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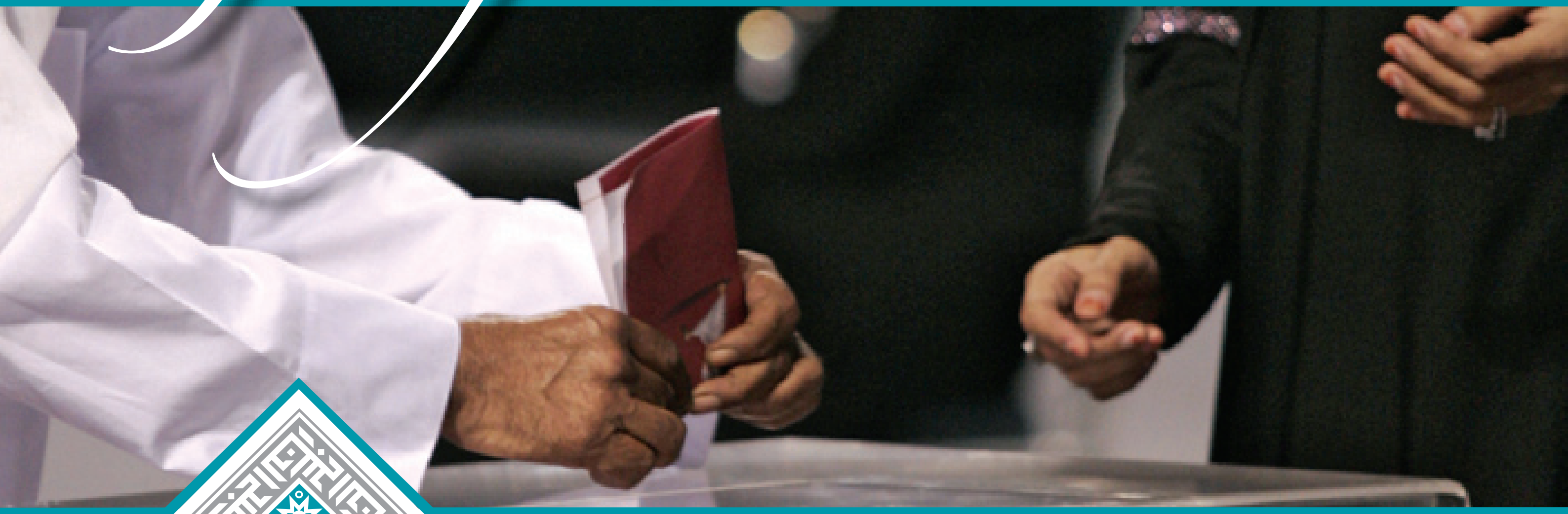

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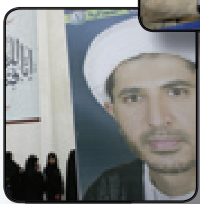

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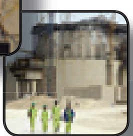

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January 2007, Vol. 1, No. 2

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Poll Results Test Bahrain's Resilience

Dr. N. Janardhan

While the participation of the Al-Wefaq National Islamic Society in the November-December elections to Bahrain's bicameral parliament (Al-Majlis Al-Watani) was hailed as a sign of a maturing democracy, the Shiite opposition group's strong showing is bound to keep the kingdom on tenterhooks.

The first sign of impending tension was evident in the opening session of the parliament with Sunnis getting the posts of Speaker and two deputy speakers amid a boycott by Al-Wefaq. The group protested against the make-up of the new Cabinet because it had a 'royal' hand, and refused "to be part of a cosmetic exercise that was coordinated outside parliament" and reinforced the policy of "exclusion."[1]

Yet, the involvement of Shiite opposition societies in the elections was a major departure from the landmark 2002 polls that marked the revival of parliament after 27 years.[2] In a highly sect-sensitive assembly, Al-Wefaq – leader of four opposition societies – now holds 17 seats (42.5 per cent of the house) and is assured of the support of a Shiite independent. The Sunni bloc is made up of Al-Menbar – the political wing of the Muslim Brotherhood – which has seven seats (17.07 per cent), and the Salafi Al-Asala Society, which has five (12.5 per cent). The conservative Sunni coalition supported the 10 winning Sunni independents in a bid to counter Al-Wefaq, thus depriving the party of a simple majority in parliament.[3] And, the good show by independents means that the leftist National Democratic Action Society (Waad) is unrepresented despite the presence of some high-profile candidates in the polls.

The point of consequence besides the sectarian divide is the Islamist groups wresting control of three quarters of the parliament seats in a country that has seen fairly liberal trends flourish in the past.[4] But, if the last assembly is any indication, Islamists – who managed a good show in the last elections too – weren't successful in bringing about any radical changes. A number of Islamist members of parliament (MPs) tried unsuccessfully to ban alcohol in restaurants, but the pragmatic approach of protecting the tourism sector – one of the lifelines of the non-oil economy – over religious objections guaranteed the status quo. There were also other failed bids at gender segregation in the university and establishing a Saudi-type committee to spread virtue and prevent vice.[5]

Bahrain's Prime Minister Shaikh Khalifa bin Salman Al-Khalifa casts his vote at a polling station in Manama, November 25, 2006.

However, what remains a worry is the Shaikh Ali Salman-headed Al-Wefaq's opposition two years ago to a new personal status code. The proposed law was an issue of major contention between the government and Shiite clerics who argued that the code, which would regulate marriage, divorce and inheritance, should be defined by religious authorities. The issue is certain to kick up trouble in parliament again.

The other notable fact of the elections was the 18 percent jump in turnout compared to the last elections.[6] Indicating that it reflected democracy more closely than the last occasion, the 2006 polling process witnessed a 73 per cent turnout during the first round and 69 per cent in the second. Polling for 11 seats of the Chamber

1 *Bahrain News Agency*, December 20, 2006; the Al-Wefaq was miffed at the inclusion of Shaikh Ahmad bin Atiyatullah Al-Khalifa as Minister for Cabinet Affairs. Shaikh Ahmad was accused by an alleged British spy of heading a "secret organization" within the government to ensure Sunni domination of the Shiite-dominated kingdom after the elections.
2 The first democratic exercise since the dissolution of parliament in 1975 was a major element of Bahrain's socio-political reforms launched by King Hamad in 2001. The Al-Wefaq boycotted the 2002 polls in protest against the king's establishment of an appointed upper house, the Majlis ash-Shura, with the same powers as the elected body, which was a shift from the 1973 Constitution. The 40-member upper house now includes a Jew and a Christian among 10 women and also has 10 former members of parliament who did not contest the election.
3 *Gulf News* (UAE), December 4, 2006.
4 Overall, 22 members of the elected house are Sunnis and the remaining MPs, Shiites.
5 *Agence France-Presse*, November 24, 2006.
6 A total of 217 candidates contested the elections. For more details, see "Understanding Bahrain's Third Parliamentary Elections," *Policy Brief No. 2* (November 2006), Centre for Iranian Studies, Durham University.

of Deputies and 16 Municipal Council seats were conducted during the second round. The voter turnout in the second round was also 26 per cent higher than the 2002 polls, an indication of increased Shiite participation in both rounds enthused by Al-Wefaq's involvement. The high turnout is also evidence of the group's organizational skills, religious orientation and its appeal with the masses, as well as deepening sectarian feelings not only in the kingdom, but in the region too.[7]

An unmistakable disappointment, however, was that out of 21 women who ran for parliamentary and municipal elections, only Latifa Al-Gaoud was elected, and that too unopposed, to become Bahrain's first woman MP.[8] Nevertheless, two women ministers – Dr Nada Haffadh and Dr Fatima Al-Balooshi – retained their health and social development portfolios in the new cabinet, which could serve as another opportunity for women to showcase their political and administrative skills, as well as act as a catalyst for a better performance by them in the next election.

