

Gulf States Mull Massive Aid to Oman and Bahrain

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Brief Analysis

The oil-rich Arab states of the Persian Gulf may soon inject huge sums of aid money into Oman and Bahrain to quiet the unrest that has erupted in both countries recently. Reports of the likely funding -- which includes more than \$10 billion for Bahrain alone, a nation of some 900,000 citizens -- come one week after Saudi Arabia announced a \$36 billion subsidy package for its own people. Such fiscal generosity suggests that these governments are unwilling to make political concessions as they cope with the winds of change sweeping the Arab world.

Background

Oman and Bahrain, along with wealthier neighbors Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates (UAE), are members of the Gulf Cooperation Council (GCC), formed in 1981 as a bloc against Iran and Iraq, which had gone to war the previous year. The council has been a useful diplomatic forum over the years, though successful military cooperation and economic union have proved elusive.

Between them, Saudi Arabia, Kuwait, and the UAE hold nearly 40 percent of global oil reserves. Qatar, the smallest GCC member in population, has comparatively little oil but around 14 percent of the world's natural gas. The resultant revenues give these countries among the highest per capita incomes in the world. Although Oman exports natural gas and Bahrain is an important financial center, both countries have much more modest economic profiles.

Recent Unrest

After several trouble-free days, March 3 saw renewed clashes in Bahrain between rival Sunni and Shiite groups. Although the island's majority Shiite population has dominated many of the recent protests, some Sunnis have also been demanding more rights from the Sunni royal family, which is accused of nepotism and corruption. Several people were injured in fighting near the capital, Manama, with some combatants using knives, swords, and sticks.

In Oman, the situation is reportedly quiet but tense in the northern city of Sohar, where two protesters were killed during February 27 clashes between youths and security forces. Unlike in Bahrain, Oman's unrest is not sectarian but rather a function of youth unemployment and allegations of corruption among government ministers. The country's ruler, Sultan Qaboos bin Said, is nearly revered by much of the 2.5 million population, but he has struggled to create an industrialized base as hydrocarbon reserves decline.

The Iran Factor

For both Oman and Bahrain, Iran's proximity looms large. Tehran formally claimed Bahrain as its own territory until the 1970s, and Iranian politicians occasionally resurrect that notion, partly because of shared historical links and the sectarian connection between the two Shiite populations.

As for Oman, its northern coast lies a few miles from Iran, directly across the strategic Strait of Hormuz at the mouth of the Gulf, through which some 30 percent of the world's internationally traded oil passes daily. In public statements, Oman is careful to maintain a neutral stance toward Iran (which, incidentally, paid dividends for Washington last year in securing the release of one of three imprisoned American hikers). Although it has a Shiite community, most Omanis are Ibadi Muslims. This, as well as the country's location on the eastern periphery of Arabia, facing the Indian Ocean, sets Oman apart from its GCC neighbors.

Reactions to Arab Revolutions

Since unrest first emerged in Tunisia and Egypt, the GCC rulers have clearly shown their disquiet, and their conservative preferences have stood at odds with the U.S. and European position. For example, former Tunisian president Zine al-Abidine Ben Ali has been granted safe haven in the Saudi city of Jeddah since fleeing his country. And as former Egyptian president Hosni Mubarak teetered in power, Oman sent a special envoy to Cairo to show support, while the UAE sent its foreign minister. Meanwhile, King Abdullah of Saudi Arabia reportedly had an awkward phone conversation with President Obama regarding Egypt, with the kingdom indicating that it was prepared to compensate Cairo for any halt in U.S. aid.

More recently, the Bahraini army fired on peaceful protesters as the wave of regional unrest spread to the Gulf. In response, Washington pressed King Hamad bin Isa al-Khalifa to withdraw the military from the streets and open a political dialogue with the opposition, which he has done. But the specter of Saudi intervention has remained. In Riyadh's view, any concession to Shiites will signal weakness to Iran. The House of Saud also fears that increased political rights in Bahrain will lead to similar claims from its own estimated two million Shiites, many of whom live near the kingdom's Gulf Coast oil fields opposite Bahrain.

Amid the unrest, the past ten days have seen a flurry of high-level meetings between GCC leaders. The Bahraini king was among the welcoming party when King Abdullah returned to Saudi Arabia after three-month's medical treatment abroad. In addition, Hamad's most prominent son -- Crown Prince Salman, tasked with developing the domestic political dialogue -- visited Riyadh on March 2 for two days of talks with Saudi interior minister Prince Nayef, who is both an advocate of dealing firmly with Shiite protests and a crucial decisionmaker for any aid transfers. Qatari crown prince Sheikh Tamim bin Hamad al-Thani visited the Saudi capital as well. Meanwhile, Kuwaiti ruler Sheikh Sabah al-Ahmed al-Sabah and two UAE leaders -- Dubai ruler Sheikh Muhammad bin Rashid al-Maktoum and Sheikh Muhammad bin Zayed al-Nahyan, the crown prince of Abu Dhabi -- visited Muscat to mediate a dispute between Oman and the emirates over spying allegations. Significantly, no visits have been reported to the other Arabian Peninsula country, Yemen, where embattled President Ali Saleh appears to have been left to his own fate.

Attitudes toward Reform

All of the GCC member states essentially remain tribal sheikhdoms, with Saudi Arabia and Bahrain describing themselves as monarchies. As such, they are largely autocratic, with executive power remaining in the hands of the ruler and most crucial government positions allocated to members of the ruling family. Only Kuwait has an elected national assembly, which is on par with international legislative standards and scores relatively high on Freedom House indices. In contrast, Saudi Arabia has an appointed consultative council, and Bahrain's lower house of parliament is rigged in favor of its minority Sunni population. On the gender front, the majority of GCC states now

have at least one female minister or deputy minister in government. Both Oman and Bahrain have female ambassadors accredited to the United States; in Bahrain's case, the envoy is also Jewish.

These democratic experiments aside, the prevailing conclusion among the GCC ruling elites is that further liberalization in the near future is either unnecessary or unwise. For example, many view the Kuwaiti parliament's often-raucous tensions as an impediment to administration rather than an improvement. Unsurprisingly, then, GCC leaders seem to be rejecting the U.S. notion that they should be ready to recognize universal values such as freedom of expression and political participation.

U.S. Policy

While Washington is distracted by the unresolved crisis in Libya, the conservative Arab Gulf states appear to have decided their own path forward. Rather than taking a risk with the unknown, they are reverting to traditional methods: increasing their generosity toward the people while retaining firm control. Given that U.S. naval and air force facilities in Kuwait, Bahrain, Qatar, the UAE, and Oman provide crucial support to operations in Iraq and Afghanistan, Washington may find the prospect of old-school stability attractive. As with the massive increases in financial largesse by GCC governments, however, betting on that outcome in the long term remains a gamble rather than a certainty.

Simon Henderson is the Baker fellow and director of the Gulf and Energy Policy Program at The Washington Institute. ❖

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