Security Issues in the Middle East

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Terrorism and the Middle East: The Evolving Threat

The early May release of the U.S. State Department’s 1999 Patterns of Global Terrorism detailed the continued planning, training, and execution of terrorist attacks by various Middle Eastern groups and state-sponsors. The number of wounded and killed was relatively low last year due to terrorist miscues, enhanced counter-terrorism measures, international cooperation, and the failure of terrorist groups to execute mass casualty attacks. However, with the peace process uncertain, Israel’s withdrawal from south Lebanon and the increasing growth of radical Islam and associated terror networks throughout the Middle East, South and Central Asia, terrorist threats will persist and have potential consequences for peace and stability in the Gulf.

The Middle East – South Asia Link

As detailed in the State Department’s Patterns as well as the media, the locus of terrorist activity has shifted from the Middle East to South Asia. However, this shift does not mean the Middle East is free from terrorist threats or that terrorism will not affect the future stability of the region. Indeed, the emergence of South Asia as a terrorism center is a new and dangerous turn for the Middle East and the international community.

South Asia and the Persian Gulf have enjoyed a longstanding political, economic and military relationship. These ties have, in turn, led to the transfer of terrorist ideology, men, and material between the Middle East – the Persian Gulf and Levant – and the subcontinent. Afghanistan has, particularly since the 1989 Soviet withdrawal and destruction of traditional societal constraints, emerged as a terrorist training ground. Pakistan, struggling to balance its needs for political-economic reform with a domestic religious agenda, provides assistance to terrorist groups both in Afghanistan and Kashmir while acting as a further transit node for the Middle East-subcontinent nexus.

The anti-Soviet Jihad, lasting from 1979 to 1989, proved a key stimulus for the rise and expansion of terrorist groups. Indeed, the growth of a post-Jihad pool of well-trained, battle-hardened militants – commonly referred to as the “Mujahideen network” – is a key trend in contemporary international terrorism and insurgency-related violence. Religious strife in Algeria and Pakistan are prime examples of the Afghan Jihad’s impact. Afghan veterans have – and are – using their combat experience to support local insurgencies in the Middle East, South and Central Asia, China, Bosnia, and the Philippines.

Since their emergence in 1994, the Pakistani-supported Taliban militia in Afghanistan has assumed several characteristics traditionally associated with state-sponsors of terrorism, providing logistical support, travel documentation, and training facilities. Although radical groups such as the Egyptian Islamic Jihad (EIJ), Usama bin Ladin’s (UBL) Al Qaida, and Kashmiri militants were in Afghanistan prior to the Taliban, the spread of Taliban control has seen Afghan-based terrorism evolve into a relatively coordinated, widespread activity focused on sustaining and developing terrorist capabilities. So long as the civil war rages on, Afghanistan will continue to be a central staging area for the planning, preparation, and execution of terrorist operations abroad.

Only three countries, Pakistan, Saudi Arabia, and the United Arab Emirates have recognized the Taliban as the legitimate government of Afghanistan. This recognition is due largely to security reasons – balancing Iran’s regional power – rather than a sense of religious fraternity. Gulf monarchies such as Saudi Arabia, often the target of Islamic extremist rhetoric and suffering from increasingly unmanageable demographic and economic problems, fear the ability of militant Islam to disrupt society and undermine royal rule. The flow of extremist ideologies between the Gulf and South Asia represents a serious threat not only to U.S. and Western interests in the Gulf Cooperation Council (GCC), but also the internal stability of regional states.

The GCC

No terrorist incidents were reported in the GCC countries in 1999, but external as well as internal threats persist. Attacks against petroleum and desalination facilities would, if carried out simultaneously, cripple the economies of a given country while potentially causing social strife. Despite increasing defenses at U.S. embassies and military bases in the region as well as increased cooperation between Washington and the Gulf monarchies, terrorists will seek out...
weaknesses to attack U.S. targets and undermine regional governments. In recognition of its vulnerability, Saudi Arabia was the first country to sign the Organization of the Islamic Conference’s (OIC) Treaty on Combating International Terrorism.

America’s continued military presence and high profile security relationships with Gulf Arab states raises the likelihood of both U.S. and GCC interests being targeted by Al Qaida, Iran or other, home-grown, extremists. Disaffected groups in each country, as seen in Saudi Arabia and Bahrain, provide external actors willing recruits as well as opportunities to gather intelligence on potential targets. Security gaps at air and seaports further complicate counter-terrorism efforts by easing the transfer of terrorist manpower, money, and material throughout the region. Dubai and the Northern Emirates of the United Arab Emirates (UAE) are used by criminals and terrorists alike as a transit point and financial center. Given the openness of the UAE, the use of Emiri territory for transit or basing of terrorist cells is likely. Yemen, despite government efforts to crack down on extremist activity, remains a key area of concern. Yemen’s long and porous border with Saudi Arabia is difficult to secure as both Saudi and Yemeni tribal elements conduct smuggling activities with little interference from either government. Yemen, home to a variety of extremist elements – including veterans of the 1979-1989 Afghan Jihad, could be used as a staging area for terrorist operations against the GCC.

UBL remains focused on ridding Saudi Arabia of its “corrupt” monarchy as well as American “mamluks” (mercenaries). Although Washington portrays bin Ladin as the greatest threat to U.S. interests in the region, other individuals and states have as much, if not greater, ability to carry out operations against the U.S. and GCC states. The primary threat posed by UBL is his contact with and ability to fund other like-minded members – such as the Egyptian Islamic Jihad (EU) and Harakat ul-Mujahideen (HUM) – of the Mujahideen network. UBL, a relatively unknown figure during the Afghan Jihad, became increasingly the focus of U.S. government and media attention since his alleged involvement in the 1992 targeting of U.S. personnel transiting through the Yemeni port of Aden.

**Iran and Iraq**

Iran, despite its rapprochement with Saudi Arabia and the easing in tensions with the U.S., retains an in-depth, long-term capability to gather intelligence on and execute attacks against U.S. interests. The 1999 *Patterns of Global Terrorism* indicates that Iran’s Revolutionary Guard Corps (IRGC) and the Ministry of Intelligence and Security (MOIS) continues to plan and execute terrorist operations. Experience gained in Lebanon, Iraq, the GCC, and elsewhere since the 1979 Islamic Revolution has allowed Iran to refine terrorist strategy and tactics. Despite political motivations on the part of Riyadh and Washington to downplay the possibility of an Iranian hand in the 1996 Khobar Towers bombing, whether Tehran was involved in the attack has yet to be determined. Iran will retain and use its terrorist capabilities to advance its regional political agenda and, if a confrontation with the U.S. occurs, as an asymmetrical form of warfare to offset American conventional military superiority. Short of war, Tehran will conduct anti-U.S. operations only if such action was untraceable.

Outside of wanting to push the U.S. out of the Gulf, Tehran uses the threat and occasional use of terrorism as a tool to shape Iran’s relations with the GCC and Iraq, as well as to pressure Israel. Furthermore, Iran’s security forces conducted several bombings against Iranian dissidents abroad. Iranian agents, for example, were blamed for a truck bombing in early October 1999 of a Mujahedin-e Khalq (MEK) terrorist base near Basrah, Iraq that killed several MEK members and non-MEK individuals. Iran also supports the Kurdistan Worker’s Party (PKK) as well as the Shiite Supreme Council for the Islamic Revolution in Iraq (SCIRI). In a post-Saddam Iraq, Tehran would try to fill any power vacuum with pro-Iran Shiite elements. However, the Sunni and Alawi populations, along with most Iraqi Shiites, would oppose any Iranian attempt to exert control over the Iraqi social and geo-political landscape.

Iran also continues to sponsor and direct international terrorist attacks. Baghdad-sponsored, and likely -directed, MEK attacks against Iran are a consistent theme of Iraq-Iran relations. Although the MEK attacks are often high profile, the group does not represent a viable, popular alternative to Tehran’s mullahs. Baghdad also views terrorism as an asymmetrical way to offset U.S. military power in the region and undermine U.S. and Western interests abroad. In 1999 an Iraqi defector, allegedly a former Iraqi intelligence officer, revealed that Iraq was planning to strike the offices of the anti-Saddam and pro-West Radio Free Europe/Radio Liberty in Prague. Links to Palestinian groups such as Abu Nidal, the Arab Liberation Front (ALF), and the head of the now disbanded 15 May organization, a group responsible for previous attacks on U.S. aircraft, underscore the Iraqi commitment to undermining the Arab-Israeli peace process and destabilizing U.S.- Arab relations in general.
Israel

As the relationship between Israel, Syria, Hezbollah and the Palestinians plays out following Tel Aviv’s withdrawal from south Lebanon, the heightened threat of terrorist attacks against northern Israel will be a defining factor in regional stability. Iran continued to encourage Hezbollah, HAMAS, PIJ, as well as Ahmad Jibril’s Palestinian Front for the Liberation of Palestine – General Command (PFLP-GC) to undercut the peace process. With the Israeli withdrawal from south Lebanon complete, the role of the Iranian-backed Hezbollah is unclear. Thus far, Hezbollah has refrained from attacking Israel, concentrating instead on solidifying its socio-political base in Lebanon. Although the cycle of violence between Israel and its Arab enemies is at a low-point following Tel Aviv’s withdrawal from south Lebanon, terrorist activity, at least within Israeli and Palestinian Authority (PA) borders, continues. An Israeli response, particularly within the PA, in the form of commando action or assassination, could spur Palestinian resistance while making Tel Aviv vulnerable to criticism from the international community. Similarly, renewed air strikes by Israel against south Lebanon – even in response to cross-border provocations by Hezbollah or the Palestinians – would incite condemnation from the Arab world, including the Gulf states. The perceived unwillingness of Washington to restrain Israeli action, especially against Lebanon’s civilian infrastructure (electric generators), would likely undermine American diplomatic leverage in the Gulf.
From Bad to Worse

As this report went to print, Israeli prime minister Ehud Barak’s governing coalition threatened to collapse in a dispute over public funding for ultra-Orthodox schools. On 7 June 2000, the rightist Shas party defected and sought to force a new election. There are three possible outcomes. First, assuming this was a bit of brinkmanship by Shas, Barak could make concessions on school funding and salvage the existing coalition. Second, he could dismiss the Shas representatives from the cabinet and elect to govern with a minority coalition. This would leave his government hostage to demands of Arab representatives who are not currently part of the coalition. Third, the insurgents could succeed in triggering a new election. How a new campaign would unfold is anyone’s guess. The only safe prediction at this juncture is that Barak will be severely weakened – damaging his mandate to conclude a compromise peace with the Palestinians. Compounding the political turmoil at home, Syrian president Hafez al-Assad, who had long suffered from ill health, unexpectedly died on 10 June. His sudden death has cast a cloud over the stalled Syrian track of the peace process. While the parliament in Damascus moved quickly to pave the way for Assad’s son, Bashar al-Assad, to assume power, the new leader’s political inexperience and the potentially fractious succession process could further complicate future negotiations with Israel. In spite of the fraying coalition, Barak reached out to Bashar and called on him to pursue peace. As with the political infighting in the Knesset, Tel Aviv’s dealings with Damascus will be fraught with uncertainty in the coming months. The Institute for Foreign Policy Analysis will issue an update to this chapter in late June or early July, when the course of events becomes clearer.

