

Change or continuity? US policy towards the Middle East and its implications for EU policy



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Introduction

Despite initial indications to the contrary, US policy towards the Middle East under the Obama administration has not changed significantly. Hopes were high as the new administration significantly changed the tone of US policy towards the Middle East, indicating its intention to re-start relations on a more even footing in an effort to repair the perceived damage to relations inflicted under President Bush. This change was evident in President Obama's 'new beginning' speech in Cairo, in which he spoke of relations based on 'mutual respect' and 'mutual interest'. It called for a comprehensive relationship rather than a narrow focus on security issues; a relationship based on partnership between people as well as governments. Other hopeful indicators included a newfound willingness to engage with Iran without preconditions and Obama's determination to tackle the Israel-Palestine issue from the start of his term. Despite the encouraging start, US foreign policy – towards the Arabian peninsula in particular – has reverted to the familiar pattern, prevalent since the mid-twentieth century, of focusing on security. It continues to place a premium on the stability considered to be guaranteed by the ruling families of the Gulf states. Policy towards the states of the Arabian peninsula focuses on 'working with the Gulf nations to increase cooperation to address security issues of mutual concern.'¹ The current primary security concern is Iran. To address this potential threat the Obama administration is building on commitments made under Bush to deploy anti-missile defence systems and accelerate hardware sales in the Gulf states; in effect continuing with a policy of creating an alliance to counter the Iranian regime. The lack of effective change can be attributed to an ad hoc and reactive approach, long-entrenched interests and dynamics, naïveté and domestic politics rather than coherent strategy planning.

¹ Senate Committee on Banking, Housing and Urban Development, Testimony of James B. Steinberg, Deputy Secretary of State, 6 October 2009.

The US's persistent focus on security issues should urge the EU to awake from its slumber regarding Gulf relations. Rather than lazily deferring to the US in most Gulf-related matters, the EU should incorporate the region into a broader Middle East strategy and help leverage the diplomatic and political potential the Gulf states can bring to the area.

The US in the Gulf: Security

The US's first formal involvement in the Gulf region can be traced back to the Saudi oil concessions in the 1930s and the announcement of a strategic relationship at the meeting between President Roosevelt and King Abdulaziz in 1945. But it was the abrogation of the British treaty relationships on foreign relations and defence in 1971 that would clear the way for the US to become the pre-eminent power in the region. The strategic relationship with Saudi Arabia, which was based on the development and defence of energy resources, was the starting point for building relationships with the rest of the Gulf states.² To ensure the stability of the oil producing countries, the US eventually agreed on defence cooperation agreements with the Gulf states. Until Iraq's invasion of Kuwait the Gulf states (except Bahrain and Oman) had preferred to keep US forces 'over the horizon', but after the invasion they granted the US access to their bases and military facilities. From then on, security was guaranteed by the forward deployment and maintenance of significant military force in the region.

US-Gulf security relations are based on individual defence cooperation agreements between the United States and each Gulf state except Saudi Arabia. The text of the agreements is classified but it is known that the pacts provide for facilities access for US forces, US training, and joint exercises; US equipment pre-positioning; and arms sales. The pacts do not include

² John Duke Anthony, 'The US-GCC Relationship', Saudi-US Relations Information Service, pp 2–3.

security guarantees that formally require the United States to come to the aid of any of the Gulf states if they are attacked. Nor do they give the United States automatic permission to conduct military operations from Gulf facilities; the US must obtain permission on a case-by-case basis. The two largest airbases used by the United States in the world are located in Qatar and the UAE. Bahrain has hosted the headquarters for US naval forces in the Gulf since 1948. Despite the wealth of most of the Gulf Cooperation Council (GCC) states, they receive some aid – which has increased recently – for the purpose of building anti-terrorism capabilities; promoting military-to-military ties; the maintenance of US-made weapons; and signalling continued support for their alliance with the United States. Saudi Arabia is concerned about internal opposition to a US presence so has not signed a formal defence pact with the United States; however, it has entered into several limited defence procurement and training agreements with them. Most of the 6000 Saudi-based US personnel, along with all Saudi-based US combat aircraft, were withdrawn in September 2003.³ An infrastructure protection agreement was signed in 2008 to train and supply a 35,000-strong Saudi force to protect the oil and gas facilities, diesel plants, power generators and future nuclear plants. In October 2008, then-US Ambassador to Saudi Arabia Ford Fraker referred to the program as ‘probably the single biggest initiative for the US–Saudi relationship,’ and predicted that the value of contracts associated with the programme could reach ‘tens of billions of dollars’.⁴

After September 11, counter terrorism became the overarching theme of US security engagement with the region. In response to the terrorist attacks, the Bush administration emphasised a reform agenda which was supposed to address the root causes of terrorism. The US’s heavy-handed, intrusive approach was generally opposed in the region and ended up vastly increasing

tension between Arab states and the US.⁵ Its most extreme expression was the invasion and subsequent regime change in Iraq. Most Gulf states were opposed to the US attack on Iraq but despite their objections maintained their access arrangements, enabling the US to continue operating militarily in Iraq and Afghanistan.⁶ Eventually, the lack of progress in Iraq, the consequent rising pre-eminence of Iran and Islamist advances in elections in Egypt and the Palestinian territories led to the abandonment of the reform agenda and a focus on the balance of power. Ultimately, instability in Iraq and fear of a rising Iran served to strengthen – with the US’s acquiescence – the hand of the authoritarian regimes in the region.

