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SCHUMAN
CENTRE FOR
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STUDIES

THE GULF

MONARCHIES

BEYOND THE ARAB

SPRING

CHANGES AND
CHALLENGES

Edited by:

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THE GULF MONARCHIES BEYOND THE ARAB SPRING: CHANGES AND CHALLENGES

Foreword

This E-book is the result of a conference on “The Gulf Region, Domestic Dynamics and Global-Regional Perspectives. Implications for the European Union”, hosted by the Robert Schuman Centre for Advanced Studies in spring 2015. The Scientific Director for the conference was Amb. Luigi Narbone, an EU Institutional Fellow at the EUI for the academic year 2014/15. As part of its global governance programme, the Schuman Centre was delighted to host a conference on this important region, the Gulf. Regionalism is a growing phenomenon in global politics and understanding the role and dynamics of different regions is necessary to understand the complexity and interdependence of our world. The Gulf Co-operation Council (GCC) consisting of six monarchies is a regional and global actor.

The Gulf has come to assume a growing significance in regional politics and the Gulf states have a major influence on events within and beyond the region. Although not large states, these countries have considerable financial clout arising from the role as major oil producers and have strong preferences about regional order. The objective of the conference was twofold, (a) to explore domestic and international drivers of change and (b) to analyse the role of the Gulf in the geopolitics of the Middle East in the context of the Arab Spring and its aftermath. The Gulf states are key actors in the MENA region and are competitors to Iran whom they regard with deep mistrust. The conference certainly achieved its objective; the chapters capture the range and diversity of the vibrant intellectual debate that took place during the course of the conference. For all Gulf states and the region, there are major challenges to be faced to do with the sustainability of their economic model and the security threats arising from failed states and the role of Iran in Yemen, Iraq and Syria. They must manage internal reform while at the same time addressing the exigencies of an unstable environment.

The role of the Gulf and instability in the MENA region poses challenges too for the European Union. To date EU cooperation with the Gulf region has been minimalist. Continuing this approach is unwise given the importance of the Gulf and Europe’s interest in restoring a degree of order to this troubled part of the world. Luigi Narbone is to be congratulated for organizing an excellent conference and ensuring that the conference contributions are captured in this E-book. The Schuman Centre is fully committed to research and policy dialogue on this part of Europe’s neighbourhood.

Brigid Laffan

Director

Robert Schuman Centre for Advanced Studies

THE GULF MONARCHIES BEYOND THE ARAB SPRING. CHANGES AND CHALLENGES

Edited by

LUIGI NARBONE

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TABLE OF CONTENTS

INTRODUCTION

Luigi Narbone and Martin Lestra

1

SECTION 1

**BEYOND THE ARAB SPRING.
GULF COUNTRIES' DOMESTIC AND INTERNATIONAL
DRIVERS OF CHANGE.**

THE GCC ECONOMIC MODEL IN AN AGE OF AUSTERITY

Steffen Hertog,
Associate Professor,
London School of Economics

5

IMMIGRATION VS. POPULATION IN THE GULF

Philippe Fargues,
Director, Migration Policy Centre,
European University Institute

11

CHANGING GLOBAL DYNAMICS BETWEEN THE GULF, THE US, AND ASIA: IMPLICATIONS FOR THE EU

Abdullah Baabood. Director,
Gulf Studies Center,
Qatar University

18

SECTION 2

**BEYOND THE ARAB SPRING.
THE GULF COUNTRIES AND THE MIDDLE EASTERN GEOPOLITICS**

THE SHIA-SUNNI DIVIDE: WHEN RELIGION MASKS GEO-STRATEGY

Olivier Roy,
Chair in Mediterranean Studies,
European University Institute

25

TRANSNATIONAL IDENTITIES AFTER THE ARAB UPRISINGS	32
Toby Matthiesen, Senior Research Fellow in the International Relations of the Middle East, St. Antony's College, University of Oxford	
THE GULF MONARCHIES AND IRAN: BETWEEN CONFRONTATION AND GEOSTRATEGIC REALITIES	38
Marc Valeri, Director, Centre for Gulf Studies, University of Exeter	
ARTICULATING THE NEW GULF COUNTRIES' INTERVENTIONISM: WHAT LESSONS CAN BE DRAWN FROM THE CASE OF SAUDI ARABIA AND YEMEN?	46
Abubakr Al-Shamahi, Journalist, Al-Araby al-Jadeeda	
JIHADIST DYNAMICS AFTER THE ARAB REVOLTS AND THEIR IMPACTS ON SAUDI ARABIA	53
Dominique Thomas, Associate Researcher, Ecole des Hautes Etudes en Sciences Sociales (EHESS)	
CONCLUSION. THE GULF REGION BEYOND THE ARAB SPRING. WHAT IMPLICATIONS FOR THE EU?	63
Luigi Narbone. Director of the Mediterranean Programme, Robert Schuman Centre for Advanced Studies, European University Institute.	

INTRODUCTION

Luigi Narbone and Martin Lestra

When in late 2014 the Robert Schuman Centre for Advanced Studies of the European University Institute decided to organize a conference on **‘The Gulf region: domestic dynamics and global-regional perspectives. Implications for the EU’** (Florence, Italy, 20-21 April 2015), the interest of researchers and policy-makers in the Gulf was already high.

A decade of positive developments had changed the status of the region. The Gulf was now broadly recognized as one of the emerging regions of the world. In addition to their continuing prominence as oil and gas producers and exporters – made even more significant by a long cycle of high oil prices which had lasted well into 2014 – the Gulf countries had been experiencing important transformations brought about by years of booming economies, huge infrastructure investments, futuristic modernization of cities and attempts to move away from over-reliance on hydrocarbon production by making the region a hub for global transportation and financial services. Sustained growth had translated into the Gulf countries playing expanding international and investor roles worldwide; this had been accompanied by a gradual shift towards Asia in international and trade relations.

Interest in the Gulf had further grown during the Arab Spring, when many questions were raised about the impact on the political sustainability of the authoritarian Gulf monarchies of the revolutionary wave that swept over the Arab world. Attention on the Gulf countries increased even more in the aftermath of the uprising, when it became apparent that they had emerged as powerful regional players. In the face of regional challenges, they started to change their long-

standing foreign policy patterns and become more assertive in the numerous crises of the MENA region and more willing to shape the political transition in many countries.

While there was consensus on the fact that the Gulf region had become an increasingly important actor, many questions about the future of these monarchies and their role in the global and regional arenas were left unanswered. Is the Gulf economic model sustainable in times of low oil prices? And what would the impact be of diminishing growth on political stability? How do structural factors such as demography and continuing dependence on oil and gas revenues limit the Gulf countries’ capacity to maintain sustained economic growth? What does the pivot towards Asia entail for the security of Gulf countries? How does the geo-political confrontation with Iran shape the deepening sectarianism? How successful can they be at insulating themselves from instability and projecting their interests in the Middle East? How united are the Gulf countries in their perceptions of and reactions against the external Iranian threat? What are the bases and consequences of the Gulf countries’ new interventionism?

The conference was conceived as an attempt to understand the different dynamics at play in the region. It had the ambition to try to connect different levels, from the local to the transnational to the global, and to look at the unexplored links between domestic, regional and external factors. The conference speakers, academics, policy-makers, journalists and financial experts all brought different perspectives to the discussion.

Three key issues were raised. First, the Arab Spring and its consequences in the broader MENA region have put the changes in the Gulf polities to the test. Exploration of structural issues such as the Gulf’s fiscal, immigration and (non-) integration policies created the background to often overlooked domestic challenges that have regional

and international implications. The discussion went beyond assessment of the stability of the GCC states during and after the Arab Spring. The structural aspects examined helped qualify the paradigm of rentier states, which does not fully capture the dynamics at work in this region.

Second, the conference looked at the various components of what is now commonly called the Gulf states' 'new interventionism'. With the cases of Yemen and Iran, it soon became clear that different national interests and long-term foreign policy goals shape the way they act in the new context. But it was also clear that renewed geo-political confrontations have triggered new mechanisms which might exacerbate the religious dimension of the divide, thus making dialogue and the search for political solutions to the conflicts in the region more difficult.

Finally, the conference enabled academics and policy-makers to outline the challenges facing EU-GCC relations in the post-Arab Spring context. Within the framework of the Gulf's swing towards Asia and the declining influence of traditional powers in the region (the USA in particular), the Gulf and European perspectives explored during the conference cast light on the incentives to deepen the relationship between the two regional blocks.

These common threads ran throughout the conference. They are also present in the written contributions contained in this book. The various chapters offer substantive and concise insights into what makes the Gulf countries and the GCC increasingly pivotal actors in international and regional politics.

In the first chapter, Steffen Hertog gives a detailed account of the fiscal pressure facing the Gulf states in the age of low oil prices. Drawing lessons from the 1990s, he looks at the way austerity will affect costly state-driven economic growth and at the possible consequences for both the Gulf countries' domestic dynamics and foreign policy.

In the second chapter, Philippe Fargues addresses demography and migration policies in the Gulf as key determinants of its economic development. He analyses the shortcomings of the current migration policies and the factors which may in the long term destabilize the 'dual society' model.

In the third chapter, Abdullah Baabood points to the increasing economic and political ties between the Gulf and Asian countries in the framework of a diminishing US presence, and questions the role of the latter as guarantor of security for the Gulf countries. He examines the potential impact of the Gulf's pivot towards Asia on EU-GCC relations and highlights how they have been to the detriment of the EU.

In the fourth chapter, Olivier Roy addresses the ongoing Sunni-Shia confrontation, now viewed in the West as a religious clash, through a genealogical approach. His geopolitical reading of this divide points to the role of Saudi Arabia as leader of the Sunni side and draws conclusions on how the growing use of the religious dimension might exacerbate the confrontation between the two camps.

In the fifth chapter, Toby Matthiesen unfolds the rise of transnational sectarian identities as a new fundamental factor in the politics of the Middle East and explains how regional conflicts have politicised such identities. The regional rivalry between Iran and Saudi Arabia, both of which use sectarian identities to further their geopolitical goals, has been a crucial element in this development.

In a complementary perspective on the external relations of the Gulf states, in the sixth chapter Marc Valeri makes sense of the diverging views held by different Gulf countries on the relationship with Iran. He looks at how the various national interests shape different attitudes in dealing with the neighbour across the Gulf and at how they are reconciled in a difficult balance within the GCC.

In the seventh chapter, while recognizing the novelty of intervening militarily in Yemen, Abubakr Al-Shamahi traces the roots of the Saudi-led operation back to a long-standing Saudi policy vis-à-vis the country. He challenges the idea that Saudi Arabia's military endeavour represents a major shift and claims that controlled instability in Yemen has been a Saudi foreign policy goal for several decades.

In chapter eight, Dominique Thomas unveils the internal dynamics of jihadi groups in the Gulf region. His nuanced account of jihadi strategies – notably the transnational versus the territorial – sheds lights on the divisions existing within the jihadi galaxy and the ensuing rivalries and coalition patterns, notably between Al Qaeda, Ansar al-Sharia and ISIS.

Finally, Luigi Narbone draws some conclusions about recent domestic, regional and international developments in the Gulf countries and their implications for the EU and the EU-GCC relationship.



SECTION 1

BEYOND THE ARAB SPRING.

**GULF COUNTRIES' DOMESTIC AND INTERNATIONAL
DRIVERS OF CHANGE.**

THE GCC ECONOMIC MODEL IN AN AGE OF AUSTERITY

Steffen Hertog,
Associate Professor,
London School of Economics

INTRODUCTION

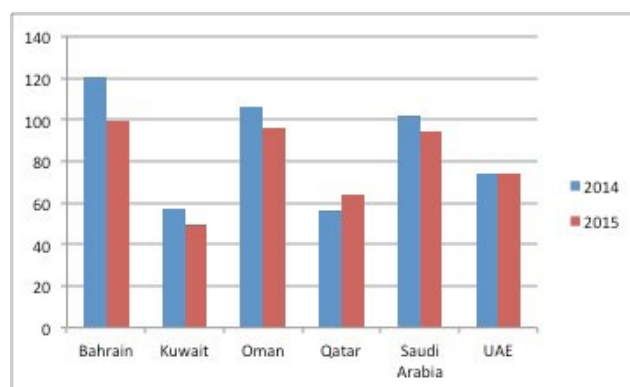
As oil prices have more than halved since summer 2014, all OPEC countries are revising their government spending policies. While countries like Iran and Venezuela face an imminent fiscal crisis, the short-term ramifications for the Arabian Peninsula's oil monarchies are less dramatic. In the long run, however, their very high dependence on oil income poses a more fundamental development challenge than for almost any other hydrocarbon exporter. It is likely that new fiscal constraints will demonstrate deep limitations of the "Gulf economic model", revealing the fact that – all diversification attempts notwithstanding – most economic activities in the region remain dependent on state spending.

In trying to build mid- to long-term fiscal and economic scenarios for the Gulf, it is useful to investigate the Gulf Cooperation Council (GCC) reactions to a previous period of low oil prices in the 1980s and 1990s. Drawing on this precedent, the present chapter will argue that henceforth GCC governments are likely to engage in less costly policy experimentation through large investment projects and will downsize or wind down some projects that are already in the pipeline. The focus of policy will gradually shift towards more painful but necessary reforms, such as subsidy reductions and, potentially, a broadening of taxation – although it is likely that such reforms will be too little too late to stave off a fiscal crisis in the long run. While capital spending will decline, current government spending on salaries and transfers will continue to rise for the foreseeable future, resulting in ongoing if more modest growth of local consumer markets.

THE CURRENT FISCAL SITUATION

The large hydrocarbon producers of the GCC – Kuwait, Qatar, Saudi Arabia and the UAE – recorded substantial fiscal surpluses for 2014, benefiting from high oil prices earlier in the year. Bahrain alone incurred a substantial deficit. For all of them, however, the fiscal outlook has become cloudier, not only because of reduced oil prices but also because their fiscal needs to just operate their economies at the current level have drastically increased over recent years. The oil prices at which GCC government budgets break even have on average increased more than three times since the early 2000s. According to IMF estimates, they now lie above current oil prices for Bahrain, Oman, Saudi Arabia and (although only slightly) the UAE (see Figure 1).

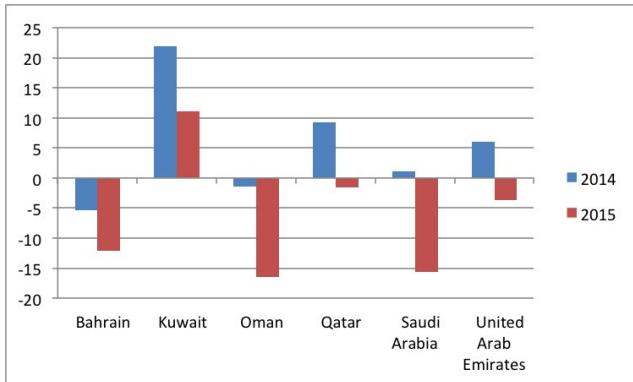
Figure 1: 2014 and 2015 breakeven oil prices for the GCC



Source: IMF (January 2015), with adjustment for additional spending announcements by Saudi Arabia in late January

This means that for all the countries bar Kuwait and Qatar deficits are expected for 2015. These will be substantial for the lower-income countries: Bahrain, Oman and Saudi Arabia (see Figure 2).

Figure 2: Estimated 2014 and 2015 fiscal surpluses/deficits (% GDP)

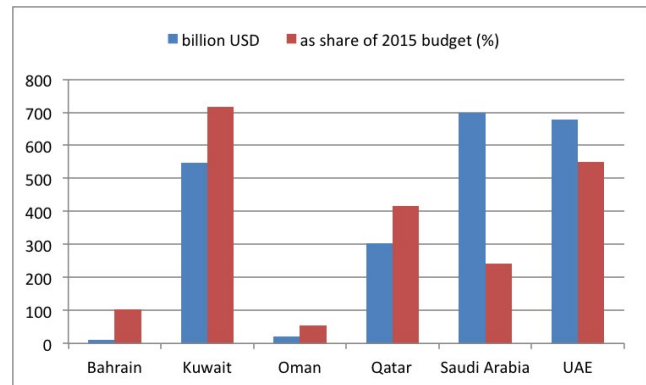


Source: IMF (January 2015), with adjustment for additional spending announcements by Saudi Arabia in late January (Jadwa April 2015)

The fiscal room of manoeuvre for Bahrain and Oman, both of which have only small overseas reserves, is particularly restricted. Bahrain in particular already has a government debt of more than 40% of GDP. It has already engaged in some austerity measures and is the only country in which estimated 2013 spending lay below that for 2012.

The other four GCC countries have substantial overseas reserves that are equivalent to several annual budgets, giving them considerable leeway to run deficits without incurring net debt. Figure 3 shows the absolute estimated size of Gulf sovereign wealth funds (SWFs) together with their size relative to (expected) 2015 government expenditure.

Figure 3: Size of Gulf SWFs



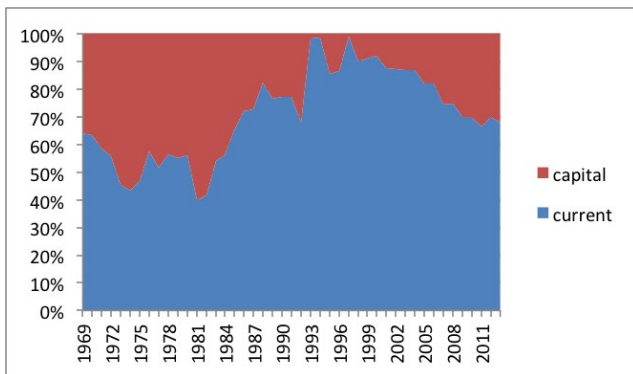
Sources: SWF Institute, IMF

Policy-makers even in the high-reserve countries are well aware, however, that the rapid spending growth of the last decade cannot continue. It could lead to a depletion of financial reserves within as little as half a decade in the case of Saudi Arabia and between one and two decades in the other cases. All the signals are that spending growth will strongly slow down in the coming years.

THE PRECEDENT OF THE AUSTERE 1990S

To understand what the shape and economic consequences of less expansive fiscal policies will be, it is useful to study the experience of the last period of low oil prices and fiscal austerity, which lasted from the mid-1980s to the late 1990s. The general pattern across the region was that when governments had to make cuts, project and infrastructure spending was the first victim, while current spending on government salaries and public services like education and health was protected as long as possible. Figure 4 shows that Saudi Arabia almost completely abandoned capital expenditure in the 1990s, leading to a decay of public infrastructure that was only ameliorated during the 2000s oil boom, when capital spending increased again.

Figure 4: Shares of current and capital expenditure in Saudi government spending



Source: Saudi Arabian Monetary Agency

GCC government subsidy cuts in the 1990s predominantly affected large and industrial consumers. Budgets for industrial loans were squeezed and utility tariffs for industrial users increased, while subsidies for households remained protected, or at least tariff increases only targeted larger (and richer) households with higher consumption levels. In a sign of the times, the Saudi national airline increased ticket prices for business and first class but protected the subsidized prices for economy travellers. Education and health services for nationals across the region remained free and state employment was not only protected but continued to grow.

Together with the reduced provision of industrial infrastructure, reduced state support made life for manufacturers difficult. However, the worst affected sector was construction, which had previously relied on state projects during the 1970s and early 1980s oil boom. Tens of thousands of contractors went bankrupt in the 1980s and 1990s. Reduced capital spending meant reduced investment in state-driven diversification policies in infrastructure, heavy industry and logistics etc. that had characterized the Gulf economic model during the last decade or so. As benefits for households were protected as much as possible, firms in the private consumer economy suffered the least.

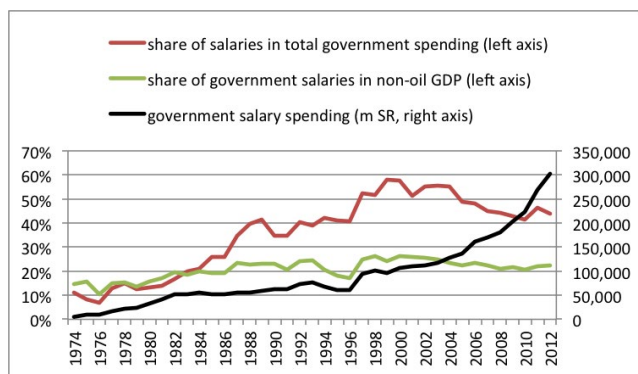
The austerity of the 1990s showed that mass entitlements to employment, services and subsidies are more politically sensitive than other forms of spending, reflecting a distributional commitment among GCC rulers that is stronger than in most other oil states – but which also limits policy autonomy in hard times.

The basic parameters of the GCC political economy have not shifted since the 1990s. If anything, popular entitlements have become stronger and citizens have become better organized at claiming them. Unlike political dissent, public and private protests in favour of salary increases and state employment or against subsidy reforms are generally tolerated and often effective. By contrast, private business has come under increasing public pressure in recent years for failing to provide sufficient jobs for nationals, once again making it likely to be the first target of fiscal trimming.

NEW FISCAL PATTERNS

Even if oil prices should recover, it is clear that spending growth will slow down in the coming years across the region and is likely to be followed by spending cuts in the mid-term. Even just a plateauing of spending will mean falling capital expenditure, as the upward trend of current spending is set to continue for the time being with national working-age populations continuing to grow and because occasional local and regional political crises could lead to a further ratcheting up of patronage spending. Now, already, current spending on salaries in particular is quite high in the GCC, reaching 45% of total government spending in the Saudi case, compared to typical shares in OECD countries between 15 and 30% (Figure 5).

Figure 5: Saudi public salary spending



Source: calculated from SAMA annual reports, statistical yearbooks

As a result of this shift, some large-scale projects might be downsized or stopped, including some of the infrastructure planned for the 2022 World Cup in Qatar. In the long run, there is a danger of even essential infrastructure spending being squeezed, as was the case in the less wealthy GCC countries in the 1990s, which in turn could compromise industrial diversification.

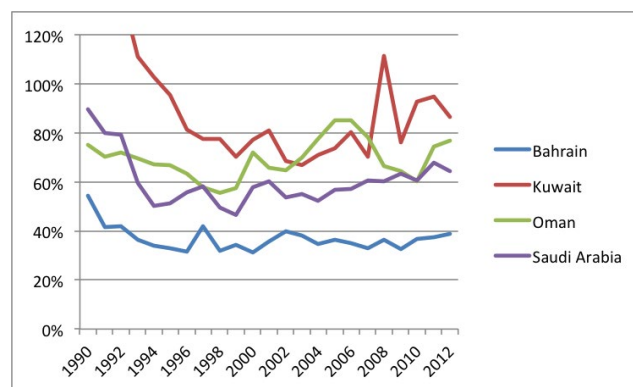
SLOWING GROWTH

Economic growth in the GCC remains closely correlated with state spending. While this is also the case in other economies, the linkage works differently in the Gulf. In tax-based economies, taxation of the private economy finances state expenditure, which in turn has an impact on the shape and level of private economic activity. In the GCC, by contrast, business is only taxed lightly or not at all. While state spending thus affects growth in the private economy, it is hydrocarbon rents, not local business activity, which set constraints on government spending. The close correlation between state expenditure and private economic growth therefore reflects the one-sided dependence of private business.

