America's Defense Strategy Review: Implications for the Middle East

Upon entering office, President George W. Bush empowered the Pentagon with a broad mandate to conduct a sweeping top-to-bottom reassessment of U.S. defense policy. The sweeping reevaluation will inform the forthcoming Congressionally-mandated 2001 Quadrennial Defense Review (QDR), which officially articulates America’s defense priorities, the size and composition of the military, and a budgetary blueprint. To this end, Secretary of Defense Donald Rumsfeld launched a secretive review process, composed of some eighteen high-level panels, to provide policy recommendations for the new administration on America’s future military strategy.

Given that this process could inaugurate the most far-reaching changes in American defense policy in over twenty years, it has received close scrutiny (and, in some cases, stimulated deep anxieties) in and outside of the United States. Of particular interest to many observers is a wide-ranging analysis of post-Cold War strategy conducted by Andrew Marshall, the director of an internal Pentagon think tank. Rumsfeld handpicked Marshall, an influential and forward-looking figure in the defense establishment, to reevaluate the strategic environment, devise new military strategies, and recommend the acquisition of cutting edge technologies. Marshall’s final conclusions, which will likely be radical and highly controversial, could fundamentally shake up the status quo.

One issue that he will no doubt challenge and seek to alter is the U.S. Defense Department’s longstanding prerequisite for the military to fight and win two major theater wars (MTWs)—premised on a conflict on the Korean peninsula and a reprise of the Gulf War—nearly simultaneously. This two-war construct has helped defense planners measure how much equipment the Pentagon must procure and maintain—in defense parlance a “force sizing” instrument. With its origins in the last Bush administration, this concept has been a critical benchmark for the last ten years. Clearly, any changes to this requirement would have direct implications for energy security in the Gulf region.

In the 1997 QDR, the Pentagon forcefully called for maintaining the capability to fight two MTWs. The report argues, “As a global power with worldwide interests, it is imperative that the United States now and for the foreseeable future be able to deter and defeat large-scale, cross-border aggression in two distant theaters in overlapping time frames. A force sized and equipped for deterring and defeating aggression in more than one theater ensures the United States will maintain the flexibility to cope with the unpredictable and unexpected. Such a capability is the sine qua non of a superpower and is essential to the credibility of our overall national security strategy.” The defense review also noted that such a capacity would reassure allies and friends in Asia, the Middle East, and Europe.

Despite the paradigm’s longevity, debates and controversy have tenaciously surrounded this requirement ever since its inception. Subsequent reviews and assessments of the 1997 QDR have characterized the two-MTW construct as unimaginative. Some have argued that the emaciated states of the Iraqi and North Korean militaries do not warrant the level of U.S. forces currently planned for both theaters. For example, Iraq has fewer than one half of the ground troops and tanks it possessed prior to the Gulf War. Others maintain that this focus on conventional war scenarios underestimates the threat of unorthodox or “asymmetric” threats, such as ballistic missiles armed with biological agents or terrorist attacks akin to the USS Cole incident. The MTW principle also severely stresses the military’s ability to fulfill a growing number of lesser operations in the post-Cold War era. The need to fight other smaller wars and to deploy for peacekeeping operations has stretched American forces to the limit—although the rationale for such missions has been challenged by the new administration. Some have even charged that this force sizing ruler enables the Pentagon to maintain the comfortably familiar Cold War force structure and justify the acquisition of big-ticket military platforms.

Andrew Marshall has been among the leading critics of the MTW model. Indeed, many have speculated that the two-MTW strategy would be among the first casualties of the review process. The prospect for such a radical shift raises several important questions, many of which could directly impact America’s military posture in Middle East. How will the United States jettison or reconfigure the two-
MTW standard? What will America’s future military posture look like? Most importantly, how will such a change affect U.S. forward-deployed forces in the Middle East and their ability to cope with threats in the region?

While the 2001 QDR (expected for release in September) is far from complete, many government and non-governmental studies have analyzed America’s defense alternatives. The following options, though not exhaustive, highlight the wide range of choices that the United States could pursue:

- Maintain the two-war construct but widen the time frame between the two conflicts. This would allow the Pentagon to plan for the second war with troops at lower levels of readiness.
- Create a new basis for the two-MTW approach. The first conflict would still be premised on a major conventional war. The second scenario would function as a forward-looking “future MTW” that fundamentally transforms America’s military.
- Build a force sized to deal with a single MTW and other multiple small-scale contingencies. This would shift resources from the maintaining a force for a second conflict to other missions, including defense against asymmetric threats.
- Shape a force to fight against a notionally small-scale opponent based upon a comprehensive threat assessment. Without identifying a particular nation or region, the United States could then maintain the flexibility to cope with the rise of a potential near-peer competitor (widely presumed to be China) in the long term.

These policy alternatives suggest that the United States may radically alter its global commitments and force structure in the coming years. Each will no doubt impact America’s forward presence and ability to cope with unexpected crises throughout the world. For example, reductions in troop levels in Europe, Asia, and the Middle East could accompany America’s new defense strategy. Does this then signal a weakening American resolve to protect its national interests and those of its allies in key regions? The answer is decidedly mixed.

Upon closer examination, the defense review will not likely upset and could in fact reinforce many of America’s security commitments worldwide, including the Persian Gulf area. First, the United States has enduring, vital interests in the Middle East. America’s allies and friends in Europe and Asia will continue to depend on the free flow of oil from the region. Hence, energy security will remain a central component of U.S. security strategy in the Gulf.

Second, the proposed shift in defense strategy will be a long-term proposition that may take well over a decade to realize. Changes in force posture will likely be gradual to prevent upsetting America’s fighting power. Moreover, the process of adjusting forces to a new strategy will not be smooth. Given that the proposed reforms will entail painful cutbacks in certain types of equipment and personnel, vested interests in the Pentagon and on Capitol Hill will likely resist change, as they have in recent months.

Third, on a related point, it will be difficult to substitute crucial power projection capabilities, such as the forward-deployed aircraft carriers, in the near term. At present, the U.S. Navy is already strain to meet its operational requirements. With a fleet of twelve carrier battle groups (eleven on active duty and one in reserve), only three are fully operational at any given time. Notably, there are sizable operational gaps ranging from four to six months in all areas of operations throughout the year. For example, a carrier now rotates between the Mediterranean and the Gulf, leaving one theater without carrier coverage. The operational strain was most evident during the Kosovo crisis when the need to deploy a substantial military presence in the Mediterranean left East Asia without a carrier for some time. As such, only new technologies with compelling capabilities would justify reducing the carrier fleet. In other words, the inertia of the status quo will place an additional drag on radical changes in military posture.

Fourth, new technologies and operational concepts will make up for the shortfall in the capacity to fight two MTWs. President Bush has already articulated a vision of using mobile, stealthy, and long-range capabilities for the future. These new technologies will dovetail closely with the geostrategic shift in focus from Europe to Asia. As such, American forces will need new equipment to traverse the vast expanse of the Pacific to project rapid, overwhelming force. The U.S. Air Force has already employed the Air Expeditionary Force concept (detailed in the Saudi Arabia chapter in the December 1999 quarterly), which would rapidly reinforce air power in any global theater of operations.

Finally, the United States will increasingly rely on allies in the region and beyond to fight major conflicts. Since the Gulf War, the Pentagon has encouraged enhancing joint and combined operations between American and Gulf Arab forces. While consensus remains elusive, planning for American-NATO intervention in a future Gulf crisis is a serious consideration in transatlantic dialogue. There is recognition that American freedom to act unilaterally will become increasingly constrained in the coming years. Justifying the use of force will often require some level of international consensus and support. Moreover, allies could offer unique comparative
advantages thus serving as force multipliers in a military operation.

The comprehensive defense review offers potential benefits to the Gulf region and poses difficult challenges to American defense planning. Among the most prominent long-term gains for the Gulf states is that the United States may be able to reduce gradually its controversial force presence on the Arabian Peninsula without compromising its security umbrella over the region. However, some caveats deserve scrutiny and pause for analysis. As mentioned above and in previous quarterlies, American forces are ill suited at present, and will be for some years to come, to cope with asymmetric threats. The terrorist bombing of the USS Cole underscores America’s vulnerabilities to the complex, low-intensity threats in the littoral and close geographic confines of the Persian Gulf. Other dangers such as long-range cruise and ballistic missiles tipped with weapons of mass destruction further complicate naval operations close to hostile shores and use of airbases in the Gulf. The United States also faces a difficult trade-off challenge. The Pentagon must retain its current capabilities while developing new leap-ahead technologies that must be robust enough to replace and even surpass the performance of older equipment. As noted earlier, certain forces, such as the omnipresent carriers, are simply too difficult to displace and the risks involved in abandoning proven capabilities are very high. Moreover, given the recent U.S. economic downturn, forecasts of the much touted budget surplus will not likely stand the test of time. Hence, dwindling funds and mounting costs may present an even more daunting problem for research and development into new technologies. While the free flow of oil from the Gulf will remain secure in the short term, unpredictable trends in emerging threats and uncertainties over the sustainability of American security commitments defy longer-term predictions.
Entangling Alliances

True to form, the Arab-Israeli conflict has ensnared another reluctant U.S. administration. Tit-for-tat fighting has now sputtered on for eight months, dashing hopes for renewed talks, much less a final settlement. After the discouraging experience of President Bill Clinton, who made a Herculean effort to frame a peace accord – only to be rebuffed by Yasser Arafat at Camp David last year – it’s hard to blame George W. Bush for being wary of becoming embroiled in the Al-Aqsa intifada. The conflict entails high risks and offers few rewards. As long as the United States continues to place a high priority on Persian Gulf security, however, it cannot ignore events in the Holy Land. Left unchecked, the intifada could jeopardize U.S. interests in the Gulf.

The Bush administration initially sought to hold the conflict at arm’s length in order to focus on Iran and Iraq, which it views as the region’s main sources of concern. Fair enough; but the fact is that, even in failure, President Clinton’s team generated vast goodwill among America’s Arab allies – shoring up Arab support for Washington’s Iraq policy even as backing for that policy dwindled in the U.N. Security Council. Support in the region is particularly crucial now, when the United States and Britain hope to persuade Iraq’s neighbors to clamp down on smuggling activities from which they – as well as Saddam Hussein – have profited handsomely. The lesson of the past seven years since the 1993 Oslo Accords is that America benefits diplomatically from even a losing effort to secure a lasting peace between Palestinians and Israelis.

