

Gulf Research Center
Knowledge for All



A Gulf Conference for Security and Cooperation Could Bring Peace and Greater Security to the Middle East

**Christian Koch
Christian-Peter Hanelt**

July 2015

© Gulf Research Center 2015

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the Gulf Research Center.

The opinions expressed in this publication are those of the author alone and do not state or reflect the opinions or position of the Gulf Research Center.

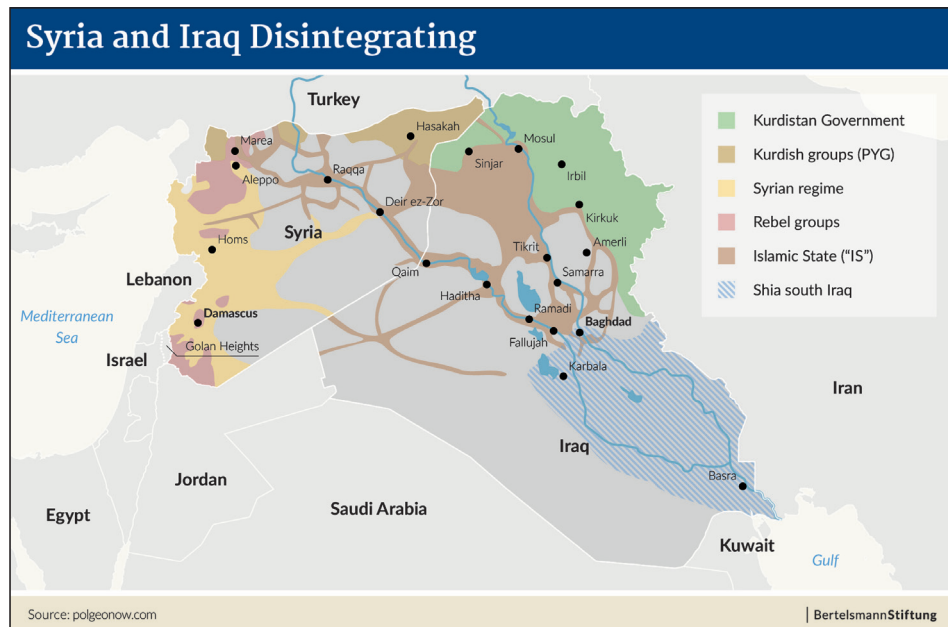
A Gulf Conference for Security and Cooperation Could Bring Peace and Greater Security to the Middle East

Christian Koch, Gulf Research Center Foundation
Christian-Peter Hanelt, Bertelsmann Stiftung

Wars continue to ravage in Syria, Iraq and Yemen. Refugees are wandering around aimlessly in the Middle East with many fleeing to Europe. Saudi Arabia and Iran are adding fuel to the flames. They are vying for supremacy while remaining highly suspicious of each other. A Conference for Security and Cooperation could help to ease existing tensions. Many years ago the CSCE was a resounding success. It could thus serve as a blueprint with the nuclear agreement with Iran as a starting point of such a venture.

Tensions in the Middle East are getting increasingly worse. War has engulfed Syria, western Iraq and Yemen. Borders are losing their relevance, while state structures are disintegrating. The various conflicts tend to be defined by ethnic and religious cleavages. Minorities ranging from Christians to Yazidis, and even majority groups such as the Sunnis in Syria, are being driven from their homes. Churches have been torched. There have been attacks on mosques. Territories are being controlled by dozens of militias around whose edges bitter battles are raging. The “Islamic State” has established itself, commits terror, and holds sway in areas such as western Iraq and eastern Syria where Sunni tribes have been marginalized. Air strikes by an international alliance have inflicted some damage on the “IS,” but have

been unable to stop its progress. Instead, Iraqi Shiite militias under the leadership of Iranian generals are fighting a ground war against the “IS”. The Assad regime has even dropped barrel bombs banned by international law on its own citizens. As a result, millions of people are on the run, most of them within Syria and Iraq. Many have been stranded in Turkey, Lebanon, Jordan and the Kurdish region of northern Iraq. Hundreds of thousands are fleeing to Europe. Left to themselves, the local warring factions will find it difficult to bring the fighting to an end. The fact is that both small and larger Middle Eastern powers such as Turkey, Iran, Qatar, the United Arab Emirates, Saudi Arabia, Egypt and Israel, are influencing or fuelling the various ethnic, religious and political conflicts in the region.



