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NATO AND PERSIAN GULF SECURITY

DRAFT REPORT

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* Until this document has been approved by the Political Committee, it represents only the views of the Rapporteur.

TABLE OF CONTENTS

	Page
I. THE PERSIAN GULF AND INTERNATIONAL SECURITY.....	1
II. THE SITUATION IN IRAQ AND ITS IMPACT ON THE GULF REGION	1
III. NATO IN THE REGION.....	2
IV. IRAN.....	3
V. THE GULF CO-OPERATION COUNCIL.....	5
VI. PRELIMINARY CONCLUSIONS.....	5

I. THE PERSIAN GULF AND INTERNATIONAL SECURITY

1. The Persian Gulf, a perennial hotspot in recent history, is of vital strategic importance because of its geographic location, its continuing instability and its energy resources. Approximately 60% of the world's oil reserves are located in the region. Moreover, the countries hold the world's second, third, fourth and fifth natural gas reserves after Russia. The global economy is heavily dependent on the Gulf's energy resources and will remain so for decades to come. What is more, the region also serves as an important international shipping route.

2. Starting from the first Gulf War between Iraq and Iran in 1980, the area has seen three major wars in the last 25 years. The region's volatile security has been further highlighted because of the new global security threats posed by internationally active terrorist groups and the proliferation of weapons of mass destruction (WMD). Most countries in the region are facing the danger of potential extremist and terrorist activity on their territory with perhaps profound implications for the stability of the whole 'Broader Middle East'.

3. NATO's ongoing operations in Afghanistan and Iraq have further increased the strategic importance of the Persian Gulf. The future of Iraq is a crucial determinant for the whole Gulf. All NATO nations are highly aware of the dangers of instability in Iraq and of the importance of assisting the new Iraqi authorities to take control of the security situation themselves. Moreover, Iran, by far the most populous country, is emerging as a more powerful state in the region. A nuclear capable Iran with ballistic missiles under the control of religious extremists with links with terrorist groups would be a truly frightening prospect. Chances are that in the foreseeable future developments in the Persian Gulf and the 'Greater Middle East' will have a greater effect on Euro-Atlantic security than in any other region.

4. This report briefly analyses the security situation in the Persian Gulf. In this context, the report will also address the crucial issue of Iran's nuclear programme. Referring to NATO's activities to date, the paper will also address NATO's possible role in the stability of the region. Your Rapporteur strongly supports a more pro-active NATO approach to the Persian Gulf. However, any increased NATO activity should primarily be political and must be based on the acceptance of the countries in the region. In the autumn report, your Rapporteur will put forward some concrete proposals for further NATO action that could increase security in the Gulf.

II. THE SITUATION IN IRAQ AND ITS IMPACT ON THE GULF REGION

5. Naturally, developments in Iraq will have a major impact on the security of the Persian Gulf and beyond. Countries in the region have been alarmed by the insurgency in Iraq. Moreover, there is concern that an alliance between Shiite-dominated governments in Iraq and Iran might attempt to influence the regional Shiite communities and destabilise the Gulf States.

6. A recent report by the Iraqi government suggests that insurgents or criminal gangs have killed more than 6,000 Iraqi civilians over the past two years. Moreover, suicide bombings, kidnappings and hostage takings are real and severe risks facing foreign civilians, particularly those who work as humanitarian workers, contractors and journalists. With active assistance from NATO member countries, the Iraqi security forces have slowly begun to develop necessary capabilities to provide security for their own people. The security situation in Iraq has to some extent improved since the largely successful elections to the Transitional National Assembly on 30 January 2005. According to reports by American, British and Iraqi commanders, insurgent activity has decreased in recent weeks; coalition casualties in March were the lowest in over a year. Nonetheless, security inside Iraq still remains "extremely dangerous", lawlessness being a prevailing factor in Iraqi society. Echoing similar findings on the US side, a UK House of

Commons Defence Committee report on Iraq¹ states that the British forces will be present in broadly similar number throughout 2006. The US-led coalition will have to retain a high number of troops there, even though, as President Bush recently said, the number of Iraqis trained in security is now higher than the 140,000 US troops stationed there and the involvement of US and coalition troops are increasingly playing a supporting role.

