Security Issues in the Middle East

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The Unfulfilled Promise of GCC Unity

Since the founding of the Gulf Cooperation Council, substantive progress on joint defense cooperation has remained frustratingly elusive. Despite the enthusiastic rhetoric in support of unity, fundamental differences in national interests among the GCC states have hampered efforts to create a genuine regional security organization. The inability and unwillingness to provide for a common GCC defense will prolong and perhaps exacerbate longstanding security dilemmas for the Gulf states. So long as discord within the GCC persists, the military imbalance vis-à-vis aspiring regional powers (e.g., Iraq and Iran), competition and mistrust within the organization, and reliance on the United States will remain the predominant features of Gulf security. The deeply ingrained divisions behind the façade of unity will continue to govern inter-GCC relations and security dynamics in the region.

The history of the hapless Peninsula Shield, the GCC’s military arm, perhaps best illustrate the symptoms of the organization’s disunity over security issues. Established in 1984, Peninsula Shield was originally intended as a GCC-wide ground force. All six Gulf states agreed to contribute troops—generally regiment or brigade in size depending on economic and manpower considerations—to the joint force stationed in Hafr-al Batin in northern Saudi Arabia. In the traumatizing aftermath of the Gulf War, during which Peninsula Shield was utterly powerless to halt the Iraqi invasion, the GCC pursued an ambitious expansion plan aimed at boosting the force to 100,000 troops. However, after a series of meetings among the members and optimistic declarations of progress throughout the 1990s, the GCC was unable to achieve even a significant portion of the target (Peninsula Shield reached its zenith at 10,000 in 1994). Since the mid-1990s, the GCC has consistently failed to muster enough forces (fluctuating between 4,000-4,500 troops) to meet a revised and more modest objective of 25,000 personnel. By way of comparison, at the height of the invasion of Kuwait, Iraqi forces numbered over 200,000 and were supported by more than 2,000 tanks. Another blow came in December 1998 when the GCC abandoned plans to build a new base for the joint force as a result of depressed oil prices. Peninsula Shield currently stands at 4,000, a testament to the GCC’s epic feat of underachievement.

The GCC’s broader defense cooperation has progressed at a snail’s pace as well. In late 1997, the defense chiefs of the GCC endorsed a regional early warning system worth $500 million. The sophisticated command and control network would link the radar stations of all six members into an integrated system. The new program was intended to lay the groundwork for joint operations in air and missile defense, purportedly a top priority among the Gulf states. Eager to support the joint initiative, U.S. Secretary of Defense William Cohen declared in 1998 that building a regional defense shield was an “imperative.” In a sign of progress, the members jointly earmarked (but, significantly, failed to officially commit) $40 million for the project during the September 1999 GCC foreign ministers meeting. The ever-watchful Secretary Cohen again visited the region in the following month touting a more elaborate joint defense program modeled after NATO’s Defense Capabilities Initiative. Despite the apparent regional consensus to proceed with the project and American prodding, the GCC was unable to establish specific plans for implementation. Indeed, a basic agreement on financial burden sharing has yet to coalesce. Moreover, the paltry sum allotted to such a complex, advanced system falls far short of the level of funding required to build a regional defense shield. The failure to sign a regional military pact during the Dubai Air Show 2000 in November 1999, after much pomp and circumstance, perhaps epitomized the organization’s disunity. The defense ministers emerged from the meeting with an agreement to defer final decisions on the pact pending further study by their respective defense chiefs of staff – an almost sure sign that the plan has been shelved indefinitely.

The persistent failure to move forward on joint military initiatives is puzzling given the combined financial wealth of the Gulf states, America’s support for the various GCC-wide defense programs, and the demonstrated existence of threats in the region. Indeed, in spite of the oil price slump in the late 1990s, the Gulf region remained the world’s largest arms importer. What then explains this seemingly overpowering indecision on cooperative approaches? The inability to maintain regional consensus
stems from fundamental differences in threat perceptions shaped by the ambitions of regional hegemons, deep-seated antagonisms, and internal anxieties.

First, external threats from both Iran and Iraq have divided opinion on the direction and type of security challenges as well as the corresponding responses within the GCC. The tyranny of geography continues to force Saudi Arabia and Kuwait to focus almost exclusively on Iraq to their north. Given the open desert border that divides Iraq from the two countries, effective defense against a determined Iraqi attack is virtually impossible without American assistance. Kuwait’s lack of strategic depth adds to this geographic vulnerability. In contrast, the physical buffers provided by Saudi Arabia and the open sea of the Persian Gulf have lessened perceptions of an Iraqi threat among Bahrain, Qatar, Oman, and the UAE. They instead uniformly fear Iran’s looming presence across the Gulf and Tehran’s ambitions for regional dominance. These differences in geographic threat orientation have in turn deepened GCC’s divisions over the types of defense postures required to counter Iraq and Iran. Iraq’s proven ground forces make land warfare the dominant consideration in Kuwait and Saudi defense planning. Iran’s potential air and naval power spur the other four GCC states to invest in air defense/superiority capabilities.

Second, the potential for Saudi dominance in regional initiatives has impeded joint military efforts. The dramatic asymmetries in geography, economy, and manpower between Saudi Arabia and the rest of the GCC loom large in the strategic calculus of the smaller Gulf states. The prominent failure to expand Peninsula Shield was largely a reflection of their anxieties over ceding independent decision making on defense to Riyadh. Kuwait and Bahrain remain wary of Saudi Arabia’s stifling political and economic embrace. They chafe at Riyadh’s watchful meddling eyes and the kingdom’s ultraconservative Wahhabism traditions. Moreover, Saudi Arabia’s sphere of influence over Kuwait and Bahrain has prompted the UAE to cultivate closer ties with Qatar and Oman as counterweights to the kingdom.

Third, historical mistrust and bilateral disputes between the GCC states have hampere cooperative approaches. Past inter-GCC conflicts and contested territorial claims have created strong resistance to cooperation. For example, Saudi Arabia was the only other country that ever invaded Kuwait. This fact undoubtedly reinforces Kuwaiti fears of the kingdom’s overwhelming economic, political, and military prowess. The territorial dispute over a few small islands between Bahrain and Qatar escalated to military clashes in the 1986. Riyadh and Abu Dhabi also remain at odds over development rights of the Shaybah oilfield.

Fourth, domestic problems command as much if not more attention than external threats. Religious and ethnic heterogeneity in some Gulf states has heightened fears of internal subversion and sabotage. For example, civil strife arising from severe socioeconomic dislocation among the Shiite majority constitutes a major security threat for the Sunni ruling class in Bahrain. Internal instability could also take the form of power struggles and factional infighting within the royal families. Though latent, the political ambitions of the powerful Saudi defense minister Prince Sultan could pit him against the heir apparent Crown Prince Abdullah, who controls the kingdom’s internal security forces. The increasingly affluent and confident Dubai may eventually challenge the political supremacy of Abu Dhabi. The imminent passing of aging monarchs in Kuwait, Saudi Arabia, and the UAE add to the uncertainty of domestic politics in the Gulf. Another acute worry prominent in the minds of GCC leaders is state and non-state sponsored terrorism armed with weapons of mass destruction. Saudi Arabia in particular faces a potently destabilizing threat. As the custodian of the two holiest Muslim sites and the seat of Islam, the kingdom is vulnerable to physical attacks aimed at discrediting Riyadh’s religious credentials. States, groups, or individuals opposed to Saudi Arabia’s royal family or its policies, especially its support of U.S. military presence on Arab soil, might seek to disrupt pilgrimages to Mecca and Medina.

The threat from Iraq and Iran, Saudi preeminence, inter-GCC enmity, and domestic challenges have all created a divergent set of threat perceptions ranging from severe anxiety to benign indifference across the GCC states. As a result, each state has pursued its own set of defense needs without regard to regional initiatives. Saudi Arabia has to contend with imminent and severe internal and external threats. The kingdom has consequently embarked on an ambitious military modernization plan encompassing all three services and the internal security forces, afforded by its tremendous wealth, to meet its rigorous defense requirements. Kuwait’s inability to defend itself alone has forced the tiny emirate to rely almost exclusively on American, and to a lesser extent, Saudi security guarantees. As a result of Bahraini suspicions of Qatar’s territorial designs and Iran’s ambitions, Manama has aggressively sought to acquire longer-range retaliatory strike capabilities. Similarly, the UAE’s ongoing dispute with Iran over the Abu Musa and the Tunbs has led the emirates to acquire offensive weapons as diverse as advanced air-to-air missiles, air-launched cruise missiles, and sophisticated fighters with the range to strike Tehran. The pursuit of dissimilar national requirements explains how the region has man-
aged to maintain its lead as the world’s largest arms importer and yet fail to invest in and develop joint capabilities. So long as these differences in perceptions persist, the GCC’s future cooperation on defense will remain shallow and cosmetic. Even the resurgence of Iraq or Iran may not compel the GCC to overcome their historical differences. Indeed, it is likely that the Gulf states would engage in their traditional balance of power politics to curry the favor and gain the protection of either regional hegemon.

The lack of political will among Gulf states to develop a collective defense force will likely persist into the decade and perhaps beyond. No amount of American prodding will spur GCC enthusiasm for a joint defense. Moreover, despite the inability of any individual Gulf state to defend against Iraq or Iran, the GCC lacks the sense of urgency to engage in cooperative approaches. Indeed, the threat from Baghdad and Tehran has driven each state to aggressively augment its own national capabilities, an unrealistic and shortsighted strategy at best. As a result of the GCC’s fundamental divisions, the Gulf states will continue to rely on external powers, particularly the United States, for their protection.
The GCC’s Only Saving Grace

Saudi Arabia’s military force is the one example that runs counter to the GCC’s blemished history in developing both independent and cooperative defense. The traumatizing aftershocks of the Gulf War and the multiple external threats that confront the kingdom have compelled Riyadh to pursue a comprehensive defense program. Endowed with tremendous oil wealth, the kingdom has steadily modernized and expanded its armed forces. The Saudis have selectively incorporated advanced integrative technologies into the large quantities of equipment purchased from the West to maximize the military effectiveness of its armed forces. The Saudi Royal Air Force perhaps best exemplifies Riyadh’s efforts. The kingdom boasts a fleet of advanced F-15S air superiority fighters, five airborne warning and control systems (AWACS), and the Peace Shield airspace command-and-control system. All three major components are fully integrated and are interoperable with U.S. and Kuwaiti forces, making the Saudi air force one of the most formidable in the region.

