



The Arab Gulf States  
Institute in Washington

Building bridges of understanding



# UAE Security Forum 2021: U.S.-Gulf Relations in a Changing Region

Conference Report



The Arab Gulf States  
Institute in Washington  
Building bridges of understanding

## UAE Security Forum 2021: U.S.-Gulf Relations in a Changing Region

Conference Report

February 11, 2022

---

---

E v e n t  
R e p o r t

---

#2

---

2022

---

---

The Arab Gulf States Institute in Washington (AGSIW) is an independent, nonprofit institution dedicated to highlighting the importance of the relationship between the United States and the Gulf region through free and open exchange of multiple points of view on issues that concern the Gulf.

AGSIW strives to support this goal by:

- Providing expert analysis and thoughtful debate on the economic, energy, environmental, security, social, cultural, and political dimensions of the Gulf Arab states as well as their relations with the United States and other countries.
- Informing a global audience of policymakers, legislators, businesspeople, academics, media, youth, and others as the foundation for strategic decisions regarding this important region.
- Employing multiple avenues to inform public understanding of the importance of the relationship between the United States and the Gulf Arab states.
- Encouraging strong academic coverage by developing scholars who concentrate on the study of the region.

© 2022 Arab Gulf States Institute in Washington. All rights reserved.

AGSIW does not take institutional positions on public policy issues; the views represented herein are the author's own and do not necessarily reflect the views of AGSIW, its staff, or its board of directors.

No part of this publication may be reproduced or transmitted in any form or by any means without permission in writing from AGSIW. Please direct inquiries to:

[info@agsiw.org](mailto:info@agsiw.org)

This publication can be downloaded at no cost at [www.agsiw.org](http://www.agsiw.org).

Photo Credit: Mass Communication Specialist 2nd Class Indra Beaufort/U.S. Navy via AP

## About This Report

This report is based on the presentations and discussions during the UAE Security Forum 2021, "U.S.-Gulf Relations in a Changing Region," held December 7-9, 2021 virtually due to the coronavirus pandemic.

This report was prepared by Amélie Mouton, a journalist based in Abu Dhabi and the regional correspondent for the Belgian newspaper La Libre Belgique.

For more information and videos from the forum, visit [www.uaesf.org](http://www.uaesf.org).

## Contents

Foreword .....	i
Executive Summary.....	1
Key Findings and Recommendations.....	2
Introduction.....	3
A Recalibrated Strategy .....	4
A Fragile Equilibrium.....	6
The Need for a Broader Security Approach.....	7
Challenges With Aligning Interests .....	8
The Role of Economic Integration in Regional Stability.....	9
Conclusion.....	11
Agenda.....	14

## Foreword

It gives me great pleasure to present to you the final report of the UAE Security Forum 2021, “U.S.-Gulf Relations in a Changing Region,” held virtually December 7-9, 2021. In the past year and a half, as the world has tried to address the human security challenges posed by the coronavirus pandemic and the associated economic shocks, there has been an uptick in diplomatic activity aimed at reducing tensions in the region. But this fragile period of de-escalation has been put at risk by attacks by the Houthis in recent weeks on the United Arab Emirates, with one targeting a base hosting U.S. military personnel. These developments have made the findings of this report particularly timely and important.



Ambassador Douglas A. Silliman,  
President, AGSIW

Dynamics in the Gulf region are shifting, as is the nature of U.S. involvement. The United States is recalibrating its military posture as the Gulf Arab states seek to find a new security balance in an increasingly multipolar international order. Nonetheless, the United States remains committed to Gulf security, with formidable capabilities in the region. However, there is work to be done in bringing together Gulf partners to cooperate on a broader security approach, outside of what might be achieved in talks in Vienna aimed at reviving the Joint Comprehensive Plan of Action nuclear deal with Iran.

Since the forum’s launch in 2016, AGSIW has played a vital role in bringing together academics, policymakers, and practitioners to find creative solutions to some of the most pressing common challenges for the United States and its regional partners. We aim to use the findings in this report to guide our own work in this field and inform regional governments and the private sector.

I would like to thank our supporters and partners who make the work of AGSIW possible. I hope you find this report informative and useful, and I look forward to the next iteration of the UAE Security Forum in 2022.

