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BOARD OF
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SPECIAL MEMORANDUM

The New Situation in the Persian Gulf

MORI/CDF
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1 February 1968
No. 3-68

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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

1 February 1968

SPECIAL MEMORANDUM NO. 3-68

SUBJECT: The New Situation in the Persian Gulf*

NOTE

The British have announced that they will withdraw all their military forces from the Persian Gulf by late 1971. They may pull out before this. In any case, this memorandum deals only with the period prior to their departure.

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SUMMARY

A. Even if the British keep their military forces in the Gulf through 1971, their influence as protector and peacekeeper will decline in the interim, perhaps fairly sharply. Hence, stability in the area will become more tenuous.

B. This outlook is already creating apprehensions on the part of conservative governments in the area and will probably result in efforts to contrive some kind of regional security arrangements -- led by Iran and Saudi Arabia. Both of these states will press for US support in their endeavors. We are skeptical of their ability to cooperate effectively -- either with each other or jointly with local rulers along the Gulf.

C. Nevertheless, for the next couple of years the chances are against major or prolonged disorders. This is not so much because of inherent local strengths as because of the limited capabilities of those who would foment unrest. Bahrain is probably the most vulnerable of the Gulf states to anti-regime sentiments and Arab nationalist subversion.

D. A number of contingencies could change this picture. For example, the death of Faisal would be likely to weaken the stabilizing influence of Saudi Arabia, to which some of the lesser sheikhdoms look for support. Or if Nasser no longer needed to rely on Saudi or Kuwaiti subsidies, he would almost certainly become more active in the Gulf. Emergence of a radical regime in Bahrain, Kuwait, or some other Gulf state would increase pressures against the others.

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INTRODUCTION

1. The UK's announcement that all its forces* will leave the Persian Gulf by 1971 has created a new situation, especially in the lower Gulf where there are a number of small, weak, and backward states. The traditional ruling families of this region are already exploring the possibilities either of uniting with their neighbors in some sort of federation, or of gaining the protection of either Saudi Arabia or Iran. Any such arrangements will almost certainly be challenged by revolutionary, nationalist Arab forces, drawing inspiration and assistance from their fellows elsewhere in the Arab world. In this contest the conservative powers will seek support from the US, and their opponents will look to the USSR.

* The UK maintains some 6,000 troops and small air and naval units in the Gulf. It subsidizes and provides the officers for the Trucial Oman Scouts, the police force for the Trucial Sheikhdoms. British officers direct Muscat's mercenary army, and are seconded to the military and security services of all the small southern Gulf states. The future status of the various British advisors and seconded officers is still uncertain. For years, British influence in Kuwait has been slight. In Iran, Iraq, and Saudi Arabia, it has been minimal.

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REVOLUTIONARY FORCES IN THE GULF

2. Revolutionary forces in the Arab world see the UK's announcement as a golden opportunity. They probably view the recent victory of the Arab Nationalists Movement (ANM) in Aden as a prelude to operations in the Persian Gulf. Nasser, the Syrian Baathists, and the Beirut based ANM already have some assets in the Gulf. In addition to organized Baathi and ANM groups, there are many Egyptians, Syrians, and Palestinians, most of whom hold Arab nationalist sentiments, working in Kuwait as technicians, teachers, and bureaucrats. A fair number also work in Saudi Arabia and the smaller Gulf states. Many Yemenis, some of whom might be responsive to direction by the leftist South Yemen and Yemen Republican governments, work in unskilled jobs in the area.

3. Conditions in the Gulf are not as favorable for these revolutionary forces as they were in South Arabia, however. Saudi Arabia, Kuwait, and Iran have established, wealthy governments capable of both buying off and suppressing revolutionary opposition. Internal security in the smaller states is not, as it was in Aden, dependent on British troops but on local police and armed levies, trained and officered by the British. Though

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their capabilities have not been tested by major civil strife, these security forces have generally proved able to maintain order. We cannot be sure how severely their competence or willingness will be affected by the British decision to withdraw their own troops.