7. The formation of the new government, following a political accord among parties representing the country's major ethnic and religious factions, on 6 April has been described as "breaking a political deadlock". The election of the Kurdish leader Jalal Talabani as president is a positive sign of hard-headed co-operation among the Iraqi parties, but higher political hurdles lie ahead. The spectre of a civil war, followed by fragmentation of the country into Shiite, Sunni and Kurdish parts, seems remote for now. But the new Iraqi government will have to produce tangible improvements in daily life if it is to erode support for the insurgency. Iraq's political process will have more impact on the strength of the insurgency than any military operation. A poll taken in late February and early March indicates that 60% of Iraqis believe the country is 'heading in the right direction', and almost as many expected the situation will "slowly" improve. According to the House of Commons Defence Committee report, "if nation building exercises are to succeed, they must have a serious commitment of time, energy, financial resources and political resolve". Your Rapporteur wants to emphasise that the international community has a huge stake in Iraq. If reforms were successful, they would send an encouraging signal to the Gulf countries and the whole 'Broader Middle East'. On the other hand, if reforms fail, there is an increased risk that the insurgency spills over to neighbouring states and destabilises the whole area. Therefore, NATO should discuss how Allies and partner countries could further assist in improving security, but also the broader issues of nation building, in Iraq.

III. NATO IN THE REGION

8. Because of its strategic importance, there has been considerable Western, primarily US, military presence in the Persian Gulf for decades. After 9-11, the perception of the region's pivotal international security role has further increased. For example, the US has basing agreements with Saudi Arabia, Kuwait, Oman and the UAE, while Bahrain and Qatar host US facilities and serve as important bridgeheads. Furthermore, in the context of the 'war against terrorism', forces from NATO member countries have been operating in the region. For example, a US Nuclear, Biological and Chemical (NBC) team has conducted a series of exercises in the Arabian Sea in the context of the Proliferation Security Initiative (PSI). Germany has an NBC battalion in Kuwait, which has been stationed there before the Iraq war to provide protection from a potential Iraqi biological and chemical weapons attack. The German battalion is part of a multinational NBC contingent based in Doha, Qatar, which also comprises Czech forces, among others.

9. Following the 2003 war, 16 NATO Allies currently have troops deployed in Iraq. Moreover, all 26 NATO countries are now contributing to NATO's training mission there, either inside or outside of Iraq. For example, German forces are training Iraqi police and soldiers in the UAE.

10. NATO is co-operating in the Broader Middle East region within the framework of the Istanbul Cooperation Initiative (ICI) agreed upon at the 2004 Istanbul Summit. The initiative's primary goal is to enhance security and regional stability through actively promoting NATO's co-operation with interested countries in the field of security. In the ICI context, NATO helps develop the ability of interested countries' forces to operate with those of the Alliance. Areas of particular interest are: tackling internationally active terrorist groups, helping prevent WMD proliferation and illegal arms trafficking, as well as contributing to NATO-led peace operations. Similar to what NATO is offering

¹ "Iraq: An initial assessment of post-conflict operations", Sixth report of Session 2004-2005 of the House of Commons Defence Committee

the countries in the Mediterranean Dialogue, ICI provides tailored advice on defence reform, defence budgeting, defence planning and civil-military relations to interested countries in the Broader Middle East, starting with the Gulf States. The ICI is still “work in progress” and has to date been formally joined by Kuwait, Bahrain and Qatar.

11. In addition to assisting defence reform, a NATO presence in the region can help introduce or strengthen security dialogue and confidence building. As a start, your Rapporteur suggests that ICI be further developed by including a clause that allows for consultations if a participant country felt threatened in its security, similar to that of Partnership for Peace (PfP). However, the perception of NATO in the Broader Middle East region is generally that of something like ‘a foreign policy arm of the US’. Your Rapporteur shares the view of NATO Secretary General Jaap de Hoop Scheffer that NATO needs to do more sustained public diplomacy in the Arab world. Therefore, we must do more to explain the transformed Alliance and what NATO is today and how it can contribute to Middle East security. To that end, NATO might consider appointing a special representative to the Persian Gulf region.

