1. Introduction

1.1. Definition of Geopolitics

Swedish political scientist Rudolf Kjellen first used the term geopolitics in 1899. He believed that the economic, political and military characteristics of nations derived from their physical features and environmental influences. He examined the political influence of natural resources, such as oil, and human resources, such as population.

“A simple definition of Geopolitics is to study the impact of geography on relations between nations.”

1.2. Geopolitics of the Persian Gulf Region

To understand the geopolitics of the region, the political impacts of geographical aspects, such as history, territory, religion, ethnic groups, military power, economy and natural resources should be studied. All of these aspects have a very strong impact on the geopolitics of the regional states. From the geopolitical point of view, the sources of potential for internal conflict; which is present in the region, are mainly religion and ethnic diversity. Pressures for more representative forms of government are increasing and may become serious as monarchs’ abilities to satisfy the needs and desires of their subjects are reduced. Other internal pressures created by population makeup and economic difficulties are posing interesting challenges.

Geopolitical consideration of the Persian Gulf region trends to revolve around petroleum. The complexity of the Persian Gulf region’s landscape and life can perhaps best be summarized by a series of paradoxes. Above all, within the apparent unity of the region, there is great diversity. Culture, religion, language, climate, desert landscapes, the vital relationship with water and availability of oil money are all, to a greater or lesser degree, unifying factors. However, none is homogenous or monolithic.

1.2.1. History

The Persian Gulf is witness to thousands of years of civilisation, war, success and tragedy. The Persian Gulf is a waterway that stretches far back into history. It was from its shores that the mighty Persian Empire; the world’s first and greatest civilisation, rose. By its shores, the ships of the ancient world traded, and paid homage to the mighty Empire for whom this Gulf was named. When the armies of the Macedonian King Alexander rampaged through the Orient, he stopped at the Persian Gulf, and believed it to be the end of the world.

For most of the history of human settlement in the Persian Gulf the southern side was ruled by nomadic tribes. During the 7th century the Sassanid Empire conquered the whole of the

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1 Encarta, Encyclopedia
Persian Gulf. Between 625 BC and 226 AD the northern side was dominated by the Median, Achaemenid, and Parthian empires. After the fall of the Parthian Empire, the Sassanid Empire ruled the northern half and at times the southern half of the Persian Gulf.

In 16th century, Portuguese dominated the most part of the region. Since 1763 to 1971, some of the Gulf States were under the varying degree of Britain political control. Before the Britain withdrawal of the region in 1971, the Gulf of Aden was more important than Persian Gulf; that was being ruled by British Empire and was under complete dominant of that. But since the Britain withdrawal, and after the outbreak of Iran-Iraq War in 1980, the region has become more important and been the scene of the struggles of regional as well as extra-regional powers to form regional order. As another example, it could be stated that the Strait of Hormuz had no geopolitical or geostrategic importance before the presence of Portuguese sailors. These prove that geopolitical importance of a region is being changed due to history.

1.2.2. Territory

Before the oil era, the Persian Gulf States made little effort to delineate their territories. Members of Arab tribes felt loyalty to their tribe or Sheikh and tended to roam across the Arabian Desert according to the needs of their flocks. Official boundaries meant little, and the concept of allegiance to a distinct political unit was absent. Organized authority was confined to ports and oases. The delineation of borders began with the signing of the first oil concessions in the 1930s. The national boundaries had been defined by the British, but many of these borders were never properly demarcated, leaving opportunities for contention, especially in areas of the most valuable oil deposits. Until 1971, British-led forces maintained peace and order in the gulf, and British officials arbitrated local quarrels. After the withdrawal of these forces and officials, old territorial claims and suppressed tribal animosities rose to the surface. The concept of the modern state, introduced into the Persian Gulf region by the European powers, and the sudden importance of boundaries to define ownership of oil deposits kindled acute territorial disputes.

The territorial disputes among the regional states have been the cause of skirmishes, conflicts and even wars in this strategic region. Somehow the extra-regional states, such as USA, have been involved and played an important role. Some of the existing territorial disputes may be altered to another conflict in the future. The researcher has explained most important existed disputes in coming parts, in details.

1.2.3. Population

By studying the population of the region, one can easily find the diversity factors, such as religion and ethnic diversifications.

In the religion case, there is a long-stand deep diversity between Sunni and Shiite faiths of Islam. Some of the Gulf monarchies face potential threats to political stability. Although some, such as Bahrain and Saudi Arabia, have experienced open unrest since the 1991 Gulf war,
virtually all of the governments appear to be firmly in power. Several are undergoing leadership transitions, and some are gradually opening up their political processes, in part to help them cope with the challenges of modernization and globalization. The Gulf leaders undertaking these steps hope that political liberalization will ensure stability, although some fear that this process could backfire by empowering Islamic extremists and providing the Islamists a platform to challenge the incumbent regimes.

The region contains various kinds of ethnic groups such as Persian, Arab and Kurd. The diversification of interests among them, sometimes, causes conflict. The conflict between Gulf States, and between Arabs and Persians, is a product not so much of imperialist interference, or of long, millennial or atavistic, historical antagonisms, but of two interrelated; modern processes of state formation and the rise of nationalism. This is visible in the nature of the psychological gap that divides Arabs from Iranians: one of the most enduring features of the strategic situation in the Persian Gulf is the gap, as much psychological and cultural, as economic, military or political, between the Arab and Iranian perceptions of the region.

Map 2.1.: Shiite Population of the Region*#

# Darker green Indicates Shiite Population of the Region
1.2.4. Military Power
The relationship between naval and terrestrial capabilities of a state, especially a state with long coastal areas and borders, is a part of its geopolitics. The long and disputed borders of some of the regional states, plus avoiding the hostile states to threaten the security and stability of the states are the reasons that most, if not saying all, of the Gulf States strengthen their military forces. Many of them have signed defense pacts with the powerful states, such as USA.

1.2.5. Economy
The Persian Gulf, along with the Silk Road was very important for trading in the Persian Sassanid Empire era. The Persian Gulf region, since the ancient time, has been benefited economically from its strategically important ports. These ports have made the region one of the centers of the world’s trade. Some of the regional states, such as Qatar and UAE, are amongst the world’s fastest growing GDP; Gross Domestic Product. At the same time the Gulf States are coping with political change which has direct impact on their economy. All the regional states are economically depend on their oil and gas resources and have to plan for their future without oil. Some are taking steps to reform their economies and to shore up their key asset, energy resources, by inviting foreign investment in that sector. A sharp oil price decline in 1997-1998 prompted the Gulf monarchy states to re-evaluate their longstanding economic weaknesses, particularly the generous system of social benefits they provide to their citizens.

1.2.6. Natural Resources
According to USA Energy Information Administration report in 2006, the eight countries around the Persian Gulf possess about two thirds of the world’s proven reserves of oil, and produce about 28% of the world’s oil supply. The Persian Gulf and its coastal areas are the world’s single source of crude oil and related industries dominate the region. In the region, Saudi Arabia and Iran are first and second, respectively, in proven reserves. Iraq, which is relatively unexplored and in which new energy exploration was barred by UN sanctions, might ultimately be proven to hold more oil than does Saudi Arabia.
Gas is an increasingly important source of energy for Asian and European countries. Iran and Qatar, respectively, have the second and third largest reserves of natural gas in the world, after Russia. Large gas finds have also been made with Qatar and Iran sharing a giant field across the territorial waters “Median Line”\(^2\) (North Field in the Qatari sector; South Pars Field in the Iranian sector). Using this gas, Qatar has built up a substantial liquefied natural gas (LNG) and petrochemical industry.

\(^2\) The line which divides the surface of water is called Territorial Median Line or Median Line.
Difficulties in the discovery and transportation of oil and gas from the Central Asian/Caspian Sea countries ensure that the Gulf region will almost certainly be a major source of energy well into the 21st century, although many experts increasingly see the Central Asia/Caspian countries and Russia as energy sources likely to rival the Persian Gulf. Within the complexity, there is often an awe-inspiring simplicity. The complexities of an increasingly urban lifestyle remain dependent upon one simple resource, water. Some of the regional states face water scarcity and have to somehow solve the problem, by importing water purification technology or even importing drinking water from other countries. For example in Qatar, water scarcity is identified as the main problem. In the absence of permanent surface water, agriculture is almost entirely dependent on irrigation from pumped groundwater. Further, with increasing urban and rural development, groundwater pollution is a clear probability. By and large, similar considerations apply to most countries in the region.

2. Geopolitics of the Regional States

2.1. Geopolitics of Bahrain

2.1.1. History

Bahrain entered recorded history about 5,000 years ago as a commercial trading centre. Bahrain, Known in ancient times as Dilmun, was an important centre of trade by the 3rd millennium BC. The islands were ruled by the Persians in the 4th century AD and were included in Persian Empire by Achaemenians, an Iranian dynasty. It was ruled by Arabs until 1541, when the Portuguese invaded them. Portuguese rule lasted for nearly 80 years, during which they depended mostly on Sunni Persian governors. In 1602 Persia again claimed Bahrain and the Portuguese were expelled from the islands by Shah Abbas, the First, of the Safavid dynasty of Iran, who instituted Shiite as the official religion in Bahrain. The Iranian rulers retained sovereignty over the islands, with some interruptions, for nearly two centuries. For most of that period, they resorted to governing Bahrain indirectly, either through Hormuz or through local Sunni Arab clans, such as the Huwala. During this period, the islands suffered two serious invasions by the Ibadhis of Oman in 1717 and 1738. In 1753, the Huwala clan of Al Madhkur invaded Bahrain on behalf of the Iranians, restoring direct Iranian rule. The Al Khalifa family gained control in 1783 and has ruled since that date. British assistance was sought to retain independence and from 1861 until 1971 Bahrain was in all but name a British protectorate.

In 1970, Iran laid claim to Bahrain and the other Persian Gulf islands. However, in an agreement with the United Kingdom it agreed ‘not to pursue’ its claims on Bahrain if it’s other claims were realized. The following plebiscite saw Bahrainis confirm their Arab identity and independence from Britain. Bahrain did not gain full independence until August 14th, 1971.
A constitution was ratified in June 1973 providing for a National Assembly of 30 members, popularly elected for a four-year term, together with all members of the cabinet (appointed by Amir). However, in 1975 the National Assembly was dissolved and the Amir began ruling by decree. The Amir, Sheik Isa Ibn Sulman al-Khalifah, died in 1999 after four decades of ruling. He was succeeded by his son, Sheik Hammed Ibn Isa Al-Khalifah, who gave himself the title of king but also began a sweeping democratization of the country; censorship has been relaxed and draconian laws repealed.

In a referendum in February 2001, which permitted women to vote for the first time, Bahrainis overwhelmingly supported the transformation of the traditional monarchy into a constitutional one. “Bahrain became a kingdom, with the Amir proclaiming himself king in February 2002.”

In October 2002, Bahrain had its first parliamentary election since 1973.

The government type is constitutional monarchy. It formerly was considered a State and officially called a ‘Kingdom’.

2.1.2. Territory

Bahrain is the 193rd largest country in world, 3.5 times the size of Washington, DC and slightly greater than Singapore.

It measures 720 square kilometres about 48 km from north to south and 16 km from east to west. The capital of Bahrain is Manama.

Bahrain does not share a land boundary with another country but has a 161 km coastline and claims a further 22 km of territorial sea and a 24 km contiguous zone. Seas around Bahrain are very shallow, heat up quickly in the summer, and produce high humidity.

The Kingdom of Bahrain forms a flat archipelago of 33 low-lying islands in the Persian Gulf, between the Qatar peninsula and the mainland of Saudi Arabia. The islands are mostly deserted, “only about 2.82%” of these islands are arable, and most of the population lives in or near Manama, the capital. Desert constitutes 92% of Bahrain, and periodic droughts and dust storms are the main natural hazards for Bahrainis.

Desertification is one of the biggest environmental issues that Bahrain faces because of the small percentage of arable land; coastal degradation is also an issue resulting from oil spills, and industrial wastes.

It is important to mention that the main tanker routes from all of the four key oil states; Saudi Arabia, Iran, Iraq and Kuwait, pass near Bahrain. This is also another significant security concern which has arisen from its location in the Persian Gulf region. Any instability in oil transporting, such as happened during Iraq-Iran War; Tanker War, may threaten Bahrain’s security.

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3 Statesman’s Year Book (2008) P.171
4 CIA World Fact Book 2005/ Bahrain
A causeway, King Fahd Causeway, links Bahrain with Saudi Arabia which is geopolitically significant. It is a four-lane road with 28 kilometres length. The King Fahd Causeway or Bahrain Causeway is a bridge connecting Khobar, the Eastern Province of the Kingdom of Saudi Arabia on the Persian Gulf and Bahrain.

A construction agreement signed on 1968 led to construction beginning the same year. The construction continued until 1986. The causeway officially opened for use in November 1982. The project, completely financed by Saudi Arabia, cost a total of US$ 1.2 billion.

The causeway means that Bahrain is no longer insulated from the Arabian Peninsula. The manner in which each country chooses to use the causeway, will dictate its long-term effect.
If Bahrain becomes, like so many offshore islands in a similar position, the centre for various forms of illicit activities, then relation with the Saudi Arabia will sour. The impacts of such kinds of relations between two states are imaginable.

Another causeway between the two Gulf States of Qatar and Bahrain is being discussed. The Qatar-Bahrain Bridge or Qatar-Bahrain Friendship Bridge is a long-discussed bridge. The link will be about 40 kilometers long. It was announced on December 13th, 2008, that construction would start in early 2009. In January 2009, discussions were entered into to lesser the gradient of the bridge to make it more suitable for rail traffic.

Map 2.3.: The King Fahd Causeway between Bahrain and Saudi Arabia*

*Source: World Atlas

2.1.3. Population; Religious and Ethnic Groups

Bahrain has long been a location of settlement for the many ethnic, cultural and religious groups that inhabit the region.
According to the World Fact Book (2007), Bahrain is the 158th most populous country in the world, with about 708,573 people, an increase of 2.87% over 2005. In 2007 population growth rate was estimated 1.392%. “The UN has given a projected population for 2010 of 791,000.”

Arabic is the official language and English is widely used in business.

2.1.3.1. Religion

Islam is the state religion which the majority of the population practices. However, due to an influx of immigrants and guest workers from non-Muslim countries, such as India, Philippines and Sri Lanka, the overall percentage of Muslims in the country has declined in recent years. Only three countries in the world have Shiite Muslim majorities: Iran, Iraq and Bahrain. Tiny Bahrain remains the only country in the world where a Shiite majority is led by a Sunni minority.

The unrest is naturally of great concern to the ruling Sunni elite in Bahrain, the Al Khalifa family, which has ruled the country since 1783, though not always autonomously. It’s also of concern to Bahrain’s neighbours: Kuwait to the north, Saudi Arabia to its west, and Qatar and the United Arab Emirates to its east and south. Each of these countries has restless Shiite minorities of its own. Sunni Arabs are relatively recent arrivals in Bahrain. Most came two hundred years ago with arrival of the ruling al-Khalifa family. Many of these Sunni Arabs, like the ruling family, came originally from Najd in the middle of the Arabian Peninsula.

Shia, which came to Bahrain in 1500, is the island’s dominant religion. Between two thirds and three quarters of the Shiite population is native in origin, the remainder being of Iranian descent. This division is social as well as cultural. The Iranian Shiite, known as Ajam, is well represented in the middle class professions and politically inactive. They see their relative privilege as contingent on the good will of the ruling Sunni al-Khalifas and are reluctant to jeopardize their position. Their native counterparts, known as Baharna, occupy the lowest strata of society and constitute ninety per cent of the labour force. The two communities inhabit separate districts and there is little intermarriage between them.

The Baharna, defining themselves in opposition to the Ajam as well as ruling Sunnis, have retained a strong Arab identity. Despite the segregation of the two communities, antagonism arose in the 1950s and 60s as the schism between conservatives and Arab nationalists came to mark not only a division between Arab and Persian, but between rich and poor across the Arab world.

The huge influx of oil wealth after 1973 had widened the gap between rich and poor, while the revolution in Iran spread radical Shiite across the Arab world. When the Iranian revolution broke out in 1979, massive demonstrations in support of Iran broke out in Bahrain, with Shiite leaders demanding that Bahrain, like Iran, be proclaimed an Islamic Republic.

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5 Statesman Year Book (2008) P.171
Generally, the Sunni-Shiite balance in the population provides grounds for continuing internal unrest.

2.1.3.2. Ethnic Groups
According to the World Fact Book (April 2009), 62.4% of population are Bahrainis and 37.6% are non-Bahrainis. Bahrain has transformed into a cosmopolitan society with mixed communities which include immigrants and guest workers. As much as one-third of the people are non-nationals, mainly foreign workers from Asia (19 percent) or other Arab countries (10 percent). Some 8 percent of the population is of Iranian descent. The growth of non-Bahraini population was around 3.76% in 2006. The non-Bahraini population is growing at a much faster rate than the Bahraini population in Bahrain. The Financial Times published on May 31st 1983 found that “Bahrain is a polyglot state, both religiously and racially. Leaving aside the temporary immigrants of the past ten years, there are at least eight or nine communities on the island.”6

Comprehensive health care is provided to all population. Wide range of preventive, curative and rehabilitative services are available to all population free of charge to Bahrainis and heavily subsidizes to non-Bahrainis. Primary health care is the cornerstone of the public health services.

“Bahrain has been criticised by human rights activists for its track record on combating racial discrimination.”7 Weak legislation, double standards within the system, a lack of public awareness campaigns and an absence of the standard from the national curriculum are just some of the reasons given. They also accused Bahrain of failing to implement all articles of the International Convention on the Elimination of All Forms of Racial Discrimination, which it signed back in March 1990.

The criticisms are spelled out in a shadow report submitted to the United Nations (UN) by members of the now-dissolved Bahrain Centre for Human Rights (BCHR) and the International Federation for Human Rights. They also criticised the process of obtaining Bahraini citizenship because of distinctions between Arab and non-Arab applicants; the fact that a Bahraini woman cannot pass on her nationality to her child if she marries a foreigner; and alleged discrepancies in awarding passports to foreigners depending on their gender. It also criticises the treatment of foreign workers, whose lives may differ considerably depending on where they come from. This is especially true for domestic workers, such as housemaids, who are not even covered by the Labour Law, the report of mentioned human right activists says.

