

Research Paper

Sanam Vakil

Middle East and North Africa Programme | September 2018

Iran and the GCC

Hedging, Pragmatism and Opportunism



**CHATHAM
HOUSE**
The Royal Institute of
International Affairs

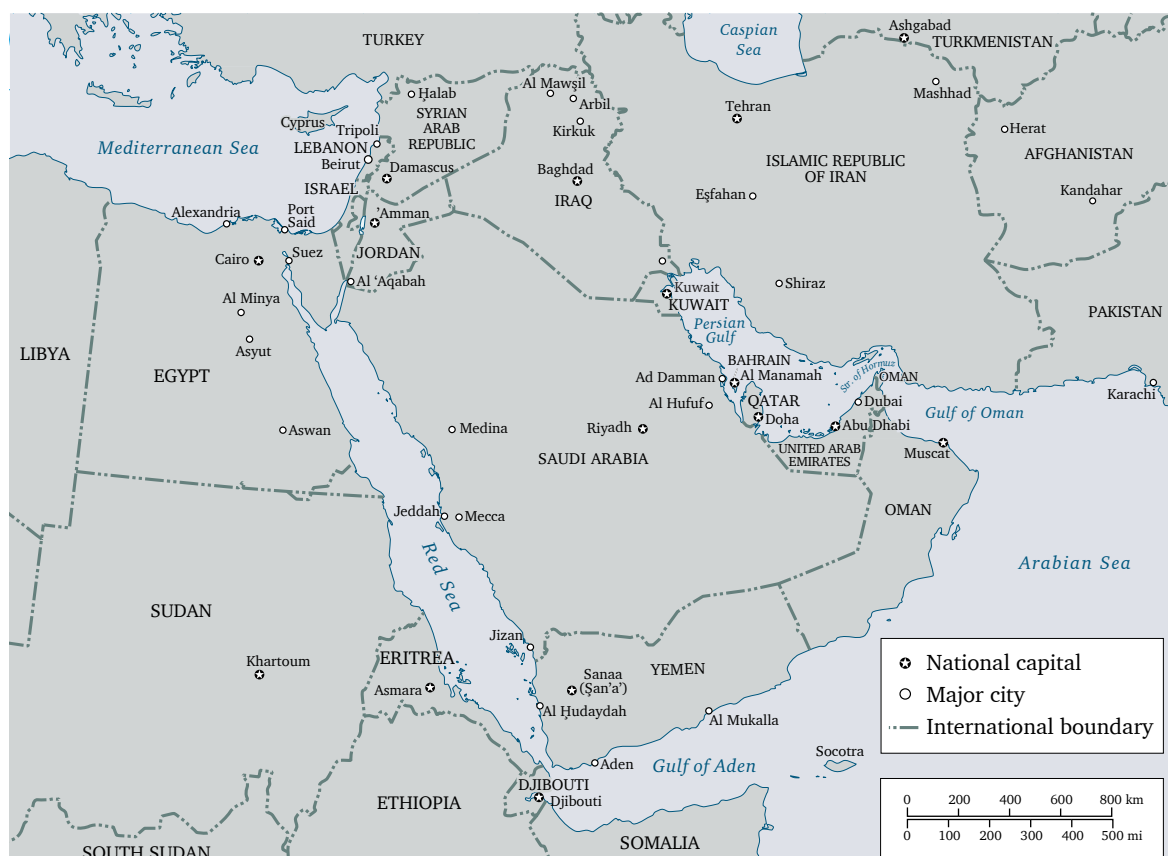
Summary

- The withdrawal of the US from the Joint Comprehensive Plan of Action (JCPOA) has renewed international attention on Iran's interventions in the Middle East.
- While much of the Middle East leadership sees Iran as an adept foreign policy actor, which has successfully increased its influence and leverage in Syria, Lebanon, Iraq and Yemen, the country has few meaningful, conventional bilateral relationships.
- Iran's relations with the Gulf states are guided by opportunism rather than an overarching strategy. Traditionally, Tehran has focused on Israeli and US threats in the Middle East rather than relations with its southern Gulf neighbours.
- Over the years, instead of dealing with the GCC as a bloc, Tehran has pursued bilateral relations with Oman, Kuwait, Qatar and the UAE, capitalizing on internal GCC tensions, which have escalated since the 2017 Qatar crisis. These ties have enabled Tehran to protect itself from past US-led isolation and containment efforts, but have not graduated beyond reactionary, pragmatic engagement.
- Gulf states, being cognizant of their geography and proximity to Iran and Saudi Arabia, have engaged with Tehran as part of a hedging strategy to balance against pressure from Riyadh. As seen by the Qatar crisis, this hedging policy has exposed deep divisions among the Arab Gulf states. Without accommodation and resolution of the Qatar crisis, relations among the Gulf countries will remain fragmented and encourage further regional instability.
- Saudi–Iranian relations have dramatically deteriorated, despite a short period of rapprochement. Riyadh sees Iran as the principal regional threat and is cooperating with Washington to pressure and weaken Tehran. Conversely, for decades, Tehran has not considered Riyadh to be a serious regional challenge. It is only in the wake of forthcoming sanctions and Saudi cooperation with the Trump administration that Iran realizes the destabilizing effect of its tensions with Saudi Arabia. This prompted the Rouhani administration to call for dialogue between the two countries.
- Increased pressure from Washington and from within the region has led Tehran to slowly acknowledge that resolving regional tensions is a necessary ingredient for its domestic and regional stability. Iran's solution to this is the creation of a new regional security framework. While Saudi Arabia will oppose this, the GCC states with a history of pragmatically dealing with Iran have the potential to facilitate such an outcome and, in the absence of a functioning GCC, can benefit from a new regional security framework that acknowledges the concerns of all states.
- Ultimately, to be successful and durable, regional de-escalation will require recognition and compromise on the major security issues before addressing the economic and humanitarian portfolios. This will also require the smaller Gulf states, as well as extra-regional actors, to encourage Iran and Saudi Arabia to recognize the exigencies of the changing regional geostrategic landscape and to move beyond short-term calculations and one-upmanship in favour of long-term stability.

Introduction

In recent years political tensions in the Middle East have reached new heights over the intersecting crises stemming from the Syrian civil war, the unravelling of the Iran nuclear agreement, the war in Yemen, and the Qatar crisis. The common denominator in these events is the direct or indirect involvement of Iran. The country's increased regional activity since its 2012 intervention in Syria has stoked anger and anxiety in the Gulf states, which fear Iran's regional hegemonic ambitions. The Gulf states felt abandoned by the US under the Obama administration, which they believed prioritized the nuclear agreement ahead of pressuring Iran over its regional policies. From the perspective of the Gulf states this has led to Iran's destabilizing influence spreading, which is evidenced by its support for Bashar al-Assad in the Syrian civil war, its military support for the Houthis in the Yemen civil war, its ongoing relationship with Lebanon's Hezbollah, and its relations with Popular Mobilization Forces (PMF) in Iraq. Iran has also repeatedly been accused of fomenting unrest and supporting the principally Shia opposition in Bahrain.

Map 1: Iran and the GCC states



Source: UN Geospatial Information Section, <http://www.un.org/Depts/Cartographic/map/profile/mideastr.pdf>. The boundaries and names on this map do not imply endorsement or acceptance by Chatham House.

In response, Iran argues that its regional relationships and activities are by invitation, that they are purely defensive, and are designed to achieve the strategic depth needed to repel threats away from Iran's borders. For the last four decades, Iran's regional position has been motivated by opposition to Israel and hostility with the US, which has a significant military presence in the Middle East. Tensions with Saudi Arabia have also become a factor in Iran's regional calculations, especially as Saudi Arabia has sought to build an anti-Iranian regional coalition. In concert with Israel, the United Arab Emirates (UAE) and the US, since the election of President Donald Trump, Saudi Arabia has made efforts to roll back Iranian influence and has repeatedly accused it of inflaming sectarian divides and sponsoring terrorism in the region. To counter this coalition, President Hassan Rouhani has tried to reduce the tension with Saudi Arabia through mediation by Kuwait and Oman in 2017. He has also argued for an all-inclusive regional security architecture. However, for the time being, pervasive mistrust on both sides has rendered such initiatives moot.

Iran argues that its regional relationships and activities are by invitation, that they are purely defensive, and are designed to achieve the strategic depth needed to repel threats away from Iran's borders.

Iran is perceived across the region to be successful and strategic, but in fact its policies are opportunistic and it lacks a grand strategy. Opportunism has become Iran's principal avenue for relationships in the region, which has entrenched feelings of distrust towards it. Since the Iranian revolution in 1979, the country has had little by way of deep, conventional interaction with its Gulf neighbours. Rather than build strong bilateral relations based on shared national, economic or regional interests, Iran's ties with the Gulf states are based on convenient openings stemming from intra-Arab tensions and the miscalculations of others, such as Saudi Arabia. Iran has managed to bolster its regional position by taking advantage of widespread frustration and heightened tensions among the members of the Gulf Cooperation Council (GCC) – Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the UAE – particularly since the outbreak of the Qatar crisis in 2017. Over the years, Iran has cultivated mutually beneficial and pragmatic bilateral relations with the smaller GCC states of Oman, Qatar, Kuwait and the UAE. In doing so, Iran has brought itself out of regional isolation, diversified its relationship portfolio and gained political capital by exploiting divisions within the council. These relationships tend to be fleeting, but they provide Iran with economic and political lifelines.

To better comprehend the drivers and divisions in regional relations, at a time of heightened tensions, this paper explores Iran's opportunistic foreign policy towards the Gulf states with a principal focus on Oman, Qatar, Kuwait and the UAE – the four countries that have maintained and developed regular relations with Iran. Understanding the history, nature and orientation of these various relationships can shed light on the limits of, and opportunities for, broader regional engagement with Iran and for regional de-escalation. The paper draws upon research, interviews, workshop discussions and conversations with political actors and analysts in Iran and the GCC countries.

Regional tensions through a historical lens

Difficult relations between Iran and the Gulf states are not a new development. Throughout recent history, disagreements have arisen due to internal political developments, sectarian and ethnic differences, and strategic and territorial rivalries. Extra-regional influence and interference, first by the UK and then the US, has also impeded regional ties. As a result of the Iranian revolution, recent

relations have been more fraught than friendly.¹ While sectarian differences between predominantly Shia Iran and the Sunni Gulf leadership, as well as Persian–Arab differences, are regularly mentioned as the principal drivers of tensions, such interpretations are particularly reductivist. Iran’s large population of 80 million people (more than that of the GCC states combined) and its religious ideology that challenges monarchical tradition and legitimacy, which it initially promoted as part of its post-revolutionary foreign policy, have generally been perceived by the Gulf states as threats to stability.² Over the years, the impact of Tehran’s soft power, sectarian incitement, sensationalist media, and frequent interference in Arab affairs have overshadowed the short periods of improved relations and the conciliatory efforts of individual leaders. Gulf rulers have also contributed to this state of affairs by continuing to use Iran as a convenient scapegoat to distract their populations and externalize domestic problems.

