

The New Pillar
Conservative Arab Gulf States
and U.S. Strategy

Simon Henderson

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Mr. Henderson lectures frequently on a variety of topics relating to the Middle East. In 1994 The Washington Institute published his Policy Paper *After King Fahd: Succession in Saudi Arabia*, widely considered the definitive work on the subject. He is also the author of *Instant Empire: Saddam Hussein's Ambition for Iraq* (Mercury House, 1991), a biography of the former Iraqi leader.

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Despite the tragic aspects of these dramatic events, the intellectual challenges they present in their wake can only be described as stimulating. In researching this study, I enjoyed many conversations with a wide range of old and new acquaintances on what approaches the United States should take in the Persian Gulf.

Although the above events illustrate the relevance of this study, they also delayed its completion. I am grateful to Dr. Patrick Clawson, deputy director of The Washington Institute, for his comments on various drafts as I struggled to make the study relevant to the evolving concerns of U.S. policy. Alicia Gansz, the Institute's director of publications, and her staff pestered me for updates in an entirely constructive and professional manner. I would also like to thank the Institute's research staff for tracking down elusive pieces of information.

Lastly, I am enormously grateful to my wife, Dina, and our children for allowing me to retreat to my office for long bouts of writing, and for their willingness to discuss the concerns of countries they have never visited.

*Simon Henderson
September 2003*

Preface

Among the many stark truths brought home to Americans by the September 11, 2001, terrorist attacks was the fragility of the half-century U.S. alliance with Saudi Arabia. Washington long ago found ways to maintain a strategic relationship with a country whose culture, values, and society are so alien to ours. But the fact that al-Qaeda and other radical Islamist organizations found patronage and succor among key elements within the Saudi elite was a shocking revelation that could not simply be managed by traditional public relations techniques. Victories against al-Qaeda and the Taliban in Afghanistan and against Saddam Husayn's regime in Iraq have had the derivative benefit of helping to free the United States from an embrace of Saudi Arabia that had become uncomfortable and, to some, even odious.

But since the Persian Gulf is home to more than half the world's oil resources, the United States could not simply quit the region. Instead, Washington began looking for friends and allies who were more needy, willing, generous, and hospitable. Building on a process that had emerged in the wake of Operation Desert Storm in 1991, the United States turned to the small Arab states of the Gulf littoral. Without much fanfare, a quiet revolution in security policy has taken place, with these countries—Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman—emerging as major, frontline players in U.S. defense strategy. And while all of these countries are socially, culturally, and politically conservative, they have each chosen paths toward political openness and economic reform at a pace far more brisk than the Saudis have ever considered.

As Washington and Riyadh move further apart, perhaps to a healthier distance, America and the small Arab Gulf states

are moving closer together. In this Policy Paper, Washington Institute associate Simon Henderson takes a closer look at this important but often overlooked strategic trend. He charts the history, politics, and economy of the Gulf's conservative Arab states along with the record of their ties to the West and to the United States. His recommendations for building relations with these states—notably, his advice to deal with them separately rather than as an artificial unit—are especially timely and useful.

Based in Britain with a wide circle of contacts on both sides of the Atlantic and throughout the Middle East, Mr. Henderson brings three decades of journalistic and scholarly experience to this project. His two previous books—a biography of Saddam Husayn and a Washington Institute Policy Paper on succession in Saudi Arabia—were prescient, insightful, and highly informative accounts of critical issues. We are pleased to present this new Policy Paper, confident that it too will be essential reading on a region in which U.S. troops have already fought two wars and will likely find themselves engaged for many years to come.

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Author's Note

The expression “conservative Arab Gulf states” is used to describe the similar monarchial-feudal backgrounds of the states under discussion and to differentiate them from Arab, but republican, Iraq. In listing these states, Saudi Arabia appears first because of its geographical dominance, followed by Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman in their geographical order along the Persian Gulf coast.

Executive Summary

In the months following the terrorist attacks of September 11, 2001, it became increasingly clear that Saudi Arabia was no longer fulfilling its U.S.-backed leadership role in the Persian Gulf. Troubled by apparently widespread domestic sympathy for Osama bin Laden and the al-Qaeda terrorist network, the Saudi royal family began to withdraw much of its support for U.S. diplomatic and military moves, first against Afghanistan and then against Iraq. The U.S. response has been to develop relationships with the other conservative Arab Gulf states—Kuwait, Bahrain, Qatar, the United Arab Emirates (UAE), and Oman—while officially claiming that relations with Riyadh remain excellent.

This policy contributed greatly to the success of the U.S.-led coalition that overthrew the regime of Iraq's Saddam Husayn in April 2003. Yet the groundwork for deepening relations with Saudi Arabia's fellow conservative Arab Gulf states was effectively laid in the early 1990s. After the liberation of Kuwait in 1991, these states permitted the United States to establish semipermanent military facilities on their territories in order to help impose UN sanctions on Iraq and contain any threat from the Islamic regime in Iran. This military foothold also enabled U.S. and other allied forces to react quickly and effectively against the Taliban regime in Afghanistan following the September 11 attacks.

The 1979 Islamic revolution in Iran, the 1980–1988 Iran-Iraq War, and the 1990 Iraqi invasion of Kuwait all demonstrated the need for a major U.S. role in the Persian Gulf. But the main reason for the continuing U.S. presence in this dangerous neighborhood has been—and will continue to be—the fact that it contains two-thirds of the world's oil reserves. The six conservative Arab Gulf states alone hold

nearly half of the global total, with Saudi Arabia accounting for nearly a quarter of world reserves. Although the United States is not directly dependent on Gulf oil, the rest of the world is. Any interruption in or restriction of supply would quickly result in much higher prices worldwide, with a consequent negative impact on every national economy.

Despite the fall of Saddam's regime in Iraq, the conservative Arab Gulf states remain fearful of Iran. Although these states often spend vast sums on the most modern military hardware, the effectiveness of their armies remains dubious at best; on their own, these forces would have little hope of deterring, let alone countering, the military might of Iran, which has the largest conventional force of any state in the region. Hence, with the exception of Saudi Arabia, these states have been pleased to accept a continuing U.S. security presence. The gratitude of conservative Arab Gulf governments is marked by caution, however, due to the implications of maintaining links with the United States and the potential consequences if Washington were to decide to scale down its commitment.

Before the military success of Operation Iraqi Freedom, the conservative Arab Gulf states preferred to remain mere friends of Washington rather than becoming firm U.S. allies (in the case of Saudi Arabia, even the word "friends" may be overstating Riyadh's position). Although such relational distance may compare negatively to what the United States enjoys with friendly states in other parts of the world, Washington may have to tolerate the unusual nature of these friendships indefinitely.

Indeed, habits of history die hard. None of the conservative Arab Gulf states had a sovereign existence prior to the twentieth century. For hundreds of years before the discovery of oil, the various ruling families eked out an existence by trade and sometimes by piracy, making diplomatic deals with rivals and imperial powers when necessary. The incredible wealth that these states have acquired from oil and gas, coupled with their small populations, has perpetuated the

sense of vulnerability felt by the ruling families as the target of pressure from larger neighbors.

Given these factors, the U.S. presence in the post-Saddam Gulf may remain diplomatically awkward. Nevertheless, the challenges posed by the transition to a new government in Iraq, as well as the continuing strain in Iran's theocratic regime, will require the United States to maintain a major military presence in the region for the foreseeable future, particularly in the smaller conservative Arab Gulf states. Now that these states are freed from the dominance of Saudi Arabia, they should be encouraged to abandon any fence-sitting posture, especially with regard to Tehran.

The task of improving U.S. relations with the conservative Arab Gulf states could be hindered by decisionmaking gridlock resulting from aging leaderships in the region and tensions over succession. Saudi Arabia, Kuwait, and the UAE are already being affected by such circumstances, while the leaders of Bahrain and Qatar lack experience. Moreover, Gulf politics are frequently personal; slights are as often deliberate as unintentional, and a long history of rivalries and border disputes stokes the flames of disagreement.

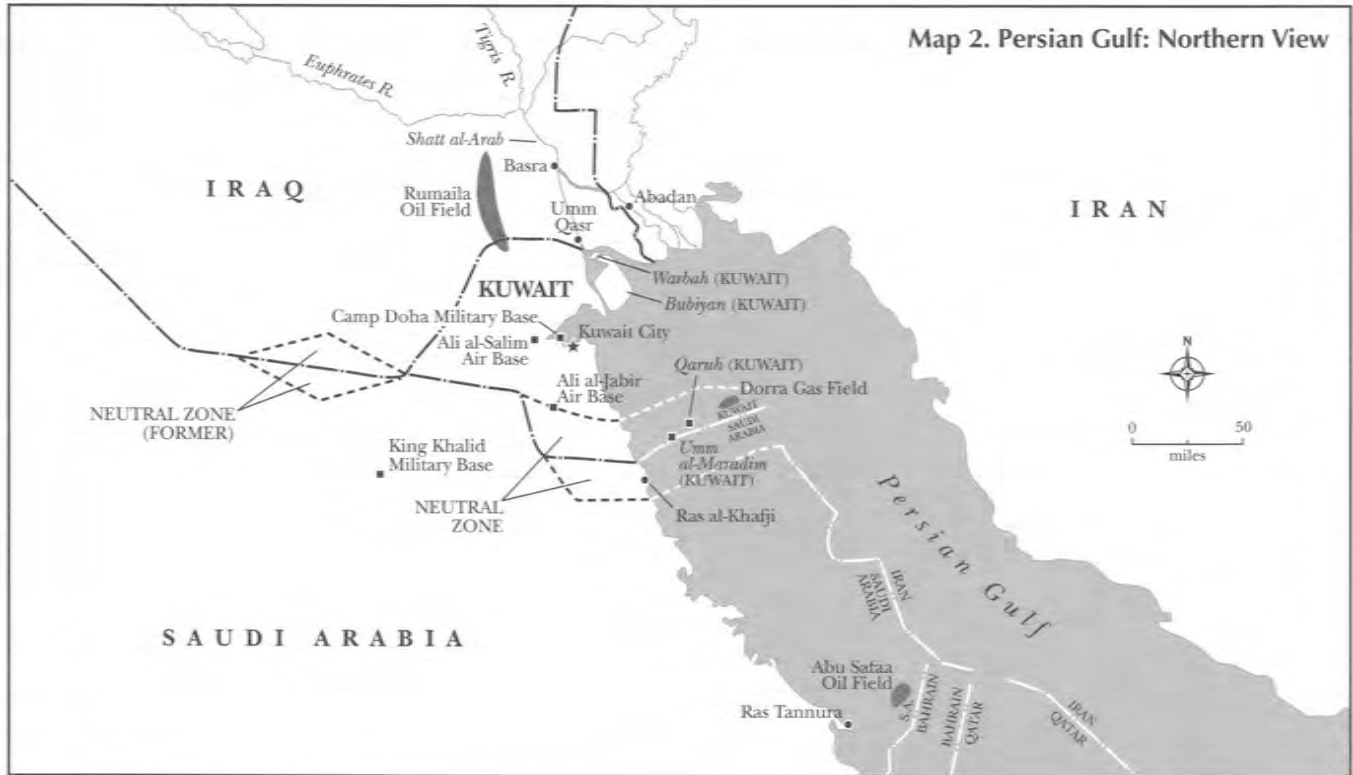
Nevertheless, the United States has a great interest in promoting stability and preserving peace in the Persian Gulf. Over the years, Washington has encouraged slow but deliberate political evolution to more participatory systems so that local stability relies on consent rather than control. Although political mechanisms in Saudi Arabia and Abu Dhabi, the lead emirate of the UAE, remain sources of concern, advances in other conservative Arab Gulf states contrast favorably with the perceived retardation of political progress in the Arab world's post-monarchical, republican regimes. For example, Oman and Qatar have shown a public willingness to break Arab ranks by establishing links with Israel, sustaining those ties even after the eruption of the Palestinian intifada in September 2000. Other conservative Arab Gulf regimes, however, have shown a more confused approach, claiming support for the peace process while backing Palestinian rejectionists.

The United States must adopt a strategy that is both clear and sensitive—a difficult goal at a time when immediate military requirements might sit uncomfortably with longer-term diplomatic objectives. In particular, Washington should encourage the dissolution of the Gulf Cooperation Council, the quasi-diplomatic club with military undertones that comprises all six conservative Arab Gulf states. The Organization of the Petroleum Exporting Countries (of which Saudi Arabia, Kuwait, Qatar, and the UAE are all members) should be dissolved as well. The way forward for the United States is to approach the conservative Arab Gulf states individually rather than as a whole. The U.S. position would then be less vulnerable to intra-Gulf rivalries and more effective at playing on the dependency of individual states. Changes in the Persian Gulf set off by the collapse of Saddam Husayn's regime offer too important a range of opportunities for Washington to be constrained by petty regional rivalries.

Map 1. Persian Gulf: Overview

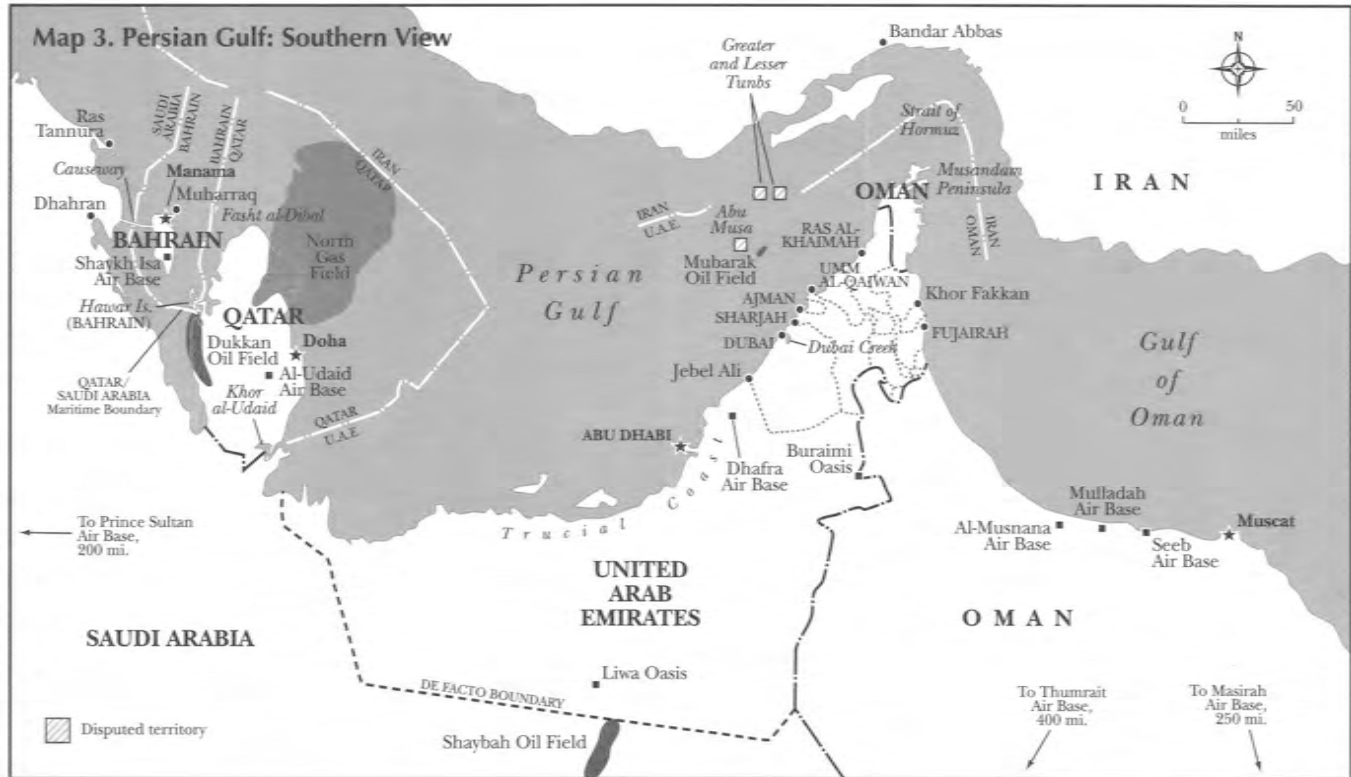


Map 2. Persian Gulf: Northern View

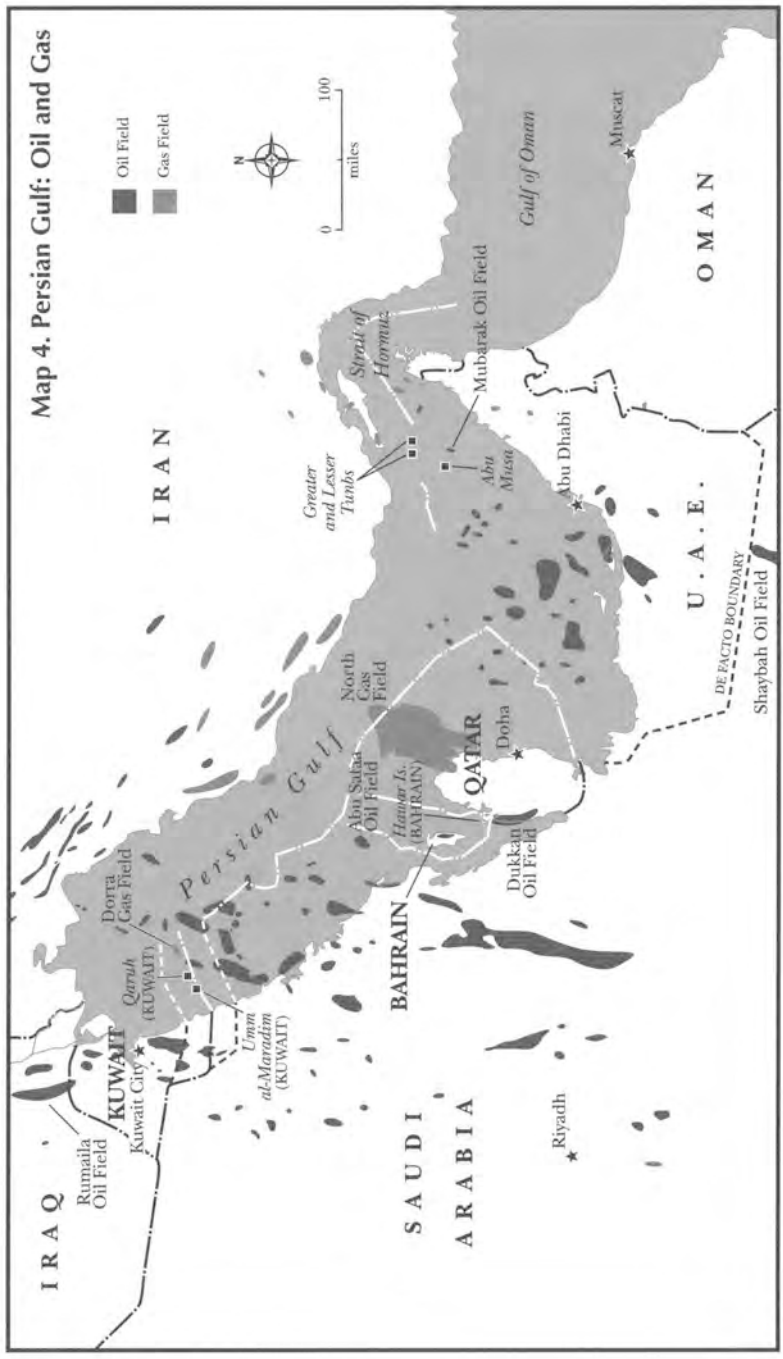


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Map 3. Persian Gulf: Southern View



Map 4. Persian Gulf: Oil and Gas



Chapter 1

The United States and the Gulf: A Recent Friendship

The success of Operation Iraqi Freedom in April 2003 may tempt the casual observer to ascribe a longstanding character to U.S. alliances with the conservative Arab states of the Persian Gulf. In truth, however, U.S. diplomatic representation in many of these countries was extremely limited before the 1970s.¹ There are significant reasons for the gradually expanding U.S. presence in the region. In 1979 the pro-American shah of Iran was overthrown in a popular revolution led by Islamic radicals who transformed Iran from serving as America's police officer in the Persian Gulf to serving as Washington's principal regional adversary. Then, for much of the 1980s, revolutionary Iran was locked in combat with radical Arab and pro-Soviet Iraq. Less than two years after that war ended, Saddam Husayn's 1990 invasion of Kuwait horrifically demonstrated the southern Gulf's vulnerability to powerful, malevolent neighbors.

However, the friendship extended by the United States to the conservative Arab Gulf states has not been altruistic. The area of the Gulf contains an estimated two-thirds of the world's oil reserves, and three of the six conservative Arab Gulf states that are friendly with the United States—Kuwait, Saudi Arabia, and the United Arab Emirates (UAE)—possess the lion's share of that total, more than 45 percent of the world's supplies.² Of the remaining three states, Bahrain has little oil or natural gas, but Oman and Qatar are significant

Note: For an expanded chronology of significant Persian Gulf events, see appendix 1.

gas exporters. In general, the region possesses enormous natural gas reserves, approximately one-third of the world's total.³ Whether through diplomacy or by force, Washington has long been committed to preventing any of these oil or gas reserves from falling into the hands of nations that do not accept an implicit trade-off: reliable and reasonably priced oil and gas supply in return for a level of security that these countries cannot provide for themselves.

The origins of U.S. engagement in the region are complex. The activities of U.S. oil companies predate the official U.S. presence, dominating the U.S.-Gulf relationship until a wave of asset-nationalization occurred in the 1970s. Yet even before the primacy of oil, Cold War rivalries, and revolutionary Islam, the region represented an arena of competition between major foreign powers.

Pre-Oil History

Many Westerners still regard the Gulf's pre-oil era as a dark age, and the older members of the region's ruling families no doubt remember the harsh conditions that prevailed in the area before desalinated water and decent health services became available. Yet the region has been home to several major civilizations over the past several thousand years, based in Persia, or modern-day Iran, and along the Tigris and Euphrates Rivers in what is now Iraq. For millennia the sparsely populated and climatically inhospitable Gulf served as an important trading route between the Middle East and India, as well as a source of fertile fishing grounds and beds of valuable pearls. A vibrant oral history of the region, rich in accounts of tribal and family rivalries,⁴ is proudly recounted and handed down to successive generations.

Until the late 1960s, when London announced its decision to withdraw from the area "east of Suez," Britain had been dominant, although not unchallenged, in the Persian Gulf for nearly 150 years. Prior to the British era, the Ottoman Turks and the Portuguese played out their rivalry in the region, vanquishing warlike local tribes but sometimes adopting temporary alliances with each other in order to maintain

trade relationships, a higher priority for both.⁵ Although Britain brought a measure of stability to the region, the locals resented British power and dominance in trade.

Southern Gulf tribes had always engaged in piracy to supplement their income from pearling and trading. By the early nineteenth century, the British navy was heavily involved in guarding the region's trading routes from such activity. Yet the navy was unable to achieve dominance immediately upon its arrival to the region in 1809. Its principal adversaries were the al-Qasimi tribes of the present-day UAE. Influenced by the strict Sunni wahhabi orthodoxy that had taken root in Arabia and the small peninsula of modern-day Qatar, the al-Qasimi zealously opposed the presence of non-Muslims in the Gulf, particularly the British. It was not until 1818, when a British force destroyed the al-Qasimi port and stronghold of Ras al-Khaimah, that Britain subdued the "Pirate Coast."⁶

Recognizing the difficulty of policing the southern Gulf indefinitely, Britain reached a compromise with the locals in 1820. In return for an agreement to end piracy and a thriving slave trade, the British left the tribal rulers in power, their good behavior guaranteed by a series of treaties and by the permanent presence of a strong British naval force at Ras al-Khaimah. The Arab side of the Gulf thereby became known as the Trucial Coast, including part of modern-day Oman, the sultan of which had hitherto been in nominal control of the entire area. The first British treaties were signed with the al-Qasimi, whose main bases were Ajman, Ras al-Khaimah, and Sharjah (all now member emirates of the UAE), as well as the ports at Bahrain (now an independent state) and Dubai (another UAE emirate). Further treaties were signed over the next 100 years, with Abu Dhabi (now the leading UAE emirate) in 1835, Kuwait in 1899, and Qatar in 1916.

Despite these initial treaties, piracy persisted, often between local tribes. In 1835 the tribal shaykhs, along with the British, agreed to a maritime truce initially applied only during the pearling season. Given its mutual economic benefits, the truce was extended repeatedly, and by 1853 it had become the Perpetual Maritime Truce. For its part, Britain

restricted its naval activity to protecting the tribes from outside attack. Although sometimes attempting to referee local disputes along the coast, British forces did not interfere in fighting among the tribes in the hinterland.