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6 “Bahrain Country Profile”, All’o Expat Bahrain, January 2nd, 2006
2.1.4. Military Power
With an active military forces membership of 11,000, Bahrain has a small army supported by a very small navy and air force called the Bahrain Defense Force (BDF). Minimum 18 years of age is required for voluntary military service. The crown prince is Commander in Chief of the armed forces.
It is a small, but effective force. However in any major emergency it would require support which is available from the USA and the EU. Originally, Britain provided the major military support for Bahrain; a series of treaties in the 19th century gave Britain control over Bahrain’s defence and foreign affairs, but this role has been superseded by the USA. The BDF is primarily equipped with US equipment.
The Iran-Iraq War (1980-1988) brought further instability to the region. Concern over possible escalation of the war prompted fears about the weakness of Bahrain’s military. Bahrain joined other Arab nations of the region, funding the Gulf Cooperation Council (GCC) in 1981, thereby receiving assistance with intelligence monitoring and gaining approval from the other member states to purchase weapons from the United States.
In 1987 Bahrain provided vital facilities for US naval forces escorting Kuwaiti vessels through the Persian Gulf to shield them from possible attack by Iran, which accused them of carrying Iraqi oil. It also played a key role in supporting naval vessels of the United States and other countries operating against Iraq during the Persian Gulf War (1991). In 1991 and 1994 Bahrain solidified its security arrangements with the United States, confirming its role as an American support base in the region.
Since October 1991, the Government of Bahrain has a cooperative agreement with the United States Military and has provided the United States a base in Juffair since the early 1990s. This is the home of the headquarters for Commander, United States Naval Forces Central Command (COMUSNAVCENT) / United States Fifth Fleet (COMFIFTHFLT), and about 1500 US and coalition military personnel.
Bahrain has been an important Western ally, serving as a Western air base during the Persian Gulf War in 1991 and the Iraq War in 2003. Tensions between the US and Iran are a concern for local and regional politics, but Bahrain’s firm alliances with Saudi Arabia and the US mitigate the risks.
2.1.5. Economy
Situated along major Arabian and international trade routes between Asia and the West, the Kingdom has, for millennia, served as an important port and centre of business.
Geopolitically, Bahrain is a micro-state with certain indigenous problems, but a sound economy. It is chiefly of global significance for its location which is highly strategic and which ensures external support if problems arise. The major geopolitical issues result from this
location which means that Bahrain is always likely to be implicated in any Persian Gulf States over oil.

Bahrain has benefited from being an offshore island, developed early as a trading centre. This has allowed it to diversify its industry and commerce in the light of the decline in its oil resources. The economic strength of Bahrain was built upon oil resources which were exploited early and are now in sharp decline. Bahrain is actively pursuing the diversification and privatization of its economy to reduce the country’s dependence on oil. This diversification has been successful, supplemented by services such as offshore banking and tourism. In the future, “Bahrain might develop a Singapore- or Hong Kong- type status.”

With its highly developed communication and transport facilities, Bahrain is home to numerous multinational firms with business in the Gulf. Bahrain and the USA implemented a Free Trade Agreement (FTA) in August 2006, the first FTA between the USA and a Gulf state.

The United Nations Economic and Social Commission for Western Asia found in January 2006, that in a region experiencing an oil boom, Bahrain has the fastest growing economy in the Arab world. Bahrain also has the freest economy in the Middle East according to the 2006 Index of Economic Freedom published by the Heritage Foundation/Wall Street Journal, and is twenty-fifth freest overall in the world.

In 2008, Bahrain was named the world’s fastest growing financial center by the City of London’s Global Financial Centers Index. Bahrain had been witnessing strong private/foreign participation over the past few years. The main reason that the foreign companies have looked Bahrain as the place to enter the region is primarily for its geographical environment, well-regulated authorities and low cost factor in setting up operations.

The global financial shakeup in the second half of 2008 jolted GCC markets and Bahrain was no exception. Bahrain market declined by 33.5% in 2008 compared to a rise of 26.5% in 2007.

The major impact was felt in the second half of 2008 when commodity prices started to fall as recession fears loomed over the developed economies thereby forcing the high-growth GCC economies including Bahrain to slow down. The global financial crisis has brought an end to a prolonged oil boom in the Gulf including Bahrain and has reversed years of strong economic performance and massive fiscal surpluses.

2.1.6. Natural Resources

Facing declining oil reserves, Bahrain has turned to petroleum processing refining and has transformed itself to an international bank centre, thus has acquired a greater commercial and strategic importance.

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One major potential geopolitical weakness of Bahrain is its dependence on Saudi Arabia, not only for petroleum and oil refining but also more particularly for water.

Bahrain never had any difficulties concerning water scarcity, usage, distribution etc. but after urbanization, change in climate and rapid increase of population all contributed into creating difficulties. There were plenty of water springs that people used to rely on, but now with urbanization the government was obliged to cut down trees and claim agricultural land. This coupled with climate change have contributed to the drying out of the springs.

“Bahrain and its neighbours could face a potential security crisis unless they take steps to protect their diminishing water resources also there could be serious threat if the region does nothing to ensure there is enough water to go round.”

Bahraini Works Minister Fahmi Al Jowder, who is also in charge of the Electricity and Water Authority, said in a conference held in Ritz-Carlton Bahrain Hotel in April 11th, 2009. "The Middle East and the GCC countries in particular are considered to be amongst the worst areas that suffer from scarcity of water resources", he added.

It is worth mentioning that Bahrain is comparatively less dependent on oil compared to other Gulf Cooperation Council (GCC) countries. So, in other words, Bahrain will be the less vulnerable if the oil prices start dropping in near the future.

2.2. Geopolitics of Iran

2.2.1. History

With thousands of years of recorded history, and due to an unchanging geographic (and subsequently geopolitical) condition, Iran has had a long, varied, and checkered culture and history.

Iran is home to one of the world's oldest continuous major civilizations, with historical and urban settlements dating back to 4000 BC. The Medes unified Iran as a nation and empire in 625 BC.

Achaemenid Empire (550–330 BC) was the first of the Persian Empires to rule over Middle East, Greece and Central Asia. In 552 BC Cyrus led his armies against the Medes and captured Ecbatana in 549 BC, effectively conquering the Median Empire and also inheriting Assyria. Cyrus later conquered Lydia and Babylon. Cyrus the Great created the Cyrus Cylinder, considered to be the first declaration of human rights and was the first king whose name has the suffix ‘Great’. Their greatest achievement was the empire itself. “The Persian Empire represented the world's first superpower.”

It was based on a model of tolerance and respect for other cultures and religions.

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9 Gulf Daily News, the Voice of Bahrain, April 11th, 2009
10 www.encyclopedia.com
They were succeeded by the Seleucid Empire, Parthian and Sassanid which governed Iran for more than 1000 years, during which the Zoroastrian religion took hold. Arabian armies defeated the Sassanid in 641 AD and spread Islam in Persia. The Islamic conquest of Persia (633–656) and the end of the Sassanid Empire was a turning point in Iranian history. Islamization in Iran took place during 8th to 10th century and led to the eventual decline of the Zoroastrian religion in Persia. The Islamization of Iran was to yield deep transformations within the cultural, scientific, and political structure of Iran's society: The blossoming of Persian literature, philosophy, medicine and art became major elements of the newly-forming Muslim civilization. Inheriting a heritage of thousands of years of civilization, and being at the 'crossroads of the major cultural highways', contributed to Persia emerging as what culminated into the 'Islamic Golden Age'. During this period, hundreds of scholars and scientists vastly contributed to technology, science and medicine, later influencing the rise of European science during the Renaissance. Sunnism was dominant form of Islam in most part of Iran from the beginning until rise of Safavi Empire. Sunni Islam was more than 90% of population of Persia before Safavi dynasty. Safavi dynasty (1502-1736) established the Shia sect of Islam as the state's region. As summarized by Seyyed Hussein Nasr: "If the Achaemenian period is the golden age of Persia politically and the Sassanid period in administration, city planning and architecture, the first centuries of the Islamic period are without doubt the golden age of Iranian history in the domain of the sciences, particularly medicine and mathematics. To this period belong those Persian scientists who stand among the foremost stars in the firmament of the history of science to this day."11

Qajar dynasty ruled Persia from 1779 to 1921. By the 17th century, European countries, including Great Britain, Imperial Russia, and France, had already started establishing colonial footholds in the region. Iran as a result lost sovereignty over many of its provinces to these countries via the Treaty of Turkmenchay, the Treaty of Gulistan, and others. A new era in the history of Persia dawned with the Constitutional Revolution of Iran against the Shah in the late 19th and early 20th century. The Shah managed to remain in power, granting a limited constitution in 1906 (making the country a constitutional monarchy). The first Majlis (parliament) was convened on October 7th, 1906. Following a bloodless coup in 1921, Reza Khan began his rise to power. He was crowned Reza Shah Pahlavi in 1925. During World War II, Iran was a vital oil-supply source and link in the Allied supply line for lend-lease supplies to the Soviet Union. British and Indian forces from Iraq and Soviet forces from the north occupied Iran in August 1941. In September, responding to Iran’s support for

Germany in the Second World War, the Allies forced Reza Shah to abdicate in favour of his son, Mohammad Reza Shah, who was sworn in on September 17th 1941. Soviet troops did not withdraw from Iran proper until May 1946 after receiving a promise of oil concessions. The Soviet republics in the north were soon overthrown and the oil concessions were revoked.

Known as Persia until 1935, Iran became an Islamic Republic in 1979 after the ruling monarchy was overthrown and Mohammad Reza Shah Pahlavi was forced into exile. Foreign relations played as large a role as internal politics in shaping the new republic. The movement against the Shah had also been a movement against US involvement in Iran. In September 1980, Iraq launched a surprise invasion of Iran. Iraq wanted to prevent the new Iranian republic from inciting Iraqi Shiites to rise up against the Sunni Iraqi regime. The war, which continued until August 1988 when both states accepted the terms of an UN-mediated ceasefire agreement, took a toll on Iran.

According to the World Fact Book, 2007, Iran has some international disputes as follows: Iran protests Afghanistan’s limiting flow of dammed tributaries to the Helmand River in periods of drought, Iraq’s lack of a maritime boundary with Iran prompts jurisdiction disputes beyond the mouth of the Shatt al Arab in the Persian Gulf, Iran and UAE dispute over Tunb Islands and Abu Musa Island which are occupied by Iran, Iran standing alone among littoral states in insisting upon a division of the Caspian Sea into five sectors and last but not least, the Iran’s disputed nuclear program.

2.2.2. Territory

Iran is the 18th largest country in the world. It measures (including inland waters) 1,684,195 square kilometres which means that its territory is larger than the combined territories of France, Germany, the Netherlands, Belgium, Spain and Portugal. Iran is bounded in the north by Armenia, Azerbaijan, the Caspian Sea and Turkmenistan, east by Afghanistan and Pakistan, south by the Gulf of Oman and the Persian Gulf, and west by Turkey and Iraq. The capital is Tehran.

Iran’s land boundaries are 5440 km; Afghanistan 936 km ,Armenia 35 km, Azerbaijan-proper 432 km, Iraq 1458 km ,Pakistan 909 km, Turkey 499 km, Turkmenistan 992 km.

Iran is defined by its mountains, which form its frontiers, enfold its cities and describe its historical heartland. Iran’s most important mountains are the Zagros. They are a southern extension of the Caucasus, running about 900 miles from the north-western border of Iran, which adjoins Turkey and Armenia, southeast toward Bandar Abbas on the Strait of Hormuz. The centre of Iran consists of two desert plateaus that are virtually uninhabited and uninhabitable. The eastern boundary of Iran marks the eastern edge of the Middle East, while its western boundary with Iraq defines the edge of the Arab World. Although it is in a sense peripheral, it is highly influential in that it provides the Middle Eastern links with the Trans-
Caucasus, Central Asia and the Indian subcontinent. The boundary with Iraq, certainly at its southern extent along the Shat Al Arab, has been of major geopolitical significance. Iran is a fortress. Surrounded on three sides by mountains and on the fourth by the sea, with a wasteland at its centre, Iran is extremely difficult to conquer. This was achieved once by the Mongols, who entered the country from the northeast. The Ottomans penetrated the Zagros Mountains and went northeast as far as the Caspian but made no attempt to move into the Persian heartland.

Map 2.4.: Iran*

*Source: PBS Organization

For most countries, the first geographical imperative is to maintain internal cohesion. For Iran, it is to maintain secure borders, and then secure the country internally. Without secure borders, Iran would be vulnerable to foreign powers who would continually try to manipulate
its internal dynamics, destabilize its ruling regime and then exploit the resulting openings. Iran must first define the container and then control what it contains.

Its Coastline on the Persian Gulf and Gulf of Oman is 2440 km. Iran also borders the Caspian Sea with the coastline of 740 km.

Its most important port, Bandar Abbas, is located on the Strait of Hormuz. There are no equivalent ports along the Gulf of Oman. Iran is not a major maritime or naval power. It is and always has been a land power.

In the past, Iran benefited from the many trade routes that crossed its territory. Now it finds itself sitting astride the two great energy emporiums of the world: the Persian Gulf and the Caspian Sea. It is in many ways the linchpin of the region.

Even if Iran had not oil and gas of its own, this simple geopolitical reality would make it difficult to ignore.

2.2.3. Population; Religious and Ethnic Groups

Iran with 66,429,284 (July 2009 estimation) populations is 18th populous country in the world. 58% of them speak Persian and Persian dialects, 26% Turkish and Turkish dialects, 9% Kurdish, 2% Luri, 1% Baluchi, 1% Arabic and 3% other languages.

Iran is a nation of about 70 million dwellers. Even its biggest city, Tehran, is in the foothills of towering mountains. Its population is in a belt stretching through the Zagros and Elburz mountains on a line running from the eastern shore of the Caspian to the Strait of Hormuz. There is a secondary concentration of people to the northeast, centred on Mashhad. The rest of the country is lightly inhabited and almost impassable because of the salt-mud flats.

2.2.3.1. Religion

The official religion is the Shiite branch of Islam. Iranian people are; Muslim 98% (Shiite 89%, Sunni 9%), other includes Zoroastrian, Jewish, Christian, and Baha’i 2%.

Iran is divided between the vastly dominant Shiite and the minority Sunnis, who are clustered in three areas of the country; the northeast, the northwest and the southeast. Any foreign power interested in Iran will use these ethno religious groups to create allies in Iran to undermine the power of the central government.

Iranian Sunni Muslims are the largest religious minority. The majority of Kurds, virtually all Baluchis and Turkmen, and a minority of Arabs are Sunnis, as are small communities of Persians in southern Iran and the region of Khorasan. Generally speaking, Iranian Shias are inclined to recognize Sunnis as fellow Muslims, but as those whose religion is incomplete. The Constitution provides Sunni Muslims a large degree of religious freedom, although it forbids a Sunni Muslim from becoming President. Sunni Muslims claim that the government discriminates against them; however, it is difficult to distinguish whether the cause for discrimination is religious or ethnic, since most Sunnis are also ethnic minorities. “Sunnis cite
the lack of a Sunni mosque in Tehran, despite the presence of over 1 million Sunnis there, as
a prominent example of this discrimination.\textsuperscript{12}

In towns with mixed populations in West Azerbaijan, the Persian Gulf region and Baluchistan-
Sistan, tensions between Shiites and Sunnis existed both before and after the Islamic
Revolution of Iran. Religious tensions have been highest during major Shiite observances,
especially Moharram.

Thus, any Persian or Iranian government has as its first and primary strategic interest
maintaining the internal integrity of the country against separatist groups. It is inevitable,
therefore, for Iran to have a highly centralized government with an extremely strong security
apparatus. For many countries, holding together its ethnic groups is important. For Iran it is
essential because it has no room to retreat from its current lines and instability could
undermine its entire security structure. Therefore, the Iranian central government will always
face the problem of internal cohesion and will use its army and security forces for that
purpose before any other.

2.2.3.2. Ethnic Groups

Although with a population that is 55 to 60 percent ethnically Persian, Iran is divided into a
large number of ethnic groups. By 2008 the main ethnic groups in Iran remained the Persians
(65 percent). Other groups have been the Azerbaijani Turks (16 percent), Kurds (7 percent),
Lurs (6 percent), Arabs (2 percent), Baluchis (2 percent), Turkmens (1 percent), Turkish tribal
groups such as the Qashqai (1 percent), and non-Persian, non-Turkic groups such as
Armenians, Assyrians and Georgians (less than 1 percent).

Roughly one out of every four Iranians is Azeri, making it Iran’s largest ethnic minority at over
18 million, some Azeris put the number higher. The Turkish-speaking Azeri community is
predominantly Shiite and resides mainly in northwest Iran along the border with Azerbaijan
(whose inhabitants are more secular than their Azeri cousins in Iran) and in Tehran. Although
they have grievances with the current regime in Tehran, most Azeris say they are not treated
as second-class citizens and are more integrated into Iranian society, business, and politics
(the Supreme Leader is an ethnic Azeri) than other minorities.

The Kurds, predominantly Sunni Muslim, reside mainly in the northwest part of the country
(so-called Iranian Kurdistan) and comprise around 7% of Iran’s population. There are roughly
4 million Kurds living in Iran.

Unlike Iran’s other minorities, many of its Kurds harbour separatist tendencies. Those
tendencies in the past have created tensions within the state and have occasionally turned
violent (the largest separatist related violent incident in recent years occurred in response to
Turkey’s February 1999 arrest of Abdullah Ocalan, then-leader of the Kurdistan Workers’

\textsuperscript{12} US Department of State/ Human Rights, and Labor/ Report on Iran
Party). The governments of Turkey and Iran fear that the creation of a semiautonomous state in northern Iraq might motivate their own Kurdish minorities to press for greater independence. But Kaveh L. Afrasiabi, a US-based expert on Iranian foreign policy, says “Iran’s concern about Kurdish separatism does not approach the level of Turkey.”

Along the Iranian-Iraqi border in southwest Iran has a population of some 3 million Arabs, predominantly Shiite. Arabs, whose presence in Iran stretches back 12 centuries, co-mingle freely with the local populations of Turks and Persians. During the 1980s, they fought on the side of the Iranians, not the Iraqi Arabs. However, as Sunni-Shiite tensions have worsened in the region, a minority of this group, emboldened by Iraqi Arabs across the border, have pressed for greater autonomy in recent years.

“In the southern oil-rich province of Khuzestan, clashes erupted in March 2006 between police and pro-independence ethnic Arab Iranians, resulting in three deaths and more than 250 arrests. The protests were reportedly organized by a London-based group called The Popular Democratic Front of Ahwazi Arabs.”