Withdrawal Pangs

“See how they go? They leave everything and go like dogs,” crowed a Hezbollah guerrilla in May 2000. The source of his amusement was an unseemly scramble by Israeli forces out of the “security zone” in south Lebanon. Spurring the withdrawal was the collapse of the back-channel talks with Syria that ensued after the highly publicized Shepherdstown discussions fell through. The negotiations on the status of the Golan Heights faltered when the sides were unable to agree on the exact location of their common border. (Refer to the March 2000 quarterly report for a discussion of the contending visions of demarcation.) Confounding negotiators was a ten-meter sliver of land adjoining the Sea of Galilee.

The Syrian delegation mistakenly believed that the Israelis had given way on the location of the border. Israeli prime minister Ehud Barak had publicly confirmed Syria’s claim that Yitzhak Rabin, just before his assassination, had been on the verge of agreeing to fix the border at the line of 4 June 1967 – that is, as it stood just before the Six-Day War. A popular prime minister, then, had backed the negotiating stance taken by Damascus today. Understandably, most onlookers interpreted Barak’s announcement as political cover and a prelude to territorial concessions by Israel. Thus the new breakdown came as a surprise to all concerned. Having issued a campaign promise that “No Syrian soldiers will splash their feet” in the Sea of Galilee, which supplies 40 percent of Israel’s water, Barak was forced to make minor exception to the line of 4 June 1967. He proposed that Israel retain the shoreline. The misunderstanding was unearthed only when
U.S. president William Clinton sought to clinch the deal at a meeting in Geneva with Syrian president Hafez el-Assad. Neither side was willing to yield an inch of the minute parcel of territory that remained in dispute, despite its negligible strategic importance. Symbolism carried the day.

Prime Minister Barak consequently decided to proceed with the withdrawal from Lebanon, scheduled for completion in July, in order to cauterize a wound which had exacted a high political price at home. Tel Aviv had hoped for a pause that would permit its troops to withdraw in good order and fortify the northern border. In retrospect, the Barak government clearly overestimated the deterrent effect of its threats to retaliate massively against any Hezbollah mischief attempted during the pull-out. Israeli air raids on Lebanese power stations in early May only egged on the Islamic militants, who redoubled their harassment of Israeli army troops and the South Lebanon Army (SLA), the Israeli proxy militia. Not surprisingly, the already demoralized SLA began to wilt under the onslaught.

Triggering the premature evacuation were the actions of unarmed Shiite Muslim protesters who, on 21 May, descended on Qantara, a village on the fringes of the security zone. SLA forces were assigned to defend the Qantara area and cover the Israeli retreat. However, many disheartened SLA soldiers surrendered to the Lebanese authorities without a fight. Others dropped their weapons and, fearful of Syrian and Hezbollah reprisals, fled with their families to Israel. Emboldened by their unexpected success, the demonstrators occupied an additional seven villages and effectively split the occupation zone. For two days the Israeli army and the remnants of the SLA tried to stem the tide. Yet too few Israelis remained in Lebanon, and over half of the SLA’s 2,500 troops surrendered to the Lebanese army. The SLA collapse compelled the Israeli army forces to beat a hasty retreat, leaving behind their equipment in many cases. Barak was forced to order a complete evacuation. The last few stragglers crossed the border on 24 May. In the wake of the rout, Israeli warplanes bombed abandoned positions to prevent Israeli weaponry from falling into the hands of the guerrillas.

Barak’s decision to pull out was a wise one, whatever the short-term damage to the prestige of the Israeli Defense Force (IDF) from its ignoble retreat. While Syria is now free to extend its domination over all of Lebanon, Israel’s departure from the security zone negated Assad’s only real bargaining leverage with Tel Aviv. Should the militants launch rocket or artillery attacks on northern Israel, Barak henceforth will be able to brand the guerrillas and their Syrian overseers the clear aggressors – justifying massive reprisals. Syria, in short, may be held hostage to the actions of the most reckless militants. Indeed, the Israeli chief of staff has vowed to include Syrian positions in Lebanon on the target list for retaliatory strikes. Given the likelihood of an impetuous guerrilla firing over the border, further violence is likely in the offing.

Now a full-fledged Syrian client state, Lebanon has sought to intensify the pressure on Israel. Far from being grateful for the Israeli exit, Beirut has warned the Israelis that they cannot expect peace until they permit the return of Palestinian refugees from the camps in Lebanon. Content to keep conditions volatile on the Israeli northern flank, the Lebanese government has made no move to deploy troops to restore order in the area vacated by the IDF. By abdicating responsibility for the security zone, Beirut has granted Iranian- and Syrian-backed guerrillas, as well as radical Palestinians, a free hand to harass villages in “occupied Palestine” by terrorist means. To be sure, this is a risky ploy for Lebanon. While useful as a bludgeon against Israel, a power vacuum in south Lebanon could also allow Shiite partisans to consolidate a stronghold in the Bekaa Valley – an unappealing prospect for Lebanon and its Syrian masters. In any case, Israel risks becoming embroiled in a new conflict with Lebanon and Syria hard on the heels of its evacuation of the security zone.

Still at Odds with the Palestinians

Israel’s woes were not confined to south Lebanon. After the deadlock in talks with Syria, Barak turned his attention back to the Palestinian negotiating track. The paucity of tangible results from the talks has left many Palestinians in an ugly temper. Indeed, a demonstration in mid-May erupted into a shoot-out between Israeli soldiers and well-armed policemen of the Palestinian Authority (PA). The suspicious timing of the fight, which came on Israeli Independence Day, suggested that it was a Palestinian ploy to intensify the pressure on Barak. Although the gunfight quickly subsided, the clash could foreshadow further violence if the negotiations continue to flag. A recent surge in Islamist sentiment among students and the trade unions could further radicalize the Palestinian reaction to delays in the peace process. The success of violent resistance to Israel in Lebanon could also inspire terrorist action in the West Bank or in Israel itself. Events have taken an ominous turn over the past quarter.

Tel Aviv broke off negotiations in the aftermath of the armed clash with the PA. Consequently, few now believe that a final deal will be in place by the Oslo agreement deadline of September 2000. The weakness of Prime Minister Barak and PA leader Yasser Arafat with their respective constituents has compounded the difficulty of selling the painful
concessions sure to be part of a compromise agreement. First, Barak oversees a restive coalition in the Knesset, where he must juggle the demands of parties ranging from the ultra-Orthodox Shas to the dovish Meretz. Minor political skirmishes thus could jeopardize the peace process. A venomous dispute over public funding for Orthodox Jewish schools, for instance, recently threatened to explode the fragile coalition. Second, the prime minister must submit any peace agreement to an unprecedented national referendum. Finally, he has been weakened by domestic scandal. Domestic political constraints could hobble the Israeli government’s efforts to frame a compromise with the Palestinians.

For his part, Arafat must contend with a diaspora that has always been skeptical of the Oslo process, not to mention a public disaffected with falling incomes and rising unemployment. Now that Lebanon has recovered all of its territory, moreover, Palestinians reasonably ask why they should settle for less. They increasingly insist on (a) 100 percent of the West Bank, in contrast to the 70-80 percent likely to be palatable for Israelis; (b) the transfer of East Jerusalem to Palestinian sovereignty as the capital of a new state; and (c) the right of return for refugees forced out of Israel at its inception in 1948. Arafat will be unable to satisfy all of these demands. Clearly, both leaders remain vulnerable both to demagoguery by hardline constituents and to inflexibility by average citizens.

Barak hopes to break the deadlock in incremental fashion. This will take place in two stages. The most contentious issues will be deferred to the second stage in hopes of achieving tangible progress in more modest, but still vital, areas. First, the two sides would rededicate themselves to devising a framework agreement. The deadline for such a deal lapsed on 13 May after passing once before. The new approach calls for establishing the functional parameters for a Palestinian state – its borders, the status of Jewish settlements, and arrangements for Israeli security – rather than focusing on broad principles which are sure to inflame passions on both sides. Barring agreement on these fundamental issues, no progress will be possible towards resolving the more difficult disputes on Jerusalem, the right of return, and water rights. The second stage of negotiation, currently, if implausibly, scheduled for completion by September 2000, will almost certainly slip. Indeed, the Israeli government apparently envisions postponing the toughest questions indefinitely. By forging a framework agreement, Barak and his lieutenants hope to generate a measure of goodwill adequate to serve as a platform for the elusive final-status agreement.

What are the chances of negotiating a framework agreement? First, as indicated in the March 2000 quarterly report, Israel has begun to craft a proposal for a Palestinian state composed of two contiguous blocks of territory – one to the north and one to the south of Jerusalem. Some access arrangements would be implemented linking the two blocks. There are a multitude of competing proposals circulating within the Barak government. For instance, by annexing roughly 10 percent of the West Bank, Israel can accommodate the demands of some 80 percent of the Jewish settlers. The remainder would have to resettle or remain under Palestinian rule. Another proposal would have Israel annex 10 percent of the West Bank, thereby appeasing the settlers, and “lease” indefinitely another 20 percent adjacent to the Jordanian border as a security buffer. None of these percentages, of course, will be acceptable to the Palestinians, who are adamant about recovering all of the West Bank. Yet the concept of leasing Palestinian territory might offer an avenue for grudging compromise.

Second, neither side will relinquish its claims to jurisdiction over Jerusalem. The most likely formula for compromise on the status of the city would involve transferring administrative control of Arab districts to the PA, establishing a joint body to address common concerns, and deferring the sovereignty question indefinitely. The most obvious stumbling blocks on Jerusalem are a halt to establishing new Jewish settlements, which Israel does not seem disposed to grant, and a politically acceptable measure of control by the PA over Muslim holy sites and other Arab districts. Third, both Israel and the Palestinians claim Jerusalem as their historic capital. This dispute may not be irreconcilable. A promising stopgap solution worked out in 1995 would turn over the town of Abu Dis to the Palestinans as their capital. Abu Dis lies just outside the current Jerusalem city limits but fell within the Ottoman province of Jerusalem. By a geographic sleight-of-hand, then, the Palestinian leadership could argue that their capital was in part of historic Jerusalem. That might satisfy restive Palestinian constituencies. Prime Minister Barak has signaled his support for the Abu Dis formula.