It was at approximately this time that the first indications of American influence in the region tentatively appeared. Traders on the west coast of Africa usually sailed around the continent in order to reach its east coast and, from there, India and Asia. During one such voyage, a Massachusetts trader, Captain Edmund Roberts, met the sultan of Muscat (present-day Oman) and found him eager to trade. Soon thereafter, in September 1833, the United States signed a treaty of friendship and commerce with the sultan.⁷

Toward the end of the nineteenth century, Britain's obligation to provide local protection became even more important to safeguarding its own interests in the Gulf as France, Germany, and Russia increasingly challenged London's influence there. In 1892 Britain entered into separate but identical "exclusive agreements" with all of the Trucial States. According to these understandings, the states could not enter into international agreements or relationships with other foreign governments without British consent. The shaykhs also promised not to cede, mortgage, or otherwise dispose of any part of their territories to any entity but the British government.

Yet the main threat to the coastal shaykhdoms came not from Britain's European rivals but from the al-Saud tribe in central Arabia, which has been periodically dominant in the region for the past 250 years. In official Saudi historiography, modern-day Saudi Arabia is described as the third Saudi state. The modern kingdom that was established in 1932, however, is the only entity worthy of being called a "state." Before then, the al-Saud tribe was one of several attempting to dominate central Arabia, and it was making forays against ruling clans in Bahrain and Oman, particularly in the 1850s. At times, the al-Saud maintained only tenuous control of central Arabia or none at all. In 1818 the Ottoman Turks crushed the tribe, keeping it out of power for nearly thirty years. In 1891 the Ottoman-backed Rashidi tribe

forced the al-Saud's leader, Abdul Rahman (grandfather of current Saudi leaders King Fahd and Crown Prince Abdullah), to flee to what is now Kuwait, where he was given protection. In 1902 Abdul Rahman's son, Ibn Saud—the founder of modern-day Saudi Arabia—led a raiding party from Kuwait and regained control of Riyadh.⁸

By the end of the nineteenth century, Ottoman influence in the Gulf had declined to a few footholds, and the Turks faced increasing challenges from the British. The area that would eventually become Kuwait had for several decades accepted Turkish suzerainty in return for local autonomy, and the native shaykh, Abdullah bin Sabah, was given an Ottoman title that roughly translated as “commandant.”⁹ In 1896 Shaykh Abdullah was killed by his brother Shaykh Mubarak, who, fearing Turkish retribution, consequently looked to the British for assistance. In 1899 Britain, anxious to thwart Turkey's ally, Germany, signed a treaty with Kuwait promising protection in return for a Kuwaiti pledge not to offer territory to any country other than Britain, nor to establish relations with a foreign government absent British permission.¹⁰

Although Britain had established ties with the al-Sabah family in Kuwait, the al-Khalifa in Bahrain, and the al-Thani in Qatar, the territory along the Gulf coast separating these tribes remained the Ottoman province of Hasa. In 1913 Ibn Saud and his Ikhwan fighters seized control of the province, a significant step in the formation of the Saudi kingdom and a major defeat for the Ottomans heralding the collapse of their empire. During the course of World War I, the British steadily pushed against Turkish forces in Mesopotamia but in April 1916 were forced to surrender at Kut, halfway between Basra and Baghdad. To restore British prestige, a force of 600,000 men was deployed to the region, and by March 1917 this force had occupied Baghdad. In 1922 Britain was awarded a mandate from the League of Nations to govern the territory that became known as Iraq. Britain was also given mandatory control over what became known as Palestine and Transjordan, while a similar arrangement gave France control over modern-day Syria and Lebanon.

Oil History

Oil has long seeped to the surface in the Persian Gulf region. Before the twentieth century, it had been used for primitive lighting as well as to waterproof roofs and boat bottoms. Yet oil in the region was not found in commercial quantities until 1908, when British prospectors discovered petroleum in Iran. In 1927 more findings were unearthed in northern Iraq, but only in the 1930s was oil discovered in the southern Gulf, first on the island of Bahrain in 1932 and then in Saudi Arabia in 1938; both finds were made by an American firm, the Standard Oil Company of California (Socal), which later became Chevron.¹¹ In 1960 oil was finally discovered in Abu Dhabi, the lead emirate of the UAE, but another two years passed before the emirate became an exporter in earnest.¹² It was not until 1973, when the members of the Organization of the Petroleum Exporting Countries (OPEC) cartel quadrupled their oil prices, that the name “Persian Gulf” became synonymous with oil and immense wealth.

The discovery of the region’s hydrocarbon reserves is dominated by the Saudi experience, a history of American success and British error. Although U.S. oil companies initially played a more active representational role in the Gulf than did the U.S. government, their efforts eventually ensured Washington’s predominance in the region. In the wake of World War I, British, Dutch, French, and U.S. oil companies wrangled over how to divide the oil territory of the old Ottoman Empire. In this context, the prewar, European-dominated Turkish Petroleum Company was eventually (in 1929) transformed into the Iraq Petroleum Company. Standard Oil of New Jersey (later Exxon) and Standard Oil of New York (Socony, later Mobil) obtained shares totaling a quarter of this company, making it the first foothold for U.S. companies in what had previously been a European preserve.

As part of this deal, the U.S. companies were required to sign a cartel arrangement known as the Red Line Agreement. Because of depressed economic circumstances worldwide in the late 1920s, oil was likely to become overly abundant. To

limit new reserves, the major oil companies agreed to either participate jointly in any new concessions or eschew exploring them altogether. The dominant partner in this agreement was the Anglo-Persian Oil Company (later British Petroleum, now simply BP), which was anxious to preserve the viability of its concessions in Iran. The area covered by the agreement was demarcated by a line that included all of the former Ottoman Empire as well as much of the Arabian peninsula, even though most of the latter had been beyond effective Ottoman control.

Socal was not a signatory to the Red Line Agreement and therefore had the freedom to maneuver for concessions. The company sought footholds first in Bahrain and then in Saudi Arabia, where St. John Philby, a former British official who had ingratiated himself with the Saudi court, introduced Socal representatives to Ibn Saud.¹³ Socal's eventual agreement with the Saudis proved long and arduous to complete, largely because the British decided to flout the Red Line Agreement and counter the U.S. intrusion by using the Iraq Petroleum Company to seek Saudi concessions of their own. By 1933, however, the British had been outmaneuvered; Socal secured a deal with Ibn Saud for the price of 35,000 gold sovereigns. It would be another five years before oil was discovered in Saudi Arabia in commercial quantities (near Dhahran), and yet another year before the first exports shipped from the Ras Tannura loading terminal.

As an independent state since 1932, Saudi Arabia chose to sit out most of World War II. Before the United States entered the war in 1941, Ibn Saud watched as Britain faced defeat after defeat. He remained neutral even when pro-German army officers in Baghdad temporarily seized power from his Hashemite rival, King Faysal II. Saudi Arabia did not declare war on Nazi Germany until 1945, and the hostilities reached the kingdom only once, in the form of an errant 1940 Italian bombing raid on Dhahran (the intended target had been the refinery in nearby Bahrain). During the war years, oil exports had little positive effect on the Saudi economy, which

was devastated by the drastic decline in the number of Muslim pilgrims able to make the trip to the holy cities of Mecca and Medina. Drought and famine hit the kingdom in 1940, and food supplies had to be brought in to prevent mass starvation. By April 1943, the United States offered further help by designating the kingdom a beneficiary of the Lend-Lease program.

As the war wound down, the kingdom's oil production expanded. In early 1944 Socal's Saudi affiliate, the Californian Arabian Standard Oil Company, was reformed as the Arabian American Oil Company (Aramco). Aramco started a refinery at Ras Tannura in 1945. By 1948 Aramco—now expanded to include Socal, Texaco, Standard Oil of New Jersey, and Socony¹⁴—had devised a scheme for a pipeline stretching across Saudi Arabia to Lebanon. This Trans-Arabian Pipeline (Tapline) was delayed somewhat by the termination of the British mandate in Palestine and the creation of the state of Israel. Nevertheless, by the end of 1950, tankers loaded with Saudi crude were leaving the Lebanese port of Sidon, bound for European destinations.

By the end of the 1940s, the oil issue was increasingly intruding into U.S. foreign policy. In 1930 70 percent of the world's oil supplies had come from the United States while a mere 4 percent originated in the Persian Gulf. The United States maintained this share as late as 1945, despite the fact that production levels had doubled. By 1950, however, the U.S. share had dropped to 51 percent while the Gulf's share had grown to 16 percent.¹⁵ Moreover, the United States was becoming a significant importer of oil, with oil evolving into a strategic as well as commercial commodity serving American interests.

The United States generally imported little Gulf oil in the late 1940s and early 1950s. Yet the U.S. Navy made regular oil purchases from the region during this period. In 1947 the navy signed a contract with the Caltex refinery in Bahrain for 100 million barrels of refined products over five years. Subsequently, a steady stream of navy oilers and contracted tankers departed the Persian Gulf to supply U.S. forces in

Asia and the Mediterranean Sea. The navy also established a command structure to manage the tankers, which by 1949 had been named the Middle East Force.

Meanwhile, Aramco discovered that, although Ibn Saud was grateful for American oil expertise, he was also intent on securing the most favorable deal for the kingdom. In 1949, in order to demonstrate that the company did not have a monopoly on Saudi oil, he allowed American oil entrepreneur J. Paul Getty to take up a concession in the neutral zone, a patch of land on the Gulf coast between Saudi Arabia and Kuwait where the two states shared mineral rights. A year later, after Venezuela negotiated a fifty-fifty profit-sharing arrangement with U.S. oil companies, Saudi Arabia insisted on the same terms.

In response to these measures, Aramco attempted to expand its sphere of activities within Saudi Arabia, taking advantage of Ibn Saud's renewed claim to territory in the eastern part of the kingdom. This territory included portions of the British-administered Trucial States, specifically, much of the present-day UAE, as well as the Buraimi Oasis, which is currently shared by the UAE and Oman.¹⁶ Perhaps Ibn Saud thought that Britain, exhausted after the war and ruled by a Labor government anxious to reduce the country's imperial role, would relinquish the territory. London did not, however, and the dispute festered for six years, fatally damaging any residual chances the British might have had to rival U.S. influence in Saudi Arabia. The incident also served to perpetuate suspicions (harbored by other Gulf rulers) of Saudi territorial ambitions.¹⁷

Although U.S. oil companies dominated in Saudi Arabia and Bahrain during this period, the American presence in other Gulf states was less substantial. A few small U.S. companies became involved in a concession located in the Kuwaiti portion of the neutral zone in 1948. Kuwait had already awarded a joint concession to the U.S. company Gulf Oil and the Anglo-Persian Oil Company (later BP) in 1932, an arrangement that lasted until 1976, when the Kuwaiti government nationalized its assets. A British concession in Qatar signed

in 1935 was immediately transferred to a British-French-U.S.-owned affiliate of the Iraq Petroleum Company. But in 1952 a subsidiary of Royal Dutch/Shell, a Dutch-British conglomerate, won the first offshore license in the Gulf.

In the area that became the UAE, British and French companies tended to dominate exploration, although in 1978 Abu Dhabi granted U.S.-owned Mobil and Exxon minor shares in onshore development. Amoco, today part of BP, made a major onshore oil and gas discovery in the third largest emirate, Sharjah, as recently as 1980. Prospecting in Oman dates from 1937, but efforts to develop oil reserves there were generally unsuccessful. Eventually, Royal Dutch/Shell assumed control over much of the original Iraq Petroleum Company concession in Oman, and the company maintained its dominance even after the Omani government took a 60 percent interest in 1974 (production peaked in 2001 at a comparatively small 961,000 barrels per day).

These and other oil-related developments occurred in an atmosphere of increasing nationalist political sentiment in the region. Indeed, the 1950s brought revolution to the Middle East. The Egyptian monarch was overthrown in 1952, and the shah of Iran was forced to flee in 1953, returning only when his nationalist prime minister, Mohammed Mossadegh, was ousted. In 1958 Iraqi troops supposedly en route to bolster the young King Hussein of Jordan instead detoured through Baghdad, slaughtering the underage King Faysal II and his regent, Abd al-Ilah.

These were frightening years for the conservative Arab Gulf. President Abdul Gamal Nasser of Egypt, one of the army officers who had seized power in 1952, preached republicanism and pan-Arabism. In 1961 republican Iraq's new, military-minded head of state, Abd al-Karim Qasim, threatened to invade Kuwait, reawakening Baghdad's claim to the shaykhdom. For many in the region, the rapid shift from monarchy or shaykhdom to republic seemed unstoppable, particularly given the appeal of revolution to those who embraced the Marxist ideology of the communist bloc.

Initially, the United States was caught in the middle of the turmoil. The Cold War had already begun, and Washington wanted to support its friends in the Middle East and elsewhere against communist aggression, a goal espoused in the Eisenhower Doctrine of 1957. Yet Washington was infuriated when Britain and France, in what appeared to be a postcolonial adventure, occupied Egypt's Suez Canal Zone in 1956, supposedly in order to safeguard this important trade route from Egyptian-Israeli tension.¹⁸

In these circumstances, the developing U.S.-Saudi relationship came under strain, including the longstanding military ties between the two countries. In 1944 Ibn Saud had given the United States what amounted to military basing rights at Dhahran. In 1946 he expanded the arrangement to "unrestricted air traffic rights," recognizing Washington's contention that the U.S. position in Iran was threatened by Soviet military expansion in the northwestern province of Azerbaijan and in Iranian Kurdistan.¹⁹ A five-year lease for the base was signed in 1951, and a five-year renewal was granted in 1957. With the outbreak of the Korean War, Dhahran became part of a key global network of U.S. air bases.²⁰

In 1962, however, Saudi Arabia declared that the United States would no longer be permitted direct use of the Dhahran air base, other than for reconnaissance flights. Although the consequences of this declaration were not severely detrimental to U.S. military interests, other events soon followed that threatened U.S. standing in Saudi Arabia and in the region as a whole. The June 1967 Six Day War between Israelis and Arabs left many in the Middle East convinced that the United States and Britain had been complicit in the Arab defeat, despite evidence to the contrary. That war coincided with Britain's withdrawal, under nationalist pressure, from the Aden protectorate, which subsequently became the People's Democratic Republic of Yemen, or South Yemen.²¹ In this period Britain also moved its regional naval base from Aden to Bahrain and announced that it would withdraw from all of its

bases east of the Suez by 1971 in order to cut expenses and diminish its colonial role.²²

These British moves, as well as U.S. preoccupation with the deepening Vietnam War, forced the smaller Gulf states into a vulnerable kind of independence. London proposed a partial federation for the emirates in the area, and in December 1971, Abu Dhabi, Ajman, Dubai, Fujairah, Sharjah, and Umm al-Qaiwan joined to form the United Arab Emirates.²³

Meanwhile, with the support of Washington, Iran attempted to fill the power vacuum in the region. The shah had shown himself to be sufficiently responsible during his years of defense and intelligence cooperation with the United States, as well as through his May 1970 renunciation of Iran's longstanding claim to the island of Bahrain. Iran's paramount role in the region, however, was reinforced when, in November 1971, the shah's forces seized the islands of the Greater and Lesser Tunbs (claimed by Ras al-Khaimah) and Abu Musa (claimed by Sharjah). The issue remains a festering sore, and one of the primary foreign policy concerns of the UAE (see chapter 2).

Other than a treaty of friendship signed between Iraq and the Soviet Union in 1972, the Persian Gulf as a whole remained on the periphery of world events in the early 1970s. Then in October 1973, angered by U.S. support for Israel after Egyptian and Syrian forces attacked Israeli positions in Sinai and the Golan Heights, the Arab states of the Persian Gulf imposed an embargo on the sale of oil to the United States and willingly joined in Iran's OPEC initiative to increase prices. (There were limits to Arab Gulf anger. For example, although Bahrain formally cancelled its agreement with the United States to provide naval facilities, the arrangement was permitted to continue quietly.)

The dramatically increased oil revenue that followed the 1973 embargo greatly benefited the Gulf states. This gain permitted considerable expenditure, in several cases transforming desert societies into modern states with plentiful (desalinated) water, modern highways, and a social infrastructure. The cash inflow also funded often extravagant military

expenditures. Even in those early days, however, awareness was widespread that foreign allies such as the United States and Britain had a vital deterrent role in guaranteeing regional security.

In Iran, however, increased oil revenue could not prevent the emergence of revolutionary fervor. The shah's military spending did not significantly enhance the security of his regime, and the Iranian people did not seem grateful for his ambitious plans to modernize the country. His secular opponents became increasingly vocal in demanding freedom, while the religious opposition used support for Islam as a rallying cry. In early 1979 the shah was forced to flee. Soon thereafter, Ayatollah Ruhollah Khomeini returned from exile and established a radical Islamic republic, initially intending to export the revolution to other Muslim states, particularly those with Shi'i communities.

Indeed, 1979 was a momentous year for the Middle East. In March Israel and Egypt signed a peace treaty, shocking the Arab world and leading most of the region to sever formal ties with Cairo. In early November militants seized the U.S. embassy in Tehran; later that month, Islamic extremists captured the Grand Mosque in Mecca. Around that time, local Shi'is in Saudi Arabia's eastern province—the center of the kingdom's oil fields—rioted to protest years of discrimination. In Pakistan rioters besieged the U.S. embassy in Islamabad, setting it ablaze and nearly killing all of its diplomatic personnel.

U.S. interests seemed to be under attack throughout the region. Both the authority of U.S. leadership and the deterrent effect of U.S. military might were being sorely tested. In January 1980 President Jimmy Carter responded to the challenge by announcing what became known as the Carter Doctrine: "an attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force."²⁴ Nevertheless, the U.S. predicament deepened within months. In April a special forces mission sent to

rescue the U.S. diplomats held hostage in Tehran failed ignominiously, demonstrating the limitations of military power. The hostages were not released until months later, and only after diplomatic compromise.

In September 1980 the region seemed even closer to being enveloped in chaos when Iraqi forces invaded Iran. The new Iraqi leader, Saddam Husayn, sought to take advantage of the confusion in an old rival state and prevent the Islamic revolution from spreading to Iraq's own Shi'i majority. Offered diplomatic and military support by the United States, the conservative Arab Gulf states quickly recognized the merits of remaining on the sidelines of this conflict, particularly as it developed into a murderous, eight-year slugging match.²⁵ Although they quietly supported Iraq with oil revenue, the states otherwise professed neutrality.

In May 1981, to demonstrate this neutrality more emphatically, they established the Gulf Cooperation Council (GCC), consisting of Saudi Arabia, Kuwait, Bahrain, Qatar, the UAE, and Oman. Ostensibly an economic grouping, the GCC was, in reality, intended to serve as a diplomatic bloc and to enhance the security of its members. Pointedly, Iraq was not invited to join.²⁶ Over the years, the GCC developed into a power bloc capable of countering, to a degree, both Iran and Iraq. Tested by the Iran-Iraq War and the Iraqi invasion of Kuwait in 1990, GCC members, at first cautious, became open friends of the United States. Yet many internal differences persisted within the bloc, and certain members occasionally showed a quirky independence in defining their interests.

Under President Bill Clinton, the United States pursued a "dual containment" policy that sought to limit aggression by both Iraq and Iran in the post-Gulf War Middle East. As a result of this strategy, the conservative Arab Gulf states thrived in an atmosphere of stability during the 1990s, while world economic growth fed a steadily increasing demand for oil. Yet unlike their rulers, many in the GCC states and throughout the wider Arab world rejected the dual containment approach. This attitude was rooted in the perception that U.S.-enforced sanctions contributed to hardship and suffering in

postwar Iraq, where Saddam did not accept the full terms of the UN “oil for food” program until 1996. Hence, although U.S. policy remained essentially the same, the term “dual containment” was eventually dropped.

Washington’s approach was further undermined by the 1996 Khobar Towers bombing in Saudi Arabia, in which nineteen U.S. service personnel were killed. Because the attack was linked to local Shi’is who were supported by Tehran, Riyadh hindered the investigation, fearing the consequences of U.S. retaliatory action against Iran. Soon thereafter, falling oil prices, along with the 1997 election of moderate Iranian president Muhammad Khatami, led to an apparent pact whereby Tehran suspended terrorism in Saudi Arabia in return for oil agreements, which in turn led to a recovery in world oil prices.

Military cooperation between the United States and the conservative Arab Gulf states increased throughout the late 1990s in the context of enforcing the sanctions against Iraq (see chapter 6). U.S. air patrols with Operation Southern Watch prevented Baghdad from moving its military forces south of the thirty-third parallel.²⁷ Southern Watch operated regularly out of Saudi and Kuwaiti air bases, with support flights dependent on the cooperation of the other GCC members. In addition, naval patrols designed to stop illegal Iraqi oil exports were maintained with cooperation from all GCC members.

In the wake of the September 11, 2001, terrorist attacks, the United States was able to quickly gather its military forces for a campaign against the Taliban regime and al-Qaeda terrorists in Afghanistan. This quick mobilization was in large part due to the already well-established U.S. presence in and cooperation with the conservative Arab Gulf states. Despite the questionable political ramifications of the Afghanistan campaign, its success from a military standpoint meant that, by mid-2002, a confrontation with Iraq could also be contemplated. Despite local public opposition (and official reluctance in Saudi Arabia), most of the conservative Arab Gulf states seemed ready to go along with U.S. pressure on Saddam Husayn to surrender Iraq’s weapons of mass destruction, even

at the cost of his regime. This attitude implied that the conservative Arab Gulf regimes saw a U.S. presence, even if off shore or in remote air bases, as a permanent component of the Gulf's post-Saddam future.

Notes

1. A small U.S. military presence in the region was established as early as 1944 in the form of an airfield in Dhahran, Saudi Arabia. Moreover, Bahrain became the homeport of the commander of the U.S. Middle East Force (discussed later in the chapter) in 1949; it has hosted a U.S. naval support unit since 1971 and is currently the headquarters of the U.S. Fifth Fleet. Nevertheless, Washington did not establish a significant diplomatic presence in much of the Gulf until years later. U.S. relations with Kuwait were established in 1961, but the U.S. embassy there did not become operational until 1967; previously, the U.S. ambassador to Saudi Arabia was accredited to Kuwait (as well as to North Yemen). The U.S. embassy in Bahrain did not open until 1971, and the U.S. ambassador to Kuwait was accredited to Bahrain until 1974. The U.S. embassy in Abu Dhabi, capital of the UAE, was not established until 1972, and the U.S. ambassador was resident in Kuwait until 1974. The U.S. embassy in Qatar did not open until 1973, with the first resident ambassador arriving in 1974. Despite signing a treaty of friendship with Oman in 1833, the United States did not open its embassy there until 1972, with the first resident ambassador arriving in 1974. U.S. diplomatic relations with Saudi Arabia were established comparatively early. They were conducted by an ambassador resident in Cairo from 1933 until 1944, when an embassy was set up in the Saudi port city of Jeddah. The U.S. embassy was moved to Riyadh in 1984 along with other foreign embassies.
2. Figures are based on 2002 data published in the *BP Statistical Review of World Energy 2003*; available online (www.bp.com/centres/energy). These figures probably understate the region's oil riches considerably; they represent only proved reserves, or quantities recoverable from known oil fields under existing economic and operating conditions. Apart from the conservative Arab Gulf states, Iraq and Iran hold an estimated 10.7 and 8.6 percent of world oil reserves, respectively (see chapter 4).
3. Iran alone is estimated to possess half the region's natural gas resources, approximately 15 percent of the world's total reserves. Qatar, with a population of only 180,000, holds more than 9 percent of the world's gas reserves (see chapter 4).

