



US Secretary of State John Kerry walks with Iranian Foreign Minister Zarif during a break in negotiations about the future of Iran's nuclear program on 14 January 2015 in Geneva.

### **Ties that Bind or Blind? Iranian – US Rapprochement and its Effect on GCC Threat Perception** *by Karen E. Young*

**T**he Joint Comprehensive Plan of Action (JCPOA), or P5 +1 nuclear agreement, as its signatories emphasize, is a single issue agreement. It is not necessarily a signal that Iran is opening politically, nor does it indicate that the US has forgotten Iran's history of supporting terrorist groups.<sup>1</sup> There is a growing suspicion among Arab Gulf states, however, that the US is pursuing a managed diplomatic opening with Iran that will begin with the nuclear issue and spread to commercial and political ties. Iran's efforts to engage diplomatically with its Gulf neighbors in July of 2015, specifically with Foreign Minister Mohammad Javad Zarif's visit to Kuwait, demonstrated the tension in changing regional dynamics.<sup>2</sup> In fact, the commercial rapprochement with Iran is a *fait accompli*, as the international will to continue economic sanctions has withered. The lifting of most economic sanctions on Iran has cemented the Arab Gulf states' perception that the US is less engaged with its Sunni Arab allies, thus exposing them to more risk from an emboldened Iran.

Many Gulf analysts and diplomats expressed the disengagement theme again this year at the Manama Dialogue, held 30 October to 1 November 2015 in Bahrain. In his remarks, US Deputy Secretary of State Antony Blinken twice emphasized the "humility" of American leadership in the region, reinforcing the awkward tension between America's military capacity in the Gulf and its attempts to renegotiate the

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projection of American power.<sup>3</sup> The Obama Administration has been at pains to reject the American hubris embodied in the mistakes of the Iraq war. While not retreating from the Middle East, there is a sense in American domestic politics that a lighter footprint is necessary. As a recent opinion survey from the Chicago Council on Global Affairs reveals, there is not wide bi-partisan support for an increased American military presence, in bases or troops, in the region.<sup>4</sup> Meanwhile,

Gulf allies read this domestic sentiment, along with policies focused on American strategic relations with Asia, as a potential threat to the American military assets currently stationed in the Gulf.<sup>5</sup>

These assets include a “brigade plus” of 7,000-13,500 US Army soldiers in Kuwait, the Al-Udeid Air base outside of Doha (home to 120 aircraft and the US Air Force Central Command forward headquarters, the US Central Command Special Operations Command forward and the Central Command forward HQ), Al-Dhafra Air Base in the United Arab Emirates (UAE) utilized by the US Air Force 380th Air Expeditionary Wing and other units, and the US Fifth Fleet based in Bahrain, along with a number of other shared and contingency bases.<sup>6</sup> The question for the Gulf Arabs is this: Are these assets perhaps too mobile—and therefore less reliable?

### **The US – Gulf states relationship and the importance of Iran**

For the US, this tension is essentially a public relations problem. The Obama Administration wants to put some distance between America’s military might and the reality of how it physically stations that hardware in the Gulf states. The US administration is treating the Gulf states as distant cousins, but not favored friends. That is, America doesn’t really want to be seen on the world’s stage with traditional Sunni Arab monarchies, especially Saudi Arabia. Regardless of continued US military presence and engagement, even to the point of collaborating with the Saudi and Emirati-led war in Yemen, the messaging suggests a change.<sup>7</sup>

The change includes a *de facto* American commitment to a future Middle East that at least acknowledges the economic and demographic potential of Iran. The limited follow-up from the May 2015 Camp David Summit demonstrates the diminished interest, perhaps from both sides, in the integration of the Gulf states in the diplomatic process vis-à-vis Iran.<sup>8</sup> The US is moving forward with implementation of the JCPOA, bargaining that Iran is firmly at the center of future Middle East security and economic growth.

