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Iran, the United States, and the Gulf:

The Elusive Regional Policy

Marina Ottaway

Any effective diplomatic approach to Iran must involve a regional strategy.

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Summary

Any effective diplomatic approach to Iran must involve a regional strategy. While Iran's nuclear program is presently the most urgent dimension for the United States and the international community to confront, unless the country can be reintegrated into a normal web of international relations, any progress made on that front is likely to be short-lived. Iran's neighbors—particularly the members of the Gulf Cooperation Council, which share a concern for Gulf security—can be important players in that process of reintegration. These six states, Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman, are afraid of Iranian hegemony in the Gulf, but are too small or too timid to challenge their northern neighbor, so they seek to develop normal relations with Tehran while protecting their interests.

The United States has sought to forge an anti-Iranian alliance rather than welcoming the normalization of relations between Iran and the Gulf countries. That policy has failed in the past and will most likely fail in the future. In the wake of the war in Iraq, Gulf countries no longer trust the United States' capacity to offer them protection, so they are less likely to challenge Iran now than they were before. Rather than resisting this trend, the United States should accept it. The normalization of relations between Iran and the Gulf countries would be a helpful first step toward bringing Iran back into the fold, making it a responsible stakeholder in the region, and developing the new Gulf security architecture that must accompany negotiations over its nuclear program.

Much of the discussion in the United States about how to deal with Iran hinges on preventing the country from acquiring nuclear weapons. This is undoubtedly the most urgent issue, one that, if mishandled, could plunge the United States into a new war, destroy any chance of resolving the Arab–Israeli conflict in the foreseeable future, and further destabilize an already unsettled region.

But the problem of Iran is not limited to the nuclear issue. Even without nuclear arms, Iran is a looming presence in the Middle East and especially in the Gulf region. Its unsettled relations with its neighbors contribute to the region's instability. It is seen as a threat by most of its neighbors, yet their reaction is to seek good relations with it instead of confrontation. Gulf countries have the resources to buy weapons, but with the exception of Saudi Arabia they do not even remotely have the manpower to engage successfully in a confrontation with Iran. Outside the Gulf, too, there is little interest in clashing with Iran—even Egypt, the most vocal of Iran's Arab critics, stops short of

advocating confrontation. As a result, U.S. policy aimed at containing Iran must take into consideration the Arab states' unwillingness to take a confrontational attitude toward their neighbor. The Gulf countries in particular want the United States to take a firm stand on Iran, but they have repeatedly demonstrated that they will not do so themselves; neither will they side openly with the United States when it does.

U.S. efforts to stabilize the Gulf have concentrated so far on pulling Gulf countries into an anti-Iranian alliance underpinned by the United States. The George W. Bush administration expended considerable efforts in 2007 and early 2008 to convince the six Gulf countries—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates—that are members of the Gulf Cooperation Council (GCC), Egypt, and Jordan (the so-called GCC + 2) to join such an alliance. But Iran's neighbors did not comply for fear of getting caught up in a conflict between the United States and Iran. The Obama administration has not yet indicated clearly how it is going to deal with Iranian power in the Gulf. Although it has made it amply clear that it generally favors diplomacy over confrontation, with confrontation only a solution of last resort, it has not gone beyond general principles. The Obama administration has also stressed the importance of a regional solution. At the same time, it has also revived the idea of an anti-Iranian alliance, particularly after the June 2009 elections dashed hopes that there would be a moderate government in Tehran any time soon. But efforts to promote an anti-Iranian alliance, in the Gulf and beyond, are likely to fail again because, for countries with limited military resources, a policy that aims at maintaining good relations with both the United States and Iran makes a lot of sense.

Furthermore, Gulf and other Arab countries could play a more important role not in a confrontation with Iran but in a policy of normalization. The outcome of the current efforts to engage Iran most likely will be either failure or partial success; complete success, including the abandoning by Iran of any ambition to develop nuclear weapons, the opening of its facilities to inspections by the International Atomic Energy Agency, and the installation of a more moderate regime in Tehran, is the least probable scenario. Gulf countries would have a greater role to play in the event of partial success, not failure. Failure would be followed by increased sanctions or military confrontation, and in both cases Gulf countries would be at best reluctant and ineffective participants. Partial success would be followed by a slow and difficult process of reintegrating a still difficult Iran into more networks of relations in the Gulf and beyond, limiting its spoiler role. In a best-case scenario, normalization would involve the inclusion of Iran in new regional security arrangements. Arab countries that enjoy good relations with both the United States and Iran could play a more useful role in this process of normalization than they could in a confrontation.

The challenges for the United States of developing a new strategy directed at normalizing relations in the region are considerable because the region is deeply divided. Iran is feared by most of its neighbors, but it is also a source of support for Syria and for nonstate actors such as Hamas and Hizbollah. The crucial countries in any normalization effort are the Gulf countries and Iraq, and even the GCC countries are divided. GCC countries do not trust Iraq at this point; they are uncertain about both its stability and the relationship between the government of Prime Minister Nuri al-Maliki and Iran. Suspicion and fear of Iran are common to all GCC countries, but their feelings toward Iran do not unite them because they do not agree on how to react to the threat Iran poses. Furthermore, they are divided among themselves by a variety of bilateral disputes, some of which appear obscure or even trivial from the outside but are of great importance to the countries involved.

Despite the difficulties, it is in the interest of the United States that this process of normalization of relations should continue, above all in the Gulf. Iran, the GCC countries, and Iraq are the pivotal countries in this respect, but it is necessary to also take into consideration the positions of other Middle East countries that are close to the United States, above all Egypt and Israel.

Understanding the Views in the Region

Different states and nonstate actors perceive Iran through different prisms that produce different images, as in a kaleidoscope. There is Iran, the object inside the kaleidoscope, and then there are the shifting perceptions that ultimately determine policy responses.

The bare facts about Iran as a regional power are clear. First is the size of the country, which in itself makes it threatening to its neighbors and a potential challenge to the influence of countries further afield, such as Egypt. But size is not the only issue. Iran is a real state with a well-established, resilient political system — this does not mean good — in a region where most countries are very small like Kuwait, unstable like Iraq, and poorly institutionalized like Saudi Arabia. Among its neighbors, only Turkey is Iran's equal in size and in possessing the attributes of a real state.

