



Saudi Arabia, the Gulf, and the New Regional Landscape

Edited by Joshua Teitelbaum



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THE BEGIN-SADAT CENTER FOR STRATEGIC STUDIES BAR-ILAN UNIVERSITY

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The Begin-Sadat (BESA) Center for Strategic Studies

BESA Center Director: Prof. Efraim Karsh

The Begin-Sadat Center for Strategic Studies is an independent, non-partisan think tank conducting policy-relevant research on Middle Eastern and global strategic affairs, particularly as they relate to the national security and foreign policy of Israel and regional peace and stability. It is named in memory of Menachem Begin and Anwar Sadat, whose efforts in pursuing peace lay the cornerstone for conflict resolution in the Middle East.

Mideast Security and Policy Studies serve as a forum for publication or re-publication of research conducted by BESA associates. Publication of a work by BESA signifies that it is deemed worthy of public consideration but does not imply endorsement of the author's views or conclusions. Colloquia on Strategy and Diplomacy summarize the papers delivered at conferences and seminars held by the Center for the academic, military, official and general publics. In sponsoring these discussions, the BESA Center aims to stimulate public debate on, and consideration of, contending approaches to problems of peace and war in the Middle East. The Policy Memorandum series consists of policy-oriented papers. The content of the publications reflects the views of the authors only. A list of recent BESA Center publications can be found at the end of this booklet.

The National Security Studies Center

Director: Dr. Dan Schueftan

Head, National Security Studies Programs: Prof. Gabriel Ben-Dor

The National Security Studies Center is an independent, scholarly and academic body. Yet it is consciously seeking a synthesis between pure academic research, on the one hand, and policy-relevant study of national security issues on the other, to the mutual benefit of both communities. Prominent national security challenges, some of them existential and unique, are facing the State of Israel ever since its establishment in 1948. The University of Haifa and its Center have been involved in formulating the concepts of national security and in educating the senior and top echelons of its officials for more than a quarter of a century.

The Center is interdisciplinary in character, and seeks to present a balanced, coherent, comprehensive, and integrated picture of national security in the modern and broad sense of the term, involving the central disciplines of the contemporary social sciences, as well as history, ethics and technology.

Since its establishment in the year 2000, the Center has acquired a well-deserved reputation as one of the leading institutes of its kind in the country, and it has also become known and appreciated abroad.

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PREFACE

Joshua Teitelbaum and Dan Schueftan

Saudi Arabia and the countries of the Gulf Cooperation Council (GCC) have faced serious challenges over the past decade, from the rise of Iran and falling oil prices, to the Arab uprisings. In June 2016, with these issues in mind, the Begin-Sadat Center for Strategic Studies (BESA) at Bar-Ilan University and the National Security Studies Center (NSSC) at the University of Haifa held a two-day conference on "Saudi Arabia, the Gulf, and the New Regional Landscape." The conference was convened by Dr. Dan Schueftan of the NSSC and Prof. Joshua Teitelbaum of the BESA Center and the Department of Middle Eastern Studies.

The conference was graced with presentations from a globe-spanning panel of experts: Maj. Gen. (res.) Yaakov Amidror, Dr. Efrat Aviv, Prof. Gabriel Ben-Dor, Prof. F. Gregory Gause III, Dr. Yoel Guzansky, Prof. Michael Herb, Amb. John Jenkins, Prof. Dr. Robert Kappel, Prof. P.R. Kumaraswamy, Dr. Alon Levkowitz, Prof. Robert J. Lieber, Prof. Meir Litvak, Clarisse Pasztory, Dr. Paul Rivlin, Dr. Dan Schueftan, Dr. Guido Steinberg, Anna Sunik, Aymenn Jawad al-Tamimi, Prof. Joshua Teitelbaum, and Dr. Kristian Coates Ulrichsen.

Arranging a conference at two venues is no easy feat. At the BESA Center we would like thank the former director, Prof. Efraim Inbar, for his vision and leadership, as well as the present director, Prof. Efraim Karsh, for his support. Thank you to Judith Levy, Dani Melamed, Alona Briner Rozenman, Shany Shriki, Hava Waxman, and David Weinberg for their attention to detail – small and large – in organizing the conference.

At the NSSC, we are indebted to the head of security studies at the University of Haifa, Prof. Gabriel Ben-Dor; to our chairman of the board, Mr. Israel Stockman; and to the extraordinary organizing abilities of Einat Hakim and her staff, Dr. Zoe Levornik, Ziv Orenstein, and Mor Beer. We also wish to thank the Haifa Center for German and European Studies for its support for the international session.

We are delighted to present this compilation of conference presentations.

In the overview, **Prof. Gabriel Ben-Dor** stresses the many paradoxes of the Saudi situation: a giant land mass with a relatively small population; huge sums spent on the military without corresponding military strength; and massive wealth without the manpower to drive the state forward. These problems are reflected, he notes, in the acute dilemmas faced by the kingdom in developing a coherent set of policies in response to regional and global developments.

Prof. F. Gregory Gause III discusses the performance of King Salman bin Abd al-Aziz. It is often contended that the king has presided over huge changes in domestic economic management, regional foreign policy, and royal family politics, yet Gause suggests that while the extent and possibility of change in the first two areas had been greatly exaggerated, the king had made significant changes in the internal politics of the Al Saud. This he had done by elevating two grandsons of founder Abd al-Aziz bin Saud: Muhammad bin Nayif to the position of Crown Prince, and his son, Muhammad bin Salman, to the positions of Deputy Crown Prince, Minister of Defense, and coordinator of economic policy. While this concentration of power within this generation might sow the seeds of opposition, there is no evidence that this is the case.

Dr. Guido Steinberg presents an analysis of AQAP and ISIS in Saudi Arabia. AQAP, formed in 2009, has not been able to perpetrate a major attack in the kingdom. Not so ISIS, which has had some major successes. This was due, argues Steinberg, to a purer salafi interpretation of Islamic law and jihad, versus the more pragmatic al-Qaeda. Saudi Arabia is a great prize for ISIS, and it will be sure to redouble its efforts.

Prof. Joshua Teitelbaum analyzes the history and contemporary situation of Saudi Shiites, who comprise around 10-15% of the population.

Historically they have been the consummate "other," reviled and oppressed by the Wahhabi majority. While there was some improvement in their lot under King Abdallah bin Abd al-Aziz, the growing threat of Iran has led them again to be seen as a fifth column. Huge demonstrations and a fierce government response in 2011 only confirmed the tensions. For the foreseeable future, Teitelbaum concludes, Saudi Shiites will continue to pay the price of being a weak and despised minority.

Moving outside domestic issues, **Prof. Robert J. Lieber** stresses that the Obama Administration has caused serious damage to the Saudi-US relationship, because of its retrenchment and even disengagement from the Middle East. President Trump will therefore need to address Obama's failings. Though active engagement and leadership by the US cannot be a sufficient condition for security and world order, he concludes, the evidence suggests it is a necessary one.

The religious and strategic rivalry between Iran and Saudi Arabia formed the center of **Prof. Meir Litvak's** discussion. The two countries compete over regional primacy, land and maritime borders, and oil policy – the arms race and a possible Iranian nuclear option adds an element of fear. And infusing everything is an intense religious rivalry. Shiites and Wahhabis stand at the two extremes of the Islamic spectrum, and ferocious polemics are often the order of the day.

Dr. Yoel Guzansky examines Saudi Arabia's nuclear agenda. Nuclear energy is attractive to Riyadh to power such fuel hungry projects as desalination, while preserving oil for export. Militarily, it has a deep sense of vulnerability concerning a nuclear armed Iran. It will be difficult if not impossible to convince the Saudis to accept any less than Tehran. Guzansky assesses that Saudi Arabia will not wait long in the event of an Iranian breakout.

Sir John Jenkins contends, with respect to the GCC states, that focusing on issues of tribalism and wealth to the exclusion of other factors prevents a politically useful understanding of the functioning of these countries. Instead, he suggests concentrating on the mobilized and instrumentalized transnationalism of Sunnis and Shiites. This better explains the ideational challenge Iran poses to the Sunni states of the Gulf. Yet internally, the greatest challenge is how to balance new models of legitimacy with national and collective security.

Economic challenges to the GCC states form the focus of **Dr. Paul Rivlin's** remarks. For Rivlin, the oil price collapse of 2014, coming as it did after the Arab uprisings, carried with it a silver lining. Yes, it was a financial wake-up call, but the insecurity that swept the Arab world, with the prominent exception of the Gulf monarchies, emphasized to Gulf citizens that their rulers provided stability. While Saudi Arabia and some other countries have issues financial "vision statements" which demonstrate a realization that their economic situation is dire, they have done little of substance.

Maj. Gen. (res.) Yaakov Amidror discusses the changing regional balance of power for the GCC in the Middle East. The US agreement with Iran and its retreat from the Middle East is a traumatic experience for the Saudis, who realize that the Sunnis are not nearly as united as the Shiites. They have therefore tried to lead in place of the US, bringing along Egypt, the UAE, and Jordan. Israel is still not involved, but Amidror believes that joining with Jerusalem will bring about a more stable Middle East.

Anna Sunik examines the dynamics within the GCC. The GCC states need to cooperate, she stresses, but each one fears the hegemony of the other. The most striking joint project to date is the war in Yemen launched in March 2015, where the Saudis have led a significant coalition of forces in the first such large-scale military operation. This has not yet led to the emergence of a new security community, although the jury is still out.

Israel's strategic relations with Saudi Arabia and the Gulf states follow a long tradition of contacts and coordination between Jerusalem and countries with which it does not have diplomatic relations, according to **Dr. Dan Schueftan**. Common interests have led to coordination, at various times even to invaluable strategic partnerships, with Jordan, Iran, Turkey, and Egypt, and the same strategic logic will govern Gulf partnerships. While details of these partnerships are scarce, at this stage they are the result of a fear of Iranian hegemony and a lack of American leadership. This has already convinced many in the Arab world that Israel may be part of the solution, not the problem.

Clarisse Pasztory looks at the Gulf from a European Union perspective. She argues that the relationship is robust, although not without difficulties. While Europe is no longer as dependent on Gulf oil as it once was, the GCC and the EU work together on counter-terrorism, fighting ISIS, and bringing about a solution to the Syrian conflict. But discord exists around issues such as human rights and relations with Iran. Increased GCC-EU cooperation may come about, but not before agreement can be reached on the way to get there.

The small but powerful state of Qatar under Amir Tamim is the focus of **Dr. Kristian Coates Ulrichsen's** contribution. Tamim has succeeded in reining in the power of his famous relative, Hamad bin Jasim Al Thani, and his supporters, raising to power younger members of the royal family. He has made efforts to mend relations with other GCC states, refocusing away from an activist foreign policy and dealing with the need for domestic austerity.

Prof. P.R. Kumaraswamy considered the relations between India and the Gulf. Geographical proximity and religious ties figure strongly, and economic partnerships are key. GCC countries meet about two-thirds of India's energy imports, while bilateral trade accounts for about one-sixth of India's total trade. India's expatriate labor force numbers around 7 million in the GCC – lower oil prices are therefore sure to affect the size and quality of the Indian labor force, posing socio-economic challenges for states like Kerala, which depend heavily on Gulf migration.

China plays an important role in relations between Asia and the GCC, contends **Dr. Alon Levkowitz**. Together with Japan and Korea, these countries are heavily invested in the GCC states and import most of their oil and gas from there. The GCC countries are therefore assets of strategic importance for Asia, Levkowitz maintains. That said, China is not yet ready to take the place of the US in the region, but that might change in the future.

CONTRIBUTORS

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- **Dr. Kristian Coates Ulrichsen** is Baker Institute Fellow for the Middle East at Rice University. His research examines the changing position of Persian Gulf states in the global order, as well as the emergence of longer-term, nonmilitary challenges to regional security. He is the author of *The Gulf States in International Political Economy* (Palgrave).

A Note on Transliteration

With respect to transliteration, we have followed the most popular spellings rather than use a strictly scholarly approach. Thus emir, not amir; sheikh not shaykh; Hezbollah not Hizballah.

Overview: Saudi Arabia and the Gulf Face a Region in Flux

Gabriel Ben-Dor

"No one could make a greater mistake than he who did nothing because he could do only a little." E. Burke

Predicting the outcome of political processes in the Middle East is notoriously difficult, as evidenced by the many prognostications on events ranging from the Yom Kippur War to the recent regional turbulence (aka "The Arab Spring"). In the case of Saudi Arabia, forecasts are even more daunting because the kingdom has long been characterized by paradoxes, imbalances, and anomalies.

Saudi Arabia is a very large country (2.15 million square kms, or 830,000 square miles). It is the fifth-largest state in Asia and the second-largest in the Arab world (after Algeria). Yet this huge land mass is populated by a scant 30 or 31 million people. Of these, a huge proportion (at least five million, with some experts saying 10 million) are non-naturalized immigrants or "guest workers."

The Saudi form of government – an absolute kingdom with a "royal salute" as its official anthem – is an anomaly in this age of modernity, equality, and republicanism. Gender equality is nowhere to be found, the "religious police" exercise power in the streets, and slavery was practiced until just a few decades ago. The ruling elite is made up of rival princely factions. The entire political sociology of the country appears anachronistic, out of step with the mores and forms of the contemporary global system.

Saudi Arabia has one of the highest military expenditure percentages in the world, spending more than 10% of its GDP on the military. Yet its military forces are incomparably weaker than those of its main regional rivals and allies: Iran, Egypt, Turkey, and others. The Saudi military is well-equipped, but the military establishment is strangely fragmented. It includes a large, powerful, independent military force, the Saudi Arabian National Guard. This fragmentation apparently serves domestic purposes, but does not help the kingdom defend its vast territory against external enemies.

All in all, there are glaring imbalances in Saudi Arabia between its vast territory and small population, its natural and human resources, its wealth and power. This is manifested most visibly in the acute dilemmas faced by the Saudi kingdom in developing a coherent set of policies in response to regional and global developments.

Sometimes, the outcomes themselves appear paradoxical. For example, there is no question as to oil being the key resource of the country, with around three-fourths of the budget coming from the oil industry. (Saudi Arabia is assumed to possess about one-fifth of the world's proven petroleum reserves.) Yet the kingdom has played a key role in keeping oil prices relatively low for years, seemingly at odds with the economic logic of marketing its only major tradable asset.

This paradox is not that difficult to understand when one analyzes Saudi foreign policy. The dangers and threats posed to that policy have intensified in the recent past, making the landscape around the country appear unsafe and uncertain as never before.

The immediate danger appears to be that of an increasingly assertive Iran, which has gained a degree of international legitimacy, along with economic clout, due to the 2015 nuclear deal. Iran is the undisputed leader of a regional Shiite bloc that includes, to some degree, Iraq, Syria, and Hezbollah, along with various movements and forces associated with it in the Gulf, in Yemen, and all over the Arab world.

To an extent, this is classic regional rivalry. But there is more to it than that. The Saudis consider the Shiite threat a mortal danger to the kingdom's domestic stability and security, as well as to the stability of its key allies and protégés in the Gulf.

The second, seemingly opposite, danger is that of hyper-radical Islam in its Sunni variety, manifest in the form of Islamic State, or ISIS. The Saudis are historically guilty of fostering such extreme forms of Sunni Islam, but the chicken has come home to roost. ISIS represents a lethal threat to the Saudis precisely because the latter claim legitimacy based on their own loyalty to a fundamentalist interpretation of Islam. The territorial gains made by ISIS are frightening to the Saudis, but even if these gains are rolled back (as seems to be happening), the ability of ISIS to challenge the Sunni legitimacy of the conservative kingdom(s) will remain a great danger.

The third major negative development for the Saudis is the weakness and vacillation of American leadership in region. The picture, as seen from Riyadh during the Obama administration, was that of a US in retreat from engagement in the Middle East in general, and also more eager to appease its traditional enemies than support its traditional allies. This development has contributed to the creation of a power vacuum that might be filled, the Saudis fear, by an ever more assertive Iran, which will try to "Finlandize" the entire Gulf.

The fourth danger is that of the appearance of the masses in the streets and the squares in response to calls on social media. The fear of the masses who brought down Mubarak in Egypt and Qaddafi in Libya is an obsession for rulers all over the region. It is most certainly on the minds of those ruling Saudi Arabia, a conservative, traditional society that must confront the challenge of imminent social change.

This is because the country's oil wealth is running out. Per reliable estimates, the accumulated wealth of the kingdom will not last more than another seven years or so, at present prices. Raising prices would not only substantially harm those the Saudis consider friends and allies, but would likely encourage further exploration and exploitation of alternative sources of energy, which would make Saudi oil reserves less important over the medium and long term.

Considering all this, the Saudi rulers have done what economic logic dictates: they have initiated a program of economic diversification, thereby developing alternative sources of national wealth. However, we know only about the economic foundations of this process. We are in dire need of more information about its social dynamics.

A more diversified, technological, and entrepreneurial culture could undermine the very foundations of traditional Saudi society. The emergence of a larger, better educated, and more confident urban middle class (the likely result of the diversification program) would change the face of the country. Recent studies in history and political sociology suggest that this process will be difficult for the traditional ruling elite to confront and co-opt.

With all these challenges in mind, the Saudis have played an increasingly assertive role in regional affairs. In 2011, they used massive force under the regional security mechanism of the Saudi-dominated GCC to maintain the ruling Sunni dynasty in Bahrain. More recently, they used even greater force in Yemen against the Iranian-backed Shiite rebels. They have also engaged in large-scale military maneuvers and exercises that were intended to convey a picture of both ample force and the determination to use it if necessary.

All of this is at odds with traditional Saudi policies. The Saudis were known in the past for their ability to arbitrate and mediate. This was due in part to their wealth, in part to their posture of Islamic legitimacy, and in part to their adroit manipulation of regional rivalries, cleavages, and interests.

Now the Saudis seem to have jumped off the fence. They do not mediate; they try to lead. They do not arbitrate; they fight. They do not look for opportunities; they try to create them. Yet they appear to be trying to do something beyond their capacity.

