabi and Sharjah have long led the GCC-wide challenge to Iran's control of Abu Musa and the Tunbs – islands the Shah seized from Sharjah during British withdrawal from the Gulf and which Iran later fully occupied. At present, the UAE seems united in resisting Iran. There is some tension with Saudi Arabia over Saudi efforts to lead the GCC, and some low-level comments about reopening past border uses.
  - *Yemen*: Yemen has long been the most troubled and poorest Gulf state, lacking significant petroleum resources, and built on an uncertain unity between what was once North Yemen or the Yemeni Arab Republic (YAR) and South Yemen or the People's Democratic Republic of Yemen (PDRY). Both states were affected by war – the YAR by a civil war, and an Egyptian invasion that marked the first use of poison gas since the end of World War II and the PDRY by constant internal power struggles and its support of the Dhofar rebellion in Oman. Unity came only after the internal collapse of the PDRY and a low-level conflict between northern and southern factions. A failed central government, a failed economy, massive population growth, tribal and sectarian differences, and shortages in water have left Yemen under uncertain central control, brought Saudi Arabia to intervene in the northwest border area, and have made Yemen the key source of instability in the Arabian Peninsula.

### ***The Gulf Cooperation Council (GCC) and Moves Towards Federation and Unity***

The modern history of the Southern Gulf has to some extent been the history of bilateral and multilateral efforts to break out of these divisions and create a stable regional power structure that produces more effective political and economic cooperation, more internal stability and security, and an effective military alliance that can deter and defend against outside threats.

### **Movements Towards Enhanced Cooperation**

Six of the Southern Gulf states – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE – established the GCC in Abu Dhabi on May 25, 1981. They did so at a time when they faced several emerging threats from Iran. The Iran-Iraq War was intensifying, and the Gulf states backed Saddam Hussein in his fight against Iran. Additionally, the 1979 revolution in Iran threatened to mobilize Shia throughout the Gulf against their Sunni governments.<sup>25</sup>

The GCC was designed to enhance political, social, economic, and security cooperation, and “as a mechanism for resolving internal political and economic issues and coordinating multilateral security cooperation.”<sup>26</sup> Its individual members have steadily expanded their military forces, far outpacing Iran in military expenditures, arms transfers, and force modernization. It has great potential for such cooperation, and in 2012, it had a total population of some 45.9 million, a total GDP of some \$1.37 trillion (rising from \$207.7 billion in 1990 and \$375.5 billion in 2000), and an average GDP per capita of \$39,900.<sup>27</sup>

They have made limited progress in security cooperation in spite of their internal divisions. Once such effort was the creation of a Peninsula (Jazeera) Shield Force, which was formed in 1984, and is described as a “collective defence force” under the GCC.<sup>28</sup> It was established after Iran went on the offensive in the Iran-Iraq War. The force had serious political and military limitations that ensured it had only token value during the effort to liberate Kuwait.

It has, however, provided the shell for more recent collective security action. It was the cover for the force contingents from Saudi Arabia, the UAE, and Qatar,<sup>29</sup> as well as the Kuwaiti Navy deployed to help Bahrain deal with its political upheavals in 2011.<sup>30</sup> It was expanded to a nominal strength of nearly 40,000 in 2002-2003. It continues to be based at King Khalid Military City in Saudi Arabia, near Hafar al Batin. In practice, however, its readiness remains low and much of its assigned strength is missing or remains in its parent country.

---

<sup>25</sup> “Profile: Gulf Co-operation Council,” *BBC News*, last updated February 15, 2012. [http://news.bbc.co.uk/2/hi/middle\\_east/country\\_profiles/4155001.stm](http://news.bbc.co.uk/2/hi/middle_east/country_profiles/4155001.stm); Ray Takeyh, *Hidden Iran: Paradox and Power in the Islamic Republic* (New York: Holt, 2006). p. 64-65.

<sup>26</sup> Christopher M. Blanchard and Richard F. Grimmett, *The Gulf Security Dialogue and Related Arms Sale Proposals*, Congressional Research Service, October 8, 2008. p. 2.

<sup>27</sup> GCC website, <http://www.gcc-sg.org> (Accessed January 4, 2013).

<sup>28</sup> “Profile: Gulf Co-operation Council,” *BBC News*, last updated February 15, 2012. [http://news.bbc.co.uk/2/hi/middle\\_east/country\\_profiles/4155001.stm](http://news.bbc.co.uk/2/hi/middle_east/country_profiles/4155001.stm)

<sup>29</sup> “Chapter Seven: Middle East and North Africa,” in *The Military Balance: 2012*, International Institute for Strategic Studies, 2012. p. 307.

<sup>30</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 20.

Other security initiatives have included the “‘Belt of Cooperation’ air space monitoring network”<sup>31</sup> and a 2004 agreement on “intelligence-sharing.”<sup>32</sup> Neither has made the needed levels of progress, but they have helped lay the groundwork for further cooperation.

The GCC has also made progress in economic internal security. It launched a common market in 2008, and has considered establishing a common currency. A customs union was launched in 2003, but has reportedly made only a marginal impact.<sup>33</sup> It also has slowly improved cooperation in intelligence and counterterrorism through a network of different committees and coordinating bodies and sharing of intelligence and security data.

The GCC is also expanding. Yemen has become associated with some GCC institutions and is tentatively seeking membership in 2015. Jordan requested to join the GCC in 1986, and its request was accepted in May 2011. Morocco was invited to join – sending ministers to the GCC for the first time in September 2011.

### **GCC Relations with the US**

The US has strongly encouraged such moves as a way of strengthening regional security and stability. The GCC and Washington established a Gulf Security Dialogue (GSD) in 2006. This initiative is based on developing GCC member militaries as well as addressing sensitive issues like the Arab-Israeli conflict, terrorism, proliferation, Iraqi security, and building “interoperability” between regional defense forces.<sup>34</sup>

High-level interactions take place at the assistant secretary level of the State and Defense Departments, with lower-level interactions involving the same agencies as well as the National Security Council, US CENTCOM, and the Joint Staff. The US has used the dialogue to help the Gulf states build the means to defend themselves, as well as to protect energy industry assets in the region.<sup>35</sup>

---

<sup>31</sup> Christopher M. Blanchard and Richard F. Grimmett, *The Gulf Security Dialogue and Related Arms Sale Proposals*, Congressional Research Service, October 8, 2008. p. 3.

<sup>32</sup> “Profile: Gulf Co-operation Council,” *BBC News*, last updated February 15, 2012. [http://news.bbc.co.uk/2/hi/middle\\_east/country\\_profiles/4155001.stm](http://news.bbc.co.uk/2/hi/middle_east/country_profiles/4155001.stm)

<sup>33</sup> “Profile: Gulf Co-operation Council,” *BBC News*, last updated February 15, 2012. [http://news.bbc.co.uk/2/hi/middle\\_east/country\\_profiles/4155001.stm](http://news.bbc.co.uk/2/hi/middle_east/country_profiles/4155001.stm)

<sup>34</sup> Christopher M. Blanchard and Richard F. Grimmett, *The Gulf Security Dialogue and Related Arms Sale Proposals*, Congressional Research Service, October 8, 2008. Summary page.

<sup>35</sup> Christopher M. Blanchard and Richard F. Grimmett, *The Gulf Security Dialogue and Related Arms Sale Proposals*, Congressional Research Service, October 8, 2008. p. 2-3.

More recent US-GCC interactions have been focused on security issues like developing a Gulf missile defense system to protect the region against missile attacks from Iran. According to US Secretary of State Hillary Clinton:<sup>36</sup>

We can do even more to defend the Gulf through cooperation on ballistic missile defense... Sometimes to defend one nation effectively you might need a radar system in a neighboring nation... But it's the cooperation – it what they call 'interoperability' – that we now need to really roll up our sleeves and get to work on.

This initiative has helped lead to the sale of THAAD and Patriot systems from the US to GCC states, launching an X-band radar in Qatar, and the development of command, control, and communications (C3) capabilities within the GCC.<sup>37</sup>

### **GCC Relations with Iran**

The GCC was conceived largely in response to the perceived threat from a post-revolutionary Iranian policy in the Gulf. Since then, Iran has consistently been a central issue shaping the actions of the council. The containment of Iran has been a continuing priority of the GCC since the decade following the Iran-Iraq and Gulf Wars,<sup>38</sup> and the GCC currently seeks to build its defensive capabilities to protect the peninsula against Iran's missile threats and unconventional forces in the Gulf.

The GCC did seek to deepen economic engagement with Iran. A free trade agreement with the Islamic Republic was considered in 2008, but rising tensions with Iran have since effectively blocked progress in such areas.<sup>39</sup>

The GCC is now united in expressing concern about Iran's actions in dealing with Abu Musa and the Tunbs, its buildup of asymmetric forces in the Gulf and threats to close the Strait of Hormuz, and the Iranian nuclear program and possible implications this could have on regional security. However, the members of the GCC remain cautious about any form of military engagement with Iran, and publically advocate a political rather than military solution to the nuclear dispute.<sup>40</sup>

These GCC concerns over the Iranian nuclear program include concerns over the presence of nuclear facilities along the coastline of the Persian Gulf – particularly the

---

<sup>36</sup> Thom Shanker, "U.S. and Gulf Allies Pursue a Missile Shield Against Iranian Attack," *New York Times*, August 8, 2012. <http://www.nytimes.com/2012/08/09/world/middleeast/us-and-gulf-allies-pursue-a-missile-shield-against-iranian-attack.html>

<sup>37</sup> Thom Shanker, "U.S. and Gulf Allies Pursue a Missile Shield Against Iranian Attack," *New York Times*, August 8, 2012. <http://www.nytimes.com/2012/08/09/world/middleeast/us-and-gulf-allies-pursue-a-missile-shield-against-iranian-attack.html>

<sup>38</sup> Christopher M. Blanchard and Richard F. Grimmett, *The Gulf Security Dialogue and Related Arms Sale Proposals*, Congressional Research Service, October 8, 2008. p. 2.

<sup>39</sup> "Profile: Gulf Co-operation Council," *BBC News*, last updated February 15, 2012. [http://news.bbc.co.uk/2/hi/middle\\_east/country\\_profiles/4155001.stm](http://news.bbc.co.uk/2/hi/middle_east/country_profiles/4155001.stm)

<sup>40</sup> "Profile: Gulf Co-operation Council," *BBC News*, last updated February 15, 2012. [http://news.bbc.co.uk/2/hi/middle\\_east/country\\_profiles/4155001.stm](http://news.bbc.co.uk/2/hi/middle_east/country_profiles/4155001.stm)

Bushehr reactor – and the implications an accident could have on regional security.<sup>41</sup> According to Bahrain’s State Minister for Foreign Affairs, Ganem Al Buainain:<sup>42</sup>

The GCC countries have stated that they do not appreciate the existence of nuclear plants on the shores of the Gulf [even] if they are for peaceful purposes... They do represent a threat to the people of the region if there is a leak. This threat is not confined to the GCC people, but also to the Iranians themselves living on the eastern shore of the Arabian Gulf. This matter does deserve greater attention.

Tensions between the GCC and Iran grew in spring 2011 as the GCC issued a communique criticizing Iran, and deployed the Peninsula Shield Force to Bahrain. On April 20, 2011, the GCC and the EU issued a joint communique that alluded to the Bahrain and Yemen issues without directly mentioning them – calling for Iran “to cease interfering in the internal affairs of GCC Member States and other countries in the region.”<sup>43</sup> At the same time, the GCC continued to challenge Iranian claims to the Tunbs and Abu Musa, turning the disputes into multilateral issues that give the Arab states far greater leverage over Iran.

The statement encouraged Tehran “...to fully comply with the relevant resolutions adopted by [the] UNSC and the IAEA and recalled their commitment to the full implementation of relevant UNSC resolutions,” while also calling for diplomacy with Iran on its nuclear endeavors.<sup>44</sup>

This GCC communique and statements about Iranian involvement in Bahrain and Yemen prompted numerous harsh responses from Iranian figures against the GCC:

- “The recent statement of the PGCC contains repetitive words that are always uttered to delight their friends and themselves... They are errand boys of the Americans.” –Hassan Kamran, National Security and Foreign Policy Commission, Iranian Parliament, printed April 5, 2011.<sup>45</sup>
- “They have always sought to show Iran as an anti-security element...They attempt to accuse Iran of meddling in the regional countries’ affairs, while all these protests are self-driven and the result of cruelty of tyrant rulers against the oppressed people.” –Daryoush Qanbari, Rapporteur, Iranian parliament minority faction, printed April 10, 2011<sup>46</sup>

---

<sup>41</sup> Habin Toumi, “GCC Summit Unlikely to Include Talk of Union,” *Gulf News*, December 7, 2012.

<http://gulfnews.com/news/gulf/bahrain/gcc-summit-unlikely-to-include-talk-of-union-1.1115158>

<sup>42</sup> Habin Toumi, “GCC Summit Unlikely to Include Talk of Union,” *Gulf News*, December 7, 2012.

<http://gulfnews.com/news/gulf/bahrain/gcc-summit-unlikely-to-include-talk-of-union-1.1115158>

<sup>43</sup> “21<sup>st</sup> EU-GCC Joint Council and Ministerial Meeting Abu Dhabi, 20 April 2011,” The Cooperation Council of the Arab States of the Gulf, Secretariat General, April 20, 2011. <http://www.gcc-sg.org/eng/index5ec6.html?action=Sec-Show&ID=322>

<sup>44</sup> “21<sup>st</sup> EU-GCC Joint Council and Ministerial Meeting Abu Dhabi, 20 April 2011,” The Cooperation Council of the Arab States of the Gulf, Secretariat General, April 20, 2011. <http://www.gcc-sg.org/eng/index5ec6.html?action=Sec-Show&ID=322>

<sup>45</sup> FNA, “Iranian MP Raps PGCC Obedience to US,” *Fars News Agency*, April 5, 2011.

<http://english.farsnews.com/newstext.php?nn=9001161270>

<sup>46</sup> FNA, “Senior MP Warns PGCC About Plotting Against Iran,” *Fars News Agency*, April 10, 2011.

<http://english.farsnews.com/newstext.php?nn=9001210574>

- “While military forces of some countries are killing defenseless men and women, PGCC claims that Iran interferes in other countries’ internal affairs.” –Ramin Mehman-Parast, Spokesman, Iranian Foreign Ministry, printed April 20, 2011.<sup>47</sup>
- “The PGCC is searching for foreign elements in vain since a change and an evolution has happened among the people and they are protesting and expect their voices to be heard... There is no foreign element in this movement.... Two years ago Yemeni President Ali Abdullah Saleh similarly accused Iran and others of having a hand in the developments in his country, but could they find even a single Iranian or foreign national in the demonstrations of hundreds of thousands of the Yemeni people.” –Manouchehr Mottaki, Former Iranian Foreign Minister, printed May 16, 2011.<sup>48</sup>
- “Unfortunately, certain (countries), under the influence of the hegemonic powers’ media outlines [sic] and without taking the regional nations’ interests into consideration, are creating a commotion about the Islamic Republic of Iran and causing misunderstanding among regional nations, a move which will negatively affect regional relations and undermine stability and security.” –Ramin Mehman-Parast, Spokesman, Iranian Foreign Ministry, printed September 13, 2011.<sup>49</sup>

Relations between the GCC and Iran remain tense. The December 2011 meeting of the GCC Supreme Council used stronger rhetoric to address Iranian interference in the region and reportedly “demanded Iran to desist from such policies and practices,” while also pressing Iran to work with the IAEA on its nuclear program.<sup>50</sup>

A GCC Ministerial meeting in April 2012 produced a communique that strongly criticized President Ahmadinejad’s trip to the disputed island Abu Musa. The communique stated, “Any aggression on the sovereignty or interference in the internal affairs of a member country would be considered as an attack on all member countries and interference in their affairs.”<sup>51</sup>

The Syrian Civil War also continues to be a point of division between the GCC and Iran, with both sides supporting opposing sides in the conflict. While Iran has provided military and political support to the Syrian regime, Saudi Arabia and Qatar have provided support to the opposition, and the GCC as a whole now considers the National Coalition of Syrian Revolutionary and Opposition Forces as the official representation of Syria.<sup>52</sup>

---

<sup>47</sup> FNA, “Senior MP Blasts PGCC for Attempts to Promote Iranophobia,” *Fars News Agency*, April 20, 2011. <http://english.farsnews.com/newstext.php?nn=9001312318>

<sup>48</sup> FNA, “Former FM Raps PGCC Provocations Against Iran,” *Fars News Agency*, May 16, 2011. <http://english.farsnews.com/newstext.php?nn=9002260773>

<sup>49</sup> FNA, “Iran Blasts PGCC Statement,” *Fars News Agency*, September 13, 2011. <http://english.farsnews.com/newstext.php?nn=9006210038>

<sup>50</sup> WAM, “GCC Summit Issues Final Communique,” *Khaleej Times*, December 20, 2011. [http://www.khaleejtimes.com/DisplayArticle09.asp?xfile=data/middleeast/2011/December/middleeast\\_December559.xml&section=middleeast](http://www.khaleejtimes.com/DisplayArticle09.asp?xfile=data/middleeast/2011/December/middleeast_December559.xml&section=middleeast)

<sup>51</sup> Arab News, “GCC Call to Iran: Leave UAE Islands,” *Arab News*, April 17, 2012. <http://www.arabnews.com/node/411231>

<sup>52</sup> Alan Cowell, “Syria Orders More Airstrikes and Calls French Recognition of Rebels ‘Immoral,’” *New York Times*, November 14, 2012. <http://www.nytimes.com/2012/11/15/world/middleeast/syria-war-developments.html? r=0>



### **Movements Towards Greater Unity and “Federation”**

The upheavals in the region and the Arab world have also led the GCC to explore forming a GCC political union. In late 2011, King Abdullah of Saudi Arabia called on the formation of a union of Gulf states. Saudi Arabia and Bahrain remain the most vocal proponents of the plan, while other GCC states are not prepared to commit at this point to a union.<sup>53</sup>

The GCC is also examining ways to create more integrated and interoperable forces. The growing threat from Iran has led the GCC to place far more emphasis on such enhanced military cooperation. Saudi Arabia has pressed for rapid progress since the GCC ministerial at the end of 2011, and the GCC states agreed to seek added cooperation in some form of federation in March 2012.

A press release issued by Shaikh Khalid bin Ahmed Al Khalifa, Minister of Foreign Affairs of the Kingdom of Bahrain and Secretary General of the GCC member States, Dr. Abdullatif bin Rashid Al-Zayani after the December 2012 GCC Summit meeting stated that,<sup>54</sup>

On the schedule for the creation of the GCC union, the Foreign Minister of Bahrain explained that the march began in the previous summit in Riyadh and that there is a group working to develop a perception which has been emphasized in Manama summit and that will be announced in due course after the completion of it in a special summit in Riyadh.

... Answering a question about a GCC joint defense system, the Bahraini Minister of Foreign Affairs said 'The GCC Legion put forward previously by Sultan Qaboos bin Said of Oman and by the Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz Al Saud in the past, and we have a joint defensive coordination and the Peninsula Shield will not be canceled and it is a fundamental element in the GCC joint defense action.'

For his part, the GCC Secretary General commented on the same question by saying that 'This issue is relating to the common defense and its mechanisms and methods will be defined.'

With respect to the security agreement, Dr. Abdullatif Al-Zayani said 'The agreement was called the amended security agreement and it was amended to comply with the constitutions and regulations in the GCC member countries. This amended agreement included follow-up and exchange of information on offenders, criminals and the ability to deal with crises and disasters, and forged a mechanism to deal with situations such as rescue, extradition mechanism and to create a network for the exchange of information.'

A separate report on the final Ministerial statement issued after the meeting noted that,<sup>55</sup>

The Supreme Council endorsed resolutions by the joint defense council and blessed the creation of a unified military command for coordination, planning and leadership of the dedicated and additional ground, naval and air forces, and the decision to approve the treatment of employees of the armed forces and their families in the GCC countries, who are sent on official tasks or participate in training courses in the Member States in military hospitals.

---

<sup>53</sup> Habin Toumi, "GCC Summit Unlikely to Include Talk of Union," *Gulf News*, December 7, 2012. <http://gulfnews.com/news/gulf/bahrain/gcc-summit-unlikely-to-include-talk-of-union-1.1115158>

<sup>54</sup> Qatar-US Relations, "33rd GCC Supreme Council Press Conference: Special Report," December 25, 2012. <http://qatarus.com/2012/12/25/33rd-gcc-supreme-council-press-conference/>.

<sup>55</sup> SUSRIS, 33rd GCC Supreme Council, the Sakhir Summit, Concludes, SPECIAL REPORT Dec 25, 2012. <http://www.susris.com/2012/12/25/33rd-gcc-supreme-council-the-sakhir-summit-concludes/>

The Supreme Council also approved the security agreement of the GCC countries, as amended and signed by their Highnesses and Excellencies the Ministers of Interior in their 31st meeting on November 13, 2012, stressing the importance of intensifying cooperation in particular with respect to the exchange of information among security agencies in the Member States.

The Supreme Council asserted the firm positions of Member States to renounce terrorism and extremism in all its forms and manifestations, whatever the motives and justifications, and whatever its source.

It condemned the outrageous terrorist bombings that occurred recently in the city of Manama, Bahrain, and killed a number of innocent people, praising the constructive role of the Government of Bahrain and its comprehensive dealing with events, stressing full solidarity with Bahrain in its efforts to maintain its national unity and consolidate security and stability.

The Supreme Council welcomed the opening of the International Excellence Center for Curbing Violent Extremism (Hidayah) in Abu Dhabi where experts and expertise are pooled from various countries in order to combat all sorts and phenomena of violent extremism.

Nevertheless, the security cooperation between GCC states still lags badly because of the remaining tensions between Southern Gulf regimes, and each state's military forces now cooperate more effectively with the US commands in the region than at the GCC level.

### ***Iranian Interests in the Gulf***

The Gulf region is Iran's key focus in foreign policy and national security, and is seen as the Iranian regime's "foremost strategic priority" by experts like Ray Takeyh.<sup>56</sup> Exerting power and influence over the broader Gulf region has been an important part of Iran's present and past.<sup>57</sup> Contemporary examples can be found in Iran's claims to the Tunbs and Abu Musa islands off the coast of the UAE, as well as official rhetoric about Iran's claims to Bahrain (discussed in greater detail in the UAE and Bahrain sections, respectively).

Since the start of Iran's Islamic Revolution, Iran has perceived the Gulf regimes as illegitimate, although such claims have become less public and strident with time. Ayatollah Khomeini initially expressed his desire for similar revolutions to be carried out in the Gulf – a key factor triggering Iraq's initial invasion of Iran and leading to tensions between Iran and Saudi Arabia, discussed in the Saudi Arabia section. Iran soon found, however, that any overt effort to claim religious leadership and undermine the Gulf states left it isolated during the Iran-Iraq War, and that there was little support for its religious claims outside Syria and Lebanon. Most of the region's Shia were driven more by self-interests than any support for Iran's revolution and concept of a Supreme Leader, and Arab Sunni governments responded aggressively against the uprisings.<sup>58</sup>

---

<sup>56</sup> Ray Takeyh, *Hidden Iran: Paradox and Power in the Islamic Republic* (New York: Holt, 2006), p. 60, 63. Quote on 63; Comments by Ray Takeyh at "Revisiting the Iranian Challenge," Middle East Studies, Marine Corps University, MCB Quantico, Quantico, VA, October 26, 2012.

<sup>57</sup> Ray Takeyh, *Hidden Iran: Paradox and Power in the Islamic Republic* (New York: Holt, 2006), p. 63.

<sup>58</sup> Ray Takeyh, *Hidden Iran: Paradox and Power in the Islamic Republic* (New York: Holt, 2006), p. 60-65.

Following Iran's defeat in the Iran-Iraq War, the first decade of the Islamic Republic, and the death of Khomeini, Iran pursued less aggressive policies under the leadership of a new Supreme Leader, Ayatollah Khamenei. During the presidency of Akbar Hashemi Rafsanjani, Iran became more willing to engage the Gulf states it had demonized during the first decade of the Islamic Republic, though this did not change Iran's policies towards the US or halt its regional ambitions.<sup>59</sup>

During the presidency of Mohammad Khatami, Tehran remained critical of Washington's security ties to the Gulf states, yet showed a willingness to continue to engage them at the political and economic levels despite the conflicting relationships – a policy known as the “Good Neighbor” initiative. This policy was pursued with the support of the Ayatollah Khamenei – a critical development in an Iran where the Supreme leader and not the President control religious orthodoxy, the armed forces, the security and intelligence services, the justice system, and the media.<sup>60</sup>

The development of Iranian asymmetric forces and nuclear and missile capabilities; the growing instability in Bahrain; and tensions over Iran's role in Iraq, Syria, Lebanon, and Yemen have all increased tensions between the Gulf states and Iran. So have other regional and extra-regional issues:

- *US Security Ties to the Gulf*: The high level of military cooperation between the US and the states on the Arabian Peninsula is of great concern to Iran's leadership. The presence of US Central Command (US CENTCOM) facilities in Qatar, the US Navy Fifth Fleet in Bahrain, and the positioning of US Air Force aircraft and landing facilities throughout the region – while deemed necessary by the leadership of the Gulf states, has caused increasing unease in Tehran. The US military assets in the region – to say nothing of the vast airpower and missile defense capabilities of the GCC states, particularly Saudi Arabia – could easily be employed against Iran and its military in the event of an escalation. US military cooperation is discussed in greater detail in each of the respective country sections.
- *Gulf State Policies Toward Shia*: Iran employs a broad strategy of providing support to Shia populations in the Middle East and Central Asia, and exploits any tensions between them and their Sunni leadership. This affects Iranian support of Shia in Pakistan, the Hazara in Afghanistan, and Shia throughout the Arab world. It affects Iranian relations with the Shia in Iraq, Alawites in Syria, Hezbollah in Lebanon, and Shia populations in the Gulf. Arab Gulf leaders believe Iran is linked to the Shia uprising in Bahrain, the Shia Houthi insurgency in Yemen, Sunni-Shia tensions in Kuwait, and Shia tensions in Saudi Arabia. Such support would put pressure on regimes that are in close economic, political, and security cooperation with the US. However, as was discussed above, there are real limits to the ability of Iran to engage these states for the purposes of advancing Iranian foreign policy interests.
- *Syrian Civil War*: While Iran has firmly backed the regime of Bashar al-Assad and has provided military assistance and the deployment of the IRGC Quds Force to Syria to protect the regime, the states of the Arabian Peninsula have displayed considerable support to the anti-Assad Syrian rebels. Saudi Arabia, Qatar, and the UAE are reported to have provided assistance to the rebels. Qatar hosted a critical conference in fall 2012 that brought together opposition factions. This

---

<sup>59</sup> Ray Takeyh, *Hidden Iran: Paradox and Power in the Islamic Republic* (New York: Holt, 2006), p. 66-67.

<sup>60</sup> Ray Takeyh, *Hidden Iran: Paradox and Power in the Islamic Republic* (New York: Holt, 2006), p. 65-69. Quote on p. 69.

conference proved important in establishing the Syrian National Initiative,<sup>61</sup> and the entire GCC considers the new National Coalition for the Forces of the Syrian Revolution and Opposition to be “the legitimate representative of the brotherly Syrian people.”<sup>62</sup>

These tensions are likely to continue to grow more intense as the US enhances its military assistance ties in the Gulf, as the instability in Bahrain and Yemen becomes more intense, as Iran increases its asymmetric warfare and missile forces in the Gulf, as Iran moves closer to a nuclear weapons breakout capability, as Sunni and Shia tensions rise in Iraq, and as the Syrian Civil War polarizes Iran’s support of Assad and Alawites and the Arab states’ support of Sunni insurgents.

Simultaneously, tensions continue to rise between Washington and Tehran over the Iranian nuclear program and Iran’s lack of cooperation with the International Atomic Energy Agency (IAEA)<sup>63</sup> allegations of experimentation towards the creation of a nuclear bomb,<sup>64</sup> and reluctance to reach an agreement with the Five Permanent Members of the UN Security Council and Germany (P5+1) all exacerbate regional tensions.

### ***Internal Dynamics Affecting US and Iranian Competition***

So far, Bahrain and Yemen are the only Southern Gulf states that have been seriously affected by the broader patterns of unrest in the Arab world, and both have been able to limit the impact of these upheavals. The US partnership with the Southern Gulf states is, however, subject to many of the same internal pressures in each Southern Gulf state that had led to major crises in Egypt, Libya, and Tunisia and affect every state in the region. These pressures do not necessarily make this partnership unstable, but they do need to be considered in detail, and it is important to note that the mix of such pressures differ sharply between one state and another.

### ***Demographic Trends***

The states on the Arabian Peninsula are united by their close proximity and exchanges with one another, their cooperation through the GCC, and the common language and ethnicity of their native populations. At the same time, differences in demographics, economics, and natural resources both influenced political development in each state and affect their approaches to Iran and nuanced threat perceptions.

---

<sup>61</sup> Al Jazeera and Agencies, “Syrian Opposition Meets for Key Conference,” *Al Jazeera*, last updated November 4, 2012.

<http://www.aljazeera.com/news/middleeast/2012/11/201211451113205735.html>

<sup>62</sup> “GCC Recognizes New Syria Opposition Bloc,” *Ya Libnan*, November 12, 2012.

<http://www.yalibnan.com/2012/11/12/gcc-recognises-new-syria-opposition-bloc/>

<sup>63</sup> VOA News, “IAEA Questions Iran’s Nuclear Intentions,” *Voice of America*, November 29, 2012.

<http://www.voanews.com/content/un-nuclear-watchdog-says-iran-peaceful-claims-unproven/1555149.html>

<sup>64</sup> Fredrik Dahl, “U.S. Says Iran ‘Demolishing’ Facility at Parchin Site,” *Reuters*, September 13, 2012.

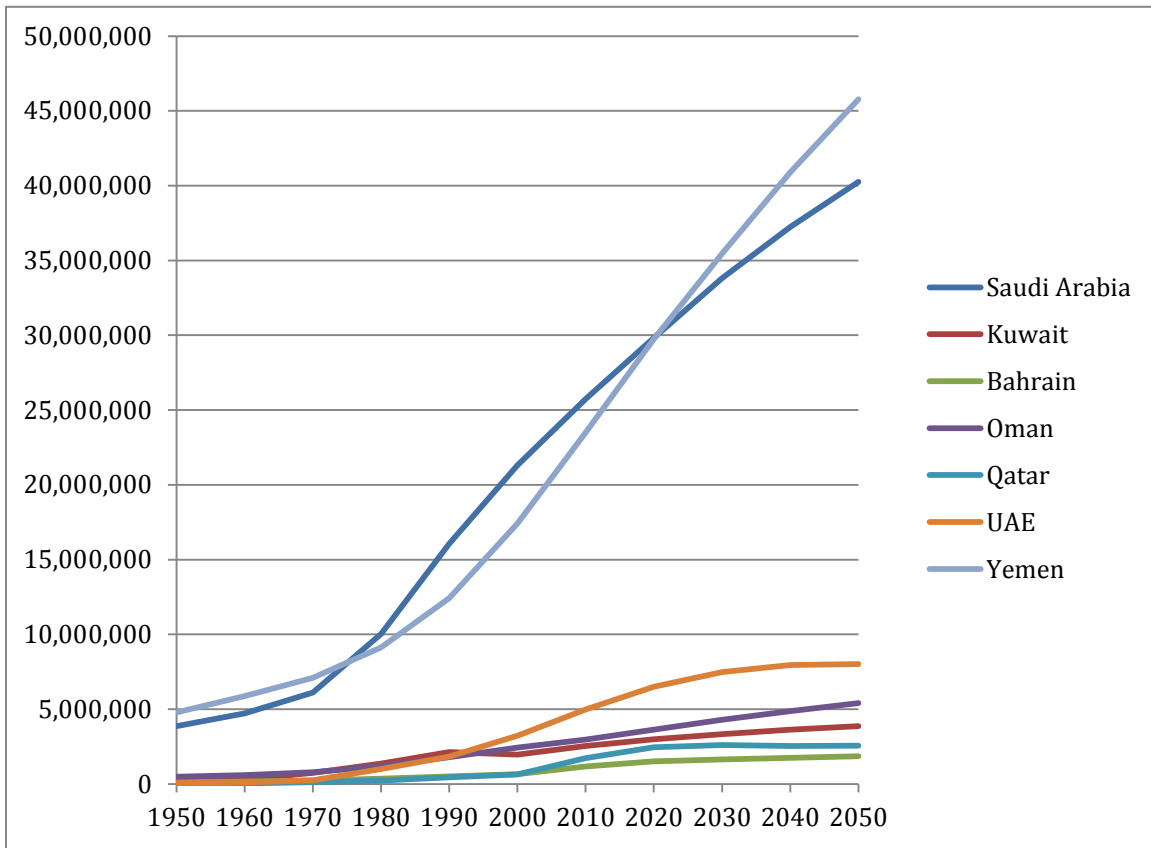
<http://www.reuters.com/article/2012/09/13/us-nuclear-iran-us-idUSBRE88C0X520120913>

The data involved are often uncertain, differ from source to source, and are sometimes dated. Nevertheless, most sources agree that demographic pressure is a major problem in many Arab Gulf states, as it is throughout the Middle East.

- The population trends in the Gulf Arab states are summarized in **Figure VI.4**, and shown in detail in **Figure VI.5**. They reflect massive growth in Iran, Iraq, Saudi Arabia, and Yemen that later Figures show has sharply limited per capita income even in states with high total petroleum export earnings.
- **Figure VI.6** shows this population pressure has created an extremely young population in some Gulf states that puts heavy pressure on infrastructure, education and medical services, and economies with limited job creation outside the government sector. While population growth rates are dropping, this will be a continuing problem in Gulf states through 2050.
- **Figure VI.7** shows that productivity is limited by low rates of female employment at a time women are increasingly well educated, and now graduate from secondary school and university in higher percentages than males in countries like Saudi Arabia.
- At the same time, **Figure VI.8** shows the massive dependence some Gulf states have on foreign labor – a factor that has sharply affected the work ethic of native males, raised local unemployment in some cases, and leads to a substantial cash flow out of the country in the form of remittances. Oil wealth and broader economic growth in the Gulf has led to a large inflow of foreign labor. The largest expatriate population is in the UAE, where roughly 80% of the total population is foreign. The UAE is not alone in having over half of its population consist of foreigners; Kuwait (63%) and Oman (62%) also have large numbers of expatriates.

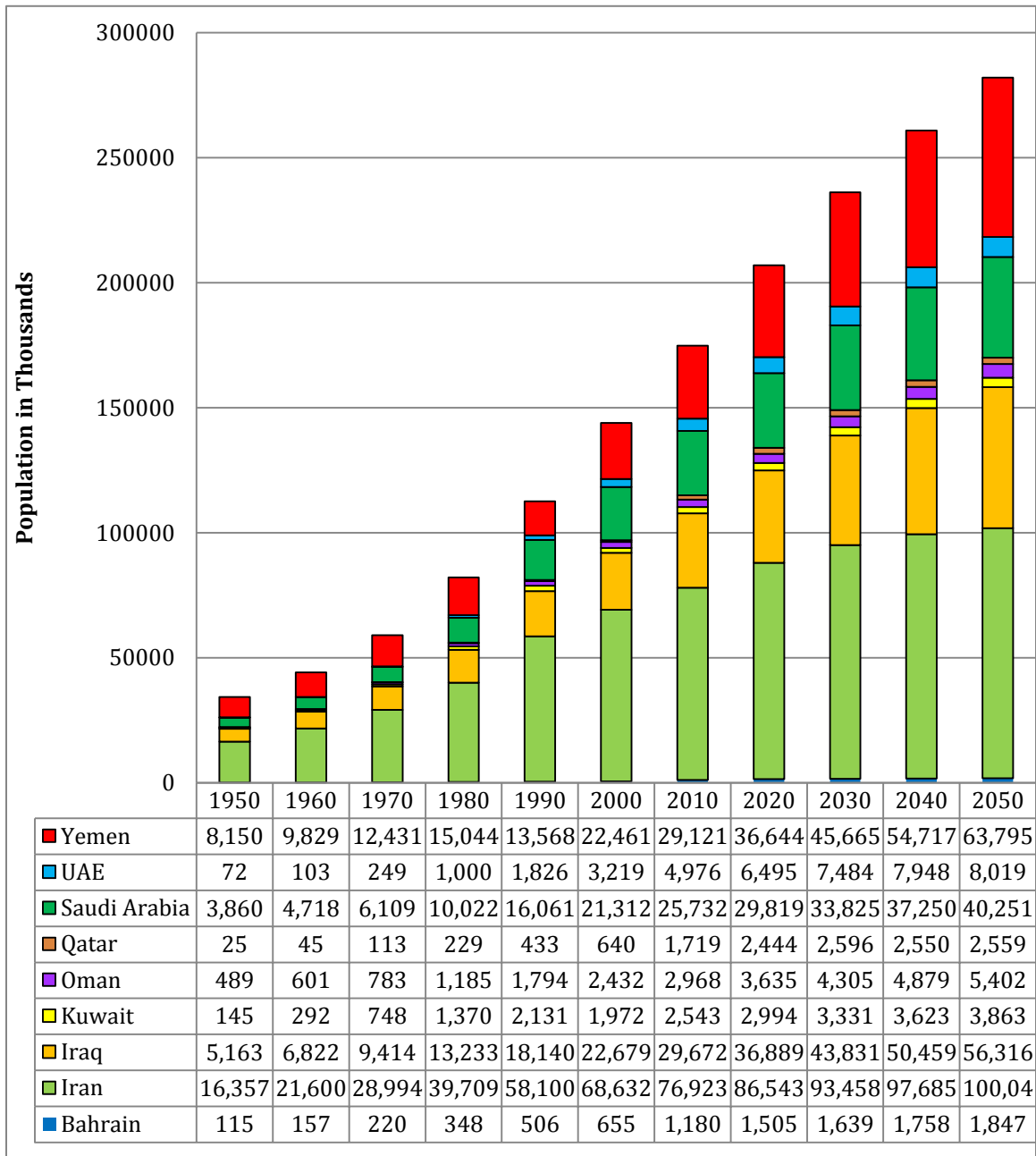
All of the Arab Gulf states experienced substantial population growth during the 20<sup>th</sup> century, particularly from the 1970s into the 1980s as they developed their societies and economies, attracting foreign labor. The most striking population growth has been in Saudi Arabia and Yemen – whose populations are expected to grow by roughly 56 and 95% respectively between 2010 and 2050. The UAE has also seen considerable population growth since the 1970s, driven by the country's strong economy (second highest GDP and GDP per capita on the peninsula) and subsequently high rates of migration.

**Figure VI.4: Population Trends in the Arabian Peninsula – 1950-2050**



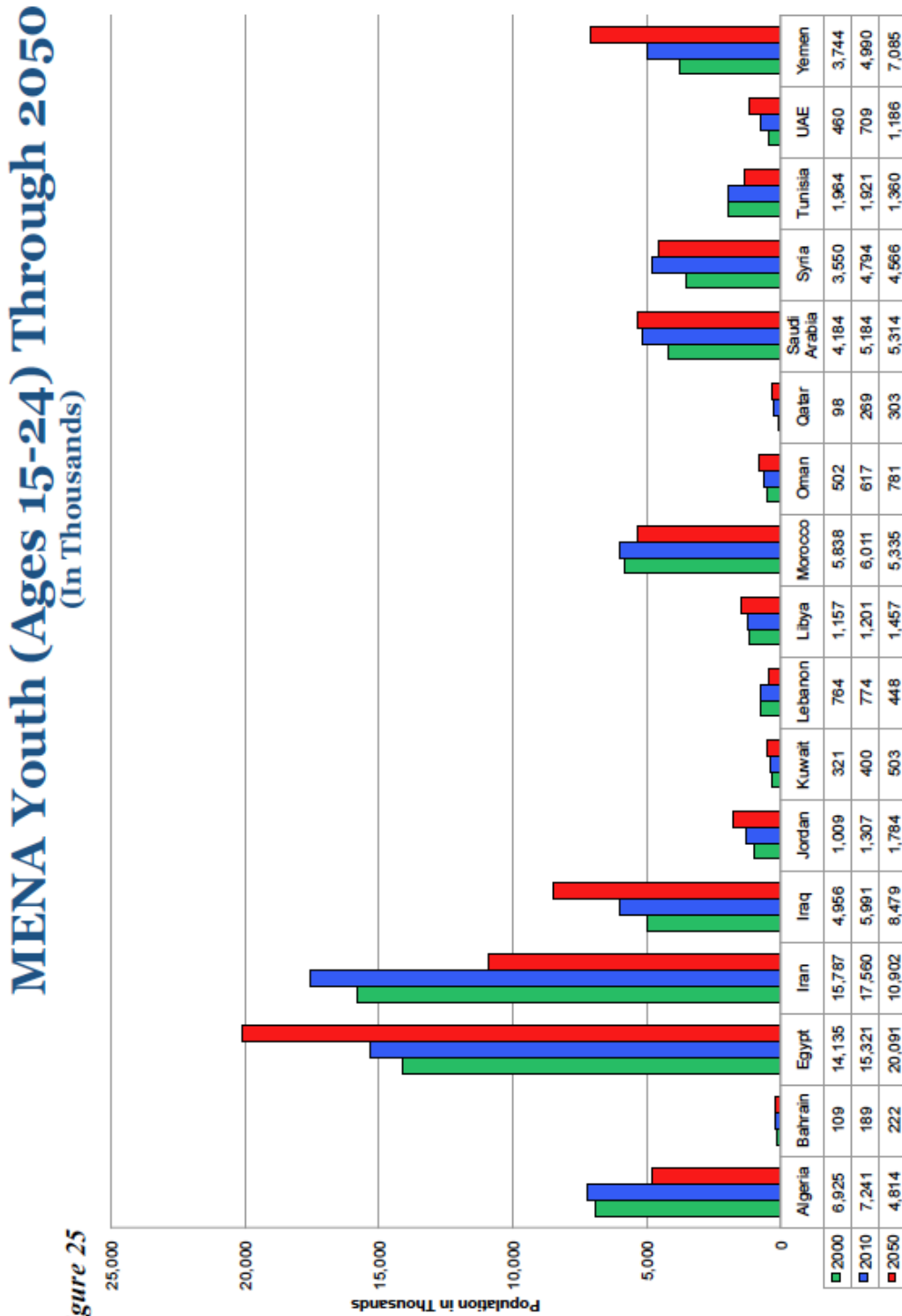
Source: Created by Robert Shelala II using data from: “International Programs: International Data Base,” United States Census Bureau, US Department of Commerce, undated.  
<http://www.census.gov/population/international/data/idb/informationGateway.php>. (Accessed December 7, 2012)

**Figure VI.5 Demographic Pressure on the Gulf States: 1950-2050**



Source: United States Census Bureau, International Data Base,  
<http://www.census.gov/population/international/data/idb/informationGateway.php>

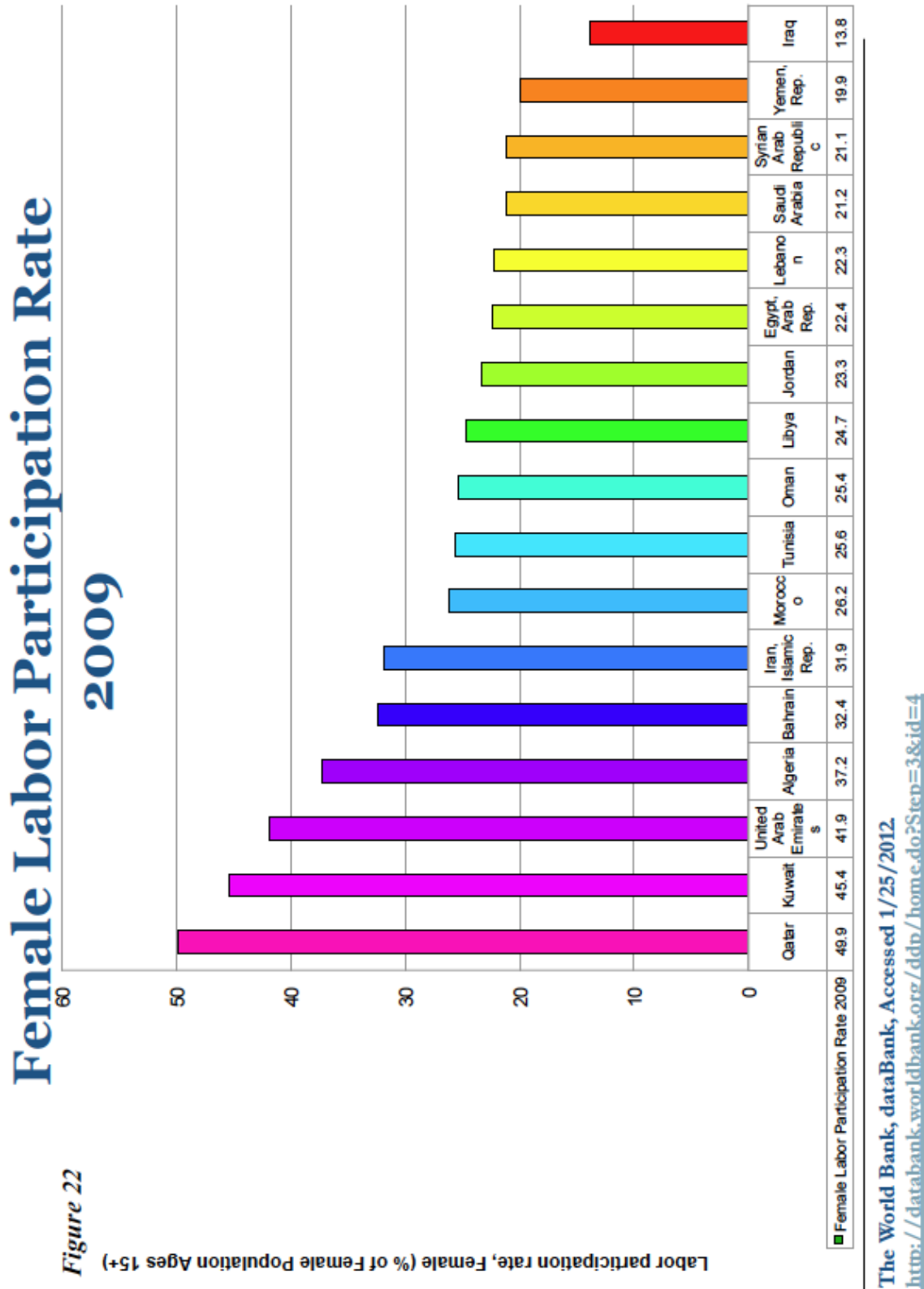
Figure VI.6: Percentage of Population 15-24 Years of Age (In 1,000s)



Source: U.S. Census Bureau, International Data Base.  
<http://www.census.gov/population/international/data/idb/informationGateway.php>



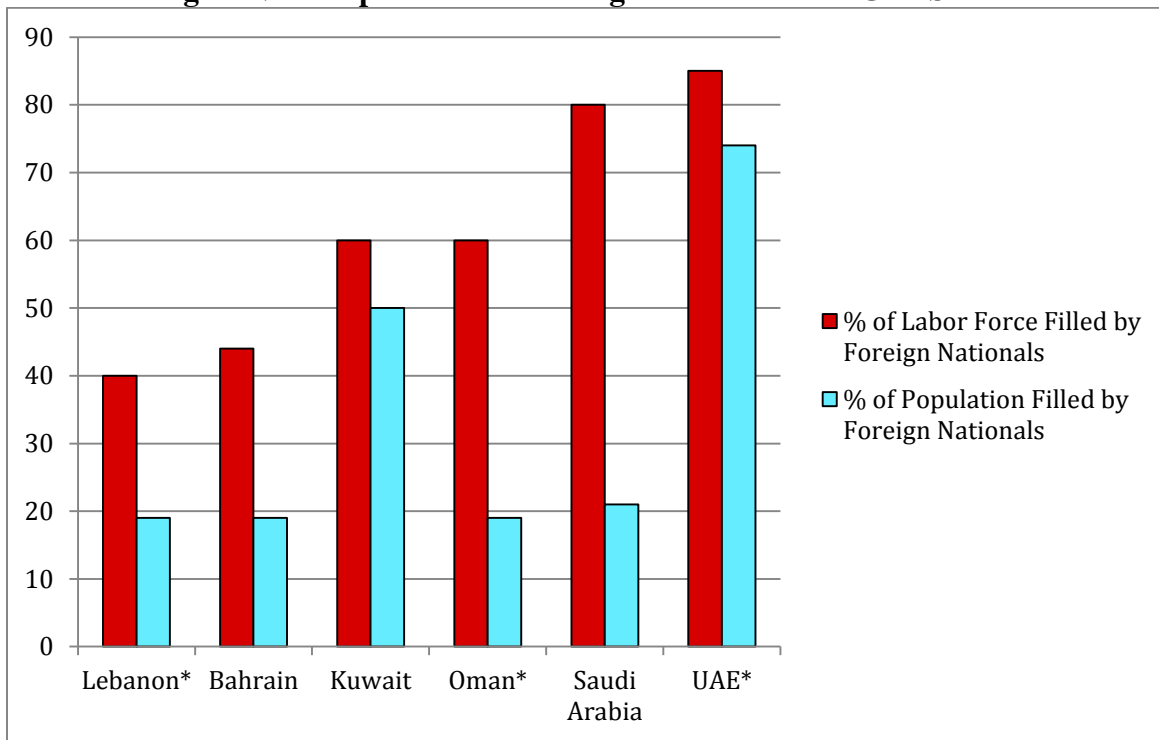
**Figure VI.7 Female Participation in the Labor Force**



**Figure 22**

Labor participation rate, Female (% of Female Population Ages 15+)

**Figure VI.8 Dependence on Foreign Labor in Arab Gulf States**



Country	% of Labor Force Filled by Foreign Nationals	% of Population Filled by Foreign Nationals	Estimates of Foreign Nationals in the Labor Force	Labor Force Estimates
Lebanon*	40	19	1,000,000	2,481,000
Bahrain	44	19	295,900	672,500
Kuwait	60	50	1,345,800	2,243,000
Oman*	60	19	581,280	968,800
Saudi Arabia	80	21	6,104,000	7,630,000
UAE*	85	74	4,111,000	3,500,000

Source: Central Intelligence Agency, *The World Factbook*, <https://www.cia.gov/library/publications/the-world-factbook/index.html>

### *Sectarian, Ethnic, Tribal and Regional Divisions*

Sectarian, ethnic, and tribal and regional divisions are further sources of tension affecting the Southern Gulf states as well as the other states in the region. The data on such divisions is again highly uncertain, but **Figures VI.8-VI.10** provide illustrative data as to the size of such pressures, and how they interact with dependence on foreign labor.