Given the kingdom’s advanced capabilities, American defense planners often tout Saudi Arabia as the potential centerpiece for broader GCC cooperation on joint defense. Indeed, one of the U.S. plans envisions a regional air and missile defense shield centered on the kingdom’s early warning network. According to this scheme, the radar stations in each of the GCC states would be linked to Saudi Arabia’s AWACS and Peace Shield. Saudi Arabia’s integrated command and control system would serve as a central data processing center, supplying early warning data to the rest of the Gulf states. The GCC would then have a “common picture” of potential air and missile threats from Iraq and Iran. Riyadh’s planned purchase of additional AWACS would further enable the kingdom to provide early warning to large swaths of the Arabian peninsula. Saudi Arabia has also carried the largest proportion of the burden both in terms of finance and manpower on regional initiatives. For example, Riyadh is by far the largest contributor to Peninsula Shield. The kingdom hosts Peninsula Shield on its soil and has provided two brigades (the largest component of the joint force).

Ironically, Saudi Arabia’s military preeminence is one of the fundamental impediments to joint defense initiatives among the GCC states. As mentioned in the opening chapter, the smaller GCC states fear that Saudis might dictate their national security should they submit to a common defense force. The kingdom’s expanding armed forces and open pretensions to regional dominance undoubtedly magnify those anxieties. The mismatch in military capabilities between the kingdom and the rest of the GCC as well as the associated fear among the smaller Gulf states of Saudi dominance will continue to sow divisions within the organization. The failure to forge a GCC-wide defense force will in turn exacerbate a persistent security dilemma for the kingdom: the inability to defend effectively against a concerted attack by Iraq alone. Despite its best efforts, Saudi Arabia’s qualitative edge is woefully inadequate to counter Iraq’s overwhelming quantitative superiority. As such, the kingdom will remain dependent, albeit grudgingly, on America’s defense guarantees.

Rapprochement and Iranian Elections

The rapprochement between Saudi Arabia and Iran continued at a brisk pace this quarter, focusing primarily on economic matters. In early January the Saudi ambassador to Iran invited Iranian defense minister Ali Shamkhani to make an official visit to the kingdom. During the second annual meeting of the Tehran-Riyadh joint economic committee, Iranian president Mohammad Khatami underscored the centrality of improved ties with Saudi Arabia to regional stability. The commission produced agreements on industrial and commercial cooperation and the two sides signed a memorandum of understanding to promote economic ties. On the eve of the annual haj, King Fahd extended a personal invitation to Iran’s supreme leader, Ayatollah Ali Khamenei, to visit the kingdom and perform the pilgrimage. The Saudi gesture was the first for the top Iranian authority since the Islamic revolution in 1979. As mentioned in the previous quarterly, enhanced economic relations have become a convenient substitute for substantive progress on sensitive political
and military issues. Iran can enjoy the kingdom’s financial investments while Saudi Arabia can fend off broader Gulf Arab criticism of progressing too quickly at the expense of GCC interests. Expect further expansions to economic ties between the two powers.

In the aftermath of Iran’s elections, King Fahd, Crown Prince Abdullah, and Defense Minister Sultan sent messages congratulating Khatami and his reformist camp for the overwhelming victory in the parliamentary elections. Similar to the West’s praise for the election results, the GCC views the domestic political shift in Iran as positive signs of change. The rise of reformists will undoubtedly temper the religious radicalism that has characterized Iranian politics. To the delight of the GCC, with the possible exception of the UAE, a more outward looking and moderate Tehran could in turn benefit the stability of the region by accelerating Iran’s healing process with Saudi Arabia and the region overall. However, optimism among leaders of Saudi Arabia and fellow GCC allies over the elections have been dampened by several intervening factors. First, the history of Iranian ambitions and its geographic proximity continue to fuel suspicions of Tehran’s intentions. Second, while U.S. presence in the Gulf did not emerge as a major campaign issue during the elections, Iran remains adamantly opposed to American forces deployed on Gulf Arab soil. Third, the Gulf states are fearful of the potential ripple effects of Iran’s bold experimentation with blending democracy and theocracy. Given the growing socioeconomic dislocation resulting from the decline in oil markets and the demographic explosion throughout the region, the GCC remain wary of the liberalizing forces that could be unleashed by Iranian moderates. For example, the movement among women to empower themselves and the media’s pursuit of freer speech in Iran are anathema to the Gulf leaders. Hence, the GCC remains guarded toward the election results and will continue to monitor carefully internal developments in Iran. Indeed, the foreign ministers of the Gulf states plan on convening a meeting in mid-March to discuss the implications of Iranian elections.

Iraq Rears Its Ugly Head Again
While the weeks leading up to the annual haj were relatively uneventful compared to last year, behind-the-scenes diplomatic maneuvers intensified again over Iraq’s pilgrimage rights. Saddam Hussein’s ploy to embarrass the kingdom and challenge UN sanctions by dispatching large numbers of unauthorized destitute pilgrims backfired in 1999 (see June 1999 quarterly). Instead, Iraq resorted to more subtle diplomatic overtures on the eve of the haj. Baghdad requested the UN to deposit $50 million deducted from oil-for-food program revenues directly to its central bank for disbursement to Iraqi pilgrims. The Security Council rejected the proposal on the grounds that such a transfer would violate the sanctions regime. The decision was also prompted by fears that the funds would be diverted to finance illicit activities such as the production of weapons of mass destruction. In response, UN secretary general Kofi Annan recommended a complex and more restrictive procedure that would allow the UN authorities in Iraq to disburse $250 in cash to each pilgrim. The funds would be drawn from Iraq’s oil revenues deposited in a UN escrow account. Designated agencies in Jordan and Saudi Arabia would then handle the remaining $750 per person as the pilgrims pass en route to their destination.

The French objected to the proposal and in turn devised a counter offer that Paris claimed was more efficient and more likely to be accepted by Baghdad. Under the French plan, each pilgrim would receive the full $2,000 allowance. If it is determined that a pilgrim did not enter Saudi Arabia, the fund allotted to the individual would be automatically deducted from the UN escrow account and dispersed to Gulf War victims through a UN fund. France and Russia, supported by China and Malaysia (the quartet that abstained from the new sanctions resolution), formally submitted the new plan that would distribute $250 in cash and issue the remaining $1,750 by travelers check redeemable only in Saudi Arabia. The United States remained skeptical of the Franco-Russian proposal but came under pressure just two weeks before the haj. There were worries that any further delay might provoke criticism from Islamic countries. Even as the UN debated the issue, planeloads of Iraqis began arriving in Saudi Arabia and Riyadh grudgingly welcomed the pilgrims. The Iraqi ambassador to the UN, Saeed Hasan, insisted on the original Baghdad proposal and promised to reject any plan that infringes on its sovereignty. Baghdad subsequently rejected the proposal in early March. The bickering in the UN Security Council reflected the deepening divisions and the erosion of support for the sanctions regime. Assuming that some form of sanctions mechanism survives by the next haj, Iraq is likely to instigate similar debates within the UN to drive a deeper wedge between Security Council members.

Regional Relations
In mid-February U.S. Assistant Secretary of State for Near East Affairs Edward Walker visited Yemen as a part of his regional tour. He expressed Washington’s willingness to “help” in the talks between Yemen and Saudi Arabia over the longstanding border dispute. The comment came amidst press reports of
renewed clashes along the border. While the statement was a simple offering of good offices, the alarmed Saudi authorities interpreted the gesture as an American attempt to intervene and mediate the dispute. Clearly irked by the perceived meddling, Riyadh immediately rejected the U.S. offer. In a tersely worded response, Saudi interior minister Prince Nayef bin 'Abd al-'Aziz stated to an English-language Arab newspaper that “the kingdom is not asking for any mediation and does not need it.” In contrast, Yemen, in the hopes of gaining diplomatic leverage from the United States, fully embraced Walker’s offer. Yemeni prime minister and foreign minister Abdul-Qader Bajammal publicly welcomed American involvement. Emboldened by the U.S. position, Bajammal disclosed that he had personally delivered a formal proposal to King Fahd in January requesting a timetable to resolve the dispute. The Saudis have yet to respond. The conflicting territorial claims over the featureless desert border dates back to the 1930s. While both sides signed a memorandum of understanding in 1995 to discuss the issue in committee, talks have stalled in recent years. As a result, Yemen began to agitate and expressed more openly and with increasing frequency its desire to regain momentum on the negotiations. The rumored armed clashes in recent months were probably a reflection of Yemen’s mounting frustration. While Yemen only poses a marginal security threat to Saudi Arabia, ongoing clashes have forced Riyadh to divert some military forces to the south. Given Saudi Arabia’s political and military clout, the kingdom is not likely to change its position on the border negotiations.

Saudi Arabia asserted its role in the peace process amidst stalled talks between Israel and Syria and intensifying Israeli air raids on Lebanon. In late February, Syrian foreign minister Farouq al-Shara visited Riyadh for talks on the peace process. After meeting with his Saudi counterpart Prince Saud, the two foreign ministers issued a joint statement that essentially blamed Israel for undermining progress. Prince Saud criticized Israel’s air attacks and declared that Israel must demonstrate good faith by vacating all Arab lands, including withdrawals from the Golan Heights and south Lebanon. The joint statement urged the United States and Russia to pressure Israel to proceed with the land-for-peace arrangements. Prince Saud also promised to form a firm and united front in condemning Israel’s incursions during the upcoming March Arab foreign ministers meeting in Beirut. In early March, Crown Prince Abdullah accompanied by a high-level delegation visited Damascus for talks on the Syrian track of the peace process aimed at closing ranks between the two countries. Abdullah described the situation in grim terms, stating that “the region might slip into a state of confusion and violence that could impact the whole world.” In spite of American misgivings, the crown prince then visited Lebanon and met with a high-level Hezbollah delegation. He expressed support for the Lebanese resistance and presented a financial package worth $130 million. These provocative pronouncements and actions reflect Saudi Arabia’s growing impatience with the lack of progress. While the declarations have done little to revive the suspended Syrian-Israeli talks, Riyadh may have stepped up its rhetoric in the hopes of energizing the process. In fact, the widely reported visit to Damascus by the crown prince was purportedly aimed at boosting Syrian morale. Moreover, the flurry of diplomatic activity elevated the kingdom’s political visibility in the region. Saudi Arabia’s financial support to Syria and the peace process more broadly as well as its security ties to the United States have secured the kingdom’s leverage in facilitating the peace negotiations. Riyadh will continue to pressure Israel by couching the lack of progress in terms of Israeli intransigence.
Small, wealthy, and surrounded by regional powers, the UAE continues to work on a web of alliances and defense arrangements with friendly states in the region and key great powers to guarantee the federation’s security and independence. The GCC in particular is one cornerstone of this strategy. Stable, and if possible strong, ties with the UAE’s immediate neighbors are the core of its strategy inside the GCC. Yet in practical terms the UAE also views the GCC as a vehicle to promote its own interests and regional objectives. The UAE continues to call for greater action and cohesion within the GCC in an effort to gain GCC support against Iran, particularly in its dispute with Tehran over the Persian Gulf islands of Abu Musa and the Greater and Lesser Tunbs. This one-sided desire to enhance the GCC’s political power for the UAE’s own objectives very often runs counter to the interest of other members, undermining the coherence and existence of the GCC.

