Chapter II
THE GCC SUMMITS: AGENDA AND ISSUES

In the evolution of the GCC, the first phase came to an end with the cessation of hostilities between Iran and Iraq. As pointed out in the preceding chapter, this body was born against the backdrop of the Iraq-Iran conflict which had profoundly influenced the proceedings of the supreme council. During the period 1981-88, the GCC Heads of State held nine summits covering a wide range of issues of concern to them. While the first eight summits were held in the shadow of the ongoing war, the ninth summit was convened in the new context of peace. In this chapter an attempt has been made to evaluate the inter-state relations by looking at the agenda and the issues discussed in the summits, perception and reaction of the member states and the role of the supreme council in reconciling often conflicting interests of the member states. By comparing the proceedings of the first eight summits with the ninth, the impact of external threat as a factor in promoting regional cooperation has been analysed.

The first GCC summit was convened on 25-26 May 1981 when the Heads of States formally agreed on creation of a "Gulf Cooperation Council" and approved its basic charter which aimed at strengthening cooperation between these countries.1

1. See Appendix 4 for a full text of the communique.
This first communique issued by the GCC Heads of States was noteworthy for a number of reasons. The principle that preservation of security and stability of the region would be the responsibility of the GCC countries was formally enunciated during this summit and had remained since then one of its cardinal doctrines.

It is significant that there was no mention of Afghanistan even though only an year earlier all the GCC countries in the Islamabad Conference of Islamic nations had condemned and denounced in no uncertain terms the Soviet aggression on that country. Similarly, the communique spoke of GCC's desire to keep the Gulf region free from foreign bases and foreign fleets. This statement clearly implied GCC's desire to distance itself from both the superpowers as the words 'bases' and 'fleets' evidently pointed towards the USSR and the USA. Similarly, the commitment expressed to the principles of non-alignment is of significance and all this (including omission of any reference to Soviet aggression on Afghanistan) reflected the clout held by Kuwait in the GCC. Kuwait has been always known for its anti-Western and pro-Soviet views as compared to other GCC members. Kuwait favoured a truly non-aligned approach while Saudi Arabia and Oman stood for closer ties with the USA. Kuwaiti influence was also apparent in the nomination of a Kuwaiti diplomat, Abdulla Bishara, as the first Secretary General of the GCC and in the support expressed for Syria by name.  

2. See the detailed text of the communique which mentions nomination of Bishara as SG of the GCC.
It is also noteworthy that while speaking of the Palestinian issue there has been no mention of the Palestinian Liberation Organisation as being the sole representative of the Palestinian people. This omission is of interest and in all subsequent GCC communiques the PLO has invariably been referred to.

According to a statement made by the UAE Protocol Minister Said Al Darmaki during this summit, it was decided that a Fund with a capital of six billion dollars would be created which would be used for investment among the Gulf countries. (It may be mentioned here that no fund of this size was ever set up and the 1982 GCC summit finally decided to create a Fund with capital of $2.1 billion and even that did not finally materialise).

"There is little doubt that serious differences had emerged in this summit on many vital issues, especially those pertaining to cooperation in the fields of defence, oil and foreign policy. "In three key areas where there has been discussion about collaboration - defence, oil and money - there are startling differences in approach between Saudi Arabia, Kuwait, Oman, the UAE, Qatar and Bahrain. Oil analysts are sceptical about the determination of the six fully to coordinate oil pricing or production. Similarly, the bankers doubt whether an exchange rate formula can be achieved for the currencies of the six. A Gulf Dinar has been discussed since the mid-1970s but has made

3. MEED dated 5 June 1981.
little progress. On defence, there have been problems. Kuwait in particular has acted as "pointman" in attacking Oman's hawkish anti-Soviet position which Kuwait does not share."

"Defence proved an awkward issue in the talks and led to a faux pass when a UAE spokesman officially denied there had been any talks on defence - only to find a day later other spokesmen were alluding to security.... "At the end of the political scale, it seems that Kuwaitis failed to draw attention to their particular hobby horse - that the other Gulf states should ensure the neutrality of the region by following its lead in recognising the Soviet Union."  

Thus it can be seen that the first GCC summit had revealed and highlighted some of the basic differences in perceptions and attitudes of the GCC countries. A primary area of disagreement pertained to the nature of relationship which the GCC should have with the Western countries especially in the defence field and here there was a clear cleavage between the pro-USA countries like Saudi Arabia and Oman on the one hand and Kuwait on the other hand; these countries also differed in their perceptions

4. "Notwithstanding their joint interest in the maintenance of security in the Gulf, the member countries of the Cooperation Council failed to reach agreement on a joint defence policy at the Abu Dhabi summit. In the course of preparatory talks between the six Foreign Ministers in Abu Dhabi on 23-24 May differences had emerged in particular between Oman and Kuwait, the former having proposed inter alia that the strait of Hormuz be defended in conjunction with Western forces whereas the latter strongly opposed any defence arrangement with the West and favoured keeping the Cooperation Council strictly non-aligned. See Keesing's Archives, dated 24.7.81 p.30983.

5. See MECD, dated 29 May 1981.
vis-a-vis the possible dimensions of Soviet threat and this made any agreement on defence strategy an impossibility. There were sharp differences among them on other issues like monetary policies, oil, etc., and as a result the first communique (and the subsequent communiques too) became such a bland document enunciating little more than a set of unexceptionable principles on which probably most developing countries of the world would be in agreement.

During this summit, the Heads of State adopted a very important document called "A Working Paper on Collective Gulf Action". This paper expounds the basic rationale behind the formation of the GCC. It claimed that as a result of the enormous oil wealth of GCC members, they had become vulnerable to intervention and blackmail by foreign states and they could only protect their interests through collective action. The paper stressed that the Gulf states were ideally suited to forge a united front as they shared the same language, culture, values, customs, etc. It indicated that foreign countries having hegemonistic designs were interested in getting a foothold in this region which could be prevented if people of these countries acted in concert.

This paper placed great expectations in the GCC and hoped that its creation would help its members to overcome the various challenges facing them and to become an important power block in the world. It said that members of the GCC acting in concert would carry much clout, both at the regional level as
well as international. The paper emphasised that the crucial challenge confronting the GCC members was to utilise their oil wealth for ensuring steady, comprehensive growth of this region in order to subserve the best interests of the people. It also stressed the need for the GCC members to catch up with the modern, technological innovations taking place around them. It said that through unity they would be able to achieve these objectives.6

The above document is obviously of great historical importance though it has not received much publicity in the literature of the GCC. It eloquently reflects the hopes and fears, aspirations and apprehensions of Gulf rulers when they came together and formed this body in 1981.

At the end of the first summit, the Heads of State formed Ministerial committees to deal with following areas:

a) Committee for Economic and Social Planning
b) Committee for Economic and Financial Cooperation
c) Committee for Industrial Cooperation
d) Committee on oil.
e) Committee for Social Services and Culture.

It is significant that no Committee of the Ministers of Interior or Defence was constituted.

The second GCC summit was held in Riyadh on 10-11 November 1981. The main points in the communique issued at its end were as follows (see Appendix 6 for full text).

6. See Appendix 5 for detailed text of the "Working Paper".
The Supreme Council reviewed the attempts being made by various powers to secure a foothold in the Gulf region to threaten its security and sovereignty. They reaffirmed the principle that security and stability of the Gulf were the responsibility of its countries and expressed their opposition to the endeavours of big powers to intervene in the affairs of the Gulf region. They also stressed the need to keep the Gulf in totality insulated from international conflicts and away from military bases and foreign naval fleets.

As regards the Middle East, they voiced their support for the struggle of the Palestinian people for securing their inalienable rights of self-determination and for establishment of an independent state on their territory under the leadership of the PLO. They called for Israeli withdrawal from all the occupied territories including East Jerusalem and removal of all Israeli settlements from Arab territories. The Heads of State voiced agreement with the Saudi Peace Plan which was enunciated earlier for settlement of the Arab-Israeli conflict.

Reviewing the Iraq-Iran conflict, the Supreme Council expressed the hope that peaceful mediation between Iraq and Iran would prove successful. It also voiced its support for the mediatory efforts being made by the United Nations, the Islamic Conference Organisation, NAM, etc.

Reviewing the situation in Afghanistan, the Council looked upon it as a factor posing threat not only for the regional stability but for the world peace.
In the economic field, the Council reviewed the economic agreement which was approved by the Finance Ministers of the member states on 18 June 1981.

They also called for a meeting of their Defence Ministers for deciding upon the urgent requirements of the member states in the defence field, in order that they may be able to guarantee their independence and security.

A review of the communique shows that there has been mention of the Afghanistan issue and the threat posed by it to the international and regional peace while any such reference was markedly absent in the communique issued at the end of the first summit. This statement again reiterates the desire of the GCC countries to keep the Gulf region insulated from superpower rivalries as well as from their bases and naval fleets; similarly, like the first summit, the second summit too affirms that preservation of security and stability of this region is the responsibility of the member countries of the GCC. The significance of the support expressed by the second summit for the Saudi peace principles popularly called the "Fahd Plan" lay in the fact that for the first time it involved acknowledgement by the Arab countries of Israel's right to peaceful existence with the Arab world. To this extent adoption by the GCC of this plan was important. However, during the subsequent years, despite important developments taking place in the Middle

7. This plan was unveiled for the first time on 7.8.1981.
East, the GCC countries proved unable to adopt any meaningful initiatives towards the Palestinian problem.

There are two important aspects of the second GCC summit which need to be highlighted here. The first relates to the review by the summit of the Unified Economic Agreement. This Agreement was of far-reaching nature and envisaged comprehensive cooperation among the GCC countries in various fields ranging from commerce to transportation and aimed at converting this area into one integrated economic unit without barriers of any kind.

The second important feature of this summit was the call given by it to the Defence Ministers for holding a meeting in order "to set the priorities (which) the member countries require to guarantee their independence and sovereignty". 8

Earlier there was no mention of defence cooperation during the first summit or the working paper. The GCC charter also does not allude to cooperation in the field of defence. The fact that the second summit decided to promote defence cooperation was a result of the manner in which the Iran-Iraq war had progressed during 1981.

Contrary to the earlier predictions, the Iranians not only managed to stem the Iraqi advances but were able to launch

8. See appendix 6.
a successful counter-attack on 29 September 1981 which broke the siege of the port of Abadan (a very strategic port) and compelled the Iraqi forces to retreat. Iranian aircraft had bombed Kuwaiti oil installations on 11 June 1981 and 1 October 1981. While the Iraqi forces were thus being defeated by the Iranians, relations between theGCC and Iran had reached a new low. Serious clashes between Iranian Haj pilgrims and Saudi police authorities had taken place during the Haj season in September 1981 when the Iranians had raised pro-Khomeini and anti-Saudi slogans. The propaganda warfare between Iran and Saudi Arabia had become more strident.9

It is evident, therefore, that all these developments had prompted the GCC countries to step up defence cooperation between them. However, as pointed out earlier serious differences existed among GCC countries on this subject especially relating to the nature of military ties the GCC should have with the USA. Oman, apart from advocating much closer defence ties between the GCC and the West, had pleaded for creation of a unified command and an umbrella organisation for GCC defence forces.10

9. Radio Riyadh broadcast an unattributed commentary on 8.11.81 in which it denounced the Iranian rulers "As a disgrace to Islam, a rancorous group that acts for the devil. They had set up gallows for children and daily ushered scores of men and women like herds towards the slaughter house". The Saudi diatribe concluded with a statement that the "nooses of the gallows that the Iranians rulers had set for others had begun to tighten around their own necks and that they tried to escape by attacking others." See Nadav Safran, Saudi Arabia: Ceaseless Quest for Security (Cambridge, Massachusetts: Harvard University Press, 1985), p.278.

10. See Al Qabas, 9 November 1982.
It was subsequently reported in the media that this summit had taken some secret decisions about expanding defence cooperation between the member countries. For instance, Kuwait's Al Qabas newspaper dated the 9 November 1982 had reported that a joint air defence umbrella would be set up based on the Saudi AWACS in conjunction with air defence networks belonging to different GCC states. This was to prove mere press speculation and the GCC members never integrated their air defences. The Omani proposal advocating closer military cooperation between the GCC and the western countries was not accepted and Oman instead was reportedly offered 1.2 billion dollars as compensation if it agreed to terminate the military facilities which it had granted to the USA in May 1980.11

The period between the second summit held in November 1981 and the third summit held in November 1982 was a period of great tension and anxiety for the GCC countries. The attempted coup in Bahrain in December, 1981 had brought home to those countries in a vivid manner the magnitude of the threat posed to their internal security and stability. Successive defeats suffered by the Iraqi troops in 1982 had created the distinct possibility of a decisive defeat being inflicted on Iraq.

There was a wide-spread expectation reflected in the Gulf press on the eve of the third summit that it would adopt

11. Ibid.
far-reaching decisions in all fields - economic, internal security and above all, in the crucial area of defence cooperation. Quoting from an interview given by Shaikh Zayeed of Abu Dhabi: "If the Gulf Security requires the unification of member states' armies, I believe, the leaders of the AGCC will take this resolution in a proper time. Military coordination among the AGCC states in the next stage will give the diversification of arms supplies a great boost but that manufacturing arms in the Arab countries will still remain as a nation's necessity that should be considered especially at this current situation."\(^{12}\)

The Saudi Arabian newspaper Al Bilad in a commentary published in Al Qabaas dated 9 November 1982 quoted the Saudi Defence Minister, as follows "the third summit would be an important event and would promote cohesion, mutual understanding and mutual support among the Gulf people. The cooperation among the Gulf countries was not an accidental phenomenon but was a result of endorsement for it among the Gulf rulers and their unity of opinion and thought."

The media also speculated about economic cooperation. AGCC's Assistant Secretary General, Dr. Abdulla Al Quwais, said in a press interview "The grouping (GCC) will be taking a big step forward towards evolution of a regional common market. This means free movement of goods and services within the region. But he also emphasised the need for unifying the cost of inputs

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for the member states before moving towards a unified industrial and commercial policy. For example, he stressed the need for a uniform rate structure for an important input like electricity.\textsuperscript{13}

The AGCC's Assistant Secretary General had raised in this interview an important point, namely, the need for unification of prices for industrial inputs like electricity before tariff-free movement of locally-produced goods within the GCC countries could be made possible; in fact as pointed out later, one of the main hurdles which has obstructed industrial and commercial integration of these countries lay in their inability to fix identical prices for industrial inputs like electricity and to remove the disparities in the incentives given for industrial and agricultural production in different GCC states.

After the conclusion of the third summit which commenced on 11 November 1982, a statement was read by Abdulla Bishara main points of which are given below. (See Appendix 7).

The Heads of State reviewed the growth of cooperation among the member states and expressed gratification over the manner in which the ties among the members were being strengthened. They reviewed military cooperation among the member states and endorsed the recommendations of Defence Ministers who had advocated creation of a separate force for the GCC countries. They took note of the decisions which their Interior Ministers had taken during a meeting held on 17 October 1982 pertaining to

\textsuperscript{13} Ibid.
postponement of signing of the comprehensive security agreement and acceded to their request for carrying out further studies in this regard.

They expressed concern over the crossing by Iranian troops of the international border between Iraq and Iran and said that such developments constituted a threat to the security of the Arab world, apart from being a violation of its sovereignty. The Council voiced its support for Iraq in its efforts for ending the Iraq-Iran conflict.

The Council affirmed its support for the decisions and statements issued during the 12th Arab summit held in Fez (Morocco) earlier. The Heads of State stated that a just and permanent peace in the Middle East would not be achieved without withdrawal of Israel from occupied territories including East Jerusalem, removal of Zionist settlements and establishment of a Palestinian state on their national land under the leadership of the PLO which is the sole representative of the Palestinian people.