And it must be an evenhanded effort. Bill Clinton was more willing than any previous president to pressure Israel to accept the land-for-peace formula and cease provocative activities such as the construction of Jewish settlements in the West Bank. With the appointment of a special envoy, William Burns, a former U.S. ambassador to Jordan, the Bush administration has belatedly realized that it must deploy American diplomatic muscle to bring an end to the violence. This means not only pressing Palestinian Authority (PA) chairman Yasser Arafat to end terrorist attacks on Israeli civilians, but also prodding Israeli prime minister Ariel Sharon to halt settlement-building.

It’s always a tough sell. Arab officials always view America suspiciously because of Washington’s $3 billion in annual support for Israel, its avowed policy of maintaining Israeli military supremacy, and its habit of thwarting Security Council resolutions condemning Israeli actions. Moreover, Arab citizens are ardently sympathetic to the plight of the Palestinians and resent U.S. backing for Israel (see Saudi Arabia chapter). So only vigorous diplomacy by the new American administration can repair the negative perceptions that have been created in Arab capitals. Pointed criticism of Ariel Sharon would play especially well with the Arab allies.

George Mitchell, Roving Peacemaker

In late May an international commission headed by former U.S. senator George Mitchell – last seen orchestrating the 1998 Good Friday agreement more or less ending the Northern Ireland conflict – released a report that assessed the causes of the intifada and issued recommendations for its cessation. The Mitchell report urged a total ceasefire, to be followed by a complete freeze on further Jewish settlement-building – including construction within existing settlements. (Tel Aviv has argued that construction should proceed so long as no new land was involved.)

Stunned by the ferocity of recent Israeli military reprisals – including the use of high-tech F-16 fighters to carry out missile attacks – the PA promptly accepted the report’s recommendations in full. Palestinian spokesmen called for the formation of an international authority to supervise their implementation. Why the eagerness? Because, having rebuffed their best opportunity for a favorable settlement under Ehud Barak, they realize that their only route to avoid destruction at the hands of the Israeli military is through international pressure. And Yasser Arafat has painted himself into a corner vis-à-vis his constituents by encouraging them to believe he will deliver a Palestinian state comprising 100 percent of the West Bank and Gaza. Arafat’s only recourse is to fall back on world opinion.

Tel Aviv was not nearly so sanguine about the Mitchell report. Prime Minister Sharon proclaimed that he would be willing to accept the report’s confidence-building measures, including the freeze
on settlements, only after a “significant cooling-off period.” He professed confidence that some way could be found to accommodate the settlers’ needs – including new construction within existing settlements – while assuaging Palestinian misgivings. Not likely. The settlements represent a transparent attempt to establish de facto control of swathes of Palestinian territory. Consequently, the issue has taken on a symbolic dimension far outweighing the small amount of land involved (some 5 percent of the West Bank). And Sharon’s hints that more land might be seized for bypass roads are equally unsettling to Palestinians.

The Mitchell Commission report is a mortal threat to Prime Minister Sharon’s government. Large segments of the Israeli public would certainly consider acceptance of the Mitchell Commission’s recommendations to be buckling to terrorism. As a result, Sharon’s right-wing allies have threatened to defect from the governing coalition if they detect any sign of weakness in the prime minister. A right-winger himself, the prime minister is understandably reluctant to anger his ideological kin. For the moment Israeli policy is captive to the most hardline elements of Israeli society.

Strategies and Tactics in the Intifada

What do the Palestinians hope to accomplish by continued violence in the face of the vaunted Israeli Defense Force? When the intifada erupted last fall, Yasser Arafat and his lieutenants had one overriding aim: to revive their victim status – which Arafat had sacrificed by his hardheadedness at Camp David – and thus to recapture the sympathies of the international community. In the ideal case, the PA leadership hoped popular sentiments in the Arab nations would force Arab governments to get involved in the conflict. Intensified political pressure from a united Arab world might eventually compel Israel to settle the fighting and agree to a final settlement to Arafat’s liking. (Instead, these governments ended up pledging a portion of their oil revenues to Palestinian victims of the fighting in order to appease their own restive citizens.)

In the early going, massive public unrest and clashes with the IDF served Palestinian purposes ideally. Tanzim gunmen’s practice of mixing in with crowds of protesters invariably sparked a disproportionate response from IDF troops who lacked non-lethal weaponry and crowd-control experience. Predictably, this mismatch in firepower resulted in heavy casualties among Palestinian civilians and brought down the wrath of the international community onto Tel Aviv.

But the campaign against Israel began to lose momentum as popular support faltered. Smaller and smaller crowds turned out to protest against Israel – depriving the tanzim of the ability to easily provoke the IDF. Guerrilla fighters increasingly began ambushing Jewish settlers in the West Bank; and, by March 2001, groups such as Hamas and Islamic Jihad resumed suicide bombings within Israel itself. Whether Arafat is behind the terror campaign is uncertain. As mentioned in previous quarterly reports, his political standing with Palestinian citizens is shaky and his control over the more militant segments even more tenuous. Nonetheless, the PA is responsible under agreements with Tel Aviv for preventing violence against Israel by militia groups.

A tough predicament for the PA chairman by any standard.

In essence, then, the intifada has backfired on Yasser Arafat. The uprising led to a tectonic shift rightward in Israeli public opinion and swept Ariel Sharon into office with a mandate to restore security. Ordinary Israelis now feel profoundly insecure and doubt their ability to coexist peacefully with Palestinians. The well-publicized murders of several Israeli children, including a ten-month-old girl, only worsened matters. This hardly furthers Arafat’s objectives, since Israelis must acquiesce in any interim ceasefire and final peace settlement. The hoped-for Arab support, moreover, never materialized. The March 2001 Arab League summit managed only a tepid plea for a just solution to the conflict. Syria, the only power that might be willing to risk a tussle with Israel – President Bashar al-Assad lacerated Sharon as a “butcher” at the Arab summit – was engaged in a period of transition as Assad busily consolidated his hold on power. The other Arab states displayed little appetite for deeper involvement.

The prognosis is dim barring more forceful American involvement. Prime Minister Sharon has shown no sign of relenting from his demand that hostilities cease before a resumption of talks. Indeed, despite his vow to forbid offensive operations by the IDF, the prime minister seems to have loosened the rules of engagement – allowing the army to take the fight to the Palestinians with bare knuckles. (Even the U.S. State Department, in a March report, condemned Israeli troops for excessive use of force.) If he remains similarly unbending on the settlement issue, the cycle of Palestinian terror attacks and excessive Israeli reprisals seems certain to continue.

Since Sharon has rebuffed both a Egyptian-Jordanian diplomatic initiative and the Mitchell report, both of which called for an end to settlement construction, the outlook for an early truce is bleak.

But if the Bush administration notifies Sharon that the support of the only superpower is not unconditional, then more positive results could be in the offing. American clout remains a potent force.
After all, in April an admonition from Colin Powell induced a pullout of IDF tanks from a temporary occupation of a slice of Gaza. And the appointment of William Burns and more vigorous engagement by Secretary of State Powell are signs that the administration will intervene more energetically. While a final peace accord is now years distant, a halt to the fighting would be a modest step in the right direction – not to mention a boon for George Bush’s prestige with Arab leaders.

Conclusions

Is the Bush administration turning the corner on its approach to the Arab-Israeli conflict? It appears so. Administration officials have belatedly recognized the extent to which the intifada is intertwined with events in the Gulf region – their chief area of concern. However, U.S. involvement in the conflict will have to comprise more than just bland statements calling on all parties for an end to the violence. To achieve real results, President Bush must be prepared to speak bluntly with Prime Minister Sharon about American interests in the region – even more bluntly than Bill Clinton spoke with Ehud Barak. Little else, it seems, will induce the Israeli leader to compromise on matters in which his nation should compromise. And whether Yasser Arafat will – or can – reciprocate is anyone’s guess.
The Summer of Saddam’s Discontent

It’s tough being Saddam Hussein. An end to the United Nations-imposed sanctions regime is clearly in view, but the United States and Great Britain – despite being pilloried in the court of world opinion for their supposed heartlessness vis-à-vis the Iraqi people – are simply too obtuse to give up. And they have the U.N. Security Council vetoes to prevent a formal end to the sanctions. So it seems certain that the world organization will continue to restrict the flow of cash into Saddam’s coffers and to exercise oversight over Iraqi imports, thus meddling in Iraq’s purchases of equipment that could be used in prohibited weapons programs. The only question is what precise form that meddling will take. It will certainly be intolerable for Baghdad, which lacks the wherewithal to resist the world organization.

The United States and the United Kingdom have been increasingly anxious to stanch international criticism over the sanctions and shore up international support for their joint Iraq policy. In late May the British government – picking up on the U.S. theme of “smart sanctions,” and perhaps even fronting for the Bush administration – circulated a draft resolution among the permanent members of the Security Council. (The most recent six-month phase of the oil-for-food program expired on 3 June, shoving Iraq to the top of the council’s agenda.) Bowing to reality, Britain (and its silent American partner) quietly dropped demands that international weapons inspectors be readmitted to the country in exchange for loosened sanctions.

Key provisions of the resolution would (a) end all restrictions on the importation of civilian goods; (b) clamp down on items on a list of banned military equipment; (c) require the U.N. Sanctions Committee to continue reviewing sales of “dual-use” goods; (d) leave intact the U.N. escrow account, thereby allowing the Sanctions Committee – and thus the United States and Great Britain – to continue supervising Iraqi purchases; (e) enact procedures for monitoring imports into Iraq from neighboring countries; and (f) establish a list of firms authorized to purchase Iraqi oil.

Closing loopholes in the sanctions is the chief aim of the British proposal aside from deflecting international criticism. First, 250,000 barrels of oil are reportedly smuggled into Turkey and Syria daily, while an additional 100,000 barrels find their way across the border with Jordan. Illegal surcharges and fees on smuggled Iraqi oil evade the U.N. system and end up funding prohibited weapons programs, not to mention lining the pockets of high-ranking Iraqi officials. Hence the designation of authorized purchasers of Iraqi oil. Second, dual-use items such as advanced computers, telecommunications equipment, night-vision goggles, and underwater cameras have legitimate civilian uses but could easily be tapped to support the development of advanced weaponry. A crackdown on abuses of the system by the Sanctions Committee will supposedly help stem the flow of high-tech hardware into Iraqi labs. Nonetheless, wrangling over the composition of the dual-use list is all but certain.

