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NIE 30-1-67  
18 May 1967

EO 12958 3.3(b)(1)>25Yrs  
(C)

NATIONAL INTELLIGENCE ESTIMATE  
NUMBER 30-1-67

The Persian Gulf States

Submitted by



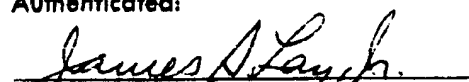
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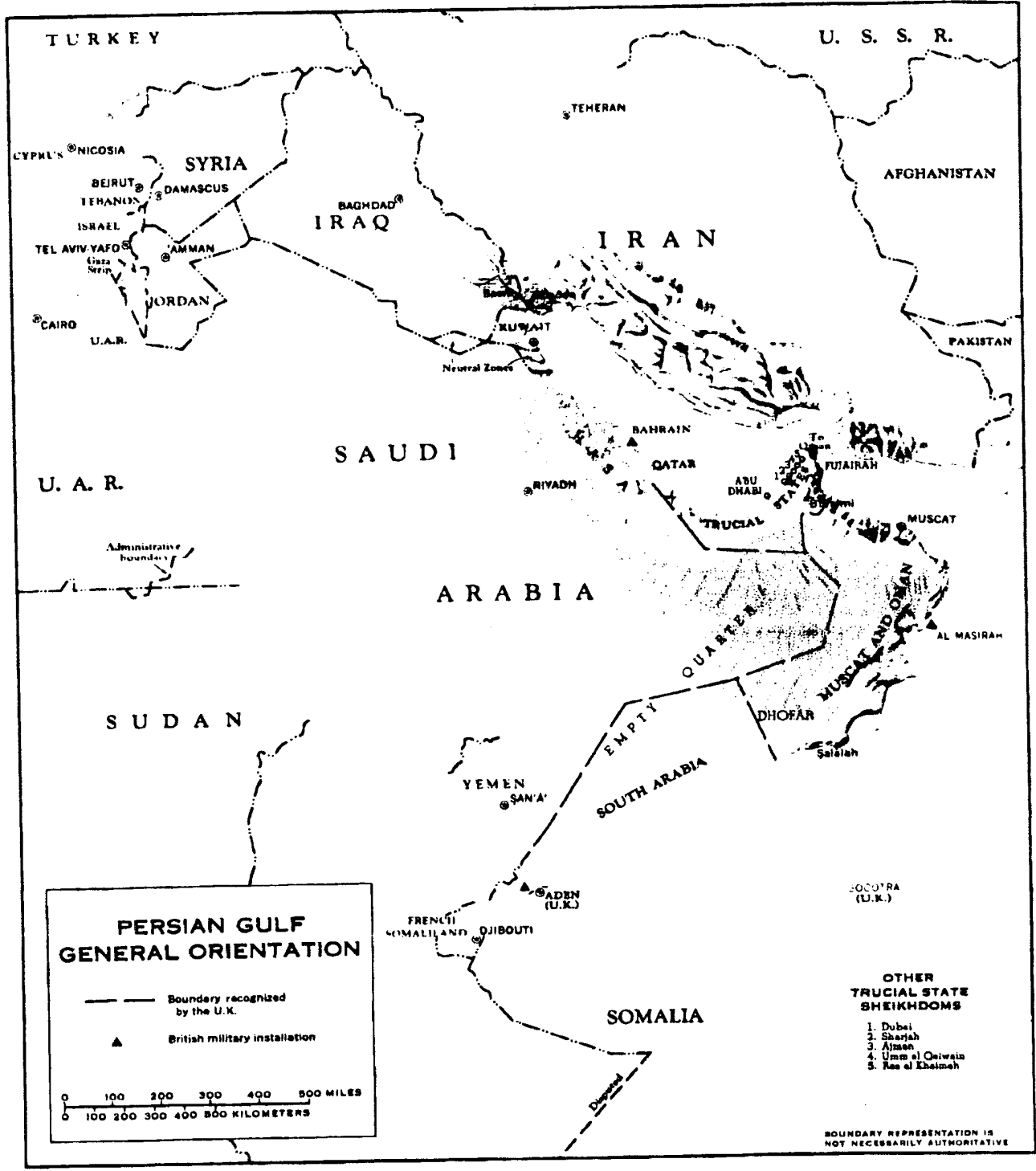
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## THE PERSIAN GULF STATES

### THE PROBLEM

To estimate probable developments and trends over the next several years in the Persian Gulf.