Challenges

Sectarian strife in Iraq and Lebanon, as well as Iran's confrontation with the United States and unrelenting march toward a nuclear program, which is at odds with the stance of the Gulf Cooperation Council countries, has raised sectarian tension in Bahrain.[9] Any adverse change in ground realities is bound to test the government's resilience in dealing with Shiites, especially when they have the political backing of 18 MPs.

There have already been enough incidents to engender this fear. In 2004, the parliament speaker had to suspend a session following a clash between members over a proposal to issue a statement denouncing the US siege of Fallujah in Iraq. The proposal by a Sunni MP was opposed by a Shiite member because the Fallujah militants were "terrorists" and deserved to be wiped out. Even during the election campaign, Iraq was an issue. "Sunnis be aware. The Shiites are killing your brothers in Iraq," was one of the text slogans disseminated among mobile phone users, an indirect call not to vote for the Al-Wefaq candidates.[10]

Last year, there were frequent organized confrontations between Shiite

Bahraini women queue behind a huge portrait of Islamic National Accord Association (Al-Wefaq) leader Shaikh Ali Salman outside a polling station in Manama, November 25, 2006

7 *Agence France-Presse*, December 3, 2006.
8 Bahrain granted women the right to vote and run for office in 2002, but not a single woman won in the ensuing municipal and parliamentary elections. In a survey conducted ahead of the parliamentary elections in 2002, more than 60 percent of Bahraini women were opposed to the participation of women in the elections. A study by the Women Affairs Committee at the Democratic Arab-Islamic Wassat Society identified several reasons for this: women were not convinced about the ability of other women to run for public office; women lacked political awareness; the influence of religious leaders and conservative figures diminished women's chances to succeed, as did adherence to rigid social traditions; women had an inability to administer public affairs, while men were seen as able to solve social problems; and women suffered from the lack of effective women support forums to help their candidates get elected. For more, see N. Janardhan, "In the Gulf, Women are not Women's Best Friends," *The Daily Star* (Lebanon), June, 20, 2005.
9 Bahrain is also the headquarters of the United States Fifth Fleet.
10 *Gulf News*, December 2, 2006.

youth and Bahraini security forces. The cycle of confrontation, which began in December 2005 when a Shiite cleric, Shaikh Khalid Hamed Mansour Sanad, was arrested at the airport upon arrival from Iran, demonstrated the rising sectarian tensions in the country. Shiite protesters have also increasingly displayed portraits of Iranian leaders, including Iran's supreme leader Ayatollah Ali Khamenei and leaders of the Iran-backed Hizbollah in public and at homes.[11]

It is unlikely that Al-Wefaq representatives will attempt to rock the boat straight away by inciting the Sunnis and confronting the regime. If their intentions are truly constructive and people-friendly, they would seek to bury differences, take advantage of the new-found political power, and work toward the development of the country.

For its part, the government has recognized the new reality of the democratic exercise and named a Shiite as one of the three deputy prime ministers for the first time in the history of the kingdom. The fact that Al-Wefaq garnered 17 seats is a testimony of the fairness of the democratic process, especially after the opposition had accused the government of plotting to rig the vote.[12]

The new parliament, together with the government, has to focus on some major economic challenges, including depleting representation of nationals in private sector jobs; unemployment of at least eight per cent; about 11 percent of the population living below the poverty line; inadequate housing; and growing demand for increasing public sector spending during a high oil price period.[13] Some candidates have expressed interest in setting up a national human rights council, along with establishing a human rights committee in the Shura Council. Scrapping the country's five governorates will also be one of the first goals of Al-Wefaq in order to enable granting the municipal councils more power.

The new assembly is bound to be more lively than the previous one. A perceptible shift in power, or at least in the exercise of legislative authority, is almost certain too. The way the MPs and the government conduct themselves inside and outside parliament will have a telling impact not only on the sectarian equation in the country, but on the future of Islamists and overall democratic experiments in the region as well.

Dr. N. Janardhan is the Program Manager of Gulf-Asia Relations and the Editor of 'Gulf in the Media' at the Gulf Research Center

Cabinet List

Prime Minister –
Shaikh Khalifa bin Salman Al-Khalifa

Deputy Premier –
Shaikh Mohammed bin Mubarak Al-Khalifa

Deputy Premier –
Shaikh Ali bin Khalifa Al-Khalifa

Deputy Premier –
Jawad Al-Arrayed

Premier's Court –
Shaikh Khalid bin Abdulla Al-Khalifa

Defense –
Shaikh Khalifa bin Ahmed Al-Khalifa

Minister of State for Defense Affairs –
Dr Shaikh Mohammed bin Abdulla Al-Khalifa

Electricity and Water –
Shaikh Abdulla bin Salman Al-Khalifa

Minister of State for Shura Council and Parliament Affairs –
Abdulaziz Al-Fadhel

Interior –
Shaikh Rashid bin Abdulla Al-Khalifa

Foreign Affairs –
Shaikh Khalid bin Ahmed bin Mohammed Al-Khalifa

Industry and Commerce –
Dr Hassan Fakhro

Works and Housing –
Fahmi Al-Jowder

Information –
Dr Mohammed Abdul Ghaffar

Finance –
Shaikh Ahmed bin Mohammed Al-Khalifa

Education –
Dr Majid Al-Nuaimi

Labor –
Dr Majeed Al-Alawi

Oil and Gas Affairs –
Dr Abdulhussain Mirza

Health –
Dr Nada Haffadh

Social Development –
Dr Fatima Al-Balooshi

Minister of State for Cabinet Affairs –
Shaikh Ahmed bin Ateyatala Al-Khalifa

Justice and Islamic Affairs –
Shaikh Khalid bin Ali Al-Khalifa

Municipalities and Agriculture –
Mansoor bin Rajab

Minister of State for Foreign Affairs –
Dr Nizar Al-Baharna

(The Transportation Ministry was not included in the new Cabinet – it will be transformed into a public authority, which will include communications, post and civil aviation affairs.)

Source: Bahrain News Agency, December 11, 2006.

11 The 1979 Islamic Revolution in Iran led to the formation of a Shiite opposition organization in Bahrain called the Islamic Front for the Liberation of Bahrain. In December 1981, the government arrested about 70 people – mostly Bahrainis and a few Shiites from Saudi Arabia and elsewhere in the region – on charges of plotting, with assistance from Iran, to overthrow the state. Had the coup been successful, it would have installed a Shiite cleric exiled in Iran, Hujjatul-Islam Hadi Al-Mudarrisi, as supreme leader heading a theocratic government. Following a trial in May 1982, three were sentenced to life in prison, 59 received sentences of 15 years, and 10 got seven years in jail.

12 The Shiite group also won 18 of the 40 municipal seats, polls for which were simultaneously held.

13 For details, see Jasim Ali, "Priorities on Bahrain's Legislative Agenda," *Gulf News*, December 10, 2006.

The Assembly of Experts Elections in Iran: Why Did Ahmadinejad Lose?