The old order was protected, to a large extent, by the military and general power of the strongest Arab state, Egypt, a Sunni power never far from the Saudis' side in recent decades. Behind Egypt was the global clout of the US. Now, the Sunni bloc – the existence and strength of which is a vital Saudi interest – lacks a natural leader. The Egyptian regime is having difficulty putting its own house in order, which prevents it from playing its traditional regional and inter-Arab role. As for American backing, the Obama administration appeared hopeless to Saudi eyes.

Hence, the Saudis have done everything in their power to bolster the al-Sisi regime in Cairo, hoping against hope for its return to center stage. Without it, there is no Sunni Arab equivalent to Iranian leadership

of the Shiite bloc. The Saudis are also hoping that the new American administration will be more assertive and supportive of regional order and stability, with less reliance on the role of Iran in the area.

In the meantime, the Saudis are doing something that is simply out of character. They are trying to play the role of a major regional power in the same league with Iran, Turkey, and Egypt. They do not have the population, technology, or military force to compete successfully with such giants. They do not even have the desire. They are doing what they can because other parties – the US, Egypt, and, to some extent, Turkey – are not playing their "proper" roles in regional affairs.

What about another potent regional power: Israel? There is much speculation about surreptitious Saudi-Israeli cooperation, understandings, and agreements. The Israeli prime minister himself has hinted at this, arguing that new regional realities create new opportunities for Israeli diplomacy.

The major case in point is normally assumed to be a form of entente between Israel and the Sunni bloc, now ostensibly led by Saudi Arabia, which would pave the way towards a settlement of the Palestinian issue. The idea is that instead of giving the radical Palestinians veto power over general Arab-Israeli rapprochement, a prior rapprochement would force the Palestinians to come to the negotiating table on reasonable terms.

This appears to be a false hope. Fear of the masses in the streets, and apprehension about the possible loss of legitimacy that could result from open relations with Israel without major progress on the Palestinian front along lines acceptable to general Arab public opinion, are more potent considerations for the Saudis than any potential gain from bringing their surreptitious contacts with Israel into the open.

To the extent that it is possible to make predictions about the future of the Saudi regional project, we can assume the Saudis will work hard to restore close relations with the new US administration, invest still more in supporting the Egyptian regime and in encouraging it to play a more leading role in regional politics, and continue to attempt to engineer a cautious economic transformation at home to prepare for a relatively oil-free future.

The present assertive role played by the Saudis, exemplified by their military operations in various countries around their borders, appears unnatural, unsustainable, and incongruent with the traditional political culture of the kingdom in the long run. Why are they doing it, then? Because other parties are not playing their expected roles. The Saudis feel they must do the best they can, even if they know it will be too little. Despite the appeal of openly used military power, the Saudis are hoping for the day when they can go back to the old game, even if it is played with new rules.

Saudi Arabia:

Domestic and Foreign Concerns in a Challenging Environment

King Salman and the Future of Saudi Arabia

F. Gregory Gause III

There are three areas in which King Salman bin Abd al-Aziz Al Saud, who ascended to the throne in Saudi Arabia in January 2015, and his new administration are said to be pursuing very different policies from those of his predecessors:

- Domestic economic management: The king appointed his young son, Prince Muhammad bin Salman, as the head of a super-committee of government officials to produce a new economic plan for the country. Vision 2030 was rolled out in April 2016; the National Transformation Program 2020, with specific metrics to be used to gauge the success of the implementation of Vision 2030, was adopted in June 2016. These plans are meant to move the Saudi economy towards a lower reliance on oil and government spending, with a greater role for the private sector.
- Regional foreign policy: King Salman and Muhammad bin Salman, who is also Minister of Defense, are said to have adopted a less cautious, more activist and more aggressive foreign policy, with a greater willingness to "lead from the front" and to commit Saudi armed forces beyond the Saudi borders.
- Family politics: King Salman has not only cut through the Gordian knot of generational succession in the Al Saud family: he has also concentrated power in the hands of just two members of the generation of the grandsons of the modern state's founder, King Abd al-Aziz.

I believe the extent and possibility of change in the first two areas – the domestic economy and foreign policy – under King Salman are exaggerated by many observers.

Economic Change

The economic changes proposed in Vision 2030 are not new. Numerous Saudi planning documents from the past contain many of the same proposals. For decades, Saudi officials have been talking about the need to reduce the country's reliance on the oil and government sectors of the economy. Vision 2030 is different insofar as it has the clear backing of a very powerful prince. Some real changes have occurred: subsidies for utilities (electricity, water) and gasoline at the pump have been reduced, resulting in increased costs for Saudis. There is also a plan to impose a value added tax (VAT) on consumer goods.

However, there are no signs as yet that the Saudi authorities are ready to take the necessary steps to fundamentally change their oil-based economy. While targets have been announced to cut the number of government jobs, there have not yet been significant reductions in government positions. In fact, in the wake of the Arab unrest of 2011, the Saudi government added tens of thousands of government jobs in an attempt to stave off the political upheavals that were engulfing the Arab world. That effort was successful, and firing those people would take considerable political will.

Real transformation of the Saudi economy would also require significant changes in the Saudi private sector labor market. The Saudi private sector has been a job-creating machine over the last ten years, but most of those jobs have gone to foreign workers. The business model of the Saudi private sector is based on the lower wages that foreign labor commands. To push Saudi businesses to hire more citizens, the government will need to take steps to increase the cost of foreign labor, which would reduce the economic incentive to hire outsiders. This would be a wrenching change for Saudi business, which as a pressure group has influence in the decision-making process.

The political consequences of the changes necessary to transform the Saudi economy are thus potentially considerable – higher costs for Saudi

consumers, and serious changes for Saudi businesses. Whether the king and the decision-makers around him will have the will to continue this path of change remains an open question. Oil prices have climbed from the mid-\$30s towards \$50 per barrel since the roll-out of Vision 2030. The higher oil prices go, the less Saudi decision-makers will feel the need to make substantial economic changes.

Regional Foreign Policy

The new activism of Saudi foreign policy has been exaggerated by observers, particularly on the military front. It is true that Saudi Arabia has deployed both air and ground forces outside its borders in highly publicized ways since King Salman came to power. The Saudi air force joined the American-led air campaign against Islamic State (ISIS), and Saudi air and ground forces have been active in the campaign in Yemen. These are departures from recent Saudi practice, but their significance should not be exaggerated. Saudi participation in the air campaign against ISIS was more symbolic than sustained, and has now ended. The Saudi involvement in Yemen is real and significant, but among all the current proxy wars in the Arab world, Yemen is the place where the Saudis are least likely to confront Iran directly. The vast majority of the ground troops in Yemen are from the United Arab Emirates and other members of the Saudi coalition, not from Saudi Arabia itself.

Other than the Yemen operation, the Saudis have been employing the means they have been using for decades to affect politics beyond their borders: financing local clients and allies, and conducting propaganda campaigns through the Arab media. They are also quite cautious in their policy in areas where they could come into direct military confrontation with Iran and its regional allies. Riyadh is largely absent from the affairs of Iraq, allowing Iran to consolidate itself as the major regional influence in that country. While the Saudis emphasize the importance of Syria in their regional contest for influence with Tehran, they are unwilling to use even the limited military force they are deploying in Yemen on the Syrian battlefield. The instruments of power they are using in Syria are the same ones they used to try to affect Arab politics for years before King Salman came to power.

Family Politics

It is in this area, the structure of power within the ruling family, that King Salman might have his most enduring legacy. Since the 1960s, Saudi Arabia has been ruled by a committee of princes. Since the death of King Faisal in 1975, the king has been a first among equals more than an absolute ruler. As the members of this generation have died off, Saudis and outsiders have wondered what would replace this system. Many observers, myself included, assumed that this structure of rule would be recreated in the next generation, with several sons of the older generation replacing their fathers in both formal government positions and in an informal committee of senior princes who would govern the kingdom as an informal corporate body.

This assumption has proved to be wrong. The king has elevated two members of the younger generation to leadership positions. Muhammad bin Nayif, who was interior minister (succeeding his father) when Salman assumed the throne, was quickly made Crown Prince, supplanting his uncle Muqrin bin Abd al-Aziz, a half-brother of the king. The king then named his own son, Muhammad bin Salman, as Deputy Crown Prince. Salman concentrated significant governing power in the hands of these two men. As mentioned above, Prince Muhammad bin Salman is minister of defense and the head of the super-committee coordinating economic policy. Prince Muhammad bin Nayif is minister of the interior, in charge of internal security, and head of the super-committee ostensibly coordinating foreign and security policies.

This concentration of power in the hands of two members of the generation of the grandsons of King Abd al-Aziz has largely sidelined other members of that generation from policymaking. The country's 13 provinces are headed by family members from that third generation, with a few from the fourth generation and collateral branches. However, there are fewer members of the Al Saud family in the Saudi cabinet now than at any time in the recent past. Just four government portfolios are held by members of the ruling family, and that includes the king as prime minister. The foreign ministry is headed by a commoner for the first time in the country's modern history.

The risk of this concentration of power in the hands of just two princes is that it could lead to a mobilization within the family of a broad front

against the new arrangement. There are certainly indications of disquiet, with one unhappy prince going to the Western media in the fall of 2015 with reports of letters within the family calling for a return to power of some of the sidelined senior figures. This calls to mind an earlier period of serious intra-family struggle, in the late 1950s and early 1960s, which resulted in the ouster of King Saud and the elevation of Crown Prince Faisal to the throne. This was the most open and serious family split in modern Saudi history, and put the regime at serious risk.

Despite hints of unhappiness within the ruling family now, there are no public signs of a serious coalition forming among the Al Saud to overturn the current configuration of power. We do not know much about what goes on within the councils of the family. Perhaps something is happening, but as of now, there is no evidence publicly available that the family is dividing into a serious internal conflict, as it did in the late 1950s and early 1960s.

AQAP, ISIS, and Domestic Security in Saudi Arabia

Guido Steinberg

In recent years, Saudi Arabia has witnessed a rising number of terrorist incidents. This dates primarily from the declaration of the so-called Islamic State (ISIS) in June 2014 and particularly since November of that year, when the organization began to build its affiliate network in the Arab and Muslim worlds. One of these affiliates, founded in Yemen, has been threatening not only that country but also neighboring Saudi Arabia.

ISIS has aimed at two main targets in the kingdom: first, Shiite places of worship in the Eastern Province; and second, Saudi security personnel. The main incidents have been the May 22, 2015 attack on a mosque in Qatif, the old center of Shiite resistance to the Saudi state; and the attack on August 6 of the same year on a Sunni mosque in Abha that was mainly frequented by members of the security forces. ISIS also managed to prompt members of the families of security forces personnel to attack and kill their relatives, an effective means of spreading fear.

Although these attacks do not pose an existential threat to the Saudi state, they come at a difficult time. The conflict with Iran has been escalating, and sectarian tensions are on the rise in Saudi Arabia as well as the wider region.

In order to put the current threat into perspective, we have to take a closer look at the terrorist campaign conducted by al-Qaeda in the Arabian Peninsula during 2003-05. When the organization started perpetrating suicide attacks and kidnapping and beheading foreigners, worry spread in Western capitals that Saudi Arabia might not be as stable as was thought. Although the Saudi security services were able to suppress the campaign, and despite al-Qaeda's swift loss of public support over its attacks on Muslims, the events of 2003 and 2004 showed that a small group of terrorists can indeed threaten the stability of Saudi Arabia, if briefly.

The current threat is exacerbated by the situation in Yemen and its possible repercussions in the kingdom. In 2009, a new terrorist organization was formed in that neighboring country calling itself al-Qaeda in the Arabian Peninsula (AQAP). Though it is led by Yemenis and has become a major force in Yemen, many of its members are Saudi, and one of its main aims is to perpetrate attacks in Saudi Arabia.

However, despite several attempts, and despite its considerable strength in Yemen, al-Qaeda has not been able to perpetrate a major attack in Saudi Arabia. This weakness contrasts sharply with the successes of ISIS's Yemeni affiliate, which has been able to commit major assaults in highly secured places like Qatif and Abha.

While ISIS has its main Arabian Peninsula bases in Yemen, links between its structures in that country and neighboring Saudi Arabia seem to be strong. The best evidence for this was the attack on a Shiite mosque in Qatif on May 22, 2015, which was coordinated with a similar assault on a Zaydi mosque in Sana'a. These operations were a major success for an organization that does not seem to count more than a few hundred fighters in Yemen and Saudi Arabia put together – especially if compared to al-Qaeda's presence in the same theater of operations, which amounts to up to 5,000 men. If the latter organization wants to remain the major jihadist player in the Arabian Peninsula, it will have to prove that it is able to perpetrate attacks inside Saudi Arabia.

It remains to be seen how this conflict will develop after the anticipated demise of ISIS. For some time in 2014 and 2015, I would have argued that al-Qaeda is by far the stronger organization than ISIS and presents

a much more mature strategic and ideological model for other jihadist groups. The situation in Yemen – where ISIS had made inroads but had not managed to rival al-Qaeda, which had built strong roots in the local society over more than 20 years – was part of my argument. At the same time, there were two phenomena that pointed in a different direction: First, ISIS managed to build an affiliate network in late 2014 that rivalled the one built by al-Qaeda in 2003, and established footholds in all the major conflict zones of the Muslim world – including Yemen, Libya, Egypt, and many other countries. Secondly, ISIS succeeded in attracting the overwhelming majority of foreign fighters in all those conflict zones. In Syria, more than 80% joined ISIS, although they could have chosen several groups affiliated with al-Qaeda, including the famous al-Nusra Front, the strongest al-Qaeda ally in 2016.

The main reason behind ISIS's appeal was that it claimed to have founded an "Islamic state on the model of the prophethood" (dawla islamiya ala minhaj al-nubuwwa) on the basis of a salafist interpretation of Islamic Law, or Sharia. As a result, ISIS, more than al-Qaeda, represents the salafist trend of jihadism. Al-Qaeda has in many ways remained heavily influenced by the militant trend of the Muslim Brotherhood. It is a pragmatic organization that employs violence in a strategic way, building alliances with organizations like the Taliban, who are unacceptable to salafi-jihadist purists. On the other hand, ISIS is much more doctrinaire and focused on the goal of the establishment of the Sharia state under the rule of the Caliph. If ISIS should prevail, that would mean the salafist doctrinarians will have finally taken over the jihadist movement. A victory of the salafist trend as embodied by ISIS would be an important development for Saudi Arabia, because ISIS presents a much graver ideological threat to the kingdom, which has based its very legitimacy on Wahhabi (or salafist) doctrine.

All these developments are taking place in a new environment, since Iran and Saudi Arabia are engaged in an increasingly bitter cold war and sectarian tensions are on the rise. It is no coincidence that ISIS is attacking the rupture lines in Middle Eastern societies — between Sunnis and Shiites in Saudi Arabia, Sunnis and Zaydis in Yemen, Kurds and Turks in Turkey — in order to worsen those tensions and provoke an escalation

of conflict. Although I do not consider the ISIS threat to Saudi Arabia to be existential, the situation is more dangerous than it was a decade ago because this new organization is better equipped than al-Qaeda ever was to tap into the sectarian zeitgeist and attract Saudi Wahhabis.

The continuing instability of Yemen exacerbates this risk, and the repercussions of civil war and intervention will be felt in Saudi Arabia for years if not decades. Furthermore, new Shiite militant groups have emerged in Iraq and Syria that might become a threat to the Gulf states in the future – if only by training more Shiite militants from those countries.

Saudi Arabia remains the great prize of jihadist terrorism, and ISIS will try everything it can to perpetrate attacks in the kingdom. It will show much less restraint than did al-Qaeda in its choice of targets. Even places sacred to many Sunnis, like the Prophet's Mosque in Medina – which, according to the radical variant of Wahhabi/salafist thinking, should never have been built – might become targets.*

^{*} *Editor's note:* Steinberg spoke in June 2016. The next month, ISIS attacked the Prophet's Mosque in Medina.

The Shiites of Saudi Arabia: Riyadh's Ultimate Other

Joshua Teitelbaum

On January 2, 2016, the Saudi authorities executed Sheikh Nimr al-Nimr, a radical Shiite leader who was arrested in 2012. The Saudi Embassy in Tehran was burned and Iranian leaders and Lebanese Hezbollah promised revenge.

The execution drew the attention of the world, but the place of Shiites within the Saudi state is a longstanding problem with deep roots. It goes to the raison d'état of Saudi Arabia as the paragon of Sunni Islam.

It is impossible to arrive at an exact determination of the number of Saudi Shiites. They constitute 10-15% of the total population, with the largest concentration in the kingdom's oil-rich Eastern Province, where they make up about 33% of the population. A small number live in Medina.

The Shiites of Saudi Arabia have the misfortune to have had their fate always determined by outside forces, whether they be the Saudis of Najd or the Persians of Iran. The Saudis and the Iranians have a long history of enmity, punctuated by periods of good relations. Saudi Shiites have often found themselves caught in the middle. They have been the object of Saudi persecution and disdain, as well as the subject of Iranian recruitment to subvert the Saudi regime.

Historically, the response of the Saudi Shiites has ranged among dissimulation, accommodation, attempted reconciliation, and terrorism. They reject the official narrative of Saudi history, which portrays the capture

of the Eastern Province – the area where most of them live – as a mythical "unification" of the Arabian Peninsula. For many Shiites, their homeland has been occupied since the capture of al-Hasa by Ibn Saud in 1913.

Deep in Shiite historical memory rests their persecution by the Saudis during the eighteenth and twentieth centuries. Expanding into Iraq in the early nineteenth century, Saudi warriors famously destroyed the tomb of Imam Hussein in Karbala and the tombs of the Prophet's companions in Mecca and Medina. The seriousness of these actions demonstrated the extreme enmity the Saudi Wahhabis held towards the Shiites, who revere the Prophet, his family, and his companions.