As a global rule of thumb, government spending typically constitutes about one third of GDP

(somewhat less in less developed countries and more in more developed ones). As Figure 6 shows, with the exception of Bahrain, the share of government spending in non-oil GDP is considerably higher in the GCC region and has generally increased during the boom of the last decade. Closely related to this, the ratio of government to private consumption is 2-4 times higher in the GCC than in the rest of the world. In fact, even private consumer demand is mostly state-driven, as most national households derive their income from state employment, while foreigners employed in the private sector remit a larger share of their (generally lower) incomes abroad.

Figure 6: Share of government spending in non-oil GDP



Source: calculated from IMF and World Bank Development Indicators data

All this means that the impact of slower or declining state spending on local economic activity will be particularly pronounced. In the short run, this will mostly affect economic sectors depending on state project spending, but in the mid-term even current spending will plateau and potentially decline, meaning stagnation in the consumer economy too.

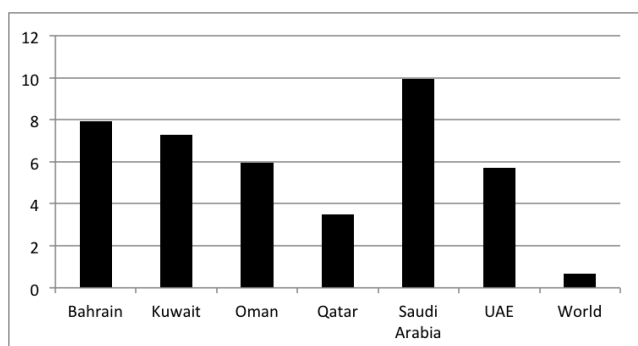
FISCAL CONSTRAINTS AS A POLICY OPPORTUNITY

The looming shadow of a crisis can focus minds and lead to painful but necessary decisions – as it did in parts of the region in the 1990s. In fact, there are some signs of a renewed reform debate. Even in Kuwait, generally the region’s reform laggard, the government is now openly debating the need for fiscal and subsidy reforms in the face of lower oil prices. In practice, however, it is unlikely that the adjustment will be sufficient to tackle the long-term fiscal challenge.

Subsidy reform

One necessary reform that is likely to happen in the coming years is an adjustment of domestic energy prices. These are uniquely low in comparison with global levels, which leads to large-scale over-consumption and imposes increasing fiscal costs as the production of oil and particularly gas is becoming more expensive in the region. Past experience and the current policy debate suggest that the first targets of price adjustments will be industrial consumers, followed by richer households. Electricity and fuel price reforms are actively being debated in Bahrain, Kuwait and Oman, while Abu Dhabi increased electricity and water tariffs in November 2014, although foreign residents bore the brunt of the increases.

Figure 7: Estimated energy subsidies in the GCC countries as share of GDP (2011)



Source: IMF

GCC governments are also likely to consider sell-offs of non-essential public assets to alleviate deficits, an option that is already being publicly discussed in Oman. There are limits to this strategy, however, as stock market valuations are likely to be depressed at exactly the time of fiscal stagnation when revenue from privatization would be needed the most. Moreover, public companies in aviation, heavy industry, telecoms and banking have been core tools in the GCC’s diversification strategy and the rulers are unlikely to easily abandon the commanding heights of strategic sectors.

Finally, as GCC governments will be increasingly unable to accommodate young nationals in the public sector, they will increase the pressure on the private sector to employ citizens. Such policies, however, remain difficult to implement as long as the local labour markets remain open to low-cost immigrant labour – a core plank of the GCC economic model.

Other painful reforms?

In the long run, it is obvious that the GCC countries need to create a non-hydrocarbon fiscal base – an issue that the IMF has been pressing for more than three decades. Taxation remains political anathema, however, and none of the GCC governments managed to introduce any substantial tax reforms during the last phase of austerity. A plan for a GCC-wide value added tax remains on ice.

A modern tax system takes a long time to build. Moreover, as the state dependence of the GCC economies remains high, it is not clear how large the private sector’s autonomous capacity to generate revenue really is. Equally important, the introduction of broad-based taxes is likely to give rise to political claims on the part of business and the general population that the GCC rulers are likely to try to avoid until it is too late.

CONCLUSIONS: IMPACT ON THE “GCC ECONOMIC MODEL”

The GCC fiscal situation does not pose an immediate stability threat. The richer countries are comfortable for at least another decade even with lower prices, and will be able to prevent a politically undesirable economic collapse in Bahrain and Oman through grants and loans. Even when their overseas reserves are run down, the governments will still be able to issue debt, which they can strong-arm local banks to accept.

State spending and economic growth, however, are likely to slow down, reducing the policy flexibility of GCC regimes – including in the regional realm, where chequebook diplomacy will become harder to implement. Domestic popular entitlements will remain ring-fenced, so unless oil prices recover substantially there is a risk of economic and policy stagnation on the domestic front.

Much of the diversification in the GCC since the early 2000s has been state-driven, often by state-owned enterprises reliant on sovereign guarantees and capital injections and supported by heavy state infrastructure spending. This “diversification” strategy has ironically deepened the state dependence of local economies in many sectors. These capital-intensive diversification policies are likely to suffer first in an age of prolonged austerity.

To some extent, this might not be a bad thing, as some of the spending on prestige projects in places like Qatar and Abu Dhabi has arguably been frivolous. There will be less large-scale experimentation with sectors like renewable energy, semiconductors or aircraft technology. There will be less investment in museums, world-scale tourism and logistics facilities, while investment in heavy industry will be more modest and targeted. Reduced capital spending means a more modest economic agenda and a stronger reliance on local consumer economies – although here too privately derived household demand remains limited.

At the same time, a period of prolonged austerity could lead to a survival of the fittest in which diversification is limited to priority sectors that are less dependent on continuing large-scale state support, including, potentially, international aviation, healthcare and local tourism.

For the time being, Dubai is the only GCC economy that has found a state-led diversification model that is not dependent on continual large capital injections from the government. It will probably remain the only place with this distinction for a long time to come – although even Dubai is likely to indirectly suffer from austerity as demand from neighbouring markets slows down.

IMMIGRATION VS. POPULATION IN THE GULF

Philippe Fargues,
Director, Migration Policy Centre, European
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INTRODUCTION

“Capital-rich and labour-poor”. This is how the curse of the Gulf States was described fifty years ago. The world’s largest oil stocks had just been discovered under the earth’s most arid and depopulated region. With oil internationally recognised as the property of the state and not of the company that did the pumping, the scarcely populated states of the Gulf acquired enormous wealth. From the largest and oldest (Saudi Arabia) to the tiniest and youngest (Qatar), all six Gulf states soon faced income surpluses with population shortages, to which they all responded by importing labour. In just five decades, the Gulf, which for centuries had received only small population flows, became the world’s third largest receiver of global migrants after the United States and the European Union. The way in which these nascent nations would incorporate massive numbers of newcomers into the workplace but not into their societies is a unique feature of the Gulf.

When strong oil economies emerged in the Gulf in the 1960s, Pan-Arabism was still at its height. Migration from South Arabia, the Levant and the Nile Valley to the Gulf was seen by many in the region as a strategic move towards a strong integrated Arab Nation. Arab labour mobility would bring the human wealth of the Arab world together with its financial wealth, and a powerful nation would be born. This ideology was reinforced by the 1973 Suez Canal War, when OAPEC (the Organization of Arab Petroleum Exporting Countries) proclaimed an oil embargo on Israel’s allies and oil prices quadrupled. Oil income, and

with it the demand for migrant labour, soared in the Gulf. This is when the reality and rhetoric started to part company, as Asians gradually came to outnumber Arabs in the Gulf labour markets.¹

The 1990-91 Gulf war following the Iraqi invasion of Kuwait was to finish off the pan-Arab myth. Three million Arab migrants were deported from the Arab states where they were employed for the simple reason that they were born with the wrong citizenship: Egyptians from Iraq, as Egypt was part of the coalition against Iraq; Palestinians from Kuwait; and Yemenis from Saudi Arabia, because the Palestine Liberation Organisation and the Yemeni government were supporting Iraq. Since then, Arab migration, which was the preferred topic of Arab social scientists and conferences in the region in the 1980s, has disappeared from the academic world. Migrants soon returned to the Gulf, and because the vast majority were excluded from host citizenship non-citizens came to form most of the workforce (from 50 to 90% according to the state) and in some cases most of the total population (from 36 to 80%).

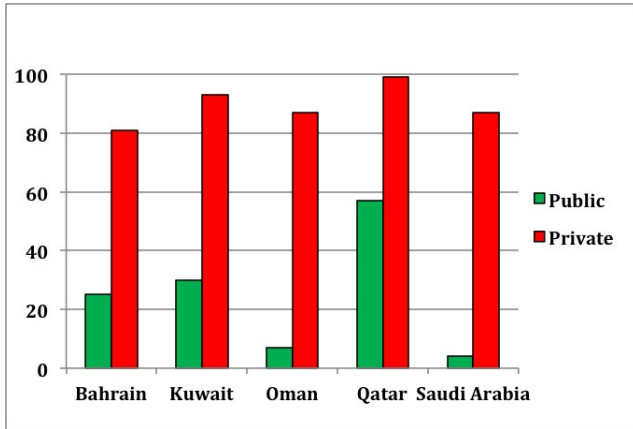
OPEN LABOUR MARKETS, CLOSED SOCIETIES

The Gulf States share a paradox: non-nationals are key actors in their nation-building processes. Without them, the Gulf States would not be what they are today, neither economically nor politically. First, migrants have always been and still are instrumental in building these states. Endowed with large surpluses of financial capital but faced with acute deficits of human capital, the Gulf economies resorted to massive labour importation. As Figure 1 shows, the entire private sector – where most service and good production

1 A. Kapiszewski, Arab Versus Asian Migrant Workers in the GCC Countries, United Nations Expert Group Meeting on International Migration and Development in the Arab Region, Beirut (15-17 May 2006)

is concentrated – would simply collapse without foreign workers. After all, they represent between 80% (Bahrain) and 99% (Qatar) of the labour force. Nationals are only employed in the public sector, mostly in administrative positions.

Fig.1 Percentage of Foreign-Nationals Employed by Sector (2013)



Source: *Gulf Labour Markets and Migration*, <http://gulfmigration.eu/>

In brief, migration was indispensable in transforming financial assets into infrastructure for the construction of sustainable post-oil economies; and into well-being for nationals. It made it possible to provide Gulf nationals with high standards of living, while at the same time allowing them the world's lowest level of economic participation. By turning oil income into no-taxation welfare states, migration brought legitimacy to Gulf rulers and political stability to their regimes.

Second, migrants are not offered opportunities to become members of the Gulf host societies. They are all guest workers, sometimes, in the case of high ranking workers, accompanied by family dependents. Their stay can only be temporary by law and with few exceptions they cannot be granted citizenship in their host country. Moreover, all three-D jobs (dangerous, dirty, and demeaning) are carried out by migrants. This means that there is no national working class that might claim a right to protest. If labour conflicts

happen to break out they are usually solved by returning the protesters to their country of origin; or the protestors are simply silenced. For example, in April 2015 a migrant construction worker fell to his death from a building in Ras-Al-Khaimah. His Asian fellow-workers protested and cars were set on fire. Social media outlets were urged not to give publicity to the incident as baseless claims could destabilise society.

To use a phrase I have employed elsewhere 'dual societies' have emerged in the Gulf, with separate worlds for nationals and non-nationals.² Economically, as we have seen, the nationals have the world's lowest rate of economic activity and are concentrated solely in the public sector, while non-nationals have one of the world's highest rates of activity and take on all the jobs in the private sector. Legally, the 'kafâla' (sponsorship) system creates a barrier as every foreign-national is obliged to have a national 'kafeel' (sponsor), who levies part of the migrant worker's income. Moreover, *jus sanguinis* confines sons and daughters of migrants born in the Gulf to their parents' non-national status with no door into citizenship through naturalisation, which is restricted to exceptional case.³ As non-citizens, migrants and their families are excluded from all the economic, social and political rights and benefits reserved for citizens. Socially, interaction is also extremely limited between the two.

Dual societies produce differentiated demographic patterns. The population of nationals/citizens grows solely through natural increase (determined by birth and death rates). The population of non-nationals/non-citizens grows as a result of two additive processes: the balance between new immigration and return migration, and

2 P. Fargues, *Réserves de main-d'oeuvre et rente pétrolière. Les migrations de travail vers les pays du Golfe* (1980)

3 G. Parolin, *Citizenship in the Arab World: Kin, Religion and the Nation State* (2009)

natural increase. Despite migration being only temporary according to the law, *de facto* many migrants have settled in the Gulf, resulting in a continuously rising proportion of non-national births. As a result, non-nationals have an overall rate of population growth consistently higher than nationals.

ADDRESSING THE GCC DEMOGRAPHIC CHALLENGE

The governments of the Gulf States see demography as a challenge. With the exception of Saudi Arabia, the Gulf populations are small in both absolute and relative terms (Table 1). Taking only nationals into account, Saudi Arabia's population ranks 58th in the world and the other Gulf States between 145th (Oman) and 187th (Qatar). With 25 million nationals in total (2010), the aggregate population of the Gulf Cooperation Council (GCC) would rank 45th. This is little compared with the GCC's neighbours, particularly Iran, and the source countries of the migrants. India's population is fifty times that of the aggregate GCC states. GCC demography is also unimpressive in terms of its economic potential, a fact which explains the high rates of international migration and the fear of being overwhelmed by immigrants.

Designed as a response to demographic scarcity, international migration produces ambivalent outcomes. On the one hand, it compensates for local labour shortages, both in terms of quantity and quality: the workforce and skills that are not available at home must be found in the global labour market. On the other hand, international migration affects the ratio of non-nationals to nationals in the resident population. This ratio stands at between 32% in Saudi Arabia (SA) and 89% in the United Arab Emirates (UAE). In terms of the labour force, meanwhile, the proportion is between 51% (KSA) and 95% (UAE, Qatar). If the ratio of non-nationals to nationals is considered too high, then governments need to work at either increasing the denominator or decreasing the numerator.

Table 1: National populations of GCC States

Country	Millions
Bahrain 2010	0.6
Kuwait 2013	1.2
Oman 2013	2.2
Qatar 2010	0.2
Saudi Arabia 2013	20.3
UAE 2010	1.0
Total GCC	25.4

Source: GCC's National statistical offices

Table 2: Populations of selected GCC neighbours and partners (2013)

Country	Millions
Geographic neighbours	
Iran	75.1
Iraq	31.5
Yemen	24.3
Source countries of migrants	
India	1,251.7
Pakistan	182.1
Bangladesh	156.7
Philippines	98.5
Egypt	82.1

Source: UN Population database <http://esa.un.org/unpd/wpp/>

The first way (increasing the denominator) consists of stimulating the natural demographic growth of nationals. This is the objective of the pro-birth-rate policies adopted throughout the Gulf States, which are only attenuated in the case of Oman by a strong programme of family planning aimed at promoting women's reproductive health.⁴

4 Jihan Safar, *Mariage et procréation à Oman et au Koweït : étude des mutations générationnelles dans le contexte d'Etats rentiers* (2015)

The pro-natalist policies adopted in the Gulf are unique in terms of the public money spent on subsidising marriage, procreation and the rearing of children. Moreover, the availability of (migrant) domestic workers – which in other contexts would free women for economic activity outside the household – in the Gulf lightens the burden of child rearing.

The family policies combined with open-door policies regarding the immigration of domestic workers result in the cancellation of high fertility costs at the household level. Indeed, fertility among GCC nationals is still high in comparison with all the other parts of the world at the same level of *per capita* income. Nevertheless, it has declined in recent years as a result of other Gulf State policies designed to enhance the status of women, in particular in terms of education. Female enrolment rates at secondary school and university are high today in all these states, with girls typically attending school for more years than boys. In the Gulf as elsewhere, the universal mechanism is triggered of more educated women leading to lower fertility rates.

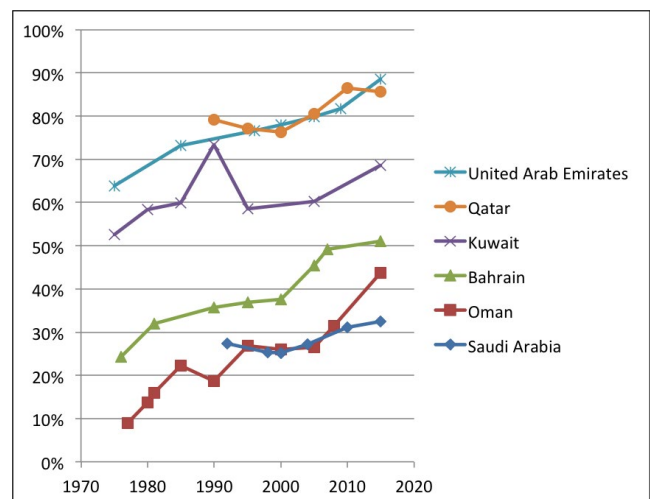
In addition, one wonders whether pro-natalist policies can actually address the challenge of small national populations in the Gulf. Indeed, the high birth rates do not respond to the needs of the labour markets as it takes 20 to 25 years to produce a worker from a new-born baby. Moreover, in the segmented societies of the Gulf where nationals often stand in the upper ranks, a high fertility rate of the nationals will reproduce the elite rather than create a working class (which is what these countries most need).

The second way to reduce the non-nationals/nationals ratio is to decrease the numerator and set the objective of a smaller number of non-nationals. For example, in March 2013 the Kuwaiti government proclaimed that its goal was to reduce its population of migrants by one million in ten

years. Two complementary policies are being pursued in all the GCC States. A first kind of policy aims at indigenising the workforce ('Gulfization') in the private sector by 1) creating incentives for the employment of nationals; and 2) penalising the employment of non-nationals. Inaugurated 25 years ago, these policies have failed – as can be seen from Figure 2. There are many reasons for this, including the fact that Gulfization policies are not popular among employers (who will have to pay higher wages to nationals) and they do not meet the interests of all citizens (some of whom can earn an income from sponsoring numerous non-nationals).

A second sort of policy is intended to limit the stay of migrant workers and not permit them to establish themselves permanently. Residence permits are only temporary, but in the Gulf, as elsewhere, a temporary stay may be repeated and may turn into a long-term one. The lasting settlement of many migrants is demonstrated by the emergence of sizeable numbers of 'second-generation' migrants who were born and have grown up in the Gulf.

Figure 2: Percentage of foreign nationals in GCC populations 1975-2015



Source: *Gulf Labour Markets and Migration*, <http://gulfmigration.eu/>

The end result of the failure of both types of policy – replacing migrants with nationals at the workplace and only allowing temporary migration – is a continuous increase in the proportion of non-nationals in the (aggregate GCC) population from 36.6% in 1990 to 42.7% in 2010 and to 49.4% in 2015.

An alternative way to reduce the non-nationals/nationals ratio would have been to transfer people from the numerator to the denominator by granting citizenship to significant numbers of non-citizens. Naturalising foreign nationals and opening channels to nationality for second-generation migrants by introducing some *jus soli* into the nationality law would both reduce the numerator (fewer foreigners) and increase the denominator (more nationals). The demography of the GCC States would start to resemble that of Canada, Australia, Singapore and other large migrant-receiving countries, where high rates of immigration do not translate into high growth rates of the foreign population.

So far, naturalisation has not been implemented anywhere in the GCC on a significant scale. The only exception is Bahrain, where a grant of nationality to many migrants in the early 2010s was a piece of demographic engineering aimed at balancing the Shia and Sunni Muslim communities.⁵ Elsewhere, major migrant destination countries have developed policies of migrant inclusion and integration. They have opened doors to the acquisition of nationality, thereby creating new citizens out of former foreign nationals and enlarging the demographic base of their national populations. However, the GCC countries have never travelled down that road. On the contrary, they have kept to a strict line of not naturalising migrants. Having failed to replace migrant workers with nationals, their

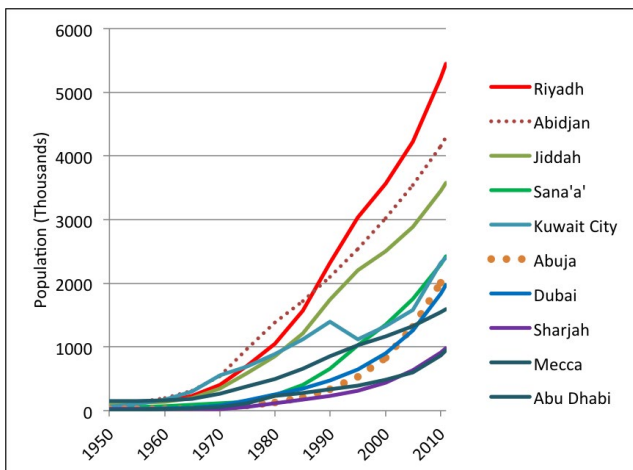
policies have resulted in a narrowing of the relative demographic base of their nationals.

It might seem only common sense to state that the GCC countries uniquely combine intense immigration with small native populations, and that this means foreign majorities. However, this is not as automatic as it would seem. In terms of the flows of migrants they have received with respect to their native populations, Saudi Arabia and Oman can be compared with Canada or Australia in their period of highest immigration. In the case of the emirates (Bahrain, Kuwait, Qatar and each of the seven emirates of the UAE), which are often seen as city states, it is interesting to see how much they resemble other cities in the global south in terms of population growth (Figure 2). Given space restrictions, only two cities, Abidjan and Abuja (the African capitals coming first in alphabetical order), are shown in Figure 2, but this is sufficient to affirm that far from being unique, Gulf cities are representative of a common process of urbanization in emerging economies and developing countries. It is also typical that urban settings are built by migrant workers. However, unlike the large cities of the south and immigration states, the migrants in the Gulf are not part of the nations they have helped to build. Nation-building has been done by exclusion rather than by inclusion of the migrants.⁶

5 F. De Bel-Air, *Demography, Migration, and the Labour Market in Bahrain*, Gulf Labour Markets and Migration (2015)

6 P. Fargues, "Immigration Without Inclusion: Non-Nationals in Nation-Building in the Gulf States," *Asian and Pacific Migration Journal* 20 (2011): 281-282.

