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The Persian Gulf States: Issues for U.S. Policy, 2004

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Summary

The Bush Administration has said that the fall of Saddam Hussein's regime in April 2003 would ease the security challenges facing the Persian Gulf region. The U.S.-led war has ended Iraq's ability to produce weapons of mass destruction (WMD) and virtually ended any Iraqi conventional military threat to the region. However, the Persian Gulf states (Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, and the United Arab Emirates) fear that Iraq might no longer serve as a strategic counterweight to Iran and that pro-Iranian Shiite Muslim groups might obtain a major share of power in post-war Iraq. This creates the potential for spillover from the conflict in Iraq in two ways: Gulf Shiite communities, generally in the minority in the Gulf, might be emboldened by events in Iraq to seek additional power; and Sunni Muslim militants in Iraq — both Iraqi and non-Iraqi — might infiltrate the Gulf states to cause violence and instability. Continuing instability in Iraq has caused the United States to maintain a larger military presence in the Gulf than would have been required had Iraq stabilized quickly, thereby negating some of the benefits expected to result from the ousting of Saddam Hussein.

Internally, several of the Gulf states are undergoing leadership transitions, while attempting to cope with demands for economic and political reform. Most of the Gulf states are opening up their political processes as a means of deflecting popular pressure and satisfying U.S. calls for reform, although most of the reforms undertaken or planned do not amount to a major restructuring of power in any of these states. Many experts believe that more rapid and sweeping political and economic reform are the keys to long-term Gulf stability, as well as to the U.S. strategy of reducing support in the Gulf states for terrorist groups such as Al Qaeda.

Prior to the U.S.-led war on Iraq, the September 11, 2001, terrorist attacks in the United States had expanded the security challenges facing the United States in the Persian Gulf region. Some Gulf states allegedly tolerated the presence of Al Qaeda activists and their funding mechanisms. Fifteen of the nineteen September 11 hijackers were of Saudi origin, as is Al Qaeda founder Osama bin Laden. The United States is working with the Gulf states to try to identify suspected Al Qaeda cells and cut off channels of financial support to that and other terrorist groups.

This report will be updated as warranted by regional developments. See also CRS Issue Brief IB93113, *Saudi Arabia: Current Issues and U.S. Relations*; CRS Report RS21513, *Kuwait: Post-Saddam Issues and U.S. Policy*; CRS Report RS21852, *The United Arab Emirates: Issues for U.S. Policy*; CRS Report RL31718, *Qatar: Background and U.S. Relations*; CRS Report 95-1013 F, *Bahrain: Key Issues for U.S. Policy*; and CRS Report RS21534, *Oman: Current Issues and U.S. Policy*.

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The Persian Gulf States: Issues for U.S. Policy, 2004

The Persian Gulf region is rich in oil and gas resources but has a history of armed conflict and of presenting major threats to U.S. national security. The Gulf states — Saudi Arabia, Kuwait, the UAE, Qatar, Bahrain, and Oman, bound together in an alliance called the Gulf Cooperation Council (GCC) — have experienced three major wars in the past two decades: the Iran-Iraq war (1980-88), the Persian Gulf war (1991), and Operation Iraqi Freedom (2003 - current). This report, which will be revised periodically, discusses U.S. and Gulf efforts to manage the new challenges highlighted by the September 11, 2001 attacks on the United States and to adapt to the aftermath of the overthrow of Saddam Hussein. The report is derived from a wide range of sources, including press reports, unclassified U.S. government documents, U.N. documents, observations by the author during visits to the Gulf, and conversations with U.S., European, Iranian, and Gulf state officials, journalists, and academics.

Past Conflicts and Threat Perceptions in the Gulf

Iran, Iraq, and the GCC states possess about 715 billion barrels of proven oil reserves, representing about 57% of the world's total, and about 45% of the world's total proven reserves of natural gas. The countries in the Gulf produce about 28% of the world's oil supply, according to the U.S. Energy Information Administration. Saudi Arabia and Iraq are first and second, respectively, in proven reserves. Iraq, which is relatively unexplored, might ultimately be proven to hold more oil than does Saudi Arabia. Iran and Qatar, respectively, have the second and third largest reserves of natural gas in the world; gas is an increasingly important source of energy for Asian and European countries. Difficulties in the discovery and transportation of oil and gas from the Central Asian/Caspian Sea countries ensure that the Gulf will almost certainly remain a major source of energy well into the 21st century. All of the countries of the Gulf, including Iran and Iraq, appear to have an interest in the free flow of oil, but past political conflict in the Gulf has sometimes led to sharp fluctuations in oil prices and increased hazards to international oil shipping.

Past conflicts in the Gulf, mainly involving Iraq and Iran, have threatened to escalate sharply when weapons of mass destruction (WMD) and ballistic missiles were used. Iran and Saddam Hussein's Iraq fought each other during 1980-1988, jeopardizing the security of the Gulf states, and each fought the United States, although with differing degrees of intensity. Iran and the United States fought minor naval skirmishes during 1987-88, at the height of the Iran-Iraq war — a war in which the United States tacitly backed Iraq. During one such skirmish (*Operation Praying Mantis*, April 18, 1988) the United States fought a day long naval battle with Iran that destroyed almost half of Iran's largest naval vessels. On July 3, 1988, the United

States mistakenly shot down an Iranian passenger aircraft flying over the Gulf (Iran Air flight 655), killing all 290 aboard. In May 1987, Iraq hit the U.S.S. Stark with French-supplied Exocet missiles, presumed by most to be a mistake, killing 37 U.S. Navy personnel.

To liberate Kuwait from Iraq, which invaded and occupied Kuwait on August 2, 1990, the United States deployed over 500,000 U.S. troops, joined by about 200,000 troops from 33 other countries. That war (Operation Desert Storm, January 16- February 27, 1991) resulted in the death in action of 148 U.S. service personnel and 138 non-battle deaths, along with 458 wounded in action. The 1991 Gulf war reduced Iraq's conventional military capabilities roughly by half, but, prior to Operation Iraqi Freedom, Iraq was still superior to Iran and the Gulf states in ground forces. Iran faces no mandatory international restrictions on its imports of advanced conventional weapons, and Iran has been slowly rearming since 1990.

In addition to their conventional forces, both Iran and Iraq developed weapons of mass destruction (WMD) programs. Iraq's missile, chemical, nuclear, and biological programs, begun during the Iran-Iraq war, were among the most sophisticated in the Third World at the time of Iraq's invasion of Kuwait. Israel was sufficiently concerned about Iraq's nuclear program that it conducted an air-strike against Iraq's French-built Osirak nuclear reactor on June 7, 1981, temporarily setting back Iraq's nuclear effort. During the Iran-Iraq war, Iraq fired enhanced Scud missiles at Iranian cities,¹ and Iran fired its own Scud missiles at Iraqi cities as well in a so-called "war of the cities." On ten occasions during the Iran-Iraq war, Iraq used chemical weapons against Iranian troops and Kurdish guerrillas and civilians, killing over 26,000 Iranians and Kurds.² During the 1991 Gulf war, Iraq fired 39 enhanced Scud missiles at Israel, a U.S. ally, and about 40 enhanced Scud missiles on targets in Saudi Arabia. One Iraqi missile, fired on coalition forces on February 25, 1991 (during Desert Storm) hit a U.S. barracks near Dhahran, Saudi Arabia, killing 28 military personnel and wounding 97. U.N. weapons inspectors dismantled much of Iraq's WMD infrastructure during 1991-1998, but they left in 1998 due to Iraqi obstructions and without clearing up major unresolved questions about Iraq's WMD. New U.N. inspections began, under threat of U.S. force, in November 2002, but were ended after the Bush Administration and its allies determined that Iraq's regime would not fully cooperate and decided to overthrow the regime by force.

Operation Iraqi Freedom (OIF) ensured that Iraq's WMD programs were ended, but Iran's WMD programs are not subject to the same scrutiny as that applied to those of Iraq. Some of Iran's programs have made significant strides during the

¹ The missiles were supplied by Russia, but Iraq enhanced their range to be able to reach Tehran, which is about 350 miles from the Iraq border. The normal range of the Scud is about 200 miles.

² Central Intelligence Agency. "Iraq's Weapons of Mass Destruction Programs." October 2002, p. 8. According to the study, Iraq used mustard gas, tabun, and other "nerve agents." According to the report, the majority of the casualties were Iranian, suffered during major Iranian offensives, including Panjwin (October-November 1983), Majnoon Island (February-March 1984), the Hawizah Marshes (March 1985), Al Faw (February 1986), Basra (April 1987), and Sumar/Mehran (October 1987).

1990s, reportedly with substantial help from Russia, China, North Korea, and other countries and entities, such as the network of Pakistani nuclear scientist A.Q. Khan. Iran is openly testing extended range missiles and building civilian nuclear infrastructure that the United States asserts would only be suitable if Iran were attempting to achieve a nuclear weapons capability.

Iran has been termed by the State Department over the past decade as the “most active state sponsor of terrorism” and no observer is predicting that Iran will soon be removed from the U.S. list of state sponsors of terrorism (“terrorism list”). The Islamic regime in Iran, which came to power in February 1979, held American diplomats hostage during November 1979-January 1981, and the pro-Iranian Lebanese Shia Muslim organization Hizballah held Americans hostage in Lebanon during the 1980s. Since then, Iran has supported groups (Hizballah and the Palestinian groups Hamas and Palestinian Islamic Jihad) that oppose the U.S.-sponsored Arab-Israeli peace process and carry out terrorist attacks against Israelis. Some pro-Iranian groups have sought to destabilize some of the Gulf states, although Iran’s support for these groups has diminished since Iran’s relatively moderate President Mohammad Khatemi came into office in 1997 and subsequently improved relations with the Gulf states. U.S. law enforcement officials say Iranian operatives were involved in the June 1996 bombing in Saudi Arabia of the Khobar Towers housing complex for U.S. military officers, in which 19 U.S. airmen were killed.

Iraq’s former regime was on the terrorism list and publicly supported Palestinian violence against Israel. Reports indicate that, over the past decade, Baghdad had some contact with the groups that are most active in violence and terrorism against Israel. According to publicly available information, neither Iran nor Saddam’s Iraq has been linked to the September 11 attacks and neither appears to have had an operational relationship with Al Qaeda. However, press accounts say that some Al Qaeda activists fleeing Afghanistan have transited or took refuge in both countries, and there have been some accounts of contacts between Al Qaeda and the Saddam Hussein regime. The new government in Iraq, which consists of political leaders who are generally well disposed toward the United States, was removed from the terrorism list on September 24, 2004.