The most significant factor emerging from **Figures VI.8-VI.10** that affects US and Iranian competition is probably the size of the Shia community in each Arab state. These sectarian divisions have a history of violence and tension that has divided the Sunni and Shia communities since shortly after the death of the Prophet Mohammed, and the links between Iran – a Shia state – and the Shia communities in the Gulf states have been a concern of Sunni governments since the Iranian Revolution.

The Shia constitute a larger proportion of the population in Bahrain (65-75%) than anywhere else in the region, followed by Yemen (35-40%), Kuwait (20-25%), and Saudi Arabia (10-15%). Saudi Arabia has the largest population of Shia on the peninsula – an estimated 2-4,000,000. All four of these countries have Sunni governments, and Saudi Arabia and Yemen have the lowest per capita GDP rates on the peninsula (Bahrain is ranked in the middle). All four of these governments have been particularly cautious about their Shia populations, and all share a history of violent tension with Iran. With the exception of Kuwait – the wealthiest country per capita of the four – all of these states face internal Shia unrest with alleged Iranian involvement.

The relatively weak per capita incomes of Saudi Arabia, Yemen, and Bahrain – to say nothing of alleged gaps in income inequality between Sunnis and Shias in Saudi Arabia and Bahrain – have fueled Shia uprisings in these states. Moreover, the lack of adequate political mechanisms that Shia can use to address their grievances has triggered unrest and at times violence that can be exploited by Iran.

At the same time, many of the comparisons shown earlier reveal less stress in the Southern Gulf states than similar figures for the countries that have already had major political upheavals like Egypt, Libya, Tunisia, and Yemen. It is also important to note that Iran had equally bad or worse figures than the Southern Gulf states even before strict sanctions began to go into effect in 2012.

### Figure VI.9: Key Ethnic and Sectarian Differences by Country: Gulf & Arabia

#### Bahrain

**Ethnicity:** Population 1,214,705; includes 235,108 non-nationals (July 2011 est.); Bahraini 62.4%, non-Bahraini 37.6% (2001 census). 44% of the population in the 15-64 age group is non-national (2010 est.)

**Religion:** Muslim (Shia and Sunni – no break out) 81.2%, Christian 9%, other 9.8% (2001 census)

**Language:** Arabic (official), English, Farsi, Urdu.

#### Iran

**Ethnicity:** Persian 51%, Azeri 24%, Gilaki and Mazandarani 8%, Kurd 7%, Arab 3%, Lur 2%, Baloch 2%, Turkmen 2%, other 1%

**Religion:** Muslim 98% (Shia 89%, Sunni 9%), other (includes Zoroastrian, Jewish, Christian, and Baha'i) 2%

**Language:** Persian and Persian dialects 58%, Turkic and Turkic dialects 26%, Kurdish 9%, Luri 2%, Balochi 1%, Arabic 1%, Turkish 1%, other 2%.

#### Iraq

**Ethnicity:** Arab 75%-80%, Kurdish 15%-20%, Turkoman, Assyrian, or other 5%

**Religion:** Muslim 97% (Shia 60%-65%, Sunni 32%-37%), Christian or other 3%

*note:* while there has been voluntary relocation of many Christian families to northern Iraq, recent reporting indicates that the overall Christian population may have dropped by as much as 50 percent since the fall of the Saddam HUSSEIN regime in 2003, with many fleeing to Syria, Jordan, and Lebanon

**Language:** Arabic (official), Kurdish (official in Kurdish regions), Turkoman (a Turkish dialect), Assyrian (Neo-Aramaic), Armenian.

#### Kuwait

**Ethnicity:** Population: 2,595,628; *note:* includes 1,291,354 non-nationals (July 2011 est.). Kuwaiti 45%, other Arab 35%, South Asian 9%, Iranian 4%, other 7%. non-Kuwaitis represent about 60% of the labor force (2010 est.)

**Religion:** Muslim 85% (Sunni 70%, Shia 30%), other (includes Christian, Hindu, Parsi) 15%

**Language:** Arabic (official), English widely spoken.

#### Oman

**Ethnicity:** Arab, Baluchi, South Asian (Indian, Pakistani, Sri Lankan, Bangladeshi), African. Population is 3,027,959; *note:* includes 577,293 non-nationals (July 2011 est.). About 60% of the labor force is non-national (2007)

**Religion:** Ibadhi Muslim 75%, other (includes Sunni Muslim, Shia Muslim, Hindu) 25%

**Language:** Arabic (official), English commonly used as a second language

#### Qatar

**Ethnicity:** Arab 40%, Indian 18%, Pakistani 18%, Iranian 10%, other 14%

**Religion:** Muslim 77.5%, Christian 8.5%, other 14% (2004 census)

**Language:** Arabic (official), English commonly used as a second language.

### **Saudi Arabia**

**Ethnicity:** Population is 26,131,703: includes 5,576,076 non-nationals (July 2011 est.). Arab 90%, Afro-Asian 10%. About 80% of the 7.7 million labor force is non-national (2010 est.)

**Religion:** Muslim 100%

**Language:** Arabic (official).

### **UAE**

**Ethnicity:** Population is 5,148,664 *note:* estimate is based on the results of the 2005 census that included a significantly higher estimate of net immigration of non-citizens than previous estimates (July 2011 est.), Ethnicity is Emirati 19%, other Arab and Iranian 23%, South Asian 50%, other expatriates (includes Westerners and East Asians) 8% (1982); *note:* less than 20% are UAE citizens (1982)

**Religion:** Muslim 96% (Shia 16%), other (includes Christian, Hindu) 4%

**Language:** Arabic (official), Persian, English, Hindi, Urdu.

### **Yemen**

**Ethnicity:** predominantly Arab; but also Afro-Arab, South Asians, Europeans

**Religion:** Muslim including Shafi (Sunni) and Zaydi (Shia), small numbers of Jewish, Christian, and Hindu

**Language:** Arabic (official)

Source: Adapted from Central Intelligence Agency, *The World Factbook*.

**Figure VI.10: Relative Size of Shia and Foreign Sectors of the Population in the Arab Gulf States** <sup>65</sup>

Country	Population (2012 est.)	Shia Population (2009 est.)	Expatriates (2012 report)
Saudi Arabia	26,534,504	10-15% (2-4,000,000)	30% (7,960,351)
Kuwait	2,646,314	20-25% (500-700,000)	63% (1,667,177)
Bahrain	1,248,348	65-75% (400-500,000)	26% (324,570)
Oman	3,090,150	5-10% (100-300,000)	62% (1,915,893)
Qatar	1,951,591	Roughly 10% (Roughly 100,000)	27% (526,929)
UAE	5,314,317	Roughly 10% (300-400,000)	80% (4,251,453)
Yemen	24,771,809	35-40% (8-10,000,000)	No data

Source: Table created by Robert Shelala II using data from: Population: Central Intelligence Agency, *The World Factbook [Field Listing:: Population]*, undated. <https://www.cia.gov/library/publications/the-world-factbook/fields/2119.html#sa>. (Accessed December 17, 2012); Shia population: “Sunni and Shia Populations,” *Mapping the Global Muslim Population: A Report on the Size and Distribution of the World’s Muslim Population*, Pew Research Center, Forum on Religion & Public Life, October 7, 2009. [http://www.pewforum.org/Muslim/Mapping-the-Global-Muslim-Population\(6\).aspx](http://www.pewforum.org/Muslim/Mapping-the-Global-Muslim-Population(6).aspx); Expatriates: “Expat Population ‘Could Threaten’ GCC Security,” *Arab News*, September 11, 2012. <http://www.arabnews.com/expat-population-%E2%80%98could-threaten%E2%80%99-gcc-security>. Percentages mentioned in article – figures in parentheses calculated by author based on percentages from article and 2012 estimated total population from the CIA *World Factbook*.

### **Resource Trends**

The Arab Gulf states are all dependent for much of their income on either the direct income from various aspects of the petroleum sector, or on the income from services and a state sector that get much or most of its income indirectly from the domestic petroleum sector or that in or neighboring countries.

The Arab and other Gulf states do, however, differ radically in oil and gas reserves, production, and revenues. They also differ radically in relative per capita income, which provide a crude index of real national wealth. According to CIA estimates, they have the following global rankings in per capita income: Qatar 2<sup>nd</sup>, UAE 12<sup>th</sup>, Kuwait 19<sup>th</sup>, Bahrain 49<sup>th</sup>, Oman 51<sup>st</sup>, Saudi Arabia 55<sup>th</sup>, Iran 95<sup>th</sup>, Egypt 132<sup>nd</sup>, Jordan 142<sup>nd</sup>, Iraq

---

<sup>65</sup> Population: Central Intelligence Agency, *The World Factbook [Field Listing:: Population]*, undated. <https://www.cia.gov/library/publications/the-world-factbook/fields/2119.html#sa>. (Accessed December 17, 2012); Shia population: “Sunni and Shia Populations,” *Mapping the Global Muslim Population: A Report on the Size and Distribution of the World’s Muslim Population*, Pew Research Center, Forum on Religion & Public Life, October 7, 2009. [http://www.pewforum.org/Muslim/Mapping-the-Global-Muslim-Population\(6\).aspx](http://www.pewforum.org/Muslim/Mapping-the-Global-Muslim-Population(6).aspx); Expatriates: “Expat Population ‘Could Threaten’ GCC Security,” *Arab News*, September 11, 2012. <http://www.arabnews.com/expat-population-%E2%80%98could-threaten%E2%80%99-gcc-security>. Percentages mentioned in article – figures in parentheses calculated by author based on percentages from article and 2012 estimated total population from the CIA *World Factbook*.

163<sup>rd</sup>, and Yemen 184<sup>th</sup>.<sup>66</sup> In broad terms, any state close to the 100 ranking or below faces serious challenges in meeting popular expectations and long-term stability.

These differences are often lost when outsiders refer to all the Gulf states as “wealthy oil states.” **Figures VI.11-VI.13** show the reality is very different. The GCC states, Iran, Iraq, and Yemen all differ radically in terms of reserves, current production, export revenue, and revenue per capita. They also show the extent to which the energy output of the GCC is far more important in economic and strategic terms than that of Iran:

- **Figure VI.11** shows the relative oil and gas reserves of Middle Eastern states. Saudi Arabia dominates conventional oil reserves, followed by Iran, Iraq, Kuwait, and the UAE. These data are controversial but few would question the broad conclusion that the GCC states have reserves some four times greater than those of Iran, and that all the Arab states combined have reserves some five times larger.

The data on gas reserves are very different. Iran has the largest reserves, followed by Qatar, Saudi Arabia, the UAE, and Iraq. The GCC states are still cumulatively larger but only to a limited degree and adding Iraq and Yemen to the GCC total does not make a major difference.

- **Figure VI.12** shows the relative oil and gas production of Middle Eastern states. Saudi Arabia dominates and is close to three times the output of Iran. The GCC states have total production reserves some 4.6 times that of Iran, and all the Arabian Gulf states combined have production some six times larger.

The data on gas production again are very different. Iran has the largest production followed closely by Qatar and then Saudi Arabia, the UAE, and Oman. The GCC states have roughly twice the production of Iran, and adding Iraq and Yemen to the GCC total does not make a major difference.

- **Figure VI.13** shows the relative oil export revenues of OPEC states. It provides a dramatic picture of both how different total revenues are and how much relative population affects oil export income per capita. It is clear, for example, that Saudi Arabia is by far the largest earner in terms of total revenues, followed by Kuwait, Iran, and Iraq. At the same time, Saudi Arabia only has a moderate per capita income from exports and Iran and Iraq are anything but “wealthy” oil states, while several of the smaller Arab Gulf states rank among the wealthiest states in the world. Generalizations about Gulf oil wealth are not only meaningless, but totally misleading and each state must shape its economy and spending on the basis of very different criteria.

---

<sup>66</sup> Central Intelligence Agency, *The World Factbook*, accessed December 2012.

**Figure VI.11: BP Estimates of Arabian and Middle East Conventional Oil and Gas Reserves: 1991-2011****Proved Oil Reserves**

	At end 1991		At end 2001		At end 2010		At end 2011		R/P ratio
	Thousand million barrels	Thousand million barrels	Thousand million barrels	Thousand million barrels	Thousand million barrels	Thousand million barrels	Thousand million barrels	Share of total	
Iran	92.9	99.1	151.2	151.2	20.8	151.2	151.2	9.1%	95.8
Iraq	100.0	115.0	115.0	115.0	19.3	143.1	143.1	8.7%	*
Kuwait	96.5	96.5	101.5	101.5	14.0	101.5	101.5	6.1%	97.0
Oman	4.3	5.9	5.5	5.5	0.7	5.5	5.5	0.3%	16.9
Qatar	3.0	16.8	24.7	24.7	3.2	24.7	24.7	1.5%	39.3
Saudi Arabia	260.9	262.7	264.5	264.5	36.5	265.4	265.4	16.1%	65.2
Syria	3.0	2.3	2.5	2.5	0.3	2.5	2.5	0.2%	20.6
United Arab Emirates	98.1	97.8	97.8	97.8	13.0	97.8	97.8	5.9%	80.7
Yemen	2.0	2.4	2.7	2.7	0.3	2.7	2.7	0.2%	32.0
Other Middle East	0.1	0.1	0.3	0.3	0.1	0.7	0.7	*	37.1
<b>Total Middle East</b>	<b>660.8</b>	<b>698.7</b>	<b>765.6</b>	<b>765.6</b>	<b>108.2</b>	<b>795.0</b>	<b>795.0</b>	<b>48.1%</b>	<b>78.7</b>

**Proved Gas Reserves**

	At end 1991		At end 2001		At end 2010		At end 2011		R/P ratio
	Trillion cubic metres	Trillion cubic metres	Trillion cubic metres	Trillion cubic metres	Trillion cubic metres	Trillion cubic metres	Trillion cubic metres	Share of total	
Bahrain	0.2	0.1	0.2	0.2	12.3	0.3	0.3	0.2%	26.8
Iran	19.8	26.1	33.1	33.1	1166.6	33.1	33.1	15.9%	*
Iraq	3.1	3.1	3.2	3.2	126.7	3.6	3.6	1.7%	*
Kuwait	1.5	1.6	1.8	1.8	63.0	1.8	1.8	0.9%	*
Oman	0.1	0.9	0.9	0.9	33.5	0.9	0.9	0.5%	35.8
Qatar	6.4	25.8	25.0	25.0	884.5	25.0	25.0	12.0%	*
Saudi Arabia	5.2	6.5	8.0	8.0	287.8	8.2	8.2	3.9%	82.1
Syria	0.2	0.2	0.3	0.3	10.1	0.3	0.3	0.1%	34.3
United Arab Emirates	5.8	6.1	6.1	6.1	215.1	6.1	6.1	2.9%	*
Yemen	0.4	0.5	0.5	0.5	16.9	0.5	0.5	0.2%	50.7
Other Middle East	†	0.1	0.2	0.2	7.8	0.2	0.2	0.1%	49.3
<b>Total Middle East</b>	<b>42.7</b>	<b>70.9</b>	<b>79.4</b>	<b>79.4</b>	<b>2826.3</b>	<b>80.0</b>	<b>80.0</b>	<b>38.4%</b>	<b>*</b>

Source: BP Statistical Review of Energy, 2012, pp. 6 and 20, <http://www.bp.com/sectionbodycopy.do?categoryId=7500&contentId=7068481>.



**Figure VI.12: BP Estimates of Arabian and Middle East Conventional Oil and Gas Production: 2001-2011**

	At end 1991		At end 2001		At end 2010		At end 2011		R/P ratio
	Thousand million barrels	Thousand million barrels	Thousand million barrels	Thousand million barrels	Thousand million barrels	Thousand million barrels	Share of total		
Iran	92.9	99.1	151.2	20.8	151.2	151.2	9.1%	95.8	
Iraq	100.0	115.0	115.0	19.3	115.0	143.1	8.7%	*	
Kuwait	96.5	96.5	101.5	14.0	101.5	101.5	6.1%	97.0	
Oman	4.3	5.9	5.5	0.7	5.5	5.5	0.3%	16.9	
Qatar	3.0	16.8	24.7	3.2	24.7	24.7	1.5%	39.3	
Saudi Arabia	260.9	262.7	264.5	36.5	264.5	265.4	16.1%	65.2	
Syria	3.0	2.3	2.5	0.3	2.5	2.5	0.2%	20.6	
United Arab Emirates	96.1	97.8	97.8	13.0	97.8	97.8	5.9%	80.7	
Yemen	2.0	2.4	2.7	0.3	2.7	2.7	0.2%	32.0	
Other Middle East	0.1	0.1	0.3	0.1	0.3	0.7	*	37.1	
<b>Total Middle East</b>	<b>660.8</b>	<b>698.7</b>	<b>765.6</b>	<b>108.2</b>	<b>765.6</b>	<b>795.0</b>	<b>48.1%</b>	<b>78.7</b>	

	At end 1991		At end 2001		At end 2010		At end 2011		R/P ratio
	Trillion cubic metres	Trillion cubic metres	Trillion cubic metres	Trillion cubic metres	Trillion cubic metres	Trillion cubic metres	Share of total		
Bahrain	0.2	0.1	0.2	12.3	0.2	0.3	0.2%	26.8	
Iran	19.8	26.1	33.1	1168.6	33.1	33.1	15.9%	*	
Iraq	3.1	3.1	3.2	126.7	3.2	3.6	1.7%	*	
Kuwait	1.5	1.6	1.8	63.0	1.8	1.8	0.9%	*	
Oman	0.1	0.9	0.9	33.5	0.9	0.9	0.5%	35.8	
Qatar	6.4	25.8	25.0	884.5	25.0	25.0	12.0%	*	
Saudi Arabia	5.2	6.5	8.0	287.8	8.0	8.2	3.9%	82.1	
Syria	0.2	0.2	0.3	10.1	0.3	0.3	0.1%	34.3	
United Arab Emirates	5.8	6.1	6.1	215.1	6.1	6.1	2.9%	*	
Yemen	0.4	0.5	0.5	16.9	0.5	0.5	0.2%	50.7	
Other Middle East	+	0.1	0.2	7.8	0.2	0.2	0.1%	49.3	
<b>Total Middle East</b>	<b>42.7</b>	<b>70.9</b>	<b>79.4</b>	<b>2826.3</b>	<b>80.0</b>	<b>80.0</b>	<b>38.4%</b>	<b>*</b>	

Source: BP Statistical Review of Energy, 2012, pp. 6 and 20, <http://www.bp.com/sectionbodycopy.do?categoryId=7500&contentId=7068481>.

**Figure VI.13: EIA Estimate of OPEC Oil Export Revenues****Net Export Revenues**

Country	Nominal (Billion \$)				Real (Billion 2005\$)				
	2011	2012	2013	Jan-Apr 2012	2011	2012	2013	Jan-Apr 2012	2012
Algeria	\$63	--	--		\$22	\$54	--	--	\$19
Angola	\$68	--	--		\$25	\$58	--	--	\$21
Ecuador	\$10	--	--		\$4	\$9	--	--	\$3
Iran	\$95	--	--		\$29	\$81	--	--	\$24
Iraq	\$71	--	--		\$26	\$61	--	--	\$22
Kuwait	\$85	--	--		\$33	\$72	--	--	\$28
Libya	\$13	--	--		\$15	\$11	--	--	\$13
Nigeria	\$90	--	--		\$32	\$77	--	--	\$27
Qatar	\$57	--	--		\$21	\$49	--	--	\$17
Saudi Arabia	\$311	--	--		\$117	\$265	--	--	\$99
UAE	\$101	--	--		\$35	\$86	--	--	\$29
Venezuela	\$60	--	--		\$21	\$51	--	--	\$18
<b>OPEC</b>	<b>\$1,026</b>	<b>\$1,154</b>	<b>\$1,117</b>		<b>\$381</b>	<b>\$875</b>	<b>\$962</b>	<b>\$917</b>	<b>\$320</b>

**Net Revenues Per Capita**

Country	Nominal (\$)				Real (2005\$)				
	2011	2012	2013	Jan-Apr 2012	2011	2012	2013	Jan-Apr 2012	2012
Algeria	\$1,811	--	--		\$632	\$1,545	--	--	\$531
Angola	\$5,106	--	--		\$1,858	\$4,356	--	--	\$1,560
Ecuador	\$711	--	--		\$243	\$607	--	--	\$204
Iran	\$1,409	--	--		\$424	\$1,203	--	--	\$356
Iraq	\$2,341	--	--		\$856	\$1,998	--	--	\$718
Kuwait	\$29,292	--	--		\$11,133	\$24,991	--	--	\$9,343
Libya	\$1,978	--	--		\$2,322	\$1,700	--	--	\$1,948
Nigeria	\$608	--	--		\$214	\$519	--	--	\$180
Qatar	\$57,641	--	--		\$20,597	\$49,185	--	--	\$17,285
Saudi Arabia	\$10,465	--	--		\$3,908	\$8,929	--	--	\$3,280
UAE	\$19,683	--	--		\$6,598	\$16,792	--	--	\$5,538

Source: EIA, OPEC Export Revenues, May 2012,  
[http://www.eia.gov/cabs/OPEC\\_Revenues/Factsheet.html](http://www.eia.gov/cabs/OPEC_Revenues/Factsheet.html)

### *Economic Trends*

The data on Gulf economies often disguise massive uncertainties in the quality of the data involved, and some key data like unemployment rates are definitional nightmares involving major uncertainties regarding disguised unemployment and what percentage of the potential work forces is actually included. Basic data like GDP differ sharply in quality, and are particularly unreliable for states with large native populations like Iran, Iraq, Oman, Saudi Arabia, and Yemen. Data on the poverty level are little more than guesstimates and there are no reliable data on income distribution and anything like the Gini index.

- **Figure VI.14** provides a broad indication of just how different the sizes of various Gulf economies are and their relative level of military spending.
- **Figure VI.15** shows that many of the Southern Gulf countries have liberalized their economies and do now encourage their private sectors. There still, however, are often state barriers to investment, capital finances, permitting, and other problems that are not reflected in the various indexes that attempt to rate such factors. Similar problems occur in various efforts to apply indexes of corruption – a problem common to the region but where various ranking systems often lack a reliable source and/or clear explanation.
- **Figure VI.16** shows that a range sources agree that there are massive disparities in per capita income between different Gulf states, and that some countries – like Iran (before them impact of sanctions), Iraq, and Yemen have levels so low that this must be a source of serious potential unrest – particularly given the fact that almost all observers agree that corruption and major inequalities in income distribution are serious to critical problems.

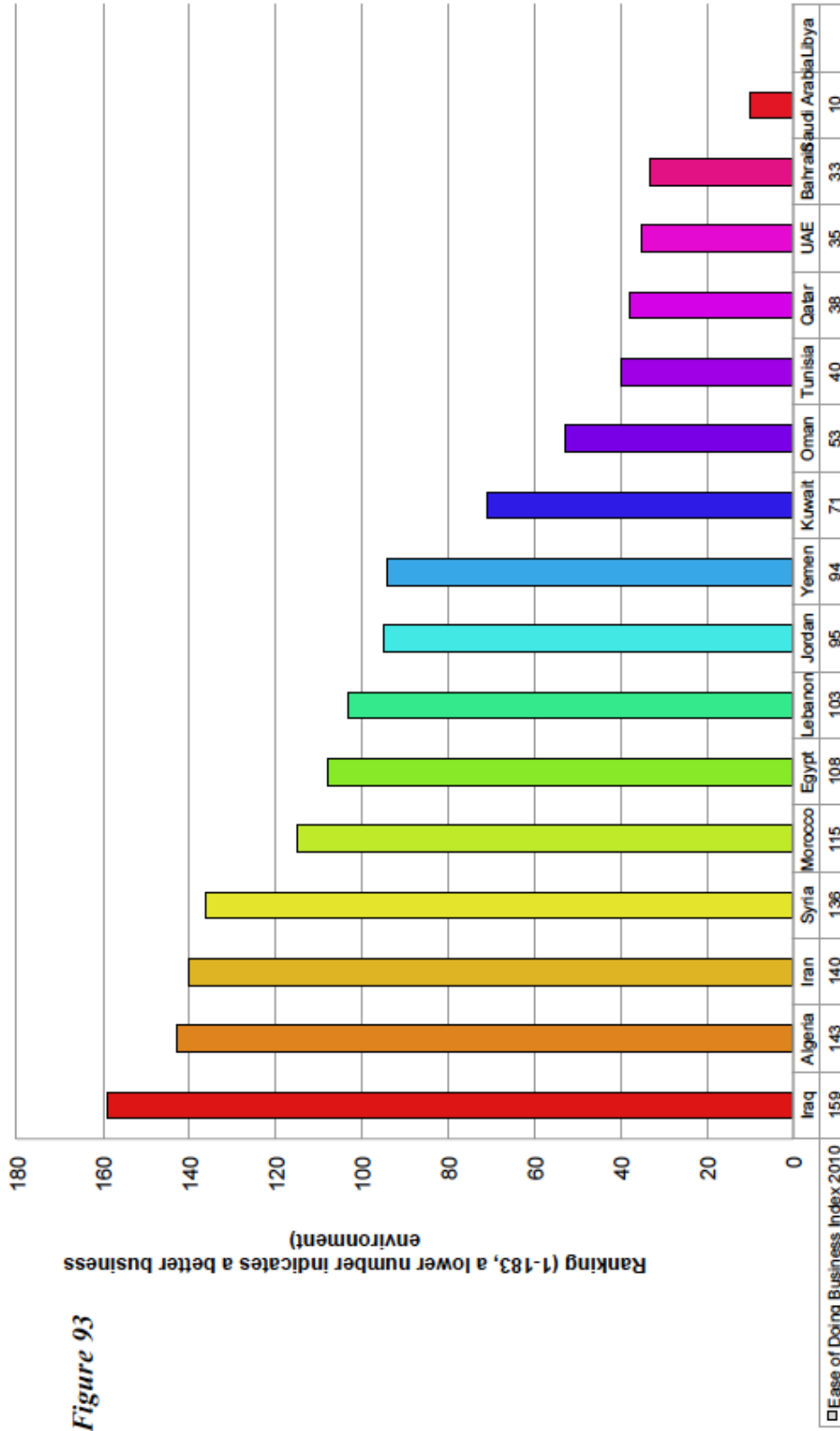
It is clear from interviews that youth employment is a serious problem; that younger members of the native population have problems getting meaningful jobs (and sometimes will not accept the jobs they can get); that the male work ethic in the richer states is often poor; and that housing, education, and marriage costs are sometimes a cause of serious problems for younger males.

**Figure VI.14: Gulf State Economic Indicators and Defense Budgets**

Country	GDP PPP (2011 est.)	GDP Per Capita PPP (2011 est.)	Defense Budget
Saudi Arabia	\$687,700,000,000	\$24,400	\$46,200,000,000* (2011)
Kuwait	\$153,500,000,000	\$41,700	\$4,050,000,000 (2011)
Bahrain	\$31,300,000,000	\$27,700	\$873,000,000 (2011)
Oman	\$85,000,000,000	\$27,600	\$4,270,000,000 (2011)
Qatar	\$174,900,000,000	\$98,900	\$3,450,000,000 (2011 expenditures)
UAE	\$256,500,000,000	\$47,700	\$9,320,000,000 (2011)
Yemen	\$57,970,000,000	\$2,300	\$2,040,000,000 (2011)

Source: Table created by Robert Shelala II using data from: GDP purchasing power parity (PPP): Central Intelligence Agency, *The World Factbook* [Field Listing: GDP (Purchasing Power Parity)], undated. <https://www.cia.gov/library/publications/the-world-factbook/fields/2001.html#sa>. (Accessed December 17, 2012); GDP per capita PPP: Central Intelligence Agency, *The World Factbook* [Field Listing: GDP – Per Capita (PPP)], undated. <https://www.cia.gov/library/publications/the-world-factbook/fields/2004.html#sa>. (Accessed December 17, 2012); Defense budget: “Chapter Seven: Middle East and North Africa,” in *The Military Balance: 2012*, International Institute for Strategic Studies, 2012. p. 318, 333, 342, 344, 346, 352, 354. Note: \*=estimate.

**Figure VI.15: Ease of Doing Business Index**



**Figure 93**

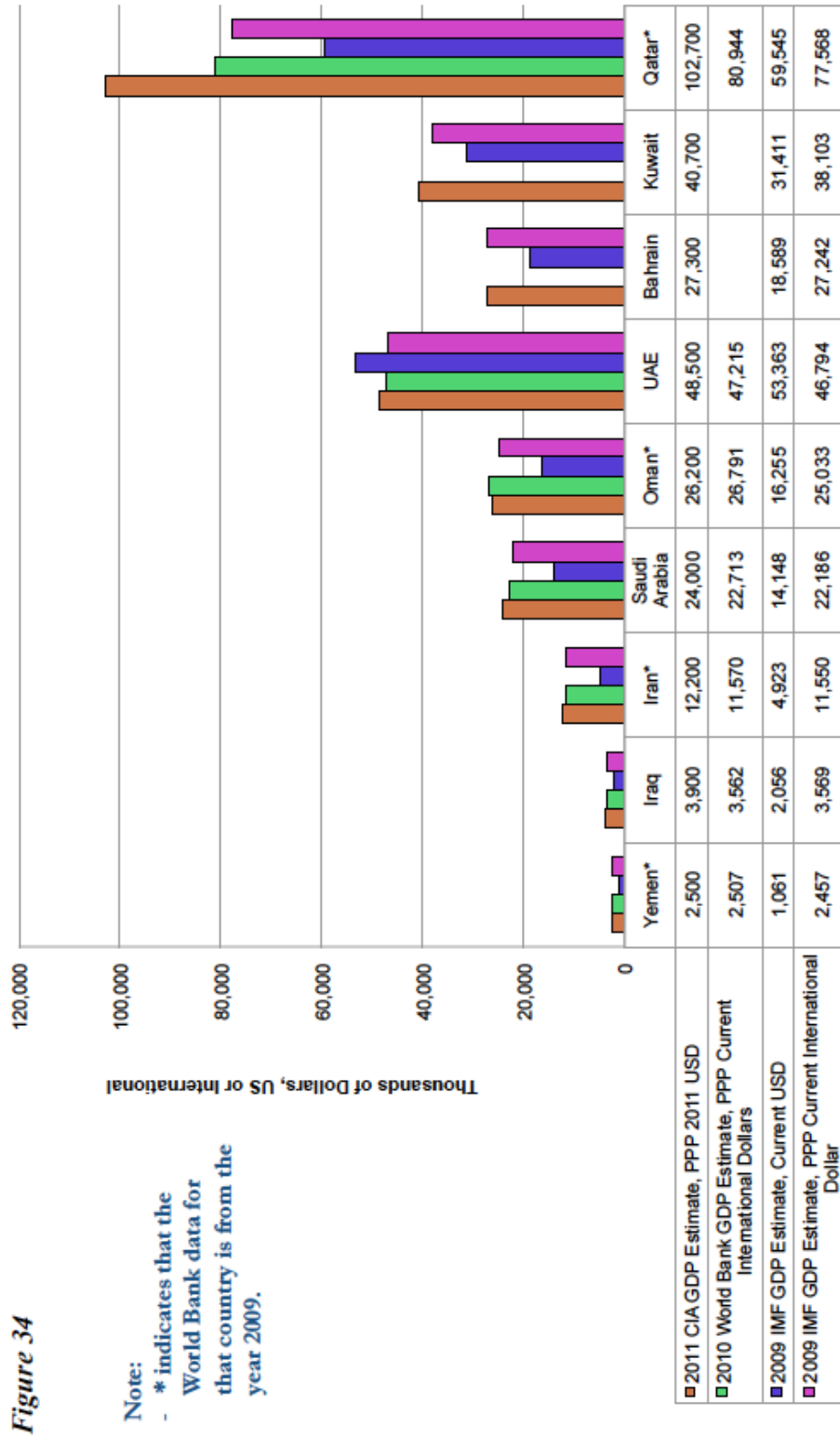
Ranking (1-183, a lower number indicates a better business environment)

The Ease of Doing Business Index ranks economies from 1 to 183. For each economy the ranking is calculated as the simple average of the percentile rankings on each of the 10 topics included in the index in *Doing Business 2012*: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and, new this year, getting electricity.

The World Bank, dataBank, World Development Indicators, Accessed February 1, 2012.  
<http://data.worldbank.org/indicator/IC.BUS.EASE.XQ>

# Gulf GDP Per Capita Estimates by Country

Figure 34



Note:  
 - \* indicates that the World Bank data for that country is from the year 2009.

Sources: World Bank Indicators: GDP Per Capita, <http://data.worldbank.org/indicator/NY.GDP.PCAP.PD>  
 CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/>  
 International Monetary Fund, <http://www.imf.org>  
 Accessed February 1, 2012.

### ***The Need for Country-by-Country Case Studies***

If there is any single message that emerges from these statistics, it is just how different each Southern Gulf state is, and just how different the factors are that drive its internal stability, the ability of the US and Iran to compete, and the issues the US must be prepared to deal with in each partner country. As a corollary, it is also clear that military and internal security are only part of the challenges each state and the GCC must meet. Economics, demographics, politics, and social change are at least as important to each country's future, and both they and the US must constantly remember that competition with Iran is only one of many priorities.

It is also important to note that while the US and the Arabian Gulf states share a common interest in deterring and defending against Iran, no Gulf state has identical strategic interests with the US or its neighbors. A successful US partnership must focus on the broader strategic problem of providing regional security, but it must be tailored to the needs and expectations of each individual partner.

As is the case throughout the Middle East and the world, the US only must adopt "dual standards" in dealing with each Arab Gulf state and the GCC collectively. The US must find the right balance between a narrow short term "pragmatism" that focuses on the security threats posed by Iran and extremism and the need to help each state ensure its internal stability, modernize, and meet the needs of its people.

At the same time, the US and its European allies must recognize that US and Western values are not "universal" values, that each state is both Arab and Islamic, and that the rate of modernization has to focus on evolution and not revolution. The US must accept the fact that it must often give security priority over its own approaches to human rights and democracy.

This need to constantly adjust US policy to find the right balance, and mix of "standards," is another key reason to address each Southern Gulf state separately. It is also a reason the US should never lose sight of the fact that US strategic interests are best served by focusing as much on each country's internal needs and stability as on its role as a military partner.

## *Saudi Arabia*<sup>67</sup>



Source: CIA, World Factbook, December 2012.

Saudi Arabia is the most important single US partner in the Gulf region. It has the most energy resources and production capability, the largest territory and most strategic depth, the largest military forces, and plays a critical role in the Arab and Islamic worlds. It is also a proven security partner and one whose stability and alignment with US strategic interests have endured for more than half a century. Saudi Arabia's key statistics are shown in **Figure VI. 17 below**.

A recent CIA analysis summarizes recent developments in Saudi Arabia as follows:<sup>68</sup>

Saudi Arabia is the birthplace of Islam and home to Islam's two holiest shrines in Mecca and Medina. The king's official title is the Custodian of the Two Holy Mosques. The modern Saudi

<sup>67</sup> For detailed background on the history of US and Iranian relations with Saudi Arabia, and Saudi Arabia's role in the Gulf, see Anthony H. Cordesman, *Saudi Arabia, National Security in a Troubled Region*, CSIS, Praeger, Washington, 2009; Anthony H. Cordesman and Khalid Al-Rhodan, *Gulf Military Forces in an Era of Asymmetric Volume One: Overview and Northern Gulf*, Praeger, Westport, 2007 and *Gulf Military Forces in an Era of Asymmetric Warfare (with Khalid A. Rodhan), Volume Two: GCC & Southern Gulf*, Praeger, Westport, 2007; Anthony H. Cordesman and Nawayf Obaid, *National Security in Saudi Arabia*, Washington, CSIS/Praeger, 2005; Anthony H. Cordesman, *Saudi Arabia: Guarding the Desert Kingdom*, Westview, Boulder, 1997; Anthony H. Cordesman, *The Gulf and the West*, Boulder, Westview, 1988; and Anthony H. Cordesman, *The Gulf and the Search for Strategic Stability*, Westview, Boulder, 1984.

<sup>68</sup> CIA, "Saudi Arabia," *World Factbook*, accessed December 29, 2012, <https://www.cia.gov/library/publications/the-world-factbook/geos/sa.html>



state was founded in 1932 by Abd al-Aziz bin Abd al-Rahman Al SAUD (Ibn Saud) after a 30-year campaign to unify most of the Arabian Peninsula. One of his male descendents rules the country today as required by the country's 1992 Basic Law. King Abdallah bin Abd al-Aziz ascended to the throne in 2005.

Following Iraq's invasion of Kuwait in 1990, Saudi Arabia accepted the Kuwaiti royal family and 400,000 refugees while allowing Western and Arab troops to deploy on its soil for the liberation of Kuwait the following year. The continuing presence of foreign troops on Saudi soil after the liberation of Kuwait became a source of tension between the royal family and the public until all operational US troops left the country in 2003.

Major terrorist attacks in May and November 2003 spurred a strong on-going campaign against domestic terrorism and extremism. King Abdallah has continued the cautious reform program begun when he was crown prince. The king instituted an interfaith dialogue initiative in 2008 to encourage religious tolerance on a global level; in 2009, he reshuffled the cabinet, which led to more moderates holding ministerial and judicial positions, and appointed the first female to the cabinet.

The 2010-12 uprising across Middle Eastern and North African countries sparked modest incidents in Saudi cities, predominantly by Shia demonstrators calling for the release of detainees and the withdrawal from Bahrain of the Gulf Cooperation Council's Peninsula Shield Force. Protests in general were met by a strong police presence, with some arrests, but not the level of bloodshed seen in protests elsewhere in the region. In response to the unrest, King Abdallah in February and March 2011 announced a series of benefits to Saudi citizens including funds to build affordable housing, salary increases for government workers, and unemployment benefits.

To promote increased political participation, the government held elections nationwide in September 2011 for half the members of 285 municipal councils. Also in September, the king announced that women will be allowed to run for and vote in future municipal elections - first held in 2005 - and serve as full members of the advisory Consultative Council.

During 2012, Shia protests increased in violence, while peaceful Sunni protests expanded. The country remains a leading producer of oil and natural gas and holds more than 20% of the world's proven oil reserves. The government continues to pursue economic reform and diversification, particularly since Saudi Arabia's accession to the WTO in December 2005, and promotes foreign investment in the kingdom. A burgeoning population, aquifer depletion, and an economy largely dependent on petroleum output and prices are all ongoing governmental concerns.

Saudi Arabia has an oil-based economy with strong government controls over major economic activities. It possesses about one-fifth of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC. The petroleum sector accounts for roughly 80% of budget revenues, 45% of GDP, and 90% of export earnings. Saudi Arabia is encouraging the growth of the private sector in order to diversify its economy and to employ more Saudi nationals.

Diversification efforts are focusing on power generation, telecommunications, natural gas exploration, and petrochemical sectors. Almost 6 million foreign workers play an important role in the Saudi economy, particularly in the oil and service sectors, while Riyadh is struggling to reduce unemployment among its own nationals. Saudi officials are particularly focused on employing its large youth population, which generally lacks the education and technical skills the private sector needs.

Riyadh has substantially boosted spending on job training and education, most recently with the opening of the King Abdallah University of Science and Technology - Saudi Arabia's first co-educational university. As part of its effort to attract foreign investment, Saudi Arabia acceded to the WTO in December 2005 after many years of negotiations. The government has begun establishing six "economic cities" in different regions of the country to promote foreign investment and plans to spend \$373 billion between 2010 and 2014 on social development and infrastructure projects to advance Saudi Arabia's economic development.

Saudi Arabia has reinforced its concrete-filled security barrier along sections of the now fully demarcated border with Yemen to stem illegal cross-border activities; Kuwait and Saudi Arabia continue discussions on a maritime boundary with Iran; Saudi Arabia claims Egyptian-administered islands of Tiran and Sanafir[.]

Saudi Arabia is a key economic and strategic partner of the US. The relationship predates the independence of most of the other Arab Gulf states by several decades, and has played a key role in advancing US strategy in the region since World War II. The US initially grouped Saudi Arabia with Iran as part of the US “Twin Pillar policy” in Cold War communist containment.<sup>69</sup> However, the Islamic Revolution in Iran in 1979 and the end of the Cold War served as catalysts in reshaping US regional policy.

Saudi Arabia became a steadily more important part of the new US strategy of “dual containment” of Iran and Iraq.<sup>70</sup> The strategic partnership grew again after the deployment of US troops to the Kingdom in the early 1990s to first deter an Iraqi invasion of Saudi Arabia and then liberate Kuwait – a US presence that lasted until Saudi Arabia tacitly supported US movements and deployments during the invasion of Iraq in 2003. Riyadh remains a key military partner with strong advisory teams and over \$60 billion in defense sales to support Saudi and US cooperation in deterring and containing Iran’s conventional and unconventional capabilities in the Gulf.<sup>71</sup>

The US has been a major trading partner of Saudi Arabia – due mostly to the Kingdom’s petroleum exports. Saudi Arabia exports more crude oil than any other country – aside from Russia<sup>72</sup> – and as of November 2011, Saudi Arabia was the second-largest source of US crude oil imports, having surpassed Mexico.<sup>73</sup>

Saudi Arabia also factors into US-Iran competition because the Kingdom’s security and that of the maritime trade lanes near the Kingdom are of vital importance to the US and global economies. Additionally, Riyadh’s substantial conventional military capabilities, its leadership in the GCC, its status as an authority in the Sunni Islamic world, and its links to Sunni groups in countries such as Lebanon and Syria make it an important player in continuing to contain Iranian power.

---

<sup>69</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, and Jim Zanoti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 5.

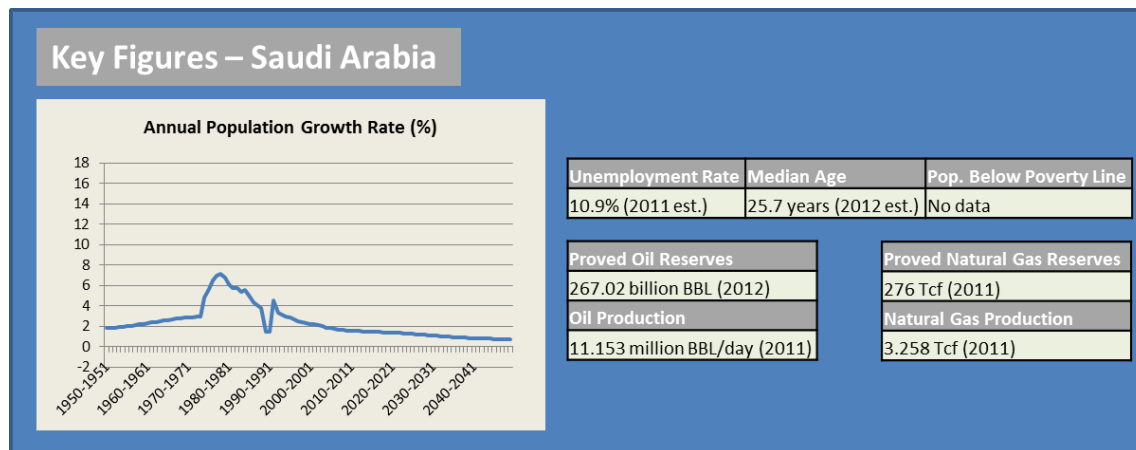
<sup>70</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, and Jim Zanoti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 5.

<sup>71</sup> Christopher M. Blanchard, *Saudi Arabia: Background and U.S. Relations*, Congressional Research Service, June 19, 2012. p. 4-5.

<sup>72</sup> “Saudi Arabia,” Country Analysis, US Energy Information Administration, updated January 2011. <http://www.eia.gov/countries/cab.cfm?fips=sa>

<sup>73</sup> “Crude Oil and Total Petroleum Imports Top 15 Countries,” US Energy Information Administration, undated. [http://www.eia.gov/pub/oil\\_gas/petroleum/data\\_publications/company\\_level\\_imports/current/import.html](http://www.eia.gov/pub/oil_gas/petroleum/data_publications/company_level_imports/current/import.html)

At the same time, this is a partnership between a secular, democratic US and an Islamic monarchy whose people are generally more conservative than its ruling elite. Like its neighbors, Saudi Arabia is steadily modernizing on its own terms. Saudi Arabia has many values and interests that do match those of the US, and the one totally predictable aspect of its political evolution is that it will never mirror image the West. Saudi leaders are all too conscious of this fact – as is much of the Saudi population – and the US must constantly adapt its role in Saudi Arabia accordingly.