The Bush administration focused on forming an alliance against Iran by bolstering the Gulf states’ defence capabilities. Defence cooperation drew renewed emphasis and in 2006, the Gulf states and the United States re-focused on some of the joint defence initiatives that had lost emphasis in the previous five years. The Bush administration began efforts to revive and build on the Clinton government’s Cooperative Defence Initiative to integrate the GCC states’ defences with each other and with the United States. The Cooperative Defence Initiative was a scaled-down version of an earlier US idea to develop and deploy a GCC-wide theatre missile defence (TMD) system.⁷ Both former Secretary of State Condoleezza Rice and Undersecretary of State for Political Affairs Nicholas Burns visited the region in 2007 in an effort to garner support for US opposition to Iran’s nuclear development programme.

Prior to visiting the region with Secretary Gates in July 2007, Rice stated that the US was forging new assistance agreements with the Gulf States, Israel and Egypt in an effort to bolster the forces of moderation and support a broader strategy to counter the negative influences of al-Qaeda, Hezbollah, Syria and Iran. The

³ Kenneth Katzman, ‘The Persian Gulf States: Issues for U.S. Policy, 2006’, CRS Report for Congress (Washington DC: Congressional Research Service, The Library of Congress, 21 August 2006), pp. 7–12.

⁴ Saudi-US Relations Information Service, ‘Managing the Marriage: A Conversation with Ambassador Ford Fraker –Part 3’, 1 December 2008.

⁵ Rami Khouri, ‘America, the Middle East, and the Gulf: An Arab View of Challenges Facing the Next U.S. Administration’, Center for International and Regional Studies Brief No.1 (Doha: Georgetown University School of Foreign Service in Qatar, August 2008).

⁶ Katzman, op.cit. pp. 6–7.

⁷ Katzman, op.cit. pp. 18–19.

Gulf Security Dialogue sought to improve GCC defence capabilities and interoperability and to coordinate regional security issues, counter proliferation and counter terrorism policies and infrastructure protection.⁸ Rice also referred to a proposed package of military technologies that would 'help support their ability to secure peace and stability in the Gulf region.'⁹ Nicolas Burns identified the US's broad strategic interest in the Middle East as the maintenance of a very strong American presence and influence in the region. He spoke of US efforts to 'rebuff the attempt by Iran to advance its own strategic interest in the region and to expand its influence in the region' by making 'sure that countries are strong enough from a defensive standpoint to protect their borders, to deal with maritime security as well as other threats to security'.¹⁰ Conversations with Saudi Arabia and the other members of the GCC to address their security needs in terms of defensive systems were part of a package which included a new 10-year military assistance programme to Israel worth \$30 billion (raising the yearly average of US military assistance to Israel from \$2.4 billion per year to \$3 billion) and a new 10-year \$13 billion military assistance agreement with Egypt. Military sales to the GCC states were explained as an effort 'to enable these countries to strengthen their defences and therefore, to provide a deterrence against Iranian expansionism and Iranian aggression in the future'. Accused of abandoning reform efforts and returning to a focus on stability, Burns responded that 'we continue with our security assistance relationship as we had always planned and we had never indicated anything otherwise back in 2005 and 2006. And yet at the same time, have a longer-term agenda trying to promote the kind of political and societal change that will lead to greater freedom'.¹¹

The Bush administration was ultimately unsuccessful in its attempt to forge a strategy to contain and reduce Iranian influence by forming an alliance with 'moderate' Arab states, a tripartite coalition that was to comprise the US, Israel and the GCC plus Egypt and Jordan.¹² While the Gulf states are happy to bolster their defence systems and purchase US hardware they are less than enthusiastic about the creation of a system explicitly designed to contain and counter Iran, as they feel that this would be far too confrontational. Even attempts to create a Gulf Cooperation Council defence policy have been unsuccessful as US efforts to increase military cooperation among the GCC members are constantly stymied by petty political disputes, differing security strategies, resentment of Saudi domination and suspicion of Iraq.¹³ The Gulf countries are suspicious of each other and prefer to focus on deepening their bilateral defence ties with the US. According to a senior Gulf official, 'The Gulf knows it needs to beef up its defences. But for the set up that the US wants, which is to deal with the region as one institution, the Gulf countries need to have a different relationship between each other'.¹⁴ This lack of effective coordination, interoperability and mission priorities continues to render the GCC dependent on the US despite having spent more than 15 times as much on arms imports as Iran from 1988–2007.¹⁵

⁸ Christopher Blanchard, remarks at the 17th Annual Arab-US Policymakers Conference, Washington DC, 30–31 October 2008.

⁹ State Department, 'Assistance Agreements with Gulf States, Israel and Egypt', statement by Secretary Condoleezza Rice, 30 July 2007.

¹⁰ State Department, 'US Aid and Military Support to the Middle East Region', Press briefing by Under Secretary of State for Political Affairs Nicholas Burns, 30 July 2007.

¹¹ Ibid.

¹² Katzman, op.cit. pp. 4–5.

¹³ David Ottaway, 'The King and US', *Foreign Affairs*, May/June 2009.

¹⁴ Roula Khalaf, 'Resurgent Iran sets challenge for Arab rulers in troubled Gulf', *The Financial Times*, 2 January 2007.

¹⁵ Anthony Cordesman, remarks at the 17th Annual Arab-US Policymakers Conference, Washington DC, 30–31 October 2008.

Change or continuity?