Iran’s attempts to bolster its reach in the region date back to the 6th century BC, under the Achaemenid Empire. Persian influence eventually dwindled in the 7th century AD only to resurface again when the Safavid dynasty took control of Bahrain from Portugal in 1602.³ Iran’s direct regional influence receded again by the 18th century, although the movement of people as well as religious and cultural ties continued to grow. When the British came to the region in 1820, ties between Iran and the Arab Gulf states were cultivated through specific ruling families supported by the British. Under Shah Mohammad Reza Pahlavi in the 20th century, Iran re-emerged as a dominant power in the Gulf. After the British withdrawal from east of Suez in 1968, the US adopted a strategy in which Iran and Saudi Arabia were treated equally as the two allies responsible for regional stability, and US arms sales to both increased significantly. While the countries became known as the ‘twin pillars of the Gulf’, quiet competition commenced between them during this period, with Iran seeking to be the bigger partner.

In advance of the British withdrawal, Iran took a more aggressive position vis-à-vis Bahrain and the UAE. In 1968, it attempted, unsuccessfully, to claim Bahrain as being historically part of Iran.⁴ In 1971, it seized three strategically important islands (Abu Musa and the Greater and Lesser Tunbs) that were historically part of the newly created UAE, and it continues to hold them. In 1972, Iran came to the assistance of Sultan Qaboos to quell a Marxist rebellion in Oman’s Dhofar province. While Oman saw this intervention as positive, the rest of the region perceived Iran as being expansionist.⁵

In 1981, the Gulf states formed the GCC, a political and security alliance that instituted a collective security framework. However, some states saw this as merely an extension of Saudi leadership over its smaller neighbours, which bred frustration.

The Iranian revolution was a decisive turning point, shifting relations away from a pattern of quiet competition to one of overt tensions. As a result, the Gulf states felt deeply threatened by the overthrow of the Pahlavi monarchy and by Iran’s revolutionary message, incitement of Shia unrest and subversive political and terror activities. This led the Gulf states to support Iraq against Iran in the 1980–88 war. In 1981, the Gulf states formed the GCC, a political and security alliance that instituted

¹ Hunter, S. (2010), *Iran’s Foreign Policy in the Post-Soviet Era: Resisting the New International Order*, Westport, CT: Praeger, pp. 191–193.

² Molavi, A. (2015), ‘The Iran Primer: Iran and the Gulf States’, Washington, DC: United States Institute for Peace, <http://iranprimer.usip.org/resource/iran-and-gulf-states> (accessed 12 May 2018).

³ Portuguese influence came to the Arab Gulf states in the 16th century through the conquest of Bahrain and Oman.

⁴ The shah’s claim proved unsuccessful and was resolved through secret Anglo–Iranian mediation, with the shah dropping his claim and acknowledging that Bahraini public sentiment was against an Iranian annexation.

⁵ Valeri, M. (2017), ‘Iran–Oman Relations since the 1970s: A Mutually Beneficial Modus Vivendi’, in Bahgat, G., Ehteshami, A. and Quilliam, N. (eds) (2017), *Security and Bilateral Issues Between Iran and Its Neighbours*, London: Palgrave MacMillan, p. 152.

a collective security framework. However, some states saw this as merely an extension of Saudi leadership over its smaller neighbours, which bred frustration.⁶ Oman, Dubai and, to a lesser extent, Qatar maintained relations with Iran during this period, demonstrating a tendency for independence that has continued.

The growing US involvement in regional security since 1979 is another key factor for increased tensions between the Gulf states and Iran. The former have long relied on the US security guarantee while the latter wholeheartedly opposes US influence in the region. US–GCC security cooperation was formalized during the Iran–Iraq war but grew significantly after the 1990 invasion of Kuwait by Iraq. The US has operational bases in, and defence agreements with, Bahrain (home of the US Fifth Fleet), Qatar (home of the forward headquarters of US Central Command), the UAE, Kuwait and Oman. All of these countries host US troops and benefit from US arms sales. Domestic politics has limited an overt US presence in Saudi Arabia, but covert cooperation continues. Iran’s perspective is that regional actors should manage regional security issues. The Gulf states, however, perceive this argument as cover for Iran’s own ambitions. At the same time, as well as curbing Iran’s expansion, US security assurances have also prevented intra-GCC tensions becoming out of hand, as seen when Qatar made the most of its military agreement with the US to protect itself from potential Saudi aggression in 2017.

Twin pillar tensions

Iran’s relations with Saudi Arabia have come to define and drive the wider policies of the GCC states. Tehran has not traditionally considered Riyadh to be a regional threat. Since the revolution, Iran has anticipated its main geostrategic challenges coming from larger powers like the US and Israel. However, this perception might be changing in the current context of regional politics and increased Saudi pressure. Saudi Arabia, meanwhile, views Iran and its policies of interference and support for non-state actors as their principal regional challenge. This mismatch of threat perceptions and a structural disparity between the states lies at the heart of tensions between the two.

While Iran and Saudi Arabia have ties that pre-date the latter’s creation in 1932, they did not develop robust bilateral relations. Until 1979, the two countries cooperated as fellow monarchies and under the umbrella of US strategy in the region, however, Iran’s increasing regional assertiveness and differences over oil prices caused the two to diverge.⁷ After the revolution, tensions grew as Iran began to criticize Saudi Arabia’s pro-Western ties and question its religious legitimacy as the guardian of the holy cities of Mecca and Medina. This led to demonstrations by Iranian protesters during the annual Hajj pilgrimage, which, when met with Saudi riot police, resulted in the deaths of worshippers. In 1987, following growing annual clashes at the pilgrimage, the Saudi embassy in Tehran was ransacked, causing Riyadh to break off diplomatic relations in 1988. During any periods of Shia unrest in the eastern province in Saudi Arabia, as occurred in 2011–12, the government has blamed Iran as the cause rather than addressing local economic and political grievances.⁸ Iran has similarly accused Saudi Arabia of stoking sectarian tensions among its Sunni population and of spreading Salafi ideology. It also believes Saudi Arabia has played a role in the withdrawal of the US from the Joint

⁶ Katzman, K. (2018), ‘Iran’s Foreign and Defense Policies’, US Congressional Research Service, 18 July.

⁷ Cooper, A. S. (2011), *The Oil Kings: How the U.S., Iran, and Saudi Arabia Changed the Balance of Power in the Middle East*, New York, NY: Simon & Schuster.

⁸ Since 1979, Iran has tried to harness Shia frustration in the GCC countries to advance its own political agenda. While over the years it has supported local actors and sponsored terrorist groups, it has been largely unsuccessful at mobilizing these communities. In fact, local Shia actors, particularly in Bahrain, have over time tried to distance themselves from Iranian sponsorship and association.

Comprehensive Plan of Action (JCPOA) on Iran's nuclear activities. Moreover, Iranian policymakers see Riyadh's pursuit of anti-Iranian policies as having been exacted without response or retaliation from Tehran. Time will tell if Iran will alter its threat perception and develop a more robust strategy to counteract Saudi Arabia. Iranian support for the Houthis in Yemen could be the first indication of such a shift.

Saudi Arabia has regularly pressured its smaller GCC neighbours to align with its Iran policy. This has created regional disputes and provided opportunities for Iran to exploit feelings of Saudi bullying among Gulf states.

Saudi Arabia has regularly pressured its smaller GCC neighbours to align with its Iran policy. This has created regional disputes and provided opportunities for Iran to exploit feelings of Saudi bullying among Gulf states. With the exception of Bahrain, whose own position is more aligned with that of Riyadh, GCC states have experienced varying degrees of tension with Saudi Arabia, stemming from rows over oil resources, tribal and political rivalries, border conflicts and Saudi religious soft power. Despite coming together under the umbrella of GCC collective security, the smaller states have been unwilling to subordinate their sovereignty to the Saudi-led effort at greater economic integration. These dynamics have ultimately tempered the strength and effectiveness of the GCC. Due to the unique identity and internal dynamics of each GCC state, Iran has cultivated relationships with them individually rather than with the bloc as a whole.⁹ This has served Iran well and offered it limited economic and strategic opportunities.

The impact of Tehran's internal dynamics

Factional and ideological differences in Iran have been important drivers of cooperation with the GCC. Gulf policymakers also regularly point to the country's bifurcated political system, in which the supreme leader rather than the president has foreign-policy authority. After the war with Iraq, internal shifts in Iranian politics during the presidencies of Hashemi Rafsanjani and Mohammad Khatami opened the door to improved relations with the GCC countries and enabled a short period of détente. Both presidents believed in reducing regional tensions as part of a larger vision of economic integration. However, accusations of Iranian and Hezbollah involvement in the Khobar Towers bombing in Saudi Arabia in 1996 stalled Rafsanjani's efforts.¹⁰ The GCC countries warmly welcomed the election in 1997 of the reformist Khatami with his ideas for a 'dialogue among civilizations'. Crown Prince Abdullah of Saudi Arabia participated in the summit of the Organisation of Islamic Conference in Tehran that same year, and trade and travel among the two countries increased. In 2001, Saudi Arabia and Iran signed a security pact aimed at addressing terror and drug-trafficking issues. Plans were also in place to negotiate a defence agreement. However, the US-led invasion of Iraq, shifts in Iran's domestic politics and the history of limited trust between Saudi Arabia and Iran stalled progress. During this period of détente, the Gulf states remained disappointed by Iran's rhetoric as well as its continued support for Hezbollah in Lebanon and for Palestinian radical groups.

⁹ Shahandeh, B. (2016), 'Introduction: Prospects for Change in GCC-Iran Relations?', in Warnaar, M. et al. (eds) (2016), *Iran's Relations with the Arab States of the Gulf: Common Interests over Historic Rivalry*, Berlin: Gerlach Press, pp. 1–11; Cafiero, G. and Wagner, D. (2015), 'Iran Exposes the Myth of GCC Unity', *National Interest*, 7 September, <http://nationalinterest.org/feature/iran-exposes-the-myth-gcc-unity-13787> (accessed 17 Jun. 2018).