**Figure VI.17: Saudi Arabia: A Statistical Overview**

Key Data and Indicators	Figures
Total Population in Millions	26.5
Median Age in Years	25.7
Percent 0-14 Years	28.80%
Urban Population	82%
Literacy Rate	86.60%
GDP (in \$ US billions) Official Exchange Rate	\$587.50
GDP PPP Per Capita World Ranking	56
Labor Force in Thousands	7,630 (roughly 80% non-national)
Unemployment, ages 15-24	28.20%
Annual entrants to the workforce (male)	261,105
Annual entrants to the workforce (female)	244,763

Source: Created by Robert Shelala II using data from: Unemployment rate, median age, population below poverty line: Central Intelligence Agency, *The World Factbook [Saudi Arabia]*, updated December 5, 2012.

<https://www.cia.gov/library/publications/the-world-factbook/geos/sa.html>; Energy information: "Saudi Arabia: Country Analysis Brief," US Energy Information Administration, updated October 16, 2012. <http://www.eia.gov/countries/country-data.cfm?fips=SA>; Annual population growth rate: "International Programs: International Data Base," United States Census Bureau, US Department of Commerce, undated.

<http://www.census.gov/population/international/data/idb/informationGateway.php> (Accessed December 14, 2012); Key data and indicators from Central Intelligence Agency, *The World Factbook [Saudi Arabia]*, updated December 17, 2012.

<https://www.cia.gov/library/publications/the-world-factbook/geos/sa.html>. "Annual entrants to the workforce" determined using "manpower reaching militarily significant age annual" figure from CIA.

### ***Saudi-Iranian Competition***

There is nothing new about Iranian and Saudi competition. Saudi Arabia saw the Shah as a constant challenge to its position in the Gulf during British withdrawal from east of Suez and as a competitor as the US replaced Britain as the major outside power in the region. The two states have been far more direct rivals since Ayatollah Khomeini came to power in 1979.

There are many current sources of tension between Saudi Arabia and Iran. This includes the different Arab and Persian and sectarian identities of each state – and the different roles of state and non-state actors in their respective religious sects – Saudi Arabia is believed to be 85-95% Sunni,<sup>74</sup> and is viewed as a leader amongst the Sunni Arab world in general and the Sunni Gulf states in particular. Iran on the other hand is 89% Shia,<sup>75</sup> and is viewed similarly as a leader amongst Shia throughout the Middle East.

This sectarian competition has been a major factor ever since the 1979 Islamic Revolution turned Iran into a theocratic state that sought to export its religious revolution. At the same time, the 1980-1988 Iran-Iraq War pitted the Sunni government of Saddam Hussein against Iran – a war in which Riyadh backed Baghdad and where Saudi and Iranian air forces clashed on one occasion.

The Iran-Iraq War led to wide-scale US defense assistance and arms transfers that tightened the bonds between the Kingdom and the US, which provided Riyadh with the Airborne Warning and Control System (AWAC) aircraft that were used to destroy two Iranian aircraft flying over Saudi Arabia during the war.<sup>76</sup>

This partnership led to a major US troop and air presence in the Kingdom during the first Gulf War, and while US forces withdrew from Saudi Arabia after 2003, close diplomatic and military relations between Washington and Riyadh have continued ever since. The Saudi military buildup and role of US advisors and major new US arms transfers are troubling for Tehran.<sup>77</sup>

Iran's nuclear program is seen as deeply troubling by Riyadh, as is its perception that Iran has encouraged Shia uprisings and Iran's efforts to win influence in Iraq; its support of the Hezbollah and Hamas; its partnership with Assad in Syria; and support of Shia movements in Bahrain, Yemen, and other states.

### **Tensions Over Saudi Shia**

While the Shia remain a small demographic within the broader Saudi population, much of this population is in its Eastern Province, the key strategic petroleum region in the Kingdom. Saudi Arabia feels Iran has deliberately encouraged recent uprisings witnessed in key Shia parts of the country.

While the Kingdom has made progress, Saudi Arabia's Shia still suffer from social, economic, and political discrimination that has led to periodic unrest in parts of the

---

<sup>74</sup> Christopher M. Blanchard, *Saudi Arabia: Background and U.S. Relations*, Congressional Research Service, June 19, 2012. p. 3.

<sup>75</sup> Central Intelligence Agency, *The World Factbook [Iran]*, updated October 4, 2012.  
<https://www.cia.gov/library/publications/the-world-factbook/geos/ir.html>

<sup>76</sup> Frederic Wehrey, Theodore W. Karasik, Alireza Nader, Jeremy Ghez, Lydia Hansell, Robert A. Guffey, *Saudi-Iranian Relations Since the Fall of Saddam: Rivalry, Cooperation, and Implications for U.S. Policy*, International Security and Defense Policy Center, RAND National Security Research Division.  
[http://www.rand.org/pubs/monographs/2009/RAND\\_MG840.pdf](http://www.rand.org/pubs/monographs/2009/RAND_MG840.pdf). p.16

<sup>77</sup> Christopher M. Blanchard, *Saudi Arabia: Background and U.S. Relations*, Congressional Research Service, June 19, 2012. p. 11.

Kingdom. This treatment of Shia in the Kingdom is reflected in the US State Department's 2010 Human Rights Report, which highlights the illegal detention of key Shia, the incarceration for over 14 years of a Shia for "apostasy" with an additional five years for "criticizing the judicial system and the government's human rights record," prohibitions on gatherings in mostly Shia areas, and a small Shia representation in the country's Consultative Council.<sup>78 79</sup>

A Pew Research estimate from 2009 of the size of the Shia population suggests that Shia constitute 10-15% of the Saudi population – 2-4 million people;<sup>80</sup> US State Department reporting in 2012 reflected numbers closer to the lower end of that estimate, while other sources put the total as low as 7%.

The CIA *World Factbook* estimated the total population at 26,534,504 as of July 2012, including 5,576,076 non-nationals.<sup>81</sup> A range of 7% to 15% of the native population would total 1,467,717-3,145,114 out of 20,967,428. While the precision of such numbers is illusory at best, the two-to-one differences that emerge from such calculations do illustrate the level of uncertainty involved.

The location of key parts of the Shia population explains much of the Saudi concern about the Shia threat. Most Saudi Shia belong to the Twelver Shia Baharna – which inhabit the east of the country. The most substantial Shia presence in the country are in the cities of Al-Hasa, Dammam, and Qatif. The biggest oil field in Saudi Arabia – Ghawar – which is in fact the biggest in the world is situated in close proximity to the predominantly Shia city of Al Hofuf.<sup>82</sup>

---

<sup>78</sup> *2010 Human Rights Report: Saudi Arabia*, US Department of States, Bureau of Democracy, Human Rights, and Labor, April 8, 2011. <http://www.state.gov/j/drl/rls/hrrpt/2010/nea/154472.htm>

<sup>79</sup> Saudi government sources challenge these statements and feel such reports are sharply exaggerated. Other reporting is much more critical. More extreme critics like Robert Baer have stated that, "in Saudi Arabia, Shia are subject to punitive property seizure or even gang rape," as well as harassment from Sunni extremists known as "takfiris." Robert Baer, *The Devil We Know: Dealing With the New Iranian Superpower* (New York: Three Rivers Press, 2008). p. 204, *Takfiris* defined on p. 123-124.

<sup>80</sup> "Mapping the Global Muslim Population: A Report on the Size and Distribution of the World's Muslim Population: Sunni and Shia Populations," The Pew Forum on Religion and Public Life, Pew Research Center, October 7, 2009. [http://www.pewforum.org/Muslim/Mapping-the-Global-Muslim-Population\(6\).aspx](http://www.pewforum.org/Muslim/Mapping-the-Global-Muslim-Population(6).aspx)

<sup>81</sup> "Shias in Saudi Arabia and Bahrain: Shooting the Sheikhs: Violence Against Shia Clerics Troubled Saudi Arabia and Bahrain," *The Economist*, July 14, 2012. <http://www.economist.com/node/21558637>. Mentions the Shias constitute "about a tenth of the country's (Saudi Arabia's) 27m-odd people." This amounts to 10% of the population; Al Jazeera and agencies, "Saudi Protest Crackdown Leaves Two Dead," *Al Jazeera*, July 9, 2012. <http://www.aljazeera.com/news/middleeast/2012/07/20127819561763436.html>. Suggests the Shia population in Saudi Arabia is "at least 2 million;" Population estimate taken from: Central Intelligence Agency, *The World Factbook [Saudi Arabia]*, updated November 13, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/sa.html>

<sup>82</sup> *Iran Sees an Opportunity in the Persian Gulf*, Stratfor, March 3, 2011.

Some Shia – known as the Nakhawila – also reside in Medina, in addition to the Zaydi and Ismai'ili who reside in the south. The Kingdom's export facilities are located along the Shia-populated Saudi Gulf Coast in the country's east. The presence of Shia in these strategic locations in the Kingdom, coupled with concerns of Iranian links to the Saudi Shia, has raised concerns about the prospect of strikes against the Saudi petroleum industry. One scenario for such a strike includes hitting Saudi pipelines that are near key roadways.<sup>83</sup> Another concern on the part of the Saudi government is sabotage, or local support of raids or covert attacks.

These tensions between the Saudi government and the Shia community are not a recent phenomenon. Relations between the two were particularly tense at the end of the 1970s. The Islamic Revolution in Iran is believed to have escalated Sunni-Shia tensions but not to have driven them – which was more a result of a repressive governor in the province. The replacement of the governor led to partial reforms that seemed to quiet many of the key tensions by the 1990s.<sup>84</sup> There were also incidents in Bahrain, but again driven largely by local discrimination and issues. Tehran was unable to successfully spread the Islamic Revolution or win large-scale Arab Shia support.<sup>85</sup>

They have, however, taken a new form following the beginning of the current political upheavals in the Arab world, as calls have come for greater Shia rights within Saudi Arabia, and as Sunni-Shia tensions have escalated in Bahrain. One prominent Shia figure – Sheikh Nimr al-Nimr – has gone so far as to speculate about the Shia parts of the east breaking away from the rest of Saudi Arabia, which led to calls for his arrest in 2009. He has been accused of also disrespecting the passing of Saudi Crown Prince Nayef bin Abdul Aziz al-Saud. Shortly thereafter in July 2012, the police allegedly shot and then apprehended him. The arrest triggered protests, which saw the shooting deaths of two men.<sup>86</sup> Adding to this incident, it is reported that all of the ten fatalities in the Kingdom linked to the uprisings that spread across the Arab World starting in 2011 were Shia.<sup>87</sup>

Riyadh claims that Iranian meddling in the Kingdom is responsible for such Shia unrest, but it is unclear how much leverage Tehran now has in driving Shia actors in the Kingdom. For one, religious leaders from Iraq have made greater inroads with Shia in

---

<sup>83</sup> *Iran Sees an Opportunity in the Persian Gulf*, Stratfor, March 3, 2011.

<sup>84</sup> Comments by Toby C. Jones, "The Emerging Shia Crescent Symposium: Is Shia Power Cause for Concern?," Council on Foreign Relations, June 5, 2006. Rush transcript; Federal News Service, Inc.

<sup>85</sup> Ray Takeyh, *Hidden Iran: Paradox and Power in the Islamic Republic* (New York: Holt, 2006). p. 64-65.

<sup>86</sup> "Shias in Saudi Arabia and Bahrain: Shooting the Sheikhs: Violence Against Shia Clerics Troubled Saudi Arabia and Bahrain," *The Economist*, July 14, 2012.  
<http://www.economist.com/node/21558637>; Al Jazeera and agencies, "Saudi Protest Crackdown Leaves Two Dead," *Al Jazeera*, July 9, 2012.  
<http://www.aljazeera.com/news/middleeast/2012/07/20127819561763436.html>

<sup>87</sup> "Shias in Saudi Arabia and Bahrain: Shooting the Sheikhs: Violence Against Shia Clerics Troubled Saudi Arabia and Bahrain," *The Economist*, July 14, 2012.  
<http://www.economist.com/node/21558637>

Saudi Arabia than have their Iranian counterparts.<sup>88</sup> According to Iran expert Ray Takeyh with the Council on Foreign Relations, it appears that Shia movements in the Gulf – not including Iraq – are still driven more by local concerns than by Iranian meddling.<sup>89</sup> A number of US official experts share this view.

### **Tensions Over Energy Resources**

Saudi Arabia is deeply concerned over the prospect of Iranian support of Shia sabotage of its energy facilities, Iran's threats to close the Strait of Hormuz, and the steady buildup of Iranian asymmetric forces in the Gulf and Gulf of Oman.

Tensions between the Kingdom and the Islamic Republic increased in November 2012 when Saudi Arabia submitted a letter to the UN Secretary-General indicating that Iran was violating Saudi sovereignty by overflying the Hasbah natural gas field. It is also reported that “two Iranian navy boats intercepted a vessel belonging to state-owned oil giant Saudi Aramco.”<sup>90</sup>

Iran's Foreign Ministry responded stating that the Kingdom “has taken action for exploration activities in prohibited border areas.”<sup>91</sup> Events such as these add to Saudi government concerns about Iran's intentions and possible interests in interfering in the Kingdom's energy sector.

### **Tensions Over the Hajj**

The *Hajj* is another aspect of Saudi-Iranian competition that Saudis feel pose threats to their national security: the *Hajj* taking place annually within the country's borders.

Iran has also attempted to use demonstrations during the pilgrimage to put pressure on the Saudi government and threaten its legitimacy as custodian of Islam's holy places. Saudi Arabia is the home of the Grand Mosque in Mecca – the location which all Muslims must endeavor to visit in their lifetimes during an annual pilgrimage known as the *Hajj*.

Despite these tensions between Saudi Arabia and Iran, Iranian pilgrims have regularly been permitted to take part in the *Hajj*. This was as a major point of confrontation during the 1980s when Riyadh feared Iranian-provoked unrest from pilgrims. The 1987 *Hajj* in particular saw the deaths of 450 Iranians after their protests and demonstrations led the Saudi government to suppress them.

---

<sup>88</sup> “Shias in Saudi Arabia and Bahrain: Shooting the Sheikhs: Violence Against Shia Clerics Troubled Saudi Arabia and Bahrain,” *The Economist*, July 14, 2012.

<http://www.economist.com/node/21558637>

<sup>89</sup> Comments by Ray Takeyh at “Revisiting the Iranian Challenge,” Middle East Studies, Marine Corps University, MCB Quantico, Quantico, VA, October 26, 2012.

<sup>90</sup> Reuters, “Saudi Tells U.N. Iran Trespassing on its Territory: Report,” *Chicago Tribune*, November 12, 2012. [http://articles.chicagotribune.com/2012-11-12/news/sns-rt-us-saudi-iranbre8ab0pg-20121112\\_1\\_saudi-arabia-shi-ite-muslim-power-iran-saudi-government](http://articles.chicagotribune.com/2012-11-12/news/sns-rt-us-saudi-iranbre8ab0pg-20121112_1_saudi-arabia-shi-ite-muslim-power-iran-saudi-government)

<sup>91</sup> Yeganeh Torbati, “Iran Says Saudi Arabia Exploring in Banned Border Areas,” *Euronews* via *Reuters*, November 20, 2012. <http://www.euronews.com/newswires/1733172-iran-says-saudi-arabia-exploring-in-prohibited-border-areas/>



Some 25 years after this incident, Riyadh remains concerned that Tehran may exploit the *Hajj* in an unconventional assault on Saudi Arabia – perhaps if US-Iranian tensions escalate.<sup>92</sup> In advance of the 2012 *Hajj*, Riyadh prohibited the politicization of the pilgrimage, although the Saudi government has also suggested that it does not anticipate issues in the 2012 *Hajj*.<sup>93</sup>

### **Tensions Over Bahrain**

Developments in Bahrain have a direct impact on the Kingdom's security given the direct link via causeway between the two countries, and the impact a Shia uprising can have within the Kingdom. Bahrain is a country with strong historic links to Iran and a population that is predominantly Shia, though the family ruling the country is Sunni. This has been the source of past and recent tension where allegedly Iranian-linked elements have fomented instability, triggering the mobilization of the Saudi security forces to reinforce Bahraini stability and the security of Bahrain's Sunni leadership.

Some reports claim Saudi Arabia deployed National Guard troops from the Kingdom to Bahrain during a low-level Shia uprising in the 1980s.<sup>94</sup> Other reports state that one reason for the creation of the GCC was a coup attempt the government of Bahrain claimed was linked to Iran, and led the two states to create the Saudi-Bahrain Security Pact late that year.<sup>95</sup>

Saudi Arabia and the other GCC states have since maintained their commitment to Bahrain's security. In March 2011, Saudi Arabia and the UAE deployed 1,200 and 800 troops respectively to Bahrain at a time when the Bahraini government faced large Shia demonstrations that it felt threatened to become an uprising.<sup>96</sup> The risk of spillover into the Kingdom from any Shia uprising in Bahrain, and possible Iranian intervention in Bahrain, heavily impacts Saudi strategic thinking.<sup>97</sup>

---

<sup>92</sup> Frederic Wehrey, Theodore W. Karasik, Alireza Nader, Jeremy Ghez, Lydia Hansell, Robert A. Guffey, *Saudi-Iranian Relations Since the Fall of Saddam: Rivalry, Cooperation, and Implications for U.S. Policy*, International Security and Defense Policy Center, RAND National Security Research Division. [http://www.rand.org/pubs/monographs/2009/RAND\\_MG840.pdf](http://www.rand.org/pubs/monographs/2009/RAND_MG840.pdf). p. 15-16.

<sup>93</sup> Agencies, "Saudis Say Syria Crisis Will Not Affect Hajj," *Al Jazeera*. October 21, 2012. <http://www.aljazeera.com/news/middleeast/2012/10/201210215923894253.html>

<sup>94</sup> Simon Henderson, *The New Pillar: Conservative Arab Gulf States and U.S. Strategy*, policy paper no. 58 (Washington, D.C.: Washington Institute for Near East Policy, 2003). p. 26.

<sup>95</sup> Mitchell A. Belfer, "Iran's Bahraini Ambitions," *Wall Street Journal*, October 6, 2011. <http://online.wsj.com/article/SB10001424052970204612504576608852457881450.html>

<sup>96</sup> Ethan Bronner and Michael Slackman, "Saudi Troops Enter Bahrain to Help Put Down Unrest," *New York Times*, March 14, 2011. [http://www.nytimes.com/2011/03/15/world/middleeast/15bahrain.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2011/03/15/world/middleeast/15bahrain.html?pagewanted=all&_r=0)

<sup>97</sup> George Friedman, "Bahrain and the Battle Between Iran and Saudi Arabia," *Geopolitical Weekly*, Stratfor, March 8, 2011. <http://www.stratfor.com/weekly/20110307-bahrain-and-battle-between-iran-and-saudi-arabia>; Christopher M. Blanchard, *Saudi Arabia: Background and U.S. Relations*, Congressional Research Service, June 19, 2012. p. 12.

### Tensions Over Terrorism and Covert Operations

Terrorism and covert operations have been and continue to be a component in Saudi-Iranian strategic competition, with accusations from each side that the other has used unconventional tactics. Charges of Iranian terrorism against Saudi Arabia and perceived threats of terrorism have centered on attacks in the Kingdom on US facilities like Al Khobar, as well as the *Hajj*.

In 2006, a judge with a US federal district court determined that the Iranian government – including the Iranian armed forces and intelligence ministry – were involved in the June 1996 bombing of the Khobar Towers in Saudi Arabia. The bombing killed 19 people when the US Air Force dormitory was struck by Saudi Hezbollah.<sup>98</sup>

In fall 2011, US authorities apprehended the cousin of a high-level member of Iran's Quds Force for planning to assassinate Adel al-Jubeir, the Saudi Ambassador to the US – an operation that was financed by the Quds Force. The attack – which would have involved an explosion at a restaurant in Washington, D.C.<sup>99</sup> – targeted the nexus of the US and Saudi governments: a key Saudi official in the US capital.

Iranian covert action against Saudi Arabia has also taken non-violent form through the use of cyber warfare. US intelligence community sources have suggested that Iran executed a computer virus that struck the oil firm Saudi Aramco in August 2012. The attack reportedly involved a virus penetrating Aramco computers, destroying data and files, and communicating to Aramco which computers were impacted by the virus, so as to make clear the virus' scale. This attack took place in the wake of cyber-attacks on Qatar's RasGas natural gas firm and the US banks Capital One and BB&T, which the US intelligence community also believes were linked to Iran. These attacks may be a response to the 2010 Stuxnet and 2012 Flame viruses that impacted Iranian nuclear infrastructure and oil industry, respectively.<sup>100</sup>

While Saudi Arabia has clearly been the subject of Iranian-linked terrorism and covert action, Iran claims that Saudi Arabia is linked to terrorist and covert threats that target its interests. The most direct threat to Iranian national security comes from the alleged links between Saudi Arabia and the Jundullah militia, which has targeted the Iranian government through terrorist attacks in Iran's Sistan and Baluchistan Province. Iran

---

<sup>98</sup> Carol D. Leonnig, "Iran Held Liable in Khobar Attack," *Washington Post*, December 23, 2006.

<sup>99</sup> Charlie Savage and Scott Shane, "Iranian Accused of Plot to Kill Saudis' U.S. Envoy," *New York Times*, October 11, 2011. <http://www.nytimes.com/2011/10/12/us/us-accuses-iranians-of-plotting-to-kill-saudi-envoy.html?pagewanted=all>; CBS/AP, "Guilty Plea in D.C. Bomb Plot to Kill Saudi Envoy," *CBS News*, October 17, 2012. [http://www.cbsnews.com/8301-201\\_162-57534267/guilty-plea-in-d.c.-bomb-plot-to-kill-saudi-envoy/](http://www.cbsnews.com/8301-201_162-57534267/guilty-plea-in-d.c.-bomb-plot-to-kill-saudi-envoy/)

<sup>100</sup> Nicole Perlroth, "In Cyberattack on Saudi Firm, U.S. Sees Iran Firing Back," *New York Times*, October 23, 2012. <http://www.nytimes.com/2012/10/24/business/global/cyberattack-on-saudi-oil-firm-disquiets-us.html?pagewanted=all&r=0>

believes that the US, Pakistan, the UK, Saudi Arabia, the Taliban, and Al-Qaida have provided assistance to the militia.<sup>101</sup>

The Iranian government also shares the perception of the Syrian regime of Bashar al-Assad that the rebels fighting against the government in Damascus are terrorists, and considers Saudi and Qatari support of these groups to amount to state support for terrorists.

This perception became particularly clear when a top Iranian official – Saeed Jalili – met with Lebanese and Syrian officials in the Levant in August 2012. Jalili, whom has close links with Ayatollah Khamenei and is the Iranian negotiator with the P5+1, was in Beirut when he stated, “Those who believe that, by developing insecurity in the countries in the region by sending arms and exporting terrorism, they are buying security for themselves are wrong.”<sup>102</sup> This statement came at a time when 48 Iranians were being held hostage in Syria, leading Tehran to shift blame for the instability on Saudi Arabia as well as other states for backing the Syrian rebels.<sup>103</sup>

Aside from the use of terrorism and covert action in the Saudi-Iranian competition, it is important to note that Iran has claimed linkages between terrorism in the country’s unstable Sistan and Baluchistan Province, and outside actors – including Al-Qai’da. While Iran is concerned about a relationship between Al-Qai’da and the Jundullah terrorist group which operates within Iran, such a relationship cannot be confirmed, and if one exists, the depth of such relations are highly uncertain.

The Iranian government claims that Al-Qai’da provides backing to Jundullah.<sup>104</sup> Moreover, it is believed that the former Al-Qai’da figure Dr. Ashad Waheed had links with Jundullah head Ata-ur-Rahman – though Waheed died in Pakistan in 2008.<sup>105</sup> It is difficult to decipher from unclassified reporting whether there is a clear and meaningful relationship between Al-Qai’da and Jundullah, and Iranian claims of such ties must be taken with a grain of salt as Tehran seeks to blame outside actors for its own security shortcomings.

Despite Iran’s accusations, and despite the Sunni-Shia divide between Al-Qai’da and the Iranian regime, the fact of the matter is that Iran has few common goals with Saudi Arabia in fighting Al-Qai’da unless Tehran is convinced that Jundullah is actively being aided the organization. Ultimately, Al-Qai’da’s goals of targeting both Saudi Arabian and US interests with the strategic vision of driving the US from the region meshes well with

---

<sup>101</sup> Roger Hardy, “Profile: Iran’s Jundullah Militants,” *BBC News*, last updated June 20, 2010. [http://news.bbc.co.uk/2/hi/middle\\_east/8314431.stm](http://news.bbc.co.uk/2/hi/middle_east/8314431.stm)

<sup>102</sup> Al Jazeera and agencies, “Iran Pledges Support as Syria Battles Rebels,” *Al Jazeera*, August 7, 2012. <http://www.aljazeera.com/news/middleeast/2012/08/201287214436316342.html>

<sup>103</sup> Al Jazeera and agencies, “Iran Pledges Support as Syria Battles Rebels,” *Al Jazeera*, August 7, 2012. <http://www.aljazeera.com/news/middleeast/2012/08/201287214436316342.html>

<sup>104</sup> Roger Hardy, “Profile: Iran’s Jundullah Militants,” *BBC News*, last updated June 20, 2010. [http://news.bbc.co.uk/2/hi/middle\\_east/8314431.stm](http://news.bbc.co.uk/2/hi/middle_east/8314431.stm)

<sup>105</sup> Bill Roggio, “Jundullah Claims Suicide Attack at Iranian Mosque,” *The Long War Journal*, December 15, 2010. [http://www.longwarjournal.org/archives/2010/12/jundallah\\_claims\\_sui.php](http://www.longwarjournal.org/archives/2010/12/jundallah_claims_sui.php)

broader Iranian strategic interests. Unless Al-Qai'da was perceived to be a direct threat to Iranian national security – a perception which does not clearly exist at the moment – Iran has little incentive to engage Saudi Arabia or the southern Gulf states in combating the group and its franchises.

### **Tensions Over Iraq**

Relations between Saudi Arabia and Iraq are complex and have undergone numerous shifts as the strategic environments facing both states have changed. Riyadh's interests in preserving Saudi national security have driven relations with Baghdad throughout the Kingdom's history, with interests in Gulf hegemony – particularly vis-à-vis Iran – serving as a lower-priority driver of policy. Baghdad on the other hand has struggled since 2003 to find a balance between relations with its fellow Shia neighbor Iran, and the Sunni-governed, Iran-leery states of the GCC – led by Saudi Arabia.

Tensions early on in Saudi-Iraqi relations were driven by each state's efforts to dominate the other, beginning with Saudi/Wahabi efforts to conquer Hashemite territory in the 1920s, and continuing – less intrusively – through the 1950s with the Iraqi Crown Prince Abd al-Ilah calling for a united Arab Hashemite kingdom. Tensions continued under Iraq's Ba'athist regime, which backed Saudi's regional foes. The proliferation of the Saudi theological doctrine, popularly known as Wahabbism, from the Kingdom to Iraq has also been a dividing point in relations, along with different perceptions of how oil should be priced.<sup>106</sup>

When Iraq posed less of a threat to Saudi national security than the new Shia fundamentalist government in Iran, Riyadh provided support to Baghdad during the Iran-Iraq War, with Saddam Hussein generating \$28 billion in debt to the Kingdom.<sup>107</sup> However, when Iraq invaded Kuwait and posed a threat to both Saudi national security and the security of the Gulf region, Riyadh changed tack in its policy toward Baghdad, and became a key mechanism for the US containment of Iraq.<sup>108</sup>

The emergence of a Shia-dominated Iraqi government after 2003 led to growing Saudi tension with Iraq. This tension continues, and the Saudi government sees the Maliki government of Iraq as tied to Iran, Shia in character, and a potential future threat.

The Saudi government keeps the Iraqi government at a distance, although Riyadh decided to forge diplomatic ties with Baghdad in early 2012 by having the Saudi Ambassador to Jordan represent the Kingdom in Iraq as well. The factors driving this decision include the scaling-down of the US military presence, as well as Iraq's spring 2012 hosting of an

---

<sup>106</sup> Joseph McMillan, "Special Report: Saudi Arabia and Iraq: Oil, Religion, and an Enduring Rivalry," United States Institute of Peace, January 2006. <http://www.usip.org/files/resources/sr157.pdf>. p. 1, 5-7.

<sup>107</sup> Joseph McMillan, "Special Report: Saudi Arabia and Iraq: Oil, Religion, and an Enduring Rivalry," United States Institute of Peace, January 2006. <http://www.usip.org/files/resources/sr157.pdf>. p. 6.

<sup>108</sup> Joseph McMillan, "Special Report: Saudi Arabia and Iraq: Oil, Religion, and an Enduring Rivalry," United States Institute of Peace, January 2006. <http://www.usip.org/files/resources/sr157.pdf>. p. 2.

Arab League summit in an effort to enhance its relations with Arab states.<sup>109</sup> Saudi-Iraq relations remain poor and Saudi-Iran competition continues to play out in Iraq.

While Baghdad sought to engage the Kingdom prior to the 2012 Arab League summit, finding longer-term common ground between the two states will pose a serious challenge, with Syria as a major point of contention. Iraq did support a resolution that was critical of Damascus in the UN General Assembly and has suggested that the Syrian status-quo is unsustainable.<sup>110</sup> More recently, however, the Maliki government has been more supportive of Iran.

It was reported in September 2012 that military supplies were being exported from Iran to Syria by way of Iraqi airspace. According to the report, these flights were initially stopped in March in the run-up to the Arab League summit, but were continued in the autumn.<sup>111</sup> In December 2012, allegations surfaced that these flights were occurring nearly each day,<sup>112</sup> and that Iraq was providing Iran with information about inspections of Iranian aircraft, allowing Iran to avoid the capture of weapons transfers.<sup>113</sup>

Issues such as Iranian over flights to Syria reflect the balance Baghdad is attempting to strike between loyalties to Iranian interests and enhancing ties to the other Gulf states, which have been supportive of a transfer of power in Damascus.

Saudi Arabia and Iran continue to compete for influence over Iraq, and this competition has grown since US forces withdrew from Iraq. Some experts feel Saudi Arabia seeks an Iraq with a strong, unified central government to maintain order and Iraq's identity as an Arab state while Iran seeks a factionalized, Shia dominated Iraq that is too preoccupied with internal issues to threaten Iran. Both Iran and the Kingdom support different religious groups in Iraq,<sup>114</sup> and the Sunni-Shia divide between Iran and Saudi Arabia ensures both states work against one another.

---

<sup>109</sup> Alice Fordham, "Iraq, Saudi Arabia Show Signs of Improved Relations After Years of Strain," *Washington Post*, March 4, 2012.

<sup>110</sup> Alice Fordham, "Iraq, Saudi Arabia Show Signs of Improved Relations After Years of Strain," *Washington Post*, March 4, 2012.

<sup>111</sup> Michael Gordon, "Iran Supplying Syrian Military Via Iraqi Airspace," *New York Times*, September 4, 2012. <http://www.nytimes.com/2012/09/05/world/middleeast/iran-supplying-syrian-military-via-iraq-airspace.html?pagewanted=all&r=0>

<sup>112</sup> Michael R. Gordon, "U.S. Presses Iraq on Iranian Planes Thought to Carry Arms to Syria," *New York Times*, September 5, 2012. [http://www.nytimes.com/2012/09/06/world/middleeast/us-presses-iraq-on-iranian-planes-thought-to-carry-arms-to-syria.html?\\_r=0](http://www.nytimes.com/2012/09/06/world/middleeast/us-presses-iraq-on-iranian-planes-thought-to-carry-arms-to-syria.html?_r=0)

<sup>113</sup> Michael R. Gordon, Eric Schmitt, and Tim Arango, "Flow of Arms to Syria Through Iraq Persists, to U.S. Dismay," *New York Times*, December 1, 2012. <http://www.nytimes.com/2012/12/02/world/middleeast/us-is-stumbling-in-effort-to-cut-syria-arms-flow.html?pagewanted=1&adxnlnx=1354649678-U97FmzLnIZ1vdOokiCSi7Q>

<sup>114</sup> Joseph McMillan, "Special Report: Saudi Arabia and Iraq: Oil, Religion, and an Enduring Rivalry," United States Institute of Peace, January 2006. <http://www.usip.org/files/resources/sr157.pdf>. p.2-3, 8, 10; Ray Takeyh, "Understanding the Iran Crisis," Council on Foreign Relations, Prepared Testimony Before the House Committee on Foreign Affairs, January 31, 2007. <http://www.cfr.org/iran/understanding-iran-crisis/p12524>

The heightening of Iranian-Saudi tensions over Syria has also had an impact on extremism in Iraq. Some reports state that Saudis account for as many as three-quarters of Iraqi suicide bombers.<sup>115</sup> On the other hand, Iran continues arming Shia extremist groups within Iraq and using its leverage with Iraq's key political parties to pursue policies that challenge Saudi interests.

### **Tensions Over the Iranian Nuclear Program**

Riyadh has threatened it might develop its own nuclear weapons in response to any future Iranian deployment of nuclear weapons. Several reports have suggested that Riyadh will develop its own nuclear capability after Tehran does the same. The most credible of those accounts comes from former US National Security Council (NSC) official Dennis Ross, who claims that the Saudi King made clear his intention to weaponize after Iran – despite Ross' attempts to convince the king against Saudi weaponization.<sup>116</sup>

The King's statement illustrates the significance of the Iranian nuclear program to Saudi national security. Saudi leaders realize that any Saudi nuclear program or purchase of weapons from a country like Pakistan would be met with unease by officials in Washington, and might limit future US security assistance to the Kingdom in an effort to prevent nuclear proliferation. US officials are also concerned that other states in the region might follow suit, including other Gulf states and Turkey. Moreover, a combination of Iranian and Saudi nuclear efforts might lead Israel to decide to increase the size of its own nuclear arsenal. These scenarios would pose serious challenges to both Riyadh and Washington, increasing the risks of nuclear conflict or the proliferation of nuclear technology to terrorist groups.

### **Tensions Over Middle East Competition**

Popular anti-government movements in the Arab world have created additional friction between the Kingdom and Iran. Each state attempts to exploit different movements on a case-by-case basis to advance its own regional interests – which are largely defined by religious affiliation. The uprisings in Syria, Bahrain, and Yemen that began in 2011 have served as key theaters in the Saudi-Iranian competition.

- *Syria*: Iran finds itself in jeopardy of losing its only ally in the Middle East as civil war persists in Syria and the rule of Syrian President Bashar al-Assad is under threat. Assad's Syria has also been significant in serving as a link in the chain of support between Iran and Hezbollah in Lebanon, which Tehran has leveraged through hostility with Israel. The Assad regime represents the country's minority Alawite sect – which is considered to be related to the Shia branch of Islam. Many of the country's various minority sects – particularly the Christian minority groups – have come to the defense of Assad's regime, and Tehran has provided diplomatic and direct military support to the Assad regime. Iran is reported to have transferred defense articles to Syria by

---

<sup>115</sup> Joseph McMillan, "Special Report: Saudi Arabia and Iraq: Oil, Religion, and an Enduring Rivalry," United States Institute of Peace, January 2006. <http://www.usip.org/files/resources/sr157.pdf>. p. 3.

<sup>116</sup> Chemi Shalev, "Dennis Ross: Saudi King Vowed to Obtain Nuclear Bomb After Iran," *Haaretz*, May 30, 2012. <http://www.haaretz.com/news/diplomacy-defense/dennis-ross-saudi-king-vowed-to-obtain-nuclear-bomb-after-iran-1.433294>

commercial aircraft overflying Iraq,<sup>117</sup> and has dispatched the Quds Force of the IRGC to Syria to develop an advanced division of Syria's armed forces.<sup>118</sup>

Saudi Arabia on the other hand – along with Qatar – has backed Sunni factions within Syria that have been fighting against the Assad regime through material and financial support.<sup>119</sup> The policies of the Assad regime have come in friction with Saudi interests as Syria's support of Hezbollah has threatened the Sunni stake in the Lebanese government. This friction was perhaps most evident through the assassination of the former Lebanese Prime Minister Rafik Hariri, who had a close relationship with Riyadh, and whose assassination has been linked to Hezbollah and Syria. Perhaps most importantly, Riyadh has found in the Syria uprising an opportunity to damage Iran's ability to project power in the Levant by facilitating the collapse of the Assad regime. The collapse of the Assad government could significantly limit Iran's ability to challenge Saudi Arabia's interests in the Levant, while at the same time facilitating the emergence of what could be a more Riyadh-friendly, Sunni government.

- *Bahrain*: Iran and Saudi Arabia have taken different sides in Bahrain as in Syria. Saudi Arabia supports the Sunni leadership in Bahrain, which rules over what is believed to be a majority Shia country. Iran on the other hand has supported anti-regime Shia, and attacked the efforts of Bahrain's government to control the uprising, as well as efforts taken by Riyadh to provide assistance via the GCC. As will be discussed later in the Bahrain section of this chapter, it is unclear what level of support Tehran is providing to Shia protestors in Bahrain, although Iran is believed to be linked to 1981 and 1996 coup plans against the Bahraini crown.<sup>120</sup> Some experts feel the linkages between the Islamic Republic and Bahrain's Shia and the ability Iran has to coerce that population are relatively limited,<sup>121</sup> which raises serious questions about Iran's ability to manipulate developments in the Gulf through the Shia population in Bahrain.
- *Yemen*: Iran and Saudi Arabia compete for influence in Yemen through the conflict between the Houthi insurgency and the Yemeni government. This insurgency, as discussed in greater detail in the Yemen section, is believed to have links to the Iranian IRGC, and is believed to be armed by

---

<sup>117</sup> Michael R. Gordon, "Iran Supplying Syrian Military Via Iraqi Airspace," *New York Times*, September 4, 2012. <http://www.nytimes.com/2012/09/05/world/middleeast/iran-supplying-syrian-military-via-iraq-airspace.html?pagewanted=all>

<sup>118</sup> Nicholas A. Heras, "Hezbollah's Role in Syria Grows Murky," *Asia Times*, November 6, 2012. [http://www.atimes.com/atimes/Middle\\_East/NK06Ak04.html](http://www.atimes.com/atimes/Middle_East/NK06Ak04.html); AFP, "Iran Admits Elite Quds Force in Syria, Lebanon," *France 24*, September 16, 2012. <http://www.france24.com/en/20120916-iran-admits-elite-quds-force-syria-lebanon>

<sup>119</sup> Robert F. Worth, "Citing U.S. Fears, Arab Allies Limit Syrian Rebel Aid," *New York Times*, October 6, 2012. <http://www.nytimes.com/2012/10/07/world/middleeast/citing-us-fears-arab-allies-limit-aid-to-syrian-rebels.html>

<sup>120</sup> "Bahrain Profile," *BBC News*, Updated October 30, 2012. <http://www.bbc.co.uk/news/world-middle-east-14541322>

<sup>121</sup> Comments by Toby C. Jones in "The Emerging Shia Crescent Symposium: Is Shia Power Cause for Concern?," Council on Foreign Relations, June 5, 2006, Rush Transcript; Federal News Service, Inc. <http://www.cfr.org/religion-and-politics/emerging-shia-crescent-symposium-shia-power-cause-concern-rush-transcript-federal-news-service-inc/p10865>. Jones states, "It's not the Shia communities that continue to maintain their grip on Khomeini as a symbolic figure. It's people like the prime minister in Bahrain who antagonizes by playing the sectarian card, which is 'inciteful' and I think angers, justifiably so, the Shia community who then pursues a more provocative, antagonistic kind of politics."; Ray Takeyh, *Hidden Iran: Paradox and Power in the Islamic Republic* (Holt: New York, 2006). p. 64-65.

Iran. In 2009, Saudi Arabia took military action against the Houthis, though the group continues to be a threat to Yemeni security. Moreover, Al Qai'da in the Arabian Peninsula (AQAP) has threatened the stability of the region, which is an issue for Riyadh.<sup>122</sup> The Saudi deputy counsel in Aden was taken captive by armed individuals in March 2012, and in November 2012, a Saudi diplomat was assassinated in Sana'a along with his bodyguard.<sup>123</sup> It is unclear from open source reporting whether AQAP was behind either of those attacks.

### *Saudi Arabia's Security Relations with the US*

The current size and role of Saudi forces in Gulf security has been analyzed in detail in Chapter Three of this series. **Figure VI.18** summarizes the current size of Saudi military force, which is the largest force in the GCC, and has a total air and surface-to-air missile strength more capable than that of Iran.

As has been shown in **Figures VI.1** and **VI.2**, US military assistance to the Kingdom has been a significant part of Washington's strategic relationship with Riyadh and joint efforts to contain Iranian power in the Gulf region. The US sees Saudi Arabia as the key military partner in the Gulf and as the leader of the GCC in spite of the various national tensions that divide it.

As **Figure VI.19** illustrates, Saudi Arabia was the largest Gulf Arab recipient of US Foreign Military Sales (FMS) deliveries from FY2007-FY2011. US air assets in the Saudi arsenal include 153 F-15 fighter and ground attack aircraft, 5 E-3A surveillance aircraft, 7 KC-130H and 7 KE-3A refueling tankers, 31 C-130 transport aircraft, and 15 Bell 412 Twin Huey helicopters as well as air-to-surface and air-to-air missiles. Air defense assets in the Kingdom also include the PAC-2 and HAWK systems, and land force assets include over 300 M1A2 Abrams tanks.<sup>124</sup>

Between December 2010 and December 2011, details emerged of what would be the biggest military sale the US has executed as the Kingdom was set to procure as much as \$60 billion worth of material from the US to develop Riyadh's airpower capabilities. The agreement was set to involve 84 new F-15s and the refurbishment of 70 older F-15s, as well as 70 Apache and 36 AH-6M, and – possibly – 72 Black Hawk helicopters.<sup>125</sup>

The US Department of Defense reported in November 2012 that as part of this agreement, Saudi Arabia purchased 84 F-15SA aircraft the prior March, and entered an LoA in late 2011 for the refurbishment of 70 F-15S aircraft. Riyadh also agreed in June 2011 to buy a Patriot PAC-3 refurbishment and purchase 12 MD-530F helicopters. As of November 2012, it was unclear what the status of potential orders of 72 Black Hawk

---

<sup>122</sup> Christopher M. Blanchard, *Saudi Arabia: Background and U.S. Relations*, Congressional Research Service, June 19, 2012. p.13.

<sup>123</sup> Sudarsan Raghavan, "Saudi Diplomat Shot Dead in Yemeni Capital," *Washington Post*, November 28, 2012.

<sup>124</sup> "Chapter Seven: Middle East and North Africa," in *The Military Balance: 2012*, International Institute for Strategic Studies, 2012. p. 346-348.

<sup>125</sup> Al Jazeera and Agencies, "US Confirms \$60bn Saudi Arms Deal," *Al Jazeera*, October 20, 2010. <http://www.aljazeera.com/news/middleeast/2010/10/20101020173353178622.html>



helicopters and 105-155mm artillery were.<sup>126</sup>

The key problems that Saudi Arabia and the US face in building up Saudi forces have three major elements:

- First, the Saudi purchases of equipment are not yet matched by effective training, exercises, and sustainability – a problem that affect virtually all of these forces in the region – including those of Iran. These problems are compounded by a lack of combined arms and joint warfare training and the development of truly effective battle management capabilities and related command, control, communications, computers, intelligence/battle management (C4I/BM) and intelligence, surveillance, and reconnaissance (IS&R) systems.
- Second, Saudi Arabia prioritizes force improvements and missions on a national level, rather than a GCC-wide level. It now gives its Air Force and internal security forces a higher priority than its naval and land forces, and approaches key missions within each service with very different standards of effectiveness. Interoperability not only affects equipment and training, it affects the need to create integrated mission capabilities and priorities for readiness and force improvements.
- Third, the relatively small size of the Gulf, the reaction times in any sea-air-missile battle, and Iran's ability to selectively attack given GCC countries and facilities requires more than effective national battle management and related C4I/BM and IS&R systems. It requires truly interoperable GCC-wide systems that are linked in peacetime to US systems that include far more advanced collection and IS&R assets so Saudi Arabia and all GCC forces can actually practice and test unified military action on a continuing basis, rather than in sporadic exercises.

The need for integrated missile defense is a good case in point. Missile defense has been a key part of US efforts to reinforce Gulf security. Saudi Arabia, Kuwait, and the UAE have all taken steps in recent years to develop their abilities to defend against an Iranian missile attack. At the heart of these efforts has been the Patriot missile defense system, as all three states have made an effort to upgrade to the more advanced variants such as GEM-T and/or PAC-3. The UAE and Qatar are purchasing a Terminal High-Altitude Area Defense (THAAD) system and working with US contractors Raytheon and Lockheed Martin.<sup>127</sup>

The US is working with the GCC and all GCC states in an effort to develop a Southern Gulf-wide missile defense system. According to the *New York Times*, such an effort “would include deploying radars to increase the range of early warning coverage across the Persian Gulf, as well as introducing command, control and communications systems that could exchange that information with missile interceptors whose triggers are being held by individual countries.”<sup>128</sup>

---

<sup>126</sup> “2010-12 Saudi Shopping Spree: F-15s, Helicopters & More,” *Defense Industry Daily*, November 4, 2012. <http://www.defenseindustrydaily.com/A-2010-Saudi-Shopping-Spree-06520/>; “Gulf States Requesting ABM-Capable Systems,” *Defense Industry Daily*, July 29, 2012. <http://www.defenseindustrydaily.com/gulf-states-requesting-abm-capable-systems-04390/>

<sup>127</sup> “Gulf States Requesting ABM-Capable Systems,” *Defense Industry Daily*, July 29, 2012. <http://www.defenseindustrydaily.com/gulf-states-requesting-abm-capable-systems-04390/>

<sup>128</sup> Thom Shanker, “U.S. and Gulf Allies Pursue a Missile Shield Against Iranian Attack,” *New York Times*, August 8, 2012. <http://www.nytimes.com/2012/08/09/world/middleeast/us-and-gulf-allies-pursue-a-missile-shield-against-iranian-attack.html>

While it is unclear where the Gulf states stand on missile defense cooperation, there has been some speculation about other means of formalized regional multilateralism. As has been touched upon earlier, it was reported in May 2012, that Saudi Arabia and Bahrain considered setting the stage for a broader effort towards GCC unification by entering a union. Speculation about the union prompted criticism from the Iranian parliament, and demands from one of the top Shia political figures for a popular vote on the issue, rather than a government mandate.<sup>129</sup>

As has also been touched upon earlier, there is a lack of unity within the GCC as to whether or not to pursue some form of broader union. Kuwait for example has been reluctant to support the concept of a union, perhaps as a result of the gap between the relatively progressive and quasi-democratic Kuwaiti political system and the more authoritarian systems of states like Saudi Arabia, to say nothing of a lack of popular support for the idea within Kuwait.<sup>130</sup>

Security cooperation with NATO has been developed with the support of Washington. Bahrain, Qatar, Kuwait, and the UAE have become part of NATO's Istanbul Cooperation Initiative. It is speculated that Saudi Arabia and Oman may follow suit. The initiative includes – among other activities – “military-to-military cooperation to contribute to interoperability through participation in selected military exercises and related education and training activities,” in addition to “cooperation in the Alliance's work on the proliferation of weapons of mass destruction and their means of delivery.”<sup>131</sup> As part of the initiative, there is speculation that Kuwait could host a NATO facility.<sup>132</sup>

These activities could be useful in building a more unified Gulf approach to the Iranian threat that is in sync with NATO – particularly if the assistance of the alliance was needed in a large-scale conflict. However, without the participation of Saudi Arabia – the largest (by far) and most advanced military on the Arabian Peninsula – it is unlikely that these endeavors will yield a truly interoperable and effective Gulf fighting force.

While the states on the Arabian Peninsula share a common threat from Iran and have a common cause to work together, internal political issues in the Gulf will make interoperability and cooperation difficult, yielding less capable defenses in dealing with the asymmetrical and missile threats posed by the Islamic Republic. Saudi Arabia's lack of participation in the Istanbul Cooperation Initiative, and a lack of broad support for a GCC union will make the deterrence of Iran more difficult not only for the Gulf states, but also for the US.

