

## **Iranian nuclear crisis and the gulf sheikhdoms**

*Ghani Jafar*<sup>\*</sup>

Although Iran's relentless pursuit of its nuclear programme continues to rattle rather conspicuously the Western powers and Israel in particular, the nervousness it has caused to the country's stone-throw-away neighbourhood of the Gulf Arab states has by and large gone unnoticed by the world at large.

The six member countries of the Gulf Cooperation Council (GCC) have – both historically and contemporaneously – every reason to feel jittery at the advances being made by Tehran in the nuclear field that it has consistently claimed are aimed at the peaceful purpose of power generation.

Nevertheless, unlike the two principal opponents of the enterprise, the United States and Israel, whose major dilemma is if and when to take armed action against Iran in this regard; the oil-rich but militarily weak Arab sheikhdoms do not even have any possibly feasible options to weigh in dealing with the crisis.

Their anxiety on this count is rooted indeed in the far from convivial historical relationship between the Arabs and the Iranians. The very creation of the GCC (by Bahrain, Qatar, Kuwait, Oman, Saudi Arabia and the United Arab Emirates) in 1981, at the height of the Iraq-Iran war, was informed with the member countries' realisation of their vulnerability in the event of regional hostilities, coupled with the need to protect their new-found oil wealth.

Although separated by the narrow Strait of Hormuz that at its closest point is no more than 34 kilometres wide, the deep differences between Iran and the GCC countries are evident in the row that frequently erupts between the two sides over whether the Gulf waters between them should be called "Persian" or "Arab".

Of the six GCC states, the United Arab Emirates (UAE) is Iran's nearest neighbour across the Gulf.<sup>1</sup> The UAE itself is a federation of seven sheikhdoms (emirates). It is one of the most developed countries in the world, based on various socioeconomic indicators such as GDP per capita, energy consumption per capita,

\*

*Ghani Jafar is Project Consultant/Editor at the Institute of Strategic Studies, Islamabad.* and the human development index. At \$168 billion in 2006, the GDP of the UAE ranks second in the GCC (after Saudi Arabia), third in the Middle East-North Africa region (after Saudi Arabia and Iran), and 38th in the world.<sup>2</sup>

Dubai has the largest population (2.26 million) and the second-largest area (4,114 km<sup>2</sup>) after Abu Dhabi among the seven federating emirates. Almost all of Dubai's population resides in the city by the same name. With UAE nationals making up only 17 per cent of Dubai's population, some one-fourth of its residents claim to have an Iranian origin.<sup>4</sup>

It is, quite understandably, the combination of these factors of geographical proximity and the ethnic mix that makes Dubai both highly relevant and vulnerable to developments in Iran; though not necessarily in the negative sense as shall be seen below.

A reminder of the traditional unease between the Iranians and their Gulf Arab neighbours came in the form of a statement by Iranian Deputy Foreign Minister Manouchehr Mohammadi in late July 2008. He was reported to have opined that, "The next crisis predicted to cover mainly the Persian Gulf is the crisis of legitimacy of the monarchies and traditional systems, which considering current circumstances, cannot go on living."<sup>5</sup>

The GCC secretary general was not pleased. He retorted: "Such suspicious comments do not at all help build trust ... among states of the region. They can only stoke conflicts and drag the region into a cycle of dangerous crises ... Those who believe that the present circumstances enable them to expand and exercise control at the expense of others' interests are mistaken," and that the countries in the Arab grouping "are very disappointed by, and deeply concerned at, such irresponsible remarks and they expect an immediate clarification from Iran of its deputy foreign minister's statement."<sup>6</sup>

At any rate, apart from such underlying lack of amity, a thorny factor of discord emerged between Dubai and Iran subsequent to the British withdrawal from the region in 1971. The dispute here focuses on the conflicting claims of the two sides to the three islands of Abu Musa and the Greater and the Lesser Tunb in the Gulf.

Although the issue would keep cropping up in the past as well, it has come to a head subsequent to Iran's setting up of a maritime rescue office and an office for the registration of ships and sailors on Abu Musa, the only inhabited island among the three, in August 2008.

Along with a spate of claims and counterclaims by Dubai and Iran that still continues unabated, the former first got the support of the GCC to its position on August 16<sup>7</sup> and then of the Arab League as well the very next day.<sup>8</sup> The intensity of acrimony on the score became manifest the following week when the GCC secretary-general compared the Iranian action on Abu Musa with Israeli occupation of Arab land.<sup>9</sup>

As the issue continued to get aggravated, the UAE lodged a complaint against Iran with the United Nations on August 28.<sup>10</sup> While holding fast to its claim, Iran responded by welcoming any move to resolve the “misunderstanding” with the UAE over the three islands.<sup>11</sup>

The Iranian move on the disputed island has thus gone a long way in further straining its relations with Dubai. Not to be overlooked in this context is the large US military presence in Dubai<sup>12</sup> as also in the other GCC States that is a major factor of Iranian concern.

