Meeting Summary

Gulf Geopolitics Forum

The event was co-hosted by the US and the Americas Programme at Chatham House, the Middle East and North Africa Programme at Chatham House, and the Arab Gulf States Institute in Washington.

15–16 November 2016
Introduction

This is a summary of discussions that took place at the inaugural Gulf Geopolitics Forum at Chatham House on 15–16 November 2016. The meeting brought together international experts in government and academia, along with policymakers, to assess the often troubled relationship between Iran and its Gulf Arab neighbours, while parsing US policy towards the Gulf. Participants also explored the state of play in the wider Middle East and North Africa – discussing shifting dynamics, relationships and emerging trends among the main actors with a stake there.

The meeting was the first of two events to be convened jointly by the Middle East and North Africa Programme and the US and the Americas Programme at Chatham House, and the Arab Gulf States Institute in Washington (AGSIW). A second workshop will take place in Washington, DC, in February 2017.

The purpose of the meeting was to consider policy options for mitigating intra-regional tensions while building a more sustainable security environment in the Gulf. The key points of consensus among participants were as follows.

• The rift between Iran and Saudi Arabia greatly affects the stability of the Middle East. However, Saudi–Iranian tensions are not the sole cause of instability there and it should not be viewed solely through this prism.

• High-level communication between Iran and Saudi Arabia on technical issues of mutual concern could serve as a first step towards establishing an official dialogue and, potentially, better security arrangements in the Gulf and wider Middle East.

• The election of Donald Trump as the next president of the US has caused uncertainty among policymakers and experts alike over what his administration’s regional and wider foreign policy will look like.

• While participants generally agreed that much of the status quo was likely to be maintained as a default position, they also predicted a departure from some of President Obama’s policies in the Middle East, particularly if there is a recalibration of the US’s relationship with Russia, which would have many consequences, most notably in Syria.

• However, although the Obama administration is viewed unfavourably by the Gulf states, there is an open question as to whether Trump will be a better strategic partner. Most participants expected that he would not maintain the harsh tone and rhetoric he employed towards the Gulf states during his campaign.

• Meaningful Saudi–Iranian dialogue will ultimately be necessary to ease tensions between them and to reduce the role both countries play in driving conflict in the Middle East.

• Beyond geopolitics, Gulf leaders and policymakers need to focus on their own publics and address the issues that caused turmoil in other Middle Eastern states, including unemployment, good governance and popular participation.

• Rather than introducing short-term measures, the Gulf’s powers and global stakeholders must address its problems, including extremism, the refugee crisis and economic change, with a view to achieving long-term stability.
Participants also discussed a series of likely ‘trigger events’, including major terrorist attacks on US soil or direct Saudi–Iranian confrontation, which might substantially alter the course of events in the region, increasing the volatility and conflict. This question – which will be discussed in more depth at the second workshop, and will play a central role in a forthcoming joint Chatham House and AGSIW paper – has become particularly acute since the elevation of the unpredictable and volatile Donald Trump to the US presidency.

Session 1: What is the current state of play in the Gulf?

The Gulf in the Gulf: Saudi–Iranian relations

Participants unpacked the complexities of Saudi–Iranian tensions, the trust deficit between the two countries, and the ideological and political differences and rivalries that underpin their mutual mistrust. They also discussed the extent to which their rivalry is fuelled by – and in turn fuels – conflicts across the Middle East.

While the rivalry has existed and fluctuated over the last decades, relations have deteriorated rapidly in the past few years. Driving this have been developments including the 2003 invasion of Iraq by the US, the Arab Spring and its messy aftermath. Iran and Saudi Arabia have come down on opposite sides of almost every single conflict in the Middle East including those in Syria, Yemen, Bahrain and Lebanon. They also have diametrically opposed views on the US’s role in the Middle East: Saudi Arabia and the Gulf states in general see Washington as a key ally and a balancer that has (hitherto) consistently provided strategic military support. Iran vocally advocates a Middle East with no external arbiter, and especially not the US. One participant argued that the two countries’ foreign policies are also driven by domestic issues including governance, young and growing populations desperately seeking employment, fairly restrictive political systems and a host of other factors. Participants agreed that the narrative around a rivalry driven by ethnic and sectarian tensions is often misleading, and does not take into account the fact that sectarianism is often used to justify power dynamics rather than being one of their root causes.