Unsurprisingly, the new resolution found mixed support in the fractured Security Council. For obvious reasons the Bush administration – which has backed the concept of more narrowly crafted sanctions that would alleviate the hardships endured by the Iraqi people while maintaining a chokehold on Saddam Hussein’s military-endorsed British proposal. There is little prospect that the new sanctions framework erected by the new resolution would truly alleviate the suffering of Iraqi citizens. It would, however, transfer the onus for Iraqis’ well-being from the West squarely to the Iraqi government – where it belongs. Secretary of State Colin Powell, architect of the smart-sanctions idea, has justified this diplomatic maneuver in so many words.

Russia, China, and France, Iraq’s patrons on the council, greeted London’s initiative frostily. Russia, which has forged ever-closer ties with Baghdad, accused Britain of moving precipitously on a matter of such gravity. As a delaying tactic, Moscow promptly unveiled a competing draft resolution that would extend the existing oil-for-food program for an additional six months. Self-interest is clearly the driving factor in Moscow’s leniency. Russian officials are eager to expand trade with Iraq from the current total of $1.5 billion annually. (President Vladimir Putin’s government has estimated that ten years of sanctions have cost Russia some $30 billion in lost trade revenue – a staggering amount for its enfeebled economy.) Ending the sanctions, they hope, would allow Baghdad to pay off its $7 billion debt to Russia, largely for weapons purchases during the Soviet era.
Yet Moscow has pledged not to bypass whatever U.N. sanctions are in force.

Moscow’s delaying strategy was evidently a telling one. As this report went to print, U.S. secretary of state Colin Powell, after consulting with the representatives of the other permanent members of the Security Council, agreed to shelve the British proposal temporarily. The council is poised to extend the existing oil-for-food scheme for a nominal one month, in order to allow debate over the list of dual-use items. However, Powell professed confidence that a smart-sanctions regime would be in place well before the extension expired.

Baghdad, which has adamantly opposed preserving any form of U.N. sanctions, ridiculed the proposed resolution. Deputy Prime Minister Tariq Aziz called the notion that sanctions were being eased a “big lie.” In a 21 May speech to the Iraqi cabinet, Saddam Hussein pronounced Washington the “strategic loser” in the tussle over sanctions because it had lost face in Arab capitals. Further, he chortled, “we will reject the so-called smart sanctions, which are more stupid than the previous ones, just as we have rejected everything that could have encroached on Iraq’s dignity, honor, independence, and genuine, historical foundations.” Wrapping his oppressive rule in Iraqi culture and history has been a winning formula for Hussein so far; so there is little point in modifying his appeal.

His foot-dragging has convinced some observers that Saddam Hussein, perversely, is content for the sanctions to remain in place. After all, Hussein has profited handsomely from illicit oil sales that have allowed him and his cronies to enjoy a lavish lifestyle. And keeping the Iraqi people impoverished confers the dual benefits of weakening domestic opposition to his rule and fanning hatred of the West. After Baghdad rejected the communiqué of the March 2001 Arab League summit in Amman, which called on Iraq to release 600 Kuwaiti prisoners of war and implement other U.N. resolutions, opposition leaders proclaimed that Hussein simply did not want the sanctions to end. That seems a bit much. What does seem clear is that the Iraqi dictator prefers the current stalemate to even a diluted sanctions regime that commands the support of a united international community – and thus could remain in place indefinitely.

Will the new resolution – assuming it garners the necessary support in the U.N. – work? Maybe. As a diplomatic strategem, it is well conceived. If the United States and United Kingdom campaign effectively for their plan, they could deftly shift the blame for the humanitarian disaster back to Baghdad. As explained in the Saudi Arabia chapter of this report, this is the key to restoring Arab solidarity behind Washington’s Iraq policy. That would be a considerable achievement in view of the political battering the coalition has endured in recent months. A seemingly more benign form of sanctions could actually buoy support for the coalition’s Iraq policy in the world body.

One obvious weak spot in the new proposal is the Sanctions Committee’s continuing authority to block dual-use items. Never one to abandon a successful strategy, Saddam Hussein will undoubtedly attempt to paint the new scheme as a Western ruse that allows Washington and London to shirk responsibility for depriving Iraq of hardware such as water pumps and electrical generators that provide essential services to Iraqi citizens. While the outcome of the looming rhetorical duel is uncertain, the British proposal could at least level the playing field for the antagonists.

The cooperation of Iraq’s neighbors will be crucial to stopping smuggling operations, and thereby the flow of illegal revenues into Saddam Hussein’s pockets. Yet a united front is doubtful at this late date. Syria has paid lip service to the U.N. while carrying on both legitimate and illicit trade with Iraq. Anticipating increased Iraqi oil sales, Damascus is reportedly planning to build new pipelines from the Iraqi border to the port of Banyas. And it’s not a flight of fancy to believe the Syrian government will continue to surreptitiously abet the lucrative flow of smuggled goods across the Iraqi border. Jordan, whose trade with Iraq totals over $2 billion annually even within the constraints of the existing oil-for-food program, constitutes another potential gap in the sanctions. Even Turkey, a staunch U.S. ally, has pressed Washington to modify the sanctions to benefit the flagging Turkish economy.

Consequently, Tariq Aziz (now acting in his former role as foreign minister in the wake of an April cabinet shakeup) predicted that his country’s neighbors would refuse to go along with a smart-sanctions regime because of the economic losses they would suffer. Sadly for the United States and Britain, that seems an accurate diagnosis of the standoff between Iraq and the West.

Still Smoldering... Animosity between Iraq and Iran

Iraq’s neighbors have apparently concluded that Saddam Hussein is on the verge of breaking out of the U.N. stranglehold that has given them a decade of breathing room. Reports that Iraq nearly fielded a nuclear weapon in 1991, and that Baghdad had rebuilt a biological-weapons plant, fueled fears about Iraqi ambitions. Recent Iranian actions suggest that Tehran has decided to implement its own
The missile attack was undoubtedly calculated to quell mischief by the Mujaheddin, who have launched a series of terrorist attacks within the Islamic Republic. But the impressive rate of fire of the Iranian missile batteries also sent a clear deterrent message to Baghdad. Subsequent war games along the frontier with Iraq conveyed the same message. Tehran has quietly inquired about the characteristics of a new, Russian-built surface-to-surface missile system recently displayed in Baghdad. Pursuant to the two nations’ agreement on arms sales, Moscow agreed to supply the Iranian government with intelligence on new Iraqi weaponry. These developments bespeak a growing apprehension in the Islamic Republic about a resurgence of its traditional rival. A worried Iran also seems ready to cultivate unlikely allies in order to balance Iraq.

Including, apparently, America. In April, Ayatollah Sayyid Muhammad Baqir al-Hakim, leader of the Supreme Council for the Islamic Revolution in Iraq (SCIRI), an umbrella for Iraqi Islamic groups in exile, declared that his organization would be willing to hold talks with the United States aimed at securing institutional support for resistance activities. (SCIRI has carried out multiple Katyusha rocket attacks against targets such as presidential palaces.) One rumored U.S. plan would have American forces establish a “safe haven” in southern Iraq for resistance activities. Whether these reports are true or not, they are credible. Such a plan could fairly easily be carried out by extending the mission of the southern no-fly zone, erected after Desert Storm to protect the beleaguered Shiite population from Saddam Hussein’s depredations.

It’s worth mentioning that hawkish U.S. defense analysts – including senior officials in the Bush administration such as Deputy Secretary of Defense Paul Wolfowitz – have long advocated creating a safe haven for Iraqi rebels. However, the debate over U.S. policy towards the Iraqi opposition is still under scrutiny as the national security establishment conducts its presidentially-mandated policy review. Because the Shiite rebels covered by the southern no-fly zone are seen as friendly towards Iran – always a lightning rod for strong passions in Washington – bureaucratic infighting in the administration has reportedly been vitriolic. It is impossible to predict the outcome of the debate over unseating Saddam Hussein.

A London-based Arab-language daily asserted that Hakim’s statements had been endorsed both by Iranian supreme leader Ali Khamenei and Iranian president Mohammad Khatami. These developments, together with tough rhetoric emanating from Washington, prompted discussion that an “anti-regime alliance” was on the verge of coalescing. At this juncture that seems improbable. Given continuing rifts among the resistance groups, not to mention the recent shift of power to the less-hawkish Democratic Party in the U.S. Senate, Iranian support is probably inadequate to cement an anti-Hussein coalition.

Saddam Hussein, the New Saladin

Saddam Hussein has continued to portray himself as bulwark of the Arab peoples against Israel and the diabolical West. In early May, sounding a familiar theme, he told visiting Palestinian National Council chairman Salim Za’nuni that his nation’s “support for the Palestinian people is infinite because Iraq and Palestine are one.” The Iraqi president pledged financial support to the intifada – in addition to $930 million already delivered – and offered to allow any Palestinian to study at Iraqi universities, free of charge.

However, Hussein’s efforts to rally support have made him something of a laughingstock in Arab capitals. In March his spokesman announced that a second batch of volunteers had begun training to serve in the “Jerusalem Liberation Army,” a twenty-one division force intended for war against Israel. Baghdad claimed, outlandishly, that six million Iraqis had volunteered for the army – prompting Egyptian president Hosni Mubarak to ridicule Saddam Hussein’s call to arms.

Entrenching the Hussein Dynasty

On 17 May the 12th Regional Congress of the ruling Baath Party, in a less-than-shocking move, reelected Saddam Hussein secretary-general of the Iraq Revolutionary Command Council. The only surprising event of the congress was the election of Saddam’s son, Qusayy, to the council for the first time. Equally important, Qusayy was named Saddam’s deputy chief of the Military Bureau of the Baath Party. Since he already commands the Republican Guard and oversees the bulk of Iraq’s military, security, and intelligence services, Qusayy in effect now outranks the defense minister. The new powers bestowed on his son substantiated rumors that Qusayy – engaged in a power struggle with his brother, ‘Udayy – is now the frontrunner to succeed Saddam Hussein as president of Iraq. Unfortunately for Iraq’s neigh-
bors, there is little indication that either of Saddam’s offspring would be a significant improvement over his father.