The bedrock of support for the Saudis comes from the Wahhabi, anti-Shiite majority. It is a religious state deriving its legitimacy from a form of Islam that is, almost by definition, vehemently anti-Shiite. Indeed, there is a long history of Wahhabi anti-Shiite polemics. The Wahhabi majority expects the Saudis, as the leaders of the Sunni world, to put the Shiites, led by Iran, in their place. The government is therefore loath to be seen as trying to placate its Shiites.

Saudi Shiites have never felt part of the state, and the government has rarely given them reason to. There are several factors that have influenced the government's treatment of them. These are Wahhabi ideology, pressure from and response to the Wahhabi ulama, the presence of the Shiites in the sensitive oil region, and the government's relations with Iran. These elements have combined to influence the fate of the Shiites in Saudi Arabia throughout their history.

Modern Saudi Arabia is the product of an eighteenth-century alliance between the Saudi family of Najd in Central Arabia and an extremist sheikh of the Hanbali school of Islamic jurisprudence, Muhammad bin Abd al-Wahhab. Wahhabism was a powerful and fanatical ideology that served the regime well in mobilizing the disparate tribes and casting the Shiites in the role of the quintessential "Other": Muslims who were worse than Jews or Christians.

To Sunnis in general, the Shiites are *rawafid*, those who reject the first three "Rightly Guided" Caliphs in favor of Ali and the Prophet's house. But for the Wahhabis, they are worse than rejectionists: they are polytheists (*mushrikin*) who associate mere mortals such as the Imams and the Prophet's family with

God. Many Shiite beliefs and practices stand in stark contradistinction to the Wahhabi creed, with its strong emphasis on *tawhid*, or the uncompromising unity of the Divine. For most salafists – and Wahhabism is a form of salafism – these Shiites are, again, worse than Jews.

The Saudi ruling family's legitimacy is religiously based. The family claims to rule in the name of Islam, as interpreted by Wahhabi clerics. The commitment of the Saudi family to Wahhabism has often been measured by the way they treat the Shiites under their control. Throughout their history, the Shiites have paid the price of the Saudi family's quest for religious legitimacy.

Religiously and socially, the Shiites were marginalized by the emerging Saudi state. Sunni merchants were encouraged to settle in al-Hasa and take over traditional Sunni commercial ventures, such as the date trade. Shiite critics would later complain that the traditional interdependence between Najd, the Hijaz, and al-Hasa had been violated by the Saudis, who made all regions dependent on Najd.

Religious practices and institutions were severely curtailed. In 1927 Wahhabi ulama published a fatwa calling upon the Shiites to convert – to Islam! Some Shiite notables did so, while others left the country. The publication and distribution of Shiite religious texts was forbidden; the Shiite call to prayer was outlawed, and Shiite centers of religious studies were dismantled. Specific Shiite customs, such as grave visitation, were forbidden, as were the Ashura commemorations. The Shiites have been vilified in textbooks and generally been made to feel like outcasts.

Economically as well as socially, the Shiites have been led to believe that they are not part of the general Saudi experience. For example, in the 1950s, there were labor riots in the oil fields run by Aramco, where most of the workers were Shiites who felt they were not part of the wealth that was beginning to flow to the kingdom because of the oil industry. These riots were put down harshly by the Saudi Arabian National Guard. In 1979 and 1980, encouraged by the success of the Iranian revolution, they again rioted in demonstrations that became known as the "Intifada of the Eastern Province." These riots were firmly crushed as well. Many leaders of the Shiite community went into exile or were arrested following these protests.

Two trends emerged amongst Saudi Shiites in the mid-1990s. One, led by Sheikh Hasan al-Saffar, turned away from violence and sought

accommodation with the régime, which was reached in 1993. But one organization refused to accept such an accommodation: Hizballah al-Hijaz. It viewed Saffar's group as traitors (although it profited from the arrangement). It is this group that is widely believed to be responsible for the bombing (carried out with Iranian support) of the Khobar Towers complex in Dhahran in 1996. Sheikh Nimr al-Nimr seems to have sympathized with this trend, although it is difficult to pigeonhole him.

There can be no doubt that the most significant recent event for Saudi Shiites was the downfall of Iraqi President Saddam Hussein in April 2003. The Shiites felt empowered by this event. Najaf, the heart of Shiism, had been liberated. Seeing millions of their Iraqi brethren freely carrying out the rituals of Ashura, they felt their time had come within Saudi Arabia. A Shiite state in Iraq would bring Saudi Shiites their due, in other words. One Shiite religious official who preferred to remain anonymous told a reporter: "If a Shia state takes place in Iraq, we can be assured that there will be justice. It will be based on the religious teachings of the prophet, and after that, the Saudi Shia will be in a better situation." \(\)

In an uncharacteristically public move, Shiite leaders expressed their satisfaction with the end of the Baath regime, but followed their expression of happiness with a call to improve their own situation. The leading Shiite figure, Sheikh al-Saffar, said that Saudi Shiites were now "determined to claim some of their rights while defending the nation's unity."²

Saffar's views epitomized the dilemma of the Saudi Shiites: trying to achieve equality while avoiding a boomerang effect that could put the Shiites back many decades.

Saffar's group emphasized that the request for equality did not contradict their loyalty to the state. While aware that the royal family bases its legitimacy on its anti-Shiite Wahhabism, they are equally aware that the Al Saud are their main defense against unrestricted Wahhabi fanaticism.

In June 2003, the first "National Dialogue" was held in Riyadh. It lasted four days and brought together more than fifty clerics and intellectuals, both Sunni and Shiite. This was the first time such a meeting had been held, and it

¹ Los Angeles Times, May 8, 2003.

² Al-Quds al-Arabi, May 1, 2003.

involved establishment Wahhabi ulama as well as former oppositionists who had termed the Shiites infidels. The official Saudi Press Agency praised the gathering and quoted then Crown Prince Abdallah as favoring such "quiet dialogue." He was also photographed with Saffar at the meeting. It was fortunate for the Shiites that Abdallah was a supporter of reconciliation.

In 2005, an important event for Saudi Arabia's Shiites took place: the accession of Abdallah to the throne. When he became king, the Shiites thought their moment had finally arrived, because he was a champion of reform and religious tolerance. A busload of leaders and clerics from the Eastern Province traveled to Riyadh to pledge their loyalty. A Shiite activist was quoted as saying, "I have never seen anything like this."

In general, there has been some improvement in the lot of the Shiites of Saudi Arabia. They can now hold Ashura commemorations, publish Shiite works, and open Shiite mosques and schools, albeit in a very slow and highly scrutinized manner. Even so, Saudi Shiites never stop worrying that their hard-won gains may evaporate one day. They do not have faith in the government.

Paradoxically, the gains of their Iraqi brethren might cause them to lose what they have achieved in Saudi Arabia. Saudi Sunnis accuse Saudi Shiites of funding terrorism against Sunnis in Iraq, while Saudi Shiites accuse Saudi Sunnis of funneling funds to Sunni terrorists in Iraq. Saudi Shiites are also worried about extremists in their midst.

During the so-called Arab Spring of 2011-12, there were constant demonstrations by Shiites in the Eastern Province. In fact, the only "Arab Spring" activity to take place anywhere in Saudi Arabia was in the Eastern Province. The demonstrations there were originally meant to support the Shiite uprising in neighboring Bahrain, but they sometimes became violent and were met with violence. There have been demonstrations nearly every week, until this day.

In the face of the challenge of the Arab Spring, the Saudi government played the sectarian card. It tried to scare Sunni oppositionists by inflaming Shiite protests.

³ AFP, June 18, 21, 2003.

⁴ Toby Jones, "The Iraq Effect in Saudi Arabia," *Middle East Report*, No. 237 (Winter 2005).

Politics abhors a vacuum. The Saudis felt abandoned by the Obama administration. In the zero-sum game of Middle Eastern politics, Washington's policy under Obama was seen as pro-Iranian and pro-Shiite. With Iran ready to go nuclear, Iraq a Shiite state, its Syrian foe appearing to gain the upper hand, Iranian-supported Houthis in the south, and ISIS all over the place, including in Saudi Arabia, King Salman has embarked on a more vigorous path. He intends to confront Iran (as he did by executing its supporter Nimr al-Nimr) and ISIS, as well as the less formidable al-Qaeda. Again, Saudi Shiites have paid the price of regional rivalries and Saudi anti-Shiism. Whenever the Saudi regime seeks to bolster its Sunni credentials, it pays for it with Shiite coin.

To conclude, our examination of the history of the Saudi Shiites yields a story of a population buffeted between support from, and for, Iran on the one hand, and the vagaries of Saudi politics on the other. When the fortunes of their Shiite brethren were on the rise in Iran, Iraq, and Lebanon, they felt stronger and made their demands publicly and forcefully, including through the use of violence by some forces. There was wind in their sails. But they remain up against a Saudi leadership that is dependent on the legitimacy bestowed by Wahhabi clerics who are virulently opposed to Shiism and Shiites.

When the Saudi leadership has felt strong, with few challenges to its Wahhabi Sunni credentials, it has moved towards accommodation with the Shiites. But when the regime has felt its credentials threatened, whether by al-Qaeda or by ISIS, it has tended to take the easiest path: cracking down, which means sacrificing its Shiite citizens.

The Shiites of Saudi Arabia are powerless. They are trapped in a lose-lose position between being barely tolerated and being severely persecuted.

With the real possibility, because of the drop in oil prices, that Saudi Arabia will have to raise prices and cut huge subsidies for electricity and gas – in the face of the regional Shiite ascendancy marked by Hezbollah's performance against Israel in 2006, a possible Shiite state in Iraq, and an emboldened Iran on the nuclear threshold – it is likely that Saudi Shiites will continue to pay the price of being the ultimate "Other," sacrificed on the altar of the Wahhabi legitimacy on which the regime is so dependent.

Saudi Arabia and US Middle East Policy: The Consequences of Retrenchment

Robert J. Lieber

From its earliest days, the Saudi-US relationship has encompassed not only shared interests but also areas of real disagreement. Nonetheless, it has remained durable through repeated conflicts in the Middle East and crises over Arab-Israeli wars, the 1973-74 Arab oil embargo, and the September 11, 2001 attacks on New York and Washington in which 15 of the 19 hijackers were Saudis. Each side has had its list of grievances, but this critical relationship was seriously damaged by the shift in longstanding US foreign policy strategy under the administration of President Barack Obama. His policies of retrenchment and retreat from American foreign policy commitments – the Obama Doctrine – undercut all three components of this alliance: deterrence, defense, and especially reassurance.

I. The Obama Doctrine

From World War II through the latter part of the last decade, the active foreign policy engagement and leadership of the US was widely seen as essential for its own security, the security of allies, and the maintenance of a stable and relatively liberal world order. In recent years, however, this longtime logic of foreign policy has been called into question. America has gradually but unmistakably been pulling back from its customary international role.

Advocates of a foreign policy strategy of retrenchment and selective disengagement have argued that such a change was consistent with America's own national interests and that regional stability and local power balances would largely be maintained by local actors. Foreign policy retrenchment had long been promoted by certain foreign policy practitioners and by realist scholars who favor policies of disengagement and offshore balancing. To a significant extent, the Obama administration's conduct in this realm represented not only the president's own convictions but also a test of realist ideas.

To be sure, the Obama administration used force selectively. It took part in air attacks against the Libyan regime of Muammar Qaddafi in 2011. It undertook drone strikes throughout the region. It slowed the drawdown of forces from Afghanistan, returned military advisers to Iraq, and undertook airstrikes and Special Forces operations against al Qaeda and ISIS in Iraq and Syria. Nonetheless, Obama's inclination was, more often than not, one of disengagement, conciliation of adversaries, and aversion to the use of American power.

This approach was adopted in the belief that it would reduce conflict, motivate local actors to counterbalance against regional threats, encourage the international community to "step up" in assuming the burdens of regional stability, protect America's own national interests, and promote global order. Yet the results of this policy suggest that the opposite was more often the case. Disorder has many causes, but America now faces a more dangerous world with the rise of hostile powers, fanatical terrorist movements, and worsening regional conflicts in the Middle East, as well as increasing security risks in Eastern Europe and East Asia. Meanwhile, US allies have become uneasy and have sought to hedge their own security commitments. In turn, senior US military and intelligence leaders warn of increasing threats to America itself.

II. The US and Saudi Arabia

Differences between the US and Saudi Arabia multiplied during Obama's administration, and the lists of grievances grew on both sides. President Obama complained about America's allies as "free riders" and advised the Saudis to "share the neighborhood" with Iran. Complaints resurfaced about the Saudis and other Gulf states not having done enough to thwart wealthy citizens from financially supporting radical Islamism and terrorist groups, including al Qaeda. The Saudis continue to be blamed for their long-time support of hardline Wahhabi Islam and its spread to Muslim communities across the world.

For their part, the Saudis were deeply troubled by American policy. They fear being left alone to face their increasingly powerful Shiite rival Iran and its proxies, including the Iranian Revolutionary Guard Corps and Hezbollah. They regarded Washington's policies towards adversaries during the Obama era as having been disproportionately conciliatory towards Iran, even in response to flagrant provocation.

Ironically, Obama's conflict-ridden relationship with Prime Minster Netanyahu and his distancing from Israel also affected Saudi and other Arab government assessments of American policy. Just as the Syria red line fiasco caused widespread misgivings about US credibility, so too did the tensions that developed between Washington and Jerusalem trigger questions about the worth of American security guarantees. After all, if such a long and close relationship could be called into question, how could US commitments to Arab states in the region be taken at face value?

III. US Indispensability, Then and Now

For three-quarters of a century, the US was the world's preeminent power. The familiar benchmarks included victory in World War II, creating and sustaining the institutions of the postwar world order while guiding the recovery of Europe and Japan, Cold War leadership of the Atlantic Alliance while deterring and balancing against the Soviet Union, as well as active engagement in the post-Cold War world.

See Obama's extraordinarily revealing interview with Jeffrey Goldberg, *The Atlantic*, April 2016; also David Samuels's interview with the president's alter ego, Deputy National Security Advisor Ben Rhodes, *The New York Times Sunday Magazine*, May 15, 2016.

The halcyon period of the post-Cold War era came to a stunning end with the September 11, 2001 attacks on New York and Washington. The American response in Afghanistan was initially successful, as was the subsequent March 2003 Operation Iraqi Freedom, aimed at ousting Saddam Hussein's regime and preventing it from pursuing weapons of mass destruction – but in both countries, stabilization and institution-building proved far more difficult. Domestic American political support for both interventions gradually eroded and the 2008 election brought in a new president, Barack Obama, who was prepared to transform American foreign policy.

The subsequent Obama approach was one of retrenchment and disengagement, especially compared to his predecessors. The widely quoted preference for "leading from behind" at the time of the Libyan intervention is a hallmark of that orientation. But the list includes much else besides: reluctance to support stabilization in post-Qaddafi Libya, a policy "reset" with Russia that failed to achieve results, opposition to military assistance for moderate rebels early in the Syrian uprising, insistence on removing all US forces from Iraq in December 2011, outreach to Iran, reluctance to provide defensive weapons to Ukraine, and inability or unwillingness to work with Congress in reversing deep cuts in US troop strength and the defense budget.

IV. Middle East Consequences

Obama was willing on occasion to employ military force. Nonetheless, his impulse towards retrenchment was repeatedly evident, especially in widely reported disagreements with senior foreign policy principals in his national security team. These include Defense Secretaries Robert Gates, Leon Panetta, Chuck Hagel, and Ashton Carter; Secretary of State Hillary Clinton; CIA Director David Petraeus; and other intelligence and military leaders.

A clue to Obama's policies of retrenchment in the Middle East can be found in his blunt dismissal of the region's relationship to US vital interests. Jeffrey Goldberg, in his Atlantic magazine interview, paraphrased Obama's view with the words, "[T]he Middle East is no longer terribly important to America's interests."

It is wishful thinking to dismiss the importance of the Middle East. Large parts of the region have become increasingly violent and unstable, and events there adversely affect the longstanding core national interests of the US: security of oil supplies, prevention of territorial control by hostile powers, support for regional friends and allies, regional stability, counterterrorism, nuclear non-proliferation, and democracy and human rights.

Much that happens in the Middle East cannot be directly attributed to action or inaction on the part of the US. Events are also driven by deep internal and regional causes. But the fundamental question remains the extent to which American policies have influenced outcomes and how US national interests have been affected. The initial results lend support to the arguments of those who have advocated sustained engagement.

Though the US has not by any means abandoned the region, its reduced role has coincided with greatly heightened instability and disorder, expanding civil wars, growing territorial control by hostile actors, increased threats of terrorism, massive refugee problems, weapons proliferation, rising potential risks to oil production and export, and appalling abuses of human rights.

President Trump will thus face a daunting task in reasserting leadership, deterring adversaries, and reassuring allies. A lengthy and perilous American experiment with retrenchment has failed. In response, Trump will find ample reason for adopting a more robust world role, both to serve America's own national interests, but also for reasons of regional and global order. Though active engagement and leadership by the US cannot be a sufficient condition for security and world order, the evidence suggests it is a necessary one.

Iran and Saudi Arabia: Religious and Strategic Rivalry

Meir Litvak

Addressing a US audience, former Iranian diplomat Seyed Hossein Mousavian argued in March 2016 that Saudi Arabia had replaced the US and Israel as the biggest security threat to Iran. Indeed, it is safe to say that the strategic rivalry between Iran and Saudi Arabia has escalated since the outbreak of the Arab upheaval in 2011 into a war by proxy.

Scholarship on this rivalry follows two broad approaches: power politics and religious-ideological animosity. The first approach emphasizes the dynamics of competing Saudi and Iranian interests as each side aspires to enforce its regional hegemonic influence, particularly in the Gulf. Even issues such as sectarianism and nationalism are assumed to be political forces employed to win hegemonic competitions, or at least to constrain the rival's role. Competition was constrained by the conditions of the Cold War and the two states were forced to forego their differences, but the 1979 Iranian Revolution removed this barrier.