Iran has roughly 1.4 million Baluchis, comprising 2% of its population. Predominantly Sunni, they reside in the Iranian section of an area known as Baluchistan, a region divided between Pakistan and Iran. The south-eastern province where Baluchis reside remains the least developed part of Iran and boasts high unemployment rates. That, plus the porous border between the two countries and perhaps the close cross-border cultural or tribal affinities of the Baluchis has encouraged widespread smuggling of various goods, including drugs.

Iranian Baluchistan, despite holding few resources, remains a militarily important region because of its border with Pakistan.

In early 2007, the Iranian government built a military base there. Tehran has also kept a watchful eye on Baluchi militants in the region.

2.2.4. Military Power

From purely military perspective, Iran is strong compared to other countries in the region. Iran's military doctrine is based on deterrence.

The Islamic Republic of Iran has two types of armed forces: the regular forces consisting Islamic Republic of Iran Army, Islamic Republic of Iran Air Force and Islamic Republic of Iran Navy, and the Islamic Revolutionary Guards Corps (IRGC), totaling about 545,000 active troops. Iran also has around 350,000 Reserve Force totaling around 900,000 trained troops. It is worthy to mention that, despite a strong army, Iran has not invaded any country over the past two centuries.

Iran has a paramilitary, volunteer militia force within the IRGC, called the Basij, which includes about 90,000 full-time, active-duty uniformed members. Up to 11 million men and

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13 Congressional Research Service’s Report to USA Congress, November 25th, 2008, p. 8
14 globalsecurity.org/ military/world/ Iran/ Arabs
women are members of the Basij who could potentially be called up for service. Iran could mobilize "up to one million men."\textsuperscript{15} This would be among the largest troop mobilizations in the world. In 2005, Iran's military spending represented 3.3\% of the GDP or US$ 91 per capita, the lowest figure of the Persian Gulf nations. Minimum 18 years of age is required for compulsory military service; 16 years of age for volunteers; soldiers as young as 9 were recruited extensively during the Iran-Iraq war.

2.2.5. Economy

Iran has the 28\textsuperscript{th} largest economy in the world but ranks only 71\textsuperscript{st} in per capita GDP (as expressed in purchasing power). It ranks with countries like Belarus or Panama. The reason is geographic problem. Iran has a huge population mostly located in rugged mountains. Mountainous regions are rarely prosperous. The cost of transportation makes the development of industry difficult.

Economy of Iran is dominated by oil and gas exports which “constituted 70\% of government revenue and 80\% of export earnings as of 2008.”\textsuperscript{16} It has a large public sector, with an estimated 60\% of the economy directly controlled and centrally planned by the state. “A unique feature of Iran’s economy is the large size of the religious foundations, or Bonyads, whose combined budgets are said to make up as much as half that of the central government.”\textsuperscript{17}

Combination of price controls and subsidies, particularly on food and energy, continue to weigh down the economy, and administrative controls, widespread corruption, and other rigidities undermine the potential for private-sector-led growth.

Iran has an observer status at the World Trade Organization (WTO) since 2005. The United States has consistently blocked Iran’s bid to join the WTO since Tehran first asked for membership several years ago.

Iran is hoping to attract billions of dollars worth of foreign investment while creating a more favorable investment climate, such as reduced restrictions and duties on imports and the creation of free trade zones like in Qeshm, Chabahar and Kish Island.

Iran’s geography and large population make substantial improvements in its economic life difficult. Unlike under-populated and less geographically challenged countries such as Saudi Arabia and Kuwait, Iran cannot enjoy any shift in the underlying weakness of its economy brought on by higher oil prices and more production. The absence of inhabitable plains means that any industrial plant must develop in regions where the cost of infrastructure tends to undermine the benefits.

\textsuperscript{15} globalsecurity.org/ military/world/ Iran/ Basij
\textsuperscript{16} “Crude price pegged at $39.6 a barrel under next year’s budget”, IRNA, December 5\textsuperscript{th}, 2008
“High oil prices in recent years have enabled Iran to amass nearly US$ 80 billion in foreign exchange reserves.”\textsuperscript{18} Yet this increased revenue has not eased economic hardships, which include double-digit unemployment and inflation, “inflation climbed to 26% as of December 2008.”\textsuperscript{19} The economy has seen only moderate growth. Oil keeps Iran from sinking even deeper, but it alone cannot catapult Iran out of its condition.

2.2.6. Natural Resources

From the geopolitical point of view, the location of Iran’s oil fields is critical, since oil remains its most important and most strategic export.

Oil is to be found in three locations as follows: The southwest is the major region, with lesser deposits along the Iraqi border in the north and one near Qom.

The south-western oil fields are an extension of the geological formation that created the oil fields in the Kurdish region of northern Iraq. Hence, the region east of the Shatt al-Arab is of critical importance to Iran. As Iran ranks fourth in terms of crude oil reserves after Saudi Arabia, Iraq and Kuwait, as well as fourth in terms of oil production after Saudi Arabia, the USA and Russia, one would expect it to be one of the wealthiest countries in the world. But unfortunately it isn’t.

Since the first known human empire was established thousands of years ago in the south-western part of Iran, water has played a key role in any social changes that have taken place in this country. For many people viewing Iran from outside of the country, water scarcity in this country may not appear to be as serious as in other countries of the Middle East. Nevertheless, with a population of more than 70 million people, Iran is actually one of the driest countries of the world.

Today, the consequence of rapid population increase and the immigration of millions of Afghans is increased pressure for rapid water and land development. In addition, the processes of urbanization and industrialization and the development of irrigated agriculture to support population growth have raised the demand for water, but at the same time have reduced the supply. Iran is an oil rich country, but water, unlike petroleum, has no substitutes and cannot be purchased in a world market that has many alternative suppliers. If the problem of water scarcity, not only in Iran, but also in other countries of the Middle East, is not solved, its most obvious consequence will be that millions of the people of these countries will seek refuge in other nations.

\textsuperscript{18} “Foreign exchange Reserves Reach $80 billion”, Iran Daily, December 4\textsuperscript{th}, 2008

\textsuperscript{19} WWW.pressrv.com, November 30\textsuperscript{th}, 2008
2.3. Geopolitics of Iraq

2.3.1. History

Iraq, officially the Republic of Iraq, is a country in south-western Asia. Some of the world’s greatest ancient civilizations; Assyria, Babylonia and Sumer, developed in the area that now makes up Iraq. Mesopotamia, a Greek word that means the land between the rivers, the Tigris and Euphrates, meeting at the cradle of Western civilization, known today as Iraq, was and is, inhabited predominantly by these Arab tribes. Iraq is an Arabic word that appears in the Koran and has been a geographical term for the Mesopotamia area throughout the Muslim era.

Iraq became a target of rivalry between the Persian and Ottoman empires, both Islamic, for almost five centuries beginning around 1500. Shah Ismail, the Safavi ruler of Persia, put Iraq under Persian occupation in 1508. The Ottoman Sultan Selim, the First, regained control of Iraq in 1514, after the battle of Jaldiran. In 1529, Iraq was reoccupied by Persia, but was retaken by the Ottoman Sultan Suleiman the Magnificent in 1543. By the 19th century, British imperialist expansion in the region had transformed the Ottoman/Persian power balance and changed the geopolitical nature of the conflict. By 1917, British occupation of Iraq began.

Arabs in southern Iraq, who helped the British against the Ottoman Turks in the First World War, began resistance in 1920 against the British, who failed to honour their promise to end British occupation after the defeat of the Ottoman Empire. Notwithstanding the British response to Iraqi nationalist resistance with overwhelming military force, Britain soon was forced to face the inescapable fact that it would be impossible to effectively control the Arab country by military means. To avoid heavy casualties to the occupation force, the British were forced to restrict their control to only critical neighbourhoods in key urban centres. This in turn allowed more attacks on British occupation forces. Britain then decided to form a pro-British Iraqi government as a proxy to protect British interests, just as the US is doing now in Iraq.

The modern state of Iraq was created in 1920 by the British government. With the ending of the British mandate in 1929, economic domination and control from London continued through Faisal's pro-British monarchy and the institution of private property imposed on a tribal culture. Iraq was declared an ‘independent’ kingdom on October 3rd, 1932, with Faisal as king and admitted to the League of Nations.

Iraq, after all, was the artificial product of Western geopolitical manoeuvres in the cradle of civilization during the age of European imperialism, and Iraq's full geopolitical spectrum has always included Pan-Arabism beyond narrow state interests.

The king of Iraq, Qasim, was assassinated in February 1963 and the Baath Party took power under the leadership of General Ahmed Hassan Al-Bakr (prime minister) and Colonel Abdul
Salam Arif (president). Nine months later Abdul Salam Muhammad Arif led a successful coup against the Baath government. On April 13th 1966, President Abdul Salam Arif died in a helicopter crash and was succeeded by his brother, General Abdul Rahman Arif. Then the Baath Party felt strong enough to retake power in July 17th, 1968. Ahmad Hasan Al-Bakr became president and chairman of the Revolutionary Command Council (RCC).

Iraq under its Baath leader, Saddam Hussein, started an eight years war with Iran in 1980. The war with Iran, the most costly and bloody conflict not involving a Western power directly since World War II, and the Iraqi incorporation of Kuwait, were not mere conflicts over borders, or access to the Shatt al-Arab waterway. The Iran-Iraq war was a clash between extremist Islamic fundamentalism espoused by Ayatollah Ruhollah Khomeini of Iran and the pan-Arab nationalism of the Baathists, both in and out of Iraq.

Iraq invaded Kuwait in 1990, and was invaded in 2003 by the US-led coalition. The details of these three wars have been studied in sixth chapter.

After the US invasion, violence has spread across Iraq. On June 28th, 2004, the occupation was formally ended by the US-led coalition, which transferred power to an interim Iraqi government led by Prime Minister Iyad Allawi. On January 30th, 2005 the legally disputed transitional parliamentary elections took place.

Developments in post-Saddam Iraq will not only affect its foreign relations, they will also significantly affect the foreign policy framework and even the fractious political system of its most geopolitically significant neighbour, Iran. Although Tehran and Baghdad have dominated the security picture of the Persian Gulf for more than 20 years, Iran and Iraq are not somehow destined to be rivals. Iraq to rebuild the country and end the existing violence needs Iran’s cooperation more than any other states. On the other hand a stable and safe neighbour helps to keep Iranian borders safer.

Despite severe tensions through the years, since the end of the Iran-Iraq War in 1988, these two countries have demonstrated the capacity to cooperate with one another. Nevertheless, several fundamental problems must be resolved before Tehran will view Iraq as a reliable neighbour.

With the spotlight now very much on the political contours and emerging structures of a post-Saddam regime in Iraq, the situation is opportune to explore Tehran’s concerns and the methods available for addressing them, as well as the effects of the demise of the Baath regime on Iran’s regional policy and the prospects for US-Iranian relations.

2.3.2. Territory

Spanning 434,128 sq. km, Iraq is the 58th largest country in the world.

Iraq is bounded in the north by Turkey, east by Iran, southeast by the Persian Gulf, south by Kuwait and Saudi Arabia, and west by Jordan and Syria. Iraq’s land boundaries are 3,650 km; Iran 1,458 km, Jordan 181 km, Kuwait 240 km, Saudi Arabia 814 km, Syria 605 km, Turkey
352 km, and its coastline is 58 km. The capital is Baghdad. Baghdad, located in the centre of the country, lies in the transitional zone between north and south where the Tigris becomes navigable and large-scale irrigation possible. The capital city is a historical centre of trade and communication.

“Iraq is close to primary Middle Eastern petroleum sources and it has strategic location in Persian Gulf, through which much of the Western World’s petroleum must transit to reach open seas.”\footnote{The World Fact Book 2007 (CIA; Central Intelligence Agency)}

Map 2.5.: Iraq*

*Source: Greenwich Meantime

The present boundaries of Iraq, undefined until 1926, were drawn in the 20\textsuperscript{th} century by European political and economic interests with little regard for indigenous demographic patterns. There is a tension between the Iraqi state, representing the central authority within
its borders, and the Iraqi nation, a tribal society divided by religious schism. As Faisal, the first Hashemite king of Iraq lamented in the early 1930s: "I say in my heart full of sadness that there is not yet in Iraq, an Iraqi people."\(^{21}\) This is the root argument of pan-Arabism in Iraqi politics.

The border with Iran has been a continuing source of conflict and was partially responsible for the outbreak of the war in 1980. In 1988 the boundary with Kuwait was another outstanding problem. It was fixed in a 1913 treaty between the Ottoman Empire and British officials acting on behalf of Kuwait's ruling family, which in 1899 had ceded control over foreign affairs to Britain. The boundary was accepted by Iraq when it became independent in 1932, but in the 1960s and again in the mid-1970s, the Iraqi government advanced a claim to parts of Kuwait. Most geographers, including those of the Iraqi government, discuss the country's geography in terms of four main zones or regions:

1. The desert in the west and southwest; the desert zone, an area lying west and southwest of the Euphrates River, is a part of the Syrian Desert, which covers sections of Syria, Jordan, and Saudi Arabia.

2. The rolling upland between the upper Tigris and Euphrates rivers (in Arabic the Dijlis and Furat, respectively); the uplands region, between the Tigris north of Samarra and the Euphrates north of Hit, is known as Al Jazirah (the island) and is part of a larger area that extends westward into Syria between the two rivers and into Turkey.

3. The highlands in the north and northeast; the north-eastern highlands begin just south of a line drawn from Mosul to Kirkuk and extend to the borders with Turkey and Iran. High ground, separated by broad, undulating steppes, gives way to mountains ranging from 1,000 to nearly 4,000 meters near the Iranian and Turkish borders.

4. The alluvial plain through which the Tigris and Euphrates flow.

2.3.2.1. Neutral Zone

To solve the border dispute between Iraq and Saudi Arabia, in 1922 British officials concluded the Treaty of Mohammara with Abdul Aziz Ibn Abdul Rahman Al Saud, who in 1932 formed the Kingdom of Saudi Arabia.

The treaty provided the basic agreement for the boundary between the eventually independent nations. No military or permanent buildings were to be built in or near the neutral zone and the nomads of both countries were to have unimpeded access to its pastures and wells.

In April 1975, an agreement signed in Baghdad fixed the borders of the countries. Despite a rumoured agreement providing for the formal division of the Iraq-Saudi Arabia Neutral Zone, as of early 1988 such a document had not been published. For unknown reasons the treaty

\(^{21}\) Liu Henry C K; Independent Critical Analysis and Commentary, “The Burden of Being Superpower”; part 5, Asia Times Online, August 14th, 2004
was not filed with the United Nations and nobody outside Iraq and Saudi Arabia was notified of the change or shown maps with details of the new boundary.

Map 2.6.: Iraq-Saudi Arabia Neutral Zone in 1990*


2.3.3. Population; Religious and Ethnic Groups

Iraqi population is 28,221,181 (April 2008 estimate). It ranks 39th populous country in the world. Arabic is the most spoken language. Kurdish, Iraqi Turkish and Syrian are spoken in the north, and English is the most spoken Western language.

2.3.3.1. Religion

Islam is the state religion; Iraq's Muslims follow two distinct traditions, Shiite and Sunni Islam. According to the CIA World Fact Book, Iraq is 97% Muslim (Shiite 60%-65%, Sunni 32%-37%), but also the constitution stipulates freedom of religious belief and expression. The other 3% are Jews, Christians and of other religions. The question of religious demographics
is controversial and some Iraqis who follow Sunni Islam dispute these figures, claiming that many reports only include Arab Sunnis as ‘Sunni’, missing out the Kurdish and Turkmen Sunnis.

Reported acts of violence conducted by independence activists and opponents of foreign domination steadily increased by the end of 2006. These attacks become predominately aimed at Iraqi collaborators rather than foreign occupation forces.

Violence was conducted by Sunni groups, nationalists and others who sought an Iraq freed from foreign rule that include the Iraq insurgency, which has been fighting since the initial US invasion of 2003. Also, criminal elements within Iraq's society seemed to perpetuate violence for their own means and ambitions.

Iraqi nationalist and Baathist elements (part of the insurgency) remained committed to expelling US forces and also seemed to attack Shia populations, presumably, due to the Shia parties' collaboration with Iran and the United States in making war against their own nation. In response to attacks like the one against the “Askari Mosque” 22, violent reprisals escalated. Shiite organizations associated with the American occupation forces within Iraq gained increasing power and influence in the collaborationist Iraqi government. Additionally, the militias, it appeared in late 2006, had the capability to act outside the scope of government. As a result these powerful militias, it seemed as of late 2006, were leading reprisal acts of violence against the Sunni minority.

A cycle of violence thus ensued whereby Sunni insurgent or nationalist attacks followed with government and American backed reprisals, often in the form of Shiite death squads that sought out and killed Sunnis. Conflict between Shiite and Sunni Muslims in Iraq has turned into riots, tit-for-tat bombings, and violence throughout Iraq. Many commentators on the Iraq War began, by the end of 2006, to refer to this violent escalation as a civil war.

Due to US invasion and violence in Iraq, many Iraqi people have left their country. In November 2006, the United Nation High Commissioner for Refugees (UNHCR) estimated that 1.8 million Iraqis had been displaced to neighboring countries, with nearly 100,000 Iraqis fleeing to Syria and Jordan each month, while another 1.6 million were displaced internally.

In both 2006 and 2007, the average monthly death toll for civilians alone was over 2,000. “Iraq's government says that 355 Iraqis were killed in April 2009, makes it the bloodiest month so far in 2009. The bulk of the deaths came from a number of big explosions, and the death count did not include at least 80 Iranian pilgrims killed in Iraq. April 2009 was also the deadliest month for US troops since September 2008, with 18 soldiers killed. The casualties are nowhere near the 2006-07 levels when the insurgency and sectarian strife were at their peak.” 23

22 Al Qaeda in Iraq attacked Al Askari Mosque in Samarra, one of Shiite Islam's holiest sites in February 23, 2006.
23 “Big rise in Iraq deaths in April”, BBC News Agency, May 1”, 2009
2.3.3.2. Ethnic Groups

Iraq is home to several ethnic groups, the most numerous being Arabs, followed by Kurds, Iraqi Turkmen and Assyrians. Other distinct groups are Armenians, Persians, Shabaks and Lurs. Arabs constitute about 75–80% of the total population of Iraq. The Kurds, an Islamic non-Arab people, are the largest and most important minority group, constituting about 15–20%. A semi-nomadic pastoral people, the Kurds live in the north-eastern Zagros Mountains, mostly in isolated villages in the mountain valleys near Turkey and Iran. Kurdish opposition to Iraqi political dominance has occasioned violent clashes with government forces.