---

<sup>129</sup> Agencies, “Gulf Considers Bahrain and Saudi Arabia Union,” *The Telegraph*, May 14, 2012. <http://www.telegraph.co.uk/news/worldnews/middleeast/bahrain/9264870/Gulf-considers-Bahrain-and-Saudi-Arabia-union.html>

<sup>130</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 16.

<sup>131</sup> “Istanbul Cooperation Initiative,” North Atlantic Treaty Organization,” undated. [http://www.nato.int/cps/en/natolive/topics\\_58787.htm](http://www.nato.int/cps/en/natolive/topics_58787.htm)

<sup>132</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 14.

### *Policy Implications for the US*

Saudi Arabia has long been a military partner, and has become a major partner in the war on terrorism since 2003. It is a key partner in US efforts to contain, deter, and defend against Iran, and plays a critical role as the guardian of Islam's holy places in limiting what it calls "deviation" from Islam, and what the US calls violent extremism.

The US does not need to make major changes in its security policies towards Saudi Arabia, but it does need to focus on the following challenges – many of which apply to all of the country case studies that follow:

- Saudi Arabia differs from most countries in the world in that its ruling and economic elites seek modernization and reform but do so in the face of much of its clergy and an extremely conservative population. Reform comes slowly from above, and not from popular pressure.
- Saudi Arabia's ruling elites are divided, however, and often act out of narrow self-interest and in ways that are corrupt and abuse power. King Abdullah has pressed for reform in all these areas, but it will come slow and outside pressure often does as much to mobilize opposition as aid the case for change. That reform will also come in a Saudi way, in a Saudi form, and largely at a Saudi pace. No amount of US pressure will make Saudi Arabia like the US.
- Saudi Arabia is a deeply religious Sunni puritan state whose political legitimacy depends as much on its religious legitimacy as popular support, and plays a critical role in offsetting the threat from violent religious extremism. No amount of pressure will suddenly make it liberalize in religious or social terms – particularly outside pressures under the guise of human rights that is a thinly disguised effort to open the country to Christian proselytizing.
- The US can work with the Saudi government to maintain and strengthen its peace proposals, but serious tension will exist between Saudi Arabia and Israel until a peace is reached and settlement occurs that Palestinians can largely accept. US policy must be based on balancing the interests of Israel and de facto allies like Saudi Arabia. It must also be based on realism about the differences in its security relationships. The US plays a critical role in helping Israel preserve its security, but Israel cannot play a meaningful role in helping achieve the security of the region and its oil exports. Saudi Arabia and the other GCC states can. This is no reason for the US to do anything that would undermine Israel's security, but it is a strong reason for the US to consider Saudi Arabia's priorities and security interests and to continue its efforts to create a successful peace process.
- As is the case with every nation in the region, direct personal relationships are the key to successful relations. The US needs to remember that Saudi Arabia and other GCC ruling elites and officers have often dealt with their US counterpart for decades. US country teams often have personnel that serve for only a year, rotate arbitrarily on an international cycle, and do not stay long enough in-country to either understand it or build up lasting relationships. These problems are compounded by a tendency to stay in the embassy and diplomatic quarter, a lack of accompanied tours that build up family relationships, and excessive – safety first – security rules. Visits and exchanges by senior officials help, but US relations stand or fall on the strength, activity, and experience of the country team.
- The US does not compete for successful trade, business links, energy deals, and arms sales in a vacuum. Every other government plays a strong, active – and sometimes less than legitimate – role in supporting economic ties. The US country team needs the funds and policy support necessary to strongly support US business.
- Saudi Arabia may be sending some 250,000 students to the US, but almost no US students come to Saudi Arabia, and US public diplomacy is critically underfunded. The cost of a large scholarship program and well-funded public affairs efforts would be minor compared to the political, security, and business benefits.

Finally, the US does need to carefully encourage Saudi efforts to strengthen the GCC on a military, political, and economic level. It needs to be very cautious in doing so, often concentrating on specialized aid in developing suitable institutions, technology, and other lower-level, in-country diplomatic efforts. The tensions between the GCC states need to be worked out by the GCC states.

**Figure VI.18: Saudi Military Strength in 2012**

<b>Force Size</b>	<b>Total</b>
Total Military Spending (\$US Millions)	\$46,200
Total Active Military Manpower	233,500
Total Reserve Military Manpower	-
Total Paramilitary Manpower	15,500
<b>Army and National Guard Forces</b>	<b>Total</b>
Active Manpower	145,500
Reserve Manpower	NA
Main Battle Tanks	565
Other Armored Vehicles	5,405+
Self-Propelled Artillery	170
Towed Artillery	158
Multiple Rocket Launchers	60
<b>Air and Major Surface-to-Air Missile Forces</b>	<b>Total</b>
Air Force Active Manpower	36,000
Combat Aircraft	296
Armed/Attack Helicopters	-
AC&W, Intelligence, and AWACs Aircraft	18
Tankers	8
Air Defense Manpower	16,000
Surface-to-Air Missile/Launchers	2,805+
Surface-to-Surface Missile Launchers	10+
<b>Naval Forces and Coast Guard</b>	<b>Total</b>
Active Manpower	18,000
Marines	3,000
Submersibles	-
Major Surface Ships	7
Missile Patrol Boats and Corvettes with Missiles	13
Other Patrol Boats	170+
Mine Warfare	7
Amphibious	16
Maritime Patrol Aircraft	-
Helicopters	46

Source: Table created by Robert Shelala II using data from: "Chapter 7: Middle East and North Africa," in *The Military Balance 2012*, International Institute for Strategic Studies, 112: 1, 303-360. p. 346-348. Note: 4,500 personnel removed from National Guard and grouped with Navy for Coast Guard.

**Figure VI.19: US FMS Deliveries and Commercial Exports of Defense Articles – FY2007-FY2011**

Country	FMS Deliveries	Commercial Exports Under Arms Export Control Act
Saudi Arabia	\$6,648,284,000	\$270,287,000
Kuwait	\$1,681,764,000	\$1,506,902,000
Bahrain	\$392,889,000	\$625,474,000
Oman	\$272,911,000	\$21,557,000
Qatar	\$37,034,000	\$886,742,000
UAE	\$1,556,274,000	\$1,485,141,000
Yemen	\$28,495,000	\$4,120,000
TOTAL	\$10,617,651,000	\$4,800,223,000

Table created by Robert Shelala II using data from: “Foreign Military Sales, Foreign Military Construction Sales and Other Security Cooperation Historical Facts,” Defense Security Cooperation Agency, Financial Policy and Internal Operations, Business Operations, current as of September 30, 2011. <http://www.dsca.mil/programs/biz-ops/factsbook/Historical%20Facts%20Book%20-%2030%20September%202011.pdf>. p. 15-16, 51-52

***Kuwait***<sup>133</sup>

Source: Central Intelligence Agency, *The World Factbook*

Kuwait is in many ways the most vulnerable of all the Southern Gulf states. It shares a common border with Iraq and – as became clear during the Iran-Iraq War – is within easy striking distance of Iran. It lacks strategic depth, and – like most Gulf states other than Saudi Arabia – is dependent on one major urban center for the security and economy of virtually all its population.

This helps explain why Kuwait has been the target of two Iraqi attempts at invasion – one of which took control of the country in 1990-1991, and provided the US with basing facilities and extensive support during the US invasion and occupation of Iraq. It also explains why Kuwait turned to the US to reflag its tankers and reduce the threat from Iran during 1986-1988 – a critical period in the Iran-Iraq War.

The end result is that Kuwait has maintained close security relationships with the US for over two decades, while also maintaining a delicate relationship with Iran. While Kuwait maintained a hostile policy toward Iran in the first decade after the 1979 Islamic Revolution and was a key source of support for Iraq during the Iran-Iraq War, the Iraqi invasion of Kuwait did lead Kuwait to begin a policy of engaging Iran. This policy never led it to turn away from the US, however, and like other Southern Gulf states, Kuwait has

<sup>133</sup> For detailed background on the history of US and Iranian relations with Kuwait, and Kuwait's role in the Gulf, see Anthony H. Cordesman and Khalid Al-Rhodan, *Gulf Military Forces in an Era of Asymmetric Volume One: Overview and Northern Gulf*, Praeger, Westport, 2007 and *Gulf Military Forces in an Era of Asymmetric Warfare* (with Khalid A. Rodhan), Volume Two: GCC & Southern Gulf, Praeger, Westport, 2007; Anthony H. Cordesman, *Kuwait: Recovery and Security After the Gulf War*, Westview, Boulder, 1997; Anthony H. Cordesman, *The Gulf and the West*, Boulder, Westview, 1988; and Anthony H. Cordesman, *The Gulf and the Search for Strategic Stability*, Westview, Boulder, 1984.

become increasingly concerned about both Iran's actions and military buildup, and ties to the Maliki regime in Iraq.

A December 2012 CIA analysis summarizes recent developments in Kuwait as follows:<sup>134</sup>

Britain oversaw foreign relations and defense for the ruling Kuwaiti Al-Sabah dynasty from 1899 until independence in 1961. Kuwait was attacked and overrun by Iraq on 2 August 1990. Following several weeks of aerial bombardment, a US-led, UN coalition began a ground assault on 23 February 1991 that liberated Kuwait in four days. Kuwait spent more than \$5 billion to repair oil infrastructure damaged during 1990-91.

The Al-Sabah family has ruled since returning to power in 1991 and reestablished an elected legislature that in recent years has become increasingly assertive. The country witnessed the historic election in May 2009 of four women to its National Assembly. Amid the 2010-11 uprisings and protests across the Arab world, stateless Arabs, known as bidoon, staged small protests in February and March 2011 demanding citizenship, jobs, and other benefits available to Kuwaiti nationals.

Youth activist groups - supported by opposition legislators and the prime minister's rivals within the ruling family - rallied in March 2011 for an end to corruption and the ouster of the prime minister and his cabinet. Similar protests continued sporadically throughout April and May. In late September 2011 government inquiries of widespread corruption drew more public anger and renewed calls for the prime minister's removal.

...Kuwait has a geographically small, but wealthy, relatively open economy with crude oil reserves of about 104 billion barrels - about 7% of world reserves. Petroleum accounts for nearly half of GDP, 95% of export revenues, and 95% of government income. Kuwaiti officials have committed to increasing oil production to 4 million barrels per day by 2020. The rise in global oil prices throughout 2011 is reviving government consumption and economic growth.

Kuwait has experienced a 20% increase in government budget revenue, which has led to higher budget expenditures, particularly wage hikes for many public sector employees. Kuwait has done little to diversify its economy, in part, because of this positive fiscal situation, and, in part, due to the poor business climate and the acrimonious relationship between the National Assembly and the executive branch, which has stymied most movement on economic reforms.

In 2010, Kuwait passed an economic development plan that pledges to spend up to \$130 billion over five years to diversify the economy away from oil, attract more investment, and boost private sector participation in the economy.

...Kuwait and Saudi Arabia continue negotiating a joint maritime boundary with Iran; no maritime boundary exists with Iraq in the Persian Gulf.

**Figure VI.20** provides a statistical profile of Kuwait, and **Figures VI.11-VI.13** have shown its importance to world energy supplies. Kuwait's large reserve of oil – the sixth largest in the world – make it a strategically significant ally.<sup>135</sup> Kuwaiti relations with the US have also been enhanced by the fact it has a political system with progressive democratic structures that are absent in most Arabian Peninsula countries. While it has

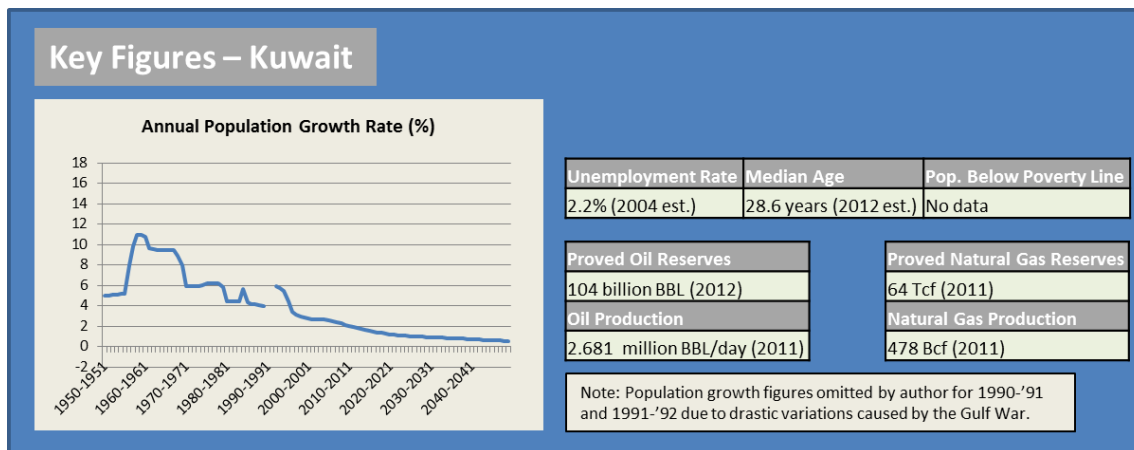
---

<sup>134</sup> Central Intelligence Agency, *The World Factbook [Kuwait]*, <https://www.cia.gov/library/publications/the-world-factbook/geos/ku.html> (accessed 29 December 2012)

<sup>135</sup> "Country Analysis Briefs: Kuwait," US Energy Information Administration, Updated July 2011. <http://www.eia.gov/EMEU/cabs/Kuwait/pdf.pdf>. p. 2.



often failed to act wisely, Kuwait's elected Parliament has been able to wield significant power in dealing with its ruling elite.

**Figure VI.20: Kuwait: A Statistical Overview**

Key Data and Indicators	Figures
Total Population in Millions	2.6
Median Age in Years	28.6
Percent 0-14 Years	25.70%
Urban Population	98%
Literacy Rate	93.30%
GDP (in \$ US billions) Official Exchange Rate	\$158.40
GDP PPP Per Capita World Ranking	18
Labor Force in Thousands	2,227 (roughly 60% non-national)
Unemployment, ages 15-24	NA
Annual entrants to the workforce (male)	17,653
Annual entrants to the workforce (female)	16,232

Source: Created by Robert Shelala II using data from: Unemployment rate, median age, population below poverty line: Central Intelligence Agency, *The World Factbook [Kuwait]*, updated December 5, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ku.html>; Energy information: "Kuwait: Country Analysis Brief," US Energy Information Administration, updated October 16, 2012. <http://www.eia.gov/countries/country-data.cfm?fips=KU>; Annual population growth rate: "International Programs: International Data Base," United States Census Bureau, US Department of Commerce, undated. <http://www.census.gov/population/international/data/idb/informationGateway.php> (Accessed December 14, 2012); Key data and indicators: Central Intelligence Agency, *The World Factbook [Kuwait]*, updated December 5, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ku.html>. "Annual entrants to the workforce" determined using "manpower reaching militarily significant age annual" figure from CIA.

### ***Kuwait's Relations with Iran***

Kuwait maintains relations with Iran that have been largely free of the open antagonism seen in Iran's relations with states such as Saudi Arabia and Bahrain. Kuwait's significant Shia population – reportedly 30% of the total population<sup>136</sup> and common interests in containing Iraq have led to correct – if not friendly – relations between the two states for much of the past two decades.

<sup>136</sup> Central Intelligence Agency, *The World Factbook [Kuwait]*, Updated October 16, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ku.html>

The Shia component of the relationship is particularly significant since Kuwait's large Shia population seeks positive bilateral ties, and Kuwait's government seeks to maintain the support of the Shia.<sup>137</sup> However, recent reporting suggests that the relationship may be growing more tense as economic links have been jeopardized, at least in part due to the Iranian nuclear program and subsequent sanctions, and as the nature of the Iraqi threat to Kuwait and Iran has changed.<sup>138</sup>

Kuwait's leaders do, however, see Iran as a serious potential threat. There is a long background of tension and covert action by Iran against Kuwait. The decade that followed the 1979 Islamic Revolution in Iran involved far more antagonistic relations between the two states than ties observed during the 1990s and 2000s.

During the Iran-Iraq War, Kuwait not only backed Baghdad, but also cracked down on the Shia and Iranian expatriate community in Kuwait by forcing thousands of Shia out of the country.<sup>139</sup> Kuwait also allowed Iraq to have port access to Kuwait during the war.<sup>140</sup> Kuwait's stance during the war was met with hostility by the Iranian regime.

Iran launched assaults on Kuwait's energy sector through a Silkworm missile attack on the Al Ahmadi terminal as well as another strike on the Sea Island terminal. In 1987, Silkworm missiles fired from Iran also hit the Kuwaiti vessel Sea Isle Sea and the US vessel Sungari – both of which were in close proximity to Kuwait. The Sea Isle Sea was flying an American flag in Kuwaiti waters.<sup>141</sup>

Other attacks on Kuwait during the 1980s are believed to have an Iranian origin. In 1983, the terrorist group Islamic Jihad bombed the annex of the US Embassy in Kuwait, along with the French Embassy, Kuwait International Airport, and the offices of the US defense contractor Raytheon.<sup>142</sup>

While it is unclear if Iran had a direct role in the attacks, the Islamic Republic was reported in 2007 to have harbored Jamal Jafaar Mohammed Ali Ebrahimi – whom

---

<sup>137</sup> W. Andrew Terrill, "Kuwaiti National Security and the U.S.-Kuwaiti Strategic Relationship After Saddam," Strategic Studies Institute, September 2007. p. xii.

<sup>138</sup> Kenneth Katzman, *Kuwait: Security, Reform, and US Policy*, Congressional Research Service, June 20, 2012. p. 18-19.

<sup>139</sup> "Kuwait Profile," *BBC News*, October 17, 2012. <http://www.bbc.co.uk/news/world-middle-east-14647211>

<sup>140</sup> John Kifner, "U.S. Flag Tanker Struck By Missile in Kuwaiti Waters; First Direct Raid," *New York Times*, October 17, 1987. <http://www.nytimes.com/1987/10/17/world/us-flag-tanker-struck-by-missile-in-kuwaiti-waters-first-direct-raid.html>

<sup>141</sup> John Kifner, "U.S. Flag Tanker Struck By Missile in Kuwaiti Waters; First Direct Raid," *New York Times*, October 17, 1987. <http://www.nytimes.com/1987/10/17/world/us-flag-tanker-struck-by-missile-in-kuwaiti-waters-first-direct-raid.html>

<sup>142</sup> "Lethal Terrorist Actions Against Americans: 1973-1985," U.S. Department of State, Diplomatic Security Service, undated. [http://www.dod.mil/pubs/foi/International\\_security\\_affairs/terrorism/122.pdf](http://www.dod.mil/pubs/foi/International_security_affairs/terrorism/122.pdf). p. 83-1.

Kuwait convicted for his role in the attack.<sup>143</sup> The Iraqi Shia Da'wa Party is also believed to be linked to the 1983 attack as well as an effort in 1985 to assassinate the Emir of Kuwait – both with the alleged collusion of Iran.<sup>144</sup> In 1984, a Kuwait Airways jet was hijacked to Tehran, where two USAID employees were murdered. It is believed that the hijackers were assisted by Iran.<sup>145</sup> In 1988, another Kuwait Airways jet was hijacked by Iranian-linked Hezbollah, in which two passengers were murdered.<sup>146</sup>

The end of the Iran-Iraq War and the subsequent Iraqi invasion of Kuwait led to a significant shift in Kuwait-Iran relations – although “correct and friendly” relations never meant that Kuwait’s leaders ceased to see Iran as a potential threat. Kuwait’s government reportedly tolerated the presence in Kuwait of anti-Saddam Iraqi organizations that were in-line with Iranian interests – organizations that had carried out strikes in Kuwait during the Iran-Iraq War.<sup>147</sup> Other steps toward rapprochement included a 2001 Kuwaiti apology for backing Iraq during the 1980s<sup>148</sup> and the backing in 2009 of Iranian non-military nuclear endeavors by the Emir of Kuwait.<sup>149</sup>

Iran and Kuwait pursued limited cooperation in the energy sector. Kuwait’s Independent Petroleum Group is believed to have exported gasoline to Iran, however, reporting suggests that these exports were terminated in 2010.<sup>150</sup> Other potential plans for energy cooperation include the exploitation of the Dorra oil field and a natural gas pipeline

---

<sup>143</sup> James Glanz and Marc Santora, “Iraqi Lawmaker Was Convicted in 1983 Bombings in Kuwait that Killed 5,” *New York Times*, February 7, 2007.

<http://www.nytimes.com/2007/02/07/world/middleeast/07bomber.html? r=0>

<sup>144</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, and Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 16.

<sup>145</sup> “Lethal Terrorist Actions Against Americans: 1973-1985,” U.S. Department of State, Diplomatic Security Service, undated.

[http://www.dod.mil/pubs/foi/International\\_security\\_affairs/terrorism/122.pdf](http://www.dod.mil/pubs/foi/International_security_affairs/terrorism/122.pdf). Information on Kuwait Airways hijacking from p. 84-1

<sup>146</sup> Matthew Levitt, “Hizballah Poised to Strike in Southeast Asia,” *Policywatch 1892*, The Washington Institute for Near East Policy, January 18, 2012. <http://www.washingtoninstitute.org/policy-analysis/view/hizballah-poised-to-strike-in-southeast-asia>

<sup>147</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 18.

<sup>148</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, and Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 16.

<sup>149</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 18.

<sup>150</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 19.

linking Iran's South Pars field to Kuwait. The likelihood of cooperation on these projects successfully coming to fruition remains low.<sup>151</sup>

At the political level, relations between Iran and Kuwait became "friendly and correct" in the post-1980s period, involving senior governmental and parliamentary visits, including the creation in 2008 of the Iran-Kuwait Higher Committee, which was tasked with developing bilateral ties.<sup>152</sup>

The 2003 US invasion of Iraq and the subsequent change of power in Baghdad from Saddam Hussein to the current Shia leadership has since had a major impact on Kuwait-Iran relations. While the two states shared a common threat from the Ba'athist government in Baghdad, the new strategic environment in the Gulf has left Iran principally interested in influencing developments in Iraq and the broader Gulf region, while Kuwait is concerned with the national security ramifications of Iraqi instability in the post-Saddam era.<sup>153</sup>

This drift towards rapprochement during the 1990s and early 2000s has largely ended. Kuwait decided not to welcome Iran to a December 2009 GCC conference in Kuwait, despite a Qatari invitation to Iran. The following spring, a plan was exposed for IRGC Quds Force-linked elements to carry out attacks against energy assets in Kuwait. By September of 2010, Kuwait's Independent Petroleum Group also suspended gasoline exports to Iran.<sup>154</sup>

As of 2010, the trade relationship between Iran and Kuwait was limited, with just under 336 million Euros in total bilateral trade – making the Islamic Republic the twenty-second largest trading partner for Kuwait.<sup>155</sup> Kuwait has also adopted sanctions against Iran as a result of the Iranian nuclear program and the subsequent international efforts to coerce Tehran.<sup>156</sup>

### ***Kuwait's Relations with the US***

Relations between the US and Kuwait have been driven by common strategic interests and US efforts to ensure the protection of a major oil producing and exporting state and

---

<sup>151</sup> "Country Analysis Briefs: Kuwait," U.S. Energy Information Administration. Updated July 2011. <http://www.eia.gov/EMEU/cabs/Kuwait/pdf.pdf>. p. 5, 9.

<sup>152</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, and Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 15.

<sup>153</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 16.

<sup>154</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 18-19.

<sup>155</sup> "Kuwait: EU Bilateral Trade and Trade with the World," European Commission, March 21, 2012. [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113408.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113408.pdf). The EU27 were grouped as one entity for the purposes of this ranking.

<sup>156</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 18.

its assets. Close cooperation began during the Iran-Iraq War as the US sought to protect Kuwaiti oil tankers through a vessel reflagging program. The Iraqi invasion of Kuwait in 1990 tightened the relationship as the US and its allies liberated the country in 1991, ushering in over two further decades of close military cooperation to address evolving threats emanating from Iraq and Iran.

The tanker reflagging program came after Iranian attacks on oil-bearing vessels began in 1984 as Iraq – struggling to fight a land war against an Iranian adversary that outnumbered it – targeted Iranian vessels in an attempt to change the course of the war. By the mid-1980s, Kuwaiti vessels came under attack as Iran sought to reciprocate vessel targeting, though Iraq by this point was shipping most of its oil via land. By 1983, Iranian-linked entities had carried out major terrorist attacks in Kuwait, and in 1986 Tehran procured Chinese Silkworm missiles that could be used against vessels. Facing an Iranian threat, Kuwait sought international assistance in confronting the Iranian threat to its tankers.<sup>157</sup>

Under pressure from Kuwait and Saudi Arabia, and in the face of Kuwaiti threats to turn to the Soviet Union, the US agreed to reflag and escort 11 Kuwaiti vessels. The US also acted to protect the export of oil through the Gulf and promote the security of a “moderate” Gulf state.<sup>158</sup>

The US maintained its interest in Kuwaiti security following the end of the Iran-Iraq War, and after the 1990 Iraqi invasion of Kuwait, mobilized a force that successfully liberated the country in 1991. The US-led liberation of Kuwait from Iraqi occupation has forged a strong bilateral relationship and security partnership between Kuwait and the US that exists through the present.

The two countries entered a ten year defense pact following the 1991 liberation, which is believed to facilitate “mutual discussions in the event of a crisis; joint military exercises; U.S. evaluation of, advice to, and training of Kuwaiti forces; U.S. arms sales; prepositioning of U.S. military equipment (armor for a U.S. brigade); and U.S. access to a range of Kuwaiti facilities...”<sup>159</sup> This agreement was reportedly renewed in 2001, and the US is currently negotiating to define the post-Iraq War terms of its relation with Kuwait.<sup>160</sup>

Kuwait played a pivotal role in preventing Iraqi aggression as a host country for 1,000 US personnel supporting the southern Iraqi no-fly zone in Operation Southern Watch.

---

<sup>157</sup> Statement by Michael H. Armacost [Under Secretary of State for Political Affairs], “U.S. Policy in the Persian Gulf and Kuwaiti Reflagging,” Bureau of Public Affairs, U.S. Department of State, Current Policy No. 978. <http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA496911>. p. 11-13.

<sup>158</sup> Statement by Michael H. Armacost [Under Secretary of State for Political Affairs], “U.S. Policy in the Persian Gulf and Kuwaiti Reflagging,” Bureau of Public Affairs, U.S. Department of State, Current Policy No. 978. <http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA496911>. p. 11-14. Quote on p. 11.

<sup>159</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 12-13. Quote on p. 12.

<sup>160</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 12.

Kuwait hosted some 4,000 US personnel in the decade following the Gulf War, and later 5,000 more troops in support of Operation Enduring Freedom (OEF).<sup>161</sup> Kuwait has since provided key support to the US missions in Afghanistan and Iraq. Kenneth Katzman of the Congressional Research Service (CRS) sheds light on some of the specific support provided by Kuwait during Operation Iraqi Freedom (OIF):<sup>162</sup>

It [Kuwait] hosted the vast bulk of the U.S. invasion force of about 250,000 forces, as well as the other coalition troops that entered Iraq. To secure that force, Kuwait closed off its entire northern half for weeks before the invasion. It also allowed U.S. use of two air bases, its international airport, and sea ports; and provided \$266 million in burden sharing support to the combat, including base support, personnel support, and supplies such as food and fuel.

Katzman also reports that Kuwait provides some \$210 million annually to assist US forces transiting Kuwait in the Iraq conflict.<sup>163</sup> Kuwait also hosted US military forces through the US withdrawal from Iraq at several facilities: Camps Arifjan and Buehring, which served as logistics points for material leaving Iraq, as well as Ali al-Salem Air Base.<sup>164</sup>

The possibility of a longer-term US troop presence in Kuwait was mentioned in a June 2012 Senate Foreign Relations Committee report claiming “the United States will keep about 13,500 troops in Kuwait as of mid-late 2012 — somewhat less than the 25,000 there at the end of the U.S. presence in Iraq.”<sup>165</sup> Such a new US presence is likely to differ from the wartime US presence in that it will have more combat elements than the Iraq War force – which principally involved support personnel.<sup>166</sup>

US Secretary of Defense Leon E. Panetta visited Kuwait in December 2012. The secretary stated that “Our presence in Kuwait and throughout the gulf helps advance the capabilities of partnering nations, deters aggression and helps ensure we’re better able to respond to crisis in the region.”<sup>167</sup> He also affirmed that the US has 13,500 troops in Kuwait,<sup>168</sup> consistent with the figures mentioned in the June 2012 Senate report.

---

<sup>161</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 12-13.

<sup>162</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 13.

<sup>163</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 13.

<sup>164</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 12-13.

<sup>165</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 14.

<sup>166</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 14.

<sup>167</sup> Ernesto Londono, “Panetta Visits Kuwait to Highlight Partnership,” *Washington Post*, December 11, 2012.

<sup>168</sup> Thom Shanker, “In Kuwait, Panetta Affirms U.S. Commitment to Middle East,” *New York Times*, December 11, 2012. <http://www.nytimes.com/2012/12/12/world/middleeast/in-kuwait-panetta-affirms-us-commitment-to-middle-east.html>

The size of Kuwait's armed forces is summarized in **Figure VI.21**. **Figures VI.1** and **VI.2** have already shown that the US has played a key role in building up Kuwait's forces and equipment and munitions stocks.

US arms transfers to Kuwait have included 31 F/A-18Cs, 8 F/A-18Ds, 16 AH-64D Apaches, 40 Patriot PAC-2s, 218 M1A2 Abrams tanks, and 1 MkV patrol boat. There are also nine more MkV boats that are expected to be delivered before 2014.<sup>169</sup>

It was announced in July 2012 that Kuwait requested 60 Patriot PAC-3 missiles<sup>170</sup> in addition to the 80 pushed for in 2007.<sup>171</sup> Patriot systems deployed in Kuwait have proven effective in 2003 during the allied invasion of Iraq. Patriot batteries in Kuwait destroyed 4 Iraqi Ababil-100 missiles out of 6 launched toward allied military facilities in Kuwait. At least one of the missiles was destroyed by a Kuwaiti GEM battery, while the other shoot-downs were presumably from US batteries in Kuwait.<sup>172</sup>

US arms transfers to Kuwait between 2007-2010 have totaled \$1.2 billion in Foreign Military Sales (FMS) deliveries and \$1.5 billion in Kuwaiti commercial procurements of defense articles from the US.<sup>173</sup> Data on FY2013 requested assistance is not available as it was not publicly disclosed by the US State Department in their FY2013 Congressional Budget Justification.

In addition to material support, Kuwait's armed forces have benefited from educational programs in the US. According to the CRS, "Kuwait sends military students to U.S. military institutions to study intelligence, pilot training, and other disciplines. In FY2010, Kuwait spent \$9.7 million to provide such education for 216 Kuwaiti military students."<sup>174</sup>

The US is also a significant trading partner with Kuwait and the US is the largest source of Kuwait's imports. The US is also the fifth-largest export market for Kuwait.<sup>175</sup>

---

<sup>169</sup> "Chapter 7: Middle East and North Africa," in *The Military Balance 2012*, International Institute for Strategic Studies, 112: 1, 303-360. p. 334.

<sup>170</sup> "Kuwait – PATRIOT Advanced Capability (PAC-3) Missiles," News Release, Defense Security Cooperation Agency, July 20, 2012.

<sup>171</sup> "Gulf States Requesting ABM-Capable Systems," *Defense Industry Daily*, July 29, 2012. <http://www.defenseindustrydaily.com/gulf-states-requesting-abm-capable-systems-04390/>

<sup>172</sup> Michael R. Gordon, "A Nation at War: The Strategy; U.S. Says the Iraqis Are Repositioning Their Missile Sites," *New York Times*, March 23, 2003. <http://www.nytimes.com/2003/03/23/world/nation-war-strategy-us-says-iraqis-are-repositioning-their-missile-sites.html?pagewanted=all&src=pm>

<sup>173</sup> "Foreign Military Sales, Foreign Military Construction Sales and Other Security Cooperation Historical Facts," Defense Security Cooperation Agency, Financial Policy and Internal Operations, Business Operations, current as of September 30, 2010. <http://www.dsca.osd.mil/programs/biz-ops/factsbook/HistoricalFactsBook-2010.pdf>. p. 27, 93.

<sup>174</sup> Kenneth Katzman, "Kuwait: Security, Reform, and U.S. Policy," Congressional Research Service, June 20, 2012. p. 15.

<sup>175</sup> Central Intelligence Agency, *The World Factbook [Kuwait]*, Updated November 6, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ku.html>



There is little doubt that Kuwait will continue to play an important role in the US strategic competition with Iran. Since 2008, Kuwait has worked with US CENTCOM to enhance operational capabilities in the region.<sup>176</sup> The ongoing development of Kuwait's air, sea, and missile defense capabilities will help counter Iran's conventional strike capabilities in the Gulf. They also will help it meet Iran's asymmetric threats.

Perhaps the greatest threat to Kuwait, however, comes from Iran's unconventional capabilities – such as an act of terrorism within the country, an assault by small naval craft on Iranian tankers or coastal oil infrastructure, or a cyberattack. The supply of small naval patrol boats to Kuwait can address this threat, if the vessels are used properly as part of an effective maritime security framework. The deployment of the Kuwait navy to patrol the Bahraini coast as part of the GCC Peninsula Shield Force for three months in 2011 may have been valuable experience toward these ends.<sup>177</sup>

More action is needed. There are reports that the Kuwaiti government does not have “a clear legal framework for prosecuting terrorism-related crimes,” which sheds light on a challenge Kuwait may face in dealing with the unconventional threat.<sup>178</sup> While Kuwait has financed counterterrorism initiatives, the fact that the US cut Non-Proliferation, Anti-Terrorism, De-Mining and Related (NADR) assistance after FY2007<sup>179</sup> could hinder improvements in fighting terrorism and maintaining internal security – particularly as the country continues to struggle with internal demonstrations and unrest. The issue of coping with possible Iranian mining of sea lanes used in Kuwaiti oil trade is a serious problem in the absence of US support for training in demining. Kuwait is located at the top of the Persian Gulf – situated close to Iran and reliant on trade lanes that run past Iran and through the Strait of Hormuz – maritime security and the threat of mining and naval assault are major security threats to Kuwait posed by Iran.

Any escalation in US-Iran tensions, or preventive strikes on Iran by Israel or the US might bring about a conventional or unconventional retaliation against Kuwait. Regardless of whether Kuwait was directly involved, the presence of a considerable US military presence in Kuwait and the government's strong security links with Washington could make it a target for Iran as it seeks retaliation. As a result, Kuwait is not supportive of a US attack on Iran.<sup>180</sup>

---

<sup>176</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 14.

<sup>177</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 20.

<sup>178</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 21.

<sup>179</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 15, 21.

<sup>180</sup> W. Andrew Terrill, “Kuwaiti National Security and the U.S.-Kuwaiti Strategic Relationship After Saddam,” Strategic Studies Institute, September 2007. p. 2.

**Figure VI.21: Kuwaiti Military Strength in 2012**

<b>Force Size</b>	<b>Total</b>
Total Military Spending (\$US Millions)	\$4,050
Total Active Military Manpower	15,500
Total Reserve Military Manpower	23,700
Total Paramilitary Manpower	7,100
<b>Army and National Guard Forces</b>	<b>Total</b>
Active Manpower	17,600*
Reserve Manpower	-
Main Battle Tanks	293
Other Armored Vehicles	813+
Self-Propelled Artillery	106
Towed Artillery	-
Multiple Rocket Launchers	27
<b>Air and Major Surface-to-Air Missile Forces</b>	<b>Total</b>
Air Force Active Manpower	2,500
Combat Aircraft	66
Armed/Attack Helicopters	16
AC&W, Intelligence, and AWACs Aircraft	-
Tankers	-
Air Defense Manpower	NA
Surface-to-Air Missile/Launchers	136
Surface-to-Surface Missile Launchers	-
<b>Naval Forces and Coast Guard</b>	<b>Total</b>
Active Manpower	2,000*
Marines	-
Submersibles	-
Major Surface Ships	-
Missile Patrol Boats and Corvettes with Missiles	10
Other Patrol Boats	33
Mine Warfare	0
Amphibious	4
Maritime Patrol Aircraft	-
Helicopters	-

Source: Table created by Robert Shelala II using data from: "Chapter 7: Middle East and North Africa," in *The Military Balance 2012*, International Institute for Strategic Studies, 112: 1, 303-360. p. 333-335. Note: \*=estimate.

### *Political Divisions Within Kuwait*

The comparatively democratic nature of the Kuwaiti government has led to several years of tension between the elected government, the hereditary monarchy, and an anti-government opposition. These internal tensions are of a different nature than those observed in countries such as Bahrain and Saudi Arabia. More often than not, they have not focused on the Sunni/Shia fault line. The factions in the Parliament have instead focused on issues like the line of succession for the Emir in 2006, the changing of the country's electoral system through a 2006 popular effort called the Orange Movement, and the granting of suffrage and the ability to hold parliamentary and cabinet seats to women.<sup>181</sup>

The largest element of opposition in Kuwait now consists of Salafists, individuals affiliated with the Muslim Brotherhood, some tribal members, and more recently the country's young population. This opposition was a powerful driving force in 2006 behind a reduction in the number of electoral districts to mitigate the impact of corruption as part of the Orange Movement. This movement predated the broader Arab Spring by several years, was mainly peaceful, and was an unprecedented example of the power of opposition politics and civil society in the Arabian Peninsula.<sup>182</sup>

Unfortunately, Kuwait's democratic institutions have not yielded political stability for the country. The Emir has dissolved parliament numerous times in recent years, including 2008, 2009, 2011, and 2012.<sup>183</sup> The political situation in Kuwait has also been deteriorating since 2011, when torture allegations were levied against the Interior Minister, prompting popular demonstrations. This was followed by protests by Kuwait's bidoun (Bedouin), who were seeking citizen rights, and corruption concerns that led to strikes that autumn by the oil, finance, and health sectors, and by Kuwaiti customs.<sup>184</sup>

A subsequent election in February 2012 yielded an opposition majority in the parliament, with a greater Islamist presence than before.<sup>185</sup> This new government was subsequently dissolved by the Emir in October 2012.<sup>186</sup> A demonstration that same month mobilized

---

<sup>181</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 1-3.

<sup>182</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 2-4.

<sup>183</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 2-6; AP, "In Bid to End Crisis, Kuwait's Parliament is Dissolved," *New York Times*, October 7, 2012. <http://www.nytimes.com/2012/10/08/world/middleeast/in-bid-to-end-crisis-kuwaits-parliament-is-dissolved.html>

<sup>184</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 4-5.

<sup>185</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 6.

<sup>186</sup> AP, "In Bid to End Crisis, Kuwait's Parliament is Dissolved," *New York Times*, October 7, 2012. <http://www.nytimes.com/2012/10/08/world/middleeast/in-bid-to-end-crisis-kuwaits-parliament-is-dissolved.html>

thousands of people as the government – in a reported effort to limit the opposition’s potential in the upcoming elections – proposed that voters can only select one candidate as opposed to the four otherwise allowed. In the wake of these protests, the Interior Ministry mandated that all demonstrations involving at least 20 people in Kuwait must be licensed<sup>187</sup> – an act that places considerable limitations on a civil society that has been key to Kuwait’s gradual political liberalization.

New elections were held in December 2012, and ones where opposition candidates are reported to have boycotted the poll due to a law that reportedly allows “the government to manipulate the outcome of the polls.”<sup>188</sup> It is reported that Shia received an unprecedented number of seats, with accounts varying from 15-17 of 50 seats – representing every electoral district. Women also received three seats.<sup>189</sup>

Protests involving several hundred people were reported in the aftermath of the vote, calling for the election and the new law to be overturned.<sup>190</sup> It is anticipated that the new parliament will not last for long as the country’s major tribes are only represented by a single member.<sup>191</sup> The new parliament entered session amidst continuing protests later that month.<sup>192</sup>

As the December 2012 elections reflect, Kuwait’s Shia are not typically in the anti-government coalition, and are usually supportive of the government. The government has taken steps to prevent Sunni/Shia tensions by imprisoning a Sunni Twitter user in April 2012 for posting anti-Shia rhetoric and by sending a Shia ambassador to neighboring Baghdad.<sup>193</sup> However, the Sunni-Shia rifts have emerged periodically, as in 2008, when the cabinet stepped down due to Sunni requests from within the parliament to question the prime minister over a trip to Kuwait by a Shia cleric from Iran, and Shia requests

---

<sup>187</sup> “Kuwait Cracks Down on Free Assembly With Ban on ‘Unlicensed’ Demonstrations,” Freedom House, undated. <http://www.freedomhouse.org/article/kuwait-cracks-down-free-assembly-ban-%E2%80%98unlicensed%E2%80%99-demonstrations>

<sup>188</sup> Yasser al-Zayyat, “Shiites Score Big in Kuwaiti Poll Hit By Boycott,” *Now Lebanon* via *AFP*, December 2, 2012. <http://www.nowlebanon.com/NewsArticleDetails.aspx?ID=462598>

<sup>189</sup> B Izzak and Agencies, “Sea of New Faces Elected Amid Low Voter Turnout,” *Kuwait Times*, December 17, 2012. <http://news.kuwaittimes.net/2012/12/02/sea-of-new-faces-elected-amid-low-voter-turnout/>. 15 Shia and three women mentioned; Yasser al-Zayyat, “Shiites Score Big in Kuwaiti Poll Hit By Boycott,” *Now Lebanon* via *AFP*, December 2, 2012. <http://www.nowlebanon.com/NewsArticleDetails.aspx?ID=462598>. 17 Shia mentioned.

<sup>190</sup> *AFP*, “Kuwaitis Demonstrate Against New Parliament,” *AFP*, December 3, 2012. [http://www.google.com/hostednews/afp/article/ALeqM5go2JSrKW\\_xGFYJTRHmZFMluVCmHQ?docId=CNG.bf8e23341c81edfc3dea58e2920b04aa.4e1](http://www.google.com/hostednews/afp/article/ALeqM5go2JSrKW_xGFYJTRHmZFMluVCmHQ?docId=CNG.bf8e23341c81edfc3dea58e2920b04aa.4e1)

<sup>191</sup> Yasser al-Zayyat, “Shiites Score Big in Kuwaiti Poll Hit By Boycott,” *Now Lebanon* via *AFP*, December 2, 2012. <http://www.nowlebanon.com/NewsArticleDetails.aspx?ID=462598>

<sup>192</sup> B Izzak, “Amir Rebukes Opposition at New Assembly Opening,” *Kuwait Times*, undated. <http://news.kuwaittimes.net/2012/12/17/amir-rebukes-opposition-at-new-assembly-opening/>

<sup>193</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 2, 16; Reuters, “Kuwaiti Writer Gets Seven Years for Anti-Shia Tweets,” *Al Akhbar*, April 10, 2012. <http://english.al-akhbar.com/node/6043>

from parliament to question the foreign minister over the deployment of the Kuwait Navy to Bahrain during that country's popular Shia uprising.<sup>194</sup>

While the Shia traditionally have been supportive of the Kuwaiti government, Iran could benefit from a divided Kuwait. Progress toward greater political and security collaboration within the GCC could deepen the rift as Kuwait would be expected to play a greater role in protecting the Bahraini monarchy against a popular Shia uprising.

If Kuwait is forced to take sides in Sunni-Shia conflicts in Bahrain, Saudi Arabia, or Iraq, the result could be a greater level of Sunni-Shia polarization in Kuwait that could tempt radical Shia from exploiting the current political unrest in breaking with the government. The reports of a Quds Force related attack plan in Kuwait suggests that Iran already has the assets in place to mobilize supporters in Kuwait. An erosion in Sunni-Shia relations could yield a Shia population that could be more open to collusion with Iran or Iraqi Shia that are critical of Kuwait.<sup>195</sup>

### *Policy Implications*

While the US has to focus on the broad threat Iran poses to the Gulf and the region, Kuwait illustrates the dangers of focusing on the Strait of Hormuz and the direct threat posed by Iran. Kuwait is exposed at a critical point in the upper Gulf. Iraq no longer has the forces to invade, but Iraqi instability is as much a problem for Kuwait as the Iranian threat. Kuwait is too small to defend itself against Iran, and is – as the Iran-Iraq War showed – particularly vulnerable to an Iranian strategy that singles out a given Gulf state in a divide and pressure approach to asymmetric warfare.

Like the other smaller Gulf states, Kuwait also illustrates a different kind of need for improved military integration and interoperability than Saudi Arabia. Its forces are now relatively well-equipped, much better trained than in 1990, and exercise regularly with US forces. They are, however, very small relative to Iran, and depend on links to outside forces for any meaningful capability. They can only really be effective as part of a larger whole, and this requires both US power projection capability and the GCC to play a much stronger unifying role in Gulf security.

---

<sup>194</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 3, 5.

<sup>195</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 16-17. Mentions animosity toward Kuwait on the part of Iraqi Shia.

***Bahrain***<sup>196</sup>

Source: Central Intelligence Agency, *The World Factbook*

Bahrain is a relatively small state with few remaining oil and gas resources, but it occupies a key strategic position in the Gulf, and offers the US important naval and air facilities. Its basic statistics are summarized in **Figure VI.22**.

A December 2012 report by the CIA summarized the situation in Bahrain as follows:<sup>197</sup>

In 1783, the Sunni Al-Khalifa family captured Bahrain from the Persians. In order to secure these holdings, it entered into a series of treaties with the UK during the 19th century that made Bahrain a British protectorate. The archipelago attained its independence in 1971.

Facing declining oil reserves, Bahrain has turned to petroleum processing and refining and has transformed itself into an international banking center.

Bahrain's small size and central location among Gulf countries require it to play a delicate balancing act in foreign affairs among its larger neighbors. In addition, the Sunni-led government has struggled to manage relations with its large Shia-majority population.

<sup>196</sup> For detailed background on the history of US and Iranian relations with Qatar, and Qatar's role in the Gulf, see Anthony H. Cordesman and Khalid Al-Rhodan, *Gulf Military Forces in an Era of Asymmetric Volume One: Overview and Northern Gulf*, Praeger, Westport, 2007 and *Gulf Military Forces in an Era of Asymmetric Warfare (with Khalid A. Rodhan), Volume Two: GCC & Southern Gulf*, Praeger, Westport, 2007; Anthony H. Cordesman, *Bahrain, Oman, Qatar and the UAE: Challenges of Security*, Westview, Boulder, 1997; Anthony H. Cordesman, *The Gulf and the West*, Boulder, Westview, 1988; and Anthony H. Cordesman, *The Gulf and the Search for Strategic Stability*, Westview, Boulder, 1984.

<sup>197</sup> Central Intelligence Agency, *The World Factbook [Bahrain]*.  
<https://www.cia.gov/library/publications/the-world-factbook/geos/ba.html> (accessed December 29, 2012)

During the mid-to-late 1990s, Shia activists mounted a low-intensity uprising to demand that the Sunni-led government stop systemic economic, social, and political discrimination against Shia Bahrainis.

King Hamad bin Isa Al-Khalifa, after succeeding his late father in 1999, pushed economic and political reforms in part to improve relations with the Shia community. After boycotting the country's first round of democratic elections under the newly-promulgated constitution in 2002,

Shia political societies participated in 2006 and 2010 in legislative and municipal elections and Wifaq, the largest Shia political society, won the largest bloc of seats in the elected lower-house of the legislature both times. In early 2011, Bahrain's fractious opposition sought to ride a rising tide of popular Arab protests to petition for the redress of popular grievances.

