



GRC Workshop on:

"The External Factors and Political Stability In the GCC States"

Gulf Research Center

8-9 January 2003

Dubai - UAE



Gulf Research Center

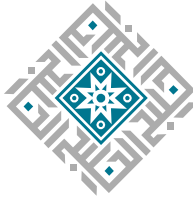
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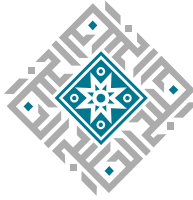
Abstract

The Gulf region has been the focus of attention of the world not only because of its geographical strategic location, but also because of its huge oil and gas reserves estimated at about 65% of the total world proven reserves. In spite of the great changes and developments the region has found itself since the late seventies of the twentieth century, the GCC states have managed, in varying degrees, to maintain a remarkable level of political stability. However, these states still face many internal and external, current and potential sources of political instability. As the region stands at the threshold of a new phase of instability, the Gulf Research Center (GRC) in cooperation and coordination with the International Institute for Strategic Studies (IISS) in London, took the initiative to hold a workshop at the GRC office in Dubai, 8-9 January 2003, to discuss the external factors threatening political stability in the GCC states. A group of distinguished academics and experts in the affairs of the region from the GCC states, Yemen, Egypt, Iran, USA, Europe, China and Japan discussed and analyzed the conditions in Iraq, the US policy in the Gulf region, Iran, Yemen, the Indian Sub Continent, the fundamentalist groups and oil and the current and potential effect of these factors on the political stability in the GCC states.

In his opening speech, Abdulaziz Sager, Chairman of GRC, welcomed the participants and affirmed that the main topics of the workshop had been chosen in accordance with the present conditions in the Gulf region which give this meeting exceptional importance. The region is slated to witness huge changes which are likely to affect its political, economic and social aspects that we need to discern and analyze. Dr. John Chipman, Director of IISS in London, reiterated the importance of this region and the gravity of the developments and challenges it faces. He extended his thanks to GRC for hosting this workshop.

Dr. Yezid Sayigh, Consulting Senior Fellow for the Middle East at IISS and Professor of International relations at Cambridge University, moderated all the sessions and greatly enriched the discussion with his valuable contributions.

During the first session on the condition in Iraq, Dr. Charles Tripp, from the Department of Political Studies, School of Oriental and African Studies (SOAS) in London, presented a quick brief on the possible future developments in Iraq and their ramifications on the GCC states. Though he was of the opinion that war on Iraq was inevitable, he said that whether a war is launched against Iraq or not, the situation is not going to be assuring to the GCC states. If the war does not break out, the US military presence in the region and the opposition by some groups in the GCC states and Iran to this presence, as well as the intensified surveillance operation over the no-fly zones in southern and northern Iraq will keep the region highly tense. But if a war is launched, Iraq might retaliate by attacking Kuwait, Saudi Arabia and some other countries in the region, increase popular sympathy with the Iraqi people and intensify Iranian and Syrian opposition to US presence in Iraq. Furthermore, the GCC states might be asked

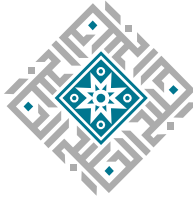


to contribute to the cost of war and rebuilding Iraq while waves of thousands of refugees will take refuge in the neighboring countries. This will add new security challenges to these states. Dr.Gregory Gause, Associate Professor at the Department of Political Science, University of Vermont, USA, and one of the US academics specialized in the affairs of the Gulf region, said that war could lead to the division of Iraq and create a state of chaos throughout the country. Accordingly, the GCC states must prepare for a different Iraq after the war and the security challenge this will pose for them. Professor Abdul Khaleq Abdulla, Professor of Political Science at Emirates University, underlined the need for achieving a just and comprehensive settlement for the Iraqi Crisis, taking into account the interests of all the parties involved, so that the third war, if it takes places, will not be a preparation for a fourth Gulf War.

While Dr.Shafeeq Ghabra, Chairman of the Center for Strategic and Future studies, and Professor of Political Science at Kuwait University, called for engaging Iraq, not as a defeated country, in order to avoid another cycle of violence in the region, Dr.Jasim Al Khalufi talked about the potential repercussions of the US war on Iraq and how it is viewed by some as the first step towards imposing reforms or changing regimes in the region.

Professor Anoush Ehteshami from the Department of Middle Eastern and Islamic Studies, University of Durham, UK, agreed that there are such concerns and added that some believe that Syria is a low hanging fruit. Professor Giacomo Luciani, Professor of Political Economy at the European University Institute, Italy, talked about the urgent need for the GCC States to present a specific unified view about the future of Iraq and to come forward with constructive and imaginative proposals to deal with the Iraqi crisis whether it joins the GCC or other countries in the Levant.