There is also the issue of location: Iran controls one shore of the Gulf that Arabs call the Arabian Gulf and Iranians the Persian Gulf. Some seventeen million barrels of oil, or one-third of world production, transit the Strait of Hormuz each day.

There is the difference in political systems: Iran is an Islamic republic in which elected institutions coexist uneasily with theocracy, while most Gulf countries still struggle to accept the concept of elections.

And there is religion: Iran is a predominantly Shi'i country ruled by Shi'i clerics in a region that is predominantly Sunni and governed by Sunni rulers.

But there are Shi'i minorities in all the surrounding countries—a majority in the case of Sunni-ruled Bahrain—and these minorities have good reason to be discontented because they face widespread discrimination.

All these would be sufficient reasons for neighbors to regard Iran with suspicion, but in addition there is the fact that Iran is building nuclear power plants, has not been open with the International Atomic Energy Agency about all aspects of its nuclear program, and has the capacity to produce its own fuel—technological know-how that can be extended to the development of nuclear weapons. Iran may or may not intend to produce such weapons in the short run, but it has the potential to do so.

Finally, there is the reality of Iran's political outreach beyond its boundaries. Iran has developed close relations with Syria, essentially controls Hizbollah in Lebanon, and is a strong supporter of Hamas in Palestine, although Hamas is a Sunni organization that follows the orientation of the Muslim Brotherhood.

None of these basic facts is contested by any country in the region. Each country interprets them through the prism of its own interests and fears, however, and thus each country chooses different policy responses. Iran, in other words, is seen by all as a potential threat, but not as a common threat that should elicit a common response.

The Anti-Iranian Camp

Two countries in the region—Israel and Egypt—view Iran as a completely hostile entity and do nothing to hide their position. But while both countries share the U.S. distrust of the Iranian regime and the fear of its nuclear program, they cannot underpin U.S. policy toward Iran.

The development by the United States and Israel of a common policy toward Iran is hampered by the impossibility for the United States of creating a common front that includes both Israel and Arab states and, since the election of Barack Obama, by a divergence of opinion about how to deal with Tehran. No matter who is in the White House, tensions between Israel and the Arab countries potentially threatened by Iran are such that none of them will openly join in an initiative in which Israel takes part. Indeed, Arab countries are extremely careful to avoid giving the impression that they are cooperating with Israel in any form.

When rumors spread in July 2009 that the Saudi government had secretly agreed to allow Israel to use Saudi airspace in an attack against Iran, they were promptly and vehemently denied from Riyadh. Even Egypt and Jordan, which have signed peace treaties with Israel, do not want—indeed cannot afford—to be seen by either their citizens or other Arab countries as cooperating with Israel. From the point of view of the United States, this means that any attempt to enlist Arab help in the containment of Iran must be kept quite separate from whatever the United States does in cooperation with Israel for the same purpose.

Arab unwillingness to cooperate with Israel as long as the Palestinian issue is open also makes it much more difficult for the United States to help develop a new security architecture for the region. Israel could not be included, but if excluded it could undermine any collective effort through unilateral action. Even countries that believe that the GCC alone cannot be the basis for a regional system and are willing to cast the net for additional participants as far as Turkey are not willing to discuss Israel's participation. To the best of this writer's knowledge, there has been only one suggestion by an Arab country that Israel be included in a much-enlarged regional effort. It was made by Sheikh Khaled al-Khalifa, the foreign minister of Bahrain, in September 2008 at the United Nations, and it was never repeated.

An Israel outside a regional security agreement has the potential for undermining it by pursuing its own policy toward Iran. Indeed, a major fear of Gulf countries is that Israel might decide to attack Iran, with or without a green light from Washington, and that Iran would retaliate in ways that would hurt the Gulf countries. Iran might not take action directly against them, at least if they did not enter into an explicit alliance with the United States or, worse, Israel, but retaliatory measures could still hurt them. Iran might not bomb oil installations in the Gulf—although many fear that it would do so—but it could hurt them by hampering navigation through the Strait of Hormuz.

The impossibility of forming an alliance that includes both Israel and Arab states is a constant problem affecting the policies of any U.S. administration. During the Obama administration, furthermore, considerable differences are beginning to emerge between Israel and the United States on how the common problem of Iran should be handled. Even before the June 2009 elections that strengthened the hand of hard-liners in the Israeli government, Israel was highly skeptical of Obama's commitment to a policy of engagement with Tehran. While not daring to reject the idea of engagement outright, the Netanyahu government made it clear that a policy of engagement should be undertaken for only a few months and did not hide its conviction that engagement would fail to halt the Iranian nuclear program, thus leaving Israel no choice but to stop or at least slow down the program militarily. Israel does not reject the idea that it is worthwhile for the United States to pursue a diplomatic strategy to curb Iran's nuclear program and reestablish relations severed in 1979, but it believes that the strategy should be pursued for only a short time and, if it fails, be replaced quickly by the use of force. Some of these differences may narrow if the new Iranian government, emboldened by its reelection, refuses to engage with Washington, but they were still real at the time of this writing.

Although the United States shares Tel Aviv's fears about Iran, Israel at present is more a problem than an ally for the United States as it tries to devise a strategy on Iran. Israel cannot be part of a regional strategy as long as the Palestinian problem is not solved, and it is a threat to a bilateral U.S. policy based on engagement with Iran.

The other regional player that looks at Iran with unmitigated hostility is Egypt. The country is not particularly threatened by Iran and, in fact, it would be a highly unlikely target of Iranian nuclear weapons if Tehran were to develop them. There are no bilateral issues dividing the two countries: they do not share common borders, nor are they in competition for natural resources. Egypt does not have a significant Shi'i population that could be inspired by the Iranian revolution to revolt or could seek Iranian backing in an attempt to enhance its position. Although the Egyptian government in recent years has repeatedly accused the Shi'a of proselytizing in Egypt and has even claimed that they are engaging in mass campaigns targeting entire towns, it is difficult to take seriously the claim that such a small minority can be a real threat to Egypt.

In fact, factors other than security explain Egypt's hostility toward Iran. First, Egypt still sees itself as the regional superpower because of its size, its past history and cultural dominance, and its ambitions. The fact that this leadership role has been declining for some time makes the rise of Iran an even more sensitive issue. Another reason is that Egypt worries about the uncertainty and possible instability that Hamas and Hizbollah, with the support of Iran, are bringing to the Levant. By supporting organizations that embody resistance to Israel, Iran is indirectly challenging the Egyptian decision to resign itself to Israel's existence and make peace with it.