The Gulf states face internal threats not attributable to Iran or Iraq. All six Gulf states — Saudi Arabia, Kuwait, Bahrain, the United Arab Emirates (UAE), Oman, and Qatar — are hereditary monarchies. They allow limited formal opportunity for popular participation in national decision-making, although several, particularly Bahrain, Qatar, and Oman, are opening up their political processes and earning U.S. official praise for doing so. Kuwait has had a vibrant, elected parliament for over four decades, although the parliament has periodically been suspended and female suffrage is still banned there. Some of the Gulf states, including Saudi Arabia, Kuwait, and the United Arab Emirates, are undergoing leadership transitions; Bahrain’s leadership passed to a new generation in March 1999 when the long serving Amir (ruler) died suddenly.

The September 11 attacks have heightened U.S. concerns about radical Islamic activists operating in the Gulf states. These activists, who might be linked to or sympathetic to Al Qaeda, do not currently appear to threaten the stability of any of the Gulf regimes, although the networks could be planning acts of terrorism against

U.S. forces and installations there. Over the past year, the State Department has had reports of threats against U.S. embassies and other facilities in virtually all of the Gulf states. The September 11 attacks have stimulated some sources of tension between the United States and some of the Gulf monarchy states, particularly Saudi Arabia, over allegations that Gulf donors have, wittingly or unknowingly, contributed to groups and institutions linked to Al Qaeda and other terrorist organizations.

Post-Saddam Threat Environment³

The threat environment in the Gulf has been altered by the overthrow of Saddam Hussein's regime in Iraq. The overthrow of Saddam Hussein had initially generated a sense of relief among the Gulf states. Iraq is no longer a conventional threat to the Gulf region, and its new government does not have the resources or stability to pursue WMD programs, even if it were to decide to do so. However, the Gulf states now sense new threats as stability has eluded Iraq. Sunni Islamist insurgents have a significant presence in central-western Iraq, and some of their tactics (suicide bombings, kidnappings and beheadings of foreign workers) are reminiscent of some of the most radical terrorist organizations, including Al Qaeda. The Gulf states fear that some of these radical Sunni insurgents could try to enter the Gulf states to commit acts of terrorism as retribution against the Gulf governments, akin to what happened following the Soviet occupation of Afghanistan. The insurgents perceive the Gulf governments as having backed the U.S. invasion of Iraq and ouster of Saddam Hussein. The Gulf states believe that Iraq would descend further into chaos and become a safehaven for Islamic radicals if the United States were to withdraw militarily from Iraq, an outcome that the Gulf states fear could result if U.S. casualties continue to mount.

Compounding the threat perception of the Gulf states is the rise of Shiite Islamist factions in post-Saddam Iraq — particularly revered clerical leader Grand Ayatollah Ali al-Sistani and his allies, the Supreme Council of the Islamic Revolution in Iraq (SCIRI), and the Da'wa (Islamic Call) Party. This grouping has had major influence on the U.S.-designed road-map for Iraq's political transition, and the group is expected to win a high percentage of seats in planned January 2005 elections for a transitional National Assembly. As shown in the Appendix, several of the Gulf states have substantial Shiite populations - in Bahrain they are a majority. In none of the Gulf states, including Bahrain, are Shiites at the apex of the governing structure, and most Gulf Shiite communities consider themselves under-represented in government and lacking key opportunities in the economy. The Gulf states fear that the rise of the Shiites in Iraq will embolden their own Shiite communities to demand a larger share of political and economic power. Kuwait's concerns are particularly high; radical factions of an Iraqi Shiite Islamic party, the Da'wa Party, attacked the U.S. and French embassies in Kuwait City in December 1983, and attacked the Amir's motorcade in May 1985, injuring him slightly. In Saudi Arabia, there is acute fear of potential Shiite unrest, in part because Shiites are concentrated

³ For further information on developments in and U.S. policy toward Iraq, see CRS Report RL31339, *Iraq: U.S. Regime Change Efforts and Post-Saddam Governance*; and CRS Report RL32048, *Iran: Current Developments and U.S. Policy*.

in the eastern provinces where many of Saudi Arabia's oil fields are located and in which much of its oil export infrastructure is based.

Some Gulf states are concerned that the strategic weakness of post-war Iraq will embolden Iran to take a more active role in Gulf security and to seek to enlist the Gulf states in an Iran-led Gulf security structure. Under Saddam Hussein, Iraq was considered by the Gulf states to be a strategic counterweight to Iran and a check on that country's ambitions. The Gulf states supported Iraq during the Iran-Iraq war, in part to ensure that the ideology of Iran's Islamic revolution did not prevail throughout the Gulf. Not only has that strategic counterweight to Iran been removed, in the view of the Gulf states, but Iran is believed to have substantial influence over the Shiite factions that are emerging as powerful players in post-Saddam Iraq.⁴ Further progress on Iran's WMD programs, particularly its nuclear program, could embolden Iran to try to intimidate the Gulf states, particularly now that Iraq is no longer a military power in the region. Iran has a long coastline and a well-honed sense of nationhood - it was not created by colonial powers — and believes it is entitled to a major role in Gulf security. The Gulf states believe that the United States must remain in the Gulf militarily to provide a check on Iranian ambitions.

The Persian Gulf Monarchies: Coping With Internal and External Threats

Over the past two decades, U.S. attempts to contain the threats from Iran and Iraq have depended on cooperation with the Gulf states, and those threats made the Gulf states highly dependent on a significant U.S. military presence in the Gulf. Even though Saddam Hussein's regime is gone, the United States is likely to remain highly engaged in the Gulf because Iraq is not yet stable and the September 11, 2001 attacks added a new dimension to U.S. relations with the Gulf states — the need for their cooperation against Al Qaeda activists and terrorist financing channels located there.

The need for the United States to deal with all the security threats emanating from the Gulf gives the United States a stake in the political stability of the Gulf regimes. The Bush Administration believes that this stability depends on further political and economic reform at the societal level as well as cohesive decision-making processes and smooth succession at the leadership level. Despite the threats they face, the GCC states have proved more durable politically than some experts had predicted, surviving attempts to subvert them by Iraq (1970s) and Iran (1980s and 1990s), the eight year Iran-Iraq war (September 1980-August 1988), the Iraqi invasion and occupation of Kuwait (August 1990-February 1991), and post-1991 unrest and uncertain leadership transitions in a few of the GCC states.

⁴ Wong, Edward. "Iran Is In Strong Position to Steer Iraq's Political Future." *New York Times*, July 3, 2004.

Domestic Stability

Many of the Gulf monarchies face potential threats to political stability. Although some, such as Bahrain and Saudi Arabia, have experienced open unrest since the 1991 Gulf war, virtually none of the Gulf governments appears to be in imminent political danger. Several are working through leadership transitions while trying, at the same time, to institute limited political and economic reform. Since the September 11 attacks, the United States has heightened its attention to public attitudes in the Gulf in light of surveys and reports that many Gulf citizens are sympathetic to at least some of the goals of radical Islamic movements such as Al Qaeda. Al Qaeda leader Osama bin Laden is viewed by many Gulf citizens as a revolutionary Islamic figure who is fighting U.S. influence in the Islamic world,⁵ but bin Laden supporters and other Islamic activists do not appear to pose a major challenge to the Gulf regimes. One possible exception is Saudi Arabia, where Al Qaeda activists have undertaken several major acts of terrorism in the Kingdom since mid-2003. Experts are divided on the degree to which Islamic extremists in the Kingdom have the potential to destabilize the Saudi regime, or whether the extremist activity can be contained indefinitely.

Leadership Transition. Still governed by hereditary leaders, several of the GCC states are coping with existing or imminent leadership transitions. Although few observers forecast bloody succession struggles in any of the Gulf states, succession uncertainties have, in some cases, slowed political or economic initiatives.

- In Saudi Arabia, King Fahd suffered a stroke in November 1995 and, although still holding the title King, has yielded day-to-day governance to his half-brother and heir apparent, Crown Prince Abdullah. Abdullah is the same age as Fahd (about 80) but Abdullah appears to be in reasonably good health. Abdullah has been more willing than Fahd to question U.S. policy in the region and U.S. prescriptions for Saudi security. Together with his image of piety and rectitude, Abdullah's perceived independence could account for his relative popularity among the Saudi tribes and religious conservatives. This support base has given Abdullah the legitimacy he needs to launch a crackdown on Saudi-based Al Qaeda members and supporters since mid-2003. At the same time, Abdullah has promoted some long-delayed internal reforms and he has tried to design and time some of his own initiatives on the Middle East peace process and Arab reform to coincide with and support those announced by the Bush Administration.
- In Bahrain, the sudden death of Amir (ruler) Isa bin Salman Al Khalifa on March 6, 1999 led to the accession of his son, Hamad bin Isa Al Khalifa, who was commander of Bahrain's Defense Forces. In February 2002, he formally changed Bahrain into a kingdom and took the title King instead of Amir. King Hamad has moved

⁵ For more information on bin Laden, see CRS Report RL31119, *Terrorism: Near Eastern Groups and State Sponsors*, 2002. February 13, 2002, by Kenneth Katzman.

decisively to try to address the domestic grievances that caused Bahrain's Shiite Muslim unrest in the mid-1990s, as discussed below. King Hamad is about 54 years old and has named his son Salman, who is about 35 years old, as Crown Prince. This has caused some friction with the King's uncle, Khalifa bin Salman Al Khalifa, who serves as Prime Minister and is considered a traditionalist rather than a reformer.