The Obama administration significantly altered the style, tone and attitude of its policy towards the Middle East in an effort to demonstrate greater sensitivity and willingness to engage and listen rather than dictating terms in the region. Obama stated in his interview with *Al Arabiya* barely a week into his term that the US 'is ready to initiate a new partnership based on mutual respect and mutual interest'. Under Secretary of State for Political Affairs William Burns commented that 'We have reoriented our approach to diplomacy, focusing on partnership, pragmatism, and principle. This puts a premium on listening to each other, respecting differences and seeking common ground and areas of shared interests'.¹⁶ The new administration's approach was distinguished by a conciliatory and even apologetic tone which aimed to smooth over any existing tension. In Burns' words, 'a little humility goes a long way in the exercise of American power and purpose in the Middle East [...] America can lead more effectively through the power of our example than through the power of our preaching. I've learned that other people and other societies have their own realities, not always identical or hospitable to ours. That doesn't mean that we have to accept them or indulge them, but it does mean that understanding them is the starting point for successful policy'.¹⁷

This attitude was also reflected in the new administration's lack of desire to push for reform in the region. Obama has been careful not to repeat Bush's mistake of prioritising a 'freedom agenda' and then having to backtrack. Although Obama laid out the parameters of his views on democracy and human rights in his Cairo speech, little effort has been made to further these principles. The Middle East continues to

epitomise the pockets of realism still prevalent in US foreign policy: there are sufficient economic and security reasons for staying on friendly terms with the region's authoritarian regimes and downplaying democracy concerns. Furthermore, the State Department has to contend with Department of Defense priorities, that is, the stability of defence cooperation. Even if the State Department would like to see greater respect for human rights and democracy in the region, this battle is not its current priority. The risk is that the US will increase its unpopularity by supporting authoritarian regimes and being identified with unjust policies and regional realities. It should pay greater attention to the governance implications of its security arrangements.¹⁸ It is also questionable whether in the long term, the goal of maintaining security and stability will be best achieved through support for the status quo or through political and economic reform and a greater focus on governance.

Tactical changes were also evident in the first few months of the new administration. With the aim of negotiating solutions to persistent problems, there was a newfound willingness to engage without preconditions, mainly with Iran, but also potentially with Hamas, Syria and Hezbollah. In addition, the Obama administration stated that it would adopt a more 'holistic approach' in its Middle East policy. As William Burns explained in April 2009, the Obama administration believes that the challenges confronting the US in the region, including regional conflicts, undiversified economies, unresponsive political systems, proliferation of weapons of mass destruction and violent extremist groups are all connected and thus should be addressed comprehensively. A few months later, he listed the issues under the agenda for the Middle East as 'building peace between Israelis and Arabs; supporting the emergence of a new Iraq, at peace with itself and its neighbours; dealing with the challenge of Iran; and building economic and political hope, in a region which for too long has known too little of either. This is not an *à la carte* policy menu. We cannot successfully neglect one priority in the pursuit

¹⁶ New America Foundation, 'US-Saudi Relations in a World Without Equilibrium', speech by William J. Burns, Under Secretary of State for Political Affairs, 27 April 2009.

¹⁷ Middle East Institute, remarks by William J. Burns, Under Secretary for Political Affairs, Washington DC, 10 November 2009.

¹⁸ Institute for National Strategic Studies, op. cit. p. 207.

of others. Progress will inevitably be uneven, but it is important to connect the dots among issues, and pursue a comprehensive strategy'.¹⁹ Secretary of Defense Gates made a similar statement in June 2009 concerning the interrelated nature of security issues in the Gulf and the need for a comprehensive approach.²⁰ Another significant change was the willingness to address the Israel-Palestine issue from day one rather than waiting until the later years of the administration's term in office, as previous administrations did.²¹ This sent an important signal, as most Arab states see the Israeli-Palestinian conflict as the main destabilising factor in the region. The appointment of Senator Mitchell as Middle East Special envoy was welcome, as was the call for a freeze on all Israeli settlement in the Occupied Territories. In terms of policy towards the GCC states, the region's apparent priority status was suggested by President Obama's early visit to the Gulf, followed by a string of visits by high-ranking officials including Secretary of Defense Robert Gates, Special Representative to Afghanistan and Pakistan Richard Holbrooke and Secretary of the Treasury Timothy Geithner. However, the delay in the appointment of the Assistant and Deputy Assistant Secretary of State of the Bureau of Near Eastern Affairs as well as the US Ambassador to Saudi Arabia foreshadowed a lack of coherence.

Despite all the rhetoric, the change in policy has been minimal and thus all the more disappointing. Attempts to engage with Iran have not been as broad as they could have been, which may indicate a wish to 'check a box' before reverting to an 'axis of evil' paradigm. Rather than attempting to broaden the issues under discussion to address Iran's security concerns, Iran was offered a 'technical' deal which it was expected to accept or reject, with no scope for adjustment. There has been no effort to engage Hamas or encourage its reconciliation with Mahmoud Abbas. In fact, where the Israel-Palestine conflict is concerned Obama seems to

have fallen prey to the same naïveté that made him promise, during his campaign, that he would change the way things were done in Washington. After openly calling on Israel to freeze all settlement construction, the administration backed down as Premier Binyamin Netanyahu called Obama's bluff and unfroze 2,500 building licences in the West Bank and approved 468 new housing starts in occupied East Jerusalem. By August, US officials were saying that a freeze was no longer a condition for resuming talks and by November Secretary Clinton was calling Netanyahu's offer of 10 months of no new starts of settlements 'unprecedented'. It was back to business as usual as Obama opted to reconfirm Bush's August 2008 pledge to Israel of \$30 billion in military aid over the next decade and the new administration continued to shield Israel at the UN, as illustrated by the case of the Goldstone report.²² Some attributed domestic concerns to Obama's declining enthusiasm for the peace process, indicating the need to 'avoid antagonising sceptical law-makers whose support was needed on health care'. They point out that he began to lose interest mid-summer, precisely when the healthcare bill was running into trouble.²³