Hamas and allegedly even Hizbollah have recently become more direct challengers to Egypt, and the Egyptian government believes that Iran is responsible. Hamas controls the Gaza strip, creating a difficult dilemma for Egypt: it can work to stop the smuggling of goods ranging from food to weapons through the tunnels under the Egyptian—Gaza border, keeping the Egyptian—Israeli relationship on an even keel but opening itself to accusations that it is cooperating with Israel in inflicting suffering on the Palestinians. Alternatively, Egypt can close its eyes to the smuggling or even allow more official trade across the border. Such a policy would be well received by Arab publics, but it would also help Hamas, an organization Egypt does not support, and create friction with Israel. Faced with a difficult choice, Egypt is hedging its bets, maintaining the closure of the border with Gaza—and taking blame in the Arab world as a consequence—but in fact allowing smuggling to take place and thus helping Palestinians and, indirectly at least, Hamas. But Egypt is getting no credit for it.

Contributing to Egypt's resentment of Iran is the support Tehran provides for Hizbollah, which Egypt sees as another disruptive presence in the area. Egypt's attitude toward Hizbollah, always negative, took a turn for the worse shortly after Israel's Operation Cast Lead in Gaza in 2009, when the Egyptian government openly accused Hizbollah of running a weapon-smuggling ring in Cairo to supply weapons to Gaza. Far from denying the allegation, Sheikh Hassan Nasrallah, the leader of Hizbollah, proudly admitted that the organization was providing arms to the "resistance" against Israel. Hizbollah rejected

the rest of the Egyptian claims that it was also plotting against the Egyptian government. Finally, a host of nonsecurity issues increases the tension between the two countries: Iran is an Islamic republic, and Egypt represses Islamist movements. Adding insult to injury, the Iranian government named a street in Tehran in honor of Khaled al-Islambouli, President Anwar Sadat's assassin. Earlier, Sadat had given shelter to the shah of Iran after he was deposed.

Finally, Egypt is also openly hostile to Iran because it can afford to be. Gulf countries, which have better reasons than Egypt to worry about a nuclear Iran, cannot afford to provoke it, or at least so they feel. Egypt is in a different situation. Even Egypt, however, has repeatedly made it clear that it does not want a military solution.

From the point of view of the United States, the two countries whose positions on Iran most closely parallel its own do not make good allies in developing a regional strategy against Iran. Israel is particularly problematic, but even Egypt is not a country on which the United States could anchor such strategy. Domestically, it is traversing a period of uncertainty: Hosni Mubarak is old, and the succession could prove contentious: the president has rigged the system so that his son Gamal is one of a very small number of people who could become candidates under the new, carefully engineered laws; however, many objections could be raised to the succession by Gamal, including from the security forces. Furthermore, Egypt is no longer a leader in the Arab world. Although the country has, and will continue to have, considerable weight in Arab affairs because of its size, it is no longer a country to which others look for leadership, let alone inspiration. Particularly on an issue that affects the Gulf more directly than it affects Egypt, Cairo is not going to shape policy for the Arab world.

The Fearful but Nondefiant Camp

A second, larger group of countries is deeply concerned about Iran's power in general and even more concerned about the power of a nuclear-armed Iran. They are trying to walk a fine line between protecting themselves and not antagonizing Iran, even cooperating with it. Countries falling into this category are the six members of the GCC and, to some extent, Jordan. Jordan took a stronger anti-Iran stand in the past when it sided with Saddam Hussein during the Iran-Iraq war. Indeed, it was King Abdullah of Jordan who first gave currency to the idea that a "Shi'i crescent" supported by Iran was threatening the region. The Bush administration viewed Jordan as a potential member of an anti-Iranian alliance, but the king has since backed away from the idea, and Jordan is maintaining a low—almost invisible—profile on Iran.

The six members of the GCC are a crucial component of any policy toward Iran and toward Gulf security. Together they control the western side of the Gulf, except for the thirty-five miles of coastline that keep Iraq from being a totally landlocked country. Thus, they would have to figure prominently in any regional security arrangement, whether it included Iran or not. And if Iran

refuses to enter into a serious dialogue on the nuclear issue and Gulf security, the GCC countries would be crucial to the success of any sanctions regime—the UAE and Oman in particular are at the center of the smuggling networks that help Iran circumvent provisions aimed at isolating it economically.

GCC members are quite different in size, wealth, and ambition. Most importantly, they disagree on many policy issues despite the common membership in the GCC. The GCC was created in 1981 at the outbreak of the Iran—Iraq war as an effort by Gulf countries to devise a common policy toward the conflict and to join against the threat posed by Iran after its revolution. But the GCC never succeeded in creating a common stance among its members. Even economic cooperation remains limited, as underlined by the recent failure of the countries to agree on the long-promised launch of a common currency. Concerning Iran, they agree on only two points—that it has become too powerful and that it cannot be allowed to acquire nuclear weapons and nothing else.

With a population of about 66 million, Iran greatly surpasses even Saudi Arabia with its approximately 28 million inhabitants (including more than 5 million foreigners) and is a true giant compared with its neighbors. It can put severe constraints on oil exports through the Strait of Hormuz and damage oil installations. Even in the best of times, it is a challenging neighbor. Around the basic fact of the imbalance of power between Iran and themselves, the GCC countries have developed representations of the Iranian threat that are at times difficult to understand. The one most commonly heard in all Gulf countries, among government officials and political analysts as well as in the press, is the idea that Iran has become the hegemonic power in the Gulf as a result of U.S. intervention in Iraq. Iraq, the argument goes, was the only country capable of keeping Iranian power in check. By invading Iraq and transforming it from a strong, well-armed state into a weak, divided, and unstable one, the United States has upset the balance of power that existed when Saddam Hussein ruled Iraq and thus has surrendered the Gulf to Iranian hegemony.

Furthermore, these countries believe that the United States has made the situation worse by imposing on Iraq an election-based political system that guarantees Shi'i domination because the majority of the population is Shi'i. In their view, Shi'i domination means Iranian domination. In reality, the situation is much more complex: The Shi'a are not a monolithic bloc doctrinally, and, above all, Iraqi Shi'a are Arab, while Iranian Shi'a are Persian. During the Iran-Iraq war, Shi'a in the two countries fought each other. And while all Shi'i parties in Iraq have ties of different intensity to Iran and receive or have received support from it, they are also interested in controlling an Iraqi government, not in doing Tehran's bidding.