- The UAE is in transition from the ailing Shaikh Zayid bin Sultan al-Nahayyan, ruler of the emirate of Abu Dhabi who helped found and became President of the seven-emirate UAE federation in 1971. His eldest son, Crown Prince Khalifa, who is about 46, is the likely successor, and Khalifa has been assuming a higher profile in the UAE over the past few years. Khalifa's formal succession could be obstructed if the rulers of the other six emirates of the UAE federation, or even factions within Abu Dhabi itself, oppose him. However, the UAE is well placed to weather this transition because it has faced the least unrest of any of the Gulf states, its GDP per capita (\$22,000 per year) is the highest in the Gulf, and there are few evident schisms in the society.
- Qatar's Amir, Hamad bin Khalifa Al Thani, who overthrew his father in a bloodless coup in June 1995, sees himself as the leader among the Gulf rulers in instituting political reform and a public role for women. The Amir's reform agenda, as well as his attempts to carve out a foreign policy independent from that of Saudi Arabia, has garnered wide support internally and there has been little evidence of unrest. On the other hand, there were some indications of unrest within the ruling family when the Amir, in August 2003, suddenly and unexpectedly changed his crown prince/heir apparent from Shaykh Jassim to Jassim's younger brother, Tamim.
- In Kuwait, virtually the entire top leadership is ailing, particularly Amir Jabir al-Ahmad Al-Sabah and Crown Prince Sa'd al-Abdullah Al-Sabah. Deputy Prime and Foreign Minister Sabah al-Ahmad Al-Sabah has run the government day-to-day for at least the past three years. The leadership uncertainty has created significant delays in making key political economic decisions, such as allowing foreign investment in the energy sector, and fostered an image of political stagnation. In an effort to move decisionmaking forward, the Amir tapped Shaikh Sabah on July 12, 2003 to be Prime Minister (he was acting in that capacity previously), thereby separating the post of Prime Minister and Crown Prince. Over the longer term, there are several younger potential successors with significant experience in government, such as Minister of State for Foreign Affairs Mohammad Al Sabah and Oil Minister Ahmad al-Fahd Al Sabah, but they have not sought to persuade the existing leaders to step down. Islamic fundamentalist opposition to the ruling Al Sabah family appears to be contained within the context of Kuwait's elected National Assembly, and virtually no anti-regime violence has

occurred there since the Gulf war, although there is some evidence that some Al Qaeda or pro-Al Qaeda activists are present there.⁶

- The Sultanate of Oman has seen little unrest since Sultan Qaboos bin Said Al Said took power from his father in 1970. Qaboos is about 64 years old, apparently in good health, and widely assessed as highly popular. However, the royal family in Oman is relatively small and there is no heir apparent or clear successor. This could lead to a succession crisis or power struggle if Qaboos were to leave the scene unexpectedly. Since an alleged Islamist plot in 1994 that led to a few hundred arrests, there has been little evidence of a radical Islamist element in the Sultanate.

Political Liberalization. Some Gulf leaders are gradually opening the political process, in part to help them cope with the challenges of modernization and globalization. The Bush Administration has expressed strong support for political reform as a means of addressing what it sees as root causes of the September 11, 2001 attacks - the relative lack of popular influence in governance. However, most Gulf reform efforts appear to be responses to individual political conditions rather than a result of Bush Administration urging. The Gulf leaders undertaking political reform hope that doing so will ensure stability, although some fear that this process could backfire by empowering Islamic extremists and providing the Islamists a platform to challenge the incumbent regimes. As part of their reform efforts, almost all of the Gulf countries are appointing women to senior positions, including cabinet ministries (in Qatar and Oman) and ambassadorships - a trend that is resented by some Islamic traditionalists in these countries. Critics maintain that the political reforms enacted or contemplated do not materially weaken the prerogatives of the ruling GCC regimes, and instill only marginal accountability into GCC country governance.

- Kuwait has traditionally been at the forefront of political liberalization in the Gulf, but its progress had slowed in recent years — its reform agenda limited to a gradual expansion of the all-male electorate. Some believe Kuwait might resume its liberalization process now that the threat from Saddam Hussein's regime has ended. In response to popular pressure after its 1991 liberation, Kuwait revived its elected 50-seat National Assembly in October 1992, after six years of suspension. The Assembly still has more influence in decision-making than any representative body in the GCC, with the power to review and veto governmental decrees. However, on two separate occasions in 1999, a long awaited effort by the government to institute female suffrage was rebuffed by a combination of conservative tribal deputies and Islamists in the Assembly. The potential for a renewed push on this issue increased after July 5, 2003 Assembly elections. Advocates of rapid reform lost most of their seats, and Islamist candidates retained their approximately one-third share, but pro-government assembly

⁶ Department of State, *Patterns of Global Terrorism*, 2003. April 2004. p. 63.

deputies, mostly tribal and trading family representatives, achieved a working majority. This increases the chances that the body might approve a draft bill providing for female suffrage, approved by the Cabinet in May 2004.

- In the start of a series of initiatives to expand public participation, in March 1999 Qatar held elections to a 29-member municipal affairs council. In a first in the Gulf, women were permitted full suffrage and 6 women ran for the council, but all six lost. (One woman won in the 2003 municipal elections.) In late 1998, Amir Hamad announced that a constitution would be drafted providing for an elected National Assembly to replace the appointed 35-member consultative council in place since independence in 1971. The constitution was adopted in a national referendum, in which women voted, in April 2003. Its approval (by 97% of the electorate) paves the way for elections to a one-chamber assembly, to be held as early as the end of 2004. Thirty seats of the 45-seat body are to be elected, with the remaining fifteen appointed. The constitution also provides for an independent judiciary.
- Oman began holding direct elections to its 83-seat Consultative Council in September 2000. At that time, the electorate consisted of 25% of all citizens over 21 years old - mostly local notables and elites. The process contrasted with past elections (1994 and 1997) in which a smaller and more select electorate chose two or three nominees per district and the Sultan then selected final membership. At the same time, Qaboos appointed new members, including five women, to a 53-seat "State Council." The State Council serves, in part, as a check and balance on the elected Consultative Council; both combined form a bi-cameral "Oman Council." In November 2002, Qaboos extended voting rights to all citizens over 21 years of age, beginning with the October 4, 2003 Consultative Council elections. Those elections produced a body similar to that elected in 2000, including election of the same two women as the previous election (out of 15 female candidates). The Oman Council lacks binding legislative powers and there are no evident groupings or factions within it. Formal parties are banned.
- The King of Bahrain has largely abandoned his late father's refusal to accommodate opposition (mostly Shiite Muslim) demands to restore an elected national assembly. In February 2002, Bahrain held a referendum on a new "national action charter," establishing procedures for electing a 40-member national assembly. Those elections (two rounds) were held in late October 2002, and the results were split between moderate Islamists and secular Muslims. None of the eight female candidates was elected. Some Shiite critics of the Sunni-dominated government boycotted the elections, claiming that the formation of an appointed upper body of the same size represented an abrogation of the government's promise to restore the 1973 parliamentary process. (No appointed upper body

was established during the 1970s, but the parliament lasted only two years; it was closed on fears that the parliament represented a challenge to Al Khalifa rule.) The return to parliamentary elections appears to have largely moved Shiite expressions of their grievances into peaceful parliamentary debate and away from the violent unrest that rocked the small state in the mid-late 1990s, although occasional Shiite protests continue. The new parliament has been assertive in trying to rewrite strict press laws and in questioning ministers. The Bush Administration notes that Bahrain's authorization for trade unions has resulted in a nascent labor movement there.

In the other Gulf states, political liberalization has been significantly slower, although there are some new signs of movement. Saudi Arabia⁷ expanded its national Consultative Council to 90 seats from 60 in 1997, and again to 120 seats in 2001. It has thus far ruled out national elections or the appointment of women to the Council. However, it has tapped some women to be advisers to it. In 2004, the government approved new powers for the Council, including the ability to initiate legislation rather than merely review government proposed laws, and giving the Council increased ability to veto draft governmental laws. Observers in Saudi Arabia say the public is increasingly aware of the Council's activities and that it is growing as a force in Saudi politics. There are also indications that the Council is acquiring additional scope of authority; in 2003 it voted to reject a government-proposed income tax on foreigners. The government allowed that "veto" to stand. In an indication of possible acceleration of reform, the Saudi government announced in July 2004 that there would be elections for half of the seats on the 178 local municipal councils around the Kingdom. It is not yet clear whether or not women will be allowed to vote, although Saudi officials say that tradition would indicate that women will not be allowed to run, and probably not be permitted to vote either. The elections are to be held in February 2005.⁸ The municipal councils will report to the Ministry of Municipal and Rural Affairs.

Of the Gulf states, the UAE has been the least active on political reform. It has not moved to broaden the authority of its forty seat advisory Federal National Council, and has undertaken few, if any political reforms, although some observers say the press has become increasingly open. The wife of UAE President Shaikh Zayid bin Sultan al-Nuhayyan said in January 1999 that women would be given a role in the political life of the UAE in the future, and Shaikh Zayid subsequently appointed a woman to be undersecretary of the Ministry of Labor and Social Affairs, the first woman to hold a high-ranking post. No women are on the Federal National Council. However, in a possible sign of movement among some of the seven emirates of the UAE federation, Sharjah emirate appointed five women to Sharjah's 40-seat consultative council.

⁷ For more information on Saudi political reform efforts, see CRS Report RS21913. *Saudi Arabia: Reform and U.S. Policy*, August 18, 2004, by Jeremy Sharp. Some of the information in this section is also taken from a CRS staff visit to Saudi Arabia in September 2004, which included several meetings with members of the Saudi Consultative Council.

⁸ *Washington Post*, August 5, 2004.

Despite the move toward political openness in some of the Gulf states, the State Department human rights report for 2003⁹ says that the Gulf states continue to rely on repression and denial of internationally recognized standards of human rights to maintain political stability. Even the moves toward political liberalization in the Gulf states do not give Gulf citizens the right to peacefully change their government, and the foreign workers on which their economies rely have virtually no political rights at all. Almost all the Gulf states are cited by human rights organizations and U.S. human rights reports for arbitrary arrests, religious discrimination, and suppression of peaceful assembly and free expression. Saudi Arabia actively prohibits the practice of non-Muslim religions on its territory, even in private, with limited exceptions. Qatar prohibits public non-Muslim worship but tolerates it in private. In Kuwait, Bahrain, the UAE, and Oman, there are functioning Christian churches and congregations. Small Jewish communities in some Gulf countries are generally allowed to worship freely.

U.S. Efforts to Promote Political Reform. In the immediate aftermath of the 1991 Gulf war, the United States actively encouraged the Gulf states to open their political systems, but largely de-emphasized this goal in the late 1990s and early 2000s as defense and security needs of containing Iraq and Iran took priority. Since the September 11 attacks, U.S. officials have said that the United States must work to bring political and economic reform to the Middle East, and encouraging political liberalization has returned to a leading position on the U.S. agenda for the Gulf. U.S. officials see liberalization as a means of reducing support in these countries for extremist movements and thereby enhancing stability. U.S. officials also stress that they are not pressing the Gulf states to adopt a U.S. or European concept of democracy, but rather to widen popular participation within their own traditions. U.S. diplomats are pressing for adherence to the rule of law, economic transparency, judicial reform, improvement in the education system, and the opening of the media. On the other hand, U.S. diplomats in the region generally seek to maintain good relations with their counterparts, and the Administration has supported those reform programs that are welcomed by the Gulf governments.