Apart from the island row, the month of August 2008 also brought in its wake a statement by the head of the Iranian Revolutionary Guards that his country could easily close the Strait of Hormuz if attacked over its nuclear programme, a move that could choke off world oil exports.<sup>13</sup> While the Iranian threat was highly disturbing to Dubai and the rest of the GCC states, it was criticised by Kuwait as well, with its foreign minister saying:

“Through such statements, Iranian officials are hinting at punishing the GCC states, which is very strange because the GCC states have supported Iran's right for a peaceful use of nuclear energy and rejected any military action against Iran.”<sup>14</sup>

The GCC countries have, no doubt, continued to oppose military action against Iran; for, quite regardless of whatever consequences that may entail for their neighbour across the Gulf, they are bound to suffer heavily in the crossfire that would ensue in the event. They have, therefore, also ruled out the use of their territory for the launch of any hostilities against Iran.

These Arab countries have, nevertheless, also proceeded to develop nuclear programmes of their own. It was in the March 2006 summit of the Arab League that the organisation's secretary general had first given out a call for the member states to develop their nuclear programmes:

“As the U.N. Security Council debates how to confront Iran over its nuclear activities, the head of the Arab League called on the world's Arab states to pursue ‘peaceful’ nuclear energy programs. Amr Moussa, the secretary-general of the 22nation bloc, said Arab states should ‘enter into the nuclear club and make use of nuclear energy for peaceful purposes with all speed and momentum,’ according to wire service reports from Khartoum...

“Moussa, on a number of occasions, has publicly supported Tehran, saying that the West was employing a double standard by pressuring Iran while turning a blind eye to Israel. (Israel, which has not signed the NPT, is believed to possess nuclear

weapons but has never officially confirmed this.) Nonetheless, Moussa's call in Khartoum came as a surprise, since the Arab League is not united over Iran and the nuclear issue.”<sup>15</sup>

The GCC leaders were not late in heeding Amr Moussa's call to develop their own nuclear programmes. They ordered in their December 2006 summit that a “GCC-wide study be conducted to formulate a joint program in the field of nuclear technology for peaceful purposes, in keeping with international standards and regulations.”<sup>16</sup>

The United States also extended its support to their nuclear quest: “The United States is supporting GCC plans to acquire nuclear technology for peaceful purposes and is ready to cooperate directly with countries in the region, a top US diplomat said here [in Doha] yesterday [on June 5, 2007]. Gregory Schulte, US Permanent Representative to the UN Office in Vienna and the International Atomic Energy Agency (IAEA), said the US has no objections to the GCC plans and is ready to extend support directly and through the IAEA.”<sup>17</sup>

So as not to be left out of these new developments in its Arab neighbourhood, Iran responded by offering its own support to the GCC plans: “Iran can help its Gulf neighbours develop peaceful nuclear energy, the country's foreign minister ... Manouchehr Mottaki was speaking a week after Gulf Arab states meeting in Riyadh began working on a feasibility study for a civilian nuclear programme. ‘Iran, under the supervision of the IAEA, can cooperate with the Gulf countries in offering technology and is serious about it,’ Mottaki told a conference on the Gulf in Tehran, the *ISNA* news agency said.”<sup>18</sup>

The GCC countries have since continued to pursue their nuclear programmes. France, too, came on the scene during its president's visit to the region in January 2008: “France and the United Arab Emirates signed deals during a visit by French President Nicolas Sarkozy for Paris to set up a military base in the UAE and help it develop civilian nuclear energy. A defence agreement inked during the visit to Abu Dhabi calls for 400 to 500 French army, navy and air force personnel to be stationed at the base, said vice admiral Jacques Mazars, who negotiated the deal for France.

“‘The base will be permanent. It will be the first such French base in the Gulf and it will face the Strait of Hormuz,’ the strategic waterway through which much of the world's oil supplies pass, a French presidential source said. Edouard Guillaud, a military aide of Sarkozy, said the military facility will be established in Abu Dhabi, the wealthiest and largest of the UAE's seven emirates, and become operational in 2009.”<sup>19</sup>

Along with that, the UAE is also planning to acquire a US \$ 7 billion antimissile system from the United States “to defend against Iran,” it was reported on September 9, 2008.<sup>20</sup> “Kenneth Katzman, an expert on the Gulf at the Congressional Research Service, said the UAE has been eager for a ‘sophisticated antidote’ to Iran’s missile capabilities.’ The UAE has been concerned for many years about possible retaliation against it for any US or Israeli strike on Iran’s nuclear facilities,’ he said.