Saudi-Arabia vs. Iran

Saudi Arabia and Iran in particular have sponsored a number of different warring factions and conflicting parties in order to consolidate or expand their zones of influence in the Middle East. As part of this hegemonic struggle, both countries are striving for political and military supremacy in the Gulf region. While Iran thinks of itself as the protector of the Shi'a, Saudi Arabia considers itself a leader of the Sunnis. Ethnic identity is also of some relevance for the Iranians are of Indo-Germanic descent, whereas Arabs are a Semitic people.

Inside Saudi Arabia, there is a deep mistrust of Iran. The House of Saud sees the Islamic Republic as the winner of the collapse of Arab state structures. Iran, so

the thinking goes, profits from the rule of the militias, which includes Hezbollah in Lebanon, from the Assad regime in Damascus, and from the Shia groups in central and southern Iraq. Riyadh is convinced of an Iranian hidden hand ranging from the conflict between Shi'a and Sunnis in Bahrain, the territorial gains made by the Shi'a Houthi rebels in Yemen, to support for Shi'a groups in the eastern provinces of the kingdom. Furthermore, many Saudis believe that the Iranian mullahs are intent on exporting their version of Islam. In addition to fears about the increasing Iranian influence in the region, there is growing unease in Riyadh about US policy on the Middle East. Saudi Arabia is dependent on the US military umbrella and is no longer sure that Washington will provide full-scale protection in the event of a conflict. Riyadh assumes that the recent US-Iranian rapprochement in the wake of the positive outcome of the nuclear negotiations between Iran and the EU3+3 will be detrimental for the US-Saudi relationship. The kingdom also senses that it is not getting whole-hearted US support for its anti-Assad and anti-Houthi stance, or indeed for its pro-Sisi policy in Egypt. Due to the fact that Saudi Arabia feels both anxious and left alone, the kingdom is increasingly ready to assume regional leadership in the Arab League and the Gulf Cooperation Council. Along with other Arab Gulf states, it has pursued a growing militarization of its regional policies. Examples of this are the intervention in Bahrain in 2011, the struggle against the "Islamic State" as part of an international coalition, and the Saudi-Sunni alliance, which in March 2015 began to intervene in the Yemeni civil war by carrying out a number of airstrikes.

Iran, meanwhile, has for many years felt encircled in military and political terms by the US and its allies in the region to which Iran also includes Saudi Arabia. The hardliners in Iran believe that this encirclement is simply the prelude to an attempt at regime change. Apart from this, Tehran suspects that in the struggle against the Assad regime Riyadh and the West intent to sever Iran's links with the Shi'a Hezbollah group in Lebanon, and weaken Iran's overall influence in the Middle East. The regime thus feels on the defensive, and has increasingly opted for direct military, financial and political support for Shi'a militias and other groups in the Arab world. In addition, Iran's nuclear and missile program is supposed to act as a deterrent. Within the context of the struggle against the "Islamic State", the argument now heard in Tehran is that Iran's interests are the same as those of the US. Parts of the leadership fear that "IS" may infiltrate the marginalised Arab-Sunni minority in western Iran. The bottom line is that without a rapprochement between Saudi Arabia and Iran, it will be impossible to defuse, bring to an end or resolve the local conflicts currently raging in Lebanon, Syria, Iraq and Yemen. In fact, there is a danger that local wars will continue to escalate, that there will be an arms race, and that mutual perceptions of one another will further deteriorate.