The Bush Administration is promoting these reforms not only through diplomatic exchanges between U.S. diplomats in the Gulf and their counterparts, but also with U.S. Agency for International Development (USAID) programs and programs funded by the State Department's Near East Bureau and its Bureau of Democracy, Human Rights, and Labor. Another program, established after the September 11 attacks, is the "Middle East Partnership Initiative," which funds programs for promoting these reforms in the Gulf and elsewhere in the Middle East.¹⁰ A May 2004 State Department report, "Supporting Human Rights and Democracy: 2003-2004," outlines steps the Bush Administration is taking to promote civil society in the Gulf and other states in the region, both directly and through private organizations. Recent initiatives have included, for example, workshops, exchanges, and sponsorship of visits to the United States by Gulf participants on the issues of

⁹ U.S. Department of State. Country Reports on Human Rights Practices - 2003. February 25, 2004.

¹⁰ For information on the initiative and funding provided by it, see CRS Report RS21457, *The Middle East Partnership Initiative: An Overview*.

judicial reform (Bahrain); political participation by women (Kuwait, Qatar); parliamentary development (Oman); and independent journalism (Saudi Arabia).

In pending legislation, H.Res. 751, introduced July 22, 2004, commends Bahrain, Kuwait, Qatar, and Oman (as well as Jordan) for their progress toward democratization and political and economic liberalization. The legislation resolves that the House of Representatives “offers to assist these countries in their future challenges of reform,” among other provisions.

Economic Reform. At the same time the Gulf states are coping with political change, some are taking steps to reform their economies and to shore up their key asset — energy resources — by inviting foreign investment in that sector. As noted in **Table 1** below, oil export revenues still constitute a high percentage of GDP for all of the Gulf states. The health of the energy infrastructure of the Gulf producers is also a key concern of the United States — GCC state oil exports comprise about 20% of the United States’ approximately 10 million barrels per day (mbd) net imports.

Table 1. GCC State Oil Production/Exports (July 2004)

Country	Total Oil Production (mbd)	Oil Exports to U.S. (mbd)	Oil Revenues as % GDP
Kuwait	2.4	0.26	50%
Saudi Arabia	9.5	1.66	40%
Qatar	0.85	negligible	30%
U.A.E.	2.5	negligible	33%
Oman	0.9	0	40%
Bahrain	0.02	0	30%
Total	16.02	1.92	N/A

Source: DOE, Energy Information Agency (EIA), OPEC Revenue Fact Sheet. Some figures from supporting EIA data. Export figures are close to production figures for the GCC states. The four GCC states that are OPEC members (Bahrain and Oman are not), are producing at levels above their OPEC quotas. According to EIA, only Saudi Arabia has spare capacity (about 1 million barrels) above current production levels.

A sharp oil price decline in 1997-1998 prompted the GCC states to reevaluate their longstanding economic weaknesses, particularly the generous system of social benefits they provide to their citizens. However, the strong expectation in these countries of continued benefits led the Gulf regimes to look to other ways to reform their economies. It is also likely that high oil prices (approximately \$50 per barrel as of early October 2004) could dampen the drive for economic reform because the GCC states are earning revenues far higher than expected. Still, some GCC states, particularly Saudi Arabia and Oman, are trying to ease underemployment problems

by instituting programs to encourage their nationals to work in jobs traditionally held by foreigners.¹¹

Even though oil prices have alleviated some financial pressures on the GCC states, they are likely to continue to try to attract international capital and needed advanced technology to the energy and other sectors. Qatar has partnered with foreign investors such as Exxon Mobil, Totalfina Elf (France), and others to develop its North Field, the world's largest non-associated gas field, which now has customers in Asia and sells some liquified natural gas (LNG) to the United States. It is also the hub of the "Dolphin Project," in which underwater pipelines are to be constructed to link gas supplies in Qatar and Oman to the UAE, with possible future connections to South Asia.

Kuwait and Saudi Arabia have begun discussions with Western oil companies, including several American firms, about further developing their oil and gas reserves. However, internal opposition to opening up this vital asset to foreign investors has significantly slowed the entry of international firms in the two countries. The Kuwaiti government has not, to date, obtained National Assembly approval for opening the energy sector to foreign investment, and its "Project Kuwait," a plan under which foreign investors would develop Kuwait's northern oil fields, has moved forward only slowly. However, Kuwait has put the project out for bid, pending National Assembly approval.¹² Similarly, Saudi Crown Prince Abdullah's initiative to open the Kingdom's gas reserves to foreign development has stalled. Saudi Arabia and eight foreign firms signed a preliminary agreement in June 2001 to develop three Saudi gas fields; two of the three would be led by Exxon Mobil. However, the agreement collapsed in May 2003 and an alternative agreement with Sinopec of China has been signed.

As part of the process of attracting international investment, the Gulf states are starting to open their economies. The Gulf states have passed laws allowing foreign firms to own majority stakes in projects, and easing restrictions on repatriation of profits. U.S. officials have recognized progress by the GCC states in eliminating the requirement that U.S. firms work through local agents, and protecting the intellectual property rights of U.S. companies. Oman was admitted to the World Trade Organization (WTO) in October 2000, and Saudi Arabia, the last GCC state not a member of that body, is in negotiations to join it. Some Saudi officials blame the United States for insisting on terms of entry that are too strict, and U.S. officials say that Saudi Arabia is seeking terms that are overly generous and which would allow it to avoid required reforms. In 1994, all six GCC countries relaxed their enforcement of the secondary and tertiary Arab boycott of Israel, enabling them to claim that they no longer engage in practices that restrain trade (a key WTO condition). In December 2002, the GCC states agreed to implement a "customs union," providing for uniform tariff rate on foreign imports for all the GCC states; the move had been under negotiation for many years.

¹¹ Wilson, Scott. "Saudis Fight Militancy With Jobs." *Washington Post*, August 31, 2004.

¹² Conversations with Kuwait officials in Kuwait City, July 3-6, 2003.

To encourage economic reform, the Bush Administration has been negotiating bilateral trade agreements with several of the GCC states. A “free trade agreement” (FTA) was signed with Bahrain on September 14, 2004, and awaits ratification by Congress. Oman and Kuwait have signed “trade and investment framework agreements” (TIFA’s) with the United States in 2004. These are viewed as preludes to possible FTA’s.

Gulf Foreign Policy Coordination With the United States

Even with Saddam Hussein’s regime removed, the Gulf states will likely continue to ally with the United States. The Gulf states fear potential Iranian aggression or intimidation, and they view the outcome of the ongoing violence and power struggles in Iraq as uncertain. However, some experts believe that, with the strategic threat from Iraq now removed and the U.S. military presence in Iraq relatively unpopular in the Arab world, some of the Gulf states might distance themselves from the United States and move closer to a broad Arab consensus on issues such as the Israeli-Palestinian dispute. Although their combined forces might be equipped as well as or better than Iran (see **Table 2** below), the Gulf countries suffer from a shortage of personnel willing to serve in the armed forces or commit to a military career, and they generally lack much combat experience.

Table 2. Comparative Military Strengths of the Gulf States, Iraq, and Iran

Country	Military Personnel	Tanks	Surface-Air Missiles	Combat Aircraft	Naval Units		Patriot Firing Units	Defense Budget (billion dollars)
					Surface Combatants	Sub-marines		
Saudi Arabia	201,000 (incl. 75,000 Saudi National Guard)	900 (incl. 315 M-1A2 Abrams)	33 batteries, (about half I-Hawk)	294 (incl. 174 F-15)	34	0	20	27.2
UAE	50,500	516 (incl. 360 Leclerc)	8 (3 Hawk batteries)	106	18	0	—	3.9
Oman	41,700	153	50	40	13	0	—	2.4
Kuwait	15,500	290 (incl. 218 M-1A2 Abrams)	10 batteries (incl. 4 Hawk)	81 (incl. 40 FA-18)	10	0	5	3.3
Qatar	12,300	30	75 SAM's (incl. 12 Stinger)	18	7	0	—	1.5
Bahrain	11,000	140	2 batteries	34 (incl. 22 F-16)	11 (incl. 1 frigate)	0	—	.315
Iraq	Iraq's conventional forces and armament are negligible in post-Saddam period. An army of 30,000 is planned, current force is about 10,000 mostly focused on internal security/counter-insurgency.							
Iran	540,600	1,565	76 batteries, (incl. I-Hawk) plus some Stinger	306	59 (incl. 10 Hudong) plus 40 Boghammer	3 Kilo	—	9.1

Source: International Institute for Strategic Studies, *The Military Balance 2003-2004*. (Note: Figures shown here do include materiel believed to be in storage); various press reports.

Iraqi aircraft figures include aircraft flown from Iraq to Iran during 1991 Gulf war. Patriot firing unit figures do not include firing units emplaced in those countries by the United States. Six U.S. Patriot firing units are emplaced in Saudi Arabia, according to *Teal's World Missiles Briefing*.

Policy Toward Iraq. Some of the Gulf states, fearing unintended consequences, were initially reluctant to support the Bush Administration view that war with Iraq was necessary. For the most part, Gulf leaders publicly indicated that they would only support a U.S. attack if such action were authorized by the United Nations and had broad international support. Two of the Gulf states, Kuwait and Qatar, were more openly supportive of the U.S. position, and both hosted substantial buildups of U.S. forces and equipment that were used in the offensive against Iraq. Kuwait hosted the bulk of the personnel and equipment used in the ground invasion.

Bahrain publicly supported the war by the time the Administration made it clear that there would be war, and it and Oman also hosted significant buildups of U.S. forces. Of the Gulf states, Saudi Arabia was the most vocally opposed to a U.S. offensive against Iraq. Saudi Arabia did quietly agree to host command centers for U.S. air operations in the war and some U.S. special operations forces staging missions from there into Iraq; the UAE allowed U.S. air support operations from its territory as well.¹³ For Saudi Arabia, the prospect of the overthrow of Saddam Hussein held out the possibility that the 6,000 U.S. personnel that were based there in anti-Iraq containment operations would be able to depart. That redeployment happened after Saddam's fall, removing a potential rallying point for radical Islamists in the Kingdom. The headquarters for U.S. Central Command, responsible for the region, has been redeployed to Qatar.