4. The UAR and Syria sponsor various political action programs in the Gulf, although problems of distance and access make support of terrorists and insurgents more difficult than it was in South Arabia. Moreover, in the short term at least, Nasser will be inhibited from sponsoring subversion and disruption by the fact that Kuwait and Saudi Arabia supply eighty percent of the \$250 million annual subsidy on which the UAR economy currently depends. Nasser would probably not risk a cutoff of these funds.

5. Iraq is the only revolutionary and nationalistic Arab state that can provide a base for active subversion in the Gulf. In the past, though it has given some sporadic aid and training to dissidents in the area, the Baghdad regime has been primarily concerned with domestic affairs. Were major revolutionary movements to appear in the Gulf as the time of British departure

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neared, however, the Iraqis might begin to give them substantial assistance. The emergence of a new and more activist regime in Baghdad would probably lead to much greater intervention in the area. But even the Iraqis would not find it easy to mount sustained operations into many of the areas the British are leaving.

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Disaffection with the traditional ruling families exists in most states in the Gulf, and sporadic episodes of unrest have occurred in several. Such outbursts are likely to increase as various elements seek to improve their position against the day of the British departure. On balance, however, we believe that these regimes will not be seriously threatened by revolutionary forces for at least the next year or two.

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year, and the success or failure of the security forces in coping with the first ones will do much to speed or slow the pace of such activity on Bahrain, and possibly elsewhere.

10. There are a number of contingencies which could change the picture in the Gulf. The death of Faisal, for example, would probably weaken the Saudi government, and the Eastern Province would become more vulnerable to subversion. A successful nationalist coup and the emergence of an activist, nationalist government in Kuwait or one of the smaller states would also greatly increase tensions in the area and perhaps lead to a series of further uprisings. The end of Nasser's heavy dependence on Saudi and Kuwaiti subsidies would almost certainly increase the UAR's subversive efforts in the Gulf.

THE CONSERVATIVE GULF POWERS

11. The larger conservative Gulf states, particularly Iran, will seek to assume a more dominant role in the Gulf. The Shah wishes to inherit as much of the British mantle of protector of the weak and conservative states as he can. He believes his country's size, importance, and military strength

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(its armed forces are larger than those of all Gulf powers combined) will enable it to do so. This desire is reinforced by his deep-seated fear of revolutionary Arab nationalism. Most of Iran's oil comes from the province of Khuzistan, which has a large Arab population, and which has long been claimed by Arab nationalist groups. The Shah sees Nasser as the principal leader of these hostile forces and believes that control of Persian Gulf oil is Nasser's ultimate objective.

12. Saudi Arabia and Kuwait, though hostile to Nasser and to revolution, are wary of Iran. Their wariness is reinforced by sectarian and linguistic differences, and by Iran's long-standing claim to the island of Bahrain. They resent Teheran's support of and sale of oil to Israel, its support of the rebellious Kurds in Iraq, and its alleged suppression of the Khuzistan Arabs. They also fear Iran's size, power, and ambitions. Negotiations for a demarcation of the three countries' oil rights in the Gulf itself have gone on for several years without agreement. Only the appearance of effective revolutionary forces in the Persian Gulf would lead them to greater cooperation with Iran. Even so, they are unlikely to agree to the formal defense arrangement the Shah desires.

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13. Almost all Arabs, including the Saudis, will particularly resist the idea of Iran playing an important role in Arab affairs. In any case, it is questionable whether either the Saudis or the Iranians could bring to bear the kind of force which would be directly relevant and effective against the threats which are in time likely to materialize in the Gulf. Their most effective contribution may be to deter or counter interference by other outside powers on behalf of the radicals.

14. The Saudis have less ambitious hopes for their future role in the Gulf. They do not wish to dominate their neighbors so much as to ensure that those neighboring states remain under the rule of friendly conservative leaders. But even this modest aim will hold difficulties; Saudi Arabia is already on poor terms with Abu Dhabi and Muscat, the two largest states in the lower Gulf, as a result of a long dispute over ownership of the Buraimi oasis area. This animosity will inhibit area-wide cooperation and coordination of effort between Jidda and all the UK protectorates. But Faisal is likely to extend offers of protection and subsidy to the other small states if they request it, and if suitable arrangements can be worked out.