¹⁰ In 1996, Iran and Hezbollah organized and executed the Khobar Towers bombing, which resulted in the deaths of 19 American military personnel at a US Air Force housing complex in Riyadh, Saudi Arabia.

Domestic tension between Iran's hardliners and reformists also exposed differences of opinion regarding the country's foreign policy strategy. In the context of growing international concern over the country's nuclear programme, and the wars in Afghanistan and Iraq, the 2005 election of the hardliner Mahmoud Ahmadinejad moved Iran away from Khatami's policy of engagement and towards a confrontational tone. A decisive policy shift began as Iran sought to protect itself from US military encirclement. Building on its successful model of support for Hezbollah as a military group and political actor in Lebanon, Iran began supporting state and non-state groups in Iraq. The success of this strategy has been widely replicated in Syria too, demonstrating Iran's ability to gain leverage and capitalize on opportunities. Since the 2011 Arab Spring, the tension between Iran and Saudi Arabia increased through their respective support of sectarian proxy groups in the region. The suspicions of the GCC countries about Iran were exemplified by the comments of King Abdullah of Saudi Arabia, published by Wikileaks, in which he expressed a desire that the US 'cut off the head of the snake' by launching strikes on Iran's nuclear facilities.¹¹ These suspicions were further demonstrated by comments on relations with Iran, published at the same time, in which Prime Minister Sheikh Hamed bin Jassim al-Thani of Qatar said, 'they lie to us and we lie to them'.¹²

Regional reverberations

Iran's perceived ascendancy and influence in regional events continued to stir insecurities. After the 2003 US-led invasion of Iraq, Iran found an opportunity to increase its leverage and influence in the country through its strategic and divisive relationships, stoking regional fears of a 'Shia Crescent'.¹³ Tensions intensified following the Arab Spring. Protests in Bahrain in 2011 led to a Saudi-UAE intervention to bolster the domestic political order, a move that revealed the deep anxieties of the Gulf leaders about their countries' political stability. Iran was not involved in the protests in Bahrain, but Saudi, Emirati and Bahraini leadership linked the sectarian nature of the protests to Iran's growing regional influence. The impact of the Arab Spring protests should be considered alongside Tehran's defence of Bashar al-Assad in Syria's civil war and of the conclusion of the JCPOA. These developments were also seen as confirmation of the US administration's abandonment of its Gulf partners in favour of Iran. Beginning in 2015, Saudi Arabia's military campaign against the Houthis in Yemen became yet another area of regional concern.¹⁴ Furthermore, the death of Iranian pilgrims during a stampede at the Hajj, in September 2015, and the execution in Saudi Arabia of the Shiite cleric Nimr al-Nimr, in January 2016, which was followed by a mob attack on the Saudi embassy in Tehran, brought tensions to a boil, with Riyadh and most GCC capitals severing ties with Iran.

Pursuing its long-time role as the Gulf mediator, Kuwait sought to dial down tensions and open the door to dialogue in January 2017. Its foreign minister is said to have demanded the cessation of Iranian meddling in the Gulf as a prelude to wider negotiations.¹⁵ However, the ascendance of Crown Prince Muhammad bin Salman in Saudi Arabia and the implementation of his anti-Iranian foreign policy has, for the time being, closed the door to further negotiations. The outbreak of the

¹¹ Colvin, R. (2010), "'Cut off head of snake' Saudis told U.S. on Iran', 28 November, <https://www.reuters.com/article/us-wikileaks-iran-saudis/cut-off-head-of-snake-saudis-told-u-s-on-iran-idUSTRE6AS02B20101129> (accessed 18 Aug. 2018).

¹² *Guardian* (2010), 'US embassy cables: Qatari prime minister: "Iranians lie to us"', 28 November, <https://www.theguardian.com/world/us-embassy-cables-documents/240782> (accessed 23 Aug. 2018).

¹³ The term was first used by King Abdullah of Jordan in 2004.

¹⁴ Kinninmont, J. (2015), *Iran and the GCC: Unnecessary Insecurity*, Research Paper, London: Royal Institute of International Affairs, <https://www.chathamhouse.org/publication/iran-and-gcc-unnecessary-insecurity>.

¹⁵ Reuters (2017), 'Kuwait to deliver message to Iran on dialogue with Gulf Arab states', 24 January, <https://www.reuters.com/article/us-iran-kuwait/kuwait-to-deliver-message-to-iran-on-dialogue-with-gulf-arab-states-idUSKBN1582GF> (accessed 23 Aug. 2018).

Qatar crisis in 2017 further disrupted GCC mediation efforts with Iran and highlighted divisions within the bloc. The withdrawal of the US from the JCPOA has exacerbated the already complicated regional dynamics.

The ascendance of Crown Prince Muhammad bin Salman in Saudi Arabia and the implementation of his anti-Iranian foreign policy has, for the time being, closed the door to further negotiations.

In the context of prevailing distrust, individual leadership efforts to improve relations have been curtailed by historical factors, pressure from Saudi Arabia, and the nature of recent tensions in the region. Against this backdrop, it is hard to imagine how regional disputes can be settled. A closer examination of Iran's bilateral relations with Kuwait, Oman, Qatar and the UAE – Bahrain has not been included due to its limited ties with Tehran – demonstrates the unique dynamics among the Gulf states, which allow Iran some limited room for manoeuvre, and identifies where opportunities may exist for a de-escalation in the region.

Iran and the smaller GCC countries

Oman

Among the GCC states, Iran has had the closest relations with Oman. Omanis regularly invoke close historical ties as being a critical bond. These stem from close proximity across the Straits of Hormuz as well as a history of conquest and migration dating back to the Persian Empire and the Sassanid Rule of Oman that lasted until 600 BCE. In the early 18th century, Iran took Muscat for a short time. In the 1970s, it offered military support to Oman's campaign to suppress the Marxist Dhofari rebellion.

The relationship has endured despite the regional destabilization that followed the Iranian revolution. During the revolution and the Iran–Iraq war, Oman declared neutrality, believing this would best serve its national interests. It maintained channels to Iran while also being the first Gulf state to sign a defence agreement with the US in 1980. This policy of good relations with both countries has continued to this day. Throughout the Iran–Iraq war, Oman acted as a broker to ease tensions between Iran, Iraq and the US. After the conclusion of the conflict, Omani–Iranian economic and political relations expanded, and Oman sought to include Iran and Iraq in a wider regional security framework. Relations continued to warm during the Rafsanjani and Khatami presidencies with economic and political cooperation strengthened. In 2006, Oman and Iran signed a memorandum of understanding (MoU) to promote gas cooperation and the joint development of the Kish and Hengam fields. Despite an initial delay over pricing, development started in 2009 setting in motion plans to export oil and gas.

Unlike its GCC allies, Oman has a foreign policy of 'maintaining friendly relations with all of its neighbours' including Iran.¹⁶ Sultan Qaboos, in power since 1970, has long pursued a policy of dialogue as a means of reducing regional tensions. He has tried to broker a rapprochement between Iran and the Gulf states,¹⁷ and he was also instrumental in bringing together US and Iranian officials in 2011 to begin secret nuclear discussions.¹⁸ Oman's strategy has been about quietly 'carving out

¹⁶ Valeri (2017), 'Iran-Oman Relations since the 1970s', p. 149.

¹⁷ Hoetjes, G. (2016), 'Iran-GCC Relations: The Case of Oman', in Warnaar, M. et al. (eds) (2016), *Iran's Relations with the Arab States of the Gulf*, pp. 144–165; Cafiero and Wagner (2015), 'Iran Exposes the Myth of GCC Unity'.

¹⁸ In 1999, President Bill Clinton also used Sultan Qaboos to transmit a letter to Iran calling for increased dialogue with the US.

a degree of relative autonomy from more powerful regional and international powers.¹⁹ This has helped it, for example, broker the release by Iran of British military personnel in 2007 and of three American hostages in 2010–11. However, Iran's promises of increased economic cooperation and investment have yet to come to fruition. While Oman's foreign policy has enabled it to diversify ties in the region and the US, it is uncertain whether the eventual successor to Sultan Qaboos will be able to continue this strategy.

In 2009, Sultan Qaboos's first visit to Iran in 35 years resulted in commitments to build military and intelligence cooperation. He visited the country again in 2013 after the election of President Rouhani, who in turn visited Oman as part of his GCC tour in 2014. After the signing of the JCPOA in 2015, a flurry of economic activity signalled greater Iranian investment in Oman. When international sanctions were lifted at the start of 2016, Iran's ambassador, Ali Akbar Sibaveh, stated that his country would increase investment in the sultanate to repay Oman for maintaining good relations during the sanctions. The automobile manufacturer Iran Khodro agreed to study a proposal for a \$200 million car plant in Duqm and plans were announced for a \$1.5 billion hospital complex in Barka, but there has been no further progress on either project. In December 2017, Oman and Iran signed a deal to develop a long-planned pipeline project to carry natural gas from Iran to the sultanate via the Gulf of Oman. This investment has yet to materialize, though, causing frustration in Muscat where some officials have lamented that Omani efforts in brokering the JCPOA have not paid off as expected. As the nuclear deal withers, prospects for bilateral trade could also suffer or return to pre-JCPOA bartering patterns.²⁰

Oman has long resisted pressure to align its Iran policies with those of Saudi Arabia. In 2017, it was the only GCC country not to downgrade its relations with Iran.

Oman has long resisted pressure to align its Iran policies with those of Saudi Arabia. In 2017, it was the only GCC country not to downgrade its relations with Iran. It has also refused to cede its sovereignty to join the kind of strengthened GCC advocated by Saudi Arabia. In 2007, Oman rejected the idea of a single GCC currency and in 2011 it objected to creating a GCC union. It has strongly opposed the marginalization of Qatar by Saudi Arabia and the UAE, fearing that it may become subject to similar efforts to make it toe the Saudi-Emirati line. The UAE's growing military projection in the region is another area of frustration for Oman. This has been exemplified by the destabilizing effect of the Saudi and Emirati campaign in Yemen, which is spreading along Oman's border. Oman has long argued that engagement with the Houthis is the only route to end the war, while repeatedly denying that Iran transports military equipment to them through its territory.²¹ Despite some reservations due to criticism it received for facilitating the JCPOA, Oman has used its various ties to bring Saudi Arabia and the Houthis into talks.²² It has also been suggested that it is using its neutrality to promote mediation efforts in Syria.²³

¹⁹ Coates Ulrichsen, K. (2014), 'Don't Overestimate the Oman-Iran Embrace', Middle East Eye, 22 April, <http://www.middleeasteye.net/columns/dont-overestimate-iran-oman-embrace-782273730> (accessed 13 Jun. 2018).