### NOTE

Though our basic concern in this estimate is with the prospects for Kuwait and the British-protected states—Bahrain, Qatar, the Trucial States<sup>1</sup> and Muscat/Oman—we will also consider the ambitions and capabilities of the larger states bordering the Gulf—Iraq, Iran, and Saudi Arabia—to control or influence developments, as well as the role of countries outside the area, particularly the UAR and the USSR. In addition, we will examine the likelihood of a British withdrawal and its consequences for the Gulf.

### CONCLUSIONS

A. Massive oil revenues and the accompanying influx of people and ideas are bringing change and ferment to the Gulf. At the same time, the UK, as part of its retrenchment from east-of-Suez commitments, is reassessing its role there. It seems likely that it will be at least three to five years before the UK abandons its special military and political position in the Gulf. But increased trouble in the Gulf or economic problems at home might hasten British departure.

B. The UAR is the most influential of the regional forces working against the British position and other Western interests. Nasser enjoys some support in the area among reformist and dissident elements, and Cairo Radio has a wide audience. Nasser will continue to aid local forces of discontent, though this will not be as easy as

<sup>1</sup>The seven Trucial States are Abu Dhabi, Dubai, Sharjah, Ajman, Umm al Qaiwain, Ras al Khaimah, and Fujairah.

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in South Arabia. Nasser will receive little support from other radical Arab states. The USSR, while supporting Nasser and generally encouraging movements directed against Western interests, will be wary of direct or open involvement in Gulf maneuvering.

C. Nasser will be strongly opposed by both King Faisal and the Shah, and less openly by the Kuwaitis. They all fear that UAR influence in the Gulf would be a threat not only to their interests but also to the stability of their own governments.

D. So long as the British remain, we would expect general political stability in the Gulf. Kuwait is likely to preserve its security and independence by a policy of neutrality in Arab affairs and of financial handouts to potentially predatory Arab states. Qatar and some of the Trucial States that enjoy large oil revenues may successfully follow Kuwait's example after the British leave; the others will probably look to Saudi Arabia for protection.

E. In Bahrain, the situation is more volatile, and instability and occasional violence are likely. Terrorism is likely to mark at least the final stages of a British withdrawal, and some form of radical regime will probably emerge in Bahrain after the British depart.

F. The oil-producing states in the Gulf will continue to press the Western oil companies for a greater share of the profits, and recurrent crises in country-company relations are probable. Although these efforts will reduce the share of profits to the companies, they will not materially affect the flow of oil to the West.

G. A British withdrawal from the Persian Gulf would provide the USSR with some opportunities to expand its influence there. However, the USSR's course would be complicated, requiring a careful balancing of regional forces. On the whole, we do not think it likely that the Soviets will make dramatic advances.

H. The US will be urged to take over some of the British responsibilities in the Gulf. If it did so, it would become the principal target of Arab revolutionary propaganda and subversion and would become involved in a variety of dynastic rivalries and troublesome political disputes.



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## DISCUSSION

### I. INTRODUCTION

1. The Persian Gulf region has entered on an era of fundamental change and is increasingly becoming an arena of clashing interests. The Gulf has over 60 percent of proved world oil reserves, and the oil there is exploited primarily by UK and US companies (see ANNEX). The region thus provides an important focus for US and UK interests in the Near East. But the oil wealth is bringing about fundamental social changes, and the region is becoming the target of revolutionary ideas and influences from the outside that are hostile to the political, social, and economic status quo. This not only represents a threat to the existence of local dynastic regimes, but also raises questions regarding the future of US and UK interests there.