And Iran does have economic growth potential. While Saudi Arabia and most of the Gulf Cooperation Council (GCC) states struggle with the challenge of economic diversification (only the United Arab Emirates and Bahrain have 50 percent or more of their gross domestic product composed of non-carbon resources), Iran has made compelling progress in the last 20 years to increase its non-carbon exports and reduce its share of gas imports.<sup>9</sup> In fact, sanctions may have encouraged Iran’s diversification. Iran is a country of young people, like most of the MENA region, with as much as 60 percent of the population under 30.<sup>10</sup> Iran has 17 percent of the world’s proven gas reserves and nearly 10 percent of its oil reserves.<sup>11</sup> Iran is a young consumer society; Iranian imports are expected to increase from \$75 billion to \$115 billion over the next five years.<sup>12</sup>

Perhaps more importantly, Iran has a political culture that includes mass political mobilization and party identification. While the West may not like the political organizations active in Iran, the latter is much more active than bodies of electoral participation, civil society organizations and traditions of political activism in the Gulf states. The process of building action-based political groups will take decades in most of the Gulf states, if it is allowed at all.

There is sharp contrast between Iran and the Gulf states in terms of economic diversification and demography. Trade, real estate, banking, and infrastructure firms in the Gulf countries could capitalize on these linkages, especially as the Dubai port system can serve (and does serve) as proxy access to Iran.<sup>13</sup> As the IMF reports, \$12 billion worth of UAE exports to Iran in 2013 accounted for 12 percent of the total nonoil exports, making Iran the UAE's second most important export destination after India. The report cites models in which a reversal of sanctions could add one percentage point to UAE real GDP growth over the next two years through higher non-hydrocarbon exports alone.<sup>14</sup> Compared to the Gulf states with their concentrated economies and inflexible political systems, Iran begins to look like a geopolitically and economically viable partner in the region.

For many of the Gulf states, the possibility of a politically and economically resurgent Iran represents an existential threat. For others, like Oman, Iran is a useful neighbor.<sup>15</sup> For the UAE, the balance of political and economic reform in Iran will be essential. As long as a military threat is contained, or at least countered with symmetrical defense, an economically powerful Iran could be mutually beneficial. For all of the Gulf states, the pressing challenge is developing a common defense strategy to confront an ascendant Iran. As the Gulf states differentiate their foreign policy objectives—subject to very different domestic priorities in terms of economic growth, building cohesive national identity, and eliminating sources of dissent—we are unlikely to see a comprehensive GCC defense strategy emerge. What we can expect is a continuation of military expenditure. For Gulf states, writing checks may continue to be easier than cooperating with each other.

### **GCC threat perception**

The perception of the Iranian threat varies widely among the GCC states. The lack of cohesion on a shared GCC defense posture, which would be most easily and productively demonstrated by a shared missile defense system, is striking. Though no defense cooperation treaty is effective until tested in battle, there have been opportunities for shared military operations recently among the GCC states. The campaign in Libya suggests that while GCC states are willing to go to war together, they are only willing to operate in a war zone separately, with distinct command and control systems.<sup>16</sup>

The Saudi and Emirati operations in Yemen have demonstrated that the Gulf states can mobilize quickly and in coordination. However, the strategic goals in Yemen have been different for the UAE and Saudi Arabia. Both lament an Iranian-backed Houthi insurgency, but their long-term goals range from building national identity, to port access and trade routes, to the control of land routes into Saudi territory (and religious symbols). Threat perception varies according to domestic politics and the ways in which economic and political goals overlap. For the UAE and Saudi Arabia, there is considerable divergence.

The Gulf states' threat perception of Iran is based on two types of infiltration: one is ideological, via a Shia domestic opposition, the other is unconventional, in the form of cyber and non-state actor terrorism.

## II. Analysis

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A conventional military threat can be discounted: barring a massive new order of airplanes, Iran's air force is hardly a concern, as it is widely assessed as to be outdated and inadequate.<sup>17</sup>

Iran's collection of ballistic missiles, however, is one of the few areas in which the Gulf states and their American allies agree on a threat assessment, and there has been some progress in joint missile defense. Problematically, this mechanism of defense cooperation remains commercially driven.<sup>18</sup> The US, via its considerable private defense industry, is pleased to sell its advanced drones (from General Atomics,<sup>19</sup> and others), Patriot, Javelin and Sidewinder missiles (from Raytheon) and anti-ballistic missile system (from Lockheed Martin).<sup>20</sup> In 2011 Lockheed Martin had sold one anti-ballistic missile system, worth \$1.9 billion, to the UAE and this year the company completed similar deals with Qatar and Saudi Arabia.<sup>21</sup> Had there been a shared defense system in place, one order might have sufficed.