4. When Ibn Saud, the founder of modern-day Saudi Arabia, died in 1953, his body still bore scars of the spear and sword injuries he suffered as a result of such rivalries. He fought against tribes in central Arabia as well as in the shaykhdoms that would eventually form the UAE.
5. The experience of Ottoman rule still rankles. For example, upon being asked about the reported visit of a Turkish warship to Kuwait in 1999—more than eighty years after the collapse of the Ottoman Empire—the Kuwaiti defense minister lost his temper, making it clear that no such visit would take place while he had any say in the matter.
6. The present-day ruler of Ras al-Khaimah is Shaykh Saqr bin Mohammed al-Qasimi, who came to power in 1948. The fourth largest emirate of the UAE, Ras al-Khaimah lacks oil resources and therefore remains undeveloped; in fact, it is not difficult for visitors to imagine it as it was during its years as a small pirate port.
7. Michael A. Palmer, *Guardians of the Gulf: A History of America's Expanding Role in the Persian Gulf, 1833–1992* (New York: Free Press, 1992).
8. The Saudis now downplay this significant historical debt to Kuwait.
9. In fact, the homage Kuwait paid to the Turkish governor in Basra (located in modern-day Iraq) formed the basis of Iraq's officially renounced but otherwise persistent territorial claims on Kuwait (see chapter 2).
10. Britain was particularly anxious to prevent Germany from expanding the Berlin-to-Baghdad railway to a coastal terminal in Kuwait.
11. Bahrain's oil reserves were small and are now virtually exhausted. In contrast, Saudi Arabia holds an estimated 25 percent of the world's reserves, enough to last more than 100 years at current rates of production.
12. Currently, the emirate of Abu Dhabi is estimated to hold 10 percent of the world's reserves.
13. St. John (pronounced Sinjan) Philby was the father of Kim Philby, who served in MI6, Britain's foreign intelligence service, as a double agent for the Soviet Union (the younger Philby eventually fled to Moscow and died there). St. John secured his friendship with Ibn Saud by converting to Islam; in return, and to the consternation of Philby's English wife, Ibn Saud presented him with a slave girl.
14. Much of this restructuring followed the 1948 collapse of the Red Line Agreement.
15. The equivalent figures for 2002, the latest available, show that just under 10 percent of the world's oil is produced by the United States,

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while nearly 30 percent comes from the Persian Gulf. The six conservative Arab Gulf states produce slightly less than 20 percent of the global total (see chapter 4).

16. Even today, official Saudi maps portray this territory as being part of the kingdom.
17. The fault lines engendered by such incidents persist to the present day. For example, in 1998, when the Saudis held a ceremony to celebrate the start of production at the Shaybah oil field, the UAE declined to send an official representative. The oil field is located in an area of controversy. In 1974 the emirate of Abu Dhabi bequeathed land to Saudi Arabia in return for Riyadh's agreement to yield its claim to the Buraimi Oasis. Some have argued that the Saudi oil field, which is located on the bequeathed land, extends into Abu Dhabi territory.
18. It later became clear that Britain, France, and Israel had secretly agreed to collaborate against Nasser. Egyptian forces were providing sanctuary to Palestinian guerrillas launching attacks against Israel, while Britain and France saw Nasser as a destabilizing force in the region.
19. In 1946 Iranian Kurds established the short-lived Mahabad Republic with the support of Moscow. It collapsed after Iranian forces marched into the province of Azerbaijan and arrested the communists who had set up an autonomous government, initially under Soviet protection.
20. During the 1950s the U.S. nuclear deterrent depended primarily on the B-47 bomber, which did not have the range to fly from the continental United States to the Soviet Union and back. Strategic Air Command bases were therefore established around the world, including in the Middle Eastern nations of Morocco and Libya. Dhahran functioned as a dispersal base for the B-47 force in times of crisis. The need for these bases declined in the 1960s with the introduction of the B-52 bomber, which had a much longer range than the B-47.
21. North and South Yemen eventually united in 1990 as modern-day Yemen.
22. Britain was nevertheless able to maintain a military presence in the region through occasional troop, air, and naval deployments, as well as through its retention of the colony of Gibraltar, where it maintained an airport and a naval base. Britain also maintained sovereign military facilities in Cyprus, including an air base and sophisticated communications facilities.
23. Bahrain and Qatar abstained from joining the federation; Ras al-Khaimah joined in 1972.

24. President Jimmy Carter, State of the Union address, January 21, 1980. Available online (www.jimmycarterlibrary.org/documents/speeches/su80jec.phtml).
25. As Iraqi tanks moved across the Iranian border at the beginning of the war, a group of Iraqi helicopters and transport aircraft carried a commando force south toward Oman, from which an attack was to be launched on the Iranian-occupied islands of Abu Musa and the Tunbs. The United States and Britain feared that such an operation would widen the war. Consequently, London instructed its consul general in Dubai to press Shaykh Rashid—Dubai's ruler and one of the Gulf's elder statesmen—to use his influence to stop the operation. Such intervention proved unnecessary, however; after some of the Iraqi helicopters crashed, the operation was called off.
26. In 1989 Iraq sought diplomatic revenge by establishing the Arab Cooperation Council, made up of Iraq, Egypt, Jordan, and Yemen. Although the membership of Jordan and Yemen predictably annoyed the Saudis, Egypt's membership served to stymie the group's effectiveness because Cairo wanted to balance Saddam's power rather than enhance it. The Iraqi-led council collapsed when Iraq invaded Kuwait in August 1990.
27. Operation Southern Watch was carried out under UN auspices. The air patrols over southern Iraq, as with air patrols mounted from Turkey as far south as the thirty-sixth parallel, included British aircraft. Washington and London argued that these patrols were legitimized by UN resolutions, a point of view not accepted by many other nations. The operation also involved U.S. naval forces patrolling the area with the help of allied forces, including ships from Australia, Britain, and the Netherlands.

Chapter 2

Intra-Gulf Relations: Borders and Historical Rivalries

Although the UN forced Saddam Husayn to renounce Iraq's claim to Kuwait after the former's 1990 invasion of the latter, many Iraqis still probably believe Kuwait to be rightly part of Iraq's sovereign territory. In fact, border disputes persist among the countries of the Persian Gulf. Such discord reflects the legacy of twentieth-century British colonial administrators, who often imposed borders in the region. Yet notions of the sovereign extension of territory were important even before the discovery of oil and gas in the area. Then, as now, scarcity of water made the ownership of oases a matter of vital commercial interest.

Nationalist feelings that center on border issues have been common to monarchists and revolutionaries alike in the Gulf. Indeed, border disputes have served as the pretexts of two recent wars in the region. The 1980–1988 Iran-Iraq War began when Saddam Husayn invaded Iran in an attempt to take advantage of the revolutionary chaos that had recently erupted in that country. But Saddam also wished to redress imbalances that in 1975 had forced Baghdad to make concessions on the border between the two countries at the Shatt al-Arab waterway.¹ Then, in 1990, Saddam invaded Kuwait after accusing the shaykhdom of stealing oil from a field adjacent to the Iraq-Kuwait border.²

Efforts to resolve border differences among the conservative Arab Gulf states have been hampered by the parties' tendency to obfuscate the central issues of dispute, resulting in grievances that either recede only temporarily or grow (see appendix 2). Even when agreements are reached, the dispu-

tants sometimes fail to ratify or register them with the UN. In its *World Fact Book 2003*,³ the CIA lists seventeen border disputes in entries covering the six member states of the Gulf Cooperation Council (GCC): Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates (UAE), and Oman.⁴ Of these disputes, six are between members of the GCC themselves. In March 2001 this list was supposedly shortened by three. The International Court of Justice (ICJ) adjudicated two disputes between Bahrain and Qatar, one over a maritime boundary and a second over ownership of the Hawar Islands. Just a few days later, Qatar and Saudi Arabia signed a border demarcation agreement to resolve an issue that had dogged relations between those two countries for nearly a decade. The involvement of the ICJ in the Bahraini-Qatari settlement was a first in the history of Gulf disputes, and its verdict will need to be tested by time. Although the land border between Qatar and Saudi Arabia was settled in the bilateral agreement along with the western maritime border, the question of the eastern maritime divide has yet to be resolved.

Scholars are unlikely to list either the Bahraini-Qatari or the Qatari-Saudi disputes as resolved, given the long-running enmities between the disputant parties. In the meantime, published maps of the Persian Gulf region often appear widely at odds with borders established by agreement. For example, other GCC states may well resent that each page of the Saudi Arabian passport carries a map outlining the entire Arabian peninsula without border demarcations and overstamped with the emblem of the Saudi kingdom. Moreover, Saudi maps in publications distributed by Saudi embassies routinely show Oman, the UAE, and Yemen as being much smaller than the territories those states actually control.⁵

GCC Disputes with Non-GCC Neighbors

Kuwait-Iraq. Iraq's longstanding claims on Kuwaiti territory are multilayered. One Iraqi argument is historical: since Kuwait once paid allegiance to the Ottoman governor in the southern Iraqi city of Basra, Iraq claims that Kuwait should have become part of Iraq when the latter was created at the

end of World War I. Another argument is geographical: Iraq's coastline on the Persian Gulf is miniscule, with access to its major port at Basra dominated by Iran to the north and Kuwait to the south. For many years Iraq claimed the Kuwaiti islands of Bubiyan and Warbah, which dominate the shipping channel from Basra to the open sea. Moreover, Kuwait's territorial sovereignty was compromised during the Iran-Iraq War when it allowed Iraq to extend the facilities of the Umm Qasr port and its associated naval base into Kuwaiti territory. It is unclear whether the Kuwaiti government ever formally ceded this territory or just gave in to Iraqi pressure.⁶

Still another Iraqi argument concerned the major oil field of Rumaila, which stretches from southern Iraq into northern Kuwait. As tension mounted before Iraq's 1990 invasion of Kuwait, Baghdad accused Kuwait of "slant-drilling," taking oil from the Iraqi side of the border. After the 1990–1991 conflict, the border was redrawn in Kuwait's favor to avoid similar accusations. In documents lodged with the UN, Iraq formally accepted both the line and Kuwait's sovereignty over Bubiyan and Warbah. Still, doubts persisted about Iraq's sincerity in recognizing Kuwaiti sovereignty. In June 1998 Iraqi vice president Taha Yassin Ramadan reportedly stated that the UN resolution defining Iraq's border with Kuwait had no force in law (Ramadan later denied the report). In January 2001 Uday Husayn, the eldest son of Saddam, noted publicly that the emblem of the Iraqi national assembly contained a projection of Iraq that did not include Kuwait. He urged that the design of the map be changed.

In 2001 the Kuwaiti government was reported to have shared technical information with several foreign oil companies, including Chevron, Conoco, ExxonMobil, and Texaco, encouraging them to develop new oil fields in Kuwait. Kuwaiti leaders hoped that such development would effectively serve as a diplomatic trip wire against further Iraqi aggression. The initiative, known as Project Kuwait, still faces vociferous opposition in the Kuwaiti na-

tional assembly, since the terms may violate Kuwait's constitutional prohibition against direct participation of foreign companies in the Kuwaiti oil sector (see chapter 4).

Saudi Arabia–Yemen. When the U.S. Air Force first deployed AWACS aircraft to the Saudi kingdom in 1979, their role was to patrol the Saudi border with North Yemen, not to operate against the Iranian threat, as eventually became their purpose.⁷ Although the discovery of oil in Saudi Arabia had disrupted the economic parity between Yemen and Saudi Arabia in the peninsula, the overthrow of the (North) Yemeni monarchy in the 1960s by Egyptian-supported nationalists nevertheless mortified Riyadh. With the 1970s oil boom, the kingdom employed several hundred thousand resident Yemenis, who were hastily expelled in 1990 when North Yemen backed Iraq's invasion of Kuwait. Riyadh continues to fear Yemen's population, which, at an estimated 19.350 million (in a now-combined North and South Yemen), outnumbers the Saudi population of 18.718 million nationals (see chapter 5, table 1).⁸ Saudi Arabia is also apprehensive about the Yemeni leader, the mercurial President Ali Abdallah Salih. Although both countries signed an agreement in 2000 aimed at resolving their border disagreements, parts of the Saudi Arabia–Yemen border have yet to be demarcated. Riyadh has reportedly given San'a a verbal commitment to an undertaking that would enable Yemen to join the GCC, cut unemployment, and boost its expatriate remittances. Yet no date has apparently been given for the project's initiation, and the strength of Saudi commitment to such a proposal is doubtful.

The most persistent point of disagreement between the two countries involved a 1934 accord that gave Saudi Arabia three Yemeni provinces in what was, for Yemen, supposed to be a temporary arrangement. As well, the coastal and offshore Saudi Arabia–Yemen frontier has been a source of dispute. In April 1998 at the UN the Saudis formally challenged a Yemen-Oman border demarcation agreement (announced six years earlier) on the grounds that it infringed on Saudi territory. Saudi Arabia had wanted Yemen to formally cede a

mile-wide corridor, either through Yemen or along the border with Oman, linking Saudi territory directly to the Arabian Sea. The next month, Saudi forces occupied the uninhabited islands opposite the Yemeni town of Maydi, a move interpreted as a way of pressuring San'a in the wake of the Saudi protest.

UAE-Iran. The islands of Abu Musa and the Greater and Lesser Tunbs have been in dispute since 1970, when a visiting UN mission found that most Bahrainis wanted full independence rather than remain a British protectorate or become part of Iran. Iran accepted the decision but claimed Abu Musa and the Tunbs as a quid pro quo with Britain for ceding the formal Iranian claim to Bahrain.⁹ At the time, the shah of Iran was anxious to control the islands, which command traffic passing through the Strait of Hormuz. Iran regards freedom of passage through the strait as vital to its strategic and economic interests. The Gulf Arab claim to the islands is based on the argument that Arab tribes used them as trading posts during the nineteenth century.

The dispute over Abu Musa (known as Jazireh-ye Abu Musa in Persian) was made more acute when oil was discovered in the offshore Mubarak field, but disagreement over the island was ultimately defused. In December 1971, just prior to the formation of the UAE, Shaykh Khaled, ruler of the emirate of Sharjah, agreed to share Abu Musa—including oil revenue—with Iran. In this “sharing” arrangement, however, Iran came to dominate. In 1992, claiming full sovereignty, Iran blocked an attempt by 100 Abu Musa residents to land on the island upon their return from Sharjah, by then a member of the UAE. Tehran has since eased its restrictions on access to the island by UAE nationals but continues to assert sovereignty.

Greater Tunb (known as Tunb al-Kubra in Arabic and Jazireh-ye Tonb-e Bozorg in Persian) and Lesser Tunb (known as Tunb as-Sughra in Arabic and Jazireh-ye Tonb-e Kuchek in Persian), both claimed by Iran and the small UAE emirate of Ras al-Khaimah, are located in the heart of the Gulf shipping lanes. Westbound traffic passes to the north of the islands, eastbound traffic to the south. The ruler of Ras al-Khaimah

was not prepared to compromise with Iran, as his neighbor in Sharjah had.¹⁰ (In fact, only in February 1972, when he realized that neither Britain nor other Arab countries would support his uncompromising stand, did he allow Ras al-Khaimah to join the UAE.) Other than a few Iranian military outposts, the Tunbs are now uninhabited, although occasional reports surface concerning the placement of Iranian antiship missiles on the islands.

Negotiations to sort out the status of Abu Musa and the Tunbs broke off in 1992, and since then the UAE has advocated ICJ arbitration. This proposal is rejected by Tehran, which demands bilateral negotiations. The UAE wants to avoid bilateral talks, fearing a disadvantageous settlement since Tehran is prepared to discuss only the fate of Abu Musa, refusing to negotiate over the Tunbs. In the meantime, UAE officials consistently use multilateral meetings and visits by foreign dignitaries to reiterate their demand that the islands be returned.¹¹

Intra-GCC Disputes

Saudi Arabia–Kuwait. The land border between Saudi Arabia and Kuwait reaches the coast of the Persian Gulf at a so-called neutral zone, sometimes referred to as a divided zone. This zone was established in 1922 when the British high commissioner in Baghdad, Sir Percy Cox, exasperated by the disputes between the emir of Kuwait and the ruler of Nejd (Ibn Saud),¹² took a red pencil to a map and drew two neutral zones, one between Kuwait and Saudi Arabia, the other between Saudi Arabia and Iraq but touching the Kuwaiti border. The “neutral” nature of the zones enabled Bedouin tribes to move freely with the seasons.¹³

By 1953 oil was being produced in the zone shared by Saudi Arabia and Kuwait, leading to squabbles over whether oil field workers were liable to Saudi or Kuwaiti law. In 1963 Kuwait and Saudi Arabia agreed to divide their neutral zone, an arrangement formalized in 1965. Kuwait took the northern half, and Saudi Arabia the southern sector. Mineral

resources were not affected by this agreement. Indeed, oil and gas revenue from this zone continues to be shared equally by the two countries.¹⁴

Negotiations over the maritime borders within the Saudi-Kuwaiti neutral zone were prompted in early 2000 by the arrival of an Iranian ship with a drilling rig that drilled test holes in the unexploited Dorra gas field, located in the offshore portion of the zone. The timing of the drilling was significant, as it occurred during the few months before the expiry of a thirty-year agreement between Saudi Arabia and the Japanese-owned Arabian Oil Company for oil production rights in the zone's waters. Kuwait claimed sovereignty over two islands in the neutral zone, Qaruh and Umm al-Maradim—a claim protested by Saudi Arabia. Both islands lie off the northern, Kuwaiti, portion of the zone. The neutral zone's maritime borders were resolved in July 2000 by a maritime agreement that also gave Kuwait title to Qarah and Umm al-Maradim. The agreement, however, was reached without the participation of either Iran or Iraq in negotiations.¹⁵ Baghdad publicly protested its exclusion, putting the validity and permanency of the agreement in doubt.

Saudi Arabia–Bahrain. Saudi Arabia watches over Bahrain with an almost paternalistic eye. In the early 1980s, soon after the Islamic revolution in Iran, Bahrain's majority Shi'i population fell into turmoil, and units of the Saudi Arabian National Guard, supported by helicopters, reportedly moved onto the island as a precautionary move to help quell riots (but were ultimately not used). Since the 1986 completion of a fifteen-mile road linking Bahrain to the mainland, Bahrain's access to security assistance has improved, and, so far, fears that the country's sovereignty would be compromised by the causeway have not materialized. In the meantime, Saudis are permitted to cross the causeway to enjoy Bahrain's less restrictive social environment, including the availability of alcohol.

Despite its close proximity to the Saudi kingdom, Bahrain does not have Saudi Arabia's natural wealth. Instead, it has sought to develop itself as a regional commercial center with

offshore banking, a dry-dock ship-repair facility, and an aluminum smelter. Government revenue is a perennial problem, but the Saudi government has long bolstered the Bahraini exchequer by transferring earnings from the Abu Safaa offshore oil field, located in the waters between the two states.¹⁶

Saudi Arabia–Qatar. In 1992 an armed clash ensued between Saudi and Qatari forces at the land frontier between the two countries. The details of the incident, in which at least one Qatari soldier died, are as obscure as its cause. Qatari officials privately concede that Qatar took advantage of Riyadh's distraction during the 1990–1991 Gulf War to push the line of Qatari control south into the largely featureless desert. In the end, however, Qatari forces ceded ground to the Saudis.

Such border difficulties between the two countries are not confined to the land and indeed have often involved personalities.¹⁷ The maritime boundaries on both sides of the Qatari peninsula have also been in contention. In March 2001 the ICJ drew a maritime border between Bahrain and Qatar that enabled Saudi Arabia and Qatar to draw their own maritime boundary west of the Qatari peninsula. Still, the maritime border to the east of the peninsula—where an agreed-upon offshore boundary between Qatar and the UAE takes into account productive oil and gas fields—remains potentially vexatious. Despite the UAE's unilateral (and then-secret) 1974 decision to cede control of a strip of shoreline to Saudi Arabia, the maritime line east of the Qatari peninsula does not allow for any Saudi territorial waters. Yet according to Western diplomats, Saudi Arabia has begun to base coastal patrol forces in the Khor al-Udaid, the inlet forming the heart of the dispute. During the mid-1990s, it patrolled the offshore waters aggressively.

Saudi Arabia–UAE. In 1949 the Saudi government formally claimed approximately 80 percent of the territory belonging to the UAE emirate of Abu Dhabi. In the east, this territory included the Buraimi Oasis, shared by Abu Dhabi and Oman; in the south, the Liwa Oasis and surrounding settlements, the ancestral home of Abu Dhabi's ruling family; and in the west, a broad corridor to the Gulf adjacent to Qatar. The Saudi

claim was supported by the American subsidiaries of Aramco, which were eager to find new oil fields even though the issue put Saudi Arabia in direct confrontation with Britain, the local protecting power.

Talks ensued but did not progress, and in September 1952 a small Saudi force, supported logistically by Aramco, entered a Buraimi village claimed by Oman. British-led troops imposed a blockade, and deadlock followed as pressure from the United States prevented Britain from imposing a military solution. In 1954, under UN auspices, Britain and Saudi Arabia agreed to arbitration.¹⁸ The tribunal met in Geneva in 1955 amid reports of doctored evidence and vast sums being transferred by both parties to tribal leaders in order to sway their testimony away from traditional loyalties. The arbitration collapsed. A month later, British-led troops seized the oasis, capturing the Saudi forces. Saudi Arabia broke off diplomatic relations with Britain¹⁹ and began financing Sunni Muslim opponents of the Sultan of Oman.

Only in 1974 did Saudi Arabia reconcile with the UAE, when Crown Prince Fahd negotiated a settlement with Shaykh Zayed of Abu Dhabi.²⁰ Riyadh dictated heavy concessions from Abu Dhabi, by then the lead emirate of the UAE. In exchange for Saudi Arabian recognition of Abu Dhabi's authority over the Buraimi Oasis (where tribes had sided with Riyadh), the agreement gave the Saudis access to the Gulf coast east of the Qatari peninsula and readjusted the southern border of the UAE, giving the Saudis the rights to land that includes the recently discovered Shaybah oil field (known as Zarrara to those in Abu Dhabi). Because many of the details of the agreement have not been made public, the exact alignment of the Saudi Arabia–UAE border is still unknown.

Saudi Arabia–Oman. After the UAE settled its southern border with Saudi Arabia in 1974, it was discovered that the territory surrendered by Abu Dhabi included a part of what Oman claimed to be its own. Relations between Saudi Arabia and Oman continue to be problematic with regard to this issue, although there is little that Oman can do to advance its claim.

Bahrain-Qatar. The Hawar Islands are located near Qatar's largest onshore oil property, the Dukkan field. They appear geographically to be part of Qatar, but a 1939 British ruling gave the islands to Bahrain. Qatari officials did not recognize the ruling, given that Britain was a colonial power at the time. A March 2001 ICJ settlement of this dispute determined that Bahrain had demonstrated continuous possession, having built a settlement on the island including, in recent years, a hotel. Other parts of the dispute, particularly with regard to what Bahrain claimed as historic pearl diving areas, were found in Qatar's favor, as was a maritime dividing line.²¹ The court's decisions will be tested as exploration for oil and gas in the area persists.

Qatar-UAE. Qatar and the UAE have no common land border, but they do have an agreement regarding a maritime frontier. This agreement represents the curious legacy of the 1974 Saudi-UAE agreement, which secretly granted Saudi Arabia access to the Gulf coast east of the Qatari peninsula in exchange for Riyadh's recognition of Abu Dhabi's authority over the Buraimi Oasis, where tribes had sided with Saudi Arabia. Access to the coast is meaningless without territorial waters, so this issue must eventually be resolved. A major test will come upon the deaths of King Fahd of Saudi Arabia and Shaykh Zayed, president of the UAE and ruler of Abu Dhabi, who negotiated the 1974 agreement. In the meantime, Qatar still maintains that it has a direct land border with the UAE.

UAE-Oman. In the manner of Alaska, the Musandam peninsula stands isolated from the mainland of Oman, with UAE territory interrupting. In all, the peninsula is approximately fifty miles long and twenty miles wide. Where it juts into the Strait of Hormuz, it is deeply cut by ravines and fjords, with cliffs soaring hundreds of feet out into the sea, affording strategic dominance of the surrounding area. The local tribespeople speak a dialect of Arabic that differs from that of their neighbors, but they share the fierce sense of local independence and disdain for central government that is typical of many Arabian tribes. Until an agreement defining the UAE-Oman border was ultimately ratified in 2003, Oman's

frontier with the UAE at the southern end of the peninsula was merely an administrative line, not an international boundary. Occasional border skirmishes were reported, and for many years Oman had no diplomatic representation in the UAE.