Ambassador Douglas A. Silliman  
*President, Arab Gulf States Institute in Washington*



## Executive Summary

On December 7-9, 2021, the Arab Gulf States Institute in Washington held its sixth UAE Security Forum, with the theme “U.S.-Gulf Relations in a Changing Region.” Convened virtually, the forum brought together a diverse group of experts from the United States and the Gulf region. Discussions focused on the new contours of relations between the United States and the Gulf Arab states, the recalibrated military posture of the United States in the Middle East, and the difficulty, for the Gulf Arab states, to find a new security equilibrium, at a time of clear multipolarity in international relations, and with the growing threat of nonstate armed groups.

Conversations over a perceived U.S. withdrawal from the region have been ongoing since the administration of former President Barack Obama expressed its intention to focus more on the Indo-Pacific region, signaling a scaling back of the U.S. military presence in the Middle East. This increased a sense of insecurity among Gulf Arab states, which was reinforced by the lack of a military response by the administration of former President Donald J. Trump to the September 2019 attacks on Saudi oil processing facilities in Abqaiq and Khurais. The United States, however, remains a major political actor in the Middle East, and even the pivot to the Indo-Pacific reinforces the importance of the large military infrastructure that Washington has gradually established in the region. The administration of President Joseph R. Biden Jr. has made clear that it remains committed to the Middle East, with a recalibrated approach that relies on sound policies crafted in close consultation with its regional allies and a focus on strengthening their ability to defend themselves.

Over the past 20 months, there has been a flurry of diplomatic activities aimed at reducing regional tensions, with several high-level state visits between former rivals and foes, a trend in de-escalation that the Biden administration has encouraged. However, this strategic shift toward more dialogue and soft power initiatives remains fragile, as the complicated relations between the Gulf Arab states and Iran illustrate. Iran’s ballistic missile program and the transfer of technologies to nonstate actors in the region continue to be a source of tensions, and a return to the Iran nuclear deal, the Joint Comprehensive Plan of Action, is not likely to solve the broader issue of insecurity in the region. Recent attacks on the UAE, claimed by the Houthis in Yemen and an Iraqi group affiliated to Hezbollah, are a painful reminder of the fragility of this trend toward de-escalation and retrenchment and how difficult it is to avoid reengaging in hostile confrontations.

The Gulf Arab states still consider Washington their main security partner. But, with the United States perceived as moving away from the Carter doctrine, which established a U.S. commitment to maintaining Gulf security through military force if necessary, the Gulf Arab states are seeking other security arrangements by increasing their own deterrence capabilities and engaging with other great powers, such as China. While these partnerships are often pitched as mainly commercial in nature, they can be perceived as moves to fill in gaps in security capabilities (or opening vulnerabilities for U.S. technology) which creates tensions with Washington. The current debate in Congress over redrafting the conventional arms transfer policy to integrate a human rights component – a move that clearly targets weapon sales to Saudi Arabia – also illustrates the challenge for the United States and the Gulf Arab states to align their interests.

Another topic tackled during the forum was how increased economic cooperation could improve regional stability. Gulf policymakers could work on a better regulatory framework to enhance economic integration in the region. Supporting Middle Eastern countries that are struggling with dire economic conditions is also a way to prevent power vacuums and counter the influence of terrorist groups and violent nonstate actors.