Fig. 2: Demographic Growth of Major Gulf Cities and Selected Non-Gulf Cities 1950-2011



Source: United Nations, Population Division, *World Urbanization Prospects, 2014 Revision*, <http://esa.un.org/unpd/wup/FinalReport/>

The official discourse legitimising the non-naturalisation line holds that integrating migrants and granting them nationality would endanger the culture and welfare system of the nation: the culture by bringing alien values, and welfare by increasing the number of those entitled to benefits. The common argument is that the policy of protecting citizens by closing off citizenship to foreign nationals is dictated by the demographic uniqueness of the GCC states, i.e. small national populations faced with large numbers of migrants. However, as suggested above, the relationship between demography and policies has worked the other way around. The demographic uniqueness of the Gulf States is a product of their policies. The question is: to what extent are these policies sustainable?

CONCLUSION

Non-nationals or non-citizens form demographic majorities in the workforces of the Gulf States and in the total populations of four of them. Many come alone on short-term contracts, after which they normally return home. Others have their

contracts renewed again and again and they settle. They do not cut their links with their homelands – where the governments are keen to engage with their diaspora in several ways, from attracting their savings to attracting their ballots – but most of their lives are spent in the Gulf. They are non-citizens for a lifetime and their rights are severely limited in the place where they live. Will this situation change?

Internal moves from within the Gulf States are possible. Debates amongst Gulf citizens have started on the subject of amending (if not abolishing) the *kafâla* system.⁷ Nevertheless, there has been no strong voice on the most sensitive issue, that of naturalising migrants (or some of them). In a context where the voices of migrants themselves are silenced, it seems unlikely that the duality of the Gulf societies will evolve as a result of internal forces.

Can external forces cause a change? The migrant origin states increasingly engage in supporting their expatriate nationals, although their level of engagement greatly varies from one state to another. They work to make migration financially profitable for the migrant and for his or her country of origin, and increasingly also protect their workers abroad from exploitation and abuse. However, the states of origin would not support their citizens' efforts to obtain full membership – and eventually citizenship – in other states (the destination countries of their migrants). The game is instead being played outside the region. With the rise of a global civil society, the international community is keeping a watchful eye on migrants in terms of human and labour rights. Its means of efficiently defending the people involved are still limited, particularly in countries where human and migrant rights organisations are not represented. But their loud voice in international *fora* and on the web must be heard everywhere.

⁷ M. Dito, "Labor Migration in the GCC Countries: Some Reflections on a Chronic Dilemma," *Middle East Institute* (2010)

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CHANGING GLOBAL DYNAMICS BETWEEN THE GULF, THE US, AND ASIA: IMPLICATIONS FOR THE EU

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INTRODUCTION

Since the United States (US) with its “Pax Americana” replaced the British with their “Pax Britannica” as the new hegemonic power and the main security guarantor of the Gulf in the 1970s, there have been some underlying shifts in the regional and global systems. These include: the overthrow of the Shah of Iran by the Islamic Revolution in the late 1970s; the Soviet invasion of Afghanistan in 1980; the Iran-Iraq War (1980-1988), culminating in the creation of the Gulf Cooperation Council (GCC) in 1981; the Iraqi invasion of Kuwait (1990) and Kuwait’s subsequent liberation by Operation Desert Shield and Operation Desert Storm (1991); the formal end of the Cold War (1990); the fall of the Soviet Union (1991); the ratification of the European Union (1993); the invasion of Iraq and the downfall of Saddam Hussain’s regime (2003); the Arab Spring (2011); and a plethora of global energy and financial crises. During this period of turmoil, relations between the GCC and the West (the US and Europe) were challenged and tested but remained intact due to interdependency and mutual interest in energy, economic, and security cooperation. However, recent shifts in and changing dynamics of global geopolitics have shaken the enduring cooperative relations between the two sides, creating a new dimension of GCC relations with the US and Asia, with implications for the EU.

THE SHIFT TO ASIA

The global demand for energy is increasingly coming from the East rather than the West, with China already becoming the world’s largest net importer of oil and India being the third largest. Two thirds of Gulf oil went to Europe and the United States in 1980, but this has fallen to one third by 2004.¹ The recent East-bound Gulf oil flow indicates that there will be noticeable changes in the geo-strategic considerations among the countries concerned. King Abdullah of Saudi Arabia’s visits to India and China in 2006 were evidence of this pivotal shift in the global energy market. China is actively working on securing access to Middle East energy. It is trying to build a Maritime Silk Road between Asia and Europe through the development of Oman’s Sohar Port and Freezone, which is linked to the Arabian Peninsula and the Gulf countries.² Beijing has also announced a \$46bn investment plan that will be heavily concentrated in the China-Pakistan Economic Corridor (CPEC) a combination of transport and energy projects, and the development of a major deep-sea port providing direct access to the Indian Ocean and beyond.³ For the Chinese, this region holds geo-strategic significance as the corridor through Gwadar gives them their shortest access to the Middle East and Africa. In addition, China is investing in a number of ports in Asia, aiming to access sources of energy and increase its influence over maritime routes.

- 1 A. Echagüe, “Change or Continuity? US Policy Towards the Middle East and Its Implications For EU policy,” *Documentos de Trabajo FRIDE* 95 (2010).
- 2 G. Knowler, “China Focuses Attention on Omani Port of Sohar,” 26 January 2015, http://www.joc.com/port-news/china-focuses-attention-omani-port-sohar_20150126
- 3 “Is China-Pakistan ‘Silk Road’ a Game-Changer?,” *BBC*, 22 April 2015, <http://www.bbc.com/news/world-asia-32400091>.

Similarly, India has become increasingly dependent on Middle East oil for its extensive appetite for energy, with the region becoming the largest supplier for India's growing energy needs. To better access the energy in the region, India has discussed an Iran-Oman-India pipeline project for transportation of natural gas.⁴ Previously, projects such as the envisioned India-Pakistan-Iran pipeline were unsuccessful due to the difficulty of constructing and investing in such infrastructure in Pakistan with its many lawless tribal regions.

There is another factor contributing to the shift, this time from the US side. The so-called shale revolution, which is also referred to as a game changer in the global energy market, has allowed the US to become less dependent on Gulf oil. This has diminished US interest in the region and will result in a reduced role as security guarantor, as the cost now outweighs the possible benefit. The fact that the pivot of US foreign policy is also shifting toward the East explains the weakening motivation of the US to remain deeply involved in the Gulf region.

Second, over the past few decades, the GCC states have witnessed rapid economic growth, with the value of their economies reaching \$1.6 trillion in 2013 and their financial surplus in sovereign wealth funds touching \$2 trillion. This economic boom has given the GCC much-needed confidence and the GCC members have increasingly diversified their external market integration and investment friendliness.

However, the GCC's economic structure is largely driven by oil and gas exports. The oil and gas sector amounts to 63 percent of the public revenue of these countries, or 41 percent of their GDP and over 70 percent of their total export revenue. Given the GCC's levels of oil and gas reserves (40

4 K. Taneja, "India's Importance in the Middle East," 22 April 2014, <http://warontherocks.com/2014/04/indias-growing-strategic-importance-to-the-middle-east-and-persian-gulf/>

percent of the world's total crude oil production and 15 percent of global gas production), it will be no surprise if the GCC States' strategic relations become increasingly aligned with the emerging changes in the energy markets and the global energy demand emanating from Asia. As a result of internal growth dynamics and global headwinds, the GCC's external relationships are inexorably shifting from the historically dominant EU and US to the emerging markets of Asia. In sum, substantial changes in global economic weights over the past decades have increasingly shifted the Gulf countries' economic focus towards the Asian continent.

Moreover, the GCC-Asia trade relationship, which was initially founded on the energy requirements of established and emerging Asian economies, is no longer limited to energy and GCC hydrocarbon reserves. The change in the emphasis of GCC trade patterns is clear and the focus of Gulf business is moving eastwards. A cursory glance at the region today would support this view. Asia is now the GCC's most important trade partner, both in terms of its hydrocarbon exports and also of its imports of machinery, manufactured goods and food. Intensified bilateral investment relations have accompanied the GCC's growing trade ties with developing Asia. Migrant workers from Asia, especially from the Indian subcontinent, now account for more than half of the GCC's labour force, significantly contributing to economic prosperity and development in the Gulf monarchies.

This shift eastward is unsurprising given the travails of the developed Western economies. With the sluggish recovery from the financial crisis in the EU and the US, Gulf economies have had to look elsewhere. For example, the UK, a traditional trading partner, has failed to hit growth of 2% in the last five years, while the US has fared little better with annual growth rates stuck below 3%. On the other hand, in the same period China has

recorded average straight-line annual growth of 8.9% and India has achieved a rate of 7%.

China-GCC trade ties are strengthening at a faster rate than investment. By 2020, China will be the biggest export market for the GCC, and Chinese investment in the GCC is on the rise, mostly in wholesale and retail trade, with a significant increase in Saudi Arabia. In contrast, Gulf companies have secured comparatively few refinery projects in China, and portfolio investments have been limited.

Third, the established strength of Chinese and Indian military power marks these countries as influential players in the global security order, which may provide the Gulf countries with a potential future option for their security insurance, helping to fill the power vacuum which the US, much as the British did in the past, looks likely to leave. According to the Global Firepower Military Rankings 2015, China and India rank respectively as the third and the fourth largest world military powers after the US and Russia.

In fact, China has been visibly engaging in military missions overseas with its increasing military strength. The Chinese navy was dispatched to Somali waters in 2008. In 2010, Chinese navy vessels docked in Iran and at Port Zayed in the United Arab Emirates in order to participate in counter-piracy operation⁵ and China commenced a bilateral counter-piracy exercise with the US in the Gulf of Aden and the Horn of Africa on 11 December 2014.⁶ China has initiated joint anti-piracy exercises and naval visits to neighbouring countries and the Middle East region for the purpose of military diplomacy as well as to protect strategic trade routes, building interim technical

5 M. Singh, "China's Military Presence in the Gulf," 26 September 2014, <http://blogs.wsj.com/washwire/2014/09/26/chinas-military-presence-in-the-gulf/>.

6 US Navy, "China Conduct Anti-Piracy Exercise", 12 December 2014, http://www.navy.mil/submit/display.asp?story_id=84858

service stops in Djibouti, Oman, Saudi Arabia, and Sudan.⁷

Likewise, India has also been militarily active in the Gulf.⁸ In 2008 India and Qatar signed a defence agreement establishing the foundations for a deeper Indian involvement in the region. Under the agreement, New Delhi committed to protect Qatar from external threats. The deal with Qatar leads to the possibility of India providing military support in an event in which shipping lines become blocked and hamper the free flow of oil and gas to the sub-continental shores. India signed a similar defence pact with Saudi Arabia in 2014. This implies that China and India, while currently far from being global powers, are already playing a strategic role as reliable and capable international military powers. The GCC states' strengthening ties with these countries signal that they may prove to be appropriate potential future alternatives to the dwindling influence in the region of the US.

THE GCC, THE US AND THE EU

The opposing views held by the US and the Gulf countries in addressing critical regional issues further complicate matters between the two sides. Indeed, the US and the Gulf states have begun to diverge on many issues, such as the US nuclear deal with Iran and crises in Iraq, Syria, and Yemen. The US-Iran nuclear deal is perhaps the main issue that is threatening to compromise the long history of relations between the US and the Gulf states. Given the fundamental sectarian tension between the Arab Gulf states and Iran with respect to the balance of power in the region, the decades-old efforts by the US in reaching a framework agreement on the nuclear issue with Iran – from

7 D. Sun, "China's Soft Military Presence in the Middle East," 11 March 2015, <http://www.mei.edu/content/map/china%E2%80%99s-soft-military-presence-middle-east>

8 Taneja, "India's Importance", *op. cit.*

which the GCC states have been excluded – pose a significant threat for the GCC, as Iran has been able to gradually step closer to its goal of becoming a nuclear power. The sense of urgency has not been shared by the US, which has persisted with diplomatic measures without a willingness to take more decisive actions.

The Syrian crisis is another major issue that has weakened the bond between the US and the GCC states. From the Gulf States' perspectives, the continuing survival of the Assad regime remains a source of instability that may result in a dangerous spillover effect in neighbouring countries such as Lebanon, Jordan, and Iraq. Accordingly, the Arab Gulf countries have thrown their support behind the opposition movement and called for a lifting of the arms embargo, which has prevented necessary outside arms support from being delivered to the people on the ground. Meanwhile, the US has resisted calls for the lifting of the arms embargo and even vetoed the possibility of supplying adequate weaponry to the rebel forces.⁹

With such momentous shifts in the strategic relations between the GCC and the US and the GCC and the two major Asian powers of China and India, one might legitimately wonder what implications these changes will have for Europe, given the historical relations between the Gulf and Europe and the existing economic and political interests shared by the two regions.

Essentially, EU-GCC relations commenced in the late 1980s with the two regional organizations signing a Cooperation Agreement in 1989 that provided for intra-regional cooperation in many fields, including economic, energy, environmental, education and research, customs, and other technical fields. The agreement also initiated

9 A. Sager, "Whither GCC-US Relations?," *Gulf Research Center*, 29 March 2013, http://www.grc.net/?frm_action=view_newsletter_web&sec_code=grcanalysis&frm_module=contents&show_web_list_link=1&int_content_id=80613

a political dialogue that was accompanied by negotiations on free trade. This relationship was based on historic engagement and reciprocal interests in trade, energy investment and security, in which the two regions enjoy a high degree of complementarity.

However, the meagre outcome of this relationship shows that it has been difficult for the EU and the GCC to move from their rather simple cooperation to a more strategic partnership. This is due to conditions set by both parties: the EU has failed to recognize the full value of the GCC countries' economic and geopolitical potential beyond the Middle East context. Furthermore, the absence of a unified EU policy towards the Gulf region has produced contradictions between the bilateral and multilateral tracks of EU-GCC diplomacy. There is no consensus within the GCC side regarding a strategic partnership with the EU. This could be attributable to the fact that "both parties have given priority to their partnership with the US, which is more able than the EU to provide the security guarantees that the Gulf needs and on which it bases its foreign policy."¹⁰

However, the EU's position on the critical issues in the region has not always been in accordance with US policy, despite managing to fit itself in the direction of the US perspective in most regards. In particular, the EU and the US demonstrated differing stances on addressing the crisis in Syria after the Arab uprising swept the region in 2011.

Given the sensitive context of the Gulf, where the EU, the US, and the GCC countries do not always see eye to eye, the recent dynamic shifts in GCC-US and GCC-Asia relations should be clearly understood by the EU *vis-à-vis* its policy towards the region. In fact, there are a number of reasons why the EU needs to consider

10 C. Bianco, "EU-GCC Cooperation in an Era of Socio-Economic Challenges," *Istituto Affari Internazionali* (2014), <http://www.iai.it/en/pubblicazioni/eu-gcc-cooperation-era-socio-economic-challenges>

developing its current relations with the Gulf into a more strategic partnership, and the changes in GCC relations with the US and Asia allow more space for such developments. First of all, better partnership between the EU and the Gulf can be helpful in resolving the financial and economic crisis in Europe. With the Gulf countries' sizeable financial reserves, compounded with their inflated economies, the EU could greatly benefit from foreign direct investment from the GCC. In addition, there are many areas where the EU and the GCC states share similar interests, such as countering terrorism and maintaining stability in the region, especially in the Middle East and North Africa (MENA) region with a particular focus on containing Iran's nuclear ambitions and securing a stable energy flow. The facts that the volume of EU-GCC trade is twice the size of that between the US and that the GCC and the EU economies have a greater reliance on Gulf energy than the US should encourage the EU to take a more solid approach towards the region. Although the US presence and its influence in the region still remains strong compared to any other international actor, mutual interests in many issues and mutual economic and strategic significance mean that it is time for the EU to play a more active role in the region than it did before.

The EU should note that the combination of the decreased US interest in the region and the GCC states' mistrust of US policy creates a more favourable environment for the EU. In addition, the role China and India can play in the region's security is still limited compared to the traditional Western powers. Indeed, some EU member states such as the UK and France have made large contributions to GCC security and continue to do so via bilateral security arrangements and arms sales. These bilateral arrangements could be useful in augmenting collective EU-GCC relations.

The EU and the GCC need to reconsider their relations and learn from previous pitfalls. It is fair to say that there has been a period of missed opportunities because of the stagnant free trade

negotiations that have not lead to anything substantial and have hampered the healthy development of close intra-regional relations. Moreover, further efforts to revive EU-GCC relations through the Joint Action Program (JAP) have not yielded any useful results, and neither has the political dialogue, which continued to reiterate previously held positions and failed to unfreeze the deadlock in the free trade negotiations. This is an opportune moment to reconsider this relationship in the light of the changing global dynamics.

CONCLUSIONS

The implications of changing global, Gulf-US and Gulf-Asia dynamics for the EU represent a positive signal of a valuable opportunity for Europe to become more engaged in this strategically important region. Due to the Asian powers' rapidly growing energy needs and their need to secure stable access to Gulf oil, the economic and strategic ties of the GCC with China and India have grown significantly. Alongside this, the decreasing US energy dependence on the region as a result of domestic shale energy production has shaken the historic partnership between the Gulf and the US. Furthermore, the established military strength of China and India has allowed them a deeper engagement in the Gulf, which is also made possible by the pivotal change in US foreign policy towards the East. The differing stance between the GCC countries and the US on critical issues in the region, including the Iranian nuclear deal and crises in Syria and Yemen, has prompted the Gulf states to diversify their security partnerships. However, all of these changes in fact offer the EU more space to project its own policy toward the region, as the possibility of less US presence is becoming more apparent and the Asian powers still enjoy only limited influence there. Given the economic and strategic potential of the Gulf region, the European powers should strive to direct these shifting dynamics in favour of their own interests.

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SECTION 2

BEYOND THE ARAB SPRING. THE GULF COUNTRIES AND THE MIDDLE EASTERN GEOPOLITICS

THE SHIA-SUNNI DIVIDE: WHEN RELIGION MASKS GEO- STRATEGY

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INTRODUCTION

Starting with Iraq after the US military intervention in 2003, and culminating with the Arab spring in 2011, the quest for democracy in Iraq, Bahrain and Syria has rapidly turned into a sectarian conflict between Shias and Sunnis. With the open military intervention of the Lebanese Hezbollah in Syria, and the growing presence of the Iranian Guardians of the Revolution on the side of the Bashar regime in Syria, and of the Shia government in Iraq, local civil wars have turned into a regional confrontation between a Shia axis supported by Iran and a Sunni axis supported by Saudi Arabia. This polarization extends to Yemen, where the Zaidites, a dissident Shia community dominant in the North with no affinity with the mainstream “Twelver” Shiism, have received the support of Iran, while the Saudis have launched a military campaign in support of the Sunni opponents. Here, we can see a change of alliances: in the sixties the Zaidites were supported by Saudi Arabia because they were defending the Yemeni monarchy against an alliance of Arab nationalists and socialists which mainly recruited among Sunnis.

How should this sudden religious polarization be interpreted? Is it the expression of a centuries-old religious divide or the result of a new geo-strategic alignment in the Middle East, where conflict between Iran and Saudi Arabia through proxies has replaced the Israel-Palestine conflict?

SHIISM: FROM POLITICS TO THEOLOGY

The historical divide between Shias and Sunnis had nothing to do with theology: it was the result of a feud for the Prophet’s succession. Ali, the fourth Caliph, cousin and son-in-law of the Prophet, and his son Hussein lost the battle. Subsequently, their followers (the Shias) withdrew from politics. In the course of history they developed a specific theology centred on the *imamat*: the spiritual leadership of a certain number of direct descendants of Ali, who became the leading religious model for the Shias. The main concept of the dominant school, the Twelvers, is that the twelfth imam has been “occulted” and will come back at the end of time.

The mainstream Shias, the Twelvers, consider the twelfth Imam to be the last, while other groups, far less numerous, chose to stop or diverge at some point (the fifth Imam for the Zaydis, the seventh for the Ismailis, etc.). Other groups reserve special worship for Ali without referring to the line of *imamat*, and thus are often described by the Sunnis as extreme Shias (but most of the Shias do not recognize them as part of the family), the Alawis of Syria and the Alevis of Turkey for instance. The early Shias used to be concentrated around the north of the Persian Gulf and in the south of what is now Lebanon.

The religious divide turned into politics when the Safavi dynasty took over Iran (1501) and decided to adopt Twelver Shiism as the state religion. At that time, the four large empires (Ottoman, Safavis, Uzbeks and Moghols) that fought for supremacy from Istanbul to Delhi and Samarkand were headed by Turkic dynasties so the opposition between Iran and the others was rapidly framed in terms of a religious divide. In 1517, Selim II, the Ottoman Sultan, reclaimed the title of Caliph, which had become obsolete since the fall of the Abbasid lineage in 1257, to claim a religious Sunni legitimacy. During the same century, the Safavis brought religious Arab Shia families into

Iran to create a Shia state clergy which could be anchored into an Arab genealogy, setting the basis for the emergence of great transnational clerical families (Arabo-persian) that are still prominent in the Shia clergy (the Musavi, Sadr, Shirazi and Tabataba’I, etc).

Another reason for turning to orthodox Arab Shia clerics was to establish some distance from the popular “Alevism” of the Turkmen troops, which was too “heterodox” and “shamanic” for it to be made the official religion of a former Sunni society. Two events contributed to shaping the contemporary form of this new Shia clergy: the Afghan invasion of Iran in 1727 led to the exile of the leading Shia clergy to Najaf and Kerbala in the Ottoman territory, where they were granted extra-territoriality (it was only to be abolished in 1979 by Saddam Hussein); and the theological quarrel over *ijtihad*¹ versus *taqlid*,² which was won by the reformists, led to the progressive fixation of the “*marjajyya*”, i.e. the institutionalization of the figure of the “*Mojtahed*” as being entitled to provide religious guidance to believers and to train mollahs who would teach in his name and convey the religious tax or *khums* to their “great ayatollah” or *Mojtahed*. A college of a dozen co-opted *Mojtahed* has ruled over the Shia clergy since that time. The concept of *marjajyyat* took on

1 “Islamic legal term meaning “independent reasoning,” as opposed to *taqlid* (imitation). One of four sources of Sunni law. Utilized where the *Quran* and *Sunnah* (the first two sources) are silent. It requires a thorough knowledge of theology, revealed texts and legal theory (*usul al-fiqh*), a sophisticated capacity for legal reasoning, and a thorough knowledge of Arabic” (Esposito 2013).

2 “Conformity to legal precedent, traditional behaviour, and doctrines. Often juxtaposed by reformers with *ijtihad*, independent reasoning based on revelation. Traditionally, legal precedent is considered binding in Islamic law, but *taqlid* has acquired a negative connotation among modern reformers, who use the term to refer to cultural and intellectual stagnation and unwillingness to experiment with new ideas. Reformist criticism has taken both fundamentalist and modernist directions” (Esposito 2013).

a political dimension when the Iranian revolution put an end to the collegiality of the Ayatollas by making the supposedly “greater” of them both a spiritual and political leader, a function called “*velayat-e faqih*”, or “regency of the doctor of the law”.