Mahjoob Zweiri

The poor showing of President Mahmoud Ahmadinejad and his supporters in the elections to the Assembly of Experts (the Majles Khobregan Rahbari) and the local councils in December 2006 indicates the unpredictable nature of Iranian politics. The results have been a setback for the president and his supporters given the important role of the Assembly of Experts in Iranian politics. Leading up to the elections it was obvious that there was a change in the Iranian political mood; however, it was difficult to predict who the voters would support. There was a feeling that these polls were important to assess Iranian public opinion one year after the election of Ahmadinejad. It was argued that he was a populist leader and his supporters would succeed in the elections by riding on his popularity. However, this backfired as it seems that the pressure on his supporters increased after Ahmadinejad failed to deliver on the promises to voters made during his 2005 presidential campaign.

Looking at the Iranian political forces, a new wave of competition had started during the electoral campaigning process, especially in the big cities like the capital Tehran, Qom, Mashhad, and Isfahan. The Guardian Council (GC) – or Shoraye Negahban – once again played an important role in deciding who could stand for the elections and who could not. More than 496 candidates had to go through a written exam and then an interview process. This procedure facilitated the task of the GC in disqualifying a long list of candidates. The information dissemination committee of the Elections Headquarters announced that 161 candidates had been found eligible; however, the GC approved only 144 candidates to run in the 4th Assembly of Experts elections. The early disqualification of some reformist candidates like Majeed Ansari, who used to be a member of the Assembly of Experts, and Ayatollah Mousavi Tabrizi, a former Attorney General of the Islamic Republic during Ayatollah Khomeini's reign, showed that reformists on their own had no chance of making substantial inroads in the elections. Therefore the only strategy they could follow was to work together with the traditional conservatives. Reformists and traditional conservatives formed one list so that they could compete effectively against the list formed by Mesbah-Yazdi who is known to be the spiritual and intellectual leader of President Ahmadinejad. The first challenge Mesbah-Yazdi faced was the disqualifying of a couple of names from his list, including that of his son Ali Mesbah Yazdi. This was considered as a gesture to the other lists, particularly the Rafsanjani list.

The result of these polls will shadow Iranian politics until the next parliamentary elections in 2008. There is no doubt that President Ahmadinejad will be more vulnerable to pressure from the voters and ... from the Supreme Leader who will echo the voice of the Assembly of Experts' members

The Rafsanjani list was called Associations (Majmaein) and had names such as the current head of the Khobregan Assembly Ali Akbar Meshkini; head of Imam Reza's tomb and mosque Abbas Vaez Tabasi; former head of the National Security Council Hassan Rohani; head of the Guardian Council Ahmad Janati; former Minister of Intelligence Ali Fallahian; Iran's Attorney General Dorri Najafabadi; head of Qom Seminary School Hashem Hosseini Boushehri; head of the judiciary Hashemi Shahroudi; Tehran's Friday prayer leader Ahmad Khatami; former head of judiciary Mohammad Yazdi; and Tehran's other Friday prayer leader Mohammad Emami Kashani.

The significance of these elections lies in the outstanding victory of the former President and the president of Expediency Council, Hashemi Rafsanjani. He nearly lost in the 7th parliament elections in 2004, and was defeated when Ahmadinejad won the 9th Presidential elections on June 2005. Despite the fact that the Supreme leader Ayatollah Khamenei gave direct support to Ahmadinejad last year, Rafsanjani is still a key center of power in Iranian politics. His first criticism in these elections aimed at Ahmadinejad and the Iranian government came after the GC had announced the final list of candidates for the Assembly of Experts elections.

Former Iranian presidents Mohammad Khatami and Akbar Hashemi Rafsanjani cast their ballots at a polling station in Tehran

Rafsanjani attacked the government's economic plans, saying that they contradicted the 20-year vision prepared by the Expediency Council. The criticism came after Ahmadinejad had attacked repeatedly the Azad University, a private university; Rafsanjani is one of the trustees on the university's board. The president was criticising the fee policy of the university and the increasing pressure on the students because of this policy. Rafsanjani's response was tough and direct: "We hope that those who desire to cause mischief for an institution that enjoys national and international repute would leave the university alone." Such a statement was understood as a clear message to the Ahmadinejad government to leave Azad University alone. It also showed the real tension between the two men. Moreover, Rafsanjani's victory also means the defeat of Mesbah-Yazdi's political aspirations. It was argued that Mesbah-Yazdi was aiming to ensure that all the elected institutions were controlled by neoconservatives. The idea behind such a strategy was his aim to replace the Supreme Leader in the future. This plan hit a roadblock after the victory of the Rafsanjani list who are indeed the allies of Ayatollah Khamenei.

It seemed that the Supreme Leader was not distancing himself from these elections. The final list announced by the GC had proved that he was not interested in seeing Mesbah-Yazdi's list win a majority of seats in the Assembly of Experts. The Supreme Leader was trying to follow the policy of Ayatollah Khomeini who used to keep a balance between all political forces, so that he could keep his position strong. In order to keep power, it was argued that Ayatollah Khamenei stopped the neoconservatives from going too far right just as he had stopped the reformists before from going too far left. Such a strategy has helped the Supreme Leader to become the source of legitimacy and power that every political leader looks for.

The result of these polls will shadow Iranian politics until the next parliamentary elections in 2008. There is no doubt that President Ahmadinejad will be more vulnerable to pressure from the voters and, more importantly, from the Supreme Leader who will echo the voice of the Assembly of Experts' members. Such pressure may lead the president to be more radical which, in turn, might lead to some sort of confrontation in Iranian politics, something none of the Iranian political forces want to be accused of being associated with. Moreover, the outcome of these elections is not expected to result in major changes in Iranian foreign policy or domestic policies; however, it remains an indication of the volatile and unpredictable nature of Iranian politics.

Iranian President Mahmoud Ahmadinejad casts his ballot at a polling station in Narmak Grand mosque in Tehran, December 15, 2006

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Russian Foreign Policy Outlook towards the Gulf

Dr. Marat Terterov

Much attention continues to be drawn towards Russia's resurgence as a force of influence in contemporary international relations. The high profile Russian Presidency of the G-8 and its culmination in the St. Petersburg Summit last July, the expansion of Russia's energy economy into the international markets, the use of energy as an instrument of foreign policy, as well as Moscow's ebullient diplomatic overtures towards some of the USSR's client regions (including the Middle East and Latin America) are all indicative of Russia's new-found foreign policymaking prowess.

While the strategic Gulf region does not, at first glance, appear to figure as anything more than a peripheral area in Russian foreign policy planning, the aims and objectives of Russian policy towards the GCC States and Iran, Iraq and Yemen become much more apparent when viewed within the broader framework of the country's current foreign policy objectives.

The more integrated Russian foreign policy model, which has emerged during the Putin Presidency, advocates two primary objectives. The first is accounting for Russian national security – which is based on both internal and external security (i.e., domestic terrorism vs. threats coming from beyond Russia's borders). The second is the Kremlin's consolidation and support of Russian state-led corporations advancing into the international economy, particularly in the export-oriented energy sector, but also in other strategic export sectors such as natural resources, defense technologies and armaments manufacturing. With these objectives in mind, the Gulf automatically becomes a far more primary consideration in the realm of Russian foreign policymaking due to three factors:

- The Gulf is the world's largest single source of production and export of energy, and Saudi Arabia, Kuwait, the UAE, Iran and Iraq are among the world's leading oil producers.
- The Gulf – and the Gulf Cooperation Council (GCC) states in particular – is one of the world's leading arms importing regions.
- As the center of Islamic civilization, the Gulf is also the birthplace of Islam with ideological debates over the relationship between civilization having increased in relevance and importance.