It is also unclear exactly how Iranian hegemony is manifested or how Iraq, with barely a beachhead on the Gulf, was ever an effective counterbalance to Iran when it came to navigation in the Gulf. Nor is it clear how Iran can have such a dominant, unhampered hegemonic position given the U.S. military presence in the Gulf, including naval facilities in Bahrain, air force installations in Qatar, and ground troops in Kuwait. Although the concept of Iranian hegemony is both murky and highly questionable, the idea is well implanted in the Gulf and not open to discussion.

Parallel to the fear of Iranian hegemony, and even more difficult to understand, is the suspicion that the Obama administration, with its willingness to open a dialogue with Tehran, could enter into a "grand bargain" with it. Although the outlines of a possible grand bargain are never spelled out clearly by people who believe it could happen, they seem to center on the assumption that the United States could acquiesce to Iranian domination of the Gulf if Tehran were to put an end to its uranium enrichment program and renounce its ambition to develop nuclear weapons. The idea that the United States would, under any circumstances, turn over control of the Gulf to Iran, thus putting in jeopardy its own and, more broadly, the West's access to oil from the region, appears preposterous when viewed from Washington, but in the region it has gained currency.

The fear of Iranian hegemony is also fed by the perception in the region that Shi'a outside Iran are now a rising force in a Shi'i crescent extending from Iran to the Levant: emboldened by the Iranian revolution that put Shi'i clerics in power in Iran, Shi'a throughout the region are becoming more assertive, posing a threat to incumbent regimes—all Sunni with the exception of the Alawite regime in Syria. Although this idea received considerable attention when it was first set forth in a speech by King Abdullah of Jordan in 2004, the idea of the rise of a Shi'i crescent does not stand up well to scrutiny. Iran's influence in the Middle East is based less on sectarianism than on its willingness to back radical movements. In Lebanon, Iran backs Hizbollah, which is indeed a Shi'i organization that draws its support almost exclusively from that group. But in Palestine, Iran supports Hamas, an Islamist movement with its roots in the Muslim Brotherhood, which also has a predominantly political rather than a religious agenda. Bashar al-Assad's regime in Syria, while drawing much support from the Alawite minority whose religious beliefs are linked to Shi'ism, is a secular regime, Baathist in origin.

Without a doubt, Iran is consciously trying to spread its influence through the region, but it is clearly not relying on a Shi'i crescent. As for the fear expressed by Gulf governments that their Shi'i populations would be incited by Iran—or at least by the example of Iran—to rebel, evidence points in a different direction: the dissatisfaction among Shi'a in the Gulf countries that is rooted in domestic issues, namely the fact that they do not enjoy the same rights as the Sunni majority. Saudi Arabia, for example, controls the building of Shi'i mosques in the kingdom, and the Wahhabi establishment there considers Shi'a to be heretics. Bahrain, which has a predominantly Shi'i population but a Sunni regime, bars Shi'a from many government jobs and residential areas and is even

seeking to alter the demographic balance by extending citizenship to Sunna from other countries; population statistics in Bahrain show a sudden increase in the Sunni population in recent years, although births are actually declining.

The idea that Shi'a, inspired if not actually guided by Iran, are becoming a dangerous political force is widespread and is influencing the policies of many governments, even in countries with a negligible Shi'i population. In Egypt, for example, where Shi'a make up perhaps 1 percent of the population, they have been for several years targets of a campaign that portrays them as a potentially subversive group that is proselytizing and furthering the goals of Iran, and hundreds have been arrested in recent months.

Despite their common fears, the GCC countries are neither confrontational toward Iran nor united in their responses. They do not feel strong enough to challenge Iran individually, but they are too divided to challenge it collectively. Instead, each country seeks its own form of accommodation. As a result, there is no common GCC position on Iran, and no common policy. Nor are the divisions likely to be overcome easily. Indeed, U.S. policy tends to underestimate the importance of the divisions and the way in which each country's policy is guided not by grand geostrategic considerations but by bilateral issues in their relationships with each other as well as with Iran.

In developing a policy toward Iran, the GCC has no recognized leader because Saudi Arabia, which by virtue of its size, wealth, and longer history as an independent country aspires to that position, is also an extremely conservative country not only socially and culturally but in all aspects of its policy. The kingdom always does its best not to rock the boat. This deeply rooted tendency toward caution has become even more pronounced under King Abdullah, who is temperamentally a peacemaker and a reconciler. He worries about Iran, but he does not challenge it. Furthermore, Saudi Arabia has border disputes with all its neighbors, which is not surprising given its geographically dominant position on the peninsula.

Saudi Arabia has plenty of reasons to worry about Iran. First, the Islamic republic is a challenge to Saudi leadership in the Gulf by offering a countervailing presence. Not that other GCC members are likely to look to Iran for leadership—but Saudi Arabia does not offer its smaller neighbors leadership either, nor can it offer them protection. Second, Iran's nuclear program poses a double problem for Saudi Arabia: that of security, a problem that Saudi Arabia shares with all countries in the region, and, most important, the challenge of having to develop its own nuclear program, not for protection but for credibility. How can Saudi Arabia claim leadership if militarily it is defenseless vis-à-vis a nuclear-armed Iran? Third, Iran creates a degree of uncertainty about Saudi oil revenue because it can disrupt exports. Finally, the rise of Iran makes the relationship between Saudi Arabia's Wahhabi majority and its Shi'i minority more complicated. Again, there is no evidence that Saudi Shi'a look to Tehran for inspiration, let alone orders; nevertheless, Iran provides a reminder that Shi'a may be heretics in Saudi Arabia, but they are a mainstream Islamic school elsewhere.

Saudi Arabia has responded to the Iranian challenge in a low-key way. It has not sought openly the protection of a U.S. military presence or even agreed to become part of an anti-Iranian alliance under U.S. leadership. It has not taken further steps to control the Shi'i minority, but it has taken some cautious steps toward making them part of a national dialogue. And it has not rushed to develop its own nuclear program although persistent rumors of a possible deal between Saudi Arabia and Pakistan have been circulating since 1994. According to these rumors, never confirmed but never completely put to rest, Saudi Arabia may have helped Pakistan finance its nuclear program, possibly in exchange for a Pakistani guarantee that it would extend its nuclear umbrella to protect Saudi Arabia if needed.