Since the 18th century the Shia clergy has become politically autonomous, economically independent, transnational and hierarchized, although Iran has been the only country to claim Shiism as its “national” religion. Iran thus became closely associated with Shiism, although after the fall of the Safavis, no monarch used it as the main tool of foreign influence until the victory of the Islamic revolution of 1979. In parallel, tensions between Sunnis and Shias seemed to decrease everywhere in the wake of the Nahda movement, which started at the end of the 19th century precisely because of a debate over re-opening “*ijtihad*”, to the point that in 1958 the university of Al Azhar declared that it is permissible for a Muslim to follow the *jaffari* legal school of thought (*mazhab*³). *Jaffari* (after the 6th Imam, Jaffar, who endeavoured to outline what a *Shia fiqh* could be) became the conventional neutral denomination for Shiism. In the present litigious context, to refer to the *Jaffari* legal system connotes an inclusive attitude towards the Shias. There have been many intermarriages between Shias and Sunnis in Pakistan since its independence and also in some Arab countries, and sectarian identity was not an issue until 1977.

However, the Iranian Islamic Revolution of 1979 changed everything. For a second time Shiism became associated with a state strategy of regional expansionism coupled with a revolutionary call to topple the existing Arab regimes. In parallel, in its opposition both to Israel and to Iran, Arab

3 A legal school of thought is called a *mazhab*, which means that it is not a different religious interpretation but just a variation in legal interpretations. To call Shiism a *mazhab* is to re-introduce it into mainstream Islamic orthodoxy.

nationalism took on an increasingly religious Sunni dimension under the growing leadership of Saudi Arabia: the Wahhabis and the Salafis used theological arguments to condemn Shias as renegades (*rafidhin*). The Sunnitisation of Arab militancy also had a side effect: the marginalisation of the Arab Christians.

Neither the Iranian revolution nor the salafisation of Sunnism came out of the blue, even though the religious radicalization that was at work before 1979 went mainly unnoticed by Western observers. While the role played by Wahhabism and Saudi Arabia has been acknowledged, little research has been conducted on the Shia revival that preceded the Iranian revolution because the revolution put the focus on Iran, while the movement of radicalization had been happening widely outside Iran.

THE SHIA REVIVAL BEFORE THE IRANIAN ISLAMIC REVIVAL

Many local rural Shia communities in Afghanistan, Pakistan, southern Iraq and southern Lebanon in the mid-20th century were not under the control of the clergy of Najaf and Qom. They were under the leadership of big landowners (*zaim* in Lebanon, *arbab* in central Afghanistan) and they were usually called by specific ethnic names (*metwalis* in Lebanon, *hazara* in Afghanistan). However, from the 1950s a dual movement of clericalisation and social mobilization took place. Young clerics trained in the *howze* (Shia religious schools) of Najaf and Qom came back to their places of origin, or were even sent by leading ayatollahs, to launch a sort of “awakening” religious movement that went in parallel with contestation of the leadership of the landowners and a call for education and social reforms. The movement was also associated with rural migration, with local young Shias going to the capital (Beyrouth) or abroad (Iran and Iraq for the Afghan Shias). While working as “migrants”,

many youths also went to religious schools, the level of which was far higher than in the Sunni madrasa, which played the same role in Pakistan, Afghanistan and the Gulf for the Sunnis.

The great names of the new religious militants are, among others, Musa Sadr for South Lebanon, who set up the “*amal*” movement, and Sayyed Balkhi in Afghanistan. Both of these “clericalized” the local Shia communities by appointing modern clerics, and disenclaved them by connecting them to the religious centres of Shiism, jumping from the local to the global, and often bypassing the national state where Shias were underrepresented (Lebanon, Iraq, Pakistan, Afghanistan, Gulf states). They also contributed to homogenizing Shia communities by encouraging them to adopt Iranian-style rites, practices and dress (for the celebration of Ashura,⁴ for instance) and discarding local folklore and popular religion. A common clerical Shia culture, which later would turn into a political and ideological one, took shape from Beirut to Karachi.

This movement of religious revival was not directed by Iran, although there is evidence that the Shah of Iran provided help to Musa Sadr. It was mainly managed by the various great ayatollahs of Najaf and Kerbala. In fact, although the ayatollahs usually shared the same religious views, there were many reasons for them to compete among themselves: their networks of followers were not bound by ethnic, national or linguistic borders, and more followers meant more financial resources, which allowed them to open madrasas and charities and thus enhance their religious and *ipso facto* political influence. The main difference among them concerned their attitudes to politics: the

4 “Commemoration of the martyrdom in 680 of Husayn, Muhammad’s grandson and the third imam of Shii Islam. Shii communities annually reenact the tragedy in a passion play, including self-mortification and displays of sorrow and remorse intended to unite them in Husayn’s suffering and death as an aid to salvation on the Day of Judgment.” In Esposito, John (ed.), *The Oxford Dictionary of Islam* (Oxford: Oxford University Press, 2013).

most influential ayatollah of Najaf, Khu'ý, rejected the concept of Islamic revolution, and was quietist and somewhat conservative, while ayatollah Baqer al Sadr was far more involved in politics (and would be executed by Saddam Hussein in 1980). However, both schools of thought contributed to the mobilisation and homogenisation of the local Shia communities by connecting them to a clerical and international centre. It is also worthwhile to note that the Iranian clergy was not the most active nor the most radical. Until 1963, ayatollah Khomeyni was quite conservative; it was only when the Shah launched his "white revolution" that he became a vocal opponent of the regime and shifted to a revolutionary Islam, attracting younger radical clerics (*hodjat ol-islam*, like Mottahari).

This religious revival touched only the Twelver Shias. During the sixties the Yemeni Zaydis were split between royalists and republicans, but were massively opposed to the socialists of South Yemen, and thus closer to Saudi Arabia, while both the Turkish Alevi and the Syrian Alawis joined nationalist and secular political parties (CHP and Baas).

THE WATERSHED OF THE IRANIAN REVOLUTION: FROM RELIGION TO POLITICS.

The Iranian Islamist regime immediately took a radical pan-Islamist approach and emphasized a strong anti-imperialist anti-Zionist revolutionary stand against the existing Arab regimes. However, it failed to attract the Sunni masses. The Iraqi attack on Iran in September 1980, followed by a bloody 8-year war, undermined the Iranian appeal to the Sunnis. Most Arab countries (with the exception of Syria) backed Iraq, and they were followed, with more or less enthusiasm, by the Islamist movements (Muslim Brothers). Sunni solidarity worked. Iran never succeeded in attracting militant Sunni groups, but only

splinter groups (like Sheykh Cha'aban in Tripoli, Lebanon). The picture was more mixed with the Shia Arabs because the Iranian regime requested not only their strategic support against Saddam Hussein but also an ideological commitment to the revolution and its leading principle of *velayat-e faqih*. Many traditional Shia clerics (Shamseddin in Lebanon, Khuy in Iraq) refused to accept *velayat-e faqih* and kept a neutral stand on the war. Others, like Fadlallah in Lebanon, politically endorsed the cause of Iran but still rejected *velayat-e faqih* for religious reasons. By contrast, many mid-level clerics who were part of the Shia "awakening" enthusiastically backed both revolutionary Iran and the concept of *velayat*. To ensure its control of Shiism, the Iranian regime launched a campaign of "revolutionization" inside foreign Shia communities and backed new revolutionary organisations either against traditional political parties (Amal in Lebanon) or in parallel with them (Da'wat in Iraq). In some cases this resulted in a Shia civil war: in the Shia region of Hazarajat in Afghanistan the pro-Iranian Nasr movement fought and won a tough civil war against the moderate "*shura*" from 1982 to 1984; in Lebanon the Hezbollah won hegemony over the Shias; and in Iraq the Supreme Council for the Islamic Revolution in Iraq (SCIRI) was founded in Iran in 1982 and received the bulk of Iranian support.

THE SUNNI BACKLASH

Even though many Shia leaders (Khu'ý in Iraq, Shirazi for the Gulf states) did not endorse the Iranian revolution, the Arab regimes tended to perceive Shias in general as an Iranian fifth column. Restrictions were put on public religious practices (*Ashura*) and many were expelled from Iraq and Kuwait, dubbed Iranians. Only in Lebanon did the war enable Hezbollah to become a prominent political party and the leading military force in the country.

However, another kind of Sunni reaction rose from below, even though it was encouraged by the growing policy of re-Islamization initiated by many Sunni states. In Pakistan, for instance, the Islamization policy decided by General Zia ul Haq after the coup of 1977 resulted in the imposition of *zakat* (tax on wealth) on individual bank accounts. The Shias protested, saying that they paid the *khums* directly to their religious authorities and thus should be exempted from *zakat*. They won their case but the consequence was that people had to register as either Shia or Sunni, which thus led to an “obligation to choose” and transformed what was a “grey area” about religious affiliations into an increasing sectarianisation of public space. A radical Sunni group created in the Punjab in 1985, Sipah-e Saheban, waged a terrorist war against the Shias. Many members of the Shia elite were killed just because they were Shias. In south Punjab, the Shias began to regroup in distinctive neighbourhoods that were more easily defensible and many mosques were transformed into militarized strongholds. This phenomenon, despite having been triggered by a small group of militants, generated forms of ethnic cleansing and regrouping by sectarian affiliation everywhere. The civil war in Lebanon resulted in the same polarisation, as did the civil war that *de facto* broke out in Iraq after the US invasion of 2003. In parallel, the Wahhabi authorities launched *fatwa* upon *fatwa* to qualify the Shias as “renegades”. The spirit of the Al Azhar *fatwa* of 1958 was dead.

Once again, the growing antagonism between Shias and Sunnis had nothing to do with a “millennial” hatred, but with a strategic realignment that resulted from both a backlash against the Iranian revolution and from a religious revival turned into an ideological radicalisation that touched both Shias and Sunnis. The geostrategic struggle for hegemony in the Middle East enlarged and even re-created the religious divide between Shias and Sunnis, as did the wave of re-Islamization, because the latter focussed precisely on “who owns Islam?”

This paradox of the Islamist revival was not understood at the time by the West, which saw the Iranian revolution as the vanguard of a global Islamic radicalization, without seeing that, by definition, this re-Islamization would exacerbate the sectarian religious divides within the Muslim world.

IRAN: FROM PAN-ISLAMISM TO A COALITION OF MINORITIES IN THE MIDDLE EAST

In 1989 with the death of Khomeini, it seemed that the Islamic revolution had failed to make a breakthrough among the Sunnis and was stuck everywhere in a “Shia ghetto”. Nevertheless, Iran did not renounce its strategy of becoming the leader of the Middle East: it downplayed its revolutionary dimension, tried to mend fences with Arab regimes and recast its appeal through support for the great cause that nobody could ignore: the fight against Israel. Hezbollah and Hamas were the two show-case players in this strategy. In a word, Iran paradoxically played more on “Arab nationalism” than on “Islamic revolution”. Arming Hezbollah and Hamas, adopting an intransigent attitude towards Israel, and building a nuclear programme to achieve its sanctuarisation were the main pillars of the Iranian strategy. The conservative Arab regimes saw Iran more as a threat than as an ally against Israel, but were restrained by the popularity of the Palestinian cause among their populations.

Nevertheless, Saudi Arabia waged a “clandestine” campaign against Iran by supporting radical Sunni movements that would fight Iran and the Shias everywhere in close cooperation with Pakistan, which wanted to thwart Iranian (and Indian) influence in Afghanistan. Radical Sunni movements were supported more or less openly: the Taliban in Afghanistan, the Lashkar-i Jhangvi in Pakistan, and other radical groups in Iranian

Baluchistan. However, this policy backfired on 11 September 2001 when it became obvious that some of the radical Sunni movements, even strongly anti-Shia ones, saw the West as their main target. Saudi Arabia and the Salafi radicals would never be able to disentangle the “good” anti-Shia Sunni radicals from the “bad” terrorist movements.

The apex of the Iranian strategy was the Israeli attack in South Lebanon and its relative defeat in the face of Hezbollah (summer 2006). For a short period, Nasrallah became the hero of the Arab street, and Hezbollah the champion of Arab nationalism. Its support for Hamas allowed Iran to appear to bypass the Shia-Sunni divide in the name of the common fight against Zionism.

Curiously, this strategy crumbled six months later with the execution of Saddam Hussein, which was the indicator that a new civil war had started in Iraq, opposing the new Shia rulers against the Sunni minority after the US invasion. Falluja replaced South Lebanon in radical Sunni imagery. A second event was the Arab spring; this refocused Arab politics on national and domestic issues, to the detriment of pan-Arab solidarity. Moreover, it undermined the Syrian regime, something that was not acceptable for Iran. In a very short span of time, Iran decided to support the Assad regime in Syria at all costs. With its military intervention in Syria, Hezbollah turned from pan-Arab heroes into a factional sectarian movement fighting as a proxy for Iran. 2012 was the year when the deep changes in the geostrategic relations of the Middle East, at work since 1979, accelerated and became irreversible. A broad Shia coalition led by Iran was fighting a profoundly divided Sunni Arab array of opposed elements, including radical jihadists and terrorists (Daesh), already defeated Muslim Brothers, conservative Salafis and Wahhabis, and authoritarian states (Saudi Arabia, Egypt).

A final element of importance was the broadening of the concept of “Shia”. Iranian influence slowly

penetrated the non-Twelve religious minorities. These used to identify with secular Arab nationalism, but when this pan-Arabism came into crisis they were confronted with the hostility of Sunni radicals who considered them heretics. At the end of the 1970s, when Hafez el Assad was looking for some “Muslim” credentials on the eve of his fight against the Muslim Brothers, no Sunni religious institutions would agree to deliver a certificate of “membership” in the *ummah* to the Alawis. Only Musa Sadr in Lebanon recognized the Alawis as Shia Muslims. In the wake of the alliance forged between Iran and Syria, certain Shia clerics endeavoured to “shiitize” the Alawis. The neighbourhood around the grave of Sidnaya Zeynab in Damascus became a “Twelve” enclave, the place where the Lebanese sheikh Fadlallah opened his *howza*.

Simultaneously, Iran launched a campaign in the direction of the Turkish Alevis, who had already been the target of terrorist activities (the massacres of Sivas and Marash in the 1980s). Later, the Houthist movement in Yemen allied with Iran after 2011 and started to show more willingness to identify not so much with Zaidism as with Shiism in general. In a word, the presumption that Shias could be an Iranian fifth column became a self-fulfilling prophecy, despite the fact that most of the Arab Shias, with the exception of Hezbollah, do not really identify with Iran but are constrained to do so by both internal factors (the religious awakening) and geostrategic pressure (they have no other real ally than Iran).

CONCLUSIONS

This polarization between Shias and Sunnis has brought the Gulf emirates and monarchies back into the fold of Saudi Arabia. The problem is that the Saudi leadership of the anti-Iran coalition might exacerbate the religious dimension of the divide, because the Wahhabi clergy qualify the Shias as heretics, thus giving a purely religious dimension to the new geo-strategic alignment. The few endeavours to shape a Sunni coalition under a less religious and more political mobilization have failed; for instance, during the Arab spring Qatar tried to play a specific Sunni card by supporting the Muslim Brothers, who never accused the Shias of being heretics, but their crushing defeat in Egypt put all the Muslim Brothers of the Middle East on the defensive. The increased tensions with Iran put the Gulf States, which are geographically closer to Iran than Saudi Arabia, on the front line.

They may fear being drawn into too direct a confrontation with Iran, a confrontation which may have already started in Yemen, as it is the first time that a Saudi-led coalition has directly intervened in a regional conflict by sending troops on the ground. This is a big shift from war by proxy, which was the favourite tool of Saudi policy until the coming into power of the new King Salman.

The first states to be fragilized by the religious interpretation of the conflict between Iran and Saudi Arabia are of course Kuwait and Bahrain, because of the presence of huge Shia populations. Oman cannot buy the “excommunication” of the Shias in the name of defence of Sunnism. But Saudi Arabia itself is not immune: the discrete endeavours of the monarchy to mend fences with the Saudi Shia community during the 1990s are in jeopardy. The religious divide is not the cause of the conflict between a coalition led by Saudi Arabia and the pro-Iran axis; nevertheless, the exacerbation of religious mobilization makes it harder to find domestic political settlements (in Yemen for instance) and to find a diplomatic solution to the crisis.

TRANSNATIONAL IDENTITIES AFTER THE ARAB UPRISINGS

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INTRODUCTION

The prominence of transnational identities has been one of the main features of the Arab uprisings that started in late 2010. While all the uprisings were driven by local grievances and the protesters were careful to initially use local and national slogans, in most cases the transnational dimension became central, particularly after the harsh security responses and the failure of some of the democratic experiments (such as in Egypt). But has this transnational dimension undermined the importance of the state as a key actor and as the form of government these transnational movements aspire to? Or are movements such as Islamic State merely replicating many of the forms of governance that have characterised Middle Eastern states for decades?

PAN-ARAB OR PAN-ISLAMIC?

Transnational identities during the Arab uprisings took many different forms; they were first of all pan-Arab, ensuring that the protests spread from one Arab country to another, driven by a pan-Arab public sphere of largely Gulf-funded satellite channels and social media.¹ Most Arabs

1 This does not mean that this pan-Arab public sphere has the same goals as earlier pan-Arabist movements, i.e. the unification of the Arab countries. But some of the legacies of pan-Arabism, such as a common public sphere in the form of mass media, a sense of togetherness and the idea that events in one Arab country impact on another, were key to explaining the rapid spread of the Arab uprisings.

felt intricately connected to the events and started to hold strong opinions about them. The Arab uprisings were also of great interest to the global Left, which hoped that the revolutions in the Arab world were genuine social revolutions against right-wing dictatorships that could usher in a better era for the peoples of the Middle East and inspire transformations in other parts of the world. Leftist groups were key in the protest movements in Tunisia, Egypt, Bahrain, Yemen and beyond. It was also no coincidence that *Tahrir* (Liberation) became a key term used at the Occupy protests in America and Europe.

But the appeal of the uprisings was in part also pan-Islamic, in the sense that Muslims around the world started to pay even closer attention to developments in the Middle East and become emotionally involved, particularly after the start of the Syrian revolution. The Muslim Brotherhood seemed best positioned to profit from this pan-Islamic sentiment. It has branches in most Arab and Islamic countries, and won elections in Egypt and Tunisia, and thus became empowered throughout the region. After the Gulf-backed coup in the summer of 2013 against former Egyptian president Morsi, a member of the Muslim Brotherhood, the future of the most popular transnational Sunni Islamist movement which embraced elections as a means to attain power is uncertain. As a result, more violent Sunni Islamist movements, which equally play on transnational Islamic identities, have gained traction.

SECTARIAN TRANSNATIONAL IDENTITIES

At the regional level, the most important transnational identities that became key were tribal and sectarian. Transnational religious identities largely followed the schism between the various forms of Sunni Islam and the different branches of Shiism. For example, the doctrinal differences between the different forms of Shiism, such as the Alawites, Zaidis and Twelver Shia, are

substantial. Nevertheless, in today's great game for regional hegemony these doctrinal and historical differences seem to have become less important, and various non-Sunni groups are cooperating more closely than before. This is happening partly under pressure from Iran, which is trying to homogenise Shiism and extend its influence amongst Shia communities around the world. The alliance of the Assad regime in Syria, and to a lesser extent the Houthi movement in Yemen, with Iran is firstly tactical and political and only secondly religious. However, in the wake of war and with the empowerment of extreme anti-Shia forces such as Islamic State, a religious consolidation within Shiism seems to be slowly taking place. Hizbullah's intervention on the side of the regime in the Syrian conflict was a symbolic reminder of this, and it has contributed to the sectarianisation of both Syria and Lebanon.

Sunni Muslims, too, were initially divided across ideological (and doctrinal) lines and disagreed over whether the Arab uprisings were to be embraced or staved off. However, increasingly, and particularly since King Salman came to power in Saudi Arabia in January 2015, an effort has been made to unite different Sunni political movements, including the Muslim Brotherhood, in order to confront Iran and what the Gulf Arabs perceive as Iranian proxies.² As such, the regional civil war based on transnational sectarian identities is not set to stop any time soon. Instead, transnational sectarian identities are becoming more polarised and more rigid across the region.

The tribal connections between Syria, Jordan, Kuwait, Saudi Arabia and Iraq, and between Saudi Arabia and Yemen, have also become politicised

2 See, for example, T. Matthiesen, *The domestic sources of Saudi foreign policy: Islamists and the state in the wake of the Arab Uprisings* (Washington, D.C.: Brookings Institution, 2015), https://www.academia.edu/15259726/The_domestic_sources_of_Saudi_foreign_policy_Islamists_and_the_state_in_the_wake_of_the_Arab_Uprisings.

and can explain some of the support that Kuwaitis and Saudis (and other Gulf nationals) have given to militant groups in Syria and Iraq, and why these groups are now a real threat to Gulf security. Often, tribal ties overlap with the networks of (mainly Sunni) Islamist political movements.

THE FAILURE OF THE MIDDLE EASTERN STATE PROJECT

The breakdown of states in the region and the rise of trans- and subnational loyalties has sometimes been explained with reference to the notion that these states were invented after World War 1 and were not built on a "genuine" feeling of national destiny or belonging. There is some truth in this. Nevertheless, all nations are invented and imagined, and most Middle Eastern states have used all the means at their disposal to create national identities for the best part of a century, and have taught their version of national history in schools, created national myths, and often fought wars to honour these myths.³ Therefore, the notion that Middle Eastern states are "artificial" is over-simplistic. Instead, trans- and subnational identities, which for a long time were not necessarily at odds with each other or with the nationalist narratives, have now become salient for a number of reasons.

First of all, states have in many ways failed to live up to the expectations of their citizens and to deliver on promises of development and progress. The Middle Eastern state is a classic centralist state, imposing its preferred version of language, culture, religion and national identity on peripheral regions, which often received little in return and remained marginalised. Take the case of Aleppo, for example, which was one of the most important trading centres of the Middle East until its integration into the Syrian nation state. The new borders cut it off from its natural

3 B. Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism*, 2nd ed. (London: Verso, 1991).

hinterland and the Damascene elite ensured that Damascus became the unrivalled capital of the country. These unequal and exploitative centre-periphery relations inflamed subnational and transnational identities across the region. It is no coincidence that many of the uprisings started at the marginalised periphery: in Sidi Bouzid, Deraa, Awamiya and hundreds of other small towns and villages. In the eyes of many people outside the patronage networks of the state, the state institutions were so corrupt and transgressive that the state itself lost much of its legitimacy. For others who depended on state patronage, the battle became all about saving the institutions that fed them and their families, and about crushing the protest movements that wanted to reform or dismantle these same institutions. Thus, it is to a large extent the failure of governance in Middle Eastern states that led to the rise of identity politics after the Arab uprisings.