2. The British remain a key factor in the Persian Gulf, though their interests and capabilities are changing. Their main interest is access to oil on favorable terms and the preservation of the profitable financial relationships of the Gulf states with the sterling area. British firms produce about one-third of the oil lifted from the Gulf area, and earn over \$500 million annually. Sixty percent of UK imports of oil come from the Gulf, half of this from Kuwait and the smaller states. Britain also sells about \$400 million worth of British goods and services in the area yearly. Although the overwhelming bulk of this commerce is with the independent countries of Saudi Arabia, Kuwait, Iran, and Iraq, it is growing rapidly in the smaller British-protected states. In addition, the Persian Gulf states have large investments and deposits in the UK—Kuwait's total over \$1 billion—which are important props for the stability of sterling.

3. To safeguard these interests, the British continue to provide political guidance and military protection to the smaller Gulf states. Though withdrawal from Aden in 1968 will limit the UK's ability to provide timely reinforcements, the UK plans to have 6,000 men based in the Gulf by early 1968. These troops are to be divided about equally between Sharjah on the Trucial Coast and Bahrain, with an air squadron at each base. The British will continue to have a smaller base at Masirah Island off the south coast of Muscat and to provide support for various local levies, such as the Trucial Oman Scouts.

### II. EXTERNAL FORCES

4. Changing attitudes of the British themselves are introducing a new factor—the feeling among all powers involved in the area that the days of Britain's special military and political position in the Gulf are numbered. This being the case, the political future of the small, weak, sometimes wealthy, states of the Gulf has become a matter of interest to the nations which have or seek power and influence in the area.

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5. The UAR is the regional force working most actively against the British position and other Western interests in the Gulf. Nasser regards Faisal as his principal Arab antagonist. Nasser is also attempting to extend UAR influence in the smaller Gulf states and to acquire a strong voice in the disposition of the area's oil wealth. He has some assets working for him. A sizable class of nationalist-minded Arabs has been created by the economic and social changes in the area. This element is strongest in Kuwait and Bahrain, and has only scattered members elsewhere. Egyptian influence in the education of local youth, chiefly in Kuwait, has over the years generated receptivity to the doctrines of Arab radicalism, and Radio Cairo is much listened to throughout the region. Over the long term, this propaganda affects attitudes of townsmen in favor of political and social change, but so far it has had relatively little impact on the traditional populations of Qatar, the Trucial States, and Muscat/Oman. The situation in the Gulf will be rendered more troublesome if a radical, pro-Nasser regime takes power in Aden on the heels of the British departure. This would tend to undermine confidence in British protection, enhance Nasser's prestige, and encourage local Arab radicals.

6. Cairo sponsors various political action programs in the Gulf, although problems of distance and access make support of terrorists and insurgents more difficult than it has proved to be in South Arabia. The UAR is willing to support virtually any radical or anticolonial movement in the area with money and propaganda. In addition, it provides training in subversive techniques to Bahrainis, arms to rebels in Muscat/Oman, and direction to the Beirut-based Arab Nationalists' Movement (ANM)—which has chapters in Kuwait and Bahrain. The UAR has also sent its own agents to the Gulf and is working to gain control over the small labor movements in the area. It would clearly be to Egyptian interest to gain a preponderant influence with the labor force of the oil industry, but Egyptian efforts to penetrate it have been hindered by countermeasures taken by local governments.

7. Other Arab radical forces are also at work in the Gulf. There are some supporters of Baathist Syria in the more advanced Gulf states, but they generally oppose Nasserist leadership. An anti-Nasser faction of the ANM has recently emerged in Kuwait. Iraq, while remaining nominally in the radical Arab camp, is pursuing a relatively moderate policy. It is not making any active efforts to push its claim against Kuwait and seems more concerned with domestic problems than with an active role in Gulf affairs. Iraq will, however, oppose any attempt by the UAR to extend its influence over Kuwait. Iraq has sent some clandestine aid to the Omani rebels and provided some training for dissidents from Dhofar and Bahrain, but these efforts have been neither consistent nor particularly successful. We doubt that the present Iraqi regime is likely to increase its low key involvement in the Gulf.