Saudi Arabia's gestures of friendship toward Iran have been extremely modest. Diplomatic exchanges have taken place, and Iran's president, Mahmoud Ahmadinejad, was invited by the king to participate in the hajj pilgrimage in 2007, but no new initiative has been launched. Saudi Arabia's relations with Iran's allies in the region present a mixed picture. Relations between Saudi Arabia and Syria, and even more specifically between the Saudi king and the Syrian president, have been antagonistic until recently and are now in a state of flux as President Bashar al-Assad makes an effort to overcome Syria's isolation but remains reluctant to alter its policies in a clear way. The bone of contention between the two countries appears to be Lebanon more directly than Iran: Saudi Arabia has been a strong supporter of Saad Hariri and his Future Movement, while Syria has backed Hizbollah.

Improvements and reversals in Saudi-Syrian relations have been tied to the vagaries of Lebanese politics rather than to changes vis-à-vis Iran: the Lebanese president, the Future Movement, and other formerly anti-Syria Lebanese personalities are talking to Syria again and even consulting in the formation of a new government. But there is no sign that Saudi Arabia has become less antagonistic toward Hizbollah. On the other hand, Saudi Arabia has maintained good relations with Hamas, promoted reconciliation between Fatah and Hamas leading to the formation of a national unity government after the Mecca agreement of 2007, and again backs reconciliation at present. In other words, Saudi Arabia's relations with Iran's allies in the region are determined by Saudi interests and Saudi regional strategy, not by their degree of closeness to Iran.

Relations between the United Arab Emirates and Iran are complicated and ambivalent. In addition to the common concerns of all GCC countries about Iran's hegemony and growing nuclear capability, the UAE has a long-standing dispute with Iran over the control of three Gulf islands, Abu Musa, Greater Tunb, and Lesser Tunb. Possession of the three islands was a bone of contention first between Persia and the Ottoman Empire and later between the shah of Iran and the British, as it is now between Iran and the UAE. The issue is a

constant irritant, but it is also a chronic rather than an acute problem, and it is so long-standing that it does not appear to be the determining factor in UAE-Iran relations. Although UAE officials regularly raise the issue of the islands, their call for negotiations falls on deaf ears in Iran, and UAE relations with Iran display the same mixture of suspicion but also unwillingness to enter into a confrontation that characterizes most GCC countries.

One of the emirates, Dubai, is a major trade hub for Iran and a key to Iran's ability to withstand sanctions. Some 300,000 Iranians live in Dubai, creating difficult-to-break connections across the Strait of Hormuz. Indeed, historical patterns of both disputes and trade persist between the UAE and Iran despite the new issues of the day. After the disputed Iranian elections in June 2009, for example, the UAE government promptly congratulated President Ahmadinejad on his reelection, and a few days later the UAE foreign minister declared that interference by any country in Iranian affairs was unacceptable.

Among the smaller GCC countries, Bahrain has the most reasons for being suspicious of Iran: periodically, Iranian leaders advance claims to Bahrain's territory. Most recently, Iran declared that Bahrain was Iran's fourteenth province. The claims have long historical roots: Persia was the dominant power in what is now Bahrain and along much of the western shore of the Gulf for centuries. When Bahrain became independent of Britain in 1971, Iran briefly revived its historical claims, but the shah expressly renounced them — a renunciation clearly not accepted by the current leadership of the Islamic republic. The role Iran played in Bahrain historically is clearly shown by the fact that perhaps 70 percent of the population is Shi'i—or at least it was before the country's Sunni rulers deliberately started granting citizenship to Sunni foreigners. But Bahraini Shi'a appear to have no desire to join Iran.

The Bahrain government's position on Iran is two-dimensional: it reacts strongly every time Iranian politicians lay claim to the territory of Bahrain, and on this issue the Shi'i opposition is in agreement with the government; but Bahrain takes an extremely conciliatory position toward its much larger neighbor. Two recent examples tell the story: in February 2009, Bahrain suspended negotiations over natural gas purchases from Iran after Hossein Shariatmadari, an adviser to Ayatollah Ali Khamenei, declared that Bahrain was Iran's fourteenth province. But in June 2009, Bahrain's government ordered the closure of a newspaper for publishing an article condemning Iran and its political system. Although Bahrain provides facilities for the U.S. Fifth Fleet, it has also declared that it will never allow its territory to be used for launching operations against Iran.

Kuwait is in the unenviable position of being threatened by both Iran and Iraq. About one-third of the population of Kuwait is Shi'i, but it is Iraq that has repeatedly claimed Kuwait's territory as its own. When Kuwait regained its independence from Great Britain, Iraq immediately claimed Kuwait's territory but let the issue lapse when Iraq sought the protection of Britain and also turned to the Arab League for diplomatic support. As a result, in the 1980s Kuwait chose to support Iraq during the Iran-Iraq war, granting Iraq access to its ports, providing financial support, and, along with Saudi Arabia, helping Iraq export its oil. As a result, there was much tension—and even some armed incidents—between Kuwait and Iran.

Saddam Hussein "rewarded" Kuwait for its support by invading it in 1990, immediately making Iraq a bigger threat to Kuwait than Iran. U.S. intervention not only restored Kuwait's independence but made the United States into the country's main protector; it turned Kuwait into a reliable ally, willing to host U.S. troops during the war in Iraq. Although Kuwait was no longer forced to play the Iran card to protect itself from Iraq, it still moved to improve its relations with Tehran. Both countries acknowledge the improvement, and Kuwait has gone as far as defending the right of Tehran to pursue a peaceful nuclear program. Although Iran and Kuwait have had a decades-long dispute about the exploitation of the Dorra gas field, which is also claimed by Saudi Arabia, the problem has not led to a crisis and has been played down by both sides.

Among the GCC countries, Qatar and Oman are the ones that have most decisively set aside their qualms about Iran and chosen to cultivate good relations with it. In the case of Oman, the reasons are economic and, to some extent, historic. Oman, like Dubai, has a vested interest in trade—more accurately, smuggling—with Iran, although on a smaller scale. Trade ties are historic, and smuggling is a major source of livelihood for the population along a stretch of the coast that does not offer many other economic opportunities. Oman's location on the margins of the Gulf, well away from the epicenter of the Iran-Iraq conflict, has always allowed the country not to take sides and to maintain neutrality. Good relations with Iran, furthermore, have provided Oman with a degree of protection against Saudi Arabia in the past, in particular in 1975, when the shah helped Oman's sultan put an end to the Dhofar rebellion that the Saudis were supporting.