Rather than a coherent strategy towards the Middle East, current US policy is characterised by ad hoc responses and mixed signals. The oft-touted 'holistic approach' now seems nothing more than empty rhetoric, as issues continue to be dealt with in isolation and security is still given priority over all other matters. Relations with Gulf states continue to be filtered through the prism of the perceived Iranian threat, with Iraq, WMDs, counterterrorism and the protection of oil as additional concerns. The chosen method of addressing these issues is the strengthening of security ties, precluding any talk of political or economic reform and ignoring the priorities and concerns of individual states. The US has reverted to a policy package which could potentially include a US-

¹⁹ Ibid.

²⁰ US: CENTCOM Gulf States Chiefs of Defense Conference, remarks by Robert M. Gates, Secretary of Defense (Washington DC, 23 June 2009).

²¹ Al Arabiya, interview with President Barack Obama, 27 January 2009.

²² Graham Usher, 'Continuity Masquerading as Change: Obama's Middle East Promise Fades', *Middle East International* 2/1 (6 November 2009).

²³ Edward Luce, 'A fearsome foursome', *The Financial Times*, 4 February 2010.

backed missile defence shield for and within the Gulf (but possibly extending to Jordan, Egypt and therefore effectively to Israel) and tough economic sanctions enforced by a US-led 'coalition of the willing'.²⁴ In July 2009 Hillary Clinton warned that the United States would consider extending a 'defence umbrella' over the Middle East if Iran continued to defy international demands for it to cease its Uranium enrichment programme, which could allow Iran to construct nuclear weapons. While such a defensive shield has long been assumed, no senior official had ever publicly discussed it. Some considered the timing of the remarks as a signal to Tehran that its nuclear ambitions could be countered militarily, as well as diplomatically.²⁵ Clinton ignited controversy with her statement that 'If the US extends a defence umbrella over the region, if we do even more to support the military capacity of those in the Gulf, it's unlikely that Iran will be any stronger or safer, because they won't be able to intimidate and dominate, as they apparently believe they can, once they have a nuclear weapon'.²⁶

Iran: the prism for Gulf relations

In dealing with Iran, Obama initially abandoned the Bush administration's harsh rhetoric and threats of military intervention in favour of engagement without preconditions. His administration also moved away from demands that Iran abandon its nuclear enrichment programme, instead focusing on nuclear weapons capability. On October 10 2009, Clinton stated that 'We have made it clear to Iran that they have a right to peaceful nuclear energy for civilian purposes under appropriate safeguards and monitoring, but not to a nuclear weapons programme'. There was no mention of dismantling centrifuges or

zero enrichment; rather her statement seemed to imply the possibility of accepting some enrichment in return for more intrusive inspections.²⁷

Ironically the more confrontational rhetoric was taken up by France and to an extent the United Kingdom, while the US appeared to adopt the more sanguine pragmatism characteristic of European reasoning. Europeans found the Bush administration's hard-line approach unhelpful and preferred focusing on demands for further inspections and enrichment 'suspension'. A day before negotiations were due to take place in Geneva on October 1, the *Financial Times* revealed that Britain's intelligence services said that Iran had been secretly designing a nuclear warhead 'since late 2004 or early 2005', an assessment at odds with that of the US intelligence services. Prior to the meeting in Geneva the US disagreed with France and the UK over tactics for the talks, with the US downplaying longstanding calls for Iran to suspend uranium enrichment and Europeans expressing concern that they were being too soft.²⁸ Europeans were concerned that the US would sacrifice the principle of preventing Tehran from enriching uranium in favour of broad talks with Iran on regional and bilateral issues. France insisted that an agreement on a freeze on uranium enrichment had to be reached by December or new sanctions imposed. President Sarkozy went so far as to state at the United Nations General Assembly in September that he supported 'America's outstretched hand. But what has the international community gained from these offers of dialogue? Nothing but more enriched uranium and centrifuges'.²⁹

Iran initially seemed to agree to the draft deal presented in Geneva, under which it would have shipped approximately three-quarters of its stockpile of low enriched uranium (LEU) to Russia for further enrichment and then to France for conversion into metal fuel rods to supply the Tehran Research Reactor.

²⁴ Neil Partrick, 'The Gulf States and a fourth Gulf War', Royal United Services Institute, Commentary, September 2009.

²⁵ Mark Lander and David E. Sanger, 'Clinton Speaks of Shielding Mideast from Iran', *The New York Times*, 23 July 2009.

²⁶ Emile Hokayem, 'Hillary's grand idea on Iran may not serve the Gulf', *The National*, 28 July 2009.

²⁷ <http://enduringamerica.com/2009/09/27/transcripts-secretary-of-state-clinton-on-cbs/>

²⁸ Daniel Dombey and James Blitz, 'US and allies in disagreement on tactics for talks', *The Financial Times*, 1 October 2009.