8. Soviet policy in the Persian Gulf, as in the Middle East generally, aims at the elimination of special Western positions and the exclusion of Western influence from the area. The USSR's representation in the Gulf is limited to Basra

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and Kuwait, though Moscow from time to time hints to Saudi Arabia that it would like to establish relations. At present, the Soviets probably hope to work toward their objectives mainly by encouraging and supporting the anti-imperialist policies of the revolutionary Arab states and by developing state-to-state relations with the conservative and moderate governments in the area, seeking to wean them away from the West. They have made heavy investments in the UAR and have begun to sell military equipment to and establish economic relations with Iran. This simultaneous courting of radicals and conservatives involves potential inconsistencies for Moscow, and we think that Moscow will be wary of complicating matters further by taking any very open or direct position in maneuverings in the smaller Gulf states. There are some Communists in Kuwait, but their organization does not appear to be large; the Bahraini National Liberation Front is Communist-influenced; Communist strength in the remaining Gulf states appears to be relatively insignificant.

9. In the long run, the USSR wishes to end the West's present commanding position in Persian Gulf oil. To date, Moscow's activities in Middle East oil have been principally with neighboring Iran, which has agreed to pipe substantial amounts of natural gas to the Soviet Union. The proposed Soviet-Iranian development of Caspian Sea oil fields, which are reputedly extensive, would give Moscow access to oil supplies fairly close to existing distribution networks in the USSR. The USSR may seek to extend its activities to other oil-producing areas of Iran. Oil in the Gulf proper would be difficult for the USSR to handle in quantity, though it could absorb the output of one of the lesser producing states should it see political advantages deriving therefrom.

10. Saudi Arabia feels itself threatened by radical Arab forces, particularly Nasser. Faisal sees the US as his country's ultimate bulwark, but he considers the US to be insufficiently concerned about the danger of radical movements in the area and finds the British assessment of the Nasserist threat to be closer to his own. Hence, a considerable community of interest has developed between him and the UK, and he welcomes Britain's plan to increase its military strength in the Gulf. He regards the British presence as a stabilizing force that helps to prevent the spread of radical nationalism there.

11. Faisal believes, however, that the British will depart before many years. Hence he is attempting to improve his relations with the Gulf states, in order to enhance his own influence and to reduce the chances that Egyptian and radical influence there could become a source of infection against Saudi Arabia itself after the British leave. For their part, the British have assumed a neutral posture in the Buraimi boundary dispute, where they formerly took the part of the Saudis' rival claimants, Abu Dhabi and Muscat/Oman. Elsewhere in the Gulf, Faisal has been forthcoming in the settlement of controversies with Kuwait and Bahrain, and generous in providing aid to some of the Trucial States.

12. Iran, too, greatly fears the threat of Arab nationalism in the Gulf and is apprehensive that it cannot rely on the US to protect its interests there. The Shah has sought to increase his freedom of action by improving Iran's relations

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with the USSR. He has long harbored an exaggerated opinion of Nasser's and the Baath's capabilities to cause trouble in the Gulf, particularly among the Arabs of Iran's oil-rich Khuzistan Province. As a result, he is buying arms from non-US sources, is increasing his military strength in the Gulf, and is planning to develop the economy of Iran's Gulf provinces. The Shah's assessment of the threat of Nasserism has also drawn him closer to Faisal. The two rulers have cooperated in opposing Nasser in Yemen, and are likely to make common cause in matters related to the Gulf, at least as long as they believe they face a common threat. They have agreed to demarcate offshore mineral rights in the Gulf, and the Shah has ceased to press his longstanding claim to Bahrain. The Shah has also been cultivating the rulers of the smaller Gulf states.