The Council reviewed the implementation of the Unified Economic Agreement and stated that the first stage of its implementation would commence from 1 March 1983. It also accorded its approval to the creation of the Gulf Investment Corporation with a capital of $2.1 billion.

While reviewing the outcome of this summit, it may be noted that the Supreme Council affirmed the decision of their
Interior Ministers taken in October 1982 to postpone signing of the comprehensive security pact pending further studies. This was a clear sign of intra-GCC dissensions on this issue. Interestingly enough, the Kuwaiti Interior Minister did not even attend the third summit. Quoting from APS Diplomat:

"Meanwhile Saudi Radio remarked that the Kuwaiti Interior Minister's absence would pose an obstacle to the talks, but quoted Bahraini Interior Minister Sheikh Mohammed as saying that the same would still consider recommendations for the proposed pan-Gulf security pact". 14

The communique mentions that the 'first stage' of the unified economic agreement would begin to be implemented from 1 March 1983. It may be recalled that this agreement was approved in its entirety by the GCC Foreign Ministers in June 1981 and reviewed by the second GCC summit during November 1981. However, in November 1982, the communique speaks for the first time about the 'first stage' of this agreement being implemented from March 1983 and this was obviously the result of dissensions among the GCC over this agreement. The first stage referred to abolition of tariff barriers between the GCC countries on locally-produced goods. There was evidently no consensus as to when other provisions of this agreement including adoption of uniform tariffs on third country imports were going to be enforced.

As far as promotion of defence cooperation between the member countries was concerned, the communique referred to the decision pertaining to creation of an independent force for the GCC countries. According to press reports, this summit had also decided to make Bahrain the command centre for this new military force and had pledged a grant of 1.8 billion dollars to Oman and Bahrain to strengthen their defences. According to APS Diplomat Saudi Arabia had urged creation of a unified air defence system among the member states. This Saudi proposal was not, however, accepted by rest of the GCC showing they had serious reservations on boosting defence links with the Kingdom.

It should be mentioned here that during 1982 the Iraqi troops suffered major reverses and heavy losses, both in men and material, were inflicted on them. During mid-1982, a distinct possibility of Basrah falling in Iranian hands had emerged. To take a quick look here as to how the Iraq-Iran conflict had progressed in 1982.

In March 1982, the Iraqis suffered a major defeat in the Shosh-dozful sector in which 10,000 Iraqis were taken prisoners; Syria closed its borders with Iraq on 8 April 1982 and banned the export of Iraqi crude through its territory.

15. Al Watan, 12.11.1982. This decision was never implemented.
18. Earlier in January 1982, Jordan had announced that it would raise a new force called "Al Yarmouk" to fight along with the Iraqis. This decision was no doubt prompted by Iraq's weak military position.
In May 1982, the Iranians managed to liberate the strategic port of Khorramshahr in which heavy losses were inflicted on the Iraqis. On 10 June 1982, Iraq announced its willingness to withdraw from Iranian territories, offered ceasefire and agreed to abide by the terms of arbitration of the Islamic goodwill mission. Subsequently, Iran launched major offensives against Iraq in July, October and November 1982 in which the Iraqis suffered huge losses.

There is no doubt that the Iranian threat to the Gulf had markedly increased during 1982. However, paradoxically enough, the communiqué spoke only in a very restrained way about enhancement of military cooperation among the GCC countries. Similarly, there was no critical reference to Iran despite the fact that the Saudis had become increasingly concerned over the manner in which the Iraq-Iran conflict was developing. Following statements by Saudi dignitaries would be of significance:

"The Soviet Union would soon announce its open moral and military support to Iran and that the Gulf War is 99 per cent to the benefit of Moscow". 19

"It will be difficult to accept the defeat of Iraq. If Iraq is defeated the entire strategic situation in the region would be transformed." 20

19. From an interview given by Saudi Defence Minister Sultan to Al Anbaa, newspaper of Kuwait in May, 1982.

Perhaps the explanation of this phenomenon lay in the manner in which the Iranians had begun to threaten these countries. On the eve of the summit on 9 November 1982, the Iranian Oil Minister Mohammed Gharazi had warned Saudi Arabia and other Gulf states in a press conference against taking any action that would affect Iranian export of oil. He had also added, "the conflict with Saudi regime will not end. The Saudi Government should be more careful." 21

Just prior to the summit, an Iranian envoy to Abu Dhabi had delivered a message to the UAE Government which was published in the semi-official Al-Khaleej newspaper of the UAE in which Iran had publicly informed all the GCC rulers that "Iran was the area's sole saviour and principal power that must be taken into account in any Persian Gulf security arrangement."

Earlier Iranian President Hajatoleslam Ali Khameni and Majlis Speaker Hashemi Rafsanjani had enunciated Iranian demands for ending the Iran-Iraq war and these were: overthrow of the Iraqi President Saddam Hussein and its Baathist regime and payment of $150 billion as war reparations by the GCC countries. 22

Thus the third summit could not agree on a comprehensive security pact nor on integrating air defences of member states. It did not endorse the Saudi call for strengthening Iraq financially. 23 This was no doubt partly due to the dominant

23. Saudi radio had commented that Iran's intransigence in continuing the war makes consolidating Iraq militarily and financially the only way. See Ibid., p.259. Bahraini Foreign Minister claimed that even this issue was not discussed by the summit and described it as bilateral (between Iraq and Saudi Arabia). FBIS-MEA-V-82-219, 12 November 1982, pp.C8-C13.
position occupied by Iran on the military front and clear warning signals sent by it to the GCC members. Evidently, the Gulf monarchs felt that their individual interests would be best served by slowing down the pace of integration within the GCC. They might have felt that closer defence links in particular would imply dependence on Saudi Arabia which in turn might enhance the danger of Iranian retaliation. "Much to King Fahd's dismay, each of the other five rulers suggested politely that the time was not opportune for collective security, defence and trade arrangements and each of these five rulers had his own reasons to delay the whole integration process, be it political or economic, which he might have regarded as being directed against his regime's independence. And, for once, the Iranian warnings to the Arab Gulf states were taken by some of the local leaders as a clear signal that inter-dependence under the current Gulf war circumstances could be fatal at least to some of them."\(^2\)

'To some of King Fahd's other five 'partners' this caution together with repeated Iranian warnings might only be a blessing in disguise; for caution implies that the status quo on the Arab side of the Gulf should continue. To them, status quo means independence and 'interdependence' means 'falling under the big brother's wings.' Suddenly, even the offer of a

\(^{24}\) See, ibid., p.257.
full AWACS/GEWACS cover to be mostly financed by Riyadh, is no longer attractive."25

Thus it can be said that the third GCC summit in Bahrain had brought to surface many of the underlying differences in viewpoints and perceptions; it also demonstrated that the fear of Saudi hegemony, though never publicly acknowledged was something that could not be wished away merely on the ground that the GCC countries were sharing a common heritage, a common history and a common religion.

The major issues dividing the GCC were the following: (i) Magnitude and seriousness of the Iranian threat to the GCC countries: was Iran primarily interested only in settling scores with Iraq or did it wish to attack all the GCC countries; (ii) would fall of Basrah necessarily lead to spread of Islamic fundamentalism in the neighbouring countries? In other words, did the Domino theory apply to the Gulf, e.g. fall of one state meant that the neighbouring states were automatically threatened; (iii) what were the pros and cons of further integration within the GCC, and especially of more reliance on Saudi Arabia in the defence field as represented in establishment of a collective air defence umbrella based on the Saudi AWACS; (iv) could the GCC countries guarantee their independence and sovereignty better by having amicable relations with Iran than by forming an alliance with Saudi Arabia?

25, See, ibid., p.258.
There is no doubt that most GCC states like Oman, the UAE, Bahrain and Qatar felt that Iran did not necessarily pose a threat to them and that co-existence with it was possible. Perhaps they were too conscious of the fact that Saudi Arabia since the establishment of the first Wahabi Kingdom in that country from 1800 had extracted tributes from Oman, the UAE, Qatar and Bahrain \(^{26}\) until well into this century. They obviously did not feel that Islamic revolution of Iran was a contagious virus which, if it come to Basrah, was bound to spread further and destroy their regimes. \(^{27}\)

Due to these considerations, it can be seen that the third GCC summit tried to adopt a very restrained and moderate approach vis-a-vis Iran. Saudi request for continuation of massive financial assistance to Iraq was turned down; the smaller GCC countries did not accept the proposal for creation of a collective air defence network which would have been an absolute necessity had they truly believed that Iranian aggression on them was a real possibility.

During the third GCC summit in November, 1982 and the fourth GCC summit in November 1983 the Iranian military superiority over Iraq became more pronounced. During this period, Iran launched a number of fierce attacks on Iraq and kept the Iraqis continuously under pressure. In the latter

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\(^{26}\) Nadar Safran, n.9, p.16.

\(^{27}\) Initially at least, all the GCC members were highly apprehensive on this score. R.V. Ramazani, Gulf Cooperation Council: Record and Analysis (Virginia, 1988), p.11.
half of 1983, the Iranian dignitaries began to threaten that they would disrupt the export of Gulf oil through the Hormuz in retaliation against Iraqi air raids on Iranian oil facilities as well as in retaliation against the support extended to Iraq by the GCC. Iraq had acquired five "super Etendard" aircraft from France in October, 1983 and these aircraft were expected to greatly enhance the Iraqi capacity to launch raids on Iran.

The Iranian admonitions were taken by the GCC states quite seriously and the Kuwaiti Defence Minister was asked in a press interview whether the member states proposed to create a joint naval force to counter Iranian threats.

Prior to this summit, the first manoeuvres of the "Peninsula Shield Force" established by the GCC countries as per the decisions taken in the Bahrain summit of 1982 were held in the UAE in October, 1983.

The fourth summit of the GCC was held in Doha (Qatar) between 7-9 November 1984. A report to the Supreme Council by the GCC Secretary General recommended extending the scope of

28. Imam Khomeini during the third week of September stated that "If Iran's economic resources were damaged, oil flow would be cut off." President Khomeini threatened 'to put limitation' on vessels passing through the Hormuz which were carrying arms for Iraq either directly or through various Sheikhdoms' in a speech delivered on 28.9.1988. *Tehran Times*, September 1988.


the Joint Economic Agreement to include tourism, maintenance, pharmacy and craft industries. The report also suggested unification of all utility charges such as water, power, communications and gas within the GCC countries.

The report also gave details of studies on a number of topics then being prepared by the General Secretariat which included _inter alia_ the following: (i) creation of strategic food reserves; (ii) a joint agricultural policy; (iii) feasibility of establishing an export refinery in Oman to be fed by a pipeline passing through all the GCC states; (iv) establishment of a network of gas pipelines linking the gas fields to industrial centres; and (v) the possibility of a rail link between the member states.³¹ The main points in the communique issued by this summit were as follows (see Appendix 9 for full text).

The Supreme Council expressed satisfaction with the level of cooperation attained by the GCC. It approved further extending the scope of the Joint Economic Agreement (as recommended in the report submitted by Abdulla Bishara mentioned above) and noted with approval progress in military coordination among member states.

The Council expressed support for the Lebanese national reconciliation talks and affirmed its full support for the UN Security Council resolution 540 of 31 October 1983, calling

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on Iraq and Iran to cease all military operations in the Gulf area and to refrain from attacking towns, economic installations and ports. The Council noted with satisfaction. Iraq's acceptance of the resolution and called on Iran to respond to it positively and to refrain from threatening freedom of navigation in the Gulf.

According to a statement made by GCC Assistant Secretary General for Economic Affairs, Abdulla Quwayz, the summit had decided to standardise tariffs for basic services as well as to initiate a study for a joint gas network for this region.\textsuperscript{32} The summit also decided that a GCC national engaged in economic activity in any GCC country (irrespective of whether he is a citizen of it or not) would be entitled to: (i) basic public services; (ii) right to obtain work permits for expatriates employed by him.\textsuperscript{33} It was also decided to create a Defence Fund worth 1000 million dollars for assisting other GCC states in enhancing their defence capabilities.\textsuperscript{34}

This summit was totally overshadowed by the fierce internecine fighting among the PLO ranks in Lebanon. In the weeks preceding the summit, Yasser Arafat and his supporters were trapped in the northern Lebanese town of Tripoli where

\textsuperscript{32} Gulf Times, 10 November 1983.
\textsuperscript{33} Ibid.
\textsuperscript{34} See, \textit{MPED}, 26 October 1985.
they were surrounded by Palestinian elements hostile to him which were receiving every kind of assistance from Syria. The situation of Yasser Arafat had become critical and it had become likely that he would be liquidated along with the forces loyal to him. In order to save Arafat from almost certain death, a two-member delegation which included Kuwait's foreign minister\textsuperscript{35} was rushed to Damascus to plead on behalf of Yasser Arafat and to arrange a ceasefire in Tripoli. The entire summit, therefore, was almost totally pre-occupied with happenings in Lebanon and as such could not focus its attention on other pressing concerns.

The final communique hardly made any comments on the vital issues of internal security and defence, even though the newly-formed Peninsula Shield Force had carried out its first manoeuvres only a month earlier and even though the situation on the Iran-Iraq front remained very grave. It is also noteworthy that no meeting of GCC Defence Ministers was held prior to this summit as had happened during most other summits.

A major terrorist plot\textsuperscript{36} was uncovered in Qatar on the eve of the Conference and this plot aimed at assassination of GCC Heads of State. Surely discovery of a conspiracy of such gravity should have led to some significant decisions pertaining to enhancement of security cooperation within the GCC.\textsuperscript{37}

\textsuperscript{35} The other member of this group was Qatar's Foreign Minister.

\textsuperscript{36} Keesing's Volume XXX, p.32649.

\textsuperscript{37} The theme of "internal security" was not even referred to in the summit communique. It is also noteworthy that this summit was not preceded by the customary Interior Ministers' meeting.
On the political front, the communique did not record a single adverse remark against Syria, even though the GCC countries were totally opposed to its role in supporting the anti-Arafat faction of the PLO to the extent of trying to being about physical liquidation of Yasser Arafat and the Palestinians loyal to him. There was no reference in the communique to the agreement between Israel and Lebanon which also had evoked considerable criticism in some GCC countries, especially Kuwait.

The fourth GCC summit in Doha thus more or less continued the policy followed by earlier GCC summits of not undertaking any major initiative or adopting decisions which could create controversy. The Doha communique was hardly forthcoming on the vital issues of defence and internal security; even in the political arena, it confined itself to reiteration of well-known platitudes such as expressing its backing for the Lebanese reconciliation talks. The inability of this summit to issue any meaningful statement on the attempted Syrian bid to physically eliminate pro-Arafat faction of the PLO as well as on the Israel-Lebanese accord of May 1983 which had evoked strong resentment in the Arab world was particularly significant and reflected the existence of sharp dissensions within the GCC as well as its overwhelming desire to avoid offending hardline Arab states like Syria.

On the other hand, as far as the field of economic cooperation was concerned, this summit hardly achieved anything.
None of the joint industrial projects referred to in the report submitted by Abdulla Bishara were subsequently found suitable for implementation. Extension of the unified economic agreement to cover areas such as tourism, maintenance, pharmacy and craft industries has meant little in practice.

Though the summit approved unification of tariffs for various utilities this step was never taken and tariffs for electricity, telephone, etc. continue to differ significantly among the GCC countries.

The period intervening between the Doha summit of November 1983 and the Kuwait summit of November, 1984 was a period marked by many important and disquieting developments as far as the GCC countries were concerned. In December 1983 Kuwait was rocked by a series of violent bomb explosions severely damaging its vital oil installations, the Kuwait International Airport and Embassy buildings of USA and France. The Iraq-Iran war had taken a further ominous turn for these countries and during the early part of 1984 Iran had overrun the oil-rich Maznoon Island well inside the Iraqi territory.