In mid-March 2011, with the backing of Gulf Cooperation Council (GCC) capitals, King Hamad put an end to the mass public gatherings and increasingly disruptive civil disobedience by declaring a state of emergency. Manama also welcomed a contingent of mostly Saudi and Emirati forces as part of a GCC deployment intended to help Bahraini security forces maintain order.

Since that time, intermittent efforts at political dialogue between the government and opposition have remained at a stalemate. The Bahrain Independent Commission of Inquiry (BICI), formed in June 2011 to investigate abuses during the unrest and state of emergency, released its final report in November 2011. The King fully endorsed the report, and since then Manama has begun to implement many of the BICI's recommendations, including improving policing procedures, reinstating fired workers, rebuilding some mosques, and establishing a compensation fund for those affected by the unrest and crackdown. Despite this progress, street protests have grown increasingly violent since the beginning of 2012.

... Bahrain is one of the most diversified economies in the Persian Gulf. Highly developed communication and transport facilities make Bahrain home to numerous multinational firms with business in the Gulf. As part of its diversification plans, Bahrain implemented a Free Trade Agreement (FTA) with the US in August 2006, the first FTA between the US and a Gulf state.

Bahrain's economy, however, continues to depend heavily on oil. Petroleum production and refining account for more than 60% of Bahrain's export receipts, 70% of government revenues, and 11% of GDP (exclusive of allied industries). Other major economic activities are production of aluminum - Bahrain's second biggest export after oil - finance, and construction.

Bahrain competes with Malaysia as a worldwide center for Islamic banking and continues to seek new natural gas supplies as feedstock to support its expanding petrochemical and aluminum industries.

In 2011, Bahrain experienced economic setbacks as a result of domestic unrest. Bahrain's reputation as a financial hub of the Gulf has been damaged, and the country now risks losing financial institutions to other regional centers such as Dubai or Doha. Economic policies aimed at restoring confidence in Bahrain's economy, such as the suspension of an expatriate labor tax, will make Bahrain's foremost long-term economic challenges - youth unemployment and the growth of government debt - more difficult to address.

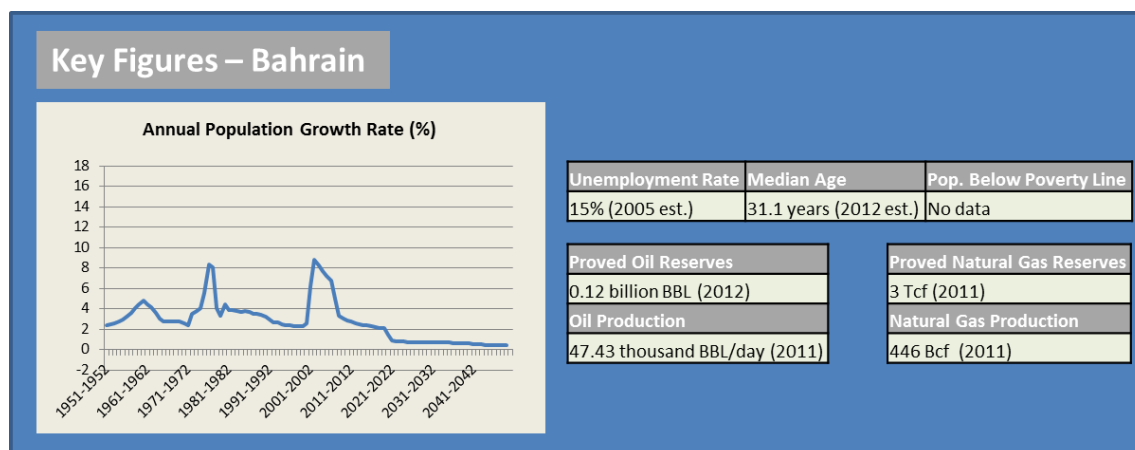
Bahrain has long played a key role in US-Iran competition in the Gulf. The island has a Sunni ruling elite and a Shia majority which has faced a long history of discrimination by Bahrain's rulers. The Shah of Iran made tentative claims to the island during the period Britain was leaving the Gulf, and Khomeini sent messengers to Bahrain soon after he consolidated power.

The island's ruling al Khalifa family claims Iranian support for a Shia opposition that was responsible for demonstrations and acts of sabotage in the early 1980s, and that Iran has encouraged the Shia protests and sometimes violent demonstrations that have emerged over the past two years.

This violence prompted the deployment of Saudi and Emirati security forces to Bahrain as part of a major security crackdown within the country, leading to rising tension between the government in Manama and Iran. It has also affected US strategic interests in the Gulf because of the presence of the US Navy's Fifth Fleet, which is headquartered in Bahrain.

The Fifth Fleet grew out of a small US forward naval presence that theoretically operated offshore. Until the first Gulf War in 1990-1991, U.S. naval operations were limited to a command ship and a few escorts directed by the Commander, Middle Eastern Force (COMMIDEASTFOR). It became apparent after the Gulf War that the growing US naval presence in the Gulf could not be directed effectively by the US 7<sup>th</sup> Fleet – whose missions concentrate on the Pacific and Indian Ocean. Accordingly the U.S. 5th Fleet was reactivated in July 1995, and now is headquartered in Manama, Bahrain. It has responsibility the Gulf, Red Sea, and Arabian Sea.

**Figure VI.22: Bahrain - A Statistical Overview**



Key Data and Indicators	Figures
Total Population in Millions	1.2
Median Age in Years	31.1
Percent 0-14 Years	20.20%
Urban Population	89%
Literacy Rate	94.60%
GDP (in \$ US billions) Official Exchange Rate	\$25.45
GDP PPP Per Capita World Ranking	48



Labor Force in Thousands	666 (44% of workers 15-64 non-national)
Unemployment, ages 15-24	20.10%
Annual entrants to the workforce (male)	8,988
Annual entrants to the workforce (female)	8,117

Source: Created by Robert Shelala II using data from: Unemployment rate, median age, population below poverty line: Central Intelligence Agency, *The World Factbook [Bahrain]*, updated December 17, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ba.html>; Energy information: "Bahrain: Country Analysis Brief," US Energy Information Administration, updated October 16, 2012. <http://www.eia.gov/countries/country-data.cfm?fips=BA>; Annual population growth rate: "International Programs: International Data Base," United States Census Bureau, US Department of Commerce, undated. <http://www.census.gov/population/international/data/idb/informationGateway.php> (Accessed December 14, 2012); Key data and indicators: Central Intelligence Agency, *The World Factbook [Bahrain]*, updated December 17, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ba.html>. "Annual entrants to the workforce" determined using "manpower reaching militarily significant age annual" figure from CIA.

### ***Bahrain's Sunni-Shia Crisis***

Bahrain's role in the US competition with Iran is heavily influenced by the fact that Bahrain is the only Arab Gulf state with a predominantly Shia population. According to the Pew Research Center, roughly 65-75% of the population of Bahrain is Shia.<sup>198</sup> A majority of the population (54%) are not ethnically Bahraini.<sup>199</sup>

The current tension between Sunni and Shia must be kept in historical perspective. The current divisions in the Sunni-Shia fault line in Bahrain has led to over 30 years of periodic tension leading to violence, Iranian-linked coup attempts, and foreign intervention.

These tensions first became prominent in the years following the 1979 Iranian revolution when the Front for the Liberation of Bahrain (IFLB) – which is now the banned Shia Bahrain Islamic Action Society – was accused of having planned to overthrow the Bahraini government with the support of Iran.<sup>200</sup> Instability continued in 1996 as bombings rocked Manama and as another coup attempt was foiled, this time by Hezbollah-Bahrain, which is also believed to have ties to Iran.<sup>201</sup>

More tensions emerged in 2007 when Shia demonstrated over perceived economic inequality, and the following year, six Bahraini Shia were accused of planning to conduct

---

<sup>198</sup> "Mapping the Global Muslim Population: A Report on the Size and Distribution of the World's Muslim Population: Sunni and Shia Populations," The Pew Forum on Religion and Public Life, Pew Research Center, October 7, 2009. [http://www.pewforum.org/Muslim/Mapping-the-Global-Muslim-Population\(6\).aspx](http://www.pewforum.org/Muslim/Mapping-the-Global-Muslim-Population(6).aspx)

<sup>199</sup> Central Intelligence Agency, *The World Factbook [Bahrain]*, updated November 6, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ba.html>

<sup>200</sup> Semira N. Nikou, "Iran Warns Gulf on Bahrain," *The Iran Primer*, U.S. Institute of Peace, March 24, 2011. <http://iranprimer.usip.org/blog/2011/mar/24/iran-warns-gulf-bahrain>

<sup>201</sup> "Bahrain Profile," *BBC News*, October 30, 2012. <http://www.bbc.co.uk/news/world-middle-east-14541322>

bombings in Manama. The men reportedly admitted to being “taught by a Syrian and an Iraqi how to build bombs in a remote Syrian farmhouse.”<sup>202</sup> Open-source reporting does not suggest a Syrian, Iraqi, or Iranian government nexus to the planned bombings, though the attempt has undoubtedly reinforced Bahraini government perceptions of foreign meddling in support of radical Shia groups.

While Bahrain’s Shia community does have representation in government, that representation is limited. Prior to the current tension, roughly 17% of the country’s 23-seat cabinet consisted of Shia – a total of four seats. Of four deputy prime ministers, only one was Shia. A disproportionate number of Sunnis also exist in the national security establishment, and in both chambers of parliament. Only 18 of 40 seats in the Council of Ministers (elected) went to Shia before 2011, and 19 of 40 seats in the Shura Council (royally appointed). The number of Shia in the Council of Ministers has dropped to eight since the 2011 uprising due to a Shia boycott of parliament and elections.<sup>203</sup>

The disproportionately small representation of Shia in the Council of Ministers has had several causes. Two of the three main Shia political groups are now banned in the country. The main Shia group, Wifaq, held all Shia seats in the Council of Ministers in 2010. While the group and its head may have been willing to compromise with the government, at least one senior member of the group is believed to have opposed trying to resolve tensions with the government. The other Shia groups, Al Haq and the Bahrain Islamic Action Society, have been banned and are believed to have Iranian ties. The Shia’s small share of seats in the elected chamber of parliament may also be the result of gerrymandering of districts to the benefit of Sunnis, and efforts by the government to grant voting rights to more Sunnis.<sup>204</sup>

The current Shia uprising, which began in February 2011, is rooted in Shia efforts to enhance the role of the elected house of parliament, curb pro-Sunni redistricting, give Shia more jobs and a stronger role in the economy, and limit the powers of the prime minister, who is seen as more rigid in his approach to the Shia population than the king and the crown prince. These protests were met with force from the Bahrain government, resulting in casualties and the subsequent deployment that March of GCC Peninsula Shield troops which included 1,200 Saudis, 600 Emiratis, and a Kuwaiti naval presence to secure the country.<sup>205</sup>

Some 4,600 people in Bahrain lost their jobs as the government penalized government and non-government personnel who did not perform their jobs as the uprising unfolded.

---

<sup>202</sup> Reem Khalifa, “(AP)-Bahrain TV Airs Terror Plot Confessions,” Bahrain Center for Human Rights, December 28, 2008. <http://www.bahrainrights.org/en/node/2625>

<sup>203</sup> Kenneth Katzman, *Bahrain: Reform, Security, and U.S. Policy*, Congressional Research Service, November 6, 2012. p. 2, 7, 12.

<sup>204</sup> Kenneth Katzman, *Bahrain: Reform, Security, and U.S. Policy*, Congressional Research Service, November 6, 2012. p. 3-4. 7.

<sup>205</sup> Kenneth Katzman, *Bahrain: Reform, Security, and U.S. Policy*, Congressional Research Service, November 6, 2012. p. 1, 7-9.

However, Bahrain's Embassy in the US claims that roughly 98% of the personnel effected by this were either being addressed or have already been put back to work.<sup>206</sup>

The government tried to resolve the conflict through establishing the Bahrain Independent Commission of Inquiry (BICI) as well as by launching a national dialogue. While the dialogue has made progress, the constitutional amendments that this agreement has yielded have been met with unease by Bahrain's Shia, who do not believe they adequately address the country's political problems.<sup>207</sup> It also has not led to an end to protests, repression, and violence.

Tensions escalated again in November 2012 as a series of bombings in Manama killed two. The government believes that Lebanese Hezbollah was responsible for the attacks, with Bahrain's official news agency, BNA, reporting that "[t]heir terrorist practices prove that they have been trained outside the kingdom... The hallmarks of Hezbollah are crystal clear."<sup>208</sup>

While moderates willing to engage the other side do exist within the government and Shia opposition, there are more extreme elements – even within the same factions that are able to prevent a peaceful resolution. King Hamad bin Isa Al Khalifa, Crown Prince Shaykh Salman, and Deputy Prime Minister Muhammad bin Mubarak Al Khalifa are considered moderate and willing to change the status-quo. Prime Minister Khalifa bin Salman Al Khalifa, the Commander of the Bahrain Defense Forces (BDF), the interior minister, and an emerging figure in the royal court are reported to be less willing to concede to the demands of the Shia majority.<sup>209</sup>

On the other hand, while the leader of Wifaq is considered to be moderate, the cleric Isa Qasim is regarded as less amicable to a deal. The more radical approaches of the Al Haq, which believes a change of government in Bahrain is necessary, as well as the Bahrain Islamic Action Society<sup>210</sup> – notorious for the aforementioned coup plot, make it difficult to reach consensus within the Shia community.

The end result has been a significant amount of cumulative violence. Reporting in November 2012 indicates that 55 had been killed in Bahrain during the recent uprising that commenced in 2011. Despite his progressive reputation, Wifaq's Sheikh Ali Salman

---

<sup>206</sup> "Embassy of the Kingdom of Bahrain Issues Statement on the Release of the U.S. Department of Labor Report on the FTA Submission," *Reuters*, December 20, 2012.

<http://www.reuters.com/article/2012/12/20/bahrain-dol-fta-reax-idUSnPnDC33089+160+PRN20121220>

<sup>207</sup> Kenneth Katzman, *Bahrain: Reform, Security, and U.S. Policy*, Congressional Research Service, November 6, 2012. p. 10-11.

<sup>208</sup> Mirna Sleiman, "Bahrain Arrests Bombing Suspects and Blames Hezbollah," *Reuters*, November 6, 2012. <http://www.reuters.com/article/2012/11/06/us-bahrain-bombs-hezbollah-idUSBRE8A512A20121106>

<sup>209</sup> Kenneth Katzman, *Bahrain: Reform, Security, and U.S. Policy*, Congressional Research Service, November 6, 2012. p. 1-4.

<sup>210</sup> Kenneth Katzman, *Bahrain: Reform, Security, and U.S. Policy*, Congressional Research Service, November 6, 2012. p. 1-4.

has admitted that the security situation was becoming less conducive to Shia efforts to reach an agreement. Bahrain has seen harsh penalties for oppositionists that have been detained, the use of makeshift bombs by the opposition, an enhanced Bahraini national guard presence, and a prohibition on public demonstrations.<sup>211</sup>

Other recent reporting suggests that around 90 people have died in the current uprising, and that the situation has grown increasingly tense. The assembly of over five persons has been prohibited since October. According to a December 2012 article in *The Economist*, “Bahrain has implemented only three out of its 26 [inquiry] recommendations,” as indicated by the Project on Middle East Democracy (POMED).<sup>212</sup> Moreover, Sunnis are reportedly growing skeptical of the Khalifa monarchy and the country’s economy, which could broaden the scope of the opposition beyond the Shia community.<sup>213</sup>

Recent reporting also suggests that key recommendations of the independent commission are not being implemented, and that the situation is growing dire. The man in charge of the commission, Dr. Cherif Bassiouni, admitted in November 2012 that the government’s efforts to implement the plan were not sufficient.<sup>214</sup> Bassiouni was appointed to this position by the King of Bahrain.<sup>215</sup> The US State Department has also stated that they believe more can be done to implement the recommendations when it comes to “accountability for official abuse” and allowing for public gatherings and facilitating dialogue.<sup>216</sup>

If claims of Iranian meddling in Bahraini affairs are true – though Manama’s claims of Iranian provocation of demonstrations were deemed unfounded by the royally-appointed BICI<sup>217</sup> – the prolonging of internal conflict may create more of an opportunity for Iranian-linked extremist groups to plan and conduct attacks within Bahrain. At the same time, if another GCC intervention is necessary, the states that contribute forces to such an operation will risk a backlash on the home front from their own Shia populations, which in a state like Kuwait could greatly disrupt an already volatile political system.

---

<sup>211</sup> Associated Press, “Bahrain Opposition Leader: Hopes Fading for Talks as Violence Mounts,” *Washington Post*, November 11, 2012.

<sup>212</sup> N.P. and M.R., “Bahrain’s Shias: Getting Back Out There,” *The Economist*, December 15, 2012. <http://www.economist.com/blogs/pomegranate/2012/12/bahrains-shias>

<sup>213</sup> N.P. and M.R., “Bahrain’s Shias: Getting Back Out There,” *The Economist*, December 15, 2012. <http://www.economist.com/blogs/pomegranate/2012/12/bahrains-shias>

<sup>214</sup> Alex Delmar-Morgan, “Bahrain is Criticized for Slow Pace of Change,” *Wall Street Journal*, November 22, 2012. <http://online.wsj.com/article/SB10001424127887324712504578135212234042602.html>

<sup>215</sup> Kenneth Katzman, *Bahrain: Reform, Security, and U.S. Policy*, Congressional Research Service, November 6, 2012. p. 10.

<sup>216</sup> Victoria Nuland, “Anniversary of the Bahrain Independent Commission of Inquiry Report,” Press Statement, U.S. Department of State, Department Spokesperson, Office of the Spokesperson, November 23, 2012. <http://www.state.gov/r/pa/prs/ps/2012/11/200986.htm>

<sup>217</sup> Kenneth Katzman, *Iran: U.S. Concerns and Policy Responses*, Congressional Research Service, September 5, 2012. p. 47.

### ***Bahrain's Relations with Iran***

Bahraini and Iranian relations are affected by the history of Iranian sovereignty over the island. Iranian claims to the island date back to the sixth century BC. Bahrain fell under the Persian Safavid Empire in the 1700s, but the current Bahraini ruling family took control of the island in 1820.<sup>218</sup> In 1957, the Shah led the Iranian parliament to consider taking measures to annex Bahrain, and the Shah indicated Iran might renew its claims when Britain withdrew from “East of Suez,” but a 1971 referendum in Bahrain led to the establishment of a sovereign Bahrain without the opposition of the Shah or the Iranian parliament.<sup>219</sup>

The Islamic Republic has since adopted a more historically-rooted approach to Bahrain that has led to several strong Iranian statements about the situation in Bahrain. The most provocative statement was made by an adviser to Ayatollah Khamenei, Hossein Shariatmadari, who implied in 2007 that Bahrain belonged to Iran and should be brought back under the umbrella of Iranian leadership.<sup>220</sup>

Numerous officials – including Ayatollah Khamenei, President Ahmadinejad, Foreign Minister Ali Akbar Salehi, Defense Minister Ahmad Vahidi, and Speaker of Parliament Ali Larijani – have made statements that are either critical of the Bahraini and Gulf Arab response to the Bahrain uprising, or in defense of Bahrain’s opposition. One statement by the chairman of the Iranian Guardian Council said, “Brothers and sisters [in Bahrain] resist against the enemy until you die or win.”<sup>221</sup> In addition, the Bahraini Information Minister claimed that “pro-Iranian” satellite television stations were encouraging opposition actions against Bahrain’s government.<sup>222</sup> Tehran has insisted that neither the Iranian government nor Hezbollah has had any involvement in the Bahrain uprising.<sup>223</sup>

---

<sup>218</sup> Semira N. Nikou, “Iran Warns Gulf on Bahrain,” *The Iran Primer*, U.S. Institute of Peace, March 24, 2011. <http://iranprimer.usip.org/blog/2011/mar/24/iran-warns-gulf-bahrain>

<sup>219</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp and Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p.10; Semira N. Nikou, “Iran Warns Gulf on Bahrain,” *The Iran Primer*, U.S. Institute of Peace, March 24, 2011. <http://iranprimer.usip.org/blog/2011/mar/24/iran-warns-gulf-bahrain>

<sup>220</sup> Semira N. Nikou, “Iran Warns Gulf on Bahrain,” *The Iran Primer*, U.S. Institute of Peace, March 24, 2011. <http://iranprimer.usip.org/blog/2011/mar/24/iran-warns-gulf-bahrain>

<sup>221</sup> Semira N. Nikou, “Iran Warns Gulf on Bahrain,” *The Iran Primer*, U.S. Institute of Peace, March 24, 2011. <http://iranprimer.usip.org/blog/2011/mar/24/iran-warns-gulf-bahrain>

<sup>222</sup> Mirna Sleiman, “Bahrain Arrests Bombing Suspects and Blames Hezbollah,” *Reuters*, November 6, 2012. <http://www.reuters.com/article/2012/11/06/us-bahrain-bombs-hezbollah-idUSBRE8A512A20121106>

<sup>223</sup> FNA, “Iranian Deputy FM Dismisses Allegations About Hezbollah’s Meddling in Bahrain,” *Fars News Agency*, November 10, 2012. <http://english.farsnews.com/newstext.php?nn=9107118150>. Article discusses Iranian Deputy Foreign Minister denying that Hezbollah has played a role in the Bahrain uprising; FNA, “Iran Denies Interfering in Bahrain’s Internal Affairs,” *Fars News Agency*, October 17, 2012. <http://english.farsnews.com/newstext.php?nn=9107113308>. Iran’s Deputy Foreign Minister for Arab and African Affairs is reported to claim that Iran has not involved itself in Bahrain.

As previously mentioned, the Bahraini government and a number of outside experts believe that Iran is linked to coup plots in 1981 and 1996, and the Iranian sponsored group Hezbollah is believed to be linked to the November 2012 bombings in Manama. However, at the time of this writing, there has been no conclusive open-source evidence proving direct Iranian or Iranian-proxy involvement in the November attacks. Moreover, the crude nature of the explosive devices and the low-profile nature of the targets<sup>224</sup> suggest that the incidents either were not part of a broader strategy, or were failures in achieving strategic results. This is in contrast to the relatively successful high-profile assassinations that have been blamed on Iranian proxies such as Hezbollah in Lebanon.

Commercial relations between Bahrain and Iran are limited and amounted to only 41 million Euros in 2010, or roughly 1% of Bahrain's total worldwide trade.<sup>225</sup> The two countries have explored cooperation on energy trade where Iran would export natural gas to Bahrain, but diplomatic issues hindered progress in 2009,<sup>226</sup> and that progress has not resumed. Reporting does suggest that Bahrain continues to export gasoline to the Islamic Republic. Bahrain-Iran links also exist in the financial sector. The Bahraini bank Future Bank is owned in part by Bank Melli in Iran. Future Bank has been targeted by US Justice Department sanctions.<sup>227</sup>

### ***Bahrain's Relations with the US***

Bilateral relations between Bahrain and the US are based on common security interests and a trade relationship that provides Manama with a key export market. While the US has expressed concern over Manama's response to the uprising that started in 2011, the US continues to base its naval operations in the Gulf in Bahrain. This US role provides an important deterrent to Iran. Bahrain's military forces are shown in Figure VI.23, and while some elements are quite capable, they are far too small for Bahrain to defend itself against a determined Iranian attack, or confront Iran directly over Iranian aid and arms transfers to Bahrain's opposition.

This helps explain why Figure VI.24 shows that the US has provided more Foreign Military Financing (FMF) assistance to Manama than any country on the Arabian Peninsula, except Yemen. While there are tensions between the US and Bahrain's government over US efforts to press for compromise and reforms – and some Bahrainis

---

<sup>224</sup> A report shortly after the explosions from the *New York Times* reports that the bombs were "improvised explosive devices," according to the Bahraini government, and that both were non-Bahraini workers. See Kareem Fahim, "Bomb's in Bahrain's Capital Kill 2 Foreigners," *New York Times*, November 5, 2012. <http://www.nytimes.com/2012/11/06/world/middleeast/bombs-in-bahraains-capital-kill-injure-bystanders.html? r=0>

<sup>225</sup> "Bahrain: EU Bilateral Trade and Trade with the World," European Commission, March 21, 2012. [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113348.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113348.pdf)

<sup>226</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp and Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p.11.

<sup>227</sup> Kenneth Katzman, *Bahrain: Reform, Security, and U.S. Policy*, Congressional Research Service, November 6, 2012. p. 31.

go so far as to accuse the US of secretly seeking to abandon Bahrain and the Arab Gulf states and force an alliance with Iran – security ties remain strong.

The US faces a difficult balancing act in seeking both a just settlement between the government and a now largely Shia opposition and preserving its security ties. It cannot abandon Bahrain, however, given Bahrain's friendly relations with the US government and geostrategically important location on the Gulf. Bahrain was given Major Non-NATO Ally status by Washington in 2002, building upon a decade-long security agreement agreed upon in 1991 and again in 2001.<sup>228</sup>

Bahrain has been a key strategic asset to the US in addressing the situations in Iran, Iraq, Afghanistan, and in fighting international terrorism. The US Navy's Fifth Fleet headquartered in Bahrain, its forces include a carrier strike group, an amphibious ready group, and numerous surface vessels. Other US naval assets deployed to Bahrain include minesweepers – the number of which will soon be increasing to eight – and an increasing number of anti-mine helicopters. \$580 million worth of upgrades to the base are also underway for completion in 2015. These upgrades would enhance docking capabilities as well as capabilities at Shaykh Isa Air Base, which hosts F-16 and F/A-18 fighter aircraft as well as P-3 surveillance aircraft.<sup>229</sup>

Other US foreign assistance to Bahrain has taken the form of Nonproliferation, Anti-Terrorism, and Demining Related (NADR) assistance; IMET; and FMF support. NADR aid is geared toward Antiterrorism Assistance,<sup>230</sup> and NADR and FMF aid has declined since FY2011, as reflected in **Figure VI.24**. From FY2007-FY2011, the US made just over \$392,800,000 worth of FMS deliveries to Bahrain, as well as \$625,474,000 worth of commercial exports licensed under the Arms Export Control Act.<sup>231</sup>

US military assets employed by Bahrain's military include 25 F-16 and 12 F-5 fighter aircraft, 28 AH-1 Cobra attack helicopters, 12 Black Hawk and 11 Bell 212 transport helicopters, 180 M60A3 tanks, and a frigate. Weapons systems transferred include the Maverick air-to-ground missile as well as the Hawk, Stinger<sup>232</sup> and Patriot PAC-2<sup>233</sup> air defense systems.

---

<sup>228</sup> Kenneth Katzman, *Bahrain: Reform, Security, and U.S. Policy*, Congressional Research Service, November 6, 2012. p. 22-24.

<sup>229</sup> Kenneth Katzman, *Bahrain: Reform, Security, and U.S. Policy*, Congressional Research Service, November 6, 2012. p. 23-24.

<sup>230</sup> "Congressional Budget Justification: Volume 2: Foreign Operations: FY2013," US Department of State, 2012. <http://www.state.gov/documents/organization/185014.pdf>. p. 132.

<sup>231</sup> "Historical Facts Book: Foreign Military Sales, Foreign Military Construction Sales and Other Security Cooperation Historical Facts: As of September 30, 2011," Defense Security Cooperation Agency, Financial Policy and Analysis, Business Operations, undated. <http://www.dsca.mil/programs/biz-ops/factsbook/Historical%20Facts%20Book%20-%2030%20September%202011.pdf>. p. 15, 51.

<sup>232</sup> "Chapter 7: Middle East and North Africa," in *The Military Balance 2012*, International Institute for Strategic Studies, 112: 1, 303-360. p. 318-319.

Bahrain based over 17,000 US troops during Operation Desert Storm, as well as 1,300 troops during the years that followed. Bahrain has hosted Combined Task Force (CTF) 152 and permitted US combat flights from the island in support of the military campaigns in Iraq and Afghanistan. Bahrain has also been home to several key offices of the Middle East and North Africa Financial Action Task Force (MENA-FATF), which works with the US in support of financial counterterrorism initiatives.<sup>234</sup>

The 2011 uprising in Bahrain has forced the US to balance maintaining support for human rights and popular democratic movements in the Middle East with supporting the strategic relationship with Manama necessary to contain and deter Iran. While Washington initially suspended transfers of defense articles to Bahrain as a result of the recent uprising, in May 2012 the US announced that it would permit transfers of defense articles that did not pose a threat to demonstrators. Transfers of Humvees and TOW missiles – however – have been stopped on a temporary basis.<sup>235</sup>

In June 2012, the Senate Foreign Relations Committee recommended that foreign military assistance programs not contradict efforts to promote human rights. The report states:

The United States should not be quick to rescind security assurances or assistance to human rights abuses, but should evaluate each case on its own merits...The United States should make clear that states must not use arms procured from the United States against their own people engaged in peaceful assembly or exploit the U.S. security umbrella as protection for belligerent action against their neighbors.<sup>236</sup>

This recommendation does not affect most US arms transfer to Bahrain, however, and the US has no intention of abandoning Bahrain or other Gulf allies as they deal with internal threats. US lawmakers are instead seeking to prevent the use of US military equipment against unarmed, innocent civilians – which is of importance to US public diplomacy efforts in the Middle East, and is an existing requirement for arms transfers under US law.<sup>237</sup>

As for economic links, Bahrain gets just over 10% of its imports from the US, making the US its second-largest import partner.<sup>238</sup> The US was the eighth-largest export market for Bahrain in 2010, and the US was Bahrain's third-largest trading partner (when the EU

---

<sup>233</sup> "Bahrain," Missile Defense Advocacy Alliance, undated.

<http://www.missiledefenseadvocacy.org/web/page/1168/sectionid/557/pagelevel/4/interior.aspx>

<sup>234</sup> Kenneth Katzman, *Bahrain: Reform, Security, and U.S. Policy*, Congressional Research Service, November 6, 2012. p. 24-25, 29.

<sup>235</sup> Kenneth Katzman, *Bahrain: Reform, Security, and U.S. Policy*, Congressional Research Service, November 6, 2012. p. 27-28.

<sup>236</sup> US Congress, Senate Foreign Relations Committee, "The Gulf Security Architecture: Partnership with the Gulf Cooperation Council," Majority Staff Report, 112<sup>th</sup> Congress, June 19, 2012. p. 3.

<sup>237</sup> Kenneth Katzman, *Bahrain: Reform, Security, and U.S. Policy*, Congressional Research Service, November 6, 2012. p. 28. Mentions "Leahy amendment" and its implications on US security assistance.

<sup>238</sup> Central Intelligence Agency, *The World Factbook [Bahrain]*, updated November 6, 2012.

<https://www.cia.gov/library/publications/the-world-factbook/geos/ba.html>



states are grouped), with just over 1.3 billion Euros in trade.<sup>239</sup> The US and Bahrain have a free trade agreement (FTA) that went into effect in 2006.<sup>240</sup>

### *Implications for US Policy*

The US faces a difficult balancing act in Bahrain. Bahrain is a key security partner, its stability is critical to the GCC, and there is no stable substitute for its present regime. The US needs to take these strategic interest into constant account, as well as the fact that the problems in its regime – serious as they may be – are matched by an opposition that has elements that are unwilling to compromise and would be destabilizing, and some opposition elements with at least some ties to Iran. It also needs to take into account the growing anti-US reaction of Bahrain’s Sunnis and some members of its ruling elite to US pressures for compromise with its Shia population and other reforms.

At the same time, the US cannot ignore the fact that Bahrain’s mid-to-long term stability does require reforms, shifts in the power structure of its royal family and ruling elite that give its Shia majority more rights and a share of the nation’s economy, and reforms in its justice system and way of dealing with human rights. It also must take the sensitivities of the other GCC states into account – all which strongly back the Bahraini government.

As is often the case in the region, this means finding the least bad option, and a degree of strategic patience on the part of the US that gives at least near-term priority to security and stability. It is also clear that quiet and patient efforts by the US country team and State Department are likely to achieve better results for all of Bahrain’s people than any sudden or drastic pressure on its government – as long as that government limits its internal security actions and makes some progress towards reform.

---

<sup>239</sup> “Bahrain: EU Bilateral Trade and Trade with the World,” European Commission, March 21, 2012. [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113348.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113348.pdf). EU-27 states grouped together as one entity.

<sup>240</sup> Kenneth Katzman, *Bahrain: Reform, Security, and U.S. Policy*, Congressional Research Service, November 6, 2012. Summary page.

**Figure VI.23: Bahraini Military Strength in 2012**

<b>Force Size</b>	<b>Total</b>
Total Military Spending (\$US Millions)	\$873
Total Active Military Manpower	8,200
Total Reserve Military Manpower	-
Total Paramilitary Manpower	11,260
<b>Army and National Guard Forces</b>	<b>Total</b>
Active Manpower	6,000
Reserve Manpower	-
Main Battle Tanks	180
Other Armored Vehicles	433
Self-Propelled Artillery	82
Towed Artillery	36
Multiple Rocket Launchers	9
<b>Air and Major Surface-to-Air Missile Forces</b>	<b>Total</b>
Air Force Active Manpower	1,500
Combat Aircraft	39
Armed/Attack Helicopters	28
AC&W, Intelligence, and AWACs Aircraft	-
Tankers	-
Air Defense Manpower	-
Surface-to-Air Missile/Launchers	91
Surface-to-Surface Missile Launchers	-
<b>Naval Forces and Coast Guard</b>	<b>Total</b>
Active Manpower	960*
Marines	-
Submersibles	-
Major Surface Ships	1
Missile Patrol Boats and Corvettes with Missiles	6
Other Patrol Boats	56
Mine Warfare	-
Amphibious	10
Maritime Patrol Aircraft	-
Helicopters	2

Source: Table created by Robert Shelala II using data from: "Chapter 7: Middle East and North Africa," in *The Military Balance 2012*, International Institute for Strategic Studies, 112: 1, 303-360. p. 318-319. Note: \*=estimate

### Figure VI.24: US Arms Transfers and Military Assistance to the Southern Gulf States

#### US Arms transfers and Military Assistance to the Gulf States – 2011 Actual

Country	NADR	IMET	FMF
Saudi Arabia	\$360,000	\$4,000	\$0
Kuwait	\$0	\$0	\$0
Bahrain	\$1,500,000	\$435,000	\$15,461,000
Oman	\$1,500,000	\$1,622,000	\$13,000,000
Qatar	\$0	\$0	\$0
UAE	\$230,000	\$0	\$0
Yemen	\$4,500,000	\$1,094,000	\$19,960,000
TOTAL	\$8,090,000	\$3,155,000	\$48,421,000

#### US Arms Transfers of Military Assistance to the Gulf States – 2012 Estimate

Country	NADR	IMET	FMF
Saudi Arabia	\$0	\$0	\$0
Kuwait	\$0	\$0	\$0
Bahrain	\$500,000	\$700,000	\$10,000,000
Oman	\$1,500,000	\$1,650,000	\$8,000,000
Qatar	\$0	\$0	\$0
UAE	\$0	\$0	\$0
Yemen	\$3,750,000	\$1,100,000	\$20,000,000
TOTAL	\$5,750,000	\$3,450,000	\$38,000,000

#### US Arms Transfers and Military Assistance to the Gulf States – 2013 Request

Country	NADR	IMET	FMF
Saudi Arabia	\$0	\$10,000	\$0
Kuwait	\$0	\$0	\$0
Bahrain	\$450,000	\$725,000	\$10,000,000
Oman	\$1,000,000	\$2,060,000	\$8,000,000
Qatar	\$0	\$0	\$0
UAE	\$0	\$0	\$0
Yemen	\$4,050,000	\$1,100,000	\$20,000,000
TOTAL	\$5,500,000	\$3,895,000	\$38,000,000

Source: Tables created by Robert Shelala II using data from: “Congressional Budget Justification: Volume 2: Foreign Operations: Fiscal Year 2013,” US Department of State, 2012.  
<http://www.state.gov/documents/organization/185014.pdf>, pp. 496, 503, 509-510.

*Oman*<sup>241</sup>

Source: Central Intelligence Agency, *The World Factbook*

Oman has a strategic location at the Strait of Hormuz and in the Arabia Sea. Its basic statistics are shown in **Figure VI.25**. Oman has been a consistently good security partner, and has a long history of close security ties to Britain and the US. While Oman sought to maintain correct friendly relations with Iran even after the Shah's fall, it resisted Iranian efforts to pressure it into allowing Iranian ships to interfere with shipping traffic during the Iran-Iraq War and quietly cooperated closely with the US during its "tanker war" with Iran in 1987-1991.

Like the other GCC states, Oman was an ally of the US in the first Gulf War, and has regularly participated in exercises with US and British forces as well as offered the US contingency bases and prepositioning facilities. US officials and officers feel Oman is a close partner in current security efforts in the Gulf, and that its efforts to maintain good relations with Iran have played a useful role in allowing the US to communicate indirectly with the Iranian regime.

Oman's demographics are different from other states on the Arabian Peninsula, and have eased Oman's relationships with Tehran. Oman's population is predominantly Ibadi

<sup>241</sup> For detailed background on the history of US and Iranian relations with Oman, and Oman's role in the Gulf, see Anthony H. Cordesman and Khalid Al-Rhodan, *Gulf Military Forces in an Era of Asymmetric Volume One: Overview and Northern Gulf*, Praeger, Westport, 2007 and *Gulf Military Forces in an Era of Asymmetric Warfare (with Khalid A. Rodhan), Volume Two: GCC & Southern Gulf*, Praeger, Westport, 2007; Anthony H. Cordesman, *Bahrain, Oman, Qatar and the UAE: Challenges of Security*, Westview, Boulder, 1997; Anthony H. Cordesman, *The Gulf and the West*, Boulder, Westview, 1988; and Anthony H. Cordesman, *The Gulf and the Search for Strategic Stability*, Westview, Boulder, 1984.

(75%) – a unique Islamic sect that does not identify with the two other major sects.<sup>242</sup> Oman has also generally sought to maintain friendly relations with Iran rather than confront it. While Oman has supported the GCC, it also has tense relations with Saudi Arabia. At the same time, Muscat has also maintained a close relationship with the US by supporting US military operations in the region.

Oman has made considerable progress toward political liberalization and modernization since Sultan Qaboos overthrew his ultraconservative father in 1970 with British aid. The Sultan has given Oman a constitution, and set up a bicameral legislature in 1996. Oman has had good economic planning.

Like the other Arab Gulf states, however, Oman has had to deal with popular unrest. A recent CIA analysis states that,<sup>243</sup>

Inspired by the popular uprisings that swept the Middle East and North Africa in 2010-11, Omanis began staging marches and demonstrations to demand economic benefits, an end to corruption, and greater political rights. In February and March 2011, in response to protester demands, QABOOS pledged to create more government jobs and promised to implement economic and political reforms, such as granting legislative and regulatory powers to the Council of Oman and the introduction of unemployment benefits. Also in March, the Gulf Cooperation Council pledged \$20 billion in financial aid to Oman and Bahrain over a 10-year period to assist the two nations in their struggle with Arab protests. Amid concessions made to oppositionists, the government during the summer continued to crack down on protests and demonstrations, and increasingly clamped down on the media. In October 2011, QABOOS issued a royal decree expanding the legislative powers of the Council of Oman to draft, amend, and approve legislation.

The Sultan also changed government portfolios and implemented economic stimulus programs. Casualties were limited to about three people, and Washington has not been critical of Muscat over the demonstrations and has continued its support for Oman's government.<sup>244</sup>

Oman does face a potential succession issue since Sultan Qaboos is aging and does not have an heir. The royal family is supposed to choose an heir, but none has yet been groomed for the position. The Sultan is reported to have left a letter naming an heir if the royal family cannot reach an agreement within a set time.

Oman also faces economic challenges, and has growing demographic and employment problems because of its relatively large population and the fact that some 60% of its labor force is foreign. The CIA notes that,<sup>245</sup>

Oman is a middle-income economy that is heavily dependent on dwindling oil resources. Because of declining reserves and a rapidly growing labor force, Muscat has actively pursued a

---

<sup>242</sup> Kenneth Katzman, *Oman: Reform, Security, and U.S. Policy*, Congressional Research Service, August 30, 2012. p.1.

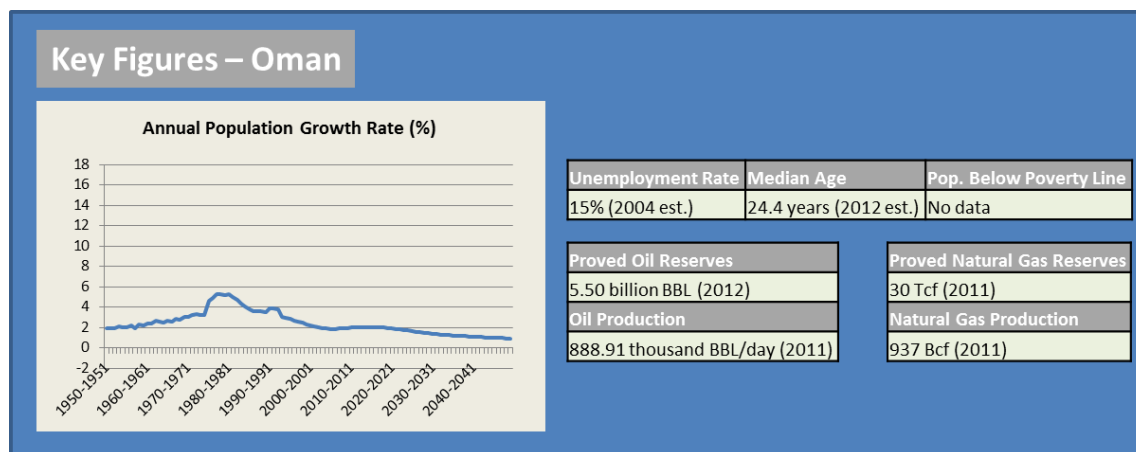
<sup>243</sup> CIA, "Oman," *CIA World Factbook*, accessed December 27, 2012  
<https://www.cia.gov/library/publications/the-world-factbook/geos/mu.html>

<sup>244</sup> Kenneth Katzman, *Oman: Reform, Security, and U.S. Policy*, Congressional Research Service, August 30, 2012. p. 4-6.

<sup>245</sup> CIA, "Oman," *CIA World Factbook*, accessed December 27, 2012  
<https://www.cia.gov/library/publications/the-world-factbook/geos/mu.html>

development plan that focuses on diversification, industrialization, and privatization, with the objective of reducing the oil sector's contribution to GDP to 9% by 2020 and creating more jobs to employ the rising numbers of Omanis entering the workforce. Tourism and gas-based industries are key components of the government's diversification strategy. By using enhanced oil recovery techniques, Oman succeeded in increasing oil production, giving the country more time to diversify, and the increase in global oil prices through 2011 provided the government greater financial resources to invest in non-oil sectors.

**Figure VI.25: Oman – A Statistical Overview**



Key Data and Indicators	Figures
Total Population in Millions	3.1
Median Age in Years	24.4
Percent 0-14 Years	30.80%
Urban Population	73%
Literacy Rate	81.40%
GDP (in \$ US billions) Official Exchange Rate	\$71.52
GDP PPP Per Capita World Ranking	49
Labor Force in Thousands	969
Unemployment, ages 15-24	NA
Annual entrants to the workforce (male)	31,959
Annual entrants to the workforce (female)	30,264

Source: Created by Robert Shelala II using data from: Unemployment rate, median age, population below poverty line: Central Intelligence Agency, *The World Factbook [Oman]*, updated December 19, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/om.html>; Energy information: "Oman: Country Analysis Brief," US Energy Information Administration, updated October 16, 2012. <http://www.eia.gov/countries/country-data.cfm?fips=OM>; Annual population growth rate: "International Programs: International Data Base," United States Census Bureau, US Department of Commerce, undated. <http://www.census.gov/population/international/data/idb/informationGateway.php> (Accessed December 14, 2012); Key data and indicators: Central Intelligence Agency, *The World Factbook [Oman]*, updated December 19, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/om.html>. "Annual entrants to the workforce" determined using "manpower reaching militarily significant age annual" figure from CIA.

### *Oman's Relations with Iran*

Oman's relations with Iran were relatively good during the time of the Shah. Prior to the Islamic Revolution, Iran assisted in putting down the Dhofar Rebellion from 1964-1975. Following Iran's revolution, Oman sought to maintain good relations with Iran following the Shah's fall, and facilitated the repatriation of Iranians taken captive by the US from 1987-1988.<sup>246</sup>

While Oman keeps close security ties to Britain as well as the US, it has sought to avoid avoided provoking Iran. In August 2009, Sultan Qaboos made his first appearance in the Islamic Republic's capital. The visit came shortly after Iranian President Mahmoud Ahmadinejad's disputed reelection, and was perceived to be a tacit approval of Ahmadinejad's re-election by Muscat. The following year, Oman and Iran entered a security agreement that involved the holding of two exercises, one of which has already been completed.<sup>247</sup>

Iran is not a major trading partner of Oman, and bilateral transactions amounted to less than one percent of Omani trade in 2010 – just under 332 million Euros.<sup>248</sup> However, many goods are smuggled from Oman into Iran, which are taxed in Oman, but not in Iran. In 2010 it was reported that roughly 500 small boats smuggled goods via the Strait of Hormuz each day. This smuggling circumvents international sanctions against Iran, but the practice is not supported by the Iranian government, and smugglers are reportedly targeted by Iranian authorities.<sup>249</sup>

This quasi-illicit trade involves commodities such as assorted consumer products and livestock. However, the depreciation of the Iranian Rial over the course of 2012 by almost 2/3 relative to the US Dollar has cut the volume of illicit trade significantly as Iranians' ability to purchase on the international market weakens, according to an October 2012 report. Due to the informal nature of this trade, it is difficult to quantify the precise impact of the Rial's depreciation, but one smuggler has indicated that he has cut his number of voyages by 1/3. The report also mentions that “traders...say the number of boxes is substantially less than volumes seen last year.”<sup>250</sup>

---

<sup>246</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, Jim Zanoti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 16-17.

<sup>247</sup> Kenneth Katzman, *Oman: Reform, Security, and U.S. Policy*, Congressional Research Service, August 30, 2012. p. 13-14.

<sup>248</sup> “Oman: EU Bilateral Trade and Trade with the World,” European Commission, March 21, 2012. [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113430.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113430.pdf)

<sup>249</sup> AFP, “Iranian Smugglers Thrive as Sanctions Tighten,” *Al Arabiya News*, March 19, 2012. <http://english.alarabiya.net/articles/2012/03/19/201631.html>

<sup>250</sup> Marcus George, “Iranian Smugglers Squeezed Out By Currency in Freefall,” *Reuters*, October 3, 2012. <http://www.reuters.com/article/2012/10/03/us-oman-smuggling-idUSBRE8920QH20121003>



It is unclear if smuggling is factored into the aforementioned trade statistics, although the fact that at least some of these exports are declared to authorities in Oman<sup>251</sup> suggests that they may be factored in to a limited degree.

Iran and Oman have discussed arrangements that would allow Oman to source 1Bcf/d from fields in the Strait of Hormuz that belong to both countries. However, international sanctions against Iran have jeopardized the project. The 1Bcf/d that would come from this pipeline would amount to roughly 36% of the 2.75Bcf/d that Oman produced in 2011.<sup>252</sup>

Iran's recent threat to close the Strait, and claims its force can dominate the Gulf have led Oman to react and strengthen its ties to Britain and the US. While Oman has advocated a peaceful resolution of the Iranian nuclear dispute,<sup>253</sup> the use of Omani facilities for US military action against Iran could greatly strain the relationship and perhaps trigger an Iranian retaliation against Omani bases hosting US forces.

While Tehran and Muscat engage each other diplomatically, officials suggest that Iran-Oman relations are increasingly limited when compared to Oman's relations with the US. Relations with Iran are grounded in the desire to avoid hostilities, whereas Muscat maintains significant economic, diplomatic, and security ties to the US.