Relations between Qatar and Iran are determined by the small country's specific state interests as well as by the emir's ambition to play an important diplomatic role as a mediator in the region while also casting himself as a staunch advocate of the "resistance" against Israel and hosting U.S. military facilities. Qatar has the closest relation to Iran of any of the GCC countries. Although it supported Saddam Hussein in the 1980-1988 Iran-Iraq war, the issue does not appear to have left lasting consequences, in part because the country has a new emir. Qatar has a close economic connection with Iran: its offshore gas field—North Field is one of the world's most significant gas reserves—is geologically contiguous with the Iranian South Pars field, creating the potential for significant conflict. Although the two countries have found a compromise over the issue, there has been no fundamental solution to the potential conflict, giving Qatar a strong incentive to work with Iran.

But Qatar—more accurately, the emir—has also made political and ideological choices in relation to Iran, based less on state interest in the narrow sense of the term than on a vision of an international role for Qatar more ambitious than could be expected from such a small country. The emir has sought a role in settling conflicts in the Middle East. In this capacity, Qatar has come to be seen by some of its neighbors as being too close to Iran and its allies in the Middle East. In particular, in May 2008 the emir helped negotiate the Doha agreement between the Lebanese government and the opposition dominated by Hizbollah. Critics of the accord argued that the agreement gave Hizbollah a disproportionately large presence in the cabinet. There is no doubt that the agreement increased Hizbollah presence in the cabinet, but this happened after a showdown in Beirut during which Hizbollah demonstrated that the government did not have the capacity, politically or militarily, to curb Hizbollah's activities. As a result of the Doha agreement, Hizbollah and its allies were given one-third plus one of the ministerial posts, the "blocking third" they had sought in order to be able to veto major decisions they opposed. This put an end to the paralysis of the Lebanese government and parliament, but on Hizbollah's terms.

To critics of the agreement, Qatar had given Hizbollah what it wanted. A more accurate assessment is that Qatar helped the Lebanese government come to terms with the real balance of power between itself and the opposition. Nevertheless, many saw Qatar as siding with Hizbollah and its sponsor, Iran. Added to a decision by Qatar to invite Iran to attend a GCC summit held in Qatar in December 2007, the Doha agreement seemed to confirm the position of Qatar as a country close to Iran or, in the more loaded terms used by many Arab newspapers, part of the "rejectionist front" of radical countries. Yet Qatar had allowed Israel to open a trade office in Doha, which was closed by Qatari officials during the Gaza crisis.

This view of Qatar was confirmed to many after the Gaza crisis of January 2009, when Israel sent troops into Gaza in Operation Cast Lead aimed at weakening Hamas and stopping the missile launches. All Arab countries strongly condemned the Israeli operation, but most were also careful not to side openly with Hamas. Qatar publicly chose sides, offering Hamas help in the reconstruction of Gaza rather than finding ways to work there without channeling funds through Hamas.

Gulf countries have made different choices in dealing with Iran, choices dictated by state interests and policy choices. Perhaps more important in the long run, Gulf countries are also prevented from taking a common stand vis-à-vis Iran by a host of bilateral problems that mar their relations with each other. Some of the differences appear trivial to outsiders, but in the regional context they are not. Although a complete catalog of intra-Gulf disputes goes beyond the scope of this paper, a brief enumeration of salient issues will suffice to show the large number of divisive issues that exist in the region and make collective action difficult.

Many of the disputes involve Saudi Arabia, which has common borders with all other GCC members. A stretch of territory between the UAE and Qatar has been contested by those two countries and Saudi Arabia. The border between Qatar and Saudi Arabia was finally demarcated in 1999 after several clashes, the latest in 1992. The dispute with the UAE is still open, though, and the UAE still advances claims to the coastal strip up to the border with Qatar and to the corresponding territorial water. So far, the dispute has blocked a project to build a causeway connecting Qatar and the UAE because the causeway crosses water Saudi Arabia now claims as its own and Riyadh has no interest in facilitating a direct link between the UAE and Qatar. Saudi Arabia has also prevented the building of a gas line between Qatar and Kuwait across Saudi territorial water.

Other territorial issues have been patched up. Examples include a dispute among Oman, the UAE, and Saudi Arabia over possession of a number of villages in an oil-rich area and another dispute between Qatar and Bahrain concerning the Hawar Islands. The region's complicated history and the lack of clarity concerning recently established borders create many occasions for tensions. And politics, of course, plays a part in creating friction. Qatar's relations with its neighbors, for example, are often complicated by the broadcasts of Al-Jazeera, the TV station based in Qatar and financed by its government.

Even on issues on which Gulf countries and other Arab countries in theory agree, the myriad issues that separate Gulf countries and Arab countries more broadly can play havoc with the possibility of joint decisions, let alone joint actions. The divisions among Gulf countries were starkly revealed during a period of intense Gulf and—more broadly—Arab summitry following the Gaza war, which was condemned, unanimously and vociferously, by all Arab countries. Between January and March 2009, a series of GCC and Arab League meetings—some long scheduled, others hastily called—followed each other at a bewildering pace in the Gulf. The goal of the meetings was to coordinate an Arab response to the Gaza crisis and the Palestinian issue more broadly, but the meetings also offer interesting insights on the complications of the regional politics that are bound to affect any U.S. efforts to develop a regional plan for dealing with Iran.

On January 16, 2009, Qatar called for an emergency summit to discuss the Gaza situation. Because Qatar had taken an outspoken position on Gaza and had earlier irritated some Arab governments by negotiating among Lebanese parties to arrive at the Doha agreement that some considered too favorable to Hizbollah, the meeting was perceived by some countries as a gathering of radicals and, thus, was boycotted. Egypt, Saudi Arabia, and President Mahmoud Abbas of the Palestinian National Authority thus declined the invitation,

while Iran and Turkey (whose prime minister had taken a strongly anti-Israel position after the Gaza invasion) joined Syria, Algeria, Libya, Sudan, Iraq, Lebanon, and Hamas at the meeting. The regular Arab Economic and Social Development Summit, already scheduled to take place in Kuwait on January 19-20, 2009, devoted much time to the Gaza crisis and was attended by all member states, with King Abdullah of Saudi Arabia and the Arab League secretary calling for reconciliation in Arab ranks—indeed, Egypt, Syria, Qatar, and Saudi Arabia met on the sidelines of the conference to try to overcome their disagreements with Saudi mediation.