## Key Findings and Recommendations

- The United States has recalibrated its strategy in the Middle East. Rather than pursuing maximalist grandiose objectives, the U.S. focus is now on coordinating with regional partners to conduct sound and structured policies. The U.S. commitment to its Gulf allies endures, but the focus is to strengthen these allies' ability to defend themselves.
- An increasing attention to the Indo-Pacific region and a new military strategy built on capabilities that could be deployed rapidly anywhere in the world have created pressures for Washington to scale back its military involvement in the Middle East. However, the Gulf retains strategic importance because of the large military infrastructure Washington has built in the region, focused on maritime security, the free flow of oil, regional stability, and counterterrorism cooperation.
- Over the past two years, regional states have increasingly sought to secure their interests through diplomacy and economic cooperation rather than on the battlefield. Even if this approach has not inevitably led to breakthroughs, it has opened the way for a number of de-escalation efforts, supported with sustained diplomacy and official visits, that have been essential to reducing tensions and avoiding the risks of heightened conflict due to miscalculations.
- While essential to the security of the region, a return to the Joint Comprehensive Plan of Action will not solve the issue of the complicated relations between Tehran and the Gulf Arab states. Iran's ballistic missile program and the transfer of technologies to nonstate actors continue to pose a daunting security vulnerability Gulf states struggle to address. To help Gulf Arab states address this strategic dilemma, the United States should address regional security more broadly rather than just focusing on the nuclear file and seek to build a multilateral coalition to act against Iran's support to militias.
- The threat of nonstate actors, such as Iranian-backed militias or the Islamic State in Iraq and the Levant, is tied to power vacuums and failed states. Enhancing states' capacities – helping them to gain full control of their sovereign space and allowing them to pursue their own balanced foreign policy, like Iraq is doing – will reduce the threat of such groups.
- Washington could work more effectively with its regional partners, by engaging in political, diplomatic, and economic activities, to create an environment less favorable to the strategies that Iran and its proxies or allies are pursuing in places like Iraq, Yemen, Syria, and Lebanon.



- The Gulf Arab states are pursuing different strategies to reduce the asymmetry in their relationships with Iran. They should work on a more cohesive defense system, such as the new Gulf Cooperation Council Unified Military Command Center.
- The Gulf Arab states' efforts to increase their own deterrence capabilities and engage with other great powers have created tensions with Washington. Both sides should work on a better alignment of their interests. Washington should also be careful not to draw its regional partners into a cold war situation because of its tense relations with China.
- With the easing of political tensions across the region, governments and private companies are seeking to enhance existing economic linkages and develop new trade and investment partnerships. Increased economic cooperation could improve regional stability, and Gulf governments should work on policies that facilitate this integration.
- The Gulf Arab states are on the path of recovery after the economic crisis brought on by the coronavirus pandemic and low oil prices, and they are implementing promising fiscal, financial, and labor reforms. However, they should pursue a stronger climate agenda and make the energy transition a more important part of their development goals.

## Introduction

*Despite the debate about its retrenchment, the United States remains a major actor in the Middle East and continues to play a significant role, even if it is shifting, in the security of the Gulf, with formidable military capabilities it can bring to bear and robust training and military sales programs.*

Conversations over a perceived U.S. withdrawal from the Middle East have been ongoing since the administration of former President Barack Obama expressed its intention, more than 10 years ago, to pivot U.S. attention to the Indo-Pacific region. This has increased a sense of insecurity among Gulf Arab states, which have benefited from the U.S. security umbrella since at least 1945.<sup>1</sup> These concerns intensified after there was a lack of a military response from the administration of former President Donald J. Trump to the September 2019 attacks on Saudi oil processing facilities in Abqaiq and Khurais.

This perceived passivity stunned the United States' Gulf Arab allies as it seemed to indicate an abandonment of the Carter doctrine, through which the United States had committed to interpret "an attempt by any outside force to gain control" of the Gulf as an attack on U.S. interests.<sup>2</sup> Speaking at the Arab Gulf States Institute in Washington's 2021 UAE Security Forum, Brian Katulis, a senior fellow and vice president for policy at the Middle East Institute, saw

---

<sup>1</sup> The U.S. military presence in the Gulf can be traced back to World War II, when the U.S. Navy started using Bahrain's port.

<sup>2</sup> During the January 23, 1980 State of the Union address, President Jimmy Carter stated that, "An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force." The declaration followed the Soviet invasion of Afghanistan. Jimmy Carter, "[The State of the Union Address Delivered Before a Joint Session of the Congress](#)," The American Presidency Project, January 23, 1980.

in the Trump administration's decision not to retaliate militarily for the 2019 attacks as the conclusion of a 40-year period of U.S. engagement in the Middle East that began with the creation of the United States Central Command as a response to the 1979 hostage crisis in Iran and Soviet invasion of Afghanistan.

Nonetheless, despite the debate about its retrenchment, the United States remains a major actor in the Middle East and continues to play a significant role, even if it is shifting, in the security of the Gulf, with formidable military capabilities it can bring to bear and robust training and military sales programs. The administration of President Joseph R. Biden Jr. has expressed continued commitment to the region despite the dramatic U.S. withdrawal from Afghanistan. And while the evolving U.S. strategy, an increasingly multipolar international order, and sharp public debate in the United States over the appropriate military force posture in the Gulf have prompted the Gulf Arab states to search for a new security equilibrium, they continue to consider Washington their main security partner.