Implications for the Middle East

Several participants cautioned that, following a period of perceived US retrenchment from the Middle East under President Barack Obama, there was ambiguity as to what the policy would be like under President Donald Trump. This, participants said, could lead to either deeper tensions between Iran and Saudi Arabia or create incentives for greater bilateral dialogue between them.

Some participants pointed to possibilities for technical and other forms of cooperation, including in tackling terrorism, environmental issues, policing waterways, and combating human trafficking and drug smuggling. Iran and Saudi Arabia are under pressure to diversify their economies away from oil and to provide sustainable employment for their young and growing populations. Jointly addressing such issues could potentially serve as a wider stepping stone for both countries to address the key outstanding issue: the lack of a mutually beneficial security arrangement moderated by and for the Middle East’s states, and agreed upon by its powers, which would essentially preclude the need for the US as an arbiter that has in the past exploited differences in the Middle East to its benefit.

While participants agreed that the Saudi–Iranian rivalry is a primary factor behind the fragile and divisive political environment in the Middle East, some maintained that overemphasizing the impact of the rift between the two powers led to a misreading of the real issues faced by some of its countries undergoing
civil conflict, such as Syria and Iraq. Reducing all the problems of the Middle East to Saudi–Iranian relations risked obscuring the local drivers of conflict, several participants argued.

One participant pointed to the recent election of a president in Lebanon after a two-year impasse, which took place without recourse to external patrons. Nonetheless, most participants agreed that establishing a dialogue between the two countries could lead to a more stable situation and perhaps ease the zero-sum mentality that is prevalent in conflicts and power struggles in the Middle East.

Addressing the misperceptions and mistrust between Iran and Saudi Arabia was presented as an important first step. What was less clear in the view of participants was how to provide a context that fostered cooperation rather than conflict. It was suggested that initiating dialogue, increasing official communication, identifying issues of divergence and expanding areas of consensus would go a long way towards laying the groundwork for confidence-building.

In general, participants said they hoped (but did not expect) that the next US administration would continue to engage in good faith in the Middle East, providing security and encouraging all powers to foster good relations while advancing their own societies economically and socially.

Session 2: The US role in the Gulf: evolving, diminishing or fundamentally changing?

Obama’s legacy and prospects for the future

Participants agreed that, rightly or wrongly, there is a great deal of animus towards President Obama among the Gulf states, and a distinct perception of a US withdrawal from the Middle East.

Key criticisms of the Obama administration for its supposedly ineffectual Middle East policy included the Iran nuclear deal, the inability to deal decisively with Islamic State in Iraq and Syria (ISIS) or to bring an end to the Assad regime, the failure to effect any form of peace agreement between Israel and Palestine, lacklustre support in Yemen against the purportedly Iran-backed Houthi rebels, and the perceived abandonment of President Hosni Mubarak of Egypt during the Arab Spring. One participant suggested that part of the Obama legacy was to create an opening for deeper Russian and Iranian influence in the Middle East, and that many in the Gulf felt slighted by the US’s role in fostering the nuclear deal with Iran, which they believe unduly empowered the latter. Another mentioned that the first year of Trump’s presidency will also be the 50th year of Israel’s occupation of the West Bank. Many participants said that Trump would reinforce support for Israel, which may drive a further wedge between the US and the Gulf states.

There was some disagreement over the extent of Russia’s sway in the Middle East, with some claiming that, while states such as Russia and China, exude the appearance of relative strength there, this does not necessarily translate into strategic influence. Some participants questioned the extent to which the US had retreated from the Middle East under Obama, given that his administration remained committed to securing Saudi Arabia and its Gulf Cooperation Council (GCC) neighbours from external threats, while remaining by far the largest arms provider to the countries there.