²⁰ Torchia, A. (2018), 'Big Gulf Arab economies may be winners as U.S. exits Iran deal', Reuters, 9 May, <https://www.reuters.com/article/us-iran-nuclear-economy/big-gulf-arab-economies-may-be-winners-as-u-s-exits-iran-deal-idUSKBN1IA2JK> (accessed 15 Jun. 2018).

²¹ Bayoumy, Y. (2016), 'Iran steps up weapons supply to Yemen's Houthis via Oman', Reuters, 30 October, <https://www.reuters.com/article/us-yemen-security-iran/exclusive-iran-steps-up-weapons-supply-to-yemens-houthis-via-oman-officials-idUSKCN12K0CX> (accessed 12 Jun. 2018).

²² Reuters (2018), 'Yemen's Houthis and Saudi Arabia in secret talks to end war', 15 March, <https://www.reuters.com/article/yemen-security-saudi-talks/yemens-houthis-and-saudi-arabia-in-secret-talks-to-end-war-sources-idUSL8N1QX1FK> (accessed 31 May 2018).

²³ Neubauer, S. and Cafiero, G. (2018), 'Oman Enters the Front-lines of Diplomacy', Gulf International Forum, 30 March, <https://gulffif.com/oman-enters-the-front-lines-of-diplomacy/> (accessed 31 May 2018).

Following the Trump administration's withdrawal from the JCPOA, Oman may still use its position to bridge the divide between Iran and the US. Its long-held support for a regional security framework could also provide it with a role in managing tensions between Iran and the GCC. At the same time, considering Sultan Qaboos's ill health and the uncertainty over his succession, Oman must navigate intra-GCC tensions and pressure from Saudi Arabia and the UAE carefully.

Kuwait

Internal politics, the sectarian balance within its mixed Persian and Arab Shia population, and regional tensions have shaped Kuwait's relations with Iran. Kuwait has distinguished itself by actively seeking to reduce regional sectarian tensions. In 2017, it promoted mediation with Iran and Qatar when relations with the other GCC states were at a low. Kuwait, like Oman, has historically rejected the Saudi-led call for greater GCC integration, a position Iran has tried to capitalize on.

Kuwait shared its neighbours' anxieties when the Iranian revolution took place and feared its spread. In addition, during the initial period of the Iran–Iraq war, several terror attacks in Kuwait were traced to Iranian support for local Shia groups. In response, Kuwait supported Iraq, which resulted in Iran eventually retaliating by targeting Kuwaiti oil facilities and tankers in 1987. After the war, relations remained strained until Iran condemned Iraq's invasion of Kuwait in 1990, opening the door to post-Gulf war diplomacy and increased economic and political interaction, which grew most during the Khatami presidency. Sectarian tensions also abated after the first Gulf war, mainly due to increased domestic support among Kuwaiti Shia who rallied around the Al Sabah ruling family and supported the war resistance efforts. In 2003, Iran and Kuwait signed a security cooperation treaty, which has been followed up by further MoUs designed to improve trade, cooperation and trust.

Fragile sectarian and regional dynamics have since become more prominent in Kuwait. After the 2003 US-led invasion of Iraq, Kuwait witnessed Iran's sectarian policies in action with the creation of Shia militias in Iraq. Militias such as Iraqi Kitaeb Hezbollah – whose leader, Abu Mahdi al-Muhandis, had been implicated in terror attacks in Kuwait in the 1980s – have grown in influence and sparked a fear that sectarian tension would spread. In 2008, in reaction to a growing Sunni backlash to increasing Shia activism, Shia members of parliament reasserted their support for the ruling Al Sabah family.²⁴ Despite their post-2003 cooperation, Kuwait has accused Iran of interference and espionage, first in 2010 and again in 2015 when a large arms cache was discovered in Kuwait. Iran's involvement was only revealed in 2017, resulting in the expulsion of its diplomats and the downgrading of relations between the two countries.²⁵ Kuwait did not sever ties with Iran in tandem with Saudi Arabia in January 2016; it only did so after Iran's involvement in the above affair was confirmed.

In 2014, Emir Sabah was the first Kuwaiti head of state to visit Iran since 1979, in an effort to build ties with President Rouhani. Kuwait led a mediation effort in January 2017 to promote dialogue and cooperation between Iran and the Gulf states that was well received in Tehran. In return, President Rouhani visited Kuwait in February 2017, stating that 'there are vast potentials for deepening and cementing relations between Iran and Kuwait in different aspects that can be tapped for the two nations and the region to benefit from.'²⁶ At the same time, Rouhani also said that Emir Sabah could

²⁴ Albloshi, H. (2017), 'Iran and Kuwait', in Bahgat, Ehteshami and Quilliam (eds) (2017), *Security and Bilateral Issues Between Iran and Its Neighbours*, p. 130.

²⁵ Coates Ulrichsen, K. (2017), 'Walking the tightrope: Kuwait, Iran relations in the aftermath of the Abdali affair', *Gulf States Analytics*, 9 August, <https://gulfstateanalytics.com/walking-the-tightrope-kuwait-iran-relations-in-the-aftermath-of-the-abdali-affair/> (accessed 14 Jun. 2018).

²⁶ *Ibid.*

play an important mediating role in the future between Iran and the Gulf states. In light of the wider regional dynamics and perceptions of Iranian ascendancy, however, Gulf leaders have feared that these efforts would legitimize Iran's activities.

Qatar

Historically, Qatar and Iran have had a pragmatic, low-key relationship. Proximity and shared ownership of the North/South Pars natural gas field (the world's largest non-associated gas field) has necessitated this. Unlike Qatar, Iran has not benefited from its gas field development, mostly due to sanctions prohibiting foreign investment in its energy sector. Although Qatar joined the GCC and provided limited support to Saddam Hussein during the Iran–Iraq war, it endeavoured to be neutral in the conflict and maintained diplomatic ties with Iran. In the 1990s, relations improved as both sides engaged in diplomatic visits. After his election, President Ahmadinejad called for a 'broadening of brotherly ties' between the nations. This became a reality in 2006 when Qatar held a rotating seat on the United Nations Security Council and was the only country to vote against Resolution 1696, which imposed sanctions on Iran for its nuclear activities.²⁷ Succumbing to international pressure, it did, however, vote for Resolutions 1737 and 1747, which authorized further sanctions in 2006 and 2007.

Despite Qatar eventually siding with the international community, limited cooperation with Iran continued. The two countries exchanged more diplomatic visits and agreed to further security, military and shipping cooperation. They also established the Gas Exporting Countries Forum alongside Russia. In 2010, they signed a security pact similar to those signed between Iran and Oman, Kuwait and Saudi Arabia.²⁸ The pact proved to be more symbolic than substantial, but signalled Qatar's independent line towards Iran, which was later echoed by Qatar's Prime Minister Hamad bin Jassim al-Thani, 'Qatar will not allow any country to interfere in its relations with Iran'.²⁹ At the same time, both sides were able to set aside their differing positions in the Syrian civil war. Iran supported Bashar al-Assad in Syria, while Qatar sponsored the opposition forces. This resulted in tensions that were moderated slightly when Sheikh Tamim became emir in 2013 and by the willingness of both sides to maintain political engagement. President Rouhani's efforts to improve ties with the GCC and the conclusion of the nuclear agreement were well received in Qatar. In 2014, Doha and Tehran agreed to further expand trade and announced the planned creation of three free trade zones in the Iranian port of Bushehr and the Qatari ports of Doha and Al Ruwais.³⁰

Relations with Iran have grown as Qatar has become more isolated within the GCC. In 2017, Saudi Arabia, Bahrain and the UAE formed a blockade around the country and submitted 13 demands to Qatar, citing the countries support for terrorism. The first of these demands was that Qatar sever ties with Iran, which has had the opposite of its intended effect. At the onset of the crisis, Iran was swift to offer Qatar use of its airspace and supplied food to prevent any shortages resulting from the blockade. Iranian non-oil exports to Qatar have gone up by more than 100 per cent, and air

²⁷ Kamrava, M. (2017), 'Iran-Qatar Relations', in Bahgat, Ehteshami and Quilliam (eds) (2017), *Security and Bilateral Issues Between Iran and Its Neighbours*, p. 175.

²⁸ *Ibid.*, p. 176.

²⁹ *Ibid.*

³⁰ Rajabova, S. (2014), 'Iran, Qatar to set up free trade zones', *AzerNews*, 7 July, <https://www.azernews.az/region/68639.html> (accessed 12 Jul. 2018).

traffic between the two countries has increased sharply as well.³¹ A recent visit by a Qatari business delegation noted opportunities for increased cooperation in greater development of the shared gas field, port development, maritime cooperation and a visa waiver programme.³² Later in 2017, Qatar restored diplomatic ties with Iran – which it had cut after the 2016 storming of the Saudi embassy in Tehran – and returned its ambassador, suggesting that a stronger relationship could be in the offing. The impact of the crisis and resulting ties with Tehran is perceived by the Trump administration as distracting from the wider regional effort to contain Iran.³³

Qatar has systematically and successfully balanced its relations with Saudi Arabia, the US and Iran to develop an assertive regional foreign policy.

Qatar's resources, strategic vision, unique sense of economic influence and pursuit of an independent foreign policy have enabled it to develop diverse regional relationships as a means to hedge against risk and to build ties with various groups and actors throughout the region, including the Taliban, the Muslim Brotherhood, Hamas and Iran.³⁴ It has systematically and successfully balanced its relations with Saudi Arabia, the US and Iran to develop an assertive regional foreign policy. This has long irked its GCC neighbours and in 2014 this caused a breakdown in relations with Bahrain, Saudi Arabia and the UAE that lasted nine months. Qatar has also resisted Saudi efforts of further GCC integration. The US military presence at the Al Udeid military base has provided Qatar with US protection. Qatar has also developed stronger ties with Turkey, with which it shares a regional vision of supporting indigenous Islamic parties such as the Muslim Brotherhood. This has resulted in the stationing of a Turkish base in Qatar and the deployment of Turkish troops there after the crisis.

Since the outbreak of the Qatar crisis, there has been greater cooperation between Qatar, Iran and Turkey. In November 2017, they signed a transportation pact to boost trilateral trade, with Iran connecting the other two countries. Since January 2018, amid increased tensions with the UAE over banking and trade, Iran has begun to shift such activities to Doha as a replacement for its longstanding Dubai ties.³⁵ This will be critical to Iran's efforts to mitigate the impact of US sanctions. However, this developing banking and trading relationship may become a source of US–Qatari friction.