Notes

1. The 1975 agreement, signed in Algiers by Saddam Husayn (then the Iraqi vice president) and the shah of Iran, adjusted the border on the 115-mile Shatt al-Arab waterway, located at the confluence of the Tigris and Euphrates Rivers before their waters flow into the Gulf. Under a 1937 agreement, the border had fallen on the eastern (Iranian) shore of the waterway, making the passage of Iranian ships as well as ships visiting the Iranian port of Abadan vulnerable to Iraqi forces. In 1969 Iran abrogated the agreement and sent its commercial vessels through the waterway while its naval forces stood ready. Clashes ensued and, in 1970, both countries broke off relations. Under the 1975 agreement, Iraq accepted the thalweg line (the midpoint of the deepwater channel) as the Shatt al-Arab border. Fighting broke out again in September 1980 when Iran ignored Iraqi demands for the withdrawal of Iranian forces from Zain al-Qos on the border between the two countries. Baghdad stated that this territory should have been returned to Iraq under the 1975 agreement. Iraq then abrogated the agreement and invaded Iran.
2. In July 1990, during negotiations in Saudi Arabia, Iraq demanded agreement with Riyadh on a border demarcation treaty and claimed sovereignty over the Kuwaiti-held islands of Bubiyan and Warbah at the mouth of the Shatt al-Arab. Talks collapsed on August 1 and Iraq invaded Kuwait on August 2, claiming it had been invited to do so by insurgents who had overthrown the Kuwaiti government.
3. Available in hardcopy and online (at www.cia.gov/cia/publications/factbook/index.html).
4. The CIA list, according to the publication's notes, includes every international land boundary dispute documented in the *Guide to International Boundaries*, a map published by the U.S. Department of State. Reference is also made, the notes say, to other situations "that are border or frontier relevant."
5. David Holden and Richard Johns, writing of the year 1949, describe longstanding Saudi territorial aspirations: "Secretly and conceptually, the Kingdom had never renounced its aspiration to assert its hegemony over the greater part of the Arabian peninsula, excluding only Yemen, the coastal plains of the Sultanate of Oman, and the Hashemite

Kingdom of Jordan up to the northern point of the Wadi Sirhan [an ancient trading route], about fifty miles from Amman. It was a situation that the King [Ibn Saud] was happy to live with. He would have liked to regard the whole of the southern littoral of the Gulf as part of his ancestral domain." See David Holden and Richard Johns, *The House of Saud* (London: Sidgwick and Jackson, 1981), p. 145.

6. Iraqi agents were believed to have been responsible for some mysterious explosions in Kuwait City before Iraq acquired this territory.
7. Unarmed F-15s were deployed to Saudi Arabia in January 1979. The shah of Iran had been forced to flee in January, and Ayatollah Ruhollah Khomeini arrived in February. The Islamic Republic was established a few days later. The Boeing E-3 AWACS arrived in March.
8. Saudi Arabia's total population is thought to be more than 24 million, but approximately one quarter of that number are foreign workers.
9. Abu Musa is on the (hypothetical) median line of the Gulf; the Tunbs lie on the Iranian side.
10. In January 1972, partly as a result of the territorial compromise he had made with Iran, Shaykh Khaled was killed by rebels under the leadership of his cousin Shaykh Saqr, who had himself been deposed in 1965. The rebels were captured, and the other UAE rulers forced the succession of Shaykh Khaled's brother Sultan.
11. The final communiqué of the April 2001 Arab summit in Amman had this to say regarding the disputed Greater and Lesser Tunb islands and Abu Musa: "The Arab leaders reiterate their support for the United Arab Emirates in its struggle to regain sovereignty of islands occupied by Iran in the Arabian Gulf and urge Iran to end its occupation of the islands. They entrusted the Arab League secretary-general to follow up on the Iranian occupation." Later that month in Bahrain, a UAE official used the occasion of the annual joint ministerial council meeting between the GCC and the European Union to call on the Europeans to urge Iran to respond to peaceful initiatives concerning the islands. Former U.S. president Jimmy Carter was reported to have praised the stand of the conservative Gulf Arabs on this issue.
12. Nejd, which Ibn Saud seized in 1902, is the heartland of Saudi Arabia that contains Riyadh. In 1913 Ibn Saud extended his control to the eastern region of Hasa, on the Persian Gulf coast, but did not conquer the western Hejaz region that contains the holy cities of Mecca and Medina until 1925. The modern state of Saudi Arabia dates from 1932, when Ibn Saud declared himself king.

13. In 1975 Iraq and Saudi Arabia agreed to divide their diamond-shaped neutral zone along an east-west line. Wandering tribes were no longer an issue, and neither oil nor gas had been discovered in the area. The attitude of both countries toward any future discovery remains open to speculation. The agreement was formalized in 1981 but not registered with the UN until 1991, when it was submitted unilaterally by Riyadh. Its validity is questionable because earlier in 1991 Iraq had cancelled all agreements signed with Saudi Arabia since 1968.
14. For the purposes of OPEC production quotas, the amount of oil produced is divided in two and contributes to the individual quotas of both Kuwait and Saudi Arabia.
15. A continental-shelf accord between Iran and Kuwait remains to be negotiated.
16. It is not clear whether Saudi Arabia includes the production from this field in its OPEC production quota. The output from the field is estimated (by the Bahraini opposition) to be approximately 180,000 barrels per day, worth approximately \$1.6 billion. The opposition alleges that this money does not appear in published Bahraini government accounts.
17. Saudi Arabia openly disapproved of Shaykh Hamad's ascent to the Qatari throne in 1995 and allowed its territory to be used by supporters of a planned counter coup. According to one Western diplomat, when Shaykh Hamad challenged this Saudi behavior during a meeting with Saudi Crown Prince Abdullah (the effective ruler of Saudi Arabia), the latter said that if circumstances permitted, he would make the same decision again. Eventual Saudi recognition of Shaykh Hamad's authority was probably implicit in a March 2001 border agreement. Yet Qatari officials say relations between Shaykh Hamad and Prince Sultan, the Saudi defense minister and effective crown prince-in-waiting, are even more antagonistic; apparently, the two men are hardly on speaking terms.
18. Ibn Saud died in 1953 and was succeeded by his eldest son, Saud. The Buraimi issue was managed under both kings by Ibn Saud's second son, Faisal, who was to succeed Saud.
19. Saudi Arabia reestablished diplomatic relations with Britain in 1963.
20. The 1974 treaty was based on a rough map initialled by both sides. A technical committee was left to define the map more precisely, a process that was not completed until 1977.
21. According to Western diplomats, the wider Qatari ruling family was said to be furious at the failure to win the Hawar Islands and blamed Qatari leader Shaykh Hamad for the poor handling of the dispute.

Chapter 3

The Challenges of Succession

The bloodless June 1995 deposition of Qatar's ruler, Shaykh Khalifa, by his son was the first of an important set of recent successions in the Gulf. In November 1995 King Fahd of Saudi Arabia had a stroke, and since then his slightly younger half-brother Crown Prince Abdullah has taken an increasing, though not dominant, role in the kingdom's affairs. In March 1999 Shaykh Isa of Bahrain died suddenly and was succeeded by his son Hamad. Before these transitions, the leaderships of the six conservative Arab Gulf states had remained unchanged since 1982, when Crown Prince Fahd became the king of Saudi Arabia upon the death of his elder half-brother Khalid.¹

Although the ages of several Persian Gulf rulers are disputed, only Sultan Qaboos of Oman seems likely to survive beyond the year 2005. Shaykh Jaber of Kuwait, King Fahd of Saudi Arabia, and Shaykh Zayed of the United Arab Emirates (UAE) are all in their late seventies or eighties and in varying states of ill or precarious health. (Even the so-called "new generation" may not endure: Shaykh Hamad of Qatar—a comparatively young fifty-three years old in 2003—is obese and has had two kidney operations.) Accordingly, the pace of leadership change is likely to quicken, and, because succession procedures in the Gulf are not well founded, each transition is likely to bring political uncertainty.

The mode of succession varies among the conservative Arab Gulf states, but the expectation that rulers will be replaced by much younger men is mistaken in several cases. For example, in Saudi Arabia the throne passes from brother to brother among the surviving sons of the kingdom's founder,

Ibn Saud. In Kuwait succession passes between cousins in two branches of the al-Sabah dynasty. In the UAE the system is untested, but Shaykh Zayed, the current UAE president and ruler of the largest and richest emirate, Abu Dhabi, is due to be succeeded by his eldest son, Khalifa, himself already a grandfather and not in good health. Only in Bahrain is the system of primogeniture established, having been effectively put in place by the British in 1869 and confirmed by a British edict in the 1930s. In Qatar, as described above, the current shaykh, Hamad, became ruler by dethroning his father.

Among the conservative Arab Gulf states, the process of selecting and confirming a successor tends to include a certain amount of obscurity. In the past such mystery has actually helped to convey legitimacy. In the future it will almost certainly lead to a questioning of the succession process, if not within individual states, then across and even outside the Arab world. The essentially informal arrangement whereby government affairs are handled by the member of the ruling family that most prefers the role illustrates the elastic nature of decisionmaking in the conservative Arab Gulf, which can be confusing to foreigners (see appendix 3). Moreover, despite official attempts to present the Gulf dynasties as so many happy families, the opposite has more often been the case, with story lines that would not be out of place in a Western soap opera. An apparent “things will sort themselves out” attitude to succession may indicate that problems have just been put aside for the moment. In this context Washington and London, as the present and still-influential former regional powers, have highly limited opportunities to guide smooth successions for the benefit of the West. Indeed, considering the particular histories of each country, any notion that forthcoming successions in the region will be smooth may be unrealistic.

Saudi Arabia

The line of succession in Saudi Arabia has thus far descended through the sons of the kingdom’s founder, Ibn Saud. The crown prince does not automatically become the next king. Indeed, he is literally an heir apparent: although he is named

by the king, his succession is not guaranteed. Rather, the traditional means of selecting a new Saudi king has been through the affirmation of the senior members of the al-Saud family (usually taken to mean the other sons of Ibn Saud²).

King Fahd was born in 1921. In 2003, at age eighty-two, he exceeded the lifetimes of his father and his older brothers. In 1982 Fahd became king at the age of sixty-one, succeeding his brother Khalid. Although there is some doubt that Ibn Saud ever determined that the line of kingship should pass from son to son in descending age, this has become the accepted principle of Saudi succession. In practice, certain compromises to that principle have been incorporated and have already passed the test of time. For example, when Ibn Saud made his eldest son, Saud, crown prince in 1933 (Ibn Saud did not die until 1953), Saud was already known as an irresponsible spendthrift.³ Ibn Saud deflected the anger and concern of the wider family by declaring that his second son, Faisal (a far more capable and dependable character), would succeed Saud. Faisal did succeed his brother, but sooner than expected. Saud's reign was so chaotic that Faisal ultimately persuaded the *ulama* (Saudi religious leadership) to declare Saud unfit to rule. Saud was divested of his powers in 1964, and a few months later Faisal succeeded him.

In 1975 the kingdom was scarred by the assassination of Faisal. (His killer was a young prince, a nephew of the king, taking action for a family grievance.) While Saud had been incompetent, Faisal had guided the kingdom into its new role as a modern, oil-producing state. Khalid, who succeeded Faisal in 1975, was a detached king and one plagued by ill health. When he died in 1982, Fahd succeeded him. A heavy smoker with weak knees caused by obesity, Fahd soon began to experience failing health himself; he has been incapacitated since a stroke in 1995. Fahd will be remembered chiefly for his grand vision and as a ruler who made foreign-policy decisions that reflected a far-reaching grasp of world affairs. His foresight enabled him to make the bold decision to invite the United States and other foreign powers into Saudi Arabia in 1990 following the Iraqi invasion of Kuwait.

Before Fahd succeeded his brother Khalid, he had already begun running the kingdom as his brother's health declined.⁴ Upon Khalid's death, Fahd received the "oath of allegiance," a process completed by the ulama declaring the new king to be an *imam* (religious leader). This declaration can be made only on the basis of a *fatwa* (religious judgment) that the succession is legitimate.⁵ The role of the ulama is essential. Although in theory this body could take an independent line, its relationship with the al-Saud family extends back to the mid-eighteenth century. The ulama has never taken a decision that would be at odds with the wishes of the senior members of the royal family.

Fahd's nominated successor, Crown Prince Abdullah, turned eighty in 2003, and the next likely successor, Prince Sultan, is seventy-nine.⁶ After Abdullah, there are twenty-two surviving sons of Ibn Saud, the youngest of whom is Miqrin, born in 1943. When Fahd passes, a period of several short successions is likely, with old age apt to impair the ability of the kings to govern effectively. Accordingly, observers believe that the royal family should consider skipping to a younger generation in order to counter the negative image presented by a rapid turnover of kings. At this point, however, with some of Ibn Saud's grandsons already in their sixties, skipping a generation brings the same peril of age and potential illness. Some of the sons of Ibn Saud face an additional hurdle: they were born to non-Arab slave-girl mothers. Although they are recognized as full sons of the kingdom's founder, there is general agreement in the family that none could become king.

Breaking with history will prove agonizing for the al-Saud. The central challenge remains which prince to choose and what line of succession will be taken upon his death, whether through sons, brothers, or cousins. Closeness to the king ultimately brings power, influence, and increased wealth; therefore, a succession dispute would lead to major family strife. A Saudi king is theoretically all-powerful, and a determined leader could thereby try to ensure a line of succession through his own sons. Faced with resistance in the family, the king would have to seek consensus, of which there is no hint

at present, or alter the membership of the ulama in order to guarantee support.

The most likely lines of succession run through the sons of recent kings, although the sons of Saud and Khalid—who made the wrong or little impression during their respective reigns—would be excluded. Those in contention are the sons of Faisal and Fahd⁷ and—assuming that their fathers become kings—the sons of Abdullah and Sultan. The main rivalry to emerge could be between the sons of the latter two princes. In early 2001 Abdullah promoted his son Mitab to the rank of full general and made him deputy commander of the national guard. A few days later, Sultan's eldest son, Khalid, who had resigned from the army after the 1991 Gulf War, was rehabilitated by being made an assistant minister of defense. The title of assistant minister is misleading, however; Khalid is reported to control access to his father, who has also effectively handed over to him the day-to-day running of the Ministry of Defense.

In mid-2000 Abdullah also took the step of creating a family council, which was interpreted as affecting the succession process in his favor. The purpose of the council was not formally specified, but one view is that it was set up to rule on internal family issues (such as judgments in commercial dealings and on whether al-Saud princesses can marry ordinary Saudis). Another view is that the council will be the forum that will convene upon the death of the king to offer the *baya* (oath of allegiance) to the new king.

The composition of the family council is judged to favor Abdullah's succession because its membership comprises the historical range of the al-Saud dynasty, including senior sons of recent kings and representatives of branches that have lost the right to put forth a king. This was thought to compensate for Abdullah's lack of full brothers among the sons of Ibn Saud, countering the bloc he perceived as being against him: Fahd and his full brothers, the so-called Sudairi Seven.⁸ This group holds a range of crucial positions in the Saudi government. After Fahd, in descending age, the Sudairi Seven are: Sultan, minister of defense and civil aviation; Abdulrahman,

vice minister of defense and civil aviation; Nayef, minister of the interior; Turki, who holds no official position and lives abroad;⁹ Salman, governor of the Riyadh province; and Ahmad, vice minister of the interior. No other group of sons is so large or influential.

Although Abdullah established the family council as a formal part of the Saudi government, it is impossible to know whether it will be used in the manner thought likely or whether it will survive his death. In any case, its membership will probably be difficult to alter. If a prince becomes infirm or unwell, his position will have to be filled by another prince from the same branch of the family.

There is a general expectation, certainly held by foreigners, that Salman, a family conciliator as well as a member of the Sudairi Seven, would make a good king. Born in 1936, he has the basic qualifications—seniority and experience, principally—as well as the key secondary qualifications of acumen, popularity, and mental stability.¹⁰ For Salman to be made king after Sultan and to have a reasonably long reign, eleven brothers and half-brothers would have to be passed over, including his full brother Nayef, one of the most powerful and ambitious men in the kingdom. This seems improbable without an early crisis that would force the issue. In the likely scenario of short reigns, Salman will ultimately be too old and infirm (there have already been reports of ill health) to carry the burden of leadership effectively.

An ominous military dimension forms part of the Saudi succession story. Abdullah is commander of the national guard, which is separate from the rest of the military and acts as a special defense force for the royal family and for Saudi oil installations. Sultan, as minister of defense, has direct control over the Saudi army, navy, and air force; those sectors are deliberately based away from Riyadh to preclude a military coup. Nayef, for his part, controls the paramilitary units of the ministry of the interior. Given these different spheres of martial power, an armed standoff, even a clash, between rivals for the Saudi throne is not out of the question.

Kuwait

The Kuwaiti system of succession is scheduled to produce an anomaly: when the current emir, Shaykh Jaber al-Ahmed al-Jaber al-Sabah, dies, he will be replaced by a man who is his senior, Crown Prince Saad. The age (both are in their seventies), health, and disposition of the two men are such that government affairs are handled by the apparent next-in-line, Sabah, formally appointed as Kuwait's prime minister only in July 2003, a position until then held by Saad.

The line of Kuwaiti succession descends from Shaykh Mubarak the Great, who ruled from 1896 to 1915, the transition period from Ottoman influence to British hegemony. Descendants of Mubarak's two eldest sons, Jaber and Salem (descendants are known as the al-Jaber and the al-Salem branches of the al-Sabah family), alternately fulfill the role of emir. This system can produce the unusual situation highlighted above whereby an aging leader is replaced by an even older one. It is also a rather loose system that can be superseded. In 1965, for example, Kuwaiti emir Shaykh Abdullah al-Salem al-Sabah was replaced by his younger brother Sabah rather than by a cousin from the al-Jaber branch.

Unlike the al-Saud in Saudi Arabia, the al-Sabah family rules rather than reigns; it is not a royal family. Indeed, the al-Sabah clan was originally a local merchant family chosen by other leading families in 1756 to manage government affairs rather than business and trade. The evolution of Kuwait into a modern, sovereign state, as well as the advent of Kuwait's immense oil wealth, changed the nature of the al-Sabah's rule.

In addition to a lively domestic political scene, threats against the shaykhdom posed by Saddam Husayn's Iraq made it seem implausible that the al-Sabah would allow the emergence of a vicious family rivalry. Yet a cabinet reshuffle in February 2001, precipitated by a dispute between Saad (of the al-Salem branch) and Sabah (of the al-Jaber branch), exposed tension within the ruling family.¹¹ The reshuffle had been expected for months but was apparently delayed while compromises were arranged, including a leading role for

Sabah, who, as the first deputy prime minister and foreign minister, had been prime minister in all but name. The 2001 reshuffle solved a vexing family problem: replacing the defense minister and notional fourth-in-line, Ali (of the al-Salem branch), who had had a number of public spats with Sabah. The interests of the al-Salem branch of the family were preserved by the appointment of Ali's younger brother and Kuwait's ambassador in Washington, Mohammed Sabah, as minister of state for foreign affairs. Mohammed Sabah became the de facto foreign minister (although Sabah continued to retain the title) as a result of the additional capacities in which Sabah served.

The 2001 cabinet lasted only until elections in July 2003, after which a new one was appointed. Members of the ruling family held half of the seats on the new cabinet, including the most senior positions: prime minister, foreign minister, defense minister, and interior minister. The other portfolios held by the family were communications, planning, and energy. Whereas the 2001 reshuffle had solved one family problem, the 2003 cabinet solved the problem of Saad, an increasingly dysfunctional prime minister. Indeed, the new cabinet was seen as harmonizing the two main branches of the al-Sabah family—the al-Salem branch represented by Mohammed Sabah, the foreign minister; and the al-Jaber branch represented by Sabah, the prime minister—as well as a sub-branch represented by Jaber Mubarak, the new defense minister and deputy prime minister.

In addition, the 2003 reshuffle suggested that the al-Sabah were bringing forward more youthful leaders. Born in 1955, Mohammed Sabah is of the so-called younger generation. The new communications minister, Ahmed al-Abdullah, was born in 1952, and the new energy minister, Ahmed al-Fahd, is even younger, born in 1963. A family council of the al-Sabah will consult with the leading merchant families and the tribal elite before confirming a successor upon Jaber's death.

Bahrain

In the 1760s the al-Khalifa family lived in the area today known as Kuwait. After quarreling with the al-Sabah family (now the ruling family of Kuwait), the al-Khalifa moved to

what is now Qatar. Later, in 1873, the family conquered the Persian rulers of Bahrain and settled there as the ruling family. Despite the initial rift between the al-Khalifa and the al-Sabah, the families maintained contact and developed useful military and trading links. The system of primogeniture was forced on the al-Khalifa by the British in 1869 after a dynastic war instigated by the brother and nephew of their recently deceased emir.

Bahrain's ruler, Shaykh Isa bin Salman al-Khalifa, died suddenly in March 1999 after concluding a meeting with U.S. defense secretary William Cohen, who was still on the island at the time. The net effect of Cohen's presence was to thwart any attempt by Isa's brother Khalifa, the prime minister, to become the new emir. A family council was held, and the oath of allegiance was instead given to Isa's son, Crown Prince Hamad.

In different circumstances, Khalifa would likely have tried to seize the Bahraini throne.¹² He had been the power behind that throne for years, controlling much of the security network and insisting on a hard line against radical elements. Such elements were influenced by Iran, which, since 1994, had promoted insurrection by the island's Shi'i majority against the ruling family, who are Sunni. It was widely believed that Isa had altered the composition of the family council before his death in order to prevent Khalifa's further rise.

The new emir, Hamad, has taken a conciliatory attitude toward the Shi'is. In December 2000 he promised political reform and a revival of the Bahraini national assembly. A referendum held in February 2001 approved constitutional changes proposed by Hamad with a 98 percent affirmative vote. One of the approved changes was that Bahrain should become a monarchy; accordingly, Hamad declared himself king in February 2002 and is believed to look to King Abdullah of Jordan as a role model. Hamad has made his son Salman crown prince, but Hamad's uncle Khalifa has continued to serve as prime minister. Khalifa's son Ali is Bahrain's minister of transport and communications.

Qatar

Shaykh Hamad bin Khalifa al-Thani's overthrow of his father, Khalifa, in 1995 was unwelcome in the region. The leaders of other conservative Arab Gulf states sharply disapproved of the precedent of forcible removal (although they did not specify what kind of transition they would have preferred). Khalifa, by many accounts, had become an increasingly weak leader, with a detached view of government. He was spending much of his time abroad vacationing in Europe, and had already been permitting Hamad to handle the affairs of state.¹³ The coup itself was therefore peaceful, although the aftermath was acrimonious: Khalifa retained personal control of several billion dollars that Hamad claimed belonged to the national exchequer, and the new emir was forced to take legal action in an attempt to recover the funds.¹⁴ At home, Hamad found himself partially isolated. Sections of the large al-Thani clan, estimated at more than 20,000, did not approve of the changeover. Taking advantage of the fact that neighboring states were also antagonistic to Hamad's coup, Khalifa took up residence at an Abu Dhabi hotel. Saudi Arabia even provided support for disaffected Qataris who attempted a countercoup the following year.

Despite his relative youth, Hamad, who was born in 1950, is not in good health. He underwent a kidney transplant in 1997 and is reported to have had a second kidney operation since. The medicine he takes for this condition may explain his enormous weight. Western diplomats speak of an assumption in foreign capitals that Hamad will not live long and that, in any case, he may have to become permanently attached to a dialysis machine. In such circumstances, the Qatari population would probably challenge his status as ruler.

In August 2003 Hamad appointed a new heir apparent, Tamim, born in 1979. Tamim replaced his elder brother Jassim, who had been heir apparent since 1995 but was evidently not serving in a satisfactory capacity. (Hamad's eldest two sons had already been passed over for the job.¹⁵) Tamim is the second son of Hamad's favorite wife, Moza. His politi-

cal education has included training at the British military academy at Sandhurst.

The United Arab Emirates

Surprising many by his longevity, the ruler of Abu Dhabi, Shaykh Zayed bin Sultan al-Nahyan, is thought to have been born in 1920, making him, at eighty-three, the eldest of the Gulf rulers.¹⁶ He has also ruled the longest, since 1966. Zayed has nineteen sons, and his appointed successor is the eldest, Crown Prince Khalifa. Abu Dhabi's succession is one of the most challenging among conservative Arab Gulf states because the emirate's ruler not only controls the world's largest concentration of oil but also serves as president of the UAE. The leading families of Abu Dhabi have accepted Khalifa's eventual succession, but other emirates in the federation may prove less willing.

There has seldom been a peaceful succession in Abu Dhabi. In 1909 Shaykh Zayed bin Khalifa (known as Zayed the Great) died, and nearly twenty years of turbulence followed, during which three of his sons were killed at the hands of their brothers. In 1928 the British finally established Shakhbut, grandson of Zayed the Great, as ruler, bypassing Khalifa, Zayed's last surviving son.¹⁷ The present ruler is Shakhbut's brother. He came to power in the 1960s after the British helped to oust Shakhbut.¹⁸

Crown Prince Khalifa is in his fifties and has already had at least one stroke, reportedly leaving his speech impaired. Now the effective ruler of Abu Dhabi, for many years he was not taken seriously by the expatriate community—upon which the emirate depends—because of his relaxed lifestyle.¹⁹ The next eldest son is Sultan, who has supposedly settled down to a government role after a dissolute youth. One of the stronger characters among Zayed's offspring is the third son, Mohammed.²⁰ Mohammed has been a determined advocate for the UAE's purchase of sixty F-16s from the United States. Khalifa, however, has curtailed Mohammed's power by insisting that he alone make the final decision on the purchase.

