

GULF COOPERATION COUNCIL

***"A SINCERE EFFORT AIMED AT COORDINATING AND
DEVELOPING COOPERATION BETWEEN THE GULF STATES".***

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Rania Bikhazi.

ABSTRACT

The main purpose of the thesis is to examine cooperation between the Gulf states. It will look at the existing literature on cooperation and will inquire into the dynamics of integration in the Gulf region which led up to the creation of the Gulf Cooperation Council in 1981. After examining a number of external and regional threats to the Gulf security, the thesis will conclude that although external international threats appeared to be the main reason behind cooperation, internal domestic similarities also played a role. The GCC states are now part of an organization that benefits them in more than just the military and security field. Indeed it is by economic integration and the development of communication that the Gulf states will be able to progress. Such solid bases for cooperation suggest an optimistic future for the GCC.

RÉSUMÉ

L'objectif de la thèse est d'examiner le phénomène de coopération entre les pays du Golfe Arabe. Seront inclus dans la thèse, une révision de la littérature sur le phénomène de coopération ainsi qu'une étude du processus d'intégration aboutissant à la formation du Conseil de Coopération du Golfe en 1981. Après avoir examiné certains dangers internationaux et régionaux menaçant la sécurité de la région du Golfe, il apparaît que malgré l'importance des dangers internationaux, les similarités domestiques existantes entre les pays du Golfe jouèrent aussi un rôle significatif et de grande envergure dans l'accomplissement de la coopération. Les états membres du CCG font aujourd'hui partie d'une organisation qui leur offre des bénéfices allant au delà des domaines militaires et sécuritaires. En effet le progrès des états du Golfe est fortement lié à l'intégration économique ainsi que le développement de la communication. Cette base solide pour la coopération suggère un futur positif pour le CCG.

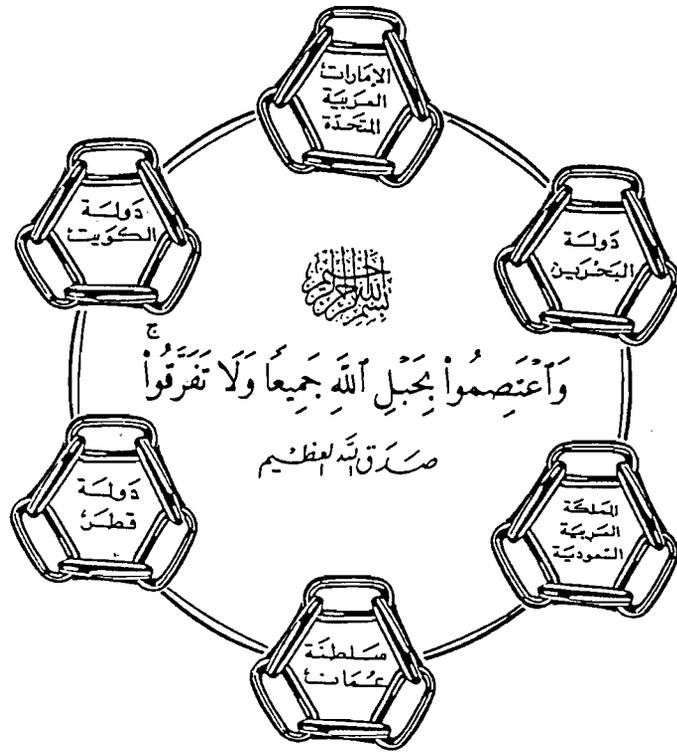


TABLE OF CONTENTS

INTRODUCTION:-----1

THE PHENOMENA OF REGIONAL COOPERATION IN A CHANGING INTERNATIONAL ENVIRONMENT.

I- OVERVIEW ON COOPERATION

OVERVIEW OF THE FACTORS THAT FACILITATE COOPERATION BETWEEN STATES.

II- COOPERATION IN THE GULF REGION

INTERNATIONAL AND DOMESTIC FACTORS EXPLAIN THE BEGINNING OF COOPERATION IN THE GULF REGION.

CHAPTER ONE-----11

THE EXTERNAL POLITICAL FACTORS: GLOBAL RIVALRY AND ITS EFFECT ON THE FORMATION OF THE GULF COOPERATION COUNCIL (1968-1981).

I- SECURITY IN THE GULF: PRE-REVOLUTIONARY IRAN

A- PAX BRITANNICA

B- NIXON DOCTRINE

II- RE-SHAPING OF THE U.S.POLICY: POST REVOLUTIONARY IRAN

A- CARTER DOCTRINE

B- RDF AND THE SEARCH FOR MILITARY FACILITIES.

CHAPTER TWO: -----28

INTERNAL POLITICAL FACTORS: DOMESTIC CONFLICT RESOLUTION AND COOPERATION AS A MEANS TO INTEGRATION (1968-1981).

- I- THE FORMATION OF THE UNITED ARAB EMIRATES (UAE)**
- II- THE SETTLEMENT OF REGIONAL RIVALRIES AND BORDER DISPUTES.**
 - A- RIVALRIES AND CONFLICTS AMONG AND WITHIN THE STATES OF THE ARAB GULF.**
 - B- BORDER DISPUTES BETWEEN THE ARAB GULF STATES.**
- III- THE PROCESS OF COOPERATION AND COORDINATION AMONG THE ARAB GULF STATES.**

A GENERAL TREND OF COOPERATION EXISTED IN THE GULF REGION BEFORE THE FORMATION OF THE GCC. A LOT OF EFFORT WAS PUT TO CREATE COOPERATION AND COORDINATION BETWEEN THE GULF STATES, SUCH AS THE EXPANSION OF PHYSICAL COMMUNICATION, DISCUSSIONS OF THE CREATION OF A GULF COMMON MARKET, FINANCIAL AND MONETARY COOPERATION AS WELL AS ECONOMIC AND CULTURAL COORDINATION.

CHAPTER THREE -----47

THE ESTABLISHMENT AND ORGANIZATION OF THE GULF COOPERATION COUNCIL 1981-1986.

- I- OFFICIAL PERCEPTIONS OF THE GCC**
- II- EMERGENCE OF A COMMON SECURITY CONCERN**
- III- PRESERVING THE MONARCHICAL REGIMES**
- IV- ECONOMIC AND CULTURAL COOPERATION**

CHAPTER FOUR -----64

SOURCES OF REGIONAL AND DOMESTIC THREAT TO GULF SECURITY

I- IRAN/IRAQ CONFLICT

II- KUWAIT/IRAQ CONFLICT

III- BAHRAIN/QATAR CONFLICT

IV- IRAN/UAE CONFLICT

V- DOMESTIC SOURCES OF THREAT

A- RAPID SOCIO-ECONOMIC DEVELOPMENT

B- EXPATRIATE COMMUNITIES

C- TERRORISM

CHAPTER FIVE -----81

GCC PERFORMANCE

I- MILITARY COOPERATION

A- GCC'S RAPID DEPLOYMENT FORCE

II- COOPERATION IN THE FIELD OF INTERNAL SECURITY

III- COLLECTIVE APPROACH TO FOREIGN POLICY

A- DIPLOMACY IN THE ARAB-ISRAELI CONFLICT

B- NON-ALIGNMENT POLICY

C- IRAN/IRAQ WAR

D- IRAQ/KUWAIT WAR

E- INTEGRATING THE ECONOMY

1- INTEGRATING THE HYDROCARBON SECTOR

2- INTEGRATING THE NON-OIL INDUSTRY

3- CREATING A COMMON MARKET

IV- CONCLUSION

CONCLUSION:-----118

THE IMPACT OF THE GCC FORMATION ON INTERNATIONAL THEORY.
WOULD THE GCC STILL EXIST IF SECURITY THREATS WERE ABOLISHED?

BIBLIOGRAPHY:-----124

APPENDIX:-----130

INTRODUCTION

The post-Cold War years have been characterized by a dramatically changing international environment. States in the Northern part of the globe are adapting to these changes by turning to more cooperative orientations and focusing on new important national interests. It is true that military and power-security issues are still very important in defining the national interests of many developed states, nevertheless, nowadays we tend to see that issues such as the strengthening of economic ties, the role of institutions, and discovering paths to achieve and maximize effective cooperation among different actors, are competing closely with military-security issues at the top of the governments' agendas.¹ Those traditional military-security issues and power struggles are at the core of the national security concerns of many developing countries, at least in the Middle East. The perception of actual or potential threat made the Arab states aware of the high degree of uncertainty in the region, and it also made them conscious of their own vulnerability. Having to face such a difficult situation, some of the Arab countries shifted away from the expected engagement in an arms race and opted for cooperation.

A significant development frequently occurring in our increasingly interdependent world is the phenomena of "regional cooperation". There is a generally accepted belief

¹May Safa. "The Prospects for Joint Arab Security Arrangements After the Gulf War". Research Essay, Department of Political Science, Mc Gill University, Montreal. July 1993.p.1.

that it is by regional cooperation and mutual trust that the orderly development of economic resources, social progress and political stability are achieved. Recognizing the importance of interdependence, nation-states are increasingly willing to coordinate and cooperate among themselves at all levels and in all major fields (economic, social and political). The Arab conservative states are by no means foreign to this line of thinking, and there is now a growing awareness in this region that strength, peace and stability can best be achieved through cooperation, coordination and taking collective actions at the regional level.

The Gulf region has a significant economic and strategic importance, but at the same time, it lacks manpower. Matched with its large oil resources and its vast landmass, the Gulf region is scarcely populated and lacks adequate manpower for both economic and defence purposes. This in turn renders it vulnerable to external pressure and aggression.

Both Britain and the United States were at different historical intervals involved in maintaining the security and stability of the Gulf. British predominance in the over-all region lasted from the early nineteenth century until 1971. During this period Britain was able to establish its own sphere of influence in the region under the terms of a series of general treaties signed with the Arab littoral states, and was thus able to maintain security and stability in the Gulf. At the withdrawal of Britain it was Iran who was entrusted to continue the British task under the strong moral and logistical support of the United States. This however seemed impossible to achieve at the outbreak of the Iranian Islamic revolution in 1979, and the Iran-Iraq war in 1980. These events alarmed the oil-producing

conservative Gulf states and led them to develop amongst themselves a regional framework of cooperation, through which they sought to protect and safeguard their own security and interests. This major cooperation framework was the Gulf Cooperation Council.

This study inquires into the dynamics of integration. In other words, it examines the factors pushing independent states of the Gulf to come together and decide to work collectively. It also looks at the domains for which cooperation was considered and what was finally included. The problems and results of the integration process as well as the policies that were applied are all part of this study.

Before specifying what this study will include, we will briefly look at cooperation as an important part of international relations.

I- OVERVIEW ON COOPERATION

A number of scholars have defined cooperation as occurring when actors adjust their behaviour to the actual or anticipated preferences of others, through a process of policy coordination. Policy coordination in turn, implies that the policies of each state have been adjusted to reduce their negative consequences for other states.² Cooperation includes political, military, economic or social links among states and is not restricted to one particular area. It could range from a simple, strict military alliance to an actual integration or union of two or more states together. It would be interesting here to see

²Helen Milner, "International Theories of Cooperation Among Nations: Strengths and Weaknesses", World Politics, 44(3), April 1992. p.467.

what are the background conditions that would facilitate or impede cooperation from occurring.

At the systemic level, we have different factors that affect cooperation. The state of anarchy that exists in the world, with the lack of a central authority, is seen by traditional realists like Hobbes and Machiavelli as inhibiting states from cooperating. Others see that states in their dealings with one another, establish rules by which they are bounded, and this puts limits to the state of anarchy. In any case, anarchy is a potential independent and constant variable which may have an important role to play, especially when institutions are weak.

A second factor that would affect cooperation is the distribution of power. Deutsch contends that there are some vital structural properties that would facilitate cooperation between states. He argues that the most successful security communities seem to develop among cores of strength that exercise leadership in the process of cooperation; in the sense that there should be a sufficient concentration of capabilities within a certain system to provide the necessary public goods for the members of the security community.³ In other words, the way power is distributed among the various countries that are part of the cooperation, is an important matter for the latter to succeed. A diffusion of power is not a helpful environment for cooperation, on the contrary, having a regional power that is able to control other smaller countries, and be the centre for decision-making constitutes a favourable atmosphere for cooperation. For Keohane, the presence of a hegemon is not

³Karl Deutsch, Political Community in the North Atlantic Area, New Jersey: Princeton University Press, 1957. p.5.

a necessary condition anymore for the emergence of cooperation, especially in a world where economic and institutional matters are gaining much more importance. For him cooperation should occur without hegemony.⁴

The third factor affecting cooperation is the effect of external threats. Deutsch sees them leading to a temporary cooperation that would end as soon as the threat is over. When a union between two or more states is based on fear, it will tend to fall apart as soon as the threat disappears. It seems that the leading cause behind cooperation is the fear for national security. Etzioni also agrees with Deutsch on this matter by declaring that when a union between two or more states is based only on the fear of an external menace, it tends to disintegrate when the threat fades away or becomes less acute.⁵ In our case, the future of the GCC at the end of the Iraq/Kuwait conflict and the threat it posed, remains to be seen. Michael Ward in his turn argues that the leading cause behind cooperation is responding to perceived external threats to national security. It could also be a response to perceived imbalances in the distribution of international or regional power that might lead to long-term dangers.⁶

The fourth factor affecting cooperation is the existence of institutions and regimes. Keohane sees international institutions and regimes helping cooperation to occur by

⁴Robert Keohane. After Hegemony, New Jersey: Princeton University Press, 1984, p.46.

⁵Amitai Etzioni, Political Unification, New York: Holt, Reinhart and Winston Inc, 1965, p.44-45 .

⁶Michael Ward. Basic Research Gaps in Alliance Dynamics. Denver:G.S.I.S. Denver University, 1982, pp.13-17.

organizing the behaviour between states in terms of rights and obligations.⁷ These institutions help realize the common interests of states in politics even though they might reflect the self-interest of individual states. International regimes and institutions are on the whole important system-level independent variables that make cooperation more likely. Both Robert Keohane and Joseph Nye believe that if regional institutions are strong, they contribute to tightening political, military, economic and social links among states thus laying a favourable basis for cooperative solutions, rather than conflict.⁸ In the Arab world, however, institutions are relatively weak.

Relations between states are also important in the way they affect cooperation. Etzioni contends that the more homogeneous states are in their internal structures and their political regimes, the higher their chance will be to cooperate. On the other hand he argues that if homogeneity is a favourable condition for cooperation, heterogeneity of regime, elite or people does not hamper cooperation. It might however complicate the situation.⁹

Economic complementarity (as opposed to competitiveness) also lays the ground for cooperation to succeed. Paul Noble argues that the complementarity of economies existing in a regional system of developing states creates a variety of economic links that furthers cooperation. Complementarity of economies brings closer together states that are energy

⁷Robert Keohane. After Hegemony. p.57.

⁸Joseph Nye. Peace in Parts. Boston: Harvard University Press, 1971, p.175.

⁹Etzioni. p.19.

oriented, those that are agriculturally based and even those that are based on services.¹⁰ With the existence of complementarity, interdependence also occurs creating favourable grounds for cooperation, because of the diversity of the states' economies. Joseph Nye believes that the tightening of economic links, boosted by the strengthening of regulatory organizations, should have a positive impact on cooperation, in the sense that it increases the level of interdependence within the system which in turn makes cooperation a necessary option in order to prevent harmful competition.¹¹ This is hardly applicable to the Gulf region, where most of the states have an economy based on the export of oil, and therefore find themselves competing directly with each other. Finally, in the relations between states, wealth plays an important role. If the states cooperating come from the same category of wealth, then it becomes easier for them to cooperate as they would be of (more or less) equal economic power and prestige, ruling out the forced dependency and the have/have not problem. This mainly appears in the Gulf region where the differences in per-capita income of the six GCC member states are minimal.

It is also important to include internal stability as a factor affecting cooperation. Developing countries are known to have a high level of domestic conflicts and tensions which turns their attention away from cooperation with other countries and focuses it on finding a solution to their own internal problems. For example in 1979, the fundamentalist Islamic revolution that occurred in Iran led to the overthrow of the Shah and the

¹⁰Paul Noble, "The Prospects for Arab Cooperation in a Changing Regional and Global System". Paper presented to the Symposium on Arab Integration. Centre for Contemporary Arab Studies, Georgetown University, April 1992 .p.5.

¹¹Joseph Nye. Peace in Parts. Boston: Harvard University Press 1971, pp.194-196.

establishment of a new political regime in a destabilized chaotic nation. During that period, Iran did not consider cooperation with any state as it was busy settling its domestic problems.

It seems from all the points mentioned above that cooperation occurs in the face of external threats to national or regional security. Domestic political considerations are also to be taken into account in the way they may affect cooperation along with economic considerations. It is also clear that the types of background conditions which theorists identify as favourable to cooperation are not all present in the Gulf region. The diffusion of power with the lack of a hegemon in the Gulf region, along with the weakness of regional institutions in the Arab world did not help the process of cooperation to occur. In addition, internal instability and the high level of domestic conflicts and tensions which mainly characterize developing countries, along with the fact that Gulf states altogether produce oil and export it, which in turn rules out economic complementarity in the Gulf region did not favour cooperation to occur. These factors which varied considerably over time, did not particularly help the process of cooperation to occur between the Gulf states. Nevertheless, the homogeneity existing between the Gulf states in terms of language, religion and culture and their economic oil richness as well as their wealth similarity may be a strong reason for the success of their attempt at cooperation with the creation of the GCC. It is therefore appropriate to assume that along with the importance of external threats, internal domestic similarities also played an important role in making cooperation possible in the Gulf.

II- COOPERATION IN THE GULF REGION:

Cooperation occurred in the Gulf region in 1981, with the formation of the Gulf Cooperation Council. This thesis concentrates on examining the GCC's background, its organization and its performance. Although the creation of the GCC is seen as a positive step in the Middle East towards cooperation between different Gulf states, one can't help but think about the link between external threats and the decision of states to cooperate. It seems that the idea of cooperation in the Gulf region paralleled the regional conflict that arose at the end of Pax Britannica. This intense interest in cooperation that led to the formation of the GCC was attributed to several factors. One of the most important factors is the Iranian Revolution and the threat the ultrafundamentalist Muslims presented to the monarchies in the Gulf region. This threat was accompanied by a catalyst which was the fear the Gulf states had from the expansion of the Iraq-Iran war. However, it would be wrong to consider the formation of the GCC mainly due to the two previously mentioned reasons. The second factor that helped the formation of the GCC was the perceived threat of the Soviet Union especially after the invasion and occupation of Afghanistan. The Soviet presence so close to the region did not leave the Gulf states very comfortable, which in turn led them to consider cooperation. The third factor that pushed cooperation to occur was the potential threat of American intervention in the region especially with the implementation of the Carter Doctrine. All these factors show the importance of external threat in the formation of cooperation in the case of the Gulf region. The fact that Gulf states are very similar in culture, economy, language and religion was not the main reason behind their cooperation and the formation of the GCC, it was nevertheless a

positive contributing factor. It will appear from this study that external threats, and the fear for national stability are the principal reasons behind cooperation. However this will lead us to ask the following question: If the GCC was the outcome of a constant fear of external threats; what would happen to it once those threats are removed? Throughout this study we will see that although external international factors were considered the main reason behind cooperation, internal domestic similarities also played a major role helping it to occur.

Chapter one will examine the historical background that led to the formation of the GCC, and it includes the external political factors that helped the process of cooperation. It will therefore examine the causal factors that led to cooperation, showing us how the Gulf states did not need to cooperate when the British and the Americans were important players in the region. Indeed, it is only after their withdrawal that the Gulf states decided to join forces and cooperate in a first attempt with the formation of the United Arab Emirates in 1971 (discussed in details in chapter two).

Chapter two, looks at the internal political factors and the way they facilitated the process of cooperation. Internal similarities helped the process of cooperation but on their own they were not sufficient reasons for cooperation to continue.

Chapter three examines the establishment of the GCC in 1981, and chapter four looks into the sources of regional and domestic threats to the Gulf security. Finally chapter five analyzes the performance of the GCC in the political field as well as the economic one.

CHAPTER ONE

THE EXTERNAL POLITICAL FACTORS: GLOBAL RIVALRY AND ITS EFFECT ON THE FORMATION OF THE GCC.

I- SECURITY IN THE GULF: PRE-REVOLUTIONARY IRAN (19TH CENTURY-1979):

This first part presents a general survey of the roles of first Britain and then the United States in ensuring the security and stability of the Arabian Gulf in the period ranging from the early 1800s until the Islamic revolution in Iran. This information is intended to set forth the factual background of security in the Gulf prior to 1979 with particular emphasis on the different methods by which both of the above mentioned actors sought to protect their interests in the region. It is also intended to help us visualize where the idea of cooperation between the Gulf states originated from. Indeed, when Britain and the USA were present in the region, there was no need for the Gulf states to cooperate, however, the situation changed first when the British withdrew, and then again when the USA reduced its engagement in the region.

A. PAX BRITANNICA:

The British connection with the Gulf originated with trading links established in the early seventeenth century. Political interests, however, did not develop until the

beginning of the nineteenth century when it became essential to defend the north-western approaches to India. It would be imperative to note that the British government in the 1820s imposed a treaty on the Sheikhdoms of the Arabian coast suppressing piracy in the waters of the Gulf, for this government's only concern was the safety of the waters of the Gulf; the shores and inland on the other hand were of no interest at all. British interest in the waters alone did not last long. For by 1880, Britain started to increase its intervention in the political affairs of the Gulf sheikhdoms in an effort to seal them off from any rival influence. For example, it forced the ruling Sheikh of Bahrain in 1880 to abstain from entering into any negotiations or signing any kind of treaties without the consent of the British government. This agreement, which eventually surrendered Bahrainian external sovereignty to the British, reflects the extent to which the latter feared rival intrusion. For such intrusions were viewed by the British as possible sources of instability which might ultimately interrupt or simply jeopardize the route to India, and thus affect British standing in that part of its empire. As Lord Curzon, Viceroy of India from 1898 to 1905, once put it: "British supremacy in India is unquestionably bound up with British supremacy in the Persian Gulf. If we lose control of the Gulf we shall not rule long in India".¹² Furthermore, the British government was also able, between 1913 and 1922, to procure from Kuwait and Bahrain explicit promises, and from Najd and

¹²Quoted by Malcom Yapp, "British Policy in the Persian Gulf", p. 82, cited in A.J.Cottrell, The Persian Gulf States: A General Survey, The John Hopkins University Press, London, 1980.

Qatar implicit promises not to grant oil concessions to anyone without British approval.¹³ In this manner, and mainly through these imposed treaties and agreements, the British were able to develop a security system that enforced political stability at the regional level by inhibiting tribal and interstate warfare; and at the international level, by discouraging other interested outside powers from tampering with Gulf affairs.

Until the early part of this century, the interest of Britain in the Gulf was mainly for strategic purposes, to insure a safe passage to India. This, however, changed at the discovery of vast deposits of oil in the Gulf. Britain, after having granted India its independence in 1947, chose nevertheless to remain in the Gulf because of the vital oil in the region. All this situation changed in 1968 when Britain found itself unable to shoulder world-wide security responsibilities, and when it decided under the Labour left-wing influence to end its imperial role and withdraw from the Gulf. This decision to withdraw in 1968, meant the end of Pax Britannica and left the Arab states deprived of the protective shield they had lived under for so long. This power vacuum was perceived by the Gulf states as a direct exposure to a number of threats ranging all the way from internal unrest to regional disputes. The West on the other hand, viewed the British withdrawal as an opening to a possible predominance by the Soviet Union that would ultimately jeopardize Western access to Gulf oil. Faced with such a situation, the United States appeared to be the only possible power with the potential to undertake regional security responsibilities. At that time the United States were not ready at all to assume

¹³Huroweitz, J.L., "The Persian Gulf: British Withdrawal and Western Security", Annals of the American Academy of Political Science, May 1992, p.109.

such a role because of the military stalemate that was taking place in Vietnam. It became quite impossible for the U.S. government to assume further direct defence commitments abroad since any such venture would have undoubtedly been met with overwhelming opposition, especially on the part of Congress and American public opinion.¹⁴ The situation was very critical especially that it involved guarding Western and American interests in the region. Eventually the American response took place on two levels: during the first year following the British withdrawal, the American response came in the form of a series of attempts on the part of U.S. officials to pressure Britain to reconsider or postpone the execution of its decision.¹⁵ As from 1969, the Nixon administration formulated a framework which constituted a basis for the conduct of U.S. policy in the Gulf during most of the 1970s, known as the "Nixon Doctrine".

B. "THE NIXON DOCTRINE"

When Richard Nixon assumed the presidency of the United States, in January 1969, the compelling issue facing American foreign policy was the non-interventionist mentality of American public opinion. This state of mind was mainly the result of the long drawnout war in Vietnam. For as the military stalemate continued, the American public started to doubt the practical and moral necessity of such an operation and eventually demanded an American withdrawal from overseas commitments. President

¹⁴H.Sirriyeh, U.S. Policy in the Gulf, 1968-1977: Aftermath of British Withdrawal, Ithaca Press, London, 1984, p.41.

¹⁵Ibid. p.44.

Nixon's distinctive approach to foreign policy clearly deviated from the idealistic interventionism of the post World-War II era and was in accordance with the non-interventionist mentality of the American public. The views that Nixon had on the conduct of foreign policy took the form of an integrated whole which was eventually dubbed the "Nixon Doctrine". In the central thesis of his doctrine Nixon stated: "The United States will participate in the defence and development of allies and friends, but America cannot -and will not- conceive all the plans, design all the programs, execute all the decisions and undertake all the defence of the free nations of the world. We will help where it makes a real difference and is considered in our interest".¹⁶ In other words, the Nixon Doctrine states that the United States would avoid direct military involvement in regional issues. This reservation, however did not mean a total disengagement but rather a willingness to be indirectly involved -especially when American interests demanded- by extending military and economic assistance to her regional allies. The implication of this foreign policy is that the United States would not attempt to assume the direct responsibility for maintaining stability and security in the Gulf region in the aftermath of the British withdrawal. According to President Nixon, the U.S. would encourage and assist the "constructive forces" in the area to build a regionally based system for maintaining stability.¹⁷ These forces were to be the two largest states there; Saudi-Arabia

¹⁶Hartley, A. American Foreign Policy in the Nixon Era. International Institute for Strategic Studies, London 1975. p.16.