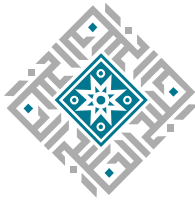
The Second session was chaired by Dr.Gause who said that war on Iraq is inevitable and if the US manages to change the regime in Iraq, the Saudi-US relations will never be the same. Most of the US forces deployed in Saudi Arabia are there to carry out operations over the no-fly zone in southern Iraq and if the regime is changed there will be no need for those forces to stay. As far as having a democratic regime in Iraq, Dr. Gause said that this would only be a model for the countries of the region where Iraq will go through a transitional stage instead of full democratization. Though US has no plans to go to Iraq, the US will practice pressure on both Iran and Syria and use Iran as an excuse to keep its forces because it believes that Iran represents a threat to its security and national interests. Professor Tim Niblock, Director of the Institute of Arabic and Islamic Studies, University of Exeter, UK raised questions about the core US interests behind launching a war against Iraq. Is it to serve the Israeli interests or to rectify the conditions which emerged after the Second Gulf War, or is it motivated by the US economic interests, or is it a war on terrorism? He said that the real reason behind this war is not that the Iraqi military forces and the threat it might pose to the US interests, but it is the unprecedented vulnerability which Washington experienced after the events of September 11 have increased.



The US has tried to find a link between Iraq and terrorism, but when it failed to do so, it accused Iraq of having WMD which threaten the security and stability of the US and the world. Dr.Ghabra talked about the ambiguity of the US policy in the region. Apart from Washington's determination to attack Iraq, very little is known about the US objectives in the region. This has aroused the concerns of the GCC states. Ghabra added that the events of September 11 have unleashed some of the US officials in the State Department and the Pentagon.

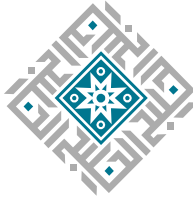
The Third Session on the condition in Iran was chaired by Professor Ehteshami who said that variable related to the role of some institution such as the Revolutionary Guard and the struggle between the conservatives and reformists as well as the difficult economic conditions should be taken into consideration in order to understand the conditions in Iran. He also said that the Iranian foreign policy has been domesticated. Iran still views the US as a hostile state trying to isolate and encircle it especially after the expansion of NATO in East Europe, the former Soviet republics and the US military presence in Afghanistan and some of the Gulf States. Iran fears that it would be the next target after Iraq. Mr. Ali Akbar Rezai, the Resident Representative of the Institute for Political and International Studies (IPIS), at the Iranian Embassy in London, did not seem to agree with Ehteshami that the Iranian Foreign Policy has been domesticated. He said that Iran has been cooperative during the US war in Afghanistan, but Washington intentionally chose to ignore Iran's role and insisted on including Iran in the axis of evil. Ali Akbar said that Iran has been keen on establishing good ties with the GCC States and to coordinate with them in the fields of oil, security and ideology. But the mistrust between Iran and the US hinders the establishment of normal ties and the settlement of some pending issues with the GCC States, especially after the military capabilities have been exaggerated and Tehran was accused of seeking to acquire nuclear weapons and presented as a source of threat to the security and stability of the GCC states and the US. But he said that these accusations are totally unfounded.

The fourth session on the conditions in Yemen was chaired by Mr.Nasr Taha Mustafa, Chairman and Editor-in-Chief of SABA, Yemen's News Agency, who underlined the strategic importance of Yemen to the GCC States and that it represents a natural extension of the Arabian Peninsula. He said that democracy and stability in Yemen since 1994, the economic reforms made possible with the assistance of IMF and the World Bank, and the ability of the government to impose the rule of law on all its territory have greatly enhanced the security and stability of Yemen. Nasr said that terrorism is not a Yemeni phenomena but it came from foreign countries. He also noted to a recent suggestion to have a new Marshall Plan adopted by the GCC States to enhance development in Yemen, which, he said, would be more important now than joining the GCC. The participants talked about the need for Yemen to extend its authority and the rule of law throughout the country and underlined the economic and demographic differences between Yemen and the GCC States. However, they stressed the importance of supporting the development, educational and health programmes



in Yemen as well as the security cooperation and coordination between Yemen and the GCC States.