**Conclusions**

Conditions on the ground will change little if the British draft resolution passes. On the positive side, ending demands for the readmission of weapons inspectors will deprive Saddam Hussein of the ability to create an international crisis whenever it suits him. Lifting controls on consumer goods should blunt criticism of the United States and the United Kingdom, improving prospects for maintaining sanctions over the long haul and easing the burden on worried moderate Arab governments whose rank-and-file citizens overwhelmingly sympathize with Iraq. And the U.N. escrow account, together with Sanctions Committee oversight, remains a useful check on Iraqi expenditures and imports – and thus Baghdad’s military buildup.

On the negative side, the smuggling trade across Iraq’s lengthy borders will continue unabated. It strains credulity to imagine that Iraq’s neighbors will be able – or willing, given their need for cash – to crack down on sanctions-busting, if only because of the sheer physical difficulty of monitoring shipments of goods into such a vast country. In all likelihood, then, funding and components for weapons of mass destruction will continue to find their way into Iraq.

Still, Western forces in the Persian Gulf region remain more than adequate to deter overt aggression by Saddam Hussein. The Iraqi dictator remains securely in the box.
The Kingdom Increases the Pressure

As the Israeli-Palestinian standoff continued to escalate unpredictably in recent months, Saudi Arabia’s frustration and the Arab world’s condemnations mounted. At the same time, Washington’s early refusal to facilitate a resolution to the worsening violence increased the kingdom’s indignation over what the Saudis and other Arab nations believe to be America’s overtly pro-Israeli policy. American secretary of state Colin Powell’s comments at a congressional hearing in early March appeared to reinforce the kingdom’s perception. In public testimony, Powell called Jerusalem the capital of Israel and reiterated President Bush’s commitment to move the American embassy from Tel Aviv to Jerusalem. The Muslim World League – a government-sponsored organization aimed at promoting Islamic unity – slammed Powell’s statement as a “falsification of history and denial of facts.” In an official response, Saudi Defense Minister Prince Sultan simply stated, “We are against this view.” The State Department subsequently softened Powell’s position and reiterated America’s longstanding policy on the status of Jerusalem, which is that any change must be based on negotiations.

During the two-day annual Arab summit in late March, member states voiced their opposition to Israeli actions in the most strident terms. The final communiqué called for an international force to protect the Palestinians and demanded that Israeli leaders be put on trial as “war criminals.” The resolution also approved a plan to extend $877 million in aid to the Palestinians and endorsed a freeze on further diplomatic and economic interactions with Israel. Prince Sultan, who led the Saudi delegation to the summit, later described Israeli behavior as suicidal, inhuman, and irresponsible. He declared, “I do believe that it is high time for the world to stand up against the practices of Israel, regardless of the inclinations or interests of some countries.” The defense minister was clearly alluding to America’s conspicuous silence since President Bush entered the White House.

In early April, Saudi Arabia roundly denounced Israel’s use of helicopter gunships to conduct missile attacks against Palestinian areas. The Saudi cabinet, headed by Crown Prince Abdullah, condemned the “dangerous escalation by brutal Israeli forces against unarmed Palestinians in occupied Arab land as well as the (Israeli) raids and air strikes against civilian areas.” Again, in a clear demonstration of Saudi impatience with America’s diplomatic aloofness to the crisis, the cabinet statement added, “All peace-loving countries, particularly those brokering peace, must not waste any effort to ensure security and stability and to realize justice and avoid double standards.”

Saudi pressure on the United States only increased in the following month. According to a 17 May New York Times article, the crown prince reportedly declined an invitation to visit the White House in June. The heir apparent to the throne apparently indicated that he would not go to the United States until Washington placed greater pressure on Israel to cease its military actions against the Palestinians. To date, it was the strongest signal of the kingdom’s displeasure – and the Arab world’s growing anger – at the perceived American inaction. Subsequently, a chorus of support in the media for the crown prince’s rebuff flooded the kingdom, reflecting widely shared and deeply felt sentiments on the Arab street. One newspaper lauded, “This courageous Saudi stand by Prince Abdullah is in defense of the dignity and freedom of the Arabs and their natural right to regain what they are entitled to.” It added, “Washington’s illogical support of Tel Aviv has whetted Sharon’s appetite to spill more blood and escalate the aggression against unarmed Palestinians.” Another ominously warned, “American and European reluctance to deter Israeli aggression gives a cover up for these attacks, which with the Israeli madness could eventually set the whole region on fire.” A less strident editorial urged the United States to help “end the tragic situation in Palestine.” Given that Saudi authorities tightly control the media, Riyadh in effect endorsed the public’s sentiments, magnifying the kingdom’s hardening stance toward Washington.

In response to Israeli air strikes in the West Bank – the first since the 1967 war – the Arab League hastily convened an emergency meeting of foreign ministers on 19 May. In one of the worst downturns in Arab-
Israeli relations since the Camp David Accords two decades ago, the league with great fanfare agreed to halt further political contacts with Tel Aviv. The decision derailed a fragile joint Egyptian-Jordani-an mediation effort to produce a truce and added pressure on the United States – the only remaining influential actor – to play honest broker. The secretary general of the Arab League, Amr Moussa, stated “Our intention is not to talk about or fall in the trap of talking about peace proposals while we see that the Israeli government does not really mean it.” He added, “The attacks against Palestinians will have to stop. Otherwise, we will be acting under the point of the gun, which we totally and utterly reject.” Mr. Moussa also spoke out for greater American participation in the peace process. On 26 May, the Organization of the Islamic Conference (OIC) convened another emergency meeting among foreign ministers in Doha, Qatar. The final communiqué called on all Muslim states to sever ties with Israel.

Behind the façade of resoluteness and solidarity lie deep-seated divisions within the Arab world over a common approach to the Israeli-Palestinian showdown. Indeed, recent events demonstrate the inability and unwillingness of the Arab world to act on behalf of the Palestinians. The repeated calls for greater American involvement in the crisis highlight the collective impotence of Arab nations in influencing events. The Gulf states have quickly clamped down on rumors and openly dismissed talk of an oil embargo. Efforts to fulfill the March 2001 Arab summit pledge of financial support to the belea-guered Palestinian brethren have been half-hearted at best. Arab states have differed over the level of financial aid to the Palestinian Authority (PA). Some have objected to a direct infusion of funds given the lack of transparency in how the PA spends the money.

The May OIC meeting perhaps epitomizes the elusive consensus among Arab nations. Key regional powers, including Saudi Arabia and Egypt, refused to send their delegations to the conference. Prior to the gathering, Qatar, the host nation, came under intense fire for maintaining a small Israeli trade mission, which nearly scuttled the entire meeting. Participants differed drastically over the level of response to Israel. Iran and Syria urged a pan-Islamic boycott of Israel while Iraq called for a holy war. Despite the strong rhetoric and resounding endorsements to sever political ties, the organization, which is dominated by moderate Arab states, produced a significantly watered down final communiqué. For example, the resolution did not threaten punishment if members chose not to break off relations with Tel Aviv. Indeed, Egypt and Jordan (both maintain full diplomatic relations with Israel) have avoided downgrading bilateral ties. Cairo and Amman, both recipients of generous American financial aid, fear antagonizing Washington and inflaming the situation further. Above all, no Arab state wishes to go to war with Israel again over the Palestinians. Commenting on the mixed outcome of the OIC meeting, an advisor to the Qatari government noted, “We’re definitely not talking about a military option because we all know that there is, at the moment, no credible Arab military option against Israel.” While they unanimously pay lip service to the current intifada, the Arab world will remain far from forming a united front. Moreover, the spillover effects of the crisis will be limited to diplomatic theatrics.

As noted in greater detail in the December 2000 quarterly, many domestic and regional factors have influenced Saudi Arabia’s evolving position on the Israeli-Palestinian conflict. Given the rising tensions in the region, it is worth revisiting some of the kingdom’s motivations for its toughening stance, particularly toward the United States.

- There is genuine frustration in Riyadh at the lack of progress in resolving the crisis. America’s deliberate distance from the violence, which the Saudis view as an open endorsement of Israeli actions, further incense the kingdom. Moreover, Israel’s application of disproportionate force against the Palestinians heightens real indignation.

- Acutely attuned to any domestic discontent that could destabilize the regime or cause internal unrest, Riyadh needs to placate and deflect rising public anti-Americanism in the kingdom and the Arab world more broadly. By remaining sympathetic to the Palestinian cause, the Saudi leadership can justify its ongoing military relationship with the United States, including the sizable American force presence on the kingdom’s soil.

- The growing influence of Crown Prince Abdullah, who has charted a more independent course for Saudi Arabia, has enabled the kingdom to voice its position more openly. Given Saudi Arabia’s traditional tendency to avoid public disagreement with Washington, Crown Prince Abdullah’s widely reported criticism of the American role in the Israeli-Palestinian conflict has set a surprising precedent and perhaps a new tone to bilateral ties.

Saudi Arabia often finds itself in an unenviable bind when dealing with repercussions from the Arab-Israeli confrontation. The outbursts of anti-Americanism that have accompanied the current deterioration in the peace process pose a direct challenge to the kingdom’s central security policy: the reliance on Washington’s extended security guar-
antees of Saudi Arabia’s survival. As the caretaker of the two holiest Islamic sites and a presumed leader of the Arab world, the hosting of a substantial American military presence in the kingdom is a highly sensitive and potentially explosive political issue. Riyadh must placate the public’s growing anger at what they perceive as America’s blatant double standard. At the same time, the Saudis must avoid disrupting a fruitful security relationship. This delicate balancing act will continue so long as the kingdom remains vulnerable to external threats, believes that it can control domestic sentiments, or perceives a strong American commitment to protect Saudi interests.

The Kingdom’s Regional Relations

Softening attitudes toward Iraq within the Arab world has been an unsettling and worrying trend for the kingdom, which escaped invasion during the Persian Gulf War. In recent months Baghdad has increased its vitriolic posturing and public attacks against the kingdom and Kuwait in the wake of every allied air sortie over the no-fly zones. The Iraqi media has portrayed Saudi Arabia and Kuwait as stooges of the United States. Riyadh for its part continued to insist that Baghdad must abide by all UN resolutions before sanctions can be lifted. In contrast, other states in the region have favored gradually rehabilitating Iraq. As a result of this shift, the question of Iraq topped the agenda of the March 2001 Arab Summit for the first time since the Gulf War ended. Alarmed at this turn of events, Saudi Arabia expressed its displeasure by downgrading the level of representation by dispatching Prince Sultan in place of Crown Prince Abdullah, who has led the Saudi delegation for the last fifteen years. This symbolic move no doubt set an important tone for the meeting.