IV. IRAN

12. Iran is a key country in the Persian Gulf. The overthrow of Saddam Hussein has left Iran the primary power in the region. Due to Iran’s historic ambitions in the region and the regime’s eagerness to promote Islamic revolution abroad in the 1980s, many regional neighbours have been wary of Tehran. For them, Iran under the Shah had been the main guarantor of political stability in the region. However, during the 1980s and early 1990s, under the Republic, Iran was promising to be the primary promoter of revolution. Iran’s neighbours have also critically viewed Tehran’s support for terrorist groups. The regime’s links with groups like Hezbollah, Hamas, the Palestinian Islamic Jihad and others have also been a key issue in relations with the West. Other contentious topics between Iran and the Allies include the Middle East peace process, human rights in the country, and, first and foremost, its nuclear programme. The revolutionary regime that replaced the Shah in 1979 has long been hostile to the West, and the US in particular. However, Iran has developed a more constructive foreign policy approach since reformers came to power in the late 1990s. But hopes for a normalisation of (diplomatic) relations have not been fulfilled. Iran’s ambiguous policy towards Afghanistan and Iraq reflect fundamental divisions between ideologues, who want to export the Islamic revolution, and pragmatists, who see stability as a greater priority for Iran.

13. With regard to Iraq, Iran has supported efforts to stabilise the country whilst backing some forces of instability, notably Moqtada al-Sadr’s rebellion in 2004. Tehran wants to avoid the re-emergence of a powerful threat but also to avoid any descent into chaos. Also, although they share the same Shiite faith, Tehran is somewhat removed from the emerging Shiite leadership in Iraq. Ali al-Sistani, Iraq’s most influential cleric, is a proponent of the *quietist* school of Shia Islam, which rejects a political role for clerics in the state. Moreover, Iraq’s Shia also retain a strong nationalist character.

14. In Afghanistan, Iranian foreign policy has wavered between support for stabilisation and efforts aimed to increase Tehran’s influence. Earlier, extensive support for warlords like Ismail Khan and General Rashid Dostum highlighted this effort to establish a foothold in the post-Taliban Afghanistan, whilst undermining the authority of Karzai’s government. Yet there have also been signs of a commitment to stabilisation, reflected in the initial offer of US\$ 500 million in assistance, among the largest foreign donations to the interim government.

15. Iran’s nuclear programme is one of the dominating issues for Persian Gulf security and indeed beyond. The covert nuclear programme uncovered by IAEA inspectors has led to demands that Iran abandons all of its nuclear activities, but Tehran has so far been unwavering in

asserting its right to a peaceful nuclear programme. While it argues that it is entitled to pursue peaceful nuclear capabilities under the NPT, certain elements of the nuclear programme uncovered could not be justified under a civilian nuclear energy programme. Iranian claims that it is seeking a purely peaceful programme appeared disingenuous after traces of weapons grade uranium have been found, for which no explanation has been given. What is more, the possibility of Russia taking responsibility for the fuel cycle of an Iranian nuclear energy programme exists, in which Russia would provide the necessary fuel and remove the spent rods for reprocessing. This makes the need for centrifuges within Iran itself unnecessary, adding to the sense that Tehran has an ulterior motive.

16. The 2004 Paris agreement between the EU-3 (France, Germany, and the United Kingdom) established a series of working groups to deal with the issue. They are supposed to come up with ideas of how the Iranian programme could be ended – or verifiably prevented – and what the EU could give in return. The EU says it wants ‘objective guarantees’, i.e. breaking the fuel cycle and dismantling existing infrastructure (particularly centrifuges), that Iran terminates its military nuclear programme for good. Iran has halted the enrichment and the production of plutonium for now, i.e. during the negotiations with the EU-3. But it argues that it has kept its part of the bargain and had received nothing in return.