38. See relevant sections of Part III of the thesis for more details.

39. See the section dealing with unification of tariffs in part III of the thesis.

40. These occurred on 12 December 1983. See, Al watan, 13 December 1983.

More dangerously, on 5 June 1984 two Iranian aircraft had violated the Saudi air space when they were shot down. Iran for the first time since eruption of the Iran-Iraq war strafed oil carriers belonging to Kuwait and Saudi Arabia in early 1984 and this had naturally caused deep apprehensions in the GCC.42

The situation on the economic front was none too good with oil revenues of these countries registering a sizeable fall due to the glut in the world oil market which was to exert a downward pull on oil prices. The GCC countries had begun to realise that the era of unending prosperity based on ever-rising oil revenues was coming to an end and they would be soon required to make hard economic choice. The GCC countries had began to face difficulties in marketing their oil from 1983; the Saudi oil production in 1983 was at its lowest level since 1970 and was 30 per cent less than its production in 1982.43 During 1984 the quantum of oil glut continued to rise and the OPEC Ministers' meeting in Geneva from 28-31 October decided to reduce the OPEC production by 1.5 million barrels to 15 million barrels per day. Saudi Arabia was forced to cut its production by 647,000 barrels to protect the then benchmark price of 29 dollars per barrel. The Saudi oil production hovered around

42. Iran attacked oil carriers, Bahrah (Kuwait), Yanbu Pride (Saudi) and Kazimah (Kuwait) on 14, 16 May and 10 June 1984.

43. The Saudi oil production averaged 4.6 million barrels per day in 1983, as against 6.5 million barrels per day in 1982. (See Country Profile, Saudi Arabia by Economic Intelligence Unit 1987-88, U.K.).
3.6 million barrels per day in November 1984 which was substantially less than its OPEC quota of 4.34 million barrels per day. Thus the GCC was confronted with the acute problem of oil glut on the eve of the fifth GCC summit.

There were expectations that the fifth summit in Kuwait would take important decisions in various fields. It was for instance reported in MEED dated 14 November 1984 that the forthcoming summit might sign the security pact despite intra-GCC dissensions on it. The same report also envisaged growth of closer defence links among the GCC states in certain fields like procurement of weapons and integrating air defences. It also indicated that the GCC may take decisions on some pending issues like establishment of an interconnected electricity grid, creating strategic food reserves, etc.

According to APS Diplomat of 19 November 1984, Saudi Arabia was going to try to end the practice of decisions being taken in the GCC summits on the basis of a consensus and quoting from it: "APS Diplomat understands that Baghdad wants to see a final end to the veto powers being held by a few members within the GCC and other collective Arab groupings because it will then get Saudi Arabia, Kuwait, Oman and Bahrain to back its call for a more effective GCC support for Iraqi efforts to end the war with Iran."

The fifth summit was inaugurated by the Amir of Kuwait on 27 November 1984. Sheikh Jaber, Amir of Kuwait, devoted most of his inaugural speech to GCC's economic aspirations and
confined his remarks about the Iraq-Iran war to a single sentence as follows: "We reiterate our appeal (to) Iran to respond as Iraq did to the call for peace and make way for good offices and reconciliation." 44

The main points in the communique issued by this summit were as follows: 45

The Supreme Council discussed the growth of cooperation among the members since the earlier summit in Doha. It voiced its appreciation over the progress made towards coordinating the policies of the member states. The Council reviewed the achievements accomplished under the Unified Economic Agreement and looked upon them as a first step towards economic integration.

In the field of defence and security cooperation, the Heads of States reviewed the working of specialised committees in these fields and emphasised their achievements which aimed to translate the principle of self-reliance into tangible reality to enable the people of this region to shoulder their defence responsibilities.

44. Al-waabas, 27 November 1984. This illustrates how keen GCC members were to avoid irking Iran.

45. See Appendix 10 for the full text.
The Council considered the dangers arising from continuation of the Iraq-Iran war and its impact on stability and security of the area. It expressed satisfaction at the positive attitude of Iraq towards peace bids and affirmed Council's support for them. The Heads of State called on the Islamic Republic of Iran to take part in the efforts which aimed at finding a solution to this conflict which would ensure the rights of both the combatant parties. They emphasised the importance and significance of the principles which were enshrined in the UN Security Council resolution 552 of June 1984 which called for maintenance of safety of the Gulf waters.

The Council debated the Palestinian issue and reiterated its support for the PLO as the sole representative body of the Palestinian people.

While expressing satisfaction at the steps taken to implement the Unified Economic Agreement, it endorsed giving preference to national products in government purchases.

Among the noteworthy features of this communique were:
It made no mention of the internal security pact despite the fact that Kuwait had faced one of the worst acts of terrorism in its history in which only due to good fortune the extent of damage inflicted had remained limited.

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46. Significantly this summit was not preceded by the customary meeting of interior ministers.

47. The number of casualties in the US embassy would have been far more but for the fact that the explosion took place when its consular hall was largely empty.
No doubt the communique's failure even to mention this fact was reflective of the dissensions among GCC monarchs vis-a-vis this pact.

In the field of defence cooperation, the summit communique merely contained the following sentence: "The Council reviewed the results achieved by specialised committees in security and defence and emphasised their achievements which seek to translate the principle of self-reliance into tangible reality and enable the people of the Council states to shoulder their defence responsibilities."

There was no mention of adoption of a joint defence strategy or of the two Peninsula Shield exercises which were held in October 1983 and October 1984.

In a press conference on 29 November 1984 (e.g. during the Conference), Kuwaiti Deputy Prime Minister and Foreign Minister, Sheikh Sabah said that it had been agreed to establish a joint defence force as a temporary expedient which would be periodically reviewed. At the same conference, Abdulla Bishara described the significance of the force as more political and symbolic than military. According to the sources close to the summit, this force would consist of 6000 troops under the command of a Saudi General. However, troops assigned to this force by different GCC countries would remain in their own countries unless required to join this force.48

48. See Keesings' Volume XXXI, p.33371.
It is significant that the communique did not mention the central GCC doctrine, namely that the defence and security of this region were the responsibility of its countries and people; it also did not emphasise the need to keep this area free from the military presence of big powers.

It thus seems that the Iranian bombing of Kuwaiti and Saudi oil carriers (Saudi 'Yanbu Pride' of 212,000 DWT hit on 16 May 1984 and strafing of two Kuwaiti ships on 13, 14 May 1984) as well as violation of Saudi airspace by two Iranian F-4 Phantoms on 5 June 1984 did not prove sufficient to induce the GCC countries to sink their differences and announce a collective defence strategy.

In the political field, many important developments had taken place from November 1983 to November 1984. The UAE had established diplomatic relations with Communist China during the latter half of 1984. Yasser Arafat after escaping from Syrian-backed encirclement which aimed at his liquidation in Tripoli had paid a visit to Egypt on 28 December 1983 and had met Husney Mubarak, the Egyptian President. This was an important event as until then Egypt was an ostracised country and there were no contacts between the PLO and Cairo. Jordan had resumed

49. This may be to accommodate the view points of Oman and the UAE which had began to adopt a neutral attitude in the Iraq-Iran conflict from 1983 onwards. By omitting to re-emphasise this principle, Oman and the UAE might be trying to assure Iran that they were in no way aligned against it (see the section dealing with evolution of GCC's relations with Iran in Part I).
diplomatic relations with Egypt during the latter half of 1984 and a session of the Palestinian National Council had been held in Amman on 22 November 1984.\textsuperscript{50}

Resumption of diplomatic ties between Jordan and Egypt, the rapprochement between the PLO and Jordan were undoubtedly developments of great importance but they did not elicit any reaction from the GCC monarchs which could be reflected in their joint communique. Though the GCC remained in favour of an Arab summit, it was not clarified as to how Egypt should be dealt with e.g., whether it should be invited in the face of objections from some countries like Syria or not.

As far as oil was concerned, this subject was not mentioned at all in the summit communique. It had been seen earlier that during 1984 the GCC countries were facing the problem of marketing their oil and some of them especially Saudi Arabia were forced to produce significantly below the quotas fixed by the OPEC. However, evidently enough, the GCC monarchs could not agree on a uniform policy to be followed for tackling the problem of oil glut then existing in the world market.

\textsuperscript{50} Apart from the fact that it marked a sharp improvement in the PLO-Jordan relationship, the significance of this PNC session lay in the fact that it was bitterly opposed by Syria, Libya and hardline factions in the PLO. It was meant to legitimise Yasser Arafat's leadership. 
\textit{APS Diplomat, 19-26 November 1984, p.276.}
As far as economic cooperation was concerned, the GCC countries took two important decisions during this summit which were:

(1) The GCC Governments were to give priority to national products in their purchases;
(2) A GCC national was to be permitted to purchase real estate in any GCC member country.

An agreement on legislation to be adopted for this purpose had reportedly been reached in the summit.51

It would be appropriate to mention here that in the Gulf countries the Government is by far the biggest spender and therefore the purchases made in government-financed schemes play a very important role in the economic activity of these countries. Most GCC governments give some price preference (about 10 per cent) to local products in government purchases and in government-financed contracts in comparison with imports from third countries.

It was no doubt felt that if each GCC Government were to treat products, especially industrial ones, from other GCC countries on the same footing as its own, it would give a boost to the process of economic integration in this region. The GCC governments to this day have not adopted any uniform approach vis-a-vis this issue.

51. APS Diplomat, 24 November to 1 December 1984, SP 325.
Some countries like Qatar give a price preference of 5 per cent to products from other GCC countries (a price preference of 10 per cent is given to Qatari products) in comparison with imports from third countries.

More significantly, perhaps, duties are still imposed on some of the important locally-produced industrial commodities like cement and this hampers free trade within the GCC. To give one example - Oman imposed a custom tariff of 50 per cent on imported cement w.e.f. 5 May 1987 even though the neighbouring UAE was facing the problem of acute surplus capacity in cement production. In the face of such heavy duty how could the UAE cement compete with local Omani cement on an equal footing.

As regards real estate, it must be emphasised here that land is something which is regarded as very precious in the GCC countries and no expatriate, whether Arab or non-Arab, is permitted to buy any real estate in the GCC region. This policy of the GCC government of not allowing foreigners to buy land has been probably the result of a very conscious decision aimed at keeping ownership of land exclusively in the hands of their own nationals and thus preventing foreigners from acquiring undue economic influence in these countries. When ownership

52. This step was specifically taken to protect nascent Omani cement industry from being swamped by cheaper exports from neighbouring states like the UAE.
of vacant land was prohibited for foreigners it also implied that they could not purchase flats, houses etc. Expatriates in the GCC could, therefore, only rent residential accommodation and could never purchase it outright (except in exceptional cases for GCC nationals).

This policy became especially important after the 1960s and 1970s when foreigners in large numbers began to flock to this region. It also ensured that the local nationals were alone entitled to build and rent accommodation which gave them a steady source of income. It also resulted in increasing the dependence of expatriates on locals as no expatriate, however, long he might have lived in a Gulf country, could hope to be the owner of a house or a shop which he might have built or set up with his own funds.

It would have been indeed a major step towards economic integration if the GCC countries had allowed nationals from one member country to purchase real estate without restrictions in any other member country. This, however, has not happened so far.

Two GCC members only - namely Bahrain and Qatar - allow other GCC nationals to purchase residential property but this is subject to certain restrictions. Qatar permits a GCC national to possess only one residential unit of land area not exceeding 3000 square metres for his own use, e.g., not for renting.
As regards Bahrain, it has been permitting GCC nationals to own flats, apartments, etc. even prior to GCC's formation under certain conditions. However, the extent of real estate acquired in Bahrain by nationals of other GCC members has been very much limited.

Quoting here from MEED: "Solid achievements in economic and industrial areas since last year's summit (1984) have been few. Indeed one of its only successes - an agreement about common rules governing land ownership in each GCC country by nationals of the others has run into problem."

The period intervening between the fifth summit in Kuwait in November 1984 and the sixth summit in Muscat in November 1985 was a period during which many developments unfavourable to the GCC countries, especially in the field of defence and internal security, had occurred.

In Kuwait, an unsuccessful attempt to assassination the Amir of Kuwait took place on 25 May 1985 while two major bomb explosions in Kuwaiti cafes went off on 12 July 1985 leading to more than hundred casualties, including the injured. Earlier in March/April 1985 the Assistant Cultural Attache posted to the Iraqi Embassy in Kuwait was assassinated while

52. See MEED, 26 October 1985. Agreement on this issue continued to elude the GCC members though it was repeatedly discussed by their Finance Ministers. See the section dealing with GCC Finance Ministers' meetings in Part III.

Ahmed Al Jarrallah, the well-known editor of the Kuwaiti daily Arab Times, faced an attempted bid on his life. It is easy to imagine the extent of fear and panic which these acts of terrorism must have caused in a small country like Kuwait which had known all along a high degree of tranquility and internal stability.

In Saudi Arabia, an attempt was made to hijack a Saudi airliner to Tehran in March 1985; in the Saudi capital of Riyadh, two bomb explosions took place in May 1985. Both Kuwait and Saudi Arabia took a number of measures to counter this threat to their internal stability. They tightened up procedures pertaining to grant of visas and expelled a large number of expatriates. (From Kuwait alone, according to Brig. Subandi, Kuwait's Under Secretary in Interior Ministry, 200 expatriates were being expelled every month on security grounds). The deported expatriates mainly consisted of Iranians, Syrians and Palestinians. Saudi Arabia banned the entry of foreign refrigerated trucks to foreclose the possibility of weapons being smuggled in this manner.

The Iraq-Iran war continued and the Iranians launched a number of major offensives in different sectors of the warfront. On 11-12 March 1985, a large-scale Iranian attack near Basrah took place across the Huwazah marshes which aimed at cutting

off Basrah from the rest of Iraq. Iran seized two vessels belonging to Kuwait-based United Arab Shipping Company owned by Kuwait, Saudi Arabia, Bahrain and Qatar in June and September 1985 in the Arabian Gulf. The seizure of these vessels by Iranians was looked upon as a violation of Kuwaiti sovereignty and elicited a strong protest from the Kuwaiti government. The Iranian navy had begun the practice of intercepting and searching ships in the Arabian Gulf ostensibly to make sure that they were not carrying cargo for Iraq.

On the oil front, the situation was none too good. The Saudi oil production plummeted to 2.2 million barrels a day as against its approved OPEC quota of more than 4 million barrels a day and the Saudi oil revenues reached an all-time low level of $25 billion. The GCC countries for the first time began seriously to face the problem of constraints on their income and this forced them to drastically curtail developmental expenditure which led to recessionary effects in their economies.

In the field of economic and industrial cooperation, it had become evident that implementation of the unified economic agreement was not proceeding as planned and the Muscat summit was expected to come up with some far-reaching decisions.

The sixth summit was inaugurated by Sultan Qaboos of Oman on 3rd and 4th November, 1985. During the inaugural speech, Qaboos said among other things that "Oman urges Iran
and Iraq to be more flexible to open the way for an end to their five-year old war. This statement of Sultan Qaboos drew attention as it attempted to equate between Iraq and Iran while giving a call for peace. This was a distinct departure from earlier GCC practice of only urging Iran to respond to peace initiatives while commending Iraq's commitment to a peaceful solution. The main points of the communiqué issued at the end of the sixth summit on 6 November 1985 were as follows (see Appendix 11 for full text).

The Council discussed the Iran-Iraq war in the light of latest developments as well as the recent escalation in the Gulf waters which posed a threat to the security and stability of the entire region. The Council reiterated its adherence to the Security Council resolutions No. 540 of 1983 and 552 of 1984. The Council called upon Iran to observe the principles on which the two resolutions were based. It expressed the readiness of the member states to continue their efforts to find a way of ending the war which would preserve the rights and legitimate interests of the two parties as a step forward to normalising relations among the region's states.