---

*The administration of President Joseph R. Biden Jr. has expressed continued commitment to the region despite the dramatic U.S. withdrawal from Afghanistan.*

---

## A Recalibrated Strategy

*"Hard lessons" were learned in the last 20 years, and the U.S. strategy is now to conduct "sound and structured" policies in close consultation with its regional partners.*

*– Brett McGurk, National Security Council Coordinator for the Middle East and North Africa*

"Getting back to the basics" is how Brett McGurk, the National Security Council coordinator for the Middle East and North Africa, described the Biden administration's approach to the Middle East. The period during which the United States sought to transform the region and pursue "maximalist grandiose objectives" is over, he said. "Hard lessons" were learned in the last 20 years, and the U.S. strategy is now to conduct "sound and structured" policies in close consultation with its regional partners. The key features of this approach are "alliance maintenance, alliance management, and strengthening the ability of the local allies to defend themselves." The U.S. commitment to its partners endures, he assured, but the United States' main focus is on the defense of territorial integrity and sovereignty, not on a maximalist projection of power.

Commenting on the U.S. military involvement in the Middle East, David Des Roches, an associate professor at the National Defense University's Near East South Asia Center for Security Studies, spoke about contradictions between evolving U.S. military doctrine and expectations of the United States' allies and partners but also highlighted the enduring importance of the



Brett McGurk, National Security Council  
Coordinator for the Middle East  
and North Africa

U.S. presence in the region: “Our security partners in the Middle East, like our allies in Europe and Asia, view every American soldier, every American weapon system in the Middle East as something that needs to be there forever,” he noted. The U.S. military strategy has evolved to focus on establishing global capabilities that can be rapidly deployed. To this end, the increasing attention to the Indo-Pacific region reinforces the strategic importance of the Gulf because of the large military infrastructure Washington has built there. The United States does not have many bases in the Indo-Pacific region and only a marginal base in Djibouti, he highlighted.

Jon Alterman, a senior vice president and the director of the Middle East Program at the Center for Strategic and International Studies, underlined the Biden administration’s understanding of the “moral hazard” created by previous U.S. security policies in the region, which sometimes, for example, inadvertently emboldened U.S. partners to embrace harsh stances and conflict, confident that U.S. support freed them from carefully assessing the risks. He suggested that, not only did these policies and overall U.S. force posture end up exacerbating the tensions between the Gulf Arab states and Iran, they also played a role in undermining regional security. He assessed that perceptions about U.S. disengagement helped correct this hazard. Not surprisingly, the Biden administration is thus welcoming and encouraging the new pattern of dialogue that has emerged in the region in the past two years.

Following the unexpected breakthrough of the Abraham Accords, aimed at normalizing relations between Israel and key Arab states, in 2020, a flurry of diplomatic activities between regional rivals marked 2021. It started with the resolution of the crisis with Qatar at the Gulf Cooperation Council summit in Al Ula, Saudi Arabia in January. In April, Iraq hosted talks between Saudi Arabia and Iran, and in August, Baghdad hosted a summit to promote partnership and cooperation in the Middle East. Abu Dhabi Crown Prince Mohammed bin Zayed al-Nahyan met with Turkish President Recep Tayyip Erdogan in November. And the UAE national security advisor visited Tehran in December. Hussein Ibish, a senior resident scholar at AGSIW, described this period of intense dialogue and soft-power initiatives as an “era of consolidation, retrenchment, and maneuver” during which regional powers have sought to secure their interests through means beyond the battlefield.<sup>3</sup>

These developments were driven by several factors: the shift in the U.S. administration, the coronavirus pandemic, low oil prices, and diminishing returns linked to direct or indirect participation in regional conflicts. Speaking at the forum, Anwar Gargash, the diplomatic advisor to the president of the United Arab Emirates, described this change as “a reset” that was influenced by the crises brought on by the pandemic. “We realized that the challenges for the coming decades are not the same as for the previous decades, which were unusually polarized.” His country has made courageous moves, he said, pointing to the outreach to Iran, Turkey, and even Syria as well as the Al Ula agreement and Abraham Accords. Emphasizing



Anwar Gargash, Diplomatic Advisor to the President of the United Arab Emirates

<sup>3</sup> Hussein Ibish, “Saudi Arabia’s New Dialogue With Iran was Long in the Making,” *Arab Gulf States Institute in Washington*, May 4, 2021.

diplomacy and economic cooperation as essential confidence-building measures, he spoke of a new era of dialogue breaking from a period previously characterized by open and hostile confrontations.