Most Kurds are Sunnis, although the Feyli Kurds (about 10% of Iraqi Kurds) are largely Shiite. Feyli Kurds live in Baghdad and the Diyala Province of Iraq around Khanaqin and Mandali. The roots of the Feyli go back to the Aryan immigrants of the first millennium BC, and more specifically, the Parthian Pahlavi/ Pahlavanid settlements of the 2nd century BC. They embraced Islam in the early stages of the Islamic conquest and colonization of Mesopotamia (Iraq) and Iran, though archaeological evidence from the Ilam Province in Iran indicates that a significant proportion of Feyli were Nestorian Christians until the 18th Century. When the Safavid dynasty (1507-1721) held sway over Persia, Feyli Kurds switched to the Shiite Gafarean doctrine under Persian influence. In modern times the Feylis have been subject to state persecutions. They are considered as a stateless people, with both Iran and Iraq claiming they are citizens of the other country. In the mid 1970s, Iraq expelled around 40,000 Shiite Feyli Kurds who had lived for generations near Baghdad and Khanaqin, alleging that they were Iranian nationals.

2.3.4. Military Power

Iraqi security forces (ISF) are composed of forces serving under the Ministry of Interior (MOI) and the Ministry of Defense (MOD). MOD forces are the army, the air force and the navy. MOI forces are the police, the paramilitary national police and the border enforcement forces. Geographically, the ISF are responsible more than 70% of Iraq, including most populated areas. First, ISF will assume responsibility for counter-insurgency operations, with Coalition help in medical evacuations and logistics. In the next step, ISF will develop capacity to sustain themselves.

The Iran–Iraq War ended with Iraq fielding the world's 4th largest military, with more than 70 “army divisions.” Losses during the Gulf War from the United Nations coalition resulted in the reduction of Iraq's ground forces to 23 divisions. Military and economic sanctions prevented Iraq from rebuilding its military power. As of November 2007 all of the original ten Iraqi Army divisions have been transferred to an all-Iraqi chain of command.

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24 One division has, in most cases, come to be units of 10,000 to 30,000 troops with enough support organic to the unit to be capable of independent operations
The Iraqi military was disbanded and the Iraqi Ministry of Defense was dissolved shortly after the toppling of the Saddam Hussein regime in 2003 by Coalition Provisional Authority’s (CPA) order in May 23rd, 2003.

On June 28th, 2004, the CPA transferred power to a sovereign Iraqi interim government, the CPA officially dissolved, and Iraq’s transitional period began. Under Iraq’s transitional law, the transitional period covers the interim government phase and the transitional government period, which was scheduled to end by December 31st, 2005. After the dissolution of the Coalition Provisional Authority, the Coalition stayed in country at the request of the Iraqi government and under a UN Mandate to help the fledgling government develop its security forces and fight insurgency.

Developing host-nation security forces is a cornerstone of the United States Counter-Insurgency (COIN) doctrine. In the end of 2004 the insurgency was mainly directed against the occupation and it was believed that if the Coalition would reduce its presence then the insurgency would diminish. Military planners had hoped that national elections would change the perception of being under occupation, stabilize the situation and allow the Coalition to reduce its presence. After national elections in December 2005, however, the insurgency shifted focus from a resistance against the occupation towards sectarian conflict. Accelerated by the Golden (Al Askari) mosque bombing in February 2006, the levels of sectarian violence rose dramatically and the security situation deteriorated.

The Iraqi army is described as the most important element of the counter-insurgency fight. The force generation plan as of March 2008 includes 13 divisions. The tactic is to provide security and other services on a local level by using infantrymen on dismounted patrols. As insurgents lose the passive or active support from the local population, they will easily be defeated, it is believed.

2.3.4.1. The Multi-National Force - Iraq (MNF-I)

The Multi-National Force- Iraq is a military command, led by the United States that is fighting the Iraq War against Iraqi insurgents or resistance forces. The MNF objectives, as at June 2004 and as expressed in an annex to United Nations Security Council Resolution (UNSCR) 1546, a letter from US Secretary of State Powell to the UN Security Council, appear to be:

“The MNF under unified command is prepared to continue to contribute to the maintenance of security in Iraq, including by preventing and deterring terrorism and protecting the territory of Iraq. The goal of the MNF will be to help the Iraqi people to complete the political transition and will permit the United Nations and the international community to work to facilitate Iraq’s reconstruction.”

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Briefly, one mission objective for the MNF-I is an 'Iraq that has a security force that can maintain domestic order and deny Iraq as a safe haven for terrorists'. The strategy to achieve this is basically to train and equip Iraqi Security Forces and gradually transition security responsibilities to the ISF.

“On February 27th, 2009, the President of the United States announced a plan to commence a phased drawdown of US Forces from Iraq with a change of mission to occur by August 31st, 2010. Additionally, the Multi-National Forces- Iraq (MNF-I) Commander has judged that the Iraqi Security Forces (ISF) are ready to accept responsibility for the security of Iraq's cities by June 30, 2009.”

2.3.5. Economy

According to the CIA World Fact Book, June 2009, Iraq's economy is dominated by the petroleum sector, which has traditionally provided about 95% of foreign exchange earnings. In the 1980s, financial problems caused by massive expenditures in the eight-year war with Iran and damage to oil export facilities by Iran led the government to implement austerity measures, borrow heavily, and later reschedule foreign debt payments; “Iraq suffered economic losses of at least US$ 80 billion from the war.” After the end of hostilities in 1988, oil exports gradually increased with the construction of new pipelines and restoration of damaged facilities.

Iraq's seizure of Kuwait in August 1990, subsequent international economic sanctions, and damage from military action by an international coalition beginning in January 1991 drastically reduced economic activity. The government's policies of supporting large military and internal security forces and of allocating resources to key supporters of the regime have exacerbated shortages. The implementation of the UN's Oil for Food program in December 1996 has helped improve economic conditions. For the first six six-month phases of the program, Iraq was allowed to export limited amounts of oil in exchange for food, medicine, and other humanitarian goods. In December 1999, the UN Security Council authorized Iraq to export as much oil as required to meet humanitarian needs.

Iraqi economy was adversely affected by four major factors: the war with Iran during the 1980s, an international oil glut in the 1980s and 1990s, the economic sanctions imposed by the United Nations (UN) after the invasion of Kuwait in 1990, and the Persian Gulf War in 1991. The combined effect of all these factors was the destruction of Iraq's basic infrastructure (roads, bridges, power grids, and the like) and the country's financial bankruptcy. It is difficult to imagine any regime surviving intact through turmoil such as that experienced by Iraq over the past three decades.

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26 USA Department of Defense, Report to Congress, June 2009
27 Parker Christopher, Moore Pete W., “The War Economy of Iraq”, Middle East Report Online
In 1980, Iraq was a net creditor and considered home to one of the region’s most advanced economies. By early March 2003, as US and British forces amassed on its southern border, it had become one of the world’s poorest and most underdeveloped countries. “Average annual income had fallen from between US$ 3,600 and US$ 4,000 in 1980 to between US$ 500 and US$ 600 by the end of 2003.”

Inevitably, as the ability and willingness of state officials to govern economic life through formal channels dissipated, new configurations of regulatory power arose to take their place. These configurations were not necessarily congruent with, or contained within, Iraq’s borders. Transnational tribal allegiances were mobilized to facilitate and regulate trade across international borders. Businessmen-politicians in neighbouring countries cultivated links with members of Iraq’s Republican Guard (among others) in order to facilitate and protect networks of transport and distribution. And small-time trade networks emerged to profit from differentials between Iraq and its neighbours in prices for petroleum and other products. Major multinational corporations also took advantage of the multiple jurisdictions. Consider the case of RJ Reynolds, whose involvement in cigarette smuggling to Iraq was the subject of European Union legal action in 2002; RJR knowingly sold billions of cigarettes to Iraq in violation of US and United Nations sanctions, by setting up a special operation in Cyprus. Part of the plan included creating false paperwork that would misstate the destination of the cigarettes, usually listing Russia instead.

Decreasing insurgent attacks and an improving security environment in many parts of the country are helping to spur economic activity. Total government revenues have benefited from high oil prices in recent years; however, revenues have declined significantly since the oil price drop in fall 2008.

According to the CIA World Fact Book, June 2009, the International Compact with Iraq, chaired by the Government of the Republic of Iraq and the United Nations with the support of the World Bank, was established in May 2007 to integrate Iraq into the regional and global economy, and the Iraqi government is seeking to pass laws to strengthen its economy. This legislation includes a hydrocarbon law to establish a modern legal framework to allow Iraq to develop its resources and a revenue sharing law to equitably divide oil revenues within the nation, although both are still under contentious political negotiation. Some foreign entities have expressed interest in reinvigorating Iraq's industrial sector.

The government of Iraq is pursuing a strategy to gain foreign participation in joint ventures with State-owned enterprises.

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2.3.6. Natural Resources

Iraq’s oil fields are located in two main regions; 65 percent or more Iraq’s proven reserves are concentrated largely in southern Iraq, particularly in the southernmost province of Basra, and significant proven oil resources are also located in the northern governorate of Al Tamim near the disputed city of Kirkuk.

The atmosphere of violence and unresolved political tension prevailing in Iraq threatens the produce and export of oil, which forms a huge amount of the government’s revenues. The sovereign control of Iraq’s oil resources and revenues remains a subject of intense scrutiny, debate, and sensitivity in Iraq.

Iraq started the nationalization of its oil resources and completed that, in 1975, and oil exploration, production, and exports were managed subsequently by state-run entities that employed thousands of Iraqis. Given the effects of war, sanctions, and mismanagement of the country’s oil infrastructure since 1980, many energy experts believe Iraq will need significant infusions of investment, technology, and expertise in order to rehabilitate and eventually expand its oil production capacity in line with the current government’s plans. Iraq’s own oil revenues may provide a significant resource base for such investment and for attracting technology and expertise.

Political differences continue between the Shiite-led central government and the Kurdistan Regional Government (KRG) over federal and regional oil-related decision-making powers. On October 2nd, 2007, “the KRG announced it had signed four additional production sharing agreement contracts with subsidiaries of French and Canadian companies.”

Some analysts believe that the Kurdish moves signal the KRG’s intention to begin large scale oil development activities regardless of progress on federal legislation. The KRG opposes proposals to require federal approval of its existing or future contracts.

Al Basrah governorate holds most of Iraq’s proven oil resources and, as such, local political actors exert influence over the hydrocarbon sector.

Press reports suggest that “competition between local politicians, militia groups, union members, and federal ministry representatives is fuelling conflict that has intensified since mid-2007.”

Iraqi attitudes on the future of the country’s oil industry are shaped by a number of factors, including geography, ethnicity, political ideology, and party affiliation. Sectarian identity politics undoubtedly is one important factor, particularly with regard to the concerns of some members of the minority Sunni Arab community who fear exclusion from decision-making bodies and inadequate revenue sharing.

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29 www.krg.org, October 2nd, 2007
Besides history, Iraqi politics is influenced by its location and geography, climate and the availability of water, which in many ways is more critical than oil. It is endowed with large quantities of water, supplied by its two main rivers; the Tigris and the Euphrates, and their tributaries. The scarcity of water in the Middle East, heightened by rapid urbanization and industrialization, has placed more importance on Iraq’s two rivers, the Tigris and the Euphrates. Even with the ascendance of oil as a source of wealth, agriculture relying on renewable water remains the main source of employment. These factors have influenced settlement patterns, tribalism, resource utilization and the development of diverse regional economics.

2.4. Geopolitics of Kuwait

2.4.1. History
Kuwait is a tiny but incredibly wealthy Arab Kingdom that has been ruled for almost 250 years by a single family, the Al Sabah.

The area around Kuwait has been settled for thousands of years. Military and commercial activities by various Mesopotamian empires passed through Kuwait. Kuwait is part of the civilization created on Dilmun, in present-day Bahrain. In 1650, drought forced Bedouin families, later known Bani Utab, to migrate from Najd in Central Arabia. The ruling family, Al Sabah was among the immigrants.

Al Sabah family settled in Kuwait in 1710. Sabah Bin Jaber elected sheikh of Kuwait in 1756 and founded the Al Sabah dynasty. During that time Kuwait was a vassal state to the Ottoman Empire. The Ottoman Empire recognized Mubarak the Great, sheikh and ruler of Kuwait, as the provincial sub-governor of Kuwait in 1897. Mubarak al-Sabah signed an agreement with Britain, making Kuwait a protectorate of the British Empire in 1899. Britain gained control over Kuwait’s foreign and defence affairs and in return protected Kuwait and allowed the Sabah to rule over internal affairs.

Arguably Kuwait, the most independent of the Persian Gulf nations, spent most of the 20th century as a protectorate of Great Britain before turning to the USA in recent decades for additional defence security. Kuwait became an independent Emirate in June 19th, 1961.

Iraq, which had long claimed that Kuwait was part of southern Iraq, argued that Kuwait had been separated from it illegitimately. The first Iraqi claim to Kuwait surfaced in 1938; the year oil was discovered in the emirate. After being pressurised by Arab countries and Britain, Iraq eventually backed down from its claim. In 1990, relations with Iraq worsened. Iraq accused Kuwait of exceeding OPEC production quotas for oil and “stealing” more than $2 billion in oil from a contested reserve that lay beneath both countries. Iraq also demanded Kuwait cancel the debt Iraq owed from the Iran-Iraq War.
On August 2\textsuperscript{nd} 1990, Iraq invaded Kuwait and quickly overwhelmed Kuwaiti forces. An international force assembled in neighbouring Saudi Arabia and evicted Iraq from Kuwait after six weeks of fighting in early 1991. The survival of the Baath regime of Hussein in Iraq spawned an ambient fear among Kuwaitis of a repeat of the events of 1990–91. A tense standoff atmosphere prevailed, exacerbated by Iraqi troop movements along the border, until 2003, when USA and British forces launched an invasion of Iraq, largely from bases inside Kuwait. The fall of the Baath regime in the Iraq War was greeted with great relief in Kuwait, which offered critical logistic support to the United States and its allies. However, the subsequent occupation of Iraq (and the attraction of some Kuwaitis to the guerrilla insurgency that it produced) led to new political tensions.

2.4.2. Territory

Occupying 17,818 square kilometres, Kuwait is 157\textsuperscript{th} largest country in the world. Kuwait is one of the world’s smallest countries. Kuwait city, the political capital and economic heart of the nation, is also the only major metropolitan area of the country. In size, Kuwait is often compared to the state of New Jersey of the United States. Pure size is hardly an adequate measure of modern Kuwait’s geostrategic importance, either regionally or throughout the world, but the importance is that what is laid beneath this small state, which is huge amount of oil.

Kuwait’s physical location is the first key to its importance in today’s volatile world. Located in the heart of the Middle East, Kuwait is strategically positioned at the head, or north-west corner, of the Persian Gulf. Kuwait is bounded in the east by the Persian Gulf, north and west by Iraq and southwest by Saudi Arabia. ”In 1992-93 the UN Boundary Commission redefined Kuwait’s border with Iraq, moving it slightly northwards in conformity with an agreement of 1932.”

Kuwait’s land boundaries are 462 km; Iraq 240 km, Saudi Arabia 222 km and its coastline is 499 km. Kuwait’s land and ocean boundaries have always been a matter of contention. In the aftermath of the two recent Gulf Wars, those borders have begun to become finalized. One of these disputes was between Kuwait, Saudi Arabia and Iran on the Dorra gas field, of which largest part is located on the Saudi-Kuwaiti common maritime border, while a part of it is disputed by neighbouring Iran.

“Kuwait and Saudi Arabia discussed joint oil operations in their shared border areas, including the Dorra gas field” 32, Kuwait’s Energy Ministry undersecretary, Issa al-Oun said in January 4\textsuperscript{th}, 2004. ”We will outline future operations in the areas and discuss potential operators, in addition to legal matters; the border issue of the field (with Saudis) was discussed in the past.

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31 Statesman Year Book (2008), p.759
32 “Kuwait, Saudi Arabia to discuss joint oil projects in border areas”, Kuwait Times, January 5\textsuperscript{th}, 2004
Now, we will talk about the issue of operations. We will be talking about the distant future," he added.

Map 2.7.: Kuwait*

*Source: Greenwich Meantime

A part of Dorra gas field is also disputed by neighbouring Iran and has been an area of contention between Tehran and Kuwait since the 1960s. "I hope we can find a solution to this issue as soon as possible," Kuwait’s Foreign Minister Sheikh Mohammad al-Salem al-Sabah said in January 15th, 2008. State-owned Kuwait Petroleum Corporation called for the rapid development of the Dorra field, as the Gulf Arab state struggles to meet demand from power stations for gas, in July 2007.

33 Reuters News Agency, January 15th, 2008
Offshore, nine islands add to the nation’s limited land area, though most of these islands are either uninhabitable - with the exception of Failaka Island which is located near the entrance of Kuwait Bay and has been populated since prehistoric times - or insignificant in size. The ownership of several of these islands is disputed, as Iraq, Iran and Saudi Arabia also contend for the potential prize of oil that might be lie under these islands. Even today, the Kuwaiti Coast Guard and Naval Force must aggressively patrol these waters to prevent squatters from other nations, sometimes state sponsored, from staking their claims to a Kuwaiti islet. Bubiyan Island with an area of 860 square kilometres, the largest of Kuwait’s nine islands, now is connected to the mainland by a wide bridge with 2380 metres long. Since the Gulf War this large island, that was once home to thousands of Kuwaitis, has been reserved exclusively for military purposes.

2.4.3. Population; Religious and Ethnic Groups

In not-too-distant past, the people of Kuwait were primarily desert nomads. Less than a century ago, the people of Kuwait were among this planet’s poorest by almost any standards. Nowadays, the citizens of Kuwait collectively probably hold more economic power per capita than almost any other society in existence. According to the Kuwait’s Central Statistical Office, the population of Kuwait was estimated at 3,328,136 persons, in June 30th, 2008. It is 136th most populous country in the world. The native and official language is Arabic, fluency in which is a requirement for naturalization. Kuwaitis speak a dialect of Gulf Arabic, and Modern Standard Arabic is taught in schools. English is the second language taught in public schools. Hindi, Urdu, Persian (Farsi), and other languages also are widely spoken among the foreign population.