The Council affirmed its support for the PLO as the sole legitimate representative of the Palestinian people and condemned the Israeli attacks on the PLO headquarters in Tunis. The Council reviewed the outcome of the Casablanca Emergency Summit.

58. See, APS Diplomat, 11-18 November 1985, p. 264.
In the field of economic cooperation, the Heads of State agreed to draw up a timetable for the implementation of different economic activities. The Heads of State also approved the following:

1) GCC agricultural strategy
2) Unified strategy for industrial development
3) Objectives and means of education
4) Policies and guidelines aimed at preserving the environment.

While reviewing escalating acts of violence against some member states, the Council condemned all forms of terrorism and expressed its support and solidarity with any member state that may face them. The Council reiterated that any threat to a member state was a threat to all members. The Council approved the objectives of the security strategy and urged immediate action to implement it.

While expressing satisfaction over the progress achieved in the field of defence cooperation, the Heads of State approved the perspective for strategic defence cooperation among these countries.

The Heads of State also agreed that students in primary, middle and secondary schools studying in any member state should be treated on equal footing with local students and also concurred on equivalence of educational certificates issued by member states.
While analysing the outcome of this summit, it may first be noted that the Supreme Council for the first time spoke of adoption of an "Security Strategy", thus finally abandoning the earlier attempts to sign a security pact. Though the precise contents of the security strategy have never been officially divulged, it reportedly does not include the two controversial clauses (e.g., cross-border chase and extradition of fugitives) contained in the proposed security pact to which Kuwait was all along opposed.

Interestingly, the Supreme Council formally announced its resolve not to sign the comprehensive security pact precisely in 1985 when a member state Kuwait had faced a sharp escalation in subversive activities. It is also significant that the summit communiqué did not allude to Kuwait by name and merely voiced Supreme Council's support for "any member which may become a target of terrorist threats."

In the vital area of defence, the communiqué merely referred to the approval of the Supreme Council of "the perspective for strategic defence cooperation" and did not allude to any practical measures to enhance defence cooperation among the member states like creating an integrated air-defence network, boosting the capabilities of the Peninsula Shield Force, instituting joint naval patrols, etc. which were repeatedly discussed by GCC Defence Ministers as well as speculated on by the media. 59

59. See the Section on "Growth of Defence Cooperation Among the GCC states" in Part II of the thesis.
Why did the intra-GCC defence collaboration fail to make headway? As would be seen a little later, it was partly due to lack of any strategic consensus among these states as to the policy to be followed towards Iran; at the tactical level, there were two factors inhibiting pan-GCC defence linkages, and these factors being:

i) reluctance of some countries like Oman to accept an integrated command structure

ii) unwillingness of smaller GCC countries to surrender control over their defence forces even to a small extent to achieve greater military integration.

Quoting here from MEED: "Political and historical factors militate against an integrated (military) approaches. For example, Oman intends to retain responsibility for its air defence radar system.... The other GCC states may decide to go along with the scheme (for collective air defence) if Saudi Arabia agrees to fund it but only if it does not conflict with their own operational requirements or independence".

It has been pointed out earlier that it was Oman which initially favoured closer defence links within the GCC and this was opposed by other GCC countries especially Kuwait which accorded a very low priority to military cooperation. However, by 1985 Oman had reversed its policy and had made clear its reservations on closer military integration among the GCC countries.

60. MEED, 26 October 1985.
Quoting here an excerpt from *Kuwait Times*\(^{61}\) which was based on an interview given by Sultan Qaboos of Oman to a Cairo weekly *Al-Mussawar*:

"Some Gulf nations are promoting the idea of building a joint military force to be under a single command and ready to deploy in any Gulf state at any time. Others have gone so far as to suggest a pact similar to NATO or the Warsaw Pact and this does not conform to Muscat's policy.

Qaboos suggested Gulf states strengthen their defence individually and coordinate on military issues. He said that a military alliance between them could give Iran the false impression that the Arabs were planning war against it."

The 1985 summit communique did not speak about GCC's opposition to the presence of foreign military bases or fleets in the Gulf region; it also did not stress that the defence and security of this region were the responsibility of its member countries only. This was not, however, a new development and as seen earlier the 1984 summit communique too had failed to mention this doctrine.

In the political field, despite the fact that many important events had taken place during 1985 like recognition of the Soviet Union by Oman on 26 September 1985, signing of an accord\(^{62}\) between Yasser Arafat and King Hussein of Jordan

\(^{61}\) *Kuwait Times*, 4 April 1985. Oman's opposition to closer military linkages was not clearly enunciated earlier.

\(^{62}\) This accord was highly significant as not only it incorporated substantial concessions to Israel but it represented an attempt to find a solution to Arab-Israeli conflict in total defiance of views of hardline Arab states like Syria.
on 11 February 1985 and so on, the communique gave no indication of GCC's views on them. Interestingly enough, following Oman, the UAE recognised the USSR on 13 November 1985, e.g. within week of conclusion of the sixth summit. But the communique was totally silent on GCC's policy towards relationship with eastern bloc countries.

Perhaps the most significant aspect of the sixth summit lay in the fact that the Supreme Council for the first time had extended an olive branch to Iran in unambiguous terms. It had been observed earlier that Sultan Qaboos in his inaugural speech called upon both Iraq and Iran to be more flexible; this undoubtedly represented a distinct tilt towards Iran in the Omani policy. Similarly, the communique had referred to "normalising relations among the region's states" which implied possibility of improvement of relations between the GCC countries and Iran; moreover, the customary allusion to Iraq commending its desire for peace was missing from the communique.

It has been noted earlier that during this summit no specific step to boost pan-GCC links in the field of defence or internal security was agreed upon. Though Amir of Kuwait himself had been a target of an assassination attempt in mid-1985 the Supreme Council had not voiced its solidarity with Kuwait by name and in fact it had decided to abandon signing of a comprehensive security pact.
All these features of the sixth summit communique can only be explained in terms of a schism between countries like Oman and the UAE which wanted to observe true neutrality in the Iraq-Iran conflict and pro-Iraqi members like Kuwait and Saudi Arabia. One can better appreciate the compulsions which were impelling certain GCC states to adopt an accommodating stance towards Iran if one recalls that Iran had virtually offered on the eve of this summit a non-aggression pact to the GCC states if they undertook to observe absolute neutrality in the Iraq-Iran conflict. The details of this pact offered by Iran were reportedly as follows:

Iran undertook not to attack any member of the GCC provided it agreed to the following:

i) It should stop supporting Iraq in any way;

ii) it should pronounce its absolute neutrality in the conflict to its public and make it clear worldwide.

iii) It must stop all collective or unilateral moves which might be regarded as potentially hostile to Iran.

Probably the UAE and Qatar had accepted this Iranian proposal while Oman had evinced interest in it. On the other hand, it was definitely found unacceptable by Kuwait and Saudi Arabia. How badly the GCC was divided vis-a-vis the policy to

63. APS Diplomat, 11-18 November 1985, vol.23, sp.263.

64. Intra-GCC rift on Iran had began to become apparent 1982 onwards. See section on GCC's relations with Iraq-Iran in Part I.
be followed towards Iran would become evident from the following quotation:

"The mention of Iran by name and the omission of Iraq in the context of UN Security Council's resolutions 540 and 552 caused a serious row between those who wanted absolute neutrality and those who argued that being neutral in absolute terms was an impossibility. The latter reminded the former of the way Iran has been singling out Kuwait and Saudi-related shipping as targets for Iranian retaliatory attacks in order to split the GCC ranks. But the former pointed to the way Iran's Arab allies 'managed to split key members of certain ruling families' into pro-Iraq and pro-Syria factions or into pro-US and anti-US wings - which practically crippled the decision-making process of the states concerned."65

However, while the balance of GCC power was strongly in favour of those who were against pushing the Baghdad regime against the wall, others were also to veto several political decisions proposed by the former. One result of all this was indecision concerning the Arab summit which was supposed to be hosted by Riyadh. Another result was a vague decision, adopted unanimously, to improve relations of GCC with Tehran."

Thus the sixth GCC summit was hopelessly divided over the strategy to be followed to cope with the Iranian threat. The GCC countries were not in agreement as to the gravity of

this threat itself - some countries (like the UAE especially Dubai) felt that by merely following a policy of strict neutrality in the Iran-Iraq was they would have nothing further to fear from Iran while some others like Kuwait and Saudi Arabia thought that active support for Iraq was called for to guarantee their security and stability.

This internal debate within the GCC had first come to surface following the third summit in Bahrain in 1982 when the GCC countries had turned down the Saudi proposal for continuation of massive financial assistance to Iraq. Lack of consensus was a major factor which caused disagreement in two other crucial areas - namely internal security and defence.

The fifth summit remained silent on the vital issue of oil though the year 1985 had registered two highly disturbing developments: (i) drastic fall in the oil production of some GCC countries like Saudi Arabia; (ii) sale of oil by the OPEC countries including the GCC at prices below the official benchmark price by giving substantial discounts. Saudi Arabia itself had adopted the system of pricing its oil exports on the basis of what was called "network formula" which involved substantial discounts. The fifth GCC summit therefore provided an apt opportunity for discussion of these issues but it did not adopt any stand publicly, obviously reflecting intra-GCC differences pertaining to the policy to be followed vis-a-vis production and pricing of oil.
As regards approval of joint industrial ventures, the fifth GCC summit was again silent on this topic, despite media reports\textsuperscript{66} which had alluded to the possibility of a decision being taken about establishment of common electricity and gas grids, as well as about setting up of a pan-GCC oil refinery in Oman.

The communique merely spoke about adoption of a unified strategy for industrial development but what this strategy would be was not elaborated. It also gave no indication as to how the GCC was going to deal with the problems which were obstructing implementation of the Unified Economic Agreement.

One can definitely conclude that in the Muscat summit issues relating to economic cooperation were paid insufficient attention. "The downgrading of economic issues shows the direction the GCC has taken since its establishment in 1981 when such matters were given overwhelming priority. At the founding summit, defence and security were not mentioned publicly; now they dominate the agenda.\textsuperscript{67}"

The period between the sixth Muscat summit of November 1985 and the 7th Abu Dhabi summit of November 1986 registered a sharp escalation in Iranian attacks on the Gulf shipping, especially against Kuwaiti oil tankers. The year began on an

\begin{itemize}
\item \textsuperscript{66} \textit{MEED}, 26 October 1985.
\item \textsuperscript{67} \textit{MEED}, 9 November 1985.
\end{itemize}
ominous note when the Iranian forces in February 1986 managed to capture the Fao Peninsula which is separated from Kuwait's Bubiyan island by only a narrow creek of water having width of not more than 10 miles. The occupation of Fao Peninsula which was earlier a major naval port of Iraq not only increased the danger of Basrah being overrun but brought the war almost to the doorsteps of Kuwait.

Kuwait had undoubtedly become much worried as a result of the Iranian occupation of the Fao Peninsula. Both the Kuwaiti government and the Kuwaiti national assembly issued unusually strong statements expressing their disapprobation over the Iranian action. It may be noted that this was one of the very rare instances when Kuwait had condemned Iran by name at the official level.

A joint statement issued by the government of Kuwait and the National Assembly said inter-alia on 11 February 1986: "The Iranian offensive threatens security and greatly harms countries in the area. The Iranian action aimed at harming the sovereignty of an Arab state despite all efforts exerted to attain peace. The Government and the Assembly regarded the latest Iranian onslaught as shaking the stability and security and aggravating tension in the Arabian Gulf region thus providing the major powers of a pretext to intervene in the area."68

Subsequently on 18 February 1986 the Kuwaiti Assembly issued an equally strong statement on this subject when it said inter alia: "The Iranian cross-border attack poses a real threat to the entire region. The Iranian aggression will also lead to foreign intervention in the area."\textsuperscript{69}

During early 1986 Iran stepped up its propaganda diatribe against Kuwait and Saudi Arabia, especially the former, accusing it of affording assistance to Iraq, including allowing its troops to use Kuwaiti defence facilities.\textsuperscript{70}

During the next few months leading Iranian dignitaries including Majlis speaker Rafsanjani threatened Kuwait and Saudi Arabia with dire consequences if they persisted in providing assistance to Iraq. In a statement issued in June 1986, Rafsanjani said: \textsuperscript{71} "If necessary, we would do to the countries supporting Saddam what we did to Kirkuk." Earlier, in a radio broadcast, Iran accused Kuwait of carrying out espionage activities on behalf of Iraq, as well as permitting Iraqi troops to be stationed on the Bubiyan Island.\textsuperscript{72}

There were repeated accusations in the Iranian press about maltreatment and illegal deportation by Kuwait of Iranian nationals. The main Iranian grouse against Kuwait was that it was helping Iraq in its war against Iran, both financially as

\textsuperscript{69} See, \textit{Al Watan}, 19 February 1987.

\textsuperscript{70} \textit{Tehran Times}, February/March 1986.

\textsuperscript{71} Ibid., 15 June 1986.

\textsuperscript{72} These charges were refuted by the Kuwaiti Chief of Staff himself in April 1986. (\textit{Arab Times}, 16 April 1986).
well as by permitting it to use its air, naval and land facilities. It was an oft-repeated Iranian contention that Iraqi arms imports were trans-shipped through Kuwait and that it was allowing Iraqi troops to be stationed on the Bubiyan Island.

During 1986 Iran systematically began to launch attacks on Kuwaiti and Saudi oil carriers, especially the former. A Saudi oil carrier was hit in May 1986; subsequently, a Kuwaiti super tanker "Fintas" was hit by Iranian gunboats on 17 September 1986; a second Kuwaiti oil carrier Al Faiha (136,614 DWT) was hit on 22 October 1986. Shortly after this, a hostile plane encroached into Kuwaiti air space on 26 October 1986 and flew very close to Kuwait's oil installations in the Ahmadi area. It is generally believed that this plane belonged to Iran.

Earlier, large-scale damage to Kuwait's oil facilities had taken place in June, 1986 and it was generally believed that Iranian hand was behind this act of sabotage.

The Iranian navy by this time had managed to establish its virtual domination over the Arabian Gulf and according to a statement published in Tehran Times dated 5 February 1987,

73. Arab Times, 13 March 1987
74. Ibid., 18/19 September 1986
75. Ibid., 23/24 October 1986
76. Al Watan, 27 October 1986
it had intercepted and inspected 1200 commercial ships in recent months. In a newspaper article published in Kuwait's Al Qabas newspaper in October 1986 which quoted from a French newspaper, it was said that "on a single day on 22 September 1986, the Iranian navy had intercepted and searched 20 vessels in the straits of Hormuz while on the next day it had similarly searched 19 vessels."

It has already been mentioned that the Iranians had made ships plying to Kuwait their main target both for air attacks as well as for interception and search. Quoting from Arab Times dated 4 December 1986: "The sources said the recent pattern of attacks has been fairly consistent - an Iranian frigate calls and interrogates a vessel on night. If identified as connected with Kuwait, an attack usually followed within two hours. The source declared, who declined to be identified that most of the last eight Iranian attacks were aimed at Kuwaiti-owned ships or vessels going to and from Kuwait at the head of the Gulf."

A leading Kuwaiti newspaper "Al Qabas" editorially commented on 23 October 1986 as follows:

"Why this insistence on making targets (by Iran) of ships flying our flags? Some wonder as to the 'mystery' in coinciding of these attacks with the conclusion of Interior Ministers' meeting and the decision taken during October (OPEC) meeting raising Kuwait's quota of oil production."
Thus during 1986 there was a marked and unmistakable increase in Iranian attacks especially on shipping plying to Kuwait and this was also accompanied by a step up in Iranian propaganda including threats against Kuwait and Saudi Arabia.

