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US Policy in the Gulf: Resisting the Temptation of One-dimensional Policies



THE CHALLENGE

The new US Administration needs to restore US influence in the Persian Gulf. Success will depend largely on how the United States approaches and reconciles the world's two most pressing crises: a cooling but not yet stabilized situation in Iraq and a cold war that could still turn hot with Iran.

THE CONTEXT

The United States has acted for three decades as the Persian Gulf's policeman with varying degrees of success. Global confidence in its ability to guarantee regional stability and manage challenges has been severely hurt by the Iraq war and its aftermath. US allies in the Persian Gulf are growing nervous about declining US leverage on regional parties, events and the toxicity that comes with being associated with widely unpopular US policies.

The main beneficiary of US decline is Iran, which is increasingly setting the regional agenda of the Middle East, from arms control and terrorism to stability in the Gulf and Iraq. After years of failed efforts to isolate Iran, the Bush Administration gradually moved away from aggressive containment and embraced a tentative but more consensual approach, including the use of multilateral coordination with Arab allies and limited engagement with Iran.

This strategy is unlikely to succeed without a determined effort by the new Administration to engage Iran and present it with stark choices. Whether the incoming Administration opts for a direct, all-out approach or for gradual confidence-building by addressing issues of common interest, this process is likely to be frustrating and full of pitfalls. But the current course may result in two unwelcome outcomes: a war with Iran or a nuclear Iran.

WHERE TO START

- 1. **Define a policy that emphasizes US regional interests rather than make a single country or challenge the centerpiece of US strategy**

Conflicts and challenges in the Middle East and the Persian Gulf are strategically, ideologically, politically and operationally interconnected. For example, Iran's role in Iraq is directly correlated with US-Iran relations. Similarly, Arab engagement of Iraq is an attempt to prepare for the expected US withdrawal and counter Iranian influence.

Therefore, making Iraq or Iran the centerpiece of US policy will complicate the prospects of achieving satisfactory results in both cases and possibly reduce US influence in the region even further.

🔊 **Place Iraq in its regional context and recognize that the role of neighbors will be more decisive than unilateral US actions**

Getting Iraq right will be key to designing a new regional security architecture. A failing Iraq will increase tensions between local actors and invite more regional interference in Iraqi affairs. An improving Iraq will move the competition between neighbors to the political field and allow for greater economic and social exchanges in the immediate vicinity.

Luckily, the chances of a contagious collapse of Iraq are fading. The various players are gradually accepting the new strategic realities of Iraq. If Iraq is no longer a bulwark against Iranian ambitions, internal Iraqi dynamics and greater Arab acceptance are likely to prevent it from falling into Iranian hands.

🔊 **Rightsize the Iran threat and move away from the rhetoric of confrontation**

The new US Administration should fully understand that Iran's attributes of power do not amount to a threat of an existential nature to US interests. Rather, Iran's regional ambitions amount to a serious challenge that can be met through a combination of political and security instruments that emphasize diplomacy.

Ironically, the United States and Iran sometimes converge on their assessment of Iranian power by inflating it. Iran's many attributes of power are, however, not maximized because of its complex decision-making structure, a deficient economy, dependence on oil revenues, isolation from the international economic system, and domestic discontent. Abroad, Iran's appeal is limited by virtue of being both Persian and Shia in a region dominated by Arabs and Sunnis. Iranian power is also checked by regional powerhouses like Turkey and Saudi Arabia.

🔊 **Reaffirm a preference for dialogue with Iran and move toward engagement**

The perception that the United States seeks regime rather than behavior change in Tehran is a key determinant of Iranian policy. The United States has stated that it was seeking behavioral change (on the nuclear program and on Iran's support of terrorist organizations), but parallel activities (support for Iran's civil society, rhetoric from Washington, military exercises) suggested otherwise to Iranian leaders. Given Iran's inclusion in the Axis of Evil when it had a

relatively moderate leadership and foreign policy, Iranian officials continue to harbor deep mistrust of US policy objectives.