During the 1990s, with the Russian economy still recovering from its post-Soviet downward cycle and the separatist conflict in Chechnya undermining Russia's ability to exert influence internationally, the country's relations with the Gulf were, in fact, mostly peripheral. While Moscow pursued commercial ties with Iran and Saddam Hussein's Iraq, and led several diplomatic initiatives to enhance both political and economic ties with the GCC, the Gulf States' relations with Russia were tarnished by Moscow's suspicion of their sympathy for leading Chechen separatist-jihadists.

Today, however, Moscow's hard-line approach towards Chechnya appears to be on the back-burner during its engagements with Saudi Arabia and other GCC states, which appear to have recognized the Kremlin's dispute with its Caucasus Islamists as an internal Russian matter. Further, as both the Russian and Saudi governments continue their respective struggles with domestic Islamist insurgents, in May 2006 the two governments came together to form a joint anti-terrorism committee in order to fight regional and international terrorism.

Russian President Putin shakes hands with Iranian President Ahmadinejad at the UN HQ in New York, September 2005

This has in turn opened the way for a more constructive environment in which commercial ties can develop between Russia, Saudi Arabia and the other Gulf States, particularly in the energy sector, where a number of joint venture investment projects between Russian and GCC energy firms have already materialized.[1]

1 The most evident example of such investments is the joint venture between Saudi Aramco and Russia's Lukoil Oil Company, called LUKSAR, which has a 40-year contract for upstream exploration projects in the Rub al-Khali desert in Saudi Arabia. See Elena Melkumyan, *GCC Relations with Russia* (Dubai: Gulf Research Center, 2005): 78.

However, such investments represent a tiny portion of the Russian and Gulf energy markets respectively, and are likely to have been the result of the governments of both Russia and Saudi Arabia setting an example of their new-found bilateral partnership in what one may dub as the "post-Chechnya" phase of relations between the two countries.

With energy security being singled out as the key theme of the St. Petersburg G-8 Summit, the Russian energy sector is currently on the ascendancy in the global energy markets – a trend requiring close observation from Gulf policymakers. While a number of analysts have been actively arguing the case for Russian and CIS oil supplies as a possible alternative to Gulf supplies for some time, at this year's G-8 Summit, Russia presented a revolutionary agenda for supplying, consuming and pricing energy in the global markets. The consequence of the Russian proposal – which includes oil, gas, coal and uranium – equates to a direct challenge to the Saudi-led (and US-backed) Organization of Petroleum Exporting Countries (OPEC), and portrays Russia as supplanting the Saudis on the basis of Russia's global lead in gas reserves and barrel of oil equivalent (BOE).[2]

The thought of Moscow's leadership in setting the pace in the pricing of global energy might seem both unpalatable and unrealistic to those who currently benefit the most from the traditional arrangement of supplying and pricing crude oil through OPEC, including the US and its allies within the Gulf. Indeed, consolidation of oil and gas supply agreements between Russia and its partners among the energy-hungry Asian economies (as well as newer prospective clients such as South Africa, which normally relies on the Gulf States for the bulk of its oil supplies) means that Moscow's initiatives such as its BOE price and supply agenda needs to be observed closely by Gulf policymakers.

Image of winning design for Gazprom skyscraper project to be built in St. Petersburg

The nature of Russia's challenge to OPEC, however, should not be overestimated and is unlikely to erode the oil cartel's long-standing dominance in the international energy markets. The geo-political thrust of Moscow's current energy policy is primarily directed towards European markets and the main priority of Russia's national energy champion, Gazprom, is to reach out to win the European consumer.[3] In fact for much of 2006, Gazprom, Lukoil, Rosneft and other Russian state-led energy concerns have been promoting Moscow's role as the guarantor of international – and primarily European – energy security rather than adopting strategies alluding towards, as the BOE price and supply agenda might imply, the intention of winning market share from OPEC members.[4]

Furthermore, the crux of Moscow's international energy policy is premised on Russia's superpower status in the global gas industry, making competition with OPEC largely indirect. The US and the EU, for their part, have responded to Moscow's energy policy by pushing for diversification of consumer countries' dependence on Russia energy to other regions within the CIS such as the Caspian, as well as more traditional sources of supply such as the OPEC member countries. The situation marks a stark contrast to the months following the September 11 crisis, when policymakers in the US administration and energy executives internationally argued the case for Russian/CIS energy supplies as a viable alternative to supplies from the Gulf, which was seen as highly unstable politically at the time.[5]

2 Russia is ahead of Saudi Arabia as the largest producer in BOE terms (13.3 million BOE per day compared with 10 million BOE for Saudi Arabia); the largest exporter in BOE terms (18.7 percent of global hydrocarbon exports); and the largest reserve base (16.3 percent of the world BOE hydrocarbon reserves). See John Helmer, "Russian Energy Model Challenges 23 OPEC," *Asia Times Online* (www.atimes.com), July 18, 2006.

3 See the recent special report on Gazprom in Europe, "Russia's Gas Champion Reaches Out To Win the European Consumer," *Financial Times*, December 21, 2006, 6

4 Russia's position is most evident through the long-term supply contracts that Russian energy concerns have been signing with European energy groups during 2006. For example, in late 2006, Gazprom secured significant long-term gas supply agreements with ENI, Italy's largest energy company, as well as Gaz de France – the latter agreement securing Russian gas supplies to France until 2030.

5 These arguments were put most persuasively in an excellent article by Edward Morse and James Richard, "The Battle for Energy Dominance," *Foreign Affairs* 81 (March-April 2002).

Although it is highly unlikely that there is a connection between even the faintest intention of Russia seeking greater political influence in the Gulf on the one hand, and the repercussions of its global energy ascendancy for the region on the other, Russia has clearly developed a relationship with Iran which is bordering on the strategic. Russia's protective attitude towards Iran in the United Nations, underscored by widely publicized arms imports and nuclear fuels trade agreements between the two countries, has resulted in some commentators referring to a "special relationship" between Moscow and Tehran, reminiscent of the enduring relationship between Washington and Riyadh.

Not only are Russian contractors building Iran's nuclear reactor at Bushehr, but the Islamic Republic now ranks as Russia's third largest buyer of arms supplies, given the billion dollar TOR-M1 air defense missile contact signed between Moscow and Tehran at the end of 2005.[6] Such agreements are particularly important for the Russian defense industry, since it has been very difficult for Russian arms dealers to break into the lucrative GCC arms market, which remains closely linked to the major Western defense contractors. Closer energy ties between the two countries, including the formation of study groups on coordination of pricing policies and transport pipelines for natural gas exports, have further consolidated Russia's partnership with Iran during the course of 2006.

In sum, there are powerful domestic political and economic groups inside both countries which are driving the two states towards closer strategic and commercial relations.[7]

Despite the consolidation of ties between Russia and Iran in recent years, it is too premature to compare the present Moscow-Tehran axis with Washington's enduring relationship with Riyadh, despite the recent suggestions of some commentators.[8] While Russian foreign policy is increasingly taking on a nationalistic mood, and Moscow seems ready to counter US dominance in the Middle East more actively today than during the 1990s,[9] Russia's current relations with Iran provide it with little more than a small window of opportunity to boost its overall standing in the Gulf region as a whole. Neither Russia nor the Soviet Union ever exercised any meaningful influence in the Arabian Peninsula, where the United States continues to exert political and military dominance. Moscow's influence in the Gulf was traditionally exercised through its relationships with Iraq and Yemen, which largely ended with the fall of Saddam Hussein and the collapse of the Soviet Union respectively.