### III. INDIVIDUAL STATES

13. Since achieving independence, Kuwait has made its own decisions on matters of importance, though often asking British advice. In the remaining states, the established ruling families welcome the British presence and rely on it for defense against enemies, internal and external. Operating through a small number of British civilian and military personnel in key positions, the British exercise a dominant role in defense and foreign affairs. They help to shape domestic policies, and they have frequently had a decisive voice in the selection of local rulers. The system has worked extremely well in maintaining stability, but it is ill-adapted to change because it is tied to the institution of traditional and autocratic government by the several rulers, most of whom are men of limited horizons. The ideas of nationalism and socialism, which are already widespread in Kuwait and Bahrain, are just beginning to appear in the lower Gulf, and we believe that old fashioned tribal and dynastic politics will prevail there for some time to come.

#### A. Kuwait

14. Kuwait is the world's fifth largest producer of oil and a good example of what massive oil revenues can do. Administered by the relatively enlightened Sabah dynasty, this oil income, which reached \$670 million in 1966, funds a cradle-to-grave welfare program for Kuwait's population of about 450,000. Half of these are native Kuwaitis; most of the rest are foreign Arabs, mainly Lebanese and Palestinians, who provide the technical and administrative services that the state and its oil industry require. There are also a considerable number of Iranian laborers. Few aliens are granted citizenship, and foreigners are subject to stern action—usually deportation—if they engage in political activity deemed harmful to the regime's interests. Native Kuwaitis are eligible to participate in an elected national assembly, but they chafe at political restrictions and the privileged status of the ruling family, which retains ultimate authority and occupies most of the senior cabinet positions.

15. The present ruler, Sabah Salim, who tends to permit less political freedom than his predecessor, arbitrarily deported a large number of foreign Arabs in

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mid-1966. He also caused a storm of protest from opposition elements by tampering with the January 1967 elections. Continuation of heavy-handed Sabah family dominance of politics and government will probably stir up antagonism among both local and expatriate political elements. However, the Ruler has an efficient gendarmerie of 1,500 and a British-equipped military force of about 6,000. They would have only a limited capability against external attack but are sufficient to maintain internal order. On balance, we do not expect any serious threat to spring from internal political elements, although there will almost certainly be manifestations of discontent from time to time.

16. Kuwait's principal problem, however, is to maintain its freedom of action—and ultimately its independence—in the face of the designs of other Arabs on its wealth. To ensure that its Arab brothers have a stake in the status quo there, Kuwait has funded a massive program of loans and grants, totaling about \$500 million since 1961, through the Kuwaiti treasury and its Fund for Arab Economic Development. Iraq and Egypt have been the principal beneficiaries. Kuwait fears the spread of revolutionary Arab nationalism in the Gulf, and its sympathies are generally with the conservative states. Yet it does not want to draw the ire of the revolutionaries by openly associating itself with Saudi Arabia and Iran against them, and it has permitted a number of Arab radical political organizations to function quietly in Kuwait. It has tried to mediate between Saudi Arabia and the UAR over Yemen. It has also made efforts to cultivate the rulers of the smaller Gulf states, in order to build some resistance against the incursion of radical tendencies.

#### B. Bahrain

17. Bahrain, with its deep water port, international airport, and military stockpiles, is the chief British military base in the Persian Gulf. Bahrain has benefited economically from three decades of modest but steady income from oil production and refining, and from its entrepot trade with other Gulf states. Its oil revenue is only about \$20 million yearly, but income from a new field shared with Saudi Arabia will double this in the next year or two. The conservative and largely incompetent Khalifah ruling family, alarmed by civil disorders in 1956, still refuses to permit any political activity. It has also been reluctant to introduce social reforms or even to accept mild British-sponsored administrative changes.

18. Bahrain is unique among Gulf states in having a substantial number of educated unemployed who chafe at political and social repression. Its 200,000 people, half of them town-dwellers, are the most politically troubled in the area. This discontent is manifested periodically in major riots and demonstrations. Although the Arab Nationalists' Movement and the National Liberation Front function separately and draw their supporters from different sections of the population, organized elements from both successfully paralyzed the island's commercial activity for almost a month in 1965. Though the British will continue to support the ruling family, they are unlikely to be able to force more than

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token advances in modernizing the state machinery or in political liberalization. Thus, further instability and occasional violence can be expected.