Relations between Iran and Qatar remain marked by opportunism. The durability of their growing ties should not be overstated. There remains significant divergence between the two countries' positions throughout the region, including Qatar's support for the Syrian opposition, Qatar's attempts to encourage Hamas away from Tehran, and Al Jazeera's attacks on Iranian policies. Qatar is also not comfortable relying solely on Iran and ultimately seeks a policy of diversification to protect its interests. Recent statements calling for a regional security pact reflect this view and provide Qatar with the best long-term solution to protect its sovereignty while maintaining its regional position.³⁶

³¹ Erdbrink, T. (2017), 'For Iran, Qatar Crisis is a welcome distraction', *New York Times*, 4 July, <https://www.nytimes.com/2017/07/04/world/middleeast/for-iran-qatar-crisis-is-a-welcome-distraction.html> (accessed 18 May 2018); Marcheras, A. (2018), 'Here for the long haul: How Qatar is overcoming the aviation blockade', *The New Arab*, 8 January, <https://www.alaraby.co.uk/english/comment/2018/1/8/how-qatar-is-overcoming-the-aviation-blockade> (accessed 5 Jun. 2018).

³² Mehr News Agency (2018), 'Qatari delegation express hope for resolution on visa issue', 9 April, <https://bit.ly/2MLWaYJ> (accessed 13 Aug. 2018).

³³ Talley, I. (2018), 'The Real Danger in Qatar-Gulf Feud is Iran, U.S. Officials Say', *Wall Street Journal*, 10 April, <https://www.wsj.com/articles/u-s-worries-qatar-rift-is-pushing-emirate-toward-iran-1523391182> (accessed 31 May 2018).

³⁴ Kamrava (2017), 'Iran-Qatar Relations', p. 169.

³⁵ *Financial Tribune* (2018), 'Iran Qatar Boosting Economic Cooperation', 7 April, <https://financialtribune.com/.../economy.../iran-qatar-boosting-economic-cooperation> (accessed 12 May 2018).

³⁶ *Gulf Times* (2018), 'Qatar Renews Call for Regional Security Pact', 14 March, <http://www.gulf-times.com/story/585304/Qatar-renews-call-for-regional-security-pact> (accessed 10 Jun. 2018).

The United Arab Emirates

Home to 400,000 residents of Iranian descent and numerous Iranian companies, the UAE – particularly the northern emirates of Sharjah, Raas-al-Khaimah and Dubai – has a long history of trade and travel with Iran. The UAE was officially neutral during the Iran–Iraq war and worked with Oman to explore mediation opportunities in the conflict. Trade and investment ties grew in the détente during the Rafsanjani and Khatami presidencies, particularly with Dubai’s ruling Al Maktoum family, which supported de-escalation with Iran.³⁷

The UAE’s complicated and ‘multidimensional’³⁸ relationship with Iran has traditionally been a reflection of the internal dynamics of its seven emirates, with Dubai and Sharjah enjoying warmer relations than the others. The trend, however, has been gradually shifting away from Dubai’s commercially driven priorities towards Abu Dhabi’s hawkish posture. The UAE’s growing regional activism and its new vision of itself as a political model for the Middle East has been driven by Abu Dhabi’s de facto ruler, Crown Prince Muhammad bin Zayed, and evidenced in the emirate’s role in Yemen, the Horn of Africa and the Qatar crisis as well as in repeated calls for Iran to cease its support for proxy and sectarian groups. The UAE has publicly supported the withdrawal of the US from the JCPOA and has been cooperating to constrain Iran financially by closing down money transfers and sanctioning companies operating out of the emirates.³⁹ This policy directly challenges Dubai’s longstanding trading relationship with Iran, for which it has served as the principal re-export market, particularly when sanctions have been in place.

Differences in policy between the two emirates gradually shifted following Abu Dhabi’s bailout of Dubai in 2009. It is widely believed that the unstated price of this financial assistance was the acceptance of Abu Dhabi’s regional policy. The UAE backed the GCC decision to provide military support to Bahrain during the 2011 protests that stemmed from the Arab Spring. It has assumed a leading role in the war in Yemen, where Saudi Arabia and the UAE have divided their efforts. The former has focused on the fight against the Houthis in the north of the country. The latter has concentrated its efforts in combating Al-Qaeda in the Arabian Peninsula and building up its own security and governance infrastructure in the south of the country, thereby not engaging in direct conflict with Iranian-supported forces.

While the UAE did not officially cut diplomatic ties with Iran after the 2016 storming of the Saudi embassy in Tehran, its position is for the time being closely aligned with that of Saudi Arabia and Bahrain.

While the UAE did not officially cut diplomatic ties with Iran after the 2016 storming of the Saudi embassy in Tehran, its position is for the time being closely aligned with that of Saudi Arabia and Bahrain. This shift has come at the expense of Dubai’s economic interests, which have suffered as Iran increases its banking and trading ties with Oman and Qatar. Prior to the imposition of US sanctions

³⁷ Kinninmont (2015), ‘Iran and the GCC’.

³⁸ Coates Ulrichsen, K. (2017), ‘Iran-UAE Relations’, in Bahgat, Ehteshami and Quilliam (eds) (2017), *Security and Bilateral Issues Between Iran and Its Neighbours*, p. 211.

³⁹ Wroughton, L. (2018), ‘U.S., UAE crack down on network for smuggling funds to elite Iran group’, Reuters, 10 May, <https://www.reuters.com/article/us-iran-nuclear-usa-sanctions/u-s-uae-crack-down-on-network-for-smuggling-funds-to-elite-iran-group-idUSKBN11B2I3> (accessed 31 May 2018).

on Iran, the UAE closely cooperated with the Trump administration to curtail Iranian currency trading and money laundering in Dubai.⁴⁰

Dim prospects for regional security

Regional security, or the lack thereof, remains the prevailing challenge facing the Middle East. The withdrawal of the US from the JCPOA has increased the possibility of more violence and escalation. The different dynamics between Iran and the Gulf states show that ties across the Persian Gulf are opportunistic and constrained by limited economic integration, a long history of mutual suspicion, and frustration with Saudi dominance on the part of the other GCC members. Without an overarching, unified GCC policy towards Tehran, bilateral military cooperation with the US has also helped the GCC countries carve out independent strategic relations with Iran. Similarly, fragmentation within the GCC has provided Iran with an opportunity to buffer against calls for its economic and political isolation. Iran's ties to the smaller Gulf countries have provided Tehran with limited economic, political and strategic opportunities for diversification that have simultaneously helped to buffer against sanctions and to weaken Riyadh. However, Tehran does recognize the limitations to its links in the Gulf. Above all, these relationships ultimately highlight internal GCC tensions, as acutely demonstrated by the Qatar crisis, and the constraints on Iran's Gulf policy. That said, the extent of Iran's ties with these states and their leaders could promote de-escalation and détente. For example, the other GCC countries could facilitate shuttle diplomacy between Iran and Saudi Arabia. But this would first require the Gulf states to resolve the Qatar crisis and address their own differences – two very lofty ambitions that in the absence of regional will and US pressure will be hard to achieve in the short run.

Despite President Trump's commitment to Saudi Arabia and Israel, the Gulf states should note that he has also lamented the cost associated with US involvement in Middle East conflicts and has continued to retreat publicly from the Syrian war, foreshadowing the continuation of a US disengagement from the region that was already evident during the Obama administration.

In the current climate of maximalist demands by Saudi Arabia and the UAE designed to pressure Iran into making concessions or risk collapse, it is more critical than ever that both sides consider the geopolitical shifts currently underway and their implications. Despite President Trump's commitment to Saudi Arabia and Israel, the Gulf states should note that he has also lamented the cost associated with US involvement in Middle East conflicts and has continued to retreat publicly from the Syrian war, foreshadowing the continuation of a US disengagement from the region that was already evident during the Obama administration. In the absence of US leadership, Russia and China will gain in regional influence. Middle Eastern states will no longer be able to rely solely on the US for their security and will have to diversify their ties with these and other actors. The potential for crisis and increased competition heralds many risks and opportunities for the Gulf states, but

⁴⁰ Talley, I. (2018), 'U.S. Raises Pressure on Iran With Sanctions on Currency Exchange', *Wall Street Journal*, 11 May, <https://www.wsj.com/articles/u-s-sanctions-iranian-currency-exchange-operations-in-the-u-a-e-1525973587> (accessed 13 Aug. 2018).

ultimately it signals that regional security will eventually be in regional hands.⁴¹ Moreover, the Qatar crisis has revealed the deep fissures and fragmentation of the now more or less defunct GCC. The Gulf bloc uniting Saudi Arabia, Bahrain and the UAE against Qatar has also alienated Oman and Kuwait. Without accommodation and resolution of the Qatar crisis, relations among the Gulf countries will remain fragmented and encourage further regional instability.

Under increased pressure from Washington and from within the region, Tehran is slowly acknowledging that resolving regional tensions is a necessary ingredient for its domestic and regional stability. Iran's solution, as argued by Foreign Minister Mohammad Javad Zarif, to its tensions with the Gulf states is the creation of a 'security networking structure where small and large states in the Persian Gulf contribute together to a regional security framework'.⁴² This would include a non-aggression pact as a means to build trust and cooperation, and require confidence-building measures where countries would commit to 'common principles and standards' and the creation of distinct 'baskets' to address the various security, economic and humanitarian issues separately. Most importantly, this takes into account the security concerns of the smaller Gulf states and acknowledges that collaboration and partnership is needed among all states of the region, rather than just those of Iran and Saudi Arabia. Such an idea, built on the model of the Helsinki process that ultimately resulted in the Organization for Security and Co-operation in Europe (OSCE), is not new, but it remains a worthy goal. Sultan Qaboos of Oman promoted regional security as early as 1976, as did UN Security Council Resolution 598 in 1987, which brought an end to the Iran–Iraq war. The fracturing of the GCC should provide an opportunity for the Gulf states to come together under a new framework. Political will and patience on both sides is needed to create a Gulf-wide process.

In the current climate and under the umbrella of President Trump's support, Saudi Arabia has shown no appetite for such engagement, instead hoping that greater multilateral pressure on Iran will weaken it and perhaps force it to accept all-or-nothing demands and abandon its support for proxy groups throughout the region. Saudi Arabia is unlikely to alter its position until there is a change in Iran's leadership upon the death of Supreme Leader Ali Khamenei or its own political transition takes place resulting in Crown Prince Mohammad bin Salman becoming king. Ultimately, direct negotiation with high-level buy-in between the two countries is the only route to long-term regional security. Their last period of détente from the mid-1990s to the mid-2000s was shepherded by King Fahd and Crown Prince Abdullah of Saudi Arabia and presidents Rafsanjani and Khatami of Iran.