Prospects for Easing of Tensions

But there are also signs of potential thaws in Saudi-Iranian relations. King Salman Bin Abdulaziz Al-Saud, the new Saudi monarch, has appointed Muhammad Bin Nayef, the long-serving Minister of Interior, to the position of crown prince in the kingdom. Prince Mohammed Bin Nayef is also chairman of the newly established Political and Security Affairs Council, a key position. The Crown Prince has the reputation of being a level-headed political realist who will not risk an unnecessary confrontation with Iran. In Tehran, the nuclear agreement has strengthened the hand of moderate supporters of President Hassan Rouhani who wish to overcome Iran's international isolation. Even if scepticism is still rife in Riyadh, King Salman Bin Abdulaziz has given a cautious welcome to the EU3+3 framework agreement with Iran concluded in April 2015 and has expressed the hope that it will make a contribution to security and stability in the region.



In the long run, however, the nuclear agreement with Iran can prove more effective and lasting if it is complemented by other initiatives which seek to create trust in the region and to contain the current conflict areas. On its own, the nuclear agreement unfolds too little impact. There is a danger that a nuclear arms race will simply been deferred for a few years, while the hostilities and proxy wars in the region continue unabated. Instead, the development of confidence-building measures and collective security systems are the only steps which can stop this downward spiral. In the past, both Iran and Saudi Arabia have come out with proposals for a security system in the Gulf region. As early as 2004, at the Manama Dialogue in Bahrain, former Saudi foreign minister Saud al-Faisal outlined a security system based on four pillars: a united Gulf Cooperation Council (GCC); a stable Iraq; a friendly Iran; and a prosperous Yemen. The system as such would receive international support from the UN Security Council. In January 2007, at the World Economic Forum in Davos, Hassan Rouhani, who has been President of Iran since 2013, presented a ten-point plan for security and cooperation in the Gulf region.

| | Population 2014 (millions) | Population 2034 (millions) | Percentage under 25 Years | Population Estimate 2050 (millions) | Rank Human Development Index 2014 | GDP 2014 (bn \$) | GDP Growth Rate (%) 2014 | Unemployment Rate | Per Capita Income (\$) | Rate of Inflation (%) | Size of Sovereign Wealth Funds (bn \$) | Percentage of Worldwide Gas Reserves | Percentage of Worldwide Oil Reserves |
|----------------------|----------------------------|----------------------------|---------------------------|-------------------------------------|-----------------------------------|------------------|--------------------------|-------------------|------------------------|-----------------------|--|--------------------------------------|--------------------------------------|
| Saudi Arabia | 30.6 | 50.8 | 54.73 | 34 | 801.0 | 4.2 | 5.6 | 26.170 | 2.9 | 763 | 4.4 | 15.8 | |
| Iran | 78.0 | 55.7 | 105.48 | 75 | 431.0 | 1.7 | 11.5 | 5.534 | 18.8 | 62.0 | 18.2 | 9.3 | |
| Iraq | 35.9 | 60.6 | 57.93 | 120 | 231.0 | 0.1 | 15.9 | 6.429 | 3.4 | N/A | 1.9 | 8.9 | |
| Yemen | 24.1 | 65.4 | 84.38 | 154 | 40.0 | 2.0 | 17.0 | 1.463 | 10.4 | N/A | 0.3 | 0.2 | |
| United Arab Emirates | 9.3 | 31.0 | 13.5 | 40 | 425.0 | 4.9 | 4.1 | 45.685 | 2.6 | 1,007 | 3.3 | 5.8 | |
| Qatar | 2.2 | 33.6 | 2.6 | 31 | 222.0 | 6.0 | 0.6 | 99.285 | 3.4 | 256 | 13.3 | 1.5 | |
| Oman | 3.7 | 51.5 | 6.81 | 56 | 84.0 | 3.8 | 8.1 | 22.600 | 1.7 | 19 | 0.5 | 0.3 | |
| Bahrain | 1.2 | 44.0 | 1.27 | 44 | 35.0 | 3.7 | 4.5 | 29.200 | 3.1 | 11 | 0.1 | <0.1 | |
| Kuwait | 4.0 | 37.8 | 4.92 | 46 | 189.0 | 2.6 | 2.3 | 47.380 | 3.1 | 548 | 1.0 | 6.0 | |