The most obvious conflict of interest continues to be between the UAE and Kuwait. Both to balance Iran’s power in the region and to hedge its bets in the event of a U.S. withdrawal (and thus the relative rise of Saudi Arabia), the UAE has been courting Iraq over the past years. This stance runs directly counter to Kuwait’s interests, still sensitive about Iraq nine years after the Gulf War. In January 2000, Defense Minister Sheikh Muhammad Bin Rashid al-Maktoum repeated the UAE’s support for Iraq remaining united rather than being broken up. This remark came on the heels of a discussion over the disputed Abu Musa and the Tunbs islands and reveals the UAE’s effort to balance Iran’s regional sway by boosting Iraq’s power. In the run-up to the December UN resolution, the UAE also urged the United States to end the UN sanctions against Iraq in order to alleviate the suffering of the Iraqi people.

The most damaging incident to the GCC was a statement by Defense Minister al-Maktoum during a visit to Kuwait. In the interest of regional stability, according to Al-Maktoum, Kuwait should give Iraq the Persian Gulf access it needs. In the run-up to the December UN resolution, the UAE also urged the United States to end the UN sanctions against Iraq in order to alleviate the suffering of the Iraqi people. The most damaging incident to the GCC was a statement by Defense Minister al-Maktoum during a visit to Kuwait. In the interest of regional stability, according to Al-Maktoum, Kuwait should give Iraq the Persian Gulf access it needs. In the run-up to the December UN resolution, the UAE also urged the United States to end the UN sanctions against Iraq in order to alleviate the suffering of the Iraqi people.

Trouble Ahead for the UAE?

As stated earlier, Iran poses the biggest threat to the UAE due to the theocracy’s size, its proximity to the federation, and its presumed WMD capacity. With regard to Iran in particular, there have been no dramatic changes between the two nations over the past several months. The UAE continues to insist on international arbitration over the islands, most likely in order to capitalize on Arab ties since the tripartite committee set up in July 1999 within the GCC to look at the dispute would most likely favor the UAE. Iran, however, continues to refer to the dispute as a misunderstanding and continues to call for bilateral meetings to settle the issue. Tehran has also commented that the formation of the tripartite GCC commission is not neutral.

Trouble Ahead for the UAE?

The substantial gains made by reformers in the recent parliamentary elections in Iran could spell trouble for the UAE’s regional ambitions and plans. The success of moderate politicians in Iran make the theocracy much more attractive. Gulf states and global allies now have a much greater incentive to work with Tehran. Saudi Arabia, Kuwait, and other
regional states will court Iran to enhance economic, political, and security ties, which will result in less sympathy for the UAE’s causes. In particular, the UAE’s bid to regain control of the disputed islands could be frustrated, especially since other GCC members would most likely prefer not to rock the boat with a country that is still guided in part by hard-line nationalists. The moderates themselves also have no reason to relinquish their claim to the islands. Iran’s reformers have had a record of opening up the economy and introducing Western-style economic reforms. With a strong backing now in parliament, President Mohammed Khatemi could be encouraged to multiply privatization efforts, the result being a stronger Iranian economy and, in turn, a stronger Iran in the region. All of these potential developments would negatively affect the UAE’s security.

There have been small improvements over the past three months in the bilateral relationship. Al-Maktrum met recently with the advisor to Iranian president and secretary general of the Iranian free trade zones, Hoseyn Nasiri, to discuss Iranian free trade zones and overall cooperation in economic and commerce realms, including possible cooperation between the industrial zone in the UAE’s Jebel Ali free trade zone and Iran’s free trade zones. A further positive development is that the UAE decided in January to send an ambassador to Iran.

Other Regional Events

The UAE continues to strengthen and develop ties with its neighbors and other powers to ensure independence and repel any threat to the small federation. Most notably, the UAE has made repeated requests for an Arab Summit. These comments have often taken place in the context of calls for multilateral talks over the islands dispute, and it is clear that the UAE is attempting to build support against Iran. The January visit by Sudanese president General Omar al-Beshir visited UAE is worth noting in this context, as the UAE overall is trying to bring Arab nations, including Iraq, closer. The UAE has also stated its support for Beirut’s call for an unconditional Israeli withdrawal of south Lebanon.

In January, France conducted bilateral military exercises with several Gulf states, including the UAE. This is part of France’s overall effort to strengthen its ties, and thus influence, in the region. Over five thousand troops participated in Gulf 2000, the week-long exercises in the UAE’s desert. France and the UAE have signed a defense cooperation treaty in 1985, and the UAE has troops serving in Kosovo under French command. However, the point is not lost on the UAE that the United States is the only strategic partner that can defend the emirates against an Iranian attack. Thus, it is unlikely that bilateral relations with France will deepen much beyond their present state.

At the December 1999 Dubai Air Show, Dutch officials offered the UAE between fifteen and twenty F-16A/B combat aircraft. The used aircraft would be used for training purposes while the UAE waits for eighty new Block 60 F-16 aircraft from Lockheed Martin. After several years of negotiations between the UAE, Lockheed Martin, and the U.S. government, technical issues were resolved in November 1999 and price considerations solved in early March. While the deal has officially been concluded, behind-the-scenes haggling could still hold up delivery.

Domestic Issues and Events

In 1999, GDP grew 10 percent due to the steady rise in oil prices through the year, and this year’s growth expected to be 7.1 percent. The UAE also recorded a trade balance of $3.65 billion in 1999, but inflation is expected to rise from 2 percent in 1999 to 2.5 percent in 2000.

Elections for the Federal National Council (which is currently appointed by the Supreme Council) are foreseeable within the next five years, according to Sheikh Khalid bin Saqu al-Qassimi, crown prince of the Ras al-Khaima emirate. Stating that such a reform was a “demand that required utmost concern,” al-Qassimi said that other Gulf Arab states were ahead of the UAE in terms of introducing legislative elections. Currently there are neither political parties nor elected bodies in the UAE, and members of the Supreme Council are drawn from rulers of the seven emirates. (For a larger discussion on political structures and democracy in the Gulf, please refer to the December 1999 issue.)

In response, UAE president Sheikh Zaid bin Sultan al-Nahayan said he would consider elections if the people of the UAE wanted it, but also remarked that the current system is based on the Koran. As Ras al-Khaima is not a power within the UAE ruling house, it is unlikely that much will come about from this suggestion. Of the seven emirates, two (Abu Dhabi and Dhubi) dominate the economic and political power of the federation. However, it is nonetheless significant that there are voices calling for representative structures in the UAE.
The GCC and Kuwait

Kuwait’s approach to the GCC mimics that of its fellow members: a useful forum to propel its own interests, but not a major component of Kuwait’s security strategy. Kuwait’s overriding security concern remains Iraq and the emirate has repeatedly blocked recent attempts by fellow GCC members to bring Iraq back into the fold of Arab nations. This abuts against the policies of other GCC members, most notably those of the UAE (see UAE chapter for a more detailed discourse). Moreover, any attempts to strengthen the GCC’s security component are checked by the indisputable fact that the only nation that can guarantee Kuwait’s security is the United States. The Kuwaiti case demonstrates that the combination of friction among members and dependence on the United States handicaps the GCC’s potential to become a viable regional security organ.

The prisoner of war (POW) issue remains a critical roadblock to progress on Kuwaiti-Iraqi relations. Kuwait will continue to frustrate regional attempts to re-establish ties with Iraq until the emirate’s claims are resolved, to the distress of the UAE and others. Iraq, on the other hand, has exploited the recent dissention between Kuwait and other Arab nations over including Iraq in Arab circles and discussions. Following up on the September Arab League meeting, in which calls were made to inaugurate relations with Iraq, Baghdad stated in December 1999 that it welcomes any Arab initiative to solve the dispute and declared itself ready to discuss the prisoner of war issue. In January, Iraq even went as far as saying that Kuwait fabricated the POW issue to serve U.S. objectives of isolating Iraq and to foil recent attempts at Arab unity. Kuwait, however, refuses to even discuss opening direct talks with Baghdad until prisoners held by Iraq are released. Tension between Kuwait and other Arab nations, especially the UAE, over relations with Iraq will most likely continue to build as long as there is no progress on this issue.

The two nations also disagree on the forum to discuss these issues. Most recently, Iraq has proposed that the International Red Cross-sponsored tripartite committee composed of Iraq-Kuwait-Saudi Arabia clear up the question of missing citizens of each country. Baghdad believes the Kuwaitis are politicizing the issue through their insistence on tying talks to UN (read U.S., according to Baghdad) actions against Iraq, and stated in January that it will not allow the United States, the United Kingdom, or France to sit in on the talks. On the opposite end of the spectrum, Kuwait views the prisoner issue as one piece of the overall international settlement of Gulf War issues. Both Kuwait and the United States have set the return of the prisoners as a pre-condition for lifting UN Security Council-imposed sanctions.

A small step forward was taken when a UN coordinator for missing Kuwaitis and Kuwaiti property was appointed in February as part of the same Security Council resolution that established new UN monitoring regime, UNMOVIC, adopted on 17 December 1999. The coordinator, retired Russian diplomat Yuli Vorontsov, will submit a report on the POW issue to the UN secretary general, Kofi Annan, every four months and a report on seized property, including state archives, military equipment, and civilian property, every six months. Annan, in turn, will submit these reports to the UN Security Council. Given the track record of previous UN attempts to work with Baghdad, it is unlikely that this new position will improve relations between the estranged nations.

A new offshoot of the Iraqi-Kuwaiti dispute developed in January, when word came that the Foreign Affairs Committee of Kuwait’s National Assembly is planning a conference on post-Saddam Iraq, to be held in early May. Kuwaiti officials seem to have realized that they can’t ignore Iraq indefinitely and have compromised by setting their aim on Iraq after Saddam. This development is also a result of Arab pressure at the September Arab League meeting and Kuwait’s recognition of its almost singular posture on Iraq. According to committee chairman Mohammed al-Saqer, due to “the geographic factors in the region and to the pre-destined fate of the two nations, there should be now or later a kind of relationship between the two countries.” Consequently, the three-day conference will cover local, Gulf, Arab, and international dimensions of Kuwaiti-Iraqi relations. The first day of the proposed meeting will focus on post-Saddam Iraq and its political, econom-
ic, and security relations with Kuwait. The second day will feature the three main Iraqi opposition groups on how Iraqis should view Kuwait, while the remaining sessions will concentrate on the economic, geographic, and financial aspects of certain parts of Kuwait and Iraq.