¹⁷R.M.Nixon, U.S. Foreign Policy for the 1970s, Building for Peace, A report to the Congress, February 25, 1971. Cited in U.S. Department of State Bulletin, March 27, 1971, p.344.

and Iran. The Nixon administration decided to rely on both Saudi-Arabia and Iran to preserve stability in the Gulf region. This policy alternative was eventually called the "Twin Pillar" policy.¹⁸ The effectiveness of this newly-emerging American system depended upon the ability of both states to undertake such a task. It is from here that the United States embarked on an extensive military assistance program to both Saudi-Arabia and Iran. The main guidelines of the U.S. military assistance policy towards the Gulf as a whole were outlined by Joseph Sisco, then Assistant Secretary of State for Near Eastern and South Asian Affairs, at a congressional hearing on August 8, 1972: "In the security field we have for a number of years assisted in the modernization of the Armed Forces of Iran and Saudi Arabia to enable them to provide effectively for their own security and to foster the security of the region as a whole. In the smaller states of the Gulf, providing military advice and equipment has traditionally been a British undertaking. We stand ready to complement this British role in the area, where modest amounts of American equipment or training are desired and would make a real contribution to the self-defence and internal security of the states concerned".¹⁹

Although the United States' military assistance programs to both Saudi-Arabia and Iran were extensive in terms of dollar value, the Saudi-Arabian program was clearly on a more limited scale, both qualitatively and quantitatively, than that of Iran. For example, while 80% of the dollar value of U.S. military sales to Iran in the period between 1970-

¹⁸H.Sirriyeh. p.61-62.

¹⁹J. Sisco, Department of State Bulletin, September 4, 1972, p.243, cited in H.Sirriyeh, p.82.

1976, went for sophisticated weapon systems and equipment, the same amount of the dollar value of U.S. military sales to Saudi-Arabia during the same period went for the construction of military facilities.²⁰ The U.S. was therefore trying to improve the general efficiency of the Saudi Armed Forces and National Guards, but it was at the same time equipping the Iranian forces with highly sophisticated weapons.²¹ This can lead us to deduce that it was Iran which was expected to play the primary role in the maintenance of local stability. According to one study, the United States' choice of Iran as a primary pillar of U.S. security in the Gulf region was conditioned by: (1) Iran's strategic location; (2) Iran's demographic structure as the most populous state in the Gulf region; (3) Iran's credible military establishment making her the most powerful in the region; (4) the willingness of the Shah to assume such a role in the area; and (5) Iran's limited involvement in the Arab-Israeli conflict.²²

In sum, the United States' policy towards preserving the security and stability of the Arabian Gulf region in the period following the British withdrawal (1971), could be outlined as follows:

- 1- Entrusting Iran with the major responsibility for maintaining regional security.
- 2- Charging Saudi-Arabia with a complementary role.
- 3- Entrusting the smaller Gulf states with the preservation of their own internal security

²⁰B. Rubin, Paved With Good Intentions: The American Experience and Iran. Oxford University Press, 1980, p.128.

²¹H.Sirriyeh. p.97.

²²J.M. Abdulghani, Iraq and Iran: The Years of Crisis, Croom Helm, London 1984, p.56.

with the option of relying on the larger ones in the case of severe breaches to provide help against external threats.

Faced with such a situation, the Gulf states had to manage on their own in the reigning vacuum. The emergence of Iran as the leader and the security protector of the region did not appeal to the Gulf states which led them to start between themselves the process of cooperation. The first effort made for this process to become reality was the creation of the UAE in 1971 when the Arab Emirates made the decision to put aside their power and family prestige problems, and as a result started cooperating to maintain the security and stability in the region.

II- RE-SHAPING THE U.S. POLICY TOWARDS THE GULF, AFTER THE IRANIAN REVOLUTION:

Until the late 1970s, the overall position of the U.S. in the Gulf seemed well entrenched and had not been a source of concern. The Shah of Iran appeared to be solidly in power, and Iran was assuming the primary role of maintaining the security of the region. This status, however, changed dramatically in 1979 as a result of two major events which occurred only months apart. In order, these events were: The downfall of the Shah in early 1979 and the Soviet invasion of Afghanistan in late 1979. In this part we will attempt to examine how the U.S. re-shaped its policy towards the Gulf in the aftermath of both events.

A- THE CARTER DOCTRINE

The downfall of the Shah on January 16 1979, was perhaps the single most damaging event to American policy in the region. For one thing, the downfall and the subsequent revolutionary process gave a shattering blow to the "Twin Pillar" policy. As soon as the Ayatollah Ruhallah Khomeini came to power, he announced that his country would no longer serve as the watchman of the Gulf. Iran, he went on, would cut back sharply its arms purchases from the United States and in addition it would also cut back the amount of oil it would sell to the West. Henceforth, the Iranian religious leader said, his country would stand clear of the two power blocs, ending its long and close association with the United States.²³ In addition to this rupture, the newly installed religious regime exhibited a deeply entrenched anti-American sentiment. This sentiment, which was seemingly rooted in the belief that the United States was responsible for all the sins committed by the deposed Shah, developed into an obsession of "anti-Americanism" which the victorious revolutionary forces expressed through taking every opportunity to humiliate the United States, even to the point of attacking its embassy in Teheran in November 1979, and holding its diplomatic personnel captive for 444 days. The psychological effect of this latter event on the American public was dramatic. For in addition to the humiliation, the United States (both government and public) experienced a sense of disaster, weakness and failure, which called into question the entire basis of American policy in the Gulf.

²³Quoted in M. Gordon, Conflict in the Persian Gulf. New york, Facts on file, 1981.p.4-5.

Coming hard on the heels of the revolution, was the Soviet invasion of Afghanistan on December 27, 1979. This move into Afghanistan had an obvious effect which was the complete shift in the balance of power within the Gulf. According to one study, the Soviet Union followed its invasion by steadily restructuring its bases, logistic, support, and readiness structure, in key military districts along its South-Western border.²⁴ In other words, the Soviet Union increased its "reach" capabilities as well as its ability to deploy forces in the Gulf with considerable speed. President Jimmy Carter who assumed office in 1977, described the Afghanistan invasion as "the most serious threat to world peace since the Second World War". He further asserted that "the steady growth and increased projections capabilities of Soviet military power" combined with "the overwhelming dependence of Western nations, which now increasingly includes the United States, on vital oil supplies from the Middle East" would undoubtedly cause a serious threat to American interests. "The denial of these oil supplies" President Carter continued "would threaten our security and provoke an economic crisis greater than that of the Great Depression fifty years ago, with a fundamental change in the way we live".²⁵ At that time the Carter administration realized that they could no longer rely on indirect American power, as symbolized in the Nixon Doctrine. As a result a belief in the adoption of a much direct approach for safeguarding the Gulf started to develop within

²⁴A.H. Cordesman, The Gulf and the Search for Strategic Stability: Saudi-Arabia, the Military Balance in the Gulf, and Trends in the Arab-Israeli Military Balance. Westview Press, London, 1984, p.804.

²⁵New York Times, "U.N. Meeting in India Focuses on the Rich-Poor Gap", January 22, 1980.

the administration. This belief was evident at that time in the statements of the Secretary of defence who at that time was Harold Brown, saying: "The United States is prepared to defend its vital interests with whatever means are appropriate including military force where necessary, whether that's in the Middle East or elsewhere...The protection of the oil flow from the Middle East is clearly part of our vital interest, and I repeat, that in the protection of those vital interests we'll take any action that's appropriate, including military force".²⁶ The Secretary of Energy at that time also stated that the Carter Administration was considering a plan to establish an American military presence in the Gulf region. "The United States", he asserted, "has vital interests in the Persian Gulf. The United States must move in such a way that it protects those interests, even if that involves the use of military strength or military presence".²⁷ The fact that Washington was moving away from the non-interventionism of the Nixon era towards a more direct role in the defence of the Gulf, was confirmed on January 23rd 1980, when President Carter, in his State of the Union Address to the second session of the 96th Congress, set forth his doctrine for the defence of the Gulf. In his Address, President Carter said: "Let our position be absolutely clear: an attempt by any outside force to gain control of the Persian Gulf will be regarded as an assault on the vital interests of the United States of America and such an assault will be repelled by any means necessary including military force".²⁸

²⁶Murray Gordon, Conflict in the Persian Gulf, New York, 1981, p.123.

²⁷Ibid. p.123-124.

²⁸L. Meo, U.S. Strategy in the Gulf: Intervention Against Liberation. Association of Arab-American University Graduates, Belmont, Massachusetts, 1981, p. 119. (appendix 1).

The commitment by President Carter to defend the Gulf, by military force if necessary, represented a fundamental shift in American foreign policy towards the region. It suggested that the United States was moving away from relying upon other nations for the defence of its vital interests towards the principle of using its own military power to safeguard those interests. This policy, which was quickly dubbed the "Carter Doctrine", touched off an intense debate in Congress and the press over the wisdom of using military force in the defence of Gulf oil supplies. Nevertheless, the shift in the American mood, under the impact of the crisis in Iran and the invasion of Afghanistan, moved towards the support of a more activist type of foreign policy, and made it impossible for anyone to oppose the so-called "Carter Doctrine".

"There was a bandwagon sentiment" wrote Senator Edmund Muskie, "which even the most rational and cautious members of Congress were going to ride no matter what the doubts were".²⁹

Despite President Carter's decision to use a more muscular type of foreign policy, the United States' capacity to intervene in such areas as the Arabian Gulf was greatly limited. America's political reach, it was argued, exceeded its military grasp. If America's new Gulf policy were to have credibility, it was further argued, there had to be an increase in the military power in that region. In other words, the United States had to be able to project its military strength into that part of the world on a sustained basis. This in turn, dictated the availability of two interlocking elements: 1) a military force that could be rapidly deployed in the Gulf, 2) access to military facilities, either within or

²⁹Cited in M. Gordon, Conflict in the Persian Gulf, p.135.

around the Gulf.

B- THE FORMATION OF A RAPID DEPLOYMENT FORCE (RDF) AND THE SEARCH FOR MILITARY FACILITIES. (US reentering the Gulf).

The idea of establishing a rapid deployment force was first expressed by President Carter's National Security Adviser Zbigniew Brzezinski in 1977, as a means of extending a security umbrella over the Gulf. The logic behind this force was that heavy equipment - tanks, trucks, artillery - can be pre-positioned in regions of potential danger, and in the event of trouble, the troops with their light weapons can be swiftly airlifted to the hot spot, joined with the pre-positioned equipment, and deployed for action. In accordance with Brzezinski, President Carter issued a directive, in August 1977, calling for the establishment of such a force.³⁰ As a result, little had been done during 1977-1978 to bring such a force into being. However, the twin crises in Iran and Afghanistan made the option of establishing a rapid deployment force inevitable, and thus, the idea was dusted off, plans were laid down to bring such a force into being. Harold Brown, the President's Defence Secretary, said in the wake of the Afghanistan invasion: "Our needs in responding to a non-NATO crisis centers on our ability to move available forces over vast distances quickly enough, either to deter conflict or, if that's not successful, to prevail in conflict".³¹

The Rapid Deployment Joint Task Force (RDJTF) was officially established on

³⁰M. Gordon. p.129.

³¹Cited in L.Meo, p.105 .

March 1, 1980, with headquarters at MacDill Air Force Base, Tampa, Florida.³² In July 1980, the first ships loaded with pre-positioned military equipment reached their holding area at the island of Diego Garcia - some 2500 miles southeast of the Gulf - with sufficient equipment and supplies to support approximately 12000 men and several Air Force fighter squadrons for a period of 15 days.³³

Apart from creating the Rapid Deployment Force, there was a compelling need to acquire military facilities that could be accessible to the United States. As a result, the Carter Administration assigned a high priority to establishing a permanent presence in the Gulf region through acquiring military facilities, and it wasn't long before a U.S. negotiating team was dispatched to the area to explore the possibilities.³⁴ In most of the Gulf, the team faced something less than an enthusiastic reception, and found little evidence of a willingness to cooperate. With the exception of Oman, no Arab Gulf state accorded the United States permission of access to military facilities within its border.³⁵ This was mainly due to the fact that no Arab Gulf state was either willing or able to bear the political cost of having U.S. bases or U.S. combat forces permanently stationed on its soil, for such a presence would undoubtedly create unacceptable internal and regional security problems for the state concerned. For one thing, such a presence would increase friction

³²R.J.Hanks, The U.S. Military Presence in the Middle East: Problems and Prospects. Institute for Foreign Policy Analysis, Washington D.C., 1982. p.43.

³³J.E Peterson, The Politics of Middle Eastern Oil, Middle East Institute, Washington D.C. 1983, pp.484-486.

³⁴M. Gordon, p.139.

³⁵A.H.Cordesman, p.803.

with the anti-American powers of the region such as Iran, Iraq and the Soviet Union. Secondly, the country concerned would have to cope with the impact of giving such bases to Israel's chief ally. As a result, the majority of Arab Gulf States rejected the idea of having a U.S. military presence within their territory.

As far as Oman was concerned, agreement was reached in early June 1980, whereby the United States would be permitted to use ports of Matrah (Mina Qaboos) and Salah (Mina Raysut) along with airfields at Seeb, Thumriat, and on the Island of Masirah.³⁶ Under this agreement the United States would be permitted to stock some amounts of logistic supplies ashore, transport high priority supplies through Omani airfields as well as through the ports by ship, and use the airfields for emergency landings by carrier aircraft.³⁷ The reason Sultan Qaboos was willing to accommodate a U.S. presence on Omani soil was largely due to the fact that he was seeking an alignment with the United States in response to the growing threat from Iran and South Yemen.³⁸ In other words, the Omani head of State sought to trade Omani staging bases for U.S. forces in return for U.S. military equipment as Oman lacked the necessary military capability and felt vulnerable having to face both Iran and South Yemen.

In search for further staging facilities, the United States was able to sign on June 26, 1980, an agreement in Nairobi whereby Kenya granted the same sort of access to

³⁶R.J.Hanks, p.30.

³⁷Ibid. p.30.

³⁸A.H. Cordesman, p.897-898.

American military units as that of Oman.³⁹ In early August 1980, press reports stated that the United States and Egypt had reached an agreement whereby the U.S. was allowed to use the facilities of the Egyptian base at Ras Banas on the Red Sea coast.⁴⁰ These reports were confirmed when the Department of Defence Budget, which went to Congress in January 1981, contained funds for implementing the agreement (around \$400 million).⁴¹ It would be worthwhile to note that in each of the above cases, the United States had agreed to provide varying amounts of economic and military aid to the host country in exchange for the use of the facilities (Oman was promised about \$100 million, Kenya \$53 million).⁴²

The broad outlines of the "Carter Doctrine" were continued by both Reagan and Bush Administrations. In other words, Washington's policy towards the Gulf in the 1980s remained committed to the enhancement of RDF capabilities coupled with a continued effort to gain contingency access to regional military facilities. This U.S. policy remained the same in spite of the dramatic rapprochement between the East and the West in the mid and late 1980s, and with it the eventual decline of the U.S. perceived Soviet threat to the Gulf. With its continued military initiative, the United States hoped to convey a message to all concerned -friends and foe alike- that events in this part of the world are of intense concern to the American people and that Washington will move, as necessary,

³⁹R.J. Hanks, p.30.

⁴⁰Ibid, p.32.

⁴¹"Egypt Base could cost \$400 million", Washington Post, August 26, 1980, p.A1.

⁴²M.Gordon. p.835 .

to protect U.S. interests whenever and wherever they might be endangered.

After analyzing the causal factors that led to cooperation, we can conclude by saying that cooperation did not seem necessary when the British were controlling the area, or when the Americans were applying the Nixon Doctrine, it only became crucial when the Gulf states were left to face the vacuum and the threat of the Iranian Islamic Revolution endangering their security and stability. Their first reaction to such a situation was to revert to the process of cooperation which started, at a small level, with the formation of the United Arab Emirates at the withdrawal of Britain. It was the fear from external threats that pushed the Gulf states to the first positive move towards cooperation which was the creation of the UAE. Although the Emirates had a lot of family pride and power prestige obstacles standing in the way, their mutual interests for stability and security made them overcome their differences and start cooperating. The formation of the UAE will be discussed in more details in the following chapter, which will show how domestic factors played an important role in the process of cooperation. In the next chapter we will also look at the two other stages of cooperation that occurred between 1968-1981, which were the settlements of regional and border disputes between states, along with the coordination and cooperation that occurred in several fields long before the formation of the GCC. Chapter two will enable us to say that although internal factors played an important role in the process of cooperation in the Gulf region, they nevertheless were not a sufficient reason to be considered on their own as the main factor behind cooperation. These internal similarities between the Gulf states were constant over time and constituted a necessary but not sufficient reason for cooperation to occur.

CHAPTER TWO

THE INTERNAL POLITICAL FACTORS: DOMESTIC CONFLICT RESOLUTION AND COOPERATION AS A MEANS TO INTEGRATION.

Whereas the super powers' role in the Gulf seems to structure incentives to cooperate, many internal quarrels and disputes had to be resolved so that union between the Gulf states could take place. Moreover infrastructure had to be created to facilitate union.

The establishment of the United Arab Emirates in 1971 is considered the first positive move towards Gulf unity and the source for Gulf stabilization against foreign interference. This fact along with Gulf mutual bonds of special relations, common characteristics and similar systems, moved them to think seriously about resolving whatever conflicts and disputes existed between them in order to integrate and cooperate to safeguard the region. Their actions took a decade to reach fruition; the outcome was the Gulf Cooperation Council.

This chapter studies the factors facilitating cooperation by focusing on the internal similarities of the Gulf states which were a helping factor in reaching a common ground for cooperation; nevertheless these similarities were not sufficient on their own to be considered as the main reason behind the formation of the GCC. Indeed they existed long before the British withdrawal and were constant across time while external threats, on

their part, changed constantly, pushing the Gulf states to resort to cooperation.

The Gulf's move towards cooperation through the years 1968 - 1981 occurred in three stages:

- I- The formation of the United Arab Emirates
- II- The settlement of regional rivalries and border disputes
- III- Cooperation and coordination among the Arab Gulf states.

I- THE FORMATION OF THE UNITED ARAB EMIRATES:

The first positive move towards cooperation in the Gulf region was the creation of the United Arab Emirates. After the British announcement of withdrawal the rulers of the tiny rich emirates located along the southern coast of the Arabian Gulf were suddenly confronted with the reality of being alone, facing the complexity of this world after a century and a half of British protection. Their strategic geographic location plus their oil resources made them valuable playing pieces in the game of international politics. Their vulnerability and this reigning power vacuum beside the threat of Soviet penetration, contributed greatly to their fear and anxiety of being isolated. The international atmosphere moved them collectively to seek a united front. The other Gulf states, Saudi Arabia and Kuwait, viewed the union as a stabilization measure, to deter any foreign interference in their international affairs. Therefore they received this positive step with enthusiasm and welcomed the move towards unity. Nevertheless, the Emirates' action was confronted with many difficulties and obstacles fostered by regional, tribal, family pride and power prestige. However, their mutual interests of maintaining stability and security

made them eager to overcome many of these difficulties. The first Federation Agreement that was signed in February 1968 between Dubai, Abu Dhabi, Sharjah, Ajman, Ras al Khaimah, Fujairah, Umm al Quwain, Bahrain and Qatar failed to last and led to the collapse of the union. The question of representation in the Federal Council, the type of voting to adopt and the site of the federal capital were all problems that stood in the way of this union. A great part of the blame for the collapse of the nine state federation goes to Bahrain and Qatar. The historical rift between them which was due to territorial disputes and dynastic rivalries had a great effect on their attitude and behaviour towards each other at the negotiating table. Each one of them longed to extend its authority and prestige over the rest of the Emirates. Finally, they were both respectively declared independent states in August 14 and September 2, 1971. As for the other seven Emirates, when the date of the British withdrawal from the Gulf approached, Sheikh Zayed of Abu Dhabi expressed publicly his Emirate's willingness to participate with any number of Emirates in establishing a federation. The six Emirates responded to this invitation and held a meeting in July 1971. The most significant achievement of this meeting was the Emirates' agreement to establish the United Arab Emirates which came into existence in December 2, 1971, consisting of: Abu Dhabi, Dubai, Sharjah, Ajman, Umm al-Quwain, Fujairah, and Ras al Khaimah (which joined the federation in February 10, 1972). There is no doubt that the establishment of the United Arab Emirates, which was formed despite all the problems and rivalries, illustrates one of the positive policies towards Gulf cooperation.

II- THE SETTLEMENT OF REGIONAL CONFLICTS AND BORDER DISPUTES.

A- RIVALRIES AND CONFLICTS AMONG AND WITHIN THE ARAB GULF STATES.

Most rivalries between the Gulf states are dynastic and have arisen out of competition between particular rulers for individual prestige. An example of this kind of competition is the one between Kuwait and Saudi Arabia which often appeared to be muted and good natured especially in their wasted mediation effort of bringing the nine state federation into existence.⁴³ A second example would be the rivalry between Bahrain and Qatar which is rooted in the outstanding claim of Bahrain to sovereignty over portions of Qatar territory. Another kind of dynastic rivalry between the Gulf states centers on ancestral lineage. The ruling families of Sharjah, Ras al Khaimah and Bahrain, for example, considered themselves of more noble ancestry than some of their neighbours. This was the reason behind the bitterness of the ruler of Ras al Khaimah, of the Qasimi family, at having to assume a subordinate status to the ruling families of Abu Dhabi and Dubai. In addition to dynastic rivalry, other conflicts took place this time based on competition for power between certain states.

B- BORDER DISPUTES BETWEEN THE ARAB GULF STATES:

Territorial disputes centered largely on questions of sovereignty over strategic islands and border areas. Nevertheless it is important to note that most border disputes

⁴³J.D. Anthony, "The Persian Gulf in Regional and International Politics: The Arab Side of the Gulf," in H. Amirsadeghi, ed., The Security of the Persian Gulf, London: Croom Helm, 1981, p. 173.

were settled during the 1970s, before the formation of the GCC showing us that the intention to cooperate in the Gulf region existed long before the actual realization of the cooperation council. Some of these solved issues were:

- The land boundary between Abu Dhabi and Ras al Khaimah was demarcated in February 1969.⁴⁴
- An agreement on oil sharing was concluded between Qatar and Abu Dhabi with respect to the offshore Bunduq field in March 1969, following the delineation of the offshore border between the two states.⁴⁵
- In October 1971, after an official visit to Saudi Arabia by Sultan Qaboos of Oman, both sides, in a joint communique declared a Saudi recognition of Oman's right over three villages in al-Buraimi Oasis.⁴⁶

The peaceful settlement of many of the border disputes and rivalries greatly enhanced regional stability since it removed a major source of friction and enabled the Gulf states to cooperate.

III- THE PROCESS OF COOPERATION AND COORDINATION AMONG THE ARAB GULF STATES

The process of cooperation and coordination between 1968 and 1981 embraced several fields. For instance, a number of schemes were undertaken to develop the means

⁴⁴A. Al-Ashaal, *Qadiate al Hodoud fi al Khaleej al Arabi*. Cairo: Markaz al Dirassat al Seyasseya wal Estrateegeya, al Ahram, 1978, p. 72.

⁴⁵Ibid, p.64.

⁴⁶Ibid, p.56.

of communication among the states of the Arab Gulf. An example of this would be the Abu Dhabi-Qatar, Abu Dhabi-Dubai, Dubai-Sharjah and Sharjah-Ras al Khaimah roads which were all undertaken and mostly completed over the 1968-1971 period.⁴⁷ There was also the idea of creating a common Gulf market which was first proposed by the ruler of Qatar. Although there has been no formal establishment of a common market organization in the Arab Gulf, some of the aspects of common market practice have been in existence there for some years. The region enjoys virtually free trade, and the bilateral arrangements coordinating rates of tariff on imported goods have gone some way towards creating common external tariffs.⁴⁸ In addition to that, there was a certain financial cooperation that reigned in the region. Indeed, the pattern of Gulf financial cooperation was concentrated on the flow of grants and easy loans from the larger oil producers of the Gulf states to the smaller ones like Bahrain and Oman whose receipts from oil have not been sufficient to cover the costs of their development projects. One of the examples we could use is when the Kuwait Fund for Arab Economic Development provided KD 1 million loan to Bahrain for the aluminium smelter project.⁴⁹ The idea of creating a unified currency for the Gulf emerged at that period too, but it failed to get realized which should not come as a surprise for us, as the EEC, with all the solid base it has, is now facing major problems to establish a common currency between the European states. While

⁴⁷T.Niblock, "The Prospects for Integration in the Arab Gulf", in T.Niblock ed, Social and Economic Development in the Arab Gulf. London: Croom Helm, 1980, p.194.

⁴⁸Ibid, p.202.

⁴⁹Ibid, p.195.

communication and financial markets are important for us to consider, the economic and cultural sides of cooperation are of equal importance for us to explore.

Long before realizing the compelling necessity for their political and security cooperation, the six Arab oil producing states in the Gulf had made a significant headway toward economic and cultural cooperation. They jointly agreed that economic integration should precede any political unity. Sheikh Zayed of the UAE stated in a press interview: "The economic power is the real challenge for self-sustainment, it will also be the compensation of backwardness and the means for Gulf development and progress".⁵⁰ Economic integration would also grant the Gulf states political power and weight in international affairs.

The predominant economic features of the region enforced the Gulf states to take collective measures.⁵¹ They have similar economic structure as they mostly depend on oil which forms approximately 95% of their whole exports; at the same time the Gulf states import almost all their needs from the outside world. They are ambitious to create a national industrialization to take the place of the depletable oil and therefore guarantee the maintenance of economic development in the area. All Gulf states have passed through the crisis of the financial inflation which resulted from the wealth exploitation accumulated from oil. They suffered from the lack of national manpower and the huge migration of foreign manpower. The Gulf region also consisted mainly of wide territories,

⁵⁰Al-Rai al Aam, April 16, 1976, cited in Wathaeque al Khaleej wal Jazirah al Arabia (1976), p.178.

⁵¹H. Khawajkeya, "Al Kuwait wal Takamul al Eqteessady al Khaleejy", Majalat Dirassat al Khaleej wal Jazirah al Arabia, January 1977, p.12.

mostly deserts, and suffered from the shortage of water, which made it a potential problem in the field of agricultural productions. Finally, these countries are completely dependent on the outside world either in distributing their primary source or in guaranteeing their imports which make them vulnerable to international economic changes and pressures in a way that no individual state can handle or control by itself.

All these mutual problems compelled the Arab Gulf states to find a way to integrate their economies and to find the suitable solution to guarantee the region's interests of preserving its internal economic stability, independence and development. There are a number of fundamental factors which were available to facilitate the integral process among the Gulf states such as.⁵²

- The geographical proximity and similarity: they are all part of one region.
- The similarities and close relations between the people of the region as they are blood related and have common language and religion, as well as similar customs and traditions.
- They are dependent on one primary source, and this made them part of one economy. These countries all produce oil and export it which puts them in a competing situation instead of having their economies complement each other allowing them to benefit from the profits of import and export. This can also be taken as a negative factor, because the competition in oil prices that existed in the 70s led OPEC to a disaster. Gulf countries pushed by the eagerness to make

⁵²A. Abu Ayash, Afaq al Tanmeeya al Senaeya fi Duwal al Khaleej al Arabi. Kuwait: Manshourat Majalat Dirassat al Khaleej wal Jazirah al Arabia, 1979, p.164.

profits, stopped respecting OPEC quotas showing us a weakness in the economic cooperation.

- The political systems of the Gulf states are similar.
- The economic philosophy adopted by the Gulf states is based on free economy which safeguards the private ownership to the extent it does not contradict with the society benefit.