Russia's protective attitude towards Iran in the United Nations, underscored by widely publicized arms imports and nuclear fuels trade agreements ... has resulted in some commentators referring to a "special relationship" between Moscow and Tehran

As recently suggested by the widely published commentator of Russia's policy towards the Gulf region, Andrej Kreutz, Russia still remains too weak politically and militarily to challenge the dominant role of the United States in the Gulf and harbors no real ambition of doing so.[10] Moscow's present day foreign policy priorities are embedded in the promotion of its energy economy into the export markets, something that will bring it into continued commercial dialogue, as opposed to direct market competition, with the Gulf. With UN sanctions now in effect, the largely isolated regime in Tehran is likely to expand its role both as Russia's important trading partner and a significant market for its technological and industrial output (which is itself largely insignificant in comparison to Russia's energy exports).[11] Strategically, Iran is a regional power and CIS neighbor state, sharing many of Russia's security concerns. These trends will ensure that Russia will have some voice in the geo-politics of the Gulf in the early 21st century, as Iran will continue to embrace Moscow for diplomatic support internationally and seek to expand commercial ties. However, Moscow's reach into the region will have little strategic impact beyond its deepening relations with the Islamic Republic.

Dr. Marat Terterov is the Program Moderator for Gulf-Russia Relations at the Gulf Research Center

6 Between 1995 and 2005, over 70 percent of Iran's arms imports came from Russia. Only India and China rank as Moscow's more significant arms trade clients. See Alla Kassianova, "Russian Weapons Sales to Iran: Why They are Unlikely to Stop," *PONARS Policy Memo* no.427, December 2006, 1.

7 One should also not discount the role of international factors – primarily the US-led sanctions, and possible UN sanctions against Iran – in driving the two countries' economic and political alliance towards greater convergence.

8 See some comments of this nature by Jim Jatras in the article by Vladimir Frolov, "Russia Profile Experts Panel: Showdown in the Middle East," *Russia Profile*, July 28, 2006. See also various articles during 2006 by Middle East experts such as Ariel Cohen of the Heritage Foundation.

9 Example of this include Russia's endorsement of Hamas' victory in the Palestinian elections in early 2006, Moscow pushing through sales of air-defense missile systems to Syria despite US and Israeli protests, and Russian criticism of Israeli military intervention in Lebanon last summer.

10 Interview with Andrej Kreutz, University of Calgary, Canada, December 9, 2006.

11 Alla Kassianova, op.cit, 4.

What Do the Gulf Cooperation Council States Want from NATO?

Abdulaziz Sager

A Meager Scorecard

When NATO announced its Istanbul Cooperation Initiative (ICI) in July 2004 to promote practical cooperation with the countries of the broader Middle East beginning with the six member states of the GCC (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the initiative was greeted by the Arab Gulf states with a mixture of interest and suspicion. On the one hand, the rapidly evolving and volatile security environment in the Gulf region certainly provided an opportunity for outside actors to get involved and to encourage and enact reform. The GCC has been on the lookout for alternative approaches to escape the inherent instability of the past three decades. NATO potentially represented an alternative. On the other hand, the initiative being put forward within the framework of NATO was perceived as being no more than a mechanism by which the West can continue to control the region. With the reputation of the United States in the Gulf deteriorating rapidly, NATO was perceived as a wolf in sheep's clothing or as a new package for Western policies of the past. How NATO could help launch the region into a new security era remained undefined.

Two years later, very little has changed. While four of the GCC States – Bahrain, Kuwait, Qatar, and the United Arab Emirates – have in the meantime officially joined the initiative, and while the time since the 2004 Istanbul Summit has seen a flurry of activity in terms of numerous meetings and conferences as well as visits by NATO officials, including the Secretary General, the precise nature of the relationship between NATO and the GCC has not developed beyond generalities and broad concepts. Terms such as dialogue and partnership remain vague and the uncertainty and confusion about the actual aims and objectives of the ICI have not been overcome. The emphasis on the importance of partnership and the determination to promote different areas for security coordination have not translated into broad and comprehensive strategic approaches that could lead to clear-cut frameworks at the practical and tactical level. While the two sides argue for the enhancement of regional security in light of the existing and potential challenges that may threaten the stability of the region as a whole, a detailed list of priorities that would lead one down this road remains the missing piece of the puzzle.

Understanding the NATO-Gulf Relationship

Underlying the Istanbul Summit meeting of 2004 was the core belief that security and regional stability could be enhanced through a new transatlantic engagement with the region. A combination of factors led to such an assessment, including the continuing volatility of the Gulf which has led the region from one crisis to the next over the past three decades, current challenges in the form of mounting instability in Iraq, a potential crisis looming over the nuclear program of Iran, as well as the broader threat of terrorism which had placed its defining stamp on the global security environment with the events of September 11, 2001.

While NATO officials have steadfastly emphasized the organization's modest objectives and underlined that nothing will be imposed on the region, this is seen within the Gulf as insufficient, especially given the region's volatile security environment

In order to focus on both underlying causes as well as present challenges, discussions from the perspective of NATO with regard to the GCC states focused on two key aspects of the relationship. On the one side were practical matters such as various civilian and military areas of cooperation, including defense budgets, military planning, joint operations in the fight against terrorism, and monitoring navigation to prevent the flow of WMD material and illegal trafficking in arms. On the other side were considerations of the broader regional security scene within the context of the overall changes taking

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place security-wise, and trying to combine these concepts with the factors that influence the developments and transitions in the region.

In this context, cooperation within the ICI framework has been notable with three GCC states: Bahrain, Qatar, and Kuwait. Representatives from each of these states participated in the 2005 Rome meeting during which the security challenges and regional issues of the Gulf and the Greater Middle East were discussed.[1] Subsequently, NATO has received high-ranking delegations from Bahrain, Qatar and Kuwait to look into two main issues: combating terrorism and force training. This was in line with NATO's intention to support the capabilities and military expertise of the concerned countries by offering training to military and intelligence officers, exchange of information and bilateral cooperation in the fields of crisis management and peacekeeping operations under a UN mandate. By the end of the year, the three mentioned states officially joined the Istanbul Cooperation Initiative (ICI).[2] The United Arab Emirates became the fourth member of the ICI during 2006. In October 2005, NATO officials also held talks with their counterparts from Saudi Arabia at NATO's headquarters in Brussels. While the Secretary General of NATO described the talks as useful, successful and fruitful,[3] Saudi Arabia and Oman have not declared their official intention to join the Istanbul Cooperation Initiative.

The aircraft carrier USS Dwight D. Eisenhower arriving in the Red Sea to begin its deployment to the US 5th Fleet area of operations, January 2007

The Need to Resolve Underlying Dilemmas

While NATO officials have steadfastly emphasized the organization's modest objectives and underlined that nothing will be imposed on the region, this is seen within the Gulf as insufficient, especially given the region's volatile security environment. Thus, while one can see from the discussion above that the two sides have been coming closer and have, at least to some degree, undertaken the exploratory work to better define their relationship, the fact that concrete policies remain the exception rather than the rule, hampers the overall movement forward. In order to overcome this problem, a first necessary step is to tackle some of the underlying causes hampering working relationships. Here, three specific areas can be mentioned:

Problem Area One: NATO and Regional Security

NATO's involvement with the GCC states through the ICI cannot be decoupled from the rest of the region. This is particularly relevant with regard to opposing parties within the region, such as Iran, where, given current circumstances, an engagement at the regional level will certainly be looked at with a great deal of suspicion and mistrust. Up until now, the Gulf States have not been able to develop a more broad-based and durable security architecture. This is mainly due to three factors: the inability of the regional states to articulate such a vision and engage in an effective dialogue with one another, the failure of European States to actively promote their "soft power" mechanisms to initiate and promote discussions about greater security cooperation, and the insistence of the United States on primarily relying on their "hard" military power to try to impose a security solution. If the region is to move towards more cooperative methods of security interaction, it is necessary that this cycle be broken. The role that NATO can play in the Gulf vis-à-vis the main security challenges facing the region is for the moment, however, unclear.