19. If and when violence does occur, the UK military base and the island's oil operations can probably be protected, and the fact that Bahrain is a relatively small island will make the acquisition of weapons by dissidents more difficult and the control of rioting less so than in the case, for example, of Aden. But the suppression of major or prolonged violence would not be easy and might be a fairly bloody affair. If so, political pressures in Britain and criticism from abroad would be likely to erode the British willingness to remain.

### C. Qatar and the Trucial States

20. Qatar's small population of 75,000, two-thirds of whom have immigrated since oil exports began in 1950, lives rather comfortably on an oil income of over \$75 million annually. Qatar's large ruling family is well entrenched in power, and the immigrant population operates an orderly civil administration and effective security apparatus. Although the large proportion of non-Qatari oil workers could become a source of unrest, and the unemployed princelings might indulge in palace intrigues, the political climate will probably remain relatively stable for several years.

21. Of the seven Trucial States, Abu Dhabi and Dubai are preeminent; between them they contain two-thirds of the total population of about 100,000 and control much of the area. Abu Dhabi currently earns over \$80 million annually from oil, and Dubai, already a prosperous commercial center, has promising oil prospects. The other five states, with a total population of some 35,000, are extremely small and backward and have little prospect for economic development. There are some stirrings of political activity along the Trucial Coast, mostly in towns where a little education is available and where expatriate Arabs are employed in some numbers. For some time to come, however, politics will probably be largely confined to dynastic infighting and to disputes over boundaries and oil rights.

22. The British have attempted to foster a sense of common purpose by promoting economic betterment through the Trucial States Development Fund. They have discussed various ways to federate the Trucial sheikhdoms, but are reluctant to force the issue, and we see little prospect that federation of any sort will become a working reality. Saudi Arabia also is interested in this region; it is on especially good terms with Dubai and has offered economic assistance to it and to the lesser sheikhdoms. Kuwait is also interested in the Trucial sheikhdoms and would like to see the status quo preserved; to this end, it might be willing to supply economic aid to the poorer ones. In the event of British withdrawal, only Abu Dhabi and Dubai have any prospects for remaining completely independent because of prospective large oil wealth. Qatar would probably seek some sort of alliance with Saudi Arabia, with which it has particularly close religious ties. The smaller Trucial States probably

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would also look to Saudi Arabia for protection against outside enemies, though they would resist interference in their internal affairs.

#### D. Muscat and Oman<sup>2</sup>

23. This mountainous, backward, and internally divided state, with a population of over half a million, is the latest to enter the ranks of important Persian Gulf oil producers. By the end of 1967, Shell will begin exporting about 200,000 barrels per day and paying the Sultan some \$50 million annually. Oil development will confront the Sultan, who is intensely suspicious of the modern world, with some of the influences he has so far excluded from the country. He is unlikely to alter his system of personal rule or spend much of his oil wealth on economic development or social welfare. The impact of oil exploitation and of modern ideas is likely to be very small for some years. However, traditional tribal, sectarian, and regional dissidence probably will continue. Outside Arab forces, both revolutionary and Saudi, that are opposed to the Sultan will continue their attempts to exploit this dissidence.

24. The Sultan's first efforts will almost certainly be directed to financing and improving his security forces in order to cope with opposition to his rule. A rebellion in the general area of the oil field in Oman has sputtered along for more than a decade, but it is presently dormant. In Dhofar Province, a more active insurgency has been in train for about three years; its partisans tie up a considerable portion of the Sultan's forces and have once tried to kill the Sultan. Both movements have received sporadic support from the UAR, Saudi Arabia, and Iraq. However, neither movement presently has ambitions to control the entire country, and their activities can probably be contained by the Sultan's British-officered security forces. If, after the British leave South Arabia, the UAR secures a strong position there, it would probably be able to increase substantially its now limited aid to the Dhofari dissidents. In the unlikely event that either movement succeeded in throwing off the Sultan's rule, the rest of the state would probably remain in the hands of the present ruler or a successor.