But a new "small summit" in Riyadh on March 11, 2009, called to smooth differences, excluded Qatar, seen as having broken ranks and taken a radical posture. The regular Arab League summit, held in Qatar as scheduled on March 30, drew wide attendance, although not by Egypt. Confusing as the politics of these meetings is, one conclusion is inescapable: the divisions in Arab and GCC ranks are real, although there is also a will to try to overcome them. Despite the ideological overtones of some of the accusations Arab countries levy against each other, the real problem appears to be less ideology than state interest and policy choices. The accusations of radicalism against Qatar, for example, need to be evaluated with a large grain of salt: Qatar did offer reconstruction aid for Gaza directly to Hamas, for example; Qatar also hosts a U.S. military base, cooperates with the United States, and had been allowing Israel to operate a trade office in Doha for years before closing it on the last day of the Gaza war. Whatever the causes, divisions among Gulf states are real, hampering the functioning of the GCC and making cooperation between the United States and the GCC difficult.

The Iraq Conundrum

Among Iran's neighbors, Iraq is the most difficult to characterize, both in terms of its position toward Iran and its relations with its Gulf neighbors. In brief, Iraq has a very confused and confusing relationship with Iran. Iraq's neighbors decry the fact that the weakened country no longer provides a counterbalance to Iranian hegemony, but at the same time they do not want a strong Iraq because they do not trust it, at least not as long as there is a strong Shi'i presence in its government.

Iraq, in any case, is so deeply divided that the position of the government does not reflect that of the entire political class, let alone that of the citizenry. Because Iraq's position on Iran is so ambiguous, the country is regarded with suspicion by its neighbors in the Gulf. Is Iraq's Shi'i government too sympathetic toward Iran? Worse, is it dominated by Iran? Is it doing Iran's bidding in isolating and sidelining the Sunni population? It is not possible to give clearcut answers to these questions.

Iran has played a careful game of establishing and maintaining ties to all Shi'i political factions and to all Shi'i militias in Iraq as well as to some non-Shi'i groups. Prime Minister Nuri al-Maliki has tried to play down the support his Dawa Party has always enjoyed and the fact that he became prime minister on the strength of Shi'i and Kurdish support, and to recast himself as a champion of Iraqi unity and national identity. Suspicion remains.

Gulf governments, all of them Sunni-dominated, thus regard Iraq with enormous skepticism and ambivalence. They fear the weakness of Iraq because they believe a weak Iraq makes Iranian hegemony possible. But they also fear a strong Iraq if it is ruled by a predominantly Shi'i government. They believe that Iraq is a crucial component of any security arrangement in the Gulf, but they remain reluctant to normalize their bilateral relations. Thus, the integration of Iraq in a regional security system may prove as difficult as the integration of Iran. Indeed, it might be even more difficult because the position of Iran is at least clear but that of Iraq is not, thus heightening its neighbors' suspicions.

Under Saddam Hussein, Iraq was the bulwark against Iranian hegemony, the frontline Sunni-ruled state poised to contain Shi'i influence. GCC countries, even Kuwait, took Iraq's side in the war against Iran, although in practice they did not offer much help. But Iraq's invasion of Kuwait was a stark reminder that Iraq, too, was dangerous, and Gulf countries, alongside most Arabs, supported U.S. intervention and the Gulf war. Bahrain, Qatar, Oman, and Saudi Arabia contributed some ground troops to the war effort. Bahrain was the primary naval base for the coalition, and many air operations in Iraq also originated there. Saudi Arabia became the major staging ground for ground troops, with approximately a half million stationed there during Operation Desert Storm. Furthermore, about 5,000 U.S. troops stayed on in Saudi Arabia after the end of the war, fostering resentment among religious elements and contributing to the strengthening of al-Qaeda and more generally to the spread of terrorism. U.S. troops were not withdrawn completely from Saudi Arabia until April 2003, after the overthrow of Saddam Hussein. In the wake of the war in 1992, Qatar signed a defense cooperation agreement that gave the United States access to air force facilities and allowed it to pre-position matériel in Qatar.

By the time the United States invaded Iraq in March 2003, the position of Gulf countries toward Iraq had changed again, and it was to change even more as Iraq turned into a weak state under the weight of its internal division, with Shi'a emerging as the major political force because of their number. For most Arab countries, even in the Gulf, Saddam Hussein was not a particularly dangerous neighbor. Obviously, he had shown he could get out of hand when he invaded Kuwait, but he did not advance historic claims on other Gulf countries. His was a repressive regime, but that was hardly unusual in that region. Also not unusual were Saddam's reliance on tribal support and his disregard for the rights of minorities, such as the Kurds or even the Shi'i majority. Most important, under Saddam Hussein, Iraq was seen as an effective counterweight to Iran.

Thus, Gulf governments showed little enthusiasm for the war that the United States launched in March 2003, and public sentiment was strongly against it, as it was in the rest of the Arab world. Essentially, all Gulf countries expressed opposition to a war that was not sanctioned by the United Nations, and they tried to convince Saddam Hussein to open up the country to the UN inspectors. Bahrain and the United Arab Emirates also encouraged Saddam Hussein to resign and take the road of exile, a suggestion that garnered little support from other GCC countries and was, of course, ignored by Saddam Hussein.

In the end, Gulf governments did nothing to hinder the U.S. operation against Saddam Hussein. Kuwait allowed the United States to use its territory as a rear base in the staging of the invasion—although the troops were kept carefully out of the city and out of sight. A visitor to Kuwait on nonmilitary business was extremely unlikely to catch sight of U.S. soldiers anywhere other than at the airport. Bahrain and Qatar also allowed the United States to operate from facilities on their territory but, again, very quietly.

Nevertheless, for GCC countries the war, and particularly its aftermath, were problems they would have preferred not to face. GCC countries worried about the new weakness of Iraq and the possibility of its splintering. They worried about elections bound to give Shi'a, as the largest population group, a much larger role—if not a dominant one—than they had ever had. Saudis in particular watched closely. Although they denied reports that they stood ready to intervene to prop up Sunni Iraqis if they should be threatened by a Shi'i takeover, they certainly provided funding for political organizations—and they are likely to do so in forthcoming elections.