In addition, regional conflicts have politicised transnational identities that previously were not primarily political, but social, cultural or spiritual (such as religious identities in the age of Arab nationalism). Authoritarian rulers had for decades manipulated and inflamed sectarian, tribal and regional differences in order to stay in power, and delegitimised potential opponents by accusing them of maintaining transnational ties “to outside powers”. This stigmatisation of movements that sought to highlight legitimate grievances and the crushing of all dissent in the name of national security has turned the “threat” of transnational ties into a self-fulfilling prophecy.

The regional rivalry between Iran and Saudi Arabia, both of which use sectarian identities to further their geopolitical goals, has been crucial in this regard. Certainly, the sectarianisation of the Bahrain uprising and the bloody trajectory of the Syrian revolution from national uprising to a situation where extreme sectarian groups like Jabhat al-Nusra and Islamic State are leading

the fight against the regime, and are threatening the survival of a whole range of religious groups, have inflamed sectarian tensions all across the Middle East, and indeed beyond. This is becoming particularly evident on social media, where initially activists broadly supported all the Arab uprisings. After a while, however, sectarianism and ideology started to divide the Arab publics. By and large, Shia Muslims came to not support the Syrian revolutionaries, but to cheer for their co-religionists in Bahrain and the Saudi Eastern Province. Sunni Muslims, on the other hand, were suspicious of the latter two protest movements, but were very vocal in their support for the Syrian cause.⁴

ISLAMIC STATE AND THE CALIPHATE

Transnational Islamic identities therefore became as much a source of unity as of division. A whole range of transnational Islamic movements claimed to be the legitimate heirs of the Arab uprisings. Islamic State has emerged as one of the most forceful of these groups, not least because its aim to establish a caliphate has activated yet another powerful transnational narrative that appeals to Muslims around the world. There have long been Islamic movements seeking to preserve or re-establish the caliphate abolished in 1924, from the Khilafat movement in India to Hizb ut-Tahrir, the global Islamist movement with a strong presence in Asia. However, most Islamist movements deemed the caliphate a distant goal that could only re-emerge under certain ideal conditions, and instead wanted to focus on building an Islamic state (*al-dawla al-islamiyya*). Before renaming itself just “Islamic State”, the group was known as The Islamic State in Iraq and al-Sham. The intellectual leap of the group has then been to merge the discourses of the utopian Islamic state and the caliphate which

4 M. Lynch, “Rethinking nations in the Middle East”, *Washington Post*, 2 June 2015, <http://www.washingtonpost.com/blogs/monkey-cage/wp/2015/06/02/rethinking-nations-in-the-middle-east>.

have been prevalent in a whole range of Islamic contexts for decades and to try to implement them in a specific territory, Iraq and al-Sham. They have even managed to incorporate the discourse of Greater Syrian nationalism, of *bilad al-Sham*. The notion of unifying *bilad al-Sham*, a geographical designation that broadly corresponds to the “Levant”, i.e. Syria, Lebanon, Palestine, Jordan and parts of Iraq, has been the aim of Syrian nationalists. Its name therefore symbolises the territorial aspirations of Islamic State. It is this combination of a ruthless state-building project with a revolutionary transnational identity, indeed a new internationalism, that has so far ensured its success.

Islamic State has answered the question whether the Sykes-Picot agreement, the line drawn up by French and British diplomats during the First World War to divide the Middle East, which defined the boundaries of the post-Ottoman Arab states, is still relevant. *De facto* it is not, even though it still dominates official maps and minds, but the new polities that are emerging resemble the old ones in many ways, and many of the sub- and transnational movements that want to establish a state mainly seek to redraw the map of the Middle East, not fundamentally change the laws of politics.

THE KURDS AND THE ARAB SHIA

Kurdish nationalism is a case in point. It seeks to unite all Kurds (mainly from Iraq, Syria, Turkey and Iran) in a Greater Kurdistan. In many ways, it will be the success or, more likely, eventual failure of the policies of the states that now contain significant Kurdish populations that will determine the fate of the Kurdish nationalist project. The fallout from the Arab uprisings has certainly given this project new momentum. However, the Kurdish state envisioned by Kurdish nationalists is a classic Middle Eastern state, based on ethnic nationalism, with hostile neighbours, worries about regime

security, an economy based on natural resources and an elite that came of age in times of war and has been accused of corruption.

The situation of the Arab Shia is also related to the developments above. The Shia-led government of Iraq has been unable to reach a mutually beneficial agreement with the Kurds, and is facing difficulties in convincing Iraq’s Sunnis in the areas under Islamic State control that the Iraqi nation state is a better alternative for them than Islamic State. However, the rise of the Iraqi Shia since 2003 together with the Arab uprisings have had profound impacts on another group of Arab Shia: those that live in the Gulf (mainly in Bahrain, Saudi Arabia and Kuwait). Bahraini and Saudi Shia have taken to the streets to demand more rights since 2011, while Kuwaiti Shia have by and large backed the ruling family and even supported a crackdown on the largely Sunni tribal and Islamist opposition there.

The diverging trajectories of the Shia in the Gulf show that it is still the national context that shapes the local strategic decisions of transnational political actors. There have been attempts by Gulf Shia to write the Shia into national historiographies and into the national consciousness. Because Arab Shia are a majority in Bahrain and they see themselves as the original inhabitants of the island, it was fairly straightforward for Shia actors there to embrace a language of nationalism and inclusiveness, because these actors can reasonably hope to play a key role in the country one day. In Saudi Arabia, where Shia make up about 10-15% of the citizen population, after a period of confrontation in the 1970s and 1980s the main Shia actors have tried to engage with the ruling family and with wider Saudi society. They have thus raised the visibility of the Shia in the kingdom, even though institutionalised discrimination remains an issue.⁵

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5 For more see T. Matthiesen, *The Other Saudis: Shiism, Dissent and Sectarianism* (Cambridge: Cambridge University Press, 2015).

However, since the start of the Arab uprisings the notion of a transnational connection between these Gulf Shia has again become more important. This has been spurred by increased sectarian tensions at the regional level and the discrimination and repression that the Bahraini and Saudi Shia face in particular. There is a sense that these transnational connections amongst Gulf Shia relate to the notion of the imagined community that was once “Ancient Bahrain”, when the Gulf coast from Basra down to Qatar was united in one single polity. In the Bahraini and Eastern Province case, there is a sense that this is also associated with a shared descent and a shared religious affiliation, which makes it similar to ethnic nationalism. The project that a number of opposition groups seek to implement is that of “Greater Bahrain”, unifying Bahrain with Qatif and al-Ahsa in the Saudi Eastern Province and perhaps areas beyond. Needless to say, this is anathema to the Gulf governments and Sunnis in the Gulf, many of whom instead favour supporting Arab separatists in Iran’s Gulf province of al-Ahwaz.

ETHNIC CLEANSING

In several multi-religious societies, and particularly where the Sunni-Shia split is of relevance, there is a real threat of mass displacements and killings based on sectarian or ethnic lines. In some places, such ethnic cleansing has already occurred (for example in the case of the Yezidi Kurds in Iraq). The longer the wars in Syria and Iraq go on, the more areas will be split into “Sunni” and “Shia” territories. Minorities will probably mainly seek refuge in “Shia” and Kurdish areas. Recently, Islamic State has vowed to expand its strategy of ethnic cleansing outside Iraq and Syria. The Saudi (Najd) branch of Islamic State has started a deadly bombing campaign against Shia in the Gulf with the declared aim of purifying the Arabian Peninsula of the “rejectionists” (a pejorative way of referring to Shia).

CONCLUSION

While the transnationalism that has emerged so strongly in the Middle East is in many ways an attempt to create new nation states based on ethnicity and/or religion, this does not make it less threatening to existing Middle Eastern states. It is beyond doubt that these movements seek to profoundly redraw the map of the Middle East, and they may well succeed. However, what may look new is not necessarily original. The new political entities such as Islamic State are replicating many of the practices that the corrupt, brutal and authoritarian rentier states of the Middle East have used for decades. Therefore, their eventual success in “governing” the populations under their control may be limited, as they will face many of the same problems that have bedevilled Middle Eastern states for a century, and that eventually led to the Arab uprisings.⁶ While transnational identities have certainly become more important in the Middle East, nationalism, and particularly the notion of the nation state, have not yet become obsolete.

6 Tripp, “IS: the rentier caliphate with no new ideas”, *Al-Araby*, 8 February, 2015, <http://www.alaraby.co.uk/english/politics/2015/2/8/is-the-rentier-caliphate-with-no-new-ideas>.

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THE GULF MONARCHIES AND IRAN: BETWEEN CONFRONTATION AND GEOSTRATEGIC REALITIES

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INTRODUCTION

The international agreement on Iran's nuclear programme between the P5+1 (Britain, China, France, Russia and the United States, plus Germany) and Iran on 14 July 2015 was reached while Saudi Arabia, Egypt and four of their other Gulf Cooperation Council (GCC) allies were engaged in a large-scale air campaign codenamed Operation *Decisive Storm* against the Houthis in Yemen – a conflict which resulted in more than 5,200 deaths as of 29 September, and more than 21 million people (80 percent of the population) in need of humanitarian assistance and with no access to safe water.¹ This sequence of events has taken place while manipulation of the sectarian card has underpinned policy responses to the Arab Spring in the region and only heightened tensions between Iran and Saudi Arabia. Moreover, conflicting dynamics have been at play within the GCC since 2011. Fundamental divergences over the Muslim Brotherhood issue, and the post-Arab Spring Middle East in general, led to increasing tensions between Qatar and Saudi Arabia, the UAE and Bahrain. However, all the GCC monarchies have shown strong cohesion in dealing with internal peaceful protests, including on the occasion of the military intervention in Bahrain in 2011.

1 United Nations Office for the Coordination of Humanitarian Affairs, "Yemen Humanitarian Bulletin No. 3," 29 September 2015 (available at: <http://bit.ly/1LDxJnl>, checked on 12 October 2015).

In this context, this chapter analyses the relationship between the Gulf monarchies and Iran after 2011, which has been marked by a regional struggle for influence between Saudi Arabia and Iran. This confrontation has plunged West Asia (and in particular, Yemen, Iraq and Syria) into the situation it is in today, and is also characterised by notable divergences of views and (political and economic) interests among the GCC states when dealing with Iran and the latter's future role in the region.

The GCC was created in 1981 with the aim of "achieving unity" and formulating common regulations in fields including economics, customs, commerce, education and culture. The fact that the six monarchies share similar political systems and international allies and have survived similar challenges to their rule (Arab nationalism, socialism and revolutionary Islamism, to mention only a few) has been the most solid cement keeping the GCC alive. However, deep-founded divisions and power imbalances within the council led to it being largely unproductive over the first three decades of its existence. One of the best illustrations of this has been the single currency. The Gulf Monetary Council was established on 27 March 2010, but progress towards monetary integration has been negligible: Oman left in 2007 and the UAE stormed out of the project in 2009. Even on security issues, structural divergences of views have impeded the emergence of a common line. While Saudi Arabia (and more recently Qatar) has been funding Islamist groups and militants abroad since the 1980s, this has been a cause for concern in other GCC capitals, which are worried about a long-term boomerang effect on their own internal stability. More recently, Saudi Arabia, the United Arab Emirates and Bahrain have accused Qatar of interfering in their domestic affairs and supporting local Muslim Brotherhood cells.

At the beginning of 2011, when it became clear that protests would not only take place in Egypt

and Tunisia but in the Gulf too, all the GCC ruling families agreed that they did not intend to go beyond what they fundamentally considered a red line, i.e. keeping the centre of political power (encompassing the executive and the legislative power) as their personal prerogative closed off from contestation. The potential scenario of a regional unbalancing of power driven by a lack of support from external allies (the overthrow of Hosni Mubarak in Egypt was often used as an example) led the GCC countries to temporarily set aside their differences and to find solutions together. All the GCC countries (even those which did not send troops) supported the Peninsula Shield intervention in Bahrain in 2011. The Bahraini authorities worked desperately to depict the uprising as a sectarian movement.² This was done by not only blaming Iran for its supposed interference in the island's internal affairs, but also by targeting activists on a sectarian basis. All the GCC rulers signed up, explicitly or implicitly, to the narrative that Iran was behind the protests. Obviously, this blame game served the purposes of the GCC's ruling families, which by branding the protests as an exogenous product sought to avoid having to face indigenous grievances. In addition, the GCC countries coordinated financial aid to help Oman and Bahrain cope with the Arab Spring (an aid package worth US\$ 20bn) in March 2011.

However, this support for its weakest links (Oman and Bahrain) was not the first step towards a strengthening of the ties between the GCC countries that Saudi Arabia may have hoped. In late 2011, King 'Abd Allah of Saudi Arabia put forward a plan to create a Gulf Union which would co-operate on foreign policy and defence, as well as on trade and currency. The idea was supported by Bahrain – but only Bahrain. The other states all

2 For a study of the manipulation of sectarian identities by the Bahraini and Saudi regimes during the Arab Spring, see T. Matthiesen, *Sectarian Gulf: Bahrain, Saudi Arabia, and the Arab Spring That Wasn't* (Stanford: Stanford University Press, 2013).

have had objections, due not only to their fear that such a structure could increase Saudi ambitions to dominate the smaller GCC states but also to their divergent priorities in foreign policy. While Qatar gave support to the Muslim Brotherhood, infuriating Saudi Arabia, strong reservations about the union were voiced in Kuwait in the name of preservation of the country's parliamentary system, and in the UAE. Oman went even further and in November 2013 declared that it would not prevent the upgrading of the GCC into a union of six countries but would “not be part of it” if it were to happen.³

DIVERGENCES OF VIEWS TOWARD IRAN

While the creation of the GCC had its *raison d'être* as a reaction to the Islamic revolution in Iran and the Iran-Iraq war, overall a heterogenic combination of shared interests and shared concerns, suspicion and familiarity, ideological and geopolitical contrasts and pragmatism leaves the GCC with a confused attitude *vis-à-vis* Tehran. The approach of a number of GCC rulers remains marked by Iran's foreign policy of exporting the Islamic revolution in the 1980s and suspicion (varying over time) of Tehran's interference in the Gulf monarchies' domestic politics in support of local Shi'i minorities. While this perceived threat posed by Iran to the GCC countries' internal stability does not impede some common narrative about Iran, it is not shared to the same extent and in the same way by the monarchies, which explains their different attitudes toward Tehran. While Saudi Arabia and Bahrain have been the states in the GCC least open to Iran's recent tentative

3 This was the second such statement by Oman, following the Minister Responsible for Foreign Affairs Yusuf bin 'Alawi's clarification in June 2012 that “the GCC union does not exist” and “subsists only among journalists” (H. al-Hina'i and E. al-Shidi, “Yusuf bin 'Alawi: “La yujad ittihad”... wa-l-lajna “intahat” [Yusuf bin 'Alawi: “The Union Does Not Exist”... and the Committee “Ended”], *Uman*, 3 June 2012: 13).

international rehabilitation – viewing the United States’ rapprochement with Iran as a zero-sum game which could impact their own partnership with Washington – Oman has been the most open. The multidimensionality in the relations between the GCC monarchies and Iran is best exemplified by the UAE’s relationship with Iran.

Because of Dubai’s regional role as a re-export hub and its massive Iranian business community,⁴ the UAE was the second most affected country, after Iran itself, by international sanctions against Tehran. Between 2009 and 2014, business between the countries plunged by 83%⁵ On the other hand, Abu Dhabi, which has branded Iran a threat to stability and national security since Tehran’s seizure in 1971 of the three islands of Abu Musa and Greater and Lesser Tunbs,⁶ has for long been one of the most intransigent *vis-à-vis* the concessions made in the nuclear negotiations. In 2010, the UAE ambassador to Washington, Yusef al-‘Otaiba, publicly endorsed the possibility of military action against Iran.⁷ Following the 2009 financial crisis and the rescue of Dubai by a \$20 billion bailout from Abu Dhabi, Dubai had no other choice than to rigorously comply with sanction measures on commercial transactions and smuggling with Iran.

Of all the GCC members, Saudi Arabia and Bahrain demonstrate the most wariness and distrust toward Iran and the possibility of ending Tehran’s isolation. To this is added the rivalry since 1979

4 More than 10,000 firms in the emirate have Iranian ownership, according to Dubai’s Iranian Business Council. Ethnic Iranians account for 15 percent of its population (L. al-Nahhas, “Iran Merchants in Dubai Eagerly Await Sanctions Relief,” *Agence France-Presse*, 14 July 2015).

5 J. Tirone, I. Lakshmanan and K. Foroohar, “Iran Nuclear Deal Leaves Obama, Rouhani Seeking Support,” *Bloomberg Business*, 25 November 2013.

6 All the GCC countries support the UAE’s claim on the islands.

7 E. Lake, “U.A.E. Diplomat Mulls Hit on Iran’s Nukes,” *Washington Times*, 6 July 2010.

between monarchic Saudi Arabia and republican Iran for the political-religious leadership in the Muslim world and for regional hegemony in the post-Arab Spring Middle East. Saudi and Bahraini leaders frequently refer to the crucial role played by Iran in the early 1980s in organising the political arm of the Shirazi movement in the Gulf monarchies, and in particular to the plot against Bahrain’s ruling dynasty in December 1981 by the Islamic Front for the Liberation of Bahrain. In 2008, according to State Department cables released by WikiLeaks, King ‘Abd Allah urged the United States to strike in Iran and spoke of the need to “cut off the head of the [Iranian] snake.”⁸ During the 2011 popular peaceful protests in Bahrain, the Iranian card, and Iran’s alleged local supporters like the al-Wifaq political society, were used as a foil to convince both the Sunnis and secular Shi’a in Bahrain and the international community that the current regime, despite being authoritarian, was the lesser of two evils. This went with the development of a very anti-Iranian and (anti-Shi’i) rhetoric in many Saudi and Bahraini, but also Kuwaiti and Emirati, media.

The Shi’a in Bahrain and Saudi Arabia have long been perceived as having a historical experience of discrimination and deprivation of social opportunities, while the situation of their co-religionists in the other Gulf monarchies offers a very different picture. In Kuwait, the United Arab Emirates and Oman, wealthy Shi’i families play a prominent role in the economic and financial systems of the state and even enjoy top political positions. These three regimes have been less inclined than their Bahraini and Saudi counterparts to see Iranian Trojan horses in their domestic Shi’i minority. Shi’i groups in Kuwait, Oman and the UAE have been invaluable allies of the rulers throughout the twentieth and

8 “Saudi King Abdullah and Senior Princes on Saudi Policy Towards Iraq,” *US Diplomatic Cable 08RIYADH649_a* (available at: https://wikileaks.org/plusd/cables/08RIYADH649_a.html).

twenty-first centuries, and have vested interests in maintaining the existing political order.

At the other end of the spectrum, Sultan Qaboos of Oman has always considered that there is no long-term alternative to peaceful coexistence between the two shores of the Gulf. Oman did not cease diplomatic relations with Tehran after the Islamic Revolution in 1979 and from the creation of the GCC was hostile to any transformation of the organisation into an anti-Iran coalition.⁹ Not only has Muscat contended that the Iranian government in its current form is here to stay but it has also rejected the idea that Iran poses a fundamental threat to the region. The sultanate considers that it has no reason not to believe Iran's assurances that its nuclear programme has purely civilian purposes.¹⁰ As a consequence, according to Omani officials, political and military threats posed by Iran to the GCC states can only be deterred by cooperation and de-escalation. Oman also played an important role in facilitating the conclusion of the Iran-P5+1 nuclear deal in November 2013. When this was signed, the US media revealed that secret meetings between US and Iranian officials had taken place in Muscat since March 2013.

The Omani attitude towards Iran is compounded by their sharing of the sovereignty of the Strait of Hormuz, through which approximately one-third of the world's sea-borne trade in crude petroleum passed in 2014. In August 2010 the two countries signed a defence co-operation agreement in which in particular they agreed to hold joint military exercises and to increase their exchange of border intelligence and information. Under this security pact, the Iranian and Omani navies held joint military exercises in the Sea of Oman

9 J. Townsend, "Le sultanat d'Oman; vers la fin d'un particularisme séculaire ?" *Maghreb-Machrek*, n.94 (1981).

10 Oman's Ministry of Foreign Affairs, "The Positions of the Sultanate," 22 September 2013 (Available at: <http://www.mofa.gov.om/?cat=124&lang=en>).

in April 2014 for the fourth consecutive year. In Tehran in October 2014, the defence ministers of the two countries signed a new memorandum of understanding intended to tackle drug and human trafficking and to serve as a framework for closer military cooperation in the future. In May 2015, Oman's Minister Responsible for Foreign Affairs Yusuf bin 'Alawi and his Iranian counterpart Muhammad Javad Zarif announced the countries had demarcated a 450-km section of their maritime border that had not previously been defined.

Sultan Qaboos's eternal gratitude for the Shah's decisive military effort during the Dhofar war has also clearly been a crucial factor here. No other state in the region (apart from Jordan) played a comparable role in helping Sultan Qaboos at that time. Last but not least, Oman's increasing dependence on Iran for gas has given it a particular interest in maintaining good relations. A 25-year gas deal valued at around USD60 billion has been signed, according to which Iran will supply ten billion cubic meters of gas annually to Oman via a 350km pipeline linking southern Iran to the port of Sohar.

Like Oman, Qatar's policy towards Iran has been determined by the consideration that it has no interest in presenting Iran as the sole source of regional tensions and that "maintaining a healthy relationship with Iran [...] is of paramount strategic importance."¹¹ This is explained by the sharing of the North Dome/South Pars field, the world's largest gas field, the exploitation of which has been crucial to Qatar's prosperity for the last twenty years. Qatar's public welcoming of the Iran-P5+1 nuclear deal in July 2015 has its roots in its long-term vital strategic interests in keeping a friendly relationship with Tehran, even though

11 F. Ayub, "Introduction," in "Post-Nuclear: The Future for Iran in its Neighbourhood," *European Council on Foreign Relations*, December 2014: 4 (Available at: http://www.ecfr.eu/page/-/ECFR120_GULF_ANALYSIS.pdf)

until recently it has been devoid of substantial cooperation. Another factor explaining Qatar's desire to maintain a cordial relationship has to do with the fear that tensions with Iran may induce Sunni-Shi'i frictions inside the country, although the Shi'a, which represent 10 percent of Qatari nationals, have no past record of participation in opposition movements and enjoy religious freedom. The creation of a Joint Free Economic Area in the Iranian region of Bushehr was announced in July 2014 and the two parties insisted on their readiness to invest in linking the ports of Bushehr in Iran and al-Ruwais in Qatar.