The lack of integrative studies in proper industrial planning among the Gulf states has resulted in the appearance of similar industrial projects which were more an imitation rather than proper industrial planning. Gulf states complained from the lack of coordinative policy in many different spheres, particularly in industrial undertakings. Consequently, similar industrial enterprises were established in the region without any observance of the huge expenditures of the construction in addition to the limitation of marketing and the strong competition this would cause between them. There are several objectives of Gulf economic integration which H. Khawajkeya outlined as the following.⁵³

- The preservation of petroleum wealth. The term preservation has a wide meaning; it means maintenance of this wealth from the natural waste or the control of its production. It means getting the utmost economical, social and political benefits from oil wealth and the protection of this wealth from visible and invisible robbery. The best and most secure means to store this wealth must be chosen, and in turn this wealth must be employed to create a solid and permanent base for an economical future capable of proceeding towards self-sustained economic growth, particularly when oil depletes. This objective is a very

⁵³H. Khawajkeya, .p.13-14

serious one since it determines the future of the whole region. This reality illustrates the main common factor among the Gulf states and the essential motive for their economic cooperation and unity.

- To suppress the competition among the Gulf states concerning the exploitation of their resources and the distribution of their production in such a way which may prevent them from having competing profitable prices for their commodities in the international market, particularly when the buyer or buyers form one formal or informal front with whom they conclude sales and investment contracts.

- To provide a convenient atmosphere to mobilize industrialization and develop it from simple to highly developed industry which would represent the scientific technological revolution. Naturally this cannot be achieved unless the Gulf states cooperate to draw a common policy of industrialization and production.

The attempts at enhancing cooperation between the Gulf states in economic and cultural affairs gradually developed and crystallized in a series of agreements, bilateral and multilateral, as well as joint committees which were concluded and issued after every official visit of Gulf statesmen and ministerial conferences which were greatly intensified since the mid-seventies. Many of these agreements and joint committees however failed to have much effect and did not practically achieve their aim. Most of the committees were formed rapidly either directly before or after the meetings of head of states or ministers; consequently, they did not take sufficient time for the expected preparations and

studies of the concerned subjects.⁵⁴ This was clear from the many items which were introduced in the agendas and depended on inaccurate data and information, and also included many ambitious interlocutory questions such as the united currency of the Gulf and the Gulf common market.⁵⁵ However, this changed a lot in the mid-seventies as the collective ministerial conferences and agreements that took place were more specialized and concrete, and many organisations and institutions were established and were the outcome of collective agreements. The product of these agreements was crystallized in the following established organizations and institutions providing the services and facilities needed by the member states:

- Gulf Air, established in 1974, was originally owned by a small British company but became jointly owned by Bahrain, Qatar, Oman and the UAE.⁵⁶
- The Regional Fishery Survey and Development Project was established in 1975 by the six Gulf states, Iran and Iraq. The main objective of this project was the development of fishing industries in the member states.⁵⁷
- The Gulf International Bank was set up in November 1975 and started functioning by the end of 1976 with the participation of the six Gulf states and Iraq. Its main objectives was the creation of an international financial institution

⁵⁴F. Psseisou. Al Taawen al Enmaee Bien Aqtar Majlis al Taawen al Arabi al Khaleejy. Beirut: Markaz Dirassat al Wihda al Arabia. 1984,P.161.

⁵⁵Ibid. p.161.

⁵⁶M.A. Al Rasheed, "Mustaqbal al Amal al Tarbawi fi Duwal al Khaleej al Arabi" paper presented at the Bahraini Graduate Club, al-Manama, January 16, 1985, p.27.

⁵⁷Dalil al Munazamat wal Haiyaat al Khaleejeya al Mushtarakah, Saudi Arabia: Maktab al Tarbeya al Arabi Liduwal al Khaleej.1982, p.49.

- which maintains Gulf identity, and plays a vital role in the international financial and monetary markets.⁵⁸
- The Organization of Gulf Industries Consultancy was established in 1976 with the participation of the six Gulf states and Iraq. The consultancy organization was given the responsibility for preparing studies of the possibilities of industrial coordination among the member states and providing technical assistance in the preparation and evaluation of development projects.⁵⁹
 - The United Arab Shipping Company was established in January 1976 and started functioning in January 1977, with the participation of the UAE, Bahrain, Kuwait, Saudi Arabia, Qatar and Iraq.⁶⁰
 - The United Chambers of Commerce, Industry and Agriculture of the Arab Gulf states, was established in 1979 by the six Gulf states and Iraq. It started functioning at the beginning of 1980. The Chambers were given the responsibility of maintaining the economical rights of employment, ownership, and investment; and to facilitate the free transition of national production among the member states, as well as to coordinate marketing policy of goods and food.⁶¹

In the area of cultural cooperation, the most important achievement was the establishment of the Arab Bureau of Education for the Gulf states in Riyadh, and it

⁵⁸Ibid. p.32.

⁵⁹Ibid. p.43-45.

⁶⁰Ibid. p.38.

⁶¹Ibid. p.40-42.

started functioning in 1976. Gradually and through the years, the cooperative agreements, committees and organizations developed and covered numerous fields. They however lacked a general, comprehensive outlook which would join them together and coordinate between the different organizations and committees, in the hope that maximum benefit from their joint effort could be achieved, and the expected integration would be reached. The statement made by the Bahraini Minister of Industry reflected the reality of non-existence of coordination between the Gulf states, particularly in their attempts to build their industrial structure. He commented that: "The Gulf states should coordinate among themselves, otherwise the oil lakes would be converted into mountains of fertilizers, tons of cement and heaps of minerals which they could not consume and for which they would not find buyers".⁶²

Therefore, to avoid competition and project duplication, the Arab Gulf Ministers of Planning held their first conference in Riyadh in June 1979, the second and third were held in May 1980 and 1981. In these meetings, the discussions were concentrated on the following factors.⁶³

- Coordination between the functional industrial undertakings and in the marketing process of the exported productions to avoid competition between them and consequently gain the outside markets.
- Coordination between the development planning of the member states, and the

⁶²A. Abu Ayash, Afaq al Tanmeeya al Senaeya fi Duwal al Khaleej. Kuwait: Manshourat Majalat Dirassat al Khaleej wal Jazirah al Arabia, 1979.p.165.

⁶³Psseisou, p.180.

creation of planning units in all member states.

- Establishment of joint training programs which would contribute in the development of human resources, particularly in the field of computers.

As a result of all of the above, one can see that the trend of economic cooperation had started long before the formation of the GCC, as the Gulf states were trying all through the seventies to reach a certain financial, cultural and economic cooperation. In the political sphere, the most noticeable coordination among the Arab Gulf states was illustrated in the international political relations the region had during the 1970s and in the national security and defence of the Gulf region. The continuous exchange of ministerial visits and meetings, together with the basic similarity of the problems facing the Gulf states, have enabled them to pursue similar policies towards regional and world affairs.

The Gulf states' policy, characterized as moderate, was demonstrated in Arab affairs on several occasions. In fact, the Gulf states emerged as a political power in world affairs after 1973. Under the leadership of Saudi Arabia and Kuwait, the Gulf states used the oil embargo as a political weapon against the American pro-Israeli policy, in protest and condemnation. In 1979, when Egypt signed the Treaty Agreement of Camp David with Israel, the Gulf states jointly with the other Arab countries condemned and rejected the agreement breaking diplomatic relations with Egypt (with the exception of Oman). In Lebanon, Saudi Arabia and Kuwait, representing other Gulf states, played an important role discussing the Lebanese civil war in the Beiteddin conference, on October 17th, 1978.

In world affairs, the Gulf states opposed the Soviet intervention in Afghanistan, and rejected American threats of military interference to protect the oil fields. The Gulf states were committed to keep the super powers out of the region, and firmly refused any foreign intervention in their internal affairs avoiding super powers' rivalry in the region. In terms of regional development, after the Iranian revolution and the trend of the new Iranian leaders of exporting the Islamic revolution to the other Gulf states; as well as the severe conflict between Iraq and Iran, and the super powers' race to intensify their presence in the Arab Sea and the Indian Ocean, all of this had a great effect on the determination of the Arab Gulf states to concentrate their efforts collectively on their internal security measures. The experience of the Iranian revolution and the fall of the Shah have greatly shaken the confidence of the Gulf that the US will safeguard their region in serious critical times. As a result, we can say that the idea of self dependence and self preservation existed in the Gulf long before the actual formation of the GCC. It was Saudi Arabia which lead the efforts to integrate security measures with the other Gulf states. The Saudi leaders firmly believed that the security of any one state is linked to the security of the whole area. Hence, by the end of 1980, during an official visit to Kuwait and Pakistan, the Saudi Interior Minister, Prince Nayef Ibn Abdul Aziz, proposed a "collective security plan to serve the interests of Arab countries in the region and other Muslim states".⁶⁴ Iraq and Iran both rejected the plan.

The Saudi plan offered an opportunity to discuss "collective cooperation" in the field of

⁶⁴"Gulf Security Document", The Middle East, January 1981. p.16-17.

security on the basis of the following principles.⁶⁵

- Collective Arab security can be achieved only if each Arab state enjoys security and stability at home. If the security of one or more states is jeopardized, the collective security of all will be affected and, consequently, the security of other countries in the region.
- Collective Arab security can be achieved only if Arab states respond to the request of any state whose security is being threatened by helping it to combat local and imported sabotage, and cooperating at the international level to stop international criminals from entering the Arab states.
- The strengthening of cooperation among the police forces of the various Arab countries is essential. This should include instant communication, the exchange of information on criminals and crimes in general, and the coordination of any other kind of police action.
- Saudi Arabia considers that any harm done to the security of one Arab state will affect the collective security of all, and therefore urges cooperation to establish collective Arab security and deny any international criminals and saboteurs access to the Arab society or even refuge in Arab countries.
- Saudi Arabia stands ready to help and cooperate in any way with the other Arab states to combat crimes of all kinds. It is also ready to cooperate with other Arab states at all levels to maintain security and stability in every Arab state individually.

⁶⁵"Gulf Security Document" p.17.

The plan reflected the Saudi preference for cooperation at the level of policing and at the level of monitoring internal security forces amongst the countries concerned, rather than establishing an integrated military pact which would involve the regular armies. Saudi Arabia's official view was that "cooperation among the Gulf states is strategically inevitable and urgently required for the general interest of the region".⁶⁶

The cooperation and coordination among the Arab Gulf states, in the different fields, and through the years 1968-1981, did not fulfil the ambitions of the Gulf states. The statement of the Bahraini Minister of Health reflected this fact when he stated, during the tenth conference of the Ministers of Health held in January 1981, "what has been achieved up till now was not sufficiently enough, and under the expected needs. The critical situation which the states of the region are passing through required deeper and more comprehensive achievements. Then he explained that "the feelings and sentiments of the people of the Arab Gulf towards cooperation and unity far exceed our efforts and planning".⁶⁷ On the other hand, an optimistic statement by Dr. Ali Khalaf, Secretary General of the Gulf Organization for Industrial Consulting (GOIC) and former dean of graduate studies at the University of Petroleum and Minerals in Dhahran, confirmed that "the European Economic Community has been going 30 years, and it still takes time for things to be adopted and implemented".⁶⁸

⁶⁶Ibid. p.17.

⁶⁷M. Al Rumaihi. Al Khaleej Liesa Naftan: Dirassa fi Eshkaliat al Tanmia wal Wihda. Kuwait: Sharikat Kazimah Lil Nashr wal Tawzee. 1983, p.146.

⁶⁸Nadia Hijab, "Gulf Industrialization: Tailoring a Suit that Fits", The Middle East, April 1981, p.72.

Taking these two statements into consideration, we must admit that, though the process of cooperation and coordination, from 1968-1981, suffered from many mistakes due to the short period of time, historical conflicts, personal rivalries, and shortage of communication; the effort is however considered the base for the establishment of the Gulf Cooperation Council, which was in itself a successful achievement and a step towards Gulf unity. It is true that the internal factors played an important role facilitating and helping cooperation to occur, but external changing and threatening factors should not be forgotten as an important incentive behind the formation of the GCC.

In chapter three we will look at the formation of the GCC in more details, showing that although there were three reasons behind the need for cooperation, which were the threat of the Iranian revolution, the Soviet invasion of Afghanistan and finally the American Nixon Doctrine; it was mainly the threat of exporting the Iranian Islamic Revolution that posed the biggest problem pushing the Gulf states towards cooperation. This process of cooperation that started long before 1981 was concretised with the formation of the Gulf Cooperation Council, gathering the economic, educational, health and media fields. A lot of progress was made before 1981 and the formation of the GCC, mainly in the political field where the Gulf states stood together and had a common external policy (for example, the Gulf states stood together condemning Egypt after the Treaty of Camp David with Israel, they also refused any interference by super powers in their region). In the other fields, some progress was made but a lot of the agreements and the committees that were formed, failed to achieve all the objectives planned. This was mainly due to the lack of planning and the tendency of the Gulf states to rush the

formation of these committees and agreements. This effort should however be seen as the first step towards the establishment of the Gulf Cooperation Council. More details about the GCC will be given in the following chapter.

CHAPTER THREE

THE ESTABLISHMENT AND ORGANIZATION OF THE GULF COOPERATION COUNCIL 1981-1986

In the previous parts we saw the major efforts initiated and maintained by Western forces to ensure the security and stability of the Gulf, we also saw how the idea of cooperation and coordination existed between the Gulf states, and how some efforts were done to put it into application; we also studied the internal facilitating factors that assisted the process of cooperation before the formation of the GCC. In 1981, however, a new serious type of effort emerged. This time it was a local effort, namely the Cooperation Council for the Arab States of the Gulf, commonly known as the Gulf Cooperation Council or the GCC. In this part we would like to examine how this idea of regional cooperation in the Gulf got to be concretised, and what were the factors present at the time helping the creation of such a cooperation council. This chapter also intends to discuss briefly economic and cultural cooperation and what the GCC states have achieved in these two fields, knowing that the process of both economic and cultural cooperation began in the early seventies as mentioned in the previous chapter. The question here would be the following: Did the establishment of the GCC enhance this cooperation and draw up a comprehensive plan for the future? We will see in chapter four that the GCC may have been the reason for all the border disputes between the Gulf states to be settled

without major wars, although the threat of future wars occurring for that same purpose still exists. It is therefore the existence of the GCC that pushed the Gulf states to resolve their border disputes without resorting to war and violence. Most of this chapter will concentrate on political and security coordination. We will see how far the GCC states succeeded in developing and coordinating their policies towards the great powers, the fragmentation of the Arab world, and the regional powers' conflicts. In addition we will discuss the security factor which became vital for the GCC states as a result of regional and international changes.

I- OFFICIAL PERCEPTIONS OF THE GCC:

The founding of the Gulf Cooperation Council officially took place between February 4th and May 26, 1981, (Appendix I). On February 4th, the foreign ministers of Saudi-Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates (UAE) met in Riyadh (Saudi-Arabia), and decided to set up a cooperation council among their states, to form a secretariat general for this purpose, and to hold periodic meetings at the summit level and the level of foreign ministers. Among many points made on the GCC, the secretary general of the Cooperation Council Abdallah Yacoub Bishara, said in his press conference on May 27, 1981 that the council is a historic accomplishment to rally the forces of the region's states in the interest of their peoples as well as the interest of the Arab and Third World. He added that the council enjoys an economic power, in addition to the Gulf states' important strategic position, which draws the attention of the big powers. These facts give the council's states a strong voice and a great influence in

international politics. He also pointed out that the cooperation council's charter does not include anything to the effect that all member-states should give up their sovereignty. Rather, this council comprises independence and sovereign states. The council's member-states are equal whatever their position, resources, foreign policy or affiliations might be. "We are all equal and the council's budget is equally divided among the states, thus affirming our equality"... "the council's charter does not specifically refer to politics, priority is given to economic issues".⁶⁹

On May 25th 1981, the charter was signed by the six heads of state and the GCC formally came into being. The establishment of the GCC was announced by the Foreign Ministers as being "in recognition of the special relations, common characteristics and similar institutions that link the Arab Gulf States of the UAE, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait, and due to the importance of establishing strong coordination and integration in all spheres including various economic and social fields".⁷⁰

The formation of the GCC was aimed at laying solid foundations for economic, cultural, and political integration so that the bonds achieved could withstand any challenge that confronts these states. The cooperation and coordination between the Arab Gulf states which had started in the early seventies and continued through the eighties was finally crystallized by the formation of the GCC. Sheikh Sabah al Ahmad considered the

⁶⁹Foreign Broadcast Information Service, Daily Report: Middle East and Africa, V, no 032, 18 February 1981.

⁷⁰Al Amana al Aamma Limajlis al Taawen Liduwal al Khaleej al Arabia, Majlis al Taawen Liduwal al khaleej al Arabia-al Zikra al oula- Al Riyadh: Al Amana al Aamma limajlis al Taawen Liduwal al Khaleej al Arabia, May 25, 1982. p.9.

establishment of the GCC a great achievement for the Gulf region. He emphasized that: "The cooperation and coordination has not started with the formation of the GCC; the GCC itself is considered another step towards cooperation and coordination". "The GCC" he added "will be the means and the channel through which the process of Middle and coordination be maintained and developed".⁷¹

Judith Perera, a political editor in the Middle East magazine, described the establishment of the GCC as "a first step towards economic, social, political and military integration, the council is perhaps one of the most significant developments to take place in the Middle East for many years". She explained that "many experiments in Arab unity have been tried over the years but none has lasted. They all tried to go too far, too fast and link states which were fundamentally different". "The area is unique", she said, "for despite having several governments, it is already more integrated than many federal states at both the official and popular level".⁷²

The Bahraini Minister of Information, Mr Tareq al Moayed was quoted saying in an interview with al-Hawadeth magazine: "Let us be realistic and frank, we have heard of Arab meetings on the level of two states or more. We have seen proclamation of a complete merger take place overnight. That is what every Arab citizen desires. But you know that anything that is not founded on solid bases is not viable". The minister called for Arab support for the GCC. "Just as we wish to be a shield for the Arab nation", he

⁷¹Al Qabas Newspaper, Kuwait, November 7, 1982

⁷²Judith Perera, "Caution: Building in Progress Gulf Unity". The Middle East, April 1981, p.8.

said, "we also wish that the Arab nation would support us".⁷³

Saudi interior minister Prince Nayif stated: "Our intention is to establish complete cooperation in all fields -political, economic, security, unity of jurisdictions- on the basis of the Islamic Shariah which is the fundamental source of our legislation and system", he also added, "I see no reason why a joint security action should not exist within the framework of a Gulf cooperation plan that includes the economy, a united political stand, military defence cooperation and other issues...There can be joint security to prevent threats to oil wells such as sabotage and to organize the security of the wells and their sites. All this is possible and we have been cooperating satisfactorily on information".⁷⁴

The Kuwaiti officials seemed to emphasize the nonaligned character of the GCC. Crown prince and prime minister Sheikh Saad al-Abdallah said: "The GCC was not a new grouping or an alliance but a framework for organizing constructive cooperation among the member-states". He added that "many peoples in the world had covered a long distance on the path of regional cooperation, hence the Islamic countries are in bad need for such cooperation", and the GCC "was the outcome of a sincere effort aimed at coordinating and developing cooperation already existing between countries having common destiny and history".⁷⁵

The Omani view of the GCC could be summarized by the interview given to Al-Mustaqbal magazine in May 1981 by Sultan Qaboos. He said: "There have been many

⁷³Middle East Reporter, January 29, 1983, p.15.

⁷⁴Al-Jazirah, Saudi Newspaper, 14th of February 1981.

⁷⁵FBIS-MEA, Volume 81-032, 18 February 1981.

previous attempts at cooperation, the first in 1974, but none have been successful. When the idea of Gulf cooperation was revived during the Amman summit, we immediately supported and agreed to it".⁷⁶

Other reactions over the establishment of the GCC varied. For instance, Iran opposed any Arab grouping on the Arabian part of the Gulf. Libya, Syria and South Yemen adopted a reserved attitude because of their special relations with the Soviet Union which criticized the establishment of the Council. Other Arab states declared their approval of the GCC, such as, Tunisia, Morocco, Sudan and Egypt which considered the GCC as a means of promoting Arab cooperation and rapprochement between neighbouring countries that have common interests.⁷⁷

China, India, Turkey and Pakistan welcomed the creation of the GCC and described it as a positive step for peace and security in the Gulf region.⁷⁸ France, Britain, Belgium, Austria, Holland and the United Nations welcomed the formation of the GCC and declared their hopes that the Council would contribute in maintaining peace and stability in the Gulf region and the Middle East.⁷⁹

II- EMERGENCE OF A COMMON SECURITY CONCERN:

From the perspective of power politics, it may be said that the idea of regional

⁷⁶Al-Mustaqbal Magazine, May 1981.

⁷⁷Wakalat al Anbaa al Qatareya fi Wizarat al Eelaam. Wathaeq Majlis al Taawen Liduwal al Khaleej. Doha: Wakalat al Anbaa al Qatareya fi Wizarat al Eelaam, 1983, p.132.

⁷⁸Ibid. p.136-137.

⁷⁹Ibid. p.134-139.

cooperation in the Gulf region paralleled the regional conflict that arose after the end of Pax Britannica. Although the Shah of Iran was one of the earliest advocates of the idea of regional cooperation, he was suspected by the Arabs of using it as a cover for Pax Iranian. Because of their greater weakness, the smaller states were attracted to the ideal of collaboration partly as a means of impeding the chances for hegemony by the larger states.

The creation of the GCC was attributed to many factors such as the fear of its founders of the spread of the Iraq-Iran war. This war nevertheless served more as a catalyst than a cause to the creation of the GCC. It helped to make clear and unify the various pre-war concepts of security as well as to point out the need to tidy up all the existing bilateral and multilateral cooperation agreements in many non-military fields.

More than any other single factor, the Iranian Revolution helped to combine the security concerns of Saudi Arabia and the other monarchies in the Gulf region. As the largest Arab monarchy, Saudi Arabia was in a position to lead the others toward cooperative efforts. The impact of the Iranian Revolution on Saudi Arabia was very important, this Islamic revolution coincided with the most traumatic domestic threat to the House of Saud in history. The seizure of the Grand Mosque by ultrafundamentalist Muslims threatened the stability of the House of Saud. There was no sign of Iranian or pro-Khomeini Saudi Shia involvement in this incident. But the general Iranian propaganda agitation for exporting the "Islamic Revolution" compounded the threat of subversion by indigenous forces in all Gulf Arab monarchies, especially in Saudi Arabia, where a radical Sunni fundamentalist group was in rebellion. At the same time we cannot deny the fact

that this Iranian Revolution helped the House of Saud in many ways: First, because the Saudi concern with the threat of the revolution was shared by other Gulf monarchies, the emerging perception of a common threat aided Saudi Arabia to be in the leader's position. Furthermore, the momentary decline of Iranian preponderance in the Gulf region, as a result of domestic revolutionary chaos and defence against Iraqi invasion, seemed to have created a power vacuum in the area allowing Saudi Arabia to extend its protective power and influence throughout the Arabian Peninsula and its periphery. Of course, the creation of a regional cooperation organization would aid the Saudis to reach such a position, and because there was a great amount of commonality already existing in the region, this whole perception of cooperation became more than just an aspiration, it became feasible. The six nations member of the GCC shared a common religion, an Arab heritage, a similarity of regimes, and a tradition of cooperation in social and economic fields. Yet, the real catalyst for their cooperation action was the perception of the common threat of the Iranian Revolution to their regimes.

If we only look at the Iranian Revolution as a factor that led to the creation of the GCC, we would be conveying the wrong impression that the GCC was created simply as a counterrevolutionary alliance against revolutionary Iran, which on its own was not the only reason.

The second factor that helped the creation of the GCC was the perceived threat of the Soviet Union. This threat had two dimensions: First, the invasion and occupation of Afghanistan intensified the long-standing fears from both the Soviet Union and Communism felt by the conservative monarchies. The presence of Soviet troops in

Afghanistan brought the threat of the Soviet Union closer to the Gulf and the Strait of Hormuz. The Saudis on their part, always considered Communism and Zionism the two faces of the evil of imperialism and this Soviet presence so close to the region made them very uncomfortable. Second, the so-called Brezhnev proposals for neutralizing and demilitarizing the Gulf region which were advanced by the Soviets as a means of countering the Carter Doctrine. If implemented, these proposals would make it difficult for the Arab states to seek foreign military aid, especially from the United States, as a means of strengthening their armed forces. It was, however, the perceived threat of the Soviet military presence in Afghanistan, rather than the Brezhnev proposals that pushed for the creation of a local and eventually self-reliant regional organization named the GCC. The Saudi foreign minister, Prince Saud al Faysal, said in one interview that the events in Afghanistan "confirmed the need for Gulf states to depend on themselves for the protection of their independence and resources", he also urged "friendly nations" to offer arms supplies to the Gulf states to help them achieve "self reliance for self-defence".⁸⁰

The fear of the Iranian Revolution and the potential Soviet intervention in the Gulf region was paralleled by the concern over the potential threat of American intervention in the area. This latter intervention constitutes our third factor explaining the establishment of the GCC.

The Carter Doctrine was very badly interpreted by the Gulf states. The fact that the Gulf leaders knew that the Doctrine's implementation was precipitated by the Soviet

⁸⁰Reported in Saudi newspaper, Ukaz, 11 February 1981.

invasion of Afghanistan made no real difference in their reactions. They still opposed the Doctrine because it reflected the underlying superpower competition in the region. This doctrine could not be effectively implemented without the support of the local states. But the regional states would extend none of that kind of support if it meant having American military bases on their soil. All Arab leaders insisted that the Gulf area had no need for any foreign intervention and the regional states themselves could look after the security of their oil supplies. Despite the objection of future GCC members, Oman still provided some facilities for the United States' military presence in the region. This allergy Gulf states have against foreign intervention, favoured the formation of a cooperation council between them to limit this foreign intervention as much as possible. Nevertheless, studies show that their quest for military aid, particularly from the United States, skyrocketed after the formation of the GCC.

III- PRESERVING THE MONARCHICAL REGIMES:

The perceived threat of the Soviet Union to the Gulf region did not impel the Gulf monarchies to band together. They generally feared the perceived Soviet intention of using Afghanistan as a launching board for imperialist expansion in the Gulf and the Indian Ocean, but the threat did not appear to be that imminent. Even the Saudis who were the most alarmed by this Soviet invasion did not seem to believe that the Soviet Union posed an immediate threat to the security and stability of the incumbent regimes.

The potential American military intervention in the Gulf region as well did not pose such a serious threat. After all, Saudi Arabia had enjoyed decades of a security

relationship with the United States, and Oman provided the U.S. with the necessary facilities it needed for military presence in the region.