*Succession in Dubai.*²¹ The 1990 death (after a long illness) of Shaykh Rashid bin Said al-Maktoum, ruler of the emirate of Dubai, serves as a telling case study of Gulf Arab succession. In the 1930s the authority of Rashid's father was challenged by the larger family. When Rashid married in 1939, he gathered together many of the Bedouin tribesmen who had attended the festivities and led them in an attack on the family dissidents, killing some and forcing others to flee to the neighboring emirate of Sharjah. In 1955, as Rashid was conducting the affairs of the emirate during his father's illness, his father's brother challenged him by setting up what was effectively a parallel government. The British ultimately came to the rescue, sending the uncle into exile.²²

Rashid was a senior statesman of the Gulf, renowned for his experience and wisdom. He was increasingly incapacitated in the several years before his death, yet no official process had been formalized for the conduct of government in his absence. Decisions were merely delayed, as were government payments (to the chagrin of the foreign business community). Upon his death, Rashid was succeeded by his eldest son, Maktoum, who in 1995 declared that the day-to-day governing of the emirate would be conducted by Rashid's third son, Mohammed, given the title of crown prince. Rashid's second son, Hamdan, was made deputy ruler, in his case an honorific title. As presently arranged, Maktoum will be succeeded by one of his brothers, probably Mohammed, rather than by his own son.²³

In effect, the question of succession in Dubai has merely been postponed. There is no apparent urgency: Maktoum was born in 1941, Hamdan in 1944, Mohammed in 1948, and the fourth of Rashid's sons, Ahmad (the chief of police in Dubai), in 1950.

Oman

Sultan Qaboos bin Said of Oman is an enigma. He owes his throne to the British, who in 1970 helped him to overthrow his father, Sultan Said, and then helped to organize the mili-

tary defeat of rebellious tribes in the southern Dhofar region. The elderly sultan had been a reactionary and an isolationist. He refused to spend new oil revenue on anything but defense, and during his reign slavery and public executions were common practices. Said divided the royal family, forcing many into exile. Qaboos was forced by his father to live in conditions of virtual house arrest in the southern town of Salalah, from where Said ruled the country through a small group of close aides. (If the British had not supported Said during the 1960s, he might have lost control of the capital city, Muscat, to a rival relative.) Said died in exile in London in 1972.

Qaboos has modernized the country, but Oman's future remains uncertain. The ruler was married briefly to a cousin in 1976, but the marriage produced no children, and it seems that Qaboos has no inclination to sire a direct heir, despite his being the fourteenth descendant of the dynasty. In 1996 Qaboos declared that he had written a letter containing the names of two possible successors, in preferential order, and that two sealed copies of the letter existed. (He appears to disdain the notion of appointing a crown prince.) Oman's Basic Law of 1966 decrees that the royal family will meet to choose a successor upon the sultan's death. The family, believed to have approximately 100 male members, will have three days in which to appoint a successor from the bin Said clan. If the family fails to agree, "the defense council will confirm the successor" recommended by Qaboos, presumably by opening the letter.

The membership of the defense council remains unclear. By implication, the confirmation of any successor will depend on the successor's ability to win the loyalty of the Omani military establishment. This mysterious system is presumably contrived to avoid the emergence of any direct competitor to Qaboos, who, given his relatively young age (he was born in 1941), expects to rule indefinitely. In 1995 Qaboos escaped death in a road accident that killed his deputy prime minister (some reports speculated that the accident was an assassination attempt).

Notes

1. Shaykh Isa had succeeded to the Bahraini throne in 1961, taking the title of emir in 1971. Shaykh Zayed has ruled Abu Dhabi since 1966 and became the first president of the UAE in 1971. Sultan Qaboos of Oman assumed power in 1970. Shaykh Khalifa had assumed the Qatari throne in 1972. Shaykh Jaber became the ruler of Kuwait at the end of 1977.
2. Ibn Saud fathered forty-four sons, thirty-five of whom survived him. To accomplish this feat he had twenty-two wives, although only four at any one time in keeping with Islamic tradition. Only seventeen of the wives bore him surviving sons.
3. Simon Henderson, *After King Fahd: Succession in Saudi Arabia*, 2d ed. (Washington, D.C.: Washington Institute for Near East Policy, 1995), p. 9.
4. Khalid had always been distant from the affairs of state, on one occasion telling the visiting British prime minister, Margaret Thatcher, that if she wanted to talk about falconry, she should talk to him, but otherwise she should speak to Fahd.
5. Henderson, *After King Fahd*, p. 15.
6. The ages of Saudi princes are often a matter of dispute, with wide divergences between official Saudi statements and historical accounts. According to one scholar of the al-Saud, thirty years ago the princes tried to establish legitimacy by portraying themselves as older than they really were. In contrast, Prince Sultan is now often portrayed as being several years younger than he really is, perhaps to reduce the likelihood of his being thought too old to rule. Although chronological seniority is respected by the Saudi royal family, frailty and ill health are considered handicaps.
7. In 1998 King Fahd promoted his youngest and supposedly favorite son, Abdul Aziz, to the rank of minister of state. In 2000 Crown Prince Abdullah made Abdul Aziz responsible for the council of ministers. Observers regarded both appointments as merely honorific, since at the time Abdul Aziz was only in his late twenties and was thought to be more interested in business than in government administration.
8. The nickname for the brothers (also sometimes known as the al-Fahd) comes from the Sudairi tribe of their mother, a formidable woman who made sure that as young men the brothers ate together daily and helped each other as they pursued their careers in government. No other wife bore Ibn Saud more than three sons.
9. Turki, the only Sudairi brother without a government post, was ostracized when the family disapproved of his marriage. He lives in

semi-exile in Cairo, where he occupies four entire floors of the Ramses Hilton Hotel.

10. Henderson, *After King Fahd*, p. 18.
11. The chair of the foreign affairs committee in Kuwait's national assembly, Mohammed al-Saqr, blamed the crisis on "a lack of coordination and agreement at the heart of the ruling establishment."
12. An American official who attended Isa's funeral said that Khalifa appeared to be in a state of shock, not from remorse but from having been outmaneuvered.
13. A few months before the coup, Khalifa returned to Qatar briefly and tried to reverse some of his son's decisions. He also considered appointing another son as crown prince.
14. The old emir has remained in exile, dividing his time between London and the south of France. Khalifa should not have been surprised by the coup; in 1972 he had himself assumed power forcibly from his cousin, who preferred hunting in Iran and Pakistan and vacationing in Switzerland to supervising the daily affairs of government.
15. According to Western diplomats, Hamad's eldest son, Mashaal, was never interested in a government career. The emir's second son, Fahd, was considered by his father to be too interested in radical Islamic politics.
16. In 1996 Zayed had an operation on his neck in the United States. He also spent several months in the United States undergoing medical treatment in 2000, and had further treatment there in 2003.
17. The descendants of Khalifa, especially his grandsons, have traditionally been given political appointments as a form of appeasement for this historical episode.
18. Shakhbut was renowned for his generosity toward his own sons and his miserliness toward everyone else.
19. Expatriates, who account for 65 percent of the 2.4 million total population of the UAE, used to refer to him as the "clown prince."
20. Mohammed owns the Abu Dhabi Hilton Hotel, one of the few international standard hotels in Abu Dhabi that does not serve alcohol.
21. Dubai is proud of its autonomous status within the UAE. Its lack of oil riches, however, has meant that the emirate has had to build on its historic role as a trading port, so far a successful tactic. Dubai has also traditionally served as an intermediary center for trade with Iran. The Dubai Creek, a narrow inlet, serves as a port for dhows plying Gulf trade routes. International shipping is handled at the port of Jebel

Ali, which hosts visiting U.S. naval vessels. Dubai has also established a successful airline, Emirates, which covers the region and services Europe and Asia as well. In recent years Dubai has become a regional tourist destination and offers winter sun for Europeans.

22. Michael Herb, *All in the Family: Absolutism, Revolution, and Democracy in the Middle Eastern Monarchies* (New York: State University of New York Press, 1999), p. 144.
23. Observers in Dubai say that both Maktoum and Hamdan prefer pursuing their international horseracing interests to conducting the affairs of government. Maktoum remains vice president and prime minister of the UAE, positions inherited from his father, and Hamdan is the UAE's minister of finance and industry. These responsibilities do not appear to take up much of their time. Mohammed is also a great admirer of horseflesh and owns 200 brood mares in England alone (interview with Mohammed bin Rashid al-Maktoum, *Sunday Telegraph*, March 19, 2000). Mohammed also has his own website (www.sheikhmohammed.co.ae).

Contrary to popular perception in the West, not all of the conservative Arab Gulf states are rich in oil. Bahrain, despite being the first southern Gulf territory in which oil was discovered, has few remaining reserves. Oman's oil exports are modest as well, although it hopes to become a significant natural gas exporter, as does Qatar. Kuwait, Saudi Arabia, and the United Arab Emirates (UAE) have significant oil reserves, however, and are members of the Organization of the Petroleum Exporting Countries (OPEC), along with Qatar.¹

Apart from its sheer volume, Persian Gulf oil is exceptional in comparison to reserves in most other parts of the world because of its economical production costs. The region's geology is so simple that the marginal cost of production in parts of Saudi Arabia and Kuwait is under \$2 per barrel. Therefore, when oil prices exceed \$20 per barrel—a low price—OPEC's Gulf members are able to generate enormous profits (in summer 2003, for example, oil prices exceeded \$30 per barrel). Moreover, although OPEC produces less than two-fifths of the world's oil (see table 1, next page), it is often able to control prices by manipulating marginal supplies.

The picture of Gulf hydrocarbon supplies would be incomplete without considering Iraq and Iran. OPEC member Iraq holds an abundance of readily accessible oil, with "proved reserves" estimated at 113 billion barrels,² or 10.7 percent of the world's total—second only to Saudi Arabia. Yet Iraq's prominence in the world oil market was greatly diminished after Saddam Husayn invaded Kuwait in 1990. As a consequence of that inva-

sion, the UN placed a ban on the sale of Iraqi oil. Although Baghdad agreed to participate in the UN “oil for food” program in 1996, Iraqi oil exports were supervised and limited. In the post-Saddam era, the complete lifting of such sanctions (when Iraqi oil production is reestablished) is likely to have a considerable impact on the world oil market.

Iran, another OPEC member, is also a significant oil producer, holding 8.5 percent of the world’s proved oil reserves.³ Perhaps even more significant are Iran’s natural gas reserves, which constitute 14.8 percent of the global total, second only to Russia.⁴ Iran has yet to begin exporting its natural gas but has undertaken several projects toward that end.

In the conservative Arab Gulf, perhaps only the emirate of Abu Dhabi, by virtue of its immense oil reserves and small population, can be regarded as exceedingly rich.⁵ For example, apart from delaying some decisions on defense

Table 1. Oil Market Balance

	<i>1st Quarter 2003</i> (millions of barrels per day)
<i>Demand</i>	
OECD ^a	48.8
Other	30.5
Total	79.3
<i>Supply</i>	
OECD	23.8
OPEC	30.2 ^b
Other	24.0
Total	77.9^c

Note: Adapted from U.S. Department of Energy, Energy Information Administration, Short-term Energy Outlook, April 2003 (updated monthly; available online at www.eia.doe.gov/emeu/steo/pub/contents.html).

^aOrganization for Economic Cooperation and Development (essentially includes the developed nations).

^bUntil February 1, 2003, the OPEC quota was 23.0 million barrels per day. This figure did not comprise actual production or supply to the market and did not include Iraqi production.

^cSupply figures do not add up to the total shown due to rounding.

spending, the emirate seemed unaffected by the 1998–1999 collapse of world oil prices, which lowered some Gulf export rates to less than \$10 per barrel. The other Gulf states have a range of priorities on oil policy, depending on factors such as population, reserves, production capacity, and the historical size of their individual OPEC quotas (see table 2).

Table 2. Oil Capacity in the Persian Gulf

	Oil Reserves ^a (billions of barrels)	Years of Production Remaining ^b	OPEC Quota (millions of barrels per day)
Saudi Arabia	262	86	8.256
Kuwait	97	100+	2.038
Qatar	15	58	0.658
UAE	98	100+	2.217
Oman	6	17	nonmember
Iraq	113	100+	not applicable ^c
Iran	90	74	3.729

Note: Columns 1 and 2 adapted from "Oil: Proved Reserves," in BP Statistical Review of World Energy, June 2003 (available online at www.bp.com/centres/energy), with permission from BP plc. OPEC quotas, as agreed upon April 24, 2003, were effective June 1, 2003 (see www.opec.org).

^aBy comparison, the figure for the United States is 31 billion barrels.

^bSince reservoirs are still being discovered and technology is improving, the figures in this category are, in most cases, almost certainly understated.

^cIraq has not had an OPEC quota since its 1990 invasion of Kuwait. Moreover, Iraq was not represented at the April 2003 OPEC meeting, which took place after the overthrow of Saddam Husayn's regime.

The vast size of Gulf oil reserves poses its own dilemmas for oil-producing states in the region. Will there be customers for oil in another century, or will technological developments substantially reduce world demand?⁶

Natural Gas

With regard to natural gas, the rankings differ slightly (see table 3, next page). For example, although Oman and Qatar

Table 3. Gas Capacity in the Persian Gulf

	Gas Reserves* (trillions of cubic meters)	Annual Gas Produc- tion 2002 (billions of cubic meters)	Annual Gas Exports (billions of cubic meters)
Saudi Arabia	6.36	56.4	none
Kuwait	1.49	8.7	none
Bahrain	0.09	9.2	none
Qatar	14.40	29.3	15.35
UAE	6.01	46.0	5.93
Oman	0.83	14.8	5.48
Iraq	3.11	none	none
Iran	23.00	60.6	none

Note: Adapted from BP Statistical Review of World Energy, June 2003, with permission from BP plc.

*By comparison, the figure for the United States is just over 5 trillion cubic meters.

do not have much oil, they each hold significant gas reserves that are not dependent on oil production.⁷ In addition, the economics of the gas market differ from those of the oil market. Gas can be used as a petrochemical feedstock of sorts, producing fuel for either the domestic market or export. Although Saudi Arabia and Kuwait use gas primarily for domestic purposes, Oman and Qatar find exporting more attractive because they lack a large industrial base and domestic market.

Transport is another distinguishing factor of gas. Whereas oil can simply be loaded onto a tanker and shipped to any part of the world, gas must be refrigerated (and, consequently, liquefied) before it can be transported on tankers. Liquefying gas requires an enormous investment in refrigeration facilities, and the tankers used for shipping are also quite expensive. Moreover, additional facilities are needed at destination ports in order to convert the liquid back into gaseous form. The only alternative method of delivery is by pipeline; because most gas customers are in Asia, Europe, and North America, this is not a practical option for Gulf producers.

In short, for gas production to be commercially feasible, long-term investment and supply arrangements are necessary but not always expedient. At times of sudden economic slowdown, as occurred in Asia in 1998 and 1999, supply contracts are broken and liquefied natural gas shipments sold on a “spot” basis for delivery to any available customer, leaving the gas producer to absorb the financial loss.

Foreign Investment

Most Arab Gulf states (including Iraq) nationalized their oil industries in the 1970s, but the price downturn in the late 1990s forced a rethinking of commercial independence.⁸ At the time, these governments lacked sufficient revenue to finance expansion, and citizens largely refused to lend their substantial private capital to fund domestic development. Since then, several conservative Arab Gulf states have begun to consider inviting foreign oil companies to return to the Gulf under carefully worded understandings. Such agreements would enable the regimes to maintain sovereignty over their most important natural resource as they acquire foreign funds and technical skills.

Generally speaking, oil companies have been interested in the various proposals for renewed foreign investment. Indeed, no large, credible oil company could afford to ignore the possibility of gaining access to some of the most lucrative oil and gas reserves in the world. Due to various political and financial obstacles, however, none of the conservative Arab Gulf states has yet been willing to award new oil concessions to a foreign company.

For example, Project Kuwait—a \$7 billion proposal to allow foreign development of a series of fields in northern Kuwait near the border with Iraq—has been delayed by persistent suspicions among the Kuwaiti national assembly that such development infringes on national sovereignty. (The assembly jealously guards its prerogatives over the constitutional protection of the country’s oil and gas reserves.) Kuwait had an interest in proposing the investment: it would place

foreign oil companies in the direct line of danger if Iraq were ever to threaten military action again, virtually guaranteeing diplomatic backing from the parent nations of those companies. This motive, although presumably diminished in the post-Saddam era, may lead Kuwait to choose companies based on political convenience rather than factors such as financial terms or technical skills offered.⁹

Similar delays have arisen in a Saudi proposal for foreign oil companies to help develop gas reserves for use in petrochemical, power, and desalination plants across the kingdom. Originally formulated during a 1998 visit by Crown Prince Abdullah to Washington, the proposal became known in the oil industry as the Crown Prince's Initiative. Despite occasional Saudi expressions of optimism, the project effectively collapsed in July 2002 when the leaders of the chosen consortia, Exxon Mobil and Royal Dutch/Shell, were unable to agree with the Saudis on financial terms. Those close to the negotiations blamed splits within the royal family, Saudi sensitivities to foreign participation in their oil industry, and the oil companies' unwillingness to pay bribes to secure the deals. Although large foreign corporations still prefer to use political and diplomatic efforts to win contracts in the Gulf, the experience of the Crown Prince's Initiative demonstrates that companies are increasingly likely to walk away from those contracts if the financial details are not suitable.¹⁰

In the wake of Operation Iraqi Freedom and the lifting of UN sanctions on Baghdad, the conservative Arab Gulf states will find strong competition for foreign investment from a new, U.S.-backed regime in Iraq. Although the shape of such potential investment is unclear, the new regime is unlikely to feel obligated to fulfill Iraq's past production-sharing contracts with Chinese, European, and Russian oil companies. Given the enormous potential of Iraqi oil and the unfavorable experiences that foreign oil companies have had recently in Kuwait and Saudi Arabia, the conservative Arab Gulf states could well find themselves forced to accept poor commercial terms for foreign participation in their oil industries.

Inter-Arab Cooperation

The fierce sense of sovereignty that conservative Arab Gulf states exhibit regarding foreign oil contracts also affects their dealings with one another. For example, in order to transport oil from its new Shaybah field for export, Saudi Arabia would prefer to build a pipeline hundreds of miles long within its own territory to a loading terminal on its coast rather than make a deal with Abu Dhabi for the much shorter direct route. Moreover, an Iraqi pipeline built in the 1980s across Saudi Arabia fell into disuse after Iraq's 1990 invasion of Kuwait.¹¹ Until recently, the Saudis also refused to pump oil to Jordan (in response to Amman's siding with Baghdad during the Kuwait invasion), forcing Jordan to rely on Iraq for its oil supply.¹²

Such mutual mistrust seemed to dissipate somewhat in 1999, when the UAE launched the Dolphin Project, a plan to bring gas from Qatar to the emirates for industrial use. Financing for the project, valued at \$3.5 billion, came from Western defense companies fulfilling their obligations to invest in the UAE in the context of arms contracts.¹³ In early 2001, however, problems emerged when one of the U.S. participants, Enron, decided to pull out of the project.¹⁴ Enron's role had been to construct and install the 200-mile pipeline from Qatar to the UAE. Although the company would have likely profited from the venture, the manner in which the plan unfolded indicated that UAE president Shaykh Zayed was more concerned with the project's development than with guaranteeing profits for the participating companies.

The Future

Although energy forecasting is an inaccurate science, the rise in oil prices since the late 1990s should make previously unattractive oil projects seem potentially viable and profitable to both oil companies and states, resulting in increased production. This factor—along with the overthrow of Saddam Husayn's regime and the lifting of sanctions on Iraq—means that larger amounts of oil can be expected to reach the market by 2004–2005. Before long, these higher overall

production levels will force OPEC to either decrease its own output or allow prices to drop. Given the potential amount of new oil that could become available, a fall in prices is more likely than a decrease in output because both OPEC and new producers will want to maintain the flow of revenue.

Hence, from a strictly economic perspective—that is, excluding further political transformation on a large scale—OPEC is expected to continue as an important contributor in supplying the world’s crude oil until approximately 2020. By then, the dominant role of gasoline in the transport industry is expected to wane in favor of more environmentally friendly alternatives, including fuel-cell technology and gas-water hybrids. The market for natural gas is also expected to become more durable; gas is a “greener” fuel for which additional uses are being developed. Therefore, even if oil prices decrease dramatically, the quantities of gas in the Persian Gulf littoral ensure that the region will remain important to the world energy balance for many decades to come.

Notes

1. OPEC’s other members are Algeria, Indonesia, Iran, Iraq, Libya, Nigeria, and Venezuela.
2. *BP Statistical Review of World Energy, June 2003* (London: BP, 2003); available online (www.bp.com/centres/energy). BP defines “proved reserves” as “those quantities that geological and engineering information indicates with reasonable certainty can be recovered in the future from known reservoirs under existing economic and operating conditions.”
3. OPEC is notoriously undisciplined in regulating production levels, particularly when prices are high. The U.S. Department of Energy estimated that Iran was producing 3.5 million barrels per day during the fourth quarter of 2002, which was more than 300,000 barrels over its supposed quota. Of the other OPEC members, only Indonesia was not overproducing at the time, probably because of internal political problems rather than self-discipline.
4. *BP Statistical Review of World Energy, June 2003*.
5. The other UAE shaykhdoms have little or no oil and gas, and their prosperity depends on other initiatives. Dubai, for example, is both a trading and banking center and a tourist destination. Other emirates

receive money from the overall UAE budget or privately arranged largesse from Abu Dhabi.

6. Former Saudi oil minister Shaykh Ahmed Zaki Yamani is renowned for noting in several speeches: "The Stone Age did not end for the lack of stones, the coal age did not end because we ran out of coal."
7. Typically, some natural gas is released during oil production. Once treated as a waste product, such gas is now often reinjected into oil fields to maintain reservoir pressure.
8. Kuwait was the first oil-exporting Arab country to achieve full control over its production, buying out BP and Gulf Oil in 1975. The Saudi government acquired a 25 percent stake in Aramco in 1973; a 100 percent takeover was agreed upon in 1980. The Bahrain National Oil Company was established in 1976 with a 60 percent government stake. Qatar acquired full ownership of the Qatar General Petroleum Corporation in 1976. Oman acquired a 25 percent share of Petroleum Development Oman in 1973 and increased this stake to 60 percent in 1974 (Oman permits several foreign companies to operate concessions on Omani soil). In the UAE arrangements vary from emirate to emirate, but Abu Dhabi has insisted on only a 60 percent stake in the two main companies that run the UAE's onshore and offshore operations. Forty percent of the onshore company, ADCO, is owned by the Abu Dhabi Petroleum Company, a remnant of the Iraq Petroleum Company. The latter's flag continues to fly over the Abu Dhabi Petroleum Company office in Abu Dhabi.
9. So far, Kuwait has prequalified several foreign companies for the project. Those that could serve as operators include Chevron, Conoco, Exxon Mobil, Phillips Petroleum, and Texaco (United States); BP and Shell (Britain); ENI (Italy); and TotalFinaElf (France). Those that could serve in other capacities include Marathon and Occidental Petroleum (United States); Amerada Hess, BG Group, Enterprise Oil, and Lasmo (Britain); BHP (Australia); Alberta Energy (Canada); Sinopec (China); Maersk Oil and Gas (Denmark); Veba Oil and Wintershall (Germany); Statoil (Norway); Repsol (Spain); and the Indian Oil Corporation.
10. In July 2003 Saudi Arabia announced a surprise agreement with TotalFinaElf and Royal Dutch/Shell for a significantly reduced concept of one proposal upon which they had failed to agree. At a meeting in London that same month, Saudi officials also briefed representatives of approximately fifty foreign oil companies on future investment possibilities.
11. It may be reopened in the wake of Operation Iraqi Freedom.

12. In March and April 2003, during the war in Iraq, Jordan received oil by special arrangement from Kuwait, Saudi Arabia, and the UAE.
13. France, as the UAE's main weapons supplier, became a key investor in the project.
14. This decision predated the company's much-publicized collapse in late 2001 and early 2002.

Demography and Democracy

Before developing their oil-exporting capacities, the conservative Arab states of the Persian Gulf each enjoyed only a limited sense of national identity. With the inflow of oil revenue and the departure of colonial administrators, however, their individual political identities have formed around the structures and symbols of statehood. Wealth, however, has also made these states the target of pressure from larger neighbors. As a result, their leaderships have generally welcomed the regional presence of the United States. Although Washington has reached out to conservative Arab Gulf regimes, the challenge for the future will be to encourage more highly developed and representative political systems. Meeting this goal will require a good understanding of the area's demographic trends and existing political structures.