Source: Gulf Research Center | BertelsmannStiftung

Critics content that Iran and Saudi Arabia simply do not feel sufficient pressure to encourage them to bury the hatchet and to cooperate on a regional level. At the same time, both states could soon find themselves under socio-economic pressures to engage leading to some form of common interests. For example, all of the states in the region are facing the demographic challenge of fulfilling rising expectations of

their youthful citizens, and of providing educational and employment opportunities for a growing number of young people. Additional expenditure on welfare projects and the expansion of the rentier economy will not be enough in order to deal with this potential source of unrest. For the moment, Riyadh can fall back on its capital reserves while Tehran can expect an increase in its revenue as a result of the easing of sanctions.

Less Oil, More Trade

According to the recent BP Statistical Review of Energy, global consumption of oil and gas is forecasted to continue to decline even during periods of economic growth. As a result, the budgets of Iran and Saudi Arabia (which are predominantly based on oil and gas revenues) will shrink. With less money available for welfare projects, the governments will have to find other sources of income. Here, an increase in regional trade, a greater level of investment, and an upsurge in the manufacturing and services sector will lead to more employment opportunities and greater revenues. If, in sub-regional negotiations of this kind, “positive socio-economic incentives” are not enough to persuade governments to change their policies, “negative security policy incentives” such as, for example, common fears about the spread of the “Islamic State” could provide such a basis. The fact that “IS” will, it appears, continue to exist for an extended period of time in eastern Syria and western Iraq, will even make territorial gains from time to time, and commit more terror, is alarming as far as Riyadh and Tehran are concerned. Such fears could prompt Saudi Arabia and Iran to reach a compromise in the Syrian conflict, including removing the leadership of the Assad regime and replacing it with a transitional military council which will include a significant number of Alawites.

A CSCE for the Gulf

Thus, a certain basis for an initiative towards a Gulf negotiating process exists. To proceed, it would have to be structured on parallel tracks. Important political topics such as the war against terrorism, the future of Syria, Iraq and Yemen, and relations between Iran, Saudi Arabia and the other GCC states should be at the top of the agenda. Such high-level political dialogue should at the same time be complemented by negotiations on specific pragmatic topics which can make a contribution to the confidence-building process. Suitable negotiating topics would be a policy on refugees, infrastructure projects, environmental protection measures including improved supplies of drinking water, cooperation in the energy sector, the expansion of regional economic relations, a common framework for trade and investment, and

a common regional labour market. This dual-track negotiating structure for the “Gulf” sub-region is based in principle on the model of the successful Conference for Security and Cooperation in Europe (CSCE), which was held in the 1970s, and on its three negotiating baskets - one for political and military questions, one for economic and environmental topics, and one for humanitarian and human rights issues.

The Final Act of the CSCE was signed in Helsinki 40 years ago, and the Conference later developed into an institution, the OSCE, with its headquarters in Vienna. That the OSCE has not lost its relevance following the end of the East-West conflict is currently underlined by the important conflict management role the organization plays in eastern Ukraine. To be sure, the CSC process in Europe cannot simply be copied and transferred lock, stock and barrel to the Gulf region. However, the principle of collective security promoted by confidence-building measures that are specified in three working groups (or “baskets”) is also of importance for the striving of peace, security and cooperation in the “Gulf” sub-region.