Despite a last ditch effort at reaching a common position on the sanctions regime, resolving the Iraq conundrum proved too divisive to overcome. Saudi Arabia probably played a key role in fracturing any emerging consensus. Indeed, the final communiqué was conspicuous for its silence on Iraq. In a separate and largely symbolic resolution, the summit entrusted Jordan’s King Abdullah II to facilitate contacts between Kuwait and Iraq. In any event, the Iraqi delegation rejected the three-point resolution, which also set guidelines for Kuwait-Iraqi relations and called for lifting of sanctions. The Iraqi delegation described the summit as a failure and blamed the inconclusive results on Kuwait.

As a result of the diplomatic stalemate, due in large part to Iraq’s intransigence, Saudi Arabia and the Gulf states regrouped in early April to consult with each other on dealing with Baghdad. At the invitation of Prince Sultan, senior officials of the Gulf Cooperation Council (GCC) met at Hafr al-Batn, the Saudi military base that houses the regional organization’s joint force, Peninsula Shield. Official statements described the meeting as an occasion to discuss and exchange views on Iraq. The exact nature of the meeting and the specific issues examined remain unknown.

The national representatives at the meeting were unusually high ranking, ranging from Bahrain’s amir to Kuwait’s deputy prime minister. More intriguing, all the participants were senior members of the ruling family rather than appointed bureaucrats. This all-star line-up no doubt sent a strong signal to Iraq (although the content of the message is unclear) and indicated heightened concerns among the GCC states. The gathering predictably provoked a harsh reaction in Iraq. One Iraqi newspaper called the meeting “a provocation and a threat.” Another reported, “The meeting, held upon US orders, is an attempt by Saudi and Kuwaiti leaders to increase tensions.” It defiantly added, “Iraq will foil the suspect actions of the treacherous leaders of Kuwait and Saudi Arabia, who obey their American and Zionist masters.”

At the bilateral level, Saudi Arabia continued to shore up its defense relations with Kuwait, the only Gulf state implacably opposed to embracing Iraq. In late April, Kuwaiti deputy prime minister and defense minister, Sheikh Jabir al-Mubarak al-Hamad al-Sabah, visited the kingdom in a show of solidarity. After meetings with King Fahd, Crown Prince Abdullah, and Prince Sultan, the Kuwaiti minister hailed Saudi support. He promised swift punishment by Kuwait and the GCC should Iraq entertain aggression.

The seemingly endless game of cat and mouse with Iraq will almost certainly drag on for the foreseeable future. The diplomatic sparring will likely intensify in the coming months. Baghdad will exploit the Israeli-Palestinian conflict to score political points. Given that Washington is still in the midst of a major defense and foreign policy reassessment, American policy toward the Middle East remains in a state of flux and, to some degree, confusion (see Iraq chapter). Baghdad will likely exploit this transition period to splinter any Arab consensus and win over as many sympathetic states as possible. In the meantime, Saudi Arabia will continue to exert its influence to contain and isolate Iraq in a losing battle.

Even as the kingdom sustained its pressure on Iraq, Riyadh has turned to diplomacy and engagement to ease tensions along its periphery. On 17 April, Saudi interior minister Prince Nayef signed a much anticipated security pact with his Iranian
counterpart Abdolvahed Mousawi during his official visit to the Islamic Republic. The pact codifies cooperation on fighting crime, terrorism, drug trafficking, and money laundering. Iran is a major gateway for drug trafficking from Pakistan and Afghanistan destined for the Gulf states and Europe. While the accord signals growing trust and cooperation between the two regional powerhouses, it is not a military alliance. The Saudis in particular went to great lengths to reassure its Arab neighbors that the treaty does not portend any substantive changes to the kingdom’s defense or foreign policies. Saudi Arabia also refused to comment on whether the agreement would have an impact on the territorial dispute between Iran and the UAE.

Despite regional fears of a grand strategic bargain between Saudi Arabia and Iran, Riyadh’s relations with Tehran will remain shallow. First, Iran’s support for terrorism, highlighted by recent evidence that Tehran may have been involved in the Khobar towers bombing, still engenders deep distrust. Second, Tehran is fundamentally opposed to American forces deployed in the region and on Saudi soil. Third, the kingdom’s overtures to Iran are a temporary maneuver to balance against the more imminent Iraqi threat. Fourth, suspicions and anxieties among the smaller GCC states, particularly the UAE, prevent Saudi Arabia from conducting a rapid rapprochement. Short of a major and unexpected regional upheaval, any dramatic strategic embrace between the two heavyweights remains a long-term proposition.

Saudi Arabia is also pressing ahead with improving its security to the east and south. On 21 March, Saudi foreign minister Saud al-Faisal and his Qatari counterpart, Sheikh Hamad bin Jassim bin Jabir Al-Thani, signed a historic comprehensive agreement that ended a 35-year old maritime and land border dispute. This resolution marked the end of the kingdom’s border conflicts with all of its neighbors. In early April, Yemeni interior minister Husayn Muhammad Arab and the defense chief of staff Major General Abdallah Ali Al’liwah visited the kingdom for further talks on the border treaty signed in June 2000. One of the major items on the agenda was an agreement with a German company to demarcate the 1,350-kilometer border disputed since the 1930s. Both sides expressed satisfaction on the implementation of the border pact. In late May, Crown Prince Abdullah took part in celebrations in Aden, Yemen commemorating the nation’s unification in 1990. During the ceremony, Yemeni president Ali Abdallah Saleh declared that the border dispute resolution set a new tone to the relationship. Indeed, both states have already pulled back forces from the border and Saudi Arabia has rescheduled Yemen’s debt and extended new loans to the Arab world’s poorest country.

These diplomatic maneuvers with Iran, Yemen, and Qatar have significantly improved Saudi Arabia’s geostrategic position. As noted in the December 1999 quarterly, the kingdom faces strategic challenges from multiple geographic fronts. It must keep in mind potential threats from Iraq, Iran, Israel (at least theoretically), Yemen, and the Red Sea flank. Riyadh hopes that the easing of tensions with Iran, Yemen, and Qatar along with the fragile containment of Iraq would free up enough resources for internal reforms that would have otherwise been spent on defense. For example, the former strong points along the Saudi-Yemeni border, which made little strategic sense, were particularly draining on the kingdom’s finances and manpower. Given that Riyadh must devote substantial resources to deliver socio-economic reforms, diplomatic breakthroughs of this kind could promise major political and financial windfalls. However, the benefits will not be immediately visible or far-reaching. Whether the Saudis will be able to navigate the uncertain economic future will still depend on the political fortitude of the leadership to press on with painful reforms.

**Defense on Hold?**

The emphasis on diplomacy rather than deterrence or defense conforms to recent Saudi decisions on military acquisition. Despite the resurgence in oil revenues, which fueled rampant rumors of a return to spending sprees on defense equipment, the kingdom has not proceeded with its various ambitious modernization programs that have been delayed. The big-ticket items placed on hold include next-generation fighters to replace the aging F-5 and some F-15 fighters, French-built AMX tanks for a major tank fleet modernization, self-propelled artillery pieces, and possibly the American Apache attack helicopters. According to Prince Khaled bin Sultan Abdul Aziz Al–Saud, Saudi Arabia’s assistant minister of defense and military aviation, “our priority now is sustainment. I would blunt rumors about new equipment.” In reference to fighter modernization he added, “The F-5 program will happen when the time is right. There is no money in the current budget for the F-15s.” Overall American-Saudi military contracts, a main indicator of arms sales to the kingdom, plummeted from $1.4 billion in 1999 to $755 million in 2000.

When oil prices plunged in 1998, Crown Prince Abdullah imposed austerity measures aimed at enforcing fiscal responsibility. In response to new economic strains, Abdullah has sought to reduce the kingdom’s dependence on oil, to privatize the
economy, and to open Saudi industry to foreign investment. Government expenditures have focused on reducing public debt, improving education and other social programs, developing infrastructure, and creating employment for a growing young population. The high priority that the crown prince has assigned to internal reforms will clearly come at the expense of defense programs. As noted above, the easing of external threats has reinforced this trend. Indeed, according to one prominent defense contractor, major defense purchases are not likely to occur in the next three years. Saudi Arabia’s restrained approach to defense highlights the kingdom’s more balanced regional security policy and Abdullah’s influence in managing the state.
He...Will!

After a period of well-publicized introspection – “Will He Or Won’t He?” wondered breathless headlines in even the most sober news outlets – Iranian president Muhammad Khatami decided he would, after all, seek reelection in the 8 June elections. That comes as no surprise. A Khatami victory at the ballot box is all but assured. Surprisingly, several members of Khatami’s cabinet announced their candidacies, but the president still will face little serious opposition. In all likelihood, his hand-wringing was a ploy to throw a scare into voters and thereby boost his share of the vote. He has been visibly frustrated by his inability to reform the Iranian political system, whose main levers of power – the army, the intelligence and security services, and, most importantly, the judiciary – remain firmly in the hands of conservative clerics led by Supreme Leader Ali Khamenei.

Khatami is gambling that rank-and-file Iranians will sweep him back into office with a mandate so overwhelming that it will give the dinosaurs pause. Contrariwise, some conservative mullahs will undoubtedly seek to discourage voter turnout to undercut that mandate. The conservative crackdown of recent months seems premised on the – faulty – notion that the public’s desire for loosened social controls is shallow and will evaporate should a few prominent spokesmen on the left be silenced. Should Khatami’s showing on 8 June exceed the 70 percent he garnered in 1997, this fallacy will be exposed in resounding fashion.

Faced with a loud statement of the will of the people, even hardline mullahs may have to make more than token gestures at liberalization. Or so the president hopes. The conservatives are nothing if not determined. Having kept the president in the box for four years, they may not even mind a Khatami reelection. Khatami provides the appearance, but not the substance, of greater freedoms – appeasing the Iranian public while the conservatives continue to obstruct efforts at meaningful reform. While the president can nominate liberals to the cabinet, conservative-dominated institutions can block reform on the standard excuse that it contravenes Islam.

Perhaps that’s why, when he arrived to register for the campaign, Khatami remarked – provoking sympathetic chuckles – that he wished he were somewhere else.