Relations between Kuwait and Iraq have been frozen since the 1991 Gulf War and Kuwait has refused contact with the Iraqi government so long as Saddam Hussein remains in power. With a statement by the State Minister for Foreign Affairs Suleiman Majid al-Shaheen that such a conference “must serve the benefit of Kuwait and the region,” it is a sign that Kuwait recognizes the need to include Iraq and is actively planning to welcome Baghdad back into the fold of Arab nations once Saddam has left. Meetings between Kuwaitis and members of the Iraqi opposition have taken place in Arab nations and in Europe, and al-Saqr is reportedly determined to institute a framework for a new relationship with post-Saddam Iraq that is based on the respect of each nation’s sovereignty. Cooperation with Iraqi opposition groups also signals Kuwait’s desire to lend them more legitimacy. However, given Saddam’s longevity, the rewards of such efforts can be reaped at only a much later date. In turn, this means that Kuwaiti-Iraqi relations will be put on hold until Saddam, either through age or replacement, no longer heads the country.

The United States Before Others

Real security still lies with the United States and, by extension, the United Kingdom. Defense Minister Sheikh Salem Sabah al-Salem al-Sabah stated in January that Kuwait will renew the ten-year defense pacts signed in 1991 with both countries when they expire in 2001. After the Gulf War, Kuwait was the second GCC country to sign such an agreement. (Oman signed a similar defense cooperation agreement with the United States in the mid-1980s.) The Kuwaiti defense minister specifically cited the continuing threat by Saddam Hussein as reason for the renewal: the Hussein regime “does not leave any chance without issuing threats. It is a regime that does not recognize international covenants and does not honor agreements and if the security pacts expired, we must renew them to shield ourselves against the danger of a new aggression.” The defense agreement allows the United States to use Kuwaiti facilities and to pre-position military equipment in the emirate, a sign of the U.S.’ importance. Kuwait is therefore unlikely to commit serious resources and energy to any GCC-based security structure, as it knows that only the United States can guarantee its security.

A sign that Kuwait recognizes this reality is the pending contract between Kuwait and U.S. defense giant Lockheed Martin for four C-130J military cargo aircraft. The purchase has already been approved by the Kuwaiti Higher Defense Council, and Kuwait and Lockheed Martin will soon begin negotiations over details such as delivery dates. While useful militarily for Kuwait to improve its tactical mobility, the purchase should be viewed as much in political as in military terms. The purchase will help prevent a production halt at Lockhead Martin’s plant in Marietta, Georgia.

Other Regional Issues

Kuwaiti troops conducted a joint military exercise, West Pearl, with French air, ground, and naval forces in mid-February. This exercise took place under the auspices of the 1992 Kuwaiti-French Defense Cooperation Agreement, but the French are in no position to replace the United States as Kuwait’s dominant security partner. Instead, it is an indication of Kuwait’s ongoing strategy to broaden its contacts and cooperation in the Middle East and beyond to secure its existence, particularly with permanent members of the UN Security Council. Kuwait also continues to nourish its ties to various countries in the Middle East. Kuwait has strengthened its Arab links by stating its support for Lebanon in the face of recent Israeli air strikes and promising a $15 million aid package for reconstruction after the air raids. Kuwait will also loan Syria $20 million to finance a road in the northeast section of Syria. This is a continuation of Kuwait’s strategy of security cooperation, begun in 1991 with the signing of the six plus two accord (the six nations are the GCC members; the two are Egypt and Syria). This initiative has never amounted to much. The visit of Sudanese president Oma el-Bashir fortified newly-established bilateral ties since July 1999, when the Sudanese embassy opened in Kuwait. This is an interesting development given that Sudan has been a fairly staunch ally of Iraq since the Gulf War, perhaps signaling that Kuwait is being more aggressive in attempting to isolate Saddam’s regime.

Of greatest interest is the meeting between the chief of the general staff of the Chinese People’s Liberation Army, Fu Quanyou, and Kuwaiti army commander Ahmed al-Sabah in mid-February. Beyond the usual rhetoric of stressing the history of bilateral friendship and cooperation, Fu stated that China has always backed Kuwait’s sovereignty. Moreover, he declared that China is willing to join the international community in securing peace, stability, and development in the Middle East. This statement provides useful fodder for Kuwait in showing Iraq that it too has support from a broad
range of key countries on the UN Security Council. Whether China would follow up this rhetoric with actions in the Security Council in the future remains to be seen, particularly given its stance on lifting sanctions on Iraq. It is highly probable that Beijing is simply currying favor for potential future arms sales to the emirate.

Domestic Unrest Carries On
Conflict between the executive branch composed of the ruling family and the elected legislative body continues to plague Kuwait. The latest round of tension threatened to topple the seven-month-old government as members of parliament attacked the government for first restricting freedom of the press and then abusing its power. The tempest began when parliament caught wind of a government plan to shut down two newspapers, al-Siyassah and al-Watan, for falsely reporting that the emir issued a decree approving an 20 to 35 percent wage hike for army personnel. While the cabinet maintained that it had only discussed, not approved, the sanctions, MPs countered that the plan had been carried out but then cancelled by the emir. After a four-and-a-half hour barrage of criticism from parliamentary deputies, the emir announced that he struck all cabinet decisions regarding the issues. This added more fuel to the parliamentary fire, among them accusations of indecisiveness, conflicting ministerial statements, and misuse of power. Although repeatedly denied, five ministers, among them the ministers for cabinet affairs, oil, and information, were rumored to have tendered their resignations due to parliament’s attack.

The latest incident is only one in a string of clashes and another crisis of confidence for the government. Kuwait has yet to resolve the division between the government and parliament. No government has lasted longer than two years and the emir has dissolved parliament twice before 1999, from 1976 to 1981, and from 1986 to 1992. Kuwait has the only elected body of the Gulf monarchies, but even its limited form of democracy is still on shaky ground in the emirate. Several critics, among them the high-profile liberal opposition leader, Sami al-Munayes, have called for an entirely new government to solve Kuwait’s instability.

In a follow-up to parliament’s decision to deny Kuwaiti women the right to vote (see the December 1999 quarterly), several women’s groups attempted to register to vote in January. The question of the crown prince’s health only adds to the uncertainty over internal political stability. The crown prince and prime minister, Sheikh Saad al-Abdulla al-Sabah, spent almost a month in the United States and Britain in late 1999 due to health problems. On January 10, at the advice of his doctors, Sheikh Saad transferred some of his minor duties to Sheikh Sabah al-Ahmad al-Sabah (first deputy prime minister and foreign minister). This move has led to questions about succession and power within the ruling family, as Sheikh Saad and Sheikh Sabah reportedly have very different working styles and the foreign minister himself is also around 70. The emir also received a pacemaker in the beginning of February, and Sheikh Sabah took over some of his duties during that month. Al-Munayes has also advocated splitting Sheikh Saad’s positions. The emir’s health could have an impact on whether Kuwaiti women will soon attain suffrage, as the original proposal came from the emir and the cabinet.

The combination of the crown prince’s health with calls for economic reform could lead to some changes for Kuwait in the upcoming months. The severe drop in oil prices during 1998-99 spurred Kuwait to reconsider its generous welfare system, and while the assembly in December failed to pass a host of economic reforms, it was more of a protest to the fact the legislation arrived in the form of decrees than an actual rejection of the laws’ content (see the December 1999 issue for a discussion over the tension between the assembly and the executive). The cabinet has already approved the idea of an income tax law and will pass it on to the National Assembly when completed. Other laws to allow foreigners to trade on the stock exchange, lower corporate tax rates, and push more employees into the private sector are also under discussion. Most importantly, Kuwait is considering opening its strategic oil sector for investment by foreign oil firms. In particular, Kuwait envisions the world oil majors to invest $7 billion in the northern oilfields and to double production over the next five years. While this step has been discussed since 1993, the government is preparing legislation to send to the National Assembly.
The Dinosaurs Take It on the Chin...

Does a country’s domestic political makeup shape its international conduct? The Islamic Republic of Iran may soon provide a test case for this age-old question. In February 2000 the Iranian electorate gave President Muhammad Khatami’s reformers a triumph of unexpected magnitude. The election was hardly a pristine affair, but the voters’ demand for change was unmistakable. Some 70 percent of eligible voters turned out to cast ballots. Despite some interference from the Interior Ministry and the Council of Guardians – sometimes blatantly political – roughly 6,000 candidates, representing 111 officially licensed political parties, qualified to compete for 290 seats. However, they were not identified by party affiliation on the ballots, magnifying the already-imposing task of deciding for whom to vote. Nevertheless, as of 26 February reformers had won 148 seats in the Majlis (parliament), while conservatives claimed 37 seats, 35 seats went to independents, and religious minorities won the remaining 5 seats. Run-off elections in May will determine the allocation of the remaining 65 seats. Projections show that reformers may ultimately garner as many as 200 seats, representing 70 percent of the total. Despite the irregularities that marred the proceedings, the voters sent a powerful, if also somewhat inchoate, message to the conservative clerics who have dominated politics in Iran since the 1979 revolution. Even more strikingly, the conservatives bowed to the popular will, though not without some grumbling and forecasts of doom. They have made no overt effort to overturn the election results. Coming on the heels of Khatami’s election in 1997, the outcome confirmed in resounding fashion that the Iranian people want bold reform within a constitutional framework.

Most foreign observers welcomed the liberal victory. Officials from European and Asian governments congratulated President Khatami and asserted that the results had vindicated their policies of engagement and dialogue. A Japanese spokesman lauded the “democratic atmosphere” of 18 February and extended an invitation to Khatami to visit Tokyo. Washington was less sanguine about the election results. While Secretary of State Madeleine Albright and State Department spokesman James Rubin cited the reformers’ victory as evidence of Iranians’ desire for freedom and engagement with the rest of the world, they also cautioned that they did not expect the liberal inroads in the Majlis to have an immediate impact on Tehran’s foreign policy. They pointed out that the final say in such matters rests with Supreme Leader Ali Khamenei, who is skeptical about the growing influence of 2nd Khordad. Even a moderate such as Khatami has voiced support for the Islamic resistance in Lebanon and met with representatives of militant groups such as Hamas. Rubin outlined several changes in policy that the U.S. government would regard as real progress. Among these are an end to Iranian support for terrorism and to Tehran’s quest for nuclear weapons. Any American move to inaugurate a modus vivendi will clearly be predicated on Iranian reciprocity in these areas.

...But Other Bugaboos Await

Foreign accolades notwithstanding, a sober reaction to 2nd Khordad’s victory is warranted. The advent of a reform-minded Majlis does not augur a speedy change to the Islamic Republic’s international behavior. It may, however, signal that a more moderate foreign and security policy is in the offing over the long term, provided the liberals can consolidate their gains and extend their influence to other government institutions.