The session on the conditions in the Indian Sub-continent was chaired by Mr. Atul Aneja, Special Correspondent of The Hindu Daily in Bahrain. He said that India greatly depends on the Gulf oil and it has signed an agreement with Qatar to supply it with natural gas. The hundreds of thousand of Indians working in the GCC States and the money they send to their families represent one of the most important sources of hard currency in India. On the relations between the GCC states and Pakistan, Mr. Atul referred to the strong ties between Pakistan, on one hand, and the Kingdom of Saudi Arabia and the United Arab Emirates, on the other, especially after the Soviet invasion of Afghanistan. Though the relations between the GCC states and India are good they have not yet reached to the level of those between the GCC states and Pakistan in spite of the fact that the number of Muslims in India exceeds the total population of Pakistan. He added, however, that the conflict between India and Pakistan over Kashmir, the Indian-Israeli relations and the huge Indian military capabilities have aroused the doubts and concerns of the GCC states and kept the relations with India at their current level until now. A participant noted that the main issue remains the role the GCC states can play to win India's support for their just causes and prevent Israel from engaging with Israel. On the Indian – Israeli relations and its repercussion on India's relations with the GCC States, it was noted that the cooperation between India and Israel goes beyond the military field to the exchange of intelligence. During his visit to New Delhi, the former Israel foreign Minister Shimon Peres said, "We are in the same trench in our war against Islamic terrorism". India is edging very closely to the Israeli position. Dr. Gause stressed the importance of the economic relations between India and the GCC States, adding that regardless of the Arab-Israeli Conflict or the conflict over Kashmir, the GCC states still want to sell oil to India and Pakistan, and it is rather unlikely for the political disputes to affect the economic relations. On the expatriates from the Indian Sub-Continent working in the GCC States, Gause said that experience has proved that these are the most controlled and the people keenest on respecting the security and the stability of the host countries. Professor Ehteshami asked whether the Chinese-Israeli relations have had the same effect of the Indian-Israeli relations on the GCC States and the Arab world. Abdulaziz Sager said that trade exchange between the GCC and China has improved after the second Gulf war. Gause added that the Chinese-Israeli relations have not affected the ties between China and the GCC States because China took no sides in the conflict in the Gulf region. Mr. Li Guo Fu, Director for the Middle East, South Asia and African Studies at the China Institute for International Studies, China, said that China's relations with the GCC States are very important because of China's energy security and its increasing dependence on the oil of the region. China imports much of its oil needs from the Gulf region and its annual oil consumption increases by 4.5%. It is in the interest of China to see peace and stability in the GCC states in order to guarantee the flow of oil at reasonable prices. He also said that there is a great potential to increase trade exchange between China and these states. China also seeks to attract more



Arab investments which until now do not exceed \$200 million. In his final comment Mr. Atul reiterated that India does not seek a military confrontation with Pakistan, but the September 13 attack on the Indian Parliament left no choice for India but to practice pressure on Pakistan to present the infiltration of terrorists across the borders to carry out attacks against Indian innocent civilians. He also said that India looks forward to establishing strategic ties with the GCC states.

Professor Hassanain Tawfik Ibrahim, from the Faculty of Economic and Political Sciences, Cairo University, chaired the seventh session on fundamentalist groups. He said that this topic acquires exceptional importance because of the following;

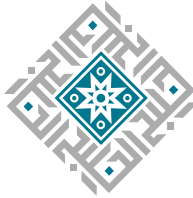
1. It is related to all the other topics of the workshop
2. The central role of Islam in the political process in most of the Arab and Islamic countries, the political regimes use Islam as a source of legitimacy and the Islamic movements, radical or moderate, use it to justify their opposition to these regimes.

Professor Hassanain asked the following questions that are directly related to the main topic of this session:

1. What are the roots of Islamic radicalism and what about the weight of external forces in general and the US role in particular in creating and nourishing this phenomenon, particularly during the war against the former Soviet Union in Afghanistan and through US policies towards Arab and Muslim issues?
2. How can we define "Transnational Islamists"?
3. What is the nature and status of Islamic movements in the GCC states particularly after September 11?
4. Do the Islamic movements in the GCC states represent a current or potential challenge to their governments?
5. What are the consequences of the different strategies that have been carried out by the governments in dealing with the Islamic movements?

Professor Hassanain concluded by stressing the following:

- Military actions or security solutions are insufficient in facing radical movements. The real solution should begin by addressing the socio-economic, cultural and political problems that create and nourish these groups. But do the current political regimes have the ability and desire to move seriously in this direction?

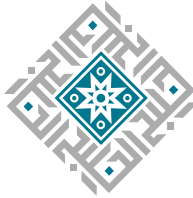


- The American war on terrorism and the other US policies towards the Arab and Islamic worlds are very important elements in forecasting the future of the radical Islamic groups.
- The US needs to resolve, as soon as possible a big contradiction between two goals of its foreign policy. "War on terrorism" and "Promoting Democracy". In its war on terrorism, Washington put aside its democratic values and sought closer ties with autocratic regimes in the Middle East and Asia. On the other hand, some US officials tend to believe that democracy would be the only true solution to extremism and terrorism. How the US administration resolve this contradiction will greatly define the future of US policy.