²⁹ Steven Erlanger, 'Europe Still Likes Obama, but Doubts Creep in', *The New York Times*, 2 November 2009.

This would represent a triumph for the Western negotiators – as they made clear – as it would remove enough nuclear fuel from Iran to delay any work on a nuclear weapon until the country could replenish its stockpile of fuel, which would take about a year. But the proposal met with disapproval in Iran, as parliament argued that it was unreasonable to give up a 'national asset' without assurance that the P5+1 (the permanent five members of the UN Security Council plus Germany) would comply with the delivery. The Iranians eventually proposed an alternative arrangement, in which the swap would take place inside Iran. They also suggested sending smaller amounts of LEU in batches to third countries. Rather than responding with a counter-offer (such as sequestering Iranian LEU under strict safeguards until the replacement fuel cells were available), the United States and its partners introduced a sharply critical resolution by the International Atomic Energy Agency board. Relations between the US and Iran are now looking increasingly similar to those under President Bush.³⁰ Some analysts have criticised the Obama administration regarding its restricted attempts to engage with Iran and the fact that its efforts have always been accompanied by the threat of further sanctions. They have called for a more comprehensive framework for negotiations, which would address Iranian concerns and include a regional agenda with talks on Iraq, Afghanistan and Israel-Palestine – all areas where Iran could play a more cooperative role. There are even claims that engagement has simply been used to build support for more coercive measures. The logic is that having attempted to engage Iran; the US is now in a stronger position to persuade Russia and China to support sanctions.³¹

Obama's government attempted to delay the passing of sanctions by the US congress out of concern that such legislation might weaken rather than strengthen international unity towards sanctions at the UN Security Council. Nevertheless, on October 14 2009

the US House of Representatives enacted legislation authorising state and local governments to divest from companies trading with Iran's energy sector and on January 28 2010 the Senate passed the Iran sanctions act. Although on November 27 Russia and China backed the board of the International Atomic Energy Agency's censure of Iran over its Qom reactor, their support for further sanctions cannot be guaranteed.³² Russia's commitment is difficult to ascertain and China's envoy to the United Nations recently stated that his government is not ready to impose new sanctions.³³ It seems highly probable that China will continue to import significant amounts of oil from Iran and that the Chinese National Energy Companies will become increasingly involved in the Iranian upstream.³⁴ In any case, the Obama administration fails to realise that sanctions – if they can be agreed upon – will not produce strategically meaningful leverage over Iranian decision-making about the nuclear issue and other matters of concern.³⁵

Despite their wariness towards Iran and their willingness to keep buying armaments from the US and Europe, the Gulf states are unlikely to openly forge an alliance against Iran. This was evident during the Bush administration, as efforts to formulate a strategy to curtail and even decrease Iranian influence by forming an alliance with 'moderate' Arab states and Israel (GCC states, plus Egypt, Jordan and Israel) faltered. The GCC states have yet to formulate a coherent or common approach to address the Iranian issue, but an economically or militarily combative stance is unlikely. In September 2009, the GCC's Council of Foreign ministers called for the continuation of friendly and neighbourly relations with Iran. The communiqué stated that 'All countries of the region should be

³⁰ The National, 'The US and Iran: It's all in the game', 10 December 2009.

³¹ 'Giving Engagement a Bad Name: Iran Policy at one year', <http://www.raceforiran.com>

³² Ian Black, 'Europeans united but gloomy on the Iranian nuclear front', *Bitterlemons International* 43/7 (3 December 2009), <http://www.bitterlemons-international.org/previous.php>

³³ Colum Lynch, 'At UN: China insists it's not 'right' time for sanctions on Iran', *The Washington Post*, 6 January 2010.

³⁴ Flynt Leverett and Hillary Mann Leverett 'Debating The Strategic Significance of Iran's Natural Gas', 18 January 2010, <http://www.raceforiran.com>

³⁵ Marina Ottaway, 'Iran, the United States, and the Gulf: The Elusive Regional Policy', *Carnegie Papers, Middle East Program*, Number 105, November 2009, p. 1.

committed to the principles of good neighbourliness and the policy of non-interference in the internal affairs of each other'.³⁶ This attitude can be partly explained by a natural diplomacy which favours accommodation over outright confrontation, in addition to the fear of retaliation and a wish to protect business interests, given that there are important economic interests at play. Iranians in Dubai enjoy longstanding close business ties with their counterparts throughout the United Arab Emirates. Dubai handles an estimated 60 per cent of Iran's merchandise trade, hosts nearly 10,000 Iranian-owned firms and is linked to Iran by more than 250 flights a week.³⁷ Trade between Iran and the UAE in 2006 stood at about \$10 billion, according to the Iranian Business Council.³⁸ Furthermore, any potential attack by the US on Iran would take place on their territory.

Most Gulf states believe Iran's objective to be regional hegemony. Rather than fearing an attack from Iran, they are concerned about Iran's power projection, which includes the soft power of religious and political propaganda among the Gulf Shia and wider Arab opinion, as well as armed intervention via perceived proxies in Lebanon and Gaza. Although they might want the US to be firm with Iran, they are unwilling to take such an approach themselves and they will not openly side with the US when it does.³⁹ They would like to contain Iran without antagonising it and would prefer to check Iranian power without confrontation. They will not agree to promote regime change or bomb nuclear facilities.⁴⁰ GCC states' unwillingness to challenge Iran is also indicative of their questioning the US's ability to protect them following the Iraq debacle. Initially, they also expressed concerns that – despite assurances to the contrary by the US – a deal would be struck between the two powers that might ignore their interests. During his visit to Egypt and

Saudi Arabia in May 2009 US Secretary of Defense Robert Gates said that his message, 'particularly to the Saudis', is that 'any kind of outreach to Iran will not be at the expense of our long-term relationships with Saudi Arabia and the Gulf states that have been our partners and friends for decades'.⁴¹ The Gulf states have repeatedly asked Washington to coordinate its policies with them before acting.