The tension between the two countries revolved around three major issues. First was competition over regional order. Iran sees itself as the natural regional power in view of its size, population, and historical legacy. Saudi Arabia regards itself as the natural leader of the Arab side of the Gulf. Vehement Iranian opposition to the US military presence in the region, and the perceived threat to Iranian security of the Saudi-US alliance, added to this tension.

Second is a series of disputes over land and maritime borders. This is illustrated by Iran's claims to Bahraini and Kuwaiti oil fields, and – more importantly – its occupation of three islands, the Greater and Lesser Tunbs and Abu Musa in the Persian Gulf.

The third issue underlying Saudi-Iranian tension is economic competition over oil prices and the frequent fights over control of OPEC. Iran, because of its larger population, lower oil reserves, and need for reconstruction after the war with Iraq, sought higher oil prices regardless of their impact on long-term development of the global energy market.

The arms race that has developed between the two countries has overlaid the competitive environment with an element of fear.

The political-ideological approach highlights the competing models of government of Iran and Saudi Arabia, with each laying claim to Islamic legitimacy and possessing opposing visions of regional order. The Iranian system abhors monarchical rule as inherently un-Islamic and has enshrined the leadership of religious authorities in politics. Although authoritarian, it has given the people some say in governance through elections, and has advocated a populist line. These characteristics are opposite to the Saudi monarchical system and domestic policy.

Thus, during the first years after the revolution, Iranian leader Ayatollah Khomeini repeatedly called for the elimination of the Gulf monarchies. Fear of Iran had pushed the Saudis to support Iraq during its long war against it, and that support added to the Iranian grudge against Saudi Arabia. Moreover, both countries claim the mantle of leadership of the Muslim world. The official title of Iran's Supreme Leader is Guardian of the Muslims, while the Saudi king's title is Servant of the Two Holy Sanctuaries.

Some scholars play down the role of sectarianism, but I believe it has made this rivalry more bitter and acrimonious. Shiites and Wahhabis stand at the two extremes of the Islamic spectrum. The Wahhabis have always regarded Shiites as apostates because of their adulation of the 12 Imams and visitations of graves. The Wahhabis massacred thousands of Shiites in Karbala in 1801, an event still alive in Shiite-Iranian memory, and later persecuted the Shiite minority in their Eastern al-Hasa region.

The past Wahhabi and present-day salafi-jihadi claim that Shiites are worse than Jews is particularly annoying for many Iranians.

The Iranians have always sought to downplay the overt sectarian issue because of their minority status in the region and their realization that sectarianism would destroy their chances of gaining Islamic leadership. They therefore sought to reach out to Sunni organizations, most importantly Palestinian Islamic Jihad and Hamas, highlighting their support for the Palestinian struggle and castigating the Saudis for their inaction on the issue. Still, in Iraq and Lebanon, their policy had a clear sectarian slant that was evident to the Saudis and other adversaries. In addition, various Iranian statements reflected Iranian ethnocentrism or the tension between refined urban Iranian civilization vis-à-vis the predominant tribal culture on the Saudi side.

The annual Hajj pilgrimage to Mecca provided another means by which Tehran could rattle the Saudis by inciting Iranian pilgrims towards revolutionary activism and rhetoric. Recurring tensions reached their apex in 1987 when over 450 Iranian pilgrims were killed by Saudi security forces. In response, Iran severed diplomatic relations with Saudi Arabia. Khomeini vowed that "even if it were possible to forgive [Iraqi President] Saddam Hussein, it would never be possible to forgive Saudi Arabia."

Those who think sectarianism is not the key issue between the two countries point to occasional joint steps to mitigate sectarian conflict in Lebanon and Iraq intended to pave the way for coordination on a range of economic and political issues. While such cases show that even radicals know how to pursue their policies with rationalism and pragmatism, they do not nullify the ideological-emotional elements but only mitigate them.

Personalities play a role as well in relations between the two countries. Both President Hashemi Rafsanjani (1989-97) and subsequently Mohammad Khatemi (1997-2005) sought to ameliorate relations with neighboring Arab countries, especially Saudi Arabia. Conversely, clerics

¹ Tareq Y. Ismael and Jacqueline S. Ismael, *The Gulf War and the New World Order* (Gainesville: University Press of Florida 1994), p. 306.

who did not hold official positions in the Iranian state government continued to express hostile attitudes towards the Saudis.

The fall of Saddam Hussein following the 2003 US invasion of Iraq and the shift of power from the Sunni minority to the Shiite majority boosted Iran's position vis-à-vis Saudi Arabia. Iran formed the so-called Axis of Resistance to US and Israel, which included Iraq, Syria, Hezbollah in Lebanon, and the Palestinian group Hamas, to advance its hegemonic aspirations. In addition, starting in 2009 it extended material support to the Houthi rebels in Yemen, thereby challenging the Saudis from the south. The formation of this axis demonstrated Iran's greater skill, relative to the Saudis, at using proxies to advance strategic goals.

Iran has also unnerved Saudi Arabia and other Arab states by speaking over the heads of their rulers directly to their populations. In so doing, Iran has undermined the Arab rulers' legitimacy by portraying them as sclerotic lackeys of Washington and upstaging them on the Palestinian question. Following Israel's unilateral withdrawal from Lebanon in 2000 and after the 2006 Israeli-Lebanon war, the Axis of Resistance appeared more successful at advancing Arab-Muslim goals, earning Iran great popularity on the Arab street.

The outbreak of the Arab upheaval in 2011 brought Iranian Saudi rivalry to new heights. Iran, unlike the Saudis, welcomed the popular revolts that toppled secular pro-Western regimes. Moreover, Iranian leaders claimed their 1979 revolution had been the major source of inspiration for those revolts. They expressed confidence in the emergence of a new Islamic Middle Eastern regional order, one in which Iran would play a central role.

As protests flared in Bahrain and Yemen, Iranian ire turned directly against Saudi Arabia. State-controlled Iranian media expressed the hope that the protests would spread to Kuwait and Saudi Arabia – particularly the latter. When Saudi Arabia sent troops to Bahrain to quell the protests, radical Iranian MPs warned that the massacre would lead to the downfall of the Saudi royal family. Yet Iran recoiled from direct confrontation. A flotilla that was sent to offer help to the Bahrainis, similar to the Turkish flotilla to Gaza, was withdrawn once the Saudis sent their ships.

At the same time, Iran did not hide its satisfaction, in September 2014, over the Houthi capture of Sana'a, which the Saudis saw as an Iranian outflanking from the south. Ali Akbar Velayati, the senior foreign policy adviser to Supreme Leader Ali Khamenei, highlighted Houthi control of the Bab al-Mandeb straits in the struggle against Israel, but the implication for the Saudis was very clear.

Syria became the major arena of the Iranian-Saudi proxy war. The dominant role of the salafi-jihadi organizations in the Syrian struggle exacerbated the sectarian factor in the strategic rivalry between the two countries. However, while sectarianism undermines Iran's regional aspirations, it enhances its position vis-à-vis the Saudis in the international arena. Whereas Saudi Arabia cannot erase the problematic association between its official Wahhabi creed and salafi-jihadi organizations, Iran has emerged in Western eyes as the only responsible regional power to actually fight these jihadists.

The nuclear agreement between Iran and world powers further boosted Iran's position. Saudi failure to affect the agreement exposed its weakness vis-à-vis changed American priorities and harmed its relations with the US, to Iran's clear joy.

The threat of ISIS and the nuclear agreement enhanced Iran's position in Syria and Iraq and bolstered its role in those countries in western eyes. Iran's reentry into the global oil market, moreover, aggravated economic competition with the Saudis. Many in the western business community see Iran as a promising regional economic hub with the potential to eclipse Saudi Arabia thanks to its more advanced human and technological potential and the size of its domestic market.

Alongside these developments, several events demonstrated the ferocity of the sectarian issue and the importance of the factional element in Iranian politics. The alleged sexual harassment of two young Iranian pilgrims at the Jedda airport in May 2015 elicited harsh reactions by Iranian clerics and the media against the Saudis. More important was the wave of racist reaction in Iranian social media against the Saudis and Arabs in general, including pejoratives like

"unclean dogs," "lizard eaters," and "dirty Arabs," and reminders to Iranians that the "Arabs raped Iran 1,400 years ago."²

The death of over 460 Iranian pilgrims in a stampede during the Hajj ceremony in September 2015 further inflamed tensions. Iran used the tragedy to challenge Saudi religious credentials by calling for broader Islamic management of the Hajj.

The Saudi execution of Shiite Sheikh Nimr Baqr al-Nimr on January 2, 2016, elicited harsh Iranian responses predicting the end of the corrupt and oppressive Saudi dynasty. Khamenei threatened that Saudi politicians would be punished by "divine revenge." Although ostensibly harsh, relegating the punishment to God was apparently intended to relieve Iran from the moral duty to act in order to avenge Nimr's blood. On the popular level, Iranian mobs ransacked the Saudi diplomatic premises in Tehran and Mashhad, and the Saudi kingdom cut off diplomatic relations with Iran.

Throughout this period, the Iranian media waged broad smear campaigns against the Wahhabi school and the Saudi royal family. Among the harshest insults hurled against the family was its supposed descent from the Jewish tribe of Banu-Qaynuqa, which fought the Prophet Muhammad. The Iranians thereby linked the Saudis to another despised enemy and presented them as enemies of Islam from its inception – an enemy that was defeated once and is destined to be defeated again.

These expressions reflect the multifaceted nature of the Iranian-Saudi rivalry, which combines strategic interests and deep ideological antipathy. The conflict between them is likely to continue for a long time to come.

² Raz Zimmt, "'Arab Lizard and Grasshopper Eaters': Incitement and Expressions of Racism on Iranian SNS," *Beehive* 3:10 (November 2015).

^{3 @}khamenei.ir, January 3, 2016.

Managing Nuclear Proliferation in the Arabian Gulf

Yoel Guzansky

The Joint Comprehensive Plan of Action (JCPOA), signed in Vienna on July 14, 2015, might prompt other countries in the region to insist upon the same nuclear "rights" received by Iran. Even before the deal was signed, several Middle East states began developing civilian nuclear infrastructures. The UAE, for example, has four reactors under construction, and is expected to be the first Arab country to use nuclear energy. The kingdom of Saudi Arabia has sent out feelers to outside companies for the purpose of developing civilian nuclear energy, and has started building the necessary technological and scientific infrastructures.

There is real concern that these projects could serve as springboards for the development of military programs. This concern is amplified by the fact that some of the states in question refuse to waive their right to develop fuel cycle capabilities (i.e., enriching uranium or separating plutonium). Given the tremendous resources required to jump-start a nuclear program as well as its technical complexity, it is not clear that all the candidates would be able to realize their nuclear plans, some of which are very ambitious indeed. Nevertheless, the possibility of future transitions from civilian to military nuclear capability will require close monitoring.

In 2009, a proliferation-weary Congress declared the "123 Agreement" with the UAE to be the "gold standard," a model for future cooperation. The US, it has been said, will only cooperate with those states willing to limit their fuel cycle activities. However, now that the deal has been signed

with Iran, other states are liable to begin developing their own programs outside the self-imposed limits assumed by the UAE. Saudi Arabia and Jordan, for example, have refused thus far to sign a "123 Agreement." The "gold standard" has been eroded not just by the Iranian precedent, but also by the Americans' "case by case" approach, as illustrated by the bilateral agreements the US signed with Vietnam and Korea granting them considerable latitude for domestic fuel cycle activities.

Given the intensity of competition between Iran and Saudi Arabia, it is likely that Riyadh will seek to match Iran's nuclear capabilities.

While the deal with Iran will not lead Saudi Arabia to immediately launch a full nuclear military program, it might cause the kingdom to accelerate a hedging strategy by which it keeps its options open by building a nuclear infrastructure. The Saudis believe the deal with Iran buys them a decade during which they can invest in the nuclear realm without breaking their non-proliferation commitments. In 2011, Saudi Arabia announced its ambitious plan to build no fewer than 16 nuclear power plants at an estimated cost of over \$100 billion – but if that is to happen, the price of oil will have to go up. One of the concerns associated with such civilian programs is that they could serve as a basis from which to develop military programs, should political circumstances, threat perceptions, and ally commitments change.

What Do the Saudis Want?

In a series of unprecedented statements on the nuclear question since 2010, the Saudi elite has declared its willingness to at least consider the nuclear road. Saudi Arabia signed a Safeguards Agreement with the IAEA, but in so doing, it also signed – despite a US request that it not do so – an earlier version of the "Small Quantities Protocol." This protocol limits the scope of IAEA inspections and has yet to accept the modified SQP adopted by the IAEA. Saudi Arabia has not yet signed either the "Additional Protocol," which allows for stricter inspections, or the CTBT (The Comprehensive Nuclear-Test-Ban Treaty). Thus, it can be plausibly argued that Saudi Arabia has left the door open for further nuclear development.

Nuclear energy is attractive to Saudi Arabia for several reasons. More than 70% of its drinking water comes from desalinated seawater, and nuclear energy is less expensive for fueling desalination than oil in the long run. Furthermore, Saudi Arabia regularly issues information regarding its increasing need for energy, probably as a means of justifying its nuclear development and emphasizing its non-military characteristics. The desire for alternate sources of energy as a means of protecting the kingdom's oil and preserving it for export – and the contribution such technological achievement can bring to a country's prestige and identity – cannot be overlooked.

It also has a security rationale. Despite its wealth and status, Saudi Arabia operates out of a deep sense of vulnerability. In Riyadh's view, a nuclear-capable Iran could dictate the Gulf agenda, including the oil markets. It could also incite the Shiites in the kingdom's eastern province and elsewhere in the Gulf, undermine the kingdom's status in the Muslim world, and weaken the royal family's grip on power.

So, what can be done? Of those claiming they will go nuclear if Tehran does, the most vocal depend heavily on the US for their security, providing the US with significant leverage over them. However, given the erosion of trust between some of the regional players and the US, a few of them are liable to seek to mitigate risks by forming a parallel, albeit imperfect, set of formal and informal alliances with other countries to improve their security. While the Gulf monarchs fear an American strategic pivot in accordance with the Obama administration's declaration that East Asia heads the American list of priorities, their greater fear concerns an American pivot towards Iran.

Based on its history, including the clandestine acquisition of CSS-2 Chinese missiles in the late 1980s and perhaps in later years as well, the financial assistance extended by Saudi Arabia to Pakistan for its nuclear program and its special relationship with Islamabad, Saudi nuclear conduct deserves better scrutiny. The Saudis will not wait long in the event of Iranian breakout. More than any other Middle Eastern country, Saudi Arabia has an ideological and strategic motive for obtaining nuclear might, and possesses the economic ability to do so. As early as 2008, a US Congressional report on this topic pointed

out that the kingdom will not hesitate to aggressively bypass or risk alienating the US in order to protect its interests.

Despite the Fukushima disaster that turned many nations away from nuclear technology altogether, the attractiveness of nuclear programs in the Middle East has remained steady due to energy-related issues, matters of prestige and identity, and serious concerns regarding Iran. The region undoubtedly remains a proliferation risk.

The fact is, it will be very difficult to discourage others from pursuing the same capabilities that Washington has accepted in Iran. Put this together with the strained relationship with the US and you have a recipe for uncontrolled proliferation.

The biggest concern about civilian nuclear programs, especially in the Middle East, has to do with their potential as springboards for military nuclear programs. There is, however, an important restraining factor: the relationship of the nations under discussion with the US.

Traditional US policy has been to fiercely oppose nuclear proliferation in general and in the Middle East in particular. As long as Gulf security depends on a US presence, it is unlikely that any of these states will do anything that would anger Washington to the point of threatening bilateral relations. In this sense, Saudi Arabia is somewhat sui generis. At this point, none of the region's nations has shown any sign of wanting to compete with Iran's military nuclear program, but several states have made it clear that at least on the technological and scientific levels, they have no intention of being left behind.

Even if the neighbors do not go "all the way" down the nuclear path, a Saudi jump-starting of its nuclear program might unleash destabilizing processes. Riyadh will seek to match Iran's nuclear capabilities one way or another. More than the agreement's technical significance, the kingdom fears a US-Iranian rapprochement and the implications of Iran's new status in the region. President Obama is now perceived in the Gulf as having been essentially pro-Shiite, and is viewed as having given Iran the keys to the region. GCC states have expressed concern that the US might entirely abandon its "security for energy" partnerships with them, as Iran is coming in from the cold.

The nuclear agreement with Iran might set a new and worrisome nuclear standard for the region. If the Iranians are permitted to enrich uranium domestically, other regional actors may well take that as a benchmark for their own "rights," resulting in a cascade of threshold nuclear states. Beyond the concern about transitioning from civilian to military nuclear projects, there are fears about the safety and security of the facilities under construction.

In light of the JCPOA, which granted Iran an industrial-size nuclear program, I understand that the UAE might reconsider its nuclear compact. We might wake up, a decade from now, and find a host of threshold states in the region. Saudi Arabia does not yet have the technological capabilities to independently develop a civilian nuclear program, let alone a military one. It remains publicly committed to the peaceful pursuit of nuclear technology, particularly as a means of assisting in energy production, and repeatedly emphasizes the necessity of a nuclear-free zone in the Middle East.

None of these factors, however, guarantees that, in the face of increasing security threats connected to Iran, Saudi Arabia would not attempt to shift its future civilian nuclear program to a military one, or attempt to acquire nuclear weapons from somewhere else as a means of deterrence. The agreement with Iran will not end the Saudi nuclear option. It might even accelerate it.

The GCC Countries:

Economics, Regional Politics, and Beyond

Challenges to the GCC States

John Jenkins

When considering the question of how the states of the GCC relate to the rest of the region, we need to know their history. We must also recognize the complexity of what can often appear a simple question of polarity: ancient and politically weighty countries such as Syria, Iraq, Egypt, and Iran versus the allegedly arriviste, nouveaux riches tribal states of the Gulf, afloat on a sea of oil and gas.