In advance of the U.S. military action, all of the Gulf states wanted the United States to assure them that a stable and more peaceful Iraq would result from any military action. As noted, Gulf officials are highly concerned that Iraq could still fragment, that Sunni insurgents in center-west could try to infiltrate the Gulf states, and that Shiite Muslim populations in the Gulf could be emboldened to engage in opposition activity by the ascendancy of Iraqi Shiites. Partly because of these continued concerns, the Gulf states continue to host U.S. forces; Kuwait still hosts substantial numbers of U.S. troops rotating into their missions in Iraq. The Gulf states, particularly Kuwait, are providing substantial amounts of humanitarian and reconstruction aid to Iraq to help it stabilize. In July 2004, Saudi Crown Prince Abdullah advanced a proposal to create a force contributed by Islamic nations to help keep peace in Iraq, but the proposal faltered due to opposition from some Iraqi factions who fear that Islamic nations would meddle in Iraqi politics.

There continue to be anecdotal reports from observers and experts that the Gulf states are assisting some parties and factions in Iraq to help them prevail in Iraq's internal power struggle. Prime Minister Iyad al-Allawi's party, the Iraq National Accord, enjoyed Saudi support in the early 1990s and the Saudis view Allawi as a leader who could potentially stabilize Iraq, even if doing so requires some repressive measures. Kuwait, as noted above, was threatened by Iraqi Shiite activists during the 1980s, and it reportedly is engaging Iraq's Shiite clerics to ensure that they do not emerge as a new threat to Kuwait. There is virtually no firm information on what, if any, official assistance or activities that Saudi Arabia or the other Gulf states might be undertaking to affect internal events in Iraq, although Saudi officials say they are stepping up border security to try to stanch the potential movement of extremists from Iraq into the Kingdom.

Iran. As noted throughout, the Gulf states are highly wary of Iran, although there are some divisions among them. In general, the GCC states did not support the Clinton Administration's policy of "dual containment." Articulated in 1993, the policy was an effort to keep both Iran and Iraq weak rather than alternately tilting toward one or the other to preserve a power balance between them. During the 1990s, Saudi Arabia and Kuwait were primarily concerned about the conventional

¹³ Solomon, John. "Saudis Had Wider Role in War." *Philadelphia Inquirer*, April 26, 2004.

threat from Iraq, and saw Iran as a counterweight to Iraqi power. Both improved relations with Iran significantly during the decade, particularly after the May 1997 election of Mohammad Khatemi.

The states of lower Gulf were further from Iraq and tended to view Iran as a danger greater than that of Iraq. Bahrain, in 1981 and again in 1996 — the latter a period of substantial Shiite-inspired unrest — openly accused Iran of plotting to destabilize that country by supporting radical Shiite movements there. In 1992, the UAE became alarmed at Iranian intentions when Iran asserted complete control of the largely uninhabited Persian Gulf island of Abu Musa, which Iran and UAE shared under a 1971 bilateral agreement. Qatar has been wary that Iran might try to encroach on its giant natural gas North Field, which the two share. (The Iranian side of the field is South Pars, which Iran is now developing with the help of foreign investment.) These three states tended to support U.S. efforts during the 1980s and 1990s to contain Iran, although the lower Gulf states also welcomed the political accession of Khatemi in Iran. Among other policies, Khatemi is widely credited with curtailing Tehran's earlier policies of providing aid to Shiite dissident and terrorist movements in the Gulf.

In the post-Saddam Gulf, some of the divisions among the GCC states on Iran no longer apply. Iraq is no longer a military factor in the region, and all the GCC states now see Iran as unchecked. The waning of Khatemi's influence in Iran has led to Gulf state fears of hardliner ascendancy there, and of renewed Iranian ambitions in the Gulf. Reports of Iran's progress on its nuclear technology, which the Bush Administration fears is clearly intended toward developing a nuclear weapon, increases that anxiety in the Gulf. On the other hand, Gulf fears of Shiite Muslim unrest in the Gulf, inspired by Shiite ascendancy in Iraq, have not materialized. In addition, the Gulf states might tend, as they often have in the past, to accommodate Iran rather than engage it. The Gulf states have not rejected outright Iranian calls for Iran to play a larger role in post-Saddam Gulf security.

Arab-Israeli Issues. Since Iran's Islamic 1979 revolution began a 25 year period of instability and warfare in the Gulf, the GCC states have not focused on the Arab-Israeli dispute to nearly the degree that "frontline states" such as Egypt, Syria, Jordan, and Lebanon have. Over the 25 year period, in return for an implicit promise of U.S. strategic protection, most of the Gulf states have muted their differences with U.S. policy on the Arab-Israeli dispute, even when doing so caused the Gulf positions to differ from some other Arab states on those issues. In the aftermath of the 1993 Israeli-PLO mutual recognition, the GCC states participated in the multilateral peace talks, even though Syria and Lebanon boycotted those talks and urged other Arab countries to do so as well. Bahrain, Qatar, and Oman hosted sessions of the multilaterals. As noted above, in 1994 the GCC states ceased enforcing the secondary and tertiary Arab League boycott of Israel, and Oman and Qatar opened low-level direct trade ties with Israel in 1995 and 1996. Both have also openly hosted visits by Israeli leaders, although not since 1996. A regional water desalination research center was established in Oman as a result of an agreement reached at the multilaterals. In November 1997, at a time of considerable strain in the peace process, Qatar bucked substantial Arab opposition and hosted the Middle East/North Africa economic conference, the last of that yearly event to be held. During this period, diplomats from all six Gulf states met with Israeli diplomats

during reciprocal visits or at the margins of international meetings. The Gulf states have all publicly endorsed the Bush Administration's "road map" for Israeli-Palestinian peace, although there has been little movement on that issue in the past year. Saudi Crown Prince Abdullah has often tried to guide and support U.S. policy on this issue; he engineered Arab League approval of a vision of peace between Israel and the Arab states at a March 2002 Arab League summit.

At the same time, the Gulf states — which tend to defer to Saudi Arabia in formulating a joint GCC position on Arab-Israeli matters — have tried not to wander far from a broader Arab consensus. Differences between the Gulf states and the United States on the Palestinian-Israeli dispute did widen after the latest Palestinian uprising began in September 2000. After that uprising began, Oman closed its trade office in Israel and ordered Israel's trade office in Muscat closed. Qatar announced the closure of Israel's trade office in Doha, although observers say the office has been tacitly allowed to continue functioning at a low level of activity. (Qatar did not open a trade office in Israel.) The Gulf leaders have expressed sharp disagreement with Bush Administration's efforts over the past three years to politically isolate Palestinian Authority president Yasir Arafat, even though several Gulf states, particularly Kuwait, ostracized Arafat for his backing of Saddam Hussein in the 1990-91 Gulf crisis. The Saudi government has criticized U.S. endorsement of a recent unilateral plan by Israeli Prime Minister Ariel Sharon to withdraw from Gaza and some Israeli settlements in the West Bank while retaining other Israeli settlements there. Reflecting popular sentiment in the Gulf that opposes a perceived U.S. bias toward Israel, wealthy individuals in the Gulf states continue to provide funds to Hamas.¹⁴

Defense Cooperation With the Gulf States

In the aftermath of the 1991 Gulf war, the Gulf states, with the exception of Saudi Arabia, renewed or formalized defense agreements with the United States. The agreements provide not only for facilities access for U.S. forces, but also for U.S. advice, training, and joint exercises; lethal and non-lethal U.S. equipment pre-positioning; and arms sales. The pacts do not include security guarantees that formally require the United States to come to the aid of any of the Gulf states if they are attacked, according to U.S. officials familiar with their contents. Nor, say officials, do the pacts give the United States automatic permission to conduct military operations from Gulf facilities — the United States must obtain permission on a case by case basis. Reflecting their continuing security fears, none of the Gulf states has moved to suspend or end these formal pacts now that Saddam Hussein is gone from power.

The September 11, 2001 attacks offered a new opportunity to exercise the longstanding defense cooperation with the Gulf states. As noted above, the Gulf states willingly and openly hosted U.S. forces performing combat missions in Afghanistan in Operation Enduring Freedom (OEF, the war against the Taliban and Al Qaeda). The Gulf regimes supported U.S. action against Al Qaeda and the Taliban in Afghanistan despite some sentiment in the Gulf region, and the broader

¹⁴ *Patterns of Global Terrorism: 2003*. p.120.

Arab world, that saw the conflict as a U.S. war against Islam. For OEF, Saudi Arabia did not offer to allow U.S. pilots to fly missions in Afghanistan from Saudi Arabia, but it did openly permit the United States to use the Combined Air Operations Center at Prince Sultan Air Base, south of Riyadh, to coordinate U.S. air operations over Afghanistan. Published accounts indicate that the other Gulf states did allow such missions to fly from their territory, and they allowed the United States to station additional forces for OEF. Qatar publicly acknowledged the U.S. use of the large Al Udaid air base in OEF, and Bahrain publicly deployed its U.S.-supplied frigate naval vessel in support of OEF. Gulf state hosting of OIF operations was discussed in the section on Iraq, above.

The approximate number of U.S. military personnel in the Gulf theater of operations is listed in **Table 3** below. During the U.S.-led containment operations against Iraq during the 1990s, there were about 20,000 U.S. military personnel stationed in the Gulf at most times, although about 60% of those were afloat on ships. Although there are fewer U.S. forces in most of the Gulf states than there were at the height of OEF and OIF, the aggregate is still higher than the 20,000 “baseline” during the 1990s - almost entirely due to the large numbers of U.S. personnel still in Kuwait supporting OIF. U.S. forces in Iraq itself number about 140,000. The following is a brief overview of U.S. operations and presence in each of the six Gulf states:

- Concerned about internal opposition to a U.S. presence, Saudi Arabia has not signed a formal defense pact with the United States. However, it has entered into several limited defense procurement and training agreements with the United States.¹⁵ During the period of U.S. containment of Iraq, U.S. combat aircraft based in Saudi Arabia flew patrols to enforce the no fly zone over southern Iraq (Operation Southern Watch, OSW), but Saudi Arabia did not permit preplanned strikes against Iraqi air defenses, only retaliation in case of tracking or firing by Iraq. OSW ended after the fall of Saddam Hussein and most of the 6,000 Saudi-based U.S. personnel, reportedly along with all Saudi-based U.S. combat aircraft, were withdrawn in September 2003. The 220 remaining U.S. personnel conduct longstanding training and advisory missions for the Saudi military and National Guard.
- Bahrain has hosted the headquarters for U.S. naval forces in the Gulf since 1948, long before the United States became the major Western power in the Gulf. (During the 1970s and 1980s, the U.S. presence was nominally based offshore.) Bahrain signed a separate defense cooperation agreement with the United States on October 28, 1991, and the pact remains in effect. In June 1995, the U.S. Navy reestablished its long dormant Fifth fleet, responsible for the Persian Gulf region, and headquartered in Bahrain. No U.S. warships are actually based in Bahraini ports; the headquarters is used to command the U.S. ships in the Gulf.