## A Fragile Equilibrium

*Tehran will continue to use the threat of attacking or sabotaging the Gulf Arab states as a way to persuade the United States to remove the economic sanctions on Iran and as a means to prod the key Gulf Arab states to press Washington for that removal.*

*– Ali Alfoneh, AGSIW Senior Fellow*

Several participants shared the cautious view that this era of dialogue and diplomacy might not last, given that the main regional security challenges remain unsolved. For example, Sanam Vakil, deputy director and senior research fellow at Chatham House's Middle East and North Africa Program, noted that tensions remain between Qatar and Bahrain. What mostly preoccupied the participants, however, were the ties between Gulf Arab states and Iran. AGSIW Senior Fellow Ali Alfoneh argued that as long as the dispute between Iran and the United States persists – and there is no immediately foreseeable solution to the controversial Iranian nuclear program – these relations could not be normalized. He argued that Tehran will continue to use the threat of attacking or sabotaging the Gulf Arab states as a way to persuade the United States to remove the economic sanctions on Iran and as a means to prod the key Gulf Arab states to press Washington for that removal.

Moreover, Iran withstood the “maximum pressure” campaign led by the Trump administration, scored military points in Yemen and Syria, and faced no significant consequences for attacks on Saudi oil infrastructure; Iran drew from these experiences the lesson that military activities are more effective than diplomacy. Hasan Alhasan, a research fellow at the International Institute for Strategic Studies, agreed that diplomatic engagements with Iran are unlikely to produce any significant results. The Riyadh-Tehran talks in Baghdad in 2021 were mostly used as a tool to manage Saudi Arabia's difficult bilateral relationship with the Biden administration, he said, even if this opening of a channel with Iran might prove “useful if things were to degenerate into a militarized conflict or dispute.” While acknowledging that talks with Iran would likely not lead to “massive breakthroughs,” McGurk insisted on their importance in de-escalating tensions and avoiding risks of miscalculations.

The current U.S. administration has kept all the economic sanctions against Iran in place, and a return to nuclear commitments is the only path if Tehran wants to restore trade relations and economic activities, he warned. Talks to salvage the Joint Comprehensive Plan of Action nuclear agreement are ongoing in Vienna but haven't yet led to any compromise. Several participants considered what would happen if the talks failed and whether there is a so-called “Plan B.” Yet, McGurk refused to frame the issue in this way, arguing the stakes are “more fluid



Hasan Alhasan, Research Fellow, Middle East Policy, International Institute for Strategic Studies

and dynamic.” The Biden administration follows its own course, he said, based on “lessons learned, consultations with allies, and a real hard look at the facts.” It also abides by one principle: not doing anything behind anyone’s back. He mentioned the U.S. GCC Iran working group<sup>4</sup> as an example of “full transparency.” Mohammed Baharoon, the director of the Dubai-based think tank b’huth, considered the JCPOA more of a confidence-building measure than an effective way to prevent nuclear proliferation. A failure of the discussions would diminish the effectiveness of bilateral relations between Iran and the UAE, he said, but it does not mean that there would not be room for collaboration.

## The Need for a Broader Security Approach

*The United States should address regional security more broadly than just focusing on the nuclear file. – Brian Katulis, Senior Fellow and Vice President for Policy, Middle East Institute*

Overall, the participants agreed that a return to the JCPOA would not solve the security challenges faced by the Gulf Arab states, which have to confront more immediate threats from Tehran. Iran’s ballistic missile program and the transfer of technologies to nonstate actors are major concerns. The use of proxies to gain control over – or put pressure on – other regional states has been part of the Iranian defense doctrine since 1961, when Tehran started a secret war against Iraq, and this is not likely to change, Alfoneh stressed. Kirsten Fontenrose, director of the Scowcroft Middle East Security Initiative at the Atlantic Council, emphasized the asymmetrical relations between Iran and Gulf Arab states. She advocated for a multilateral coalition to counter Iran’s support for militias, because they undermine internationally recognized governments.