The “Gulf” sub-region in the Middle East comprises Saudi Arabia and Iran, and the smaller Gulf states, i.e. the United Arab Emirates, Kuwait, Bahrain, Qatar and Oman. Riyadh will insist that any negotiating process will focus on the overall regional situation and not only on relationship between Riyadh and Tehran. On the one hand, this will enable the Saudis to point to the existence of a broad and united Arab front. On the other, it will help to allay fears in the smaller GCC states that Saudi Arabia is trying to conclude separate agreements behind their backs. That is why it is important to incorporate all of the GCC states. In geographical terms, Iraq and Yemen are also part of the “Gulf” sub-region. After the controversial period of Prime Minister Nouri al-Maliki, Iraq has a new leadership under Prime Minister Haider al-Abadi and a government that is recognized by both Iran and Saudi Arabia. And although the central government in Baghdad has only a very tenuous hold on parts of the west of Iraq, and has to coordinate its policies with the autonomous Kurdish government in northern Iraq, the al-Abadi administration should have a place at the negotiating table. Yemen should also be invited to participate in the Gulf negotiating process, though only after the formation of an inclusive and viable government.

The basic framework for a negotiating process in the Gulf sub-region would thus initially be a 6+2 setup (the six states of the Gulf Cooperation Council, and Iran and Iraq) to be joined by Yemen as soon as there is a recognized and inclusive government in Sana’a.

Turkey, Israel and Egypt are important regional powers in the Middle East with influence and interests in the Gulf region. The brokers of a Gulf negotiating process should keep their eye on these three countries in order to incorporate them at a later stage into (or into sections of) the negotiations.

Given the current climate in the region and in order to provide such a process with a potential for success, it is important that the idea for such a diplomatic initiative should come from outside the region and indeed from a powerful external actor acceptable to all sides who will issue invitations and act as a moderator.

Who should moderate?

The constellation of a “Gulf” mediation group could take on a variety of forms. The US, Europe (in particular the larger member states United Kingdom, France, and Germany), Russia, China, India and Japan are all important actors in the Gulf region and possess various ways to exert influence on Iran and Saudi Arabia. On a diplomatic level, they could prove useful as mediators and sponsors in order to persuade the conflicting parties to come to the negotiating table. This list includes all the Permanent Members of the UN Security Council. It could be possible to form a “Gulf” mediation group made up of P5 representatives coupled with diplomats from Berlin, New Delhi and Tokyo. Other mediating group structures are also conceivable, i.e. a duo consisting of the European Union and China. While both have widespread economic interests in the Gulf region, they do not play an overt role in security policy terms. They could therefore come across as being more or less neutral. One could also envision two nation-states, Germany and Japan, acting as mediators. Neither of these countries has a colonial past in the region. They are not permanent members of the UN Security Council, but are still very influential in the UN and on good terms with the US, which maintains a powerful military presence in the region. Japan is an Asian member of the OSCE and in 2016 Germany will assume the chairmanship of the OSCE, which, along with its instruments, principles and modules, could provide a blueprint for a Gulf CSC. Furthermore, there are two regional mediation platforms that also present themselves. One of them is the Organization for Islamic Cooperation (OIC), the members of which include Iran, Iraq, and the 6 GCC states. The other is the Sultanate of Oman, which is a member of the GCC. It maintains better relations with Iran than any of the other Arab Gulf states. In 2013, Muscat brokered the first important bilateral talks between Washington and Tehran, and at the moment Oman is playing a crucial mediation role in the Yemeni civil war.



It is also conceivable that, after the finalization of the details within the current framework agreement on the Iranian nuclear programme, the bilateral EU3+3 talks with Iran could be transformed and turned into a sub-regional negotiating process. In other words, they could be expanded by incorporating other regional actors, i.e. Iraq and the GCC, and, if it becomes necessary to do so, the mediating states alluded to above.

Sceptics have pointed out that given that the antagonists in Riyadh and Tehran appear as yet not ready to resolve their conflict, the role of mediators will be unable to make an impact.