Finally, discussions of the right of return will almost certainly be shelved. No Israeli government can openly accept responsibility for the flight of the refugees; such an admission would tarnish the history of the founding of the Jewish state. Nor can Arafat drop the question, lest he be accused of betraying dispossessed kinfolk. In short, the difficulty of the challenge confronting Barak and Arafat vastly exceeds that faced by the teams at Oslo. In order to secure agreement, the Oslo negotiators...
crafted a formula that relied on “creative ambiguities” in the text and thus evaded the really tough questions. The two leaders now must find concrete solutions to the thorny disputes left unresolved at Oslo. President Clinton has renewed his support for the peace process. Yet the ultimate outcome clearly remains in doubt.

Dulling of the Military Edge?

Meanwhile, Israeli military officials are alarmed at the increasing willingness of the United States to supply potential adversaries such as Egypt and the UAE with top-of-the-line weaponry. They view with foreboding changes in U.S. arms-export policy that could erode their commanding military advantage over their Arab rivals. Heightening Israeli concerns were the finally consummated American sale of F-16 “Block 60” aircraft to the UAE and agreements to supply the UAE and Egypt with Advanced Medium-Range Air-to-Air Missiles (AMRAAMs). Reassurances from State Department officials have done little to alleviate these misgivings. Many Israelis fear that a decline in their traditional qualitative edge would allow an Arab coalition to overwhelm the Israeli Air Force in a future conflict. Consequently, Israeli officials hope to use their influence in the United States, as well as the clout of the American Jewish lobby, to restrain the scope of future American arms sales.

They will also rely increasingly on their own devices. If Washington proves deaf to their entreaties, the Israelis will pursue indigenous technologies able to offset U.S. weapons deployed by the Arab states. In March 2000, for instance, the United States rejected an Israeli request to purchase fifty Tomahawk cruise missiles to enhance the IDF’s precision deep-strike capabilities. Washington’s action prompted Israeli officials to consider developing a substitute. Some drew a comparison to the 1980s, when a U.S. refusal to sell AMRAAMs to Tel Aviv induced Israel to begin developing its own air-to-air missile. (The United States finally relented on the AMRAAM sale, leading Tel Aviv to cancel its own program.) Other avenues for independent research and development include space surveillance technologies. Recent U.S. policy decisions have clearly reinforced perceptions in the Israeli defense community that Tel Aviv needs a greater measure of autonomy in defense matters.

As always, the progress of the Middle East peace process is intertwined with U.S.-Israeli relations. Most recently, the deadlock in talks between Israel and Syria prompted the U.S. and Israeli governments to shelve discussions of a joint defense pact. As mentioned in the March quarterly report, U.S. ambassador Martin Indyk proposed such a pact in order to alleviate Israeli misgivings about security on the Golan Heights. Barak’s government has been visibly reluctant to formalize the long-standing alliance for fear of granting Washington a veto over Israeli defense policy. Israeli officials are less interested in pledges of direct military assistance than in intelligence support, defense industrial collaboration, and guarantees of the all-important U.S. financial assistance. Representatives of both governments insisted that there was no need to codify the close ties between the two nations.

The Chinese Connection

Israel’s pursuit of military ties with China has continued to generate ill will in Washington. Chinese president Jiang Zemin visited the Jewish state in April, capping the series of bilateral meetings profiled in previous quarterly reports. Jiang’s visit punctuated the determination of the two countries to strengthen ties in the face of increasingly strident objections by the United States. Congressional leaders, for instance, have warned that the Israeli overtures to the People’s Republic could undercut support for the massive American aid package that would underpin a peace settlement with Syria. Nonetheless, Barak has shown little sign of relenting.

Economics is the chief propellant for Israel’s export policy. Tel Aviv believes it needs to expand the arms trade in order to create a self-sufficient defense industrial base. Major General Isaac Ben-Israel, director of research and development for the Ministry of Defense, recently estimated that Israel must sell some $6 billion worth of arms annually in order to sustain a defense industry employing 30,000 to 40,000 workers. The IDF accounts for less than $2 billion in weapons sales annually – thus the aggressive pursuit of foreign buyers.

The global commitments of the United States explain the difference in perspective on Israeli arms sales. First, American observers worry that, in Chinese hands, advanced weaponry and sensors will destabilize the Taiwan Strait – the most likely flashpoint for armed confrontation in the Asia-Pacific region. Second, they fear that the re-export of U.S. technology by Israel could sour relationships with key allies such as Saudi Arabia that have been nurtured for decades. Washington has traditionally refused to transfer the most advanced military technology to Iran, Iraq, and other unsavory recipients. Self-interested actions by Tel Aviv thus could directly undercut U.S. security strategy not only in East Asia, but also in the Middle East. Energy security would suffer correspondingly,
by eroding already-shaky Arab support for the Iraq sanctions regime and by enhancing the ability of the Iranian and Iraqi armed forces to disrupt the flow of oil and natural gas. How the United States manages its relations with Israel, then, could have serious repercussions for U.S. policy in the Gulf region.

Notwithstanding the delicate nature of the situation, representatives of the Israeli Defense Ministry and the defense industry have loudly urged Barak to resist American pressure to terminate programs such as the planned $250 million sale of a Phalcon airborne early-warning aircraft to the People’s Republic. Bowing to foreign pressure, they argue, would amount to an American veto on Israeli defense exports. Such a veto would jeopardize Israel’s nascent defense industrial base. These individuals also point out that no American technology is directly involved in the Phalcon transaction. (While this is technically true, the Phalcon system is reportedly modeled on the U.S.-built AWACS system operated by Israel.) For its part, the Clinton administration believes the Phalcon sale is contrary to the spirit, though perhaps not the letter, of U.S. export-control policy. To appease Washington, Barak, who serves as his own defense minister, has offered to prohibit Israel Aircraft Industries (IAI) from selling three additional aircraft contemplated in the option clause to the Phalcon contract. During an early April meeting, however, he publicly rebuffed a request by visiting Secretary of Defense William Cohen to cancel the first aircraft, citing the importance of honoring Israel’s commitments. (The contract was concluded in 1997, under Barak’s predecessor Benjamin Netanyahu.)

The stakes are high. If Beijing does exercise the option in the Phalcon contract, the deal would be worth $1 billion – a sum that would go far towards making the Israeli defense industry self-sufficient. As previously mentioned, Ministry of Defense and industry officials believe that sales of this magnitude are critical to help the nation decrease its reliance on its superpower patron. In view of U.S. arms sales to Arab countries, furthermore, many knowledgeable Israelis view indigenous weapons research as the only way to maintain the IDF’s qualitative advantage over Syria and Egypt. Finally, arms exports resonate with many Israelis on an elemental level because they believe their national survival could hinge on their effort to develop a vibrant defense industrial base. Israel will almost certainly forge ahead with the first phase of the Phalcon sale, as well as other lucrative contracts, in order to buoy the defense industry.

Thriving Military Ties

Israel’s arms exports extend well beyond the Phalcon contract. Most prominently, Tel Aviv has continued to bolster its cordial military relationship with Turkey. Israel has long supported inviting the Turks to join the Arrow missile-defense program. (Tel Aviv declared the Arrow operational in March 2000 after lengthy testing and evaluation.) Barak’s government hopes not only to cement ties with Ankara, but also to create a regional defense against the burgeoning ballistic-missile threat from Syria, Iran, and potentially Iraq. Assenting to Israeli pleas, the U.S. government recently softened its categorical opposition to Turkey’s bid to join the joint U.S.-Israeli program. It seems unlikely, however, that the United States will inaugurate such a dramatic policy shift while mired in election-year politics. Pressure from the U.S.-based Raytheon Company, which has been peddling the Patriot system to Ankara as an alternative, could also impede a tripartite agreement on the Arrow. In view of these political variables, it is impossible to predict how the Arrow negotiations will unfold.

Conclusions

The unsettled condition of Arab-Israeli relations renders forecasting a hazardous business. As always, events must be measured by their influence on U.S. policy in the Persian Gulf region. The standstill in the Syrian-Israeli negotiating track and the fitful progress on the Israeli-Palestinian track will have an indifferent impact on the effectiveness of the Iraq sanctions. President Clinton and Secretary of State Madeleine Albright have been intensively engaged in the peace process and have amassed considerable diplomatic capital with the Gulf states. Arab observers appreciate this. Barring a definite break between Israel and the Palestinians, perhaps as the fallout of a terrorist incident, these governments will continue to support the Iraq sanctions – albeit with steadily diminishing enthusiasm.

By modifying its stance on arms exports, and by conciliating Gulf leaders, Washington may have actually improved its standing with the Arab states. Arab leaders typically use U.S.-Israeli cooperation as a litmus test for assessing American proposals in the realm of defense policy. In the past the Arabs have always come up short in that regard. It has become apparent, however, that Washington now intends to pursue a more evenhanded policy, both for altruistic ends and to shore up the fortunes of American defense contractors. Its willingness to take a harder line with Israel, as it did in the F-16 and AMRAAM transactions, will pay dividends for the United States in the Gulf region. Despite the troubles in the peace process, then, the outlook for energy security in the Middle East has brightened.
Security Issues and Iran

At Cross Purposes: Democracy and Islamic Rule

The aftermath of the February 2000 Majlis elections and the 7 May run-offs threw the incongruities in the Iranian political system into sharp relief. A coup threatened by the Iranian Revolution Guard Corps (IRGC) on the eve of the run-off elections failed to materialize. Citing ominous “American-style reforms,” an IRGC radio broadcast warned, “We will first try to be tolerant with duped elements and criminals. But, when there is a need, we will descend on them like lightning, without hesitation or discrimination…if necessary, the enemies will so feel [the Revolution’s] blows in their skull that they will forever be stopped from hatching plots and committing crimes.” Clearly, some Iranians continue to believe force is a legitimate tool for reversing political defeat.

Underlying this turmoil is a clash of visions of the future. The constitution of the Islamic Republic seeks to reconcile two apparently irreconcilable concepts: popular and Islamic rule. The uneasy coexistence of these strains in political philosophy did not become apparent while the conservative faction dominated all sectors of government. The dinosaurs could simply squelch all hints of popular rule. Since 1997, however, a hodgepodge of groups advocating change has been mounting a challenge to the status quo. How this struggle plays out will determine both the future of the Islamic Republic and, indirectly, the fate of energy security in the Persian Gulf region.