Impact of the US presidential elections

Following the election of Donald Trump, there is a great deal of uncertainty over the future of relations between the US and its key allies in the Gulf as well as over US foreign policy in the Middle East and
beyond. Most participants agreed that, despite some of Trump’s remarks during the campaign – such as his anti-Muslim statements and harsh rhetoric about the GCC states – the US’s interests in the Gulf, which go far beyond energy, mean that the Trump administration is unlikely to overturn the status quo.

In fact, it was suggested that any new president would have been likely to try to reset relations with the US’s traditional allies in the Gulf given the low point they had reached under Obama. Participants for the most part agreed that the outcome of the election will have profound consequences, but also that it is far from clear what they will be.

As a result, Middle Eastern countries may have to take a more independent approach to their security in the coming years. For this reason, participants suggested, it would be prudent to establish high-level lines of communication among themselves to decrease unpredictability at times of imminent crises.

As president, Trump will nonetheless inherit what in the Middle East looks like a relatively isolationist US stance, along with shared concerns and interests with the Gulf states including the international fight against terrorism; crises in Yemen, Syria and Libya; and other pressing issues.

There was optimism among some participants that, as a businessman, Trump might be pragmatic and transactional. Several reiterated the view that his campaign promises were marketing material rather than likely policy choices. This view was said to be widespread in the Middle East. Other participants raised the prospect of an administration that did not see the Middle East as a priority, or which reappraised existing relationships on the basis of their value to it. One participant cautioned that foreign relations is more complex than business transactions, which can be walked away from in the event that they do not go according to plan.

There was similar uncertainty over Trump’s intentions over the Iran nuclear deal, given that he has repeatedly spoken out strongly against it and even raised the possibility of scrapping it immediately upon taking office. The group was divided over whether or not the deal would be sustained. Some asserted that no one in the Middle East truly wants the deal to unravel, out of fear of the alternatives. Whether or not Trump aims to dismantle it, the deal may be harder to sustain with a more hostile and politicized Congress, and its disruption would potentially undermine Iran’s economic recovery. This in turn could result in greater support for hard-line rivals to President Hassan Rouhani in the 2017 election.

### Session 3: Potential scenarios for the future

Participants were divided into groups to discuss three scenarios for the Gulf and their implications for the trajectory of Middle Eastern geopolitics in the coming years. The scenarios were: a dramatic US disengagement from the Gulf and wider Middle East, an unchanged and continuing US presence in the Gulf, and the breakdown of the Iran nuclear deal.

**US strategic disengagement**

The group was divided about the likelihood of the US disengaging from the Gulf. For some, US economic interests there have already been reduced, especially after the shale-oil boom in the country, and therefore it is no longer of as great a strategic interest as it was in the past. The disengagement scenario was made more likely, some argued, by Trump’s characterization of the Gulf states as ‘free-riders’ on US security guarantees during the campaign. Another factor in disengagement could be US energy self-sufficiency.
Counterbalancing this argument was the sense that the Gulf will remain symbolically important for the US. The Trump administration is likely to want to demonstrate its military strength there and therefore will not want to cede influence to the likes of Russia and China.

The US, participants noted, has for years pushed the Gulf states to become more self-sufficient in ensuring their security, and that a reduction in the US military footprint would, somewhat ironically, lead to more US arms sales to boost their military capacities.

But actors such as Russia – which faces its own economic constraints and sees hydrocarbon production in the Gulf countries as potential competition to its own resources – might try to leverage the recalibrated relationship, for example by pushing for a greater share of the lucrative Gulf arms market. Participants suggested GCC countries might further hedge their bets by deepening relationships with mid-sized powers such as Japan or South Korea.