17. In the view of your Rapporteur, the issue of Iran’s nuclear programme would not simply fade if a more pro-Western government were in power in Tehran. Even though many Iranians, particularly the young generation, appear to oppose the current regime, the reformers are unlikely to be back in the government. More importantly, Iran’s rationale for acquiring nuclear capability is much less an issue of reformers vs. conservatives as it is based on strategic considerations and national pride. The implications of Iran ‘going nuclear’ are difficult to predict. A nuclear Iran would certainly add to the volatility of the region. The prospect of nuclear weapons under the control of religious fanatics (or the Republican Guards) with links to terrorist organisations dismays Iran’s immediate neighbours and the international community. The greatest fear is that a nuclear-armed Iran would incite a nuclear arms race in the region and could lead to further WMD proliferation. In addition, if Tehran were to acquire nuclear weapons this would undermine the nuclear Non-Proliferation Treaty (NPT).

18. Iran obviously wants some kind of security guarantee, which only the US can offer. Unfortunately, Iran has been a divisive issue between the US and its Allies and caused serious transatlantic frictions since the 1980s. There has been no co-ordinated strategy among the Allies. Some pundits have criticised the US for its ‘policy vacuum’ over Iran in the past. Although determined not to offer incentives, there was no plan for how to deal with the problem since commitments in Iraq make any military action near impossible at present. But following the visit of US President George Bush to Europe this February, the US has vowed to support the EU-3’s diplomatic efforts. The US administration has signalled that it is now prepared to stop blocking Iran’s application to the World Trade Organization (WTO) and to allow the sale of spare parts for Iran’s aging civilian aircraft. However, Iranian negotiators dismissed this offer as “ludicrous” and “insignificant”. At the time of this writing, there is no progress in nuclear discussions between Iran and the European Union.

19. Any viable solution of the intricate Iran’s nuclear issue requires close US-European, indeed transatlantic co-operation. While NATO as an organisation is not involved in the negotiations with Iranian regime, the Allies, including the US, support the diplomatic efforts of the EU-3. But US-Allied consensus over how to defuse the crisis over Iran’s nuclear programme may only be temporary. Therefore, your Rapporteur suggests that the North Atlantic Council (NAC) puts Iran on its agenda. NATO could be the platform to consider and agree upon a, primarily diplomatic, agenda for how to persuade Iran to abandon its nuclear programme and end its political isolation and to pro-actively engage the country in a regional security dialogue.

V. THE GULF CO-OPERATION COUNCIL

20. With the exception of the Gulf Co-operation Council (GCC), there exists no security dialogue, let alone co-operation, among the Persian Gulf littoral states. The GCC was established in May 1981, initially in response to the Iraq-Iran war, to foster greater co-operation between its members comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE). It is a regional common market with a defence planning council and has a collective security mechanism. Security issues are prevalent within the GCC, especially the desire to establish a regional security structure independent of US influence. Since its inception the GCC has held joint military exercises, introduced defence compatibility measures and established a joint intervention force. Although the GCC states have committed themselves to establishing an integrated defence policy, little progress has been achieved to date. For example, the planned joint defence force Dira' al-Jazeera ("Peninsula Shield") remains a two brigade-strong force with only small non-Saudi contingent. Divisions among its member states and their reluctance to relinquish sovereignty in the defence realm have hampered the further development of the GCC. The smaller states fear being dominated by Saudi-Arabia, by far the largest GCC participant. The war in Iraq was a good example of these divisions. While some members were opposed to the invasion, others such as Kuwait offered the US passage for launching the invasion.

21. Saudi-Arabia, by far the largest and most influential member country of the GCC, is facing one of the more difficult phases in its history. While the rulers have been criticised for perceived complacency with Islamic extremism from outside, the domestic constituency is increasingly resentful of what is seen as subservience to the West, and the US in particular. It needs to address internal and external pressures for reform without alienating the conservative religious leadership on which its legitimacy depends. Severe socio-economic problems include rising unemployment and poverty in a context of galloping population growth.

22. Armed, militant groups within the country have unleashed a wave of violence intended to shatter confidence in the regime, its economic prosperity, and its stability. Security forces have had some success, arresting hundreds of suspected extremists, killing many others including the presumed leader of al-Qaeda in the Kingdom, and confiscating weapons and bomb-making material.

23. The rise of radical Islamism in Saudi Arabia has many and complex causes - most recently including the US posture in the region, epitomised by the invasion of Iraq and neglect of the Israeli-Palestinian conflict. Reform will not come easily or without risk. Saudi Arabia is a highly conservative society where religion plays a central role in framing political discourse for rulers and opponents alike and is a potent tool of legitimisation. The challenge is to marginalize the violent forces without alienating the broader conservative constituency.