While these disquieting developments were taking place, the situation of the GCC countries continued to deteriorate further as regards their oil revenues. Saudi oil production had fallen to the abysmally low level of 2.2 million barrels a day in 1985. Subsequently in a major reversal of policy it began to step up its oil production no doubt to compel other OPEC members not to exceed their production quotas. As a result of this Saudi action, the oil glut in the international market aggravated further and the oil prices crashed to the unbelievably low level of $10 a barrel in mid-1986 from $28 a barrel in 1985.

Subsequently, Saudi Arabia again reversed its policy in a striking way in August 1986 when it agreed to the Iranian demand to cut its oil production in order to boost the oil prices and this led to the dismissal of the well-known Saudi Oil Minister Sheikh Yamani.

Thus the seventh summit was being held against the backdrop of events which must have been a source of grave anxiety and concern for the GCC countries. Before considering the communique issued during this summit, it will be profitable to
look at some of the statements made by the GCC dignitaries during the few weeks preceding the summit which reflected their expectations from it.

Sheikh Khalifa Bin Zayed, Crown Prince of Abu Dhabi in a statement to Khaleej Times on 20 September said "that in the forthcoming Abu Dhabi summit, the leaders will concentrate their efforts on devising constructive means to set up a Gulf Defence Force. They will do everything to keep the region safe from all threats and dangers."

Abdulla Bishara made a following statement in Washington on 23 September 1986, while addressing the World Affairs Council:

"The prospect of an Iranian victory is sending shivers through the GCC. It is nightmarish to contrast the societies of the Gulf today with what they might become if Iran wins." 78

The Chief of Staff of Kuwaiti Armed Forces, Abdulla Al Ghunaim, in a statement to Arab Times dated 22 October 1986 said, "The Gulf States are considering joint early warning air surveillance to forestall attacks on their shipping in an overspill of the Gulf War. Kuwait is concerned about aggression against ships and oil tankers of the GCC and has prepared in its territorial waters the necessary protection at sea and in the air."

Replying to a question about the prospects of using US AWACS he said, "The GCC will buy one of the progressive and

78. See, MEED, 27 September 1986.
technical planes for an early warning. We have found after studies that only one country needs to buy planes and GCC would cooperate and share the costs. When there is one plane for the GCC it would work better."

Abdulla Bihara, Secretary General of the GCC on the eve of the summit on 2 November said, "The task of the working groups is to draw up plans and projections within the framework of a collective defence strategy for guaranteeing coordinated defence of the Gulf ports." 79

Khaleej Times in an editorial dated 2 November 1986 commented as follows: "Within the guidelines outlined by the first summit in Abu Dhabi in 1981, which had affirmed that the security and stability of the Gulf were the sole responsibility of the littoral states, the summit will consider a joint defence strategy which reportedly includes several options. One of them is to set up a unified naval defence force to accompany the ships along the Gulf and another is a formation of a combat air patrol. A third option is the setting up of a radar defence system linked to forward air bases in the Gulf states. The summit will also consider a recommendation to increase joint military manoeuvres."

On the eve of the summit, Abdulla Bishara, however, struck a rather odd note when he said that the GCC represents a message of goodwill and that peaceful co-existence among the countries of this region was essential. 80

79. From Kuwait's Al Qabas, 2 November 1986.
The seventh summit was held in Abu Dhabi from 2-5 November 1986 and the main points incorporated in its communique are given below. (see Appendix 12 for full text).

The Council reviewed the developments of the Iraq-Iran war and expressed its anxiety over the dangers posed by its continuation. The Heads of state affirmed their commitment to the UN Security Council resolutions 582 and 588 of 1986 which called for an immediate ceasefire and withdrawal of troops to international border.

The Council while expressing the hope that Iran will respond to international efforts for settlement of the Iran-Iraq conflict voiced its appreciation over Iraq's response to such mediatory efforts.

The Council also affirmed its commitment to the UN resolutions 540 of 1983 and 552 of 1984 which inter alia underlined the freedom of merchant ships to traverse to and from GCC ports.

On the Palestinian issue, the Heads of State reiterated their support for the PLO as the only legitimate representative of the Palestinian people and voiced their support for earlier decisions of the Arab summits which acknowledged the right of the Palestinian people to self-determination and for creation of an independent state.  

81. During the earlier summit in Muscat the Supreme Council had merely affirmed its endorsement of the PLO. The Abu Dhabi summit issued a stronger statement on this issue, calling for exercise of self-determination by the Palestinians and creation of a separate state for them. This could be due to the fact that the Yasser Arafat-King Hussein agreement of February 1985 envisaging confederation of the proposed Palestinian state with Jordan was no longer operative.
As regards defence cooperation, the Heads of states lauded the achievements of member states in this arena as well as commended the role played by the Peninsula Shield Force. They also expressed satisfaction over the growth of security cooperation and advocated intensive consultations among Interior Ministries of member states.

In the sphere of economic cooperation, they took following major decisions:

i) Entitling any GCC citizen setting up an industrial unit in another member state to obtain loans from banks/Developments Funds in that state on a basis of equality with local nationals.

ii) Permitting GCC citizens to practice retail and wholesale trade anywhere in the region on a basis of equality with locals w.e.f. 1 March 1987 and 1 March 1990 respectively.

The Supreme Council also agreed to give preference to national products in government purchases on a unified basis.

The Heads of States also accorded their approval to an "Information Charter" and "Principles of External Information" which were to govern inter-action of GCC states with the media, including those in foreign states.

Looking at the salient features of this communique, it is seen that the summit came up with no major initiatives regarding the Palestinian issue, holding of an Arab summit, the Lebanese
imbroglio or any other major problem, whether regional or international. The seventh summit, therefore, was no different in this respect from the earlier summits which similarly had not made any important announcements.

As regards the Iran-Iraq war, the seventh summit confined itself to appealing to Iran to respond to peace initiatives while commending Iraq's willingness to accept a peaceful solution. It may be recalled that in the sixth Muscat summit both Iraq and Iran were asked by Sultan Qaboos to show some flexibility and it had referred to (importance of) normalisation of relations among the states of this region. No laudatory reference to Iraq's willingness to accept a peaceful settlement was made during it. Thus the Abu Dhabi summit had a more pronounced pro-Iraqi tilt as compared to the Muscat summit which could be due to the increased tempo of Iranian attacks on ships owned by Kuwait or trading with it.

As far as oil was concerned, there was no mention of any decisions being taken on this vital matter despite the fact that during 1986 the oil market had virtually collapsed and international oil prices had plummeted down to $10 a barrel; moreover, there was a complete volte face in the Saudi oil policy. The Saudi authorities had reversed in the latter half of 1986 their earlier policy of increasing oil production which was designed to assert the Saudi ability to dominate the international oil market. The Kingdom began to cooperate with the Iranians in
upholding the oil prices\footnote{King Fahd himself in November 1986 affirmed Saudi Arabia's commitment to maintenance of the oil price around $18 per barrel as desired by Iran. (\textit{Saudi Gazette}, 11 November 1986).} and this had led to the resignation of the Saudi oil Minister Sheikh Yamani. Despite these crucial developments oil did not even figure in this communique.

In the economic field two important decisions were taken during this summit which were: (i) A GCC national would be entitled to practice retail and wholesale trade in any GCC country with effect from 1 March 1987 and 1 March 1990 respectively; and (ii) A GCC national would become eligible to obtain industrial loans and other concessionary assistance in any state provided he satisfied the relevant rules and regulations.

It may be recalled that the Unified Economic Agreement provides for equality of economic opportunity for GCC nationals in all member states which includes obviously trading, both at the retail and wholesale level.

Since this summit most GCC states have passed laws permitting nationals of other member countries to carry out retail trade in their territory with effect from March 1987. However, this freedom has been made subject to following stringent conditions:

(i) A GCC national from one country practicing retail trade in another GCC country would not be permitted to import goods directly from outside nor would be able to represent any
foreign manufacturer, e.g., work as an agent for a foreign company. 83 (It is to be noted here that in the Gulf countries every businessman of repute represents a foreign company on an exclusive basis and this is where profits are made).

Similarly, most commercial establishments of any importance import directly from abroad. (ii) It was stipulated that the GCC national should be a resident of the country where he wished to practise retail trade and further he could do so only in one place and deal with only one category of consumer goods. (iii) If the GCC national were to set up a company for the purpose of carrying out retail trade the local government would have the right to insist on local participation to the extent of 50 per cent in such a company. (It should be mentioned that a person wishing to trade even on a moderate scale would be required to establish a company to obtain work permits for his employees and for other legal requirements).

In other words the above restrictive clauses imply that a GCC national would be basically permitted to set up only small shops and sell at retail level without local participation. The requirements that a GCC national practising retail trade in another member country must be its resident would obviously act as a great disincentive; it is difficult to imagine an Omani, a Kuwaiti or a Saudi national leaving his own country and migrating to another Gulf country merely to set up a small

83. Arab News, 1 March 1987 and Khaleej Times, 28 February 1987. See the section on "achievement of equality of economic opportunity within the GCC" in part III.
shop there where he would not be permitted even to import directly from a foreign company. This restriction is particularly significant in view of the fact that more than 90 per cent of the goods sold in the GCC markets are imported from abroad. It thus appears that the GCC countries while allowing their nationals to practise retail trade anywhere in the region with effect from March 1987 had circumscribed this freedom with highly onerous restrictions. It would be relevant to add here that expatriates have been always allowed to trade in the GCC countries provided there was majority participation by the local nationals. The only additional advantage which a GCC national would enjoy under the rules framed in the aftermath of the seventh summit was that he might be able to have a majority share in the commercial venture (and not a minority one as would be the case for other expatriates) being set up by him in another GCC country.

The second decision pertains to the right of GCC nationals to get developmental loans in any other member country. This will prove an important decision if it is implemented in the right spirit. However, one must add here that a GCC national cannot set up an industry in another member country without a local partner and this local partner in any case would be entitled to get loans and other concessionary financial assistance from the banks in that country. However, recognising the right of a GCC national to obtain financial
assistance from banks in other member countries by itself can be regarded as a development of some significance.

It has been seen earlier that the Unified Economic Agreement though it was approved as early as 1981 was not being implemented in its right spirit; the goal of building a unified and integrated economic system among the GCC states which is what this agreement aimed at was far from being realized. The seventh summit failed as the previous summits to take any decisive measures to overcome the reservations of GCC member states vis-a-vis this agreement. Interestingly enough, the Secretary General of the GCC commented a few weeks after the seventh summit that full economic integration among the GCC countries would not be realised until the end of this country. 84

It is in the field of defence cooperation, however, that the outcome of this summit can be regarded as most far reaching. There was intense speculation on the eve of this summit, both in the press as well as in the official statements made by Gulf dignitaries, that the summit was going to take decisive steps for enhancing defence cooperation among the GCC states. There was talk of joint acquisition of surveillance aircraft, of expanding the peninsula shield force, of providing a naval escort from the GCC navies to the oil carriers in the Arabian Gulf, of establishing collective air defence network and so on.

Despite all these expectations, the communiqué merely confined itself to expressing the satisfaction of the Supreme Council over the achievements in the field of defence and security cooperation.

Though the communiqué did not say so, a perusal of the statements made by important GCC dignitaries in the aftermath of the conference leaves no doubt that these countries had agreed on an entirely new defence strategy during this summit — namely they had concluded that it would not be in their interest to undertake the collective defence of this region and especially of the shipping passing through the Arabian Gulf. Each GCC country was going to be responsible only for the protection of its own territorial waters.

In other words, the Abu Dhabi summit marked nothing less than the deathknell of the oft-repeated GCC doctrine that defence and security of this region were the exclusive responsibility of its member countries and its people and that they were totally opposed to the presence of foreign bases and foreign naval fleets in this region. This principle had been reiterated in unambiguous terms during the earlier GCC summits.

To review now some of the important statements made on the theme of defence cooperation by GCC dignitaries during this period from which this almost dramatic and totally unanticipated transformation which had taken place in GCC's defence posture would become apparent.
The UAE Foreign Minister in reply to a question as to whether the efforts to stop the attacks on oil tankers could lead to introduction of AWACS in the region said as follows: "The Minister explained that the Gulf navigation had two aspects - high seas and territorial waters. The protection of the high seas is the responsibility of international organisations and conventions which are playing their role the best they can while protection of territorial waters is the responsibility of that particular country."85

In an interview to the Arab Times dated 6-7 November 1986, Abdulla Bishara said, "The GCC powers would protect shipping in their own territorial waters by all means, but would resort to diplomatic action when it came to international waters".

"For attacks in GCC territorial waters, a collective approach has been determined," he said.

Assistant Secretary General of GCC, Ibrahim Al Sobhi, informed the Kuwaiti Magazine Al Majlis (from Saudi Gazette of 22nd March 1987)"that protection of navigation in the Gulf's international waters is not the responsibility of GCC States."

He insisted that "the whole world should move to fend off dangers impeding free shipping in the Gulf waters."

The Kuwaiti Foreign Minister informed the press as follows: "The Gulf does not belong to any of the territorial

85. See Khaleej Times, 4 November 1986.
states. The Gulf is an international waterway that should be used for the sake of welfare of the people and states of the world and of entire humanity. But of this concept, we do not deny the interest shown by super powers towards what is taking place in the Gulf and their endeavours to ensure freedom of navigation in the waterway for all states.\textsuperscript{86}

An unidentified high official of the Kuwaiti Defence Ministry was quoted as saying in a more forthright manner

"That Kuwait welcomed US Navy protection of oil shipping against possible Iranian missile attacks in the Hormuz. If Washington is willing to protect international navigation to ensure the flow of oil to the US and its friends and allies, they will undoubtedly appreciate such protection."\textsuperscript{87}

It is noteworthy that a decision of such far-reaching importance and which had profound political significance was taken when Kuwait was being threatened in a most provocative way by Iran. It has been seen earlier that prior to the 1985 GCC summit Tehran had assured the GCC states of non-aggression provided they ceased giving assistance to Iraq and adopted an attitude of real neutrality in the Iran-Iraq war. Most GCC states had obviously reached the conclusion that their interests

\textsuperscript{86} Saudi Gazette, 22 March 1987.
\textsuperscript{87} Ibid.
would not be served by identifying themselves too closely with Kuwait which was being threatened by Iran because of the assistance it was affording to Iraq. While Kuwait's relations with Iran were extremely tense in 1986, other members including Saudi Arabia had a far better relationship with it. The GCC states, therefore, decided to abandon long-discussed proposals pertaining to naval escorts, creation of a unified air defence umbrella etc. and agreed that safety of the international waterways should be made responsibility of the international community.

During early 1987 Kuwait was to lease its oil carriers to the USA and the USSR, mainly the former, which led to massive presence of western naval armada in the Gulf. In the aftermath of this summit, it became evident that each member state was going to concentrate exclusively on the defence of its own territorial waters - in other words, they had no wish to needle Iran by coming to the succour of Kuwait. No wonder this decision was taken because there was no consensus on the nature as well as gravity of the threat posed by Iran and the most efficacious way of overcoming it.

It can thus safely be concluded that the seventh summit marked the end of the concept of collective defence by GCC members. During this summit intra-GCC dissensions on Iran which were rather subdued until then came to the surface and shaped the defence postures of these states.

88. See the section dealing with "Evolution of GCC's relations with Iran" in part I of the thesis.
Failure of the GCC countries to boost the level of defence cooperation was well recognised by observers in the aftermath of this summit. Quoting from MEED: 89 "Today Gulf states have effected little in the way of defence cooperation. They have their own joint military force, the Peninsula Shield, but they have not made much progress on standardising equipment or coordinating activities, let alone joint purchasing".

In fact, not surprisingly, the seventh Abu Dhabi summit marked a further slow-down in the already reduced tempo of defence cooperation among these states. 90 The joint naval manoeuvres scheduled to be held in December 1986 never took place. The third Peninsula Shield Exercise in Oman held in March 1987 was a low-key affair in which only troops from Oman and Saudi Arabia participated. Many of the earlier proposals such as creation of a rapid deployment force, acquisition of surveillance aircraft on a joint basis, etc. were quietly dropped.