The starkest evidence of this collision between religious rule and democracy was the review and approval of the election results by the Guardians Council and Supreme Leader Ali Khamenei. In what genuinely democratic system, many asked, must the will of the people be ratified by some superior authority? The final recount, announced on 20 May, revealed that the Guardians Council had invalidated 534 of 7,000 ballot boxes in Tehran. In the process the votes of 726,000 Tehran residents were annulled. (This still left reformers in possession of slightly over 70 percent of the seats in the Majlis.) Among the justifications offered for the recount were torn ballots, improper format, and a lack of sealed ballot boxes. Although the deputy interior minister questioned the action of the council, his objection stemmed only from the fact that the body had initially approved the election results. The notion that religious authorities should abstain from secular politics has gained little traction with the conservative faction. The lingering habit of authoritarianism is the chief source of Iranians’ disaffection with their rulers.

Adding fuel to the fire, the electoral review process was heavily skewed in favor of conservative candidates. About 3,000 students protested at Tehran University on 22 and 24 May. The students accused the Guardians Council of tampering with the election results and demanded the withdrawal of Ali-Akbar Hashemi-Rafsanjani, a conservative former president of the Islamic Republic, who finished twenty-ninth in the polling in Tehran but was awarded the twentieth position by the council. Few citizens believed he had actually polled that well. Leftist papers have implicated Rafsanjani in the 1998 dissident murders. (Refer to the December 1998 quarterly report.) Though probably exaggerated, the news reports roused suspicions among voters that the former president would use his influence in parliament to block the ongoing investigation of the murders. Rafsanjani is also widely suspected of being the mastermind of a shadowy cabal – a “Mafia of the secret network of power,” to borrow the words of one leftist – that secretly runs the country’s affairs and is determined to thwart the reformers. On 25 May Rafsanjani, bowing to public pressure, announced that he would not take a seat in the newly elected parliament. Despite all of the upheaval and the meddling of the Guardians Council, 252 of 290 deputies were able to participate in the opening session of the new Majlis on 27 May 2000. Reformers now hold a commanding majority in the legislature.

To counter the liberal inroads, Supreme Leader Khamenei has sought to solidify the case for strict Islamic rule among an increasingly skeptical public. First, reining in the worst excesses of the judiciary ranks high on his agenda. Since mid-1999, for instance, Khamenei has sought to soften the harsh Iranian brand of justice by replacing judges who issued egregiously politicized decisions. Second, in a Friday Prayer sermon on 12 May 2000, he exhorted the nation to unite behind the principles undergirding the Revolution, including faith; justice;
elimination of poverty; narrowing the gap between rich and poor; religiosity; and freedom of opinion and expression. The supreme leader lay claim to these unobjectionable principles on behalf of the conservative clerics.

However, he evidently regards freedom of thought as a foreign concept to be rigorously suppressed. Taking a page from Stalin’s book, Khamenei linked the principle of freedom of opinion, as well as its advocates in the reform movement, to the Shah’s regime and ultimately to the United States. The reformers, he insisted, “speak about Islam but they also promote the ideas of secularism, non-religious government, anti-religious government….They are infiltrators. They are aliens. They are strangers.” Therein lies the dilemma for Khatami and his followers. Anyone who calls for increased openness can be tarred by association with America, which proclaims its democratic ideals loudly and in universal terms. No Iranian leader can move too boldly in the service of reform for fear of being branded a lackey of foreigners. Because of these tactics, change in the Islamic Republic will continue to be an agonizingly slow process.

Counterattack against the Liberal Press

Consistent with their restrictive view of freedom of opinion, the conservatives continued their rear-guard action against the reform press. Over the past quarter, seventeen papers were closed by decree of the Press Court. The summonses issued to the editors cited the usual offenses of publishing falsehoods and insults. The editor of Mellat, a new daily paper reflecting both conservative and liberal views, reported that the Justice Department had ordered his organization shut down immediately after the publication of the first issue. The Ministry of Islamic Culture and Guidance, another hardline bastion, was also implicated in the closure of Mellat.

These heavy-handed tactics will fail to stifle sentiments for reform. The proliferation of new publications threatens to outstrip the ability of conservative institutions to suppress them. As Seyyed Morteza Mardiha, a member of the editorial board of the banned Asr-i Azadegan explained, “it is sufficient to increase the number of educated people and explain, simply, what democracy is. People understand the rest.” Indeed, 150,000 illicit copies of Abdullah Nouri’s electrifying defense before the Special Court of the Clergy have been sold despite official opposition (refer to the December 1999 quarterly report). Proponents of democracy have clearly prevailed in the battle of ideas against Islamic rule. Whether the conservatives will acquiesce in their defeat gracefully, carry the battle into the forum of peaceful debate, or use violence to contest the gains of reformers remains to be seen.

The Trial of Iranian Jews: A Litmus Test for Moderation?

One barometer of the future direction of the Islamic Republic is the conduct of the long-awaited trial of thirteen Iranian Jews for espionage. Eight suspects have now confessed to working with Israeli intelligence. The spy network, allegedly in operation for fifteen years, collected information on Iranian military and industrial activities and passed it to the Mossad. Official media televised the most recent three confessions in May 2000, provoking heated objections from defense lawyers. The defense team was forced into an unorthodox line of argument. One lawyer, Esmail Nasseri, conceded the guilt of the accused and admitted that the eight suspects had freely confessed. He insisted that the suspects had collaborated with foreign governments out of religious enthusiasm. The crux of Nasseri’s argument, however, was that the information provided to the Mossad was not classified and therefore did not meet the legal test for espionage. Thus the suspects deserved acquittal or a light sentence.

The trial has been a propaganda debacle for the Islamic Republic, whose legal system has come under intense foreign scrutiny. An official of the judiciary, Hussein Ali Amiri, vowed to provide a wealth of evidence substantiating the charges against the Jewish suspects. Scale maps of Iranian military facilities, he said, were among the items collected by investigators. However, Amiri rejected a request by the Paris-based group Lawyers without Frontiers to send two observers to the trial. He also denied reports in the Western press that the suspects would not face capital punishment if convicted. Although it has no direct bearing on regional security, the government’s conduct of the espionage trial could foreshadow how Iranian domestic affairs will evolve in the coming years.

The trial could damage Iranian relations with the Western European states on which Tehran relies for trade and investment. The economic fortunes of the Islamic Republic thus could suffer in the event of a misstep by the government. The proceedings will continue to be closely watched in Western capitals. Indeed, former French prime ministers Édouard Balladur, Alain Juppe, and Pierre Mauroy, as well as former European Commission president Jacques Delors, have appealed to Tehran not to execute anyone convicted. Their petition also called on democratic states to sever relations with “what would be a barbarous regime” should Iran carry out the death
penalty. The most likely scenario is that the suspects will be convicted and sentenced to lengthy prison terms. However, the government will refrain from imposing the death penalty for fear of inflaming opinion in countries with which Tehran craves good relations and, more importantly, expanded trade and investment.

Continuing War of Words between Washington and Tehran

The Islamic Republic and the United States continued to exchange diplomatic salvos. Yet there were some positive signs amid the gloom. A 17 March speech on Iran by Secretary of State Madeleine Albright could serve as the catalyst for improved ties. In her address Albright announced that the United States would relax the import ban of some goods, facilitate contacts between Americans and Iranians, and accelerate the settlement of legal claims between the two countries. More importantly in terms of conciliating the Islamic Republic, the secretary of state acknowledged the role of the United States in the 1953 ouster of Prime Minister Muhammad Mossadegh. The 1953 coup brought the regime of the shahs to power and kindled Iranian enmity towards America. By acknowledging that Iranians have legitimate grievances, Albright’s speech may have opened the door for a bilateral dialogue. On 25 March, Supreme Leader Khamenei nonetheless reiterated that “The Iranian nation and its authorities consider the United States to be their enemy.” Clearly, then, the Islamic Republic remains deeply ambivalent about relations with the United States.

The Islamic Republic’s continuing support of violent militant groups is largely responsible for persistent discord between the two countries. What the United States regards as terrorism, many Iranians consider to be assistance to aggrieved Muslim minorities. Terrorist activity also represents Tehran’s only way to project power worldwide. After softpedaling Iran’s terrorist activities in 1999, the 2000 issue of the U.S. State Department’s Patterns of Global Terrorism labeled Iran “the most active state sponsor of terrorism.” Iran will be unable to collaborate with the United States overtly until Washington ceases depicting the Islamic Republic as a rogue state. Conversely, the United States will not relent until Tehran drops its support for militant movements which undercut U.S. policy in Israel and other hot spots. In short, terrorism is a nearly insuperable obstacle to improved ties.

To make its displeasure known, the United States has adamantly opposed multilateral lending to the Islamic Republic. The World Bank, however, recently resumed lending to Iran. Speaking for the Clinton administration, State Department spokesman Richard Boucher reminded onlookers that Congress had directed the administration to oppose multilateral lending to countries designated as state sponsors of terrorism – including Iran. The influential American Jewish lobby has also helped to whip up opposition to the loans. A representative of the conference of Presidents of Major American Jewish Organizations alleged that the confessions in the trial of Iranian Jews (profiled above) contradicted one another and that the suspects had been denied an adequate defense.

The World Bank nonetheless approved the loan package over these strenuous U.S. objections. On 18 April, by a startling 21-1 margin (Canada and France abstaining), the bank’s board of directors authorized $232 million worth of loans for a sewage system in Tehran and improvements to medical facilities. Members of the board of directors said they were reluctant to politicize the lending process and would override American objections purely on those grounds. However, World Bank president James Wolfensohn also confided that the loans were a gesture of support for President Khatami and his reform policies. The bank’s decision was the latest token of the international community’s willingness to pursue policies independent of Washington.

Lost amid the uproar over terrorism and the World Bank decision was what momentarily appeared to be a chance for U.S.-Iranian cooperation. Since the Gulf War, the Islamic Republic has abetted the transit of Iraqi oil shipments through its territorial waters in defiance of UN resolutions. In early April, however, Iranian warships seized twelve Iraqi vessels smuggling oil in the Persian Gulf. Over the years the Islamic Republic has at times been amenable to joint action in areas of mutual interest. This seemed to be one such case. Many Western observers, including the commander of the U.S. Fifth Fleet, interpreted the unexpected naval action as a signal that Tehran was willing to close the loophole in the maritime cordon.