Problem Area Two: NATO and the United States

Within their security concerns, the GCC States face a dilemma. While US military support remains essential, US policies in the region also heighten the security imbalance as underscored by the vulnerabilities

1 See, for example, the article by Abdallah Bishara, the former GCC Secretary General, entitled "The GCC Security Dialogues with NATO", *Al-Bayan*, April 26, 2005 (in Arabic).
2 *Agence France Presse*, June 19, 2005.
3 *Agence France-Presse*, October 6, 2005.

NATO and Kuwait sign a security agreement on the sidelines of the international conference of NATO and Gulf countries in Kuwait City, December 2006

that are developing around the war in Iraq and with regard to Iran. As Rami Khouri has succinctly pointed out, the Gulf's "main source of security ... is also the main reason for their insecurity."[4] At the moment, given the negative perception of NATO that exists in the region, an expansion of its activities would be perceived as the wilful expansion of US dominance under a multilateral, but still Western, umbrella. This is counterproductive and will have a negative impact in moving the region in the direction of some form of security cooperation. NATO's presence, therefore, must primarily create a broader role for European actors in Gulf security matters. In addition, NATO has to prove its independence from the policies of the US by showing that it is a security actor in its own right. Yet, it is equally essential that the ICI is given full political support by all 26 member states of NATO to implement relevant programs and that NATO, as an organization, speaks with one single voice. Here, the United States should take the lead and ensure that NATO can operate in such an independent manner.

Problem Area Three: Overcoming NATO's Negative Image

It remains a fact that NATO has a negative image in the Gulf region, an image it has not managed to overcome. Perceptions vary from NATO as a US bull-in-a-China shop, to fair weather friend but not true ally, to NATO as a cover under which the GCC States are forced to buy expensive military equipment that they really do not need.[5] While on the elite level, the image might be more positive and the tendency might be towards expanded cooperation, this is certainly not the case among the general public. Suspicions about the organization's objectives have not been overcome and there is an urgent need to create a basis of trust between the two sides. As Mustafa Alani has stated in *NATO Review*: "Until NATO is able to ... overcome the negative image it has in the Middle East, the Alliance has little prospect of ever playing a constructive role in the region."[6]

What the Gulf Wants from NATO

If more attention is paid to some of the problem issues identified above, the subsequent effort to make ICI work better will be all the easier. Nevertheless, if the relationship is to work, it is absolutely essential that a clear and detailed list, outlining the requirements and the limitations of each side and the possible risks and challenges that their cooperation may face, is worked out. Despite the numerous obstacles that have been encountered so far, the GCC States are still looking for a strong and effective relationship with NATO from which a firm platform for joint practical defense and security programs can be developed. The basis for such a partnership has to revolve around two main components: establishing a comprehensive view of security in the Gulf region and developing an appropriate formula for practical cooperation that is compatible with the existing relations between the GCC and other countries around the world.

NATO has distinct contributions it can offer the region and the ICI does offer new opportunities. Its knowledge and practice in constructing a multilateral alliance network, burden sharing, as well as promoting individual country specialization, ultimately leading to a more effective coalition, is unprecedented and of direct utility for the GCC

4 Rami G. Khouri, "In Qatar, a frank look at the dilemmas of Gulf security", *Daily Star*, November 30, 2005.

5 These were some of the comments voiced at the meeting of NATO and the Gulf Research Center entitled "Promoting Cooperation and Fostering Relations: NATO-Gulf relations in the framework of the Istanbul Cooperation Initiative," Dubai, United Arab Emirates, September 26, 2005. More information about the meeting is available on both the NATO (www.nato.int) and Gulf Research Center (www.grc.ae) websites.

6 Mustafa Alani, "Arab Perspectives of NATO," *NATO Review* (Winter 2005): 52.

countries. But the GCC States do not want the ICI to turn into another nice, politically correct initiative that in the end falls short on substance. As such, the following areas of cooperation are put forward for consideration:[7]

- **Move from explanation to concrete proposals.** It is absolutely essential that NATO overcome the uncertainties and confusion about the objectives of the ICI that currently plague it.

- **Work towards membership in the ICI for Saudi Arabia and Oman.** One of the issues raised at past regional meetings has been "coordination" between ICI members. But, it is necessary for all GCC States to sign up to the ICI so that the organization can work with them as a group.

- **Ensure the success of missions such as Afghanistan** as well as put forward suggestions for stabilizing Iraq. Afghanistan and Iraq are the two places that the GCC looks at when making an assessment of NATO's effectiveness.

- **Professional training in terms of civil emergency planning,** search-and-rescue missions, peacekeeping, cooperation regarding trafficking and border security. This includes participation in related military-to-military training activities as well as joint training on special force operations such as air landing by paratroopers, airborne assault by commandos and helicopters.

At the broader strategic level, it would be useful to look at options available that would integrate NATO into the regional security environment. Three proposals can be put forward here, although each would still need to be debated extensively.

- **NATO-Peninsula Shield Cooperation:** The Peninsula Shield defense force, established in 1984 to overcome the Gulf States' inability to develop an effective individual defense capability has ceased to be a robust collective, deterrent force. To overcome this problem, Saudi Arabia came up with a proposal in December 2005 aimed at restructuring the force on the basis of a centralized command and decentralized deployment. NATO should engage the Saudi Kingdom on this proposal and provide assistance to move discussions along. This could serve as a basis to provide for better collective protection for the member states of the GCC.

- **Establishment of an Arab Rapid Reaction Force (ARRF):** In line with the development of the 21,000-strong NATO Response Force and the radical overhaul of the organization's military command structure, NATO can extend its own experience and take the lead in showing how cooperation among the Arab and Gulf states can be structured more effectively. An ARRF would directly correspond to NATO's need in being able to handle immediate security threats and developing conflicts. What can be achieved by consequent and quick reaction to the development of a crisis was made clear by NATO's intervention in Macedonia in 2003. In addition, it would ultimately provide a competent natural partner on the Arab side speaking the same language and understanding the necessary operational requirements. This, in-turn, would allow both sides to more effectively handle cooperation relating to the threats posed by global terrorism, the spread of weapons of mass destruction and the illicit trade in drugs and weapons.

- **GCC membership in NATO:** Based on the experience of NATO and its subsequent success in widening its membership to include new countries, the GCC's membership would bring about a more effective and structured defense organization. Such an organization would create the necessary conditions for member countries to benefit from the security protection umbrella that it will provide for its members. Ultimately, the organization could be expanded beyond the current borders northward (Turkey) where it will stop at the northern latitude of Iraq, Iran and Syria.

Conclusion

The slow progress in the partnership between the GCC States and NATO over the past three years has led to a certain downturn in enthusiasm and interest among several of the GCC States. As long as too much time is spent on abstract ideas and theoretical matters, without any "roadmap" for practical implementation, there is little prospect of the cooperation becoming tangible and useful. While NATO has a role to play, it must be remembered that the role also involves a political component and that, at the outset, it is a complementary, rather than a central, one. At the same time, NATO cannot afford to ignore the Gulf region, and if structured correctly, the organization will find willing partners in the GCC States to make the relationship mutually beneficial and lasting.

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7 For a complete list, see the original article, Footnote 1, op.cit.