### *Oman's Relations with the US*

Oman has proved a valuable and stable ally of the US, and has relatively large forces for a nation its size – although its limited wealth relative to the other GCC states has limited its military buildup and modernization. These forces are shown in **Figure VI.26**.

Oman first agreed to basing rights for the US in 1980. Shortly thereafter, the air base at Masirah Island was used for the attempted rescue of US embassy staff being held hostage in Iran. Basing rights were agreed upon again as recently as 2010. Oman's bases proved useful for Washington in support of operations in Iraq as part of Operation Iraqi Freedom (OIF) and in Afghanistan. Oman hosted roughly 4,300 US troops and B-1 bombers during Operation Enduring Freedom (OEF) as well as 3,750 troops for OIF.<sup>254</sup>

The US has engaged Oman in high-level dialogue to address developments in Iran. In late 2010, US Defense Secretary Robert Gates traveled to Oman to speak with Sultan Qaboos about Iran among other topics.<sup>255</sup> In December 2012, Acting US Assistant Secretary of

---

<sup>251</sup> Marcus George, "Iranian Smugglers Squeezed Out By Currency in Freefall," *Reuters*, October 3, 2012. <http://www.reuters.com/article/2012/10/03/us-oman-smuggling-idUSBRE8920QH20121003>

<sup>252</sup> "Analysis: Oman," US Energy Information Administration, August 22, 2012. <http://www.eia.gov/countries/cab2.cfm?fips=MU>

<sup>253</sup> Martina Fuchs, "Oman Warns on Military Confrontation with Iran," *Reuters*, March 18, 2012. <http://www.reuters.com/article/2012/03/18/us-oman-minister-idUSBRE82H06C20120318>

<sup>254</sup> Kenneth Katzman, *Oman: Reform, Security, and U.S. Policy*, Congressional Research Service, August 30, 2012. p. 8-9.

<sup>255</sup> Reuters, "Robert Gates to Discuss Iran with Oman's Ruler: Official," *Reuters*, December 5, 2010. <http://www.reuters.com/article/2010/12/05/us-oman-usa-gates-idUSTRE6B40MX20101205>

State for the Near East Beth Jones visited Oman, during which it was expected that she would also speak with Omani figures about Iran.<sup>256</sup>

Military assistance has been an important component of the Oman-US relationship. From FY2007-FY2011, the US provided Oman with just under \$273 million in FMS deliveries and about \$21.5 million in commercial exports of defense articles.<sup>257</sup> Oman has been the largest recipient of IMET support and the second-largest recipient of NADR support from Washington of any other country on the Arabian Peninsula, with plans to continue such trends into FY2013.<sup>258</sup>

US-produced assets in the possession of Oman's security forces include 6 M-60A1 and 73 M-60A3 tanks, 12 F-16 fighter aircraft, 3 C-130 transport aircraft, and 25 Bell transport helicopters of multiple variants. Munitions include AIM-9 Sidewinder and AMRAAM air-to-air missiles as well as AGM-65 Maverick and AGM-84 Harpoon air-to-ground missiles.<sup>259</sup> Congress has been informed of an Omani procurement that could involve 18 more F-16s if approved,<sup>260</sup> as well as 400 JAVELIN anti-tank missiles, which will help protect Oman's energy sector, according to the DSCA.<sup>261</sup> It has also been reported that Oman is looking to buy 162 BLU-12 Paveway laser-guided bombs and 150 BLU-111B/B bombs – both of which are 500 pound bomb types.<sup>262</sup>

Muscat is enhancing its airpower capabilities through the purchase of US and British fighter platforms. In December 2011, Oman placed an order that would double the size of its current F-16 fleet, and in December 2012, it was announced that Muscat would purchase 12 Eurofighter Typhoon aircraft from BAE.<sup>263</sup> These transactions represent US and British commitments to developing Oman's capabilities.

---

<sup>256</sup> Bader al Kiyumi, "Sultanate's Role in Region Hailed," *Oman Daily Observer*, December 16, 2012. <http://main.omanobserver.om/node/133561>

<sup>257</sup> "Historical Facts Book: Foreign Military Sales, Foreign Military Construction Sales and Other Security Cooperation Historical Facts: As of September 30, 2011," Defense Security Cooperation Agency, Financial Policy and Analysis, Business Operations, undated. <http://www.dsca.mil/programs/biz-ops/factsbook/Historical%20Facts%20Book%20-%2030%20September%202011.pdf>. p. 16, 52.

<sup>258</sup> "Congressional Budget Justification: Volume 2: Foreign Operations: FY2013," US Department of State, 2012. <http://www.state.gov/documents/organization/185014.pdf>. p. 493-511.

<sup>259</sup> "Chapter 7: Middle East and North Africa," in *The Military Balance 2012*, International Institute for Strategic Studies, 112: 1, 303-360. p. 342-343.

<sup>260</sup> Kenneth Katzman, *Oman: Reform, Security, and U.S. Policy*, Congressional Research Service, August 30, 2012. p. 10.

<sup>261</sup> Al Arabiya, "Oman Eyes \$96 Million Deal for U.S. Guided Missiles," *Al Arabiya News*, updated November 21, 2012. <http://english.alarabiya.net/articles/2012/11/20/250815.html>

<sup>262</sup> Aaron Mehta, "Oman Requests Purchase of U.S. Missiles, Bombs," *Defense News*, December 17, 2012. <http://www.defensenews.com/article/20121217/DEFREG04/312170006/Oman-Requests-Purchase-U-S-Missiles-Bombs?odyssey=tab|topnews|text|FRONTPAGE>

<sup>263</sup> Andrew Chuter, "Oman, BAE Reach Agreement on Typhoon and Hawk Deal," *Defense News*, December 21, 2012.

Oman does not have missile defense capabilities – as the US has sold to other states on the Arabian Peninsula – probably because of their cost. However, Oman’s recent requested procurements of advanced platforms and munitions, and the perceived need for Oman to protect its energy sector, suggest that Oman’s concerns about Iran are growing.

At the same time, Oman faces enough economic challenges and resource limitations so that it would benefit from GCC military aid as well as from economic aid. Oman’s strategic location gives it a particularly important role in Gulf security, and it has the manpower and skills to take advantage of more modern military systems than it can currently afford. It also faces serious employment problems for its native population, must deal with excessive reliance on foreign labor (60%), and needs outside help to diversify its economy.

### ***Policy Implications for the US***

The fact that Oman still maintains relatively good formal relations with Iran as well as good security relations with Washington, and has demographics that insulates the country from regional Sunni-Shia tensions, reduce its role in the more public aspects of US-Iranian strategic competition. Unless a major clash or conflict breaks out in the Gulf – or the nuclear issue leads to preventive strikes – Oman is likely to continue to be an interlocutor between Washington and its allies on the one hand and Tehran on the other, and to help in resolving relatively minor diplomatic tensions.<sup>264</sup>

US senior officers and officials do not feel, however, that Oman’s relations with Iran limit its role as a partner or its role in Gulf security.<sup>265</sup> They understand that Oman does not openly support US preventive military action against Iran,<sup>266</sup> and its economic, political, and military relationship with Iran. The US, too, emphasizes negotiations rather than military action, and Oman’s position might well change if Iran actively moves to deploy nuclear weapons.

More broadly, Oman provides yet another case study in the reasons the US should provide any help it can to help the GCC states move toward more military integration within the GCC, as well as ease any remaining tensions between them and Saudi Arabia.

---

<http://www.defensenews.com/article/20121221/DEFREG04/312210001/Oman-BAE-Reach-Agreement-Typhoon-Hawk-Deal?odyssey=tab|topnews|text|FRONTPAGE>

<sup>264</sup> Muscat was also involved in helping Iran restart diplomatic links with the United Kingdom and Saudi Arabia in 1988. See Martina Fuchs, “Oman Warns on Military Confrontation with Iran,” *Reuters*, march 18, 2012. <http://www.reuters.com/article/2012/03/18/us-oman-minister-idUSBRE82H06C20120318>

<sup>265</sup> Kenneth Katzman, *Oman: Reform, Security, and U.S. Policy*, Congressional Research Service, August 30, 2012. p. 13.

<sup>266</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, Jim Zanoti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 17.

**Figure VI.26: Omani Military Strength in 2012**

<b>Force Size</b>	<b>Total</b>
Total Military Spending (\$US Millions)	\$4,270
Total Active Military Manpower	42,600
Total Reserve Military Manpower	-
Total Paramilitary Manpower	4,400
<b>Army and National Guard Forces</b>	<b>Total</b>
Active Manpower	25,000
Reserve Manpower	-
Main Battle Tanks	117
Other Armored Vehicles	336
Self-Propelled Artillery	24
Towed Artillery	108
Multiple Rocket Launchers	6
<b>Air and Major Surface-to-Air Missile Forces</b>	<b>Total</b>
Air Force Active Manpower	5,000
Combat Aircraft	54
Armed/Attack Helicopters	-
AC&W, Intelligence, and AWACs Aircraft	-
Tankers	-
Air Defense Manpower	NA
Surface-to-Air Missile/Launchers	114
Surface-to-Surface Missile Launchers	-
<b>Naval Forces and Coast Guard</b>	<b>Total</b>
Active Manpower	4,200
Marines	-
Submersibles	2
Major Surface Ships	1
Missile Patrol Boats and Corvettes with Missiles	9
Other Patrol Boats	4
Mine Warfare	-
Amphibious	6
Maritime Patrol Aircraft	-
Helicopters	-

Source: Table created by Robert Shelala II using data from: "Chapter 7: Middle East and North Africa," in *The Military Balance 2012*, International Institute for Strategic Studies, 112: 1, 303-360. p. 342-343.

*Qatar*<sup>267</sup>

Source: Central Intelligence Agency, *The World Factbook*

Qatar is a relatively small country, but it is a world oil and gas power. It is one of the wealthiest countries in the world, and its citizens arguably have the highest per capita income in the world. Its economy is summarized in **Figure VI.27**.

A recent CIA analysis describes the country as follows:<sup>268</sup>

<sup>267</sup> For detailed background on the history of US and Iranian relations with Qatar, and Qatar's role in the Gulf, see Anthony H. Cordesman and Khalid Al-Rhodan, *Gulf Military Forces in an Era of Asymmetric Volume One: Overview and Northern Gulf*, Praeger, Westport, 2007 and *Gulf Military Forces in an Era of Asymmetric Warfare (with Khalid A. Rodhan), Volume Two: GCC & Southern Gulf*, Praeger, Westport, 2007; Anthony H. Cordesman, *Bahrain, Oman, Qatar and the UAE: Challenges of Security*, Westview, Boulder, 1997; Anthony H. Cordesman, *The Gulf and the West*, Boulder, Westview, 1988; and Anthony H. Cordesman, *The Gulf and the Search for Strategic Stability*, Westview, Boulder, 1984.

Ruled by the Al Thani family since the mid-1800s, Qatar transformed itself from a poor British protectorate noted mainly for pearling into an independent state with significant oil and natural gas revenues.

During the late 1980s and early 1990s, the Qatari economy was crippled by a continuous siphoning off of petroleum revenues by the Amir, who had ruled the country since 1972. His son, the current Amir HAMAD bin Khalifa Al Thani, overthrew him in a bloodless coup in 1995.

In 2001, Qatar resolved its longstanding border disputes with both Bahrain and Saudi Arabia. As of 2007, oil and natural gas revenues had enabled Qatar to attain the highest per capita income in the world. Qatar has not experienced the level of unrest or violence seen in other Near Eastern and North African countries in 2010-11, due in part to its immense wealth.

Qatar's international image is bolstered in part by the Doha-based Al Jazirah news network, which has provided comprehensive coverage of the Near East and North African Arab revolutions. Additionally, Qatar played a significant role in the Libyan revolution by pressing the Gulf Cooperation Council and the Arab League to assist the Libyan rebel movement.

... Qatar has prospered in the last several years with continued high real GDP growth in 2011. Qatari authorities throughout the financial crisis sought to protect the local banking sector with direct investments into domestic banks. GDP rebounded in 2010 largely due to the increase in oil prices and 2011's growth was supported by Qatar's investment in expanding its gas sector.

Economic policy is focused on developing Qatar's nonassociated natural gas reserves and increasing private and foreign investment in non-energy sectors, but oil and gas still account for more than 50% of GDP, roughly 85% of export earnings, and 70% of government revenues. Oil and gas have made Qatar the world's highest per-capita income country and the country with the lowest unemployment. Proved oil reserves in excess of 25 billion barrels should enable continued output at current levels for 57 years.

Qatar's proved reserves of natural gas exceed 25 trillion cubic meters, more than 13% of the world total and third largest in the world. Qatar's successful 2022 world cup bid will likely accelerate large-scale infrastructure projects such as Qatar's metro system and the Qatar-Bahrain causeway.

Oatar remains a monarchy ruled by its Amir and by his prime minister and council of ministers. It has made modest reforms and has an Advisory Council with:<sup>269</sup>

limited legislative authority to draft and approve laws, but the amir has final say on all matters; no legislative elections have been held since 1970 when there were partial elections to the body; Council members have had their terms extended every year since the new constitution came into force on 9 June 2005; the constitution provides for a new 45-member Advisory Council or Majlis al-Shura; the public would elect 30 members and the Amir would appoint 15; elections to the Majlis al-Shura have been rescheduled for 2013; Qatar in May 2011 held nationwide elections for the 29-member Central Municipal Council (CMC) - first elected in 1999 - which has limited consultative authority aimed at improving municipal services.

Like Oman, Qatar has pursued foreign, economic, and security policies that have allowed it to maintain friendly relations with both Washington and Tehran, while playing an increasingly independent role in the Gulf and Arab world.

Despite strong security ties to the US and the presence of a major US military facility on its soil, Doha has maintained good diplomatic and economic relations with Tehran – in

---

<sup>268</sup> CIA, "Qatar," *World Factbook*, accessed December 29, 2012, <https://www.cia.gov/library/publications/the-world-factbook/geos/qa.html>

<sup>269</sup> CIA, "Qatar," *World Factbook*, accessed December 29, 2012, <https://www.cia.gov/library/publications/the-world-factbook/geos/qa.html>

part because of Iran's ability to threaten Qatar's key economic sector: natural gas.<sup>270</sup> Qatar's massive gas reserves are part of a common formation with Iran's southern offshore gas fields, and Iran is within minutes of air and missile flight time from Qatar's multi-billion dollar gas trains, desalination facilities, and only major city.

These parallel relationships have allowed Doha to act as an intermediary between entities aligned with Iran and pro-Western parties, as evidenced in the Lebanese reconciliation talks that culminated in the Doha Agreement. However, Qatar's support of Sunni causes and the Sunni movements challenging the Assad regime in Syria has steadily distanced it from Iran. It increasingly relies on its wealth and the US as a security partner and its support to outside Sunni movements to give it freedom of action in challenging Iran and differing from Saudi Arabia within the GCC.

Qatar – like most of the states on the Arabian Peninsula with the exception of Bahrain and Oman – is a predominantly Sunni Wahhabi country with a small Shia minority. The Pew Research Center reports that roughly 10% of the Qatari population is Shia – roughly 100,000 people.<sup>271</sup> However, Qatar has avoided the internal tensions that have divided the Sunni and Shia communities in Bahrain and Saudi Arabia.

The country has not seen any serious political unrest of the kind seen elsewhere in the Gulf in the past two years due to the high quality of life enjoyed by most of the state's citizens. In terms of per capita GDP, Qatar is the world's wealthiest country, though less than a quarter million of the state's 1.7 million inhabitants are citizens. Even citizens lack basic political power, and foreign workers are discriminated against by the government.<sup>272</sup>

---

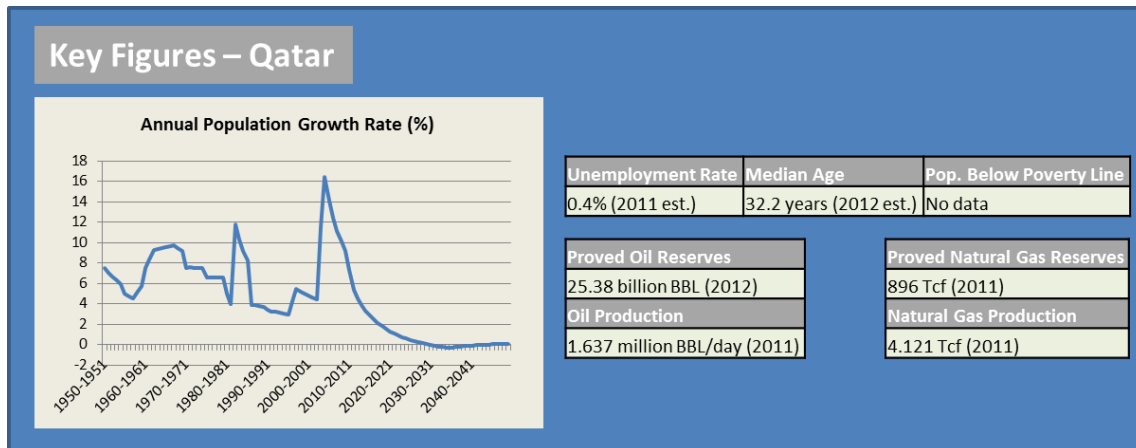
<sup>270</sup> Elizabeth Weingarten, "Qatar's Balancing Act," *The Atlantic*, September 25, 2010.

<http://www.theatlantic.com/international/archive/2010/09/qatars-balancing-act/63542/>

<sup>271</sup> "Mapping the Global Muslim Population: A Report on the Size and Distribution of the World's Muslim Population," The Pew Forum on Religious and Public Life, October 7, 2009.

<http://www.pewforum.org/Muslim/Mapping-the-Global-Muslim-Population%286%29.aspx>

<sup>272</sup> "2010 Human Rights Report: Qatar," US Department of State, Bureau of Democracy, Human Rights, and Labor, April 8, 2011. <http://www.state.gov/j/drl/rls/hrrpt/2010/nea/154471.htm>

**Figure VI.27: Qatar – A Statistical Overview**

Key Data and Indicators	Figures
Total Population in Millions	1.9
Median Age in Years	32.2
Percent 0-14 Years	12.50%
Urban Population	96%
Literacy Rate	96.30%
GDP (in \$ US billions) Official Exchange Rate	\$170.70
GDP PPP Per Capita World Ranking	1
Labor Force in Thousands	1,241
Unemployment, ages 15-24	1.60%
Annual entrants to the workforce (male)	6,429
Annual entrants to the workforce (female)	5,162

Source: Created by Robert Shelala II using data from: Unemployment rate, median age, population below poverty line: Central Intelligence Agency, *The World Factbook [Qatar]*, updated December 14, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/qa.html>; Energy information: "Qatar: Country Analysis Brief," US Energy Information Administration, updated October 16, 2012. <http://www.eia.gov/countries/country-data.cfm?fips=QA>; Annual population growth rate: "International Programs: International Data Base," United States Census Bureau, US Department of Commerce, undated. <http://www.census.gov/population/international/data/idb/informationGateway.php> (Accessed December 14, 2012); Key data and indicators: Central Intelligence Agency, *The World Factbook [Qatar]*, updated December 14, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/qa.html>. "Annual entrants to the workforce" determined using "manpower reaching militarily significant age annual" figure from CIA.

### *Qatar's Relations with Iran*

Qatar has been careful to preserve friendly relations with Iran in the past, although it has hosted a major US air base and prepositioning for decades as a counterbalance to Iran



(and Saudi Arabia).<sup>273</sup> Despite the considerable differences in the societies and policies of the two states, Emir Hamad has been described as being “close friends” with Iran’s President Ahmadinejad,<sup>274</sup> with the Emir going so far as to invite the Iranian President to Doha’s 2007 GCC conference. Strategically, Qatar’s government has not openly supported efforts to isolate or sanction Iran.<sup>275</sup>

While trade between Iran and Qatar has been limited (bilateral trade amounted to 0.1% of Qatar’s total trade in 2010),<sup>276</sup> cooperation with Iran has been important to Qatar’s economy. Liquefied natural gas is the largest sector in Qatar’s economy and is the state’s largest export, with the oil and gas sectors together accounting for over half of Qatari GDP.<sup>277</sup>

Qatar’s natural gas comes from a massive field that traverses both Qatari and Iranian waters.<sup>278</sup> Moreover, Qatar’s RasGas terminal is located in close geographic proximity to Iran,<sup>279</sup> making it vulnerable to an attack – particularly in the absence of a missile defense system.

There is a cosmetic level of security cooperation between Qatar and Iran. Limited security cooperation between Doha and Tehran was formalized in a February 2010 agreement between the two countries.<sup>280</sup> Prior to this agreement, the chief of staff of Qatar’s military is reported to have visited the IRGC commander and other members of Iran’s security establishment in July 2009.<sup>281</sup>

Qatar is also a supporter of Hamas. In the wake of the Syrian civil war, Qatar allowed the organization’s politburo chief to live in Doha after leaving Syria. It is believed that Qatar

---

<sup>273</sup> Elizabeth Weingarten, “Qatar’s Balancing Act,” *The Atlantic*, September 25, 2010.  
<http://www.theatlantic.com/international/archive/2010/09/qatars-balancing-act/63542/>

<sup>274</sup> Elizabeth Weingarten, “Qatar’s Balancing Act,” *The Atlantic*, September 25, 2010.  
<http://www.theatlantic.com/international/archive/2010/09/qatars-balancing-act/63542/>

<sup>275</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 8.

<sup>276</sup> “Qatar: EU Bilateral Trade and Trade with the World,” European Commission, March 21, 2012.  
[http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113438.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113438.pdf)

<sup>277</sup> Central Intelligence Agency, *The World Factbook [Qatar]*, Updated November 13, 2012.  
<https://www.cia.gov/library/publications/the-world-factbook/geos/qa.html>

<sup>278</sup> Christopher M. Blanchard, *Qatar: Background and U.S. Relations*, Congressional Research Service, June 6, 2012. p. 9.

<sup>279</sup> Elizabeth Weingarten, “Qatar’s Balancing Act,” *The Atlantic*, September 25, 2010.  
<http://www.theatlantic.com/international/archive/2010/09/qatars-balancing-act/63542/>

<sup>280</sup> Christopher M. Blanchard, *Qatar: Background and U.S. Relations*, Congressional Research Service, June 6, 2012. p. 6.

<sup>281</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 9.

has offered more widespread support to Hamas' evacuation from Syria.<sup>282</sup> Qatar has also distanced itself from Israel. In October 2012, weeks before the beginning of a major military engagement between Israel and Hamas, Shaykh Hamad became the first head of state to travel to Hamas-led Gaza. While there, he offered some \$400 million worth of development assistance to Gazans.<sup>283</sup>

Qatar's relations with Iran have never, however, affected its willingness to host the US Combined Air Operations Center (COAC), a massive US air base, and past prepositioning for a US mechanized brigade.

Qatar has become far more independent and assertive over the last few years, developed close security ties to the UAE, and split firmly with Iran over Syria and by supporting Sunni movements outside the region. Qatar has taken a firm stand on the uprisings in Syria and Bahrain. Despite Iran's strong backing for the Syrian regime, Doha has firmly supported a change of regime in Damascus by providing assistance to anti-government rebels. Qatar also hosted a November 2012 conference that concluded with the creation of a Syrian opposition government, which Doha regards as the official government of Syria. The continued tension in Syria could have a toll on diplomacy with Iran, but it is unlikely to trigger hostilities between Iran and Qatar.

Doha faces a similar challenge in Bahrain, where Iran supports a Shia uprising against the Sunni government, and Doha backs the government in Manama. It is reported that Qatar deployed an unspecified number of troops to Bahrain as part of the GCC Peninsula Shield Force mobilization in 2011.<sup>284</sup> As instability and the use of force against the government ensues in Bahrain, another deployment of Qatari troops to Bahrain could undermine Doha's diplomatic links with Iran, especially if Qatari forces are forced to fire on Shia demonstrators.

Qatar and Iran also compete for interest in the Gaza Strip, where both states have provided support to the militant group Hamas. While Iran has been arming the organization, Qatar has worked with other Arab states to provide financial assistance to the organization. One recent report draws the distinction between a militarized Hamas as a proxy for Iran, and a Hamas that is working to build relationships within the Arab world.<sup>285</sup>

---

<sup>282</sup> Christopher M. Blanchard, *Qatar: Background and U.S. Relations*, Congressional Research Service, June 6, 2012. p. 5.

<sup>283</sup> Jodi Rudoren, "Qatar's Emir Visits Gaza, Pledging \$400 Million to Hamas," *New York Times*, October 23, 2012. <http://www.nytimes.com/2012/10/24/world/middleeast/pledging-400-million-qatari-emir-makes-historic-visit-to-gaza-strip.html>

<sup>284</sup> AFP, "Qatar Has Sent Troops to Bahrain," *Ahram Online*, March 18, 2011. <http://english.ahram.org.eg/NewsContent/2/8/7988/World/Region/Qatar-has-sent-troops-to-Bahrain.aspx>

<sup>285</sup> Brian Murphy, "Two Powers, Qatar and Iran, Try to Sway Hamas," *Associated Press*, November 23, 2012. <http://www.google.com/hostednews/ap/article/ALeqM5ixVqPLS1cgnvaBb7Ctqxvy8c9PfQ?docId=e d94ba41ba9c4974ae71615c46600795>

### *Qatar's Relations with the US*

The US and Qatar enjoy mutually beneficial relations rooted in economic and security cooperation. Qatar imports more from the US than any other country in the world, with 12.7% of imports sourced from the US.<sup>286</sup> Economic cooperation includes a Trade and Investment Framework Agreement (TIFA) that was agreed upon in 2004. Major finance and trade transactions include the joint construction of a liquid natural gas (LNG) facility in Texas supported by ExxonMobil and an organization linked to Qatar Petroleum as well as Qatar Airways' \$1.4 billion procurement of Boeing aircraft in 2011.<sup>287</sup>

While security issues emanating from the illegal Qatari acquisition of Stinger missiles affected US-Qatar relations during the 1980s, the Gulf War served as a major catalyst in bringing the two countries together to cooperate on mutual security issues. Qatar proved a valuable ally during the war in using its armor to defend neighboring Saudi Arabia against a limited Iraqi ground incursion in January 1991. Following the war, Doha and Washington entered a security agreement, with Washington maintaining support for Doha despite a 1995 coup that brought to power the present Emir, Shaykh Hamad bin Khalifa Al Thani.<sup>288</sup>

Following the withdrawal of the US CAOC for the Middle East from Saudi Arabia in 2003 – after the US invasion of Iraq – the facility was relocated to Al Udeid air base in Qatar. This base and Camp As Sayliyah serve as key US CENTCOM facilities in the Middle East. According to the Congressional Research Service, “Camp As Sayliyah houses significant U.S. military equipment prepositioning and command facilities” as part of CENTCOM.<sup>289</sup> US Congress has authorized \$268.3 million from FY2008-FY2010 for upgrades to US facilities, particularly for the Air Force and Special Operations. Requests for FY2011 and FY2012 involve an additional \$101.3 million for facilities for the Air Force and National Security Agency.<sup>290</sup>

Although Emir Hamad would almost certainly prohibit the US from staging an attack on Iran from Qatar until the nuclear threat from Iran became a real and present danger, Qatar is likely to support any GCC action against Iran and collective willingness to support or tolerate US preventive strikes. The presence of CENTCOM command facilities in Qatar might also draw Qatar into the conflict.

Concerns over Iran's nuclear and missile programs, and the risks of either Israeli or US preventive strikes, are probably key drivers behind the planned missile defense

---

<sup>286</sup> Central Intelligence Agency, *The World Factbook [Qatar]*, Updated November 13, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/qa.html>

<sup>287</sup> Christopher M. Blanchard, *Qatar: Background and U.S. Relations*, Congressional Research Service, June 6, 2012. p. 15.

<sup>288</sup> Christopher M. Blanchard, *Qatar: Background and U.S. Relations*, Congressional Research Service, June 6, 2012. p. 10-11.

<sup>289</sup> Christopher M. Blanchard, *Qatar: Background and U.S. Relations*, Congressional Research Service, June 6, 2012. Summary page and p. 12. Quote on p. 12.

<sup>290</sup> Christopher M. Blanchard, *Qatar: Background and U.S. Relations*, Congressional Research Service, June 6, 2012. p. 12.

procurements announced in November 2012. Even in the event that the CENTCOM facilities in Qatar are not linked in any way to a US strike, Tehran may still perceive Qatari support, which could prompt retaliation against the facilities or Qatar's natural gas infrastructure.

Qatar's military forces are small, and are summarized in **Figure VI.28**. Qatar is not reported to have received any NADR, IMET, or FMF support in the past three fiscal years, due to the wealth of the Qatari government and the limited scope of Doha's military procurement programs with the US at present. From FY2007-FY2011, Qatar procured the majority of its US assets through commercial programs rather than FMS, as is reflected in **Figures VI.1, VI.2** and **VI.19**.

Doha has never relied on US military equipment. Qatari purchases have been more oriented toward French equipment, including a fleet of Mirage M-2000 fighter aircraft. US-origin assets have been restricted to transport aircraft, including 2 C-17s and 4 C-130Js that have been ordered.<sup>291</sup>

Recently, however, Doha has started to show a preference for US hardware, particularly in the realm of missile defense. In November 2012, the DSCA informed Congress of two major missile defense FMS transactions to Qatar: a \$6.5 billion sale of 2 Terminal High-Altitude Air Defense (THAAD) fire units, 2 THAAD radars, 1 early-warning radar, and 250 interceptors among other items;<sup>292</sup> and a \$9.9 billion sale of 11 Patriot PAC-3 fire units as well as 246 GEM-T and 768 PAC-3 missiles.<sup>293</sup>

These recent procurement efforts may reflect Qatar's heightened concern over Iran and the security of natural gas infrastructure and US military installations in the country.

### ***Implications for US Policy***

The US has a good security partner in Qatar, but it needs to continue to respect Qatar's exposed strategic position and search for an individual political identity. While the US needs to support efforts to create a stronger and more unified GCC, it also needs to accept the fact that some of the other Gulf states still see Saudi efforts at leadership as a threat, and that progress will be slow and evolutionary.

The US also needs to work closely with the Qatari government – as well as other GCC governments like the UAE – to coordinate as closely as possible in providing outside aid to insurgents and dissidents like those in Libya and Syria – remembering that its allies are Arab, Sunni, and often have different priorities and values. Strong US country teams, and quiet and patient diplomatic efforts, will be the key to success.

---

<sup>291</sup> "Chapter 7: Middle East and North Africa," in *The Military Balance 2012*, International Institute for Strategic Studies, 112: 1, 303-360. p. 344-345.

<sup>292</sup> "Qatar – Terminal High Altitude Area Defense (THAAD)," Defense Security Cooperation Agency, News Release, November 5, 2012. [http://www.dsca.mil/PressReleases/36-b/2012/Qatar\\_12-49.pdf](http://www.dsca.mil/PressReleases/36-b/2012/Qatar_12-49.pdf)

<sup>293</sup> "Qatar – PATRIOT Missile System and Related Support and Equipment," Defense Security Cooperation Agency, News Release, November 7, 2012. [http://www.dsca.mil/PressReleases/36-b/2012/Qatar\\_12-58.pdf](http://www.dsca.mil/PressReleases/36-b/2012/Qatar_12-58.pdf)

**Figure VI.28: Qatari Military Strength in 2012**

<b>Force Size</b>	<b>Total</b>
Total Defense Expenditures (\$US Millions)	\$3,450**
Total Active Military Manpower	11,800
Total Reserve Military Manpower	-
Total Paramilitary Manpower	-
<b>Army and National Guard Forces</b>	<b>Total</b>
Active Manpower	8,500
Reserve Manpower	-
Main Battle Tanks	30
Other Armored Vehicles	269
Self-Propelled Artillery	28
Towed Artillery	12
Multiple Rocket Launchers	4
<b>Air and Major Surface-to-Air Missile Forces</b>	<b>Total</b>
Air Force Active Manpower	1,500
Combat Aircraft	18
Armed/Attack Helicopters	8
AC&W, Intelligence, and AWACs Aircraft	-
Tankers	-
Air Defense Manpower	-
Surface-to-Air Missile/Launchers	75
Surface-to-Surface Missile Launchers	-
<b>Naval Forces and Coast Guard</b>	<b>Total</b>
Active Manpower	1,800
Marines	-
Submersibles	-
Major Surface Ships	-
Missile Patrol Boats and Corvettes with Missiles	7
Other Patrol Boats	14
Mine Warfare	-
Amphibious	1
Maritime Patrol Aircraft	-
Helicopters	-

Source: Table created by Robert Shelala II using data from: "Chapter 7: Middle East and North Africa," in *The Military Balance 2012*, International Institute for Strategic Studies, 112: 1, 303-360. p. 344-345. Note: \*\*=2011 defense expenditures. Attack helicopters include 8 anti-surface warfare helicopters.



**UAE<sup>294</sup>**

Source: Central Intelligence Agency, *The World Factbook*

The UAE is a wealthy state with a small native population. It is composed of seven separate Emirates – Abu Zaby (Abu Dhabi), 'Ajman, Al Fujayrah, Ash Shariqah (Sharjah), Dubayy (Dubai), Ra's al Khaymah, Umm al Qaywayn (Quwain). Abu Dhabi and Dubai are the leading powers and control the positions of the president and prime minister.

According to the CRS, only 10% of the population of the UAE holds citizenship status, with 23% of the population from elsewhere in the Arab world and Iran; 16% of the country's Muslim population is Shia.<sup>295</sup> It can buy its way out of most security and stability problems – although a recent economic crisis in Dubai showed there are limits to its wealth, and its northern and eastern Emirates are less wealthy than Abu Dhabi and Dubai.

<sup>294</sup> For detailed background on the history of US and Iranian relations with the UAE, and the UAE's role in the Gulf, see Anthony H. Cordesman and Khalid Al-Rhodan, *Gulf Military Forces in an Era of Asymmetric Warfare Volume One: Overview and Northern Gulf*, Praeger, Westport, 2007 and *Gulf Military Forces in an Era of Asymmetric Warfare, Volume Two: GCC & Southern Gulf*, Praeger, Westport, 2007; Anthony H. Cordesman, *Bahrain, Oman, Qatar and the UAE: Challenges of Security*, Westview, Boulder, 1997, Westview, Boulder, 1997; Anthony H. Cordesman, *The Gulf and the West*, Boulder, Westview, 1988; and Anthony H. Cordesman, *The Gulf and the Search for Strategic Stability*, Westview, Boulder, 1984.

<sup>295</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, October 4, 2012. p. 2.

Recent CIA reporting describes the UAE as follows:<sup>296</sup>

The Trucial States of the Persian Gulf coast granted the UK control of their defense and foreign affairs in 19th century treaties. In 1971, six of these states - Abu Zaby, 'Ajman, Al Fujayrah, Ash Shariqah, Dubayy, and Umm al Qaywayn - merged to form the United Arab Emirates (UAE). They were joined in 1972 by Ra's al Khaymah.

The UAE's per capita GDP is on par with those of leading West European nations. Its generosity with oil revenues and its moderate foreign policy stance have allowed the UAE to play a vital role in the affairs of the region. For more than three decades, oil and global finance drove the UAE's economy.

However, in 2008-09, the confluence of falling oil prices, collapsing real estate prices, and the international banking crisis hit the UAE especially hard. In March 2011, about 100 Emirati activists and intellectuals posted on the Internet and sent to the government a petition calling for greater political reform, including the establishment of a parliament with full legislative powers and the further expansion of the electorate and the rights of the Federal National Council (FNC), the UAE's quasi-legislature.

In an effort to stem further unrest, the government announced a multi-year, \$1.6-billion infrastructure investment plan for the poorer northern emirates. In late September 2011, an FNC election - in which voting was expanded from 6,600 voters to about 12 percent of the Emirati population - was held for half of the FNC seats. The other half are appointed by the rulers of the emirates.

The UAE has not seen serious unrest since 2011, but the country does suffer from numerous social issues that challenge its government. These issues do not stem from the Sunni-Shia divide, but are rather the result of over dependence on foreign labor, unemployment issues, and insufficient progress toward creating an effective and popular government – issues caused by and leading to a rigid economic, political, and social power system controlled by both the central government and the still large independent leaders of its member Emirates.

The country is ruled by a Council of Ministers appointed by the President (Khalifa bin Zayid Al-Nuhayyan of Abu Dhabi), although the Vice President and Prime Minister (Muhammad Bin Rashid of Dubai) is a de facto partner and each Emirate is consulted. The leaders of the various Emirates also participate in a Federal Supreme Council (FSC). The CIA describes the FSC as, “the highest constitutional authority in the UAE; establishes general policies and sanctions federal legislation; meets four times a year; Abu Zaby (Abu Dhabi) and Dubayy (Dubai) rulers have effective veto power.”<sup>297</sup>

The UAE does have an advisory legislative body, the Federal National Council. However, the council cannot create or veto laws and members of the cabinet have limited accountability to the body. Moreover, the electorate is only authorized to comprise of 129,000 people – this in a country of roughly 1 million citizens. In September 2012, 60

---

<sup>296</sup> CIA, “United Arab Emirates,” *CIA Work Factbook*, accessed December 29, 2012, <https://www.cia.gov/library/publications/the-world-factbook/geos/ae.html>

<sup>297</sup> CIA, “United Arab Emirates,” *CIA Work Factbook*, accessed December 29, 2012, <https://www.cia.gov/library/publications/the-world-factbook/geos/ae.html>



members of a group reportedly linked to the Muslim Brotherhood were taken into custody after they admitted to coup efforts.<sup>298</sup>

There has been enough unrest for the government to step up its internal security efforts, act preemptively against opposition elements, strengthen its counterterrorism issues, expel some Iranians felt to support the Iranian government, and crackdown on or expel some think tanks and outside research centers.

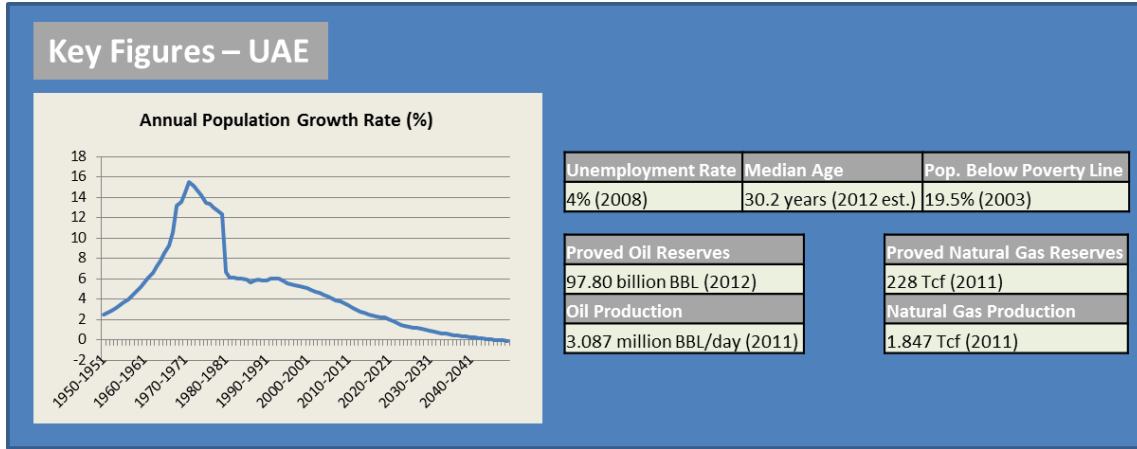
The government has also taken steps to mitigate unemployment issues for its own nationals, such as the 2011 directive for the state to hire 6,000 new personnel, but the result has been to enlarge an already oversized public sector, where roughly 90% of employed citizens already work for the government.

Furthermore, one initiative to enhance employment through an employment council has led workers to leave their jobs, believing that the council will help them to secure other employment, leading to rising unemployment. This, coupled with the fact that the private sector in the UAE largely relies on expatriate labor, has created a serious problem for Abu Dhabi that is considered “fiscally untenable” by *The Economist*, which also reports that the size of the UAE federal government will quadruple by 2030.<sup>299</sup>

---

<sup>298</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, October 4, 2012. p. 2,4, 6.

<sup>299</sup> “Where are the Jobs for the Boys?,” *The Economist*, November 24, 2012.  
<http://www.economist.com/news/middle-east-and-africa/21567128-recent-government-efforts-create-jobs-may-store-up-trouble-future-where>

**Figure VI.29: The UAE – A Statistical Overview**

Key Data and Indicators	Figures
Total Population in Millions	5.3
Median Age in Years	30.2
Percent 0-14 Years	20.50%
Urban Population	84%
Literacy Rate	77.90%
GDP (in \$ US billions) Official Exchange Rate	\$336.50
GDP PPP Per Capita World Ranking	12
Labor Force in Thousands	4,111
Unemployment, ages 15-24	12.10%
Annual entrants to the workforce (male)	27,439
Annual entrants to the workforce (female)	24,419

Source: Created by Robert Shelala II using data from: Unemployment rate: "Unemployment, Total (% of Total Labor Force, The World Bank, accessed January 7, 2013. <http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS>; Median age, population below poverty line: Central Intelligence Agency, *The World Factbook [United Arab Emirates]*, updated December 19, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ae.html>; Energy information: "United Arab Emirates: Country Analysis Brief," US Energy Information Administration, updated October 16, 2012. <http://www.eia.gov/countries/country-data.cfm?fips=TC>; Annual population growth rate: "International Programs: International Data Base," United States Census Bureau, US Department of Commerce, undated. <http://www.census.gov/population/international/data/idb/informationGateway.php> (Accessed December 14, 2012); Key data and indicators: Central Intelligence Agency, *The World Factbook [United Arab Emirates]*, updated December 19, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ae.html>. "Annual entrants to the workforce" determined using "manpower reaching militarily significant age annual" figure from CIA.

### ***UAE's Relations with Iran***

The UAE and Iran have had close economic relations, particularly in the case of Dubai, but tense relations in political, diplomatic, and security terms. Abu Dhabi has sought to maintain a balance between containing Iranian power – including backing diplomatic

efforts to curb the Iranian nuclear program – and maintaining amicable enough ties so as to avoid confrontation.<sup>300</sup>

The Iranian expatriate population of Dubai is also quite large – reported at 400,000 in a 2010 CRS report – and is viewed with concern by the UAE leadership due to the prospect of unrest.<sup>301</sup> This demographic represents roughly 30% of Dubai’s population, according to population data from the 2005 Dubai census.<sup>302</sup>

Serious tensions began to emerge between Iran and the UAE when the UAE was created in 1971. The Shah of Iran took control of key islands near the tanker routes to the west of the Strait of Hormuz that the British had given to Sharjah known as Greater and Lesser Tunb and began a military presence on another island, Abu Musa.<sup>303</sup> While Sharjah was forced to agree to the Iranian move, it was a key factor leading Sharjah to join the UAE.

Since that time, the UAE government has been critical of the Iranian incursion. These tensions escalated in 1992 when Iran took over Abu Musa. Abu Dhabi has called upon Iran to return the islands to Emirati sovereignty, and has supported GCC calls to have the issue resolved through the International Court of Justice (ICJ).<sup>304</sup>

Iran has blocked numerous Emirati attempts to resolve this issue diplomatically with Abu Dhabi. UAE-Iran relations were further undermined in 2012 when President Ahmadinejad traveled to Abu Musa, resulting in the recalling of the Emirati ambassador to Iran.<sup>305</sup> Another such episode occurred earlier in December 2009 when, following a GCC call for resolution of the dispute through the ICJ, the Iranian Foreign Ministry claimed permanent Iranian sovereignty of the disputed islands, rather than at least entertaining the ICJ proposal.<sup>306</sup>

---

<sup>300</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, October 4, 2012. p. 13; Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 13.

<sup>301</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 14.

<sup>302</sup> Dubai Statistics Center, “Total Population, Buildings, Housing Units & Establishments in Census – Emirate of Dubai,” Government of Dubai. 2005. <http://dsc.gov.ae/Reports/2117025GC05-01-01.pdf>

<sup>303</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 12.

<sup>304</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 12-13.

<sup>305</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, October 4, 2012. p. 14.

<sup>306</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, and Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 13.

In December 2012, the UAE again expressed its interest in engaging Iran over the islands when President Khalifa bin Zayed al-Nahayan suggested opening talks with Iran. The Iranian Foreign Ministry, however, responded with a firm statement that left little room for agreement between the two states on the matter. The Iranian Foreign Minister stated, “Repeating baseless claims will not have any influence on existing realities. The three Iranian islands have been and will remain an integral part of the Islamic Republic of Iran’s territory.”<sup>307</sup> Given Iran’s reluctance to engage Abu Dhabi in any way over the islands, this issue will likely remain a key point of contention between the two states through the long term.

The UAE has selectively expelled some Iranian residents and citizens with Iranian backgrounds, and acted against Iranian intelligence and smuggling operations in the UAE. The Emirati leadership is also concerned about the 400,000 strong Iranian expatriate population in Dubai,<sup>308</sup> but the likelihood of serious unrest being provoked by Iran seems limited. The UAE’s main internal security problems seem to be a lack of political rights and jobs for its citizens, and rights and citizenship for its foreign workers.

The UAE has become steadily more aggressively in dealing with the Tunbs and Abu Musa islands, and has moved its military aircraft and ships near the islands. Illicit trade continues to be of great value to Iran and crucial to the Iranian financial sector, which could mitigate more hostile Iran-UAE tensions.

Trade has been a counterbalance to these tensions in the past. During the period before the US and EU adopted new, far stronger sanction in late 2011 and early 2012, the UAE was the largest source of Iranian imports (30.9%),<sup>309</sup> and Iran was the third-largest export market for the UAE (10.9%) according to the CIA.<sup>310</sup>

Based on data from the European Commission, when grouping together the 27 states of the EU, the UAE was Iran’s second-largest trading partner in 2010 after the EU<sup>311</sup> and Iran was the UAE’s fifth-largest trading partner.<sup>312</sup> It is reported by *Bloomberg* that bilateral trade from Dubai to Iran surged three-fold between 2005 and 2009, and that

---

<sup>307</sup> AFP, “Iran Brushes Off UAE Call for Talks on Gukf Islands,” *Al Arabiya News*, December 5, 2012. <http://english.alarabiya.net/articles/2012/12/05/253375.html>

<sup>308</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, October 4, 2012. p. 14.

<sup>309</sup> Central Intelligence Agency, *The World Factbook [Iran]*, updated November 13, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ir.html>

<sup>310</sup> Central Intelligence Agency, *The World Factbook [United Arab Emirates]*, updated November 13, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ae.html>

<sup>311</sup> “Iran: EU Bilateral Trade and Trade with the World,” European Commission, March 21, 2012. [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113392.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113392.pdf)

<sup>312</sup> “United Arab Emirates: EU Bilateral Trade and Trade with the World,” European Commission, March 21, 2012. [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113458.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113458.pdf)

there were roughly “8,000 Iranian businesses and at least 1,200 trading companies” in Dubai alone<sup>313</sup> before the UAE began to pressure many to leave in 2012.