If the US were to disengage further, participants agreed, the GCC would benefit from being more united, although the likelihood of this happening was a matter of dispute – as was the potential of developing a security framework including Iran. Existing tensions and fragility in the Middle East would persist with no powers clearly dominant. A large-scale terrorist attack on US soil was seen as something that would draw the US dramatically back to it, as could heightened tensions between the US and Russia or China that might play out in the Gulf (although it was noted that China is generally seen as prioritizing economic over political involvement in the region). Finally, one participant stressed that defining the Gulf as one unit is problematic in this instance, given that each country has its own relationship with the US (and constraints to that relationship) that needs to be dealt with on its own basis.

**More of the same**

While participants in this group agreed that the status quo will likely change, they nonetheless said that the most probable outcome would be the US presence in the Gulf remaining more or less unchanged under Trump. Changes within the framework of existing relations were seen as likely, but not at a fundamental level.

An example of a strategic but non-fundamental shift might be a deal with Russia on Syria that would include greater counterterrorism cooperation. Some emphasized that, regardless of what happens, Russia is likely to play an expanding role in the Middle East. With respect to trade and security, the Trump administration is likely to pursue ‘better deals’, which could drive tensions with allies. Large-footprint military interventions were seen as less probable under Trump, although there is a high likelihood of US logistical and capacity support for interventions by its partners in the region, with less emphasis on international humanitarian law.

The flaws in this scenario are that the US policy over the past eight years has not produced any desirable outcomes: the US’s allies in the Gulf are unhappy, there is widespread conflict and terrorist groups remain a central point of concern.

It was noted that US retrenchment over the past eight years has been in terms of decreased intervention rather than any change in military presence in or diplomatic engagement with the Gulf countries. Major terrorist attacks in GCC capitals could lead to greater support from the US. Meanwhile, the growing potential of shale may make international energy markets less dependent on the Gulf countries, but this will not necessarily lead to greater US disengagement.
Developments in other parts of the world that have altered the geopolitical status quo, particularly Brexit, will see increased competition from opportunistic countries for influence and favour in the Gulf, which the UK sees as an early opportunity for bilateral trade deals, once it officially leaves the EU. The UK will most likely pursue deeper trade and greater security cooperation with the Gulf states, which could lead to tensions with the US and competition with Russia and France. Players such as China and India are unlikely to alter their security approach to the Gulf but could try to deepen personal, political and economic ties with its countries. Iran and its nuclear deal were widely seen as wild cards in this scenario, with any modification in its behaviour seen as unlikely.

Participants agreed that, although the US presence in the Gulf will most likely remain more or less the same, there will be some rebalancing and policy changes. Some noted a dichotomy between expectations of a continued status quo and claims by many in the Gulf and beyond that the situation in the Middle East has reached a breaking point and is in need of fundamental change.

**Breakdown of the nuclear deal**

There was consensus among attendees that it is unlikely that the Iran nuclear deal will fall apart completely, although its implementation will be marred by complications. Many said that, even though he staunchly opposed it during his campaign, Trump would not follow through on his promise of scrapping the deal.

It was also noted that even Saudi Arabia and Israel, the two biggest opponents of the deal, are not pushing for its revocation, as it is in their interest to have Iran in check through this framework. One participant suggested that the deal breaking down would set the Middle East back by 10 years.

One of the main possible drivers of this scenario is Iran walking away if it continues to be denied the economic gains it expects from the nuclear deal. This possibility would be heightened by the victory of a hardliner in its 2017 presidential election, leading to populist anti-US and anti-Saudi Arabia policies. Participants suggested that this could be prevented by, for instance, public discussion of the benefits of the proposed sale of passenger airplanes by Boeing to Iran, which would prove the nuclear deal’s importance for the US economic interest.

The lack of large economic benefits notwithstanding, there is a significant security gain for Iran from the nuclear deal as it represents a détente between it and the world’s major powers. Participants said that India, Japan and South Korea had primarily economic interests in sustaining the deal, which could help prevent it from breaking down. Participants also argued that Asian banks were potential replacements for European banks that are currently hindered in doing business with Iran by ongoing US sanctions.