The Coming of Age of the Gulf Petrochemical Industry

Prof. Giacomo Luciani

The Gulf petrochemicals production capacity never ceased to grow, but a very marked acceleration of investment projects has been evident in the past three or four years. The number of new projects has become so large that it has become difficult to keep track of them individually.

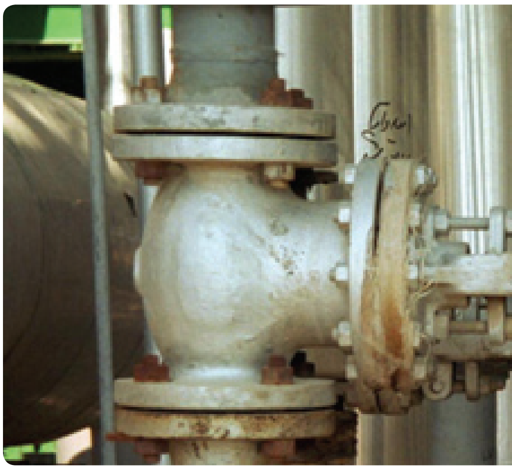
The production capacity of ethylene – which is commonly used as a way of measuring the size of the petrochemical sector – in the Gulf is expected to grow threefold between 2005 and 2015, and account for 20 percent of global capacity at that date. In this case, the Gulf is likely to be second only to the US in terms of available capacity.

The competitiveness of the Gulf producers has increased in recent years, because in a high-oil-prices environment producers elsewhere in the world experience more significant cost growth than producers in the Gulf. This means that in the event of capacity outpacing demand, which would lead to a possible collapse in prices given the cyclical nature of the industry, producers in other parts of the world would be driven out of the market, while Gulf producers would survive (of course, independently of government support).

Demand for petrochemical products is expected to continue to experience strong growth, due to the combination of rising incomes and consumer demand in the emerging economies, notably India and China; and because of the increasing penetration of petrochemicals in an ever-growing array of uses, in substitution for more traditional materials. The fast pace of growth of both demand and supply means that projections are especially tricky. Currently, it is expected that supply might outpace demand towards the end of the current decade, leading to a temporary slump in prices. However, in this case, investment projects would be scaled down or postponed (not necessarily abandoned) until equilibrium between demand and supply were re-established. Gulf producers, therefore, are still in the mood of anticipating demand rather than trailing it, which is the only strategy that can guarantee them a growing share of the global market.

This strategy however cannot be continued for ever, and by 2015, the Gulf producers will have grown so important that further increasing their market share may become increasingly difficult. This is the essential motivation for insisting on establishing partnerships with all the major international petrochemical companies, and for further integrating downstream into products which are not yet produced in the Gulf, or for which the market share of the Gulf producers remains small. There is a lot that can be done in further integrating downstream.

However, as Gulf producers integrate downstream in the value chain, their initial source of competitiveness – abundant and cheap local feedstock – becomes eroded. This does not mean that Gulf producers will therefore be uncompetitive, simply that they must substitute one source of competitiveness with others, notably the synergies afforded by the tight integration of multiple, physically close petrochemical complexes, the adoption of state-of-the-art technology, the large scale of plants which



allows for substantial reduction in unit costs, the advantage of excellent utilities, and logistics and transportation facilities.

Qualitative expansion into new products is made possible by the increasing integration with the refineries, and is leading to the introduction of several new products, until recently absent from Gulf production. In fact, natural gas (methane) and ethane feedstocks would only make the lower range of petrochemicals. The balance of petrochemicals are based on aromatics (benzene, toluene, xylene), and propylene, with some from butylenes, butadiene and others. Ethane cracking produces very little propylene and essentially no aromatics. While the industry adopted processes that allowed producing propylene and aromatics even from methane or ethane feedstock, the competitiveness was reduced in the process.

The distinguishing feature of the petrochemical industry in the Gulf is that it has been established on the basis of partnerships with major international chemical or oil companies. In other oil and gas exporting countries, national petrochemical companies have been established which launched projects independently of joint venture partner-

ships, thanks to the fact that in basic petrochemicals almost all technology can be obtained on a licence base, and the industry is driven by the engineering companies. However, in most cases, countries that followed a strategy of greater independence have failed.

The strategy of partnerships proved to be a wise one, but the moment comes when the student surpasses his/her master or in any case wants to venture into the world on his/her own. For some of the Gulf players, notably SABIC, this moment has come already; for other players, notably from the private sector, it may come sooner rather than later. The emphasis will then shift from establishing partnerships domestically to launching new projects abroad and engaging in mergers and acquisitions.

Both SABIC and Abu Dhabi have been active on the acquisition trail. SABIC acquired the assets of Dutch company DSM in 2002, and has since become a major player in the European petrochemical industry. In September 2006, it bought the UK subsidiary of US company Huntsman, thus further consolidating its position. Following these acquisitions, SABIC has continued to invest to increase capacity in Europe, in contrast with most of the industry, thus confirming its desire to become a global player not just an exporter from its Gulf base.

In the case of Abu Dhabi, the strategy that has been followed has been characterised by a deliberate low profile. Abu Dhabi has not established a national petrochemical company, but has bought into an existing European company, Borealis. The latter is the result of a series of mergers and acquisitions, which saw the consolidation of the petrochemical businesses of several medium oil companies. Borealis is presently owned by the International Petroleum Investment Company (IPIC) of Abu Dhabi (65 percent) and by OMV, the Austrian oil and gas group (35 percent). In turn, the stockholder structure of OMV is IAG (Austrian government) 31.5 percent, IPIC 17.6 percent, free float 50.9 percent. Hence the total "ownership content" of IPIC in Borealis is 71.6 percent; the total "control content" is 78.2 percent.

Established in 1998, Borouge is a 50-50 joint venture between the Abu Dhabi National Oil Company (ADNOC) and Borealis. The total "ownership content" of Abu Dhabi interests in Borouge is therefore 85.8 percent; the "control content" is 89.1 percent. Borouge is currently implementing a mammoth, multi-billion dollar expansion plan, Borouge 2. As one of the world's largest plastics projects, Borouge 2 is a key part of Borouge's strategy for growth, tripling its production capacity and consolidating its position in markets throughout the Middle East, Asia-Pacific and Africa. Borouge is effectively the national petrochemical company of Abu Dhabi.

When Borouge 2 is completed, Borouge will be the key asset within Borealis. At some point in time, it should be expected that the command structure may be reversed and Borealis may become a subsidiary of Borouge. However, there might be no rush to implement a shift which, for all practical purposes, would be mainly cosmetic.

Further international acquisitions on the part of Gulf petrochemical players are to be expected and are a further strategic dimension of future expansion.

The potential for further international acquisitions is all the more important because most European and US oil and chemical companies are, in fact, retreating from their petrochemical businesses. They do not see this industry as a promising area of potential growth, not because the market is not expanding, but because their competitive position has been radically eroded by competition from the Gulf.

The extent of the process is quite impressive:

- Shell and BASF merged their petrochemical businesses in a company called Basell, then sold it in 2005 to a consortium led by New York based Access Industries, together with The Chatterjee Group. In the months preceding the sale, Iran had expressed an interest in purchasing Basell, but was rejected on political grounds.

- Bayer spun off its petrochemical business as an independent company called Lanxess, then floated it on the stock market in an IPO.

- BP consolidated its petrochemical business in a new company called Innovene, then in October 2005 sold it to INEOS, a company previously established in a buyout arrangement of some other petrochemical business by former BP managers.

It is reasonable to expect that, in the event of a global downturn of petrochemical prices, for example in conjunction with a phase of overbuild towards the end of the current decade, these newly established companies with assets in less competitive environments may find it difficult to remain independent. New opportunities for acquisitions may very well surface, which the emerging Gulf petrochemical players must be ready to exploit.