The United States should address regional security more broadly than just focusing on the nuclear file, Katulis recommended. Washington could work with its regional partners by engaging in political, diplomatic, and economic activities, using these “smart powers” to create an environment less favorable to the strategies that Iran and its proxies or allies are pursuing in places like Iraq, Yemen, Syria, and Lebanon.

“The Gulf states have economic muscles that Iran doesn’t have and can invest in countries where the Islamic Revolutionary Guard Corps has a footprint,” Alfoneh agreed. Considering internal dynamics in Iran, and the domestic resentment against the government’s inability to care for its population, Baharoon said that the UAE’s hopes are for regime modernization in Iran, “not a regime change.” Other participants, however, argued that the Iranian regime very much benefits from the status quo.

McGurk tied the issue of Iranian-backed militias to power vacuums and failed states, a



Kirsten Fontenrose, Director, Scowcroft Middle East Security Initiative, Atlantic Council

<sup>4</sup> Office of the Spokesperson, “U.S. GCC Iran Working Group Statement,” U.S. Department of State, November 17, 2021.

problem that was also raised by Gargash. The United States, McGurk said, made a mistake when it considered that moderate actors might fill power vacuums; instead they attracted Iranian-backed groups or extremists, such as the Islamic State in Iraq and the Levant. He suggested that the United States enhance states' capacities – helping them gain full control of their sovereign space and allowing them to pursue their own balanced foreign policy, like Iraq is doing. However, the U.S. administration is skeptical when it comes to engaging with the Syrian government on that matter and continues to insist on Syrian regime accountability for its crimes.

The United States is maintaining a presence in the country, in the northeast, he added. “We are not there for oil, we are not there for regime change, we are there because ISIS remains a very serious threat.” The U.S. administration was warned by the International Committee of the Red Cross and the United Nations that Syria is on the verge of famine; it recently recognized the need for early recovery projects and amended U.S. sanction regulations for aid operators.<sup>5</sup>

## Challenges With Aligning Interests

*While the United States officially proclaims its willingness to help its Gulf partners strengthen their defense capabilities, it does not welcome all the developments in this direction.*

The Gulf Arab states are pursuing different strategies to reduce the asymmetry in their relationships with Iran, Alhasan noted. The UAE is “hedging to an extreme,” inviting the Israeli president and Iranian president for visits a few days apart. He indicated that there are rumors that Bahrain could serve as a “beachhead” for an Israeli military presence in the Gulf region, which “would be a game changer for everyone.”<sup>6</sup> Saudi Arabia is trying to reunite the Gulf Arab states with eyes on a more cohesive defense front, as evidenced by the opening of a new GCC Unified Military Command Center in Riyadh at the end of November 2021.<sup>7</sup> Furthermore, reports regarding a joint ballistic missiles program with Ukraine also indicate that Riyadh is interested in ramping up its indigenous deterrence capabilities.<sup>8</sup>

While the United States officially proclaims its willingness to help its Gulf partners strengthen their defense capabilities, it does not welcome all the developments in this direction. This highlights the challenges with fully aligning the interests of the United States and the Gulf Arab states, Alhasan emphasized. The ongoing debate in Congress to redraft the conventional arms transfer policy by integrating human rights commitments – a move that clearly seems to target weapons sales to Saudi Arabia – illustrates this tension. McGurk said that the U.S.

<sup>5</sup> “Washington Tweaks Syria Sanctions as Early Recovery Push Continues,” *The Center for Operational Analysis and Research*, December 6, 2021

<sup>6</sup> Bahrain and Israel signed a security cooperation agreement February 3, the first between Israel and a Gulf state, during a visit by the Israeli defense minister. “Israel Defence Minister Signs Security Agreement With Bahrain,” *Reuters*, February 3, 2022.