¹⁵ For more information on these agreements, see CRS Report 94-78, *Saudi Arabia: U.S. Defense and Security Commitments*. February 3, 1994, by Alfred Prados.

- An April 21, 1980 facilities access agreement with Oman provided the United States access to Omani airbases at Seeb, Thumrait, and Masirah, and some prepositioning of U.S. Air Force equipment. The agreement was renewed in 1985, 1990, and 2000. In keeping with an agreement reached during the 2000 access agreement renewal negotiations, the United States provided the \$120 million cost to upgrade another base near al-Musnanah. Now mostly complete, the field can handle even the largest U.S. aircraft.¹⁶
- On September 19, 1991, Kuwait, which saw itself as the most vulnerable to Iraqi aggression, signed a 10-year pact with the United States (renewed in 2001 for another 10 years) allowing the United States to preposition enough equipment to outfit a U.S. brigade. Joint U.S.-Kuwaiti exercises were held almost constantly, and about 4,000 U.S. military personnel were in Kuwait at virtually all times during the 1990s. The United States opened a Joint Task Force headquarters in Kuwait in December 1998 to better manage the U.S. forces in Kuwait, and the United States spent about \$170 million in 1999-2001 to upgrade two Kuwaiti air bases that hosted U.S. aircraft, Ali al-Salem and Ali al-Jabir. In conjunction with OIF, the United States moved most of its operations in Kuwait south of Kuwait City, at Arifjan. Arifjan can hold more equipment than the older site at Camp Doha, which is still used. About 50,000 U.S. military personnel are still in Kuwait supporting OIF, and it is a transit point for U.S. forces rotating into that theater.
- Even before OEF and OIF, Qatar was building an increasingly close defense relationship with the United States. It signed a defense pact with the United States on June 23, 1992, and accepted the prepositioning of enough armor to outfit one U.S. brigade, and the construction of a facility (As Saliyah site) that could accommodate enough equipment to outfit at least two U.S. brigades. (Most of that armor had moved from storage in Qatar up to Kuwait by December 2002 for use against Iraq.)¹⁷ The United States built an air operations center at Al Udaid that has largely supplanted the one in Saudi Arabia, and CENTCOM used its command headquarters at the As Saliyah site as its main command post during OIF. The United States helped Qatar expand Al Udaid air base at a cost of about \$1 billion, and U.S. support aircraft used it during OEF and OIF. (Over 2,000 U.S. Air Force personnel deployed to Al Udaid in OEF and OIF.) On December 11, 2002, visiting Secretary of Defense Rumsfeld signed an accord with Qatar expanding U.S. access to Al Udaid and providing for additional upgrades to the base.

¹⁶ Sirak, Michael. USA looks to Expand Bases in Oman and Qatar. *Jane's Defence Weekly*, April 17, 2002.

¹⁷ U.S. briefing for congressional staff in Qatar, January 2003.

- The UAE did not have close defense relations with the United States prior to the 1991 Gulf war. After that war, the UAE determined that it wanted a closer relationship with the United States, in part to deter and balance out Iranian naval power. On July 25, 1994, the UAE announced it had signed a defense pact with the United States. The UAE has allowed some U.S. pre-positioning, as well as U.S. ship port visits at its large man-made Jebel Ali port. It also hosted U.S. refueling aircraft participating in the OSW (al-Dhafra air base). Following a traffic accident between a U.S. soldier and a UAE national, the UAE insisted on a clarification of the defense pact's provisions on the legal jurisdiction of U.S. military and other official personnel in the UAE; the issue was resolved in 1997. Generally wanting to appear within an Arab consensus on major issues, the UAE hosted minor amounts of additional U.S. forces in OIF, although it did allow the United States to conduct air support operations, using equipment pre-positioned in UAE.

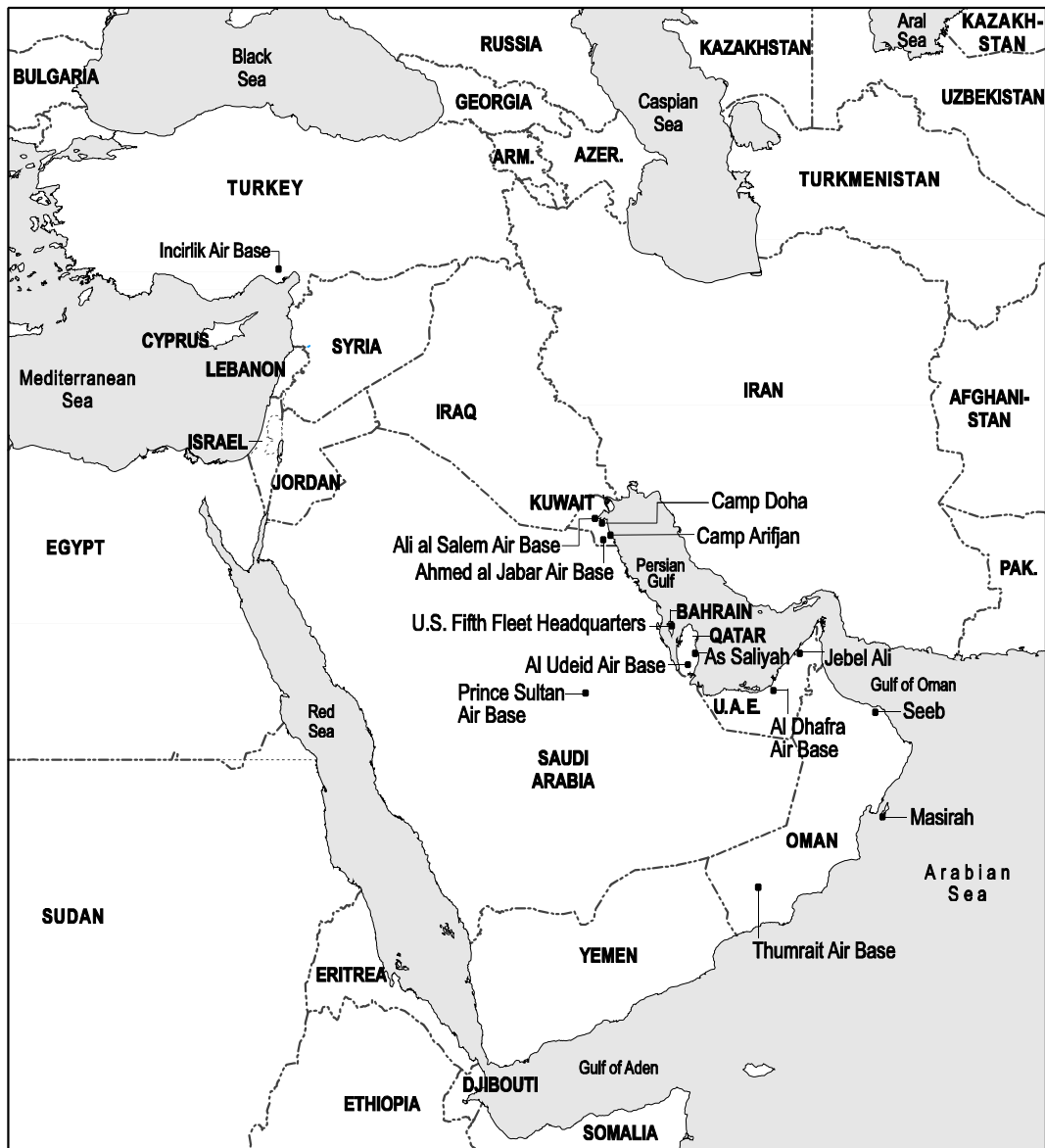
Table 3. Gulf Hosting of U.S. Troops and Equipment

Country	U.S. Forces/Facilities Access	Host Nation Support, 1999 (Millions)	U.S. Aid (FY2004)
Saudi Arabia	- About 220 personnel. - Combined Air Operations Center at Prince Sultan Air Base	\$80, mostly indirect support	\$25,000 IMET
Kuwait	- About 50,000 mostly Army, supporting OIF	\$177, mostly direct support	
UAE	- About 570, mostly Air Force - insignificant increase from pre-September 11 baseline - Port facilities at Jebel Ali; some U.S. refueling aircraft, and drones	\$14.68, mostly indirect	
Qatar	- About 3,300, well above pre-September 11 baseline of under 100. - KC-10 and KC-135 refueling planes, equipment at Al Udaid Air Base, air command center there. - CENTCOM forward hq at As Saliyah	\$11, all indirect	
Oman	- About 550, above pre-September 11 baseline of about 200. - Some Air Force equipment, access to Seeb, Thumrait, Masirah, Musnanah.	\$35, all indirect	\$25 million FMF; \$1 million IMET;
Bahrain	- About 4,500, mostly Navy. - Fifth fleet headquarters - Shaikh Isa air base	\$1.4, mostly indirect	\$25 million FMF; \$600,000 IMET

Sources: IISS, *The Military Balance: 2003-2004*; Various press reporting during 2004, and conversations with U.S. officials in Saudi Arabia, September 2004.

Note: Direct support: financial payments to offset U.S. costs incurred. Indirect: in-kind support such as provision of fuel, food, housing, basing rights, maintenance, and the like. IMET: International Military Education and Training funds; ESF: Economic Support Funds; FMF : Foreign Military Financing; NADR: Nonproliferation, Anti-Terrorism, Demining, and Related Programs.

Figure 1. Facilities Used by U.S. Forces in the Gulf



Source: Map Resources. Adapted by CRS. (M.Chin 01/03)

U.S. Arms Sales and Security Assistance. A key feature of the U.S. strategy for protecting the Gulf states has been to sell them arms and related defense services. Congress has not blocked any U.S. sales to the GCC states since the 1991 Gulf war, although some in Congress have expressed reservations about sales of a few of the more sophisticated weapons and armament packages to the Gulf states in recent years. Some Members believe that sales of sophisticated equipment could erode Israel's "qualitative edge" over its Arab neighbors,¹⁸ if the Gulf states were to join a joint Arab military action against Israel. Others are concerned that some U.S. systems sold to the Gulf contain missile technology that could violate international conventions or be re-transferred to countries with which the United States is at odds.