2.4.3.1. Religion

Kuwaiti citizens are almost entirely Muslim, and a law passed in 1981 limits citizenship to Muslims. The majority are Sunni, but about one-third is Shiite. Both the Islamic revolution of Iran in 1979 and the Kuwaiti government’s subsequent discrimination against Shiites fostered a heightened sense of community among the country’s Shiite population in the 1980s and 1990s, and this led to political tension between the two groups. The Shias have not possessed a fair share in neither the parliament nor the government cabinet. Presently, only one Shia minister sits on the 16-member cabinet, and only five Shia are among the parliament’s 50 members. Despite the veneer of Western practices, since the Gulf War Kuwait has become a more conservative Islamic society. Islamists constitute a third of the parliament, pushing the government to impose gender segregation and education reforms. Though the US saved Kuwait from Saddam Hussein’s grip in 1991, anti-Americanism has been on the rise in recent years. Some of the country’s leading charities have been linked to terrorism; a small group of
Kuwaitis travelled to Afghanistan to join the Taliban and small minority of the anti-American conservatives have even turned to violence. It is worthy to mention that thousands of foreigners, primarily Shiites, were expelled from Kuwait in 1985 to quell internal unrest. Airplane hijackings, explosions, car bombings, and an assassination attempt against the Amir ensued. Kuwait steadfastly rejected demands for release of terrorists in its custody, most of who were still in jail at the time of the Iraqi invasion and subsequently disappeared. A number of Kuwaiti Shiites were sentenced for setting fires at oil installations in 1986 and 1987. The attacks declined in 1988, and no attack was recorded in 1989 or 1990. Kuwait's support for Iraq in the Iran-Iraq War accounted for much of the violence that disturbed internal stability during the 1980s. A series of terrorist bombings in 1983 aimed at Kuwaiti installations and the United States and French embassies were ascribed to Iranian retaliation. A network of Hezbollah terrorists was uncovered, and, in the spring of 1984, seventeen Shiites were sentenced to long prison terms, and three were condemned to death.

2.4.3.2. Ethnic Groups

Kuwait's population includes ethnic groups as follows: Kuwaiti 45%, other Arab 35%, South Asian 9%, Iranian 4% and other 7%. Arabs; either Bedouin, sedentary or descendants of immigrants from elsewhere in the region, constitute the largest ethnic group, and a small number of ethnic Persians have resided in the country for centuries. Kuwait is a destination country for men and women who migrate legally formerly from other Arab states but now largely from South and Southeast Asia for domestic or low-skill labour, but are subject to conditions of involuntary servitude by employers in Kuwait including conditions of physical and sexual abuse, non-payment of wages and withholding of passports to restrict their freedom of movement. These migrants may threaten Kuwait's internal security. Palestinian workers presented problems for the Al Sabah rulers for several decades, but during the 1980s, militants and terrorists advancing the new brand of Islamism overshadowed the Palestinians as troublemakers.

Many of the domestic strains in Kuwait arise from the disparities between the living standards of Kuwaiti nationals and the majority of Kuwait's foreign population. The non-nationals do not enjoy citizenship rights, economic or political, which are reserved for Kuwaiti citizens, defined as those able to prove Kuwaiti ancestry prior to 1920. Despite a government policy to reduce the number of foreign workers following the Iraqi invasion in 1990, Kuwaitis remain a minority in their own country. The government rarely grants citizenship to foreigners to maintain status quo.
“In October 2002, two Kuwaiti gunmen suspected of having ties to Osama bin Laden’s al-Qaeda terrorist network carried out an attack against US troops on Failaka Island, killing one Marine and injuring another.”

2.4.4. Military Power

Kuwait’s Military branches are Land Forces, Kuwaiti Navy, Kuwaiti Air Force and National Guard. Under the constitution, the Emir of Kuwait is the supreme commander of the armed forces with a Minister of Defense who directs the Military of Kuwait through the Chief of the General Staff. The National Guard has its own commander, who reports directly to the minister of defense. Minimum 18 years of age is required for compulsory and voluntary military service; reserve obligation is up to age 40 with 1 month annual training. Kuwaiti males are required to serve two years in the armed forces.

Kuwait’s military expenditure per capita is among the highest in the world. Such spending is largely a result of the hostile relationship with Iraq; after the Persian Gulf War, Kuwait undertook significant measures to modernize and increase its armed forces. US troops have been stationed there since the early 1990s. Before the Persian Gulf War, Kuwait maintained a small military force whose equipment was supplied by the United Kingdom and the United States. Aside from the few units that were able to escape to Saudi Arabia, including a majority of the air force, all of this equipment was either destroyed or taken by the Iraqis. Much of the property that was returned by Iraq after the Persian Gulf War was damaged beyond repair.

Since the war, Kuwait, with the help of the United States and other allies, has made significant efforts to increase the size and modernity of their armed forces. These efforts are succeeding. In September 1991 the USA signed a ten-year agreement with Kuwait to store equipment, use ports and carry out joint training exercises, which has been renewed for ten more years in 2001. The agreement did not officially provide for the stationing of United States service personnel in Kuwait as the 1,500 US personnel remaining after the Gulf War were scheduled to leave within a few months. The government also continues to improve defense arrangements with other Arab states, as well as UN Security Council members, including Russia, the United Kingdom, and France.

2.4.5. Economy

Kuwait has a small, rich and relatively open economy. Kuwait is one of the world’s richest countries per capita, making it “the third richest country in the world.”

“In December 2007, the Kuwaiti Dinar was the highest valued currency unit in the world.”

 Virtually all of Kuwait’s wealth is derived directly or indirectly, by way of overseas investments, from petroleum extraction and processing. The most dramatic element of Kuwait’s economic

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34 Institute for the Analysis of Global Security; Report on Kuwait, 2004
35 The World Fact Book 2007 (CIA; Central Intelligence Agency)
36 Floating exchange rate data taken from www.xe.com, on December 22nd, 2007
development has been the steady and rapid expansion of its oil industry since the 1970s. However, both the Iraqi invasion which nearly exhausted Kuwait’s overseas investment revenues; the expenses of the Iraqi invasion and post-war reconstruction placed a heavy economic burden on the country, and the increasing volatility of the global oil market in the 1980s reduced this income substantially, but income levels rebounded when oil prices rose dramatically in the early 21st century.

Kuwait experienced rapid economic growth over the last several years on the back of high oil prices and in 2008 posted its tenth consecutive budget surplus. High oil prices in recent years have resulted in large budget surpluses in 2005-2008. As a result of this positive fiscal situation, the need for economic reforms was less urgent and the government did not push through new initiatives. Non-oil sectors such as banking, financial services, logistics, telecommunications and construction have enjoyed strong growth in the past three to four years. The drop in oil prices in late 2008 reduced Kuwait's fiscal surplus in 2009.

The global financial crisis affected Kuwait in late 2008, with the Kuwait Stock Exchange; the region’s second-largest bourse, losing almost 40% of its market capitalization during 2008. The global financial crisis may slow the pace of investment and development projects, but Kuwait has vowed to use its considerable financial resources to stabilize the economy if necessary.

"Falling oil prices and production and the global financial crisis would cause the Kuwait economy to shrink." Sami Alanbaee, manager of the Central Bank of Kuwait's economic research department said. Alanbaee predicted inflation levels of 5-6 per cent in 2009-2010, down from 11.6 per cent in 2008-2009. "I expect the economy to shrink by 3.4-4 per cent over the coming year". Alanbaee added. He attributed the fall in these key economic indicators to the global financial crisis and its impact on prices and demand for oil alongside Kuwait's commitment to cut its oil production by about 10 per cent from 2008 levels in line with OPEC production quotas. "The negative growth is in the oil sector but the non-oil sector in real terms will see very modest growth of around 2.5 per cent.", he added.

2.4.6. Natural Resources

Kuwait is synonymous with oil and has been named; Oil Well. Certainly one can not understand modern-day Kuwait without first recognizing Kuwait’s key niche in the oil industry, which drives the world’s economies.

Beginning with the 20th century, Kuwait’s vast petroleum reserves brought equally vast economic clout to this small desert country. Unfortunately, that same oil wealth also made Kuwait the financial envy of much of the world, especially of its large neighbour, Iraq.

37 “Kuwaiti economy set to contract”, Middle East Business Intelligence, March 30th, 2009
Kuwait also has considerable natural gas reserves, almost all in the form of associated gas; the gas that is produced together with crude oil. Although Kuwait is sometimes noted as “the only nation in the world without a lake”\textsuperscript{38}, fresh water has been discovered underground to the west side of the country. A smaller aquifer was located deep underground to the south, as well, but the water it provides is extremely brackish and requires expensive distillation processing. These two aquifers, although insufficient for wide-spread agricultural irrigation, are nonetheless vital to adequately addressing Kuwait’s drinking water needs and other commercial requirements. Prior to the discovery, much of Kuwait’s water had to be imported.

For fresh water in earlier days, people depended on a few artesian wells and on rainwater collected from the roofs of houses or from cisterns at ground level. Dhow\textsuperscript{s} piloted by Kuwaiti seamen also brought fresh water from the Shatt al-Arab near Al Basra, Iraq. With the rapid growth of population, however, the government of Kuwait built desalination plants at Kuwait city, Al Shuaybah, and several other locations. Important sources of fresh water have been discovered at Al Rawthatayn and Al Shiqaya, but desalination still provides the great bulk of Kuwait’s daily consumption of potable water.

\section*{2.5. Geopolitics of Oman}

\subsection*{2.5.1. History}

The history of Oman goes back a very long way. Oman’s history begins in the early 3\textsuperscript{rd} or late 4\textsuperscript{th} millennium BC, with the rise of a society that had cultural and trade ties to ancient Mesopotamia. Between the 4\textsuperscript{th} century BC and the 7\textsuperscript{th} century AD the area was dominated by successive Persian empires.

“In the first century AD Arab tribes began to migrate into Oman and, when it accepted Islam just before the Prophet Muhammad died in 632 AD, Persian rule ended and Oman’s Arab character was firmly established.”\textsuperscript{39}

In the 9\textsuperscript{th} century maritime trade flourished Sohar became the greatest sea port in the Islamic world. In the early 16\textsuperscript{th} century the Portuguese occupied Muscat. Portuguese ousted by Sultan bin Saif, a powerful Yaaruba leader in 1650.

The Yaaruba dynasty introduced a period of renaissance in Omani fortunes both at home and abroad, uniting the country and bringing prosperity; but, on the death of Sultan bin Saif II, civil war broke out over the election of his successor. Persian troops occupied Muttrah and Muscat but failed to take Sohar which was defended by Ahmad bin Said, who expelled the Persians from Oman after the civil war had ended.

\textsuperscript{38} Casey Michael S., “The History of Kuwait”, Greenwood Publishing Group, USA, 2007, p. 5

\textsuperscript{39} Encarta, Encyclopedia
In 1744 independent Sultanate of Muscat and Oman established by Ahmad bin Said, founder of the Al Bu Said dynasty that still rules Oman. In first half of 19th century Muscat and Oman was the most powerful state in Arabian Peninsula; ruling Zanzibar until 1861. Not being a formal colony or protectorate, Britain's involvement with Oman was a very subtle one, but nonetheless powerful for all that. A combination of a political consul at the Omani court in Muscat and the presence of the Royal Navy based in Bushire and ships constantly to-ing and fro-ing between Europe and India, meant that effective political control was never seriously doubted. British help was crucial in suppressing repeated revolts by Muslim fundamentalists in the interior. Oman remained largely isolated from the rest of the world until 1970 when Said bin Taimur was deposed by his son, Qabus in a bloodless coup. The sultanate of Oman has been the nation's name since the beginning of Sultan Qabus' reign (he changed it from Muscat and Oman into the Sultanate of Oman in 1970). During the early 1970s relations between Oman and the neighbouring People’s Democratic Republic of Yemen (PDRY) deteriorated, following a separatist revolt and conflict in Dhofar Province with a guerrilla organization, known from 1974 as the People’s Front for the Liberation of Oman (PFLO), which the PDRY supported. With the help of British, Jordanian and Iranian troops, Qabus crushes the PFLO by 1975. Although a ceasefire was mediated by Saudi Arabia in March 1976, the situation remained tense. Oman’s acceptance of US assistance in defence aroused protests from the PDRY in 1981, but mediation by other Gulf States led to a ‘normalization’ agreement in 1982 and diplomatic relations between Oman and the PDRY were resumed in 1983. In October 1988 Oman and the PDRY signed an agreement to increase co-operation in the areas of trade and communication, and in February 1990 the two countries reached an agreement to delineate their common border. Since 1975, Oman has been politically stable and has grown significantly economically and Sultan Qabus has ruled in unashamedly royal style. He uses the modern trappings of a cabinet of ministers, but reserves for himself the portfolios of prime minister, foreign minister, finance minister and minister of defence. The Iranian revolution of 1979 and the Iran-Iraq War (1980-88) led to increased international awareness of Oman’s strategic importance, particularly regarding the Strait of Hormuz, a narrow waterway at the mouth of the Persian Gulf, between Oman and Iran. Ironically, while itself being free of the constraints of the Strait of Hormuz, the tip of the Musandam Peninsula is within Omani territory and thus Oman with Iran exercises control over the chokepoint.

40 PDRY united with the Yemen Arab Republic in May 1990.
Briefly in the recent past there have been three key disputes. The first two, over Buraimi oasis (1952) and over the possible independent state claimed by the Imam in Nizwa (1957-59), occurred before the coup which began the reign of Sultan Qabus. Until that time, the state was effectively medieval, but Sultan Qabus immediately began modernization. Oman was admitted in United Nations in 1971. However, until 1976, a third dispute, with the People’s Democratic Republic of Yemen (former South Yemen), dominated events.

Oman’s independence has been demonstrated by a lack of involvement in many Arabian issues, continuing close links with Iran and its willingness to host the US Rapid Deployment Force. As a result of its partial detachment from Arabian affairs, Oman has enjoyed support from most important sources, regionally and globally. There have been traditional close links with the UK, which was responsible for training the military and relations with the USA are close.


The United States has maintained relations with the Sultanate since the early years of American independence. A treaty of friendship and navigation, one of the first agreements of its kind with an Arab state, was concluded between the United States and Muscat in 1833. According to Professor Kechichian, a renowned historian and political scientist specializing on the Persian Gulf region, Oman has a unique foreign policy. “Today's Oman is internally stable, economically prosperous, and established as a nation integral to foreign relations in the Middle East and the world.”

2.5.2. Territory

The area of Oman is 309,500 square kilometres, “2.6% of the Middle East.” It is a medium-sized state and ranks 84th largest country in the world and the second-largest country after Saudi Arabia on the Arabian Peninsula. Comparatively, the area occupied by Oman is slightly smaller than the state of Kansas of the United State.

Situated at the southeast corner of the Arabian Peninsula, Oman is bounded in the northeast by the Gulf of Oman and southeast by the Arabian Sea, southwest by Yemen and northwest by Saudi Arabia and the United Arab Emirates. Oman’s land boundaries are 1,374 km; Saudi Arabia 676 km, UAE 410 km, Yemen 288 km. An agreement of 1992 completed the

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demarcation of the border with Yemen, and an agreement of March 1990 finalized the border with Saudi Arabia. The capital is Muscat.

Map 2.8.: Oman*

*Source: Greenwich Meantime

With a coastline of 1,700 km from the Strait of Hormuz in the north to the borders of the Republic of Yemen, the Sultanate occupies a highly strategic position in the region. Like Yemen to the southwest, the territory of Oman has always benefited from its fine trading position at the southern extremity of the Arabian Peninsula. From here merchants, without needing to sail far from land, can make easy contact with Persia to the north, India to the east and Africa to the south. This stretch of coast, together with that of Muscat just round the corner, is valuable territory. It comprises coastal plains in the north and south, separated from the interior desert by high mountain ranges.
Internally, the country is effectively split into two or even three units by the terrain. The coastal strip and Muscat are divided from Nizwa by a high mountain range and Nizwa is separated from Salalah and the Dhofar in the south by desert. Oman’s territory includes an enclave and an exclave; Musandam and Madha. As these two parts are geopolitically important, they have been described separately, as follows:

2.5.2.1. Musandam

The Musandam Peninsula has an area of 1,800 square kilometers and a population of 28,727 people. It is the northernmost part of Oman jutting out into the Strait of Hormuz at the entrance to the Persian Gulf. Musandam Peninsula is separated from the rest of the country by the territory of the United Arab Emirates (UAE). Governorate of Musandant is distinguished for its strategic location, with part of it known as Ras Musandam.

Map 2.9.: Musandam Peninsula of Oman*

# Musandam Peninsula is shown by red colour.

It is worth noting that not the whole of the Strait is good for navigation and the part which is suitable for sea navigation falls within the territorial waters of the Sultanate, which made
Omanis shoulder a huge responsibility in organizing navigation in this Strait since the old ages. At its nearest point Musandam is just 55 km from Iran across the strait. Musandam more or less begins where the mountains rise from the plains of Ras al Khaimah. The mountains have isolated communities for centuries. Connectivity has traditionally been a problem for the region; it could earlier be accessed only by a weekly flight or by a ten hour drive that also involved passing through four immigration posts. But this has greatly improved since August 2008 “with the world’s fastest passenger ferry service between Muscat and the peninsula.”

2.5.2.2. Madha
The Omani territory of Wadi-e-Madhah (Madha Valley) is a wholly Omani exclave within UAE, surrounded by the United Arab Emirates, halfway between the Musandem Peninsula and the rest of Oman.

Map 2.10.: Madha Exclave of Oman and Nahwa Exclave of UAE*
*Source: Jan Krogh’s Geosite/ Oman

The north-east corner of Madha is closest to the Fujairah- Khor-Fakkan road in the Emirate of Sharjah. It covers approximately 75 square km. The boundary was settled in 1969. There is also a Royal Oman Police patrol.

The Omani exclave of Madha is quite big but mostly empty, belonging to the Musandam territory of Oman further north. The only big development, the city of New Madha, is a very calm and quiet place. There are several villages outside New Madha if one continues the roads further into the exclave. There is no border control entering Madha. There are two roads leading to Madha, both from the United Arab Emirate of Fujairah. One reaches New Madha from the north, and the other from the east.

Interesting is that mobile phone switches from UAE-providers to Oman Mobile; clearly stating that it is a different country.

There is an exclave of UAE wholly within Madha called Nahwa. It legally belongs to Emirate of Sharjah. According to the World Fact Book, 2007, Oman has signed a boundary agreement and ratified with UAE in 2003 for entire border, including Oman’s Musandam Peninsula and Al Madha exclave, but details of the alignment have not been made public.

2.5.3. Population; Religious and Ethnic Groups

According to US Department of State’s Background Note of July 2007 estimated Oman population was 3,204,897 includes 577,293 non-nationals, which ranks 137th populous country in the world. Arabic is the official language; English, Baluchi, and Urdu are also spoken.