<sup>7</sup> Khitam Al Amir, “Saudi Arabia: GCC Unified Military Command's Headquarters Opened in Riyadh,” *Gulf News*, November 23, 2021

<sup>8</sup> Mark Fitzpatrick, “Saudi Arabia's Ballistic-Missile Program: An Overview,” *International Institute for Strategic Studies*, August 27, 2021



administration is looking for a balance. While pursuing intensive diplomacy, where basic U.S. values are conveyed, the United States is committed to Saudi Arabia's territorial defense and recognizes its need for defense systems, such as air-to-air missiles, to defeat the increasing number of drones and missiles sent from Yemen by the Houthis.<sup>9</sup>

Another source of tension lies in the Gulf Arab states developing partnerships with China and Russia. While they are presented as mainly commercial in nature, these partnerships are often perceived as moves to fill in gaps in security capabilities. Recently, a secret Chinese port project in the UAE alarmed U.S. officials, who warned Abu Dhabi that a Chinese military presence could hinder ties.<sup>10</sup> In 2019, satellite images of the Al-Watah missile base in Saudi Arabia revealed a rocket engine test stand that bore similarities to a facility in China, which angered members of Congress.<sup>11</sup> The United States' military cooperation with its regional allies is tied to the protection of its technology, McGurk said, and the administration has shared a clear position on what kind of activities could jeopardize this partnership. He warned about the opacity of Chinese intentions.

Commenting on the tense relations between Beijing and Washington, Gargash shared the UAE's concerns that the competition could turn into a new kind of cold war, which would be "disastrous" for both capitals and the region. He highlighted that the United States remains the main strategic ally of the UAE, while China and India are the most important trading partners – creating further challenges in balancing the UAE's Asian portfolio, as these two trading partners also have tense bilateral relations.

## The Role of Economic Integration in Regional Stability

*With easing political tensions across the region, governments and private companies are seeking to enhance existing economic linkages and develop new trade and investment partnerships. – Robert Mogielnicki, AGSIW Senior Resident Scholar*

Participants at the forum also assessed the possible effects of increased economic cooperation on regional stability. Robert Mogielnicki, a senior resident scholar at AGSIW, started the conversation by pointing to some recent, encouraging developments. With easing political tensions across the region, governments and private companies are seeking to enhance existing economic linkages and develop new trade and investment partnerships, he noted. The Abraham Accords have put Israel on the Gulf commercial map. Qatar is back into the fold of the GCC following the Al Ula reconciliation. The UAE and Turkey are discussing multibillion-dollar investments, while Saudi Arabia and Oman are talking about joint investment deals. The ongoing JCPOA talks in Vienna also raise some hopes; if an agreement is reached, this could reintroduce commercial opportunities in the Iranian market to regional players.

---

<sup>9</sup> Mike Stone and Patricia Zengerle, "Saudi Gets First Major Arms Deal Under Biden With Air-to-Air Missiles," *Reuters*, November 5, 2021,

<sup>10</sup> Gordon Lubold and Warren P. Strobel, "Secret Chinese Port Project in Persian Gulf Rattles U.S. Relations With U.A.E.," *The Wall Street Journal*, November 19, 2021.

<sup>11</sup> Paul Sonne, "Can Saudi Arabia Produce Ballistic Missiles? Satellite Imagery Raises Suspicions," *The Washington Post*, January 23, 2019.



Alia Moubayed, managing director at Jefferies, highlighted the role that Gulf Arab states can play in supporting Middle Eastern countries that are struggling with dire economic conditions. She pointed to existing trade, financial, and labor ties sustained by the already important presence of Lebanese or Syrian expatriates in the Gulf. She recommended that, rather than just pursuing humanitarian agendas in postconflict countries, Gulf Arab states seek to help them reshape their socioeconomic fabric. Moubayed advised for better coordination with other members of the international community. Referring to the last Iraq donor conference, Scott Livermore, chief economist at Oxford Economics Middle East, suggested pursuing more tangible projects. One example he gave was the partnership between the World Food Program and Pepsico Foundation organizing training programs in support of Iraqi farmers affected by conflict, displacement, and climate change.<sup>12</sup>

Amjad Ahmad, director and resident senior fellow of empowerME at the Atlantic Council, stressed the bottom-up nature of economic integration and the key role taken by private companies with ambitions to rise as regional players. Governments can do better to support them, he noted, adding that the lack of regional integration is often an issue tied to politics. Steve Lutes, the vice president of Middle East affairs at the U.S. Chamber of Commerce, emphasized the importance of adequate policies and regulations to attract investors and overcome uncertainties. He advocated for close collaboration with the private sector in policymaking decisions. While the coronavirus pandemic has accelerated the digital transformation of the regional economic landscape, he stressed that gaps in data privacy regulations have major implications for many commercial ventures and companies active in data management, health care, finance, logistics, and advanced manufacturing.