With a large Shi'i minority (estimated at 20-25 percent of its population) historically composed of merchant classes close to the ruling family, but also a significant presence of Sunni political groups and individuals suspected of funding jihadism in Syria and Iraq, Kuwait sees no point in making an enemy of Iran either. While Kuwait has had to be more receptive to Saudi fears regarding Iran than Oman and Qatar have been, the Kuwaiti Emir's visit to Iran in May 2014, the first such by a Kuwaiti ruler since 1979, was interpreted as an effort to mediate between Tehran and Riyadh. On this occasion, Kuwaiti officials suggested that "Gulf countries' links with Iran should be on a bilateral level, not as a bloc,"¹² which is something welcomed by Iran but that Saudi Arabia wants to avoid like the plague. President Rouhani and Emir Sabah issued a joint statement in which they "expressed their satisfaction over the march of bilateral relations" and described the visit as a "turning point in the relations between the two nations,"¹³ following the signing of several trade and security agreements and memoranda of understanding.

THE SAUDI CLAIM FOR REGIONAL HEGEMONY

On the occasion of the Camp David summit with the GCC countries in May 2015, US President Barack Obama worked hard to reassure his allies over the Iranian nuclear deal, since the possibility of a grand bargain at the expense of the Arab monarchies was a cause of concern in various GCC capitals. The conclusion of an agreement on the Iranian nuclear issue indeed conceals a great deal of anxiety, in Riyadh in particular. Together with Israel, Saudi Arabia is the country that most actively tried to delay the talks and lobbied against the agreement. The Saudi leadership, together with the Bahraini one, fears that loosening sanctions will enable Tehran to become more confident in the regional arena and push its influence – in a word, to challenge Saudi Arabia's sphere of influence in the Gulf and wider West Asia. However Iranian foreign policy has no longer anything to do with its foreign policy of the 1980s which concentrated on exportation of the Islamic Revolution.

A key determinant of Iranian foreign policy after the Islamic Revolution – and to a large extent, until now – has been its resistance to the United States and to its allies in the Middle East. In order to achieve these goals, Iran has been providing direct military and financial support to allied groups or parties, either because they have been sympathetic to Iran's geopolitical goals (e.g. Bashar al-Assad's regime in Syria, Hezbollah in Lebanon and Shi'i militias in Iraq) or because they have opposed Iran's enemies (e.g. Hamas). However, the regime of international sanctions imposed on Iran has had a significant impact on its foreign policy. Despite its revolutionary rhetoric, it has been governed by pragmatic more than ideological considerations. Mirroring the feeling experienced in various GCC capitals toward Iran, a key driver of Iranian foreign policy has been the perception of a threat to the regime posed by the United States and its allies in the name of the country's national interest but also

12 A. Hammond, "The United Arab Emirates, Qatar, Oman, and Kuwait: The Gulf Front Weakens," in *ibid.*: 15.

13 "Kuwait, Iran Vow Joint Work to Develop Ties," *Kuwait News Agency (KUNA)*, 2 June 2014.

out of diplomatic isolation. As Mehran Kamrava explains, “Iranian foreign policy has been reactive at best and filled with empty but unwelcomed rhetoric at worst.”¹⁴ In particular, frequent provocative and absurd statements emerging from Tehran¹⁵ only fuel regional tensions by feeding into the narrative of Iran’s imperialistic ambitions, and are in return used to stoke more poisonous rhetoric. More generally, Tehran takes great delight in relaying information related to the harsh repression that has been taking place against the Bahraini opposition and Saudi activists from the Eastern Province, and in vocally condemning the Bahraini and Saudi governments’ handling of protests. However, in a context where the *velayat-e faqih* doctrine¹⁶ has long ceased to be a guiding star, this strategy of adding fuel to the fire has the advantage of maintaining much ambiguity about its actual capacity for influence. Bahrain and Yemen are certainly not Syria and Lebanon; the al-Wifaq society, and even the al-Wafa’ movement in Bahrain, are certainly not Hezbollah. Despite its desperate efforts to portray itself as a regional mastermind, because of its diplomatic isolation Iran’s political appeal is out of proportion to what it may have been in the 1980s, and its nuisance capacity is probably more imagined than real.

Yemen, where Iran’s actual role has been anything but obvious, has been the perfect example of this. Claims that the Houthis were linked to Iran can be traced back to 2009, when the Saudi forces suffered humiliating setbacks during their military incursion into Yemeni territory to fight the Houthis. As a convenient way to save face

and find a flattering explanation for their more than embarrassing incapacity to overcome what was not considered more than a tribal militia, the Saudi and Yemeni governments repeatedly accused Tehran of supporting the Houthis, despite the United States’ unambiguous scepticism about these allegations.¹⁷ While Iranian officials denied interference in the war, the Iranian media were not shy at celebrating the Houthis’ “heroic resistance” – thereby implicitly confirming the accusation of Tehran’s support but, more importantly, presenting Iran as a key player at little expense. Even in 2015, as Gabriele vom Bruck explains, the Iranian influence in Yemen is “trivial. The Houthis want Yemen to be independent, [...] they don’t want to be controlled by Saudi Arabia or the Americans, and they certainly don’t want to replace the Saudis with the Iranians. I don’t think the Iranians have influence in their decision-making. It’s not a relationship like that between Iran and Hezbollah.”¹⁸ The last International Crisis Group report on Yemen also points out that the Houthis “are less dependent on Tehran than Hadi and his allies are on Riyadh, but on today’s trajectory, their relative self-sufficiency will not last long. They are already soliciting Iranian financial and political support.”¹⁹

In order to legitimise the 2015 military intervention, Saudi Arabia has tried to frame it as an Arab defence front against Persian expansionism,²⁰ and also as a Sunni-Shi’i confrontation (even though Pakistan – despite being a strong Saudi ally – and Turkey refused any involvement in the war, while Egypt was not eager, to say the least, to

14 M. Kamrava, “What Iran Needs to Do Now,” *CIRS Analysis*, 14 April 2015 (available at: <http://cirs.georgetown.edu/news-cirs/what-iran-needs-now>).

15 As exemplified by regular claims from more or less senior Iranian officials that Bahrain should be the fourteenth province of Iran.

16 Literally “the guardianship of the jurists,” this doctrine in Shi’i Islam is the current political system in Iran and gives political leadership to the jurist in Islamic law.

17 B. Whitaker, “Yemen, the US and the Houthis. What the Wikileaks Cables Reveal,” *al-Bab*, 6 April 2015.

18 Quoted in G. Viscusi, P. Donahue and J. Walcott, “Saudi Claims on Iran’s Role in Yemen Face Skepticism in West,” *Bloomberg*, 14 April 2015.

19 International Crisis Group, “Yemen at War,” *Middle East Briefing* no.45, 27 March 2015.

20 Despite the fact that Algeria, Tunisia, Lebanon, Syria, Iraq and Oman, among others, refused to participate in the coalition.

enter the conflict). However, beyond Iran's actual or imagined involvement, the goal of the Saudi-led military intervention is instead to maintain the continuity of authoritarian governance in the region by actively repressing the forces that threaten to undo the status quo in a weak Yemen. By emphasising the security issues, most of those present at the Arab League Summit in March 2015 were mostly eager to turn the page on the Arab Spring and its calls for structural political changes.

CONCLUSION

Beyond this common understanding among GCC rulers that cohesion must prevail in a time of internal peaceful protests, as exemplified by the signature in November 2012 of a GCC security pact strengthening cooperation and mutual assistance in security matters,²¹ structural political divergences on strategic interests remain. While Riyadh writers and leaders continue to promote an image of Saudi Arabia as the Big Sister of the other monarchies, this unwelcome Saudi tutelage has been something that the smaller GCC monarchies (except Bahrain, to some extent) have been resisting. This contributes to explaining why – even though most Gulf regimes remain wary of Iran – Kuwait, Oman, Qatar and even the UAE all want an improvement in relations, and are aware that they have much to gain from a nuclear agreement. Not only would any chance of an Iranian nuclear weapon be put off, but so would Iran's temptation to exploit and exacerbate regional tensions. Iran's reintegration into the international community would hopefully prepare the ground for long-term resolutions of crises like those in Iraq and Syria which need a combination of all regional and international parties, and the collateral impacts (like ISIS) of which are vital threats for all the GCC monarchies. Last but not least, a nuclear deal would make new human, security and business exchanges and cooperation between the two shores of the Gulf possible again.

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21 The pact, which has been ratified by all the regimes except Kuwait so far, allows the hunting down of those who are outside the law or the system, or who are wanted by party states, regardless of their nationalities, and the taking of necessary measures against them. It also allows the integration of the signatories' security apparatuses to provide support during times of security disturbances and unrest in a signatory state. Since January 2015, at least three Kuwaiti opposition figures, social media activists and heads of political movements have been detained at the request of the Saudi authorities (cf. M. al-Rasheed, "Kuwaiti Activists Targeted under GCC Security Pact," *al-Monitor*, 20 March 2015).

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ARTICULATING THE NEW GULF COUNTRIES' INTERVENTIONISM: WHAT LESSONS CAN BE DRAWN FROM THE CASE OF SAUDI ARABIA AND YEMEN?

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INTRODUCTION

On 3 June 2011, President Ali Abdullah Saleh of Yemen, struggling to contain a mass uprising tentatively referred to as a 'revolution', was severely injured after an assassination attempt at the Presidential Palace in Sana'a. The next day, Saleh flew out to the capital of Saudi Arabia, Riyadh, in what appeared to many to be the start of an exile in Yemen's oil-rich neighbour.

Even if Saleh wanted to return, it was felt that the Saudis would not allow it, especially as several of the leading figures opposing Saleh were friendly with Saudi Arabia and on the Saudi payroll.¹ Saleh had not been particularly liked by Saudi Arabia over the years.² Allowing Saleh to return would paint Saudi Arabia in a negative light on the world stage as an opponent of Yemen's democratic uprising. Moreover, his return would threaten to throw Yemen perilously closer to civil war, and an unstable Yemen with al-Qaeda militants roaming its lawless provinces would not be an attractive prospect for the Kingdom. Nevertheless, on 23 September 2011 after three months in Riyadh, Saleh defiantly returned to Sana'a. Saudi Arabia

1 E. Knickermeier, "Trouble Down South", *Foreign Policy*, http://www.foreignpolicy.com/articles/2011/07/05/trouble_down_south.

2 P. Dresch, "The Tribal Factor in the Yemeni Crisis," in *The Yemeni Crisis of 1994: Causes and Consequences*, edited by Jamal S. Al-Suwaidi, Saqi Books, 1995, p. 39

had defied the analysts and did not stand in his way.

Moving forward to 2015, Saleh still plays a pivotal role in Yemen. He is still defiant. However, instead of being a friend to Saudi Arabia he stands in front of his bombed residence vowing never to surrender and berating those who attacked him – the Saudis. He has become an enemy of Saudi Arabia and an ally of the pro-Iranian Houthi rebel group, who the Saudis have vowed not to allow to rule Yemen. He still controls several of the most powerful Yemeni army units and his forces, along with the Houthis, have been pounded by a Saudi-led coalition since 26 March.

How did the 2011 and 2015 scenarios happen? Why did Saudi Arabia allow Saleh to return to Yemen in 2011, and why are they so virulently opposed to him now, turning their military and media arsenal against him? Why has Saudi Arabia's relationship with Yemen throughout the 20th century and into the 21st century been littered with seemingly contradictory and puzzling policies and actions? How did Saudi Arabia manage to lose control of Saleh and potentially allow the Iranians to gain a foothold on their southern border?

All these questions go to the root of Saudi Arabia's relationship with Yemen, one that stretches back to the very founding of the modern Saudi state in its modern form in 1934. Saudi Arabia is by far the most influential external actor in Yemen³ and its policies there, especially after the end of the North Yemeni Civil War in 1970, have largely involved balancing different sides against each other, attempting to 'dance on the heads of snakes', as Saleh refers to his own method of controlling Yemen.

Saudi Arabia's role in the 2015 conflict, and to a lesser extent in the 2011 uprising, reflects the intertwined modern histories of the two countries.

3 S. Phillips, Sarah, *Yemen and the Politics of Permanent Crisis*, The International Institute for Strategic Studies, 2011, p. 75

Once again, Saudi Arabia seeks to directly counter any influence a rival power may have in Yemen, with Iran being the case in point today while it was Nasser's Egypt and the Soviet Union in the past, and ensure that whoever takes the reins of power in Yemen will keep Riyadh's interests in mind. The historical border dispute between the two countries, one that goes back to the very formation of the modern Saudi state, is also reflected in the cross-border raids conducted by the Houthis and the propaganda disseminated by pro-Houthi groups focusing on the idea that the south of Saudi Arabia is part of 'Greater Yemen.'

The real difference in the Saudi role today, in comparison with the country's historical interventions in Yemen, is its directness and the sheer number of air raids conducted, as well as the active participation of Saudi ground troops in the conflict. This military operation marks something new, and could potentially indicate a lack of faith in the United States' preparedness to defend Saudi Arabia against Iran, as well as increasingly aggressive interventions that perhaps reflect the emergence of the younger generation of Saudi princes into positions of power.

AN INTERTWINED HISTORY

The modern histories of Saudi Arabia and Yemen are intertwined. The founder of the modern Saudi state, King Abdulaziz Ibn Saud, expanded his borders at the expense of North Yemen's Imam Yahya by taking the provinces of Asir, Jizan, and Najran in the Saudi-Yemeni War of 1934. However, by 1948 he was refusing to aid the Imam's enemies as they plotted to overthrow him. The 'Wahhabi' Sunni Ibn Saud's sons, King Saud and King Faisal, then militarily backed the Zaydi Shia Imamate in the Yemeni Civil War of 1962-1970 against the predominantly Sunni Republicans – although within Yemen the sectarian aspect of this change in power was minimal, many of the leading revolutionaries being Zaydi.

The Saudi Arabians spent the 1970s and 1980s fearing a united Yemen, which they were afraid would be dominated by South Yemen's ruling Marxists and Socialists. However, when North and South Yemen came together as the Republic of Yemen in 1990 under the leadership of the North's Ali Abdullah Saleh, Saudi Arabia worked to undermine it, to the extent that it backed the same figures in the 1994 Civil War it once feared: the former Marxist-Leninists of South Yemen.⁴

The post-Arab Spring phase saw the Saudi-led Gulf Cooperation Council persuade the Yemeni elite to implement an initiative that saw Saleh step down and be replaced by his deputy, Abd-Rabbo Mansour Hadi. Saleh was given immunity from prosecution, as well as being allowed to continue in politics, in return for his resignation. However, the emergence of Qatar, and Saudi reticence to support Muslim Brotherhood movements, meant the sidelining of one of Saudi Arabia's most powerful allies in Yemen, the Islah Party.

The al-Ahmar family, the leaders of Hashid, Yemen's most powerful tribal confederation, featured prominently amongst the upper tier of Islah's leadership, and were also very close to Saudi Arabia. In the years after Yemen's unification in 1990, Islah played very much the role of the 'loyal opposition' in an alliance with Saleh against a common enemy, the Socialist Party. Islah's role, and especially that of its tribal wing, as a useful ally to Saudi Arabia was at odds with Riyadh's post-2011 regional crackdown on the Muslim Brotherhood, which it saw as a regional threat in the light of their gains in post-revolutionary Egypt, Libya, Tunisia and Yemen.

The failure of the GCC initiative to steer Yemen's democratic transition, and the weakening of Islah, eventually led to the Houthi-Saleh overthrow of the government in Sanaa, the final touches to which were made in February 2015, and the launch of what was initially called 'Operation Decisive

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4 *Ibid.*, p. 77

Storm, a military coalition dominated by Saudi Arabia carrying out an unprecedented airstrike campaign in an attempt to eliminate the Houthis.

Saudi Arabia's on-off relationship with Islah is now especially evident as the war carries on. The party is the most popular anti-Houthi force on the ground in Yemen and therefore particularly useful in the campaign. However, the Kingdom, and its ally the United Arab Emirates, is also wary of allowing Islah, and by extension the Muslim Brotherhood, to strengthen its position in the event of the Houthis and Saleh falling. This is something that could possibly explain the complaints of anti-Houthi fighters in Yemen's central city of Taiz, many of whom are associated with Islah, that they have been receiving relatively little support from the Saudi-led coalition in comparison with the southern city of Aden, where most local fighters are southern separatists.

FEAR OF EGYPT

Dominance in Yemen by a non-friendly state would pose a severe security threat to Saudi Arabia. The best historical example of this comes from the 1960s. At that time Saudi Arabia felt particularly vulnerable and so the threat that came from a large Egyptian presence in North Yemen was felt particularly. During the North Yemeni Civil War, the primary goal of the Saudis was not actually the return of the Imamate monarchy but the removal of the Egyptians from North Yemen. This was demonstrated by Saudi Arabia's agreement to a UN plan that would have seen it stop supporting the royalists in return for Egyptian withdrawal from North Yemen.⁵

For Nasser, a foothold in the Arabian Peninsula on the doorstep of his greatest foe, Saudi Arabia, was too tempting to pass up. King Saud and (then) Crown Prince Faisal were more than aware of this

5 G. Gause, *Saudi-Yemeni Relations*, New York: Columbia University Press, 2010, p. 63.

and saw Nasser's dispatch of troops to North Yemen as a move to "overthrow the Saudi monarchy and gain control of the vast oil resources which it possessed".⁶ The Egyptian presence in North Yemen meant that Nasser now had a base from which he could conduct operations against Saudi Arabia. Saboteurs started to infiltrate the Saudi territory from "revolutionary Yemen".⁷ In 1967, for example, seventeen Yemenis were publicly beheaded in Riyadh after being found guilty of planning bomb explosions.⁸

The Saudi Arabians aimed to make the situation for the Egyptians in North Yemen untenable. At the same time, and especially during the later years of the civil war, the Saudis began more covert moves to back a 'third party' in the conflict. Omar Saqqaf, the Saudi Vice-Minister for Foreign Affairs, explained to the British in 1964 that the "Saudis hoped that as matters dragged on, Yemenis on both sides would eventually get together; there were moderate republicans who disliked the republic and there were royalists who disliked the Imam".⁹ The Saudis, therefore, were trying to find suitably friendly forces in North Yemen who would not threaten Saudi security should they take over. In fact, the Saudi attempts to woo republicans away from Nasser's Egypt were relatively successful. As early as 1965, leading figures in the revolution against the Imam, such as Ahmed Nu'man, future President Abdulrahman al-Iryani, and Muhammed al-Zubayri, took part in the Khamir Conference, where Nu'man announced that he was prepared to extend "the

6 G. A Fawaz, "The Kennedy Administration and the Egyptian-Saudi Conflict in Yemen: Co-opting Arab Nationalism," *Middle East Journal*, 49 no. 2 (1995), p. 299

7 M. S. Badeeb, *The Saudi-Egyptian Conflict Over North Yemen, 1962-1970*, The George Washington University [PhD Dissertation], 1985, p. 112

8 E. O'Ballance, *The War in Yemen*, Faber & Faber, p. 172

9 Jones, Clive, *Britain and the Yemen Civil War 1962-1965*, Sussex Academic Press, 2004, p. 103

hand of friendship” to Saudi Arabia.¹⁰ By 1969, the republicans had split along ideological lines and the conservatives, who had defeated the leftists in a power struggle, began to court the Saudis.

FEAR OF A STRONG YEMEN

One of Saudi Arabia’s many balancing acts in Yemen has been to ensure that it does not get too strong but at the same time does not collapse. The idea is that Yemen’s problems should stay contained within Yemen and not trouble Saudi Arabia. To this end, Saudi Arabia has worked to prop up the Yemeni government, most often with financial aid, especially after 2011. With the government facing bankruptcy numerous times in these past few years, the Saudis have stepped in, often quietly, to ensure that government employees were paid and fuel flowed into the country. This, however, stopped when the Houthis took over Sanaa. Nevertheless, it can be argued that even its military intervention in Yemen is designed to aid the legitimate Yemeni government, even if the actual results of the intervention seem to have made things worse.

The intervention can also be looked at in another light: as an attempt by Saudi Arabia to crush any possibility that Yemen could become independent of its sphere of influence, and, even worse, join the Iranian orbit. This fear of being unable to control Yemen has driven Saudi Arabia into action in the past. In November 1990, a mere few months after North and South Yemen united to form the Republic of Yemen, a state that could potentially threaten Saudi Arabia’s dominant position in the region in the future, the Yemenis found themselves on the United Nations Security Council voting on whether to condemn Saddam Hussein’s invasion of Iraq and request his troops to withdraw, thereby setting in motion the First Gulf War. For various reasons, including Saleh’s affinity

10 O’Ballance, *op. cit.*, p. 167

to Saddam, Yemen abstained and called for an Arab solution to the crisis, attempting to maintain an official policy of neutrality. The Gulf states, led by Saudi Arabia, responded with fury. Yemenis in Saudi Arabia, who had previously been exempt from being treated as foreign nationals when it came to employment there, were given thirty days to find a Saudi sponsor. This was effectively impossible, and in just over a month one million Yemeni foreign workers in Saudi Arabia returned destitute to Yemen.¹¹ The results were devastating for the Yemeni economy: the inflation rate reached 100 percent and GDP dropped 4.8 percent by 1991, and unemployment went to 35 percent in 1992. This was coupled with aid from the Gulf states decreasing from \$20.5 million to \$2.9 million.¹²

The Saudi Arabians have also worked to weaken the Yemeni state in a different way – by keeping non-state actors, mostly Yemen’s famous tribes, well paid. It is often argued that the tribal system is an inherent part of Yemen, with the most important, the Hashid and Bakil, believed to date back to the pre-Islamic period. There is an old Yemeni tribal saying that Yemen is the tribes and the tribes are Yemen.¹³ Nevertheless, some Yemeni leaders have been able to move against the tribes. In South Yemen, the Marxists were able to effectively eradicate their power, and even in North Yemen President Ibrahim al-Hamdi successfully weakened them in the 1970s,¹⁴ although he was eventually killed for his troubles.¹⁵

11 P. Conge and G. Okruhlik, “National Autonomy, Labor Migration and Political Crisis: Yemen and Saudi Arabia,” *Middle East Journal*, 51 no. 4, 1995, p. 560

12 *Ibid.*

13 P. Dresch, *op. cit.*, p. 47

14 A. A. Al-Ahsab, “What Makes Yemen’s Spring Different?” in *The Arab Spring and Arab Thaw: Unfinished Revolutions and the Quest for Democracy*, edited by John Davis, Ashgate Publishing, Ltd, 2013.