Demographics and Expatriate Populations

Aside from Saudi Arabia, the conservative Arab Gulf states are notable for their small populations (see table 1, next page). Yet all of the states have a significantly high proportion of expatriate residents. These foreigners are generally employed at the top (in professional or technical positions) or the bottom (in menial positions) of the labor market, the latter representing jobs that Gulf citizens are either unqualified or unwilling to perform.¹ Oil and gas revenue has made this arrangement easily affordable for most of the conservative Arab Gulf regimes. If the price of oil falls, however, their economies will be challenged to provide work for sizable expatriate populations.²

The large expatriate community in Saudi Arabia works primarily in the service sector of the kingdom's major cities and constitutes a relatively low proportion of the overall la-

Table 1. Expatriate Populations

	Total Population (millions)	Number of Expatriates (millions)	Proportion Expatriates
Saudi Arabia	24.294	5.576	23%
Kuwait	2.041	1.159	57%
Bahrain	0.645	0.228	35%
Qatar	0.769	0.576	75%*
UAE	2.407	1.576	65%
Oman	2.622	0.527	20%

Note: Adapted from the CIA's World Factbook 2003, available online (www.cia.gov/cia/publications/factbook).

*The CIA *World Factbook* does not provide a figure for expatriates living in Qatar. The generally accepted estimate is 75 percent.

bor force. Nevertheless, the royal family has begun to advocate further “Saudi-fication” of the economy. This process is moving slowly, pushed by decree rather than by natural economic advance.³

In general, lower-paid expatriate workers in the Gulf are seldom accompanied by their wives and children. Nevertheless, population growth rates in the conservative Arab Gulf states are among the highest in the world (see table 2). Indeed, large families are encouraged through generous state subsidies. A driving force behind such official support for high birth rates is the desire to boost population size.⁴ Yet the regimes appear to show little regard for either the pressure that a larger population exerts on education and healthcare budgets, or the increased need to provide jobs that is consequent with a larger citizenry.

In addition, the centuries of commerce characterizing the region's history have created diverse populations of nationals. This diversity is a source of political concern—usually exceeding any anxiety over large expatriate populations—because of the challenges involved in extending rights to a variant citizenry.

In the case of the Shi'i population present in many conservative Arab Gulf states (see table 3, page 62), there is the

Table 2. Population Growth Rates

	Population Growth Rate ^a	Proportion Under Age 15 ^b
Saudi Arabia	3.27%	43%
Kuwait	3.38% ^c	29%
Bahrain	1.73%	30%
Qatar	3.18%	26%
UAE	1.59%	29%
Oman	3.43%	42%

Note: Adapted from the CIA's World Factbook 2003, available online (www.cia.gov/cia/publications/factbook). Figures include nationals only (expatriate populations are primarily comprised of single males whose resident status is temporary).

^aBy comparison, the figure for the United States is .89 percent.

^bBy comparison, the figure for the United States is 21 percent.

^cThe CIA *World Factbook* notes that this figure reflects a return to pre-Gulf War immigration levels.

added concern of possible hazardous links with Iran. For example, tension has traditionally emerged in Bahrain and along the east coast of Saudi Arabia during the annual Shi'i mourning rites of Ashura, particularly since the 1979 Islamic revolution in Iran. These rites commemorate the martyrdom of Husayn, the son of Ali, the Prophet Mohammed's son-in-law. The heightened passions of the Ashura participants often lead to clashes with local (Sunni) security forces.⁵

Forms of Government

Saudi Arabia. Saudi Arabia's (cautious) willingness to consider political reform appears to reflect developments within the kingdom rather than an attempt to compete with other conservative Arab Gulf states. For example, the 1993 establishment of a consultative council reflected an internal Saudi need to make concessions to democratic values and to outline the future course of the kingdom's political system.⁶ Initially, sixty members were appointed to the council for four-year terms. In 1997 the body was expanded to ninety members and then to 120 in 2001.

Table 3. Sunni and Shi'i Population Percentages

	Sunni Proportion of Muslim Population	Shi'i Proportion of Muslim Population
Saudi Arabia	95%	5% ^a
Kuwait	70%	30%
Bahrain ^b	25%	75%
Qatar	74%	26%
UAE	83%	17%
Oman ^c	19%	6%

Note: Adapted from the CIA's World Factbook 2003 (available online at www.cia.gov/cia/publications/factbook) and from The Middle East Military Balance, 2000–2001 (Tel Aviv: Jaffee Center for Strategic Studies, Tel Aviv University, 2001).

^aAlthough Saudi Shi'is constitute only a small proportion of the total population, they live in the oil-rich eastern province bordering the Persian Gulf, where they form a local majority.

^bDespite having a Shi'i majority, Bahrain is ruled by a Sunni king.

^cIn Oman, an estimated 75 percent of the Muslim citizenry belong to the Ibadi sect of Islam, whose followers are sometimes known as Kharijites.

All of those selected to the council were men, many with a university education obtained abroad. In 1999 a group of twenty Saudi women attended one of the council's sessions. With the announcement of a new Saudi council of ministers (a de facto cabinet) in April 2003, there was speculation in the Saudi press that one of the new positions—deputy minister of education for girls—would be held by a woman. The position was ultimately given to a male candidate.

Kuwait. Since the 1991 Gulf War and the reestablishment of Kuwait's parliament,⁷ trends toward greater political participation have emerged in the rest of the conservative Arab Gulf states. Indeed, the Kuwaiti national assembly is spirited, with the frequent censuring of government ministers. The members of this fifty-seat parliament are elected by popular vote to serve four-year terms. As in the other states, however, the actual level of representation is more feudal than democratic. Only about 10 percent of Kuwaiti citizens are permitted to

vote, as suffrage is limited to adult males twenty-one or older. In 1999 Shaykh Jaber, Kuwait's ruler, issued a decree that would have given women full political rights, but the move was rejected by the assembly.

Parliament was suspended in 1999 when a government minister was held responsible for errors in a state-published edition of the Qur'an. In the elections that followed, liberals and Islamists predominated. In July 2003 elections Islamists emerged as the strongest single group represented.

Bahrain. Bahrain's unicameral national assembly dissolved in 1975. A consultative council was set up in 1992, and its membership was expanded from thirty to forty in 1996. In 2000 the emir of Bahrain, Shaykh Hamad, appointed four women to the council—one of whom was a Christian—as well as a Jewish businessman.

In 2002 a bicameral system was established. The upper house is appointed by Shaykh Hamad, who made himself the monarch after a referendum on political reform in 2001. Although the October 2002 elections for the lower house were boycotted by the main Shi'i party, an estimated 50 percent of the electorate (both men and women) voted.⁸ Local elections had taken place a few months earlier, with both male and female candidates participating (although no women won office).

Qatar. In April 2003 Qatari voters, including women, approved a new constitution. The new code provides for a forty-five-member parliament, thirty of whom are elected and the rest selected by the emir. Previously, suffrage had been limited to municipal elections, which were first held in 1999. Women were allowed to vote and participate as candidates, although none were elected.

United Arab Emirates. The UAE's Federal Supreme Council chooses the president and vice president of the federation as a whole. The council itself is chosen by seven men—the rulers of the seven emirates constituting the UAE. There is also a forty-member Federal National Council (FNC) whose rep-

representatives are appointed by the rulers of the constituent emirates to serve two-year terms. The FNC can review UAE legislation but cannot change or veto laws.

In November 2002 Shaykha Fatima (the most visible wife of the aging Shaykh Zayed, ruler of Abu Dhabi and UAE president) declared that women would soon be appointed to the FNC. She went on to state that a list of candidates would be presented to Zayed, and that he would choose one or two names to become the council's first female members, representing Abu Dhabi. No similar development has been reported in any of the other emirates.

Oman. Oman has a notional bicameral system. The upper chamber, with only advisory powers, has forty-eight seats, with members appointed by Sultan Qaboos. In 1997 Qaboos issued a decree allowing women to stand for election to the lower chamber, known as the consultative council. The lower chamber has eighty-three seats, with members elected every three years via limited, prescribed suffrage. For the 2000 elections, the government chose approximately 175,000 Omanis to serve as the electorate, a number that represents a quarter of the population over twenty-one years of age. Two women were elected in this round of voting. The lower chamber has the limited power to propose legislation but otherwise has only advisory powers. Generally, the upper and lower chambers limit their attention to economic and social issues. Qaboos himself holds sway over foreign, defense, and security policy.

In November 2002 Qaboos decreed that all Omanis over the age of twenty-one would be eligible to vote in the lower-house elections scheduled for late 2003. In early 2003 a woman was made a government minister—a first for any of the conservative Arab Gulf states.

The apparent calm of the country at present may well hide residual tensions from the 1970s, when militants supported by Soviet-backed South Yemen tried to seize power. The political challenge of that period—which was represented by the Marxist-oriented Popular Front for the Liberation of

the Arab Gulf, and overcome by external economic assistance and military aid (including from the shah of Iran)—had originally combined Arab nationalists, religious conservatives, and tribal shaykhs. Those elements still represent the main components of a restricted political life in Oman.

Quiet Encouragement

Despite the region's dearth of democratic governance, the changes that have occurred in the conservative Arab Gulf states since the 1991 Gulf War have been, relatively speaking, extraordinary. In part, these changes have emerged as a result of active encouragement by the United States, although Washington has not been credited for them and has been careful about trumpeting its role.⁹ The U.S. goal for the immediate future should be to build on the progress made so far, particularly in order to bolster the independent political status of these states and to ensure that political dissent can find legitimate channels of expression.

Notes

1. A notable exception is the Omani citizenry, who have made greater progress than the citizens of other Arab Gulf states in taking on a wider spectrum of roles throughout the labor force. Because Oman has less oil wealth than many of its neighbors, it cannot afford to maintain an insufficient domestic labor force.
2. In late 1998 the U.S. embassy in Kuwait estimated that the average Kuwaiti household still employed 9.5 domestic servants, even though the price of oil had fallen to approximately \$10 per barrel.
3. In October 2002, for example, Crown Prince Abdullah announced a ban that would prevent nonnationals from driving taxis. There are an estimated 50,000 taxi drivers in the kingdom, mostly foreign. It was not clear from the decree whether the new regulation would apply to drivers retained by Saudi households for female family members, who are prohibited from driving themselves. In any case, many analysts agree that the new rule will prove unworkable and will be quietly dropped.
4. A historic concern of the Saudi regime has been to maintain a greater population than that of Yemen, a concern that intensified when North and South Yemen were united in 1990. As of July 2003, the *CIA World*

Factbook lists the population of Yemen as 19.350 million, only a small percentage of which is thought to comprise expatriates.

5. In late April 2003, in the wake of Operation Iraqi Freedom, Iraqi Shi'is, estimated at 65 percent of the Iraqi population, marked the fortieth day following Ashura with marches to the holy city of Karbala, the site of the historical Husayn's martyrdom. Such activities had been banned for many years under the regime of Saddam Husayn.
6. King Fahd saw it as his role to establish a formal Saudi political framework. The Basic Law announced in 1992 emphasized the responsibilities of the ruler and outlined the system of succession, in addition to proposing the consultative council established a year later.
7. The vandalizing of the Kuwaiti national assembly building by invading Iraqi troops was arguably a powerful incentive for other conservative Arab Gulf states to pursue democratic initiatives, particularly after Washington made it clear to the Kuwaiti ruling family that restoration of the assembly as a functioning legislature was one of the key conditions for Kuwait's liberation at the hands of U.S. forces.
8. The Shi'is were protesting the fact that the powers of the appointed upper house exceeded those of the elected lower house. After the elections, Hamad appointed a former exiled Shi'i opposition leader as minister of labor and social affairs.
9. Such encouragement can have unintended consequences. In 1995–1996, for example, Bahraini authorities blamed a series of Shi'i street demonstrations on efforts by the local U.S. embassy to encourage political reform.

Chapter 6

Military and Security Cooperation

For more than twenty years—in the shadow of Iran and, until recently, Saddam Husayn’s Iraq—the conservative Arab Gulf states have attempted to operate as a unified political force through the Gulf Cooperation Council (GCC).¹ The original May 1981 charter of the GCC made no mention of defense or security, instead emphasizing coordination, integration, and cooperation in economic, social, and cultural affairs. Military cooperation and mutual security were an important subtext of the charter, however, and leaders of the GCC states agreed at a December 1981 meeting to include defense cooperation in the activities of the organization. In January 1982 GCC defense ministers met to discuss a common security policy, including a joint air-defense system and commonality in weapons systems—the latter remaining an elusive goal. Several military exercises followed, and in November 1984 GCC states agreed to form a unit called the Peninsula Shield Force. Intended for deployment against external aggression, it comprises units from every GCC member state under a central command at the King Khalid military base in northeastern Saudi Arabia.

The GCC was founded in a specific regional context. The Iran-Iraq War had been launched the previous year, and the conservative Arab Gulf states feared being dragged into the conflict. There were other worrying developments, including the Soviet military buildups in South Yemen and Ethiopia, the 1979 Iranian revolution (ending Iran’s former role in policing the Gulf), and the Soviet invasion of Afghanistan. So cautious were conservative Arab Gulf state leaders in the midst of such volatility that, at the ratification meeting of the GCC charter, they issued a statement rejecting any foreign

military presence in the region. A subsidiary aim of this statement was to exclude Iraq from GCC membership, despite the fact that Iraq is an Arab country and has a Gulf coastline (albeit small). To invite Baghdad to join the GCC, even in peacetime, would have been an affront to Tehran; indeed, conservative Arab Gulf states have sustained a long-term fear of Iran that has traditionally exceeded the perceived threat posed by Iraq.

Military Capacities

Since the 1980s, some of the conservative Arab Gulf states have come to possess among the best-equipped military forces in the world. Numerically, however, their combined manpower amounts to only half that of Iran or Iraq. As a result, GCC forces proved no deterrent to Saddam's 1990 decision to invade Kuwait. Indeed, it took several weeks for a GCC official to admit that military action should be considered as a means of expelling Iraqi forces.² Figures such as those in table 1 provide an incomplete picture of individual military capacities in the Gulf. For example, several conservative Arab Gulf states, lacking trained manpower, rely heavily on foreign contract soldiers and advisors, including technicians and pilots, to provide professionalism as well as vital skills, and to maintain a high level of combat readiness. The United Arab Emirates (UAE) is considered the state most dependent on foreign support. About 30 percent of its service personnel are expatriates.

The conservative Arab Gulf states further developed their military capacities in the wake of the 1991 liberation of Kuwait. In December 2000, for the first time, GCC members signed a formal defense pact after years of negotiations. The text of the pact has not yet been published but is thought to reflect a collective desire on the part of member states to appear more active on defense, even though there is disagreement on what type of defense action should be taken. Official comments by GCC leaders and their Western allies praise the increased readiness and cooperation supposedly represented by such agreements. Anecdotal evidence, how-

Table 1. Persian Gulf Forces

	Total Armed Forces	Tanks	Combat Aircraft	Frigates ^a
Saudi Arabia	126,500 ^b	1,000+	294	4
Kuwait	15,500	360+	81	0
Bahrain	10,700	140	34	1
Qatar	12,400	35	18	0
UAE	41,500	381	101	2
Oman	41,700	117	40	0
Iran	520,000	1,565	306	3
Iraq (pre-2003)	389,000	2,600	316	0

Note: Adapted with permission from The Military Balance 2002–2003 (London: International Institute for Strategic Studies, 2002).

^aThe category of frigates comprises ships of that class capable of long-distance patrolling in all weather conditions; none of the states listed in this table possess military surface vessels larger than a frigate. All Gulf navies rely considerably on smaller coastal patrol craft, which are often powerfully armed. The value of these craft, however, can be contingent on the professionalism of their crews.

^bThis figure does not include the Saudi Arabian National Guard, having an estimated active strength of 75,000, mostly deployed in the service of protecting the government and royal family in Riyadh, as well as Saudi oil installations.

ever, suggests wide-ranging competence levels among the military forces of the conservative Arab Gulf states and a relatively limited ability to act jointly with allied forces.³ In the meantime, a question has persisted over the size of the Peninsula Shield Force, today approximately 7,000 strong, with individual contingents varying widely in size. After the 1991 Gulf War, Oman proposed an increase to 100,000 men, meeting with opposition from most of the other GCC states.

Developing U.S. Ties

Despite a refusal by the GCC to commit combat forces to Operation Iraqi Freedom in 2003, military cooperation between conservative Arab Gulf states and the United States was surprisingly extensive during the war. Even Saudi Arabia, the most publicly reluctant GCC member, quietly allowed U.S. and British special forces to operate from its northern bor-

der areas into Iraq (while denying the use of Saudi bases for air strikes). Such cooperation stemmed from low-key diplomacy with the regimes in the region conducted over the course of several years, particularly by the U.S. military. It also represented an acknowledgment by the conservative Arab Gulf states that, since the departure of the British from the Persian Gulf in 1971 and despite the formation of the GCC, the United States had assumed the role of their protector.

During the 1970s the concerns of the United States about regional volatility were extensive, not unlike the GCC's own apprehensions.⁴ Washington was particularly anxious to counter Soviet military activities and diplomatic advances in the region. Iraq was already being treated with suspicion by Washington because of Baghdad's developing military-supply agreement with Moscow. The United States was constrained by a lack of bases in the region, however, maintaining only a naval refueling facility in Bahrain and an arrangement with Britain for the occasional use of the Masirah air base in Oman.⁵ Neither Saudi Arabia nor Iran allowed the United States to maintain operating bases on their respective soils, although U.S. aircraft were permitted to make routine, periodic use of Saudi and Iranian airfields, provided that notice was given in advance and approval granted. (Until the 1979 Islamic revolution, Iran had been an ally of the United States, with U.S. forces covertly utilizing some sites in northern Iran to monitor the Soviet Union.)

The Iranian revolution and the subsequent 1980–1988 Iran-Iraq War enhanced U.S. regional concerns but scarcely altered the caution of GCC members toward visible ties with Washington. Indeed, the Iran-Contra affair in the mid-1980s, when the United States was revealed to be supplying Hawk surface-to-air missiles and TOW antitank missiles to Iran, served to deepen Gulf Arab skepticism about U.S. motives and awaken lingering suspicions of U.S. bias toward Iran. It was only after an Iraqi aircraft attacked the destroyer USS *Stark* north of Bahrain in May 1987 that the attitudes of the conservative Arab Gulf states began to evolve.⁶ Although Iraq was slow to accept responsibility for the incident (claiming

that the pilot thought he was attacking an Iranian tanker) and even slower to pay compensation, the United States blamed Iran for the dangerous Persian Gulf environment. U.S. forces soon initiated a system of reflagging Kuwaiti tankers and providing escorts to protect the tankers from Iranian attack. This decision led to several direct confrontations with Islamic Revolutionary Guard Corps units operating in high-speed launches. By the time a ceasefire between Iran and Iraq was announced in mid-1988, U.S. forces had destroyed several Iranian naval units and laid waste to oil rigs used as bases by the Revolutionary Guards.

After the Iran-Iraq War, Iran's perceived threat to the region diminished as the Islamic Republic licked its wounds and absorbed changes in its internal power structure following the 1989 death of revolutionary leader Ayatollah Ruhollah Khomeini. For its part, Iraq began to rebuild its economy and develop commercial links, including ties with the United States. Still, the war left Baghdad heavily in debt, and the low price of oil meant that its revenue was consistently strained. In response, Saddam Husayn tried to bully the other Arab Gulf states, particularly Kuwait, into writing off the huge war-time debts he had incurred.

During the Iran-Iraq War, Saddam had depicted himself as the protector of the Gulf Arabs from their twin fears of the Persians and revolutionary Islam. Now, the behavior of Kuwait disappointed him. The shaykhdom was exceeding its Organization of the Petroleum Exporting Countries quota, which contributed to weak oil prices. Saddam also accused Kuwait of stealing oil from the Rumaila oil field in Iraq, which stretched under the border into Kuwait. The United States was sufficiently concerned about this bilateral tension to increase the number of warships it stationed in the Persian Gulf, and Iraq's invasion of Kuwait in August 1990 served to dispel any American hope that this inter-Arab dispute might be resolved through Arab mediation.

The interval between the end of the Iran-Iraq War and Saddam Husayn's invasion of Kuwait was a time of tense calm in U.S.-GCC relations. U.S. diplomacy was challenged, as many

of the regimes felt that the U.S. presence was no longer needed in the region. Relations with certain countries became particularly difficult. Washington was outraged, for example, when Qatar displayed handheld Stinger surface-to-air missiles in a 1988 military parade, evidently procured from Islamist fighters in Afghanistan despite U.S. efforts to account for every missile from that conflict. Contacts with Qatar's military were cut off in protest.⁷ Official U.S. anger was also provoked by the discovery that Dubai, the second largest emirate in the UAE and one that maintains its own armed forces, had purchased Scud-B missiles from North Korea in 1989.⁸ The reason for the purchase, other than simply as a power display, was unclear. (Although the missiles would have been capable of reaching Iran's main naval port at Bandar Abbas, Dubai maintains good relations with Tehran and relies on its status as a port specializing in trade with the Iranians.)

After the 1991 Gulf War, the conservative Arab Gulf states remained focused on their fears of Iraq, due to the threat of revenge posed by Saddam, and Iran, due to the threat posed by revolutionary Shi'a Islam.⁹ GCC members came to identify with the U.S. policy of dual containment initiated by the first Clinton administration, although this support was seldom, if ever, admitted publicly.¹⁰ (To many in the conservative Arab Gulf, the sanctions against Iraq seemed unfair, and with the 1997 Iranian election of President Muhammad Khatami, Iran seemed to be on the road to reform.)

Despite such public caution, GCC states have, since the early 1990s, developed individual security arrangements with the United States, as well as with Britain and France. Those with the United States have taken the form of detailed, written military agreements, short of treaties in order to avoid the necessity of publication and congressional approval. The exceptional nature of U.S.-Saudi security arrangements—in which there is no general written agreement—reflects concern over possible internal opposition in Saudi Arabia. These special arrangements have become traditional with succes-

sive U.S. administrations recommitting the United States to protect the sovereignty of the Saudi kingdom.

U.S. officials familiar with the individual security pacts report that Washington is not formally required to come to the aid of any conservative Arab Gulf state under attack. Nor do the agreements automatically grant the United States permission to conduct military operations from local facilities, instead specifying that permission must be obtained on a case-by-case basis.¹¹

Nevertheless, the extent of U.S. support for and involvement with GCC members grew significantly after 1991. Following the Gulf War, the United States, along with Britain and France, continued to send air patrols to Iraq, in what became the northern and southern no-fly zones;¹² patrols over southern Iraq operated from Kuwaiti and Saudi air bases. Another driving force behind developing U.S. relations with the conservative Arab Gulf states was the U.S. insistence on maintaining Iraqi sanctions, with GCC ports providing facilities for U.S. and allied ships to intercept illegal Iraqi oil shipments. During Operation Iraqi Freedom in early 2003, the United States was able to utilize a variety of facilities already established in the GCC states. U.S. diplomats have also tried to encourage a positive role for GCC members in the peace process between Israel and the Palestinians. All conservative Arab Gulf states have established diplomatic contacts with Israel, although only two—Oman and Qatar—have permitted the opening of Israeli diplomatic offices.¹³

The U.S. Military Presence

Saudi Arabia. Although the Saudis occasionally expressed concern about the U.S. presence on Saudi soil prior to 2002, they had traditionally expressed even greater fear that the kingdom would lose its status as the principal defense partner of the United States in the Persian Gulf. This state of affairs changed visibly in 2002, however, and ended formally in August 2003, with the withdrawal of all remaining U.S. forces from Saudi soil. Riyadh still maintains several procurement

and training agreements with Washington, despite the absence of a formal defense pact.

Before the 2003 withdrawal, Riyadh formally barred Western forces from using Saudi territory to launch bombing strikes against Iraq. Yet Saudi Arabia did host a large number of U.S. aircraft—often more than 100—at the Prince Sultan air base deep in the desert south of Riyadh.¹⁴ From 1991 to 2003 U.S. and British aircraft from this base carried out Operation Southern Watch over southern Iraq. To preserve the fiction that strikes by these aircraft were not launched from Saudi soil, patrols over Iraq were “laundered” through the narrow window of Kuwaiti air space, a subterfuge that was transparent to Baghdad. The Prince Sultan air base was also the site of a multibillion-dollar Combined Air Operations Center (known as CA-OC, pronounced “kay-oc”). In a concession to Saudi demands that there be no permanent U.S. military facilities in the kingdom, CA-OC was built above ground in a hangar-type facility, where it was vulnerable to air and missile attack; after September 11, 2001, the Saudis became reluctant to permit U.S. forces to use the newly completed center. U.S. personnel also staffed a Patriot missile battery in the kingdom.