24. As mentioned above, NATO is developing its relationship with the region. NATO's ICI aims at establishing mutually beneficial bilateral relations with the countries of the Broader Middle East, starting with the GCC. Some of the GCC countries have already contributed to Euro-Atlantic security. For example, the UAE have committed troops to NATO-led operations in the Balkans. NATO forces and those of NATO member and partner countries are currently deployed on operations in Iraq and Afghanistan. Further development and deepening of NATO's relationship with the Persian Gulf States should emphasise building trust and confidence among the littoral states.

VI. PRELIMINARY CONCLUSIONS

25. The Persian Gulf region has become increasingly relevant for Euro-Atlantic security, particularly as the most likely challenges, those originating from terrorism and WMD proliferation,

originate in the South and the South-East of Europe. As NATO continues operations in Afghanistan and Iraq and expands its presence beyond its traditional area a more active NATO policy towards this region is urgently needed.

26. The ICI is recognition of this need: it provides a broad set of instruments to assist interested countries of the region in meeting their security requirements. Moreover, the Allies also contribute to NATO operations in Iraq and in Afghanistan with the goal of building up capabilities of their governments to address the security needs of their people. In addition to continuing, and if possible increasing, their security assistance to Iraq and Afghanistan, the Allies should therefore further develop the ICI, and put a particular emphasis on developing a political and security dialogue among the Gulf littoral states. NATO Allies also should actively support the Middle-East process, the Road Map, as Middle Eastern and Gulf security is closely intertwined.

27. In the longer run, NATO should assist the countries of the region in establishing new collective security mechanisms. Eventually, confidence-building efforts could lead to the development of new security structures in the Persian Gulf. These could not only include the countries of the GCC but could also embrace Iraq, Iran and Yemen.

28. Trying to establish collective security agreements, even if they can be achieved only gradually over a longer period of time, is of vital importance in this volatile area. In the past, Western, i.e. US military presence has helped to tackle military problems. A military presence of Allied forces will remain important for the foreseeable future. However, today's regional security challenges are much more complex and any Western military presence in the Gulf, which might be required if Iran became nuclear and would pursue a more aggressive foreign policy, would have a negative impact on combating terrorism and internal stability in the Gulf states. Therefore, it is crucial that the Allies, perhaps in close co-ordination with the EU, assist reform processes in these countries, even if they are likely to be incremental as ruling elites prefer to manage them in a way as to ensure their own survival.

29. An important first step would be to find a solution to the Iranian nuclear programme. The Allies need to devise a policy that supports Iran's political development but explicitly avoids the rhetoric of regime change, which only stirs up nationalistic feelings in Iran. The immediate goal should be to move Iran to fulfil its promise made in the fall of 2003 to the EU-3, namely to verifiably terminate all work on enrichment and reprocessing. In the longer term, an agreement must be reached on the permanent abandonment of uranium enrichment and other capacities of the nuclear fuel cycle, ratification of the IAEA Additional Protocol and the acceptance of further safeguards that make it possible to determine the civilian nature of the nuclear programme.

30. Despite their differences, the Allies and Iran share a number of important security interests. They share a common interest in border security, particularly as Iran remains a transit country for South-Western Asian heroin to Europe. Iranian domestic narcotics consumption remains a persistent problem and according to official statistics there are at least 2 million drug users in the country. Allies and Iran, which has given refuge to thousands of Afghan refugees, also share an interest in the stability of Afghanistan and Iraq.

31. Therefore, NATO Allies should support the EU-3 negotiations with Iran as much as possible. NATO member countries also need to discuss and agree on a comprehensive policy for Iran. The Allies need to focus on persuading the country to abandon its nuclear programme and recognise Iran's legitimate security interests. NATO can make a significant contribution to the security and stability of the Persian Gulf. However, apart from activities in the context of combating internationally active terrorist groups, the role of the Alliance should primarily be political, much less military. In the autumn report, your Rapporteur will put forward more specific proposals on this.