This is nonsense. That is not because there are no elements of tribalism, energy wealth, authoritarianism, overreach, or newness among these states, or indeed conspicuous consumption. But they are generally outcomes, not causes. And they can blind us to the complexities that help us build a more sophisticated, interesting, and above all politically useful understanding of how the GCC has functioned, changed, and perhaps will develop within the unstable and contested politics of the Middle East.

Consider Bahrain. It is tiny, with around 1.5 million inhabitants, only half of whom have Bahraini citizenship. It is also classically divided not just along sectarian lines, but also through other complex, self-ascribed identities: an extreme case of communities imagining their own boundaries through contested histories in a confined physical space, and a narrative struggle that echoes across the region.

We all know – or think we know – that Shiites make up around half of Bahrain's Arab population. But there are other cross-cutting divisions within that population: between the largely Shiite Baharna (who regard themselves as the indigenous inhabitants not just of the Bahrain

archipelago but of large parts of what is now the Eastern Province of Saudi Arabia), Sunni Bahrainis (commonly regarded as affiliated with the tribal groups that entered the territory in the eighteenth century under their Banu Utub sheikhs), Huwala (mostly Sunni Arabs who migrated to and then returned from what is now the northern coast of Iran over the centuries), A'jam (trading families of Persian Shiite origin) and more recent arrivals (often naturalized for political reasons) from Pakistan, Jordan, and other Sunni Muslim communities. There is also a significant number of Indians who can trace their residency in Bahrain back centuries and a much larger number of largely Keralan Indians who arrived more recently. There is a small community of Bahraini Jews, mostly of Iraqi origin. There are also divisions within the Shiite religious community between Usulis and the formerly majority Akhbaris, with Bahrain the last redoubt of the latter.

This matters because these divisions mirror wider fault lines across the Gulf into Iraq, Syria and Iran, in all of which ethnic and religious identities have been instrumentalized from time to time over the past 50 years – notably since the Iranian Revolution in 1979 mobilized Shiism in the interests of a state and a heterodox Usuli Imamism. This is why Qasim Soleimani, for example, the commander of the IRGC's Quds Force, pays such close attention to what happens in Bahrain and sees fit to comment on issues like the closing down of al-Wifaq, the Shiite political society that arose out of Hizb al-Da'wa in the late 1960s and 1970s.

The same applies to Iraq. The senior Shiite divines of Bahrain know their counterparts in Najaf and Qom well. They studied together and consult each other. When the events in Bahrain started early in the spring of 2011, I was in Iraq, where there were demonstrations in favor of the Bahraini Shiites. The late (and highly secular) Ahmad Chalabi told me he was going to establish a committee for the defense of the Shiites of the Gulf – an act of calculated opportunism.

It is precisely this mobilized and politically instrumental transnationalism that lies at the root of many of the challenges the region faces. Iran is central to this. And there are other historical reasons for the suspicions the Sunni states of the Gulf have about Iranian intentions. These go back at least as far as 1971, when the British withdrew from "East of Suez," leaving a political and security vacuum.

The Iranian territorial claim to Bahrain – asserted by the Shah's father, Reza Khan, in the 1920s and, like the similar Iraqi claim to Kuwait, frequently renewed – was seen off by an agreement to allow the UN to hold consultations. The UN concluded that the Bahrainis wanted independence, but the claim still resurfaces from time to time. It is clearly of a piece with the exclusive claim by Iran to three islands controlling the approaches to the Straits of Hormuz claimed by the UAE. The Shah's forces seized them 24 hours before the departure of the British from what were still the Trucial States, having previously agreed to share sovereignty – and (per J. B. Kelly) to act only after the British withdrawal, in return for acquiescence in the result of the Bahraini poll.

The Iranian Revolution of 1979 added a sacralized Shiite politics to this already volatile mix. Khomeini established an office to support Islamist liberation movements which sponsored a variety of subversive movements in the Sunni states of the Gulf with a significant Shiite minority, notably Kuwait, Bahrain, and Saudi Arabia. These movements developed links with networks belonging to the Shirazi and Iraqi Da`wa movements and Hezbollah. They caused significant disturbances in Kuwait and Saudi Arabia's Eastern Province, allegedly sponsored a plan to overthrow the Al Khalifa in Bahrain in 1981, blew up the French and US embassies and industrial installations in Kuwait in 1983, sought to assassinate the Emir of Kuwait in 1985, and hijacked Kuwait Air planes in the late 1980s to secure the freedom of those responsible (including Abu Mahdi al-Muhandis, now the Commander of Kata'ib Hezbollah, one of the biggest Shiite militias in Iraq).

And Iran remains an abiding concern. This is no longer simply about the physical threat or about competing nationalisms. It is ideological. This has aroused different responses from the GCC states. Consider the Emirati model: a deep security state financed by Abu Dhabi's energy revenues and an entrepôt model in Dubai, with a strong Persian-speaking merchant community, underpinning a widely attractive lifestyle-liberal superstructure - and highly capable armed forces. This has made Dubai in particular the sort of global meeting point that Beirut was in the 1960s or Vienna in the 1970s and 1980s. It gives everyone a stake in the country's success, even as its leaders continue to see Iran as a major national security threat and demonstrate their willingness to push back if their interests are threatened.

In Saudi Arabia, the threat is (with some justification) seen more starkly: the Saudis are more exposed to the ideological challenge, and more is expected of them in defense of Sunni communities elsewhere in the region. With the apparent US pivot away from the region, there is a mixture of exhilaration – at the kingdom's emergence not just as a global energy power, but as a regional political and military power with the will to stand up to Iran – and fear at the possible consequences of stepping into the unknown.

Kuwait, too, has a significant and long-standing merchant community of Persian Shiite origin and a transient population of Iranian workers. Its geographical position, next to the Shiite south of Iraq and with disputed maritime borders with both Iraq and Iran, together with its experience of the 1980s, makes it more cautious and conciliatory. But it still arrests alleged Hezbollah sympathizers from time to time.

Oman and Qatar are outliers in their different ways. The former has a distinctive understanding of the region's history. It is a power that looks out to sea, to India and the east coast of Africa, with a history of empire, connections to Iran that go back centuries, and the memory of Iranian support for the Sultan during the Dhofar rebellion of the early 1970s.

This sense of an enduring and powerful ideational challenge, most strongly felt in Saudi Arabia because of its position as the custodian of Islam's sacred sites, is reflected in regional approaches to other varieties of political Islamism, and to conflicts in Syria, Iraq, and Yemen. But this does not necessarily lead to shared policy conclusions. Effective defense coordination is still patchy, 34 years after the founding of the GCC and the institution of joint military exercises. And in contrast to Iran – a sophisticated and populous state with a strong institutional capacity and the ability to sustain strategic intent – the structures of the GCC states remain personal and patrimonial. This is not because Arabs are unsophisticated. It reflects a distinctive sociology of underlying interests, material differences, and constructed communal taxonomies.

So, the challenge ahead for these states – which many recognize, as can be seen in the reform debate in Saudi Arabia and a dynamic and creative approach to sheikhly governance in the UAE – is how to build new and more broadly based models of legitimacy and

consent and procure national and collective security in an age of unprecedented ideological upheaval, transnational threats, and interand intra-state conflict.

It is a deeply consequential question how far this will privilege security over economics or politics, which raises the further question of what politics now mean in the GCC. If you reflect on the constitutional movements in the Gulf in the 1930s, the labor agitation of the 1950s and the post-independence debates of the 1970s, it is clear that politics happen in these states as much as anywhere else. The turn to religion from the 1960s onwards – which happened not just because of the secular failure of Arab nationalism, but also as a deliberate elite response to it – through the Sahwa movement in the Gulf, for example, was a wrong turn (if perhaps inevitable in a region whose sociology is so informed by Islamic norms).

There are other factors that shape this deliberately antiqued modernity: the reconstruction of identity around reimagined tribalism, performative loyalty, an expanded contest for religious authority, the surfacing of young people as a significant and influential constituency, and the impact of material reward. Politics are never static. But they are increasingly trammeled by restrictive group identities. We see this with constructed cleavages between Sunni and Shiite, or with politically mobilized forms of dissident salafism that cause Saudi Arabia – a state in transition – such difficulty. And this tells us that politics – in the sense of political mobilization, often in the hands of adversarial sectarian, communal, or single-issue entrepreneurs – remain powerful because of the ideologically inflected sociology of often transnational dissent within emerging states.

This brings me to the issue of Palestine, inevitable in this forum. This is not because Gulf Arabs see it as their main challenge. They clearly do not. It remains ever-present if sometimes submerged, a major potential dividing line that others can and will exploit in an age when these distinctions have political traction.

Israel and the Gulf states increasingly – and increasingly openly – share views about the nature of national security in an age of religious conflict. And they cooperate now far more closely than they used to. Perhaps national security, in the sense of an effective and timely response to

immediate threats, is the only thing that matters. If that is the case, an open and acknowledged political relationship doesn't matter. After all, it didn't in the 1960s when Saudi Arabia, the UK, France and Israel worked together to support the royalist forces in Yemen. We see an emerging new commonality of action against Hezbollah, for example, and a shared analysis of the longer-term threat posed by Iran and its other proxies. This does not require political normalization.

But even if security is indeed the only thing that matters, then for Saudi Arabia, Iran, and Israel, anything that puts yet another tool of ideological mobilization in the hands of others needs to be tackled. That can mean a dangerously dissident rethinking of the foundational compact at the heart of the reimagined Sunni state, as well as sectarian support for Shiite revolutionary groups, the IRGC's Quds Force, and radical Sunnis over the issue of Palestine, particularly Jerusalem.

My own view is that this is one of the strongest practical arguments for a Palestinian state. Such a state would deprive the issue of Palestine of its political utility in the hands of malign state and non-state actors and repatriate it to Palestinians who live alongside Israelis. That, I think, is a view widely shared among the Sunni states of the region. But it will require Israel to make it work.¹

Finally, some thoughts about the future. This is a time of real turbulence centered on the Gulf and the Levant. It will change the states of the GCC, but it won't break them. They dealt with the Saudi succession crisis of 1962-64, the struggle with Nasser's Egypt from the late 1950s to 1970, the challenges of the British withdrawal from East of Suez between 1967 to 1971, the assassination of King Faisal in 1975, the Iran-Iraq War of 1980-88, the Iraqi occupation of Kuwait in 1990-91, the attempted Al-Qaeda insurrection in Saudi Arabia between 2003 and 2005, and so forth. They have dealt with fiscal implosion and low oil prices from a position of far less economic and financial strength than now. They have more resilience than outside observers often believe. The current challenges –

¹ The results of the latest credible survey of opinion on a peace settlement, which shows significantly more support among Palestinians for this if other Arab states are associated with it, may offer some further food for thought. See *Palestinian-Israeli Pulse: A Joint Poll*, The Israel Democracy Institute, August 22, 2016.

economic, demographic, social, political, and security – are massive. But the Gulf can be unexpectedly adaptive.

This has implications for the US, the EU, and indeed Egypt, Jordan, and Israel. Security does not produce itself in the Middle East. There is no natural balance of power in the Gulf. And expecting regional powers to produce a rebalancing by themselves will produce a more severe unbalancing, as we are currently witnessing.

So, if the GCC faces choices, so do we. And if we think the broader stability of the MENA region matters to us, then what we choose matters. Saudi Arabia is probably even more disliked in the US than either of the presidential candidates. Everyone seems to love Iranian Foreign Minister Javad Zarif, for reasons that escape me. Nevertheless, I think the choice of the West – I don't presume to say Israel – needs to be first of all to back the GCC, above all Saudi Arabia, for the long term, not to ignore or reject it.

It's going to be a bumpy ride. We all know that human rights, the position of women, intolerance of dissent, and so forth are headline discontents. But Saudi Arabia has changed in the past and can change again. The new leadership certainly has ambitious plans to do so. Even if they only achieve 40% of what they wish, that will be an extraordinary achievement. The other Gulf states remain largely stable and solvent.

We certainly need to avoid framing this as a choice between Iran, where the situation is in many ways worse, and Saudi Arabia. And we – and the GCC – need the US. I think this is achievable. It must be. Because if we collectively get this wrong, we shall face real problems. If we think the collapse of Syria and Iraq is bad, then ISIS in Medina, Al-Qaeda in Mecca and an Ayatollah in the Bahraini Royal Palace will be a whole lot worse.

The GCC Economies Between the Arab Spring and Low Oil Prices

Paul Rivlin

Since 2010, the GCC states had reason to increase public expenditure and go on the defensive, given the threats the Arab uprisings posed to internal security and across-the-border security threats from Iran and ISIS. They could respond to these dangers by spending money that came from oil revenues. When the Arab Spring broke out, that money supply was large, because the international price of oil was high. In 2014, that price collapsed, posing serious funding problems. There was, however, a silver lining.

When the Arab uprisings spread to Oman, Saudi Arabia, and especially Bahrain, all six GCC governments embarked on organized and very expansive programs of social spending designed to stamp out the economic sources of discontent within their countries. Gulf leaders offered direct payments to families, inflation allowances, and more public sector employment. In 2011 and 2012, Saudi Arabia allocated more than \$100 billion to new welfare initiatives. In September 2011, Qatar, although unaffected by the protests, preemptively raised the salaries of nationals working in the public sector by 60% and by 120% for the police and the military. Gulf rulers felt vulnerable to the regional wave of popular unrest, but they were buoyed up by historically high oil prices that enabled them to respond vigorously.

Five years later, this dynamic has been turned on its head. The spread of post-revolutionary violence and civil war across North Africa, Syria,

Iraq, and Yemen enabled the GCC states to reemerge as an island of stability in the midst of regional chaos. It is now GCC nationals rather than governments who feel most threatened.

Daily broadcasts of horrors from Syria, Iraq, Libya, Yemen, and elsewhere, as well as terrorist bombings in Kuwait, Saudi Arabia, and Bahrain by Islamic militants, have caused many GCC citizens to come to prioritize stability as a political end in itself. In Qatar, for example, in 2011, 37% of citizens identified maintaining order and stability as their top priority. By 2014, in a repeat survey, this proportion had doubled to 75% – and this was in Qatar, where nothing had happened.

Even more important than private financial benefits conferred by the rentier state is the public good of security and social order that is today the main source of the Gulf monarchs' legitimacy. This is a new kind of political bargain. Gulf populations have until now traded political involvement for a cradle-to-grave welfare state. The current regional turmoil has caused the citizens of the GCC states to accept their unelected rulers in exchange for stability.

This mechanism has eased the trade-offs the leaderships have had to contend with, suggesting that the internal threats to stability have eased as a direct consequence of the deterioration of the external environment. Iran, for example, is now freed in part from international sanctions, and is to many in the GCC a greater and more complex threat than it was before.

This is admittedly a rather simplified and short-term view. The GCC states have identified their economic structures as a source of instability. Oil revenues have fallen and may not rise significantly in the short to medium term. Our view of the future guides us in determining what we do in the present, and the emerging consensus in the oil markets is that prices will not bounce up to anything like what they were in the past. A couple of years ago, the international forecasting organizations were talking about oil prices reaching \$200 and the world economy being able to buy oil at that price. That is no longer true. We should treat all forecasts with a large pinch of salt. Oil markets do not look the way they once did. There is a very real chance that oil prices will remain much lower than forecast, and this is increasingly a central consideration for the oil-producing states.

Reliance on oil has been identified as problematic for the GCC states. The IMF conducted a study of the GCC states and reached the following conclusion: "Ever since oil was discovered in GCC countries, it has been both a boon and a curse. The flow of oil revenues provided an opportunity to develop the economy and improve standards of living. The GCC invested heavily in infrastructure and heavy industries, started developing services such as finance, logistics, trade, and tourism, spent considerably on health and education, and provided affordable food and energy to their populations. However, the decline in oil prices in the '80s and '90s did not pave the way for export diversification" – and one can add that the more recent rise in prices is an added disincentive. "Export diversification is most relevant for the analysis of sustainable growth," the IMF concludes. "[T]hese economies are still as dependent on oil as in the past."

When the Arab uprisings began, oil prices were high, and they remained high for a while before collapsing. If the population of these countries is factored in, the fall has been greater on a per capita basis.

We tend to be mesmerized by the GCC. In fact, its whole economy, including Saudi Arabia, is smaller than that of Canada. The population of the region is also very small in international terms. We are talking about a total population, including foreigners, of around 50 million people. The reliance on oil is enormous, in terms of both government revenues and GDP. Forty-two percent of GDP in the GCC came directly from oil in 2014. Growth has been slowing since 2007. This is not a new phenomenon. Growth rates have been declining and the fiscal position has been deteriorating, and this trend is connected more to the price and amount of oil than anything else.

The enormous amount of military spending is also a major problem. One of the ways in which petrol dollars are returned to the consumers is through the purchase of weapons, particularly from the US and France.

So, what is happening within some of the countries? SAMA, the Saudi central bank, has shown that the volume of Saudi borrowing has risen.

¹ Reda Cherif and Fuad Hasanov, *Soaring of the Gulf Falcons: Diversification in the GCC Oil Exporters in Seven Propositions,* IMF Working Paper 177, 2014.

The Saudi government is borrowing money at home, as governments do when revenues dry up and expenditures remain high. In Kuwait, government revenues have fallen sharply along with the price of oil, and the country's foreign trade balance has also deteriorated. In the UAE, the situation is less dramatic. The UAE is a country for which it is difficult to get good data, but the fiscal stance there is one of falling revenues and falling expenditure.

In conclusion, the threat is not that oil will be exhausted for these countries. The problem is that oil no longer provides a good economic answer because of the rentier state, in which government oil revenues are used to provide jobs in the public sector and subsidies to citizens.

The result is low and falling labor productivity. One measure of the health of the economy is how much is produced per person or per man hour. The GCC appears from the outside to operate under a very inefficient economic system, despite tremendous building, wealth, and apparent dynamism. When we measure more carefully from the inside, we see a slightly different picture.