The following historical incident further hints at the longstanding special relationship between Washington and the Saudi leadership. In March 1988 U.S. intelligence discovered that Saudi Arabia had acquired CSS-2 missiles from China, which are capable of reaching Tel Aviv and Tehran from bases south of Riyadh.¹⁵ These bases fell outside the range of both the Scud missiles in Iran’s arsenal and the Jericho missiles belonging to Israel.¹⁶ When Washington ordered the U.S. ambassador in Riyadh, Hume Horan, to protest, King Fahd responded by ordering the United States to replace the envoy. The administration swiftly complied, returning to Riyadh Horan’s predecessor, Walter Cutler.¹⁷

Kuwait. In September 1991 Kuwait signed a ten-year agreement with the United States permitting the prepositioning of equipment sufficient to outfit a mixed armor and mecha-

nized infantry brigade.¹⁸ The equipment is stationed at Camp Doha, north of Kuwait City, where it is regularly checked by a U.S. battalion to ensure its battle-ready status. In addition, approximately forty U.S. aircraft have operated from the two main Kuwaiti air bases—Ali al-Salim and Ali al-Jabir—for the last several years. Unlike the Saudis, who formally banned air strikes on Iraq from their territory, the Kuwaitis openly permitted U.S. and British aircraft to mount strikes on Iraq from those bases in 2001–2002. U.S. F-15s also flew strike missions over Afghanistan from the bases, despite the long distance that caused missions to last more than ten hours.

Bahrain. The United States and Bahrain signed a formal defense cooperation agreement in 1991. Since 1995, the reestablished U.S. Fifth Fleet has been headquartered on the island, occupying a new sixty-acre site. Bahrain is also home to 4,000 U.S. service personnel and their families. U.S. aircraft regularly use the Shaykh Isa air base in the southern part of the island. Detachments from the British Royal Air Force also operate from the main Bahraini airport at Muharraq.

Qatar. As part of a defense pact signed in 1992, the United States is permitted to preposition equipment in Qatar sufficient for an armored brigade, with the possibility of expanding that supply threefold. Following Saudi reluctance to allow the United States to use the recently completed CA-OC at the Prince Sultan air base, Qatar (in part to annoy the Saudis) invited the United States to use the giant air base it had built at al-Udaid in the southern part of the Qatari peninsula. The new command center came into operation in late 2002, in time for a scheduled Centcom exercise, and was used extensively for Operation Iraqi Freedom in 2003.

UAE. In July 1994, following months of negotiations, the UAE signed a defense pact with the United States.¹⁹ Abu Dhabi had conditioned U.S. competition in lucrative arms-supply agreements (including eighty combat aircraft) on reaching a satisfactory conclusion to these talks.²⁰ Similar conditions were placed on Britain and France.²¹ (The British delayed signing

their bilateral agreement with the UAE, concerned over an obligation to provide assistance in time of war.)

A prepositioning facility with equipment for a U.S. armored brigade is located at the port of Jebel Ali (which belongs to the emirate of Dubai), one of the most frequented ports for Gulf visits by U.S. ships.²² The Khor Fakkan port, on the UAE's Gulf of Oman coastline, has also been a logistically important facility. U.S. refueling aircraft supporting Operation Southern Watch operated out of the UAE from the Dhafra air base in Abu Dhabi.

Oman. Oman has the merit of position, enabling U.S. naval units to operate in the Gulf region without having to pass through the Strait of Hormuz and thereby risk provoking Iran. Western military personnel say that Oman is less stringent than other conservative Arab Gulf states in applying restrictive conditions on U.S. and allied forces. For example, a 1980 agreement permitting U.S. access to three Omani air bases (Masirah, Seeb, and Thumrait) was renewed in 1985, 1990, and 2000.²³ A new air base at Mulladah, intended for Oman's new F-16 fighters, is being built to U.S. standards so that it can also be used by U.S. aircraft as necessary. In addition, extensive prepositioning of U.S. equipment takes place in Oman.

The British also held a major exercise in Oman in fall 2001 involving army, naval, and air force units, which, by one calculation, constituted 10 percent of the entire British armed forces.

Conclusion

With the exception of Saudi Arabia, U.S. military and diplomatic ties with the conservative Arab Gulf states have become stronger in the first years of the twenty-first century. The uncertainty in the U.S.-Saudi relationship appears partly reflective of internal Saudi instability attributable to the influence of Osama bin Laden and the aftermath of September 11. That same instability, however, may have prompted the heightened gratitude for U.S. support on the part of other GCC members, who prefer a U.S. presence to dominance by

Iran, Iraq, or Saudi Arabia. The overthrow of Saddam Husayn's regime altered Gulf security principally by removing a regional threat and by deepening (and probably lengthening) the security commitment of the United States to the region. How the conservative Arab Gulf states adjust to a post-Saddam Iraq and to an enhancement of the U.S. military profile in the region will be an important component of future U.S. dealings there. The extent to which the GCC will survive as a political and security entity is open to question, especially given the withdrawal of U.S. troops from Saudi Arabia in the wake of the fall of Baghdad.

Notes

1. The formal title of the organization is the Cooperation Council for the Arab States of the Gulf, to avoid giving unnecessary offense to Iran. The Arab Gulf media, however, refer to the organization as the Arab Gulf Cooperation Council, or AGCC. This seems to emphasize the view that the Gulf is Arab rather than Persian.
2. Although they participated in Operation Desert Storm, GCC forces fought as part of the broader coalition rather than as a combined Peninsula Shield Force unit. Along with units from other Arab countries, they refused to cross into Iraqi territory (that is, into the territory of another Arab state), even though such tactics were crucial to cutting off and defeating Iraqi forces in Kuwait. Even their supposed military successes—pushing Iraqi land forces out of the Saudi oil town of Ras al-Khafji in 1990 and shooting down an Iraqi aircraft—were closely coordinated with U.S. backup units. Similar support was provided in 1999, this time by the French military, for a UAE unit joining international peacekeepers in Kosovo.
3. One British pilot reported that, while on temporary assignment in the kingdom, he and his colleagues preferred not to have Saudi fighter aircraft in their air space. Moreover, foreign military advisors in several of the conservative Arab Gulf states have spoken despairingly of the difficulties—due to low competency levels—in training various local units.
4. In June 1973 James H. Noyes, U.S. deputy assistant secretary of defense for international security affairs, defined U.S. security interests and policy objectives in the region as containing Soviet military power within its then-present borders, maintaining access to Persian Gulf oil, and ensuring the continued free movement of U.S. ships and aircraft into and out of the area.

5. The British gave up this island airfield in 1977, but for two years thereafter (until the Iranian revolution had ended), Oman was reluctant to conclude a new agreement with the United States, despite having indicated a willingness in principle.
6. The attack killed thirty-seven U.S. sailors and injured many more.
7. Military contacts were renewed within hours of Iraq's invasion of Kuwait in 1990. To settle the Stinger issue, the Qataris told the United States that they had dumped the missiles at sea. No evidence of this explanation was produced, and none was requested.
8. *The Military Balance, 2002–2003* (London: International Institute for Strategic Studies, 2002) lists Dubai as having six Scud launchers. This would imply that Dubai also has twenty-four missiles to accompany those launchers. There are no recent reports of exercise sightings, suggesting that the missiles are no longer operational.
9. Among the GCC members, Saudi Arabia alone remains notably concerned about Yemen's activities and ambitions.
10. The dual containment policy was unveiled in May 1993 by Martin Indyk, special assistant to President Bill Clinton and senior director for Near East and South Asian affairs at the National Security Council, at a symposium organized by The Washington Institute for Near East Policy (See Martin Indyk, "The Clinton Administration's Approach to the Middle East," in *Challenges to U.S. Interests in the Middle East: Obstacles and Opportunities* [Washington, D.C.: The Washington Institute for Near East Policy, 1993], pp. 1–8; available online at www.washingtoninstitute.org/pubs/soref/indyk.htm). The policy called for the United States to contain the radicalism and adventurism of both Iran and Iraq, promote Arab-Israeli peace, stem the spread of weapons of mass destruction and their means of delivery, and promote the vision of a more democratic and prosperous region for all the peoples of the Middle East. The phrase "dual containment" eventually fell from use because it invoked so much public hostility among the GCC states (see chapter 1). In the early 1990s a senior U.S. official, commenting on the apparent distaste for the policy among the leaderships of the conservative Arab Gulf states, remarked, "In private, they love it." After George W. Bush was elected president, his secretary of state, Colin Powell, told a Senate subcommittee that he intended to continue to try to isolate Iran and Iraq, stating that "these two regimes . . . are dangerous . . . [and] are out of step with the way the world is going" (Secretary of State Colin Powell, remarks before the Senate Appropriations Subcommittee on Commerce, Justice, State, and the Judiciary, May 3, 2001).

11. Library of Congress, *The Persian Gulf: Issues for U.S. Policy, 2000* (Washington, D.C.: Congressional Research Service, November 3, 2000), p. 19.
12. France dropped its patrol commitments as it modified its attitude toward Saddam Husayn and toward Iraq's adherence to UN Security Council resolutions.
13. Oman's semisecret links with Israel have endured for decades; Qatar's are more recent. The Palestinian intifada that began in September 2000 put a strain on those ties. Saudi Arabia refused to attend an Islamic summit in Doha unless the Israeli liaison office was closed. Qatar complied verbally but did nothing, allowing the Israeli representative to remain.
14. Before the 1996 Khobar Towers bombing by Islamic extremists, the aircraft were based at Dhahran on the Persian Gulf coast.
15. According to *Desert Warrior*, the autobiography of Prince Khalid bin Sultan (the Saudi commander in Operation Desert Storm), the Chinese missiles were aimed at Iran and Israel. When Iraq invaded Kuwait and threatened Saudi Arabia, Khalid asked King Fahd whether the missiles might be redirected toward Baghdad. The king rejected the request.
16. Israeli air strikes could have destroyed the sites, although Israel would have been concerned about the prospect of casualties among the Chinese technicians responsible for keeping the missiles operational.
17. The affair was complicated by the fact that Horan's father was Iranian, a fact irrelevant to almost everyone except the Saudis.
18. In February 2001 Kuwaiti defense minister Shaykh Jaber Mubarak announced that the 1991 agreement would automatically roll over on its expiry date. Kuwait also has defense pacts with Britain and France and defense cooperation agreements with Russia and China.
19. The issue of criminal jurisdiction over U.S. forces remained unresolved, however, delaying implementation of the agreement.
20. On April 14, 2000, the *Washington Times* reported that the U.S. government had passed legislation granting a secret special waiver of sanctions to the UAE so that it could buy \$6.5 billion in F-16 combat aircraft from Lockheed Martin.
21. France has long-established defense-supply relations with the UAE, having sold the state tanks for its army, missiles for its naval combat craft, and strike fighters and interceptors for its air force. In October 2000 French and UAE naval units conducted a four-day anti-mine exercise.

22. Even before September 11, 2001, U.S. Navy ships were reportedly docking there at the rate of twenty per month.
23. The 1980 negotiations were complicated by the fact that U.S. forces used Masirah Island to stage the unsuccessful attempt to rescue U.S. hostages held by Iran. Washington carried out this operation without the permission of the Omani government.

Chapter 7

Opportunities and Continuing Challenges for U.S. Policy

The military success of Operation Iraqi Freedom in March and April 2003 completely overturned the strategic makeup in the Persian Gulf that had prevailed for more than twenty years. The U.S. position, which had become dominant after the liberation of Kuwait from Iraqi forces in 1991, now became paramount. Washington would be able to craft the future political direction of Iraq, a major Arab country. The United States would also operate from a much better position to counter any threat from Iran—Washington’s major remaining adversary in the region—to U.S. regional policy. This policy includes encouraging the Israeli-Palestinian peace process, acting against state-sponsored terrorism, and curbing the development of weapons of mass destruction.

For the conservative Arab Gulf states, this new reality was stunning. No longer would the Iraq of Saddam Husayn bully them. No longer would they have to fear direct military and political threats posed by Iran. The United States had put itself between them and danger. Now, major policymaking decisions would concern their individual relationships with the United States. Saudi Arabia had already distanced itself from Washington before Operation Iraqi Freedom, but other conservative Arab Gulf states, particularly Kuwait and Qatar, had begun to identify more closely with U.S. interests.

In this new era for the region, Washington’s most immediate challenges will likely arise in those states where the ruling elites and the general public have differing perceptions of U.S. power. Before the terrorist attacks of September 11, 2001,

long-term U.S. interests in the Gulf involved safeguarding the free transit of oil to world markets and containing any hostile ambitions by Iran and Iraq. This dual mission was successful in military terms, but diplomatically and publicly it had become a source of heated debate. Although U.S. forces on the ground may have been barely visible to the average Gulf Arab, the presence of those forces was nevertheless controversial.

The particular causes of Washington's difficulties before September 11 are complex. The UN sanctions on Iraq were publicly criticized both in the region and in other parts of the world because of their impact on ordinary Iraqis unconnected with Saddam's regime. Similarly, the unilateral U.S. sanctions against Iran have upset U.S. businesses—oil companies in particular—which have been forced to watch foreign competitors take larger market shares. In addition, the Iran-Libya Sanctions Act has infuriated allies, who see it as unjust and as an abuse of U.S. power. Meanwhile, the deterioration of relations between Israelis and Palestinians, particularly since the Palestinian uprising that began in September 2000, has produced graphic television footage that many in the region have used to reinforce accusations of U.S. bias against Arabs.

Although the September 11 attacks crystallized the thinking of many in Washington, sentiments within the conservative Arab Gulf states have varied. Fifteen of the nineteen hijackers were Saudi citizens, yet the kingdom hardly drew closer to the United States in the wake of the attacks. Indeed, Saudi public opinion was reported to be overwhelmingly sympathetic to al-Qaeda leader Osama bin Laden, whose stated aims included the removal of U.S. forces from the Arabian peninsula.¹ Even Qatar, which has sought to offer military facilities to the United States as an alternative to those in Saudi Arabia, has played an apparently contradictory role, allowing its al-Jazeera satellite television station to become a mouthpiece for bin Laden.²

Although the diplomatic and military understandings between the United States and the conservative Arab Gulf states have withstood such pressures, the fabric of those un-

derstandings has frayed considerably in recent years. Local Arab media are consistently critical of the United States, and regimes occasionally permit public displays of protest in order to take the steam out of simmering popular discontent.³ Public utterances of disapproval of the United States by ruling families have become more common (although this trend was reversed during 2002 as momentum toward military confrontation with Saddam Husayn grew). Even before Operation Iraqi Freedom, the Saudis formally barred U.S. and British air forces from mounting strikes against Iraq from their territory, forcing a disproportionately heavier role on aircraft based in Kuwait and on U.S. naval carriers. Moreover, since 1999, in a direct affront to U.S. policy, Saudi Arabia and Iran have developed a rapprochement that Riyadh has used to bolster a joint understanding on oil policy: Riyadh provides higher prices in return for the apparent removal, at least in the short term, of the Iranian terrorist threat to the kingdom.

In the context of such challenges, the future of U.S. relations with the conservative Arab Gulf states should, to a certain extent, be predictable. These regimes operate in a manner typical of other small states.⁴ Although they seek the guardianship of a major foreign power, they also make deals and local arrangements that may ultimately contradict the agreements they make with their guardian. Such an attitude is ingrained; these states are prepared to cooperate with Washington only when their interests coincide with those of the United States.⁵ In other words, they are friends but not true allies.

A key aspect of this reality is that ties between Washington and the conservative Arab Gulf states are necessarily personal, based on friendships with rulers rather than with publics. In this way, political misunderstandings and differences can be resolved through discreet diplomacy, particularly if the ruling family in question is stable. Thus far, the Gulf's traditional ruling families have retained power despite predictions that they would be violently replaced by republics—a common occurrence in the rest of the region since the 1950s.⁶

The Iranian revolution did not prove sufficiently contagious, nor did the Iran-Iraq War prove sufficiently destabilizing, to depose these familial regimes. In fact, stability in the Gulf is widely valued. For example, one of the international community's principal concerns when Iraq invaded Kuwait was facilitating the return of the escaped Kuwaiti emir.

From a pessimistic perspective, the preservation of this status quo may rely on historically flawed ruling mechanisms and on leaders whose positions derive more from inheritance than ability. If even one of the six conservative Arab Gulf states were to undergo regime change, the façade of feudal and tribal monarchies would likely come under intolerable strain. Given this possibility, the United States must ensure smooth leadership transitions in the region and help to defuse tensions within ruling families. Such interventions, if made public, would almost certainly be contentious and would risk causing a popular outcry, weakening the legitimacy of a new ruler. Historically, however, both Britain and the United States have resorted to intervention in times of exceptional crisis.⁷

An alternative or complement to crisis intervention would be for the United States to help the conservative Arab Gulf states transform their traditional, hereditary forms of rule into more accountable and democratic systems. Indeed, as described in this study, several of these regimes took steps toward increasing the democratic nature of their governments during the 1990s. Saudi Arabia set up a consultative assembly, Oman and Qatar established similar bodies, and the United Arab Emirates enlarged the role of the Federal National Council. In 2000 Bahrain announced plans to reestablish its parliament and designate the island's ruler a constitutional monarch. Yet none of these developments diminished the paramount authority of the ruler and the ruling family. Even in Bahrain, the power of the ruler is guaranteed by a royally appointed upper house. Because the selection of succeeding rulers has been a prerogative held tightly by each ruling family, the gap between reality and U.S. aspirations for progress on democracy in the Gulf remains large.⁸

Policy Recommendations

The U.S. diplomatic campaign against Iraq and the subsequent removal of Saddam Husayn's regime paralleled a growing trend inside Iran in which the clerical regime was questioned by the public. Although generally averse to change, the conservative Arab Gulf regimes also seemingly disapproved of the status quo in both Iraq and Iran—hence their cooperation with the U.S.-led coalition against Saddam (although much of this cooperation was never publicly noted) and their ongoing standoffishness toward Tehran. But the prospect of major change in the region has been greeted by official caution, most apparent in Saudi Arabia, where concern centers on U.S. support for Ariel Sharon's government in Israel. (Such caution may be the cause of increasing U.S. public dissatisfaction with hesitant Saudi intelligence and security cooperation since the September 11 attacks.)

It is reasonable to assume that the conservative Arab Gulf states suspect efforts to establish a new government in Iraq will distract the attention of U.S. policymakers away from the need to maintain and deepen ties with their own regimes. Washington will continue to seek active cooperation from these governments, however, on Israeli-Palestinian peace efforts and on military access for U.S. forces. With respect to the Middle East peace process, the United States should support Gulf Arab efforts to encourage negotiations on the Palestinian side. Washington should also back the development of contacts between the conservative Arab Gulf states and Israel.⁹ Such contacts would be a public reminder to the Palestinians of Arab impatience over delays in reaching a negotiated settlement.

The overthrow of Saddam Husayn presents important opportunities for a wider U.S. policy agenda in the region. Regarding oil supply and price, Washington should encourage the further weakening of the Organization of the Petroleum Exporting Countries (OPEC), which is dominated by Persian Gulf nations. Its historical control over prices should be diminished so that high prices no longer act as a

break on global economic growth. Moreover, the United States should encourage the growth of the Iraqi oil industry so that its exports rival those of the two main OPEC producers, Iran and Saudi Arabia. Indeed, since September 11, relying on the long-term benevolence of Saudi Arabia has become a risky proposition for the world oil market. Although downward pressure on prices would weaken the government revenue of oil-producing states, it could also spur the development of other sources of tax income or encourage foreign investment. These scenarios would align with the U.S.–Middle East Free Trade Area envisioned by President George W. Bush in May 2003.¹⁰

The United States should also allow the Gulf Cooperation Council to weaken further so that it cannot block political changes that Washington seeks to encourage. The council's smaller states should be encouraged to escape the hegemony of Saudi Arabia and develop stronger bilateral ties with Washington. At the same time, the United States should discourage bilateral relations between the conservative Arab Gulf states and Iran, especially those previously based on Iranian strength and perceived Arab vulnerability.

In addition, Washington should seek to fill the diplomatic vacuum left by France, which has traditionally portrayed itself as a valued diplomatic friend and military supplier to the Gulf states. Washington should also expose the questionable reliability of Russia as a foreign influence in the Gulf, given Moscow's efforts to facilitate—or at least avoid hindering—Iran's development of nuclear weapons and missiles capable of delivering such munitions.

Prior to the overthrow of Saddam Husayn's regime, the success of U.S. policy toward the conservative Arab Gulf states was based on maintaining the appearance of acting on behalf of those states as a whole while dealing directly with individual regimes to advance bilateral cooperation. That policy has helped to secure U.S. military access vital to the continuing war on terror. It has also succeeded in gaining the support of these regimes for the early stages of the revived Arab-Israeli peace process. With the potential for

regional political transformation initiated by the removal of Saddam, however, the way is now open for more ambitious policy aims. In this regard, President Bush's September 7, 2003, description of Iraq as the "central front" in the global war against terrorism¹¹ ensures that U.S. relations with the conservative Arab Gulf states will remain a vital component of U.S. policymaking toward the region for the indefinite future.

Notes

1. In the 1996 document "A Declaration of War against the Americans Occupying the Land of the Two Holy Places," bin Laden called the U.S. "occupation" of the peninsula "the latest and greatest of . . . aggressions incurred by Muslims . . . since the death of the Prophet" (original Arabic version appeared in *al-Quds al-Arabi* [London] in August 1996; full English translation available online at www.pbs.org/newshour/terrorism/international/fatwa_1996.html). In February 1998 a London Arabic-language newspaper published bin Laden's "Declaration of the World Islamic Front for Jihad against the Jews and the Crusaders," in which he condemned the U.S. occupation of the Arabian peninsula and the "Crusader-Jewish alliance" that was inflicting destruction on Iraq. Bin Laden also wrote that "to kill the Americans and their allies—civilians and military—is an individual duty for every Muslim" (original Arabic version appeared in *al-Quds al-Arabi* [London], February 23, 1998, available online at www.library.cornell.edu/colldev/mideast/fatwa2.htm; full English translation available online at www.fas.org/irp/world/para/docs/980223-fatwa.htm). On January 27, 2002, citing U.S. intelligence, the *New York Times* reported the existence of a Saudi intelligence survey conducted one month after the September 11 attacks. The survey reported that 95 percent of educated Saudis between the ages of twenty-five and forty-one expressed support for bin Laden.
2. An audiotape broadcast by al-Jazeera in November 2002 was the first generally accepted proof that bin Laden remained alive, having survived U.S. air strikes in Afghanistan in late 2001. On the tape, bin Laden referred to recent events, including the October 2002 Bali bombing; surprisingly, he did not refer to U.S. forces in Saudi Arabia.
3. In late 2000, for example, during the early days of the Palestinian uprising, pro-Palestinian demonstrations were held in Bahrain, Kuwait, Oman, and Saudi Arabia. Some of these demonstrations were ultimately suppressed with riot police and water cannons.

4. Despite its enormous oil wealth and large geographic size—almost a quarter as large as the United States—Saudi Arabia is generally considered to function as a small state, historically reluctant to display a leadership role.
5. OPEC and the Arab League have survived despite bad relations and even wars between members in part because oil is of paramount importance to the member states of both organizations, but also because a unified appearance is more important to these states than achieving substantive unity. In 1991 Shaykh Mohammed, defense minister of the United Arab Emirates and crown prince of Dubai, stated, “We have to consider that our existence in the region is not temporary and that we have to interact with the circumstances and developments in the region” (“Nation Is on the Right Path, Says Mohammed,” *Gulf News* [Dubai], December 30, 1991). Such emphasis on local interests can prove detrimental to U.S. interests; for example, well before the September 11 attacks, U.S. and British officials discovered that at least two senior Saudi princes had, since 1996, been paying off Osama bin Laden in a deal ostensibly meant to halt terrorist attacks in the kingdom. (See Simon Henderson, “The Saudi Way,” *Wall Street Journal*, August 12, 2002.)
6. For an example of such predictions, see Fred Halliday, *Arabia without Sultans: A Political Survey of Instability in the Arab World* (New York: Penguin, 1974). The reality of monarchical instability was borne out in certain Middle Eastern countries (for example, the ruling families of Egypt, Iraq, Libya, and Yemen were all overthrown).
7. For example, the concerned interest of the United States—and the presence in Bahrain of U.S. secretary of defense William Cohen—arguably ensured a smooth, uncontested transfer of power when Shaykh Isa, Bahrain’s ruler, died in 1999 (see chapter 3).
8. On December 12, 2002, U.S. secretary of state Colin Powell announced the U.S.–Middle East Partnership Initiative, intended to provide “a framework and funding for the U.S. to work together with governments and people in the Arab world to expand economic, political and educational opportunities for all.” Colin Powell, “The U.S.–Middle East Partnership Initiative: Building Hope for the Years Ahead” (Heritage Lecture #722) (Washington, D.C., December 12, 2002); available online (www.heritage.org/Research/MiddleEast/hl772.cfm). That same day, addressing the Council on Foreign Relations, Richard Haass, director of policy planning at the State Department, delivered the paper “Toward a Greater Democracy in the Muslim World.”