Clearly, powerful obstacles will continue to plague the reform movement and could even, in an extreme case, derail the progress that has been achieved to date. A variety of internal and external influences will slow the rate of political progress in Iran. First, internal dissension could wreck the aspirations of liberals. The reform movement is not a united front or an alliance of established political parties, but rather a hodgepodge of factions advocating change. Reformers have defined themselves by what they oppose. They must now forge a consensus on what they favor. What shape the change demanded by the voters should take must be defined. The bewildering array of reformist constituencies seems largely in agreement on social issues such as institutionalizing freedom of speech and lifting the ban on satellite dishes. There is no such consensus on economics, with “reformers”
demanding everything from free-market reforms to quasi-Marxist central planning. To date only the Islamic Iran Participation Party (IIPP), headed by the president’s brother Muhammad Reza Khatami, has advanced a serious platform purporting to address the nation’s myriad problems. The IIPP may achieve an absolute majority in the Majlis, depending on the results of the May run-off elections. This could expedite the process of reform legislation. Nevertheless, it remains to be seen whether the motley grouping comprising 2nd Khordad can sustain a degree of unity sufficient to enact reform now that the unifying force provided by a common goal – defeating the conservative “dinosaurs” – has been removed. In short, the liberalizing movement could become a victim of its own success. Molding the nebulous sentiments for change into a cohesive political force promises to be a stern test of the skills of President Khatami and legislative leaders.

Second, reformers must harness their newfound political clout to produce the concrete reforms they promised during the election campaign. Failure to satisfy public expectations raised during the campaign could produce a backlash against Khatami’s allies, who based their campaign appeals on the capacity of 2nd Khordad to relieve the country’s economic troubles and loosen government-imposed restrictions on social life. Liberals can no longer point to a conservative-dominated Majlis as an impediment to realizing their vision. To their credit, some reformers have already realized the danger posed by rising public expectations. Urging a long-term view, one perceptive candidate warned, “We should not be after outlandish programs and must not create expectations among people.” Pointing to the dilemmas that the new parliament will face, several liberal papers such as Payam-i Azadi and Arya have also sought to damp excessive enthusiasm over the election results. A modest, incremental reform program that achieves tangible results will strengthen the reputation of reformers and thereby provide a springboard for more ambitious objectives over the longer term.

Bolstering prosperity is the foremost challenge for liberals; yet economics is the area in which they are most at odds with one another. The new legislators will confront the same intractable problems that confounded their conservative predecessors – most notably, reviving the Islamic Republic’s flagging economy and thereby blunting the severe unemployment that plagues the country. The country’s 16.3 percent unemployment rate means that 2.9 million Iranians, mostly young and disaffected, have no jobs. Even those lucky enough to have work have not escaped the ill effects of the economic downturn: workers in some 500 factories have not received their wages in months. Restoring the agricultural sector and attracting foreign investment will be among the most pressing concerns for the new parliamentarians. By burnishing the image of Iran as a more tolerant place, the elections will undoubtedly help to attract investment. Simplifying the rules for foreign investment and clarifying the legal rights of investors will go a long way toward alleviating memories of the 1979 nationalization of foreign firms. Clearly, rejuvenating the economy is critical to the future of the Islamic Republic.

Third, the dinosaurs continue to dominate the political institutions that wield the state’s monopoly of force, such as the armed forces and the security services. Too radical a reform program would be the catalyst for a conservative backlash. (President Khatami’s genius has been attaining modest reforms without provoking such a reaction.) First, Supreme Leader Ali Khamenei, a staunch conservative, could act to slow the pace of change – particularly if reformers overplay their hand and openly challenge the principle of religious law. Second, hardliners continue to control the powerful judiciary, including the special courts that have been the nemesis of the reform movement. Third, although the constitution endows the Majlis with the sole power to legislate, parallel institutions such as the Council of Guardians can veto legislation they deem unconstitutional or contrary to Islam. The council’s elastic mandate and broad powers foster politicization. As indicated in previous quarterly reports, the Guardians Council invariably acts in the interest of conservatives. Should parliament challenge the veto power, then the Expediency Council, a body appointed by the supreme leader, will settle the matter. The outcome of such a confrontation is an open question. Finally, although they have made no overt attempt to overturn the February election results, some form of violent conservative counterstroke cannot be ruled out.

To consolidate their gains, liberals in the Majlis will attempt to assert the body’s constitutional oversight powers over such conservative bastions as the Intelligence Ministry, the Islamic Republic of Iran Broadcasting (IRIB) service, the judiciary, and the military. For example, parliament enjoys the power to modify the structure and powers of the judiciary – signaling that the conservative-dominated courts that harassed reformers in the past may not survive. If the Majlis succeeds at imposing the rule of law on these institutions, it could cement the progress achieved in the February elections.

Fourth, “democracy,” while it represents a welcome development, is not a cure-all for Iran’s aggressive proclivities. While constitutional republics lack the propensity to war displayed by authoritarian regimes, democracies unchecked by
constitutional restraints can often be aggressive and even warlike. Indeed, democratizing societies are notoriously erratic and exhibit a greater inclination to warfare than do authoritarian governments. It remains to be seen which route the Islamic Republic will take. In the aftermath of the Majlis elections, Iran faces the daunting challenge of reconciling Islam with democracy – a matter that was left unresolved in the 1979 constitution, which sought to have it both ways. Is law divinely ordained, or does it derive from the will of the people? Velayat-e faqih, the mainstay of the Islamic regime, confers absolute authority over crucial matters of state on a single religious jurist, the supreme leader – severely circumscribing the power of elected representatives. Yet, in recent months, some vocal critics have dared to question this principle, going so far as to demand the implementation of a separation of powers within the government. The course of Iranian foreign policy could hinge on how the country resolves the tension between religious and democratic principles.

In any case, the advent of a relatively moderate regime would not automatically equate to a pro-Western stance, as some of the more fanciful commentaries on the elections seem to assume. Nationalism, not democracy, propels Iranian foreign policy. Western governments thus should not base their Middle East security policies on rosy assessments of Iran’s future course. As mentioned in previous quarterly reports, ordinary Iranians, as well as their leaders, are keenly attuned to their nation’s proud heritage of regional dominance, as well as their status as the foremost Islamic power. Support for the Islamic Republic’s military build-up and assertive regional policy remains strong. Even an Iranian government completely dominated by 2nd Khordad would be reluctant to curtail support for Hezbollah, which Iranians regard as a group fighting to expel Israeli invaders from a fraternal Islamic country. Additionally, Iranian military programs support the country’s threat perceptions, which emphasize the need to counter Israel, Iraq, and the U.S. forces stationed in the region. In short, there is little reason to expect support for Tehran’s military ambitions to wane. Nationalism would likely outweigh democracy in any conflict between the two influences on Iran’s international conduct.

Fifth, and closely related, even a regime more friendly to the West would be unable to move rapidly toward a rapprochement. Nationalism will narrowly circumscribe Iranian leaders’ latitude to negotiate a modus vivendi with the United States in particular. Indeed, a bold U.S. move to reconcile differences with Tehran could actually undercut reform by strengthening the hand of conservatives for whom America remains an implacable Great Satan. The upshot is that, barring a dramatic reversal of Khatami’s fortunes, outside observers can expect a gradual, long-term mellowing of the Islamic Republic’s international conduct. Foreign governments should not expect a swift or far-reaching change to Iranian diplomacy.

Muscle-Flexing Continues

Indeed, the Islamic Republic has continued to build the wherewithal to underwrite an assertive foreign policy. The pace of Tehran’s military programs has not slackened. On the contrary, the armed forces have continued to refine their operational proficiency and to incorporate new platforms. In February, for instance, the Islamic Revolution Guard Corps (IRGC) opened a third base in Mashhad, adjacent to Turkmenistan and Afghanistan, to anchor the country’s air defenses along the northeastern flank. In late February and early March the regular armed forces and the IRGC held joint maneuvers spanning the Persian Gulf, the Strait of Hormuz, and the Gulf of Oman. The Iranian joint staff announced that the ten-day exercise, Vahdat-78 (Unity-78), would help to foster regional peace, security, and friendship. Sixty naval vessels, one hundred twenty speedboats, thirty helicopters, fifteen aircraft, and four marine brigades flexed their capabilities in command-and-control, communications, amphibious warfare, and surface-to-surface missile engagement. In the deep waters of the Gulf of Oman, Iran’s outer perimeter for maritime defense, the navy’s Russian-built Kilo-class attack submarines conducted mock torpedo attacks on surface warships; refined procedures for deploying antisubmarine countermeasures; and practiced operating in “ultraquiet” mode to evade sonar detection.

The U.S. government continued efforts to suppress Iranian weapons-of-mass-destruction programs. A February report to Congress by the Central Intelligence Agency (CIA) asserted that Iran’s Shahab-3 ballistic missile had been placed in operational status. Deployed on mobile launchers in western Iran, the Shahab-3’s 800-mile range gives the Islamic Republic the ability to strike Israel directly for the first time. The report contended that the “usual suspects,” China and Russia, had provided technical assistance to develop the Shahab family of missiles. It also asserted that Iran and Syria had embarked on joint programs intended to develop even more advanced weaponry. Finally, it reaffirmed previous U.S. claims that the Islamic Republic had set out to develop and/or purchase nuclear, biological, and chemical capabilities.

Obstructing Iran’s NBC programs thus remains a core element of U.S. strategy vis-à-vis the Islamic
Republic. The CIA report conceded that the agency was unable to track all illicit transfers of nuclear-related equipment and supplies, confounding its ability to predict when Iran would field a nuclear weapon. However, it claimed that Iran had continued to seek foreign support for its 1,000-megawatt nuclear plant at Bushehr. Washington brought diplomatic pressure to bear on countries suspected of abetting Iran’s weapons programs. Under American pressure, for instance, the Czech government reluctantly agreed to ban the sale by Czech firms of air-conditioning components destined for the Bush- ehr facility. Collaboration with established nuclear powers, fear U.S. analysts, will carry over into Ira- nian weapons research, as will an influx of expertise from Russian biotech firms. A complete rapproche- ment between the United States and Iran is well-nigh unthinkable as long as the Islamic Republic continues to pursue weapons of mass destruction.

Conclusions: Velvet on Iron
The future of Iran’s foreign policy, then, remains cloudy despite hopeful signs stemming from the February elections. The Clinton administration has hinted that unspecified rewards might be forthcoming in the wake of the Majlis elections. In a reciprocal gesture, Iranian foreign minister Kamal Kharrazi indicated that Tehran would welcome access to American markets for Iranian goods such as car- pets, pistachios, and caviar. State television also noted that a resumption of long-suspended Ameri- can wheat exports would be mutually beneficial if Washington offered the necessary loan guarantees. (American exporters have contracted to deliver some 500,000 tons of corn to Iran this fiscal year.) State Department representatives, however, distanced themselves from the question of loan guarantees and rejected World Bank lending to the Islamic Republic. These measures, they said, would be conditional on progress in areas such as abandoning support for terrorism. Unfortunately, the influence of the Majlis and the president on support for terrorism and the quest for weapons of mass destruction is limited. The key institutions remain in the hands of hardliners.