Many of these states have produced vision statements. The most interesting, of course, is the Saudi one, issued in 2016 and based on the work of McKinsey & Company. Abu Dhabi produced a vision statement in 2008 in which it addressed the need to diversify, to build a more balanced economy, and to change the employment patterns of local citizens. Abu Dhabi is of course fabulously rich – in oil, it is the richest state per capita in the world – so it has the greatest disincentives to act. It is interesting that it should have produced such document a in 2008, while the Saudis did not produce their document for another eight years.

Have they done anything substantial other than issue a vision statement? Not much. The explanation is their political economy, which largely prevents them from doing precisely what they recognize to be most important.

The GCC in the Middle East: A Changing Regional Balance of Power

Yaakov Amidror

My relationship with Saudi Arabia begins towards the end of the 1970s, when I was nominated to be head of the branch responsible for Saudi Arabia in our military intelligence.

One night while I was on the job, I was told that a group of Muslim extremists had taken control of the Kaaba and the Saudis did not know what to do. In the end, they brought in French special forces to help. I asked a prominent Saudi guy a few years later why they had not brought in the Americans. He said, "Everything from America leaks. We wanted something that would be silent." The Saudis say they accomplished the Kaaba mission, but the truth is the Saudis and the French did it together.

At a meeting I had one morning with the head of military intelligence, he said, "From now on, Saudi Arabia will not be the same." But it is. We have to be very modest when we speak about Saudi Arabia because we really don't understand the mechanism that drives it, what might change it, and what might not change it. All we know is from the outside, not from within the inner circle that is making the decisions. The real forces are within the family. What we do understand is that it is a very rich country with very weak tools.

The US is in retreat from the Middle East. It is not out of the Middle East completely, but it is retreating.

Then there is the agreement with the Iranians, and problems with oil prices. There is also the issue of succession in Saudi Arabia, an issue that did not exist thirty years ago but is a huge problem today: how to move from the present generation to the next, the generations of sons to the generations of grandsons. How you deal with so many cousins in line?

The American retreat and the agreement with Iran, which are of course closely linked, exposed the isolation of Saudi Arabia and its allies. They lost the anchor they had had for so many years and are watching their enemy grow. It is an enemy from the religious point of view – Shiites versus Sunnis, Arabs versus Iranians – as well as a historical enemy.

The product of the agreement with Iran and the US retreat from the region is a kind of trauma. You cannot understand Saudi Arabia today without understanding this. The new situation has traumatized Saudi Arabia and it must find ways to respond to it. This trauma was accompanied by changes to the price of oil that placed limits on Saudi Arabia's ability to purchase and to continue within the same system. This combination made the Saudis very concerned about their future. If the fluctuations in the oil price had occurred twenty years earlier, when America was strong in the Middle East and Iran was in the corner, they would have been much easier to deal with. But American retrenchment, Iranian ascendancy, and low oil prices put the Saudis in a situation in which they have to reconsider their attitude towards the Middle East.

In the meantime, a new, more confident, better-educated generation of Saudis has grown up in a very rich monarchy. They know the world and believe they understand how to act within it, something the old generation had to learn on the job. In a way, they are more fit to deal with problems than the older generation.

This younger generation is very impressive, if I may say so. They understand that the main difference between the Shiites, who are the dynamic force in the Middle East today, and the Sunnis, who are constantly reacting, is that the Shiites are united and have a leader while the Sunnis are hugely fragmented and have no natural leader.

If you want to understand this fragmentation, look at the rebel groups in Syria. Every area has its own organization. Five years ago, we tried to determine how many rebel groups were acting around Idlib and identified forty-two. This pattern is visible throughout the Sunni world.

In the Sunni world, no country leads like Iran does in the Shiite world. In the past, people thought that maybe Egypt was the natural leader of the Sunnis in the Middle East, but not anymore. It is still the biggest Sunni state, but with all the problems it faces, it cannot lead the Arab Sunnis of the Middle East. The Saudis have tried to take that burden upon themselves and have learned that it is not easy. They cannot agree on what such leadership would mean or how it should be accomplished.

It is difficult to do anything in which you have no experience. The Saudis now understand that they cannot do this by themselves. They need the other Gulf countries (and the Emirates are very important in this respect). They need Egypt, which is why they are ready to give Egypt economic aid: Egypt is still the largest Sunni country and it has a big army, something the Saudis do not possess.

The Saudis have had some successes. They pulled Sudan away from the Iranians, for example, which is hugely important because of Sudan's location. Still, the Saudis understand that they cannot lead the Sunnis alone.

Two dream scenarios can be envisioned: a little dream and a big dream. The little dream is the building of an alliance among Egypt, the Emirates, Saudi Arabia as the leader, maybe Jordan, the Sunni countries – I don't like to call them moderate, but those who do do not want to lose to the Iranians in Syria or Iraq, or, tomorrow morning, in Lebanon. In the big dream, Israel is a very important factor. When I met Prince Turki Al Faysal, former head of Saudi intelligence, in Washington in May 2016, he said, "With Israeli money and the Arab mind, we can change the Middle East."

I believe a combination of our capabilities and the Saudis', Emiratis', Egyptians', and Jordanians' capabilities can build another Middle East. We can stabilize it, put barriers in front of the Iranians, and stop the success of ISIS, even eliminating it altogether. But for the other states, this change – which they want – depends on our reaching an agreement

with the Palestinians. They say this clearly: If you want a real alliance with a strong basis, not just an under-the-table alliance, you have to reach an agreement with the Palestinians. They say this and they mean it.

The problem is that this has never worked. If you are in a private business and you try to sell something for forty years and don't succeed, you know you have to get rid of your head of sales and marketing and find another way. I believe that if the key to change in the Middle East lies in the hands of the Palestinians, that change will not happen. More than that: the more they insist that the Palestinian-Israeli conflict be solved before anything progresses between us and the Arab countries, the higher the price the Palestinians will demand and the less willing they will be to compromise. It is unlikely that Israel will agree to an agreement that appeals to the Palestinians under such circumstances. The only way to break this circle is to go in another direction.

This is one the biggest mistakes of the Europeans and the Americans. They are not ready to put pressure on the Palestinians. All the pressure is on us, and nothing will be achieved. Why not? Because the higher the pressure on us, the higher the price the Palestinians demand, and their readiness to compromise is lessened. I have seen this first-hand since before Oslo.

By going the other way, we can build something between us and the Sunni countries. "Alliance" is a strong word. Call it an umbrella to be shared by the Saudis, the Israelis, the Emirates, and Egypt and Jordan (the latter two are easier partners, because they already have diplomatic relations with us). We can then say to the Palestinians, "If you don't negotiate, you will lose your place under this umbrella." The stronger the umbrella, the more pressure will be put on the Palestinians to come in.

Only if there is such an umbrella, with the support of the US and the Europeans, do the chances increase that the Palestinians will bend. If it stays entirely in their hands, an agreement will never happen.

The Palestinians have many reasons not to negotiate. One is that they don't have to. They can reap the benefits of international support. They will get everything they want. With the majority they have today in

the General Assembly of the UN, they can bring forward a resolution that the sun in Israel rises in the west and it will pass. Why should they compromise? No one in the international arena is demanding that they do so. Why negotiate?

I am not talking about reaching an agreement. That is another issue. Can we reach a situation in which we are even negotiating? The blame for not having any negotiations is on the shoulders of the Americans and the Europeans, who give the Palestinians the impression that America and Europe are on their side. Why should they change?

The first step towards a different Middle East would have Saudi Arabia as a cornerstone. If there is a framework for cooperation between Israel and the Arab states, with Saudi Arabia in the lead, and that framework has the support of the US and the Europeans, the Palestinians can be compelled to compromise.

Need for Cooperation, Fear of Hegemony: Agreement and Discord in the GCC

Anna Sunik

The Gulf Cooperation Council (GCC) celebrated its thirty-fifth anniversary in 2016. Three and a half decades ago, it was formed by centripetal forces on the Arabian Peninsula – common interests and shared threats in the face of the Iranian revolution, Saddam Hussein's consolidation of his rule in Iraq, and the Iran-Iraq war. However, centrifugal forces have always torn at the Council's unity. Despite the conflated notions of the "Gulf states" or the "Gulf monarchies," and in spite of their numerous communalities, the member states are very different entities with distinct identities, historical trajectories, political players and interests.

While this is also true for other regional organizations, such as the EU (perhaps even more so, given its greater size), the key difference between the two political federations is asymmetry of power. While the EU has multiple power centers or poles (Germany, France, and at times the UK), Saudi Arabia is the one big "elephant" on the Arabian Peninsula surrounded by smaller satellites. The kingdom concentrates the majority of the population, wealth, natural resources and armed forces of the GCC in its borders.

It thus fulfills a double and ambivalent role. On the one hand, it can shape the organization through its larger means and weight and enable cooperation while acting as protector for its sister monarchies. On the other hand, and more in line with classic realist International Relations theory, its weight and proximity make it a potential threat

to its neighbors, who must be constantly wary of the Council's instrumentalization for Saudi hegemonic interests.

Three types of conflict mark GCC security dynamics – two internal to the GCC and divisive, and one external and mostly unifying. First, conflicts among member states: despite recent bilateral settlements, many territorial conflicts on the Arabian Peninsula remain unresolved. Not all of these conflicts are territorial, however, an example being Qatar's ostracism following its foreign policy adventurism during the "Arab Spring." The second dynamic is the hegemonic conflict between Saudi Arabia and many of its smaller neighbors. The third, which has been growing since the elimination of Iraq as a major player in 2003, is the conflict over regional hegemony between Saudi Arabia and Iran, often framed within the larger framework of Sunni versus Shiite sectarianism. The latter plays a largely unifying role for the GCC, the members of which are all Sunni monarchies (with the exception of Ibadi Oman).

Still, divisive conflicts of interest remain. It thus comes as no surprise that few of the GCC's integration initiatives managed to transform the Council into a "Union" following the EU model. Most either failed completely or were postponed or heavily diluted. Examples include the slow progression of the development of joint armed forces (the Peninsula Shield Force); the unrealized Joint Currency Union, the Customs Union, conceived in 2003, to become operational only by January 2015; and the Gulf Union, a Saudi initiative to which most of the smaller Gulf states objected (Oman even threatened to leave the GCC altogether if it came to fruition).

Nevertheless, the projects have not stopped. On the contrary: we have seen a flurry of new unification and consolidation initiatives since 2011, including a renewed proposal for a joint military command and control center, a joint security agreement, a joint missile shield, and a joint police and navy. More surprisingly, these initiatives (still more talk than reality) were followed by military action, unprecedented in the Gulf states. A military intervention into the Yemen civil war took place, and an announcement was made to send ground troops to Syria – a pronouncement on which the countries later backtracked.

Most of these new initiatives were introduced by Saudi Arabia, which fielded additional projects aimed beyond the GCC like the "Islamic Military Alliance" against terrorism in December 2015 and massive military exercises (North Thunder, in February 2016). If public perception and Saudi "Kremlinology" are to be believed, a specific stratum of Saudi Arabia is leading this shift towards what is often described as a more assertive Saudi foreign policy. This is personified by Muhammad bin Salman, the young son of current king Salman bin Abd al-Aziz Al Saud, minister of defense and second in line to the throne.

The most intriguing project, however, is surely the Yemen war alliance – a conglomeration of 10-13 countries including all the Gulf monarchies (except Oman) that took part in the military intervention called "Decisive Storm" that launched on March 26, 2015. Although it is much smaller and less combat-experienced than the anti-ISIS alliance in Syria and Iraq, led by the US ("Inherent Resolve") and consisting of about 62 members, it is a watershed for the GCC as the first concerted large-scale military operation in the region. In contrast to the anti-ISIS alliance, it is also more cohesive (few members have defected) and more committed (most of the allies flew airstrikes throughout the duration of the fighting periods, and – uniquely to the Yemen initiative – there are ground combat troops present, supplied by multiple Gulf states. Surprisingly, these are not merely mercenaries but Gulf citizens). Could this be the emergence of a new "security community" in the Gulf leading to further regional integration?

The answer to this question is linked to the consequences set in motion by this intervention. Two scenarios can be envisioned:

Scenario 1 - "Saudi Vietnam": The intervention in the Yemeni civil war fails catastrophically, Saudi Arabia loses its bid for leadership of the Gulf and the broader Middle East, and the smaller Gulf states must form alternative alliances.

Scenario 2 - "Operation Decisive Success": The intervention fulfills all its major goals and coalition forces withdraw after their success.

¹ E. Adler and M. Barrett (eds.), *Security Communities* (Cambridge: Cambridge University Press, 1998).

Saudi Arabia's hegemony is strengthened, causing the kingdom to relaunch integration attempts. Paradoxically, this might lead to the same result: the smaller Gulf states must form alternative alliances, not because of Saudi weakness and inability to protect, but because of Saudi strength and threat of hegemony. This is heightened because in the event of success, the status of the UAE, the major partner of Saudi Arabia and a driver in the coalition, will be bolstered, while differences in opinion and interests will become more pronounced.

There are already signs of a rift in the coalition. The UAE declared its military initiative over in June 2016, officially remaining on the ground for state-building and reconstruction purposes, causing concern in Saudi Arabia. The war aims have not been achieved yet, and peace talks ended in August without tangible results.

Thus, Saudi Arabian hegemony is on shaky ground regardless of the outcome of the war. Does this mean the Yemen initiative "watershed" did not matter? Perhaps not for the question of Saudi Arabia's ascent to regional hegemony, but certainly for the question of a possible security community.

Before answering this question, it is wise to recall the late Fred Halliday's remark that "there are two predictable, and nearly always mistaken, responses to any great international upheaval: one is to say that everything has changed; the other is to say that nothing has changed." As many of the participants in this conference have said at different points, the GCC is far from a security community, however "loosely coupled" it might be. However, a historic critical juncture has opened up with the withdrawal of the global hegemon (the US) creating a void for a potential regional hegemon (Saudi Arabia) to fill with the object of balancing the greatest perceived threat (Iran).

Another indication that something has changed is the conception of the Yemen coalition, which takes multilateral international coalitions

Fred Halliday, "A New Global Configuration," in Ken Booth and Timothy Dunne (eds.), *Worlds in Collision – Terror and the Future of Global Order* (New York: Palgrove, 2002), p. 235.

led by democracies as its blueprint – especially the anti-ISIS coalition, but also "Desert Storm" (note the naming of the anti-Houthi coalition "Decisive Storm") to bolster its legitimacy. Finally, one must acknowledge the significance of the direct military involvement and resultant loss of life of Gulf nationals, who over decades have preferred to pay for, rather than die in, wars.

Still, tangible results from new integration projects are lacking, and a failure of the Yemen adventure might put a dent into future ones. Also, a common identity is a prerequisite for a security community to grow, but a joint "Khaliji" identity is still contested by super- (Arab/Muslim) or subordinate (national/subnational/tribal) identities. Furthermore, the intra-GCC conflicts remain unresolved, and the window of opportunity and specific context that enables this new period of Gulf foreign policy activism might close again (e.g., through failures of regional states or the return of interventionism to US Middle East policy). The question we might ask is whether a point of no return has been reached that has set in motion a process that can lead towards the development of a stronger integration and unification of the Gulf states.

Israel's Regional Alliances: Strategic Relations with Saudi Arabia and the Gulf States in Historical Perspective

Dan Schueftan

The specifics of Israel's strategic relations with Saudi Arabia and the Gulf states will not likely become public knowledge in the near future. Since much of it is manifested in tacit understandings, coordination with third parties, and careful abstentions rather that overt combined action, it is not the documented diplomatic history but the strategic logic that is the most important and interesting. This logic can best be followed by studying the pattern of Israel's regional alliances and the long-established modi operandi it employed in the Middle East and beyond.

Israel suffers from a structural strategic disadvantage in four intertwined, crucially important categories. First, it is a non-Arab and non-Muslim entity in an area dominated by Arab and Muslim states. Second, it is perceived as the only illegitimate Western outpost to have survived decolonization, manipulatively seeking native recognition. Third, it consistently and very forcefully fights every radical regional power, each of which reflects the deepest hopes of local elites and the public, desperately yearning for the restoration of their lost historic greatness. And fourth, it generates deep envy, in that it has been conspicuously successful where Arabs have most painfully failed: in meeting the challenges of modernity.

Consequently, the choice of eligible strategic partners, the parameters of alliances, and the public exposure of relationships are severely limited. The radicals and their willing supporters are, of course, Israel's enemies rather than its potential comrades. Arab and Muslim entities – all the states in the region – can afford to associate with Israel only when it remains secret or low-profile, and when the perceived strategic benefit far outweighs the deterrent cost of alienating their domestic and regional elites and public opinion.

The essence of these alliances is typically the common fear of radical powers seeking regional hegemony and of radical movements threatening both Israel and established Arab regimes. The most outstanding examples in the first category are Nasser's messianic movement in the 1950s and 1960s and the Iranian Islamist regime since the late 1970s. In the present century, the Islamist counterrevolution in Turkey could present a similar, though much less substantial, danger, if and when President Erdoğan exhibits somewhat less incompetence in pursuing his hegemonic ambitions.

In the second category are mostly the Palestinian national movement since the emergence of the Palestinian people in the 1920s, Hezbollah since the 1980s, and ISIS most recently. In the broader international context, Israel often engages in a regional alliance when the global patron of both partners – usually the US – is much less trusted by either Israel or the other Middle Eastern party to understand the threat and resolutely respond to it. When the US flirted with their common radical enemy, going so far as to identify it as the inevitable "wave of the future," this regional alliance became even more firmly cemented. When the US recognized the futility of such appeasement and joined its regional allies in combatting the radicals, the local partnership usually became tripartite and worked much better.

Four major historical examples will serve to demonstrate this pattern: the Israeli-Jordanian strategic partnership against Palestinian radicalism that culminated in the late 1940s; the regional alliances against Nasser's hegemonic ambitions in the 1950s and 1960s; the Sadat Initiative and Israeli-Egyptian cooperation in aborting Jimmy Carter's "comprehensive strategy" in 1977; and the recently forged Israeli-Egyptian-Saudi-Gulf partnership in the face of Iranian hegemonic ambitions, Sunni and Shiite radicalism, and perceived American incompetence.