2.5.3.1. Religion

Islam is the official religion of the country. According to the CIA World Fact Book (2004), 75 percent of the Omani population is Ibadi while the remaining 25 percent is Sunni, Shiite, or Hindu. This suggests that while Oman is not a democracy, Sultan Qabus, the King of Oman, hails from the majority community within Oman. Further, Oman is the only Muslim country where the rulers have traditionally been Ibadis.

As is well known, Islam has two main branches: Sunni and Shiites. Oman, though, is one of the few Muslim countries where adherents of a third branch, Ibadism, are prevalent.

Ibadism is the only extant branch of Kharijism, Islam’s earliest schism. Ibadism is conservative, but tolerant of other forms of Islam. A traditional belief of the Ibadis is that their Imam should be the most worthy person of the Ibadi community, that he was to be chosen by the community’s notables, and that he could be removed from office if he proved himself unworthy of it. The Ibadi branch of Islam, a moderate Kharijite group, claims the most adherents. In belief and ritual, Ibadism is close to Sunni Islam (the major branch of Islam), differing in its emphasis on an elected, rather than a hereditary, imam as spiritual and temporal leader of the Ibadi community.
Sunnis elsewhere, especially in Saudi Arabia, have an extremely negative view of Ibadism. It is not clear whether the Sunnis of Oman share this view. It is highly probable, though, that the majority Sunnis resent being ruled by the Ibadi minority. One account of the arrest in 1994 of hundreds of regime’s opponents said that most of them were Sunni Muslim, suggesting the presence of just such resentment in this community.

### 2.5.3.2. Ethnic Groups

More than half of Oman’s population is Arab. However, large numbers of ethnic Baluch, who migrated to Oman from Iran and Pakistan over the past several centuries, live near the coast in Al-Bathina, there are also minorities of South Asians, East Africans and migrant workers of varied ethnicities.

The Muscat-Mataran urban area has long been home to significant numbers of ethnic Persians and to merchants of South Asian ancestry, some of whom also live along Al-Baṭinah. Notable among the latter are the Liwatiyyah, who originally came from Sind (now in Pakistan) but have lived in Oman for centuries. Several large Arab groups predominate along Dhofar's coastal plain.

The inhabitants of the Dhofar's mountains are known as jibalis, or 'people of the mountains'. They are ethnically distinct from the coastal Arabs and are thought to be descendants of people from the Yemen highlands.

Oman was a hub for the slave trade in the 18th and 19th century and although this practice was abolished in the 20th century, many continue to work for the families that previously owned their ancestors. The foreign labour force is large--estimated at 58 percent of the working population. Since 1970, increasing numbers of foreigners have come to reside in the country, particularly in the capital. These include Western businessmen, as well as government advisers, army officers, and labourers from the Indian subcontinent, the Philippines, and other Asian countries. Since the 1980s the government has followed a policy termed “Omanization”\(^4\), to reduce the country’s dependence on foreign labour and increase employment opportunities for Omani citizens.

Oman has not been exposed to a significant internal threat since the defeat of the Dhofari insurgents in 1975. The security services are described as large and efficient but not overly intrusive. Tribal dissension, a factor in the past, is considered unlikely to recur because most tribal chiefs and leading families share the advantages of rising oil income. While the political opposition in Oman is not strong now, this could change if Oman faces economic and political crises simultaneously. While Oman is arguably better off than most states in the Middle East, it also appears to have a much more limited political capacity for dealing with a severe economic crisis than many of these other countries where a state of crisis is the norm.

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\(^4\) Omanization is a policy enacted by the government of Oman in 1988 aimed at replacing expatriate workers with trained Omani personnel.
The sultanate has not been the target of terrorist acts; it faces few problems from the narcotics trade and considers the level of general crime to be remarkably low.

2.5.4. Military Power

Oman’s Military branches are Royal Omani Armed Forces: Royal Navy of Oman, Royal Air Force of Oman, and Royal Army of Oman. The Navy is one of the most modern in the region, and the Air Force is respected.

With a personnel total of only “46,500” in 2005, the armed forces are relatively small, but they are well balanced and extremely well trained, with high-quality equipment. Minimum 18 years of age is required for voluntary military service.

Since their formal establishment in the early 1950s, with British assistance, Oman Military has twice overcome insurgencies which have threatened the integrity or social structure of the state, and more recently has contributed contingents or facilities to coalitions formed to protect the Persian Gulf states.

“Many British military personnel are part of the Omani armed forces, and Oman maintains close military cooperation with Britain.”

During October 2001, the Sultan’s Armed Forces and British troops staged the joint exercise, Saif Sareea “Swift Sword”, in Oman which coincided with first strikes launched against Taliban in Afghanistan in 2001. Preparation and planning began in 1998. Omani officers worked alongside British officers.

The training exercises like Operation Safe Sword are often conducted in the Gulf by NATO countries to ensure a state of readiness in a volatile region.

United States influence in Oman widened with the signing of a facilities access agreement in June 1980 (renewed in 1990) providing United States military access to Omani bases under specified conditions.

2.5.5. Economy

Oman is a middle-income economy in the Middle East with notable oil and gas resources, a substantial trade surplus, and low inflation. Oman joined the World Trade Organization in November 2000 and continues to liberalize its markets.

When Oman declined as an entre-pot for arms and slaves in the mid-19th century, much of its former prosperity was lost, and the economy turned almost exclusively to agriculture, camel and goat herding, fishing, and traditional handicrafts. Today, oil and gas fuel the economy, and revenues from petroleum products have enabled Oman's dramatic development over the past decades.

In anticipation of the eventual depletion of oil reserves, the government initiated a plan for the post-oil era that focused on developing the country’s natural gas resources to fuel domestic

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45 www.NationMaster.com/ Military Statistics/ Personnel/ Oman
47 Ministry of Information/ Sultanate of Oman, 2002-2003
industry and for export in the form of liquefied natural gas (LNG) in 1996. The country’s development has been aided in part by the Gulf Cooperation Council (GCC).

The Omani Government embarked on its seventh 5-year plan in 2006. In its efforts to reduce its dependence on oil and expatriate labor, the government projects significant increases in spending on industrial and tourism-related projects to foster income diversification, job creation for Omaniis in the private sector, and development of Oman’s interior. Government programs offer soft loans and propose the building of new industrial estates in population centers outside the capital area. The government is giving greater emphasis to ‘Omanization’ of the labor force, particularly in banking, hotels, and municipally sponsored shops benefiting from government subsidies. Currently, efforts are underway to liberalize investment opportunities in order to attract foreign capital.

Oman ratified a Free Trade agreement with the US in September 2006 and, through the Gulf Cooperation Council (GCC), seeks similar agreements with the EU, China and Japan.

2.5.6. Natural Resources

In contrast to several Gulf States, Oman possesses relatively modest oil reserves. The obvious implication of this is that Oman is going to have to adjust to life without oil long before its more richly endowed neighbours. Oman lagged behind such neighbouring gulf emirates as Kuwait and the UAE as a result of the late discovery of oil, financial constraints, and political instability in the first half of the 1970s.

Although Oman’s oil reserves will be exhausted in the near future, natural gas reserves are being increasingly tapped as a domestic energy source and are likely to become the second major source of income for the country.

Given that Oman’s population is growing rapidly, its petroleum reserves are much lower than previously thought, and its non-oil economy is limited, it appears that the Sultanate will face a serious economic crisis in the next 10 to 15 years, or even sooner if oil prices continue to plummet.

2.6. Geopolitics of Qatar

2.6.1. History

Qatar has been settled since the Stone Age, the first known inhabitants being Canaanite tribes. The country was later subject to various rulers, including Sargon of Akkad, who reigned about 2335 to 2279 BC, and it was most likely connected with the federation of Dilmun in the 1st millennium BC.

Islam swept the peninsula in the 7th century AD, and Qatar then became a part, of the Arab Caliphate and the Ottoman Empire. At the beginning of the 16th century the Peninsula of Qatar along with the rest of the Western part of Persian Gulf came under the hegemony of
the Portuguese. Establishing their hold over the Strait of Hormuz, the most important strategic point in the Gulf, the Portuguese conquered Qatar in 1515.

Iranians long held sway in the country, but in the late 18th century Wahhabis from what is now Saudi Arabia took control. They were replaced in the early 19th century by the Thani dynasty, although its rule after the middle of the century was at the sufferance of the Ottoman government.

In 1916 Qatar became a British protectorate but continued to be ruled as an absolute monarchy by the Thanis. Under the treaties of 1916 and 1934 Qatar ceded Britain control over its external affairs in return for British military protection.

In 1968 British troops left Qatar and Qatar adopted a constitution confirming the emirate as an absolute monarchy in 1970. It led negotiation to establish a union of Arab emirates but terms could not be agreed. Qatar, the mainly barren country and a British protectorate until 1971, “assumed full independence under the rule of Sheikh Ahmad and joined the Arab League and the United Nations in September 3rd, 1971.” 48 Most Arab states, the UK, and the US were among the first countries to recognize Qatar.

On February 22nd, 1972, Khalifa Ibn Hamad deposed Ahmad Ibn Ali. Khalifa Ibn Hamad had the tacit support of the Al Thani and of Britain, and he had the political, financial, and military support of Saudi Arabia.

In 1981 it was a founder member of the Gulf Cooperation Council and in 1988 established diplomatic relations with the USSR and the People’s Republic of China. Qatar allied itself with Saudi Arabia on many regional and international issues.

Since the Amir, Sheikh Hamad Bin Khalifa Al Thani assumed power in 1995, the State of Qatar with its limited financial and human resources took a turning point on the political, media, economic, social and information levels during the Persian Gulf War (1991), international coalition forces were deployed on Qatari soil. Palestinians were expelled from Qatar in retaliation for the pro-Iraqi stance of the Palestine Liberation Organization (PLO), but since the war relations with the Palestinians have returned to normal. After the Persian Gulf War, Iraq was still regarded as a threat to Qatar’s oil interests; Qatar signed a defence pact with the United States but also restored relations with Iraq.

The State of Qatar, since its independence and out of its historical, political and national commitment, is following a policy that is based on the unification of destiny and goal of the Gulf, Arab and Islamic states. This consolidates cooperation with all neighbouring, friendly peace loving countries in a context of mutual respect and common interests, promotes and

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48 Statesman Year Book (2008), p.1019
serves international peace and security thus achieving prosperity for all countries and peoples. Now Qatar is a stable country and faces no immediate threats to its security.

2.6.2. Territory
Qatar has strategic location in central Persian Gulf near major petroleum deposits. The capital is Doha. As the 164th largest country in the world, Qatar is slightly smaller than the state of Massachusetts of USA.

Qatar occupies 11,437 square kilometres on a peninsula that extends approximately 160 kilometres north into the Persian Gulf from the Arabian Peninsula.

Map 2.11.: Qatar*

*Source: unimaps.com

Varying in width between fifty-five and ninety kilometres, the land is mainly flat and rocky. Notable features include coastal salt pans, elevated limestone formations (the Dukhan
anticline) along the west coast under which lies the Dukhan oil field, and massive sand dunes surrounding Khawr al Udayd, an inlet of the gulf in the southeast known to local English speakers as the Inland Sea.

Of the islands belonging to Qatar, Halul is the most important. Lying about ninety kilometres east of Doha, it serves as a storage area and loading terminal for oil from the surrounding offshore fields.

Its land boundary is 60 km with Saudi Arabia as it is contiguous only with Saudi Arabia. The boundary with Saudi Arabia was settled in 1965 and its longstanding border disputes with Saudi Arabia resolved in 2001.

Qatar’s coastline is 563 km. Qatar's northwest coast is fewer than thirty kilometres from Bahrain. Hawar and the adjacent islands immediately off the west coast was the subject of a territorial dispute between Qatar and Bahrain, which was the only significant geopolitical issue. In 2001, Qatar agreed to give the islands to Bahrain in exchange for territorial concessions relating to previous Bahrain claims on mainland Qatar.

2.6.3. Population; Religious and Ethnic Groups

According to the World Fact Book 2007, population estimated in July 2007 was 907,229. In 2007 population growth rate was estimated 2.386%. The official language is Arabic, although English is widely used in government and commerce.

2.6.3.1. Religion

Islam is the predominant religion and makes up 77.5% of the population of Qatar, 8.5% Christian and 14% other religions. Most native Qataris belong to the Islamic Wahhabi sect, an orthodox branch of Sunni Muslims, which constitute 90% percent of Muslim population and Shiite Muslims account for approximately 10 percent.

Religion is not a criterion for citizenship, according to the Qatar Nationality Law. However, nearly all Qatari citizens are either Sunni or Shiite Muslims.

There were no reports of societal abuses or discrimination based on religious belief or practice, and prominent societal leaders took positive steps to promote religious freedom.

2.6.3.2. Ethnic Groups

Of the total population, Qataris and other Arabs formed nearly 40 percent in mid-2006 while Indians and Pakistanis amounted to roughly 18 percent each. About 10 percent were Iranians. And other ethnic groups amount 14% of the population.

The Qataris are the descendants of the different Omani tribes and other of populations in areas neighbouring Qatar. Qataris are a minority in their own country, accounting for less than a quarter of the total population.

For security reasons, official statistics or censuses do not include breakdowns for nationals and non-nationals but independent estimates show that the indigenous population is estimated at around 150,000.
Although the country has experienced little internal unrest, the large number of foreigners, forming 80 percent of the work force, is regarded as possible sources of instability. Qatar is determined to maintain control over their activities and limit their influence.

A significant number of resident Palestinians, some of whom included prominent businessmen and civil servants, were expelled after the Iraqi invasion of Kuwait.

Qatar and the other Gulf States have been a target of international drug gangs because of their wealth, openness, the presence of a large foreign community; including emigrants from Asian drug producing countries, lack of deterrent laws and their location midway between Asia and the Western markets. In the past, drug gangs had used Iran to reach Western markets but intensified security and the execution of hundreds of narcotics smugglers in Iran forced those gangs to switch routes and use Arab States of the Persian Gulf region as a transit route. Large quantities of narcotics were also seized in 2004 and 2005 but no official data has been provided on the exact volume and number of offenders. Qatari officials have acknowledged the drugs problem but say it remains under control through the introduction of tough security measures including long jail terms and the use of capital punishment, deportation of foreign criminals and the installation of advanced detection and surveillance systems at the country's ports and along the coastline.

"According to Independent Newspaper, a suicide-bombing killed a British teacher at the Doha Players Theatre in March 2005, shocking for a country that had not previously experienced acts of terrorism. The bombing was carried out by Omar Ahmed Abdullah Ali, an Egyptian residing in Qatar, who had suspected ties to Al-Qaeda in the Arabian Peninsula."  

The potential geopolitical issues concern the proportion of expatriate labor in the population and the limited water supply.

**2.6.4. Military Power**

According to the World Fact Book 2007, Qatar's Military branches are Qatari Amiri Land Force, Qatari Amiri Navy and Qatari Amiri Air Force. Minimum 18 years of age is required for voluntary military service. Land forces enlisted personnel are largely unprofessional foreign nationals. Qatar maintains a modest military force of approximately 11,800 men,

The military of Qatar is small, only marginally larger than the military of Bahrain. Despite its limited size, the military cannot be totally discounted as it possesses modern equipment. At the time of independence on September 3rd, 1971, the armed forces consisted of little more than the Royal Guard Regiment and some scattered units equipped with a few armoured cars and four aircrafts.

Initially outfitted with British weaponry, Qatar shifted much of its procurement to France during the 1980s in response to French efforts to develop closer relations. By 1992 it had grown to a

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49 Coman Julian, "Egyptian Suicide Bomber Blamed for Attack in Qatar", The Independent, March 21st, 2005
force of 7,500, including an army of 6,000, a navy of 700, and an air force of 800. The lack of sufficient indigenous manpower to staff the armed forces is a continuing problem. By one estimate, Qatari citizens constitute only 30 percent of the army, in which more than twenty nationalities are represented. Many of the officers are of the royal family or members of leading tribes. Enlisted personnel are recruited from Bedouin tribes that move between Qatar and Saudi Arabia and from other Arab groups. Many Pakistanis serve in combat units. In 1992 there were still a number of British officers, as well as French, Jordanians, and Pakistanis in advisory or technical positions. More young Qataris are being recruited, and the number of trained and competent Qatari officers is steadily increasing.

Qatari forces played an important role in the First Gulf War. Qatar served as the headquarters and one of the main launching sites of the US invasion of Iraq in 2003 and hosts CENTCOM; The United States Central Command, Forward Headquarters.

After Bahrain, Qatar is believed to have the second smallest army in the Arab world but it enjoys USA protection as it is home to a major American military presence in the Gulf. Furthermore, Qatar is one of the biggest defence spenders in the world in terms of budget allocations, with such spending accounting for nearly a third of its total current expenditure.

2.6.5. Economy

Before the discovery of oil, the economy of the Qatar focused on fishing and pearling. After the introduction of the Japanese cultured pearl onto the world market in the 1920s and 1930s, Qatar's pearling industry faltered. However, the discovery of oil; beginning in the 1940s, completely transformed the state's economy.

Now the country, a former pearl-fishing centre and once one of the poorest Gulf States, is one of the richest countries in the region and has a high standard of living, with many social services offered to its citizens and all the amenities of any modern state.

Qatari standards of living are double those of the United Arab Emirates, over five times those of the rest of the oil producing of the region and only slightly lower than those of the world's advanced industrialized countries.

Qatar is considered to be one of the most competitive economies in the world and is highly rated by credit agencies. The country's economy is open, barriers to trade are low and no income taxes are levied.

The economy of Qatar is one of the active economies in the Middle East and is mainly dependent upon the ebb and flow of revenues generated by Qatar's hydrocarbon wealth and its related industries. Qatar has experienced rapid economic growth over the last several years on the back of high oil prices, and in 2008 posted its eighth consecutive budget surplus. With only about 20 years left as a major oil exporter, Qatar has made a priority of diversifying and attracting foreign investment. The country has become a regional banking centre.
Economic policy is focused on developing Qatar's non-associated natural gas reserves and increasing private and foreign investment in non-energy sectors, but oil and gas still account for more than 50% of GDP, roughly 85% of export earnings, and 70% of government revenues. “Oil and gas have made Qatar the second highest per-capita income country- following Liechtenstein - and one of the world's fastest growing.”

2.5.6. Natural Resources

Although oil was discovered in 1939, the discovery in 1971 of a large offshore oil field gave further impetus to the economy and Qatar rapidly developed a modern infrastructure, building up its health and education services. What oil was to the 20th century, natural gas will be to the 21st century. The rising worldwide demand for gas is also influencing relations between the major consuming nations and their principal suppliers. A key factor in the geopolitics of natural gas is the heavy concentration of reserves in a relatively small number of producing countries. “The top five, Russia, Iran, Qatar, Saudi Arabia and the United Arab Emirates, hold nearly 67 percent of the world gas resources.” This means, of course, that these countries are in a very strong position to control the global flow of gas and to influence market forces.