Both sides will find it difficult to initiate a thaw in bilateral relations. Like its Iranian counterpart, the U.S. government faces severe constraints on its ability to forge a modus vivendi. Antipathy and suspicion toward the Islamic Republic has become institutionalized since the revolution and the hostage crisis. Bureaucratic politics also plays a considerable role in inhibiting a coherent response to events in Iran. Ingrained suspicions in the military and the intelligence community run counter to the more conciliatory rhetoric emanating from the White House and the Department of State. Infighting between the administration and Congress will also generate friction. The inclination of congressmen to maintain a tough line on Iran, especially in an election year, will circumscribe the Clinton administration’s freedom of action.

In view of these constraints, how can the United States renew ties with the Islamic Republic? An incremental, low-key series of steps conditioned on improvements in Iranian behavior appears to be the most auspicious option for Washington. The United States may join Europe and Japan in initiatives to build economic ties and encourage the greater openness that has been such an effective lever to pry open authoritarian regimes elsewhere in the world. At the outset a policy of engagement would be largely eco- nomic in nature in order to demonstrate the tangible benefits of moderation, both at home and abroad. By quelling the unrest among Iranian youth stem- ming from widespread unemployment, the United States can quietly help to cement domestic support for 2nd Khordad. As Kharrazi suggested, lowering restrictions on American agricultural exports and permitting Iranian exporters access to the U.S. market would be a worthwhile first step. Installing a U.S. diplomatic presence in the country is a secondary concern, since this could be exploited by hardliners to attack Khatami as a puppet of the Great Satan. Ultimately it may be possible to create a self-sustaining trend toward moderation in the Islamic Republic and help liberals to make inroads in the security and military services. As a reciprocal gesture, the U.S. government would insist that Tehran withdraw its support for radical groups such as Hezbollah and Hamas, downplay its opposition to the Arab-Israeli peace process, and submit to nuclear inspections. Over the long term, then, Washington can encourage a mellowing of Iranian foreign policy.

As mentioned previously, the United States will not move too boldly to improve relations, since this might create a conservative backlash against Presi- dent Khatami and the newly installed Majlis that would undercut the significant progress achieved in the Islamic Republic since 1997. A circumspect approach will yield far greater dividends than the decisive move of which Americans are fond. Several avenues are open. An auspicious first step would be for President Clinton to modify or revoke his 1995 executive orders halting commercial interaction with Iran. Second, Washington will likely allow the Iran- Libya Sanctions Act (ILSA) to lapse in 2001. ILSA has proven ineffective in any case, while alienating foreign governments and harming the competitive- ness of American firms. Third, the U.S. government could act to resolve the residual claims from the Iran- ean Revolution that are pending before the Iran-U.S.
Claims Tribunal at the Hague. Fourth, the United States could quietly drop its objections to World Bank development lending to the Islamic Republic. It remains to be seen, however, whether the Clinton administration will undertake even these modest measures given the pressures that accompany a presidential election. Since Iran lacks an influential constituency in the United States, the outlook for an early relaxation of tension appears dim.

Any U.S. policy on Iran will be backed with the steel of military power – regardless of how things unfold on the diplomatic and economic fronts. Whether hardliners or reformers prevail, Iranian foreign policy will continue to be premised on the quest for regional hegemony. The growing influence of the Islamic Republic could be channeled into benign or malign pursuits. Only the United States can provide the physical power to match burgeoning Iranian military might and offset overly aggressive political aims. As indicated in the introduction to this report, the Gulf Cooperation Council will continue to be a weak reed on which to rely to deter Iranian aspirations to regional dominance. Consequently, the U.S. Fifth Fleet and the ground and air forces based in the region will remain in place over the long haul to safeguard world oil supplies and stabilize the Persian Gulf. Whoever wins the 2000 presidential election, America is in the Middle East to stay.
Stalemate and Slaughter

Both prongs of the Middle East peace process ground to a halt in early 2000, dashing hopes for an early settlement. The opening of a second track of negotiations between Israel and Syria compounded the difficulty of narrowing differences between Palestinians and Israelis. Many Palestinians, as well as some Israeli observers, fear that Prime Minister Ehud Barak is preoccupied with the bitter fighting in Lebanon and with reaching a settlement with Damascus. The interplay between the two tracks has clearly complicated matters at an awkward time in the Israeli-Palestinian peace process.

The Palestinian Track

“We have no desire to return to the table in order to go around in empty circles,” proclaimed chief Palestinian negotiator Yasser Abed Rabbo in the aftermath of a disastrous 3 February meeting between Prime Minister Barak and Palestinian Authority (PA) head Yasser Arafat. The men first agreed to postpone the 13 February deadline for drafting a joint outline for a framework peace agreement. The postponement created few hard feelings, however, since the United States had foisted the framework idea on both sides as part of the September 1999 accord. Events went sour when they discussed territorial arrangements. Fueling Palestinian misgivings about Israel’s good faith was the striking resemblance between Barak’s concept of a final-status agreement and proposals made by his predecessor, the widely detested Benjamin Netanyahu. The prime minister presented Arafat with a map depicting the latest interim phase of Israel’s withdrawal from the occupied territories. Israel was scheduled to turn over 6.1 percent of the West Bank during this phase. The Palestinian leader had apparently been led to believe that Israeli forces would leave several Palestinian villages on the outskirts of East Jerusalem. Yet Barak’s map showed an archipelago of Palestinian enclaves, few of which were contiguous with one another and none of which were near Jerusalem. In a departure from agreed procedures, the prime minister also asked to defer any further handovers of territory until the final settlement – further fanning Palestinian suspicions. Barak blamed the change of plans on domestic pressures arising from an ongoing campaign-finance scandal that has weakened him politically.

Displaying little sympathy for Barak’s domestic plight, Arafat embarked on a diplomatic blitz designed to ratchet up the pressure on the Israeli government. He met with Islamic finance ministers in Morocco and attended an audience with Pope John Paul II. Prime Minister Barak, Arafat claimed, had accelerated the construction of houses in Jewish settlements in the occupied territories even beyond the rapid pace witnessed under Netanyahu’s tutelage. He also pointed to Israel’s vision of a geographically disjointed Palestinian state. The solution proposed by Israeli officials would (a) permit Israel to annex the main blocks of Jewish settlements, amounting to 15 percent of the West Bank; (b) require Israel to recognize a Palestinian state on 65 percent of the disputed territory; and (c) leave the remaining 20 percent, purportedly “empty” of Palestinians, in Israeli hands indefinitely. This would essentially yield a Palestinian state composed of two isolated cantons located north and south of Jerusalem. Neither canton would border Jordan, so the new statelet would be denied direct interaction with an Arab state. Barak’s proposal was only a slight improvement on that of Netanyahu. No Palestinian leader could acquiesce in such a deal for fear of the public’s wrath.

Arafat subsequently engineered a resolution by his Fatah Revolutionary Council, a gathering of 132 senior Arafat loyalists, proclaiming that Palestinians are entitled to statehood in September whether a final-status deal is in place or not. Since a PA declaration of independence would garner widespread diplomatic recognition, the September date amounts to an irrevocable deadline that will escalate the pressure on Israel to conclude a negotiated agreement. Already, Israeli officials have begun to hint that they might relent on forming a contiguous block of territory as the basis of a Palestinian state.

Meanwhile, the PA leader has improved his capacity to apply military pressure to the interminable bargaining process. Arafat recently reasserted his authority in the Palestinian refugee camps in southern Lebanon after a six-year hiatus. In 1994, shortly after Arafat signed the Oslo Accord, pro-Syrian factions in the camps wrested control from Fatah fighters supportive of Arafat and took charge of the...
camps. (Recall that Fatah, headed by Arafat, is the main faction of the Palestinian Liberation Organization (PLO)). The lack of central authority in the camps, compounded by widespread economic distress, makes them ripe targets for penetration by fundamentalist groups such as Islamic Jihad and Hamas. By liberal financial support to the impoverished refugee camps, Arafat has purchased the support of key guerrilla leaders, recruited a guerrilla force totaling 2,000 men, and regained control of the camps. The sizable guerrilla force could provide leverage for Arafat with Israel, either by undermining security in southern Lebanon, assuming the peace process sours, or by quietly assisting the IDF to reward concessions at the table.

Unsurprisingly, Israel’s stalling on withdrawals from the occupied territories has fostered a widespread view among Palestinians that the Jewish state is content with the status quo. A Palestinian Authority whose territory consists of enclaves scattered amid Israeli territory can hardly aspire to true statehood, since it would be indefensible and permanently impotent. This, suggest some observers, would be a satisfactory outcome from the vantage point of Israeli security. Conversely, continued standoff is not a particularly damaging situation for Arafat over the short term, since he can easily paint Israel as intransigent and the PA as aggrieved innocents. A September declaration of independence, in the absence of a peace accord, would relieve him of the onerous chore of making concessions that would invite scorn from the Arab world. Most likely, then, the current stalemate will continue until the September deadline fixed by Fatah approaches. At that point mounting pressure on both sides will force them to make concessions on territory and security arrangements.

The Syrian Track
Renewed fighting in Lebanon and Israel’s steadfast refusal to abandon the Golan Heights interrupted the talks that had commenced in December at Shepherdstown, West Virginia. Each sides has set preconditions for negotiation that are unacceptable to the other. Barak has asked Syria to agree not only to elaborate security provisions along their common border, but also to measures designed to engender a “warm” peace between the two countries, as opposed to the “cold” peace that has characterized the Israeli-Egyptian relationship since the 1979 Camp David peace accord. Among these is liberalized bilateral trade – anathema to Syrian elites who fear that their authoritarian regime might not withstand the greater openness associated with increased economic interaction. The prime minister also hopes to negotiate security provisions that would permit Israeli forces to exit the southern Lebanese “security zone” while safeguarding the country’s northern flank. He has reaffirmed his pledge to pull out of the swath of occupied Lebanon by July 2000, although one cabinet minister has hinted that Israel might postpone the withdrawal.

Syrian president Hafez el-Assad, however, refuses to open negotiations on a withdrawal from Lebanon until Israel meets his principal demands on future bilateral relations – first and foremost, the status of the Golan. Assad is acutely aware that the Israeli public is clamoring for a unilateral pullout from Lebanon – a point of leverage with Barak that he has exploited masterfully. Yet, should the Israelis opt to withdraw without a settlement, Assad would lose his main bargaining chip. Israeli intelligence recently predicted that Syria would initiate a massive escalation in southern Lebanon if a peace treaty is not reached in the next few months. Assad suspended the Shepherdstown negotiations when Barak, citing the need for intricate security measures, refused to commit to a full withdrawal from the occupied plateau.