The common security concern, therefore, that impelled the leaders of the six states to create the GCC was the perceived threat of the contagion of the Iranian Revolution. Of all the perceived dangers, this was considered to be the most real and imminent threat to the ruling regimes in the six countries. During the crucial 1979-1981 period before the founding of the GCC, three of the six states -Bahrain, Kuwait and Saudi Arabia- had in one way or the other faced the threat of Iranian-inspired rebellion within their own societies and a strong anti-royalist campaign from Iran as well. Although Oman, Qatar and the UAE did not go through the same experience, their leaders still believed that the overthrow of the royal families, particularly in Kuwait and Saudi Arabia, could seriously jeopardize the survival of the others as well. This perceived threat to the six ruling families before the founding of the GCC remained present during the five first years of the GCC creation. For half a decade, the six faced increasingly the threat of perceived Iranian-inspired acts of subversion and terrorism. Nevertheless, from the perspective of the six, the post-GCC experience with the violent political acts that it was made of, confirmed the belief they had, that if they did not hang together cooperating and coordinating their activities and forces, they would each hang separately.

IV- ECONOMIC AND CULTURAL COOPERATION:

From the economic side, the GCC signed the "Unified Economic Agreement" in May 1981, but it was applied in March 1983. The first practical measure under the

economic agreement was the elimination of tariffs between member states. A Gulf Foreign and Economy Ministers' meeting in August of the same year "expressed its satisfaction" at the measure and "noted the increase in the volume of trade between GCC member countries as a result".⁸¹ GCC nationals were for the first time given the same privileges as those granted to the nationals of the country. This unified economic agreement covers industry, agriculture, animal resources and fisheries. The GCC states were anxious in finding a big agricultural and industrial base to provide some of the region's needs to lessen their dependence on outside markets. The heavy reliance on oil and the drastic changes in oil demand have made the Gulf economy vulnerable to the international market fluctuations.

In order to avoid wasteful duplication of resources and finance, major industrial projects were assessed according to the requirements of the GCC states. For example, petrochemical plants were built and sited to suit the six states' needs. Instead of building three aluminium plants, Saudi Arabia and Kuwait decided to enter into a joint venture with Bahrain's ALBA (Aluminium Bahrain) to meet their demands. Cooperation of this nature on the industrial front was not born with the GCC; Gulf joint ventures began as far back as the early seventies; but what the GCC states have done is draw up a comprehensive plan for the future.

Since the establishment of the GCC, the most important joint economic and cultural cooperative projects included the following:

In the economic field:

⁸¹"The GCC is Now a Reality", The Middle East, November 1983, p.16.

- The Gulf Aluminium Rolling Mill Company (GARMCO). The GCC states, including Iraq, but with the absence of the UAE, signed a joint venture agreement on February 10, 1981.
- The Aluminium Bahrain (ALBA) plant, in which the Saudi Arabian Basic Industries Corporation (SABIC) took a 20% stake rather than develop its own capacity on Jubail.
- The Sitra Methanaol, Amonia project in Bahrain, which has as shareholders the Bahrain National Oil Company (BANOCO), Kuwait's Petrochemical Industries Corporation (PIC) and the Saudi Arabian Basic Industries Corporation.

In the education field:

- The planned Gulf University for all the GCC states, to be established in Bahrain. The institution will have a bias toward training in specialized areas for which there would not be sufficient demand in a single country.

In the field of health services:

- Ras al Khaima is the focus of regional interlinking in the health field, with a pharmaceutical factory endorsed by the health ministers as a pan-Gulf industry.

In the field of information and media services:

- Various specialized schools in television technology were established along the Gulf to avoid duplication. These schools were established to train and form qualified Gulf technicians in the field of information and media services (Appendix IV, ex: Oman).

Moreover, the GCC states realized that the food nutritional security was an essential

factor for national security, and therefore the economic security was prominent on the agenda of the GCC heads of state summit held in November 1985 in Muscat. Self dependence and self sufficiency were their goal to avoid external pressures. Al Seyassa Newspaper explained the agricultural policy of the GCC states as the "termination of exportation of the major nutritive food commodities". Al Seyassa also added that the GCC states perceived that "providing essential food provisions is as important for the region as political and military security". "Dependence on other states to supply them with food commodities has great effect on their political independence and their international attitudes".⁸² The GCC policy was concerned in finding a nutritive storage that should be sufficient to their needs for a least six months. In addition to the major material, the study included finding the suitable location for the appropriate storage, the necessary security, the expenses and the quantity of the storage. This study, Al Seyassa confirmed, was considered one of the most important studies the GCC General Secretariat took charge of, because of its strategical and economical importance.⁸³ In an interview with the Saudi Magazine, Al Majalla, the Saudi Minister of Agriculture, Dr. Abdel Rahman Al Sheikh, declared: "The Saudi government has searched for other sources of income and concentrated its efforts on promoting the agricultural sector which is not subject to world market changes. Saudi Arabia is at present able to produce its needs in essential food commodities especially cereals. Wheat production, which did not exceed 3000 tons in 1975, totalled more than 2 million tons in 1986". The Minister also added: "We have also

⁸²Al Seyassa Newspaper, November 5, 1985.

⁸³Ibid.

exported part of our production surplus in cereals to neighbouring Gulf countries.... Saudi Arabia also produces vegetables for domestic consumption to help cut the import bill. Dairy and poultry output was negligible in 1975 as the production met only 5% of domestic demand. Today the kingdom is about to achieve self-sufficiency as far as these farm products are concerned". Al Sheikh also emphasized: " Saudi government has recognized the importance of building an infrastructure of expertise in the agricultural sector. Vocational schools and training centers were founded throughout the Kingdom to help secure a specialized and qualified workforce".⁸⁴

The value of close cooperation is that states learn from each other's experience, both the successful and problematic ones; so that they can avoid mistakes and wastefulness.

While the concrete facts of economic, cultural institutional building are fascinating, a more important question centers on political cooperation and especially the problems of coordination of policies for a regional organization. This political aspect of the GCC will be discussed with more details in chapter five, where the performance of the GCC will be examined. Nevertheless, it is important to mention here that the dominating trend among the six Gulf states was to prevent the Council from appearing as a pro-Western bloc hostile to the Soviet Union, or as an Arab bloc against non-Arab Moslem states such as Iran, or a rich Arab club separate from the Arab League in which they are members along with other Arab states. Bahrain's Information Minister, Tareq al Muayyad, has declared that the GCC is not a political grouping of wealthy Arab states aimed at

⁸⁴Middle East Reporter, August 30, 1986, p.19.

removing them from the Arab League and Arab issues.⁸⁵ He noted that "the Council is part of a strategic plan formulated by the Gulf states in the early seventies to promote economic and manpower development". He also added that "the Gulf states agreed in their rejection of any foreign military presence on their territory because such a presence would automatically involve them in a policy of alliances and the Cold War between the superpowers."⁸⁶

The GCC states were greatly concerned over the international reactions which the establishment of the Council was going to arise, and the way other countries, neighbouring and distant, might interpret it. For that purpose, they had declared repeatedly through official statements and interviews that the GCC was not aimed against anyone and that it was neither a military nor a political bloc. Sheikh Sabah al Ahmad, the Kuwaiti Foreign Minister, refused the use of the term regional bloc, asserting that: "Regional bloc has different implications which do not agree with the spirit of cooperation and coordination the Arab Gulf states are moving towards eagerly".⁸⁷ Their greatest concern was how to handle the superpowers in what could be perceived as a non-threatening manner.

We can conclude by saying that although it seems that the main incentive for cooperation came from security threats and it led to an important progress between the

⁸⁵Kuwait News Agency (KUNA), The Gulf Cooperation Council, Kuwait: Prepared by the Documentation Department of KUNA, Digest 9, January 1983. p.79.

⁸⁶Ibid. p.80.

⁸⁷Al Qabas Newspaper, Kuwait, November 7, 1982.

Gulf states in the security area specifically, one can't also ignore the importance of internal similarities such as culture, religion, language and tradition that helped in the progress that appeared in the planning of establishing institutions that would enhance cooperation between the Gulf states in non-security related fields in the future. In addition to the three main external threats the Gulf region had to face (i.e US intervention, Soviet invasion and the Iranian revolution contagion), there were also regional and domestic sources of threat that the Gulf region had to face. In the next chapter we will see how regional conflicts such as the Iran/Iraq war, Bahrain/Qatar conflict, Kuwait/Iraq and Iran/UAE conflicts presented a threat to the security of the Gulf region. In addition, domestic sources of threats such as the rapid economic development the region was facing, the expatriate communities in the Gulf states and terrorism which was mainly spreading with the Iranian revolution presented also an important threat for the region to face. All these factors which varied over time were behind the need for cooperation in the Gulf region.

CHAPTER FOUR

SOURCES OF REGIONAL AND DOMESTIC THREAT TO GULF SECURITY

Before discussing the major aspects of cooperation and coordination among the six GCC member states in the fields of security, defence and foreign policy, it would be of immediate concern to review the various sources of regional and domestic threats to Gulf stability. It should be noted, that the various sources of threat discussed in this chapter represent potential threats, with perhaps the exception of the Iran-Iraq war, which at its peak represented a tremendous threat to peace and security in the over-all Gulf region. Apart from the Iran-Iraq war, this chapter will review a number of pertinent regional inter-state conflicts and disputes which include:

II- Kuwait-Iraq conflict

III- Bahrain-Qatar conflict

IV- Iran-UAE conflict

For the time being, the resolution of some of these conflicts without resorting to war and violence may have been an outcome of the existence of the GCC (some of these conflicts may develop into major wars in the future). Indeed the GCC member states preferred solving the border disputes using cooperation and collaboration, standing together as one front whenever needed (ex: the common position of all the GCC states against Iran during

the Iran /Iraq war).

I-THE IRAN-IRAQ WAR:

On September 9, 1980, Iraqi President Saddam Hussein sent his troops marching across the Iranian border. One army invaded Iran along the central border area, and another across the Shatt-al-Arab waterway into Kuzistan.⁸⁸ Iraq's motives for her military incursion into Iran are complex and multi-dimensional. Suffice to say, that from a geo-political standpoint the Iraqi leadership viewed Khomeini's rise to power as both a threat and an opportunity. The threat was that it could encourage Iraq's millions of Shiite, who compromise a majority of Iraq's population, to turn against the Sunni dominated government. In other words, Baghdad feared that Khomeini, who had mobilized millions of Iranian Shiites against the Shah, would stir up Iraq's Shiites masses, many of whom felt excluded from political power. The opportunity, on the other hand, was that the Iraqi leadership saw in the chaos that accompanied Khomeini's rise to power a chance to settle, in Iraq's favour, the four-century old dispute with Iran over their frontier in Kurdistan, Khuzistan and the Shatt-al-Arab waterway, which had under the Shah been resolved in Iran's favour.⁸⁹ Against this background, the Iraqi leadership hoped that an incursion into Iran would, on the one hand, weaken Khomeini's regime and ultimately cause it to be

⁸⁸A.Cordesman. The Gulf and the Search for Strategic Stability: Saudi Arabia, the Military Balance in the Gulf and Trends in the Arab-Israeli Balance. Westview Press Inc. London 1984. p. 665-695.

⁸⁹J.M. Abdulghani. Iraq and Iran: The Years of Crisis. Croom Helm Ltd. London, 1984. p.56.

overthrown, while on the other, make possible the capturing of Iraqi-claimed territory from the weakened and demoralized Iranian forces.

• What Iraq thought would be a swift victory turned out to be a long drawn out war with enormous human and economic losses. The war has passed through a least five phases. The initial phase was the Iraqi invasion during which the Iraqi forces were able to score major victories. The second phase occurred in October and November 1980, when the Iranian succeeded in holding the Iraqi forces outside the key towns in Kuzistan and started a series of attacks on Iraqi oil facilities that eventually destroyed Iraq's ability to ship oil through the Gulf. This phase also witnessed the first Iranian air attacks against neighbouring non-combatant Arab Gulf states. The third phase was a period of virtual stalemate. From November 1980 to September 1981, both sides fought for positions without achieving any major victories. The fourth phase was the period of fighting from September 1981 to May 1982, during which Iran was able to drive Iraq from most of its key positions on Iranian soil. The fifth phase (1983-1988) witnessed a series of Iranian offenses designed to destroy the Iraqi army and/or occupy critical strategic areas in Iraq and overthrow the regime of Saddam Hussein. This last phase was, undoubtedly, the most threatening to Gulf security. For, not only did it witness the most ferocious battles among both belligerents but it also marked a widening in the scope of the war. During this phase, oil tanker traffic in the Gulf fell victim to numerous missile attacks, in which a large number of Kuwaiti and Saudi oil tankers were destroyed by Iranian fire power. In addition, Iran launched a substantial number of long range missile attacks against Kuwaiti soil. It has been argued that by undertaking such ventures, the Iranian leadership was

trying to pressure both Kuwait and Saudi Arabia to change their positions towards the war, which by the mid 1980s was supportive of Iraq. We will later examine, in details, the GCC's position towards the Iran-Iraq war.

The Iran-Iraq war posed a real threat to the non-belligerent Gulf states. During the course of the war, the GCC member states were exposed, in varying degrees, to spill-over effects from the war. And, as mentioned above, it was both Kuwait and Saudi Arabia that shouldered the heaviest burden in this domain. A further concern shared by the GCC leaders at the time, was the eventual consequences on the region if either belligerent won the war. It was feared, for example, that if Iran won, the Iranian leadership would attempt to punish the GCC for its support of Iraq, and would furthermore adopt a more aggressive approach to export its revolution to other parts of the Gulf, which may include the use of military force. It was also feared that a victory by Iraq, would make the latter an overwhelming regional power, thus seriously reducing the GCC's freedom of action in regional and inter-Arab matters. Furthermore, certain Gulf states, particularly Kuwait, could not be sure that, after a victory over Iran, Iraq would not press its territorial claims on it especially that both Kuwait and Iraq have not been able over the years to resolve their border differences. An examination of the Kuwait-Iraq dispute would at this point prove useful.

II- KUWAIT-IRAQ BORDER DISPUTE:

In the eighteenth century the Ottoman Empire exercised general sovereign authority over Kuwait while the rulers of Kuwait were allowed limited administrative

authority. By the early nineteenth century with British interests extending in the Gulf region, the parties concerned drew up a treaty in 1913 according to which Kuwait was to be an autonomous country under Turkish domination. By this treaty, the territory of Kuwait was to be that of a circle drawn with a radius running from Kuwait city to the northern tip of Warba island. An outer circle was also drawn within which the tribes were to be considered subordinate to Kuwait. Although never ratified on account of the outbreak of the First World War, this treaty is historically considered the first instrument determining Kuwait's territorial boundaries.

After World War I, the British government asserted its power in Kuwait while Iraq had become a British mandate. In April 1923, the British representative in Baghdad, Sir Percy Cox, wrote a letter to the British political resident in Kuwait asking him to inform the ruler of Kuwait of the British government's recognition of the Iraqi-Kuwait boundaries. Later on, in 1923, Iraq recognized the boundaries mentioned in the 1913 draft treaty within a letter dated 21 July 1932 from the Iraqi Premier to the British representative in Kuwait, Sir Francois Humphreys. The Iraqi Prime Minister admitted the land frontier between Iraq and Kuwait to be as it had been determined in the 1913 draft treaty. This letter was accepted by the Emir of Kuwait in a letter dated 10 August 1932. Accordingly, the Iraqi-Kuwait boundary was settled.

Kuwait attained independence in 1961 and signed an agreement with Great Britain whereby Kuwait took over its own defence and the conduct of its foreign affairs. The 1961 agreement, nevertheless, provided for British military assistance to Kuwait at the request of the latter. Within a week of the declaration of Kuwait's independence, the

president of Iraq at the time, Major General Abdel Karim Qasim, unexpectedly laid claim to Kuwait with the dramatic announcement that Kuwait constituted "an integral part of Iraq"⁹⁰. The basis of the Iraqi claim stemmed from the fact that Kuwait had been a district of the Ottoman Empire under the indirect administration of the Governor of the Basrah 'Willayat'. As a result, Qasim asserted that with the dissolution of the Ottoman Empire in the aftermath of World War I, Iraq had legally succeeded to the Turkish territorial sovereignty over Kuwait.⁹¹ The late Iraqi president claimed preference for the use of peaceful means, but he threatened to use armed force to bring Kuwait under Iraqi rule.⁹² Consequently, Kuwait called for British assistance under the terms of the agreement of mutual cooperation and assistance concluded in 1961.⁹³

In accordance the British government dispatched a contingent of troops to Kuwait and deployed them along the Kuwait-Iraqi border.

On July 2, 1961, Kuwait, with British backing, approached the United Nations for membership and simultaneously asked that the Security Council consider the imminent threat which Iraq posed to its territorial integrity. The membership request was blocked by the Soviet Union on July 7th, on the grounds that the 1961 mutual cooperation and assistance agreement with Britain constituted undue foreign political influence in its

⁹⁰R.Litwak, Security in the Persian Gulf 2: Sources of Inter-State conflict, Gower House, London, 1981, p.25.

⁹¹Ibid. p.25.

⁹²S.H.Amin, Political and Strategic Issues in the Persian-Arabian Gulf, Royston Ltd, Scotland 1984. p.52.

⁹³J. Huroweitz, "The Persian Gulf: British Withdrawal and Western Security", Annals of the American Academy of Political Science, May 1982, p.109.

internal affairs.⁹⁴ Two weeks later, Kuwait was admitted to the Arab League in the face of violent Iraqi opposition. At the same time, Kuwait asked the Secretary General of the League for assistance so that the British force stationed on its border could be replaced by an Arab one. Agreement on this was reached on August 12, with the completion of the withdrawal of British troops to take effect by October 10.⁹⁵ In its place, a 3000 strong Arab League contingent composed of Saudi, Syrian, Egyptian and Jordanian forces was positioned along the Kuwait-Iraq border, and eventually succeeded in effecting an Iraqi withdrawal from occupied Kuwait territories.⁹⁶ Iraq again crossed into Kuwait in March 1972 but withdrew its forces under intense international pressure, and Kuwait's border with Iraq remained closed until 1977.⁹⁷

With the outbreak of the Iran-Iraq war, relations between Kuwait and Iraq improved considerably. Throughout the course of the war Kuwait supported Iraq's war effort, and the Kuwait-Iraqi border was the crossing point for almost 70% of all equipment and material going to Iraq.

During this period various attempts were made mainly on Kuwait's initiative, to resolve the border issue. A number of high level Kuwaiti delegations visited Baghdad with the sole purpose of reaching agreement on the issue. On every occasion, however, the Iraqi leadership would assure the visiting delegations that Iraq fully recognizes the

⁹⁴R. Litwak, p.27.

⁹⁵Ibid.

⁹⁶S.N.Amin, p.53 .

⁹⁷Ibid. p53.

sovereignty of Kuwait within the existing borders but that a few minor details remain to be resolved before a final demarcation agreement could be reached. Due to Iraq's preoccupation with the war, negotiations on these standing issues did not yet get underway, on the pretext that the Iraqi government did not have the time to enter into such negotiations.

The unresolved border dispute between Kuwait and Iraq remains until today a central issue with explosive potentials threatening the security and stability of the Gulf. Iraq has proposed to recognize Kuwait's borders and sovereignty after the 1991 war between both of them in return for the lifting of the international embargo against it. However, this proposition was rejected by both the UN and Kuwait.

III- THE BAHRAIN-QATAR CONFLICT:

Eventhough both Qatar and Bahrain now live in amity and are steadily growing closer through the medium of the GCC, they have for a large number of years shared a dispute over the islands of 'Humar' and 'Fichet el Dibil' (15 miles off the West coast of Qatar). The Bahraini-Qatari conflict intensified in 1938 when the Sheikh of Bahrain claimed sovereignty over the islands and was accorded such by the British government. The British conceded because they enjoyed, at that time, special relations with Bahrain due to the fact that the British political resident was stationed there. In addition, the British were unwilling to jeopardize their relations with Bahrain especially since the latter was becoming the biggest center for communications and services in the Gulf.⁹⁸ Qatar on

⁹⁸Al Nahar al Arabi wal Daouli, no.473. Week of May 26-1 June 1986, p.27

the other hand, denounced the British decision and demanded that the matter be settled judicially taking into account legal as well as historical considerations. Despite periodic Kuwait and Saudi attempts to mediate, little progress was achieved until 1976, when both Qatar and Bahrain signed a status-quo agreement whereby neither country was allowed to undertake any actions that would either alleviate its legal status within the island or change the prevailing status-quo on the island.⁹⁹ Although this agreement presented a plausible solution, it was hoped that it would prevent any unnecessary escalations until the time came where a settlement could be reached.

Unfortunately, the island dispute took a new bad turn in April 1986, when Qatari troops landed in force, and quite unexpectedly, on the island of 'Fichet al Dibil', thus making the first inter GCC armed gesture by one member state against another.¹⁰⁰ Qatar justified its action by claiming that Bahrain had violated the 1976 agreement by constructing a military facility on the island.¹⁰¹ Bahrain, which was in effect constructing what was referred to by the Bahrainis as a "coastal guard" post, mobilized its armed forces and consequently demanded a Qatari withdrawal from the island. Against this background, and in the midst of what appeared to have the potential of escalating into an all-out confrontation between two members of the Council, the other member states started intense diplomatic mediation which ultimately resulted in a Qatari withdrawal. Qatar agreed to withdraw on the grounds that all construction on the island ceases, and the

⁹⁹Ibid. p.27.

¹⁰⁰Al Nahar, Lebanese Newspaper. 29 April 1986.

¹⁰¹Al Nahar al Arabi wal Daouli, no 473. Week of May 26- June 1, 1986, p.27.

dispute be solved judicially.¹⁰² To date the dispute remains a subject to be dealt with.

IV- IRAN-UAE CONFLICT:

Iran adopting an aggressive approach, lays claim to three islands pertaining to the UAE. On November 30th, 1971, Iranian forces landed on three strategically located islands near the Strait of Hormuz; namely, the island of Abu-Musa, Tunb al Kubra and Tunb al Sughra (Greater and lesser Tunbs).¹⁰³ The occupation of the islands, then under the authority of the Sheikdoms of Sharjah and Ras al Khaima respectively, came two days prior to the inauguration of the UAE.

In seeking to justify its claim to and subsequent occupation of the islands, the Iranian government employed two sets of arguments; First, it maintained its historical rights to the islands on the basis of continuous Iranian occupation until the last quarter of the nineteenth century (after which the Iranian forces were evicted by the British and sovereignty was transferred to Ras al Khaima and Sharjah). Second, the Iranian leadership sought to portray its occupation of the islands as necessary in geo-strategic terms. Given the close proximity of Abu Musa and the Tunbs to the Strait of Hormuz, the Shah argued that freedom of navigation into the Gulf depended upon control of the islands by a power committed to the stability of the region. Since the Shah, under the provisions of the Nixon Doctrine, perceived himself as entrusted with such a role, he regarded the occupation of

¹⁰² Al Nahar al Arabi wal Douali. no.471. Week of May 12-May 18 1986. p.23.

¹⁰³ Ibid. p.56.

the islands as both necessary and justified.¹⁰⁴ In the aftermath of the Iranian revolution, there were reports that the newly-installed regime was considering the relinquishment of the disputed islands. These reports were further reinforced following a visit by a ranking member of the Iranian government, Sheikh Sadeq Khalkhali, to the UAE in late May 1979. During a newspaper interview in Abu Dhabi on May 31, he hinted that the three islands might be returned. Despite these signs, however, the authorities in Teheran have, to date, taken no concrete action with respect to the islands.

In sum, there are many sources of conflict between the various Gulf states, but the most significant of these are territorial disputes between the neighbouring states. Apart from the Iran-Iraq war, there have been three major armed conflicts between the Gulf states in the past three decades. 1)Kuwait-Iraq 1961, 2)Iran-UAE 1971, 3)Bahrain-Qatar 1986. Although at present dormant, these conflicts still hold the potential of escalating into major armed confrontations threatening the security and stability of the region.

V- DOMESTIC SOURCES OF THREATS:

Regional armed conflicts are not the only source of threat to Gulf security. The Gulf is also threatened by domestic sources such as rapid socio-economic developments, expatriate communities and terrorism. In the following part we will try to examine them briefly.

¹⁰⁴Ibid. p.56.

A- RAPID SOCIO-ECONOMIC DEVELOPMENT:

Because of education, communication and above all oil wealth, modernization has affected the entire political, economic and social fabric of each and every GCC member state. However, while social and economic institutions have modernized, creating a broader educated and politically knowledgeable public, the political systems have continued to lag somewhat behind. The political institutions continue to be highly centralized with authority strongly vested in the person of the ruler and the ruling family. Consequently, the domestic environment of policy formation and political participation faces tremendous social constraints.

Although it has generally been argued that the Arab Gulf states will most likely experience heightened tension and perhaps political instability in their attempts to modernize, the possibility of a peaceful evolutionary modernization does exist. Efforts to modify traditional structures, to give constitutional participation and representation to new social classes, such as intellectuals and industrial workers have been made in a number of Gulf states. Although limited in scope and power, the elected assemblies of Kuwait and Bahrain, could be taken as examples.

It should be emphasized, that the attempt to institute some form of popular participation in the Gulf states does not mean that they should blindly resemble other democratic systems. In an interview in Kuwait's Al-Qabas newspaper in April 1980 concerning this question, Sheikh Mohammad bin Moubarak, Bahraini's foreign minister, said that three basic considerations must be understood.

- It would be a mistake to think that Arab Gulf states are seeking to establish an

"ideal" system of democracy. Instead, what is being sought is a system that would reflect the reigning conditions and realities of the region.

- The forms of popular representation which Gulf governments intend to adopt in the different states should be close to each other but not exactly similar.

Eventhough the countries have many common characteristics, their individual experiences have varied significantly.

- Democracy and popular participation in government are two basic requirements, and they are directly linked to internal stability.

Based on the above, we can say that there is an emerging belief in the Gulf, especially among the policy-makers, that for internal stability to endure, some sort of workable partnership must be forged between the peoples and the ruling families in the different states. It will also be through cooperation that states will be able to learn from others' mistakes and success.

B- THE EXPATRIATE COMMUNITIES:

The major influx of foreign labour into the Gulf really began in the early 1950s when oil revenues started to be channelled towards massive modernization projects. There was a shortage of domestic manpower in the Gulf states, therefore foreign labour filled the gap. Furthermore, there was, at that time, an absence of a restrictive labour importation policy, and the private sector had a free hand in importing the manpower required for construction and commercial projects. The region's open door labour importation policy of the 60s, 70s and early 80s disregarded the negative impact that mass

foreign importation might have on the closely-knit traditional communities of the Gulf. The influx of foreign labour into the GCC states has led to a strain on their communities. The Gulf states now cater to a diverse mixture of nationalities, classes and religions. This is reflected in the spread of communal private schools for Americans, Pakistanis, Indians, and even Japanese. The expatriates can also tune to specialized radio and television stations, as well as to newspaper supplements especially geared towards them. Furthermore, the influx of foreign labour, made the native inhabitants loose their traditional skills. For, in the pre-oil era, Gulf nationals were engaged in a number of skilled professions such as pearl-diving, ship-building, farming, commerce and house-building. However, as the nationals made money, they slowly turned over their jobs to foreigners. Therefore, the native inhabitants of the Gulf lost their traditional skills and had difficulties adjusting to their new roles in their communities.