The Israeli-Jordanian Strategic Partnership

This partnership is the most lasting, the deepest, and, in two critical cases, the most vital of all liaisons. For almost a century, the Hashemite regime in Amman and the Zionist national movement and state communicated with one another to identify and explore overlapping strategic interests. They gradually realized that in all categories – the radical Palestinian movement, Nasser's hegemonism, Syrian aggression, and the Iranian threat – they were on the same side and needed each other. Both were often concerned about American regional naïveté and incompetence (the early Eisenhower, Kennedy, Carter, and Obama administrations) and benefitted from tripartite cooperation with more sober and resolute administrations in Washington (late Eisenhower, Johnson, Nixon, Reagan, Bush). This alliance was deeply rooted enough to have survived three important wars in which Jordan was either fighting Israel (1967, 1973) or politically siding with its enemy (Iraq, 1991). The much less conspicuous cooperation against Palestinian terrorism has persisted, with ups and downs, for more than six decades.

In two cases at least, this partnership had existential significance to both countries. In the early stages of the 1948 war, Israel was almost certainly unable to withstand the combined and synchronized all-Arab invasion. A few days before the offensive began, King Abdallah pulled his decisively important Arab Legion out of the coordinated plan, concentrated his forces in the Jerusalem area, and carefully avoided any incursion or threat to the Jewish heartland. In the latter part of the war, his consistent and deliberate strategic passivity enabled the concentration of Israel's armed forces in the Negev and Eastern Sinai, where they were able to humiliatingly defeat Egypt and secure Israeli military predominance for a few crucially important years after the war.

In 1970, Syria hoped to use the civil war in Jordan to mount a hostile takeover of the Hashemite kingdom. A massive concentration of Israeli forces on the Golan dictated harsh limitations on the number of tanks Syria could spare from the defense of Damascus for the invasion. Jordan could have defeated the limited invading forces on the ground, but had no fighter aircraft to counter an intervention by the Syrian Air Force. Conspicuous air patrols of Israeli Phantom jets over the battlefield convinced Hafiz al-Asad, then commander of the Syrian Air Force, to keep his MiGs on the ground.

Regional Alliances Against Nasser's Hegemonic Ambitions

For a formative decade and a half, Nasser dominated the regional scene – not only in his heyday during the second half of the 1950s, but when the magic started to fade in the 1960s and even after the traumatic defeat in 1967. He remained very significant until his death in September 1970. Nasser's messianic message threatened moderate pro-Western regimes that were often forced to partake in radical adventures against their better judgment, for fear that their own elites and public opinion would turn against them if they did not. This hold over the region threatened not only the directly affected Arab regimes, but also the non-Arab powers that feared Nasser's hegemonic ambitions.

This presented Israel with an opportunity to covertly break the regional siege. Vis-à-vis the Arab regimes, it could ally notably with Jordan and Morocco. Israel also participated in a minor way in assisting the Saudi-backed royal forces in Yemen, which were fighting the Egyptian army and keeping a large portion of it away from the Israeli front. The so-called "Periphery Alliance" with Turkey, Iran, and Ethiopia challenged Egypt at the Ethiopian source of the Nile and provided Israel with Iranian oil and access to the Iraqi Kurds, who harassed the Iraqi Army. In all cases, intelligence cooperation and open channels to top leadership yielded invaluable benefits.

Not only the Israeli-Jordanian partnership, but all of Israel's alliances in the Nasser era with pro-Western regimes were deeply affected by American policies – either misperceptions of the challenge (early Eisenhower and Kennedy) or clear-headed and firm policies in Washington that helped those regimes cope with threats (late Eisenhower, Johnson, and Nixon). This resolve ultimately played a major role in bringing Nasser and his Soviet sponsor down.

The Sadat Initiative

The alliance of Israel with a regional power – which affected the history of the Middle East and promoted Israel's national security more than any other – was not the product of a brilliantly conceived Israeli strategy, but of a profound misjudgment by an American president and the outstanding foresight and courage of an Egyptian leader.

Since the early 1970s, Anwar Sadat recognized that Egypt desperately needed to abandon Nasser's national strategy of perpetual war with Israel and confrontation with the US. He designed the 1973 war as an instrument for breaking the deadlock and changing Egypt's global orientation. At the end of the war, Henry Kissinger crafted a triple-win strategy that offered Israel a realistic hope of getting its most dangerous enemy out of the path of war, saved Egypt's regional dignity and international prestige from military defeat and economic collapse, and secured a solid foundation for the construction of a Middle Eastern Pax Americana. This strategic structure rested essentially on a bilateral Israeli-Egyptian separate deal at the expense of the radical Arabs (primarily Syria and the PLO), the radically led all-Arab consensus, and, of course, the main prospective loser of the deal, the Soviet Union.

Jimmy Carter came to power in the US in 1977 with a profoundly more ambitious vision of regional peace, incorporating all the radicals that were on the verge of losing their stranglehold over their regional (Egypt) and global (the US) hostages – chiefly Brezhnev, Asad, and Arafat. Recognizing that a misguided American president was about to give Egypt's worst enemies veto power over the life-saving benefit of the 1973 war, Sadat embarked on a revolutionary initiative. To derail Carter's half-baked strategy of "comprehensive peace," Sadat turned to the only thing an American president could not but enthusiastically embrace: unqualified peace that would convince even the most suspicious Israeli, conditional only on the evacuation of the practically demilitarized Sinai Peninsula.

When Premier Menachem Begin recognized the magnitude of this historic opportunity and embraced the initiative, the most important of all regional alliances Israel has ever had came into being. When Carter recognized that he could not beat those two, he joined them and considerably helped to finalize the separate Israeli-Egyptian deal. What was left of his fantasy about comprehensive regional peace was mostly some rhetoric about unspecified legitimate Palestinian rights. The Israeli-Egyptian alliance has blessed the Middle East with more than four decades of an absence of a major war, saved Egypt (and other Arab states) from ruin and possible starvation, and enabled Israel to become a "First World," modern, strong, well-to-do state that can offer its citizens a good life. With Egypt firmly lodged in the Western camp as the most important anchor of relative regional stability, this institutionalized the Pax Americana.

The Israeli-Egyptian-Saudi-Gulf Partnership

The present regional alliances, whatever their as yet undisclosed specifics may be, follow the same well-established pattern. Israel and Arab states are brought together primarily by the fear of a radical, hegemony-seeking regional power and the inaptitude of American policy in the Middle East. The collapse of Arab nation states since the "Arab Spring" and the threat of the Muslim Brotherhood added a third motivation.

The hegemonic ambitions of Iran are not new, but the dominant regional perception of the nuclear agreement is that of Iranian triumph and P5+1 appeasement. With additional well-founded perceptions of the incremental Iranian takeover of Iraq, the supreme brutality of its Syrian ally, its deep involvement in the war in Yemen, and the ever-widening and more active web of its proxies and terrorist infrastructure, the threat is more real than ever. At a time of unprecedented apprehension, respect towards the American president and the degree of trust in the wisdom and resolve of US Middle Eastern policy in Cairo, Riyadh, and the Gulf were at an all-time low under Obama. With a somewhat different center of gravity, Jerusalem was no less concerned.

The most important regional alliance Israel ever had – the one with Egypt, at least indirectly backed by Saudi Arabia and Gulf states Jordan and Morocco – is primarily the product of this common anxiety regarding Iran and mistrust of US policy. What galvanized it into strategic partnership is the trauma and horror of the last five years – the upheaval, butchery, widespread implosion of fundamental political and social structures, and rise of a self-destructive brand of Islam. It is much deeper than the common struggle against the Muslim Brothers in Cairo, ISIS in Sinai, and Hamas in Gaza. It puts the historic conflict with Israel into perspective as a possible part of the regional solution rather than as the chief problem.

The GCC, the US, and Europe: Time for a New Arrangement

Clarisse Pasztory

I have been asked to comment on what previous speakers have said and would like to start with Robert Lieber. Robert talked about a shift in US policy, a retreat, a refusal to exercise power. The European Union has always been a soft and not a military power. We have no military relations with the Gulf, or indeed anyone else, and our focus has always been on trade, economy, human rights, none of which is new. There are several new security threats, such as Daesh and Islamist terrorism, with direct relevance for the EU. Hence, compared to the US, there is much less of a shift, and the shifts that there are do not mean a "lessening." I am not pretending that everything is perfect and that the EU and the Gulf countries are enjoying a happy-ever-after relationship, but the relationship is robust.

One of the things that did change is that there is a decreasing oil dependency on the Gulf in the West and a decreasing arms dependency on the West in the Gulf countries. The oil-arms interdependency is one of the key factors that prioritized the US relationship over EU relationships and EU member state relationships over joint EU institutional relationships. With these dependencies decreasing and the communalities increasing, relations are actually better than frequently perceived or reported.

We have diplomatic representations in Riyadh and Abu Dhabi – not yet in Teheran, by the way. We have had an EU-GCC cooperation agreement since 1988, which makes it one of the longest-standing agreements in place. We are conducting FTA talks, which are admittedly suspended because

of export issues and WTO rules, but the intent remains. There is close cooperation on technical issues with the GCC as an institution, particularly in terms of integration "know-how" such as on customs unions. There is bilateral cooperation on trade issues, energy, transport, aviation security, research, counter-terrorism financing, food security, you name it. We work together on anti-Daesh efforts, counter-terrorism, counter-terrorism financing and countering violent extremism. Plus, there are EU member states, such as Germany, the UK, and France, which meet core security interests of the Gulf countries, like intelligence sharing and training.

So, it is not as if the EU does not exist in the Gulf. The EU and Saudi Arabia have strong common interests. The first is energy security, which again requires stability and security – physical and socioeconomic - in the Gulf itself. Lower oil prices and strategic documents such as the Vision 2030 serve as a chance for reforms and increased cooperation on economic diversification. I agree with previous speakers that the diversification intentions are neither new nor magical, but they are a declaration of awareness and intent. And that is a chance for deeper EU cooperation, because here we have something to offer.

Then there are the smaller Gulf states, particularly Oman, Kuwait, and Bahrain, which are not quite as wealthy and in more precarious situations domestically. Saudi Arabia and the UAE can no longer carry the burden of supporting and sustaining these economies on their own. They need partners, as they do on Egypt and Jordan.

And of course there is Yemen. Are we happy with the ongoing military campaign? Not exactly, but it doesn't change the fact that we have been cooperating with the GCC on Yemen ever since the Arab uprisings and the fall of Ali Abdallah Saleh. The EU has been a key implementing partner of the GCC Initiative. We are present at the Kuwait talks. We have been instrumental in enabling direct talks between the Houthis and Saudi Arabia. We are intensely engaged in post-war reconstruction planning. We don't agree on everything, but we cooperate.

There is cooperation on Syria, where we are members of the International Syria Support Group. We cooperate in the working groups on humanitarian access, cessation of hostilities, and political transition issues. Saudi Arabia hosts the High Negotiation Committee on the Syrian opposition side, which

the EU recognizes and supports. So the Gulf is probably more hawkish than the EU over Syria, but we share a lot of interests and concrete work.

The stability of Egypt, Jordan, and Lebanon in particular is crucial for Saudi Arabia and the Gulf, but also the EU. The EU is currently negotiating "compacts" with Jordan and Lebanon – that is, packages of measures meant to alleviate the effects of the refugee burden that Lebanon and Jordan carry, alongside Turkey.

Then there are broader regional issues, such as Horn of Africa/Red Sea security. The EU has training, assistance, and anti-piracy missions there that are in the interest of the Gulf, and also of Israel.

Most of the things I have said so far are also in Israel's interest. There are two issues Israel might be less keen on. One is the Palestinian issue. The EU supports the Saudi-initiated Arab Peace Initiative and supports the Palestinian Authority, including financially.

The other issue is Iran. Both Israel's and Saudi Arabia's sentiments towards Iran are well understood. Yet Saudi Arabia cautiously welcomed the JCPOA. The nuclear issue was never the main issue for Saudi Arabia. What Saudi Arabia worries about is what it calls "regional meddling" – and being replaced. In other words, disagreements are not over the deal but over what follows, and whether the JCPOA will remain strictly transactional or become transformational.

That brings me to where we have disagreements with Saudi Arabia. Here again I start with Iran, sectarianism, and growing regional tensions. I personally understand many of the Gulf fears, but escalatory policies are not in our interest. I am not Ben Rhodes, President Obama's National Security Advisor for Strategic Communication, so I am not telling Saudi Arabia what is in its interest. But look, for example, at Lebanon. Saudi Arabia is understandably hesitant to pour billions into Lebanon that might end up benefitting Hezbollah – only not strengthening the Lebanese armed forces also benefits Hezbollah. Hence, some policies, while emotionally understandable, are not totally stringent.

We support a regional security mechanism and continue to work on one. We are realistic in that we are aware that this cannot be forced and will not happen overnight. If you look at the Organization for Security and Cooperation in Europe, it developed over decades and was itself based on prior economic, political and military integration within the respective blocs. While I hope it will not take that long to find a modus vivendi in this region, we should not expect wonders. We would be content with an easing of tensions.

The other big area of disagreement with Saudi Arabia is over human rights and democracy. These issues certainly exist, but coming back to the beginning, they do not represent more or less of a disagreement than they did previously. By the way, as a woman who has lived in Saudi Arabia for two years, I can tell you that women driving is not actually the key issue. It's symbolic. And it's an economic issue in that it limits female participation in the workforce, because you can't go to work, or it costs too much. What carries crucial importance are individual, civic, and employment rights.

Finally: what are the main impediments to increased EU-Gulf cooperation? I don't think the main impediment is our human rights focus or a conflict between values and interests. Our values are in our interest, which is why we are pursuing them. And our interests are "hard" and specific, particularly when it comes to the Middle East.

I also don't think that it is a lack of resources. The GCC is still phenomenally wealthy, and so is the EU. We are still one of the most successful continents economically and politically ever; we sometimes forget how good we are.

The problem is more "will versus way." The GCC has the will and the means to invest politically, militarily, and economically, but we do not always agree on the way. And where we might agree on the way, the EU in its complexity has difficulty generating the will to exercise the power – again politically, militarily, and economically – needed to get there. As long as this remains the case, EU-Gulf relations will lag behind their potential. That will be to the detriment of the wider Middle East, I believe.

I am starting and ending with our American colleagues. I share your assessment that the US is still the single greatest power militarily, economically, and otherwise, and we, as the EU, certainly do not wish for US retrenchment or isolationism. We need the US as a partner in the Middle East and elsewhere – a US that engages cooperatively with the EU.

Qatar Under Emir Tamim

Kristian Coates Ulrichsen

In June 2013, the Emir of Qatar, Sheikh Hamad bin Khalifa Al Thani, made the long-awaited decision to stand down and hand over authority to his son, 33-year old Emir Tamim bin Hamad Al Thani. Doha had for months been rife with speculation about a leadership transition. Sheikh Hamad had been in power since toppling his own father in a bloodless palace coup in June 1995, and gradually had transferred most day-to-day authority to his favored second wife, Sheikha Muza bint Nasr al-Misnad, and his heir apparent, Sheikh Tamim. In 2008, Tamim was entrusted with overseeing the Qatar National Vision 2030, and he assumed the leadership of the Qatar 2022 Supreme Committee in charge of preparing for the FIFA World Cup. Tamim was thus in charge of medium- and long-term policy planning for several years prior to becoming Emir.

Sheikh Tamim's rising prominence extended also to the regional domain, long the preserve of the ambitious prime minister, Sheikh Hamad bin Jasim Al Thani ("HBJ"), who additionally had been foreign minister since 1992 and had been the architect of Qatar's internationalization strategy in the 2000s and controversial Arab Spring policies after 2011. On a formal level, Sheikh Tamim represented his father at the annual Gulf Cooperation Council (GCC) Summit in Bahrain in December 2012 and in welcoming delegates to the Arab League Summit in Doha in March 2013, as well as hosting visiting dignitaries such as US Secretary of State John Kerry, UK Foreign Secretary William Hague, and Prince Charles of Britain.

As Tamim played an increasingly active role in both domestic politics and foreign affairs in 2012 and 2013, so the power and influence of HBJ began to wane. A "turf war" developed in Doha between HBJ, on the one hand, and Sheikh Tamim and Sheikha Mozah on the other as they established Supreme Councils in health, education, family affairs, and the environment that became very influential in policy-making. Moreover, Sheikh Tamim took credit for populist initiatives designed to address any local sensitivities arising from the Arab Spring upheaval across the region. These included the announcement of generous salary, social allowance, and pension increases for Qatari civil service and military personnel, as well as a directive lowering the price of basic foodstuffs sold by companies working with Qatar's National Food Security Programme.

Once in power, Emir Tamim embarked upon a wide-ranging "changing of the guard" that involved the systematic removal and replacement of officials linked to HBJ. This started almost immediately with a clear-out of HBJ acolytes from the Ministry of Foreign Affairs and other state bodies and later was extended to Qatar's state-owned enterprises, such as the Qatar Foundation, the Qatar Investment Authority, and Qatar Petroleum, which all underwent changes of leadership in 2013 and 2014. These moves represented a concerted attempt by Emir Tamim to put his own team in place and broaden the base of decision-making beyond the extremely small circle that had characterized his father's and HBJ's heavily personalized style of governing. The overhaul of foreign policymakers was also important as the new government sought to rebuild relations with GCC neighbors that had been damaged by its predecessor's controversial approach to the Arab Spring and support for regional Islamists in transition states.

Emir Tamim acted swiftly to mend relationships with other Gulf states, although this process took time and was not without additional tension. In November 2013, the new Emir was presented with an ultimatum by King Abdallah of Saudi Arabia in which he was ordered to change Qatar's ways and bring the country in line with the rest of the GCC with regards to regional issues. Emir Tamim was also ordered to sign an additional security document (the Riyadh Agreement) stipulating non-interference in the internal affairs of any of the other GCC countries.