Events took a violent turn after the talks stalled. After Hezbollah militia attacks claimed the lives of six Israeli soldiers in the security zone in late January and early February – certainly with Assad’s knowledge, and perhaps at his behest – Israeli Air Force (IAF) warplanes pounded not only suspected Hezbollah sites, but also power stations and civilian infrastructure throughout the country. Predictably, the level of invective escalated sharply in the wake of the fighting. Foreign Minister David Levy vowed to retaliate against Lebanon “blood for blood, soul for soul, child for child” if Hezbollah launched Katyusha rocket attacks on northern Israel from Lebanese soil. If such attacks occurred, he declared, “the soil of Lebanon will burn.” Roundly condemned in both countries, Levy’s vitriolic remarks were intended to deter Hezbollah not only in the short term, but also after Israeli forces depart the security zone in July. Israel has insisted it will not resume negotiations with Syria until Assad reins in the guerrillas. The United States weighed in on the side of Israel, faulting Hezbollah for the outbreak of violence.

Yet Hezbollah action is Assad’s main point of leverage with Israel. He is unlikely to relinquish this trump card. Indeed, Syria has permitted Iran to increase support to Hezbollah, largely to intensify the pressure on Israeli forces in the security zone. Israeli military officials asserted that Tehran had accelerated shipments of mortars, explosives, and antitank missiles during the early January talks between Israel and Syria. Corroborating these reports was a 31 January attack on an Israeli observation post in southern Lebanon. The accuracy of the attack, which killed three soldiers, suggested that
it was carried out using sophisticated wire-guided antitank missiles supplied by Iran. The parties in this transaction had varying motives. Syria’s rationale was threefold: First, Damascus hopes the militiamen will continue to exact casualties, thereby sapping the Israel public’s will to fight in Lebanon. In turn, mounting public pressure on Barak could compel the prime minister to give ground with respect to the Golan standoff. Second, Syria hopes to fortify Hezbollah for a prolonged struggle with Israeli forces in case the peace process falls through. Finally, Assad hopes to appease Iran in hopes that the Islamic Republic would refrain from publicly criticizing the negotiations. For its part, Tehran and its surrogates likely hope to torpedo the negotiations and force the Israeli Defense Force (IDF) out of southern Lebanon without a negotiated settlement. Israel reportedly asked the United States to warn Damascus that continued complicity in the arms buildup could end the peace process.

Nonetheless, by late February rumors abounded that a resumption of Israeli-Syrian negotiations was imminent. Indeed, an Israeli public-television report maintained that an accord calling for a partial Israeli withdrawal from the Golan would be finalized in the spring. In the past Israel has insisted on using the border of 1923 as the new international border. Such a demarcation would require the Israelis to abandon the Golan fully but would keep the Syrians away from Lake Tiberias, whose water resources are vital to both parties. However, the deal reported in the press, presumably reached by secret negotiations, allegedly calls for demarcation at the “line of June 4, 1967,” which would bring Syrian territory to the shores of Lake Tiberias while leaving the lake and the Jordan River in Israeli hands. These reports prompted heated denials from both governments and from the U.S. State Department. Complicating matters, any pullout from the disputed heights will require approval from both the Knesset and the public (by means of a national referendum).

The American Connection

An American security package will undoubtedly be a crucial element in any comprehensive Middle East peace agreement. As indicated in the December 1999 quarterly report, Israel plans to rely on U.S.-supplied military and information technology to offset superior Syrian numbers in the north. This will be an expensive proposition. Israeli defense planners have estimated the total cost of a pullout at $30 billion in civilian and military expenses. In January, reports surfaced that the Israeli government had initially requested an astonishing $17-20 billion from the United States, a sum that included advanced Toma-hawk cruise missiles, Apache attack helicopters, and space-based reconnaissance systems. The figure was subsequently scaled back to roughly $10 billion—still an imposing figure for U.S. lawmakers and taxpayers.

A new joint defense pact between the United States and Israel could also be part of the bargain. In what he called a “trial balloon,” U.S. ambassador Martin Indyk informally proposed an arrangement under which U.S. forces would respond to any attack on the Jewish state involving ballistic or cruise missiles or unconventional weapons. However, State Department spokesman James Rubin distanced the Clinton administration from Indyk’s proposal, pointing out that the administration had not yet approached Congress on this sensitive matter.

A substantial American military aid package could alter the balance of power in the region over the long term. Prime Minister Barak has advocated providing such assistance to Damascus under the terms of an agreement, declaring himself confident that a U.S. guarantee of the settlement would be adequate to assure Israeli security. However, senior Israeli military commanders maintain that this would enable Syria to pose a military threat within five years. They point to the precedent of Egypt, recipient of $25 billion of U.S. hardware since 1979. American assistance has allowed Egypt to field the best navy and the second-best air force in the Middle East—a sore point with Israeli military officials.

Wider Geostrategic Implications of a Settlement

Not only could a peace deal requiring Israel to abandon the Golan create a new military competitor to the north; it could also jeopardize the nation’s treasured security relationship with Turkey. First, Ankara is concerned that its partner might downgrade ties in order to placate Assad, an implacable foe of the Turks. Second, Turkish military officials fear that a relaxation of tensions between Syria and Israel would free the Syrians to transfer some of the 3,000 tanks now poised along the Golan to positions threatening Turkey’s lightly defended southern frontier. (Admittedly, the terms of a settlement would likely require Damascus to withdraw some or all of these vehicles from a demilitarized zone along the border.) While a settlement between Israel and Syria would help to alleviate tensions in the Middle East, such a deal clearly could have unintended consequences. Attuned to this danger, both Ankara and Jerusalem have affirmed their commitment to maintain cordial relations regardless of what transpires at the bargaining table.
Muted Reaction to the Iranian Elections
In sharp contrast to their counterparts in Europe and Asia, the Barak government sounded a skeptical note on the Iranian election results. While Israeli officials professed to regard the victory of President Muhammad Khatami’s reformers as a hopeful sign, they predicted that Iran’s attitude towards the Jewish state would remain hostile for the foreseeable future. This is undoubtedly a correct assessment, since the liberals in Tehran must preserve their credentials as tough defenders of Islam. In any case, hardline clerics continue to direct the nation’s foreign policy despite the gains of Khatami’s allies. Their unabashed support for Hezbollah bears witness to the antipathy of the Islamic Republic toward Israel. However, Israeli observers held out hope that the Islamic Republic’s relationship with the United States would change as a consequence of liberal gains, ultimately diminishing Tehran’s desire to acquire nuclear, biological, and chemical weapons. This of course would be a welcome development for Israel, which views its outer defense perimeter as extending as far as Iran. The Israeli analysis, however, may be flawed. Iran hopes to acquire these weapons to counter Iraq, Israel, and forward-deployed U.S. forces, as well as for reasons of prestige. While it may scale back its ambitions in this area, then, Tehran is unlikely to abandon them altogether. (Refer to the Iran chapter of this report.) In any case, the Jewish state would be the chief beneficiary of any mellowing of Iranian foreign policy.

Military Preeminence Undiminished
Israel continues to hold a commanding military edge over its Arab rivals. The country continues to modernize its air, land, and naval forces with the help of the United States, which has pledged to uphold the Israeli qualitative advantage over the Muslim nations. The Israeli Air Force would likely prevail even over a broad Arab coalition. Similarly, the formidable tank force boasted by the Israeli army more than equals that of any likely grouping of attackers. This apparent dominance in terms of hardware and tactics could ease the process of reaching a settlement with Syria. Indeed, an early 2000 wargame indicated that Israeli forces would gain territory in a clash with Assad’s aging military, which has acquired no new weaponry since the mid-1980s. If accurate, this assessment may undercut perceptions of the strategic importance of the Golan Heights, which provides the scant measure of strategic depth on which Israel has relied since the Six-Day War (1967). To be sure, hawks in the Knesset downplay the country’s military advantage for fear of eroding Washington’s generosity. Still, the Jewish state can likely withdraw from the Golan with little damage to the security of its northeastern flank, owing to its improved relative position and the generous package of American military assistance that will likely be forthcoming.

Conclusions
The prospects for a comprehensive Middle East agreement appear dim for the immediate future. The outlook is brighter over the longer term. First, the Palestinians now enjoy a viable alternative to agreement in the form of a unilateral declaration of independence. This fallback, combined with a firm deadline for a settlement, will translate into increased negotiating leverage for Arafat. The chances for an agreement between the PA and Israeli thus will increase as the September deadline looms and pressure on both sides intensifies. Second, on the Syrian front, Israelis have begun to grasp that relinquishing the Golan Heights will not imperil their survival. Their U.S.-backed military superiority can more than compensate for the prospective loss of strategic depth. Thus a deal with Syria now appears more palatable. Third, to sustain his popularity, Barak plainly needs to cut his losses with respect to the war in southern Lebanon. Even a unilateral pullout would not be disastrous for Israel, since this would deprive Assad of bargaining leverage and allow Barak to portray the Syrian- and Iranian-backed guerrillas as the clear aggressors in any subsequent fighting. In short, the factors inhibiting a peace accord have begun to dwindle. The Clinton administration’s sustained role in the Palestinian-Israeli talks and its willingness to provide generous military assistance in the context of a Syrian-Israeli settlement should bolster its prestige with the Gulf Arabs. In turn, the Gulf states will be more inclined to reward these diplomatic efforts by extending basing rights for U.S. naval, air, and ground forces and by following Washington’s lead on security strategy for the Persian Gulf region. Thus the peace process will continue to exert a favorable influence on energy security in the Gulf.
At Long Last…
A Security Council Resolution

After a flurry of activity surrounding the UN’s deliberations on a new resolution, the furor over Iraq abated and the long-standing deadlock resumed. Albeit in a weak 11-0-4 vote, the UN Security Council managed to pass Resolution 1284, which modified the framework of UN-imposed sanctions and weapons inspections. (China, France, Russia, and Malaysia abstained.) As predicted in the December 1999 quarterly report, Saddam Hussein has refused to comply even with the new, milder international regime. The key provisions of the new resolution:

• officially abolished the moribund UN Special Commission (UNSCOM);
• established a new weapons agency, the UN Monitoring, Verification, and Control Commission (UNMOVIC), to carry out the tasks formerly assigned to UNSCOM;
• removed the remaining volumetric and dollar limits on Iraqi oil exports;
• directed the Sanctions Committee to accelerate the scrutiny of contracts for parts and equipment needed to repair Iraq’s oil production and distribution network;
• granted blanket approval for Iraq to import certain humanitarian goods;
• relaxed the procedure used by the UN Sanctions Committee to evaluate Iraqi purchases drawing on the escrow account;
• authorized Iraq to use funds from the escrow account for locally produced goods; and
• authorized a temporary suspension of the international sanctions, renewable at 120-day intervals, if Iraq agrees to cooperate fully with UN weapons inspectors.