Illelible Democracy

The Islamic Republic continues to grapple with the tension between democratic and religious principles. As the campaign spun up, the conservatives continued to make hay with the vaguely worded Islamic constitution. Granted, the Guardians Council had to intervene in the presidential campaign in some manner. The field of 814 candidates would have been too unwieldy to manage on election day. Article 99 of the constitution empowers the council to exercise “approbatory supervision” over the candidates – a term that in practice has proved exceedingly elastic. One council member, Seyyed Reza Zavarei, interpreted the council’s prerogative as assuring that presidential aspirants are religious figures – not necessarily clerics, but individuals “committed to upholding religious principles in a way that meets with our society’s approval.”

Piety, of course, is in the eye of the beholder. And when religious conservatives are the arbiters of who upholds Islamic values, the result often turns out to be a winnowing out of those the mullahs deem to be heretics. Liberals, in other words. (President Khatami, of course, made the field of candidates. Even the Guardians Council, whatever its members’ private wishes, would not have dared to exclude the country’s most popular politician.) Many of the unlucky candidates denied eligibility for the election contested the council’s findings, to no avail.

Attempts to assert legislative oversight over the process have been similarly toothless. In one positive development, however, the council reversed its initial decision to exclude 142 of 356 candidates – again, mostly reformers – from the parliamentary by-elections, also scheduled for 8 June.

Nonetheless, the screening process exemplified what is wrong with the Iranian political system and showed why Khatami is so frustrated. He has been unable to make inroads against arbitrary intervention by conservative-dominated bodies such as the
Council of Guardians. Only time will tell whether that will change if and when Khatami is returned to office in June – but the outlook isn’t promising.

Clampdown on the Press Continues
The conservatives continued their hamhanded campaign to squelch freedom of the Iranian press, as well as the access of Iranians to foreign media. Nearly sixty reform press outlets have now been shut down for political crimes and their editors jailed. In mid-May some 400 Internet cafes in Tehran were closed at the behest of the government, purportedly because they lacked permits. (The permits in question turned out not to exist.) One official of the Ministry of Post, Telegraph, and Telephone (PTT) conceded that the closures were part of a move for “more control and supervision on the activities of Internet cafes, in order to purify materials which go awry of Islamic standards.” Bureaucratic self-interest was also at work: the Internet cafes were offering long-distance calls at cut rates, costing the PTT an estimated $400 million in lost revenues annually.

Other examples of the mullahs’ crackdown included an official campaign to discredit foreign news agencies such as the BBC and Radio Free Europe/Radio Liberty, which beams news reports into the Islamic Republic and posts them on their websites. These outlets were held up as instruments of foreign infiltration. But Cold War history in particular militates against the success of these heavy-handed tactics. Historians credit the spread of information technology with fueling the desire of Soviet-bloc citizens for freedom. This suggests that, with the proliferation of the Internet and other advanced technologies, ordinary Iranians will continue – whether openly or surreptitiously – to tap into the flood of information available electronically. Government organs may be able to slow the influx of information down, but they can’t stop it.

Huffing and Puffing in Tehran
The Palestinian intifada continues to act as a brake on liberalization in the Islamic Republic. The ongoing construction of Jewish settlements in the West Bank and Israel’s use of high-tech weaponry in military reprisals have given the conservatives a powerful weapon against reform. Exhibit A: the second “Support for the Palestinian Intifada Conference,” a confab of terrorist groups held in Tehran in late April. In his opening address to representatives of organizations such as Lebanese Hezbollah, Islamic Jihad, and the People’s Front for the Liberation of Palestine – perennial members of the U.S. State Department’s list of terrorist groups – Supreme Leader Khamenei condemned the occupation of Palestine as one of the “satanic conspiracies” hatched by America to sow discord in the Islamic world.

Sounding a familiar theme, Khamenei welcomed the destruction of the 1993 Oslo Accords and held up Hezbollah as a model of how to deal with Israel. Iranian spokesmen have used the example of southern Lebanon – supposedly a great military victory over Israel – to whip up support among youthful Palestinians, as well as militant groups such as Hezbollah that enjoy lavish material support from Iran. While they reject the terrorist label, Iranian officials are increasingly open about their backing for the groups that attended the Tehran conference.

Even President Khatami has been forced to fall in line. Khatami accused great powers such as the United States of blocking the self-determination of the Palestinian people. He also asserted that the Israeli withdrawal from Lebanon and the successes of the intifada had disproved the myth of Israeli invincibility. Some of this is undoubtedly posturing. However, the accusation of coddling Zionists and their American sponsors has clearly taken on additional potency in the current overheated political climate. The dinosaurs have a useful cudgel – colluding with foreigners – to keep unruly reformers in line at home.

Was Tehran behind the Khobar Towers Bombing?
In early May the New Yorker magazine claimed that FBI Director Louis Freeh had pinned the blame for the 1996 bombing of a U.S. Air Force barracks in Saudi Arabia on the Iranian government. Freeh was preparing to recommend that U.S. Attorney General John Ashcroft seek indictments against several officers from the Islamic Revolution Guard Corps. In the immediate aftermath of the blast, which claimed nineteen lives, Riyadh rounded up members of Saudi Hezbollah, a Shiite militant group dedicated to overthrowing the Wahhabi regime. According to information provided by the Saudis to the United States, confessions from Hezbollah members pointed to an Iranian collusion. However, despite a nominal joint investigation by Washington and Riyadh, the United States was never able to independently question the suspects. Shortly after their arrest, some were convicted and jailed by Saudi authorities. Other information also pointed to an Iranian connection, but like in many terrorist cases definitive proof as to a single culprit has been lacking.

Tehran heatedly denied any involvement with international terrorism. A Foreign Ministry spokesman maintained that “such unfounded allegations are being raised by circles which are concerned...
by the expansion of relations between the Islamic Republic of Iran and Saudi Arabia.” In other words, Louis Freh’s report was part of a U.S. scheme to disrupt the continuing rapprochement between Iran and its neighbors. Not likely. The extreme circumspection displayed by the Clinton and Bush administrations on the Khobar Towers affair argues just the opposite. Washington has been mulling extending the olive branch to Tehran since 1999 and fears – rightly – that implicating Iran in the bombing would thwart any attempt to begin normalizing relations. Even more troubling for the White House, formal charges could bring calls from Congressional hard-liners to abandon the legal route and pursue military punishment of Tehran.

Regardless of whether proof positive can be found sufficient to support indictments against Iran or even meet the less strenuous test of sufficiency to warrant military action, the problem for the United States remains the same. Terrorism is notoriously difficult to prevent, and once an act is committed, legal action or military retaliation is of only limited use, particularly when dealing with a state sponsor. Terrorism will continue to be a useful and effective tool for opponents of the United States in the Gulf region, whether they are states or non-state actors. U.S. responses will be constrained by the politics of the region and the real difficulties of pinning blame on any one source.

Improved Relations Between Washington and Tehran...Not

Improved ties between the United States and the Islamic Republic remain only a distant possibility. In January 2001, Secretary of State Colin Powell sparked interest by hinting that he would review U.S. sanctions and recommend lifting the bulk of them. But hopes for normalization were soon dashed. As it has in the past, the U.S. State Department’s annual terrorism report profiled Iran as the leading sponsor of international terrorism. Events such as the April conference on the intifada, not to mention abundant hardline statements by Iranian officials, have done little to discredit that grim assessment. It should come as little surprise, then, that President George W. Bush ruled out lifting the unilateral sanctions imposed in 1996. (In April a commission headed by Vice President Dick Cheney suggested that lifting the sanctions would be one way of boosting world oil supplies. Bush quickly squelched this recommendation.) Indeed, legislation has been introduced in Congress to extend the Iran-Libya Sanctions Act until 2006. Given the new bill’s broad bipartisan support and Bush’s conservative predilections, passage is a foregone conclusion. Relations between the two antagonists will remain icy.

Befriending the Russian Bear

During a March visit to Moscow by President Khatami, Russian president Vladimir Putin declared that his country would resume arms sales to the Islamic Republic despite the likelihood that Russia will face unilateral American sanctions. (In 1995 Washington and Moscow secretly agreed that the United States would refrain from imposing sanctions, provided Russia stopped transferring arms by the end of 1999. Putin abrogated that agreement last December.) In so doing, Moscow will multiply its leverage in the Middle East, which has languished since the dissolution of the Soviet Union.

The military benefits to Iran are obvious. A powerful military is the foundation of the nation’s regional aspirations. Iran’s attempts to develop an indigenous arms industry have met with indifferent success. The country still needs to replace many of its losses from the debilitating Iran-Iraq War, which ended over a decade ago. Moreover, with certain notable exceptions, Tehran’s arsenal consists largely of older Soviet- and U.S.-built hardware – the latter of which is difficult to maintain because of the U.S. embargo on spare parts. While they agreed to no firm contracts, Iran has expressed interest in high-tech air-defense missiles, as well as upgrades to its MiG fighters and Russian-built submarines. Likely arms deals could be worth as much as $400 million annually.

Conclusions

Whither Iran? Certainly the Islamic Republic will not vault into the camp of liberal republics any time soon – if ever. While they are ambivalent about Khatami himself, clerics have uniformly denounced the “culture of liberalism” surrounding the president and vowed to stamp it out. One student leader was recently imprisoned for advocating a referendum on the future course of Islamic government – auguring ill for the cause of reform. If the president smashes the opposing candidates on 8 June, it will confirm the public’s disaffection with the tight social and economic controls espoused by the mullahs. Nonetheless, the reform movement faces an uphill struggle whose outcome is exceedingly doubtful. True reform may have to await generational change within the clergy.

Even so, the Islamic Republic continues to pose little real threat to energy security in the Gulf region. Indeed, its growing preoccupation with a resurgent Iraq (refer to the Iraq chapter) could act as a brake on Iranian pretensions to regional supremacy. So long as Tehran believes it needs friends such as Saudi
Arabia to counter Saddam Hussein’s own ambitions, it will be less likely to menace their security. Limited cooperation with the United States in the effort to overthrow Hussein is even possible, although Iranian backing for Palestinian terror groups could stall any such convergence of interests. In any case, powerful Western forces in the region remain a useful check against an Iranian relapse into military adventurism.
Sheikh Sabah al-Ahmed al-Jabr al-Sabah, Kuwait’s foreign minister and first deputy prime minister, has seemingly consolidated power within the cabinet and has embarked upon an ambitious agenda addressing key foreign and domestic policy objectives. While Sabah’s ascendance does not signify the fundamental structural changes sought by many in the parliament (such as the separation of the position of crown prince from prime minister or greater accountability to parliament in the consideration of cabinet appointments), it is a positive development. With a wide array of challenges facing the Kuwaiti government, Sabah’s cabinet may have the best chance to move the nation forward, but many questions remain.