Faced with such difficulties, the GCC countries tried to overcome the negative impact that mass foreign immigration had on their communities. They tried, on the one hand, to coordinate educational systems in the Gulf to cope with the basic needs of the community by training their young men and women in the necessary fields. This policy is clearly outlined in article 16 of the Unified Economic Agreement, signed by the GCC leaders in November 1981, which states that "the member states shall formulate policies and implement coordinated programs for technical and vocational rehabilitation on all levels and stages, and upgrade educational curricula at all levels to link education and

technology with the development needs of the member states".¹⁰⁵ On the other hand, there was an intention of setting up a unified apparatus on employment to formulate policies and programs to be implemented and followed up, guarding against policies and labour movements that would not be on the interest of the GCC states. The work on this project started in April 1984, and as a result, it has now become harder for a person to obtain work offers in the Gulf states (Appendix III).

In addition to what could be achieved through cooperation, many specialists believe that only through encouraging a higher national population growth will the GCC states be able to create a national workforce equal in number and skill to the foreign workforce. It is believed that government incentives should be given to overcome the under population problem.

C- TERRORISM:

Radicalism does not always imply terrorism, or resorting to various acts of violence. However, as far as the Gulf is concerned, recent experiences have proven that the two terms are unfortunately, synonymous or, better still, interrelated.

The shift from a conservative Iran to a revolutionary one, in early 1979, had an especially destabilizing effect in so far as domestic affairs in the Gulf states were concerned. Khomeini's Islamic republic ideology had tremendous appeal to some members of the Shia sect throughout the area. Furthermore, Iranian religious leaders, associated

¹⁰⁵Kuna, (Kuwait News Agency) Special dossier on the occasion of the Fifth Gulf Cooperation Council Summit conference in Kuwait, November 1984. p.125.

with Khomeini had openly called on Shiites in the Gulf states to rebel. This call was further enhanced when Khomeini himself made clear that one of the main objectives of Iranian foreign policy was to export his revolution to other parts of the Gulf.

The call to rebellion had affected segments of Shiite communities in the Gulf. Shia violence and unrest began to spread and got to Saudi Arabia by October 1979. Saudi authorities mobilized troops to forestall possible Shia uprising in the Al-Hassa province and instituted security measures in Hijaz. Nevertheless, Islamic insurgents seized the Grand Mosque in Mecca in November 1979 and held out against Saudi security forces for about two weeks.

Iranian inspired, or sponsored, violence and unrest then also spread to other parts of the Gulf. In 1982 an Iranian backed coup attempt was discovered and foiled in Bahrain. In 1985, a series of bomb attacks occurred in Kuwait, one of which was aimed at assassinating the Emir of Kuwait. In 1987, acts of violence involving Iranian pilgrims took place in Mecca claiming more than 400 lives. Various Iranian-backed terrorist attempts were discovered and aborted in Kuwait, Saudi Arabia, Bahrain and the UAE, all of which involved local shiite elements. The various acts of violence experienced by the various GCC member states appeared to be a response to Khomeini's call for revolt. However, the GCC states stepped up security measures and cooperated fully in the area of internal security. It therefore appears that it is through cooperation mainly that the GCC states could stand and face the threat of the terrorism, an example of this being the unified security agreement that they had planned

The aim of this chapter was to expose the nature and magnitude of potential regional and

domestic sources of threat which in turn induce instability in the Gulf. Most of these threats are not likely to disappear in the near future. To the contrary, some of them (especially the territorial disputes among the various states) have the potential to escalate into major armed confrontations, and become the wars of the future. The real threat to Arab Unity is far more from within than from outside. It is therefore only by regional cooperation and mutual trust that such threats could be, at least, diminished if not eliminated. The next chapter will explore the dynamics of one form of such cooperation.

CHAPTER FIVE
GCC PERFORMANCE

It has been argued that the key to the Gulf's security and survival is regional cooperation. This cooperation is not only of vital importance to any genuine economic development in this region but is also essential for the political stability and peaceful existence in the Gulf. There is now a general consensus amongst the Gulf states that the only means for the survival and political stability in the long run is cooperation along with coordination and collective actions and planning in all major areas. As such, the Gulf Cooperation Council, set up in 1981, is perhaps the most significant positive development occurring in the Gulf region since the departure of the British from the Gulf in 1971. This chapter discusses the major aspects of cooperation and coordination among the six GCC member states in the fields of security, defence and foreign policy. It is intended to show us the varying degrees of progress in the different issue-areas.

I- MILITARY COOPERATION

The issue of defence has, since the formation of the GCC, figured high on the Council's list of priorities. Bilateral security agreements, joint military exercises, a joint strike force and joint military command have all been considered.

Commenting on certain reservations by some world powers on the formation of the GCC,

the Saudi monarch King Khaled Bin Abdul Aziz said that "the GCC is not a military bloc against any power. We are a fraternal group seeking the welfare and stability as well as the security of our people. The Council is concerned with the common good of the region and will in no way, directly or indirectly, be hostile to anyone".¹⁰⁶ Saudi Arabia's Minister of Defence and Aviation, Prince Sultan Bin Abdul Aziz said "the region's defence and security is the joint responsibility of all GCC member states... International and regional developments in the Gulf compel us more than any other time, to adopt collective measures to ensure the safety of our states in the face of dangers resulting from international struggles".¹⁰⁷ Dr. Abdallah Yacoub Bishara, the GCC Secretary General added that "if the GCC states failed to coordinate their defence and security plans, a wider gap will open for interference by the big powers or elements hostile to the Gulf". He also added that the GCC's defence policy is not directed towards anyone but rather geared towards self-defence.¹⁰⁸ It is therefore clear from the above that the principles guiding the GCC's defence strategy may be summarized as follows;

- 1- The security of the Gulf is the responsibility of its people.
- 2- Any hostile act against any GCC state will be viewed as hostility against other members.
- 3- Any attempt to interfere in the affairs of the Gulf would be regarded as aggression which is not accepted.

¹⁰⁶Interview given to "Al Siyassa" Newspaper, January 23, 1982.

¹⁰⁷Ibid.

¹⁰⁸Ibid.

4- The GCC is not a military bloc.

5- The GCC defence strategy is not based on aggression nor is it directed against any particular state, but rather is geared towards self-defence.

At the level of military cooperation, progress is evident especially in the area of joint military exercises. This would probably come as a result of Deutsch's theory where external threats would have forced the GCC states to cooperate fearing for their national security. An example of this military cooperation is the GCC's Rapid Deployment Force.

A- GCC'S RAPID DEPLOYMENT FORCE

In October 1983, the first GCC collective military exercises were held in Western Abu Dhabi. Under the title "Peninsula Shield I", the exercises were meant to demonstrate the feasibility of developing the GCC's own Rapid Deployment force (RDF). The exercises were largely Command, Communication and Control (C3) in which air force, infantry, tank and artillery forces participated in a mock attack on an "enemy held" hilltop position, with the final assault performed before an audience of the six GCC heads of state. The second collective exercises of troops designated for the GCC's RDF were held in October 1984, at Hafr al Batin in Northeastern Saudi Arabia. Code-named "Peninsula Shield II", the two weeks manoeuvres, involving almost 10,000 men from all states, included parachute drops of men and equipment, air support and intercept missions, night-time offensive and anti-aircraft demonstrations. Following the conclusion of "Peninsula Shield II" exercises, an announcement was made at the Fifth Supreme Council meeting, held in Kuwait in November 1984, that it had been decided to create a joint GCC strike

force.¹⁰⁹ At the time, Dr. Bishara described the establishment of the forces as symbolic and further said that its military effectiveness should not be exaggerated.¹¹⁰ It was, and still is commanded by a Saudi Arabian General and composed of 14000 men from designated units of the armed forces of the GCC member states.¹¹¹ Although the force is principally composed of Saudi and Kuwait units, its operational employment and deployment require the unanimous decision of the GCC's Supreme Council.¹¹² Politically, the very existence of a combined GCC military force confirms one of the Council's most basic principle guidelines: that an attack on any one GCC state will be regarded as an attack on all. Thus, the GCC's joint force has a powerful political message to a potential oppressor. On the other hand, the Peninsula Shield Force, is primarily designed to deter by promising some damage to the attacker, and thus buy time until reinforcement can arrive. It is certain, that all GCC states realize that, in the final analysis, they would have to commit their national armed forces in any large scale conflict they would face. In an interview with the Middle East magazine, the General Secretary of the GCC declared that all these manoeuvres showed politically, two things: "First, that we are serious about self-reliance: we want to protect our house and we do not want volunteers to do that for us. Second, it shows that the Gulf to all intents and purposes is one and that the people of the Gulf would consider any threat to one of them as a threat to all. It also shows that the

¹⁰⁹J.A.Sandwick. "The Gulf Cooperation Council: Moderation and Stability in an Interdependent World". Westview Press, Boulder/Colorado, 1987.p.195-196.

¹¹⁰Ibid. p.197.

¹¹¹Al-Hayat Newspaper. December 10, 1994.

¹¹²Ibid. p.197.

collective approach has some weight and will become credible because we have achieved something". But he admitted that "self-reliance and defence is costly because we do not have the manpower, we do not have the expertise. We also have problems in infrastructure, we are new to this collective approach. It takes time for us to merge six experiences and come up with one consensus. I think so far we have achieved a lot".¹¹³

One of the severe problems which confronted the GCC states was the lack of a qualified manpower in the armed forces. One of the solutions was based on implementing a conscription system to recruit young men in military ranks.

Kuwait's application of a conscription system succeeded, and Saudi Arabia announced its intention to apply compulsory conscription in 1984. Other Gulf states followed Kuwait's experiment of conscription, but to cover their lack of qualified man-power, the GCC states aimed at constructing weapon training schools and aviation schools as well as schools for the marines and for the infantry. The concrete result of all this still remains to be seen.

Another area which has witnessed increased levels of cooperation among the six GCC states is the area of arms acquisition. This will again show us how important external threats were in the decision of the GCC states to cooperate along with the fear they had for their national security.

Although the GCC states rejected the physical military presence of an external power on their territories, they mostly preferred to have easy access to Western sources of arms. One of the prominent principles which they adopted concerning their common defence

¹¹³Raghida Dergham, "We Don't Need Volunteers to Protect Our House", The Middle East, November 1983, p.14.

was the policy of diversifying arms sources to avoid their dependence on a sole source. They were equipped with American, Brazilian, British, Chinese, French, German, Italian and Swiss arms. This unified or collective policy of diversification was designed to first avoid a heavy reliance on purchases from one source, second, deny the monopoly of arms supply to any one power; and third, reflect the GCC neutrality and non-alliance. Undoubtedly, the absorption of a large number of sophisticated weapons, the limited base of skilled manpower as well as other difficulties continue to pose challenges to true cooperation and integration.

II- COOPERATION IN THE FIELD OF INTERNAL SECURITY

At the discovery of an anti-regime conspiracy by Iranian based terrorists to assassinate Bahraini leader in December 1981, concern within the GCC was sharply focused on the issue of internal security. Almost immediately, Saudi Arabia's Minister of Interior, Prince Nayef Ibn Abdul Aziz, visited several GCC member states in an effort to promote a Saudi proposal for a GCC internal security agreement. After numerous meetings, a comprehensive internal security agreement failed to win approval in 1982 which was mainly due to the Kuwait reservation on certain clauses in the agreement violating its constitution and sovereignty. Saudi Arabia signed bilateral security agreements with the other four member states namely, Qatar, Bahrain, UAE and Oman. These agreements called for joint action against security offenders, the exchange of information, training and equipment and the extradition of criminals. The proposed agreement included basic principles on means for strengthening security cooperation

among the member states, such as:

- 1- Action in guarding against infiltrations and smuggling
- 2- Action against security offenders.
- 3- Taking joint anti-crime measures.
- 4- Information and intelligence sharing.
- 5- Improving police communication
- 6- Adopting an extradition policy.
- 7- Allowing the security forces of one country to pursue suspects up to twenty kilometres inside the territory of another.

To date the proposed unified security agreement has still failed to win unanimous approval mainly due to Kuwait which for example rejects clauses 6 and 7. Despite this, various efforts continue to be exerted with the aim of arriving at an acceptable-to-all draft proposal. Officials and legal experts from the GCC member states continue to hold regular meetings for that purpose. Moreover, the issue has always figured high on almost every agenda of every summit conference as it stems from the fact that external threats and terrorism endanger the GCC states' national security.

III- A COLLECTIVE APPROACH TO FOREIGN POLICY

One of the first moves of the Gulf countries after the formation of the GCC was to develop the broad outlines of their Arab and international foreign policies and the commitments and responsibilities inherent in them.

The six member states agreed that the Council's basic principles must conform to the

Arab League charter which calls for closer relations and greater coordination and cooperation among the Arab states. As a result all GCC conferences and meetings have since abided by this commitment and the Gulf countries remained committed to the Arab nation. This in turn shows us the importance of the internal similarities the Gulf states shared. Indeed, culture, language and religion made these states more homogeneous and favoured their cooperation. As a result, they had a common foreign policy towards the Arab-Isareli conflict, the Iran/Iraq war and the Kuwait/Iraq conflict in addition to their non-alignment policy.

A- DIPLOMACY IN THE ARAB-ISRAELI CONFLICT

As mentioned earlier, the six member states had made clear their commitment to the Arab nation and its causes. In doing so, they laid down some basic principles which can be outlined as follows:

- 1- Stability in the Gulf region cannot be dissociated from the realization of peace in the Middle East.
- 2- Peace in the Middle East cannot be realized until Israel withdraws from all occupied territories, with priority given to Jerusalem.
- 3- Any satisfactory solution to the Palestinian problem should secure the legitimate rights of the Palestinian people, including the right to return to their homeland and live under the leadership of the Palestine Liberation Organization their legitimate representative.

4- Removal of Arab differences and realization of Arab solidarity.¹¹⁴

In an attempt to solve the problem, Saudi Arabia proposed a plan to realize peace in the Middle East:

- 1- Israeli withdrawal from all Arab territories occupied in 1967.
- 2- Removal of settlements established by Israel in the occupied Arab territories after 1967.
- 3- Securing the right of worship for all religions in Jerusalem.
- 4- Affirmation of the right of the Palestinians to return home.
- 5- For a transitional period the West Bank and Ghaza are placed under the supervision of the United Nations.
- 6- Independent state of Palestine with Jerusalem as its capital.
- 7- United Nations members are given the responsibility to implement these principles.

In September 1982, the 12th Arab Summit Conference in Morocco, endorsed the Saudi initiative after certain amendments, such as the shift of responsibility to the Security Council to implement the previous principles.

The GCC, represented by one of its members, Saudi Arabia, made public its first proposal to end the Arab-Israeli struggle and solve the Palestinian problem. While failing to achieve any progress of the "peace initiative", the six Gulf states continued to step up efforts aimed at resolving the Palestinian problem. These efforts, while stressing the principles embodied in the "King Fahd peace initiative", now focused on the demand for convening an International Conference for peace in Middle East. Working in concert with

¹¹⁴KUNA. "A special dossier by Kuwait News Agency on the occasion of the Fifth Gulf Cooperation Council Summit Conference in Kuwait, November 1984. p. 27.

other Arab countries, the Gulf six were lobbying for the convening of an International Conference under the auspices of the United Nations and with the participation of the five permanent members of the United Nations Security Council, as well as all the parties concerned , on equal footing, including the PLO as the sole legitimate representative of the Palestinian people. However, both the United States and Israel rejected the idea of convening an International peace conference on the Middle East.

Today, although some progress has been made, the Palestinian problem still remains with no proper solution found to satisfy the needs of both the Palestinians and the Israelis, efforts are still made mainly by the United States and other Arab countries to reach a settlement, but until recently, even with the peace agreement signed between Yasser Arafat and Rabin, people are still unhappy and disorder reigns.

B- POLICY OF NON-ALIGNMENT

The Final Communique of the first GCC Summit held in Abu Dhabi on May 25, 1981, outlined the Council's policy towards the power blocs as a policy of Non-Alignment. The joint action document defines the philosophy of the Council's external policy in the following passage:

Their Majesties and Their Highnesses reviewed the current situation in the area and renewed their assurances that the security and stability of the area are the responsibility of its peoples and states. The Council expressed the will of their states and their rights to defend their security, sovereignty and independence. They also confirmed their refusal of any foreign interference in the area from whatever source. All this for the best interests of both the area and the world. They also reaffirmed the necessity of keeping international conflicts away from the entire area especially the presence of

military fleets and foreign bases.¹¹⁵

The circumstances under which the first meeting of the Gulf Summit was held would justify the Gulf leaders' explicit insistence on the policy of Non-Alignment. The meeting was being convened under a load of tension. On the one hand, the war between Iraq and Iran was showing no signs of ending; on the other hand, the Soviets were getting ready for what seemed to be, at the time, a long stay in Afghanistan. To add the tension, the U.S. had voiced its intention of setting up a Rapid Deployment Force in the area. This was followed by a strong Soviet reaction against this. Furthermore, the Soviet Union was observing the establishment of the GCC with great caution, waiting to see if the Council would develop into a U.S. backed military alliance aimed against it.

With such a background, it was necessary to stress the GCC's policy of Non-Alignment and make clear the Council's intentions. As a result, and in various speeches and lectures, the GCC's General Secretary and official spokesman, Mr. Bishara Abdallah stressed the following: 1- The Council's policy of Non-Alignment

2- The necessity of keeping international conflicts away from the region.

3- The refusal of any foreign interference in the area from whatever source.

4- The security and stability of the area are the responsibility of its people and states.

Mr. Bishara also pointed out that the Gulf states astonished the world by "their ability to maintain stability in the Gulf region and their capability to take and execute decisions uninfluenced by the positions or desires of the great powers". "All decisions taken by the

¹¹⁵Final Communique of the first meeting of the Supreme Council of the GCC held in Abu Dhabi, UAE, on May 25-26, 1981, GCC Printing Press, Riyadh/ Saudi Arabia, 1988.

leaders of the GCC", Mr Bishara stressed, "originate from within the Gulf and are not directed or enforced by any outside power". He also added that "the GCC firmly upholds and maintains a policy of Non-Alignment to maintain the security and stability of the Gulf region".¹¹⁶

In a seminar held at St Louis University, in Missouri, U.S.A in September 1986, Mr. Bishara stressed the Council's self-reliance policy by saying: "On the foreign policy of the GCC, the heads of the states were unequivocal in their adherence to the policy of self-reliance. ... Self-reliance means that we have to rely on ourselves, on our intellectual, diplomatic, political and military resources to ensure the security and the stability of the Gulf. Here it should be clearly understood that we in the Gulf have no certain liking for foreign troops to defend our own future and to defend our sovereignty. We believe that we can, by approaching this issue collectively, ensure the survival of our sovereignty and the continuous security of the Gulf. We, in the Gulf, do not feel quite at ease with references to foreign intervention in order to defend the security of the Gulf states. Our mission is to ensure that the Gulf is free from superpower rivalry, free from great power naval competition. We want to see that Gulf stability is ensured by the littoral states themselves".¹¹⁷

All of the mentioned above was true until the end of the Iraq/Kuwait war. After the Gulf

¹¹⁶"Majlis al Taawun al Khaliji: Nizameh, Haykaleh al Tanzimi, wa Injazateh". Al Amana al Aamma li Majlis al Taawun, GCC Printing Press, Riyadh 1987, p.115.

¹¹⁷A. Bishara. "The First Five Years of the GCC: An Experiment in Unification 1981-1986". The Secretariat General of the GCC, GCC Printing Press, Riyadh, 1987.p.87.

war and the US military rescue, it was only natural to see a communication between the GCC and the US. However one thing remains clear: The US-GCC relationship is largely conditioned by oil and no other consideration. The Gulf states are interested in the relationship with the US because of its huge military capabilities and the protection it can offer them (the GCC states were impressed by the US performance in Desert Storm). According to a senior GCC state minister "...the war with Iraq has been taken as proof that the West would run to help us if necessary. There is no real need for anything more than the United States, Britain and France".¹¹⁸ However, the US presence in the region may have some destabilizing effects on the region. "It would kindle anti-Western sentiments and complicate relations with the West by evoking images of colonialism and the Crusades".¹¹⁹ Eventhough the Gulf states appreciate the US protection and capability, they still are collectively frustrated by its intentions in the region. On December 27, 1992 a Kuwaiti newspaper "Al Rai Al Am" published an article called: 'It's time for them to leave'. The article clearly stated that it was time for the US troops to leave because their mission had been accomplished.¹²⁰ The Gulf countries are fearful of tarnishing their image as independent states, to solidify the perception that they are Western clients and make themselves the target of extremist forces in the region.

Despite the need of the GCC states to rely on their American and Western allies, there are still important obstacles to consider before reinforcing vertical alliances and dismissing

¹¹⁸The Middle East Reporter, December 21,1991, p.7.

¹¹⁹Barbara Ebert, "The Gulf War and its Aftermath: An Assessment of Evolving Arab Responses. The Middle East Policy, Vol.I, 1,1992. p.81.

¹²⁰The Middle East Reporter, January 2,1993, p.6.

regional security cooperation. In short, Western assistance leaves security from external aggression well covered but in the long term the price of internal and external opposition based on Islamic sensitivity may be high, that's why the Gulf states would commonly prefer to depend on themselves, cooperating in the context of the GCC and working on expanding and reinforcing it as much as possible.

The GCC relationship with Iran after the Gulf war and the defeat of Iraq did not improve. In April 1992, Iran annexed the small island of Abu Musa, and declared it an Iranian island with its UAE citizens. The UAE was restrained in its response as well as most of the Gulf states who were aware of the dangers of antagonizing Iran; the bitter lessons of the 1980s being fresh in their minds. This event comes to show us how the GCC states were not capable of assuming on their own the security of the Gulf region from regional threats and attacks. Nonetheless, the single most contentious issue between Iran and the GCC states is Iran's total opposition to any foreign military presence in the Persian Gulf, particularly US troops. While the GCC states reject US military presence on their soil, they still accept reverting to its help in times of need. On this issue, Iranian President Rafsanjani stated: "... The US presence is not useful,....we have never liked it and always criticized it, and we will continue to do so in the future".¹²¹ The GCC states continue to have suspicions of Iranian intentions, although there has been a significant attempts at rapprochement between both of them and some GCC states like Oman believe

¹²¹Foreign Broadcast Information System., March 26,1991, p.6.

that: "... Security in the region without Iran is unthinkable".¹²²

C- IRAN/IRAQ WAR

The war between Iraq and Iran was one of the constant and primary concern of the GCC since it was founded. The six consulted frequently on this problem and the Council has put forth a number of mediation initiatives. Kuwait's Deputy Premier and Foreign Minister, Sheikh Sabah al Ahmad al Jaber al Sabah said "there never has been a meeting of the ministerial council at which the Iran/Iraq war has not figured on the agenda".¹²³

The GCC's concern with the war was optimized by the fact that the ongoing war between Iraq and Iran threatened the stability and security of the Gulf region and furthermore increased the possibility of foreign intervention. In other words, the Gulf war challenged the stated aims and objectives of the GCC. In response, the member states repeatedly reaffirmed the necessity of finding a final settlement to the conflict and vigorously stressed that negotiations were the only means of resolving it. The Council also frequently affirmed its support for all peaceful efforts aimed at ending the war and in particular the effort of the Organization of Islamic Conference, the Non-Aligned Movement and the United Nations. In short, the GCC's political attitude towards the war in the period between May 1981 and November 1981 was one of official neutrality whereby the

¹²²R.K. Ramazani, "Iran's Foreign Policy: Both North and South". The Middle East Journal, Vol.43,3. Summer 1992. p.394.

¹²³J.A. Sandwick. "The Gulf Cooperation Council: Moderation and Stability in an Interdependent World. p 15-16.

Council implored both belligerents to settle the conflict peacefully. During 1981, Iraq experienced a series of setbacks on the battlefield. Starting with the retake of Abadan on September 28, 1981, Iran launched a series of successful offensives during which the Iranian forces were able to recover most of Iran's captured territories.¹²⁴ This finally led President Saddam Hussein of Iraq, to announce on June 6, 1982, that "Iraq will withdraw to the International border within ten days"¹²⁵ and furthermore declared Iraq's willingness to negotiate with Iran to resolve border disputes. Concerned with what was happening on the battlefield, and without really taking an anti-Iranian posture, the Gulf six started sympathizing with Iraq. The Saudi Interior Minister said in December 1981: "As is known, the Gulf countries and many Arab countries support Iraq in view of the fact that it is an Arab country, a member of the Arab League and a signatory to the joint defence charter. However, this does not mean that these countries want war between Iraq and Iran. They want the war to end. It should be known that as Arabs we cannot remain neutral and leave Iraq alone in the arena. It was Iran that transgressed, and Iraq has acted to defend itself. Therefore, our stand must be an Arab stand in support of Iraq; at the same time, we must work to bring about an end to the war".¹²⁶

The deteriorating Iraqi position on the battlefield was, by no means, the only element responsible for the Gulf states' tilt towards Iraq. Other elements were instrumental as well.

¹²⁴A.Cordesman, The Gulf and the Search for Strategic Stability: Saudi Arabia, the Military Balance in the Gulf and Trends in the Arab-Israeli Balance, Westview Press Inc, London 1984, p.669-679.

¹²⁵Gerd Nonneman, Iraq, the Gulf States and the War: A Changing Relationship 1980-1986 and Beyond, Ithaca Press, London, 1986, p 143.

¹²⁶Ibid. p.49.

First, were the clashes in Mecca in October 1981, between Iranian pilgrims who had staged a demonstration with slogans such as: "Revolution, Khomeini is the leader" and the Saudi security forces. The second factor was the coup attempt in Bahrain in December 1981. The Bahraini Minister of Interior was quite specific in his accusation when he said: "The saboteurs were sent from Iran... and the sabotage network was being financed by Iran".¹²⁷ Iran carried the war into Iraq in a series of major offensives.¹²⁸ The Gulf six from the onset of this period became, more and more critical of Iran. Iran's "Ramadan" offensive against Iraq which took place on June 12, 1982, coincided with Israel's June 1982 invasion of Lebanon. These synonymous aggressions by both Israel and Iran against two Arab states helped mobilize Arab public opinion against Iran and furthermore, strengthened the Arab Gulf states' alliance with Iraq.

Concerned with the latest developments, the GCC's Ministerial Council held an extraordinary session, in Bahrain, on May 9, 1983, during which it was decided that the GCC would take the initiative and approach both belligerents in an effort to find a peaceful settlement to the conflict. However the GCC's peace-seeking effort was very limited in scope.

On the international level, concerns with the course of events were also mounting. This led the United Nations Security Council to adopt, on October 21, 1983, a resolution (No.540) calling on Iran and Iraq to cease all military operations in the Gulf area and

¹²⁷Ibid. p.48-49.