Security and stability prevail

Despite US efforts to re-centre and repair an eroded relationship with the Middle East, it seems abundantly clear that a change in tone and short term tactics will be insufficient to overcome entrenched dynamics and haphazard policy. US policy continues to be hampered by mixed signals, blundering diplomacy, lack of credibility and disregard for Gulf state interests. Rather than a coherent strategy, the US approach more closely resembles a list of demands: the US would like the Gulf states to engage diplomatically with Iraq (and at some point even include it in the GCC); be part of a united front against Iran and if necessary pressure Russia and China to agree to further sanctions; and make concessions to Israel as confidence-building measures. All of these demands are unlikely to be met. The statement by Gates that 'Iraq wants to be your partner, and given the challenges in the Gulf, and the reality in Iran, you should wish to be theirs',⁴² met with an unenthusiastic response. Saudi Arabia already opposed Iraqi membership of the GCC during the Saddam era because it feared Saddam's hegemonic aspirations. It is unlikely to change its mind now that it believes that Shiite-ruled Iraq to be under the influence of Iran.⁴³ The Gulf states

³⁶ Arab news, 'GCC ministers call for cementing relations with Iran', 3 September 2009.

³⁷ *The Economist*, 'Caught in the middle but still perky', 6 November 2008.

³⁸ Camelia Entekhabi-Fard, 'US seeks Persian Gulf allies against Iran', 24 January 2007, www.eurasianet.org.

³⁹ M. Ottaway, op. cit. p. 2.

⁴⁰ D. Ottaway, op. cit.

⁴¹ Greg Gause, 'Fear thy neighbour', *The National*, 14 May 2009.

⁴² US: CENTCOM Gulf States Chiefs of Defense Conference, remarks by Robert M. Gates, Secretary of Defense (Washington DC, 23 June 2009).

⁴³ D. Ottaway, op. cit.

have no intention of openly uniting against Iran and they will certainly not cede ground to Israel.

These demands reveal a lack of regard for Gulf state priorities. In exchange for compliance, the US offers security through the provision of military protection. The US has yet to come to terms with the GCC states defining their interests outside of the context of the need for US military protection.⁴⁴ The Gulf states feel neglected by the US (especially in terms of dealing with Iran) and at times even annoyed, for example when asked publicly to provide confidence-building measures to Israel. They would like to see acknowledgement for the role they have to play in the region. Above anything else, the Gulf states would like to see the Israeli-Palestine conflict resolved and Iran contained, without appeasement at their expense. Their repeated calls for a weapons of mass destruction free zone in the Gulf have been disregarded. Coupled with doubts over the US ability to cope with the regional conflicts, these factors are dampening their willingness to cooperate with the US.

Including the Gulf states in talks concerning the issue of Iran, above and beyond the focus on defence cooperation, would be the first step towards recognising not only their interests, but their increased diplomatic and political role in the region. Despite its initial overtures, the Obama administration's relationship with the Gulf states has been uneven, oscillating between a willingness to pursue common interests and disagreement over conflicting objectives. Their loss of faith in the US, exasperation at the lack of progress in dealing with regional problems (Israel) and frustration at not being consulted or included in dealings on regional issues (Iran and Iraq) has led some Gulf states to play increasingly independent and assertive roles in the region.

Saudi Arabia is taking over the regional leadership role from Egypt, perhaps in an attempt to counter Iran's increasing profile in the area. Its diplomatic advances

towards Libya and Syria could be interpreted as attempts to create a united Arab front to counter Iran's growing influence.⁴⁵ In addition, Saudi Arabia has supported Lebanon's pro-western Sunni political bloc, attempted to broker a unity government in Palestine and is increasingly involved in the conflict in Yemen. The US also recognises that Saudi Arabia has a role to play beyond its immediate neighbourhood. As William Burns admitted in April 2009, 'Our prospects for success in Afghanistan and in Pakistan are enhanced by deepening our cooperation with Saudi Arabia'. Similarly, Qatar has been heavily involved in regional affairs, although its hyperactivity has been viewed as somewhat of an annoyance by the US. Nevertheless it has ties with Hezbollah, Hamas and Iran, which give it unique leverage. Although such a growing political profile should increase the premium on a more structured and strategic transatlantic engagement with these regional players, this has not been the case – despite the fact that the Obama administration seems perfectly aware of the role the Gulf states could play in the different regional conflicts. In June 2009, Special Representative for Afghanistan and Pakistan Richard Holbrooke stated that the US seeks to 'establish an intellectual strategic base' with the Gulf States to coordinate policy on Afghanistan, Pakistan and Middle East issues. Reflecting the absence of a comprehensive strategy for dealing with challenges in the Middle East, the US has failed to leverage the potential offered by allies such as Saudi Arabia and Qatar.

⁴⁴ Christian Koch, 'Respecting Arab interests', *The Khaleej Times*, 26 October 2007.

