

Bridging the Persian Gulf

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Articles & Testimony

After months of intense focus on the economy, the recent attack in Mumbai was a sombre reminder that the incoming Obama administration will have to confront many other serious threats as well. Beyond terrorism, Iran's nuclear programme is also likely to be high on the president-elect's priority list. The success of US strategy in tackling and resolving these critical issues will depend, in large part, on how effectively the new administration is able to work with -- and gain the cooperation of -- the countries in the Persian Gulf.

The Mumbai attack offers a case in point. The Gulf remains a major source of funding for al-Qaida and its affiliates, with millions of dollars being sent from the region to terrorist groups. Recipients of this largesse originating in the Gulf include the Pakistani-based Lashkar-e-Taiba (LeT) -- a UN designated terrorist group now suspected of perpetrating the recent attack in India.

LeT operatives and supporters are particularly active in Saudi Arabia and Kuwait, according to US Treasury department information released in the context of LeT-related terrorist support designations.

Consider, for example, the fact that LeT's finance chief, Haji Muhammad Ashraf, has personally traveled to the Gulf to raise funds for LeT. In 2003, he helped LeT leaders in Saudi Arabia expand the organisation and increase its fundraising activities there. Similarly, the Saudi-based al Haramain Islamic Foundation was designated as a terrorist-supporting entity in part because its office in Pakistan supported LeT.

In Kuwait, UN-designated terrorist financier and radicaliser Mubarak al-Bathali "gathered several hundred Kuwaiti dinars each week for terrorist organizations," including al-Qaida and LeT. Meanwhile, the Kuwait headquarters office of the Revival of Islamic Heritage Society (RIHS) provided funds for LeT on a monthly basis. As recently as 2007, RIHS provided office space to an LeT leader visiting Kuwait to raise funds for LeT operations and accompanied him to fundraising meetings throughout Kuwait.

Beyond fundraising, LeT has used the Gulf for operational purposes as well. In 2005, Muhammad Saeed, the overall leader of LeT, "personally organised the infiltration of LeT militants into Iraq during a trip to Saudi Arabia," according to US government information. And according to media reports, an LeT operative arrested in India earlier this year with sketches of some of the targets in the recent attacks, was recruited in the United Arab Emirates.

Pakistan is now coming under severe international pressure to curb the activities of LeT (now also operating under the name Jamaat ud-Dawa), which until now have been openly tolerated, despite a 2002 government ban. The Pakistanis have taken a few preliminary steps to crack down on the group, including raiding an LeT camp and allegedly arresting Lakhvi, but there is far more that must be done.

Unfortunately, there are limits to what the international community can expect from the Pakistanis, in part due to the weakness of the central civilian government. Eliminating the LeT's fundraising base in the Gulf will also be necessary to reduce the group's lethal capabilities.

Beyond the terrorism portfolio, the need to secure the full-fledged assistance of our Gulf allies is most pronounced when it comes to Iran. Efforts to put financial pressure on Iran in an effort to persuade the regime to abandon its

nuclear ambitions will not succeed without cooperation from the other Gulf countries.

Despite taking some steps recently to crack down on Iran, the UAE remains the main re-export capital for Iran. Thousands of Iranian businesses are located there and engage in this type of trade. As the business environment in Iran deteriorates, many Iranian businesses have relocated to Dubai, in an effort to circumvent the existing sanctions.

By doing so, Iranian companies have been able to improve their ties to European companies, for example, which are now reluctant to do business in Iran itself. In total, Iran imported approximately \$10bn worth of goods from Dubai in 2006. In fact, Sheikha Lubna al Qasimi, the UAE's minister of economy and planning, explained that there was a limit to what action her government would take on this front: "At the end of the day, Iran is still a neighbour."

The UAE, like other Gulf countries, is trying to perform a high-wire balancing act when it comes to Iran. On the one hand, the Gulf countries don't like Iran, fear the prospect of it developing nuclear weapons and would prefer not to anger the US. On the other hand, they would like to avoid antagonising Tehran -- the emerging regional power -- and they enjoy the benefits of strong commercial ties to Iran. Qatar's ongoing discussions with Iran and Russia on establishing a gas cartel are indicative of the uphill struggle the US will face in persuading the Gulf countries to financially isolate Iran.

Unfortunately, prioritising the requests we make of our allies -- especially in the Gulf -- as they relate to the multiple national security priorities facing the nation today has not been a strong suit of the outgoing Bush administration. Consider, for example, that in the midst of efforts to strengthen economic sanctions on Iran, the state department recently shifted gears and suddenly pressed the UAE to officially recognise Kosovo as an independent state. The UAE did recognise Kosovo, a fact Emirati officials now note whenever asked about progress on more pressing issues like Iran.

The Obama administration is clearly intent on reinvigorating US diplomacy, which is a good idea. Indeed, the combination of the global financial crisis, the nuclear standoff with Iran, the wars in Iraq and Afghanistan, the pursuit of Arab-Israeli peace and the struggle against international terrorism will demand robust diplomacy. But given our limited diplomatic chits, the new administration will also need to institute a more disciplined approach to prioritising the requests we make of our allies and aligning them with the priority we attach to the issues.

As the Gulf connection to the Mumbai attacks makes clear, aggressive but effective diplomacy with our Gulf state allies will be central to addressing the various economic and national security crises we face today.

Matthew Levitt is a senior fellow and director of The Washington Institute's [Stein Program on Counterterrorism and Intelligence \(http://www.washingtoninstitute.org/templateI02.php?SID=11\)](http://www.washingtoninstitute.org/templateI02.php?SID=11), and Michael Jacobson is a senior fellow in the same program. ❖

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