#### IV. PROSPECTS

25. Over the next several years, the forces in London favoring British withdrawal from the Persian Gulf will almost certainly grow. Since the end of World War II, the principal rationale for the British political-military presence has been that it was needed to insure British interests, particularly access to oil on favorable terms. This argument is beginning to give place to the view that oil producing countries—be they radical or conservative—recognize that for a long time to come they will need the markets and distribution facilities of the Western oil companies. According to this line of reasoning, these economic considerations make it unnecessary for Britain to retain its special position in the

<sup>2</sup> Our knowledge about Muscat/Oman, derived almost exclusively from the British, is sparse, and we regard the judgments in this section as tentative.

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Gulf. In consequence, a decision concerning withdrawal will depend to a considerable degree on much broader considerations of British policy: e.g., Britain's financial condition, Anglo-American relations, London's view of its east-of-Suez role.

26. These considerations would obviously also affect the timing of a withdrawal. If the British were persuaded that their presence in Singapore and Malaysia was a necessary bulwark for essential Western interests in Southeast Asia, this would increase the likelihood of their staying in the Gulf. On the other hand, a severe and prolonged balance of payments crisis, or extensive and sanguinary disturbances in Bahrain, could speed the day of their withdrawal. It is impossible at this point to arrive at an accurate balance of these imponderables. Our best judgment is that the British will remain in the Gulf for at least another 3 to 5 years, but if the UK's difficulties greatly increase, its departure might take place sooner.

27. The UK's abandonment of its special political and military position would have a substantial effect on the political situation in the Gulf. Britain's announcement of intent to withdraw would stimulate action among contenders for influence in the region. In particular, Saudi Arabia, Iran, and the UAR would be likely to expand their efforts to improve their position with rulers and peoples of the Gulf. For their part, the British would aim in most cases to hand over their powers directly to the rulers, though they would be likely to encourage the tiny Trucial States to ally themselves in some fashion with Saudi Arabia or a Trucial neighbor.

28. Kuwait's present course of manipulating pressures from its Arab neighbors would become more difficult after the British left. The demands of its neighbors would become greater and more urgent. In time, Iraq probably would renew its claim to Kuwait, but any such move would be resisted by the UAR and Syria, which would try to make their own respective influences paramount there. Saudi Arabia and Iran would vigorously oppose Kuwait's falling into any revolutionary sphere of influence. If Kuwait still felt its independence threatened, it would probably also seek big power support; we believe that it would turn first to the US.

29. In Bahrain, where there are forces willing to contest with the ruling family for control of the island, the withdrawal of British troops would almost certainly bring on a crisis. Political agitation and terrorism, supported from abroad and directed at both the ruling family and the British, would be likely to mark at least the final stages of the British withdrawal. Sectarian rivalries might break out again in violence. The ruling family would probably seek to strengthen its security forces by hiring other Peninsula Arabs, Baluchis, and perhaps a few European advisors. It might also seek assistance from Saudi Arabia and Iran, but these states would have trouble establishing a position on the island in the face of a population hostile to conservative rule. Hence, the ruling family would be unlikely to prevail for long after the British depart, and some form of radical regime would probably emerge on the island. In this event,

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Bahrain could become a base for agitation in the lower Gulf states and in Saudi Arabia's eastern province.

30. In Qatar and the Trucial States, the British departure would have far less impact even if a radical regime emerged in Bahrain. The introduction of expatriate Arabs into the oil industry and into government departments will result in the spread of new political ideas, but the ruling families of the lower Gulf are quite strongly entrenched, and most of them would have sufficient income to provide jobs, housing, and the like for their scanty populations. The larger and wealthier states, such as Abu Dhabi, might for a time buy immunity from subversion by radical Arab states by imitating Kuwaiti policies of political loans and neutrality in inter-Arab disputes.

31. Over the long term, however, the political structure of the lower Gulf will almost certainly change considerably. Such change would more likely be the result of events elsewhere in the Arab world rather than in the Gulf states themselves. For example, the disappearance of the conservative monarchy in Saudi Arabia or the emergence of an aggressive radical regime in Iraq would greatly threaten the stability in the Gulf states. And, in any case, some of the smaller states are likely to be absorbed by their neighbors.