More likely, the seizures were intended as a warning to Saddam Hussein to expel the Iraq-based People’s Mujahedeen of Iran, which has recently launched a series of mortar attacks in Tehran. By demonstrating its ability to enforce the maritime sanctions unilaterally, moreover, Tehran can argue more persuasively for the withdrawal of foreign navies from the Gulf – consonant with the long-term aspirations of Iranian foreign policy. Any benefits to the West were purely incidental. In any case, the Iranian navy allowed smugglers to resume their illicit voyages in June – shattering what in retrospect were fanciful hopes for a breakthrough in U.S.-Iranian relations.
Glee over the Israeli Pullout

The Islamic Republic openly gloated over the disorderly withdrawal of Israeli forces from south Lebanon. The lesson drawn from the Lebanon denouement was clear. Supreme Leader Khamenei proclaimed in a 25 May message that “this victory revealed that the solution to the bullying and atrocities of the usurper Zionists is only in the logic of resistance, Jihad and devotion.” President Khatami congratulated the Lebanese for their fortitude and patience, while his Lebanese counterpart acknowledged the “unsparing support” of the Islamic Republic and Syria. Khatami dispatched Foreign Minister Kamal Kharrazi to Lebanon on 25 May. Kharrazi praised the efforts of Hezbollah and the other Shiite groups that have gained ascendancy in the newly recovered swath of south Lebanon. The Islamic Republic clearly relishes the notion of a Shiite stronghold able to harass northern Israel at will.

Iran may attempt to replicate its success in Lebanon on the Israeli-Palestinian front. If the lesson of Lebanon is that unflinching and violent opposition to Israel is the route to victory, then a terrorist campaign could be in store. Many Palestinians are receptive to the use of violence to influence the negotiations. Indeed, those swept up in the recent surge in Islamism have openly advocated modeling their resistance to Israel on the Lebanese example. In this volatile climate, Hamas, a beneficiary of lavish Iranian support, may resort to terrorism at the behest of Tehran. It is unclear, however, whether the Islamic Republic and the leadership of Hamas are of one mind on the purposes of terrorist action. While Iran hopes to derail the peace process altogether, Hamas may consider violence to be a means of pressuring Israel to relinquish all of the West Bank. Such a difference in perspective between two key players could determine how a terrorist campaign unfolds. In short, there is little sign that Iran will renounce its support for opposition to “Zionists,” despite the steady progress of reform at home.

Rumblings on the Afghan Border

Tehran stepped up its efforts to stem the flow of narcotics across the border between the Islamic Republic and Afghanistan. But drug interdiction is a losing battle. Despite its official professions of concern, Kabul has displayed only a dubious commitment to stopping the traffic in illicit narcotics, while fortifying the border is a daunting prospect for the cash-strapped Iranian government. Tehran has already spent an estimated $600 million to construct static defenses on the Afghan border. In April 2000 the Khatami government requested some $1 billion for the counter-narcotics effort. This amount was subsequently halved because of the enfeebled economy and declining tax revenues. In the end the Majlis authorized expenditure of a meager $115 million to halt the flow of drugs. A project under discussion with Russia for fortifying a sixty-mile stretch of the border, and ultimately the entire border, was stillborn because of these budget constraints. The drug traffic, moreover, is nothing new. There is little public outcry demanding correction of a problem to which Iranians have grown accustomed—particularly when their nation faces far more immediate social and economic problems. Narcotics smuggling, then, will continue to be a perennial irritant in Iranian-Afghan relations. The drug trade poses no direct threat to regional security. By generating funding for terrorist activity, however, it is an indirect menace to peace in Southwest Asia.

On Track with the Arms Buildup

While there were no dramatic developments over the past quarter, it is clear that the Iranian defense buildup continues unabated. First, Israeli and American officials agree that the Islamic Republic’s Shahab-3 missile is now operational after successful testing in February 2000. The ballistic missile, with a range of 1,300 kilometers, gives Tehran the ability to strike at targets as far afield as Israel for the first time. Second, the indigenously produced Azaraksh (Lightning) attack aircraft, apparently a derivative of the American-built F-5F, is nearing completion and will likely enter full-scale production in 2001. Third, the military claimed to have successfully tested an indigenous upgrade to the U.S.-supplied SM-1 surface-to-air missile during the recent Vahdat-78 naval exercise. The new missile will be deployed on board Iranian fast attack craft. Finally, Iranian officials agree that the Islamic Republic’s foreign and defense policy. Buoyed by the Hezbollah triumph in Lebanon, the conservative clerics may intensify their advocacy of violent opposition to Israel. Should Tel Aviv remain recalcitrant on the West Bank and Jeru-
salem – as it undoubtedly will – the next few months could be bloody. Closer to home, there is no sign that the Iranian arms buildup is slackening under conservative tutelage. Nor will it. The modest resources available to the military, however, will sharply constrain the scale of defense modernization. Although Iranian forces will remain unable to expel Western naval and air forces from the region, improved anti-ship and anti-aircraft capabilities could exact a high price during an engagement – compelling the United States and its allies to think twice before intervening in Iranian affairs. Enhanced military might, then, directly contributes to the status of the Islamic Republic as a regional power.

Second, even a victorious reform movement would be unlikely to jeopardize its domestic agenda – its top priority by far – in a confrontation with conservatives over foreign policy. 2nd Khordad will be judged by its ability to deliver on its promises of prosperity and liberty. To do so, reformers must maintain their bona fides as fervent proponents of Islam and dispel conservative accusations that they are handmaidens of the West. Reformers thus will be reluctant to expend political capital on secondary concerns such as reining in the military buildup or the nation’s support of terrorism. They cannot afford to move too boldly. As 2nd Khordad consolidates its gains at home and strives to rejuvenate the economy, Khatami or a like-minded successor may quietly scale back or drop the nation’s support of terrorist activity. For the foreseeable future, however, the Islamic Republic will remain largely preoccupied with its domestic troubles.

A mellowing in Iranian foreign policy could serve as the catalyst for a limited rapprochement with the United States and the West. Because of their eagerness to penetrate the Iranian market, Europe and Japan will act expeditiously to craft a rapprochement. By contrast, the lethargic pace of internal change in Iran militates against an early normalization of ties between Iran and the United States. That will be doubly the case should the Islamic Republic sponsor a violent escalation of the Arab-Israeli conflict or attempt to destabilize the northern frontier of Israel. It is neither in Iran’s interest nor within its present capacity, however, to mount a serious threat to energy security in the Gulf region.
Cohen’s Tough Sell

Just six months after his visit to the Middle East, U.S. Secretary of Defense William Cohen traveled to the region again in early April on an extensive nine-nation, twelve-day trip. Centered primarily on Washington’s GCC allies, his latest tour marked a renewed high profile attempt to drum up political support for regional defense cooperation. Undaunted by his failed bid to exhort the Gulf states to action in October last year, Secretary Cohen announced a more detailed plan to reenergize momentum on the Cooperative Defense Initiative (CDI). For the first time Pentagon officials articulated publicly the rationale and defense requirements for CDI. Throughout his meetings with individual heads of state, Cohen repeatedly warned of a nightmare scenario involving the use of chemical or biological weapons against the GCC states by either Iraq or Iran. Cohen argued that the absence of United Nations weapons inspectors in Iraq and Iran’s appetite for weapons of mass destruction (WMD) point to a real growing threat to the region. He declared that the United States was prepared to engage in a comprehensive military relationship with its regional allies to counter such challenges. Indeed, the CDI would likely involve unprecedented military cooperation and information sharing hitherto absent between Washington and other Gulf capitals. The CDI would form the basis of a GCC-wide shared early warning system designed to detect and track missile attacks. American reconnaissance satellites would provide real-time data on a missile launch to major military commands in each of the GCC states through secured, computerized communications. Political and military leaders among the Gulf states could theoretically gain more precious time to prepare and respond to such a threat. For instance, air and missile defense batteries linked to the early warning system could be cued to intercept the incoming missiles.

To allay lingering doubts and skepticism among the GCC countries, Cohen outlined a series of specific steps to lay the foundation for the languishing initiative. He claimed that the installation process would be relatively simple and cheap. The main investments for the project would include new computers, wiring for secured links, software upgrades, and intelligence collection systems. Additional expenditures would focus on the stockpiling of gas masks, decontamination gear, vaccines, and detection equipment for WMD agents. Acknowledging that “each country will approach [CDI] differently,” Cohen assured the Gulf states that the purchase of more ambitious items for the project such as the prohibitively expensive Patriot missile defense batteries would depend on the unique requirements and independent decisions of each individual GCC government. This latest public relations campaign touting CDI has been a part of an elaborate U.S. engagement policy to nudge the Gulf states to embrace defense capabilities against the potential use of WMD. For the past few years Washington has hosted a series of official seminars and exercises to stimulate thinking on how the GCC would defend against missile strikes, manage the consequences of a successful WMD attack, and fight in an environment contaminated with WMD agents. Washington has also consistently urged the Gulf states to acquire defense items that would be compatible with American systems to enhance the ability of U.S. and GCC forces to operate alongside each other. These broader interactions with Gulf allies along with Cohen’s patient diplomatic efforts to nurture the initiative back to health have been aimed at making inroads on burden sharing with America’s reluctant regional partners.

However, substantive progress will remain elusive. Saudi defense minister Prince Sultan’s reaction to the initiative in an interview typified the GCC’s wavering stance. The prince initially hailed the CDI as a “constructive proposal that aids the cause of peace.” Yet, in almost the same breath he urged the GCC members to study the initiative (a typical delaying tactic) while denying that the CDI would be adopted with Iraq or Iran in mind. Predictably, the GCC members mulled Cohen’s offer but failed to reach any decisions during a consultative summit in Muscat later in April. As discussed extensively in the opening chapter of the March 2000 issue, deep cleavages between the GCC members will likely impede meaningful regional cooperation. Divergences in threat perceptions, mutual historical enmities, and
internal challenges drive each state to pursue its own unique interests on defense. Moreover, shorter-term and more practical considerations have also dampened enthusiasm among the Gulf states for the U.S.-led initiative.