“For Iran, Katzman added, the UAE could be an attractive target because of its billions of dollars of infrastructure investments. The ... [missile] system is designed to defend population centers and critical infrastructure among other things.”<sup>21</sup> At the same time, “other countries in the region, such as Kuwait and Saudi Arabia, are also taking precautions against any potential incoming missiles.”<sup>22</sup>

The GCC countries in general and Dubai in the UAE in particular – given the sheikhdom’s geographical and ethnic proximity to Iran, as already pointed out – have at the same time also come to develop considerable socioeconomic stakes in each other to militate against a possible disruption of their mutually beneficial ties.

To focus a bit on the case of Iran-Dubai relations, “Since Western countries placed sanctions on Iran for its nuclear program, Teheran’s trade with members of the Gulf Cooperation Council (GCC) countries has increased fivefold, which explains Iran’s ability to circumvent the sanctions ... Dubai in particular is Iran’s largest re-export partner, exporting to Iran what it has imported from elsewhere ...

“Afshin Molavi, a fellow at the New American Foundation, refers to Dubai as Iran’s ‘lungs’; without Dubai, Iran cannot breathe. For Dubai, on the other hand, the relationship only boosts its already flourishing economy. The UAE imported more US goods in 2006 than any other country in the Middle East, and in the same year, 60 per cent of the trade between Iran and Dubai was in the form of reexports. Frank Lavin, US undersecretary of commerce for international trade, notes that ‘[US] trade is booming because the UAE is booming.’”<sup>23</sup>

According to an Iranian analyst, “It is estimated that there are no fewer than 5,000 companies registered in Dubai alone that are either partly or exclusively owned by Iranians. In fact, some of the large Iranian companies operating in the Gulf States belong to Iranian government departments. It is also estimated that the Iranian private sector alone has transferred more than \$10 billion of its assets to the Gulf States, particularly Dubai.

“The inclination on the part of wealthy Iranians to transfer part of their capital to Dubai has intensified since Mahmoud Ahmadinejad became president three years ago. Every time there are reports of a possible US or Israeli military strike against Iran, additional affluent Iranians decide to transfer funds to the Gulf States.

“The Gulf leaders for their part have implicitly welcomed the flow of Iranian capital to their flourishing economies. They have also encouraged the employment of thousands of Iranian professionals in their countries. Hundreds of Iranian pilots, nurses, computer experts, engineers, technicians, medical doctors, accountants and teachers are employed by companies working in the Gulf States or even by those states’ governments.<sup>24</sup>

There are no easy answers as to how the volatile question of the Iranian nuclear programme will play out in the days ahead and, depending of that, what shape and form the security scenario in the region will take. Nevertheless, as against the dooms day prospects of an American or Israeli attack on Iran in the coming months being bandied about in the media, the possibility of such an eventuality appears highly unlikely for reasons beyond by present scope.

What does remain relevant, however, is to note that, as things stand today, the Gulf sheikhdoms would do their very best not to be sucked into any hostilities against Iran, either directly or indirectly through the use of their territory for the purpose by the United States. They would have too much to lose, should they become a party to any such armed conflict.

## Notes & References

1

Apart from the UAE, the southern flank of the Gulf also includes an enclave of Oman on the northeastern tip of the Arabian Peninsula.

2

<http://www.imf.org/external/pubs/ft/weo/2007/01/index.htm>

3

<http://en.wikipedia.org/wiki/Dubai>

4

Ibid.

5

“GCC chief rips Iran for attacking Arab monarchies”, *AFP*, August 9, 2008.  
[http://www.dailystar.com.lb/article.asp?edition\\_id=10&categ\\_id=2&article\\_id=94914](http://www.dailystar.com.lb/article.asp?edition_id=10&categ_id=2&article_id=94914)

6

Ibid.