A vast gas reserve which is divided between Iran and Qatar; Iran’s part is called South Pars and Qatar’s part is called North Field, is one of the huge gas reserves of the world. Its location, like many other huge hydrocarbon proven reserves, is distant from today’s major consuming areas. Country risk will become an important factor in decision making for export pipelines, LNG and other mega projects and even domestic downstream projects. Political and economic instability means higher project risk, which in turn translates into the requirement of much higher return on investment. Geopolitical factors are especially important for cross-border pipelines that transit third countries.

2.7. Geopolitics of Saudi Arabia

2.7.1. History

Saudi Arabia, geographically a sparsely populated largely desert wasteland is so important from a geopolitical point of view; for some states because of its oil and for others as the heartland of Islam. Nomadic tribes have existed across the Arabian Peninsula for thousands of years. Persian influence was prevalent along Saudi Arabia’s eastern coast, centred on Dilmun which covered parts of the mainland and the island of Bahrain.

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50 CIA World Fact Book/ Qatar, April 2009
By the 6th century AD the Hejaz region in north-western Saudi Arabia was becoming increasingly powerful and an important link in the overland trade route from Egypt and the Byzantine Empire to the wider east. Prophet of Islam, Mohammad, and his followers took control of Mecca, one of the principal cities of Hejaz, in 630. The leaders who succeeded Mohammad, known as caliphs, spread the Islamic faith throughout and beyond the Arab world. Saudi Arabia's origin as a political entity lay in the rise of the puritanical Wahhabi movement of the 18th century, which called for a return to the original principles of Islam and gained the allegiance of the powerful Al Saud dynasty in the Nejd region of central Arabia. By 1811 the Al Saud/Wahhabi armies controlled most of the peninsula and were seen as a threat to the Ottoman Turkish overlord.

In 1891, after a long period of tribal warfare, the rival Al Rashid family, with Ottoman support, seized control of the city of Riyadh. The Al Saud family was exiled to Kuwait, but Abdul Aziz Ibn Abdul Rahman (known to Europeans as Ibn Saud) restored Wahhabi fortunes, recapturing Riyadh in 1902 and reasserting Al Saud control over Nejd in 1906. In 1914 he gained the Al Hasa; the east region of Nejd on the Gulf from the Ottoman Turks. In 1920 he captured the Asir region and in 1921 Jebel Shammar territory. In 1926 he became both Sultan of Nejd and King of the Hejaz. Britain recognized him as an independent ruler by the Treaty of Jeddah on May 1927, and in 1932 Nejd and Hejaz were unified as the Kingdom of Saudi Arabia, ruled as an absolute monarchy under Islamic law.

King Abdul Aziz died in 1953 and was succeeded by his eldest son, Saud, who reigned for 11 years. In 1964, Saud was forced to abdicate in favor of his half-brother, Faisal, who had served as Foreign Minister. Proclaimed King in 1964 by senior royal family members and religious leaders, Faisal also continued to serve as Prime Minister. This practice has been followed by subsequent kings.

In 1975, King Faisal was assassinated by a nephew, who was executed after an extensive investigation concluded that he acted alone. Faisal was succeeded by his half-brother Khalid as King and Prime Minister; their half-brother Prince Fahd was named Crown Prince and First Deputy Prime Minister. King Khalid empowered Crown Prince Fahd to oversee many aspects of the government's international and domestic affairs. Economic development continued rapidly under King Khalid, and the kingdom assumed a more influential role in regional politics and international economic and financial matters.

King Khalid died in June 1982. Fahd became King and Prime Minister in a smooth transition. Under King Fahd, the Saudi economy adjusted to sharply lower oil revenues resulting from declining global oil prices. Saudi Arabia supported neutral shipping in the Persian Gulf during periods of the Iran-Iraq war and aided Iraq's war-strained economy. King Fahd played a major part in bringing about the August 1988 cease-fire between Iraq and Iran and in organizing and strengthening the Gulf Cooperation Council (GCC).
In August 1990, Saddam Hussein's forces invaded Kuwait. Iraqi troops began massing on the border of Kuwait and some feared that they were about to invade Saudi Arabia. King Fahd allowed American and Coalition soldiers to be stationed in Saudi Arabia to counter the Iraqi threat. King Fahd played a key role before and during the 1991 Persian Gulf War. Saudi Arabia accepted the Kuwaiti royal family and 400,000 refugees while allowing Western and Arab troops to deploy on its soil for the liberation of Kuwait the following year. King Fahd's action also consolidated the coalition of forces against Iraq and helped define the tone of the operation as a multilateral effort to re-establish the sovereignty and territorial integrity of Kuwait. Many Muslims were angered by this move, because it allowed foreign armies to be stationed in their holiest land.

After the attacks of September 11th, 2001, it became known that 15 of the 19 suspected hijackers were Saudi. Saudi Arabia became the focus of worldwide attention once again, as it was questioned whether the government was indeed cracking down on radicals. The Saudi government pledged their support to the War on Terror, and vowed to try to eliminate militant elements. However, in May 2003, an insurgency in Saudi Arabia began, believed to be conducted by Al Qaeda affiliates. This consisted mainly of attacks on foreigners in an attempt to expel them from the country and hurt the Saudi government. While the number of attacks dropped significantly in 2005, they exposed the vulnerability of the country. King Fahd died in July 2005. He was succeeded by his brother Crown Prince Abdullah Bin Abdul Aziz, who is now ruling the country.

Since ascending to the throne, King Abdullah has followed a more activist foreign policy, offering Saudi assistance and support in efforts to resolve regional crises in Lebanon, Sudan, and Somalia, fostering Israeli-Palestinian peace efforts, and increasing Saudi diplomatic engagement around the world. “In particular, he has pursued an Interfaith Dialogue Initiative to encourage religious tolerance on a global level, which was endorsed in a session of the UN General Assembly in November 2008.”

The Kingdom has been involved in the geopolitics of conflicts. More importantly, Saudi Arabia is always likely to be implicated in resource geopolitics and any use of oil weapon.

2.7.2. Territory

Saudi Arabia, with an area of about 2,149,690 square km, occupies the bulk of the Arabian Peninsula, nearly 80% of it and about 19.2% of the Middle East.
It ranks 15th largest country in the world. It is roughly one-third the size of the continental United States, and the same size as all of Western Europe. The capital is Riyadh.
Saudi Arabia is bounded in the west by the Red Sea, east by the Persian Gulf, Qatar and the United Arab Emirates, north by Jordan, Iraq and Kuwait and south by Yemen and Oman.

52 USA Department of State/ Background Note/ Saudi Arabia, January 2009
Saudi Arabia’s land boundaries are 4,431 km; Iraq 814 km, Jordan 744 km, Kuwait 222 km, Oman 676 km, Qatar 60 km, UAE 457 km and Yemen 1458 km. Saudi Arabia’s coastline is 2,640 km.

Map 2.12.: Saudi Arabia*

*Source: Lonely Planet site

Its extensive coastlines on Persian Gulf and Red Sea provide great leverage on shipping (especially crude oil) through Persian Gulf and Suez Canal. In the southwest, the mountain ranges of Asir Province rise to over 9,000 feet.
As a result of its position, geographically and within Islam, and particularly its possession of the world’s major oilfields, Saudi Arabia has been assured of external support, both regionally and globally.

The major geopolitical issues to concern Saudi Arabia have been international boundaries, both land and maritime. In boundary settlement, Saudi Arabia has consistently shown flexibility in agreeing to shared areas or porous boundaries.

The major issue was the marine and most of the land boundary with Yemen. For more than 60 years Yemen and Saudi Arabia quarrelled over their largely undefined border. The dispute was eventually settled by the Treaty of Jeddah in June 2000. The one sector of the boundary which is agreed is the demarcated sector from the Red Sea coast across the mountain chain to the western edge of the interior.

The location and status of Saudi Arabia's boundary with the United Arab Emirates is not final; a de facto boundary reflects in the 1974 agreement.

"In June 2005, the Saudi Minister of the Interior; Prince Nayef Bin Abdul Aziz, said that he had discussed in Abu Dhabi the issue of the border between Saudi Arabia and the UAE, denying the existence of any differences between the two states."53

The border between Saudi Arabia and Qatar was resolved in March 2001. Tentative agreement on the partition of the Saudi-Iraqi Neutral Zone was reached in 1981, and partition was finalized by 1983, which has been described in details in Iraq's section in this chapter.

The border dispute between Saudi Arabia and Kuwait is also described in Kuwait section of this chapter. According to USA Department of State, January 2009, the border with Oman is not demarcated.

2.7.3. Population; Religious and Ethnic Groups

Until the 1960s, most of the population of Saudi Arabia was nomadic or semi-nomadic; due to rapid economic and urban growth, more than 95% of the population now is settled. According to USA Department of State’s Background Notebook on Saudi Arabia (January 2009), Saudi Arabia's 2008 population was estimated to be about 28 million, including about 5.6 million foreigner residents. The country ranks the world’s 46th most populous country. "Its population increased at least 300% between 1973 and 2000."54

Official language of the country is Arabic and is used by most of the native population. English is an important second language, used in government, commerce, the media, and among the non-Arab expatriate community.

2.7.3.1. Religion

Islam is the official religion. The law requires that all Saudi citizens be Muslims. Saudi Arabia is known as the birthplace of Islam. A majority of Saudi citizens are Sunni Muslims

53 "Saudi Arabia Confirms Discussing Border Disputes With UAE", www.arabicnews.com, June 16th, 2005
(Wahhabi). The Government does not provide legal recognition or protection for freedom of religion, and it is severely restricted in practice. As a matter of policy, the government guarantees and protects the right to private worship for all, including non-Muslims who gather in homes for religious practice.

The cultural environment in Saudi Arabia is highly conservative; the country officially adheres to the strict Wahhabi interpretation of Islamic religious law (Sharia). Cultural presentations must conform to narrowly defined standards of ethics. Men and women are not permitted to attend public events together and are segregated in the work place.

“Shiite people are a minority in Saudi Arabia, about 15 percent.”

They live mostly in the eastern districts on the Persian Gulf (Qatif, Al-Ahsa, Dammam), where they constitute approximately three-quarters of the native population, and in western highlands of Saudi Arabia. In Saudi Arabia, the Shiites are a special case, constituting 75% of the population in the Eastern Province, the Kingdom’s main oil-producing region, and identifying far more strongly with Shiites across the border in Iraq than with the Saudi state.

Indeed, the empowerment of Iraq's long-suppressed Shiite has raised expectations among Saudi Arabia’s Shiite that they, too, can gain first-class status. Some Saudi authorities are extremely concerned about any possible connection between the Shiite in Saudi Arabia and Iraq. Therefore, failing to pay attention to their Shiite citizens, some Saudi authorities frequently express concern that the Shiite are conspiring to form a Shiite bloc comprising Iran, Iraq, Syria and Lebanon. At the same time, regional authorities have embarked on certain moves in order to improve the present conditions, like holding broader elections.

From a theological perspective, relations between the Shiite and the Wahhabi Sunnis are inherently strained because the Wahhabis consider the rituals of the Shiite to be the epitome of Sherk (polytheism; literally association), especially the Ashura mourning celebrations, the passion play re-enacting Husain’s death at Karbala, and popular votive rituals carried out at shrines and graves.

“The worst bout of confrontations in years between Shiites and authorities in the overwhelmingly Sunni country began with an argument in the vicinity of Al Baqee Cemetery in Medina in February 20, 2009.”

A group of Shiites pilgrims visiting the cemetery complained that officers from the religious police were filming women among the group. A Saudi official blamed the Shiite pilgrims for the trouble, accusing them of performing religious rituals offensive to other worshippers and authorities at the cemetery. In February 24th, 2009, the dispute erupted into two protests involving several hundred people in an eastern town, and Shiite leaders differed over whether demonstrations and shouting slogans would resolve the issue better than quiet dialogue with the government.

2.7.3.2. Ethnic Groups

Most Saudis are ethnically Arab; 90%, and Afro-Asian people form 10% of Saudi Arabia’s population. Some are of mixed ethnic origin and are descended from Turks, Iranians, Indonesians, Indians, Africans, and others, most of who immigrated as pilgrims and reside in the Hijaz region along the Red Sea coast.

Although the country’s tribes are often considered ‘pure Arabs’; certainly they are the descendants of the peninsula’s original ethnic stock, a certain degree of ethnic heterogeneity is evident among both the sedentary and nomadic populations of Saudi Arabia. Variations have developed because of a long history of regionalism and tribal autonomy and because some localities have been subjected to important outside influences. Thus, the proximity of sub-Saharan Africa along the Red Sea littoral and the constant historical influx of peoples from Iran, Pakistan, and India along the Persian Gulf coast have left traces of the physical types characteristic of those peoples among the native population.

Likewise, the Hajj to Mecca, has long brought hundreds of thousands of people annually from various ethnic groups to the country. About half of all pilgrims travel from Arab countries and half from African and Asian countries. A small number of such visitors have settled in and around the holy cities throughout the years, either out of religious devotion or because penury prevented their return home.

By the early 21\textsuperscript{st} century, the estimated number of foreign workers was between one-fourth and one-fifth of the country’s total population, despite efforts by the Saudi authorities to encourage citizens to occupy positions typically held by foreigners. At first, most expatriated workers were Arab, such as Yemenis, Egyptians, Palestinians, Syrians, and Iraqis. Increasing numbers of non-Arab Muslims such as Pakistanis have been employed, as have large numbers of non-Muslim Koreans and Filipinos, who have been hired under group contracts for specified periods. Many Arabs from nearby countries are employed in the kingdom. Most specialized technical workers are Europeans and Americans.

2.7.4. Military Power

Saudi Arabia’s Military branches are; Land Force, Navy, Air Force, Air Defence Force, National Guard and Ministry of Interior Forces (paramilitary). Minimum 18 years of age is required for voluntary military service and there is no conscription.

“The armed forces comprise 105,500 active personnel and there is a strong army and air force and a developing navy. All are equipped with the latest technology. There is also a Peninsula Shield Force of 7000, supplied by the USA, France and UK.”\textsuperscript{57} This raises the question of when, with its powerful military, Saudi Arabia will act independently and when it

\textsuperscript{57} Anderson Ewan W. and Bayne Fisher William, “The Middle East: Geography and Geopolitics”, Routledge, USA, 2000, p. 247
will require western assistance. Despite the relatively small population for its area, by Middle Eastern standards, Saudi Arabia is militarily powerful. 5000 US troops were stationed in Saudi Arabia after the 1991 Gulf War and were joined by a further 20000 during the 2003 conflict. However, virtually all US troops have now been withdrawn. 

The politically vulnerable oil-rich Gulf States had been subject to outside intervention in the past. For this reason, Saudi Arabia and the smaller states planned to form a system for collective security. In 1984 the Defence Ministers of the Gulf Cooperation Council (GCC) agreed on the creation of a two-brigade (10,000-man) Peninsula Shield Force. This joint intervention force was based in Saudi Arabia near King Khalid Military City at Hafar Al Batin under the command of a Saudi officer. In addition to a headquarters’ staff, the force consisted of one infantry brigade of about 5,000 men with elements from all GCC states. Its mission, however, had not been publicly defined. It was not clear, for example, whether the joint force would have authority to intervene in a domestic emergency. The force could be enlarged at a time of threat; it was apparently reinforced prior to the Persian Gulf War in 1991 but did not take part in the war as a distinct unit. In 1990-91, Saudi Arabia played an important role in the Gulf War, developing new allies and improving existing relationships between Saudi Arabia and some other countries, but also suffering diplomatic and financial costs. During the war, Iraq fired Scud missiles into Saudi Arabia and even penetrated its northern border. Iraqi forces were expelled from Kuwait. American forces as well as some multinational contingents continued to occupy bases in the kingdom. However, American or foreign forces no longer occupy bases in Saudi Arabia. The foreign military presence caused militants to orchestrate attacks inside Saudi Arabia. In November 1995, a Saudi National Guard base was bombed, killing seven people. In June 1996, a truck bomb killed 19 American servicemen at the Khobar towers in Al-Khobar. These bombings caused the monarchy to focus on militancy inside their own kingdom, yet they denied there was much of a problem. “Saudi Arabia has become the only Southern Persian Gulf power able to develop military forces strong enough to play a major role in defending itself against any aggressive state and capable of playing a significant role in military action in the Red Sea area.”

During the Gulf war, Saudi Arabia was the only Southern Gulf power with enough air power and armour to play a major war fighting role in a US-led coalition; its development of advanced air bases, ports and facilities made it critical to any western effort to project military power in the Persian Gulf.

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Concern was voiced over the large number of Saudis fighting American soldiers in Iraq following the 2003 invasion.

2.7.5. Economy

When the Kingdom of Saudi Arabia was established in 1932 its economy was fragmented and small. People in the Al Ḥijaz cities of Mecca, Medina, and Jeddah derived most of their income from the annual influx of thousands of Hajj pilgrims.

Some of the world’s largest oil and natural gas fields lie beneath Saudi Arabia and its offshore waters, representing the country’s most economically important natural resource. Before the discovery and exploitation of these reserves in the mid-20th century, Saudi Arabia was one of the poorest countries in the world. Oil revenue transformed the Saudi economy in the mid-20th century.

The weakness of the US dollar in much of the first half of the 2000s caused the Saudi Rial to depreciate, enhancing the competitiveness of non-oil exports. Further structural reforms, less corruption, more privatization and vigilant macroeconomic management will be necessary in order for the Saudi economy to remain buoyant.

In April 2000, the government established the Saudi Arabian General Investment Authority to encourage foreign direct investment in the country. Saudi Arabia signed a Trade Investment Framework Agreement with the US in July 2003, and joined the WTO in December 2005. In 2005 the country’s financial sector continued to perform well and the Saudi stock market was among the world’s best performing.

According to the Oxford Business Group (OBG), the economy of Saudi Arabia is beginning to feel the effects of the global financial turmoil.

Arbah Capital is an investment company that is established by a group of strategic investors who are leading businessmen in the Persian Gulf region. CEO of the company, Saad Al Hassosah, was reported as saying that “It is important to assess the effects that the current global crisis will have on the local market. Project finance will be mostly affected and liquidity as well.”

“As most projects in the kingdom are being partially financed by international banking institutions, the current financial crisis will affect reserve requirements, therefore reducing the amount of credit that will be available for the market.” he added.