How and when Iran is engaged will be paramount to the success of any opening. The new US Administration should immediately launch a comprehensive policy review, announce a principled readiness to engage but wait until the 2009 presidential elections in Iran to see if Iran's power structure is willing to reciprocate. There are three broad strategies:

- gradual engagement limited to issues of common interests (Iraq and Afghanistan), broadened to more contentious issues (nuclear program and Arab-Israel conflict) if confidence reigns;
- engagement aimed at addressing heads-on the most controversial issue of Iran's nuclear program;
- or a 'grand bargain' approach that offers Iran the best possible deal in exchange for immediate suspension of its nuclear program and scaling back its regional ambitions.

Whatever the chosen approach, a policy of engagement does not imply that the United States should drop parallel contingency efforts or soften its demands on Iran's regional behavior. Rather, it should aim at recognizing the legitimacy of the Iranian regime and clarifying the stakes to Iran, should it persist in its quest for a nuclear capability of possible military use and in its belligerence against Israel. The United States should state that the military option is not envisaged unless Iran uses its nascent nuclear capability to embark on a destabilizing campaign in the region.

The Obama Administration should not assume that Iran is necessarily willing or capable to reach a solution, given the frequent paralysis or infighting within its system. In fact, a negotiations process that fails could worsen the regional picture, if the parties overreact or feel politically vulnerable.

Reassure and listen to Arab allies before any opening to Iran

As oil-producing countries and global economic players, the GCC states remain a cornerstone of US policy in the Middle East. They provide the United States with political and economic leverage and play a major role in mobilizing support for peace initiatives and other US policy priorities, including in Pakistan and Afghanistan. They increasingly seek to diversify their political and strategic alliances but remain dependent on the US security umbrella. This is unlikely to change in the medium term.

Arab allies of the United States fear a grand bargain with Iran as much as a military showdown. They worry that the United States would give Iran undue influence over regional affairs and agree to security arrangements that would erode their own sense of security. These fears, as far-fetched as they may be, should be carefully managed at the presidential level. Before starting negotiations with Iran, the United States should inform its Arab allies of the parameters of such a dialogue.

The United States should also encourage its Arab allies to engage in a strategic discussion about their regional security preferences and outline them at the outset of US-Iran talks. Arab Gulf states continue to value close political-military contacts with the United States. The United States should therefore continue to provide its Arab allies with top-of-the-line missile and air defense technologies under the framework of the Gulf Security Dialogue initiative and assure them of the reliability of the US security umbrella.

WHAT'S ON THE LINE

Few regions in the world carry the potential of catastrophic conflict that the Persian Gulf offers – from the confluence of nuclear proliferation, to failing states, fierce state competition, Islamic terrorism, and Iranian regional ambitions.

The responsibility of the United States is unmistakable. It is perceived as the indispensable dealmaker and the most destabilizing factor at once. And despite its loss of influence and the emergence of new players in Gulf affairs, the United States will remain the paramount power due its power projection capabilities and its willingness to offer and act upon security guarantees.

The only way for the United States to regain some clout is to lead the effort to engage Iran and obtain concessions from Tehran in exchange for recognition of the Iranian regime.



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ADDITIONAL ANALYSIS

For additional original research, please read the following publications from Mr. El-Hokayem:

Transformation or Transition: The Pace and Nature of Change in the Arab Gulf (Chapter from Transnational Trends, Stimson Center, 2008).

Syria: Options and Implications for Lebanon and the Region (Senate Foreign Relations Committee Hearing, 2007).

Le Golfe fragilise par le nucleaire iranien (*Le Monde*, 2007)

Syria and Hizballah: Outgrowing the Proxy Relationship (*The Washington Quarterly*, 2007)

Hizbollah's Enduring Myth (*Arab Reform Bulletin*, 2006)