The countries on both sides of the Persian Gulf must be willing to engage in dialogue and be ready to discuss their wide-ranging differences, including the future of US security guarantees to Arab Gulf states and Iran's defensive strategy of support for regional proxy groups. Additionally, each must know what they wish to achieve from negotiations. Unlike Iran's leadership, which is more prepared to begin talks, Saudi Arabia's leaders have yet to draw their red lines. Moreover, Saudi policymakers and analysts, buoyed by their renewed sense of confidence that the unified anti-Iran alliance will weaken Tehran, offer no realistic solutions. In order to make progress the thinking behind any discussions cannot be zero-sum. There are many areas where Saudi Arabia and Iran could find common cause, including de-radicalization, environmental degradation, and drug and human trafficking. Iran, in its repeated calls for dialogue, has recognized that resolving its portfolio of differences with Riyadh

⁴¹ Quilliam, N. and Vakil, S. (2018), 'A Nuclear Iran: Manipulated by China and Russia?', in Ward, A. (2018), 'Chatham House Expert Perspectives 2018: Risks and Opportunities in International Affairs', London: Royal Institute of International Affairs, Special Report, <https://www.chathamhouse.org/sites/default/files/publications/research/2018-06-19-chatham-house-expert-perspectives-2018.pdf> (accessed 10 Jul. 2018).

⁴² Zarif, M. J. (2018), 'FM Zarif's speech at 2018 Munich Security Conference', 18 February, <http://realiran.org/read-full-transcript-of-fm-zarif-s-speech-at-munich-security-conference-2018/> (accessed 12 May 2018).

is key to dialling down wider tensions with Washington. Tehran's base line objective is to obtain its own security guarantees and an independent relationship with Riyadh.

In a region long mired in conflict, it is time for both sides of the Gulf to acknowledge the changing regional landscape and the nexus between regional and domestic stability. To be successful and durable, regional de-escalation will ultimately require recognition and compromise, not capitulation, on the major security issues before addressing the economic and humanitarian portfolios. This will require the smaller Gulf states, as well as extra-regional actors, to learn from the historical creation of the OSCE and encourage Iran and Saudi Arabia to recognize the exigencies of the changing regional geostrategic landscape and to move beyond short-term calculations and one-upmanship in favour of long-term stability.

About the author

Sanam Vakil is an associate fellow in the Chatham House Middle East and North Africa Programme where she leads the Iran Forum project, which focuses on future trends in Iran's domestic and foreign policy. She follows wider Middle East issues as a visiting fellow at the Hoover Institution at Stanford University associated with the Working Group on Islamism and the International Order. She is also the James Anderson professorial lecturer in the Middle East Studies department at the Johns Hopkins School of Advanced International Studies (SAIS Europe) in Bologna, Italy. She received her BA in political science and history from Barnard College, Columbia University, and her MA/PhD in international relations and international economics from Johns Hopkins University.

Acknowledgments

The author would like to thank Tim Eaton, Lina Khatib and Jane Kinninmont as well as the external reviewers for their time, comments and suggestions on the various drafts of this paper. Neil Quilliam as the primary editor provided many thoughtful recommendations. Their collective contributions have undoubtedly strengthened the quality of this paper. Thank you to the Chatham House publications team for their editorial work and to Reni Zhelyazkova who shepherded this paper through the publication process.

Independent thinking since 1920

Chatham House, the Royal Institute of International Affairs, is a world-leading policy institute based in London. Our mission is to help governments and societies build a sustainably secure, prosperous and just world.

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical including photocopying, recording or any information storage or retrieval system, without the prior written permission of the copyright holder. Please direct all enquiries to the publishers.

Chatham House does not express opinions of its own. The opinions expressed in this publication are the responsibility of the author(s).

Copyright © The Royal Institute of International Affairs, 2018

Cover image: Iranian President Hassan Rouhani meets with Kuwait's Foreign Minister Sabah Al-Khalid Al-Sabah during his official visit, at the presidential palace in Tehran, Iran, 25 January 2017.

Photo credit: Copyright © Iranian Presidency/Handout/Anadolu Agency/Getty Images

ISBN 978 1 78413 288 0

This publication is printed on recycled paper.

The Royal Institute of International Affairs
Chatham House
10 St James's Square, London SW1Y 4LE
T +44 (0)20 7957 5700 F +44 (0)20 7957 5710
contact@chathamhouse.org www.chathamhouse.org

Charity Registration Number: 208223



المركز العربي للأبحاث ودراسة السياسات
Arab Center for Research & Policy Studies

Case Analysis | 12 December 2021

Restoring Balance to UAE-Iran Relations

Kristian Coates Ulrichsen

The Iranian Studies Unit

Restoring Balance to UAE-Iran Relations

Series: **Case Analysis**

12 December 2021

Kristian Coates Ulrichsen

The Iranian Studies Unit

Kristian Coates Ulrichsen

Kristian Coates Ulrichsen is a Fellow for the Middle East at Rice University's Baker Institute for Public Policy and an Associate Fellow with the Middle East North Africa Programme at Chatham House. Coates Ulrichsen's research spans the international relations, international political economy, and regional security of the Arabian Peninsula and the Persian Gulf, and he is the author of six books on the region, including *The United Arab Emirates: Power, Politics and Policymaking* (Routledge, 2015) and, most recently, *Qatar and the Gulf Crisis* (Hurst & Co., 2020).

Copyright © 2021 Arab Center for Research and Policy Studies. All Rights Reserved.

The Arab Center for Research and Policy Studies is an independent research institute and think tank for the study of history and social sciences, with particular emphasis on the applied social sciences.

The Center's paramount concern is the advancement of Arab societies and states, their cooperation with one another and issues concerning the Arab nation in general. To that end, it seeks to examine and diagnose the situation in the Arab world - states and communities- to analyze social, economic and cultural policies and to provide political analysis, from an Arab perspective.

The Center publishes in both Arabic and English in order to make its work accessible to both Arab and non-Arab researchers.

The Arab Center for Research and Policy Studies

Al-Tarfa Street, Wadi Al Banat

Al-Dayaen, Qatar

PO Box 10277, Doha

+974 4035 4111

www.dohainstitute.org

A spate of diplomatic initiatives in the fall of 2021 has reignited interest in the regional policies of the United Arab Emirates (UAE) and the evolving nature both of Emirati interests, as perceived in Abu Dhabi, as well as the varying tools through which power is projected in practice. Diplomacy superseded a decade of confrontational approaches toward Qatar¹ and Turkey² as policymakers in the UAE adapted to a regional and international context changed by the Covid-19 pandemic and the curbing of an era of raw power politics with Donald Trump's ousting from office. By contrast, the reorientation of UAE relations with Iran preceded the change of administration in the U.S. and reflects a deeper and more pragmatic streak in the conduct of Emirati foreign policy.³

The November 24, 2021 visit to Abu Dhabi by Iran's Deputy Foreign Minister, Ali Bagheri-Kani, caught the attention of regional analysts for Bagheri-Khani's declaration that Iran and the UAE had "agreed to open a new chapter" in their "friendly and cordial" bilateral relations.⁴ The meeting with senior Emirati diplomatic advisor Anwar Gargash and the UAE Minister of State for Foreign Affairs Khalifa Shaheen Al-Marar came nine days after Gargash used the Abu Dhabi Strategic Debate forum to state that the UAE had taken steps to de-escalate tensions with Iran and warn that the Persian Gulf region would pay the price of any confrontation for decades to come.⁵ These statements came amid ongoing speculation about a possible visit to Iran (which eventually took place on December 6, 2021) by Sheikh Tahnoun bin Zayed Al Nahyan, the powerful National Security Advisor often entrusted with delicate portfolios.⁶

Developments since 2019 have cast light on the evolving nature of the relationship between the UAE and Iran and illustrated the delicate balance that officials on both coastlines of the Persian Gulf have attempted to strike, not always successfully. This essay examines both the more recent fluctuations in UAE-Iran relations as well as the longer-term dynamics that have structured – and continue to influence – bilateral ties between the two countries. In fact, it is the deeper continuities that help explain the apparent reversion of Emirati policies on Iran toward a 'norm' after their somewhat uncharacteristic divergence during the turbulent post-Arab Spring decade in the 2010s.

Long connected by dense networks of commercial and business relationships and cross-waterway movements of people and goods, the volume of trade between the UAE and Iran has outpaced the figures for the other five members of the Gulf Cooperation Council (GCC).⁷ Dubai, especially, became significant to Iran as a re-export hub and an outlet to the global economy in the era of international

1 Amélie Mouton, "The reluctant alliance: UAE and Qatar reluctantly agree to reconcile," *The Africa Report*, January 13, 2021, <https://bit.ly/3DAaCwf>.

2 Giorgio Cafero, "Turkey and the UAE Inch Towards Reconciliation," *Gulf International Forum*, August 30, 2021, <https://bit.ly/31JDDIR>.

3 Hussein Ibish, "UAE Outreach to Iran Cracks Open the Door to Dialogue," *The Arab Gulf States Institute in Washington*, August 1, 2019, <https://bit.ly/3y3Qa5Z>.

4 "Iran's deputy foreign minister pledges 'new chapter' in Iran-UAE relations," *Al-Monitor*, November 24, 2021, <https://bit.ly/31MEnnv>.

5 Mina Aldroubi, "Anwar Gargash: UAE taking steps to defuse Iran tensions," *The National News*, November 15, 2021, <https://bit.ly/3oxwDHO>.

6 Maziar Motamedi, "UAE's top security official visits Iran to develop 'warm ties,'" *Al Jazeera*, December 6, 2021, <https://bit.ly/31BuGS5>.