### Conclusion

The United States is preparing for a changed Middle East in terms of its regional security architecture by factoring in an economically powerful Iran. This is strategically sound but politically difficult to maneuver. The continued American military presence in the Gulf is substantial, but American political messaging has not displayed commitment to Sunni Arab allies. The constant sideshow of American (and European) arms sales has taken precedence over communicating shared interests and shared threats.

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- <sup>1</sup> For an edited commentary, see Hussein Ibish, "Confrontation or Conciliation: How the Nuclear Agreement is Reshaping GCC-Iran Relations," Arab Gulf States Institute, August 2015.
- <sup>2</sup> Bozorgmehr Sharafedin, "Iran launches diplomatic charm offensive to calm wary Gulf states," *Haaretz*, 26 July 2015.
- <sup>3</sup> "Manama Dialogue," US Department of State, 31 October, 2015. <http://www.state.gov/s/d/2015/249031.htm> [accessed 9 January 2016].
- <sup>4</sup> Smeltz, Kafun, Busby, Holyk and Monten, "United in Goals, Divided in Means," The Chicago Council on Global Affairs, June 2015.
- <sup>5</sup> "The Administration's Pivot to Asia: A conversation with Assistant Secretary of State Kurt Campbell," Foreign Policy Initiative, December 2011. Campbell said, "(W)e recognize at a fundamental level that most of the history of the 21st Century is going to be written in the Asian Pacific region, and anyone who doesn't really understand that just needs to look at trade dynamics and educational issues, population issues, climate change, anything. This is the dominant arena of strategic interaction."
- <sup>6</sup> See Joshua Rovner and Caitlin Talmadge, "Less is More: The Future of the U.S. Military in the Persian Gulf," *The Washington Quarterly*, 1 November 2014.
- <sup>7</sup> Micah Zenko "Make no Mistake: The U.S. is at War in Yemen," *Foreign Policy*, 30 March 2015.
- <sup>8</sup> "Joint Communiqué Following the Fifth Ministerial Meeting of the GCC-U.S. Strategic Cooperation Forum" on 30 September 2015, revealed the continued interest in defense cooperation, specifically in transactions, between the GCC and the US, but gave little detail of increased diplomatic cooperation towards Iran. <http://www.state.gov/r/pa/prs/ps/2015/09/247658.htm>

- <sup>9</sup> Patrick Clawson, "Iran Beyond Oil," Washington Institute for Near East Policy, 3 April 2013.
- <sup>10</sup> Iran Country Overview, The World Bank, updated September 29, 2015. <http://www.worldbank.org/en/country/iran/overview> [accessed 9 January 2016].
- <sup>11</sup> US Energy Information Administration, updated 19 June 2015. <http://www.eia.gov/beta/international/analysis.cfm?iso=IRN>
- <sup>12</sup> International Monetary Fund, "Regional Economic Outlook: Middle East and Central Asia," October 2015. <https://www.imf.org/external/pubs/ft/reo/2015/mcd/eng/pdf/menap1015.pdf>
- <sup>13</sup> Afshin Molavi, "Iran and the Gulf States," United States Institute of Peace, updated August 2015. <http://iranprimer.usip.org/resource/iran-and-gulf-states> [accessed 9 January 2016].
- <sup>14</sup> International Monetary Fund, "Article IV Consultation Report UAE" Country Report 15/219, August 2015, IMF: Washington DC, p. 10.
- <sup>15</sup> Basma Mubarak Saeed, "Oman, Iranian Rapprochement and a GCC Union," *Al Jazeera Center for Studies*. 6 May 2014.
- <sup>16</sup> David Roberts, "Behind Qatar's intervention in Libya," *Foreign Affairs*, 28 September 2011. See also, Arie O'Sullivan, "UAE and Qatar pack an Arab punch in Libya operation," *Jerusalem Post*, 31 March 2011.
- <sup>17</sup> Gareth Jennings, "Analysis: Boom time beckons for Iran Air Force with sanctions set to be lifted," *IHS Janes Defence Weekly*, 5 August 2015.
- <sup>18</sup> Paul McLeary, "Iran's missiles are a windfall for U.S. defense contractors," *Foreign Policy*, 26 June 2015.
- <sup>19</sup> Tony Capaccio, "General Atomics drone sale to UAE poised for US approval," *Bloomberg Business*, 23 February 2015.
- <sup>20</sup> Christopher Harress, "US defense sales surge," *International Business Times*, 30 September 2015.
- <sup>21</sup> *Ibid.*