The Gulf Arab states are on the path of recovery after the economic crisis brought on by the coronavirus pandemic and low oil prices, and they are implementing encouraging fiscal, financial, and labor reforms, several participants highlighted. However, challenges lie ahead. At this early stage of a post-hydrocarbon world, Gulf governments seek to diversify their economies, tapping on similar strategies, such as travel, tourism, and foreign direct investment. This creates competition, as has already been the case between the UAE and Saudi Arabia. Another issue is climate change. Ahmad said that, with the exception of the food security issue, Gulf governments seem to struggle to initiate real actions to address climate change and instead keep monetizing their oil and gas assets. The growing green economy makes Gulf countries vulnerable not only because of their direct dependence on hydrocarbons, but also because carbon taxes could potentially impede the tourism strategy, Livermore mentioned. Their large sovereign wealth funds are giving Gulf Arab states the muscles to pursue a better climate agenda and make the energy transition a more important part of their development goals.



Alia Moubayed, Managing Director,  
Jefferies

---

<sup>12</sup> "PepsiCo Partners With the UN World Food Programme in Iraq to Support Farmers Affected by Conflict, Displacement, and Climate Change," *World Food Program*, November 18, 2021.

## Conclusion

After a decade of polarized relations in the region, Gulf Arab states have embarked on a path of increased dialogue and diplomacy, as the recent talks between Saudi Arabia and Iran as well as the UAE and Turkey have shown. Recent Houthi attacks on the UAE are a painful reminder that the new security equilibrium sought by the regional states remains extremely fragile.

The attacks may cast a shadow over regional reconciliation efforts with Iran, even if they are not likely to impede the nuclear negotiations in Vienna. "Assuming that Iran played no direct part in the attacks, the lesson for the UAE may be that good relations with Tehran are no guarantee against being targeted by its network of nonstate allies and proxies," Alhasan suggested. With this kind of asymmetric threat on the rise, the path to a safer and more stable regional environment remains fragile. In this context, the efforts to de-escalate tensions and keep the dialogue open are more important than ever.

# Agenda

December 7, 2021

## Retrenchment and Realignment: Taking Stock of Regional Developments

### **Speakers:**

Ali Alfoneh, Senior Fellow, AGSIW

Hasan Alhasan, Research Fellow, Middle East Policy, International Institute for Strategic Studies

Mohammed Baharoon, Director General, b'huth

Sanam Vakil, Deputy Director and Senior Research Fellow, Middle East and North Africa Program, Chatham House

### **Moderator:**

Hussein Ibish, Senior Resident Scholar, AGSIW

December 8, 2021

## U.S. Security Interests in a Changing Region

### **Speakers:**

Jon Alterman, Zbigniew Brzezinski Chair in Global Security and Geostrategy, Center for Strategic and International Studies

David B. Des Roches, Non-Resident Fellow, AGSIW; Associate Professor, Near East South Asia Center for Strategic Studies, National Defense University

Kirsten Fontenrose, Director, Scowcroft Middle East Security Initiative, Atlantic Council

Brian Katulis, Senior Fellow and Vice President for Policy, Middle East Institute

### **Moderator:**

Ambassador William Roebuck, Executive Vice President, AGSIW

December 9, 2021

## A Conversation With H.E. Anwar Gargash, Diplomatic Advisor to the President of the United Arab Emirates

**Moderator:**

Ambassador Douglas Silliman, President, AGSIW

## Can Closer Economic Ties Lead to Shared Prosperity?

**Speakers:**

Amjad Ahmad, Director and Resident Senior Fellow, empowerME, Rafik Hariri Center, Atlantic Council

Scott Livermore, Chief Economist, Oxford Economics Middle East

Steve Lutes, Vice President, Middle East Affairs, U.S. Chamber of Commerce

Alia Moubayed, Managing Director, Jefferies

**Moderator:**

Robert Mogielnicki, Senior Resident Scholar, AGSIW

## A Conversation With Brett McGurk, National Security Council Coordinator for the Middle East and North Africa

**Moderator:**

Ambassador Douglas Silliman, President, AGSIW