First, shifts in the security dynamics of the Middle East have abated anxieties over potential threats. The rise of moderates in Iran and Tehran’s overtures to woo GCC countries have eased fears of a resurgent hegemor. Gulf states also believe that the nearly decade-long sanctions regime and allied vigilance over the no-fly zones have kept the Iraqi regime at bay. Second, the cost of the CDI, particularly the high-end missile defense systems, will constrain the ability of some Gulf states to participate fully as an equal member. Smaller states with limited purchasing power fear that they may not reap the benefits of a regional arrangement dominated by their larger neighbors. For example, Bahrain, still struggling with its transition toward a post-oil economy, has openly declared that Manama can not afford the proposed early warning system. However, in an undisguised effort to “free ride” on other members, Bahraini defense minister Sheikh Khalifa bin Ahmed al-Khalifa added that the country would “welcome [CDI] if the GCC decides to adopt it” since “the benefits would reach us automatically.” Third, there remains strong suspicion and resentment in the region of American salesmanship. Having lived under and even suffered from missile threats for decades, WMD does not command the same sense of urgency for the Gulf states as it does in Washington. Hence, Cohen’s repeated warnings of dire consequences only reinforce a longstanding cynicism that the U.S. is trying to conjure up a false threat. An editorial in the Dubai-based Gulf News aptly summed up GCC sentiments: “Does Cohen really have the interests of the Gulf in mind or is he trying to drum up more business for America’s arms industry by putting fear into Arabs?” Transcending such deep-seated skepticism will require skillful and sustained diplomatic efforts by Washington. Since the GCC members have unanimously insisted that the CDI can only proceed based on collective agreement, the unwillingness of even one state to embrace the concept would undermine progress for the entire initiative. Cohen or his successor may have to undertake yet another journey to the region to sustain GCC interest in CDI.

Controversy over
U.S. Presence Resurfaces

During Secretary Cohen’s brief stop in Saudi Arabia, press leaks alleging the imminent removal of some U.S. manpower based in the kingdom produced a minor diplomatic stir. According to an American news agency, an unidentified U.S. military source claimed that Cohen examined logistics options to draw down the 4,000 airmen stationed at the Prince Sultan Air Base. A London-based Arabic daily also reported that Cohen would announce troop reductions during his visit. The corroborating news raised public suspicions that the United States may have buckled under increasing pressure from the Saudis to decrease presence on the kingdom’s soil. Both Riyadh and Washington reacted quickly to dispel the damaging rumor and restore confidence in America’s security commitment to the region. Saudi defense minister Prince Sultan reaffirmed the kingdom’s support for the enforcement of UN sanctions against Baghdad and the south no-fly zone over Iraq. He defended Operation Southern Watch stating that, “These troops are doing their duties to keep the peace only, not to be aggressive, and whatever is said more than that is not true.” U.S. ambassador to Saudi Arabia, Wyche Fowler, insisted that no discussions took place between Secretary Cohen and Crown Prince Abdullah on any level of current or future reductions. Pentagon spokesman Kenneth Bacon’s flat denials were even more emphatic, describing the stories as totally wrong and completely false.

While these official reassurances demonstrate strong mutual support for continued U.S. presence, the increasing regularity with which similar speculative reports on force withdrawals have surfaced cast some doubt on the existing bilateral arrangement. The Saudi Arabian government and other Gulf regimes have been subjected to growing criticism from domestic opponents and fellow Muslim countries for hosting American troops on Arab soil (see December 1999 quarterly). As the custodian of the two holiest Islamic sites, such religious sensitivities are particularly acute for Riyadh. Consequently, the kingdom, which is home to the largest U.S. air contingent in the region, has become increasingly uneasy over such opposition and the associated impact on internal stability. These anxieties have been reinforced by a series of terrorist attacks aimed at dislodging American presence from the entire region. The impact of the deadly June 1996 bombing attack against military barracks housing U.S. servicemen in eastern Saudi Arabia reverberates to this day. Saudi fears of violent reprisals and sabotage by anti-American Muslim extremists at home were further heightened by the bombings of American embassies in East Africa. More worrisome still, the alleged mastermind behind the attacks, Usama bin Laden, has publicly vowed to force American troops off the Arabian Peninsula. Unfortunately, no amount of precautions or preparation can guarantee an impenetrable defense against a determined
terrorist movement. Hence, the kingdom’s extreme discomfort with U.S. presence (in whatever size or configuration) will not diminish. Moreover, Washington and Riyadh’s constant public relations battle against direct and implicit pressures to reduce or eliminate bases on Saudi soil will remain a fixture of Saudi-American relations.

In an effort to placate similar anxieties across the region, the United States has methodically explored new configurations for its force presence in the region. As described in-depth in the December 1999 issue, U.S. Central Command (CENTCOM), the regional combatant command responsible for the Persian Gulf has devised a variety of plans to reduce the visibility of its forces. One such option would widen the existing network of U.S. forward presence in the region through new access rights to additional bases. American defense planners would then be able to redistribute its forces more evenly and shift Washington’s reliance away from Saudi and Kuwaiti bases without compromising its overall military effectiveness. To that end, Qatar and the U.S. Defense Department have engaged in several years of ongoing negotiations to provide American warplanes access to Doha’s giant air base in Al-Udeid. The talks were apparently near agreement during Cohen’s April visit. While details of the proposed deal are still under discussion, the base would serve several critical purposes for CENTCOM. First, Washington would enjoy an additional locale to deploy forces en mass to the region in times of crisis. Second, the United States would be able to sustain credible power projection capabilities in the Persian Gulf during scheduled rotational gaps in carrier presence. Third, such an arrangement with Doha would allow the U.S. Air Force to test its air expeditionary force (AEF) concept, whereby packages of warplanes would cycle through the region on a regular basis. Fourth, basing arrangements with the small Gulf state would reinforce American military relations with an important regional ally (Qatar is home to a heavy brigade worth of U.S. Army equipment). Moreover, force presence would thwart Tehran’s potential ambitions over Qatar’s offshore North Field near Iranian waters, which boasts the largest natural gas reservoir in the world.

Washington’s assurances in the aftermath of the press leaks and ongoing negotiations with Qatar demonstrate that the United States remains determined to stay in the region. So long as the potential menace from Iraq and Iran continues to stir insecurities in the Gulf, Saudi Arabia will reluctantly accept the political costs of hosting U.S. forces. However, despite the mutual agreement to sustain U.S. presence, shifts in American military posture in the region may be inevitable. As mentioned in the December 1999 quar-

terly, Operation Southern Watch, the raison d’être for the large air contingent in the kingdom, will not last indefinitely. A deal with Qatar might allow CENTCOM to reallocate its assets. Technological advances or new operational concepts such as the AEF could also reduce the need for permanent forward basing. The continuing and future challenge for Washington will be to adjust to these transitions without undermining the overall military effectiveness and deterrent value of U.S. forces.

Saudi-Iranian Rapprochement Continues

Despite ominous warnings from Washington of the Iranian threat, Riyadh’s warming relations with Tehran have continued apace. In early March, the kingdom and the Islamic Republic joined hands again to stabilize the oil market amidst skyrocketing prices. Iran made an explicit effort to link cooperation in OPEC to the rapprochement process with the Gulf states. During Iranian deputy foreign minister Morteza Sarmadi’s visit to London, he declared that improved ties with Arab states, particularly Saudi Arabia, would contribute to consensus within the oil cartel. True to his prediction, Saudi Arabia and Iran issued a joint statement on 8 March essentially lifting restrictions on oil output that price hawk Tehran had originally resisted. Both sides also progressed further on improving the security dimension of their relationship. As Iranian defense minister Ali Shamkhani prepared to reciprocate his Saudi counterpart’s visit to Iran last year, he lauded closer defense cooperation between the two powers. He added that the future success of Tehran’s defense policy would be determined by the ongoing détente with the Gulf states. In a telling sign of Saudi Arabia’s foreign policy priorities, bilateral discussions in Riyadh on the Iranian defense minister’s planned trip coincided with (and were not disrupted by) Secretary Cohen’s stop at the kingdom. Prior to Shamkhani’s visit Saudi Arabia’s interior minister Prince Nayef announced plans to negotiate a security pact with Iran aimed at combating crime and drug trafficking.

The Iranian defense minister’s landmark visit to the kingdom on 24 April was the first by a senior military official since the 1979 Islamic revolution. In joint statements, both sides voiced a mutual desire to maintain stable bilateral ties. Shamkhani urged for closer defense cooperation between Iran and Gulf Arab states and repeatedly stated his country’s opposition to foreign presence in the region. Saudi Arabia’s response to Tehran’s overtures was decidedly cautious. Defense Minister Prince Sultan stated that the kingdom had no plans to engage in defense ties with Iran. While he acknowledged the centrality
of the Islamic Republic to regional stability, Sultan made clear that “direct cooperation with Iran to protect the Gulf...is out of the question.” Shortly after Shamkhani’s departure, the GCC held a consultative meeting during which the regional organization’s relationship with Iran topped the agenda. According to an unnamed official, the meeting involved extensive talks on “how deep the GCC countries should establish ties with Iran, and whether to consider some kind of indirect but limited defense pact in the future.” Clearly then, the Iranian defense minister’s visit to the kingdom had palpable effects on the GCC.

However, substantive expansion of Saudi-Iranian ties, which in turn would accelerate the rest of the GCC’s relations with Tehran, will remain elusive. As Prince Sultan’s blunt rebuff demonstrated, an extensive relationship between the kingdom and the Islamic Republic, such as a formal defense pact, will not materialize for the foreseeable future. Despite Iran’s enthusiasm for deeper military cooperation and progress on an anti-crime security pact with the kingdom, longstanding anxieties will prevent genuine defense cooperation. First, Tehran’s continued opposition to U.S. military presence in the region is at odds with the fundamental security interests of the Gulf states. Moreover, Tehran’s undisguised attempts to eclipse American preeminence by courting the GCC with the promise of inter-Islamic military cooperation worries many Gulf states. Second, so long as the territorial dispute between the UAE and Iran fester, the Saudi-led rapprochement process will be constrained. Third, the Islamic Republic’s open pretensions to regional dominance will drive the GCC to embrace security commitments with the West. Moreover, the resurgence of Iran would likely fuel traditional great power competition with the kingdom. Fourth, Iran’s unconventional security threats to the region remain a major source of instability. The Islamic Republic supports terrorism and maintains an extensive program to develop weapons of mass destruction. Given these deep-seated tensions, Iran’s blunt attempts to woo the GCC will not likely yield satisfactory results. Moreover, the reliance on America’s stabilizing role in the region will remain central to the security strategies of Saudi Arabia and its fellow GCC states.
Halfhearted Sanctions Don’t Work

The implosion of international solidarity on Iraq continued apace. Sensing that its isolation is nearing an end, Saddam Hussein’s government has redoubled its efforts to topple the U.S.-led regime of sanctions and weapons inspections. Hussein’s propaganda campaign has sought to highlight the ill effects of the sanctions on the Iraqi people. The kernel of truth in Baghdad’s often outlandish tales of woe is that sanctions, if prosecuted apathetically, hurt innocent citizens while leaving tyrants free to pursue their own ends. While the West has a firm grip on Iraqi oil revenues through the oil-for-food program, the UN has been unable to stem the flow of smuggling across the Turkish border and in the Persian Gulf. Thus illicit funding is available for arms research, while the economic fortunes of ordinary Iraqis have evaporated. Best of all from the standpoint of Saddam Hussein, Iraqis blame the West for his intransigence on weapons inspections – bolstering the dictator’s grip on power. Where a ruler is indifferent to the welfare of his people, international sanctions are unlikely to work.