7 Nader Habibi, "The Impact of Sanctions on Iran-GCC Economic Relations," *Middle East Brief*, Brandies University Crown Center for Middle East Studies, No. 45, (2010).



sanctions on Teheran.⁸ Key aspects of the UAE's model of economic development render the leadership both in Abu Dhabi and in Dubai uniquely vulnerable to regional instability in the Arabian Peninsula or the Persian Gulf. The result of this balancing act has been a drawing back of Emirati assertiveness vis-à-vis Iran even as the UAE has normalized and deepened its political, economic, and security linkages with Israel.⁹

The UAE historically has differed from other Gulf States as it has lacked deep structural obstacles to closer political and economic relations with Iran, which instead have fluctuated more with regional developments than with domestic dynamics in either country. Save for the Iranian occupation¹⁰ since 1971 of three islands in the Strait of Hormuz belonging to the emirates of Sharjah and Ras al-Khaimah, the absence of meaningful irritants such as concerns for ethnic or sectarian identity meant there are fewer obstacles to closer political ties than in neighbors such as Saudi Arabia and Bahrain, where many in policy circles tend to view Iran as a potential threat to internal security as well as to regional stability.¹¹ Moreover, the presence of a substantial Iranian business community in Dubai has, for decades, provided a powerful incentive to closer relations, at the individual if not always at the inter-state level.¹²

For much of its fifty-year history, the UAE (which was formed on 2 December 1971 with six emirates, led by Abu Dhabi and Dubai, with the seventh, Ras al-Khaimah, joining in February 1972), pursued a pragmatic foreign policy that sought to balance sometimes-competing and contradictory regional and international interests. Under Sheikh Zayed bin Sultan Al-Nahyan, Ruler of Abu Dhabi and President of the UAE until his death in 2004, UAE foreign policy was marked by attachment to Arab and Islamic causes as well as to dialogue and diplomacy. This process of cautious engagement was exemplified when Abu Dhabi hosted¹³ the meeting, in 1981, at which the Gulf Cooperation Council was established, and by Sheikh Zayed's attempts to mediate¹⁴ between Iraq and Iran and explore the basis for an end to their war in the Gulf.

Emirati mediation was far from the main contributing factor in bringing the Iran-Iraq War to a close in 1988, but it did reflect the UAE's cautious maneuvering under Sheikh Zayed and was also borne out of a lack of consensus within the UAE itself.¹⁵ While the UAE remained officially neutral, Abu Dhabi, Ras al-Khaimah, Ajman, and Fujairah all sided with Iraq, with Abu Dhabi joining the Saudis

⁸ John Duke Anthony, Jean-François Seznec, Tayyar Ari, and Wayne E. White, "War with Iran: Regional Reactions and Requirements," *Middle East Policy*, Vol. 15, No. 3, (2008), pp. 1 - 29.

⁹ Elham Fakhro, "What the Abraham Accords Reveal about the United Arab Emirates," *War on the Rocks*, October 30, 2020, <https://bit.ly/3lLpxv>.

¹⁰ Richard A. Moble, "The Tunbs and Abu Musa Islands: Britain's Perspective," *Middle East Journal*, Vol. 57, No. 4, (2003), pp. 627 - 45.

¹¹ Ribale Sleiman-Haidar, "The Iranian Threat: The Saudi Perspective," *London School of Economics Blogs*, June 15, 2018, <https://bit.ly/3Ew58UC>.

¹² Tuqa Khalid and Andrew Torchia, "In Dubai, US sanctions pressure historic business ties with Iran," *Reuters*, November 19, 2018, <https://reut.rs/3GuO4z7>.

¹³ Kelly Clarke, "Dawn of the GCC: how Abu Dhabi's InterContinental Hotel became the birthplace of the Gulf union," *The National News*, May 25, 2021, <https://bit.ly/3s18qvV>.

¹⁴ "Iran and Iraq reportedly accept new mediation effort," *UPI*, December 5, 1982, <https://bit.ly/3DEqDBf>.

¹⁵ Uzi Rabi, "The United Arab Emirates - A Study in Survival," *Middle Eastern Studies*, Vol. 43, No. 6, (2007), pp. 1012 - 1014.



and Kuwaitis in contributing financial support to Saddam Hussein and Ras al-Khaimah also offering Baghdad the opportunity to establish air bases on its territory. By contrast, Dubai, Sharjah, and Umm al-Quwain all gravitated more toward Teheran as they continued to trade with Iran throughout the war and Dubai emerged as a key transit hub for war materials destined for Iran.¹⁶ Dubai additionally derived benefit from damaged ships calling at the extensive dry-dock repair facilities at its major new port of Jebel Ali, which had opened in 1979, a year before the war began.¹⁷

A rough dichotomy between policy approaches in Abu Dhabi and in Dubai has continued to influence the UAE-Iran relationship in subsequent decades as well. An example of this divergence was in the late-2000s when the leadership in Abu Dhabi was campaigning hard to secure¹⁸ a '123' nuclear agreement and gain U.S. approval¹⁹ for launching a civil nuclear energy program. At the same time, however, Dubai emerged as a perceived weak-point in the international sanctions regime then being tightened around the Iranian government of President Mahmoud Ahmedinejad. U.S. officials expressed concern that Dubai's rapidly-growing re-export trade with Iran constituted a potential loophole. Abu Dhabi's push to gain Congressional support for its civil nuclear agreement heightened for them the sensitivity of Dubai's multifaceted commercial relationship with Iran, given the possibility that illicit trading could encompass dual-use material.²⁰

The fallout from the Arab uprisings in 2011 sharpened the differences between Dubai's more pragmatic, commercially-driven approach to Iran and Abu Dhabi's assertive, security-first approach to regional affairs. UAE defense and foreign policy-making became far more hawkish after 2011 as Abu Dhabi Crown Prince Mohammed bin Zayed Al Nahyan consolidated control both within Abu Dhabi and across the federation as a whole.²¹ This security-centric approach was characterized by a zero-tolerance²² position toward dissent domestically and an interventionist²³ set of regional policies designed to roll back perceived destabilizing movements such as the Muslim Brotherhood.

Examples of such policies included immediate political and financial assistance²⁴ to the military-led government that toppled Egypt's (Muslim Brotherhood) President Mohamed Morsi in 2013, wide-

¹⁶ Karim Sadjadpour, *The Battle of Dubai: The United Arab Emirates and the U.S.-Iran Cold War*, (Carnegie Endowment for International Peace, 2011).

¹⁷ John Rice, "Dubai Looking for Economic Boom after Persian Gulf War With AM-Dubai-Dhows," *AP News*, July 26, 1988, <https://bit.ly/3EznBQk>.

¹⁸ "The UAE 123 Agreement: A Model for the Region?," *Center for Strategic and International Studies*, October 23, 2009, <https://bit.ly/3lKTm18>.

¹⁹ Doug Palmer, "US-UAE nuclear pact edges toward implementation," *Reuters*, September 30, 2009, <https://reut.rs/3GjUEIk>.

²⁰ Kristian Coates Ulrichsen, "Evolving Power Dynamics in the United Arab Emirates," *Baker Institute Blog*, March 1, 2016, <https://bit.ly/3EDHdTa>.

²¹ Ryan Bohl, "What I Taught in the Emirates — and What It Taught Me," *New Lines Magazine*, November 30, 2021, <https://bit.ly/3EApM6d>.

²² "UAE Calls for Zero Tolerance Policy Towards Terrorism to Restore Stability in the Middle East," *Permanent Mission of the United Arab Emirates to the United Nations*, June 26, 2018, <https://bit.ly/3owMMNN>.

²³ Karen E. Young, "The Interventionist Turn in Gulf States' Foreign Policies," *The Arab Gulf States Institute in Washington*, June 1, 2016, <https://bit.ly/3DxLxSH>.

²⁴ Michael Peel, Camilla Hall and Heba Saleh, "Saudi Arabia and UAE Prop up Egypt Regime with Offer of \$8 bn," *Financial Times*, July 10, 2013, <https://on.ft.com/3pFt2qm>.



ranging support²⁵ for Khalifa Haftar’s campaign against the internationally-backed government in Libya after 2014, military intervention²⁶ in southern Yemen as part of the Saudi-led coalition in 2015, and participation²⁷ in the blockade of Qatar that was launched in 2017. Close working ties developed between Mohammed bin Zayed in Abu Dhabi and his Saudi counterpart, Mohammed bin Salman, that reshaped regional politics in the Arabian Peninsula around a harder-line axis.²⁸ The conduct of foreign policy in this period was at times reactive and lacked an underlying consistency, but it embroiled the UAE in regional conflict zones and the crosshairs of geopolitical divides.²⁹

Officials in Abu Dhabi deemed the perceived challenge from Islamist movements to pose the greatest threat to regional stability, unlike their Saudi colleagues, for whom Iran was seen as a more significant challenge to security (internal as well as external). Diverging priorities in threat perceptions became evident in Yemen as the Saudis battled³⁰ Houthi rebels whom they believed (with some self-fulfilling justification³¹ to be in receipt of varying levels of assistance from Iran. By contrast, after Emirati forces regained control of southern cities from the Houthis in 2015, they focused on combating Islamist groups, including *Islah*, a political party aligned with the Muslim Brotherhood, often acting in minimal operational coordination with their Saudi coalition partners.³²

While Abu Dhabi prioritized its campaigns against political Islam, its close coordination with Riyadh, especially between 2015 and 2019, placed the UAE squarely within the geopolitical confrontation between Saudi Arabia (and the U.S., during the Trump administration) and Iran. In 2017, for example, the Saudi- and Emirati-led quartet of states blockading Qatar demanded that Doha scale back relations with Iran as their first demand in a widely-derided list of conditions to restore ties.³³ In September 2018, Iranian officials accused ‘two Gulf states’ of complicity³⁴ in an attack on a military parade in Ahwaz province that killed 29 people and summoned³⁵ the UAE charge d’affaires to protest comments by a prominent Emirati analyst that appeared to justify an ‘attack against a military target.’ Such comments were seen to build on a statement made by Mohammed bin Salman in 2017 that any struggle would take place ‘inside Iran, not in Saudi Arabia.’³⁶

25 “UAE renews support to Libya’s Haftar, calls for UN-supervised solution to end war,” *AlArabiya News*, April 30, 2020, <https://bit.ly/3GqdYUE>.

26 Michael Knights, “Lessons From the UAE War in Yemen,” *Law Fare Blog*, August 18, 2019, <https://bit.ly/31GpXhA>.

27 Anne Barnard and David D. Kirkpatrick, “5 Arab Nations Move to Isolate Qatar, Putting the US in a Bind,” *New York Times*, June 5, 2017, <https://nyti.ms/3EviZKV>.

28 Simon Henderson, “Meet the Two Princes Reshaping the Middle East,” *Politico Magazine*, June 13, 2017, <https://politi.co/31JLDt5>.

29 Peter Salisbury, “Risk Perception and Appetite in UAE Foreign and National Security Policy,” *Chatham House*, July 1, 2020, <https://bit.ly/3GjPGvg>.