Dr. Gause said that the US does not oppose the participation of Islamists in the political systems. What really matters is how to keep these movements away from political violence, what is their agenda and how they behave outside their national borders?

Professor Giacomo said that the regimes which do not have democratic legitimacy resort to Islamic legitimacy. However, these regimes should earn this Islamic legitimacy. Unfortunately, some regimes thought that they can control the Islamic movements, but many events proved just the opposite. Last but not least, it is still difficult to have an educational staff capable of conveying new messages and values. He also agreed that the monster of extremism has gone out of control and we must find new ways to deal with it.

Answering a question by Mr. Ibrahim Al Marashi, Research Associate at the Center for Non proliferation Studies (CNS) about the transnational Shiite movement of the eighties, Dr. Jasim Said that an advisory opinion (Fatwa) issued in 1999 by Sheikh Mahdi Shams Eddin, Mufti of the Shiite Supreme Council in Lebanon, stipulating the loyalty of any Shiite must be to his country, had led to the containment of the transnational Shiite movement and improved the Iranian – Saudi relations. Abdulaziz Sager expressed his opposition to any attempts to politicize Islam and using it to achieve political objectives. He also added that withdrawal of the US forces from some of the GCC states would not necessarily change the stand of the transnational fundamental movements because they will look for new justifications such as corruption, lack of transparency and the Arab-Israeli conflict, to oppose the regimes. Dr. Jasim said that the US keeps reshuffling the cards in the Arab world so that Arabs remain on the defensive and to put the moderate Arabs in a very difficult condition that does not encourage them to back the US policy so they do seem as if they were implementing the agenda of others. Dr. John Chipman said that the foreign policies of big and small countries have always been about the domestic policies of other regions. They all try to play a role in the policies of each other and direct them in a way to serve their interests. In his closing remarks, Professor Hassanain said that there was a mixing between Islam and fundamental



movements, and between moderate Islamic movements on one hand and the extremists' fundamental movements on the other.

The Seventh session on oil and its role in the political stability of the GCC states was chaired by Professor Giacomo Luciani, who said that the notion that East Asia will be the main importer of Gulf oil is not true. By 2030 the US will top the list of the oil importing countries and its deficit will amount to 16 m/b/d. Though a lot has been said in the nineties of the last century that the Caspian Sea will become the main source of oil, we know now that this is not true. The proven reserves of Iraq are much more of those in the Caspian and its oil has a high percentage of sulphur, beside the high cost of its transportation. Consequently, the US is preparing itself from now to face its increasing oil demand. In spite of the oil reserves in Latin America and the calls for more investments there, the experience of Venizuella proved that dependence on the Gulf oil will continue for many decades. Answering a question by Professor François Heisbourg, Chairman of the Council, IISS, in Paris, about the role of oil in the economies of the GCC states, Giacomo said that the GCC states will continue to expand and diversify their economies, but expansion and exploration in the oil sector will keep these economies mainly dependent on oil. However, this is not inevitable especially if the GCC governments introduced effective tax systems which will increase the government revenues from sources other than oil.

Professor Giacomo underlined the following main points:

- ♦ The success achieved by the private sector will make it a strong financier of the medium term investments and will consequently reduce the burdens shouldered by the governments and reduce the effects of fluctuations in oil prices and their adverse ramifications on the oil producing countries.
- ♦ It is not true that oil prices are beyond the control of the GCC States. They can do that through many direct and indirect methods such as expanding their activities in the fields of refining, distribution and marketing.
- ♦ The GCC states can produce environment friendly oil at affordable prices and consequently no other producer can really compete with them.
- ♦ Oil will not be the locomotive of economic development after the capital invested abroad returns and the private sectors expands its activities, increases economic growth rates and through applying effective tax systems.
- ♦ The Gulf States will remain for decades to come to the main source of energy for the world.



During the final session, the participants underlined the following:

- ◆ It is important for the GCC states to work collectively to come out with a specific political vision about how to protect their national interests.
- ◆ Iraq is an Arab and Muslim neighboring country to the GCC states and dealing with Iraq must emanate from the current and future interests of the people in the region.
- ◆ More efforts should be made to improve the awareness that political and economic issues, on one hand, and regional and international security, on the other, are linked and intermingled.
- ◆ After the events of September 11, the US policy has acquired specific characteristics and dealing with the US must take into consideration the interests of the people in the region.
- ◆ There is a gap between the states' concept of security and that of the GCC citizens.
- ◆ The role of the civil societies must be activated and all state institutions must be reformed.