¹⁸ Towle, Michael. "Senators Say They Now Support F-16 Sale." *Fort Worth Star-Telegram*. August 25, 1998.

Few experts believe that, absent a major Arab-Israeli war, the Gulf states would seek conflict with Israel. Even if they were to do so, successive U.S. administrations have maintained that the Gulf states are too dependent on U.S. training, spare parts, and armament codes to be in a position to use sophisticated U.S.-made arms against Israel.¹⁹ The Foreign Relations Authorization Act of 1994-1995 (P.L. 103-236, signed April 30, 1994) bars U.S. arms sales to any country that enforces the primary and secondary Arab League boycott of Israel. The provision has been waived for the Gulf states every year since enactment.

Most of the GCC states are considered too wealthy to receive U.S. security assistance, including Foreign Military Financing (FMF) and excess defense articles (EDA). Only Bahrain and Oman, the two GCC states that are not members of the Organization of Petroleum Exporting Countries (OPEC), receive significant amounts of U.S. assistance. Saudi Arabia receives a nominal amount of International Military Education and Training funds (IMET) — \$25,000 in both FY2003 and FY2004 — to lower the costs to the Saudi government of sending its military officers to U.S. schools (approximately a 50% discount). The move is intended in part to preserve U.S.-Saudi military-to-military ties over the longer term, amid fears of recent erosion in those ties due to some U.S. - Saudi frictions following the September 11, 2001 attacks. Saudi Arabia sent 381 military personnel to study at U.S. military schools during FY2003, a figure far lower than the 2,100 students sent in FY2001. A provision of the FY2005 House-passed foreign operations bill (H.R. 4818), would cut this IMET assistance. There is no similar provision in the Senate-passed version of H.R. 4818.

Excess Defense Articles (EDA). Bahrain and Oman are eligible to receive EDA on a grant basis (Section 516 of the Foreign Assistance Act) and the UAE is eligible to buy or lease EDA. In 1998-1999, Oman received 30 and Bahrain 48 U.S.-made M-60A3 tanks on a “no rent” lease basis. The Defense Department subsequently transferred title to the equipment to the recipients. Since July 1997, Bahrain has taken delivery of a U.S. frigate and an I- HAWK air defense battery as EDA. Bahrain is currently seeking a second frigate under this program.

Foreign Military Sales (FMS). Some of the major U.S. arms sales (foreign military sales, FMS) to the Gulf states, either in progress or under consideration, include the following.²⁰

- The UAE historically has purchased its major combat systems from France, but UAE officials apparently have come to believe that arms purchases from the United States enhance the U.S. commitment to UAE security. In March 2000, the UAE signed a contract to purchase 80 U.S. F-16 aircraft, equipped with the Advanced Medium Range Air to Air Missile (AMRAAM), the HARM (High

¹⁹ Ratnam, Gopal and Amy Svitak. “U.S. Would Keep Tight Rein on Missile Sold to Bahrain.” *Defense News*, September 11, 2000.

²⁰ Information in this section was provided by press reports and the Defense Security Cooperation Agency (DSCA) in *Security Assistance Program Summaries* (unclassified) for each of the Gulf states. March-May 2004.

Speed Anti-Radiation Missile) anti-radar missile, and, subject to a UAE purchase decision, the Harpoon anti-ship missile system. The total sale value, including weapons and services, is estimated at over \$8 billion.²¹ The aircraft are in the process of being delivered. Congress did not formally object to the agreement, although some Members questioned the AMRAAM sale as a first introduction of that weapon into the Gulf. The Clinton Administration satisfied that objection when it showed that France had introduced a similar system in a sale to Qatar. On July 18, 2002, the Administration notified Congress it might upgrade the UAE's 30 AH-64 Apache helicopter gunships (bought during 1991-1994) with the advanced "Longbow" fire control radar, but the UAE has not yet decided to move forward. The UAE is also considering buying the Army Tactical Missile System (ATACM).

- Saudi Arabia is still absorbing about \$14 billion in purchases of U.S. arms during the Gulf war, as well as post-war buys of 72 U.S.-made F-15S aircraft (1993, \$9 billion value), 315 M1A2 Abrams tanks (1992, \$2.9 billion), 18 Patriot firing units (\$4.1 billion) and 12 Apache helicopters. Few major new U.S. sales are on the horizon, and the Defense Security Cooperation Agency (DSCA) says Saudi Arabia is not, at this point, considering ordering any more F-15's. Other sales since include 160 AMRAAM missiles (to be delivered in FY2006) and Apache helicopters (Saudi purchase decision pending).
- In September 2002, the United States and Kuwait signed a long-delayed agreement for Kuwait to purchase 16 U.S. Apache helicopters, equipped with the Longbow fire control system - a deal valued at about \$940 million. The two countries are still negotiating some details of this agreement. According to DSCA, Kuwait is considering purchasing additional 10 F/A-18 aircraft to complement its existing fleet of 40 of those aircraft. Kuwait also bought 5 Patriot firing units in 1992 and 218 M1A2 Abrams tanks in 1993. On April 1, 2004, the Bush Administration designated Kuwait as a "major non-NATO ally" (MNNA), a designation that will facilitate the future U.S. sales of arms to Kuwait.
- In 1998, Bahrain purchased 10 F-16s from new production at a value of about \$390 million. In late 1999, the Administration, with congressional approval, agreed to sell Bahrain up to 26 AMRAAMs, at a value of up to \$69 million. Among the more controversial sales to a Gulf state, in August 2000 Bahrain requested to purchase 30 Army Tactical Missile Systems (ATACMs), a system of short-range ballistic missiles fired from a multiple rocket launcher. The Defense

²¹ See CRS Report 98-436, *United Arab Emirates: U.S. Relations and F-16 Aircraft Sale*. Updated June 15, 2000, by Kenneth Katzman and Richard F. Grimmett. Transmittal notices to Congress, No. DTC 023-00, April 27, 2000; and 98-45, September 16, 1998.

Department told Congress the version sold to Bahrain would not violate the rules of the Missile Technology Control Regime (MTCR),²² an effort to allay congressional concerns that the sale would facilitate the spread of ballistic and cruise missiles in the Gulf.²³ In addition, the Administration proposed a system of joint U.S.-Bahraini control of the weapon under which Bahraini military personnel would not have access to the codes needed to launch the missile.²⁴ Bahrain accepted that control formula, and delivery began in October 2002. In March 2002, President Bush issued Presidential Determination 2002-10 designating Bahrain a “major non-NATO ally,” a designation that will open Bahrain to a wider range of U.S. arms that can be sold to it in the future.

- Although Qatar has traditionally been armed by France and Britain, the Foreign Minister said in mid-1997 that it is “probable” that Qatar will buy arms from the United States in the future. No major U.S. sales seem imminent, but DSCA says that Qatar is expressing interest in a few U.S. systems, including the ATACM, which Bahrain has bought. The United States has told Qatar it is eligible to buy the ATACM system (see above) because the Administration has approved Bahrain for purchases of that system, but Qatar has not requested to purchase it to date. Qatar is also expressing active interest in the Patriot (PAC III) missile defense system, according to DSCA.
- Oman has traditionally purchased mostly British weaponry, reflecting British influence in Oman’s military, and the British military’s mentoring and advisory relationship to Qaboos. In October 2001, in an indication of waning British influence, the United States announced that Oman would buy 12 F-16 A/B aircraft, at an estimated value of \$1.1 billion. In April 2003, Oman decided to purchase a podded airborne reconnaissance system for the F-16’s; a sale valued at \$46 million. Oman does not appear to be considering the purchase of any other major U.S. systems at this time, although it has requested some items be supplied as EDA, including patrol boats to combat smuggling.

Joint Security/ “Cooperative Defense Initiative”. The United States has encouraged the GCC countries to increase military cooperation among themselves, building on their small (approximately 10,000 personnel) Saudi-based multilateral force known as Peninsula Shield, formed in 1981. Peninsula Shield did not react militarily to the Iraqi invasion of Kuwait, exposing the force’s deficiencies. After the

²² The MTCR commits member states not to transfer to non-member states missiles with a range of more than 300 km, and a payload of more than 500 kilograms. Turkey, Greece, and South Korea are the only countries to have bought ATACMs from the United States.

²³ Ratnam, Gopal and Amy Svitak. “U.S. Would Keep Tight Rein on Missile Sold to Bahrain.” *Defense News*, September 11, 2000.

²⁴ Ibid.

war, manpower shortages and disagreements over command of the force prevented the GCC states from agreeing to a post-Gulf war Omani recommendation to boost Peninsula Shield to 100,000 men. Gulf state suspicions of Syria and Egypt prevented closer military cooperation with those countries, as envisioned under a March 1991 “Damascus Declaration.” In September 2000, the GCC states agreed in principle to increase the size of Peninsula Shield to 22,000.²⁵ The GCC states have announced similar agreements to expand Peninsula Shield in the past without implementation. No timetable has been set for reaching the targeted level of strength. In a further step, at their summit in December 2000, the GCC leaders signed a “defense pact” that presumably would commit them to defend each other in case of attack.

The GCC states have made some incremental progress in linking their early warning radar and communication systems. In early 2001, the GCC inaugurated its “Belt of Cooperation” network for joint tracking of aircraft and coordination of air defense systems, built by Raytheon. The Belt is expected to eventually include a link to U.S. systems, and is part of the United States’ “Cooperative Defense Initiative” to integrate the GCC defenses with each other and with the United States. Another part of that initiative is U.S.-GCC joint training to defend against a chemical or biological attack, as well as more general joint military training and exercises.²⁶ The Cooperative Defense Initiative is a scaled-back version of an earlier U.S. idea to develop and deploy a GCC-wide theater missile defense (TMD) system.²⁷ The Department of Defense, according to observers, envisioned this system under which separate parts (detection systems, intercept missiles, and other equipment) of an integrated TMD network would be based in the six different GCC states. That concept ran up against GCC states’ financial constraints and differing perceptions among the Gulf states of the threat environment.²⁸ As noted in **Table 3** above, Kuwait and Saudi Arabia have Patriot anti-missile units of their own; the other four GCC states have no advanced missile defenses.