Security Council Resolution 1284 was a mixed blessing for Iraq. First, and most obviously, the financial provisions will allow the government to rebuild the nation’s shattered civilian infrastructure, repair its oil facilities, and import unlimited quantities of specified civilian goods without running afoul of the international community. However, the organization will continue to review the oil-for-food program every six months, providing a measure of oversight. Second, and closely related, Iraq could conceivably import a variety of “dual-use” articles under the umbrella of humanitarian goods. Such items are useful not only for peaceful purposes but for research on and, potentially, construction of weapons of mass destruction. The resolution’s terms provide wide latitude for Baghdad to evade the intent of the sanctions. Third, permitting Baghdad to use escrow-account funds for local purchases creates the potential for bypassing the UN Sanctions Committee for illicit purposes such as enriching party elites. Fourth, the text is riddled with the loopholes and “creative ambiguities” to which negotiators often resort to secure consensus. Ambiguities in the disarmament provisions in particular will provide leverage for sympathetic countries such as China, France, and Russia to push for lifting the sanctions.

Fifth, the resolution essentially transfers the burden of proof on weapons programs from Saddam Hussein to the UN. In essence, the UN must now prove Iraq’s guilt, where Hussein formerly had to demonstrate his innocence. The fact that UNMOVIC, unlike UNSCOM, is responsible to the UN bureaucracy will undoubtedly hamper the effectiveness of the new agency. These constraints will provide countries such as China and Russia, which hope to lift the sanctions outright, with sufficient grounds to press for an end to the international regime. The circumscribed mandate of UNMOVIC will decrease its chances of unearthing WMD programs – thereby allowing Iraq’s patrons in the Security Council to claim that the country has fulfilled the conditions warranting an end to the sanctions.

Yet the Security Council decision also delivered some unpleasant messages to Saddam Hussein. First, no Security Council member state voted against the resolution despite aggressive Iraqi efforts to cultivate Russian support. Second, the onerous no-fly zones remained in place. Third, the resolution affirmed that Iraq must submit to weapons inspections before the sanctions are placed in abeyance. (Iraq had demanded that sanctions be lifted before it admitted UN personnel.) Still, Baghdad can take solace in the discord that characterized the Security Council debate. Saddam Hussein has proven himself adept at exploiting rifts such as those on display throughout 1999. Tough negotiation still lies ahead for the Security Council. For instance, the council still must agree on a list of key disarmament...
tasks Iraq must complete to trigger a final end to the sanctions. Thus Hussein will have ample scope for further mischief.

The chief point of contention between Iraq and the West is the mandate and composition of UNMOVIC. After the council passed Resolution 1284, a month of squabbling ensued on who should head the new body. France, China, and Russia rejected the frontrunner, former UNSCOM head Rolf Ekeus, because of his association with that agency, whose demise few outside of Washington regretted. (Iraq had suspected Ekeus and UNSCOM of colluding with U.S. and Israeli intelligence agencies.) When Ekeus’s name surfaced for the UNMOVIC post, Baghdad unleashed a barrage of invective denouncing the UN’s “evil intent” – making it clear that cooperation would be impossible if he were appointed. The council finally settled on Hans Blix, a former Swedish foreign minister and head of the International Atomic Energy Authority (IAEA). In late March, the appointee assumed duties as executive chairman of UNMOVIC. Blix’s first task is to draft an organizational plan for UNMOVIC. Baghdad has reaffirmed its refusal to comply with the new resolution or to deal with UNMOVIC, despite the Security Council’s unanimous endorsement of Blix and his reputation for being relatively lax during his tenure at IAEA.

Although they reacted to the new sanctions regime and arms-inspection body in predictably vitriolic fashion, labeling the Security Council’s decision “criminal,” Iraqi officials nonetheless stopped short of categorical rejection. Indeed, by February they had begun to hint at flexibility. Even if Baghdad agrees to allow the new inspectors into the country, UNMOVIC will undoubtedly fall prey to the deceptions and intransigence that stymied UNSCOM. Moreover, the increased Security Council oversight mandated by Resolution 1284 means that every action of UNMOVIC will be subjected to intense scrutiny, and possibly to a veto by one or more of the permanent five members. U.S. State Department spokesman James Rubin acknowledged that, barring a change of heart by Iraq, UNMOVIC would be unable to fulfill its mandate. Absent Iraqi cooperation, Rubin maintained, the sanctions would continue indefinitely.

An End to Sanctions?

That may not be the case. If anything, the weak consensus commanded by Security Council Resolution 1284 only intensified the pressure to end the sanctions. For instance, the Russian ambassador to the UN pointed out that his government’s refusal to block the resolution did not connote a willingness to enforce it vigorously. Additionally, a defection within the UN provided grist for the Iraqi propaganda mill. Hans von Sponeck, head of the UN relief program for Iraq and supervisor of the oil-for-food program, resigned his post in disgust in March. Sponeck had earned the enmity of the U.S. and British governments by vehemently – and publicly – asserting that the two countries had abused their power to place holds on medicine and other critical supplies. He claimed that this meddling had eviscerated the program by preventing even the most basic humanitarian supplies from reaching ordinary Iraqis. “This experiment of sanctions on Iraq has not worked,” he insisted. “Why must we prolong the pretense that it does?”

Sounding a familiar theme, Iraq News Agency gleefully editorialized that Sponeck “could not tolerate being a false witness and seeing with his own eyes a genocide crime being committed against the Iraqi people and remain idle toward it.”

Even the United States, which has maintained the hardest line on sanctions, has begun to bend. Under mounting domestic and international pressure, the Clinton administration recently began to ease restrictions on Iraq’s ability to import dual-use items such as equipment needed to repair the dilapidated oil infrastructure and the power grid. For instance, U.S. officials quietly dropped objections to an $80 million electrical-repair contract on condition that UN personnel certify that the electrical components are used as specified under the terms of the contract. Washington has seemingly abandoned attempts to enforce restrictions on all but the most sensitive dual-use equipment.

For its part, Iraq has continued to exploit cleavages in the international community and to muster support for ending the sanctions. Baghdad has seemingly begun to sense victory. In early January, Saddam Hussein warned Iraqis not to expect the UN to lift the sanctions; rather, he said, the embargo would “corrode by itself.”

Responding to entreaties from Foreign Minister Tariq Aziz, who recently launched a tour of Asia, Pakistan, Thailand, and Indonesia recently joined the chorus of governments clamoring for an end to the sanctions regime. Decrying American “genocide,” Iraqi diplomats also sought to enlist the support of the Philippines. Despite the tireless effort of Aziz, however, the Iraqi diplomatic offensive has had mixed success. Most notably, Chinese vice president Hu Jintao rebuffed his request to modify the stance of the People’s Republic on the sanctions.

Baghdad has used various other tactics to escape isolation and to undermine international solidarity on the sanctions. The Iraqi oil minister recently indicated that, should OPEC readmit his country as a full participant, Iraq would be prepared to consent to production limits – even if prices fell. Iraq’s reinteg-
gration into the oil cartel, however, was conditional on an end to UN restrictions on the importation of components for the oil infrastructure. Baghdad also threatened to suspend oil exports completely to increase the upward pressure on world oil prices. Finally, Baghdad renewed diplomatic ties with Damascus that were severed when the Syrians joined the Desert Storm coalition. Its full-court press may yet pay dividends.

In any case, the sanctions have proved increasingly porous. UN officials estimate that, for every tanker truck cleared to cross the Jordanian border, twenty illicit trucks cross without authorization. The ratio is far higher on the Turkish border, where enterprising Kurds have profited handsomely from smuggling activities. The multinational flotilla enforcing the sanctions in the Persian Gulf has been similarly ineffective. Small vessels take on Iraqi oil, exit the Shatt al-Arab Waterway, and then navigate the Gulf by a circuitous route through Iranian waters. Finally, they dash the short distance through international waters into the UAE’s territorial sea and thence into ports such as Dubai and Abu Dhabi. As a result, U.S. intelligence has estimated that Saddam Hussein’s government garnered $62 million in illegal oil sales in January alone. Flouting the sanctions has proved increasingly profitable both for Iraq and for third parties, especially in view of the recent skyrocketing of oil prices.

Defying the No-Fly Zones

No analysis of Iraq would be complete without mentioning the “non-war” over the no-fly zones. Iraq repeatedly violated the no-fly zones in 1999. The year witnessed seventeen violations of the northern no-fly zone and one hundred forty incursions into the southern zone. Coalition aircraft flew 6,000 sorties over the restricted areas. On 420 occasions, U.S. and British aircraft came under fire or were illuminated by Iraqi air-defense radar. They retaliated by delivering 650 munitions against Iraqi sites. Yet the most striking aspects of the fifteen-month air campaign are how few results it has achieved for either side and how little public and press attention it commands.

A Little Less Talk and a Lot More Action, If You Please

Over the past quarter, the Iraqi opposition continued its existence as a forum for empty rhetoric. A 14 February press release announced the formation of a U.S.-based organization dubbed the “Iraq Liberation Action Committee” (ILAC). The ILAC plans to work in concert with the leadership of the Iraqi National Congress (refer to the December 1999 quarterly report) to “promote the emergence of a democratic government to replace the totalitarian regime of Saddam Hussein.” ILAC representatives have sought to cultivate support within the U.S. presidential campaigns of Vice President Al Gore, Governor George W. Bush, Senator Bill Bradley, and Senator John McCain. The resistance, however, will remain a shell unless the U.S. government completely reverses its policy on financial assistance and the fragmented opposition groups somehow manage to transcend their disunity.

Standoff: It Just Keeps Going, and Going...

It has become abundantly clear that the deadlock between the United States and Iraq will persist over the near term. Oddly, neither side has much incentive to make concessions that might lead to a settlement. As the debate over Resolution 1284 demonstrated, Washington will not relax its rigorous demands for disarmament and, failing that, at least the semblance of a stringent sanctions regime. The appearance of weakness on Iraq could damage the prospects of Democrats in an election year, so the Clinton administration will not relent in this area. President Clinton also seems hesitant to raise the subject of Iraq, arguably a foreign-policy failure, during his final year in office. For their part, Iraqi officials believe the stalemate benefits them. Saddam Hussein’s grip on power seems secure – even the post-Desert Fox rumors of an uprising have ceased – so he is content to allow the sanctions’ effectiveness to decay and pressure for their outright abolition to build. Since only two of five permanent Security Council members voted for the new resolution, support for sanctions is clearly on the wane.

In any case, Iraq has made considerable strides in recovering from the ravages of war and economic sanctions. Indeed, a recent U.S. intelligence report asserted that the Iraqis have already managed to repair many of the buildings damaged during Operation Desert Fox. Only ordinary Iraqis, whose welfare is a matter of indifference to their government, continue to suffer under the debilitating sanctions. Hussein may well conclude that he can wait out the UN without submitting to onerous weapons inspections. Nonetheless, the powerful American forces stationed in the Gulf region are more than adequate to offset any likely threat emanating from Saddam Hussein’s Iraq.