The impact of the recent recession on Saudi Arabia, as elsewhere, depends ultimately on how long the slowdown is likely to last. As with many other oil states in the Gulf, Saudi Arabia starts the current slowdown from a strong position given that it comes against a background of many years of high oil prices, which have left the Saudi’s public finances in good shape after years of chronic deficit. The impact of the financial crisis is more muted in Saudi Arabia.

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59 Khaleej times, October 23rd, 2008
compared to elsewhere, as government spending has not only been sustained but in fact increased in the budget for 2009.

According to Hassan Hakimian, Senior lecturer in Economics at the London’s Cass Business School, in an interview with the Director of Middle East Youth Initiative in February 25th, 2009, the Saudi Arabia’s Finance Minister, Ibrahim Abdulaziz Al-Assaf has stated that, “despite the combined effects of the collapse in oil prices and the envisaged increase in budgeted spending for 2009, which yields a projected budget deficit of 65 billion riyals ($ 17.3 billion), the Saudi’s vast financial reserves would be its first line of defense to meet any deficits for this and next year, hence averting the need to resort to external borrowing.”

2.7.6. Natural Resources

With more than one-fourth of the world total proven oil reserves and up to 1 trillion barrels of ultimately recoverable oil, Saudi Arabia is the world’s leading oil producer and exporter. Production comes from 14 major oilfields, mostly in the eastern provinces and offshore and including production from the Saudi-Kuwait Neutral Zone.

Scarcity of water is a perennial problem in the kingdom. Saudi Arabia has the largest single desalination program in the world, which meets most domestic and industrial needs. Underwater aquifers provide a limited amount of potable water, and a great deal of energy has been committed to constructing dams for water storage and to developing water-recycling plants.

2.8. Geopolitics of United Arab Emirates

2.8.1. History

Recent archaeological research indicates the presence of an advanced trading culture in the early 3rd millennium BC in what is now the UAE. The small trading states that emerged along the Persian Gulf coast were later overwhelmed by Persian empires; the Achaemenid Empire from the 6th to the 4th centuries BC and the Sassanid Empire from the 3rd to the 7th centuries AD. These empires took over and controlled the extensive maritime trade that the small states had already carried as far as China.

In the early AD centuries Arab tribes flocked to the region, first along the southern coast of the Arabian Peninsula, then from the north, helping to make it receptive to the religion of Islam before the death of the prophet Muhammad in 632. In the Middle Ages much of the region was part of the Persian Kingdom of Hormuz (from 1300).

European intervention in the Gulf began in the early 16th century, first by Portuguese, then Dutch and then by the British. The Trucial States of the Persian Gulf coast granted the UK control of their defence and foreign affairs in 19th century treaties. In January 1968 Britain announced the withdrawal of its military forces from the area by 1971.

In 1971, six of these states; Abu Dhabi, Ajman, Al Fujairah, Al Sharjah, Dubai and Umm al Qaiwan, merged to form a federation, the United Arab Emirates (UAE). They were joined in 1972 by Ras Al Khaimah. Each Sheikh runs the internal affairs of his own emirate, while at the federal level, authority lies with the Supreme Council of Rulers, with the membership comprising all seven Sheiks.

The Presidency and Premiership of the United Arab Emirates is de facto hereditary to the Al Nahyan clan of Abu Dhabi and the Al Maktoum clan of Dubai. The President of the United Arab Emirates and the head of state is the ruler of Abu Dhabi and the Prime Minister and Vice President of the United Arab Emirates, is the ruler of Dubai and the head of government. The political influences and financial obligations of the Emirates are reflected by respective positions in the Federal government.

On November 2nd, 2004, Sheikh Zayed Bin Sultan Al Nahyan, died. He was the UAE’s first and only president. His eldest son, Caliph Bin Zayed Al Nahyan, succeeded him as Ruler of Abu Dhabi. In accordance with the constitution, the UAE’s Supreme Council of Rulers elected Caliph Bin Zayed Al Nahyan as UAE Federal President. Mohammed Bin Zayed Al Nahyan succeeded Caliph as Crown Prince of Abu Dhabi.

During the 1980s, the UAE suffered, partly as a result of the Iran-Iraq War and partly through the drop in oil prices and, like Kuwait, sold more than its OPEC quota. This drew the condemnation of Iraq in 1990 and the UEA joined the coalition which won the Gulf War.

2.8.2. Territory

The area of UAE is approximately 83,600 square km, excluding over 100 offshore islands. However, its exact size is indeterminable as much of the border area with Saudi Arabia lies on the Rub al Khali (Empty Quarter) desert and remains un-demarcated. It ranks 116th largest country in the world.

The largest emirate, Abu Dhabi, accounts for 87 percent of the UAE’s total area; approximately three times the size of the other six combined, is the capital of UAE. The desert area of Abu Dhabi includes two important oases with adequate underground water for permanent settlements and cultivation.

It is located on the Southeast of the Arabian Peninsula and is bounded in the north by the Persian Gulf, northeast by Oman, east by the Gulf of Oman and Oman, south and west by Saudi Arabia.

The country’s north-easternmost tip is an enclave belonging to Oman and forms the strategically located Strait of Hormuz. The other significant factor of its location is that it coincides with the end of the major oilfield zone which extends from Iraq and the neighboring parts of Iran through Kuwait and Al Hasa Province of Saudi Arabia.

UAE land boundaries are 867 km; Oman 410 km, Saudi Arabia 457 km and its coastline is 1,318 km.
Prior to withdrawing from the area in 1971, Britain delineated the internal borders among the seven emirates in order to preempt territorial disputes that might hamper formation of the federation. In general, the rulers of the Emirates accepted the British intervention, but in the case of boundary disputes between Abu Dhabi and Dubai, and also between Dubai and Sharjah, conflicting claims were not resolved until after the UAE became independent. The most complicated borders were in the Al Hajar Al Gharbi (West Mountain), where five of the emirates contested jurisdiction over more than a dozen enclaves. There are two areas under joint control. One is jointly controlled by Oman and Ajman, the other by Fujairah and Sharjah.

Map 2.13.: United Arab Emirates*

*Source: Greenwich Meantime

At its birth on December 2\textsuperscript{nd}, 1971, the UAE faced challenges that caused many to predict that the new federation would fail. There were border disputes with Saudi Arabia and Oman,
rivalries among the Emirates were strong and threats to regional stability since then have included the 1979 Iranian Islamic Revolution, the Iran-Iraq War (1980-1988), and Iraq’s invasion of Kuwait in 1990. The UAE has survived these dangers and prospered largely because its president, Sheikh Zayed, has used the oil wealth of his emirate, Abu Dhabi, to the benefit of all emirates as well as to promote the UAE’s security in the international arena. UAE lies on the Persian Gulf with a number of ports available for shipping crude oil and natural gas exports.

Proximity to Iran has resulted in close relations with that state, although there are three disputed islands. In April 1992, the dispute resurfaced with Iran over three islands in the approaches to the Strait of Hormuz; Abu Musa, Greater Tunb and Lesser Tunb, which still is going on. The conflict had flared up when Iran refused to allow several hundred expatriates to return to the island, which is jointly administered by the two nations under a 1971 agreement. Concerns over Abu Musa and the Tunb Islands in the Persian Gulf centre on areas of lands, “but essentially about the limits of sovereignty and therefore the boundaries of Iran and UAE.”

In 1993 a dispute between the UAE and Iran over administration of the island of Abu Musa continued without significant progress.

Earlier, the physical separation of the southern portion of Oman from its territory on the Musandam Peninsula was a source of friction between Oman and the various neighboring emirates that became the UAE in 1971. Differences over the disputed territory appeared to have subsided after the onset of the Iran–Iraq War in 1980. In 2003 boundary agreement was signed and ratified with Oman in for entire border, including Oman’s Musandam Peninsula and Al Madhah enclaves, “but contents of the agreement and detailed maps showing the alignment have not been published.”

2.8.3. Population; Religious and Ethnic Groups

Population estimated in July 2007 was 4,444,011; based on the results of the 2005 census that includes a significantly higher estimate of net immigration of non-citizens than previous estimate. About 88% of the population of the United Arab Emirates is urban. The remaining inhabitants live in tiny towns scattered throughout the country or in one of the many desert oilfield camps in the state.

A harsh environment and marginal economic conditions kept the population of the region low and economically depressed until the exploitation of oil. According to estimates, between 1900 and 1960 there were 80,000 to 95,000 inhabitants in the Emirates, mostly in small coastal settlements. Whereas Sharjah was dominant in the 19th century, by 1939 Dubai was

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62 The World Fact Book 2007 (CIA; Central Intelligence Agency)
the most populous Emirate, with an estimated population of 20,000, one-quarter of whom, were foreigners.
The largest minorities were Iranians and Indians in Dubai and in other Emirates. Abu Dhabi’s onshore oil exports began in 1963, bringing wealth and a demand for foreign labour. Population growth has slowed since 1985. The population in 1995 was 15 times larger than it was in 1965; largely due to the immigration of oil workers. Official language is Arabic, and also English is widely spoken. Persian, Urdu and Hindi are also spoken.

2.8.3.1. Religion
According to the World Fact Book 2007, 96% of UAE population are Muslim (84% of Muslim population are Sunni and 16% Shiite) and other 4% are Christian and Hindu. Many foreigners are Muslim, although Hindus and Christians make up a portion of the UAE’s foreign population.
Though Islam is the UAE’s state religion, the government follows a policy of tolerance towards other religions and rarely interferes in the activities of non-Muslims. However, it is illegal in the UAE to spread the ideas of any religion apart from Islam through any form of media, as it is a form of proselytizing.
Although varying from emirate to emirate, the degree of religious freedom afforded non-Muslims is greater in the UAE than in Saudi Arabia and Qatar. Most of the Christians in the country are from Philippines, Lebanon and India while almost all Hindus in the country are of Indian origin.
In the past, internal dynastic rivalries within individual emirates were often sources of tension and even bloodshed. In part, this resulted from the absence of clearly established rules of succession. More recently, however, heirs apparent have usually been designated, most often the eldest son of the Amir.
Intra-UAE rivalries no longer take a violent form, but the continued existence of independent military forces and competition in acquiring arms bring with them a costly proliferation of weapons that complicates training and logistics. The threat of subversion from resident Iranians and native Shiite seems to be less acute in the UAE than in other Gulf States in spite of the large Shiite population in Dubai.

2.8.3.2. Ethnic Groups
UAE has one of the most diverse populations in the Middle East. About 87 percent of the total population consists of ethnic Arabs. 19% of the country’s population is Emirati. Several aspects of the UAE’s population are unusual.
The largest non-Arab group consists of Asians from India and Pakistan, about 9.5 percent of the population. Some 2 percent are Iranians.
Other groups, including Africans and Europeans, make up less than two percent of the population.
The number of foreign workers has increased dramatically since 1968, when they constituted 36 percent of the total population. Approximately “78% of the population are foreigners; foreign workers in all level of jobs, the highest percentage of any country,”63 including significant numbers of other Arabs; Palestinians, Egyptians, Jordanians, Yemenis, Omanis, as well as many Indians, Pakistanis, Bangladeshis, Iranians, Afghans, Filipinos, and West Europeans. As a consequence, UAE nationals form a minority of those who reside in the country.

In 2007, there were approximately 1.4 million Indian nationals residing in the UAE, making them the single largest expatriate community in the oil-rich nation. Thousands of Palestinians, who came as either political refugees or migrant workers, also live in the United Arab Emirates. There is also a sizable population of people from Egypt, Somalia and Sudan who migrated to the UAE before its formation. The UAE has also attracted a small number of expatriates from developed countries.

2.8.4. Military Power

The Trucial Oman Scouts, long the symbol of public order on the coast and commanded by British officers, were turned over to the UAE as its defense forces in 1971. The UAE armed forces, consisting of 48,800 troops, are headquartered in Abu Dhabi and are primarily responsible for the defense of the seven Emirates.

UAE Military branches are; Army, Navy (includes Marines and Coast Guard), Air and Air Defence Force, paramilitary forces (includes Federal Police Force). Minimum 18 years of age is required for voluntary military service and there is no conscription.

Although small in number, the UAE armed forces are equipped with some of the most modern weapon systems, purchased from a variety of outside countries. The military has been reducing the number of foreign nationals in its ranks, and its officer corps is composed almost entirely of UAE nationals. The Air Defense Force is linked into a joint air defense system with the other six Gulf Cooperation Council (GCC) nations aimed at protecting the airspace of the allied states. The UAE Special Operations Command (SOC) is a small but effective force centered on the counter-terrorism mission within the country. SOC is well-financed, trained, and equipped and is capable of executing its mission with a level of expertise equal to, or above, the rest of the GCC.

Following the 1990 Iraq invasion of Kuwait, the UAE has maintained extensive relations with its Western allies for security and cooperation towards increasing interoperability of its defense forces and for liberating Kuwait. Since then, the UAE has sought to rely on the GCC, the United States, and other Western allies for its security. The UAE believes that the Arab

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63 Statesman Year Book (2008), p.1258
League needs to be restructured to become a viable institution and would like to increase strength and interoperability of the GCC defense forces. The UAE contributes to the continued security and stability of the Gulf and the Straits of Hormuz. It is a leading partner in the campaign against global terrorism, providing assistance in the military, diplomatic, and financial arenas since September 11th, 2001. France and the USA have played the most strategically significant roles with defense cooperation agreements and military material provision in UAE.

“The UAE government supported the US-led war against the Iraqi occupation of Kuwait in 1991 and has provided major logistical support for the US armed forces since then, though, as with the vast majority of Arab governments, the UAE opposed the US invasion of Iraq in 2003.”

Most recently, its relations with Western countries culminated in a joint nuclear deal for the US to supply the UAE with nuclear technology, expertise and fuel. According to CNN News Agency’s report in April 29th, 2009, the civil nuclear agreement was signed in January 2009, between the United Arab Emirates and the Bush administration, but after the new administration took office, the deal had to be recertified. US Secretary of State, Hillary Clinton, recently signed the document and sent it to US President Obama for his signature, but President Obama has not yet signed it, up to March 2010.

2.8.5. Economy

Prior to the first exports of oil in 1962, the separate Emirates that now constitute the UAE had similar economies which were dominated by pearl production, fishing, agriculture, and herding. Since the discovery of oil in the UAE, the UAE has undergone a profound transformation from an impoverished region of small desert principalities to a modern state with a high standard of living. The UAE, rich in oil and natural gas, has become highly prosperous after gaining foreign direct investment funding in the 1970s. Since the rise of oil prices in 1973, however, petroleum has dominated the economy, accounting for most of its export earnings and providing significant opportunities for investment. Dependence on a large expatriate workforce and oil are significant long-term challenges to the UAE’s economy. Although the United Arab Emirates is becoming less dependent on natural resources as a source of revenue, petroleum and natural gas exports still play an important role in the economy, especially in Abu Dhabi. A massive construction boom, an expanding manufacturing base, and a thriving services sector are helping the UAE diversify its economy.

64 “US Democrats in dry dock over ports”. Asia Times, Mar 15th, 2006
The UAE’s liberal climate towards foreign cooperation, investment and modernization has prompted extensive diplomatic and commercial relations with other countries. It plays a significant role in OPEC, the UN and is one of the founding members of the Gulf Cooperation Council.

More than 6,000 companies from more than 120 countries operate at the Jebel Ali complex in Dubai, which includes a deep-water port and a Free Trade Zone for manufacturing and distribution in which all goods for re-export or transshipment enjoy a 100% duty exemption. “A Trade and Investment Framework Agreement (TIFA) was signed with the USA in 2004 and a Free Trade Agreement (FTA) is under negotiation.”

Abu Dhabi remains the UAE’s dominant economy but Dubai’s growth makes it an increasingly important economic region.

As a member of the Gulf Cooperation Council (GCC), the UAE participates in a wide range of GCC activities that focus on economic issues. These include regular consultations and development of common policies covering trade, investment, banking and finance, transportation, telecommunications and other technical areas; including protection of intellectual property rights.

Recent global recession has shown its signs in the UAE’s economy. Falling oil prices, cooling real estate and construction markets, together with a slowdown in the tourism sector, especially in Dubai, means the UAE is expected to post low or possibly negative GDP growth. But some of the professionals do not believe that recession is going to be as hard as it is in Western countries. Hamad Bu Amim, Director General of the Dubai Chamber of Commerce and Industry, in an interview with Saifur Rahman, the Business Editor of Gulf News Agency stated that: “Unlike the US and other Western economies, about 95 per cent of UAE enterprises are small and medium-sized family companies, employing mostly family equity with much less dependence on international capital markets. Therefore, the impact of the financial crisis on family enterprises is assumed to be mild and might be limited to indirect impact through reduced global demand for re-export. However, there is the need to protect minority shareholders to regulate bankruptcy and to regulate further development of the financial market etc. These policies should be governed by transparent laws and regulations with the required institutions to maintain and internalise them.”

On the other hand, some other professionals like Marios Maratheftis, the head of research at Standard Chartered bank in Dubai, stated that: “There is a possibility. In an environment when you have the US economy in a recession, the Euro zone in a recession, the UK and Japan in a recession, you cannot say there is no chance or risk of seeing a recession here, especially when there are job losses in different sectors of the economy, when we see that

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65 Statesman Year Book (2008), pp.1259-1260
66 “Impact of Crisis on UAE Economy is Mild”, Gulf News Agency, November 7th, 2008
real estate and construction are suffering, when we see that tourism has been hit because of international factors. You cannot dismiss the risk.  

2.8.6. Natural Resources

The UAE’s proven oil reserves make up almost one-tenth of the world’s total, with about 90 percent in the emirate of Abu Dhabi and significant amounts in Dubai and Sharjah. Although Abu Dhabi officials represented the other Emirs, the officials exercised no power over the Emirs because each maintained control of his Emirate’s underground wealth. Each ruler oversaw arrangements for concessions, exploration, and oil field development in his own territory and published limited information about such arrangements.

UAE has reserves of natural gas, nationalized in 1976. The Emirates have a network of domestic pipelines linking fields with processing plants and exit ports for trade. There are also inter-emirate pipelines primarily for natural gas injection to increase oil recovery levels in existing Dubai oil fields.

The Dolphin natural gas project linking Qatar and the UAE is the most important recent development in the area. The Dolphin project was launched in March 1999 following an announcement by the UAE and Qatar of plans for a joint venture aimed at transporting gas from Qatar’s huge reserves to industrial consumers in the UAE, Oman and other countries. Dolphin, which is being developed under the auspices of the UAE Offset Group (UOG), is intended to provide a framework to stimulate investment in a variety of related industries throughout the value-added gas chain.