¹²⁸For more details, see A. Cordesman, p.670-689.

refrain from attacking towns, economic installations and ports.¹²⁹ Iraq almost immediately announced its full acceptance of the resolution. Iran, on the other hand, responded negatively. This divergence led to full support for Iraq by the GCC during the fourth summit conference, held in Doha, in November 1983.

Confronted with Iran's stubborn insistence on continuing the war, Iraq undertook a new offensive strategy. On July 20, 1983, Iraq's Foreign Minister Tarek Aziz, announced that Iraq would escalate attacks on Iranian oil facilities as part of an effort to weaken Iran's economy. He also announced that such attacks would continue to escalate indefinitely.¹³⁰ The Iraqi Air Force succeeded to radically reduce Iran's oil output by scoring direct hits against Iranian oil refineries and oil tankers sailing in the Gulf. The net effect of Iraq's new strategy was that it internationalized the Iran/Iraq war. Various powers became for the first time directly affected by the actual fighting in terms of interrupted oil shipments. Iran, while coming under increased pressure as a result of the persistent Iraqi attacks, threatened to close the Gulf if its oil exports were blocked. This sent a wave of alarm among the oil importing countries and compelled the United States to declare that it would keep the Gulf open, even if it had to resort to force.

On the regional level, the "oil war" spread to involve neighbouring non-belligerent countries, namely, Kuwait and Saudi Arabia. It was widely believed that the Iranian leadership hoped that by involving other Arab Gulf states, those states would be

¹²⁹G.Nonneman, "Iraq, the Gulf states and the War: A Changing Relationship 1980-1986 and Beyond", p.62.

¹³⁰A.H.Cordesman. p.690.

compelled to bring pressure on Iraq to stop attacking oil-related targets. In pursuance of this new strategy, Saudi Arabian and Kuwait oil tankers in the Gulf fell victim to Iranian air strikes on May 7, 1984. The U.N. Security Council on June 1, 1984, endorsed a GCC proposal calling, among other things, for the adoption of "effective measures" to confront the possibility of hostilities against navigation in the Gulf. In spite of its negative aspect, the attacks on Kuwait and Saudi tankers had the positive result of having put the GCC to the test. The GCC showed itself to be both cohesive and responsive. The member states responded rapidly and acted collectively both during and after the emergency session of the Security Council. Furthermore, the crisis pressed other Arab states to harden their attitudes towards Iran and in some instances come out openly against it condemning it for the attacks.

In an offensive which started on February 9, 1986, the Iranian army crossed the Shatt al Arab waterway on to the Fao peninsula. It captured Fao itself and a considerable part of the peninsula, which controls Iraq's access to the Gulf and is only separated from Kuwait's Bubiyan Island by the narrow Khor-Abdullah water enclave. On February 25, 1986, Iran launched another offensive, this time in the North, with the help of the Kurdish tribes in Iraq, and was able to capture more Iraqi territory. In early June, Khomeini called for total mobilization in the coming months.¹³¹

The new phase of the war, greatly alarmed the Arab Gulf states. Each of the six issued a statement condemning Iran's offensive. The statement called on Iran to listen to the

¹³¹G.Nonneman. p.85.

"voice of reason".¹³² Teheran, on its part, assured the Gulf states that they had nothing to worry about and said that it would not expand the war to include them. However, and in the face of the increased support for Iraq by the Gulf six during this period, Iranian threats particularly to Kuwait and Saudi Arabia increased. Parliament speaker Hashemi Rafsanjani warned: "These countries should always remember that we are now on their border.... Iran will no longer accept that your ports should receive arms shipments for Iraq, that your roads should be used to strengthen the Iraqi army, and that Iraqi oil should pass across your territory".¹³³ The communique issued after the GCC Foreign Ministers meeting in Riyadh on March 2, 1986, made it clear that the Gulf states were in the process of abandoning their trend of neutrality and were moving closer to Iraq. On March 5, 1986, the GCC chiefs of staff met in Riyadh to deploy the "Peninsula Shield" force in the vicinity of Kuwait.¹³⁴ The deployment was undoubtedly meant as a signal to Iran that any threat or attack against any Gulf state would be considered a threat and attack against all the GCC states. Al Siyassa newspaper termed Iran's insistence on continuing the war "political madness". "Iran", the paper said, "has become a heavy burden on the whole area" and "should learn a lesson from the fate of Hitler who tried to dominate Europe and dreamed of conquering the world".¹³⁵

Two events in 1987 led the GCC states to move even further away from Teheran, and

¹³²Ibid. p.86.

¹³³Ibid. p.86.

¹³⁴Middle East Economic Survey, (MEES), 10/3/1986. p.2.

¹³⁵Al Siyassa Newspaper, Kuwait, February 12, 1986.

to take decisions which would eventually put them on a confrontation route with Iran. In the summer of 1987, the Iranian pilgrims started a large demonstration in Mecca by marching to the Great Mosque and shouting revolutionary slogans. When the Saudi police and National Guard tried to stop the prohibited demonstration, attacks and counter-attacks occurred between the Saudi Security forces and the Iranian pilgrims claiming around 400 lives.

Following reports of the incidents in Holy Mecca, crowds in Teheran stormed the Saudi and Kuwait Embassies and kidnapped their diplomats. As a result of the foregoing events, Saudi Arabia broke off diplomatic relations with Teheran while Kuwait decreased the level of its relations to a strict minimum.

Iran also increased its attacks on Kuwait tankers forcing the latter to ask the Permanent Members of the United Nations Security Council for protection. The Soviet Union was persuaded to lease three of its oil tankers to Kuwait and the United States was convinced to allow eleven Kuwait tankers to be registered in the United States and to fly the American flag. At the same time, Moscow and Washington began to put pressure on their client states not to supply Iran with arms, effectively and dramatically reducing the flow of weapons to Teheran.

It was the war at the sea, the tanker war, which finally ended the seven-year old policy of avoiding involvement in the war and drew both America and the Soviet Union into the Gulf with a common claim. The involvement of the superpowers may be considered as the turning point of the war which signalled that neither belligerent and especially Iran, would be allowed to win the war. The United Nations was used to bring the conflict to

an end. A number of resolutions were passed calling for an end to the hostilities, and finally on July 20, 1987 resolution 598 ended the war. Iraq immediately accepted the resolution while Iran kept on rejecting it. In the light of this rejection, the GCC member states called for an extraordinary Arab Summit Conference to discuss the war. In the outcome of this conference, Iran was condemned for its attacks on Kuwait, for its occupation of the Iraqi territory, and was urged to accept the United Nations Security Council resolution 598 in full. Undoubtedly, the Amman Summit was a clear expression of Arab Solidarity with Iraq.

It would be far too long to outline in detail all the events which led to Iran's acceptance of Security Council Resolution 598. However, we could say that the grinding years of combat, the lack of arms, Iraq's recapture of Fao, the collapse of morale within Iran, the presence of foreign fleets in the Gulf, and the increasing pressure the international community was exerting on Iran to stop the war, all forced Teheran to accept Security Council Resolution 598. On July 18, 1988, Khomeini made public Iran's intention to stop the war and accepted unconditionally resolution 598. D-Day for the end of the war was set for August 20, 1988, the Iran/Iraq war was officially and effectively over.

In strategic terms, the Gulf war ended in a stalemate. Both regimes survived and both armies got back to where they had been before the eruption of hostilities in 1980. Nonetheless, the eight year old war had a profound impact on the region, on the one hand it averted what at the beginning of the decade was seen as the Iranian threat, instead it gave rise to a new Iraqi militancy. On the other hand, a regional menace to the GCC states drew closer.

The Iranian threat that was considered an important reason behind the formation of the GCC has shown us through the Iran/Iraq war that the GCC states were able to stand commonly together condemning Iran's offensives. It also made clear that the threat to Arab Unity is far more from within than from outside, and that the GCC states are not capable of assuming on their own the security and the stability of the Gulf region.

D- IRAQ/KUWAIT WAR

On August 2, 1990, Iraqi Armed Forces invaded and occupied the state of Kuwait. Iraq's immediate declared objective was to topple the legitimate government of Kuwait which Iraq had claimed was conspiring against it.

The Iraqi regime complained that Kuwait had stolen \$2.4 billion worth of oil from its Rumaila oilfields by slanting wells down from the Kuwait part of the field. Iraq also accused Kuwait of helping to bring down world oil prices by exceeding its OPEC quota, and thus demanded that Kuwait pays \$13 billion to \$15 billion in reparations. Iraq wanted Kuwait to give up its part of the Rumalia oil field, and it also wanted a long lease on two Kuwait islands in order to get unrestricted access to the Arabian Gulf.

Contrary, however, to Iraq's insistence that the causes of its invasion are of recent origin, it later became apparent that the real major objective of Iraq's invasion and occupation of Kuwait, was the total annexation of Kuwait, on the pretext that the later was an integral part of Iraq. Less than a month after the invasion, Iraq proclaimed Kuwait as its "nineteenth province".

Iraq's invasion and occupation of Kuwait put the GCC to the ultimate test. For the first

time in GCC history a member state was aggressed and occupied by an outside power. Nonetheless, the Council, once again, proved to be both cohesive and responsive.

From the first instances of the invasion, Saudi Arabia, Qatar, Oman and the UAE condemned Iraq's venture, and demanded the immediate and unconditional withdrawal of Iraqi forces from Kuwait and the restoration of Kuwait's legitimate Government. Together with Kuwait's legitimate Government (residing in Taif Saudi Arabia) the GCC member states continue to cooperate and coordinate on all policies and issues relating to the invasion. This continued collective approach was reflected in numerous ministerial meetings held by ministers of Affairs, Defence, Information...and also by the GCC Summit Conference held in Doha, Qatar in December 1990, when the six GCC leaders stressed their commitment to the total and unconditional liberation of Kuwait and the restoration of its legitimate government. The Summit Conference furthermore endorsed Saudi Arabia's decision to deploy Multi-national forces (headed by the U.S.) on its soil.

At the end of the war, the GCC states turned back to Iran and renewed their diplomatic relations with her. This collective behaviour stems from Steven David's theory that maintains that developing countries not only balance against external threats but also appease secondary sources of threats in order to deal with the more challenging enemy.¹³⁶

The fear of a new awakening of Iraqi hostility and a restrengthening of its capabilities pushed the GCC states to resume diplomatic relations with Iran.

All GCC member states were dedicated militarily and politically to the liberation of

¹³⁶Steven David. "Explaining Third World Alignments". World Politics, January 1991, p.236.

Kuwait and the restoration of its legitimate government. All member states, each according to its potential and capabilities, actively participated in the combined international effort to free Kuwait. From this fact, one cannot but agree that the "binding character" of the GCC is genuine and long lasting. Few regional communities of states have ever managed to totally mobilize their resources, institutions and defence capabilities to assist a member state in its hour of need. It is therefore a gesture of loyalty and dedication that the GCC member states stood so firmly and cooperated so closely for the liberation of Kuwait and the restoration of its legitimate government.

A few months after the Gulf war, the Sultanate of Oman proposed a plan for a large unified standing army of around 100,000 men for the purpose of establishing a credible defence plan that will solely rely on the GCC countries.¹³⁷ Reinforcing the links among the GCC members, particularly in the military sphere, did not constitute a viable option at least for the time being. Territorial disputes inherited from the colonial times still come up and are the principal causes of conflicts occurring between the GCC states. In 1992, a border dispute took place between Saudi Arabia and Qatar leaving three killed and others wounded. Bahrain and Qatar have still not settled their territorial quarrel over 'Fichet el Dibil' and 'Huwar' which are oil-rich islands falling within highly disputed territorial waters.¹³⁸ The capacity to form a credible defence system is lacking. The military capabilities and available supply of skilled personnel in all the GCC states together do not match those of Iran and Iraq. Even with increased arms build-ups, there

¹³⁷The Middle East Reporter, November 30, 1991, p.16.

¹³⁸The Middle East Reporter, October 3rd, 1992, pp.8-9.

will still be important coordination problems that will impede attempts at enlarging the GCC military strategy. In response to this situation, the GCC held its first summit meeting since Kuwait was liberated in Kuwait itself on December 24, 1991. The rulers of the GCC states pledged at the Kuwait summit to boost their defence through establishing a joint deterrent force to protect their oil-rich region. The Secretary General of the GCC made it clear that the joint defence proposal made by Oman's Sultan Qaboos had been admired but deferred for further study and consultation. "The concept is that the GCC countries should endeavour to establish a deterrent force. The volume, the number, the nature of the preparedness is left to further future studies".¹³⁹ As a result of the Iraq/Kuwait conflict, it became clear that the GCC states, although having stood together firmly defending Kuwait, are not capable of assuming on their own the security of the Gulf. Not only do they have inter GCC disputes to settle but their joint military capabilities are not sufficient to establish a dependable defence system. At that point, the idea of alliance with other Arab countries was taken into consideration by the GCC member states.

Iraq's take-over of its tiny neighbour Kuwait in a four-hour blitz, made the GCC states reconsider their overall alliances and defence strategies. In order to avoid the potential emergence of another dominant revisionist power, the GCC states with Egypt and Syria signed on March 6, 1991 the Damascus Declaration. The plan was to establish a core coalition of leading Arab states as a nucleus for a future concert of Arab states. It also stated that the economic policies of the member states would be adjusted to achieve

¹³⁹The Middle East Reporter. December 28, 1991, p.8.

balanced economic development as a prelude to establishing an Arab economic bloc.¹⁴⁰ It would be an advantage to the Gulf region as it would create a link between the Gulf states and the wider Arab world which in turn would protect the Gulf region by putting an end to its isolation. If successful, such an agreement would have been an expression of the principle that "Arab security should be strictly the responsibility of Arabs".¹⁴¹ However disputes arose, the conservative Gulf rulers refused to have Egyptian and Syrian presence on their land. The reason behind this goes back to the gap between the have and the have-nots. There is a wide gap between Egypt and Syria, on the one hand, and the GCC states, on the other: Modern republics vs traditional monarchies. It goes back to the socio-cultural gap between the Levant and the Gulf, and the fact that the former consider themselves superior and are in the eyes of the latter "beggars".¹⁴² The GCC state also refused to take on the responsibility of the Egyptian and Syrian economies, especially after a war that forced Saudi Arabia to borrow on the international capital market.¹⁴³ The Gulf states proceeded from the premise that their material wealth is a formidable asset that should be kept away from the poorer Arab states, no matter how good their intentions

¹⁴⁰Foreign Broadcast Information Service, March 7, 1991, pp 1-4.

¹⁴¹The Middle East Reporter, August 8, 1992, p.10. Source: Al Ahram.

¹⁴²Godfrey Jansen, "Who Will Protect Kuwait". The Middle East International, July 26, 1991. p.12.

¹⁴³Martin Indyk, "The Post-War Balance of Power in the Middle East", Joseph Nye and Roger Smith, eds., Lessons from the Gulf War, Lanham: Aspen Institute, 1992, p.102.

are.¹⁴⁴ They also believed that all the actors involved in this Declaration are motivated by oil and envy. Based on this wrong or rightful assumption, the lands of the Gulf were to be protected against the claims of the "covetous" world around them, the two worlds of revisionism and Arab nationalism.¹⁴⁵ However, there were two reasons for the Gulf states to still consider the Damascus Declaration, the first one was that Saudi Arabia, not willing to lose its important, recently acquired, position of influence in the Gulf after the fall of Iraq, and not wanting to be isolated and labelled Western agent, tried to maintain relations with all sides and attempted to mediate the differences reigning;¹⁴⁶ especially that Syria and Egypt came to the help of the Gulf whenever it was needed. The second reason to still consider the Declaration was the Iranian factor. After the war, many GCC states considered strengthening their relationship with Iran, however there was still some lack of trust and fear from the powerful neighbour that were reigning. Accepting the Declaration will get the Gulf states closer to Syria who will assume the role of bridge builder between them and Iran. That is why the Damascus Declaration, although refused by the GCC states was never officially cancelled.

¹⁴⁴Max Rodenbeck, "Why Mubarak Did a U-Turn on the Gulf", The Middle East International, May 17, 1991. p.3.

¹⁴⁵Fouad Ajami, "Shooting an Elephant: The Expedition and its Aftermath", in Nye and Smith, Lessons from the Gulf War. p. 120.

¹⁴⁶Indyk, "The Post-War Balance of Power in the Middle East", in Lessons from the Gulf War. p.86.

E- INTEGRATING THE ECONOMY

Just as the perceived threats to internal and external security of the GCC states impelled them to cooperate in coping with acts of terrorism and in deterring the spread of war, these threats drove them to cooperate in integrating their economies. Just as their quest for greater internal and external security dated back to the decade before the establishment of the GCC, their desire to integrate their economies emerged during the same period too (Appendix II). Georges de Bouteiller, argues that the six GCC states have 15 million people, produced 736 million tonnes of petroleum in 1979, and have a per capita income varying between \$7000 and \$27000. These wealthy, yet underpopulated states must integrate their economies, harmonize development plans, and coordinate security measures to guarantee their survival.¹⁴⁷ In fact, the Gulf states had an easier time cooperating with each other in the economic field than in the political and military fields before the establishment of the GCC as shown by the example of the Gulf Organization for Industrial Consulting (GOIC), dating back to 1976. Perhaps the single most compelling economic consideration behind the move to integrate the economy of the six was the threat of depletion of oil resources. The GCC economies are extremely dependent on their oil revenues as the single most important source of income and foreign exchange, lacking significant productive capacity in the non-oil sectors. According to one source, the GCC countries are "no longer satisfied with their role as just the residual suppliers of the world crude oil requirements. Now they are contemplating the creation of an advanced

¹⁴⁷Georges de Bouteiller. "Une Communauté Arabe à six qui s'organise: Le Conseil de Coopération du Golfe, Defense Nationale 40, no 6, June 1984, p. 83-104.

and integrated industrial base and the expansion of their sphere of control over the transportation, processing and marketing of their oil and its derivatives".¹⁴⁸ Perhaps this basic economic concern of the GCC countries accounts for the swiftness with which they adopted a concrete framework for integrating their economies. As early as June 8, 1981, the GCC states adopted the Economic Agreement that their leaders ratified during the second summit meeting in November 1981 in Riyadh. This agreement provided for a wide variety of economic sectors including trade, movement of capital and people across borders, cooperation in the transfer of technology, financial and monetary cooperation as well as linking transportation. This agreement formed the basis for integrating the economies of the six countries in all sectors including the transit system.

And, yet, the GCC states accorded economic cooperation lesser priority than security and political cooperation. Ibrahim al-Subhi, the deputy of the General Secretary for political affairs, declared to the Middle East magazine: "When we established the GCC we had the following priorities: First, economic cooperation, second political cooperation, then the rest. We were soon obliged to change because you can't secure economic development unless you have defence, our real priorities have become stability and security in the region".¹⁴⁹ In the words of Secretary General Abdallah Bishara, "political and security coordination are pre-requisites to economic integration".¹⁵⁰ They are prerequisites because

¹⁴⁸Atif Kubursi, Oil, Industrialization, and Development in the Arab Gulf States. London: Croom Helm, 1984, p.43

¹⁴⁹J.Perera, "Why Peace Begins at Home", The Middle East, January 1983, p.16

¹⁵⁰Foreign Broadcast Information Service, Daily Report: Middle East and Africa, V, no.032, 18 February 1981.

the perceived threats from the Iranian Revolution and the Iran/Iraq war were weighing a lot on the minds of the GCC leaders. One could argue that by pooling their economic resources the GCC countries would strengthen the economic base of their political and military security and, therefore, that economic integration should be accorded a higher priority. But from the perspective of the GCC leaders, the survival of their regimes could not wait the spill-over effects of economic cooperation into the political and security areas.

1- Integrating the Hydrocarbon sector:

The GCC states' efforts to integrate their economies partly involved their oil and gas resources. They command the world's largest pool of proven oil reserves and one of the world's largest pools of gas reserves. With the exception of Bahrain and Oman, they are all members of the Organization of Petroleum Exporting Countries (OPEC). The Economic Agreement's call for a common policy meant that the GCC members had to cope primarily with the problems of production and prices in the oil sector. There was a GCC project to construct a 1700 Kilometres oil pipeline link the GCC states with Oman while bypassing the Strait of Hormuz. Although the idea of such a pipeline seemed enticing, technical and other difficulties made its realization impossible. For example, the governor of the Saudi Petroleum and Minerals General Corporation was quoted saying on January 16, 1985: "Oil fields are not similar and the quality of oil is also different, so we could not build one pipeline to transport all kinds of crude since each oil has its own specifications... We should distinguish between the heavy, medium and light crude, one

variety for export and another for other issues".¹⁵¹ But even five years after the establishment of the GCC, there was no joint GCC pipeline. The fear of oil disruption because of the Iran/Iraq war also triggered the idea of creating a GCC-wide stockpile of oil, but like the pipeline idea it had no concrete realization in the years after the GCC formation.

2-Integrating the non-oil industry:

Despite, or because of, the richness in oil and gas resources, the GCC states have not developed much in the non-oil sector of their economies. Industrial development, particularly outside the oil industry, is vitally important for independent, sustained, and productive growth. The Economic Agreement sets forth the aspirations of the six members for development in industry and agriculture. During its first five years of efforts at economic integration, the GCC, on the whole, paid more attention to industrial development in the non-oil sector of the economy than to agriculture. There was the creation of the Gulf Organization for Investment (GOI) in June 1982, where it was decided that it would have a \$2.1 billion capital with shares equally divided between the six member states, and that it would be headquartered in Kuwait and used for investment rather than for direct funding of joint venture or industrial projects.¹⁵²

In the areas of capital and personal movement and ownership, the GCC states seemed to make some headway in the first five years of their cooperation. The establishment of separate passport control counters for GCC nationals at the airports of various member

¹⁵¹FBIS-MEA. V.85-012, January 17, 1985.

¹⁵²Middle East Economic Digest. November 12, 1982.

states reflected free movement of GCC nationals among the six countries despite strict security restrictions.

As far as the movement of capital in the GCC region was concerned, the GCC nationals were permitted to work in each other's states, and a company could be started in any member country on condition that a national had a 25% share-holding in it. Furthermore, after five years, the company could operate without any local participation.

Two closely related problems of economic integration received the attention of the GCC policy-makers, communication and transportation. In 1986, it was announced that the GCC communication ministers had agreed to unify prices and fees for telex, telephone post and telegraph services. Although the GCC still has a long way to go before reaching the "sophistication of its European Counterparts", Edmund O'Sullivan in the MEED stated that the development in the communications area "has been the most concrete result of the GCC's first 54 months".¹⁵³

There also was a plan in November 1983 to build a "peninsular railway" linking the five GCC countries, but up until now, there is no sign of progress on this level.

3- Creating a common market:

The GCC states have also tried to cooperate in the area of trade. The aspirations of freeing trade among the six by abolishing internal customs on regional products and of establishing a common tariff on non-regional imports seem to have received more attention than did some other economic sectors. It was believed that customs duties on the products of the GCC states would be abolished in December 1982, making the first

¹⁵³MEED. November 16, 1984.

phase of implementation of the 8 June 1981 comprehensive Economic Agreement. According to Secretary General Bishara, the implementation of this first part of the Economic Agreement was "the birth of the first organism of the GCC". He also said that the fusion of the GCC countries was regarded as "the backbone", a vehicle that would "drive us close to our goals wherein the remaining activities are regarded as protection for this vehicle". He added that this economic fusion would lead to "the establishment of a Gulf common market".¹⁵⁴

The GCC free-trade area was thus created, but it was not regarded as a major advancement toward economic integration. Little trade complementarity existed among the six countries. Like most developing regions of the world, the GCC area consisted of countries with similar economies that produced essentially competitive rather than complementary goods. Nevertheless, the move to free intra regional trade had a symbolic importance. In an area of the world which ordinarily is identified with tribal, nationalistic, and dynastic rivalries, this was no small achievement. In addition, the abolition of internal customs could be regarded as advantageous in the future when the drive toward diversification and industrialization will make it possible for the six to produce less similar products. What proved to be more difficult to achieve was the implementation of joint external tariffs. By the end of 1984, all GCC states were agreeing that tariffs on specified goods should be no less than 4% rising to a maximum of 20%.

Despite the slow pace in reaching the ideal of a common GCC external tariff during the first five years after the establishment of the organization, the prospects did not seem too

¹⁵⁴MEED. March 15, 1985.

dim. The driving force behind achieving a common external tariff was the dispute with the EEC, a major exporter to the Gulf region. A common external tariff would arm the GCC countries with a significant bargaining chip in dealing with the ECC states, particularly in trying to achieve a negotiated settlement of the dispute over ECC duties on GCC petrochemicals exports.

Given the vital importance of economic development to economic integration in the GCC region, the drastic fall in oil revenues concerned the promoters of regional economic integration. Within the first five years of the GCC, Saudi Arabia sank to the level of an economy with a deficit second only to that of the United States. Given the importance of the Kingdom in the GCC, this had an effect on other GCC countries, which indirectly faced the same predicament. Some people argued that this recession in the GCC region might be a blessing in disguise, but this was not the case. Even if the collapse of oil revenues reduced waste, and led to more rational economic planning, and limited corruption, the GCC policy makers feared that the disadvantages of losing the momentum of economic integration might outweigh any such socio-economic advantages. The aspiration to achieve economic productivity in order to reduce the overwhelming dependence on oil revenues was one of the main driving forces behind the idea of economic integration in 1981.

In the hydrocarbon sector, nearly all the ideas and plans of the GCC did not get off the ground. In the non-oil industrial sector, perhaps the most notable achievement was the establishment of the GOI. It had plans for investing in petrochemical, industrial and livestock projects. Results of that still remain to be seen. Progress seemed to have been

made more on paper than in practice in freeing economic activity through the movement of capital across GCC borders. In the trade sector, the abolition of internal customs was the major step toward creating a GCC common market. Still up till now, the lack of competitive goods in the GCC trade seems to rise doubts on the real importance of this concrete step. It might in the future prove to be significant, when the industrialization and the diversification of the GCC states will allow them to produce less similar goods. The establishment of the common external tariff system proves to be more useful especially because of the bargaining position of the GCC with the EEC.

IV- CONCLUSION

It seems that progress, since the existence of the GCC, has mainly been concentrated on the defence and security fields, while a lot of plans were being laid out for future concrete cooperation in all other fields. Nevertheless, even if security threats led to more of a tangible response in the GCC, the institutions and plans that were proposed for other fields, although not concrete yet, prepared the ground for future progression of cooperation in the Gulf region.

This chapter showed us how the Gulf states, pushed mainly by the presence of external threats achieved a lot of progress in the fields of security, foreign policy and in the military arena. This however, should not blind us from noticing the progress that appeared on a smaller level in the markets and the economy of these countries keeping in mind that the theory we explored in the introduction looks at competitiveness as an inhibiting factor for cooperation. Because the GCC states produce the same product (oil) and do not

benefit from complementarity in their economies, the progress they achieved in the economic field has been limited. Nevertheless, it is also important to note that although the background conditions required for cooperation to occur in the Gulf region were not all present (as mentioned in the introduction), the internal similarities Gulf states shared together such as religion, culture, language and even wealth (they have minimal economic disparity existing between them) facilitated a lot their move towards cooperation.