15 E. M. Manea, “La tribu et l’Etat au Yemen” in *Islam et changement social*, edited by Mondher Kilani, Lausanne: Editions Payot, 1998, pp. 205-218

HAS SAUDI ARABIA BEEN SUCCESSFUL IN ITS INTERVENTIONS?

We can now come to look at whether Saudi Arabia has been successful in its interventions in Yemen, and I shall start with Saudi Arabia's dealings with its allies within Yemen.

In his book *The Tragedy of Great Power Politics*, the political scientist John Mearsheimer states that "alliances are only temporary marriages of convenience: today's alliance partner might be tomorrow's enemy, and today's enemy might be tomorrow's alliance partner".¹⁶ This is indeed true when it comes to Saudi Arabia's allies in Yemen, be they Ali Abdullah Saleh or Yemen's numerous tribes.

The problem that has come with Saudi Arabian largesse in Yemen is that its allies have not been particularly reliable. Especially by the tribes, Saudi Arabia has been seen as a bank. The tribes would always agree to take the money, but that was no guarantee that they would fight on behalf of Saudi Arabia.¹⁷ Currently, despite years of lavishing funds on influential tribal sheikhs, Saudi Arabia finds itself in a position where most of the important northern sheikhs have thrown in their lot with Saleh and the Houthis, and where those who have not have proven themselves to be ineffective and weak.

Part of this was out of Saudi Arabia's hands. Sheikh Abdullah al-Ahmar, the paramount leader of Hashid, was Saudi Arabia's man in Yemen. It was he who brought Saleh into the Saudi fold at the start of his presidency¹⁸ and ensured that Yemen's 'multi-party democracy' did not get too

lively, with the Islah Party that he led serving, in effect, as a loyal opposition party to Saleh until the early 2000s. He was able to keep things relatively calm in Yemen, but his death in 2007 marked the beginning of the end of the great balancing act within Yemen, the loss of an extremely valuable ally for Saudi Arabia, and left shoes that his many sons simply could not fill.

Instead, slowly but surely, Yemen has descended into anarchy. The Houthis, from their heartland of Sa'dah right up on the Saudi Arabian border, fought six wars against the Yemeni state from 2004 to 2010, none of which ended decisively and one of which involved a poor performance by Saudi Arabia and a brief foray by the Houthis over the border.¹⁹ 2011 brought revolution, and the unknown. In the short term, Saudi Arabia managed to influence a political transition whereby its allies could still hold sway south of the border, but the problematic nature of the 'democratic transition' and its failure to address the root causes of the 2011 protest movement were there for all to see.

A free-falling Yemeni economy, the inability of Hadi to enforce his will, the lawless nature of many parts of the country, a burgeoning but disunited southern secessionist movement, and al-Qaeda roaming areas of the country freely all gave the impression of a failing state. These problems have largely stayed within Yemen's borders for now, but the potential for them to spill over the border is great.

Saudi Arabia's military intervention has so far not achieved its stated goal of removing the Houthis. The Houthis and Saleh have been pushed back in the south of the country, but still do not appear to be on the verge of defeat. Local 'resistance' forces on the ground – who often represent no one but themselves despite the international media seemingly insisting that they are fighting for Hadi – are spirited but lack coordination, training and

16 J. Mearsheimer, *The Tragedy of Great Power Politics*, W. W. Norton & Company, 2001, p.33

17 M.Kamrava, *The Modern Middle East: A Political History Since the First World War*, University of California Press, 2011, p. 115

18 B. Al-Baker, "Power and War in Saudi Arabia's Backyard," *Al-Araby Al-Jadeed English*, 10 February 2015, <http://www.alaraby.co.uk/english/comment/2015/2/11/power-and-war-in-saudi-arabias-backyard>

19 T. Y Ismael and J. Ismael, *Government and Politics of the Contemporary Middle East: Continuity and Change*, Routledge, 2012, p. 410

tactics, and are finding the going difficult. More importantly, and highlighting Yemen's lack of national unity, they are not willing to fight in areas of the country away from their own. This was seen in the outright refusal of southern fighters to fight in the north of Yemen.

Worse still, the Houthi-Saleh forces have begun to fire missiles across the border and also even to make brief forays attacking Saudi Arabian border posts – an embarrassment for Saudi Arabia.²⁰ Saudi Arabia has now bogged itself down in a ground invasion, and along with its Gulf allies has taken losses. The advance towards Sana'a is slow, has cost billions of dollars in a period of tightened Saudi purse strings, and may face more criticism at home should the numbers of Saudi dead continue to rise.

CONCLUSION: LESSONS TO BE LEARNED

First and foremost, it is important to remember that Yemen is a unique country in the region, enjoying its own history, culture and political landscape. Therefore, any attempts to extrapolate from the Saudi Arabian experience in Yemen and project it onto other countries in the region will be fruitless. However, many lessons can still be learned from Saudi Arabia's interventions in Yemen.

Despite often being perceived, especially in journalistic circles, as a state driven by a religious ideology and one that can perhaps act *irrationally* in the political sense, it is quite clear that in actuality Saudi Arabia's foreign policy is by and large motivated by security concerns, specifically the security of the ruling al-Saud family. In this regard, Saudi Arabia is much like most other states in the world.

As explained above, the Saudi Arabians have often allied with forces that they either previously

.....
²⁰ BBC News, "Yemen Crisis: Saudi Arabia 'repels Houthi border attack'," 1 May 2015, <http://www.bbc.co.uk/news/world-middle-east-32537543>

opposed or that seem ideologically opposed to them. The Saudi Arabian aim has not been to completely dominate Yemen and annex it, but merely to ensure that it does not pose a threat to Saudi Arabia. Saudi Arabia's focus is on just one thing when handling its neighbour: security.

A question that is glaringly obvious in the light of the current conflict in Yemen is how reliable local proxies can be. These proxies have failed Saudi Arabia, and some, such as Saleh, are actively attacking it. Billions of dollars have been channelled to actors across the border and yet Saudi Arabia still finds itself with a pro-Iranian group on the verge of taking over Yemen and al-Qaeda growing in strength. What level of influence can a country project through unreliable local allies? Local proxies allow a state like Saudi Arabia to avoid getting its hands dirty, but when they fail what comes next?

Can a military intervention by a Gulf state succeed? Despite much talk of a new age of Gulf military unilateralism, the fighting performance of Saudi Arabia and its allies has been poor. Saudi Arabia and its fellow Gulf states certainly have modern air forces, but clearly air power is not sufficient. Will Saudi Arabia, and by extension other Gulf states, continue to risk their own troops in the regions' conflict zones, as they have in Yemen? Or will they continue to risk dealing with unreliable and potentially unsavoury characters to do the job for them?

For Saudi Arabia, a clear lesson is that the policy of attempting to prevent the Yemeni state from growing stronger and its irrational fear that a Yemen with a more independent domestic and foreign policy could be dangerous have led to disaster. The Saudi Arabians should help build the Yemeni state and its institutions and allow this rapidly-growing country to achieve its potential. Yemen's young and hard-working population would be a boon to the Gulf economies should restrictions on work visas be relaxed. Yemen and Saudi Arabia can exist as peaceful neighbours, and must, if the two countries are to prosper.

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JIHADIST DYNAMICS AFTER THE ARAB REVOLTS AND THEIR IMPACTS ON SAUDI ARABIA

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INTRODUCTION

Al Qaeda (AQ) remains an organization with an Arab-Islamic identity, built around a political core to which are attached official wings bound by varying degrees of proximity. AQ has also taken the form of an ideological movement, which is the origin of the geographical extension of its ideas. This expansion has evolved in the wake of the Arab revolts, which, by opening political fields and ideas have offered opportunities for many jihadists from AQ movements to present themselves as social forces (in Tunisia, Libya and Egypt under the name of Ansar al-Sharia). However, in 2013 the policy changes of authorities in transition (Tunisia, Libya) and the return of authoritarian regimes (Egypt) limited the scope of action of these movements.

The most influential AQ supporters are currently mainly located in Yemen – the hub of the organization Al-Qaeda in the Arabic Peninsula (AQAP), and in Syria – with the strategic bridgehead for the jihadist agenda in the Levant under the umbrella of many groups like Jabhat al-Nusra (JaN). In spring 2013, this region saw the dissent of Islamic State in Iraq and Syria (ISIS), leading to further competition among the jihadist organizations of the two camps. Since the beginning of 2014, ISIS, renamed on 29 June Islamic State (IS), proclaimed a Caliphate and carried out a major territorial conquest in Iraq (its original birthplace) and Syria. Its local alliances

have enabled it to make substantial military gains, particularly with the takeover of major Sunni cities in Iraq, such as Mossoul, Falouja and Ramadi. ISIS then became a form of disparate coalition (formed of Iraqi jihadists and insurgents: ISIS Iraqi militants, tribal leaders opposed to the Shia regime in Baghdad, some local jihadist factions, foreign fighters and former military Baathists). In search of new alliances with other jihadist groups, the main ambition of ISIS and its leader, Abu Bakr al-Baghdadi, is to become the new icon for the defence of Sunni Arabs through an expansionist strategy with an operative communication plan.

The rise of radical jihadist organizations such as ISIS and AQAP has largely forced the Kingdom of Saudi Arabia (KSA) to implement a policy against these armed jihadist groups. Aware of the new threat represented by ISIS, KSA decided to participate in the international coalition led by the United States in September 2014 with Jordan and three other countries from the Gulf Cooperation Council (Qatar, UAE and Bahrain). In Yemen, the political crisis after Houthi rebels took Sanaa led to the establishment of a Sunni military coalition against the Houthi militias. As with the Peninsula Shield operation in Bahrain in March 2011, the Decisive Storm operation should be interpreted as demonstration of the willingness of the Saudis to stop any Iranian proxy threat in its immediate regional framework. Since their involvement in the coalition against ISIS, the Saudis now consider the fight against jihadism a second priority. The recent Decisive Storm intervention also has the further objective of regaining the support of the tribes and preventing them from shifting toward radical Sunni groups like AQAP or ISIS. These commitments also have important consequences for KSA domestic stability because the kingdom fears the potential effects of ISIS since attacks targeted several Shia mosques on its own territory.

1 - AL-QAEDA: A WEAKENED CENTRAL CORE WITH MORE INDEPENDENT WINGS

Since 2011, besides the death of its historic leader, Osama bin Laden, the core of AQ has lost most of its influential lieutenants. Most were killed by US drone strikes in Pakistan's tribal areas.¹ This had significant consequences and weakened AQ's central command, which is currently unable to set up a high-level operational strategy. This situation has forced AQ to review its strategy and to adopt new approaches on the ground. The several partnerships observed among the jihadists in Pakistan, Iraq, Yemen and in the Sahel area are perfect illustrations of this reawakening. The strategy shows an adaptation to local specificities by making alliances with local armed militias organized through tribal, regional and also ethnic and religious ties.

1.1 How AQ became a network of proxies

AQAP has been working in Yemen to establish a more solid haven since 2009. After initiating an expensive regionalization phase in the southern governorates of Abyan and Shabwa in 2011, resulting from the fall of President Saleh, AQAP changed its strategy. After 2013, its members strengthened their efforts and carried out major actions against the Yemeni Armed Forces (attacks against official military buildings, security force officers and Western expatriates). AQ faced an absence of leadership succession in its central core based in the Afghanistan and Pakistan regions and so Yemen, with the increased presence of AQAP, has become the new ideological and operational centre of gravity for the AQ central command. Following the Huthi rebels taking

1 The main lieutenants of Osama bin Laden killed by US drones are the Egyptian Mustafa Abu al-Yazid in March 2010, the Libyans Jamal Ibrahim al-Misrati (aka Atiyah Allah al-Libi) in August 2011 and Hassan Muhammad Qaed (aka Abu Yahya al-Libi) in June 2012.

Sanaa in September 2014, the country slipped into a civil war in March 2015 involving a Sunni Arab military intervention under Saudi Arabian leadership. AQAP has fully benefited from this instability to strengthen its presence, particularly in the southern governorates of Hadramawt and Shabwa because the Arab coalition does not consider the war against AQAP a current priority, but only secondary. However, Riyadh indeed fears a shift in the Yemeni Sunni tribes in favour of jihadist groups (AQAP and ISIS, which has also claimed *wilayas* in Yemen since January 2015). In this contradiction, the Kingdom needs the indirect support of AQAP, which represents the best bulwark in South Yemen to contain the Huthi progression. KSA also supports the legitimate government of President Hadi, who sees the AQAP threat as important as the Huthi rebels. Defining who is the most dangerous enemy in Yemen could thus be the next policy priority for KSA.

In North Africa, Al Qaeda in the Islamic Maghreb (AQIM) has gained prominence since its creation in 2007. The organization achieved this development on several fronts: first, it took advantage of the context of Arab revolts in the region to extend its influence; and second, it continued the expansion of its activities in the Sahel area. AQIM transferred its main forces to the south, which changed its centre of gravity from the North Algerian Mountains to the Sahelian zone, while preserving its Algerian leadership. The movement wanted to become the African jihadist showcase. However, the French military operation in early 2013 (aka Serval) led to a new period of dispersion and local reconfigurations. AQIM has been weakened in Sahel and lost its main operative Katiba leaders, but the group has continued to search for new alliances in order to preserve its activities in this region. It is trying to reposition its activities in North Africa, mostly in Tunisia and Libya. In the Sahel, the strengthening of links with Tuareg radicals allows it to maintain

a disseminated presence in northern Mali. AQIM has also suffered several internal difficulties, which weakened its leadership in 2011 with the creation of the Unicity Movement in West Africa (also known under the French acronym MUJAO) and in September 2012 with a rupture with Mokhtar Bel-Mokhtar, who led one of AQIM's Katiba in the Sahel.²

In Syria, the strong militarization of protest against Assad's regime and the lack of a political solution has greatly promoted the emancipation of jihadist groups, which have become increasingly active and effective. A continual flow of foreign fighters, currently estimated at around 25,000 activists, has reinforced this phenomenon. For AQ, Syria has become the stepping stone for an offensive strategy in the Levant. Since the JaN pledged allegiance to AQ in April 2013, this group has emerged as the front for AQ in Syria. Other jihadist structures, such as Jund al-Aqsa Junud al-Sham, a coalition of the Ansareddin Front and the Ahrar al-Sham movement, have gained support from AQ militants who joined in Syria. The current situation in Syria features jihadist rivalries between AQ's supporters. On the one side are those who do not reject alliances and coalitions with other Syrian Islamist factions; on the other are those who exclusively follow the line endorsed by ISIS, which controls an unbroken swathe of territory from eastern Syria to western Iraq. This has led to deep divisions within the Syrian jihadist groups.

The conflict publicly observed in Syria is characteristic of recurrent divisions seen within the Global jihadist movement in the last decade. In fact, there are many historical precedents, from Afghanistan to North Africa and in the Arabian Peninsula and Iraq. These regions have all been exposed to ideological fractures, which have

² In August 2013, the main faction of the MUJAO merged with the Belmokhtar group to become the al-Mourabitoun organization, which has so far maintained its allegiance with AQ.

sometimes strengthened power struggles within the movement. After the split between JaN and ISIS, the role and authority of Ayman Al-Zhawahiri at the top of AQ were clearly challenged. Every jihadist body is now forced to align itself with or against one camp, i.e. JaN, the AQ proxy in Syria, or ISIS.

1.2 Syria also became a new Jihadist haven for Saudis fighters

From the beginning of the militarization of the Syrian opposition phase during the summer of 2011, probably galvanized by the many calls from Saudi territory to overthrow the Syrian regime observed since the beginning of 2012, Saudis jihadists have played an influential role in the Levant within some radical groups like ISIS and JaN. The proportion of Saudi fighters in Syria appears to have considerably risen since the summer of 2012. Currently estimated between 2500 and 3000 combatants, they are, with the Tunisians and Jordanians, the largest group of foreign fighters. As noticed in previous experiences during the Jihad campaigns in Afghanistan, Chechnya, Iraq and Yemen, their motives are mainly based on a political-religious commitment: to fight the tyranny of the Syrian regime, to defend Sunni populations, to fight the Alawi sect, which is considered heretical, and to fight against Iranian, Iraqi and Lebanese Shia militias. In Syria, the Saudi jihadists have formed small, often independent, groups (such as the al-Khadra and al-'Izz Suqur Brigades), and then gradually rallied to dominant movements like JaN and ISIS (almost 60% of them are currently estimated to be fighting in the ranks of ISIS in Syria and Iraq). This influence of ISIS inside the Saudi jihadist framework should also be understood as resulting from the influence of many Saudi jihadist networks formed for the recruitment of more than 3,000 fighters in Iraq between 2003 and 2008.

1.3 Ansar al-Sharia: the origin and structure of a new jihadist movement

In the Arab countries that experienced regime change after the wave of popular protest (Egypt, Tunisia and Libya), some jihadist militant groups released from prison or returning after years of exile have turned into social preaching movements. Unlike other Islamist forces which have entered a phase of institutionalization, like the Muslim Brotherhood and some Salafist parties in Egypt and Yemen, they prefer to remain outside of politics. While the narratives of these jihadists are global, displaying solidarity with oppressed Muslims around the world, their strategy is, however, based on local actions that take into consideration the immediate needs of the poorest part of the population. These movements have become extremely popular, even among pious educated youths who sometimes have a higher level of education but are still economically marginalized. Furthermore, failures of states – and the subsequent frustration that emerges – strengthen the popularity of these movements. They define themselves with a dual identity (both Salafist and jihadist) and most of them have adopted the name Ansar al-Sharia (AS, supporters of Sharia).

In the context of popular protest against the Yemeni regime in May 2011, the tribal jihadist insurgency in Yemen, which initiated in the southern provinces of Abyan and Shabwa, was based on an organization named AS in Yemen. The composition of this structure, which had a highly decentralized leadership, remained extremely heterogeneous. Islamists from the former Aden Abyan Army (an armed jihadist movement based in Southern Yemen and active between 1998 and 2002) recommitted themselves around an irredentist core. Other activists from the southern secessionist movement passed into a new Islamist resistance and local tribesmen were radicalized

after US drone attacks in December 2009.³ The activists of the AQAP cells also decided to merge into an insurgent group with a significant tribal identity.

The establishment of AS in Yemen not only marks a will to give an Islamic colour to political demands based on a rejection of the patrimonial state implemented by President Ali Saleh; it also allows for the foundation of an opposition to a central authority perceived as authoritarian and devoid of social justice. However, in these provinces, the distinction between AS and AQAP remains only symbolic and is confined to the communication level. The two groups communicate differently, using different networks on the Web, but they are coordinated at the command level. The leaders of AS have local power but do not speak for AQAP, which is more active in global Jihad issues. AS in Yemen is primarily a shop window that allows AQAP to benefit from a popular and necessary base for its organization, which has adapted to its tribal, social and political milieu.⁴

In Tunisia, the AS group was formed in May 2011 and became the main jihadist representative movement in the country. It opened talks with the Ennahda Islamist movement and took advantage of the space for expression offered to propagate its discourse by controlling local prayer rooms and mosques. Efficient dissemination of this preaching and a strong presence in social media networks like Facebook and Twitter help AS to control several social networks in the country. Charity associations accompanied this policy on the ground and there were violent demonstrations

³ The cases of the Awaliq tribe in Abyan and the Shabwa and Al Dhahab family clans in al-Baydha province are representative of the patterns of radicalization in Yemeni tribes.

⁴ In April 2015, after the fall of the city of Mukalla in Hadramawt following the collapse of the Yemeni government, AQAP and Ansar al-Sharia supporters appeared under a new alias called “the Sons of Hadramawt”. The aim is to give local colour to the jihadist movement and to obtain more people support.

to defend their conception of Islam. AS in Tunisia was then dismantled after the group was banned by the authorities in the summer of 2013. This was due to murders of political figures in 2013 and violent confrontations in the Shaambi Mountains between security forces and armed activists. Many AS militants were arrested and the movement became totally illegal and lost its principal bases in the country. Its ability to communicate was drastically reduced and it was confronted with the exile of its main leaders, such as its founder Ben Hassine Sayfallah (aka Abu Ayyadh al-Tunisi). Tunisian fighters from Syria (estimated at more than 3000) and Libya, mostly affiliated to ISIS, gradually became the principal nodes of the main Tunisian jihadist communication networks by relaying information from the key figures in AS. After this period, the option of violence has therefore seemed on the rise within the AS ranks. The presence of training facilities in Libya could lead some Tunisian jihadist networks to carry out attacks from there against the Tunisian authorities (targeting security forces, prisons, politicians, tourism facilities and ex-patriots).

Starting from June 2012, the same AS group appeared in northwest Libya (mainly in Derna and Benghazi). Similar methods to those seen in Tunisia were applied, but AS in Libya is also linked with armed militias whose existence remains a structural element of the Libyan landscape after the fall of Muammar Gaddafi. After this event, the weakness of the new transitional political institutions, a lack of a united security apparatus and the militarization of political competition with the offensive by General Haftar, launched in 2014 and supported by several authoritarian Arab regimes, strengthened and expanded the presence of jihadist groups in Libya. This context caused further radicalization and anti-government rhetoric within the Libyan jihadist structures. AS also received verbal support from some representatives of AQ. The group in Libya has confirmed its participation in the various clashes

which took place against the Haftar coalition. The phase of being a simple preaching association seems to have ended because of the confrontation imposed by the Haftar camp. AS in Libya has also rejected the positions of the Fajr Libya militias, another coalition based in Tripoli and Misrata. Since the summer of 2014 it has joined other Islamist coalitions based in Benghazi and Derna against the Tobruk authorities.

In Egypt, the release of many figures who were arrested during the Afghan jihad period resulted in the creation of a militant group. Its action is focused outside the political framework and it also took the name of AS. This group soon expressed its opposition to the political programme presented by the Salafist parties (such as Al-Nour), which it considered too modernist because of their recognition of the democratic political system. The Egyptian jihadists have also tried to extend their influence by organizing several media actions in solidarity with their "AS brothers" in Tunisia and Libya, and by carrying out joint projects with some Salafist centres based in Gaza. They have taken advantage of their charismatic leaders, such as Ahmad Ashwash and Muhamad al-Zhawahiri, the brother of the current AQ Emir. However, the repression that followed the removal of President Muhamad Morsi in 3 July 2013 changed the Islamist balance in the Egyptian scene. The jihadists, who refused en masse to show up alongside the pro-Morsi demonstrators to defend the democratic legitimacy of the former president, have not been spared from repression. Many of their influential figures, including Al-Zhawahiri, have been arrested. Many activists from the period between 2011 and 2013 who escaped repression have joined armed jihadist groups mainly active in the north and in the Sinai Peninsula, such as Ansar Bayt al-Maqdis, formed in 2011 by militants from Sinai.