Finally, it may be mentioned that during this summit a common information charter was adopted, though its contents have never been disclosed. It may be recalled that GCC has always aimed at enhancement of cooperation among GCC countries in the field of information. According to a statement made by Abdulla Bishara, Secretary General of the GCC, this information charter was not

89. See, MEED, 8 November 1986.

90. This process had began from 1985. See the section on "Growth of intra-GCC defence cooperation" in part II of this thesis.
meant to censor news media in the GCC countries and that it was based on traditions and ethos of the region. According to Bishara, one of the objectives of this charter was to counter anti-Arab propaganda and distorted image of the GCC in foreign countries. However, it has not been possible to observe any actual impact of this charter on the functioning of Information Ministries in the GCC states.

The period intervening between the seventh GCC summit held in November 1986 and the eighth summit held in December 1987 was indeed a grim and tense one for its members, especially for Kuwait and Saudi Arabia. The year of 1987 began on an inauspicious note for Kuwait which was rocked by a series of terrorist explosions during its early months; in January 1987 itself a major conspiracy was unearthed which aimed to disrupt the Islamic Summit by committing acts of violence and arson. Subsequently, Kuwait was forced to lease a part of its tanker fleet to the USA in order to shield it from growing incidence of Iranian attacks; Kuwait took this unusual step no doubt because it saw no other viable alternative for protecting its oil carriers. During the latter half of 1987, Kuwait had seriously began to apprehend possibility of Iranian aggression and it was threatened on numerous occasions by it. During the last quarter of 1987 several Iranian silkworm missiles landed

91. See, Al Qabas, 2 November 1986.

92. See the section dealing with intra-GCC cooperation in miscellaneous fields including information in Part III of this thesis.
in Kuwaiti territory, some of them damaging its oil facilities. Escalation of tension between Kuwait and Iran in 1987 as well as the resultant sharp deterioration in their relations has already been described by us in detail in the section dealing with evolution of GCC countries' links with Iran.\footnote{93}{See Part I of the thesis.}

Quoting from Arab Times, "The year 1987 was arguably the most dramatic year in Kuwait's recent history with the country becoming embroiled in Iran-Iraq war to the extent that its security cannot be safely contemplated unless the end to the conflict is negotiated."\footnote{94}{See, \textit{Arab Times}, 31 December 1987.}

"Although Kuwaiti ships and territory were the targets of Iran's missiles attacks and several explosions and fires sent disturbing signals to the authorities, the year was more significant for the tension these incidents caused than for the actual loss of life and material damage."\footnote{95}{See, \textit{Kuwait Times}, 31 December 1987}

As regards Saudi Arabia, the impact on the Kingdom of the Makkah massacre of July 1987 and the sharp deterioration in Iranian-Saudi relations which it caused has also been described in the section dealing with GCC's relations with Iran during 1980-87.\footnote{96}{See Part I of the thesis.}
It will not be wrong to say that these developments during 1987 perhaps posed the gravest threat to the security and sovereignty of Kuwait and Saudi Arabia since the eruption of war. Before turning to a discussion of the eighth summit and its outcome, to briefly see what were the expectations from it.

In the defence field, the GCC Defence Ministers' meeting held in November 1987 had made certain recommendations to step up intra-GCC defence cooperation and these were expected to be approved by the eighth summit. It was speculated that the six GCC countries would enter into a collective agreement with Egypt for training of their personnel as well as supply of hardware. The GCC was expected to participate in a big way in financing of the Arab Industrialisation Organisation (AIO) based in Egypt. It was also rumoured that Egyptian troops might be deployed in the Gulf countries. All these matters were to be discussed during the eighth summit.

In the field of internal security, the summit was expected to ratify the security strategy which was earlier approved by the GCC Interior Ministers in February 1987 and

97. APS Diplomat, 14/21 December 1987, vol.27, no.24, p.305.
subsequently endorsed by their Foreign Ministers in July 1987 (see Chapter II).

In the economic field, there was hope that the summit would give an impetus to quickening the process of economic integration among these countries. The kind of hopes and expectations which were placed in the summit were reflected in an article published in Arab Times dated 19 December 1987, "It is required of this summit that the cohesion of the GCC states be strengthened and at the same time fulfil the ambitions of GCC people towards more freedom of movement, work, property ownership and a number of other things."

"King Fahd, you have on many occasions stressed that the GCC have achieved many things and that even more can be accomplished. We want some achievements and we want them quickly. The Kingdom is a huge market with great opportunities available. Such is also the case with other GCC countries. When these are economically and industrially linked and move in the international arena as one, they will become an important force and have more control and influence on import prices, thus helping the consumer. This cannot be accomplished unless trading freedom is granted to all GCC states without restrictions."

"If this goal can be achieved, it will lead to the creation of large joint importing companies that cover the whole GCC market. If GCC states are linked at the industrial
level, it will result in an industrial integration which will protect and supply local markets and create giant Gulf industries that require sound financial conditions in some member states such as Bahrain in which huge industries could be established and protected through customs and other means."

No doubt the most crucial issue which the summit was expected to grapple with was Iran and the stand which GCC should adopt towards it. It was believed that Saudi Arabia and Kuwait would try to get issued a resolution censuring Iran and calling for severing of relations with it.100

It may be recalled that both Kuwait and Saudi Arabia during the last months of 1987 had consistently urged imposition of sanctions as well as breaking of diplomatic relations with Iran, both in regional as well as international forums. Saudi Arabia had given a clear hint of the hawkish posture vis-a-vis Iran which it was going to adopt when no less a personage than King Fahd himself said on the eve of the summit, "Iran's insistence on continuing the war compared with Iraq's positive response to all regional, Arab and Islamic mediation and resolutions makes Iran responsible for this war and all its consequences."

"He urged GCC members to strengthen cohesion for the sake of security and economic and social development."101

100. APS Diplomat, 2-9 November 1987.

While inaugurating the summit, King Fahd again strongly condemned Iran and this condemnation was all the more significant because the Saudi King himself had rarely made a critical remark about Iran earlier; even in the wake of Makkah riots King Fahd had maintained a dignified silence.\textit{102}

Quoting now salient features of the communique issued at the end of this summit: (see Appendix 13 for a full text).

The Supreme Council reviewed the Iran-Iraq war and expressed deep concern over its continuation and escalation. It commended the UN Security Council resolution 598 issued on 28th July 1987. It lauded Iraq's positive response to this resolution while regretting Iran's ambiguous attitude towards it. The Heads of State expressed the hope that Iran would respond to the calls of peace and prevent further bloodletting. The Council referred to the Makkah incidents, the Iranian missile attacks on Kuwait, the storming of the Kuwaiti and Saudi Embassies in Tehran, attacks on merchant ships in the Gulf waters and called for adherence to the principles of good neighbourliness and mutual respect.

The Council hailed the uprising in the occupied territories and advocated convening of an international conference on the Middle East with the participation of all concerned parties including the PLO, the sole and legitimate representative of the Palestinian people.

\textit{102. Riyadh Times, 28 December 1987.}
The Council expressed its unhappiness over the developments in Lebanon. The Council endorsed the comprehensive security strategy submitted to it and expressed satisfaction over the progress made in the field of security cooperation. The Heads of State also endorsed the recommendations submitted to them by their Defence Ministers. The Supreme Council reviewed implementation of the Unified Economic Agreement and approved a time-bound programme for the same.

While expressing satisfaction at the growth of trade exchanges among member states, the Heads of State called for consolidating economic ties among the members. They called for accelerating the process of creation of a common Gulf market by unifying the rates of customs tariffs on third country exports.

They endorsed the right of GCC citizens to exercise economic activities in all member states and reviewed with satisfaction measures adopted to promote movement of GCC nationals within the region.

They approved the steps taken for adopting a common denominator for GCC currencies and called on Gulf Investment Corporation to concentrate its activities within the member states themselves.

It endorsed the efforts being made by the OPEC for maintaining the price level of oil at $18 per barrel and urged non-OPEC nations to cooperate with the OPEC with a view to achieving stabilisation of oil prices. The Supreme Council
approved a system of petroleum lending among member states.

The Heads of State endorsed a cultural plan and agreed to treat students in higher educational institutes in the member states on the same footing. An assessment of the achievements and outcome of this summit can be made as follows.

In the security field, the Heads of State merely endorsed the security strategy but did not formally ratify it by signing it as was expected.\(^{103}\) Though the security strategy had been under discussion for quite some time, it was in an incomplete shape when it was presented to the GCC Heads of State during eighth summit. It was expected to be complemented by a further security agreement. This became evident from an interview given subsequently by the Saudi Interior Minister. Quoting from his statement to Riyadh Daily: "A security agreement between the GCC countries would shortly be signed as a part of the security strategy."\(^{104}\) It may be recalled that similar statements about the need for further modifications in the security strategy were made after its adoption by Interior Ministers in February 1987.\(^{105}\)

In an important interview given by the Kuwaiti Interior Minister in January 1988, he said inter alia: "The framework was a delicate and clear one and details could be completed

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105. See the section dealing with growth of security cooperation among GCC countries in Part II.
through continued cooperation and meetings between GCC security officials and, as such, there was no need for a security pact.\textsuperscript{106}

"Kuwait was trying to formulate a comprehensive strategy and gain the full support of other GCC states because terrorism was a matter that required extensive efforts and great devotion."

Apart from the fact that the Kuwaiti Interior Minister highlighted the incomplete nature of the security strategy, it is significant that he denied the need for a security pact.

As pointed out earlier, a comprehensive security pact could not be signed because of the Saudi-Kuwaiti differences over the right of Saudi forces to enter into Kuwaiti territory in hot pursuit of fleeing criminals as well as over extradition of fugitives. Saudi Arabia did not appear to have entirely given up its viewpoint in this regard; in a newspaper interview, a top Saudi official said "that the internal security strategy of the GCC would be comprehensive enough to include bases for joint security cooperation and further outline the desired joint targets of the member states.\textsuperscript{107}

It is noted elsewhere\textsuperscript{108} that though Kuwait witnessed an upsurge in terrorist violence from 1985 to 1987, it never turned to other GCC members for security assistance. This was affirmed by the Kuwaiti Interior Minister during the eighth

\textsuperscript{106} Arab Times, 25 January 1988.

\textsuperscript{107} See Gulf Times, 29 December 1987. Significantly, this statement was made during the summit.

\textsuperscript{108} See growth of intra-GCC security cooperation Part II.
summit itself when he said during a meeting with the Austrian Interior Minister "Kuwaiti security agencies had been totally successful in overcoming the destabilising forces in the country." Thus there was no allusion to the support extended to Kuwait by other GCC members to enable it to overcome the threat posed by terrorism.

It is also noteworthy that the Kuwaiti delegation to the eighth summit did not include Kuwait's Interior Minister. Though the contents of the security strategy have never been disclosed, according to press reports which appeared during the eighth summit, it did not incorporate the two controversial features, e.g., the right of member states of hot pursuit into each other's territory and extradition of fugitives to which Kuwait was opposed all along.

The lukewarm reference to the security strategy in the summit communique, deprecating statements made about it by Kuwaiti dignitaries quoted above, the abstaining of the Kuwaiti Interior Minister from attending the summit, the Supreme Council's failure to ratify the strategy in its final form - all this leads us to conclude that endorsement of the security strategy during the eighth summit by the Heads of State (without

110. Ibid., 26 December 1987.
appending their signatures to it) was not in any way a significant development. 112

In the field of defence, the communique endorsed the recommendations made by GCC Defence Ministers in November 1987 on military cooperation and underlined the importance of defence coordination and integration. On the eve of that meeting, the Kuwaiti Defence Minister had said that the Defence Ministers would consider organising more joint 113 military manoeuvres as well as evolving measures to cope with Iranian threat to the Gulf shipping. 114

The eighth summit, however, announced no decision on these issues. Intense speculation had preceded the summit about stepped-up military collaboration between Egypt and the GCC; the GCC was expected to finance military industries in Egypt which in turn was to train their personnel, provide them with military hardware as well as deploy its troops in this region. 115 The summit communique, however, did not at all refer to military cooperation between Egypt and the GCC. Interestingly, even a reference made by King Fahd to the right of GCC states to solicit


113. The GCC countries carried out only one combined manoeuvre in the whole of 1988 which was among their airforces and took place in mid-November. Arab Times, 2 November 1988.

114. See the section dealing with defence ministers' meeting in part II.

115. APS Diplomat, 14-21 December 1987, 30 November to 7 December 1987.
foreign military assistance in his inaugural address (a possible allusion to the Egyptians) was deleted from the official text of the speech.\textsuperscript{116} Subsequently, President Mubarak ruled out the possibility of Egyptian troops being stationed in the Gulf against receipt of economic aid from the GCC, affirming that the Egyptians were not mercenaries.\textsuperscript{117}

In the aftermath of the summit, the Defence Minister of the UAE categorically mentioned in a press interview that the subject of moving the Peninsula Shield Force stationed in Hafir Al Batin in Saudi Arabia towards the war zone was not even considered by the summit.\textsuperscript{118} As regards cooperation between the GCC and Egypt for production of military hardware, he said that "when it comes to military production, why not start ourselves."\textsuperscript{119}

Earlier Prince Sultan, Saudi Defence Minister had said that no feasibility studies had been conducted about reviving the Cairo-based Arab Military Industries Organisation which was to be financed by the GCC.\textsuperscript{120}

It is clear from the above that as far as intra-GCC military cooperation was concerned, no tangible step was taken

\begin{itemize}
\item \textbf{116.} \textit{Arab Times}, 30 December 1987.
\item \textbf{118.} \textit{Al Qabas}, 3 January 1988. No exercises of the Peninsula Shield Force were held in 1988.
\item \textbf{119.} \textit{Arab Times}, 4 January 1988.
\item \textbf{120.} \textit{Arab News}, 16 December 1987.
\end{itemize}
by the summit. The summit could not even bring itself to considering the feasibility of deploying the Peninsula Shield Force in Kuwait which faced the danger of a sudden Iranian aggression. It probably did not even address itself to the question of GCC's financing of military industries in Egypt though this was speculated upon.

Failure of the eighth summit to take measures for boosting intra-GCC defence cooperation should cause no surprise. It has been observed earlier that the Peninsula Shield Force consisted only of Saudi Arabian troops (though it was supposed to include contingents from all GCC armies) and that it was not really expected to play any role in repulsing an Iranian attack. The UAE Defence Minister's statement, therefore, about the possible deployment of the Peninsula Shield Force in the war zone being not considered by the summit at all can be understood against this background. It has been seen in part II of the thesis that no agreement was reached among the GCC states about establishing a pan-GCC arms industry; no wonder they could not concur on GCC's financing of the Arab Military Industries Organisation based in Egypt during the eighth summit.

In the economic field, the communique was vague and merely expressed satisfaction in general terms about the progress made by these countries in stepping up their commercial and economic links. No decision was taken as to how the obstacles

121. The one solitary occasion when the possibility of the Peninsula Shield Force being deployed was officially mentioned was during the Foreign Ministers' meeting on 3 March 1986. RBSI-MEA-V-042, 4 March 1986, p.C1. This was denied by the Kuwaiti Defence Minister only a week later on 9 March 1986. Al-watan, 10 March 1986.
impeding the implementation of the Unified Economic Agreement were going to be overcome.

During the summit, the GCC Finance Ministers met separately to discuss certain issues like "adoption of a unified system to protect local products, ownership and sale of shares, establishing a common Gulf currency, standardisation of fees and services, etc." It was also admitted by GCC Assistant Secretary General for Economic Affairs, Abdulla Al Qawais, that further regulations were needed to enable GCC nationals to practice economic activities freely throughout the region. 122

It may be recalled that the unified economic agreement itself endorsed in 1981 entitled GCC nationals to practice any economic activity without constraints on a basis of equality with local nationals anywhere in the region. This principle was again explicitly endorsed during the fourth GCC summit held in Doha in 1983.