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15. The smaller Gulf states will seek to retain as much autonomy as they can without gravely risking their security. Muscat and Abu Dhabi may emerge as independent oil rich states, and like Kuwait, buy off their potential enemies. The smaller states will generally look to the rich Gulf powers for subsidies and protection, while resisting interference in their internal affairs. Though the UK is likely to attempt to federate these lesser entities, their rulers will prefer a separate existence under the protection of a stronger power, most likely Saudi Arabia, rather than union with each other.

THE GREAT POWERS AND THE GULF

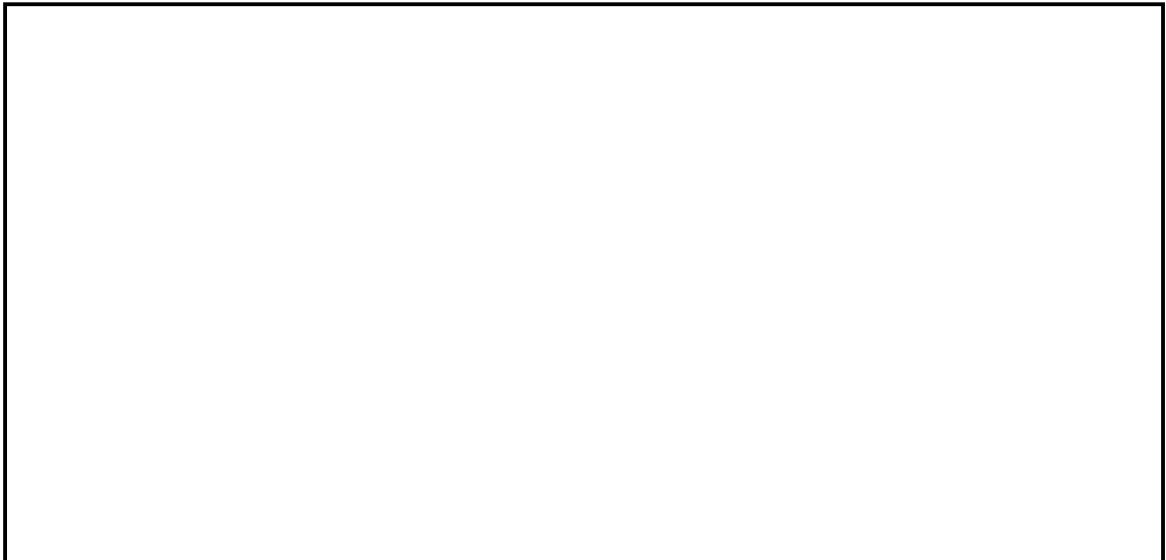
16. Some Persian Gulf states will hope to find a substitute for British support. They will ask the US for political support, military assistance, and probably an expanded naval presence in the Gulf. Their principal argument will be the need to prevent Nasser and other revolutionaries -- whom they consider to be under strong Russian and Communist influence, if not absolute control -- from taking power and controlling the Gulf's oil resources.

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17. Direct Russian assets in the Gulf itself consist of an embassy in Kuwait, a consulate in Basra, and a small number of Communist adherents in several states. The Soviets are, of course, working hard to improve their diplomatic position and their clandestine capabilities. But there are limits on the Soviet's room for maneuver. They have good and profitable relations with Iran which would be jeopardized by too active and conspicuous an involvement in the Gulf. Thus, a less conspicuous role is more likely to appeal to the Soviets. Long range Soviet interest in the Gulf is probably as great as in the rest of the Arab world, and they will be alert to opportunities created by the British withdrawal and dissatisfaction with traditional regimes.



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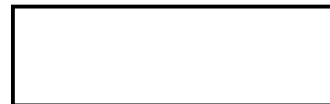
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19. Western petroleum interests will probably be little affected for at least the next several years. If Bahrain or any other state in the area became racked by violence and terrorism, oil operations there might be curtailed or suspended, at least for a time. Were a nationalist, anti-Western group to seize power, it could make oil company operations more difficult and expensive. But even an aggressively radical state would probably recognize the value of Western participation in the marketing of oil. The oil companies will almost certainly continue to operate profitably at least as long as the British remain, and probably for long after they depart.

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Chairman

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