The Good News:

Foreign Policy Developments

Since the cabinet shuffle in early March, Sheikh Sabah has directed a proactive and comprehensive foreign policy that has already paid significant dividends. Coming on the heels of the successful GCC summit in late December, Kuwait moved to improve its often-strained relations with its brethren in the Middle East at the 27-28 March Arab Summit held in Amman. The two items dominating the summit agenda were the continuing violence in the West Bank and Gaza, and the UN-imposed sanctions on Iraq. Prior to the summit, Sabah visited Saudi Arabia, Egypt, Syria, Lebanon, and Yemen in order to discuss the pending issues with the leaders of those countries. Sentiment throughout the Arab world has coalesced around the plight of the Palestinians, and therefore against Israel and its patron, the United States. The close relationships shared by Kuwait and Saudi Arabia and the United States places internal domestic political pressure and external pressure from other Arab governments on the leaders of the two Gulf states. Further, Iraq had shrewdly exploited the Israeli-Palestinian conflict to attempt to reestablish its leadership position in the Arab world. While governments in the region may be skeptical, Saddam Hussein’s adoption of the Palestinian cause (such as the offer to send volunteers to liberate Jerusalem or providing financial support for injured Palestinians), has resonated on the streets of regional capitals.

As the summit began, it was clear that Iraq sought to dominate the proceedings, forwarding the cause of aid to the Palestinian Authority (PA), while seeking to gain support for a unified Arab pledge to break the UN sanctions without acknowledging Kuwait and Saudi security concerns. Sheikh Sabah and the Kuwaiti delegation worked constructively toward the goal of Arab unity, and devised a draft communiqué that would deliver a unified pledge to support the Palestinian struggle and a united call for an end to UN sanctions on Iraq. The latter was to have been made in return for some measure of closure on the Iraq-Kuwait issue. Kuwait also agreed to provide $300 million to the Palestinian Authority, which in itself was a quite a gesture, given Chairman Arafat’s support for Saddam Hussein during the Gulf War. More importantly, the Kuwaiti delegation agreed to a unified Arab call to lift the UN sanctions on Iraq, asking only for a three point resolution in the final statement that would clearly articulate an Iraqi agreement to end its claims upon and threats toward Kuwait. Even the idea of an Iraqi apology to Kuwait for the 1990 invasion was dropped to move the process forward. The Iraqi request for a unified Arab pledge to break the sanctions (in defiance of the UN) was dropped early on in the summit.

Only Iraq rejected the draft language. Iraq objected that a paragraph in the resolution calling for the “reaffirmation of the independence and sovereignty of the State of Kuwait” implied that Baghdad harbored bad intentions toward the small Gulf nation. Presidents Mubarak of Egypt and al-Assad of Syria took it upon themselves to try to sell the agreement to the Iraqis, and King Abdullah also reached out to enlist Iraqi agreement. In the end, all overtures failed. Sheikh Sabah eventually agreed to drop the resolution to move beyond the stalemate, and the official agreement was delivered without mention of Iraqi sanctions. Only an unofficial declaration attached to the final communiqué (which delivered upon the pre-summit objective of calling for a resolution to the Palestinian issue and provided significant financial aid to the PA), described as a basis for further talks, included a general call for lifting of sanctions on Iraq. King Abdullah agreed to continue to work on building an Iraqi rapprochement with its
Gulf neighbors, but this gesture did little to mitigate the tangible disappointment of many Arab leaders that no agreement was reached on the Iraqi issue at the summit.

It seems clear that Iraq had overplayed its hand, effectively isolating itself within the summit caucus and allowing for the Kuwaiti delegation to foster a position and a perception among the Arab states of commitment to the greater Arab cause, tolerance, moderation, and maturity. For the often isolated and ill-regarded Kuwaiti government, the importance of this acceptance by Arab neighbors (particularly outside of the GCC) cannot be overstated. After the summit, Kuwait received a great deal of praise throughout the Arab world for its performance in Amman. Sheikh Sabah then embarked on a trip to France, Britain and the United States, where he met with Secretary of State Powell on 16 April and officially renewed the U.S.-Kuwait defense pact on 18 April in a ceremony with Secretary of Defense Rumsfeld. Meanwhile, other senior Kuwaiti officials visited Russia and China.

There seems to be a renewed realization in Kuwait that its security policy must move beyond a reliance on the United States. Kuwait has used skillful diplomacy to build bridges outside of the American relationship that may very well improve Kuwait’s overall security in the long-term. Continuing support for closer integration among the GCC states (including the passage of a law increasing freedom of travel between the UAE and Kuwait, Kuwait-led GCC support for Saudi Arabia’s accession to the WTO, and improvements in GCC collective defense capabilities) is one component. Support for greater Arab unity and rebuilding diplomatic relationships damaged by the Iraqi occupation is another. Embracing the Palestinian cause at the Amman summit, the May visit of King Abdullah to Kuwait amidst discussions of closer Kuwait–Jordan bilateral ties, and Sheikh Sabah’s trip to Yemen highlight the conscious strategy of ending Kuwait’s isolation in the region, even among those who supported Iraq in 1990.

Lastly, Kuwait has attempted to obtain support from some non-traditional sources. On a global level, Kuwait has worked to foster relations with Russia and China, through discussions on economic agreements and/or arms purchases. Even minor improvements in relations with these two permanent Security Council members should downgrade the image of Kuwait as strictly bound to the U.S. (and thus hostage to anti-American sentiment) in the event of some future Gulf conflict. Perhaps more interesting from a regional perspective, though, is Kuwait’s initial forays into building a relationship with Iran. The tentative agreement between Kuwait and Iran to embark on a $2.5 billion water filtration/pipeline project and discussions on a security pact between the two are a clear acknowledgement that relations with Tehran are preferable to dealing with Baghdad.

The Not So Good News:
The Domestic Front...

Unfortunately, not much has changed in the domestic political realm. The nature of Sabah’s influence over the new cabinet has been welcomed as a sign of some progress by lawmakers in parliament. Most importantly, the seeming movement of crown prince and Prime Minister Saad to the background has dampered the popular calls to divide those positions and end the customary arrangement on succession. However, the more general institutional conflict between the royal family-dominated cabinet and the popularly elected parliament will continue to define Kuwaiti politics, even if the intra-parliament (and intra-family) disputes have abated for the time being. With a large number of crucial reform issues facing Kuwait’s leaders, it will be difficult to move forward without significant compromise. The general presence of distrust between the two bodies will seemingly ensure that any reforms proposed by the cabinet will be closely scrutinized and any progress will be incremental, at best.

One significant step took place on 13 March when parliament passed a bill allowing foreign direct investment (and foreign majority ownership of corporations) in all industrial sectors excluding the oil industry. While the massive “Plan Kuwait” involving foreign investment in the oil industry (discussed in the March 2001 Kuwait chapter) has moved forward in terms of acceptance of bids and initial analysis of proposed sites, much negotiation between the cabinet and parliament remains before any privatization becomes a reality in that key sector. Parliament’s general mistrust of the cabinet will only be amplified through the privatization of Kuwaiti industry. Already, sales of shares of government-controlled companies have been met with cries of favoritism and corruption by members of parliament. Fears of a “Russian-style” reform program where sales of public assets were seemingly made for the benefit of the very few have already become common and precipitated parliamentary inquires and demands for investigations. While certain less controversial issues have passed parliament such as the removal of docking tariffs at Kuwaiti ports and laws facilitating freedom of movement between GCC states, measures targeted at fundamentally restructuring the Kuwaiti economy will face stiff resistance and parliamentary demands for close oversight.
Economic development is clearly a high priority for Kuwait. Reforms within the domestic oil industry and throughout Kuwait’s other industries are critical to long-term, broad-based economic prosperity. Beyond this, there is a prevailing view within the Kuwaiti government that societal stability is predicated on the ability of young people to find gainful employment. An overwhelming number of Kuwaitis (94 percent) are employed in the public sector. As Kuwait attempts to divest itself of assets and invite foreign direct investment into its economy, leaders understand that an educated, skilled workforce is a critical factor in both attracting investment and delivering long-term economic success. However, various Kuwaiti and foreign experts have noted a sense of entitlement and lack of entrepreneurial spirit among Kuwaitis, particularly the young. Decades of an overarching social welfare system, public domination of the economy, and even the lingering effects of the Iraqi invasion (which has been blamed for a high occurrence of post-traumatic stress disorder and drug addiction among younger Kuwaitis) present large obstacles to preparing Kuwaiti society for a new era. Potentially painful and politically unpopular domestic reform programs will be necessary, but will be difficult to achieve.

Similarly, attempts at social and political reform have not fared well recently. The high court threw out a case demanding woman’s suffrage on 21 April leaving proponents once again frustrated and searching for an avenue to finally achieve their goal. The cabinet had reportedly agreed upon a draft law to allow women to serve in the Kuwaiti police force, a move sure to provoke outrage from Islamic members of parliament and a direct affront to the courts. The preeminence of conservative Islamic and tribal members of parliament has proven a difficult challenge to progress. Adding to the difficulty, liberal members of parliament (who often share the cabinet’s reform inclined agenda) are often suspicious of the power of the royal family and have consistently advocated greater transparency and limits on that power. Building coalitions to pass and implement important legislation will be a primary objective of Sheikh Sabah’s government. The success of his government will ultimately hinge upon his ability to work with parliament to bring meaningful change to Kuwait.

Other Developments

The 20 March murder of Hedaya Sultan al-Salem, a longtime advocate of women’s rights and owner/editor-in-chief of the influential Al-Majalis magazine, sparked fears that the struggle for suffrage had taken a new violent turn. The arrest of a police officer for the shooting and reported involvement of other officers led early reports to focus on Ms. Sultan’s advocacy and political involvement. However, the investigation has since shifted to Ms. Sultan’s business dealings and the idea of her death being motivated by conservative anti-women’s forces has faded. However, it is instructive to understand how the murder was almost immediately placed in the context of the women’s rights issue. Clearly this fundamental, unresolved conflict will cast a large shadow over Kuwaiti politics for a long time to come.