It was decided during the eighth summit that GCC nationals would be allowed to practice following professions anywhere in the region; soil testing, computer operations and programming; testing and analysis. 123

It would be evident that the GCC has been extremely careful while specifying the economic activities/professions which nationals of these countries could practice anywhere.

Each country evidently wished to give this facility only for those vocations in which no threat to employment opportunities or economic well-being of its own nationals could materialise as a result of competition from other GCC nationals. There are very few nationals in any GCC country who possess specialised qualifications in fields like soil testing, computer programming etc. and it is for this reason the GCC nationals were permitted to practice these vocations anywhere in the region.124

The Omani Minister for Financial and Economic Affairs, Mr. Quis Zawawi referred to the need to reduce disparities in industrial incentives being given in various member states. Oman had consistently been making this demand and had refused to grant duty-free access to local products from other GCC members on the ground that they enjoyed the benefits of lower tariffs for water, electricity, etc. and more generous industrial incentives. Mr. Zawawi also referred to the possibility of creation of a special fund to support local production in GCC countries.125

This was the first time that such a proposal for setting up a separate fund to subsidize production in member states with higher costs of industrial inputs was publicly made by a senior Omani dignitary.126

124. See the section dealing with removal of intra-GCC barriers on movement of labour, capital, etc. in Part III.
126. No such fund was subsequently set up.
The need to equalise the norms of industrial incentives was discussed during previous GCC summits as well as by its Ministers of Finance and Industry. It has been discussed in depth elsewhere in this thesis how far the GCC was able to bridge the gap in industrial incentives prevailing in different member states. However, the fact that Oman raised this contentious issue during the eighth summit bears testimony to GCC's inability to reduce inequalities in industrial incentives.

The most important and perhaps most unexpected outcome of the eighth summit was in the political field. It was expected to produce a sharp denunciation of Iran and issue a call for imposition of sanctions on it. This appeared to be the objective of Kuwait and Saudi Arabia.

The final communique, however, was couched in a mild language and Iran was not even directly accused of aggression. Iran was criticised in a milder vein as compared to the tenor of the communique issued by the Emergency Arab Summit held in Amman in November 1987.

The GCC Foreign Ministers too had used much harsher language during the latter half of 1987 to voice their disapproval of Iranian aggression on Kuwait. The accommodating tenor of the eighth summit communique appears all the more perplexing after the strong verbal attack launched against Iran by King Fahd himself in his inaugural speech.
There is little doubt that this was a result of the pressure exerted on Saudi Arabia by the UAE and Oman\footnote{127} as well as by Syria. It is understood that as a result of Syrian intervention even the reference in Saudi King's address about GCC's soliciting foreign military assistance was deleted from the official text of King's speech distributed by the Saudi press agency.\footnote{128} It is also noteworthy that the communique did not call on the UN to impose sanctions on Iran if it failed to accept Security Council resolution No.598. The comments made on this summit by the Financial Times of London as quoted by Tehran Times would be of relevance here:

'The Financial Times further described the final communique as weakly-worded and falling short of any strong criticism of Iran. It said that the Persian Gulf rulers toned down their plea and even unlike the Arab rulers' summit at Amman last November failed to make reference to what they called Iranian aggression.'\footnote{129}

Quoting here from the Herald Tribune:\footnote{130}

'The softer language than that of the Amman summit was also ascribed by some analysts to close relationship between Tehran and two southern Gulf states - the UAE and Oman. The

\footnote{127} Arab Times, 11 January 1988
\footnote{129} Tehran Times, 2 January 1988.
\footnote{130} International Herald Tribune, 30 December 1987.
cautiously-worded statement ascribed no direct blame for attacks on shipping."

In a totally unexpected initiative the summit decided to open a dialogue with Iran and Shaikh Zayed of the UAE was entrusted with this task. Subsequently, a UAE envoy visited Iran during the second week of January 1988 and the possibility of talks being held between Iran and the six GCC members began to be explored. Perhaps as a result of such a moderate posture being adopted by the GCC, tension between these countries and Iran noticeably diminished in January 1988. The Saudi Crown Prince declared in a press statement that Iran-Iraq war was likely to come to an end in 1988 and that it was slowing down.

Syria launched a diplomatic initiative and its envoys visited the GCC countries as well as Iran in a bid to bring them together and it was rumoured that as a result of Syrian persuasion, Iran had called off its plan to launch an attack on Iraq. Iran too on its side responded and expressed interest in having a dialogue with the GCC. Quoting from Tehran Times:  


132. *Arab Times*, 11 January 1988. This relaxation of tension between the Kingdom and Iran was to prove shortlived. Saudi Arabia broke diplomatic relations with Iran a few months later in April 1988.


"Truly indeed Iran has repeatedly taken all steps to show its goodwill to its Persian Gulf neighbours. This is substantiated by the close economic cooperation of some Arab littoral states of the Persian Gulf and Iran and the preparedness of Iran for maintenance of safe shipping in the vital and international waterway of the Persian Gulf."

"Kuwait can establish friendly economic, political and cultural ties with Iran if it considers some of its policies such as its invitation to aggressive foreign fleets in the Persian Gulf and if it dissociates itself from hostile standpoints towards the Iran-Iraq war."

In another sign of thawing of tension, Kuwait sent two officials of its Foreign Ministry to Iran during the third week of January 1988 to take possession of their Embassy in Tehran which was ransacked by Iranians in August 1987. Concomitant with these developments, both Iran as well as hardline GCC states like Kuwait and Saudi Arabia toned down their criticism of each other.

Intra-GCC disagreements on Iran had prevented earlier GCC summits from adopting any decisive stand; GCC's eighth summit was expected to be different and it was envisaged that Saudi Arabia would be able to convince its partners of the need to adopt a more hardline posture towards Iran. This expectation

was belied and the moderates led by the UAE and Oman won the day. In an interview with a Swiss newspaper Tribune de Geneva in February 1988 Sultan Qaboos himself explained the role played by him during the eighth summit. He said inter alia:

"As Saudi Arabia had a dispute with Iran following the problems of Makkah. I suggested nominating the UAE to open a dialogue with Tehran."138

During the same interview, the Omani ruler also spoke against the advisability of imposing an arms embargo on Iran highlighting Omani-Saudi differences. The Saudi Foreign Minister had visited Moscow in early February 1988 seeking its support for imposition of sanctions on Iran.139

Rift among the GCC countries was dramatically highlighted on the eve of the summit when it was announced that the long-pening Qatar-Bahraini territorial dispute would be referred to the International Court of Justice for final arbitration.140

Existence of political differences among the GCC members was acknowledged by the Saudi Crown Prince himself when he said, "the six states of the GCC must realise that what binds them together in socio-economic terms is much deeper and more real than what draws them apart in political terms."141

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137. This should not evoke surprise. It may be recalled that since the 1982 summit the Kingdom had failed to cajole rest of the GCC into adapting a more pre-Iraqi stand.


140. Arab Times, 30 December 1987

To sum up, the eighth GCC summit like the previous ones suffered from deep-rooted differences and disagreements especially vis-a-vis the policy to be pursued towards Iran. This prevented the eighth summit from taking any tangible steps to promote security/defence cooperation among the member states. The eighth summit like the previous ones also did not address itself seriously to overcoming the obstacles hampering economic integration among the member countries.

Finally, the outcome of the eight GCC summits which were held until the end of 1987 could be summed up as follows on the basis of their communiques.

In the political field, the GCC dignitaries had often said that security of this region was indivisible; that aggression on one member was tantamount to aggression on all; that preservation of security and stability of the region was the responsibility of its people; that foreign intervention in the region was totally unacceptable to them. It will be desirable to examine how these doctrines were incorporated in summit communiques.

Surprising as it may appear, these basic doctrines were not consistently stressed in the summit communiques. The principle that security of this region was indivisible and that threat to one member was threat to all was enunciated only by the sixth summit. However, it needs to be noted that even this reference to
security of the region being indivisible was not in relation to any external danger.\footnote{142}

The GCC dignitaries had often stressed that aggression on one member would be regarded as aggression on all; the GCC Foreign Ministers too during their meetings had similarly voiced this precept. But it was never proclaimed in GCC summits that aggression on one member would be tantamount to aggression on all. Similarly, after the second summit, there was never any allusion to GCC’s opposition to the presence of foreign bases/fleets in the region. The GCC Heads of State also did not reiterate their opposition to foreign intervention or their commitment to the principle that preservation of security and stability of the Gulf was the responsibility of its people from the third summit onwards. One naturally wonders as to why the Supreme Council desisted from reiterating the above doctrines on which there was general consensus within the GCC.

The only plausible explanation appears to lie in dissensions among the GCC states regarding the threats facing this region and the desire to avoid causing Iran any offence. The pro-Iranian GCC members did not feel that Iran posed a

\footnote{142. This was during the 1985 summit and Kuwait had witnessed major acts of terrorism in that year. It is also noteworthy that even the sixth summit communique did not reaffirm GCC’s opposition to foreign intervention nor incorporate the doctrine that the defence of this region was the responsibility of its people.}
serious military threat to them; moreover they wished to avoid giving an impression that an anti-Iranian alliance was being formed - it is for these reasons probably that expressions such as that defence of the region was indivisible; that aggression on one member was aggression on all, etc. did not find a place in summit communique.

As regards not voicing their opposition to foreign bases/fleets, this can perhaps be attributed to the Saudi/Kuwaiti desire to keep open the option of turning to the west for military assistance, should the need arise.\textsuperscript{143}

Turning to Afghanistan, one finds that despite the crucial implications of the developments there for the GCC, it was referred to only in the second summit communique when a passing mention of the threat posed by Afghanistan to the regional security was made. Significantly, Afghanistan did not figure in the eighth summit communique despite the support voiced for Afghan Mujahideens by King Fahd in his inaugural speech as well as by the Saudi Foreign Minister in a subsequent press conference.\textsuperscript{144} As an expression of solidarity with Afghan Mujahideens, Saudi Arabia decided in January 1988 to levy a special surcharge of one Saudi Riyal on all soccer tickets in the Kingdom, revenue from which was to be donated

\textsuperscript{143} Presence of the massive naval armada in the Gulf from early 1987 enjoyed the tacit blessings of at least some GCC states like Kuwait and Saudi Arabia. See the section dealing with evolution of GCC's relations with Iran in Part I of the thesis.

\textsuperscript{144} Arab News, 28 December 1987, Riyadh Daily, 29 December 1987.
to their cause. The fact that the GCC summit communiqués ignored the Afghan issue despite total Saudi backing for the Afghan Mujahideens was indicative of the intra-GCC disagreement on this issue. Discord between the Kingdom and other members on Afghanistan was further highlighted when Saudi Arabia alone in the GCC openly supported Pak stand linking the establishment of an interim government in Afghanistan with withdrawal of Soviet troops.  

Statements pertaining to Palestine in the summit communiqués show surprising variation. The first summit reiterated the well-known Arab position such as necessity of Israeli withdrawal from occupied territories including East Jerusalem, creation of an independent Palestinian state, restoration of inalienable rights of the Palestine people, etc; however, significantly, there was no reference to the PLO. The second summit voiced support for the Saudi peace plan; reiterated the standard Arab demands as during the first summit but also referred to PLO's leadership of the Palestinian people. It did not, however, say that the PLO was the sole and legal representative of the Palestinians. The third summit expressed support for the resolution adopted during the Fez Arab summit held in 1981; called for withdrawal of Israel 

from occupied territories, exercise of the right of self-determination by the Palestinians and creation of an independent Palestinian state. It described the PLO as the sole representative of the Palestinian people.

GCC's position on Palestine appeared to undergo a significant change during the sixth summit when the communique issued did not at all refer to the fundamental Arab demands such as Israeli withdrawal and creation of an independent Palestinian state but merely affirmed support for the PLO as the sole representative of the Palestinian people. It is significant that this summit took place in November 1985 and the accord between the PLO and Jordan entered into early that year had not categorically provided for creation of an independent Palestinian state. The eighth summit broke new ground when it called for an international conference for settlement of the Palestinian issue. It did not, however, refer to the need for creation of an independent Palestinian state or Israeli withdrawal.

It can be inferred from above that perhaps the GCC rulers had began to feel that resolution of the Palestinian issue was possible without fulfilling the long-held Arab demand, namely, establishment of an independent Palestinian state. It may also indicate their lack of pre-occupation with the Palestinian problem. It would be relevant to recall here that the emergency Amman Arab summit held in November 1987 did not call for creation of an independent Palestinian state. (Such a
reference was lacking in the English text of the communique). It can be seen in the section dealing with intra-GCC harmonisation in external relations that attitudes of member countries on the Palestinian problem were far from identical and these differences were perhaps responsible for variations in the views pertaining to Palestine recorded in summit communiques.

Turning to the Iraq-Iran conflict, the first summit merely described it as constituting a threat to the security of the region. The second summit, while reviewing the threats posed by the Iraq-Iran conflict to the security of this region, expressed the hope that its settlement through peaceful mediation would be possible. The Supreme Council adopted a distinctly anti-Iranian stance during the third summit when it looked upon Iran's crossing of the international border as constituting a threat to the Arab world as well as violation of its sovereignty. The fourth summit affirmed total support for the Security Council resolution No. 540 of October 1983 which called on Iraq and Iran to cease all military operations. Iraq's acceptance of this resolution was noted with satisfaction while Iran was called upon to refrain from threatening freedom of navigation in the Gulf.

The fifth summit alluded to the dangers posed by the Iraq-Iran conflict to the security and stability of the region; it commended Iraq's positive attitude and appealed to Iran to take part in efforts being made to arrive at a peaceful solution. The sixth summit voiced support for Security Council resolutions
540 of 1983 and 552 of 1984 which called for freedom of navigation in the Gulf waters. Iran was requested to adhere to these resolutions. It called for settlement of the Iraq-Iran conflict in a manner which would ensure combatants' legitimate interests and also alluded to normalisation of relations among the states of this region. The seventh summit expressed satisfaction over Iraq's positive attitude towards peace bids and again affirmed GCC's commitment to resolutions 540 and 552 of the Security Council. The eighth summit merely referred to Iranian missile attacks on Kuwait without in any way condemning them. It lauded the Iraqi stance and expressed the hope that Iran will respond to peaceful overtures.

It can thus be seen that the GCC rulers adopted more or less a posture of neutrality in the Iraq-Iran war. This was no doubt due to insistence of countries like Oman, the UAE, Qatar, etc. which felt that amicable relations with Iran on a long-term basis were possible. Intra-GCC differences on this issue have already been dealt within depth in the section on evolution of GCC's relations with Iraq-Iran in the period 1980-88.

On issues relating to internal security, the third summit accepted the recommendation of GCC Interior Ministers that more studies needed to be carried out for finalising the internal security pact. The fifth summit reviewed the working of specialised committees dealing with security and commended their achievements; the sixth summit approved the objectives of the
security strategy and called for its immediate implementation while the seventh summit voiced satisfaction over what had been achieved in the field of security cooperation. The eighth summit endorsed the security strategy (without signing it) and showed satisfaction over the accomplishments in the field of security cooperation.

Endorsement of the security strategy was thus the main achievement in the field of internal security of GCC summits. But as pointed out elsewhere the security strategy did not play much of a role in boosting intra-GCC security links. 147

As to defence, the first reference to defence cooperation came during the second summit which called for a meeting of Defence Ministers. The third summit approved creation of a unified force for GCC countries. The fifth summit emphasised the achievement of specialised committees in the field of defence and spoke about translating the principle of self-reliance into tangible reality. The sixth summit approved the perspective for strategic defence while the seventh and eighth summits voiced GCC's satisfaction over the progress made in the field of defence cooperation. Evidently, the GCC summits hardly made much of a headway in strengthening defence cooperation among the member countries. The reasons behind this phenomenon have been

147. See the section on intra-GCC security cooperation in Part II of the thesis.
analysed in depth in the section dealing with intra-GCC defence cooperation in part II of this thesis.