Dubai is reported to have been an important logistical node in the A.Q. Khan nuclear proliferation network that is believed to have supplied nuclear weapons technology to Iran – as well as other states. Several businesses in the Emirates have been identified by the US government for facilitating the movement of materials for nuclear weapons to the Islamic Republic.<sup>314</sup>

In 2009, the Institute for Science and International Security claimed Iranian transfers of other illicit technologies moved through the UAE. According to the CRS, “The [Institute for Science and International Security] report asserted that Iran has used UAE companies to obtain technology from U.S. suppliers, and that the components obtained have been used to construct improvised explosive devices (IEDs) shipped by Iran to militants in Iraq and Afghanistan.”<sup>315</sup>

Other forms of smuggling from the UAE to Iran involve the transfer of sanctioned consumer goods – some of which are reportedly of US origin – as well as aviation and computer materials that could aid the Iranian military and nuclear program.<sup>316</sup> It is also believed that there are still companies in the UAE that provide Iran with gasoline despite US sanctions.<sup>317</sup>

The threat of obstacles to UAE-Iran trade has helped lead to large declines in the value of the Iranian Rial, and it is believed that the UAE still has Iranian banks functioning within it.<sup>318</sup> In August 2012, the *New York Times* reported that Iran was laundering money through Afghanistan, where it is converted into US Dollars, and transferred to financial institutions in the Gulf.<sup>319</sup>

According to the report, “In 2011, an estimated \$4.6 billion, a sum equivalent to roughly a third of Afghanistan’s gross domestic product, was stuffed into suitcases, shrink-wrapped onto pallets or packed into boxes and flown out of Kabul’s airport on

---

<sup>313</sup> Kambriz Foroohar, “Dubai Helps Iran Evade Sanctions as smugglers Ignore U.S. Laws,” *Bloomberg*, January 25, 2010. [http://www.bloomberg.com/apps/news?pid=newsarchive&sid=av5smtYe\\_DDA](http://www.bloomberg.com/apps/news?pid=newsarchive&sid=av5smtYe_DDA)

<sup>314</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, October 4, 2012. p. 16.

<sup>315</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, October 4, 2012. p. 16.

<sup>316</sup> Kambriz Foroohar, “Dubai Helps Iran Evade Sanctions as smugglers Ignore U.S. Laws,” *Bloomberg*, January 25, 2010. [http://www.bloomberg.com/apps/news?pid=newsarchive&sid=av5smtYe\\_DDA](http://www.bloomberg.com/apps/news?pid=newsarchive&sid=av5smtYe_DDA)

<sup>317</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, October 4, 2012. p. 14.

<sup>318</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, October 4, 2012. p. 14.

<sup>319</sup> Matthew Rosenberg and Annie Lowrey, “Iranian Currency Traders Find A Haven in Afghanistan,” *New York Times*, August 17, 2012. <http://www.nytimes.com/2012/08/18/world/middleeast/iranian-currency-flows-into-afghanistan-markets.html?pagewanted=all>

commercial airline flights, most of them headed for Dubai...” The report did not make clear how much of that \$4.6 billion was laundered Iranian capital.<sup>320</sup>

The foreign banking sector in the Emirates has also been of concern when it comes to providing financial assistance to Iran. It has been reported that UAE personnel for the British bank Lloyds TSB facilitated the movement of capital via US networks for Iran, resulting in penalization from the US Justice Department and Manhattan District Attorney.<sup>321</sup>

While this situation is changing as a result of the growing tensions between the UAE and Iran, it is important to keep in mind the internal political dynamics between each of the emirates – particularly between Dubai and Abu Dhabi. While Dubai has been a hotbed for smuggling to Iran, Abu Dhabi – as the seat of power – has been concerned about Iran and its infringement on the Gulf islands. Abu Dhabi has ensured that Dubai remains financed – notably through a 2009 grant valued at \$20 billion in funds, and Abu Dhabi has pushed Dubai to restrict Iranian transactions.<sup>322</sup>

Abu Dhabi has taken measures to protect its economic interests against the prospect of attack from Iran. One notable development has been the development of the Abu Dhabi Crude Oil Pipeline (ADCOP), which circumvents the Strait of Hormuz by moving oil via pipeline from Abu Dhabi to Fujairah.<sup>323</sup> Another pipeline may also be developed to Fujairah.

---

<sup>320</sup> Matthew Rosenberg and Annie Lowrey, “Iranian Currency Traders Find A Haven in Afghanistan,” *New York Times*, August 17, 2012. <http://www.nytimes.com/2012/08/18/world/middleeast/iranian-currency-flows-into-afghanistan-markets.html?pagewanted=all>

<sup>321</sup> Kambriz Foroohar, “Dubai Helps Iran Evade Sanctions as smugglers Ignore U.S. Laws,” *Bloomberg*, January 25, 2010. [http://www.bloomberg.com/apps/news?pid=newsarchive&sid=av5smtYe\\_DDA](http://www.bloomberg.com/apps/news?pid=newsarchive&sid=av5smtYe_DDA)

<sup>322</sup> Kambriz Foroohar, “Dubai Helps Iran Evade Sanctions as smugglers Ignore U.S. Laws,” *Bloomberg*, January 25, 2010. [http://www.bloomberg.com/apps/news?pid=newsarchive&sid=av5smtYe\\_DDA](http://www.bloomberg.com/apps/news?pid=newsarchive&sid=av5smtYe_DDA)

<sup>323</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, October 4, 2012. p. 23.

### *UAE's Relations with the US*

US relations with the UAE have focused principally on security and economic cooperation. The US entered formal military cooperation with the UAE in 1994, which allowed for “U.S. equipment pre-positioning,” as well as for US Navy calling rights at the port of Jebel Ali and US use of the Al Dhafra Air Base, according to the CRS.<sup>324</sup> There were approximately 3,000 US troops in the UAE as of late 2011, the majority of which were Air Force personnel. Al Dhafra Air Base has accommodated US KC-10 refueling tankers as well as – allegedly – F-22 stealth fighter aircraft. These facilities played a role in the recent US wars in Iraq and Afghanistan.<sup>325</sup>

The UAE has also turned to the US to build up an air force that is becoming far more modern – and arguably more capable – than that of Iran, and has gained combat experience in Libya. The UAE’s Navy is also one of the most effective forces in the region, leading some US experts to refer to the UAE as the “little Sparta” of the Gulf. The UAE’s military forces are summarized in **Figure VI.30**.

With the exception of Saudi Arabia, the UAE was the world leader in commitments to US Foreign Military Sales (FMS) purchases between 2007-2010.<sup>326</sup> As **Figure VI.19** shows, Abu Dhabi was the second-largest recipient of commercial exports of defense articles in the Arabian Peninsula between FY2007-FY2011, with just under \$1.5 billion in US exports.

The US has made large arms transfers to the UAE include 79 F-16 fighter aircraft (13 of which will stay in the US), 64 AH-64 Apache attack helicopters, 9 Bell 412 Twin Huey multi-role helicopters, and numerous helicopter and fixed-wing transport aircraft including CH-47F Chinook, UH-60L Blackhawk, Bell 407, C-17, C-130, and L-100-30 platforms. Weapon transfers include AGM-65G Maverick and AGM-114 Hellfire air-to-ground missiles and AIM-9L Sidewinder and AIM-120 AMRAAM air-to-air missiles.<sup>327</sup> In November 2011, the DSCA informed Congress of a possible procurement of 4,900 Joint Direct Attack Munitions (JDAM) kits to the UAE, worth roughly \$304 million to supplement kits sold previously.<sup>328</sup>

---

<sup>324</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, October 4, 2012. p. 10.

<sup>325</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, October 4, 2012. p. 10.

<sup>326</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, July 17, 2012. p.13.

<sup>327</sup> “Chapter 7: Middle East and North Africa,” in *The Military Balance 2012*, International Institute for Strategic Studies, 112: 1, 303-360. p. 353-354.

<sup>328</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, October 4, 2012. p. 12.

Washington has made the development of missile defense capabilities a priority for support to the UAE. US-origin missile defense assets include the I-HAWK MIM-23B missile defense system,<sup>329</sup> and a sale made public in 2007 of PAC-3 PATRIOT missile defense capabilities. In 2011 Washington indicated that the UAE would be the first foreign state to buy the Terminal High Altitude Air Defense (THAAD) system – a deal valued at roughly \$3.48 billion and which will involve the transfer of 96 missiles.<sup>330</sup>

The US Navy also maintains a Fujairah-Jebel Ali land link, which allows naval cargo to be trucked between the two ports and around the Strait.<sup>331</sup> These could help offset some of the risks of Iranian naval actions against the Strait of Hormuz, but by no means insulate the UAE from the Iranian threat which could cripple Emirati commerce beyond the capabilities of the Abu Dhabi Crude Oil Pipeline (ADCOP) – which bypasses the Strait<sup>332</sup> – or the land transfer of ocean freight to fully compensate.

Other security cooperation involving the UAE includes the country being an “observer” in the North Atlantic Treaty Organization (NATO), as well as a growing partner in counter-terrorism efforts and efforts to contain Iran. The UAE took steps in late 2010 to prevent financial transactions between institutions in the UAE and Iran, leading to 15% depreciation of the Iranian Rial. However, it is reported that there are still banks within the UAE that conduct transactions with Iran. Abu Dhabi has also agreed to the Container Security Initiative Statement of Principles, which involves the inspection of containers destined for the US – including containers shipped from Iran.<sup>333</sup>

Commercial links with the US are another important component of bilateral ties with Washington for the UAE. According to the CIA, the US was the third-largest source of the UAE’s imports in 2011.<sup>334</sup> When grouping together the 27 states of the EU, the US was the UAE’s seventh largest trading partner in 2010, with just under 10.5 billion Euros in bilateral trade, according to the European Commission. The bulk of this trade consisted

---

<sup>329</sup> “Chapter 7: Middle East and North Africa,” in *The Military Balance 2012*, International Institute for Strategic Studies, 112: 1, 303-360. p. 354.

<sup>330</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, July 17, 2012. p.11-12.

<sup>331</sup> “United Arab Emirates Facilities,” GlobalSecurity.org, updated May 7, 2011. <http://www.globalsecurity.org/military/facility/uae.htm>

<sup>332</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, July 17, 2012. p. 23.

<sup>333</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, October 4, 2012. p. 12, 14, 16.

<sup>334</sup> Central Intelligence Agency, *The World Factbook [United Arab Emirates]*, updated November 13, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ae.html>



of Emirati imports from the US.<sup>335</sup> Washington is reportedly working towards the establishment of a free trade agreement with the UAE.<sup>336</sup>

The UAE is, however, sensitive to any outside source of criticism. Despite otherwise strong US-Emirati relations, in 2012 the UAE prevented the National Democratic Institute (NDI) and the RAND Corporation from maintaining a presence in the country.<sup>337</sup>

### ***Implications for US Policy***

The UAE is a solid security partner. As is the case with Qatar, however, the US needs to continue to respect the UAE's need to pursue its own approach to Iran and the problems sanctions create for the UAE's economy, as well as the UAE's search for an individual political identity. While the US again needs to support efforts to create a stronger and more unified GCC, it also needs to accept the fact that progress will be slow and evolutionary.

The US also needs to work closely with the UAE's government – as well as other GCC governments like the UAE – to coordinate as closely as possible in providing outside aid to insurgents and dissidents like those in Libya and Syria – remembering that its allies are Arab, Sunni, and often have different priorities and values. Strong US country teams and quiet and patient diplomatic efforts will be the key to success.

---

<sup>335</sup> "United Arab Emirates: EU Bilateral Trade and Trade with the World," European Commission, March 21, 2012. [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113458.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113458.pdf)

<sup>336</sup> Kenneth Katzman, *The United Arab Emirates (UAE): Issues for U.S. Policy*, Congressional Research Service, July 17, 2012. p. 23. Katzman mentions that "an agreement is expected to be signed before the end of June 2012," although the report itself was published in October 2012. Media reporting does not suggest that an agreement was signed in June 2012.

<sup>337</sup> AP, "UAE Shuts US-Based RAND Policy Group in Latest Restriction of Political-Related Activities," *Washington Post*, December 20, 2012.

**Figure VI.30: UAE Military Strength in 2012**

<b>Force Size</b>	<b>Total</b>
Total Military Spending (\$US Millions)	\$9,320
Total Active Military Manpower	51,000
Total Reserve Military Manpower	-
Total Paramilitary Manpower	-
<b>Army and National Guard Forces</b>	<b>Total</b>
Active Manpower	44,000
Reserve Manpower	-
Main Battle Tanks	471
Other Armored Vehicles	1,640
Self-Propelled Artillery	221
Towed Artillery	93
Multiple Rocket Launchers	92+
<b>Air and Major Surface-to-Air Missile Forces</b>	<b>Total</b>
Air Force Active Manpower	4,500
Combat Aircraft	178
Armed/Attack Helicopters	-
AC&W, Intelligence, and AWACs Aircraft	7
Tankers	-
Air Defense Manpower	-
Surface-to-Air Missile/Launchers	40+
Surface-to-Surface Missile Launchers	6
<b>Naval Forces and Coast Guard</b>	<b>Total</b>
Active Manpower	2,500*
Marines	-
Submersibles	10
Major Surface Ships	-
Missile Patrol Boats and Corvettes with Missiles	11
Other Patrol Boats	66
Mine Warfare	2
Amphibious	28
Maritime Patrol Aircraft	-
Helicopters	18

Source: Table created by Robert Shelala II using data from: "Chapter 7: Middle East and North Africa," in *The Military Balance 2012*, International Institute for Strategic Studies, 112: 1, 303-360. p. 352-354. Note: \*=estimate. "Other patrol boats" includes National Infrastructure Authority.

**Yemen**<sup>338</sup>

Source: Central Intelligence Agency, *The World Factbook*

Yemen is the most troubled state in the Arabian Peninsula. It remains in a low-level state of civil war, and is deeply divided on a sectarian, tribal, and regional level. Its population growth has sharply outpaced both its economic development and its water and food supplies, it has declining petroleum reserves and exports, and has become a narco-economy with most of its male population addicted to Qat.

**Figure VI.31** provides a statistical summary of Yemen's current population and economy, with the most striking figure the country's per capita income. This income has shrunk steadily since 2008, dropping to \$2,300 in 2012. This is one of the lowest in the world, and ranks 186<sup>th</sup> in a region where Qatar is the highest per capita income in the

<sup>338</sup> For detailed background on the history of US and Iranian relations with Yemen, and Yemen's role in the Gulf, see Anthony H. Cordesman and Khalid Al-Rhodan, *Gulf Military Forces in an Era of Asymmetric Volume One: Overview and Northern Gulf*, Praeger, Westport, 2007 and *Gulf Military Forces in an Era of Asymmetric Warfare (with Khalid A. Rodhan), Volume Two: GCC & Southern Gulf*, Praeger, Westport, 2007; Anthony H. Cordesman, *The Gulf and the West*, Boulder, Westview, 1988; and Anthony H. Cordesman, *The Gulf and the Search for Strategic Stability*, Westview, Boulder, 1984.

world and the next lowest is Iran at 92<sup>nd</sup>. The CIA estimates that Yemen's GDP shrank by over 10% in 2011, and that over 45% of the population is below a dismally low standard for a poverty line. The most recent unemployment figure dates back to a far more stable 2003, and that number was 35%. The population growth rate is an extremely high 2.575%, the median age is only 18.3 year, and over 42% of a population of over 24.8 million is zero to 14 years of age. Over 287,000 males and 277,000 females reach employment age each year, and both the UN and US Census Bureau predict Yemen will be under intensive demographic pressure through 2050.<sup>339</sup>

Yemen's central government remains highly unstable, and its forces weak and deeply divided. A sectarian rebellion continues in the Houthi areas in the northwest. It is now the location of the main elements and leadership of Al Qa'ida in the Arabian Peninsula (AQAP). Serious tribal warfare continues in other areas, and there is a risk that parts of the south will again seek to succeed.<sup>340</sup> Illegal immigration totaling some 400,000 a year, border clashes and smuggling, and terrorism present major problems for Saudi Arabia, which fought a recent border war against the Houthi rebels in the area and is now seeking to create a security zone along the border while creating a mix of concrete barriers and a multi-billion dollar electronic fence to separate the two countries.<sup>341</sup>

September 2012 reporting by the World Bank provides broad warnings regarding Yemen's challenges, but only provides limited data on its political, economic, demographic, and security problems.<sup>342</sup>

After almost a year of crisis, in the wake of the Arab Spring, Yemen has embarked on a political transition based on an agreement brokered by the Gulf Cooperation Council (GCC). The Government of National Reconciliation was formed and confirmed by the Parliament in December

---

<sup>339</sup> Central Intelligence Agency, *The World Factbook [Yemen]*.

<https://www.cia.gov/library/publications/the-world-factbook/geos/ym.html> (Accessed December 28, 2012); Figures VI.4-VI.6.

<sup>340</sup> For a mix of views and data on the seriousness of these problems see the International Crisis Group, *Yemen: Enduring Conflicts, Threatened Transition, Middle East Report N°125*, 3 Jul 2012, *Breaking Point? Yemen's Southern Question, Middle East Report N°114*, 20 Oct 2011, *Popular Protest in North Africa and the Middle East (II): Yemen between Reform and Revolution, Middle East/North Africa Report N°102*, 10 Mar 2011, *Yemen: Defusing the Saada Time Bomb, Middle East Report N°86*, 27 May 2009, <http://www.crisisgroup.org/en/regions/middle-east-north-africa/iraq-iran-gulf/yemen.aspx>. Also see the Carnegie Endowment, "Drones and IEDs: A Lethal Cocktail," Moisés Naím *El País*, March 8, 2012; Christopher Boucek, "Evolution of al-Qaeda in the Arabian Peninsula," *Orient IV*, 2011; Christopher Boucek, "Yemen After Saleh's Return and Awlaki's Exit," October 27, 2011; Nathan J. Brown, Marina Ottaway, Paul Salem, "The Emerging Order in the Middle East," *Policy Outlook*, May 2012; Nadwa Al-Dawsari, "Tribal Governance and Stability in Yemen," Carnegie Paper, April 2012; Charles Schmitz, "Building a Better Yemen," Carnegie Paper, April 3, 2012.

<sup>341</sup> For a good Saudi analysis of these issues see Colonel Hassan Abosaq, Saudi Arabia, *The Implications of Unstable Yemen on Saudi Arabia*, United States Army War College. Class of 2012, February 28, 2012. For summary views, see Hugh Eakin, Saudi Arabia and the New US War in Yemen, *New York Review of Books*, May 21, 2012, <http://www.nybooks.com/blogs/nyrblog/2012/may/21/saudi-arabia-and-new-us-war-yemen/>.

<sup>342</sup> World Bank, *Yemen Overview*, September 2012, <http://www.worldbank.org/en/country/yemen/overview>

2011. Presidential elections were held in February 2012, and President Abd Rabbuh Mansur Al-Hadi was sworn in soon afterward. During the transition the government is expected to host a National Dialogue, draft a new constitution, and reform the army and security establishments. The transition is expected to end in February 2014 with legislative and presidential elections, to be held under the new constitution, followed by the inauguration of a new president and formation of a new parliament. Implementation of the GCC agreement is largely on track, though gains achieved so far are fragile and important challenges lie ahead.

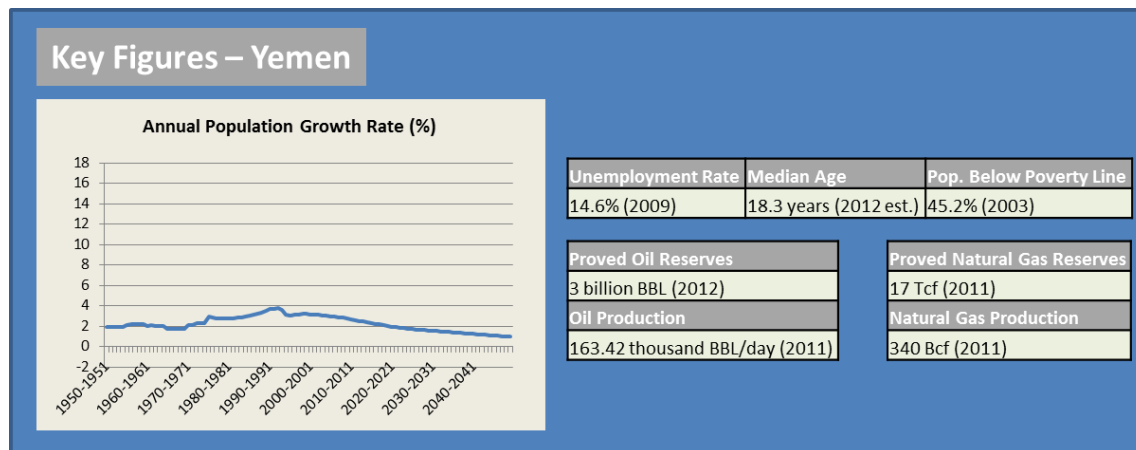
The transition government has an opportunity to start addressing the underlying causes of instability and social strife in order to rebuild Yemen's social and economic base and restore macroeconomic stability. Despite a history of conflict and recent unrest, there is an overall sense of optimism and hope for inclusive change in post-revolution Yemen. However, Yemen's transition may face significant risks if reforms do not materialize quickly and if substantive changes are not felt in the population, thus contributing to disillusionment with the efforts of the new government and potentially a return to unrest and a reversal of gains made.

The economy, already under significant strain prior to the crisis, has been severely disrupted by recent events. Reduced availability of fuel, particularly diesel, has aggravated electricity and water shortages. Agricultural, service, and industrial sectors have faced significant cost increases for inputs such as irrigation, transportation, and marketing, ultimately reducing production and exports. The interruption of production processes has resulted in business closures and job losses. Food and consumer prices have also risen steeply, and official price data for 2011 show an upsurge in annual inflation to 23 percent (at end-2011). While maintaining a relatively stable exchange rate throughout the crisis has helped to anchor expectations and counter food price inflation, Yemen remains one of the world's most food insecure countries.

Even before the crisis, Yemen was one of the poorest countries in the Arab region with a per-capita GDP of US\$1,209. The country has one of the highest population growth rates in the world, placing pressure on educational and health services, drinking water, and employment opportunities. Yemen is not expected to meet any of the Millennium Development Goals (MDGs).[1]

Poverty, which was already increasing prior to the crisis, is estimated to have risen further from 42 percent of the population in 2009 to 54.5 percent in 2012.[2] Poverty is particularly high in rural areas, which are home to about 73 percent of the population and 84 percent of the poor. An estimated 806,586 people are now considered most vulnerable due to current and previous conflicts in Yemen,[3] including children who have been directly involved in or affected by the infighting and violence, as well as 213,000 vulnerable returnees and war-affected persons in the north, 203,900 refugees and asylum seekers,[4] and approximately 150,000 displaced people in the south.[5]

Women, who are already severely disadvantaged in Yemen, have suffered disproportionately as a result of the crisis. Preliminary figures from 2011 indicate decreased access to basic and social services and economic opportunities, as well as high levels of gender-based violence as a result of the unrest. These effects have compounded the severe gender imbalances that already existed.

**Figure VI.31: Yemen - A Statistical Overview**

Key Data and Indicators	Figures
Total Population in Millions	24.7
Median Age in Years	18.3
Percent 0-14 Years	42.50%
Urban Population	32%
Literacy Rate	63.90%
GDP (in \$ US billions) Official Exchange Rate	\$33.22
GDP PPP Per Capita World Ranking	186
Labor Force in Thousands	6,956
Unemployment, ages 15-24	NA
Annual entrants to the workforce (male)	287,141
Annual entrants to the workforce (female)	277,612

Source: Created by Robert Shelala II using data from: Unemployment rate: "Unemployment, Total (% of Total Labor Force)," The World Bank, accessed January 7, 2013. <http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS>; Median age, population below poverty line: Central Intelligence Agency, *The World Factbook [Yemen]*, updated December 17, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ym.html>; Energy information: "Yemen: Country Analysis Brief," US Energy Information Administration, updated October 16, 2012. <http://www.eia.gov/countries/country-data.cfm?fips=YM>; Annual population growth rate: "International Programs: International Data Base," United States Census Bureau, US Department of Commerce, undated. <http://www.census.gov/population/international/data/idb/informationGateway.php> (Accessed December 14, 2012); Key data and indicators: Central Intelligence Agency, *The World Factbook [Yemen]*, updated December 17, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ym.html>. "Annual entrants to the workforce" determined using "manpower reaching militarily significant age annual" figure from CIA.

### *Yemen's Relations with Iran*

Relations between Iran and Yemen are tense. The government in Sana'a perceives that Tehran has involved itself in Yemeni domestic affairs. Sana'a is concerned with Iran's support for the Shia Houthi community in northern Yemen, which has proven a threat to Yemeni security.

The Yemeni government has repeatedly turned down Iranian visits to Yemen as a result of this tension. It is believed that in 2009 Houthi and IRGC figures met in a plot to increase tensions between the Houthis on one hand and Sana'a and Riyadh on the other. Iran's Foreign Minister was denied a visit to Yemen as a result. Additionally, Yemen's military claims that it stopped multiple Iranian arms shipments to the Houthis.<sup>343</sup>

During 2012, various reports have suggested that Iran has expanded its interests in Yemen through links to the Houthi militia and an Iranian espionage network within the country. In March 2012, a report by the *New York Times* citing a high-level US government source stated that the IRGC Quds Force was "using small boats to ship AK-47s, rocket-propelled grenades and other arms to replace older weapons used by the rebels."<sup>344</sup> Four months later, it was reported that President Hadi had turned down a meeting with an Iranian envoy, apparently as a result of an Iranian espionage network run by an ex-IRGC official that was exposed by the Yemeni government.<sup>345</sup>

Despite the diplomatic tension caused by Iran's covert activities in Yemen, a report from *Asharq Alawsat* indicated several months later that Iranian espionage had continued through the Iranian Medical Center in Sana'a, as well as through "trade guises."<sup>346</sup>

The article cited a Yemeni government source as stating that, "Tehran is providing financial and logistical support to the secessionist movement, whilst it is also working to train some armed movements in southern Yemen, in addition to establishing a network of relations with Yemeni parliamentarians, political activists, journalists and writers [...and...] funding media operations and political parties with the objective of thwarting the transition of power in Yemen."<sup>347</sup> This could mean that Iran is not only engaged with the Houthi faction in the north, but perhaps with Southern Mobility Movement (SMM) or AQAP factions in the south, which could have more serious security implications for the US.

The possibility of a relationship between Iran and AQAP is less certain. One Arab media report suggests such a relationship,<sup>348</sup> although open source reporting on any possible ties is limited. An *NBC News* blog posting from August 2011 cites US government sources in

---

<sup>343</sup> Translated by Sonia Farid, "Yemen's Houthis Hold Secret Meeting with Iran," *Al Arabiya News*, December 13, 2009, updated November 3, 2010.

<http://www.alarabiya.net/articles/2009/12/13/94076.html>

<sup>344</sup> Eric Schmitt and Robert F. Worth, "With Arms for Yemen Rebels, Iran Seeks Wider Mideast Role," *New York Times*, March 15, 2012. <http://www.nytimes.com/2012/03/15/world/middleeast/aiding-yemen-rebels-iran-seeks-wider-mideast-role.html? r=0&pagewanted=print>

<sup>345</sup> Reuters, "Yemen Snubs Iranian Envoy After Uncovering Spy Ring," *Reuters*, July 31, 2012.

<http://www.reuters.com/article/2012/07/31/us-yemen-iran-idUSBRE86U0TA20120731>

<sup>346</sup> Mohammed Jumei, "Iranian Revolutionary Guard Escalating Activities in Yemen – Diplomatic Source," *Asharq Alawsat*, July 25, 2012. <http://www.asharq-e.com/news.asp?section=1&id=30461>

<sup>347</sup> Mohammed Jumei, "Iranian Revolutionary Guard Escalating Activities in Yemen – Diplomatic Source," *Asharq Alawsat*, July 25, 2012. <http://www.asharq-e.com/news.asp?section=1&id=30461>

<sup>348</sup> Saeed al Batati, "Yemen's Relations with Iran at All Time Low," *Gulf News*, December 20, 2012.

<http://gulfnews.com/news/gulf/yemen/yemen-s-relations-with-iran-at-all-time-low-1.1121516>

suggesting the possible trafficking of a small firearm and AK-47s between Iran and AQAP.<sup>349</sup>

US experts feel that the support that Tehran does provide to AQAP is limited – similar in strategic value to the limited support that Iran is accused of providing the Taliban in Afghanistan.<sup>350</sup> they also feel this support does not reflect any Iranian backing for AQAP, but rather an effort to make the group a tool for pressuring Saudi Arabia, the US, and the Gulf Arab states through violence and instability. They feel Iran's more assertive support to the Houthis is also rooted in regional objectives and – like support to the Taliban – is a function of Iran's competition with the Gulf Arab states and the US.

There are no reliable data, however, that can put Iran's level of commitment to covert activities in Yemen into reliable perspective and show the extent to which it is assisting factions that seek to undermine the authority of the Gulf Arab and US-backed government in Sana'a. It is also impossible to verify claims that Iran is assisting groups in the south.

Commercial links between Iran and Yemen are limited, and total bilateral trade amounted to less than 1% of Yemen's total trade in 2010 – or 5.8 million Euros.<sup>351</sup>

### *Yemen's Relations with the US*

US policy toward Yemen is driven by US efforts to promote security in the region by assisting the central government of Yemen, carrying out counterterrorism activities and strikes, working with Saudi Arabia, and promoting reform and economic development. There have been numerous terrorist plots against US interests – some successful – with links to Yemen and to al-Qai'da entities within the country:

- **October 2000:** 17 Americans are killed and 39 injured when Al Qai'da bombs the US Navy destroyer USS Cole in Aden, Yemen. The perpetrators pulled alongside the Cole with a small explosives-laden boat. Fahd al Quso, who is believed to have been involved in the plot, was killed in an aerial attack in Yemen in spring 2012. Al Quso is considered to have held a key position in AQAP.<sup>352</sup>

---

<sup>349</sup> Courtney Kube, "New Evidence Links Iran to Terror Group," *NBC News*, World Blog, August 15, 2011. <http://worldblog.nbcnews.com/news/2011/08/15/7381228-new-evidence-links-iran-to-terror-group?lite>

<sup>350</sup> Alireza Nader and Joya Laha, *Iran's Balancing Act in Afghanistan*, RAND National Defense Research Institute, Occasional Paper, 2011.

[http://www.rand.org/content/dam/rand/pubs/occasional\\_papers/2011/RAND\\_OP322.pdf](http://www.rand.org/content/dam/rand/pubs/occasional_papers/2011/RAND_OP322.pdf) p. 7. Authors explain that "Iran currently views its interests in Afghanistan through the prism of U.S.-Iranian enmity. Hence, Iran currently provides support to the Taliban despite the convergence of U.S. and Iranian interests in Afghanistan, including both nations' backing of the Karzai government. Iran, although fundamentally opposed to a complete Taliban victory in Afghanistan, nevertheless uses the group as leverage against U.S. influence in Afghanistan and South Asia." This suggests that Iranian support for the Taliban is a function of the US-Iran competition.

<sup>351</sup> "Yemen: EU Bilateral Trade and Trade with the World," European Commission, March 21, 2012. [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113464.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113464.pdf)

<sup>352</sup> Josh White, "Al-Qaeda Suspect Says He Planned Cole Attack," *Washington Post*, March 20, 2007; "Al Qaeda Leader Linked to USS Cole Attack Killed in Airstrike in Yemen," *ABC News*, May 6, 2012.



- **December 2009:** Umar Faruq Abdulmuttalab attempts to detonate a bomb developed by an AQAP explosives specialist aboard a Northwest Airlines flight on Christmas Day while it was above Detroit.<sup>353</sup>
- **September 2010:** A Boeing 747 flying for the US logistics company UPS crashes in Dubai. Later that year, AQAP asserts involvement in the crash, although Emirati investigators and UPS do not believe a bomb was present on the aircraft.<sup>354</sup>
- **October 2010:** Two bombs are shipped in packages aboard cargo aircraft and consigned to Chicago synagogues. The bombs were discovered and disarmed in the UAE and the UK, with AQAP claiming responsibility for the plot.<sup>355</sup>
- **March 2012:** An employee of the CIA is asserted to have been killed in Yemen by AQAP, according to the group. Later in the month, AQAP killed an American who was teaching in Yemen.<sup>356</sup>
- **October 2012:** A Yemeni security worker at the US Embassy in Sana'a is shot and killed. It is believed that Al Qai'da was behind the attack.<sup>357</sup>

While security links between Washington and Sana'a existed under President Saleh, these security and counterterrorism efforts have been enhanced since President Hadi came to power. The US has pursued multilateral efforts to combat terrorism and promote the change of power in Sana'a. UN Security Council Resolution 2051 in June 2012 allowed for sanctions against parties that obstruct the GCC political transition plan for Yemen.<sup>358</sup>

Yemen's counterterrorism efforts have been guided by the National Security Council's Yemen Strategic Plan – which involves “focusing on combating AQAP in the short term, increasing development assistance to meet long-term challenges, and marshaling support for global efforts to stabilize Yemen.”<sup>359</sup>

---

<http://abcnews.go.com/blogs/politics/2012/05/al-qaeda-leader-linked-to-uss-cole-attack-killed-in-airstrike-in-yemen/>

<sup>353</sup> “Sources Say Drone Strike, AQAP Bomb-Maker, Tied to Recent Foiled Plot,” *ABC News*, May 7, 2012. <http://abcnews.go.com/blogs/politics/2012/05/sources-say-drone-strike-aqap-bomb-maker-tied-to-recent-foiled-plot/>; Jason Ryan, “Underwear Bomber Abdulmutallab: ‘Proud to Kill in the Name of God,’” *ABC: The Blotter*, February 16, 2012. <http://abcnews.go.com/Blotter/underwear-bomber-abdulmutallab-sentenced-life-prison/story?id=15681576>

<sup>354</sup> Erika Solomon and Phil Stewart, “Al Qaeda Yemen Wing Claims Parcel Plot, UPS Crash,” *Reuters Canada*, November 5, 2010. <http://ca.reuters.com/article/topNews/idCATRE6A44PU20101105>

<sup>355</sup> “Al-Qaeda Offshoot Claims Cargo Bombs,” *BBC News*, November 5, 2010. <http://www.bbc.co.uk/news/world-middle-east-11703355>

<sup>356</sup> Jeremy Sharp, *Yemen: Background and U.S. Relations*, Congressional Research Service, November 1, 2012. p. 11.

<sup>357</sup> Mohammed Ghobari, “Gunmen Kill Yemeni Who Worked At U.S. Embassy in Yemen,” *Reuters*, October 11, 2012. <http://www.reuters.com/article/2012/10/11/us-yemen-assassination-idUSBRE89A0F820121011>

<sup>358</sup> Jeremy Sharp, *Yemen: Background and U.S. Relations*, Congressional Research Service, November 1, 2012. p. 3-6, 11.

<sup>359</sup> Jeremy Sharp, *Yemen: Background and U.S. Relations*, Congressional Research Service, November 1, 2012. p. 3-4.

During 2011, US Joint Special Operations Command (JSOC) and the CIA worked together to address the threat of terrorism in Yemen, and the CIA was permitted to attack individuals in Yemen who may not be familiar to the US, but who may be planning to strike the US nonetheless. These strikes are regarded as “signature strikes.”<sup>360</sup> US aircraft and UCAVs carried out strikes in south Yemen in 2012 that targeted the Ansar al Sharia insurgency. It is believed that there were at least 41 US strikes in Yemen in 2012 alone.<sup>361</sup>

These US strikes are having an important effect in killing key terrorists and aiding the Yemeni forces dealing with areas where AQAP and extremists have taken power or challenge the government. They also, however, have produced civilian casualties and resentment, and this has been exploited by AQAP and anti-US elements with some success.<sup>362</sup>

There is no good answer to this problem. The strikes are the only effective way the US can achieve its counterterrorism goals and they produce fewer civilian casualties and collateral damage than any other option. They never, however, will be perfect and the trade-off between making strikes effective and political backlash will always be uncertain unless the Yemeni forces become strong enough so that targeting is clearly seen as aiding a popular central government and not a function of the US having to act largely on its own.

More broadly, the US has consistently sought to use its military assistance to support the reform of the central government, bring unity to the armed forces, and give them the capability to deal with terrorist and extremist groups. In December 2012, the US and Yemen began cooperation under the US-Yemen Political-Military Strategic Dialogue, when Assistant Secretary of State for Political-Military Affairs Andrew J. Shapiro and US CENTCOM Commander General James Mattis visited the country for an initial meeting. According to the US State Department, the dialogue is focused on “U.S. support for a Yemeni-led transition initiative and a wide range of political-military issues, including security cooperation, counterterrorism, border security, and military restructuring.”<sup>363</sup>

---

<sup>360</sup> Jeremy Sharp, *Yemen: Background and U.S. Relations*, Congressional Research Service, November 1, 2012. p. 9.

<sup>361</sup> Jeremy Sharp, *Yemen: Background and U.S. Relations*, Congressional Research Service, November 1, 2012. p. 9-10; ; Bill Roggio and Bob Barry, “Charting the data for air strikes in Yemen, 2002-2012,” *The Long War Journal*, <http://www.longwarjournal.org/multimedia/Yemen/code/Yemen-strike.php>.

<sup>362</sup> For insights into the history such strikes and their impact see See Bill Roggio and Bob Barry, “Charting the data for air strikes in Yemen, 2002-2012,” *The Long War Journal*, <http://www.longwarjournal.org/multimedia/Yemen/code/Yemen-strike.php>, and the “results tagged “Yemen,” section of the Long War Journal’s web page: <http://www.longwarjournal.org/tags/Yemen/common/>. Numerous articles have also appeared on the problems involved in the *New York Times* and *Washington Post*.

<sup>363</sup> “Assistant Secretary for Political-Military Affairs Andrew J. Shapiro Travels to Yemen and Israel,” US Department of State, Office of the Spokesperson, media note, December 14, 2012. <http://www.state.gov/r/pa/prs/ps/2012/12/202068.htm>

While the US has involved itself directly in counterterrorism operations in Yemen's south, US involvement has taken a different form in the north against the Shia Houthi uprising. Although Yemen and Saudi Arabia have been eager to engage Houthis, it appears that the US has been more reluctant to directly engage – likely due to the less significant threat the Houthis pose to US national security relative to AQAP, and due to Iran's possible relationship with the Houthis.

In contrast to the US airstrike operations against militants in the south, it appears that the US only recently began strikes in the north. The Iranian news outlet *PressTV* and *The Hill* both reported in October 2012 that a US UAV killed three people in northern Yemen. According to *The Hill*, those killed were reportedly linked to Al Qai'da. It is uncertain if these targets were also linked to the Houthis, but Abdolmalek al-Houthi spoke out against the attack according to *PressTV*.<sup>364</sup>

Yemen's military forces are summarized in **Figure VI.32**. Yemen has had significant arms transfers from the US and is the largest recipient of NADR funds and FMF funds of any country on the Arabian Peninsula, as was indicated in **Figures VI.1, VI.2, and VI.24**. Between FY2007-FY2011, the US made nearly \$28.5 million in FMS deliveries to Sana'a and \$4.1 million in commercial exports of defense articles, as reflected in **Figure VI.19**. Sana'a also receives Department of Defense 1206 support (\$37.4 million allocated in FY2012) that is geared toward developing Yemeni airpower and maritime security.<sup>365</sup>

US-origin Yemeni military assets include 50 M60A1 tanks, 10 F-5 fighter aircraft, 1 C-130 transport aircraft, and 6 Bell transport helicopters. Munitions provided by the US include the AIM-9 Sidewinder air-to-air missile. Despite these transfers, the majority of Yemeni tanks and aircraft assets originated in the Former Soviet Union.<sup>366</sup>

Yemen's commercial links with the US are minor, but more substantial than those with Iran. According to 2011 data from the CIA, the US was the sixth-largest export market for Yemen (5.8%) and the seventh-largest import market (4.2%).<sup>367</sup> 2010 data from the European Commission show a slightly smaller trade relationship, with bilateral trade with the US amounting to only 3.4% of Yemeni trade – or 474.6 million Euros – making the US Yemen's ninth-largest trading partner when grouping the EU-27 as one entity.<sup>368</sup> The

---

<sup>364</sup> "Houthi Leader Condemns US Drone Attack in Northern Yemen," *PressTV*, October 30, 2012. <http://www.presstv.ir/detail/2012/10/30/269595/yemeni-leader-condemns-us-drone-attack/>; Carlo Munoz, "Report: US Drone Strikes Expand Into Northern Yemen, Killing Three Al Qaeda Suspects," *The Hill*, Defcon Hill blog, October 29, 2012. <http://thehill.com/blogs/defcon-hill/operations/264637-report-us-drone-strikes-expand-into-northern-yemen-killing-three-al-qaeda-suspects->

<sup>365</sup> Jeremy Sharp, *Yemen: Background and U.S. Relations*, Congressional Research Service, November 1, 2012. p. 15, 20.

<sup>366</sup> "Chapter 7: Middle East and North Africa," in *The Military Balance 2012*, International Institute for Strategic Studies, 112: 1, 303-360. p. 355.

<sup>367</sup> Central Intelligence Agency, *The World Factbook [Yemen]*, updated November 14, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ym.html>

<sup>368</sup> "Yemen: EU Bilateral Trade and Trade with the World," European Commission, March 21, 2012. [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113464.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113464.pdf)

US also backs Yemeni efforts to join the World Trade Organization (WTO),<sup>369</sup> and Yemen currently serves as an observer state on the body.<sup>370</sup>

### *Implications for US Policy*

Yemen presents major challenges to the US, Saudi Arabia, Oman, and the other GCC states. It is in the middle of political upheavals that currently center around power struggles in the capital, but affect different factions throughout the country and have no clear solution.

The immediate challenges are daunting. They include creating an effective government to replace Saleh, bringing some kind of unity to divided military security forces, dealing with AQAP and terrorism, ending rebellions, and securing the border with Saudi Arabia and Oman. Some progress has been made, though success has been limited and the country remains unstable. Moreover, the US and Saudi role supporting the government and counterterrorism is unpopular and is as much a limited part of the country's problems as it is part of the solution.

It is the underlying challenges, however, that are even more serious. They include finding some approach to nation-wide governance and economics that can create stability in a grindingly poor country with small and diminishing petroleum exports; a narco-economy that consumes a large part of its domestic resources; inadequate water supplies; major demographic pressures; and deep sectarian, tribal, and regional divisions. So far, the Yemeni government, World Bank, the GCC, US aid planners, and NGOs have all failed to present a credible path forward in creating a credible, fundable plan to deal with these pressures.

The end result almost has to be to find the least bad set of options for dealing with Yemen's near-term political and security problems, hoping that some credible path can be found to dealing with its deep structural and development problems. Iran is one of these problems but scarcely the most serious one. Its spoiler role is marginal and likely to remain so, although it highlights the problem Saudi Arabia has in securing its border with Yemen – one that forces the Kingdom to deploy significant forces in the south to deal with Houthi and other factions, creates a major illegal immigration and smuggling problem, and has led to new – as well as costly and technically uncertain – efforts to create electronic and physical barriers along its entire border.

The problem of terrorism and extremism, coupled to regional and tribal divisions is critical. It is also difficult for the US to deal with. Support for Yemeni military counterterrorism efforts has to be carefully managed to avoid making the US an inadvertent party in Yemen's internal power struggles. Direct US attacks on AQAP and

---

<sup>369</sup> "Middle East Free Trade Area Initiative (MEFTA)," Office of the United States Trade Representative, Executive Office of the President, undated. <http://www.ustr.gov/trade-agreements/other-initiatives/middle-east-free-trade-area-initiative-mefta>. (Accessed December 21, 2012)

<sup>370</sup> "Understanding the WTO: The Organization: Members and Observers," World Trade Organization, undated. [http://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/org6\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm). (Accessed December 21, 2012)

other terrorist groups using systems like UCAVs are achieving positive results, but are also producing enough civilian casualties in polarized tribal areas to create a significant popular backlash.

The US should carefully encourage progress towards a more real democracy and human rights. It should also understand that such progress is likely to be slow and limited, and may suddenly be halted by new internal power struggles, internal conflicts, and the rises of centers of extremism and terrorism.

The US must also work with Saudi Arabia and the GCC to try to find some workable approach to the sheer scale of Yemen's economic and demographic problems, its growing population of nearly 25 million, its lack of effective governance, and poverty. Such progress is likely to be negligible in real terms in the near future because of the country's inability to absorb aid and corruption.

The sheer scale of Yemen's problems also preclude any credible combination of US, Saudi, and other aid efforts from buying Yemen out of these challenges and makes real membership in the GCC a serious potential liability to the council. The real question is whether Yemen can slowly be put on a credible path in the future. The answers are uncertain, and may force the US and other Southern Gulf states into a strategy focused more on containment than development.

Dealing with these issues requires a grim degree of realism and pragmatism. Slogans, good intentions, and half-formed concepts are not going to even buy the US and its Gulf allies a significant amount of time.

**Figure VI.32: Yemeni Military Strength in 2012**

<b>Force Size</b>	<b>Total</b>
Total Military Spending (\$US Millions)	\$2,040
Total Active Military Manpower	66,700
Total Reserve Military Manpower	-
Total Paramilitary Manpower	71,200+
<b>Army and National Guard Forces</b>	<b>Total</b>
Active Manpower	60,000
Reserve Manpower	-
Main Battle Tanks	856
Other Armored Vehicles	458+
Self-Propelled Artillery	25
Towed Artillery	310
Multiple Rocket Launchers	294
<b>Air and Major Surface-to-Air Missile Forces</b>	<b>Total</b>
Air Force Active Manpower	3,000
Combat Aircraft	79
Armed/Attack Helicopters	9
AC&W, Intelligence, and AWACs Aircraft	-
Tankers	-
Air Defense Manpower	2,000
Surface-to-Air Missile/Launchers	800+*
Surface-to-Surface Missile Launchers	28
<b>Naval Forces and Coast Guard</b>	<b>Total</b>
Active Manpower	2,900*
Marines	-
Submersibles	-
Major Surface Ships	-
Missile Patrol Boats and Corvettes with Missiles	-
Other Patrol Boats	36
Mine Warfare	1
Amphibious	4
Maritime Patrol Aircraft	-
Helicopters	-

Source: Table created by Robert Shelala II using data from: "Chapter 7: Middle East and North Africa," in *The Military Balance 2012*, International Institute for Strategic Studies, 112: 1, 303-360. p. 354-356. Note:

\*=estimate. Reports of T-54/55s in addition to the 458 “other armored vehicles” indicated. “Armed attack helicopters” includes one anti-submarine warfare helicopter.

## ***Gulf Cooperation Council***

The US has already established a strong foundation for a security partnership with the Gulf states, and Iran's conduct and military actions seem likely to sustain that partnership indefinitely – along with the additional incentive of the need for cooperation in dealing with extremism and terrorism. Much does depend, however, on actions only the Southern Gulf states can take – although they are actions the US and other outside powers can encourage.

Only the Gulf states can deal with their own internal political, demographic, economic, and social challenges. It must be stressed that meeting these non-military internal challenges will be at least as important to their stability, regional security, and the success of US and Gulf cooperation in competing with Iran as any improvement in their military and internal security forces. If there is any one lesson that emerges from the upheavals that have already taken place in the Arab world it is that no state can ignore the demands and needs of its people, but that evolutionary progress offers far more hope than violent revolution and insurgency in any case where the regime is willing to change and make reforms.

At the same time, there is a clear need for the kind of efforts called for by King Abdullah of Saudi Arabia and in recent GCC ministerial meetings for more military integration, interoperability, and cooperation. It has been clear since the GCC was formed that each nation in the Council could benefit from creating more interoperable forces and integrated warning, IS&R, and command tailored to the key missions necessary to meet the security needs of all the GCC states.

The new momentum provided by the Riyadh Declaration creates an opportunity to move forward in many areas, particularly if the GCC builds on the experience of alliances like NATO where “unity” serves common interests while preserving individual national forces and sovereignty.

### ***Planning and Interoperability***

GCC military forces now have a very diverse mix of equipment, command and control systems, munitions, support facilities, and power projection capabilities. They cannot be easily and quickly made fully interoperable, and countries will preserve sovereign decision making authority.