On May 14, Defense Minister Jaber Mubarak al-Hamad al-Salem announced that Kuwait would hold off on planned purchases of a number of new weapons systems from the United States, including Apache Longbow and Black Hawk helicopters, Paladin self-propelled artillery pieces, and enhancements to Kuwait’s command and control (C2) systems. While the C2 upgrades, viewed as critical to Kuwait’s intentions to closely integrate command and control capabilities with GCC allies, are likely to go forward, the procurement halt indicates an important signal of deference to parliament’s concerns. The cabinet has been criticized by parliament for channeling too few resources to readiness and training accounts and too much to procurement of new weapons systems. This sentiment has been echoed within other GCC states as well. With Kuwait and Saudi Arabia attempting to build relations with Iran, a component of the rationale for obtaining advanced weapons has been decreased.
Security Issues and the UAE

Father and Sons

The health of UAE president and ruler of Abu Dhabi Sheikh Zayed bin Sultan al-Nuhayyan is increasingly problematic. Although Zayed has remained involved in domestic as well as international policy, local television broadcasts depict him always seated, a further indication of his frail health. With Zayed’s health worsening in the early-1990s, the internal Abu Dhabi ruling family debate over succession became factionalized around three of Zayed’s nineteen sons: Sheikh Khalifa bin Zayed al-Nuhayyan, Sheikh Sultan bin Zayed al-Nuhayyan, and Sheikh Mohammed bin Zayed al-Nuhayyan.

Sheikh Khalifa, widely presumed to succeed Zayed as the president of the federation, has been increasingly responsible for the daily affairs of state since the mid-1990s. Zayed’s latest medical difficulties no doubt increased Khalifa’s role in managing the UAE. While his current policies strongly suggest that he supports the slow political and economic liberalization begun under Zayed, he has taken a more federalist – vice Abu Dhabi-centric – approach to the emirates’ political structure.

In contrast to the apparent consensus on Khalifa’s accession, the succession process to become Abu Dhabi’s crown prince remains less clear. Sultan and Mohammed are held out as the most likely candidates for this position. Given that whoever becomes the crown prince could vie for the federal presidency in the future, it is a highly coveted position. Moreover, Khalifa’s advanced age and questionable health means that he could pass the scene while in office relatively quickly. The crown prince would then be well positioned to take power and buck the trend of decentralization of Abu Dhabi’s power. Abu Dhabi has long dominated politics in the emirates given its tremendous financial clout and role as financier for Dubai and the Northern Emirates.

Zayed, realizing the potential for division after his death, has taken steps to mitigate differences by dividing government and commercial portfolios among his sons. Khalifa is the head of the Supreme Petroleum Council (SPC) that controls the emirates’ hydrocarbon sector; Sultan and Mohammed are members of the SPC. Sultan has been appointed as chairman of Abu Dhabi’s Public Works Department (PWD). Mohammed is Chief of Staff of the UAE Armed Forces (UAEAF) and was allowed to create the UAE Offsets Group (UOG), an organization aimed at increasing the UAE’s industrial base by stimulating foreign investment and technology transfer.

These posts, particularly the SPC, PWD, and UOG, provide access to the state’s immense financial resources, enabling the maintenance of old and development of new patron-client relationships. Zayed is also attempting to engineer a division of political posts before departing the scene. Once Khalifa becomes president, political power within Abu Dhabi – the most influential emirate within the UAE federal structure – may be split between Sultan and Mohammed by having one assume the crown prince position with the other becoming deputy ruler of the emirate.

There are some indications that the rivalry between the three senior brothers, coalescing around a coalition of Khalifa and Sultan versus the younger Mohammed, has subsided in deference to their father. Khalifa is reportedly providing support to Mohammed’s efforts with the UOG, support previously denied, and has shown a new willingness to finance the poorer, yet politically problematic, Northern Emirates. Mohammed, the more visionary of the three brothers, has pushed for additional Abu Dhabi financial support to the other emirates as well as additional economic liberalization measures in cooperation with Dubai’s crown prince and federal defense minister, Sheikh Mohammed bin Rashid al-Maktum.

These actions, while cooperative and stabilizing on the surface, represent jockeying for influence over the post-Zayed era. Regardless of Zayed’s mitigation efforts, his passing will certainly see renewed friction between shifting coalitions – alternating around Khalifa, Sultan, and Mohammed – composed of royal and non-royal family elements. Such conflict, which will likely elude public observation, could hamper the UAE’s domestic development, international diplomacy, military modernization, and broader commercial agenda.

Independent Minded

True to form, Abu Dhabi continues to take a relatively independent foreign policy stand on a variety of issues. On Iraq, the UAE remains a vocal critic of
UN economic sanctions and has called on regional countries to reopen trade links with Baghdad. Abu Dhabi, while favoring restricting Baghdad militarily, views the ongoing U.S./UK military operations over no-fly zones and the UN sanctions as counterproductive and as a potential source of future instability in the Gulf. The UAE is still seeking to ameliorate the humanitarian situation, shore up Iraqi internal stability (for fear of Iran taking advantage of a splintered Iraq), and prepare the way for reopening Iraqi’s market for UAE business interests.

On Iran, the UAE is maintaining political pressure over the Abu Musa and Tunbs islands issue. Emiri leaders hope that a Khatami electoral victory will result in substantive, if limited, talks about the islands and Tehran’s eventual acceptance of third party mediation over the issue. However, real progress is unlikely regardless of the Iranian election outcome. Given the UAE’s inability to influence Iran’s behavior alone, Abu Dhabi will continue to rely on regional forums to lambaste Tehran’s perceived intransigence and prevent easing of Arab relations with the Islamic Republic, particularly a Saudi-Iranian rapprochement. For example, during the 28 March Arab summit in Jordan, Zayed criticized Tehran’s unwillingness to accept the jurisdiction of a mediating committee composed of Saudi, Qatari, and Omani diplomats.

Iran remains the primary external threat for Abu Dhabi. The UAE has been particularly concerned with Tehran’s growing air and naval power, including the fleet of three Kilo-class Russian-built diesel attack submarines. Largely as a response to this threat, the UAE concluded a contract for a European-built maritime patrol and anti-submarine warfare aircraft. Iranian asymmetric capabilities are also of concern, given Tehran’s potential use of the large Iranian expatriate population in Dubai and the Northern Emirates to conduct intelligence collection as well as possibly terrorist operations against the UAE directly or U.S. targets in the country.

**Washington and Abu Dhabi Working at Cross-Purposes**

The Bush administration’s initial unwillingness to continue a high profile role in the Israeli-Palestinian conflict was not well received in Abu Dhabi. The UAE continues to provide medical and financial assistance to the Palestinian Authority while pressing the United States and the European Union to take a more active role in ending the latest violence. Reflecting a much more independent foreign policy compared to other Arab states, the UAE has been among the most critical of American policy in the region. The Bush administration will not likely allow Abu Dhabi’s rhetorical outbursts to harm an important bilateral relationship.

However, Washington will most certainly press for substantive cooperation from the UAE on America’s evolving Iraq policy. The United States is particularly concerned with the emirates’ apparent complicity in the illicit oil trade with Baghdad. This issue will likely come into sharper focus as a new sanctions regime coalesces. Given the new administration’s strategic reorientation on Iraq policy, U.S. patience with Abu Dhabi cannot be assured, even with the billions of dollars at stake for U.S. defense and energy firms in the UAE market. Moreover, Abu Dhabi recognizes the importance of American support for its economic development and, ultimately, regime survival against external threats.

As with the UAE’s contract for the purchase of 80 Lockheed Martin F-16 Desert Falcon fighter aircraft, Abu Dhabi hopes that American participation in the UAE’s oil industry will further link Washington to emirsi security without compromising its independent foreign policy. Several U.S. firms are actively involved in the UAE’s upstream and downstream sectors. Most recently, ExxonMobil, along with Shell, Totalfina Elf, and British Petroleum, was asked to submit a bid for a substantial equity stake in the Abu Dhabi National Oil Company’s (ADNOC) subsidiary Zakum Development Company.

**Potable Water Threat**

The UAE vulnerability to disruption of potable water supplies was starkly illustrated when the Georgian-flagged tanker Zainab – carrying smuggled oil from Iraq – sank off the Dubai coast on 14 April. Along the emirates coastline, a series of desalination facilities provide the majority of water for drinking and agricultural use throughout the country. The recent spill, off Dubai’s coast near multiple desalination plants, threatened to foul the intake systems that draw seawater for conversion into fresh water. Had this occurred, the shutdown or disruption of desalination facilities would have resulted in an immediate water crisis, placing both lives and economy at risk. Although chemical and physical means may have slowed the spill’s progress towards Jebel Ali, such efforts would likely not have been sufficient to prevent catastrophe had weather and current patterns forced the oil ashore.

The crammed oil and other commercial shipping lanes that pass along the shorelines of the emirates are among the busiest in the world. This makes the UAE particularly susceptible to unintended and malicious man-made environmental disasters. Moreover, the Zainab and 23 other vessels interdicted this year by U.S. warships in emiri waters for smuggling Iraqi oil represent only a tiny proportion of illegal ship-
ping transiting the Persian Gulf. The elusiveness of this illicit trade in the porous waters of the Gulf helps mask and understate the potential threat of oil spills that lurks just beyond the emirates’ shores.

While environmental danger is increasingly possible, the oil spill also highlights the potential use of sabotage against coastal desalination plants by state or sub-state actors. Divers equipped with either biological or chemical toxins could target seawater intake lines. While conventional explosives could be used in such an attack, a non-military grade biological or chemical pollutant would help conceal the identity of the attacker and further complicate the UAE’s crisis management responses. These offshore intake systems could be reached undetected, as current security procedures are insufficient to protect against such an attack.

The intention and capability to conduct such operations are not merely products of the imagination. For example, Iran has both small boat and special diver units capable of such activity. Moreover, both state and non-state terrorist actors routinely transit the UAE, crossing to and from South Asia, the Middle East, and Africa. Indeed, newspaper reporting has suggested that the materials used in the bombing of the USS Cole last October were obtained in the UAE. Popular Islamic sentiment opposed to regional regimes linked to the United States could further fuel such threats. The bottom line is that the UAE, like other countries in the Gulf, will remain vulnerable to such non-traditional attacks that often defy detection and deterrence.