Breaking Out of Isolation

Fraticide among the permanent five members of the UN Security Council has resulted from Iraq’s diplomatic offensive. Russia, France, and China have long been sympathetic to Iraq’s plight and have begun to actively oppose the tough stance maintained by the United States and the United Kingdom. In early April, for instance, reports from Baghdad Radio – hardly known as a bastion of independent journalism – asserted that U.S.-British air raids had claimed fourteen civilian lives in the city. Beijing, Moscow, and Paris swiftly condemned Washington and London in the wake of this unconfirmed allegation. As a result, a steady stream of reports has poured forth detailing alleged Western atrocities. A Russian delegation visited Baghdad in May 2000 to attend a Conference on Solidarity for Iraq whose explicit purpose was to generate pressure for abolishing the sanctions. Iraqi deputy prime minister Tariq Aziz, who addressed the conference, reiterated that his government would not cooperate with the newly created UN Monitoring, Verification, and Inspection Commission (UNMOVIC). Aid and comfort to Iraq has not been confined to diplomatic support. While the Russian government has denied that it is furnishing arms to the Iraqi military, British newspapers have reported a multimillion-dollar arms deal to upgrade Iraqi air defenses and overhaul Russian-built fighter aircraft. If true, the Russian deal could help the Iraqis to more effectively target U.S. and British warplanes over the no-fly zones.

Subsequently Sa’dun Hammadi, speaker of the Iraqi parliament, visited France, hoping to muster support for terminating the sanctions. He called for resuming full diplomatic relations between the two countries at the ambassadorial level. During a lecture at the French Institute of International Relations, Paris, Hammadi candidly admitted that the reestablishment of ties with France was a means of eroding the international sanctions. Among the topics discussed with French officials were lifting the sanctions; halting air attacks by British and American aircraft on Iraqi positions; ending enforcement of the no-fly zones; resuming passenger air travel between the two countries; and rebuilding the shattered Iraqi infrastructure. Clearly, Baghdad hopes to widen existing cleavages in the Security Council and neutralize the council’s efforts to enforce the sanctions.

France has also thrown its support behind a Qatari initiative designed to repair ties between Iraq and Kuwait, and more broadly between Iraq and the Gulf states. The initiative was announced at the Kuwaiti-Iraqi Ties Symposium, which convened in Kuwait on 13 May. Political leaders, academics, members of the Iraqi opposition, and American specialists on the Middle East gathered to discuss the future of relations between Iraq and Kuwait. The Qatari foreign minister called on Baghdad to “recognize Kuwait unequivocally” as a stepping-stone to a wider regional dialogue. Predictably, an official Iraqi press organ castigated the conference as “part of Kuwait’s aggressive actions against Iraq. It amounts to flagrant and insolent interference in the affairs of Iraq.” French and Qatari officials plan to meet in June to coordinate strategy for the initiative. Doha has also approached the Chinese government, which issued an official statement supportive of the normalization effort. Some observers interpreted the conference as a sign of the softening of the hith-
erto unbending line the Kuwaiti government has taken on Iraq. The apparent dilution of Kuwaiti militancy on Iraq reflects the growing ambivalence of the Gulf states on the sanctions. Indeed, the United States evidently favors a tougher policy than do the Kuwaitis.

Other countries have also indicated a desire to renew contacts with Baghdad. Egypt, a member of the Desert Storm coalition, is apparently on the verge of restoring full diplomatic relations. Armenian and Iraqi officials met in early May to discuss ways to expand economic ties between the two nations. Bulgaria has declared itself ready to sell Iraq the spare parts it needs to repair the oil infrastructure, as well as to resume purchases of Iraqi oil. A fellow pariah state, Yugoslavia, concluded an accord with Iraq authorizing a series of cultural and scientific exchanges. The most startling revelation concerned the State of Israel. Rumors abounded in the wake of a story in the London Observer alleging that Iraq had been conducting secret talks with Israel for over a year. Iraq reportedly offered to resettle some 300,000 Palestinian refugees from camps in Lebanon to Iraq in exchange for an Israeli pledge to help end Baghdad’s international isolation. Fueling rumors of a Palestinian influx were apparent preparations by Hussein’s government to deport large numbers of Kurdish and Turkmen families from the Kirkuk region in the north. Presumably the Palestinians would be settled in the homes vacated by Kurds and Turkmen. Baghdad and Tel Aviv heatedly denied the charges published in the Observer. Still, countries around the world plainly are losing patience with restrictions on their contacts with Iraq.

Birds Away!

The indigenous opposition to Saddam Hussein’s rule bared its teeth in May 2000. On 13 May, the Supreme Council for the Islamic Revolution in Iraq (SCIRI) launched a _Katyusha_ rocket attack on the presidential palace in Baghdad, killing several officials. A spokesman for SCIRI claimed that the group had fired nine _Katyushas_ as a reprisal against the Republican Guard and Special Forces. Republican Guard and Special Forces units, he asserted, had recently killed 120 citizens in an attack on the village of Salin, in south Iraq. The attack on the palace was the culmination of a three-year series of actions targeting key government officials and sites. The Iraqi government nonetheless blamed Iran for the “heinous acts” and vowed that “the crime will not go unpunished.” Within a week the Baghdad police arrested several suspects in the rocket attack. The roundup was concentrated in neighborhoods inhabited by Shiites from the southern region of Iraq, which has been restless since an abortive revolt in the aftermath of Desert Storm.

Black Gold

Oil shipments from Iraq, rising steadily this year, exceeded 2 million barrels per day in April 2000. Since the UN-imposed limit on oil sales was lifted, the country has exported 239.3 million barrels, garnering $6.2 billion in revenues. Under the oil-for-food program, Baghdad is allowed to use oil revenues to purchase humanitarian supplies and pay reparations stemming from the Gulf War. Despite the dilapidated oil infrastructure, Iraq hopes to boost production by an additional 700,000 barrels per day by the end of 2000. Oil sales generate the funding for humanitarian needs and reparations, allowing Saddam Hussein to divert funds otherwise needed for these purposes to covert weapons research and development. A thriving export trade, then, is critical to Iraq’s claims to regional power status.

Rejuvenated Weapons Programs

The recent increase in Iraqi government funding, owing to increased oil prices and production, is a worrisome development – especially in view of what Iraq managed to accomplish while the sanctions and inspections regime was in full force. In an interview with the _Guardian_, Richard Butler, former chairman of the UN Special Commission (UNSCOM), contended that Iraq has managed to construct an arsenal of chemical, biological, and possibly nuclear weapons over the eighteen months since the expulsion of UNSCOM. He maintained that Iraq has a stockpile of VX, a persistent nerve agent even more lethal than anthrax, a widely feared biological agent, and Sarin, the nonpersistent nerve agent used in the 1995 Tokyo subway attack. Butler also claimed to have evidence that Iraq had developed ballistic missiles with ranges up to 375 miles. Finally, he amplified the accusation made in his recent memoir that France, China, and Russia have sacrificed the objectives of the sanctions regime in pursuit of parochial interests. As the international regime continues to wither, Iraqi weapons programs will revive correspondingly.

Conclusions

It is only a matter of time before Iraq reenters the competition for dominance in the Gulf region. The erosion of the international consensus on Iraq policy portends the continuing decay of the sanctions regime, while there is no sign that Baghdad will relent on cooperation with UNMOVIC or halt its weapons programs. To be sure, the United States and Great Britain can and will exercise their Security
Council vetoes to keep the sanctions and inspections formally in place. Indeed, the United Kingdom has reportedly circulated a draft UN Security Council resolution proposing an extension of the period for renewal of the oil-for-food program from six months to one year. This would allow the council to postpone the bitter infighting that has characterized debates over Iraq policy in recent years. An extension would also limit the scope for posturing by Baghdad, not to mention mischief such as suspending Iraqi oil exports to upset world oil markets. Should the Security Council approve the British draft, Western diplomats should find it easier to preserve the stranglehold of their governments on Iraqi oil revenues.

What is the end state for the United Nations in Iraq beyond these short-term considerations? No one knows. Worse, few have given the matter serious thought. The fundamental, and apparently irreconcilable, differences of perspective among the permanent five militate against a common approach to the post-sanctions order. Clearly, pressure continues to mount on the United States and Britain to end the fruitless air war over the no-fly zones and lift the sanctions outright. That will not happen during this U.S. presidential election year. The Clinton administration will make no dramatic moves that might jeopardize the prospects of Vice President Albert Gore, the Democratic contender. On the Republican side, the foreign-policy team assembled by Governor George W. Bush suggests that the candidate will advocate a hard line on despots such as Saddam Hussein. No bold proposals on Iraq are likely to be forthcoming in the presidential campaign. For the duration of 2000, then, the United States will block efforts to end the sanctions regime. What will happen in 2001 is anyone’s guess.
Plane Politics, Again

The UAE government, after several years of touchy negotiations with the U.S. government and the American aerospace company Lockheed Martin, signed a contract to purchase 80 Block-60 F-16 Fighting Falcons in early March. U.S. Congressional approval of the sale is likely despite concerns over the transfer of cutting edge technology as well as how such technology might affect Israeli security. While the F-16 variant purchased represents a qualitative leap forward for the UAE, to include avionics and greater range than those currently in U.S. F-16 inventories, the sale has significance beyond enhancing Emiri military capabilities.

As with many weapons purchases emanating from the GCC countries, the latest UAE buy is likely to prove problematic. The United Arab Emirates Armed Forces (UAEAF) is composed of a mixture of weapons, communications, and logistical systems, including French tanks and planes, Russian BMP-3 armored vehicles, U.S. air defense systems, and Dutch frigates. Not only does the UAEAF have to develop completely new logistics, training and maintenance programs to meet the F-16’s requirements, their ability to man and utilize the full extent of the Falcon’s capabilities is doubtful. Indeed, from a military efficiency perspective, the purchase of the French Rafale – the primary competitor to the F-16 – would have made more sense. While the Rafale does not have the deep strike capabilities of the Block 60, it would have provided the UAEAF with a more familiar airframe and fit into existing logistics and maintenance programs based on the French Mirage 2005/09 platforms. Even with the Block 60’s extended range – aimed at deterring Iran – deficiencies in training, qualified pilots, doctrine, integrated airborne early-warning, and targeting systems, as well as its dependence on externally supplied maintenance and other assistance, will reduce the UAEAF’s ability to conduct viable, sustained over-the-horizon missions.