In the case of the deal-breakdown scenario playing out, some suggested, Saudi Arabia might seek to develop its own nuclear programme or attempt to buy nuclear weapons from Pakistan if Iran resumes its programme. Another outcome could be an Israeli attack on Iran, which would result in a different set of consequences for the region. Turkey and Saudi Arabia would not support such a development, while the GCC states would express their disapproval vehemently in public at least (in private, some may welcome such a development if it does not lead to regional war). European countries would be put in a very difficult position under such a scenario, with the UK expected to try to minimize the Iranian response to an Israeli attack.

Participants discussed what could be done to protect the deal and what leverage other countries might have on the US to ensure Iran gets economic benefits from it. Some suggested that economic competition
from others might drive the US government to see investment in Iran as a national interest and to not stand in the way of the US private sector developing economic ties with it. Many in the group also asserted that it was necessary for Europe and others to reach out to the GCC states and encourage confidence-building measures among them so that they do not see the nuclear deal as being to their disadvantage.

Overall, participants agreed that the deal breaking down is highly unlikely. Many stressed, however, that Trump has surrounded himself with advisers who are ideologically opposed to Iran and vehemently opposed to the deal; therefore, it would be advisable to put contingency measures in place should the administration and/or Congress obstruct or undermine it.

Session 4: What are the implications for the Middle East

In this session, participants discussed the complex and shifting set of geopolitical trends that continue to trouble the Middle East. It faces increasing extremism, transnational militias and intense sectarianism enflamed by the dispute between Iran and Saudi Arabia, and the conflict in Syria is in its sixth year with no sign of abating. The plight of 65 million refugees goes largely unnoticed compared to other issues, not to mention over the 13 million children who are out of school in five Arab countries and who face the ever-growing threat of radicalization.

Some participants raised the deficit in good governance in the Middle East, including the Gulf, and argued that governments need to pay attention to the aspirations of their citizens. Many said that the neglect of popular demands led to the current debilitating situation in the Middle East.

It is important for policymakers to facilitate communication with their publics so as not to repeat the mistakes of the past, participants agreed. One participant emphasized that Trump was unlikely to focus on issues of good governance and human rights. With his election, there is no sense of what US leadership will mean for the next four years, and many in the Gulf are likely to hedge their bets. This could lead to continued political gamesmanship and hence conflict in Syria. It is unclear whether and how the Republican majority in Congress might support or constrain the policy choices of the Trump administration, and therefore how wide the scope for a radical change of direction is. The Middle East would nonetheless benefit greatly from a clear sense of the likely trajectory of US and European policy over the coming years.

Participants noted that not just military but also economic and development dynamics in the Gulf will play a big part in the years to come. Nonetheless, it is likely that the GCC states will continue to take a more aggressive military stance, taking a role in Syria, Libya and North Africa in general. The stances of Egypt and Turkey will also be important for a variety of dynamics at play.

One participant pointed to fatigue in European diplomatic and economic circles when it comes to the Middle East. On economic issues in particular, it would be prudent for external powers to collaborate on long-term investments and strategies in the Gulf and wider Middle East. A positive – although still tentative – example can be found in the Iranian nuclear deal, where the economic benefits present a mutual opportunity for Iran and the West.

Similar possibilities could be pursued in Saudi Arabia, which is facing an uncertain future economic outlook. On the whole, there may be room for cooperation between external powers in the Gulf but also competition. Most participants agreed that, at a time of extreme unpredictability, there will likely be trial and error in the policies of external powers in the coming years. Regardless, there needs to be a shift from
short-term to long-term solutions and planning in the Gulf and wider Middle East, from the standpoint of external and internal actors.

The Gulf countries must consider not just traditional security concerns (such as terrorism), civil conflict and economic uncertainty, but also take into account the voices and aspirations of their citizens rather than only those of external actors that may try to influence the trajectories of these countries according to their own interests.