9. In addition to its continuing formal diplomatic ties with Oman and Qatar, the Israeli government has engaged in several diplomatic conversations with other conservative Arab Gulf states since the overthrow of Saddam Husayn's regime.
10. On May 9, 2003, in an address before graduates of the University of South Carolina, President Bush stated that economic growth and the rule of law were keys to quieting rage in the Middle East. He promised to build on victory in Iraq by increasing trade with the Arab world; by helping to modernize the region's justice, education, and political systems; and by promoting concrete steps toward equality for women.
11. President George W. Bush, televised address to the nation, September 7, 2003. Transcript available online (www.whitehouse.gov/news/releases/2003/09/20030907-1.html).

Persian Gulf Chronology

- 622** • The advent of Islam with the journey to Medina by the Prophet Mohammed and his followers.
- 1500s** • The Arabian peninsula comes under partial control of the Ottoman Turkish empire, based in Istanbul.
 - Portuguese traders arrive in the Persian Gulf.
- 1600s** • British, Dutch, and French traders arrive in the Gulf.
- 1745** • Central Arabian shaykh Mohammed bin Saud joins with Muslim preacher Abdul Wahab (founder of wahhabism) on a campaign of religious purification and conquest, marking the beginning of the first Saudi “state.”
- 1793** • The Sultanate of Oman is established with Muscat as its capital.
- 1798** • A treaty of friendship is signed between the Sultan of Muscat and the British East India Company, the dominant foreign influence in India.
- 1800** • Wahhabi influence stretches beyond Mecca and Medina as far as Karbala and Najaf (in modern-day Iraq) and Damascus (in modern-day Syria).
- 1809** • The first British naval forces arrive in the Persian Gulf.
- 1818** • The first Saudi “state” dissolves when its forces are defeated by Egyptian troops acting as proxies for the Ottoman Turks.
 - British forces destroy the port of Ras al-Khaimah, a tribal stronghold, thereby subduing their principal opposition in the southern Gulf.
- 1820** • Britain signs a treaty with a number of local rulers to suppress piracy along the Gulf coast. As a result, the area becomes known as the Trucial Coast.
- 1830** • The beginning of American Christian missionary presence in Persia.

- 1833 • Capt. Edmund Roberts, a merchant from Salem, Massachusetts, arrives in Muscat accompanied by a small naval force. He signs a treaty of friendship and commerce with the sultan, establishing the first U.S. diplomatic relationship with a Persian Gulf state.
- 1851 • Persian and American negotiators sign a commercial treaty. Although the treaty is ratified by the U.S. Senate, the government in Tehran allows it to lapse due to British protests.
- 1853 • Britain agrees to the Perpetual Maritime Truce with various southern Gulf tribes.
- 1856 • Another commercial treaty is signed between the United States and Persia, which by this time is at odds with Britain.
- 1858 • The U.S. Navy sends a ship to the Gulf region; it visits Muscat but not Persia.
- 1879 • The U.S. man-of-war *Ticonderoga* enters the Strait of Hormuz, becoming the first U.S. naval ship to enter the Persian Gulf. It sails as far as Basra, seventy miles up the Shatt al-Arab waterway.
- 1891 • The al-Saud family is defeated by the Ottoman-backed Rashidi tribe and goes into exile in Kuwait.
- 1892 • Britain signs exclusive agreements with the Trucial States, giving London control over foreign affairs and the emirates control over their internal affairs.
- 1899 • Britain signs a treaty with Kuwait promising protection in return for a pledge to grant London authority over decisions regarding Kuwaiti territory and foreign relations.
- 1902 • Under the leadership of Ibn Saud, the al-Saud family seizes Riyadh.
- 1903 • British foreign secretary Lord Curzon tours the Gulf and insists on British dominance in the region.
- 1913 • Britain signs a treaty with the Ottoman Empire recognizing the independence of Bahrain under British administration.
 - Ibn Saud and his Ikhwan fighters seize control of the Ottoman province of Hasa, a significant step in

the formation of the Saudi kingdom and a major defeat for the Ottomans heralding the collapse of their empire.

- 1917** • The British occupy Baghdad after defeating Ottoman forces in Mesopotamia.
- 1922** • Britain is awarded a League of Nations mandate over the territory that would become modern-day Iraq.
- 1925** • Ibn Saud conquers the western Hejaz region of Saudi Arabia, including Mecca and Medina.
- 1928** • The Red Line Agreement gives U.S. oil companies a stake in the Turkish Petroleum Company (renamed the Iraq Petroleum Company in 1929), at the cost of limiting their activities in the former Ottoman Empire, including much of the Arabian peninsula.
- 1932** • The Kingdom of Saudi Arabia is declared under the leadership of Ibn Saud.
 - Oil is discovered in Bahrain, the first such discovery in the southern Gulf.
- 1933** • Socal, a U.S. oil company, secures an oil-exploration deal with Ibn Saud for 35,000 gold sovereigns.
- 1938** • Oil is discovered in commercial quantities near Dhahran, Saudi Arabia.
- 1939** • The first shipment of oil leaves the Saudi terminal of Ras Tannura.
 - Britain declares that the Hawar Islands belong to Bahrain, not Qatar.
- 1940** • Italian Axis forces stage a long-range air attack on a refinery in Bahrain. The attacking force mistakenly bombs the Saudi refinery at Dhahran.
- 1943** • The United States gives Lend-Lease support to Saudi Arabia.
- 1944** • The United States and Saudi Arabia reach an agreement for the construction of an air base at Dhahran, originally intended as a refueling facility for military flights from Cairo to Karachi (then part of India, now part of Pakistan).
- 1945** • President Franklin Delano Roosevelt meets Ibn Saud on board the USS *Quincy* in the Suez Canal.

- Saudi Arabia declares war on Nazi Germany.
- 1946** • Saudi Arabia grants the U.S. Air Force temporary “unrestricted air traffic rights” from Dhahran.
- 1947** • A British military mission arrives in Saudi Arabia to advise Ibn Saud.
- 1949** • The U.S. Navy formally establishes a Middle East Force in the Persian Gulf, designating Bahrain as its homeport.
- 1951** • Saudi Arabia grants the United States a five-year lease on the air base at Dhahran. The British military mission is asked to leave.
- 1952** • The seven emirates form the Trucial Council to promote increased cooperation.
 - The Egyptian monarchy is overthrown.
- 1953** • U.S. and British intelligence services organize street protests in Tehran leading to the overthrow of the nationalist prime minister, Mohammed Mossadegh. The shah, who briefly flees into exile, returns and takes full control.
 - Ibn Saud dies; he is succeeded by his son Saud.
- 1956** • The British and French invasion of Egypt’s Suez Canal zone leads to anti-British riots in Bahrain.
- 1957** • Saudi Arabia agrees to a five-year renewal of the U.S. lease on the Dhahran air base.
 - U.S. policy against communism is encapsulated in the Eisenhower Doctrine, which declares that the preservation of the independence and territorial integrity of the nations of the Middle East is vital to U.S. national interests and to world peace.
- 1958** • The Iraqi royal family is overthrown in a bloody coup d’etat.
- 1960** • The Organization of the Petroleum Exporting Countries (OPEC) oil cartel is founded.
- 1961** • British troops defend Kuwait from the threat of invasion by Iraq.
- 1962** • Saudi Arabia declares that it is no longer willing to grant the United States direct use of the Dhahran air base for anything other than reconnaissance flights.

- Oil is exported from Abu Dhabi for the first time.
- 1964** • King Saud of Saudi Arabia is deposed and succeeded by his half-brother Faisal.
- 1967** • Britain moves its main regional naval base from Aden, Yemen, to Bahrain.
 - Israel defeats the armies of Egypt, Jordan, and Syria in the Six Day War.
- 1968** • Britain announces that it will close its bases east of Suez by 1971.
 - Bahrain and Qatar join the Trucial States.
- 1970** • Distracted by the Vietnam War, the United States announces the Nixon Doctrine, whereby “neither the defense nor the development of other nations can be exclusively or primarily an American undertaking.” Washington subsequently designates Iran as the regional power most willing and able to ensure stability.
 - The Organization of the Islamic Conference is founded in Jeddah, Saudi Arabia.
 - Iran renounces its claim to sovereignty over Bahrain.
 - Sultan Qaboos assumes power in Oman after overthrowing his father, Sultan Said, with British backing.
- 1971** • British forces leave the Gulf.
 - Bahrain and Qatar split from the Trucial States and separately declare independence.
 - Iran occupies the islands of Abu Musa and the Greater and Lesser Tunbs.
 - The emirates of Abu Dhabi, Ajman, Dubai, Fujairah, Sharjah, and Umm al-Qaiwan form the United Arab Emirates (UAE).
 - Bahrain signs an agreement with Washington to rent naval and military facilities to U.S. forces.
- 1972** • Ras al-Khaimah joins the UAE.
 - The UAE Federal National Council is created.
 - Iraq signs a treaty of friendship with the Soviet Union.
 - A constituent assembly is elected in Bahrain.

- 1973
 - Egypt and Syria attack Israeli forces in the Sinai desert and Golan Heights.
 - The Arab Gulf states impose an oil embargo on the United States and join Iran's OPEC initiative to raise prices.
- 1974
 - Bahrain formally cancels its naval facilities agreement with the United States (although the arrangement is permitted to continue quietly).
 - A then-secret Saudi-UAE border agreement gives Riyadh sovereignty over coastal territory between Qatar and the UAE.
- 1975
 - King Faisal of Saudi Arabia is assassinated by a nephew. He is succeeded by his half-brother Khalid.
 - The constituent assembly in Bahrain is dissolved.
- 1979
 - The shah flees Iran. Ayatollah Ruhollah Khomeini returns from exile and seizes power, establishing an Islamic republic.
 - The Camp David peace agreement is signed between Egypt and Israel; all Arab states except Oman cut diplomatic ties with Cairo.
 - The U.S. embassy in Tehran is seized by armed Islamic militants.
 - Saudi rebels seize the Grand Mosque in Mecca.
- 1980
 - The Carter Doctrine is announced, declaring that "an attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force."
 - A U.S. attempt to rescue hostages in Iran using force fails when rescue helicopters crash before they reach Tehran.
 - Iraq invades Iran, beginning the eight-year Iran-Iraq War.
- 1981
 - U.S. diplomats held hostage in Iran are released after 444 days in captivity.
 - The Gulf Cooperation Council is formed.

- Seventy-three people are arrested in Bahrain, accused of plotting a coup with the support of Iran.
- 1982** • King Khalid of Saudi Arabia dies. He is succeeded by his half-brother Fahd.
- 1983** • The U.S. embassy in Kuwait is severely damaged by a car bomb.
- 1984** • Iran attacks a Saudi oil tanker inside Saudi territorial waters.
 - GCC states agree to form the Peninsula Shield Force.
- 1986** • Qatari troops occupy the islet of Fasht al-Dibal between Qatar and Bahrain.
 - A causeway linking Bahrain to Saudi Arabia opens.
 - King Fahd of Saudi Arabia adopts the title “Custodian of the Two Holy Mosques.”
- 1987** • The USS *Stark* is hit by a long-range missile launched by an Iraqi aircraft. Thirty-seven Americans are killed.
 - A coup is attempted in Sharjah. The ruler, Shaykh Sultan, abdicates in favor of his brother but is reinstated by the Supreme Council of Rulers.
- 1988** • The Iran-Iraq War officially ends with no clear victor.
- 1990** • Iraq invades Kuwait.
 - Shaykh Rashid, ruler of Dubai, dies after a long illness.
- 1991** • A U.S.-led coalition liberates Kuwait.
 - The Gulf Arab-owned Bank of Credit and Commerce International collapses.
 - Qatar takes its territorial claim against Bahrain to the International Court of Justice.
 - Bahrain signs a defense cooperation agreement with the United States.
- 1992** • Iran insists that visitors to the disputed islands of Abu Musa and the Tunbs have Iranian visas.
 - A consultative council is appointed in Bahrain.
- 1993** • A consultative council is appointed in Saudi Arabia.

- 1994
 - Riyadh revokes Osama bin Laden's Saudi citizenship.
 - Iraq formally accepts the UN-demarcated border with Kuwait.
 - Demonstrations follow the arrest of a Shi'i cleric in Bahrain.
- 1995
 - Shaykh Khalifa, ruler of Qatar, is deposed by his son Hamad. The leaders of the other conservative Arab Gulf states sharply criticize the move.
 - Sultan Qaboos, ruler of Oman, escapes death in a road accident; his deputy prime minister is killed.
 - A bomb kills five American advisors and two others at the Saudi Arabian National Guard facility in Riyadh.
 - King Fahd of Saudi Arabia has a stroke.
- 1996
 - Crown Prince Abdullah of Saudi Arabia rules briefly as official regent.
 - A bomb explodes at the Khobar Towers U.S. military complex in Dhahran, Saudi Arabia, killing nineteen and wounding more than 300.
 - Bahrain claims to have discovered a coup plot by an Iranian-backed group and recalls its ambassador from Tehran.
 - Osama bin Laden issues a "declaration of war" condemning American "occupation" of the Arabian peninsula.
- 1997
 - Muhammad Khatami is elected president of Iran. Soon thereafter, agreements between Tehran and Riyadh facilitate a recovery in world oil prices.
- 1998
 - Osama bin Laden condemns both U.S. "occupation" of the Arabian peninsula and the "Crusader-Jewish alliance" for inflicting destruction on Iraq. He issues a *fatwa* (religious decree) stating that "to kill the Americans and their allies—civilians and military—is an individual duty for every Muslim."
 - A British citizen is replaced as director of Bahrain's Security and Intelligence Service, removing the last vestiges of direct British influence in that country.

- Osama bin Laden and his al-Qaeda network are held responsible for attacks on the U.S. embassies in Kenya and Tanzania.
- 1999**
- The emir of Bahrain, Shaykh Isa, dies suddenly and is replaced by his son Crown Prince Hamad.
 - Municipal elections are held in Qatar.
 - Oman and the UAE sign an agreement defining most of their disputed border.
 - Saudi women attend a session of the Saudi consultative council for the first time.
- 2000**
- Saudi Arabia and Kuwait sign a maritime agreement, giving the latter ownership of the islands of Qaruh and Umm al-Maradim.
 - The emir of Bahrain appoints new members to the consultative council, including a Jewish businessman and four women, one a Christian.
 - The USS *Cole*, a destroyer en route to the Persian Gulf, is severely damaged by suicide bombers in Aden harbor.
 - The emir of Bahrain promises to restore the elected parliament.
- 2001**
- A referendum in Bahrain approves proposed constitutional changes with a 98 percent affirmative vote.
 - Violence breaks out in Yemen during the run-up to municipal elections and a referendum on extending presidential terms.
 - Qatar settles a long-running border dispute with Bahrain.
 - Saudi Arabia and Qatar agree on a maritime boundary.
 - Al-Qaeda terrorists perpetrate attacks on New York City and Washington, D.C.
 - U.S. air attacks on al-Qaeda and the Taliban regime in Afghanistan begin.
- 2002**
- Bahrain becomes a constitutional monarchy.
 - Local elections are held in Bahrain, with women permitted to vote and stand as candidates (although no women win).

- A lawsuit filed in the United States alleges that Saudi businessmen and members of the royal family funded Osama bin Laden and al-Qaeda.
 - A French supertanker is damaged by suicide bombers off the coast of Yemen.
 - Al-Qaeda terrorists bomb a nightclub in Bali, Indonesia.
 - Bahrain holds its first parliamentary elections in more than thirty years (although the main Shi'i party boycotts the polls).
 - King Hamad of Bahrain names a new and expanded cabinet, including a former Shi'i opposition politician.
 - Sultan Qaboos of Oman extends voting rights to all citizens over the age of twenty-one.
 - Shaykha Fatima, wife of UAE president Shaykh Zayed, declares that women will soon be appointed to the UAE's Federal National Council.
 - Al-Qaeda terrorists attack an Israeli hotel and aircraft in Mombasa, Kenya.
- 2003**
- U.S. forces, supported by British forces, invade Iraq and overthrow the regime of Saddam Husayn.
 - The United States announces that its forces will leave Saudi Arabia, having completed their mission of patrolling Iraq. Washington also announces that it intends to use four Iraqi air bases for the foreseeable future.
 - Qatari voters approve a constitution providing for a forty-five-member parliament, including thirty elected members.
 - Al-Qaeda terrorists attack three expatriate compounds in Riyadh, killing thirty-four people, including eight Americans.
 - The foreign ministers of Qatar and Israel conduct talks in Paris, the highest-level meeting ever held between the two states.
 - Islamists emerge as the strongest single group represented in Kuwaiti parliamentary elections.

Saudi Arabia

- The demarcation of the border with Yemen is partly dependent on nomadic tribal affiliations.
- The location and status of the border with the United Arab Emirates (UAE) were agreed upon in 1974, but many of the details of the agreement were not made public.
- Riyadh disputed Kuwait's ownership of Qaruh and Umm al-Maradim islands until July 2000. The countries have yet to agree on a maritime border with Iran.
- A 1974 agreement with the UAE gave Saudi Arabia sovereignty over coastal territory between Qatar and the UAE. A maritime agreement with Qatar in 2001 did not allow for Saudi access to waters off this coastal territory, however, leaving open a potentially vexatious issue.
- Territory granted to Saudi Arabia by the UAE in 1974 included a part of what Oman claimed to be its own. Relations between Saudi Arabia and Oman continue to be problematic with regard to this issue.

Kuwait

- In November 1994 Iraq formally accepted the UN-demarcated border with Kuwait spelled out in Security Council Resolutions 687 (1991), 773 (1993), and 883 (1993). This acceptance ended Iraq's official claims to Kuwait and to the islands of Bubiyan and Warbah, although the regime of Saddam Husayn continued to make rhetorical claims on these territories.
- Prior to a July 2000 maritime agreement with Saudi Arabia, Kuwait's ownership of the islands of Qaruh and Umm al-Maradim was disputed by Riyadh. Both countries still have to agree on a maritime border with Iran.

Bahrain

- Disputes with Qatar over the Hawar Islands and the maritime boundary were settled in 2001 by the adjudication of the International Court of Justice.

Qatar

- Disputes with Bahrain over the Hawar Islands and the maritime boundary were settled in 2001 by the International Court of Justice.
- Qatar still maintains that it has a direct land border with the UAE, despite a 1974 UAE-Saudi agreement that ceded some coastal territory to Riyadh.

UAE

- Because many of the details of the 1974 treaty with Riyadh have not been made public, the exact alignment of the border with Saudi Arabia is still unknown.
- Agreements regarding parts of the border with Oman remained unratified until 2003. Previously, the Musandam peninsula in the far north had been demarcated by an administrative line rather than an international boundary.
- The UAE claims two Persian Gulf islands that are currently occupied by Iran: Greater Tunb and Lesser Tunb. The UAE also claims another Persian Gulf island, Abu Musa, this one jointly administered with Iran. Iran has taken steps to exert unilateral control over this island since 1992, including access restrictions and a military buildup.

Oman

- A boundary treaty with the UAE was signed in 1999 and ratified in 2003. Previously, portions of the UAE-Oman border had been undefined, including the Musandam peninsula, where an administrative boundary had substituted for an international boundary.

Saudi Arabia (the al-Saud)

- King Fahd: ruler and prime minister
- Crown Prince Abdullah (half-brother): first deputy prime minister and commander of the national guard
- Prince Sultan (full brother): second deputy prime minister, minister of defense and civil aviation
- Prince Nayef (full brother): minister of the interior
- Prince Salman (full brother): governor of Riyadh province

Kuwait (the al-Sabah)

- Jaber al-Ahmed al-Jaber: ruler
- Saad al-Abdullah al-Salem (cousin): crown prince
- Sabah al-Ahmad al-Jaber (brother): prime minister
- Jaber Mubarak al-Hamad (cousin): minister of defense and deputy prime minister
- Mohammed Sabah al-Salem (cousin): minister of foreign affairs
- Nawaf al-Ahmed al-Jaber (brother): minister of the interior

Bahrain (the al-Khalifa)

- Hamad bin Isa: ruler
- Salman bin Hamad (son): crown prince
- Khalifa bin Salman (uncle): prime minister
- Khalifa bin Ahmad (cousin): minister of defense
- Muhammad bin Mubarak (cousin): minister of foreign affairs
- Muhammad bin Khalifa bin Hamad (cousin): minister of the interior

Qatar (the al-Thani)

- Hamad bin Khalifa: ruler and minister of defense
- Tamim bin Hamad (son): crown prince
- Abdullah bin Khalifa (brother): prime minister and minister of the interior
- Muhammad bin Khalifa (brother): deputy prime minister
- Hamad bin Jasim bin Jaber (distant cousin): minister of foreign affairs

United Arab Emirates:

Abu Dhabi (the al-Nahyan)

- Zayed bin Sultan: ruler of Abu Dhabi and president of the UAE
- Khalifa bin Zayed (son): crown prince of Abu Dhabi
- Sultan bin Zayed (son): UAE deputy prime minister
- Mohammed bin Zayed (son): UAE armed forces chief of staff
- Hamdan bin Zayed (son): UAE minister of state for foreign affairs

Dubai (the al-Maktoum)

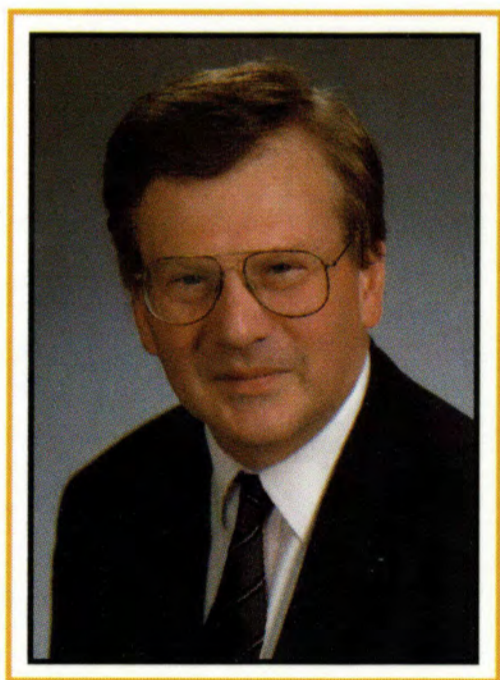
- Maktoum bin Rashid: titular ruler of Dubai, vice president and prime minister of the UAE
- Mohammed bin Rashid (brother): crown prince and de facto ruler of Dubai, UAE minister of defense
- Hamdan bin Rashid (brother): deputy ruler of Dubai and UAE minister of finance and industry

Oman (the al-Said)

- Qaboos bin Said: ruler, prime minister, minister of foreign affairs, minister of defense, minister of finance, chairman of the central bank
- Sayed Thuwayni (distant cousin): personal representative of the ruler
- Sayed Fahd (distant cousin): deputy prime minister for cabinet affairs

In the wake of the terrorist attacks of September 11, 2001, a quiet revolution in security policy has taken place. As Washington and Riyadh move further apart—perhaps to a healthier distance—America and the smaller Arab Gulf states of Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman are moving closer together. Emerging as major, frontline players in U.S. defense strategy, these countries have each chosen paths toward political openness and economic reform despite the conservative character of their social, cultural, and political policies.

Bringing three decades of journalistic and scholarly experience to his research, Simon Henderson takes a closer look at this important but often overlooked strategic trend, charting the history, politics, and economy of the Persian Gulf's conservative Arab states, including the record of their ties to the West and to the United States.



SIMON HENDERSON is a London-based associate of The Washington Institute, specializing in energy matters and the conservative Arab states of the Persian Gulf. The author of works on Saddam Husayn and succession in Saudi Arabia, Mr. Henderson is now a consultant advising corporations and governments on the Persian Gulf.



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