Support in the War Against Al Qaeda/Radical Islam

The September 11, 2001, attacks introduced some frictions in the previously harmonious U.S. relations with the Gulf states. Osama bin Laden’s Saudi origins, coupled with the revelation that fifteen of the nineteen September 11 hijackers were Saudis, led to additional strain in U.S.-Saudi relations, which had already been tense because of the Israeli-Palestinian dispute, and to speculation that U.S. forces might be asked to leave the Kingdom. Two of the hijackers (Fayez Banihammed and Marwan al-Shehi) were UAE nationals.

²⁵ “GCC States Look to Boost ‘Peninsula Shield’ Force to 22,000.” *Agence France Press*, September 13, 2000.

²⁶ Press Conference with Secretary of Defense William Cohen. Office of the Assistant Secretary of Defense (Public Affairs), April 8, 2000.

²⁷ Under Resolution 687, Iraq was allowed to retain and continue to develop missiles with a range of up to 150 km, which put parts of Kuwait and Saudi Arabia within range of Iraq.

²⁸ Finnegan, Philip. “Politics Hinders Joint Gulf Missile Defense.” *Defense News*, March 22, 1999.

The revelations that Gulf nationals comprised nearly all of the hijackers led to intensified press and research scrutiny of the presence of Al Qaeda and other radical Islamists in the Gulf, and the past Gulf state policies toward the organizations, persons, and attitudes that produced the September 11 attacks. Many experts believe the Gulf states were tolerant of the presence of militants in order to avoid a backlash among citizens that agree with the militant's anti-U.S., anti-Western stances. Others accept the official view of some Gulf states that they hoped to calm regional militancy through negotiations and by working with governments, such as the Taliban in Afghanistan as well as Pakistan, in the hopes that doing so would assist these governments in keeping the militants contained.

Saudi Arabia and the UAE were joined only by Pakistan in extending official recognition to the Taliban regime of Afghanistan during 1996-2001, breaking ties with the movement only after the September 11, 2001 attacks. Prior to September 11, the UAE had refused repeated U.S. requests to break ties with the Taliban and to stop hosting Ariana (Afghan national airline) flights to and from Dubai emirate;²⁹ these flights were one of the few connections between the Taliban and the outside world. The September 11 Commission report on the attacks says that the hijackers had made extensive use, among other means, of financial networks based in the UAE, in the September 11 plot.³⁰ There has also been extensive public discussion about the use of Saudi charities and other Saudi-based networks to fund Al Qaeda and other terrorist networks, although the September 11 Commission found no evidence that the Saudi government or Saudi officials funded Al Qaeda.³¹

The September 11 Commission has reported that Khalid Shaykh Mohammad, alleged mastermind of the September 11 plot, lived in Qatar during 1992-1996 at the invitation of Shaykh Abdullah bin Khalid Al Thani, the current Interior Minister and a former Minister of Islamic Affairs.³² The report says that Khalid Shaykh was warned by Qatari officials in 1996 of a U.S. indictment, and fled.³³ Qatar also hosts an outspoken Islamic cleric of Egyptian origin, Shaykh Yusuf al-Qaradawi. In September 2004, in the latest of his hardline statements, Qaradawi said that it is a religious duty for Muslims to fight U.S. forces and civilians in Iraq. Despite his statements, Qaradawi meets with and sometimes appears at panel discussions with Qatari senior officials. Some Saudi clerics, and even some Saudi officials, such as Interior Minister Prince Nayef, have earned opprobrium in the United States for similar statements that appear to blame the United States and U.S. policy for Islamic terrorism against the United States. Since late 2002, in Saudi Arabia and, to a lesser extent, Kuwait, there have been attacks on Westerners and those perceived as linked to the U.S. military or the U.S.-led war in Iraq. In Saudi Arabia, some attacks have been carried out by cells and groups strongly believed to be directly linked to Al

²⁹ P. 138 of the September 11 Commission final report.

³⁰ P. 527 of the September 11 Commission final report.

³¹ For an extended discussion of this issue, see CRS Report RL32499. *Saudi Arabia: Terrorist Financing Issues*.

³² P. 146 of the September 11 Commission final report.

³³ Cleric Says It's Right to Fight U.S. Civilians in Iraq. Reuters, September 3, 2004.

Qaeda; the Saudi-based radical Islamic activism appears to be the best organized and most extensive of any of the Gulf states.

Gulf State Responses. Immediately after September 11, the Saudis and some of the other Gulf states publicly took offense at some of the U.S.-based criticism that attributes, or implies attribution of, responsibility for the September 11 attacks to the traditions and policies of the Gulf states. Publicly, the Bush Administration stressed that all the Gulf states strongly condemned the September 11 attacks. Official Bush Administration documents — particularly the State Department’s report on global terrorism in 2003 (*Patterns of Global Terrorism: 2003*, published April 2004) — as well as various press reporting, generally praise Gulf state cooperation, although noting some deficiencies. Among the examples of Gulf state cooperation:

- All of the Gulf states are credited with instituting new measures to combat terrorism financing, including freezing suspected terrorist assets, adopting anti-money laundering laws, and instituting laws and procedures to track suspicious financial transactions. The “Patterns” report singles out the UAE for particular praise, stating that “In 2003, the [UAE] continued to provide outstanding counter-terrorism assistance and cooperation...the UAE Central Bank continued to aggressively enforce anti-money laundering regulations.”
- Kuwait and Saudi Arabia are praised for moving rapidly to detain and prosecute suspects in various suspected Al Qaeda attacks in those countries. The UAE is praised for providing assistance in several terrorist investigations; it assisted in the 2002 arrest of at least one senior Al Qaeda operative in the Gulf, Abd al-Rahim al-Nashiri.³⁴ In August 2004, the UAE emirate of Dubai, in cooperation with Pakistani investigators, arrested an alleged senior Al Qaeda operative, Qari Saifullah Akhtar. Bahrain is cited for a February 2003 arrest of five terrorist suspects, although it released three of the five for insufficient evidence. A similar pattern occurred in June 2004, when Bahrain arrested six Al Qaeda suspects, released them for lack of evidence, but then rearrested them following some U.S. criticism of the release. Qatar is praised as a key ally, although the “Patterns” report says that Qatar’s “security services traditionally have monitored extremists passively rather than attempting to penetrate or pursue them. Members of transnational terrorist groups and state sponsors of terrorism are present in Qatar.”
- Saudi Arabia is believed to be significantly increasing its counter-Al Qaeda actions; that pattern is believed to have been catalyzed by the May 12, 2003 bombings in Riyadh against Western housing complexes. On June 19, 2004, Saudi authorities announced it had killed the purported leader of Al Qaeda’s Saudi organization Abdul

³⁴ U.S. Embassy to Reopen on Saturday After UAE Threat. *Reuters*, March 26, 2004.

Aziz al-Muqrin. His group, calling itself “Al Qaeda in the Arabian Peninsula,” had claimed responsibility for a number of attacks in the Kingdom, including the June 2004 beheading of seized Lockheed Martin employee in Riyadh, Paul M. Johnson. The group subsequently named a successor, ex-prison guard Saleh al-Oufi. The operation against Muqrin was widely viewed as an indicator of growing aggressiveness and proficiency by Saudi security forces to root out Al Qaeda militants within the Kingdom. U.S. diplomats in Saudi Arabia say there is widespread public support for the security forces in their stepped up campaign against Al Qaeda or other Islamic militants in the Kingdom.

Prospects and Challenges

U.S. Gulf policy faces numerous uncertainties as the Bush Administration continues efforts to stabilize Iraq and address remaining regional security threats from Iran and Al Qaeda loyalists. The Gulf states are relieved that the United States has eliminated the threat from Saddam Hussein, but they are now focused on a perceived growing threat from Iran as well as unintended new threats emanating from continued instability in Iraq. Faced with uncertainty, the Gulf states will likely remain strong allies of the United States. However, they are concerned that continuing U.S. casualties in Iraq might cause the United States to withdraw before Iraq is fully stabilized, leaving the Gulf states vulnerable to Iran, and leaving Iraq to possibly deteriorate into further chaos. Some Gulf policymakers worry about the opposite possibility — that the United States might remain in Iraq militarily for many years, possibly turning Gulf popular opinion against the United States as a non-Muslim occupying power and fueling extremism. Some U.S. experts cite this factor in arguing that the United States should now pull out of the Gulf almost entirely.³⁵ On the other hand, the U.S. military presence in the Gulf has been restructured and — in most Gulf states — reduced; these defense re-deployments might reduce resentment over that presence among Islamists and other conservatives in the Gulf.

The United States and the Gulf states are also facing a broad range of post-September 11 agenda items that go beyond traditional discussions of the Gulf power balance. The Bush Administration has identified political and economic reform as a high priority. The Gulf states see themselves moving in that direction, but at a pace that they believe suits their traditions, and not at the faster pace urged by the United States. The United States and the Gulf states are also working out new means of cooperation against financing of terrorist organizations and of tracking down suspected Islamic militants in the Gulf. After the September 11 attacks, the Gulf states were slow to acknowledge the scope of radical Islamic activity in the Gulf, but they have since demonstrated growing cooperation against militants and their networks in the Gulf, and that cooperation is likely to continue to grow. At the same time, sensing popular opposition in the Gulf to U.S. policy toward Iraq and the Arab-Israeli dispute, the Gulf governments sometimes differ with the United States about the timing, scope, and consistent application of counter-measures against such suspected militants.

³⁵ Preble, Christopher. After Victory: Toward a New Military Posture in the Persian Gulf. *Cato Institute*, June 10, 2003.

Appendix 1. Gulf State Populations, Religious Composition

Table 4. Gulf State Populations, Religious Composition

Country	Total Population	Number of Non-Citizens	Religious Composition
Saudi Arabia	25.8 million	5.6 million	90% Sunni; 10% Shia
Kuwait	2.26 million	1.3 million	60% Sunni; 25% Shia; 15% Christian, Hindu, other
United Arab Emirates	2.52 million	1.6 million	80% Sunni; 16% Shia; 4% Christian, Hindu, other
Bahrain	677,000	235,000	70% Shia; 30% Sunni
Qatar	840,000	500,000	95% Muslim, almost all Sunni; 5% other
Oman	2.9 million	577,000	75% Ibadhi Muslim; 25% Sunni and Shia Muslim, and Hindu

Source: *Central Intelligence Agency World Factbook, 2004*, and various press reporting. Most, if not all, non-Muslims in GCC countries are foreign expatriates.

Appendix 2. Map of the Persian Gulf Region and Environs

Figure 2. Map of the Persian Gulf Region and Environs



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