

Between Baghdad and Washington:

Jordan's Balancing Act

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Brief Analysis

On Saturday, November 4, Jordanian prime minister Ali Abu Raghieb returned from a three-day visit to Baghdad. Coming just one week after the signing of the U.S.-Jordanian Free Trade Agreement (FTA) — the first of its kind with an Arab state — the trip highlights Jordan's policy of pursuing close ties with both the United States and Saddam Hussein's Iraq. Given the spillover from the month-long Al Aqsa Intifada, the timing of this visit suggests that King Abdullah is trying to protect himself from the rising tide of pro-Palestinian public opinion by moving closer to Baghdad.

A Month of Turmoil Reverberations from the West Bank violence have shaken the kingdom, which has a Palestinian population widely believed to be at least 60 percent. Since the Israeli-Palestinian clashes began in October, there have been hundreds of demonstrations inside Jordan, some of which have degenerated into violent clashes with the Jordanian security services. On October 6, after some 30,000 people marched in a peaceful rally in downtown Amman, the government issued a ban on demonstrations. The ruling, however, has stopped neither the rallies nor the clashes.

On October 24, some 25,000 protestors — led by Islamist personalities Laith Shubaylat and Abdel Munem Abu Zant — attempted to march to the King Hussein Bridge on the Israeli-Jordan border. They were turned back by Jordanian forces armed with tear gas, clubs and water cannons. According to reports in the Jordanian daily Ad Dustour, protestors that day carried posters of Iraqi President Saddam Hussein, as well as Iraqi and Palestinian flags. Demonstrators, according to these reports, chanted slogans calling on Saddam — as the "only Arab leader who threatens Zionism" — to "bomb Tel Aviv."

High Stakes Abu Raghieb's visit to Iraq coincided with an important intersection of time and events for Jordan. Perhaps most importantly, during his trip, Abu Raghieb completed negotiations for and signed the 2001 Iraqi-Jordanian oil protocol. In past years, Iraq had provided Jordan with oil at prices significantly below market value in what amounted to an annual grant of between \$600-\$800 million. Last year, to Jordan's chagrin, the Iraqis increased the price per barrel by 50 percent. Jordanian fears that the cost per barrel would significantly increase this year were not realized. In fact, the deal that was agreed upon came to \$20.90 per barrel — almost two dollars over last years'

price of \$19 – but still a very good deal considering the rise in oil prices to \$38 per barrel. The visit, however, was not only about economics. Reports suggest that another item on Abu Ragheb's agenda was the situation inside the West Bank and Gaza. Recent demonstrations in Jordan that invoked the name of Saddam – something that had not been done since the end of the Gulf War in 1991 – were likely a source of great concern to King Abdullah. (Some unconfirmed reports have even suggested that placards of the king were burned during the rallies). While Abu Raghieb was in Baghdad, Saddam sent a letter to King Abdullah discussing, among other topics, "ways to support the Palestinian uprising."

Full Rapprochement with Iraq In recent months Jordan has taken a number of steps designed to improve its relations with Iraq. Last month, Jordan was the first Arab state to fly into Saddam International Airport. This flight set a precedent soon followed by most non-Gulf Arab states, including Egypt and Syria. Likewise, Abu Raghieb himself set the precedent for being the first Arab prime minister to travel to Iraq by air since the embargo began in 1991.

In addition to these pathbreaking trips, in October, per an Iraqi request (which has also been submitted to the United Nations regarding the oil for food program), Jordan decided to stop using U.S. dollars in its trade dealings with Iraq in favor of the Euro or some other form of European currency. In another nod to Iraq, on October 23, Jordan unilaterally halted the UN-mandated Lloyd's of London inspections of Iraq-bound cargo imports. And most recently, in his speech at the October Arab summit in Cairo, King Abdullah indicated that Jordan was "no more able" to "accept what is being committed against the Iraqi people" (i.e., the sanctions).

It appears that Iraq is rewarding Jordan for its political support. During the three day visit, according to Jordanian minister of industry and trade Wasif Azar, Iraqi vice president Taha Yassin Ramadan pledged to increase the total amount of annual trade to \$1 billion. Iraq also agreed to supply Jordan with its annual need of 750,000 tons of sulfur – to process phosphates, the kingdom's leading industry – at deeply discounted prices. Iraqi officials also appear to have committed to paying some \$350 million for the construction of an Iraqi-Jordanian oil pipeline.

And Getting Closer to the U.S. At the same time that Jordan has been improving relations with Baghdad, the kingdom has been working to consolidate ties with Washington. Most notably, on October 24, Jordan signed an FTA with the U.S. While the FTA is not a political hot potato – Jordanian duty free industrial imports are far too small to harm American industries – the deal is nevertheless significant, because it points to the importance Washington has assigned to Jordan's economic improvement and stability. Egypt, another key Arab ally, has been lobbying for such an agreement for years, but only in the wake of the Jordan FTA has a group of congressmen written President Clinton to urge him to begin negotiations with Cairo. (These negotiations are sure to be more complex and protracted than those with Jordan). At the White House signing ceremony, King Abdullah called the agreement "a defining moment of commitment to the cementing of stronger partnership" between Jordan and the U.S. It is particularly significant that there has been so far no price paid with U.S. relations for Jordan's closeness with Iraq.

Style or Substance? The FTA has been welcomed by Jordan as a positive development in the bilateral relationship. Yet the timing of the signing – one day after Jordan expelled Lloyd's Register – raises questions about King Abdullah's approach to two of Jordan's most important bilateral relationships. Almost two years into his rule, a new pattern seems to be emerging that suggests a different strategy than the one adopted for so long by the late King Hussein.

During his nearly fifty-year reign, the late monarch alternated between being closer to Jordan's leading trade partner in Baghdad and its regional security patron in Washington. However, when Jordan faced the unpalatable problem of choosing between them in the 1990/1991 Gulf crisis, Hussein's strategy was to distance Jordan from both Iraq and the U.S. This policy of "neutrality" cost Jordan dearly. The kingdom lost a substantial amount of sympathy in Washington as well as U.S. foreign assistance dollars, and it incurred the wrath of Iraqi President Saddam Hussein. Still, the policy enabled the kingdom – with its 60-plus percent of Palestinians – to navigate the turbulent Gulf War

period.

Like his father, King Abdullah has also had to contend with geographic and demographic considerations. But in contrast to his father, Abdullah seems to be betting Jordanian stability on a closer relationship with each of the protagonists. While this strategy will reap economic dividends — particularly in terms of short term increases of trade with Iraq — it does not come without potential dangers.

Of particular concern is the opportunity for Iraqi agitation among the 180,000-450,000 Iraqis living in Jordan and the ability to foment further unrest among Jordan's Palestinian population. As Jordan becomes increasingly economically dependent on Iraq, it may become more difficult for the kingdom to protect itself against Iraqi mischief-making. With no immediate end to the Israeli-Palestinian violence in sight, King Abdullah will likely be keeping up this balancing act for some time to come.

David Schenker is a research fellow at The Washington Institute.

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