The key area in which the F-16s will enhance UAE capabilities is air defense. The anti-air weapons to be carried by the F-16s, the Advanced Medium Range Anti-Aircraft Missile (AMRAAM), provides pilots with the ability to fire their weapon and turn away from the target as the missile will independently track and engage enemy aircraft beyond visual range. AMRAAM-like technology was first introduced into the region with the French sale of the Mica missile to Qatar. Deep strike capabilities could be realized if the UAE acquired advanced land attack cruise missile (LACM) technology. The Black Shahine, a joint French-UK manufactured LACM, is rumored to be under consideration by Abu Dhabi. However, the missile would likely have to be mated with the UAEAF’s existing fleet of Mirage aircraft given interoperability problems between the Black Shahine and the F-16’s fire control systems. Washington, concerned over the threat posed to U.S. forces and Israel by the proliferation of precision-strike technology to the region, has pointed to the Black Shahine’s potential violation of the Missile Technology and Control Regime (MTCR) in an attempt to prevent the sale. The sale of weapons with potential a payload of 500 kilograms and range of 300 kilometers is restricted under the MTCR. Black Shahine’s manufacturers claim the weapon does not fall under the MTCR, but range to payload ratios can vary depending upon factors such as firing from altitude and warhead configuration. Despite being signatories to the MTCR, France and the UK will ignore U.S. concerns to increase their presence in this important arms market.

The purchase of the F-16 serves both military and political objectives for the UAE. First, while open conflict between the UAE and Iran over the ongoing Abu Musa and Tunb islands dispute is unlikely, Abu Dhabi’s qualitative military advances would – if used correctly – offset the numerically larger Iranian air force. Second, buying the state-of-the-art equipment raises the UAE’s regional prestige in security affairs while providing the option to act independently of the GCC, in particular Saudi Arabia. Abu Dhabi’s deployment of UAE forces – under French and U.S. command – to Kosovo is a prime example of the Emiri’s growing independence. Third, this long-term investment would further cement the emirates’ security relationship with the United States. The UAE will be reliant upon American technicians, trainers, and F-16 mission-related information for the foreseeable future. Under the contract, Lockheed Martin was also required to provide millions of dollars in offsets to develop local industry. Moreover, by sustaining Lockheed Martin’s production line –
which has languished for years in the aftermath of the post-Cold War defense reduction – the UAE has gained allies within the U.S. Congress. Abu Dhabi hopes to exploit its political ties to influence American regional security and economic policy.

The sale of weaponry to the UAE will also complicate U.S. relations with other GCC states. Washington’s willingness to sell Block 60s to the UAE first, (not to mention the AMRAAM, which was first released to Bahrain), likely drew harsh private criticism from Riyadh. Citing concerns over export control restrictions on sensitive technology, the United States had previously rejected the kingdom’s request for AMRAAM. Saudi Arabia likely viewed the sale as a slight to its position as the pre-eminent regional partner of the U.S. Doha’s military cooperation with the United States, including the pre-positioning of American equipment on Qatari soil in addition to the use of Qatari airfields by U.S. aircraft, also demonstrate the complex U.S.-GCC relationship. Despite Riyadh’s anxiousness to decrease U.S. presence on its soil (see Saudi chapter), the kingdom nonetheless perceives Doha’s willingness to host high profile U.S. forces as a thinly veiled attempt to undermine Saudi Arabia’s leadership role within the GCC as well as its relative importance to Washington. Clearly, then, America’s military relations with one Gulf state will always have broader implications for U.S.-GCC dynamics. The United States must therefore navigate carefully its security policy in the Gulf without being dragged into intra-regional squabbles. In the meantime, the GCC states will continue to jockey for American attention and military support to anchor Washington’s security guarantees to the Persian Gulf region.

Succession a Hot, but Hushed, Topic

Succession is a complex and little understood issue. While it seems likely that Sheikh Khalifa bin Zayed Al-Nahyan will assume rule over the emirate of Abu Dhabi as well as the federal presidency upon the death of UAE president and Abu Dhabi ruler Sheikh Zayed bin Sultan Al-Nahyan, it remains to be seen who will become Abu Dhabi crown prince (CP). Although the succession issue is of great interest to locals, expatriate workers, foreign governments and the private sector, the intra-family decision-making process is being kept quiet.

The primary contenders for CP are Khalifa’s second and third eldest brothers, Sheikh Sultan bin Zayed Al-Nahyan and Sheikh Mohammed bin Zayed Al-Nahyan. Sultan, a lesser-known but respected and pious member of the ruling family and Deputy Prime Minister, is reported to have the support of more conservative elements within Abu Dhabi ruling circles. Since falling out of favor in the late 1970s, he has been rehabilitated and groomed for leadership by his father. However, it is unclear whether Sultan can defeat the challenge of the younger, ambitious Mohammed. As Chief of Staff of the UAE Armed Forces and eldest son of Sheikh Zayed’s favorite wife Fatima, Mohammed wields considerable power and commands respect within Abu Dhabi and the UAE. His primary weakness, at least vis-à-vis Abu Dhabi’s conservative elements, may indeed be his perceived pro-Western / U.S. stance. While Sultan and Mohammed are considered the leading candidates for crown prince, lesser known members within the ruling elite – including senior leaders in Dubai and the Northern Emirates – may emerge. Although the motivations for stepping into the political fray may be economic or power driven – e.g., looking for monetary pay-offs or influential positions in exchange for withdrawing one’s candidacy – there are a number of respected, influential individuals that may contend or move to influence the final outcome.

The F-16 issue also reflects elements of succession politics. Sheikh Mohammed has reportedly favored U.S. systems while Sheikh Khalifa is reportedly a Francophile. A deal may have been struck – per the wishes of UAE president and founding father Sheikh Zayed – between the two; Mohammed will reign over military matters as long as he does not interfere with Khalifa’s accession and subsequent rule. Who will become crown prince, however, is still unclear.

Regardless, the two primary factors to be considered in the succession process will be the wishes of Sheikh Zayed, one of the region’s most respected leaders and founder of the modern UAE, and the tribal/family tradition of consensus-based leadership. Whatever the outcome, the UAE will face several obstacles in filling the vacuum left by the passing of Zayed. His sons, lacking the leadership capabilities and respect of their father, will inherit a federal system composed of relatively underdeveloped governing institutions. Thus, the transition to new leadership will see a period of political and national uncertainty. The absence of Sheikh Zayed’s control over his ambitious sons may also see an increase in political and commercial infighting. However, adoption of federalism as a guiding force – instead of individual emirate interests – by all is essential to the continued growth and success of the UAE. Perhaps the passing of Zayed will be the force leading to greater national cohesion. In the absence of his leadership, the only long-term option for growth is interdependence and reliance on federal institutions. Abu Dhabi’s willingness to share its oil-related wealth equitably, vice pursuing the politics of divide and conquer, will be key.
Succession Concerns

Kuwait’s security paradigm remains focused on Iraq while facing, as do the rest of the GCC, a number of economic, demographic, and socio-political concerns. Succession questions abound given the advanced age and decreasing health of Kuwaiti Emir Shaikh Jaber al-Ahmed Al-Sabah, Crown Prince and Prime Minister Shaikh Saad al-Abdallah al-Salem Al-Sabah, and Foreign Minister Sabah al-Ahmed Al Sabah. All are in their 70s; the emir is frail, and the crown prince has cancer and – whether due to medication or another disease such as Alzheimer’s – is periodically unable to focus on issues of state. The fourth in line, Defense Minister Salem Al-Sabah, has been tainted by accusations of scandal. In view of the deteriorating relations between the defense minister and parliament and constitutional requirements for parliamentary approval of the new CP, it is unlikely that the defense minister would become crown prince. A potential succession scenario would see the foreign minister assuming the prime ministership, the retirement of the defense minister, and the remaining senior posts going to the next generation of Al-Sabah leadership.

Foreign Investment Translates into Security

Kuwait is actively considering opening its upstream petroleum sector to foreign investment. While the motivations behind this latest move are multifold, it is becoming clear that geo-strategic security concerns have as much to do with the move as requirements for technology transfer or increased production capacity.

The initial announcement of Kuwait’s intentions was made last November during a conference sponsored by Foreign Minister Shaikh Sabah al-Ahmed Al Sabah. According to the Kuwait Petroleum Company’s (KPC) deputy chairman, the plan for reintroducing foreign investment dated back to 1995. Several potential investors have shown interest in the Kuwaiti government initiative. EXXON’s leadership has expressed its desire to establishing a “mutually beneficial partnership with KPC.” Companies such as Shell, Chevron, Eni and others who have not been part of the “mega-merger” craze will undoubtedly look to Kuwait and other Gulf nations as a potential way to diversify their respective portfolios and compete with the majors such as EXXON-Mobil and BP-AMOCO.

However, the government is under fire from the Kuwaiti parliament as well as outside observers. Parliament’s key concerns revolve around both legal issues and the need for external expertise. According to article 21 of the Kuwaiti constitution, “all natural resources and their income are property of the state” while articles 151 and 153 stipulate that any investment in the country’s natural resources requires specific legislation approved by the parliament. Kuwaiti leaders have promised to push through such legislation, but passage is not a done deal. Critics also point out that, because Kuwaiti fields have a low development cost, foreign expertise and technology are not required to expand production capacity. KPC counters that such costs will increase in the northern sector as the fields have large amounts of associated water and require gas injection techniques. Leading economic and financial leaders hold that foreign investment will have a positive spillover effect on other oil and non-oil related sectors of the Kuwaiti economy.

The underlying reason for the government’s desire to bring foreign companies back into Kuwait’s northern oilfields is security. The areas for development under consideration lie astride Kuwait’s border with Iraq. This is but the latest in a series of moves to secure foreign interest – particularly among the permanent membership of the UN Security Council – in the security of the Kuwaiti state. Traditionally, military contracts have been the primary medium for building security relationships. The strategic Kuwaiti calculus, while viewing arms purchases as an ongoing tactic for maintaining foreign ties, holds the physical involvement of foreign firms along its border with Iraq as deterring potential Iraqi aggression while further aligning Western security interests with those of Kuwait.

Although the increased role of Kuwait’s parliament is largely viewed as a positive, politically liberalizing phenomena, factions within the parliament should be watched closely for their motivations in opposing foreign involvement. Dissenting voices often are concerned more with their own financial interests – often in the form
of commercial contracts – from any new foreign involvement in the country. It should also be noted that Islamist elements, easily the most organized and disciplined within the Kuwaiti parliament, likely view foreign involvement as undercutting their domestic agenda and preventing their efforts to influence Kuwait’s socio-political future.