One way to make steady improvements in interoperability is to set up planning staffs within the GCC that address the key tasks necessary to change this situation, and to report regularly to a committee of Ministers of Defense or their delegates. NATO has used somewhat similar methods. While the GCC has different needs, it could build on its existing efforts and adapt NATO methods as follows to produce a higher degree of unity and common effort:

#### **Create a GCC Force Planning Exercise**

Create a Defense Planning Committee similar to that in NATO, and take the first steps towards creating a common defense planning system that would examine each member's



current forces and force plans for the next five years to examine areas where it may be possible to improve mission capability, interoperability and standardization and supplement national command, control, communications, computer, and intelligence systems (C4I) on a GCC wide basis.

Such a committee could combine civil and military expertise to support top-level decision makers. It would meet regularly to review the force plans of each nation to find ways to better coordinate them and create steadily more interoperable forces.

There is a good precedent for such planning. NATO developed a Defense Planning Questionnaire in the 1960s where every member now submits a standard and regularly-updated report on its current forces, manpower, major weapons, munitions, and five-year plans – plus a longer-term supplement on procurement. This does not require any compromise of sovereignty, and allows the civilian and military experts to develop informal and formal recommendations to ministers to develop better-integrated plans as well as to make tangible suggestions as to ways to both create more effective force mixes over time, and make forces more interoperable.

#### **Create a Standardization and Interoperability Committee and Staff**

Create a similar committee that would meet regularly to focus on ways to develop immediate interoperability, provide common support and sustainability for power projection and redeployment capability, and set common standards for stockpiling and sharing munitions and key supplies. This could be supported by a staff at GCC headquarters and by designating centers of excellence in the defense colleges and centers in member states.

#### **Create a Technology and Procurement Committee and Staff**

Create a committee to meet regularly to find ways to analyze military technology and procurement needs with a focus on technical issues, test and evaluation methods, and the other aspects of military procurement that would help develop common approaches to acquiring weapons systems and technology. This could be supported by a staff at GCC headquarters and designating centers of excellence in defense colleges and centers in member states.

#### **Create a Working Group on Arms Control**

The GCC and its member states have supported the creation of a weapons of mass destruction free zone in the Middle East. The GCC might create a small staff to examine such options and play an active role in encouraging studies and diplomatic activity.

#### ***Command, Control, Communications, Computer, Intelligence (C4I), Sensor, and Battle Management (BM) Systems***

The GCC has the shell of common or integrated C4I and BM systems in some areas like air defense. What it needs, however, are truly integrated C4I/BM systems in several key areas, tied to common efforts to develop IS&R systems.

The changes in the Iranian threat and the threat of terrorist and extremist movements creates a broad spectrum of areas where the GCC needs to be able to react in real-time or

near real-time to threats ranging from long-range missiles to asymmetric naval attacks to complex attacks by terrorists and extremists.

The highest priorities for such efforts include measures that could play a critical role in deterring – and defending against – Iran. In many cases, the GCC would have only 7-15 minutes of warning of a major air or missile attack, or would need integrated maritime and air surveillance to determine the status of Iran's asymmetric forces and whether they were deploying to present a threat or involved in complex operations.

Specific areas for cooperation include:

**Create a fully integrated air and surface-to-air missile control and warning system**

Such a system would integrate sensors like the Saudi E-3A AWACs, other GCC airborne warning and intelligence platforms, ground-based radars, and fighter and major surface-to-air missile systems into a Gulf wide, secure mix of C3I, BM, IS&R capabilities. This could be based on expanding the existing Saudi air control and command facility near Riyadh and links between each GCC country and the US Combat Air Operations Center (CAOC) in Qatar.

As the NATO Air Defense Ground Environment (NADGE) system has shown over past decades, sovereignty and national security issues can be addressed by using the systems that mix national control of all national assets with the ability to operate on an alliance-wide basis through an integrated system.

The technical side could be supported by creating a separate technical staff on a contract level controlled by the GCC and military officers. NATO established a NATO Air Defense Ground Environment Management Office (NADGEMO) specifically for such an effort, and found it could work out compromises at a technical level that bridged over national tensions and differences

**Create a fully integrated maritime surveillance system**

A similar system could integrate command and control data, and IS&R sensors and systems for naval operations, related air operations, and coastal defense activity using ships, maritime patrol aircraft, and coastal facilities along the Gulf Coast and in Oman at Goat Island and along the Omani coast. It could monitor and react to threats like deployment of the Naval Guards, mining, stack threats near the Strait, and clusters of missile-equipped smaller ships.

Bahrain has already proposed the creation of such a center in Bahrain, which could have close links to the US fleet command in Bahrain, British forces in Oman, and the French facility in the UAE as well as standardized links to US, British, and French ships.

Such a system would need to be tailored to the special conditions of asymmetric warfare created by Iran's submarines, surface navy, naval guards, and growing air and anti-ship missile capabilities. Ideally, it would have some capability to integrate mine warfare operations as well. Coverage could begin in the Gulf, Strait of Hormuz, and Gulf of Oman, but the model could be expanded to cover the Indian Ocean and Red Sea over time.

### **Create a Joint Intelligence Center**

Sharing intelligence at the military, counterterrorism, and popular unrest levels is one of the most difficult aspects of alliance operations. Once again, however, there are precedents. The Gulf states – Saudi Arabia, Qatar, and the UAE – have already held conferences on cooperation in counterterrorism that examined options for cooperation even in some of the most sensitive areas of intelligence. The NATO MC-161 process involved semi-annual meetings of national intelligence experts supported by the NATO civil and military staffs, and produced an annual threat assessment to present to ministers.

Creating an expanded GCC joint intelligence center to handle military tasks and then expand into counterterrorism and sources of popular unrest could be a way of slowly building up both added GCC capabilities and building trust and common joint collection and analysis capabilities. Creating a GCC-wide annual threat assessment would be one way to begin to tie intelligence cooperation to policy in a way that reinforces unity.

### **GCC Net Assessment Group**

Effective security planning requires more than a threat assessment. It requires an analysis of the trends in the balance relative to key threats and mission areas, and the analysis of current capabilities and priorities for improving them. One option that would bridge the gap between military planning and intelligence at the civil-military level would be to create a GCC Net Assessment group that could address internal and external extremist and asymmetric threats.

Such an effort could focus on Iran and common threats from violent extremism. The group could report on GCC-wide patterns to avoid spotlighting Bahrain or other states, but give a common legitimacy to efforts to check such threats. It could aid the defense planning effort by providing annual threat assessments highlighting key threats and showing how the GCC states are moving to deal with them.

### ***Building Common Training and Exercise Capacity***

The GCC states already have some exceptional training facilities at the national level, and do cooperate in military exercises, but there are gaps. Many states do relatively little large-scale training that simulates real combat, and member states still have limited cross and common training. There also is a need for joint training that cuts across service lines.

There are several measures that the GCC staff could examine on a civil-military level to improve cooperation and develop interoperability of the kind King Abdullah referred to in his speech to the GCC:

#### **Survey training facilities to determine how to make best use on a GCC-wide basis**

The GCC could create a commission of civilian staff and senior military officers to survey training facilities and methods by service and mission focus to determine where creating a common specialized facility is necessary, how to improve joint and common training, ways to increase cross training of officers and other ranks from other countries, and options for large-scale air and land combat training. Such a commission could report annually to ministers on proposals and progress.

### **Focus on key contingencies**

The GCC could encourage expanded field and command post training at the GCC level with a focus on key missions and contingencies like operations to secure the borders with Yemen, deal with efforts to “close the Strait,” and deploy joint forces to deal with a contingency directed against Kuwait and secure the Iraqi-Saudi border.

### **Preparing for Missile and WMD Threats**

No single area presents a more serious military threat to the GCC than Iran’s acquisition of long-range missiles, and movement towards acquiring nuclear weapons.

### ***Areas For Improved Planning and Dialogue***

The GCC needs to improve cooperation in several key areas by:

- Developing a common policy towards sanctions, and incentive/disincentives in persuading Iran to halt such policies.
- Developing a common and integrated approach toward missile defense in cooperation with the US – the only real-world provider and integrator of such a system. This is critical both in ensuring the creation of any effective system that is truly interoperable, has the proper wide-area coverage, can be reinforced by US ships with SM-2 missile defenses, and is linked effectively to US satellite systems. It also potentially represents the most expensive GCC investment in new types of military capability over the next decade.
- Creating a GCC estimate of the Iranian-Israeli nuclear and missile balance and the risks the rising arms race and potential use of such forces presents to the GCC states.
- Working collectively with the US to explore Secretary Clinton’s offer of “extended deterrence” to counter Iran if it does more forward to deploying nuclear weapons.
- Evaluating GCC options for acquiring a GCC deterrent.
- Evaluating the costs-benefits of supporting preventive military action.

These are sensitive areas, and involve data that is classified and needs to be closely controlled in several areas. At the same time, a lack of GCC coordination and unity will encourage Iran, waste a vast amount of money on less effective defenses, and steadily increase military risks over time.

### ***Plan a Joint, Integrated Missile Defense System***

The best way of handling these issues would be to create an integrated missile defense system as an expanded part of an integrated GCC air defense system. The GCC states already have made a massive investment in upgrading their surface-to-air missile defenses to the PAC-3 Patriot missile and the UAE and Qatar are buying THAAD at a combined cost of over \$10 billion.

There is no way such purchases can become a fully effective defense and deterrent unless all Gulf states have such defenses and integrate them at the C4I/BM level to provide a

unified wide-area defense capability. At the same time, countries would find it easier and less sensitive to focus on a new aspect of GCC capability.

### ***Focusing on Other Key Mission Areas***

As has been touched upon earlier, security cooperation is most effective when it focuses on key mission priorities rather than formal generic training or training by military services and branches of the internal security services.

The need for integrated air and integrated sea and coastal defense tailored to both Iranian conventional and asymmetric threats has already been described. So has the need to focus on the Iranian missile and nuclear threat. Internal security issues and infrastructure protection are addressed in following sections.

Other critical mission areas where joint planning efforts – and coordinated improvements in forces, C3I, and training – are necessary include:

#### **Iraq, the Iraqi Border, and the Kuwaiti “Hinge”**

The current political crisis in Iraq and the lack of effective formal arrangements for US and Iraqi military cooperation highlight the fact that the primary land threat to the GCC comes through the Iraqi border and the strategic “hinge” in the upper Gulf along the border with Kuwait. This threat is compounded by the risk of both some form of Iranian-led axis involving Iraq, Syria, and Lebanon; and a new round of major sectarian fighting between Iraqi Arab Sunnis and Shia.

No one can estimate the future level of Iraqi unity, its political system, or its level of ties to Iran. Even under the best conditions, Iraq will not acquire significant conventional forces to counter or deter Iran before 2016, and this may well take until 2020 and beyond.

The GCC needs to develop common policies towards Iraq that encourage national unity, an Arab identity distant from Iran, and Sunni and Shia unity. At present, it lacks such unity and is not competing effectively with Iran. It needs to use aid and strategic communications to do so.

Moreover, the GCC needs a common approach to contingency planning to defend Kuwait and the entire Saudi-Iraqi border to support Kuwait’s development of ports, to guard against Iranian military probes, and to consider a border “fence” to cover Kuwait, Saudi Arabia, and possibly Jordan with a cost-effective surveillance effort. These needs further reinforce the priority for bringing Jordan into the GCC – a step the GCC has begun to take.

#### **Yemen Border Security and Threats**

Unrest in Yemen, the resurgence of the Houthi opposition and AQAP, and the major problems created by illegal immigration and smuggling across Yemen’s borders are now primarily a threat to Saudi Arabia and Oman, but also involve the other GCC states as Yemeni, Somali, and Ethiopian migrants cross their borders. Saudi Arabia will have to play the lead role, but dealing with Yemen should be a GCC problem and one that will inevitably involve cooperation with the US, Britain, and France.

As is the case with the Kuwait hinge and the Saudi-Iraqi border, the GCC needs a common approach to contingency planning to deal with Yemen and to secure the entire Saudi-Omani-Yemeni border, and consider a border “fence” to cover Yemen with a cost-effective surveillance effort. It also needs to consider how best to develop a collective aid effort to help restore Yemeni stability and offer its people some form of economic hope.

### **Mine and Anti-Submarine (ASW) Warfare**

It is unclear just how far Iran has gone in acquiring or building smart mines. Even older “dumb” mines, however, present a critical threat. This became all too clear during the Iran-Iraq War in 1987-1988. Today, however, the GCC only has four aging minesweepers in the Saudi Navy, and the US, British, and French navies have limited capability. The GCC badly needs to reassess requirements for mine warfare capability.

In contrast, the cost of effective anti-submarine warfare against a limited Iranian threat, and establishing an effective and well-trained GCC force, is probably a waste of resources *if* the US takes responsibility for the mission inside and outside the Gulf. Resolving the relative role of the US (and British and French) Navy and GCC navies is a critical common security issue.

### **Strait/Gulf of Oman/Indian Ocean/Red Sea/Horn of Africa**

The current command and mission structure of GCC naval and air units divide up the Gulf by country. It puts the burden of covering the Strait largely on Oman and the UAE. It largely ignores the security of the Gulf of Oman and the Indian Ocean, and leaves the Red Sea to the Saudi Red Sea fleet.

The combined threat from Iran, Yemeni instability, Somali piracy, and political instability in the rest of the Red Sea area – including Egypt – now require the GCC to start rethinking this naval posture, how best to cooperate with the US and European navies, and how to develop an integrated and more regional approach to tanker and shipping security.

### ***Improving Internal Security Efforts***

Several earlier suggestions have already focused on the need for integrated intelligence efforts. It is clear that cooperation in internal security is extremely sensitive on a national basis. Nevertheless, there again are areas where the GCC staff and member states may be able to develop important options for improving GCC “unity:”

### **GCC Identity Cards, Passport Data**

Require GCC-wide identity cards for both nationals and foreign labor and business residents – with matching passport data for nationals – that contain digital photo, fingerprint, and eye scan data, and track each major use of the card. Tying the use of the card to remittances, and banking/Hawala use, would provide further security information.

Such data could be encrypted so only governments can read it, and national programs could be set up to track major “events” or actions that fit a pattern of terrorism, human trafficking, improper financial transfers, etc. Setting up a GCC-wide pattern analysis where given uses of the card or card data were flagged as warnings could further assist in

security operations. This could include flagging movements to sensitive countries like Iran.

### **A GCC-wide Intelligence Effort for Counterterrorism and Dealing with Popular Unrest**

Expand current cooperation to create the GCC equivalent of Interpol to create a common intelligence and data center that focuses on tracking both political extremists and terrorists and provides near real-time warning of the kind provided by the US National Counterterrorism Center. This effort could be tailored to reflect national standards for reporting to a degree that ensures such a body does not infringe on national sensitivities and prerogatives.

### **GCC Internal Security Center**

In time, it may be possible to create a combined intelligence, training, and ops center to deal with low-level threats, extremism, terrorism, sabotage, and actions by states like Iran. This could create a staff that integrates GCC data on terrorism and extremist and outside asymmetric threats, looks at defense options, and finds efficient ways to achieve common training.

The political sensitivities are obvious, but could be avoided by focusing on the areas where states are known to be willing to cooperate from the start and by focusing on cooperation where countries do not have to reveal key intelligence data and sensitive information. Even if it does nothing more than bring policing, Ministry of Interior, and counterterrorism experts together – with a suitable support staff – it will help.

### **Common Counterterrorism Training**

Create common training facilities for counterterrorism options, and develop programs to ensure cross training from one country to another. This could include related intelligence, special operations forces (SOF), special branches, and regular police training. It is also an area where Jordan has excellent SOF training facilities, and where joint training might occur with US, British, and French SOF forces.

### **Common Police and Crowd Control Standards and Training**

Dealing with domestic protests, unrest, and riots is an extremely sensitive issue. It is also one where the last year has shown that GCC countries need to set the highest possible standards to minimize abuses and escalating problems that could be quickly controlled by effective and moderate action.

Developing common methods and capabilities in terms of procedures, equipment, use of force, toleration of legitimate popular protest and dissent, use of arrests and detention, and immediate expert negotiation would both aid individual countries and serve a common interest.

Create large-scale police and internal security facilities that could simulate crowd control, peaceful negotiation and treatment of demonstrators, and teach the use of non-lethal and non-provocative use of force. This could help could prepare all GCC states for future

contingencies and raise their internal security and police forces to a high level of proficiency.

Such efforts could be given the kind of visibility to show GCC citizens and the world that GCC states are making a common effort to minimize the use of force and protect their citizens. Similarly, showing all GCC countries are acting in ways that define and allow legitimate opposition – and limit the use of force, trials, and detention to truly necessary cases – is a key way of building public trust.

### **GCC-wide Rapid Reaction Forces for Counterterrorism and Dealing with Violent Unrest**

Dealing with violent unrest and demonstrations is very different from counterterrorism and from a military rapid reaction force. The GCC should seek peaceful internal resolution of internal issues and tensions and avoid the use of forces from other GCC countries in dealing with popular protests and unrest limited to given member states if at all possible. Outside intervention should be a last resort option that discredits the government asking for aid and requires outside forces to deal proportionately with protests they do not fully understand and cannot easily characterize.

As events in Bahrain show, however, there may be a need for carefully trained and equipped reinforcement by outside forces to deal with violent demonstrations, crowd control, and popular unrest. Ensure a capability to operate effectively across borders and reinforce those borders in dealing with popular unrest in ways that minimize the need to use force and political complications.

One option might be to create a GCC-wide capability by identifying national force elements trained, equipped, and mobile enough to come to the aid of other GCC countries, or the creation of a common force. The latter would be cheaper, identify neighboring forces in close proximity, and take best advantage of existing helicopter lift, mobility, specialized vehicles, weapons and equipment, and intelligence/communications gear.

### ***Encouraging Stability Through Economic, Educational, and Social Measures***

The GCC should also consider ways to improve security cooperation that address the causes of security issues as well as ways to deal with such threats. The last year has made it clear that the combination of high population growth, issues in educating and employing native youth, housing, infrastructure pressures, medical services, and other material issues plays a critical role in the security of each GCC state. These issues are compounded by sectarian differences, tribal pressures, foreign labor issues, and popular perceptions of corruption, responsiveness and integrity of government services, and divisions by region and income group over the quality of government services.

Most GCC states are now attempting to deal with these issues on a national basis, and national sensitivities preclude “unity” in addressing the problems of each state in a GCC-wide environment. There also are sufficient national differences – so one size scarcely fits all.



At the same time, the need to encourage stability and security through economic, educational, and social measures is at least as great a security issue as any foreign threat or terrorism. There also are important areas for cooperation in spite of national differences.

### **Education**

The creation of GCC-wide scholarship and exchange programs, and GCC-wide educational standards, would help develop a common effort to improve readiness for employment, a consciousness of the importance of GCC as well as national values, and potentially serve to speed education reform by moving the debate away from purely national issues to a broad regional standard that could focus on educating young men and women for practical careers.

### **GCC Domestic and Foreign Labor Policies**

It is easy to talk about “Omanization” and “Saudization” and other policies for dealing with foreign labor, but it is even easier to continue exploiting low-cost foreign labor and relying on outside technical expertise. Creating common labor policies that give priority to hiring local nationals from within the GCC, and common apprentice and training programs that support such efforts could be used to show the concern of governments and set broad standards for reducing dependence on foreign labor. These policies could be expanded to include Jordan and other critical Arab states.

The same common policies could be used to create a GCC-wide approach to foreign labor. This could include visas, protection and rights, salary and remittance policies, and limits of foreign versus Gulf labor.

It is important to note that setting higher standards for foreign labor, and raising real world labor costs, is a key way to encourage employment of GCC nationals. Such efforts can also be joined to the use of GCC-wide identity cards to help ensure the stability of foreign workers by protecting them, managing visas, and tracking every entry, departure, and change in job status.

### **Setting Common Social and Economic Standards/Goals**

The last year has shown that education, housing, medical services, utilities and water, equity of income distribution, perceptions of corruption, quality of governance/rule of law, human rights, and levels and quality of employment *all* act as critical factors shaping domestic stability and unrest.

Gulf states differ sharply today in the levels of such services. They are, however, improving in each state. Setting up a commission or body in the GCC to examine the level of performance in each country, setting common goals and standards, and showing the people of each country that they and their children will benefit over time offers a potential way to increase stability.

Making key elements of such an effort public is a way of focusing protest and public dissent on real issues and ones governments can actually solve, as well as reassuring Gulf youth. This is particularly true if it shows each government is providing equity across

sectarian and regional standards and is actively working to identify current problems and solve them.

### **Building Dignity, Trust, and Faith in Government Integrity**

The political crises in the Middle East and North Africa last year – along with the experiences of Iraq and Afghanistan – have provided a long series of lessons in the fact that calls for democracy do not suddenly produce working representative governments and viable political systems. At the same time, these events provide a grim warning of the degree to which regimes can underestimate popular anger, distrust, and feelings that governments are corrupt and do not respect their peoples. They also have revealed a fact that is consistent in the history of governments throughout the world: Unless there are reliable ways to measure public opinion, leaders overestimate their support and bureaucracies and those around them tell them what they want to hear.

Steps towards local elections and empowering a national Majlis can help deal with such pressures without disrupting the current political system and national stability. At the same time, GCC governments need feedback that is more reliable, and provides better measures of popular discontent.

The use of polling is a key tool towards this end, and polling could be conducted on a GCC-wide basis to both provide broad goals for the GCC in an open form and provide detailed warnings to individual governments – warnings that could be kept confidential by tailoring the release of the data. Such polling would also serve as another way of focusing popular opinion on issues and real-world government actions – particularly if it took the form of individual surveys that focused on key areas, rather than sweeping efforts that would focus on every problem or issue at once.

Once again, the key areas of concern are: education, housing, medical services, utilities and water, equity of income distribution, perceptions of corruption, quality of governance/rule of law, human rights, and levels and quality of employment. These are areas where each GCC government needs to develop better ways to monitor how its citizens actually feel, get advance warning of discontent, and react preemptively to deal with popular discontent. They are also ways of setting better and more realistic priorities for councils, planning groups, Majlis action, etc.

At the same time, surveys and measures of effectiveness need to focus heavily on corruption at lower levels, frustrating bureaucratic and government systems that seem to ignore public needs, apparent favoritism, corruption, and delays in the courts and police system. These aspects of governance, coupled to growing income inequality and high-level cronyism and special treatment, have been key factors in leading to popular perceptions that governments fail the people.

### ***Creating GCC Study and Planning Efforts***

There are several other areas where the GCC staff might work with member countries to provide advice and planning that would aid in security and stability:

### **GCC Development Report**

Build on the Arab Development Report of 2009, but tailor to the GCC states – possibly include Jordan, Iraq, and Yemen. Avoid sensitive political areas like “democracy” and political reform, but focus on core elements of stability like housing, services, education, health, job creation, and youth employment.

Put together an annual report showing the scale of the key social, economic, and demographic problems that have led to political unrest in other areas, and show the progress and plans to improve life, serve citizens, and encourage stability.

Doing this on a multinational level ensures no one state is singled out, that public attention is focused on material progress that each state can actually address, shows governments really care, and makes the case to the world for the GCC.

### **GCC Survey**

Create a carefully structured survey to get a clear picture of the level and causes of internal tensions and dissatisfaction that threaten stability in each country. This provides leaders with a base that does not single out a given country, but offers a real world overview of popular priorities for stability.

### **GCC Jobs Creation Program**

Build on national job programs to go GCC-wide. Focus on youth unemployment. Highlight existing efforts, but look towards the future. Examine demographic and educational impacts. Seriously examine the risks of overdependence on foreign labor.

Look beyond simple measures of employment to address disguised unemployment, career satisfaction, school-to-employment lags, income distribution, biases toward government employment, and ability to afford marriage and separate housing. Focus on the most important single problem affecting internal stability.

### **GCC Housing Program**

Similar programs should be offered to address housing issues.

### ***Improving Energy and Infrastructure Security: Passive Defense***

Civil defense and passive defense are other areas for cooperation and ones where the GCC can act to provide study plans and create a dialogue. The GCC states are extremely dependent on central power, desalination, and energy facilities – and several require major increases in capacity to deal with growing populations. GCC states have already taken some measures to create pipeline routes that bypass the Strait of Hormuz, but “unity” in the GCC requires a broader range of actions:

- Collective efforts and standards for the passive and active defense of critical infrastructure and key energy facilities.
- Common stockpiling of critical parts and components to allow rapid repair of sabotage and combat damage without waiting for long-lead items.

- Integrating power and water systems so the GCC can compensate for a breakdown or damage to a critical power or desalination facility.
- Creating a broader range of pipelines that bypass the Strait and goes through Oman to Yanbu, and possibly through Jordan.
- Improving roads and possibly creating a rail capability to move bulk cargo broadly through the Gulf from ports in Oman and from Jeddah.
- GCC-wide planning to reduce the growth of water and power use through conservation and realistic pricing.
- Applying the same efforts to reduce the wasteful use of domestic fuel, gasoline, and natural gas.

One key test of such security is that no Gulf city should be critically vulnerable to an Iranian attack or some form of sabotage to a major power or desalination facility. Another goal is to disperse energy facilities in ways that share national use and reduce reliance on any one facility.

### ***Creating More Effective Cooperation with Power Projection Forces Outside the GCC***

There are limits to the GCC options in cooperating with forces outside the Gulf. Only one additional regional power now seems to be a viable immediate candidate. Including Jordan in the GCC would add an important military force, although one from a country where stability may be an issue. Pakistan is approaching the status of a failed state, is no longer superior to Gulf forces in training and leadership, and presents a far greater political risk than Jordan. Russia and China are not acceptable options. Turkey is a rising power, but its forces are not designed for power projection, and Turkish support for Iran still presents political sensitivities in some GCC states.

This leaves the GCC dependent on Europe and the US, and both have limitations of their own. The GCC faces the reality that British and French power projection capabilities are already severely limited in going beyond the Mediterranean areas and the operating range from major peacetime basing facilities. Current plans and budget pressures make it clear that they are going to be steadily reduced as a result of financial pressure over the next five years.

The situation is more favorable in regard to European arms sales. Cutbacks in European military procurements have limited the range of advanced air and surface-to-air missile equipment, smart munitions, and systems like UCAVs that Europe can sell and support at a contractor level. However, Europe still can provide excellent land weapons, helicopters, and trainers; and Europe also produces naval vessels that often are better suited to the operating needs and ranges of GCC states than most US naval systems.

Europe still offers GCC states alternative sources of arms, but it should be noted that GCC states need to be careful to ensure that contract supports offer high degrees of interoperability with US or other European forces, and that both the European and US contract teams that support equipment in peacetime will be adequate and willing to support combat operations.

The US remains the leading global military power, and has a large presence in the Gulf. The US is already cooperating in depth in areas like the modernization of GCC air forces, common training, and many other areas. US CENTCOM, the US Fifth Fleet, and the US

commands in Kuwait and Qatar all provide major support as do US advisory teams. At the same time, the US does face force and military spending cuts, and has not established a stable Strategic Framework Agreement with Iraq.

The GCC needs to establish a much clearer base for mid and long-term planning for the support US, British, and French power projection forces can actually provide over time. It also needs to link GCC force planning and procurement to clear plans for interoperability, and develop suitable contingency plans.

- ***This is not a NATO function.*** NATO does not control forces, and has no special expertise in power projection. It also includes far too many members that cannot contribute and which can present political complications.
- ***It is, however, in the interest of every GCC state to preserve as much British and French power projection capability and training presence as possible, and to ensure that the US will preserve a major presence in the region over time.*** It is equally important to ensure that at some point, the US, British, and French presence evolves in ways that focus more on projection from outside to deal with truly critical contingencies in ways directly linked to the rate of improvement in GCC forces.

One way to help achieve more unity inside and outside the GCC would be to ask that the US, Britain, and France set up military liaison offices to support GCC force planning, procurement, and exercise efforts, and provide military representatives to take on an “observer” status in GCC military meetings. This would effectively recognize efforts that already exist in most GCC countries, but develop a more integrated and effective effort without compromising GCC sovereignty.

### ***Future Implications for US Policy***

Unless there are massive changes in the nature and conduct of Iran’s regime, the Arabian Peninsula will continue to be the most important theater of US-Iranian strategic competition. US energy and security interests in the region will be sustained through the long-term, as will US military assistance programs and weapons transfers – particularly in the realm of airpower and missile defense.

Iran on the other hand will continue its attempts to exert influence in the Gulf, seeking to rival Saudi Arabian and broader GCC power. The emergence of Qatar as a second Sunni rival to Iranian influence in the broader Middle East can be expected to continue as the situations in Syria and Gaza grow more volatile. As the principal supporters of the belligerents in the Syria conflict, Saudi Arabia and Qatar on the one hand and Iran on the other will be in a position to influence any resolution to the Syrian Civil War, though developments in that conflict are not likely to drive broader US-Iranian and Gulf-Iranian tensions.

Iran will continue its political and covert support to Shia opposition movements in Bahrain and Yemen, while looking for opportunities to exploit other Sunni/Shia rifts elsewhere in the Gulf. The Islamic Republic’s success in those endeavors could be mitigated by continued efforts on the part of the Arab Gulf states to avoid internal Sunni-Shia tensions, as well as by what some believe to be rights-driven Shia movements, rather than pro-Iran movements.

The US must act on the statements in its new strategy that call for the Middle East to be given the same strategic priority as Asia. It needs to maintain and strengthen every aspect

of its security partnerships with the Southern Gulf states, seek to create a real strategic relationship with Iraq while limiting Iranian influence, work with its European allies to negotiate an end to those Iranian nuclear programs that threaten to create nuclear forces, persuade Israel not to launch preventive strikes and treat such US strikes as a last resort, and work with the Southern Gulf states to put an end to terrorism and violent extremism.

Successful US efforts are going to take continuing US dialogue with each Southern Gulf state. It is going to take strong country teams that can both build more effective security forces and help each state move towards the necessary level of political, social, and economic modernization and reform. It is going to take enhanced US cooperation with the GCC, and creating the kind of US military presence in the Gulf that will reassure its Gulf allies and provide a strong additional level of deterrence and defense capability.

The US must also prepare for two possible scenarios that could shape tensions in Arab Gulf-Iranian relations.

### ***Scenario I – Conflict Over the Iran Nuclear Program***

Tensions between the US/Israel and Iran over the Iranian nuclear program could heighten tensions between the Gulf Arab states and Iran in the event of a preventive attack. The Arabian Peninsula's proximity and importance to Iran coupled with the region's strategic value to the US could make it a very likely target for Iranian retaliation. A retaliation could include the use of short and intermediate range missiles, the use of covert operatives within the Gulf states, and/or the use of naval and missile forces to impede maritime commerce in the Persian Gulf and the Strait of Hormuz – such as through the attacking of commercial vessels or the blocking of the Strait.

Regardless of US involvement in any preventive attack, Iran's retaliation could focus on the many US military facilities in the region, putting countries such as Qatar, Bahrain, Kuwait, Oman, and possibly the UAE at risk of a direct strike from Iran.

The risks posed by Iranian retaliatory attacks could be mitigated by the continued development of missile defense capabilities in the region and the C3 synergies required to make regional missile defense feasible. Further cooperation between the GCC and the US will be invaluable in building these capabilities and in providing the Gulf Arab states with the guidance and resources to be able to address missile threats as a single entity.

The Iranian threat could also be mitigated by the continued development of counterterrorism and maritime security capabilities and training, which could also be addressed by the US at the bilateral level, in multilateral military exercises and in conjunction with NATO, and through the GCC.

### ***Scenario II – Continued Tension Short of Conflict***

In the absence of open conflict between the US and its allies and Iran, Tehran can be expected to continue using its covert relationships with Shia groups in the region to pressure the US and Saudi Arabia. If instability persists in Bahrain, Iran could continue to voice political support for the opposition, while continuing to provide alleged covert support to violent factions through Hezbollah.

Iran may continue to leverage its support for the Houthi insurgency in Yemen – and possibly AQAP – to pressure the US and Saudi Arabia as those two states try to stabilize Yemen and reinforce the central government.

In the case of Bahrain, US support for dialog and compromise, and the adoption of independent commission recommendations could help alleviate Sunni-Shia tensions, reducing Iran’s ability to leverage the situation. Continued instability in Bahrain could have broader regional implications. Another GCC deployment to Bahrain could deepen the Sunni/Shia rifts in countries such as Saudi Arabia and Kuwait, creating new opportunities for Iranian leverage. The Kuwaiti government in particular is at risk of losing the support of its Shia constituency if Kuwaiti forces were needed to defend the Bahraini regime against a Shia uprising.

The US must deal with Yemen as an enduring crisis. Iran’s continued support of the Houthi insurgency in Yemen will present problems to the US and its Gulf allies for the foreseeable future. The complexity of Yemen’s instability will make it difficult for Washington, Sana’a, and Riyadh to combat this insurgency – particularly as another insurgency persists in the south of Yemen, and AQAP remains a significant threat to the US and its allies.

Iran may also resort to other covert tactics such as the continued use of cyber warfare and attempted assassinations to pressure Saudi Arabia and disrupt its government and energy sectors.

These risks illustrate the need for continued bilateral and multilateral US engagement to help reduce tensions in Bahrain, Yemen, and any other Southern Gulf state where political upheavals and sectarian and tribal tensions move towards the crisis level.

---

<sup>1</sup> “Countries,” U.S. Energy Information Administration, undated. <http://www.eia.gov/countries/index.cfm>

<sup>2</sup> Central Intelligence Agency, *The World Factbook [Country Comparison::Crude Oil – Proved Reserves]*, undated. <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2244rank.html?countryName=Saudi%20Arabia&countryCode=sa&regionCode=mde&rank=2#sa>. Saudi Arabia, Kuwait, UAE, and world data are estimates for January 1, 2012.

<sup>3</sup> BP, “Statistical Review,” undated. <http://www.bp.com/sectionbodycopy.do?categoryId=7500&contentId=7068481>

---

<sup>4</sup> Sharif M. Taha, “GCC Share of Global Oil Reserves Likely to Rise to 70%,” *Zawya*, July 8, 2012. [http://www.zawya.com/story/GCC\\_share\\_of\\_global\\_oil\\_reserves\\_likely\\_to\\_rise\\_to\\_70-ZAWYA20120708031409/](http://www.zawya.com/story/GCC_share_of_global_oil_reserves_likely_to_rise_to_70-ZAWYA20120708031409/); Moign Khawaja, “GCC Global Oil Reserves Share to Hit 70% in Next Few Years,” *Arabian Gazette*, July 8, 2012. <http://arabiangazette.com/gcc-global-oil-reserves-share-rise/>

<sup>5</sup> BP, “Statistical Review,” undated. <http://www.bp.com/sectionbodycopy.do?categoryId=7500&contentId=7068481>

<sup>6</sup> Central Intelligence Agency, *The World Factbook [Country Comparison:Natural Gas – Production]*, undated. <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2249rank.html?countryName=Saudi%20Arabia&countryCode=sa&regionCode=mde&rank=10#sa>. Qatar and world data estimates for 2010. Saudi Arabia data estimate for 2011.

<sup>7</sup> Central Intelligence Agency, *The World Factbook [Country Comparison:Natural Gas – Proved Reserves]*, undated. <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2253rank.html?countryName=Saudi%20Arabia&countryCode=sa&regionCode=mde&rank=5#sa>. Qatar and Saudi Arabia data estimates for January 1, 2012. World total estimate for January 1, 2011; Sharif M. Taha, “GCC Share of Global Oil Reserves Likely to Rise to 70%,” *Zawya*, July 8, 2012. [http://www.zawya.com/story/GCC\\_share\\_of\\_global\\_oil\\_reserves\\_likely\\_to\\_rise\\_to\\_70-ZAWYA20120708031409/](http://www.zawya.com/story/GCC_share_of_global_oil_reserves_likely_to_rise_to_70-ZAWYA20120708031409/); Moign Khawaja, “GCC Global Oil Reserves Share to Hit 70% in Next Few Years,” *Arabian Gazette*, July 8, 2012. <http://arabiangazette.com/gcc-global-oil-reserves-share-rise/>

<sup>8</sup> “World Oil Transit Chokepoints,” U.S. Energy Information Administration, updated August 22, 2012. <http://www.eia.gov/countries/regions-topics.cfm?fips=WOTC&trk=p3>

<sup>9</sup> Kenneth Katzman, *Iran: U.S. Concerns and Policy Responses*, Congressional Research Service, September 5, 2012. p. 45.

<sup>10</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, and Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 5.

<sup>11</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, and Jim Zanotti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 5.

<sup>12</sup> John M. Broder and Douglas Jehl, “Iraqi Army: World’s 5<sup>th</sup> Largest but Full of Vital Weaknesses: Military: It Will Soon Be Even Larger. But its Senior Staff is Full of Incompetents and Only a Third of Its Troops Are Experienced,” *Los Angeles Times*, August 13, 1990. [http://articles.latimes.com/1990-08-13/news/mn-465\\_1\\_iraqi-army](http://articles.latimes.com/1990-08-13/news/mn-465_1_iraqi-army)

<sup>13</sup> “Gulf States Requesting ABM-Capable Systems,” *Defense Industry Daily*, July 29, 2012. <http://www.defenseindustrydaily.com/gulf-states-requesting-abm-capable-systems-04390/>

<sup>14</sup> “Elements: PATRIOT Advanced Capability-3 (PAC-3),” Missile Defense Agency, US Department of Defense, undated. [http://www.mda.mil/system/pac\\_3.html](http://www.mda.mil/system/pac_3.html)

<sup>15</sup> “Elements: Terminal High Altitude Area Defense (THAAD),” Missile Defense Agency, US Department of Defense, undated. <http://www.mda.mil/system/thaad.html>

<sup>16</sup> “THAAD,” Lockheed Martin, undated. <http://www.lockheedmartin.com/us/products/thaad.html>

<sup>17</sup> “THAAD,” Lockheed Martin, undated. <http://www.lockheedmartin.com/us/products/thaad.html>

<sup>18</sup> Kenneth Katzman, *Iran: U.S. Concerns and Policy Responses*, Congressional Research Service, September 5, 2012.

<sup>19</sup> “Chapter Seven: Middle East and North Africa,” in *The Military Balance: 2012*, International Institute for Strategic Studies, 2012. p. 306.



---

<sup>20</sup> “Chapter Seven: Middle East and North Africa,” in *The Military Balance: 2012*, International Institute for Strategic Studies, 2012. Iran data on p. 323.

<sup>21</sup> Central Intelligence Agency, *The World Factbook [Country Comparison:: Crude Oil – Exports]*, undated. <https://www.cia.gov/library/publications/the-world-factbook/rankorder/2242rank.html?countryName=Yemen&countryCode=ym&regionCode=mde&rank=32#ym> (Accessed December 10, 2012)

<sup>22</sup> “Chapter Seven: Middle East and North Africa,” in *The Military Balance: 2012*, International Institute for Strategic Studies, 2012. Iran data on p. 306.

<sup>23</sup> SUSRIS, 33rd GCC Supreme Council, the Sakhir Summit, Concludes, SPECIAL REPORT Dec 25, 2012. <http://www.susris.com/2012/12/25/33rd-gcc-supreme-council-the-sakhir-summit-concludes/>

<sup>24</sup> Qatar-US Relations, “33rd GCC Supreme Council Press Conference: Special Report,” December 25, 2012. <http://qatarus.com/2012/12/25/33rd-gcc-supreme-council-press-conference/>

<sup>25</sup> “Profile: Gulf Co-operation Council,” *BBC News*, last updated February 15, 2012. [http://news.bbc.co.uk/2/hi/middle\\_east/country\\_profiles/4155001.stm](http://news.bbc.co.uk/2/hi/middle_east/country_profiles/4155001.stm); Ray Takeyh, *Hidden Iran: Paradox and Power in the Islamic Republic* (New York: Holt, 2006). p. 64-65.

<sup>26</sup> Christopher M. Blanchard and Richard F. Grimmett, *The Gulf Security Dialogue and Related Arms Sale Proposals*, Congressional Research Service, October 8, 2008. p. 2.

<sup>27</sup> GCC website, <http://www.gcc-sg.org> (Accessed January 4, 2013).

<sup>28</sup> “Profile: Gulf Co-operation Council,” *BBC News*, last updated February 15, 2012. [http://news.bbc.co.uk/2/hi/middle\\_east/country\\_profiles/4155001.stm](http://news.bbc.co.uk/2/hi/middle_east/country_profiles/4155001.stm)

<sup>29</sup> “Chapter Seven: Middle East and North Africa,” in *The Military Balance: 2012*, International Institute for Strategic Studies, 2012. p. 307.

<sup>30</sup> Kenneth Katzman, *Kuwait: Security, Reform, and U.S. Policy*, Congressional Research Service, June 20, 2012. p. 20.

<sup>31</sup> Christopher M. Blanchard and Richard F. Grimmett, *The Gulf Security Dialogue and Related Arms Sale Proposals*, Congressional Research Service, October 8, 2008. p. 3.

<sup>32</sup> “Profile: Gulf Co-operation Council,” *BBC News*, last updated February 15, 2012. [http://news.bbc.co.uk/2/hi/middle\\_east/country\\_profiles/4155001.stm](http://news.bbc.co.uk/2/hi/middle_east/country_profiles/4155001.stm)

<sup>33</sup> “Profile: Gulf Co-operation Council,” *BBC News*, last updated February 15, 2012. [http://news.bbc.co.uk/2/hi/middle\\_east/country\\_profiles/4155001.stm](http://news.bbc.co.uk/2/hi/middle_east/country_profiles/4155001.stm)

<sup>34</sup> Christopher M. Blanchard and Richard F. Grimmett, *The Gulf Security Dialogue and Related Arms Sale Proposals*, Congressional Research Service, October 8, 2008. Summary page.

<sup>35</sup> Christopher M. Blanchard and Richard F. Grimmett, *The Gulf Security Dialogue and Related Arms Sale Proposals*, Congressional Research Service, October 8, 2008. p. 2-3.

<sup>36</sup> Thom Shanker, “U.S. and Gulf Allies Pursue a Missile Shield Against Iranian Attack,” *New York Times*, August 8, 2012. <http://www.nytimes.com/2012/08/09/world/middleeast/us-and-gulf-allies-pursue-a-missile-shield-against-iranian-attack.html>

<sup>37</sup> Thom Shanker, “U.S. and Gulf Allies Pursue a Missile Shield Against Iranian Attack,” *New York Times*, August 8, 2012. <http://www.nytimes.com/2012/08/09/world/middleeast/us-and-gulf-allies-pursue-a-missile-shield-against-iranian-attack.html>

<sup>38</sup> Christopher M. Blanchard and Richard F. Grimmett, *The Gulf Security Dialogue and Related Arms Sale Proposals*, Congressional Research Service, October 8, 2008. p. 2.

---

<sup>39</sup> “Profile: Gulf Co-operation Council,” *BBC News*, last updated February 15, 2012. [http://news.bbc.co.uk/2/hi/middle\\_east/country\\_profiles/4155001.stm](http://news.bbc.co.uk/2/hi/middle_east/country_profiles/4155001.stm)

<sup>40</sup> “Profile: Gulf Co-operation Council,” *BBC News*, last updated February 15, 2012. [http://news.bbc.co.uk/2/hi/middle\\_east/country\\_profiles/4155001.stm](http://news.bbc.co.uk/2/hi/middle_east/country_profiles/4155001.stm)

<sup>41</sup> Habin Toumi, “GCC Summit Unlikely to Include Talk of Union,” *Gulf News*, December 7, 2012. <http://gulfnews.com/news/gulf/bahrain/gcc-summit-unlikely-to-include-talk-of-union-1.1115158>

<sup>42</sup> Habin Toumi, “GCC Summit Unlikely to Include Talk of Union,” *Gulf News*, December 7, 2012. <http://gulfnews.com/news/gulf/bahrain/gcc-summit-unlikely-to-include-talk-of-union-1.1115158>

<sup>43</sup> “21<sup>st</sup> EU-GCC Joint Council and Ministerial Meeting Abu Dhabi, 20 April 2011,” The Council of the European Union, Joint Communique, April 20, 2011. [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/er/121610.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/121610.pdf)

<sup>44</sup> “21<sup>st</sup> EU-GCC Joint Council and Ministerial Meeting Abu Dhabi, 20 April 2011,” The Council of the European Union, Joint Communique, April 20, 2011. [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/er/121610.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/121610.pdf)

<sup>45</sup> FNA, “Iranian MP Raps PGCC Obedience to US,” *Fars News Agency*, April 5, 2011. <http://english.farsnews.com/newstext.php?nn=9001161270>

<sup>46</sup> FNA, “Senior MP Warns PGCC About Plotting Against Iran,” *Fars News Agency*, April 10, 2011. <http://english.farsnews.com/newstext.php?nn=9001210574>

<sup>47</sup> FNA, “Senior MP Blasts PGCC for Attempts to Promote Iranophobia,” *Fars News Agency*, April 20, 2011. <http://english.farsnews.com/newstext.php?nn=9001312318>

<sup>48</sup> FNA, “Former FM Raps PGCC Provocations Against Iran,” *Fars News Agency*, May 16, 2011. <http://english.farsnews.com/newstext.php?nn=9002260773>

<sup>49</sup> FNA, “Iran Blasts PGCC Statement,” *Fars News Agency*, September 13, 2011. <http://english.farsnews.com/newstext.php?nn=9006210038>

<sup>50</sup> WAM, “GCC Summit Issues Final Communique,” *Khaleej Times*, December 20, 2011. [http://www.khaleejtimes.com/DisplayArticle09.asp?xfile=data/middleeast/2011/December/middleeast\\_December559.xml&section=middleeast](http://www.khaleejtimes.com/DisplayArticle09.asp?xfile=data/middleeast/2011/December/middleeast_December559.xml&section=middleeast)

<sup>51</sup> Arab News, “GCC Call to Iran: Leave UAE Islands,” *Arab News*, April 17, 2012. <http://www.arabnews.com/node/411231>

<sup>52</sup> Alan Cowell, “Syria Orders More Airstrikes and Calls French Recognition of Rebels ‘Immoral’,” *New York Times*, November 14, 2012. [http://www.nytimes.com/2012/11/15/world/middleeast/syria-war-developments.html?\\_r=0](http://www.nytimes.com/2012/11/15/world/middleeast/syria-war-developments.html?_r=0)

<sup>53</sup> Habin Toumi, “GCC Summit Unlikely to Include Talk of Union,” *Gulf News*, December 7, 2012. <http://gulfnews.com/news/gulf/bahrain/gcc-summit-unlikely-to-include-talk-of-union-1.1115158>

<sup>54</sup> Manama, Safar 12, 1434, Dec 25, 2012, SPA, <https://mail.google.com/mail/u/0/?shva=1#inbox/13bd728f8f64fd10>.

<sup>55</sup> SUSRIS, 33rd GCC Supreme Council, the Sakhir Summit,

Concludes, SPECIAL REPORT Dec 25, 2012. <http://www.susris.com/2012/12/25/33rd-gcc-supreme-council-the-sakhir-summit-concludes/>

<sup>56</sup> Kenneth Katzman, *Oman: Reform, Security, and U.S. Policy*, Congressional Research Service, August 30, 2012. p.1.

---

<sup>57</sup> Muscat was also involved in helping Iran restart diplomatic links with the United Kingdom and Saudi Arabia in 1988. See Martina Fuchs, “Oman Warns on Military Confrontation with Iran,” *Reuters*, march 18, 2012. <http://www.reuters.com/article/2012/03/18/us-oman-minister-idUSBRE82H06C20120318>

<sup>58</sup> Kenneth Katzman, *Oman: Reform, Security, and U.S. Policy*, Congressional Research Service, August 30, 2012. p. 13.

<sup>59</sup> Casey L. Addis, Christopher M. Blanchard, Kenneth Katzman, Carol Migdalovitz, Jim Nichol, Jeremy M. Sharp, Jim Zanoti, *Iran: Regional Perspectives and U.S. Policy*, Congressional Research Service, January 13, 2010. p. 17.