30 Bruce Riedel, “What are the Houthis, and why are we at war with them?,” *Brookings Institution*, December 18, 2017, <https://brook.gs/3pFfRFV>

31 Thomas Juneau, “How Iran Helped Houthis Expand Their Reach,” *War on the Rocks*, August 23, 2021, <https://bit.ly/3pvVsmE>.

32 Stacey Philbrick Yadav, “Yemen’s Muslim Brotherhood and the perils of powersharing,” *Brookings Institution*, August 2015, <https://brook.gs/303DnDQ>.

33 “Arab states issue 13 demands to end Qatar-Gulf crisis,” *Al Jazeera*, July 12, 2017, <https://bit.ly/3ozsHGt>.

34 “Iran blames US and Gulf allies for Ahwaz parade attack,” *Al Jazeera*, September 23, 2018, <https://bit.ly/3luzqcG>.

35 “Iran threatens UAE after tweet by Emirati writer on Ahwaz attack,” *Al Arabiya News*, September 23, 2018, <https://bit.ly/3y5EDmC>.

36 Sami Aboudi and Omar Fahmy, “Powerful Saudi prince sees no chance for dialogue with Iran,” *Reuters*, May 2, 2017, <https://reut.rs/31GXjwG>.



Developments in 2019 punctured the assertive Emirati regional policy and precipitated a reassessment of approach that predated the broader transition (at least until 2024) a year later away from the raw power politics that characterized the four turbulent years of the Trump era. One aspect of this shift came in the realization of the limits of Emirati ability to project military power and political authority beyond its borders. This occurred in Libya, where Khalifa Haftar's attempt to seize Tripoli in April 2019 failed³⁷ and was followed by a far larger Turkish mobilization³⁸ in support of the Libyan government, and in Yemen, where Emirati officials made a pragmatic³⁹ decision in June 2019 to draw down most of their direct involvement and focus instead on local allies.

Also in 2019, a series of attacks on maritime and energy targets in Saudi Arabia and the UAE occurred between May and September, when they culminated in the drone and missile attack⁴⁰ on Saudi oil installations that temporarily knocked out half⁴¹ of the Kingdom's production. While their attribution was never definitively proven, they likely formed part of Iran's 'maximum resistance'⁴² response to the Trump administration's policy of 'maximum pressure'⁴³ which was launched in April 2019 – and initially welcomed⁴⁴ by Emirati (and Saudi) leaders. However, the failure of the Trump administration to respond to the attacks on its Arab Gulf partners – with Trump himself stating⁴⁵, two days after the Abqaiq strike, that “that was an attack on Saudi Arabia, and that wasn't an attack on us” – caused shockwaves in Abu Dhabi and Riyadh as they drew into question the basis of the security guarantees⁴⁶ that Saudi and Emirati leaders thought they had from the U.S.

Although President Trump may not have intended to sow such doubt, his comments, and his administration's (in)action in 2019 compelled a reconsideration of the notion that, especially when it came to Iran, U.S. and Arab Gulf partner interests were effectively one and the same. Moreover, they contributed to a sense of growing unease in Arab Gulf capitals, especially Abu Dhabi and Riyadh, over a perceived disengagement of U.S. interest that began in the Obama administration (and which President Biden's first year in office, and particularly the way the U.S. conducted its

37 Jason Pack and Mathew Sinkez, “Khalifa Haftar's Miscalculated Attack on Tripoli Will Cost Him Dearly,” *Foreign Policy*, April 10, 2019, <https://bit.ly/3y2RyWt>.

38 Patrick Wintour, “Libyan government activates cooperation accord with Turkey,” *The Guardian*, December 20, 2019, <https://bit.ly/3EBtOGu>.

39 Elana DeLozier, “UAE Drawdown May Isolate Saudi Arabia in Yemen,” *The Washington Institute for Near East Policy*, July 2, 2019, <https://bit.ly/31xWBT4>.

40 Ben Hubbard, Palko Karasz, and Stanley Reed, “Two Major Saudi Oil Installations Hit by Drone Strike, and U.S. Blames Iran,” *New York Times*, September 14, 2019, <https://nyti.ms/3EEcVjs>.

41 John Deftorios and Victoria Cavaliere, “Coordinated strikes knock out half of Saudi oil capacity, more than 5 million barrels a day,” *CNN*, September 15, 2019, <https://cnn.it/3oByZpj>.

42 Ali Vaez and Naysan Rafati, “U.S. Maximum Pressure Meets Iranian Maximum Pressure,” International Crisis Group, November 5, 2019, <https://bit.ly/3EDKJNr>.

43 “Trump Dials Up the Pressure on Iran,” *New York Times*, May 4, 2019, <https://nyti.ms/3pGBSo9>.

44 Majed Al Ansari, “Gulf states divided in approach to Iran-US escalation,” *Al-Monitor*, July 1, 2019, <https://bit.ly/3EzuYHu>.

45 Steve Holland and Rania El Gamal, “Trump says he does not want war after attack on Saudi oil facilities,” *Reuters*, September 16, 2019, <https://reut.rs/3rQefvR>.

46 David B. Roberts, “For decades, Gulf leaders counted on U.S. protection. Here's what changed,” *Washington Post*, January 30, 2020, <https://wapo.st/3Gt9mNx>.

chaotic withdrawal from Afghanistan in August 2021, only reinforced).⁴⁷ In part for this reason, UAE policymakers have sought to diversify⁴⁸ their international partnerships, including with Israel and China, and achieve a more workable balance in regional relationships, notably with Iran.⁴⁹

Emirati outreach to Iran began in July 2019, within weeks of the attacks on shipping (well before the attack on Saudi oil infrastructure), with the revival⁵⁰ of maritime security talks that had last been held in 2013 and a notable shift in rhetoric that emphasized⁵¹ the need for regional stability. Such messaging, which differed markedly from the (over)confident tones of 2015-2018, was on full display in January 2020 after U.S.-Iran tensions soared following the killing of Qassim Soleimani.⁵² A statement from the UAE foreign ministry called⁵³ for ‘rational dialogue’ and a de-escalation of tension in the Persian Gulf, a stance echoed by the Saudi leadership which also sent⁵⁴ their Deputy Defense Minister to Washington, D.C. to make the case in person to the Trump administration. Later in 2020, the UAE dispatched at least four planeloads of medical supplies to Iran during the opening months of the SARS-CoV-2 pandemic in another tangible sign that geopolitical confrontation was giving way, at least partially, to a degree of workable cooperation.⁵⁵

There are sound reasons for the turn back to a pragmatic approach to Iran, including the uncertainties of the post-pandemic economic landscape for all countries in the region regardless of their stance on any of the regional geopolitical fault-lines. Officials in Abu Dhabi and (especially) Dubai are fully aware of the damage that would be caused to their brand as (relatively) stable hubs in an otherwise insecure region should the pattern of attacks seen in 2019 continue and/or escalate. This newfound sense of vulnerability has been amplified by the impact of the pandemic which has hit hard on the tourism, hospitality, mega-event, and entertainment sectors that had propelled Abu Dhabi and Dubai into aspirant global cities over the previous two decades.

In January 2014, the Ruler of Dubai (and Prime Minister of the UAE), Sheikh Mohammed bin Rashid Al Maktoum, called for an easing of pressure on Iran as he told the *BBC* that ‘we need to give Iran space, Iran is our neighbor and we don’t want any problem.’⁵⁶ Nearly eight years later, the failure of the intervening period of confrontational relations to come up with any viable or more workable alternative has restored the value of balance to regional and inter-regional relationships. As the

47 Kirsten Fontenrose, “What the Arab Gulf is thinking after the Afghanistan withdrawal,” *Atlantic Council*, September 23, 2021, <https://bit.ly/303H64i>.

48 Elham Fakhro, “What the Abraham Accords Reveal about the United Arab Emirates,” *War on the Rocks*, October 30, 2020, <https://bit.ly/3lIpxv>.

49 “Iran experts: ‘UAE strengthening ties with Tehran,’” *Middle East Monitor*, July 4, 2020, <https://bit.ly/3rJXx14>.

50 “Rivals Iran and UAE to hold maritime security talks,” *Reuters*, July 30, 2019, <https://reut.rs/3EzT8BB>.

51 Liz Sly, “The UAE’s ambitions backfire as it finds itself on the front line of U.S.-Iran tensions,” *Washington Post*, August 11, 2019, <https://wapo.st/3DBZzTc>.

52 Peter Baker, Ronen Bergman, David D. Kirkpatrick, Julian E. Barnes, and Alissa J. Rubin, “Seven Days in January: How Trump Pushed U.S. and Iran to the Brink of War,” *New York Times*, January 11, 2020, <https://nyti.ms/3rPWE7g>.

53 “UAE calls for de-escalation amid reactions to Iran missile attacks,” *Arab News*, January 8, 2020, <https://bit.ly/3rMiSac>.

54 Tamara Abueish, “Saudi Arabia’s Vice Defense Minister discusses de-escalation with Esper,” *Al Arabiya News*, January 7, 2020, <https://bit.ly/3lu4b1u>.

55 “UAE Sends Additional Aid to Iran in Fight against COVID-19,” *ReliefWeb*, June 27, 2020, <https://bit.ly/3yjdctd>.

56 Simeon Kerr, “Dubai eager to capitalise on Iran opening,” *Financial Times*, January 21, 2014, <https://on.ft.com/3y4OxEY>.



UAE emerges from the pandemic the Emirati leadership needs to focus on economic growth and can ill-afford more geopolitical risk, especially given the prospect of greater competitive rivalry with Saudi Arabia for potentially scarcer resources in key sectors.⁵⁷

Ironically, in view of tensions between Abu Dhabi and Qatar over the past decade, the UAE's balancing – between the U.S. and China, Israel and Iran – is beginning to resemble the Qatari policy of 'hedging' by countering big bets in one direction with a series of smaller bets the other way.⁵⁸ That policy exposed the Qatari leadership to the backlash from the UAE and Saudi Arabia both in 2014 and again during the three-and-a-half-year blockade that began in 2017, and it remains to be seen whether the UAE fares any better in finding a regional and foreign policy equilibrium, albeit one that is evolving against a less polarizing backdrop than the contentious post-Arab uprisings decade that has just ended.

⁵⁷ David Gardner, "Behind the smiles, competition heats up in the Gulf," *Financial Times*, September 22, 2021, <https://on.ft.com/3rlhh5r>.

⁵⁸ Ian Philbrick and Henry Shepherd, "Qatar's Big Ambitions: An Interview with Dr. Mehran Kamrava," *Georgetown Journal of International Affairs*, November 15, 2013, <https://bit.ly/31CWu8i>.