As far as economic issues were concerned, the second summit reviewed the Unified Economic Agreement in 1981. The third summit stated that the first stage of this agreement would come into effect from 1.3.1983. The fourth summit extended its scope so as to encompass certain other areas like pharmacology, tourism, maintenance, etc. The fifth summit expressed satisfaction over the steps taken to implement the Unified Economic Agreement and voiced satisfaction over the growth of commercial exchanges among the GCC members. The sixth summit approved a time-table for implementation of various clauses of this agreement while the eighth summit specifically mentioned that the intra-GCC tariffs on locally-produced goods had been abolished as provided in the Unified Economic Agreement. 148

The principle of preference to be accorded to GCC products in government purchases was first enunciated in the fifth summit. The seventh summit said that a unified basis was being formulated for this purpose. The same principle was again reiterated during the eighth summit. However, with the exception of Qatar and Bahrain, no GCC member had adopted any regulations to give effect to the above resolutions. 149

148. See Part III of the thesis for details regarding growth of intra-GCC commercial cooperation as well as review of implementation of the Unified Economic Agreement.

149. See the section on creation of a "Free Trade Zone" in the GCC in Part III.
As regards monetary cooperation, despite its undoubted importance, it was not focussed on during the summits. The first reference to linking the Gulf currencies to a common peg occurred only during the eighth summit communique. Earlier the third summit had decided on creation of Gulf Investment Corporation (GIC) with a capital of 2.1 billion dollars. The eighth summit lauded the role of the GIC in fostering industrial activity in the GCC. No other aspect of monetary cooperation figured in the summit communique. The progress achieved by the GCC states in harmonising their monetary policies has been analysed by us elsewhere.

Turning now to the freedom of practicing economic activity on an equal footing with local citizens anywhere in the region for GCC nationals as enshrined in the Unified Economic Agreement, the fourth summit decreed that GCC citizens would be entitled to engage in any economic activity in any member country; during the seventh summit, it was decided that GCC nationals would be permitted to carry out retail/wholesale trade in any member country subject to certain restrictions. This principle was again reiterated during the eighth summit and specific mention was made of certain vocations like computer programming which GCC nationals could practice in any member state. The extent to which the above decision has actually been implemented and the extent to which GCC nationals have begun to benefit from it has been examined by us in part III of this thesis.
The fifth summit entitled GCC nationals to purchase real estate in any member country. This decision has remained largely unimplemented; in Saudi Arabia, for example, there are no more than 71 plots of land and houses which are owned by nationals of other member countries. 150

In the field of oil, the summit communiques have been mostly silent. This is surprising in view of the fact that the international oil market had witnessed unprecedented turbulence during the years 1980-87 which had confronted the GCC with acute scarcity of resources. During the years 1981-84, the oil market had began to suffer from oil glut compelling the GCC members, especially Saudi Arabia, to reduce their oil production. Saudi oil production had plummeted to the low level of 2.2 million barrels a day in 1985. Subsequently, Saudi Arabia stepped up its oil production causing a precipitate fall in oil prices which fell to the level of 10 dollars per barrel in mid-1986. Apart from such violent fluctuations in prices and production, many members of the OPEC, including GCC states, were breaching the OPEC accords and selling oil in excess of quotas assigned to them as well as below its benchmark price. Oil revenues of the GCC states on which their economies were crucially dependent registered a steep fall during the years 1984-86.

However, despite such catalytic developments on the oil front, only the eighth summit referred to it. However as pointed out in another section of this thesis, the GCC countries had been unable to unify their strategies about production and pricing of oil. It was probably a result of such intra-GCC differences that oil did not figure at all in the first seven communiques. Even during the eighth summit, no major initiative pertaining to oil was taken. It emphasised the importance of OPEC members adhering to the quotas and the benchmark price. It approved a system of petroleum lending among the member states; but a decision of this kind was already taken by GCC Oil Ministers a few years ago.\textsuperscript{151}

In the field of industrial cooperation again, achievements of the eight summits are not particularly commendable. Industrial cooperation among the GCC states did not grow as envisaged in the Unified Economic Agreement.\textsuperscript{152} The first important reference to industrial cooperation came in the sixth summit communique in which approval of a unified strategy for industrial development\textsuperscript{153} was indicated. The seventh summit decreed that a GCC national would be entitled to obtain loans from an industrial development bank in any member country while setting up an industry there. Not many

\textsuperscript{151} For further details see the section on intra-GCC cooperation in oil.

\textsuperscript{152} For details see the section on intra-GCC industrial cooperation.

\textsuperscript{153} This has never been elaborated.
GCC nationals appear to have taken advantage of this facility and this aspect has been considered elsewhere.

Certain decisions in miscellaneous fields were also taken during these summits, among which mention may be made of: approval of the agricultural strategy; objectives and means of education; policies and guidelines aimed at preserving the environment - this was during the sixth summit. Adoption of an Information Charter was announced during the seventh summit while a cultural plan was ratified during the eighth summit. No significant impact of above measures have been observed.

In the end while reviewing the outcome of the eight GCC summits held from 1981 to 1987, it may be observed that they mainly focused on political, security, defence matters and issues pertaining to economic, commercial, industrial cooperation did not receive much of attention. It may be argued that this was the result of preoccupation of GCC members with the Iraq-Iran conflict and their overriding desire to avoid getting embroiled in it. The validity of this hypothesis can best be tested by examining the proceedings of the ninth summit which was held in an environment of peace and relative stability.

The Ninth Summit

End of the Iran-Iraq conflict naturally signified beginning of a new phase in the relations between GCC members and Iran. There was further strengthening of the links between pro-Iranian GCC members namely Oman, the UAE and Qatar with that
country; in particular, Omani-Iranian relations registered significant improvement both in the political and commercial field. It has been estimated that during 1988 the two-way trade between Oman and Iran would exceed one billion dollars, mainly consisting of Omani re-exports to that country.\footnote{APS Diplomat, 20 November 1988} There are plans for initiating joint oil and gas exploration projects between the two countries.\footnote{Ibid.} Oman signed a trade agreement with Iran in December, 1988\footnote{Saudi Gazette, 29 December 1988} and a joint commission was established between the two to boost economic links.\footnote{Ibid.} Iran upgraded its mission in Muscat to the ambassadorial level during the latter half of 1988.\footnote{Khaleej Times, 13 December 1988} Following the visit of the Omani Foreign Minister to Iran in August 1988, the Tehran Times commented as follows: "Political observers hold that ties between Iran, Oman and other southern neutral states of the Persian Gulf will enter a new phase following Iran's acceptance of Security Council Resolution No. 598. ... To sum it all up, Oman and the UAE then can serve as useful connecting links between Iran and the PGCC. Oman and other PGCC member countries will, we hope in the future, not have imaginary fears of the spread of Iran's Islamic revolution to these countries by groups advocating the Islamic revolution. Even

\begin{thebibliography}{10}
\item\footnote{APS Diplomat, 20 November 1988} APS Diplomat, 20 November 1988
\item\footnote{Ibid.} Ibid.
\item\footnote{Saudi Gazette, 29 December 1988} Saudi Gazette, 29 December 1988
\item\footnote{Ibid.} Ibid.
\item\footnote{Khaleej Times, 13 December 1988} Khaleej Times, 13 December 1988.
\end{thebibliography}
if they do have some lurking fears, yet it must be borne in mind that the future of the Iranian-Omani relations will in any event be more promising than in the past, given Iran's new political and diplomatic approaches in dealing with its neighbouring regional countries and the world at large.  

A well-respected journal specialising in the Middle East went to the extent of speculating that the geo-political partnership between Oman and Iran would extend to the UAE, two Yemens and East Africa.

Trade relations between the UAE and Iran remained excellent as before and a very large number of Iranians came to Dubai in 1988 for shopping. Following the cessation of the Iraq-Iran war, a joint banking commission was established between the UAE and Iran. There were plans to step up economic cooperation between Qatar and Iran; a 26-member trade delegation from Iran came to Qatar in January 1989 to boost the trade between the two countries.

Iran's relations with its erstwhile enemies Kuwait and Saudi Arabia also improved during the latter half of 1988.

160. APS Diplomat, 20-29 August 1988
Kuwaiti Embassy in Tehran which was closed in mid-1987 following its ransacking by mobs was re-opened and diplomatic relations between Kuwait and Iran were upgraded. Kuwait in January 1989 decided to ply under its own colours six of the eleven oil carriers which from early 1987 were plying under American colours - this Kuwaiti decision clearly reflected the improved state of Kuwaiti-Iranian relations. As regards Saudi Arabia, though diplomatic relations between the two were not restored, tension between them had greatly subsided. Saudi Arabia had stopped the propaganda diatribes against Iran in October 1988 while King Fahd himself had called for international help for rebuilding the war-ravaged economies of Iraq and Iran. Iran too had reciprocated the Saudi overtures and Rafsanjani had said in December 1988 that Saudi-Iranian relations would be normalised.

On the eve of the ninth GCC summit held on 19-22 December 1988 both Sultan Qaboos and Shaikh Zayed of the UAE called for improvement in GCC's relations with Iran. The officially-controlled Omani press said that 'The GCC countries would try to move back towards a more traditional balance between the

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164. Arab Times, 24 December 1988
165. Ibid., 21 January 1989
166. Al Qabas, 21 October 1988
168. Gulf Times, 21 December 1988
Gulf's two biggest powers, now free from war to pursue regional ambitions." This was clearly a call for better relations with Iran.170

During the summit, Oman announced that it would exert efforts among the non-OPEC oil exporters to persuade them to cut their oil exports.171 This move was meant to boost oil prices and was thus supportive of the Iranian policies. In fact Omani alignment with Iran had become so pronounced that Sultan Qaboos earlier had gone to the extent of declaring that Iraq did not pose any threat to the GCC.172

The Tehran Times called for establishment of an organisation for boosting economic cooperation between Iran and the GCC members.173

There was also much expectation that the ninth summit would give special emphasis on strengthening and consolidating economic ties between the GCC members and that it would take major decisions in this field. Al Qabas expressed the hope that curbs on movement of goods and people within the GCC would gradually be removed and all GCC nationals would enjoy equality of treatment anywhere in the region.174

170. Oman Observer, 10 December 1988

171. Ibid., 22 December 1988. Oman since 1987 had repeatedly cut its oil production to firm up oil prices. See the section on intra-GCC cooperation in oil in Part III for more details.

Salient features of the communique issued at the end of this summit can be summed up as follows:

In the economic field, it took following major decisions:

(i) Entitling GCC nationals to own shares of new, joint companies anywhere in the region.

(ii) Equality of treatment of GCC nationals in tax matters in connection with their investment in member states.

(iii) Coordination in setting up industrial ventures in the GCC.

(iv) Taking measures to protect indigenously-produced goods in the GCC.

(v) Equality of treatment for GCC nationals in the field of health services.

The heads of State expressed satisfaction over the level of cooperation reached in the fields of defence and internal security.

In the political field, the Heads of State voiced their total backing for the struggle of the Palestinian people and their uprising in the occupied lands. They supported the establishment of an independent Palestinian state and endorsed the decisions taken by the Palestinian National Council during its November session. They hailed the address of Yasser Arafat to the UN General Assembly in December 1988. On Afghanistan, they expressed satisfaction with the direct negotiations going on between Afghan Mujahideens and the Soviet Union. They
expressed the hope that peace will be reached there through exercise of the right of self-determination by the Afghan people which would preserve their unity, independence and Islamic identity.

Turning to Lebanon, the Council called for an Arab League session to discuss it. As regards Egypt, they supported steps to enable Egypt to undertake its responsibilities within the Arab framework.175

Assessing now the achievements of this summit, one may note at first that the Supreme Council came up with no clear-cut statement as to the policy which this body aimed to pursue towards Iran. This was no doubt the result of the dissensions within the GCC among its pro-Iranian and anti-Iranian members; though Oman and the UAE on the eve of the summit had advocated improved relations with Iran, they had clearly not succeeded in persuading the other members to adopt such an approach.

Appreciation expressed by the Supreme Council about Yasser Arafat’s address to the UN General Assembly in Geneva in December 1988 is significant as in that address Yasser Arafat had denounced terrorism and accepted unreservedly the UN resolutions 242 and 338, apart from acknowledging existence of Israel. (It is to be recalled that no GCC member earlier had

175. See Appendix 14 for full text of the communiqué.
accepted UN resolutions 242 and 338). As regards Afghanistan, it is noteworthy that no support was voiced for the Afghan Mujahideens nor was any categorical assertion made as to the kind of government that should come up in Afghanistan replacing the Najibullah regime. This obviously showed dissensions between Saudi Arabia and other GCC members on the Afghanistan issue.\textsuperscript{176} The statement on Egypt was lukewarm and despite the excellent relations of all GCC states with it, they did not deem it right to unequivocally call Egypt's re-admission to the Arab League.\textsuperscript{177}

In the economic field, the summit certainly belied the hopes earlier placed in it and came up with no landmark decisions. It called for protection of indigenously-produced goods in the GCC region; it also advocated greater intra-GCC coordination while setting up industrial ventures in the member states. There has long been agreement within the GCC on the above objectives;\textsuperscript{178} it was in no way elaborated how they were to be achieved. It was decided that a GCC national investing in other member states would be subjected to the same taxation structure as applicable to the locals. This measure was of marginal importance as most GCC states do not impose any taxes, whether on personal incomes or corporate, and complete absence of taxation of any kind has been one of the characteristic.

\textsuperscript{176} See the section dealing with GCC's policy towards Afghanistan in Part I.

\textsuperscript{177} This was no doubt due to unwillingness to offend Syria.

\textsuperscript{178} See the section dealing with intra-GCC cooperation in trade and industry in part III.
features of these countries. The number of GCC nationals who would benefit from this measure would no doubt be very small and the amount of benefit they would derive would not be significant. Similarly, the decision entitling GCC nationals to acquire shares of new public-limited companies cannot be described as significant. In the GCC region, it is difficult to come across a company which was established through public subscription and, therefore, the above-mentioned measure in practice would hardly have any impact. 179

The decision to grant equality of treatment to GCC nationals in the field of health services again would not mean much in practice. GCC states do not discriminate in a marked way even between locals and non-Arab expatriates as far as medical facilities are concerned. During the last few years, nationals from Oman, Bahrain, etc. have been going to Kuwait and Saudi Arabia for advanced medical treatment not available in their own countries.

The Council did not come up with any new initiatives in the field of security and defence cooperation which was not

179. In the GCC most companies go in for public issues only after they have been established for some time. For example, all the five companies which offered a part of their equity capital for public subscription in 1988 in Saudi Arabia were set up long ago. These five companies were: (i) Taiba Company for Investment and real estate development, Al Jouf Agricultural Development Co., Al Rajhi Banking and Investment Corporation, Makkah Construction and Building Co., Saudi-British Bank. (Saudi Gazette, 2 December 1988, Arab Times, 4 September 1988).
unexpected considering the relaxed environment in this region following the ceasefire.

The ninth summit like the earlier one, therefore, failed to take any major initiatives, whether in the political field or in the economic. It was widely speculated that in the aftermath of the Iraq-Iran conflict the GCC rulers would be able to embark on bold new measures to bring about rapid economic growth of this region as a whole. As noted earlier, this expectation was not realised. In the political field, the GCC remained divided on Iran even in peace times and as a result could not come up with a clear-cut strategy of dealing with it. To sum up, the GCC remained divided in peace as in war.

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180. Abdulla Bishara had said that the ninth summit would focus on achieving quick progress towards creating a unified Gulf market and economic integration. Al Qabas, 21 November 1988.