⁴⁵ Michael Slackman, 'Influence of Egypt and Saudi Arabia fades', *The New York Times*, 11 November 2009.

Changing dynamics and implications for EU policy

The loss of US standing in the region, which began under Bush and has yet to be reversed, has encouraged the Gulf States to look towards Europe and increasingly towards Asia too. But the EU is not prepared for such engagement. In strategic terms, the EU continues to regard the GCC countries as a sub-category of the broader Middle East rather than a region meriting its own distinct approach and set of priorities. Not only does the EU lack a coherent policy towards the Gulf, it also operates in a vacuum, ignoring shifts in US policy and political and economic changes within the region itself. The lack of content and subsequent neglect of the EU Strategic Partnership with the Mediterranean and the Middle East⁴⁶ agreed in 2004 is as telling as the inability to conclude the EU-GCC Free Trade Agreement (FTA). Consequently, both the US and EU are being displaced by Asia. The centre of gravity is shifting and the Gulf is looking ever more eastward. Most Gulf states are increasingly focused on markets in China, India and other Asian countries.

As part of their newfound assertiveness, Gulf states are diversifying their security cooperation relationships. This is an important signal given that Gulf states have traditionally used arms sales as an extension of foreign policy. Although it would be unrealistic to pretend that the EU could offer the sort of security guarantees provided by the US, the Gulf states have expressed their interest in focusing on certain security-related issues in which the EU could potentially play a role, such as preventing drug trafficking, human trafficking and proliferation. But the absence of a well-defined EU policy towards the region has simply led to increased

member state competition in defence cooperation. Efforts by EU member states to bolster their presence in the Gulf are evident in the flurry of official visits that has taken place in the last two years. In recent years, Germany and the UAE signed a 'Strategic Partnership'; the French established a military base in UAE and signed a broad accord on defence cooperation with Kuwait; and Blair and Brown both visited the region. Hervé Morin, French Minister of Defence, recently stated that 'France has decided to regain its place and to play a full role to secure the stability and security of this strategic region'.⁴⁷ The UK also intends to 'maintain a substantive military presence in the region,' according to Bob Ainsworth, British Defence Secretary.⁴⁸ Similarly, Italian Foreign Affairs Minister Frattini stated in December 2009 that Italy had begun to step-up its presence in the Gulf after a period of absence.⁴⁹ While the extent of discussions with European governments is unclear, France, Spain, the UK and Germany have been talking with individual members of the GCC about security issues.⁵⁰

Similarly, Gulf states are looking to diversify their economic relationships. The US relationship is no longer reflexively the first but rather one among many within a whole web of relationships.⁵¹ Furthermore, the Gulf states – especially Saudi Arabia as a member of the G20 – have played an important role in supporting international efforts to stem the global financial crisis. While the GCC's weight in economics and international finance has increased, the half century of US economic predominance in the region is over. However, the impasse in FTA negotiations has weakened the EU's political and security presence in the Gulf and simply led to increased member state competition in trade, transport and renewable energy

⁴⁷ Reuters, 'Kuwait says it wants Rafale jets, awaiting terms', 22 October 2009.

⁴⁸ *Kuwait Times*, 'British Government to maintain military presence in Gulf', 4 November 2009.

⁴⁹ Kuwait News Agency, 'Italian diplomacy prioritizes relations with GCC members: Frattini', 2 December 2009.

⁵⁰ Institute for National Strategic Studies, 'Global Strategic Assessment 2009: America's Security Role in a Changing World' (Washington DC: September 2009), p. 199.

⁵¹ Saudi-US Relations Information Service, 'The vital Triangle: China, the United States and the Middle East, A Conversation with Jon Alterman', 5 February 2009.

⁴⁶ <http://consilium.europa.eu/uedocs/cmsUpload/Partnership%20Mediterranean%20and%20Middle%20East.pdf>

cooperation. This has occurred despite the facts that the volume and value of EU-GCC trade is twice the level of that between the US and the GCC, EU economies have a far greater reliance on GCC energy exports than the US and that transport routes between the two regions are shorter in length and time. Furthermore, the EU has greater credibility and economic influence in the region than any other economic bloc. Despite these advantages, the EU's approach to economic issues has weakened its geopolitical presence and led to a relative decline in European presence and influence. GCC states lament that the EU has failed to support their desire for a broader geopolitical partnership, yet they see the signing of the FTA as a prerequisite to deepening broader political relations. The current impasse is actually the result of a more assertive Gulf seeking better terms in its relations with Europe, and of Europe still regarding some Gulf states as mere energy suppliers rather than geostrategic players.

Although the EU imports a higher percentage of its oil from the Gulf than the US does, it is much less actively involved in the region and its energy strategies are less developed there than with other producer regions, even though the hydrocarbon resource concentration in the Gulf ensures that it will remain a major source of energy. Iran, Iraq and the GCC states possess about 57 per cent of the world's total proven oil reserves and about 45 per cent of the world's proven gas reserves. The countries in the Gulf (including Iran and Iraq) produce about 20 million barrels of oil per day, approximately 30 per cent of the world's oil production.⁵² In 1980, two thirds of the region's oil went to Europe and the United States; by 2004 this share had declined to one third. The European Commission has proposed extending the structure of both the ENP Energy Treaty and the Euro-Med Common Energy House to the GCC states, as well as offering the latter the kind of energy agreement offered to Algeria and Egypt. However, the continued impasse in trade negotiations between the EU and the GCC undercuts the prospects for other aspects of policy

cooperation. The GCC states have rejected the idea of a Memorandum of Understanding on energy cooperation, insisting that an FTA is the precursor to deepening other areas of cooperation. A long-standing bi-annual EU-GCC energy experts' meeting has been diminished rather than expanded in recent years, with officials of a lower level than before presiding on both sides. The European Commission has sought to deepen energy cooperation at the bilateral level with individual GCC states, but here the potential is limited to technical issues such as reducing flaring and energy-efficient product development.