2.1 A movement deeply rooted in Iraq

The history of ISIS is characterized by attempts at unification of the many armed Sunni Islamist brigades which gradually emerged after the US military intervention in 2003. This process went through many phases. From AQ in Mesopotamia under the leadership of Abu Musaab al-Zarqawi, the group changed its name three times to become “Islamic state in Iraq” (ISI) in January 2007. This transformation was the result of the ISI leadership, which had been dominated by Iraqis since the death of Zarqawi, preferring to emancipate themselves from the tutelage of AQ and to promote a programme of establishing an Islamic state in Iraq.

The organization was weakened by a multi-faceted security policy and pushed from the heart of Baghdad in 2009, and it seemed to have difficulty finding a second breath. In fact, after 2010 ISI only made its presence felt on Iraqi territory by means of specific localized spectacular actions (explosions, mainly targeting security sites, conscription centres, members of resilient Sunni militias and Shia religious places). The deaths of the two main figures in the movement in April 2010⁵ and multiple arrests of its members by the Iraqi security forces had substantial consequences for the efficiency of the group, which in 2011 was considered to be very weak.

5 Its emir, Abu Omar al-Baghdadi, a former officer in the Baathist army, and the Egyptian Abu Ayyub, the true religious eminence of the movement, were killed in a US air strike, as Al-Zarqawi had been in June 2006.

2.2 The positive momentum of the Arab revolts

However, with a rise of deep Sunni frustration resulting in protests increasingly turned against the central Iraqi government ruled by PM Nuri al-Maliki, the domestic Iraqi context gradually became favourable to ISI. The Sunni Arabs perceived the authorities to be discriminating against their community. In spring 2013, ISI changed its name again and became the “Islamic State in Iraq and the Levant” (ISIS), due to its presence in the Syrian conflict. The movement was also strengthened with a new leadership and by the hegemonic ambitions of its new emir, Abu Bakr al-Baghdadi. A rise in Sunni-Shia rivalries in Iraq, combined with the development of the Syrian conflict with a massive influx of foreign fighters, considerably strengthened the movement. Moreover, taking advantage of the exasperation of some Sunni tribal leaders with the Maliki government, ISIS was able to amplify its recruitment base. Former minor Iraqi jihadist groups such as Ansar al-Islam (composed of Islamist Kurds), Ansar al-Sunna and Jaysh al-Islami also joined the ISIS cause to carry out anti-government attacks, without claiming allegiance to al-Baghdadi.

After the beginning of 2014, ISIS launched a major offensive for territorial conquest. Its local alliances have enabled it to obtain substantial military gains by taking control of major Sunni cities, like Mosul. The ISIS strategy in Syria is influenced by the Iraq war, in which Sunni antagonism against the Alawi-Shia alliance was greatly exploited. While some clans have rallied to ISIS as an anti-Maliki option, without sharing the ideals of this ultra-radical jihadist organization, ISIS continues to maintain a strong territorial base the size of the UK between Syria and Iraq.

2.3 The Caliphate as an expansionist agenda

On 29 June 2014, ISIS announced the restoration of the Islamic Caliphate in Syria and Iraq, ruled by Abu Bakr al-Baghdadi. As well as being part of a well-organized communication strategy, this announcement marked the determination of ISIS to set itself up as a regional jihadist movement. It also underlined the importance of Iraq in the history of the Caliphate to gain Islamic support for its legitimacy. Since this announcement, despite many groups and activists claiming allegiance to its command, ISIS has remained extremely localized.⁶ Its expansion is geographically extensive but it includes a limited number of militants. However, it has gained from a leadership crisis in the AQ ranks as a consequence of several leaders being killed in drone strikes (in Yemen⁷ and Waziristan). Divisions between rival AQIM and AS factions in North Africa have contributed to strengthening its position. More specifically, allegiances with Ansar Bayt al-Maqdis in Sinai (November 2014), small armed groups in Libya (October 2014) and Boko Haram in Nigeria (March 2015) remain the most significant successes of the organization. Furthermore, its networks in Saudi Arabia have also been growing since attacks were carried out against Shia religious sites in November 2014 and May 2015. In Yemen, the failure of the state promoted chaos and saw the emergence of small ISIS cells in March 2014. However, even though these factions have targeted Hawthi rebels and Shia Zaydi centres in Sanaa, they are not able to contest AQAP hegemony. The organization also tries to claim responsibility for all individual jihadist operations in the world thanks to a very effective propaganda apparatus involving several communication networks on the web.

6 Splits with a region of AQIM, with some Pakistani Taliban leaders, some figures in AS in Tunisia, and militants in the Sahel, Jordan, Indonesia, Philippines and the Caucasus can be mentioned.

7 Since 2015, AQAP has lost most of its leaders in Yemen: Hareth al-Nazhari, Ibrahim al-Rubaysh, Ali al-Ansi and its Emir Nasser al-Wahishi were all killed by drone strikes in the region of Hadramawt.

2.4 The Saudi Arabian territory and the new ISIS threat

The military successes of ISIS in Syria and Iraq and the proclamation of the caliphate confirmed the attractiveness of this organization in radical circles inside the Kingdom, especially among young people but less among historical Jihadist preachers, who still support AQ affiliates. Former Saudi fighters in Iraq of the 2003 generation are now the current charismatic figures supporting networks and cells formed inside KSA.

The domestic Saudi security apparatus (Mabahith) announces it has dismantled dozens of operational networks linked to ISIS in KSA since May 2014. These operations have also included numerous arrests in radical spheres. The November 2014 attack against a *hussayniyya* (Shia place of socialization) in the Eastern Province of Al-Ahsa also revealed the presence of pro-ISIS operational networks determined to carry out suicide bombing attacks on Saudi territory. KSA became a priority target for ISIS because of the presence of a Shia minority installed in the west of the Kingdom. This first attack was a turning point in the modus operandi of pro-ISIS jihadists in KSA, whereas AQAP never targeted Shia civilians during the campaign launched between 2003 and 2006. (Three more mosques have been targeted since November 2014). The Saudi authorities have also decided to reinforce border controls and increase surveillance of places of worship to stop any call to join Iraq and Syria. The Kingdom fears the takeover of border crossings by jihadist fighters in the southern Iraqi province of al-Anbar. The reality of this threat took a new turn with an incident on 5 January 2015, when four Jihadists attacked the position of Suwayf on the northern border.

2.5 AQ versus ISIS: Islamic State against the State of networks, or the struggle for Jihad

In addition to the military gains achieved in Iraq and eastern Syria, which strengthened the influence of al-Baghdadi in the conflict for authority against AQ,⁸ the historic global jihadist movement continues to benefit from strong support from its “local wings” (AQIM and AQAP), and from many global jihadist figures. However, the main ideologues of these organizations have expressed their disagreement with ISIS methods on the issues of shedding the blood of Sunni Muslims and the need for prior consultation concerning the implementation of an Islamic Caliphate and the programme for its application.⁹ Indeed, ISIS has been reluctant to share power within the jihadist community. Furthermore, its hegemonic aspirations related to the Caliphate are regularly denounced by AQ. ISIS cannot replace AQ because the two groups’ identities are different. ISIS has a regional and territorial agenda: the Caliphate; AQ is a transnational movement and wants to be the inspirational driver of global jihad, turned against both Arab regimes and the Western alliance led by the United States. As a result, the pro-jihadist preachers who speak for AQ from Yemen, Jordan and Saudi Arabia continue to maintain the estrangement.

These publicly-revealed differences remind us of previous recurring divisions within the global jihadist movement. The historical conflicts from Afghanistan to North Africa – via the Arab Peninsula and Iraq – were all characterized by ideological fractures, sometimes emphasized by power struggles within the movement. The role

8 After the Syrian discord in spring 2013, AQ announced that it would exclusively sponsor JaN, the main jihadist rival group of ISIS in Syria.

9 Since February 2014, the most virulent criticisms against ISIS have come from prominent AQ figures, such as the Jordanians Abu Qatada and Abu Muhammad al-Maqdisi.

and authority of Al-Zhawahiri at the top of AQ has clearly been challenged, and every jihadist entity is now forced to declare itself for or against one of the two camps. Even within jihadist communication, the social network groups and forums follow the same line. Sometimes these rivalries go beyond the ideological framework and escalate into armed conflict between pro-AQ and pro-ISIS groups, as has happened recently in Syria (since 2014) and in Libya in the city of Derna (since June 2015), where ISIS supporters have been expelled from the city by the local Islamist coalition of which AS in Libya is a part.

CONCLUSION

The global jihadist movement has grown significantly since the beginning of the Arab revolts in 2011. Its expansion has been boosted by failed states (Libya, Syria, Yemen), by crises of governance and legitimacy (Tunisia, Egypt, Iraq, Mali) and by the inability of corrupt authoritarian regimes to open their political spheres. The release of hundreds of jihadists detained for years in Arab prisons has also had an effect in this dynamic.

The jihadist movement is now more regionalized and has succeeded in ruling territories and cities in the Sahel, Yemen, Iraq, Syria and Libya, places where many tribes and people were generally opposed to centralizing states. The resources, funding and recruitment for these organizations have become particularly important. The two major labels that have successfully expanded in this region are AS and ISIS. The evolution of the Syrian conflict and the rise of ISIS in Iraq have led to a polarization within the global jihadist field, which has become divided between supporters of AQ and ISIS. This division is becoming the norm and means competition between two jihadist poles that are in confrontation for supremacy in the global jihad.

For KSA, the contradictory directions of its regional policy constitute a dilemma (whether to prioritise fighting Iranian proxies or targeting the Jihadist threats). The threat from jihadist groups like AQAP, JaN and ISIS forces the Saudi authorities to tighten controls on its territory with regard to the number of Saudis involved in these organizations. However, the Kingdom is committed to a policy of participation in two main military operations to contain the influence of Iran and its proxies in Syria, Iraq and Yemen. Nevertheless, the effectiveness of this axis of policy will not produce significant results if jihadist armed groups are weakened. Ideologically, they are the most opposed to the Shia and more determined to fight them. These contradictions may lead Riyadh to make more difficult choices than have been experienced in the Kingdom for over a century.

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CONCLUSION. THE GULF REGION BEYOND THE ARAB SPRING. WHAT IMPLICATIONS FOR THE EU?

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The 20th century has witnessed profound changes in the international system and the rise of several new countries to the rank of global actors. The six monarchies of the Gulf Cooperation Council (GCC) are among them. The new status of the Gulf has important consequences, particularly for the MENA region, and calls for renewed attention from the part of the EU.

I. THE GULF REGION AND THE WORLD

Saudi Arabia, Kuwait, the United Arab Emirates, Qatar and to a lesser extent Bahrain and Oman have long enjoyed world prominence in hydrocarbon production and exporting. The GCC countries make up around 24 percent of world oil production, with over 40 percent and 24 percent of world oil and gas reserves respectively. The ten-year high oil price cycle, which ended in 2014, enabled them to enter a period of sustained growth and ascend to the status of emerging powers. From 2009 to 2014, the Gulf countries' combined GDP almost doubled, making them one of the largest world economies, while high consumption and investment rates increased the integration of the region with the rest of the world. Development strategies aimed at reducing dependence on oil and gas and at providing employment for their growing young populations created major investment opportunities in infrastructure, services and mega-projects. In a few years, these countries transformed their outlook, modernizing

cities, attracting immigrants from Asia and the Middle East, establishing new economic poles and turning the Arabian Peninsula into an important financial and East-West transport hub.

At the same time, oil wealth allowed the GCC members to intensify their projection onto the global stage and to start multiplying international links. Diversification strategies put in place by their Sovereign Wealth Funds increasingly favoured investments in emerging markets. For example, Gulf investments in Africa grew considerably, particularly in agrobusiness in a quest for food security for the region, while energy-hungry Asian countries became key trade and investment partners. GCC strategic ties with China and India deepened substantially, opening the way to cooperation in numerous areas, including security.

The EU remained the GCC's most important trading partner. While region-to-region ties stagnated because of the stalling of FTA negotiations, bilateral economic relations between members of the two regional blocks flourished. In 2014, the Gulf was the fifth major trading partner of the EU, accounting for 4.2 percent of total EU trade. Spurred by the need to find new markets during the prolonged recession triggered by the financial crisis, EU countries invested heavily in fostering economic relations with the Gulf. European businesses and investors enjoyed a dominant role in many sectors, while some European countries continued to play a major role in GCC security, through security and defence cooperation and as arms suppliers. However, the deepening of GCC-Asia relations started to pose a challenge to the European position.

The Gulf countries' pivot to Asia went hand in hand with a gradual reduction of the presence and influence of the US, the traditional GCC partner and security guarantor. The shale energy revolution reduced US energy dependency on the Middle East and made it possible for the US

to start reconsidering its long-standing strategic commitment to the region. The US shift to Asia, the implementation of the Obama doctrine based on reduced engagement and leading from behind, and differences over critical issues like the Iran nuclear dossier and the Syrian conflict accentuated the distance between the Gulf and the US. This increased the Gulf's sense of unease in the face of multiple Middle Eastern challenges and contributed to strengthening the idea that security and the defence of vital interests now had to be taken in their own hands.

II. THE GULF AND THE MENA REGION.

Against this backdrop, the MENA region became one of the main focuses of the Gulf countries' international relations. Growing economic and investment interests and the intensification of financial flows, including aid and charity transfers, to Middle Eastern and North African countries, went together with an unprecedented effort to increase political and cultural influence there.

As this ebook has shown, the Arab Spring, with the ensuing changes and chaos, did nothing but accelerate Gulf penetration into the MENA region. Protecting the stability of the Gulf countries, which in the view of the ruling monarchies also meant shielding their regimes from the winds of political change sweeping the region, became the underlying objective of their regional policies, the one common goal on which all the GCC countries agreed and converged.

Action by the GCC countries articulated into several areas of intervention. In the wake of the uprising in 2011-12, all the Gulf monarchies swiftly moved to guarantee domestic consensus and reduce grievances among their populations. They curbed nascent political opposition through economic handouts and co-optation of new social groups. At the same time, they began to play a

more proactive role in the region. For instance, they provided economic support to Oman, Bahrain and other Arab monarchies (Morocco and Jordan) and to friendly regimes that had emerged from the post-Arab-Spring transition, such as the military government in Egypt; but they also became players in the post-Arab-Spring politics of many Arab countries, through funding or backing political and social forces amenable to Gulf interests and by sponsoring factionalism.

At times, the GCC countries acted together as a regional grouping. There were attempts under Saudi leadership to strengthen GCC foreign and security policy co-ordination. Nevertheless, more often they moved as individual nations with different economic interests and divergent foreign policy agendas and objectives. The issue of the 2013-14 row between Saudi Arabia and the UAE on one side and Qatar on the other over the Muslim Brotherhood is a good case in point. This dispute pushed GCC solidarity to the limits and it took much pressure and many mediation efforts by the Saudis to convince Qatar to abandon its region-wide support of the Muslim Brothers.

Several of our ebook chapters have shown that, in a variety of cases, the new regional course undertaken by the Gulf countries is a combination of old and new concerns and policies. A fundamental concern about security and territorial integrity has always been a driving force behind the foreign policy of the oil-rich and scarcely-populated emirates and monarchies, which have had to face numerous regional threats since their foundation. Similarly, certain foreign policy objectives are long-standing. For example, contrasting Iran's activism in the region and the use of proxies and clients to counter what are perceived as Iran's attempts to establish its influence in the Gulf's immediate neighbourhood, supporting tribes in Yemen and elsewhere, salafi islamists throughout the region and sunni jihadist fighters in regional conflicts, and finally providing large financial

packages to support friendly countries are all good illustrations of tools that the Gulf countries have used in the past and that continue to be part of their policies in the MENA region.

The novelty is that both the real and the perceived threats have greatly multiplied in the post-Arab-Spring era and now stem from the growing instability, power vacuums or state failure in neighbouring countries.

As stressed in this ebook, the Gulf countries have felt increasingly encircled by what they see as proxy conflicts sponsored by Iran in Yemen, Iraq and Syria. They see Iran's activities as the prism through which to read regional instability. Consequently, in the various crises in the region they have actively supported factions that could act as proxies in the geo-political confrontation with Iran.

Because of its regional weight, history and political-religious role, the reaction to the threat from Iran has been different in Saudi Arabia and in the smaller GCC countries. Saudi Arabia has proposed itself as the leader of the Sunni camp in a context characterized by intensification of the sectarian confrontation opposing Sunnis and Shias. The origin of the cleavage is geo-political, not religious, but the exacerbation of the religious dimension can further deepen the divide, making it harder to find domestic political settlements or diplomatic solutions to the many crises in the region.

The Iranian nuclear deal plays on the fundamental fears of Saudi Arabia and, as a consequence, of the other Gulf countries. It will allow the re-entry of Iran as a fully legitimate actor on the regional scene, while the end of sanctions will boost Iran's economy and increase its military capabilities. These developments, if not managed carefully, risk further hardening Saudi responses.

The smaller Gulf emirates have higher economic and security stakes in their relations with Iran and have traditionally been more cautious in dealing with their neighbour across the water. The geopolitical confrontation with Iran, which the Saudis accuse of meddling in Arab affairs, and the ensuing polarization between Shias and Sunnis have brought about a re-alignment under Saudi Arabia leadership within the GCC, increasing the concern of the smaller GCC emirates that tensions might eventually lead to direct confrontation.

The chaos that has followed the Arab uprising has also created a fertile ground for the expansion of transnational jihadist movements that put into question the very existence of post-colonial borders. In the case of the territories controlled by ISIS in Syria and Iraq, they have even started to dismantle them, at least rhetorically replacing nation states with the caliphate. After the Arab Spring, global jihadism has been on the rise in the region. Jihadist movements have taken advantage of the crisis of legitimacy and poor governance in a number of countries and have succeeded in establishing themselves as a ruling force in territories and cities in Sahel, Yemen, Iraq, Syria and Libya, creating links with tribes and groups opposed to the central states. This development is particularly dangerous for the Gulf countries. The intensification of the jihadist threat and the rise of ISIS increase the risk of a complete collapse of the region's security order. Moreover, jihadism represents a domestic security threat as its political message resonates among sectors of the population, as is shown by the large number of Saudi fighters who have joined ISIS.

An additional element of novelty in the post-Arab-Spring setting is the much-discussed new Gulf assertiveness on regional issues. The Gulf countries seem to have abandoned their long-standing behind-the-scenes approach and appear willing to intervene directly in many situations. In Syria, Iraq and Libya, new and more proactive

Gulf strategies have gone hand in hand with a more audacious use of traditional foreign policy tools and with a higher profile in multilateral fora.

The Saudi-led operation in Yemen epitomizes the great shift from the traditional war by proxy to a new interventionist stance. For the first time, a coalition led by Saudi Arabia has militarily intervened in a regional conflict, used airpower, and sent troops on the ground. As shown in the ebook, the intervention in Yemen aims to achieve long-term objectives in the country and to counter the alleged Iranian meddling. However, the intervention is not devoid of risks, and demonstrates the Saudi determination to be an active participant in the shaping of the new regional order.

III. CHALLENGES FOR THE FUTURE

As the ebook shows, these changes in the approach of Gulf foreign policies in the MENA region occur while new structural challenges cast some shadows over the future. The drop in oil prices, resulting from a global supply glut, is likely to be a lasting phenomenon and to reduce Gulf country revenues for some time to come. Painful economic reforms and important adaptations in their development and diversification strategies cannot be put off any longer. The Gulf countries will be forced to eliminate waste and subsidies, reduce infrastructural investments and introduce important structural reforms, while maintaining redistributive economic policies that are essential to keep their peoples' allegiance to the regimes. Similarly, the demographic structure of GCC countries and the shortcomings of their immigration policies might negatively affect growth prospects in the long run.

While the presence of large financial reserves should avoid a hard landing for the GCC economies and dispel any immediate threat to the

sustainability of the Gulf model, the new economic situation might increase the risk of instability and make interventionist policies more difficult to implement. It remains to be seen, for instance, what kind of impact the cost of the war in Yemen will have on the Saudi and Gulf economies and, consequently, on the domestic political dynamics. In sum, the Gulf countries might have to face a scenario characterized by domestic stagnation, uncertainties and difficult dilemmas in foreign policy, while the situation in the MENA region does not show any sign of improvements.

IV. WHAT IMPLICATIONS FOR THE EU?

The changes in Gulf status and policies highlighted in this ebook have important implications for the Middle East and beyond. How should the EU react? What should the EU response to the new role of the Gulf in the international and regional arenas be?

The 1988 EU-GCC Co-operation Agreement – which is the basis of the relationship between the two blocks – gives emphasis to region-to-region ties and focuses mainly on economic issues and co-operation in areas such as energy, industry, trade and services, science and technology, and the environment. Over the years, the EU-GCC relationship has borne limited fruits. The prolonged focus on the now-deadlocked FTA negotiations produced frustration on both sides and has been detrimental to the development of a more multifaceted relationship. Currently, bilateral ties between EU and GCC member states are much stronger than the region-to-region ones.

EU co-operation has made only limited achievements. The Gulf model and economic diversification efforts aim at building a knowledge-based economy, with heavy investment in research and development, higher education and centres of excellence. Moreover, structural and public sector

reforms are made even more urgent by the current negative economic cycle. In this framework, deepening the exchanges and cooperation between the GCC and the EU would be extremely valuable, and there are several areas – from higher education to research, from environment to clean energy – where the two sides could benefit from joint initiatives, partnerships and synergies. People-to-people initiatives could increase mutual knowledge and create better understanding, thus benefiting EU-GCC business and political ties.

The political aspects of the relationship are still under-developed. Calls to intensify the political dialogue, for instance to co-ordinate policy responses to regional crises, have resulted in limited increases in contacts, with the exception of the case of Yemen in 2011-12, where the EU supported the GCC peace initiative and its (now-suspended) implementation. Human rights have been a divisive issue and attempts to start an EU-GCC dialogue in this area have brought no results.

Given the changes and challenges affecting the Gulf and the surrounding MENA region, it would be short-sighted for the EU to keep the relationship at the current minimalist levels. As we have seen in this ebook, the GCC is now a global player which is re-orientating its international and economic relations towards Asia and is adopting a new proactive and at times controversial stance in the crisis-ridden MENA region. The EU has a strategic interest in revisiting its relationship with the GCC and its members. Engaging with the Gulf countries should serve the purpose of increasing convergence on regional issues. The EU and the Gulf countries should find common ground on how to deal with regional threats, to dispel the fears – like, for instance, on the issue of the Iran nuclear agreement – which impede the reduction of tension and the stabilisation of the region. They should look for synergies and a positive division of labour in handling the regional crises, to increase the chance of success of mediation and conflict-resolution efforts.

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* *The views express in this ebook a reflect the opinions of the author and not those of the EEAS*

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