This may well be the case. However, given that the dramatic consequences of the Middle East wars call for diplomatic engagement, that there exists a certain willingness in both Iran and Saudi Arabia to talk and to consider areas of agreement, and that the conclusion of a nuclear agreement with Tehran may well encourage politicians to come up with new and creative political and diplomatic solutions designed to contain and defuse some of the conflicts and divisions in the Gulf region, suggests that a mediation initiative should be attempted and pursued. A Gulf CSC can provide a framework and a process within which the states of the “Gulf” sub-region can address the pressing problems of the region in a peaceful manner. Without a comprehensive diplomatic initiative, the downward spiral of violence threatens to continue unabated. Moreover, a Gulf CSC can function as a kind of diplomatic and political safety net which will prove its worth if the implementation of the nuclear agreement grinds to a halt or turns out to be a failure.

For Further Reference:

- Parameters for a Joint Comprehensive Plan of Action Regarding the Islamic Republic of Iran's Nuclear Program, April 2015. <http://www.state.gov/r/pa/prs/ps/2015/04/240170.htm>
- Website of the OSCE related to the organization's working group. <http://www.osce.org/what>
- Current Figures, Data and Facts of the 2016 Bertelsmann Transformation Index for the Middle East region. <http://www.bti-project.de/reports/laenderberichte/index.nc>
- Publications of the Gulf Research Center on Regional Security Issues. http://grc.net/index.php?sec=Publications&sec_type=h&sub_opt=68 & override = Publications
- BP Statistical Review of Energy, June 2015. <http://www.bp.com/en/global/corporate/about-bp/energy-economics/statistical-review-of-world-energy.html>
- SIPRI Yearbook 2015 Outlook armaments and international security. <http://www.sipri.org/yearbook>
- Conference Report, 15th Körber Dialogue on the Middle East, Berlin, April 2015. <http://www.koerber-stiftung.de/internationale-politik/sonderthemen/neue-un-ordnung-in-nahost.html>
- Giath Bilal, Zenith, der "islamische Staat": interne Struktur und Strategie, May 2015. <http://www.ghiathbilal.com/index.php/De/248-der-islamische-staat-interne-struktur-und-strategie>.
- Mathias Brüggmann, Leitartikel, Handelsblatt, "Annäherung und klare Kante", June 3rd, 2015. <http://goo.gl/EUwmL3>
- Böhm, Musharbash, Svensson, Die Zeit: Analyse: "Warum der islamische Staat gewinnt", June 3rd, 2015. <http://www.zeit.de/2015/23/islamischer-staat-staerke-gegner>
- Adnan Tabatabai, Lobelog.com, "Nuclear Talks: Paradigm Shift in Iran Foreign Policy?" June 25, 2015. <http://www.lobelog.com/nuclear-talks-paradigm-shift-in-iran-foreign-policy/>
- Bauer, Hanelt, Koch: The EU-GCC Partnership: Security and Policy Challenges, Al-Jisr Project on EU-GCC Public Diplomacy and Outreach, 2010. http://aljisir.ae/sites/default/files/EU-GCC_Partnership_Security_Policy_Challenges_ENG.pdf.

About the Authors

Dr. Christian Koch is the Director of the Gulf Research Center Foundation in Geneva, Switzerland. Prior to moving to Geneva, he spent 16 years working in the United Arab Emirates. His research interests and work combine the various international and foreign relations issues of the GCC states with a particular interest in GCC-EU Relations.

Christian-Peter Hanelt is a Senior Expert at the Bertelsmann Stiftung on Europe and the Middle East for the “Europe’s Future” program. Mr. Hanelt has been managing the Stiftung’s “Kronberg Middle East Talks” for more than a decade. His areas of expertise include the Israeli-Arab Conflict, EU-Gulf Relations (GCC), Iraq and Iran, and the socio-political and economic development in the Arab world.



Gulf Research Center
Knowledge for All

www.grc.net