It is no longer expedient for the EU to sit back in the knowledge that the Gulf region is a US sphere of influence. The US's eroded credibility and refocusing on narrow security interests leaves the way open for leadership in leveraging the role of the Gulf states in the management of the region. The Gulf states have much to offer both politically and economically. Their leverage and contacts could help to resolve many of the intractable conflicts which plague the region and their growing economic and financial acumen will play a key role in the development of the global economy in the coming years. The EU should incorporate the region into a broader Middle East strategy, helping to leverage the Gulf states' regional diplomatic and political potential. In light of the US's failure to change its approach, the EU should not give up on governance and political reform and resist the temptation to cater to the ruling regimes. Despite its general rhetorical commitment to democracy and human rights, the EU has shown just as little appetite for pushing for reform in the region as the US. While the EU welcomes US efforts to rebuild bridges and tone down the rhetoric it is no more willing to push for cooperation on governance concerns. If the EU does have a common normative orientation, this region constitutes a pocket where structural constraints – or at least a perception of such constraints – militate against democracy promotion. If there is a drive to replicate internal EU norms, these are limited to the economic arena and certainly do not portend to achieve significant political reform. This approach could prove counterproductive in the long run, as the

⁵² Katzman, *op. cit.* p.26.

EU risks losing the more favourable image it currently holds in the region. Unquestioning support for authoritarian regimes and unjust policies will only make it unpopular. Furthermore, if carried out properly, pushes for reform will not hinder commercial and defence relations as feared.

The EU should now concentrate on capitalising on its expertise in coordinating regulatory reforms in different states; facilitating technology transfer that could aid the Gulf economies in their diversification efforts; concluding the FTA from which it will benefit the most; providing technical cooperation for the implementation of the customs union; and helping to build standards and capacities through its experience in legal and regulatory reform. Science, technology and education can also play an important role in raising the EU's profile in the region. At the moment, much of the energy-related science and technology is American and thousands of Gulf professionals study at US universities. Europe has a lot of catching up to do.

Conclusion

The high hopes raised by Obama in Cairo have already been dashed in the face of weak follow up and outright inconsistencies. Whether out of naïveté or a difficulty in reconciling a foreign policy that aims to be both 'principled and pragmatic',⁵³ the great promise of Obama's policy in the Middle East is suffering severely. Despite popular criticism, Gulf rulers are committed to continuing their cooperation with the United States, albeit less enthusiastically. While the US's credibility has eroded, the EU appears unable to capitalise on its own credibility due to the lack of an institutional framework for cooperation and an ill-suited, almost exclusive focus on concluding a region-to-region FTA.

Like the US, the EU is also increasingly focused on security. As the High Representative of the EU Lady Catherine Ashton recently stated, 'The theme that's in my mind is security, with a big 'S' and a small's''. Nevertheless, this is unlikely to translate into greater involvement in Gulf relations or in the Middle East as a whole. The EU continues to regard the region as a US sphere of influence. It also is unclear what role, if any, the US envisages for Europe in the region. A statement of policy on Palestine and Israel issued by the EU in December 2009 was received by the US with distaste and viewed as an unwelcome intrusion. Despite Obama's 'punt on multilateralism', it is unclear that the US administration actually wants to cooperate with the EU in the Gulf, aside from on very specific issues such as sanctions on Iran, or writing off Iraq's debt. As Timothy Garton-Ash recently pointed out, even if 'European powers remain, after China, the most operationally significant to American foreign policy' the US worldview is along G2 (US, China) lines, not G3 (US, EU, China) ones. If the US expects little from the EU, this is because in terms of foreign policy it does not consider it to be a unitary actor – unlike in trade and competition policy. Americans will therefore call on whichever of the governments or groups of governments hold sway in the issue they want to address. What the US really wants is for the Europeans to exert pressure on the Gulf states to act how the Americans would like them to act.

The Obama administration's dithering on the Middle East suggests that it is up to the EU to live up to its rhetoric and forge a strategy in the Gulf that places it in a credible role as interlocutor for both the US and the GCC. A more proactive EU role which takes into account the Gulf states' aspirations and builds on its credibility could go a long way towards re-establishing some of Europe's lost influence in the region.

⁵³ Israeli Presidential Conference 2009, 'The Responsibility We Share for Our Common Future', remarks by Susan E. Rice, US Permanent Representative to the United Nations, 21 October 2009.

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US policy towards the Middle East under the Obama administration has not changed significantly. The high hopes raised by President Obama's 'new beginning' speech in Cairo have since been dashed in the face of weak follow up and outright inconsistencies. The US's persistent focus on security issues presents an opportunity for the EU. Rather than deferring to the US in most Gulf-related matters, the EU should incorporate the region into a broader Middle East strategy and help leverage the diplomatic and political potential the Gulf states can bring to the area. A more proactive EU role which takes into account the Gulf states' aspirations and builds on its credibility could go a long way towards re-establishing some of Europe's lost influence in the region.

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