The formation of a government controlled by an alliance of Shi'i parties, all of them enjoying good relations with, and probably receiving some support from, Iran did nothing to allay the fears of Gulf countries. They worried about a Shi'i-dominated government, but they also worried that the government was too weak to hold the country together. When Prime Minister Nuri al-Maliki started consolidating his power and changing from a weak leader under whose watch Iraq might disintegrate into one determined to take charge, they worried that his new assertiveness would further marginalize Sunna.

As a result, relations between the Gulf countries and Iraq remain distant. Despite U.S. efforts, they have resisted sending ambassadors back to Baghdad, citing security concerns, but in reality because of their political suspicion of al-Maliki—only the UAE, Bahrain, and Yemen so far have named ambassadors to Baghdad. Also, Arab countries manifest the same reluctance to heed U.S. suggestions that they forgive debt incurred by Saddam Hussein and even war reparations, with only the UAE agreeing to do so. Not surprisingly, a December 2008 suggestion by Secretary of Defense Robert Gates that GCC countries should consider extending membership to Iraq fell on deaf ears. Relations between Iraq and GCC countries remain cool even on the margins of Arab League meetings in which Iraq faithfully participates. At the summit held in Qatar on March 30, 2009, Prime Minister al-Maliki was denied a bilateral meeting with King Abdullah of Saudi Arabia, reportedly because of his poor record on national reconciliation. And although al-Maliki extended an invitation for the Arab League summit to be held in Baghdad in 2011, this was a gesture that bore little relationship to the actual status of Iraq within the Arab League, at least at present. As for GCC summits, Iraq has not been invited to participate, even as an observer, although Iran received such an invitation in 2008.

A Role for GCC Countries

One important component of a successful policy toward Iran in the long run must be the reintegration of Iran into the region and the development of new security arrangements in the Gulf. Although during the negotiations over Iran's nuclear program Gulf countries are essentially spectators to a process—the outcome of which will be determined by the United States, Iran, major European countries, Russia, and China—GCC countries have an important role to play in the difficult process of reintegrating Iran into the international community. Full reintegration can only be the outcome of successful negotiations, but the process must start earlier. Normalization of relations among the GCC countries, Iraq, and Iran would be a positive step in this process of reintegration. It would also help stabilize the region, decreasing tensions and the possibility of conflicts over bilateral issues that might trigger more serious problems.

From the point of view of the Gulf countries, normalization appears the safest bet. For the United States, normalization in the Gulf is not a bad outcome, and it is possible while more ambitious goals are not. Efforts to forge an anti-Iranian alliance will continue to fail. The most anti-Iranian of the countries in the region—Egypt and Israel—are not good partners for Washington in forming such an alliance for reasons discussed earlier. And the GCC countries are long past the point where they will trust the U.S. protective umbrella sufficiently to take steps that would increase tensions with Iran—or even with Iraq.

GCC countries have invested vast amounts of oil and gas revenue in building up their military capability through weapons purchases and training. This does not mean that they think they are—or will be in the future—a match for Iran. They still see the United States as central to their security, but they are also seeking to diversify outside protection. The UAE, for example, has allowed France to open a military base and is receiving French assistance in building a nuclear power plant; and, as mentioned earlier, Saudi Arabia has long looked to Pakistan as an additional source of protection. The growing contacts between GCC countries and Iran must be seen in the context of this policy of diversification that vulnerable Gulf countries are pursuing to protect their interests. They are not a challenge to the United States.

An attempt to develop an overall new security arrangement including all Gulf countries would not succeed at this point, though. First, Iran does not seem to be able to decide how to act vis-à-vis its smaller neighbors. It is extremely reconciliatory at times, but extremely threatening at others. It claims Bahrain, for example, as a historical province of Iran and shows no intention of negotiating with the UAE about the islands in the Strait of Hormuz. Second, the Gulf countries remain divided among themselves, by issues of state interest such as boundaries, territorial waters, and access to oil and gas fields as well as by more ideological issues of support for the "resistance" and thus for movements such as Hizbollah and Hamas. Third, no Gulf country truly trusts either Iran or Iraq. Given the limited success of the GCC itself in coordinating among its six members, there is little reason to believe that a security arrangement broadened to include all countries facing the Gulf would work at this time. The goal of a new overall security arrangement that includes all Gulf countries is premature, although it is an important long-term goal.

Normalization of relations between Gulf countries and Iran is a more limited and more attainable goal. This is what GCC countries have been pursuing individually. It has been a difficult project for all of them. They fear Iran and do not trust it, but they also fear U.S. policies in the region and do not trust the United States. They cannot play Iraq against Iran because they do not think Iraq is strong enough, and they do not trust its government. Yet they continue to pursue normal relations with Iran because they do not want to side with either the United States or Iran.

Normalization between Iran and its neighbors is in the interest of the United States under present circumstances. Yet Washington cannot and should not try to be a prime mover of normalization in the Gulf, at least not until its own relations with Iran are on a different footing, which is not going to happen immediately. But it can help in two important ways.

First, the United States should not try to force GCC countries to take sides between it and Iran. The United States has a strong presence in the Gulf and significant military facilities there. Gulf countries do not want to give up the protection that such a presence provides, even if they do not trust it completely. It is thus extremely unlikely that Iranian participation in Gulf meetings and high-level contacts between Gulf countries and Iran would affect the U.S. presence.

Second, the United States can help normalization in the Gulf by not putting pressure on GCC countries to choose sides between Iran and Iraq, as the United States is now doing by encouraging the quick return to full diplomatic relations. GCC countries have been burned before by taking sides. They supported Iraq against Iran, then they supported the United States against Iraq. They paid a price in both cases. It is neither surprising nor should it be a concern to the United States that they are now leery of Iraq, are not rushing to strengthen their diplomatic relations with it, and are not eager to write off debts and, in the case of Kuwait, war reparations. The fact that Iraq has never officially recognized the Kuwait-Iraq boundary established by the United Nations Security Council in 1993 is a strong reminder of why GCC countries do not trust Iraq any more than they trust Iran.

As the United States decreases its military presence in Iraq and inevitably sees its influence dwindling there, it cannot hope to impose its own stability in the Gulf. Under the circumstances, the messy, complicated, and at times seemingly contradictory set of relations emerging among Gulf countries is more of a solution than a problem.

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