If we add that DSM was bought by SABIC, and Borealis is in all but name owned by Abu Dhabi, we see very few oil and chemical majors that are still active in the petrochemicals business: among the oil majors, the field is restricted to ExxonMobil and Total. Among the chemical companies, it should be recalled that Dow acquired Union Carbide, in a further major consolidation. We should also recall that Dow is Saudi Aramco's partner in developing a petrochemical plant in Ras Tanura, and once that is up and running, the company's presence in the Gulf will be overwhelming.

In short, traditional owners of petrochemical business are selling out, and when the buyers are not from the Gulf, the remaining companies are massively increasing their investment in the Gulf in order to benefit from the competitive advantage that the region enjoys.

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Environmental Threats from Iran's Nuclear Activities

Dr. Mohamed Abdel Raouf and Mo'oud Nasr

Iran asserts that the country has less than 47 years of natural gas and oil reserves left. The country's officials continue to claim what they say is their natural right, to use nuclear energy to fulfill their future energy demand. Iranian nuclear activities, however, pose dangerous environmental-ecological threats. This article sets out to examine the major impacts of Iran's nuclear activity on the Gulf's regional environment. The environmental threats stemming from an Iranian nuclear program can be summarized as follows:

- Contamination of water bodies due to:
  - natural radioactive pollution
  - radiation leakage caused by shipment accidents
  - radiation leakage due to structural deficiencies in Russian-designed, Iranian built reactors.

- Ecological imbalance caused by irradiated water resulting in:
  - an increase in species' mortality, and a decrease in their reproduction
  - genetic anomalies in plants and animals

- Contamination and destruction of the region's oil and natural gas supplies

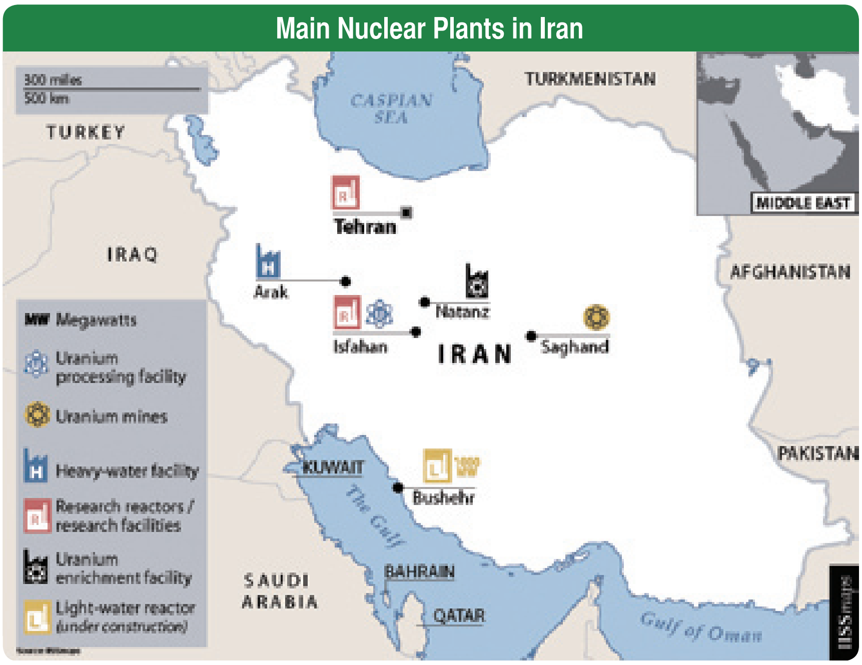
The Bushehr Reactors

As a result of air strikes during the Iran-Iraq war, the Bushehr reactors that were constructed before the Islamic Revolution have suffered extensive damage in their structure. The damage was to an extent that one of the reactors had to be sealed for years with metal plates on its dome to prevent radiation leakage. Therefore, the likelihood of leakage due to major structural deficiencies intrinsic to the reactor design is not entirely impossible. In addition, considering the explosion at the Chernobyl nuclear reactor in 1984, the level of safety of the Russian nuclear reactor design is questioned by many nuclear scientists. Thus, the Russians will need to find a way to correctly configure their 1,000 MW reactors to meet the specifications required to house German 1,200 MW reactors in Iran.

The environmental effects for the Gulf would be catastrophic if a radiation leakage were to occur in the Bushehr reactors, about 120 kilometers from the Gulf Arab shores, due to existing structural deficiencies or Russian design and construction flaws. The effects of some kind of man-made or natural disaster in the Bushehr reactors would not be limited to Iran, as any sort of radioactive pollution could contaminate wide swathes of water in this region. Winds in the Gulf tend to blow from Iran southward; therefore, a nuclear leakage would eventually carry contamination from Iran to its southern neighboring countries. Moreover, the Arabian Gulf has a unique characteristic that distinguishes it from other gulfs in the world: its water streams run counter-clockwise, instead of the usual clockwise direction. This would mean that contamination from the reactors would ultimately be washed up to the coasts of Kuwait, Saudi Arabia, Bahrain, Qatar, the United Arab Emirates and Oman.

The resulting irradiated water from nuclear activity in southern Iran

Figure 1: Main Nuclear Sites in Iran (Source: Center for Nonproliferation Studies, http://cns.miis.edu, accessed on 24/12/2006)



Iran's Bushehr nuclear reactor is expected to become operational by July 2007

would have drastic effects on the biodiversity of the Gulf, causing severe ecological imbalance in the environment. Water bodies, fish, plants, and other animals would become contaminated with radioactive materials, even if a small radiation accident were to occur. The contamination in the environment would cause an increase in species' mortality, a decrease in reproduction, and genetic anomalies in plants and animals exposed to the pollution.

A nuclear accident is not only threatening to the Gulf's environment, but also to the region's oil and natural gas supplies. Nuclear contamination could penetrate into oil fields and permanently damage oil supplies of Saudi Arabia, Bahrain and the United Arab Emirates. In addition, most Gulf Cooperation Council (GCC) countries have constructed networks of desalination plants on the Gulf, and use the waters of Gulf for human consumption and agricultural purposes. Considering the above, one can only imagine what disastrous effects a nuclear accident could have on the region's environment and neighboring countries' functioning.

Other possible ecological consequences could be from some type of nuclear accident involving the shipment of equipment and technology from Russia to Iran. In addition, the possibility exists of some type of calamity due to an accident in the shipment of the spent plutonium fuel rods from Iran back to Russia. Another ecological calamity could result from possible seismic shock to the area, and the attendant destruction this would unleash from the damaged Bushehr reactors. Iran contains many fault lines, and dormant fault lines may become "active" in the future near the Bushehr reactor site.

The GCC has been drafting a plan to respond to a nuclear disaster in neighboring Iran. Officials have announced that the Bahrain-based Marine Emergency Mutual Aid Centre [MEMAC] has initiated an effort to draft a plan to deal with any leak from Iran's nuclear reactor at Bushehr. The center has established a task force that would include representatives from all six GCC states as well as Iran. In addition, over the next few months, the center plans to send experts to Iran to inspect Bushehr. The 1,000 megawatt light-water reactor is expected to begin full operations by July 2007. Thus, similar to action plans for the oil and chemical industries, an emergency action plan is crucial to limit any effect that nuclear activity in Bushehr may have. More importantly, Iran has to show more cooperation and facilitate joint Arab-Iran monitoring and inspection teams in order to ensure that its Arab neighbors are relieved from their worries about threats to the environment from Iranian nuclear activities.

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