This chapter has therefore shown us concretely how in response to external threats to national security, the Gulf states decided to join together and cooperate, and how progress appeared as a consequence in the fields of security and military protection. We can't deny the importance of internal similarities at that time and their increasing importance nowadays especially that the post Cold War years have been more and more characterized by a move away from power politics towards economic integration and cooperation.

CONCLUSION

Experiences in the Arab world have proved that it was extremely difficult for a group of independent states to form a political federation or another form of union. Attempts to do so in the past have failed because of hesitance of individual states to surrender the degree of political sovereignty that is required for the establishment of even a weak political federation. It is easier to form economic rather than political unions or federations. The Arab Gulf states thus tried to avoid the failure of other's past experiences and started with the intention of achieving an economic and cultural integration as the base for the political unity that would follow in the future. However, in a region lacking industrialization and manpower, and constantly shaken by tensions and conflicts, the initial objective had to be changed, and political and security objectives took the lead.

Similarities of history, geography, religion and culture greatly facilitated the process of integration between these states and motivated them towards cooperation. Since 1971, the Arab states concluded many bilateral and multilateral cooperative agreements in different fields. At the beginning, cooperation was weak as some of the Arab states were in conflict and the notion of collective work was still new to them. But as time went by, these states realized the importance and the advantages that cooperation carried with it.

The GCC was the by-product of regional and international developments. The influence of the historical dimension has been enormous. The Islamic values and traditions imposed

moral and practical constraints, the legacy of 100 to 150 years of the British protectorate, the American change of policy towards the Gulf, and the intensified border disputes and power struggles between the Arab states themselves affected enormously the formation of the GCC.

Due to its geographic location and to the considerable Petroleum reserves, the Arabian Gulf is considered as one of the central region upon whose security and stability the world's economic and political stability depends. It is enough to note that instability in this region may result in the interruption of oil supplies to other parts of the world. Hence, it may have grave economic and therefore strategic consequences and bring about the dangers of regional and even global war.

The GCC has created a binding character in the Gulf region which allows countries to have a collective and coordinated approach when dealing with a crisis. It permitted the realization on the part of both the leadership and the people of the Gulf that the absence of a collective decision means adverse consequences to the security of the region as a whole. It also provided an umbrella that generated protection for the smaller states.

Both notions that the GCC was created as an American tool in the Gulf region, or that it was an anti-Israeli alliance were erroneous. The threat that was uppermost in the minds of the Arab leaders was the possibility that the Iranian Revolution would prove contagious. Hence, the GCC was created primarily as a vehicle of cooperation among the six Gulf Arab states for preserving monarchical regimes in the face of the perceived threat of the contagion of the Islamic revolutionary fundamentalism. What they feared the most was the tremors of the Islamic revolution among their own people and within their own

societies, particularly because of the presumed susceptibility of their own Shia inhabitants to an Islamic revolutionary movement.

Although conventional wisdom suggests that the GCC was created at the beginning as an economic grouping modeled after the European Economic Community or the Common Market, and subsequently it became a political and security mechanism in response to perceived external and internal threats; this is a mistake. The GCC was never intended as a purely economic enterprise. Rather it was created primarily as a political and security vehicle for cooperation among the six for the overriding purpose of ensuring the survival of their similar monarchies in the face of the revolutionary Islamic fundamentalist movement sweeping across the Gulf region in the wake of the Iranian Revolution. The reference of the GCC leaders to the cooperation of the six member states "especially in the economic and social domains" was not a statement of the central purpose of their organization. They believed that they could accomplish their overriding objective by combining the enormous economic resources of the world's six richest oil-producing states. But subsequently, the perceived threats to both internal and external security impelled the GCC leaders to emphasize diplomatic and military means rather than economic ones. This basic shift in the means of the GCC was acknowledged by Secretary General Bishara when he said that cooperating in the political and security domains was the prerequisite of economic integration.

This concern of the GCC states with the spread of the Islamic revolution as a result of the unconditional victory of Iran, did not imply that they would welcome an Iraqi victory instead. As the most populous Arab state of the Persian Gulf, a victorious Iraq would

revive its old Baathist dream of establishing Iraqi hegemony over the GCC countries in the name of the Arab nation, which also did not appeal to the GCC states at all. Still to suggest that the containment of the war absorbed all the time and energy of the GCC states during its first five years is not true. They played an important role balancing and mediating between states at war, especially during border conflicts. They also were concerned with the depletion of their finite oil resources, which reinforced their desire to press for economic integration. The GCC states also cooperated in areas related to maintaining internal security as a means of countering the threats of revolution.

Throughout this study, we have seen the reasons that Arab countries had to engage in a cooperation council. By doing so, they not only increased their forces and security, but they also allowed themselves to enjoy the benefits from complementarity and specialization which accrue when separate geographical entities are economically joined together, thus increasing the variety of resources at the disposal of the new whole, and widening the market for their products. This is particularly true for Arab countries where resources are very unevenly distributed. The Arab world is marked by a contrast, with nearly no equivalence in the world, between countries that are practically uninhabited, very rich and lacking protection, and countries that are highly populated, military powerful and burdened by poor economic conditions.¹⁵⁵ The optimum efficient use of these resources could therefore happen when the Arab countries get together. This is the economic *raison d'etre* for the integration of the Arab world on a progressive basis. It is

¹⁵⁵Ghassan Salame, "Le Golfe, Un An Apres L'Invasion du Koweit". Maghreb-Machrek, no.133, July-September 1991, p.4.

also the *raison d'être* for providing the still missing element in Arab nationhood: that of a common economic life.¹⁵⁶ It should nevertheless be noted that, although the founders of the GCC spoke of the ideal of Arab unity within the framework of the Arab League, they did not posit political unity among the GCC states as their ultimate goal as did the ECC countries in 1958. When the six countries in Western Europe decided to create a European Economic Community, they aimed at the United States of Europe. Although the creation of a United Europe continues to elude the Europeans decades later, such an ultimate goal was clearly envisaged at the beginning. The GCC states however, did not put forward a similar goal in 1981 despite the fact that similar ideas have been advanced by GCC leaders and officials, it is therefore not advisable to compare the accomplishments of the GCC to the major realizations of the EEC.

Thinking about the future of the GCC, one can't help but notice that since the establishment of the GCC, cooperation was reinforced by the ongoing change in external threats. Going back to Deutsch's point of view, it seems that this cooperation could be temporary and would end as soon as the threat is over. In the present time, neither Iran nor Iraq present an ultimate threat to the Gulf states that would push them to cooperate like they did when the Iranian Revolution took place. In addition, we have seen in this study that the internal similarities existing between the Gulf states were not enough on their own to be the base for cooperation. They could be considered as a necessary but not sufficient cause for cooperation. At that point, the question that comes to mind on the

¹⁵⁶Fawzy Mansour, The Arab World: Nation, State and Democracy. United Nations University Press, London 1992.p.125.

future and stability of the GCC would be the following: Will the momentum for cooperation among the six GCC states diminish if the perception of common threats of revolution and war no longer holds in the future? In other words, will economic ties become very important to keep the GCC countries together in a peaceful, non-threatening environment? It would appear from our study that although external threats played a major role behind the formation of the GCC in 1981, one can't ignore that the threat to regional security and stability came also from within. Indeed terrorism, border disputes and other internal conflicts presented a threat to regional security and pushed the GCC states towards cooperation. Today the Gulf states are part of an organization that would benefit them in more than just the military and security fields. Indeed, economic integration and the development of communication are nowadays gaining much more importance and are very necessary for the development of the Gulf states. On an optimistic note, the achievements that took place, the state of mind and the experience the Gulf states acquired, along with all the plans that are still not concrete in the present time, may be laying the ground for quicker and better cooperation in the future even when those countries don't face external threats anymore.

Since 1971, solid bases have been established and because in the Post Cold War years we are moving more towards a general phenomena of regional cooperation and mutual trust, the future of the GCC without the presence of external threats could only be predicted to be optimistic.

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APPENDIX I:

Document 4
Charter of the GCC
25 May 1981

Cooperation Council for the Arab States of the Gulf: The States of the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar, and the State of Kuwait,

Being fully aware of their mutual bonds of special relations, common characteristics and similar systems founded on the Creed of Islam; and based on their faith in the common destiny and destination that link their peoples; and in view of their desire to effect coordination, integration and interconnection between them in all fields; and based on

their conviction that coordination, cooperation and integration between them serve the higher goals of the Arab Nation; and, in order to strengthen their cooperation and reinforce their common links; and in an endeavor to complement efforts already begun in all vital scopes that concern their peoples and realize their hopes for a better future on the path to unity of their States; and in conformity with the Charter of the League of Arab States which calls for the realization of closer relations and stronger bonds; and in order to channel their efforts to reinforce and serve Arab and Islamic causes, have agreed as follows:

Article One, Establishment of Council

A council shall be established hereby to be named The Cooperation Council for the Arab States of the Gulf, hereinafter referred to as Cooperation Council.

Article Two, Headquarters

The Cooperation Council shall have its headquarters in Riyadh, Saudi Arabia.

Article Three, Cooperation Council Meetings

The Council shall hold its meetings in the state where it has its headquarters, and may convene in any member state.

Article Four, Objectives

The basic objectives of the Cooperation Council are:

1. To effect coordination, integration and interconnection between member states in all fields in order to achieve unity between them.
2. Deepen and strengthen relations, links and scopes of cooperation now prevailing between their peoples in various fields.
3. Formulate similar regulations in various fields including the following:
 - a. Economic and financial affairs
 - b. Commerce, customs and communications
 - c. Education and culture
 - d. Social and health affairs
 - e. Information and tourism
 - f. Legislation and administrative affairs.
4. Stimulate scientific and technological progress in the fields of industry, mineralogy, agriculture, water and animal resources; the establishment of scientific research centers, implementation of common projects, and encourage cooperation by the private sector for the good of their peoples.

Article Five, Council Membership

The Cooperation Council shall be formed of the six states that participated in the Foreign Ministers' meeting held at Riyadh on 4 February 1981.

Article Six, Organizations of the Cooperation Council

The Cooperation Council shall have the following main organizations:

1. Supreme Council to which shall be attached the Commission for Settlement of Disputes.
2. Ministerial Council.
3. Secretariat-General.

Each of these organizations may establish branch organizations as necessary.

Article Seven, Supreme Council

1. The Supreme Council is the highest authority of the Cooperation Council and shall be formed of heads of member states. Its presidency shall be rotatory based on the alphabetical order of the names of the member states.

2. The Supreme Council shall hold one regular session every year. Extraordinary sessions may be convened at the request of any member seconded by another member.

3. The Supreme Council shall hold its sessions in the territories of member states.

4. A Supreme Council shall be considered valid if attended by two thirds of the member states.

Article Eight, Supreme Council's Functions

The Supreme Council shall endeavor to achieve the objectives of the Cooperation Council, particularly as concerns the following:

1. Review matters of interest to the member states.

2. Lay down the higher policy for the Cooperation Council and the basic line it should follow.

3. Review the recommendations, reports, studies and common projects submitted by the Ministerial Council for approval.

4. Review reports and studies which the Secretary-General is charged to prepare.

5. Approve the bases for dealing with other states and international organizations.

6. Approve the rules of procedures of the Commission for Settlement of Disputes and nominate its members.

7. Appoint the Secretary-General.

8. Amend the Charter of the Cooperation Council.

9. Approve the Council's Internal Rules.

10. Approve the budget of the Secretariat-General.

Article Nine, Voting in Supreme Council

1. Each member of the Supreme Council shall have one vote.

2. Resolutions of the Supreme Council in substantive matters shall be carried by unanimous approval of the member states participating in the voting, while resolutions on procedural matters shall be carried by majority vote.

Article Ten, Commission for Settlement of Disputes

1. The Cooperation Council shall have a commission called "Commission for Settlement of Disputes" and shall be attached to the Supreme Council.

2. The Supreme Council shall form the Commission for every case separately based on the nature of the dispute.

3. If a dispute arises over interpretation or implementation of the Charter and such dispute is not resolved within the Ministerial Council or the Supreme Council, the Supreme Council may refer such dispute to the Commission for Settlement of Disputes.

4. The Commission shall submit its recommendations or opinion, as applicable, to the Supreme Council for appropriate action.

Article Eleven, Ministerial Council

1. The Ministerial Council shall be formed of the Foreign Ministers of the member states or other delegated

Ministers. The Council's presidency shall rotate among members every three months by alphabetical order of the states.

2. The Ministerial Council shall convene every three months and may hold extraordinary sessions at the invitation of any member seconded by another member.

3. The Ministerial Council shall decide the venue of its next session.

4. A Council's meeting shall be deemed valid if attended by two thirds of the member states.

Article Twelve, Functions of the Ministerial Council

The Ministerial Council's functions shall include the following:

1. Propose policies, prepare recommendations, studies and projects aimed at developing cooperation and coordination between member states in the various fields and adopt required resolutions or recommendations concerning thereof.

2. Endeavor to encourage, develop and coordinate activities existing between member states in all fields. Resolutions adopted in such matters shall be referred to the Ministerial Council for further submission, with recommendations, to the Supreme Council for appropriate action.

3. Submit recommendations to the Ministers concerned to formulate policies whereby the Cooperation Council's resolutions may be put into action.

4. Encourage means of cooperation and coordination between the various private sector activities, develop existing cooperation between the member states' chambers of commerce and industry, and encourage the flow of working citizens of the member states among them.

5. Refer any of the various facets of cooperation to one or more technical or specialized committee for study and presentation of relevant proposals.

6. Review proposals related to amendments to this Charter and submit appropriate recommendations to the Supreme Council.

7. Approve the Ministerial Council's Rules of Procedures as well as the Rules of Procedures of the Secretariat-General.

8. Appoint the Assistant Secretaries-General, as nominated by the Secretary-General, for a renewable period of three years.

9. Approve periodic reports as well as internal rules and regulations related to administrative and financial affairs proposed by the Secretary-General, and submit recommendations to the Supreme Council for approval of the budget of the Secretariat-General.

10. Make arrangements for the Supreme Council's meetings and prepare its agenda.

11. Review matters referred to it by the Supreme Council.

Article Thirteen, Voting at Ministerial Council

1. Every member of the Ministerial Council shall have one vote.

2. Resolutions of the Ministerial Council in substantive matters shall be carried by unanimous vote of the member states present and participating in the vote, and in procedural matters by majority vote.

Article Fourteen, Secretariat-General

1. The Secretariat-General shall be composed of a Secretary-General who shall be assisted by assistants and a number of staff as required.

2. The Supreme Council shall appoint the Secretary-General, who shall be a citizen of one of the Cooperation Council states, for a period of three years which may be renewed for one time only.

3. The Secretary-General shall nominate the Assistant Secretaries-General.

4. The Secretary-General shall appoint the Secretariat General's staff from among the citizens of member states, and may not make exceptions without the approval of the Ministerial Council.

5. The Secretary-General shall be directly responsible for the work of the Secretariat-General and the smooth flow of work in its various organizations. He shall represent the Cooperation Council with other parties within the powers vested in him.

Article Fifteen, Functions of the Secretariat-General

The Secretariat-General shall undertake the following functions:

1. Prepare studies related to cooperation and coordination, and to integrated plans and programmes for member states' common action.

2. Prepare periodic reports on the Cooperation Council's work.

3. Follow up the execution by the member states of the resolutions and recommendations of the Supreme Council and Ministerial Council.

4. Prepare reports and studies ordered by the Supreme Council for Ministerial Council.

5. Prepare the draft of administrative and financial regulations commensurate with the growth of the Cooperation Council and its expanding responsibilities.

6. Prepare the Cooperation Council's budget and closing accounts.

7. Make preparations for meetings and prepare agenda and draft resolutions for the Ministerial Council.

8. Recommend to the Chairman of the Ministerial Council the convocation of an extraordinary session of the Council whenever necessary.

9. Any other tasks entrusted to it by the Supreme Council or Ministerial Council.

Article Sixteen, The Secretary-General and the Assistant Secretaries-General and all the Secretariat General's staff shall carry out their duties in complete independence and for the common interest of the member states. They shall refrain from any action or behavior that is incompatible with their duties and from divulging the secrets of their jobs either during or after their tenure of office.

Article Seventeen, Privileges and Immunities

1. The Cooperation Council and its organizations shall enjoy on the territories of all member states such legal competence, privileges and immunities as required to realize their objectives and carry out their functions.

2. Representatives of the member states of the Council, and the Council's employees, shall enjoy such privileges and immunities as are specified in agreements to be concluded for this purpose between the member states. A special agreement shall organize the relation between the Council and the state in which it has its headquarters.

3. Until such time as the two agreements mentioned in item 2 above are prepared and put into effect, the representatives of the member states in the Cooperation Council and its staff shall enjoy the diplomatic privileges and immunities established for similar organizations.

Article Eighteen, Budget of the Secretariat-General.

The Secretariat-General shall have a budget to which the member states shall contribute equal amounts.

Article Nineteen, Charter Implementation

1. This Charter shall go into effect as of the date it is signed by the heads of states of the six member states named in this Charter's preamble.

2. The original copy of this Charter shall be deposited with Saudi Arabia's Ministry of Foreign Affairs which shall act as custodian and shall deliver a true copy thereof to every member state, pending the establishment of the Secretariat-General at which time the latter shall become depository.

Article Twenty, Amendments to Charter

1. Any member state may request an amendment of this Charter.

2. Requests for Charter amendments shall be submitted to the Secretary-General who shall refer them to the member states at least four months prior to submission to the Ministerial Council.

Article Twenty-One, Closing Provisions

No reservations may be voiced in respect of the provisions of this Charter.

Article Twenty-Two

The Secretariat-General shall arrange to deposit and register copies of this Charter with the League of Arab States and the United Nations, by resolution of the Ministerial Council.

This Charter is signed on one copy in Arabic language at Abu Dhabi City, United Arab Emirates, on 21 Rajab 1401 corresponding to 25 May 1981.

United Arab Emirates
State of Bahrain
Kingdom of Saudi Arabia
Sultanate of Oman
State of Qatar
State of Kuwait

APPENDIX II:

The Unified Economic Agreement of the
Cooperation Council for the Arab States of the Gulf
8 June 1981

With the help of God Almighty;

The Governments of the Member States of the Gulf Co-
operation Council;

In accordance with the Charter thereof, which calls for
closer rapprochement and stronger links; and,

Desiring to promote, expand and enhance their eco-
nomic ties on solid foundations, in the best interest of their
peoples; and,

Intending to coordinate and unify their economic, fi-
nancial and monetary policies, as well as their commercial
and industrial legislation, and customs regulations; have
agreed as follows:

Chapter One

Trade Exchange

Article 1

1. The Member States shall permit the importation and
exportation of agricultural, animal, industrial and natural
resource products that are of national origin. Also, they
shall permit exportation thereof to other member states.

2. All agricultural, animal, industrial and natural re-
source products that are of national origin shall receive the
same treatment as national products.

Article 2

1. All agricultural, animal, industrial and natural re-
source products that are of national origin shall be ex-
empted from customs duties and other charges having
equivalent effect.

2. Fees charged for specific services such as demurrage,
storage, transportation, haulage or unloading, shall not be
considered as customs duties when they are levied on do-
mestic products.

Article 3

1. For products of national origin to qualify as national
products, the value added ensuing from their production in
member states shall not be less than 40 percent of their final
value. In addition, the share of the member states citizens
in the ownership of the producing plant shall not be less
than 51 percent.

2. Every item to be exempted hereby shall be accompa-
nied by a certificate of origin duly authenticated by the gov-
ernment agency concerned.

Article 4

1. Member states shall establish a uniform minimum
customs tariff applicable to the products of the third coun-
tries.

2. One of the objectives of the uniform customs tariff shall be the protection of national products from foreign competition.

3. The uniform customs tariff shall be applied gradually within five years from the date of entry into force of this agreement. Arrangements for the gradual application shall be agreed upon within one year from the said date.

Article 5

Member states shall grant all facilities for the transit of any member state's goods to other member states, exempting them from any duties and taxes whatsoever, without prejudice to the provisions of Paragraph 2 of Article 2.

Article 6

Transit shall be denied to any goods that are barred from entry into the territory of a member state by its local regulations. Lists of such goods shall be exchanged between the customs authorities of the member states.

Article 7

Member states shall coordinate their commercial policies and relations with other states and regional economic groupings and blocs with a view towards creating balanced trade relations and favorable circumstances and terms of trade therewith.

To achieve this goal, the member states shall make the following arrangements;

1. Coordinate import/export policies and regulations.
2. Coordinate policies for building up strategic food stocks.
3. Conclude economic agreements collectively when and if the common benefit of the member states is realized.
4. Work for the creation of a collective negotiating force to strengthen their negotiating position vis-à-vis foreign parties in the field of importation of basic needs and exportation of major products.

Chapter Two

Movement of Capital, Citizens and Exercise of Economic Activities

Article 8

The member states shall agree on the executive rules which would insure that each member state shall grant the citizens of all other member states the same treatment granted to its own citizens without any discrimination or differentiation in the following fields:

1. Freedom of movement, work and residence.
2. Right of ownership, inheritance and bequest.
3. Freedom to exercise economic activity.
4. Free movement of capital.

Article 9

The member states shall encourage their respective private sectors to establish joint ventures in order to link their citizens' economic interest in the various spheres.

Chapter Three

Coordination of Development

Article 10

The member states shall endeavor to achieve coordination and harmony among their respective development

plans with a view to achieving economic integration between them.

Article 11

1. The member states shall endeavor to coordinate their policies with regard to all aspects of the oil industry including extraction, refining, marketing, processing, pricing, exploitation of natural gas, and development of energy sources.

2. The member states shall endeavor to formulate unified oil policies and adopt common positions vis-à-vis the outside world, and in the international and specialized organizations.

Article 12

To achieve the objectives specified in this Agreement, the member states shall perform the following:

1. Coordinate industrial activities, formulate policies and mechanisms aimed at the industrial development and the diversification of their productive bases on an integrated basis.
2. Standardize their industrial legislation and regulations and guide their local production units to meet their needs.
3. Allocate industries between member states according to relative advantages and economic feasibility, and encourage the establishment of basic as well as ancillary industries.

Article 13

Within the framework of their coordinating activities, the member states shall pay special attention to the establishment of joint ventures in the fields of industry, agriculture and services, and shall support them with public, private or mixed capital in order to achieve economic integration, productive interface, and common development on a sound economic basis.

Chapter Four

Technical Cooperation

Article 14

The member states shall collaborate in finding spheres for common technical cooperation aimed at building a genuine local base founded on encouragement and support of research and applied sciences and technology as well as adapting imported technology to meet the region's progress and development objectives.

Article 15

Member states shall set rules, make arrangements and lay down terms for the transfer of technology, selecting the most suitable or introducing such changes thereto as would serve their various needs. Member states shall also, whenever feasible, conclude uniform agreements with foreign governments and scientific or commercial firms to achieve these objectives.

Article 16

The member states shall formulate policies and implement coordinated programs for technical, vocational and professional training and rehabilitation at all levels and stages. They shall also upgrade educational curricula at all

levels to link education and technology with the development needs of the member states.

Article 17

The member states shall coordinate their manpower policies and shall formulate uniform and standardized criteria and classifications for the various categories of occupations and crafts in different sectors in order to avoid harmful competition among themselves and to optimize the utilization of available human resources.

Chapter Five

Transport and Communication

Article 18

The member states shall accord means of passenger and cargo transportation belonging to citizens of the other member states, when transiting or entering their territory, the same treatment they accord to the means of passenger and cargo transportation belonging to their own citizens, including exemptions from all duties and taxes whatsoever. However, local means of transportation are excluded.

Article 19

1. The member states shall cooperate in the fields of land and sea transportation, and communication. They shall also coordinate and establish infrastructure projects such as seaports, airports, water and power stations, and roads, with a view to realizing common economic development and linking their economic activities with each other.

2. The contracting states shall coordinate aviation and air transport policies among them and promote all spheres of joint activities at various levels.

Article 20

The member states shall allow steamers, ships and boats and their cargoes, belonging to any member state to freely use the various port facilities and grant them the same treatment and privileges granted to their own in docking or calling at the ports as concerns fees, pilotage, and docking services, haulage, loading and unloading, maintenance, repair, storage of goods and other similar services.

Chapter Six

Financial and Monetary Cooperation

Article 21

The member states shall seek to unify investment in order to achieve a common investment policy aimed at directing their internal and external investments towards serving their interest, and realizing their peoples' aspirations in development and progress.

Article 22

The member states shall seek to coordinate their financial, monetary and banking policies and enhance cooperation between monetary agencies and central banks, including an endeavor to establish a common currency in order to further their desired economic integration.

Article 23

Member states shall seek to coordinate their external policies in the sphere of international and regional development aid.

Chapter Seven

Closing Provisions

Article 24

In the execution of the Agreement and determination of the procedures resulting therefrom, consideration shall be given to differences in the levels of development between the member states and the local development priorities of each. Any member state may be temporarily exempted from applying such provisions of this Agreement as may be necessitated by temporary local situations in that state or specific circumstances faced by it. Such exemption shall be for a specified period and shall be decided by the Supreme Council of the Gulf Arab States Cooperation Council.

Article 25

No member state shall give to any non-member state any preferential privilege exceeding that given herein.

Article 26

a. This Agreement shall enter into force four months after its approval by the Supreme Council.

b. This Agreement may be amended by consent from the Supreme Council.

Article 27

In case of conflict with local laws and regulations of member states, execution of the provisions of this Agreement shall prevail.

Article 28

Provisions herein shall supersede any similar provisions contained in bilateral agreements.

Drawn up at Riyadh on 6 Shaaban 1401 Corresponding to 8 June 1981.

Source: *American-Arab Affairs*, no. 7 (Winter 1983-84): 177-82.

APPENDIX III:

| | | Work Permits | | | | | بنك الكويت الوطني | |
|-----------|------|--------------|-------|------|------|-------|-------------------|-------|
| Balance | 1 Q1 | 6437 | 7561 | 634 | 1019 | 15659 | انحصار | |
| (1) - (4) | 9 Q2 | 11733 | 10766 | 131 | 797 | 23443 | | |
| | 8 Q3 | 8187 | 5038 | 658 | 688 | 14570 | | |
| | 3 Q4 | 4358 | 4404 | 609 | 481 | 10630 | | |
| | T | 30715 | 27769 | 2032 | 2985 | 64301 | | |
| | 1 Q1 | 149 | 1055 | -118 | -166 | 870 | | -94.4 |
| | 9 Q2 | 1791 | -158 | -466 | 176 | 1091 | | -95.4 |
| | 8 Q3 | 4716 | 1083 | -41 | 31 | 5783 | | -60.3 |
| | 4 Q4 | — | — | — | — | 7111 | | -33.1 |
| | T | — | — | — | — | 14855 | | -76.9 |

*Including a negligible non-defined wage range.