32. The large economic stake which the US and the West have in the region will continue to make it a focus of big power interest. The Gulf's share of the Western European market will probably decline modestly due to increasing competition of oil from other areas and of alternative energy sources. Nevertheless, Western Europe will remain the Gulf's best customer. Although the US, unlike Western Europe, does not rely upon Persian Gulf oil for its domestic needs, US firms produce about 55 percent of the oil lifted from the Gulf and earn over \$800 million there annually. The producing countries have been demanding and receiving a greater share of production profits, and recurrent crises in country-company relations are probable. Nevertheless, the Gulf states are aware that they cannot market their oil without using the Western oil companies, particularly the international majors, and these companies will probably be able to continue to operate profitably in the Gulf.

33. After a British withdrawal, the process of sorting out the future of the Gulf states would offer the USSR some opportunity to expand its influence there. The wealthier and larger states, such as Abu Dhabi and Muscat/Oman, and those states in close association with Saudi Arabia would probably see little advantage in significant ties with the USSR. However, if a Gulf state became radical or if its ruler wished to avoid dependence on or absorption by a regional power, it might see advantages in developing close relations with the USSR. The Soviets would probably encourage such a state to reduce its Western connections and might offer it military and/or economic aid. But the USSR's course would be complicated, requiring a careful balancing of regional forces. On the whole, we do not think it likely that the Soviets will make dramatic advances.

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34. In the years ahead, the UK will probably try to persuade the US to share actively its responsibilities in the Gulf, and Saudi Arabia and Iran will urge the US to assume a greater role there. Several Gulf states have already approached the US: Kuwait for arms and Bahrain and Muscat/Oman for aid in other fields. But the British position is the product of unique historical circumstances and is not likely to be filled by a successor. Even if one tried to play such a role, it would be less acceptable to locals than the UK has been, and would be a target of attack by Arab radicals; it would probably also be drawn into the conflict between the ruling families and their peoples over the pace of political and social reforms.

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## ANNEX

### CRUDE OIL PRODUCTION (in thousands of barrels per day)

	1955	1960	1965
Saudi Arabia .....	965	1,247	2,025
Iraq .....	675	967	1,313
Iran .....	448	1,054	1,886
Kuwait .....	1,091	1,624	2,170
Saudi-Kuwait Neutral Zone .....	25	136	362
Bahrain .....	30	45	60
Qatar .....	114	174	230
Abu Dhabi .....	...	...	282

### OIL REVENUES TO HOST COUNTRIES (in million \$US)

	1955	1960	1965
Saudi Arabia .....	288	334	663*
Iraq .....	207	266	368
Iran .....	91	286	514
Kuwait .....	293	442	636
Bahrain .....	9	13	20
Qatar .....	34	54	77
Abu Dhabi .....	...	...	84*

\* Includes \$46 million paid in 1965 on account of prior years' royalties.

\* Estimate based on production figures.

### OWNERSHIP OF MAJOR FOREIGN OIL CONCESSIONS (in percent)

	US	UK*	France	Other
Saudi Arabia .....	100	...	...	...
Iraq .....	23.75	47.5	23.75	5
Iran .....	40	54	6	...
Kuwait .....	50	50	...	...
Neutral Zone:				
Onshore .....	100	...	...	...
Offshore .....	...	...	...	100
Bahrain .....	100	...	...	...
Qatar:				
Onshore .....	23.75	47.5	23.75	5
Offshore .....	...	100	...	...
Abu Dhabi:				
Onshore .....	23.75	47.5	23.75	5
Offshore .....	...	66.7	33.3	...
Dubai (Offshore only) .....	50	33.3	16.7	...
Muscat/Oman .....	...	85	...	15

\* Includes holdings of Royal Dutch/Shell, of which the UK owns 39 percent; US—21 percent; Netherlands—18 percent; France—12 percent; and others—10 percent.

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