In March 2014, tensions between Qatar and its neighbors peaked when Saudi Arabia and the UAE judged that Emir Tamim was not in full compliance with the Riyadh Agreement and, together with Bahrain, withdrew their ambassadors from Doha. This formed the prelude to months of negotiation (again mediated by Kuwait) and a number of concessions by Qatar, among which were the ratification and enforcement of the GCC Internal Security Pact and far greater cooperation with other GCC states on matters of intelligence and policing. This reconciliation was agreed to in November 2014.

A refocusing away from an activist foreign policy and towards a doubling down on domestic politics has dominated the Qatari landscape under Emir Tamim and reflects a pragmatic reassessment of policy priorities borne out of economic and fiscal necessity. The task of ensuring fiscal sustainability in the lead-up to the 2022 FIFA World Cup has figured prominently as the government has struggled to absorb the impact of falling oil and gas prices and government revenues. Since taking power, Emir Tamim has appointed a new generation of technocrats with a mandate to drive through austerity measures, the origins of which predate the oil price collapse but which have now become more urgent and far-reaching. The spur for this move initially was the new leadership's acknowledgment that the era of freewheeling economic growth and almost unrestrained spending prior to 2013 could not be sustained indefinitely, and measures were taken quickly to identify areas of excessive or wasteful spending.

This drive for efficiencies has since morphed into a broader austerity program under the pressure of the relentless fall in oil (and gas) prices since mid-2014; Qatar's 2016 budget predicts a deficit of US\$12.8 billion, the first in fifteen years. Early casualties of the greater financial rigor included two major petrochemical joint ventures planned by Qatar Petroleum with Royal Dutch Shell and the Qatar Petrochemical Company (Qapco), which were scrapped in the autumn of 2014 due to escalating cost concerns. Qatar Petroleum also laid off about 1,000 employees in 2015 and folded its international investment branch, Qatar Petroleum International, back into the parent organization. Meanwhile, the Qatar Foundation has seen its budget slashed by up to 40% and all of the Western (primarily American) universities based in Education City have faced significant cuts of their own.

In the health sector, plans to roll out a countrywide healthcare scheme were put on hold indefinitely in December 2015 while hundreds of jobs were cut at the flagship Hamad Medical Corporation and the long-delayed Sidra Medical and Research Centre. Perhaps most spectacularly in the eyes of Qatar's international profile, Al Jazeera America was closed down in April 2016 less than three years after launch, in a signal that nothing was safe from the sacrificial axe save perhaps for expenditure directly related to the World Cup itself. Moreover, with oil prices struggling to push much above US\$40 a barrel and unlikely to recover significantly any time soon, spending cuts are being augmented by revenue-raising measures. At less than a day's notice, the Qatari government announced a 30% rise in gasoline prices in mid-January 2016. Further charges have since been introduced that fall hardest on expatriates, rather than Qatari citizens, and which should blunt the political sensitivity arising from such austerity measures, at least for now.

The surprise Cabinet reshuffle undertaken in January 2016 by Emir Tamim illustrated the convergence of trends that together are reshaping the policy- and decision-making landscape in Qatar. An influx of new ministers signaled the continued clearing out of the "old guard," while a reduction in the overall number of ministries reflected the fiscal pressures on Qatar to scale back public spending as years of double-digit growth gave way to a budget deficit and period of austerity. In addition, changes in the foreign and defense portfolios highlighted the centrality of policymaking in these key ministries as the Qatari military participated in ground operations (in Yemen) alongside its GCC allies as part of the reconstruction of Qatar's regional relationships.

Thus, the headline item in the government reshuffle was the appointment of Sheikh Muhammad bin Abd al-Rahman Al Thani, a relatively low-profile member of the ruling family and a distant cousin of Emir Tamim, as foreign minister. At 35, Sheikh Muhammad is the same age as the Emir and another cog in Qatar's transition to a much younger generation of leadership. Previously the assistant foreign minister for International Cooperation Affairs, Sheikh Muhammad won plaudits for his handling of sensitive portfolios within the Ministry of Foreign Affairs, such as Qatar's volatile post-2013 relationship with Egypt. Sheikh Muhammad will continue the consensual and lower profile approach to regional

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affairs that has marked Qatari foreign policy under Tamim. Similarly, the outgoing foreign minister, Khalid al-Attiyah, will continue Qatar's rapprochement within the GCC in his new role as minister of state for defense. Al-Attiyah was entrusted by Emir Tamim to repair the fractured relationship with Saudi Arabia in 2013. He also coordinated extensively with the Saudis on Syrian policy and has continued to do so in his new post with regard to the Saudi-led coalition in Yemen, to which Qatar committed ground forces in September 2015.

India and the GCC: The Geostrategic Shift

P.R. Kumaraswamy

There are several major reasons why the Persian Gulf region, especially the Gulf Cooperation Council, is important for India.

First are the religious-historical linkages. Islam, which came to India in the immediate aftermath of Prophet Muhammad, is part of its socio-cultural and hence political landscape. During the period of British rule, India had the largest Muslim population in the world. Today, its Muslim population (about 180 million) is second only to that of Indonesia. India has more Muslims than Bangladesh and Pakistan, the other two states that were once part of British India.

Economic partnership is also an essential element. India has a huge economic engagement with the region. This element can be subdivided into four categories: energy imports, bilateral trade, labor migration, and remittances.

• Energy imports: During the Cold War, demand was not high. Two-thirds were met through domestic production and one-third through imports. This reversed when the economy was liberalized in 1991 and demand accelerated: domestic production could meet only one-third of the country's needs, and the rest was imported. That energy-import dependency is increasing, and there is wide consensus that it will continue to do so in the coming years. According to projections by BP Energy Outlook, over 90% of India's hydrocarbon needs will have been met by imports by 2035. In 2013, India was the fourth-largest importer after the US, China and Japan. India is now the

third-largest importer of oil after the US and China, and India has overtaken Japan in oil imports.

The GCC countries meet about two-thirds of India's total energy imports and are among the top five suppliers of oil and gas. If energy investments materialize, this will only increase the share of the GCC in India's energy basket. Oil also makes up a major component of India's exports, and has been the largest foreign currency earner for India since 2011. India needs to import as well to maintain export of energy. If one adds energy imports and exports together, energy makes up about one-fourth of India's total foreign trade.

- **Bilateral trade:** India's trade with the GCC countries is impressive: the bloc accounts for about one-sixth its total trade, and since 2011-12, the bigger GCC economies have been among the top 20 trading partners of India. In 2014-15, the UAE was 3rd; Saudi Arabia 4th; Qatar 14th and Kuwait 17th. Only Oman (43rd) and Bahrain (73rd) fell way behind. The UAE was India's largest trading partner for some time before falling behind China and the US in 2014-15.
- Labor migration: India has an expatriate labor force of about 7 million in the GCC countries. Of these, there are over 400,000 in Bahrain, around 500,000 in Oman and Qatar; 647,000 in Kuwait; 2.6 million in the UAE, and close to 3 million in Saudi Arabia. In addition, despite the travel advisories and civil war conditions, there were about 100,000 Indian workers in Yemen in 2013-14. In some cases, Indians are the largest expatriate community. Occasionally, they are equal to or even outnumber the citizen population.
- **Remittances:** The expatriate population brings immense benefits to the home country in the form of employment and remittances. In 2014, India received US\$70.34 billion as overseas remittances of which US\$38.21 billion, or 54.2%, came from the GCC countries. Seven million workers mean at least 7 million families in India benefit from the GCC.

During the Cold War, India was not a major political player. Its economy was sluggish and dependent for a long time upon aid and assistance. In

early 1991, it had to mortgage sovereign gold to meet emergency imports of food items. Since 1991, the political equation has changed, primarily because of India's economic progress. India is now seen as the fourth-largest economy in the world in terms of purchasing power parity after the US, China, and Japan. Energy dependence is also an opportunity for suppliers, who require stable and long-term markets for oil and gas. Economic strength has opened up new avenues and enabled India to make informed choices. The question is how to transform this oil-energy-expatriate linkage into a strategic asset.

The most defining factor in post-Cold War Indian policy towards the Middle East is its conscious de-linking of Pakistan. This enabled India's normalization of relations with Israel as well as its ability to engage with countries like Saudi Arabia. An interesting discourse is emerging. It is not that Pakistan has become unimportant, but it is no longer India's "center of gravity," as one Israeli diplomat put it during the Cold War years.

Another element to be considered in India's policy towards the Middle East is its prolonged political neglect of the region. Until Prime Minister Narendra Modi visited the UAE in August 2015, Indira Gandhi, who traveled to the UAE and Kuwait in May 1981, was the last Indian Prime Minister to visit. Prime Minister Manmohan Singh visited Oman and Qatar in November 2008 and Saudi Arabia in February-March 2010. The last prime ministerial visit to Iraq took place in January 1975, again by Indira Gandhi. No Indian Prime Minister has ever visited Bahrain (or Yemen) since India became independent in 1947. Such political indifference to a region of considerable importance does not bode well for India's aspirations to be a responsible actor.

Prime Minister Narendra Modi has been active in foreign policy and is the most widely traveled world leader today, with a high level of political engagements and visits. He has visited the UAE (August 2015); Saudi Arabia (April 2016); Iran (May 2016); Qatar (May 2016); and Turkey for the G-20 Summit (November 2015); and has met with Saudi leaders twice at G-20 meetings. He is also active in engaging with the Indian community in the Gulf, viewing them as a possible bridge to economic cooperation.

Modi's prime focus is economic. This is highlighted by the investment pledge of up to US\$75 billion with the UAE; the US\$500 million investment in the Chabahar port; the favorable price agreement with Qatar over gas (about US\$1.7 billion); possible Saudi investments in the petro-chemical industry, and strategic storage of oil in some GCC countries.

Modi is also focusing on security cooperation. In the joint statement issued at the end of his visit to the UAE, the sides agreed on 31 issues. Of those, 17 pertain to security matters; likewise 10 out of 37 items in the Indo-Saudi statement are security-linked. Earlier counter-terrorism efforts meant cooperation with Israel, but in light of the ISIS challenge, cooperation with the GCC is more relevant.

A degree of radicalization can be observed among a portion of Indian expatriates in the region. The number is extremely small, especially when one considers India has about 180 million Muslims. It must be recalled, however, that fewer than two dozen people carried out the largest terror attack in human history. Cyber security, terrorism finance, and radicalism are the prime focus, so security experts would be in the driver's seat of Indo-GCC ties. India's new ambassador in Riyadh, Ahmad Javed, was the Mumbai Police Commissioner before his appointment.

There are four central challenges facing India today. The first is Iran. Iran is an important country in terms of geostrategic concerns, oil and gas supplies, access to Afghanistan, the trade corridor to Central Asia, countering Pakistan, and the Shiite factor. It is also the only regional power in the Middle East in terms of territory, population, resources, and political will. Hence, managing ties with Iran – as well as with Saudi Arabia – will be a serious challenge. India mishandled the triangle involving Iran and the US over the nuclear controversy. Without taking sides, India should actively engage with both parties and keep ties focused primarily on economic/energy relations.

India is also challenged by its sectarian divide. The country has the second-largest Shiite population after Iran (about 40-50 million people). Moreover, it has the highest concentration of heterodox sects that branched out of mainstream Sunni Islam, such as Ismailis, Ahmadis, and Baha'is. Getting entangled in a sectarian conflict in the Gulf is therefore not in India's interests. It has to walk a tightrope between Saudi Arabia and Iran.

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Another challenge is falling oil prices, which are adversely affecting the current account balances of a host of countries, including Saudi Arabia. Less oil-rich countries like Bahrain and Oman will increase their dependence upon oil-rich neighbors, but the latter will have to dig into their sovereign wealth funds to meet current account deficits. One can expect Arabization of the labor force, as well as the increasing entry of women into the labor market. Both will affect the quality and size of Indian labor migration to the region. Return migration will pose socio-economic challenges for states like Kerala, which depend heavily on Gulf migration.

The final challenge is the decline of the US. Since the September 11 attacks, a host of political and economic developments has undermined the global influence of the US, especially in the Middle East. While no other power or coalition of powers is in a position to replace the US, its regional influence is in decline. This means New Delhi is not in a position to piggyback on the US during this time of its new engagement in the region.

China, Asia, and the GCC

Alon Levkowitz

China plays an important role in relations between the GCC and Asia. I will focus here on China, South Korea, and Japan, for which oil and gas from the GCC are vital. Important too are the billions of dollars' worth of construction and infrastructure contracts that Chinese, Korean, and even Japanese companies have invested in the GCC.

Are the billions of dollars in trade between Asia and the GCC an indicator for a new world order in the Middle East? Is there a new balance of power in which we will see the decline of the US and the rise of China? The Chinese are saying "we are neutral for now," so it looks as though there will not be a new world order for the next few years.

We should nevertheless ask how the GCC perceives China's role in the region, especially after Xi Jinping's visit to the Middle East in January 2016. Was it a friendly visit? Was it just business, or did it have other intentions?

China, which was asked by Washington to participate in Syria, says it will not take part in military combat in the region. But when one sees the Chinese navy in the Middle East, the question arises: is this just to secure sea lanes, or does it have another purpose? Is the object in fact to project power versus the US?

The Asian Infrastructure Investment Bank (AIIB), a 30% share of which is Chinese, is another indicator of increasing Chinese involvement in the region. One interested party is Egypt, which hopes China will put a few billions of dollars into the Suez Canal.

China sees the GCC as an asset of strategic importance primarily because of its oil and gas. The same can be said of Japan and Korea, most of whose oil and gas comes from the region. The Koreans have invested billions in the region and looking for further investment.

Over the past decades, the US has decreased its oil imports from the GCC. In so doing, it has diminished Saudi Arabia's leverage over Washington. In the wake of declining US oil imports, China has become a significant importer of GCC oil and gas, importing more than the EU. The more developed China becomes, the more it imports from the GCC.

The main oil exporters to China are Saudi Arabia, UAE, Iran, Iraq, and Kuwait, and Iran is increasing its oil exports to China following the lifting of P5+1 sanctions. The Chinese even have a plan for Israel. They plan to build a train from the Red Sea to the Haifa Port, which would allow them to move commodities from the GCC towards Europe and elsewhere.

In Dubai, about 10% of the population is Chinese, and it is estimated that 200-300 Chinese companies do business there. Dubai has become a logistical center for Chinese companies as well as a dialogue center for the Chinese. They have, for example, a dialogue with the Taliban in Dubai, without the Americans' cooperation.

China has good relations with all the states in the region and has a dialogue with Middle East organizations like the Arab League. It has relations with states that dislike each other – for example, Iran, Saudi Arabia, and Israel. Chinese leaders have visited all the regional states. Xi Jinping 2016 visit was to both Saudi Arabia and Iran, neither of which was allowed to say "no" to the Chinese.

A critical concern regarding oil and gas is available transportation, which is why the new Silk Road is important. The "One Belt, One Road" (OBOR) initiative, which includes the Maritime Silk Road, was initiated by President Xi Jinping in 2013. Per Chinese Foreign Minister Wang Yi, Qatar will play an important role in this road by funding or promoting it. Will Qatar look to the East or to the West? Will it become pro-American or pro-Chinese? I think Qatar will try to maximize by going both ways.

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There is good news and bad news concerning the OBOR. The good news depends on your philosophy. The OBOR will improve trade among the nations along the Silk Road, which is positive and something to be supported. The Chinese say that beyond that, the OBOR will ease tensions among the states along the road – a forecast some might define as liberal mercantilism and others as wishful thinking. Will the OBOR ease tensions between India and Pakistan? No. Will it ease tensions between Sunnis and Shiites? No.

The Maritime Silk Road raises a difficult question about sea lanes. Sea lanes are important for Japan as well as for South Korea and China. If they are blocked, trading problems are the result. The Spratly Islands conflict demonstrates China's willingness to threaten sea lanes by force to protect its own interests. The Japanese and the Koreans are concerned that the Chinese behavior in the Spratly Islands might foretell a Chinese attempt to block trade to their countries as well.

The balance of power in the Middle East is changing, but China does not want to rebalance now, as doing so would not serve Chinese interests. The Chinese prefer that Russia and the US pay the price of fighting in the Middle East. It is nevertheless important to consider how this great power is perceived by players in the region.

How do they expect China to balance the US? Will China rebalance the US in Saudi Arabia, for example? It doesn't look like it in the near future. Will it abandon Middle Eastern leaders the way Washington did with Mubarak? We will have to wait and see how President Trump reacts in the Middle East and how Beijing responds.

The Chinese are welcome in the Middle East, although there are some in the region who claim the Chinese are starting to act like imperialists. But for the time being, everyone wants their money. China is not yet perceived as a superpower and is not yet willing to balance Washington, but that might change in the near future.

China, Japan, and Korea participate in peacekeeping operations in the Middle East and the Gulf. China does not believe in military solutions in the region, or for that matter even in the Korean Peninsula. It does not agree with Riyadh's policy towards Syria. Beijing believes in

constructive dialogue and comprehensive measures. That is what it says to the US whenever it is asked to interfere in Iran, Iraq, or Syria. China prefers to address the symptoms and roots of terror, provided it does not touch on Chinese issues.

Over the past two to three years, China has become concerned about the number of Uighurs that have joined ISIS. According to the Chinese, who believe the Uighurs are a genuine threat to their security, this number is increasing on a monthly basis.

The Chinese participate in the fight against piracy on the sea lanes, a fight in which they are willing to use force (as are the Koreans and the Japanese). They have a military presence in the Gulf of Aden, Djibouti, and in Lebanon as part of UN forces.

Should one be optimistic or pessimistic about China's presence in the Middle East? The optimist says China will increase its economic cooperation with the GCC and prevent escalation in the region, including with Iran. The pessimist says that if the US disengages from the region, China might take its place.

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