APPENDIX IV: EXAMPLE OF OMAN

POST AND TELECOMMUNICATIONS

(Number)

| Items | 1970 | 1975 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 |
|------------------------------------|------|------|-------|-------|-------|-------|-------|-------|-------|
| Post Offices and Sub-Post Offices* | 2 | 27 | 43 | 48 | 49 | 50 | 56 | 63 | 70 |
| Letter Boxes | — | 167 | 168 | 237 | 242 | 273 | 320 | 360 | 404 |
| Private Post Office Boxes | 650 | 4730 | 16867 | 20167 | 22700 | 22700 | 28050 | 31250 | 33400 |
| Telephone Lines Installed | 557 | 3701 | 15044 | 17286 | 19642 | 21361 | 23391 | 41320 | 49592 |

* Include one mobile post-office.

HEALTH

(Number)

| Items | 1970 | 1975 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 |
|---|------|------|------|------|------|------|------|------|------|
| Government (Civil only) | | | | | | | | | |
| Hospitals | — | 13 | 14 | 14 | 14 | 15 | 15 | 40* | 45 |
| Health Centres** | 9 | 11 | 14 | 17 | 19 | 20 | 21 | 75 | 76 |
| Dispensaries | 10 | 40 | 55 | 60 | 63 | 72 | 74 | — | — |
| Maternity Centres | — | — | — | — | — | — | — | 4 | 3 |
| Beds | 12 | 1000 | 1784 | 1866 | 2041 | 2133 | 2587 | 2813 | 2841 |
| Doctors | 13 | 153 | 294 | 348 | 385 | 465 | 572 | 638 | 674 |
| Nurses | 2 | 411 | 857 | 1025 | 1164 | 1386 | 1753 | 1947 | 2057 |
| Health Assistants/ Sanitary Assistants/ School Health Visitors* | 35 | 68 | 321 | 420 | 451 | 492 | 521 | 530 | N.A. |

* In 1985 Health Centres were categorised as Hospitals (Ministerial Decree No. 18/1985)

** Health Centres include sub-centres opened during 1980 and afterwards.

EDUCATION *

(Number)

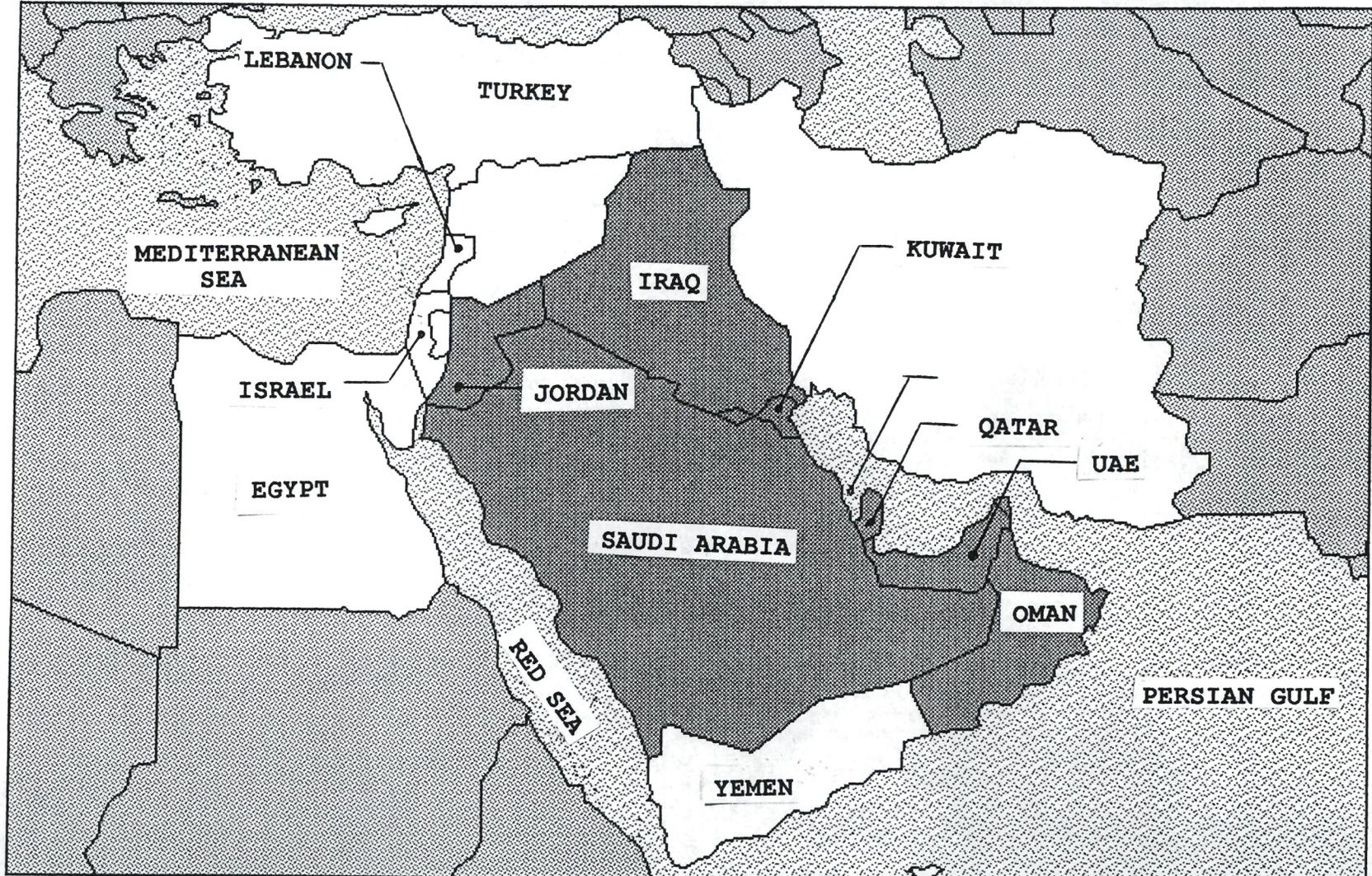
| Items | 69/70 | 75/76 | 80/81 | 81/82 | 82/83 | 83/84 | 84/85 | 85/86 | 86/87 |
|----------------------|-------|-------|--------|--------|--------|--------|--------|--------|--------|
| Schools & Institutes | | | | | | | | | |
| Total | 3 | 207 | 381 | 417 | 473 | 518 | 561 | 606 | 669 |
| Main | 3 | 105 | 147 | 172 | 207 | 216 | 225 | 235 | 261 |
| Female | — | 54 | 85 | 107 | 123 | 142 | 170 | 195 | 229 |
| Co-education | — | 48 | 149 | 138 | 143 | 160 | 166 | 176 | 179 |
| Pupils | | | | | | | | | |
| Total | 909 | 55752 | 107973 | 122143 | 142866 | 166844 | 195400 | 221694 | 248066 |
| Male | 909 | 40708 | 72371 | 80226 | 91361 | 103137 | 116692 | 128534 | 140447 |
| Female | — | 15044 | 35602 | 41917 | 51505 | 63707 | 78708 | 93160 | 107619 |
| Teaching Staff | | | | | | | | | |
| Total | 30 | 2230 | 5817 | 6745 | 7646 | 8658 | 9236 | 11168 | 11590 |
| Male | 30 | 1659 | 3976 | 4588 | 5183 | 5687 | 5848 | 6840 | 6942 |
| Female | — | 571 | 1841 | 2157 | 2463 | 2971 | 3388 | 4328 | 4648 |

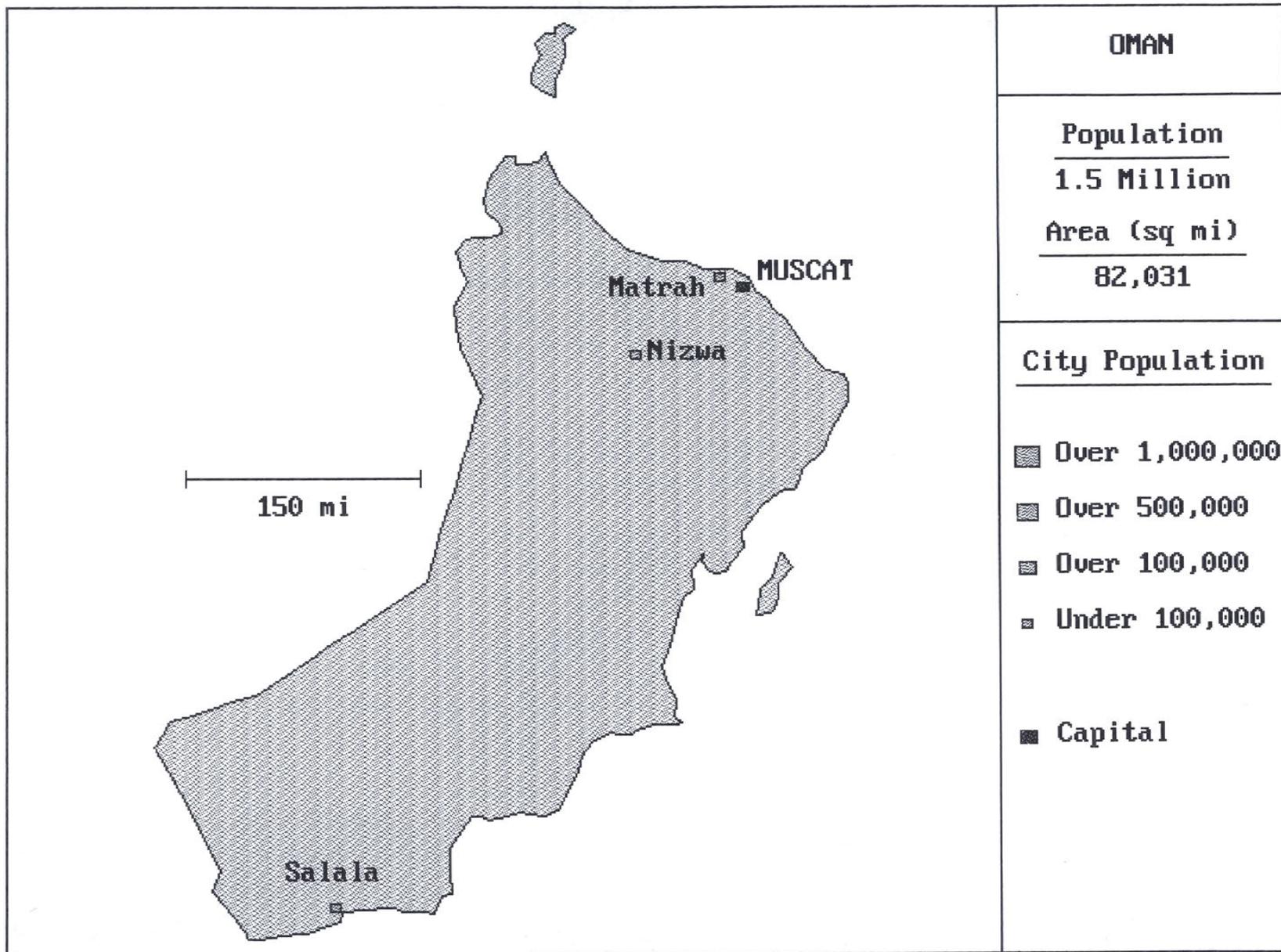
* The above figures relate to Schools of Ministry of Education and Youth Affairs and Sultan Qaboos University only and do not include Private Schools or Institutions of other Ministries.
Note: The University started in 1986/87.

Oman, Hakaek wa Arkam 1986, Majlis Al Tanmia, Al Amana Al Amaa.

MAPS

THE GULF REGION



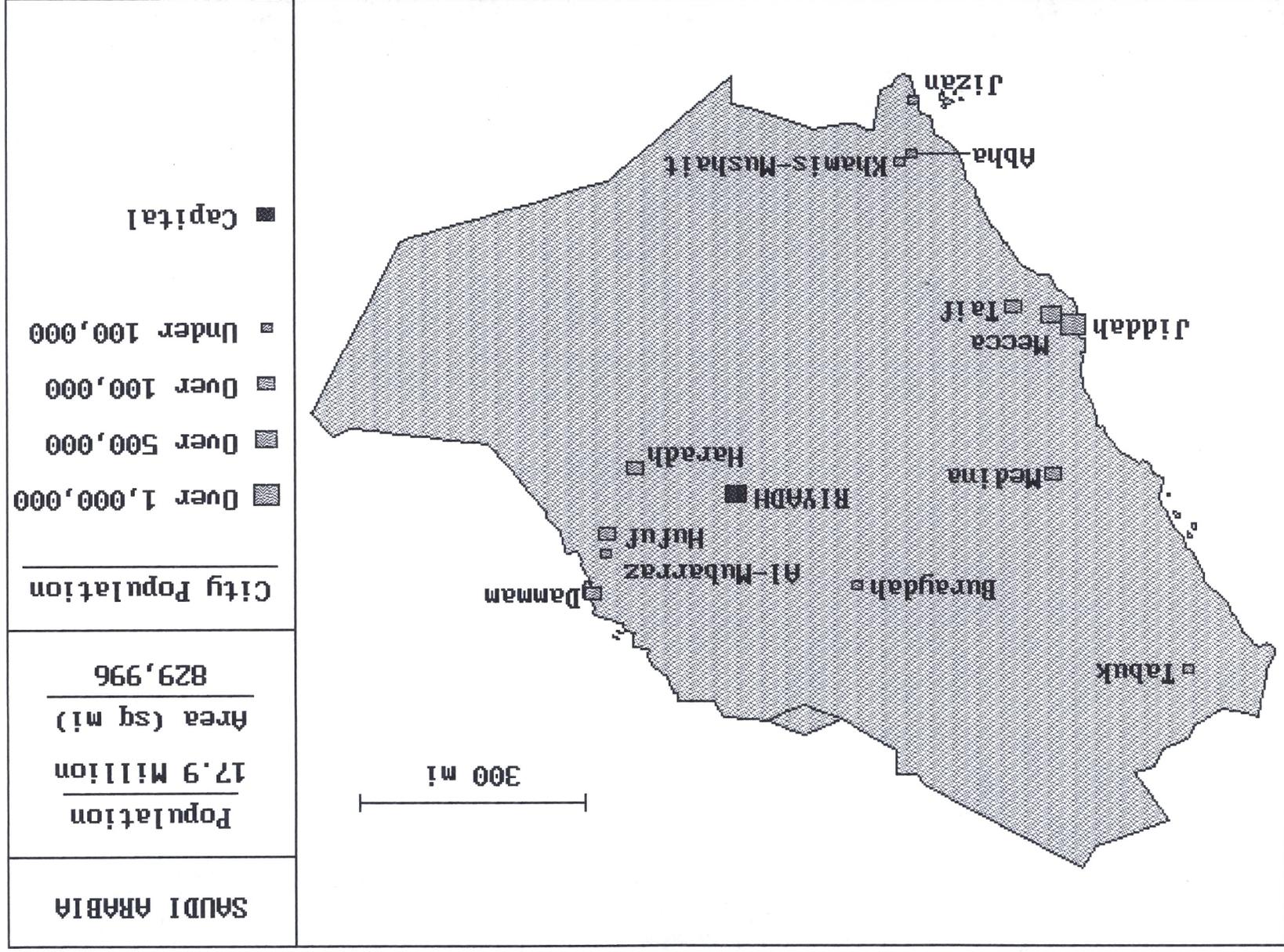


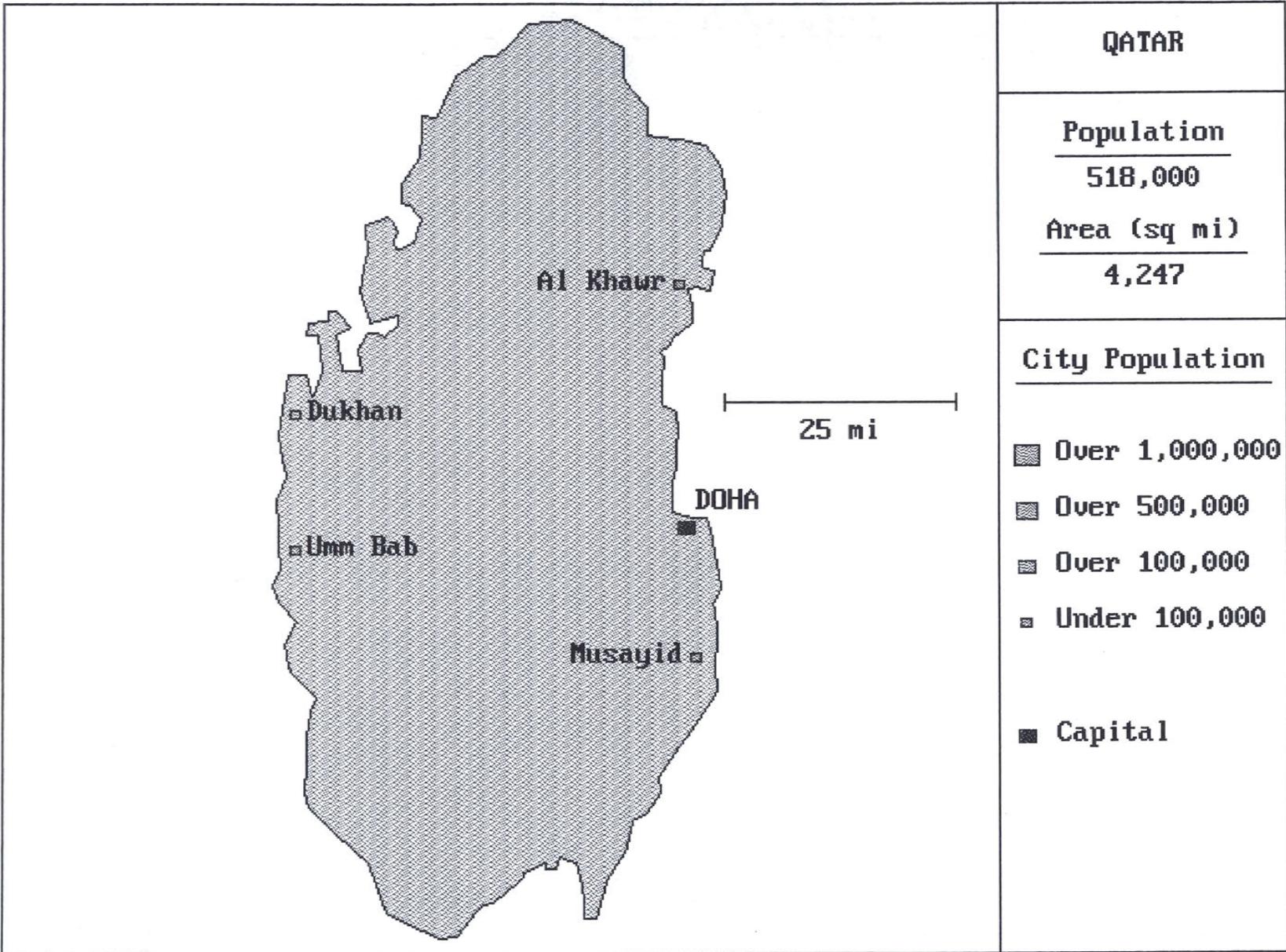
OMAN

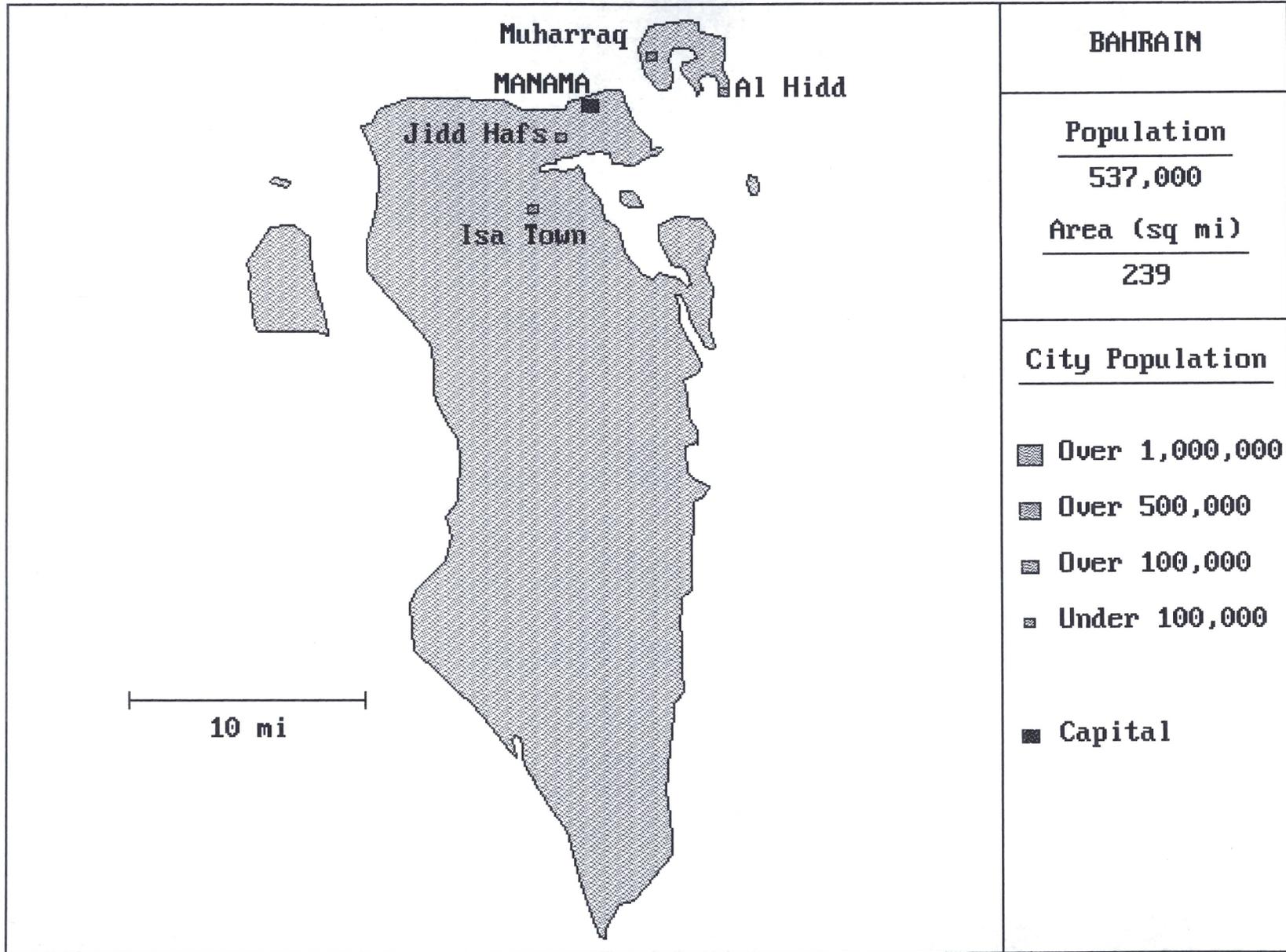
Population
1.5 Million
Area (sq mi)
82,031

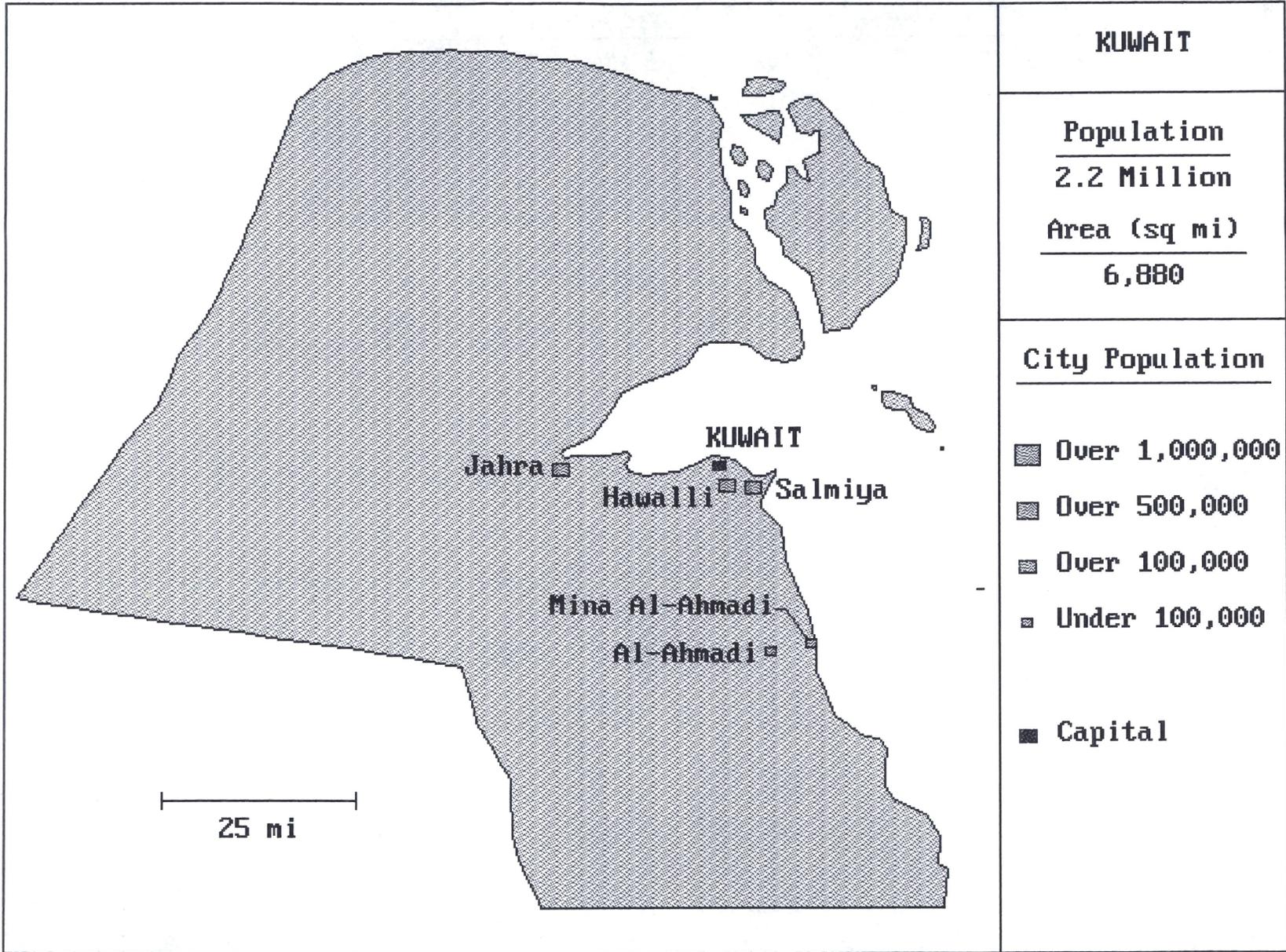
- City Population
- Over 1,000,000
 - Over 500,000
 - Over 100,000
 - Under 100,000

 - Capital









| |
|---|
| KUWAIT |
| <u>Population</u> 2.2 Million |
| <u>Area (sq mi)</u> 6,880 |
| <u>City Population</u> |
| <ul style="list-style-type: none"> Over 1,000,000 Over 500,000 Over 100,000 Under 100,000 Capital |