7

“GCC chides Iran over facilities on UAE-claimed island”, *AFP*, August 16, 2008.  
[http://afp.google.com/article/ALeqM5jKWFwdIofnq7X\\_3btzLU-y7tfwQ](http://afp.google.com/article/ALeqM5jKWFwdIofnq7X_3btzLU-y7tfwQ)

8

“Arab League urges Iran to stop unilateral move on Abu Musa Island”, *Kuwait News Agency*, August 17, 2008.  
[http://www.gulfinthemedia.com/index.php?id=423159&news\\_type=Top&lang=en](http://www.gulfinthemedia.com/index.php?id=423159&news_type=Top&lang=en)

9

“Arab official: Iran’s presence on Gulf island as unacceptable as Israeli occupation”, *Reuters*, August 21, 2008.  
<http://www.haaretz.com/hasen/spages/1014062.html>

10

11 “Iran welcomes talks to solve UAE misunderstanding over islands”, *AFP*, September 2,  
2008. [http://www.gulfintimedia.com/index.php?id=426461&news\\_type=Top&lang=en](http://www.gulfintimedia.com/index.php?id=426461&news_type=Top&lang=en)

12 Ibid.

13 “The United Arab Emirates [UAE] has provided valuable support to the United States and  
coalition operations in the region, allowing the deployment of aircraft and the use of its  
airspace. This includes facilities for an aerial refueling unit that supports Operation  
Southern Watch as part of UN sanctions against Iraq and liberty privileges for US service  
members at the port of Jebel Ali. Intensive use has been made of commercial ports,  
including about 200 calls a year at the Jebel Ali port in the United Arab Emirates. Other  
important ports [*Mina*] in the UAE are Abu Dhabi, Al Fujairah, Khawr Fakkan, Mina  
Khalid, Mina Rashid, Mina Saqr, and Mina Zayid. The Fujairah to Jebel Ali land link is  
the Navy’s logistics pipeline to the Gulf should the Strait of Hormuz be closed. Cargo  
unloaded at Al Fujairah, on the Gulf of Oman, can be subsequently transported via  
highway to destinations on the Arabian Gulf and hence bypass the need for transit through  
the Strait of Hormuz. <http://www.globalsecurity.org/military/facility/uae.htm>

14 “Iran can easily close key oil route: Jafari”, *Reuters*, August 5, 2008.  
[http://www.gulfintimedia.com/index.php?id=420872&news\\_type=Top&lang=en](http://www.gulfintimedia.com/index.php?id=420872&news_type=Top&lang=en)

15 “Hormuz closure to punish Gulf: Kuwaiti FM”, *Kuwait Times*, August 6, 2008.  
[http://www.gulfintimedia.com/index.php?id=421086&news\\_type=Top&lang=en](http://www.gulfintimedia.com/index.php?id=421086&news_type=Top&lang=en)

16 <http://www.cnsnews.com/ForeignBureaus/Archive/200603/FOR20060329a.html>

17 “GCC to develop civilian nuclear energy”, Raid Qusti, *Arab News*, December 11, 2006.  
<http://www.arabnews.com/?page=1&section=0&article=89863&d=11&m=12&y=2006>

18 <http://archive.gulfnews.com/articles/07/06/06/10130340.html>

19 <http://archive.gulfnews.com/articles/07/05/28/10128360.html>

20 [http://www.gulfintimedia.com/index.php?id=373336&news\\_type=Top&lang=en](http://www.gulfintimedia.com/index.php?id=373336&news_type=Top&lang=en)

21 “US plans \$ 7 billion missile-defense sale to UAE”, *Reuters*, September 9, 2008.  
[http://www.gulfintimedia.com/index.php?id=427886&news\\_type=Top&lang=en](http://www.gulfintimedia.com/index.php?id=427886&news_type=Top&lang=en)

22 Ibid.

23 “US mulls selling \$ 7 billion defense system to UAE”, *The Jerusalem Post*, September 9,  
2008.  
[http://www.jpost.com/servlet/Satellite?cid=1220802293519&pagename=JPost%2FJP  
Article%2FShowFull](http://www.jpost.com/servlet/Satellite?cid=1220802293519&pagename=JPost%2FJP<br/>Article%2FShowFull)

24 Claudia Schwartz, “Dubai helps Iran dodge sanctions”, *The Jerusalem Post*, September 9,  
2008.  
[http://www.jpost.com/servlet/Satellite?cid=1220802289912&pagename=JPost%2FJP  
Article%2FShowFull](http://www.jpost.com/servlet/Satellite?cid=1220802289912&pagename=JPost%2FJP<br/>Article%2FShowFull)

Sadegh Zibakalam, “For Iran and the Gulf States, a pretty good deal”, *Daily Star*,  
Lebanon, July 29, 2008.

[http://www.dailystar.com.lb/article.asp?edition\\_id=10&categ\\_id=5&article\\_id=94614](http://www.dailystar.com.lb/article.asp?edition_id=10&categ_id=5&article_id=94614)