2005 was a year of significant change amidst constancy in America’s relations with the eight Gulf countries. In the broadest terms, the major areas in which Gulf-US interests and policies were affected the most included Iraq, Iran, Saudi Arabia, oil, and terrorism. This essay addresses the more prominent pluses and minuses registered in these five categories. Overall, Washington and most Gulf governments made major efforts to improve their strategies and tactics for addressing violent extremism, found ways to place their relations on a firmer foundation for the future, and where this seemed impossible in the near term, sought the means to sustain what all agreed was an unstable status quo.

Although certain issues dating from the previous year and before remained unresolved, efforts to address certain other challenges met with varying degrees of success. One example of this was the December elections in Iraq, which resulted in the installation of Iraq’s fourth, and by design, most “permanent” government since the American-led invasion and occupation of the country in March 2003. Four other successes were Saudi Arabia’s holding of its first nationwide municipal elections, the peaceful transition of power to King Abdullah following the death of King Fahd, the Kingdom’s admission into the World Trade Organization, and the establishment in Riyadh of the first international center devoted to continuous real-time dialogue between representatives of the world’s major oil-producing and oil-consuming nations. Two more breakthroughs were Bahrain’s and Oman’s success in entering into free trade agreements with the United States. Finally, in addition to women obtaining the right to vote and run for public office in Kuwait, procedures were agreed there for an orderly and peaceful transition to a new ruler, following the death of the long-ailing Amir and the abdication of the country’s crown prince for health reasons.

Several intractable issues continued to threaten the near-term prospects for Gulf stability and security while remaining at the center of regional and international public attention. The most prominent case in point was the ongoing insurgency in Iraq as well as the political and economic instability there. The country veered ever closer to full-fledged geographic, ethnic, and religious civil war, and the trouble there showed no sign of abating anytime soon. In addition, tensions related to Iran increased dramatically following the mid-year election of a new head of state who seemed intent on pursuing a more hard-line foreign policy than any of his predecessors had since the death of Ayatollah Khomeini. The new president’s controversial comments about the Holocaust and Israel were
to provoke an international outcry. By year’s end, the standing of the Islamic Republic’s government in world affairs was worsened as a result of Tehran’s unwillingness, as a matter of principle, to accommodate foreign concerns about the uses to which it might potentially put its programs of nuclear research and development. All was not well with the Saudi-American relationship despite numerous examples of heightened cooperation between the two countries’ executive branches in matters related to terrorism, commercial issues, defense cooperation, and the security of oil supplies. Large sectors of the American public continued to view the Kingdom not exactly as a foe, but also not exactly as a firm and favored friend, an unalloyed ally, or a preferred partner. This was despite the continuing extraordinary range of strategic advantages and economic gains that both Saudi Arabia and the US derived from their ties with one another.

On balance, there remained no doubt that Gulf-US relations in general remained as important to the Gulf countries as they did to the United States. The ongoing and multifaceted challenges notwithstanding, this was partly out of a mutual preference associated with a natural tendency to perpetuate certain aspects of the relationship from comfortable years in the past. But it was also partly the result of the two sides’ awareness that there were no viable short-term alternatives. For this reason, if no other, they remained committed to trying to find more successful and cost-effective ways to strengthen and expand the positive features of their relations while reducing the large number of unhealthy – and in some cases dangerous – points of contention and divergence.

GCC-US Relations

Stripped of cosmetics, and apart from heightened pan-GCC concerns about ultimate American intentions in Iraq and Iran, the GCC countries’ difficulty in being able to tout close ties with the United States was an ongoing problem in 2005. The perpetuation of this situation hardly redounded to either side’s credit. In particular, GCC leaders found it increasingly difficult to explain to their citizens why they remained as close to Washington as before the embargo of Iran, the invasion of Iraq, and America’s unwillingness to constrain Israel’s further seizures of Palestinian land and resources.

The examples cited were just three of many illustrating how the Bush Administration had come to press its GCC and other allies harder than ever before to accommodate American foreign policy objectives after the September 11, 2001 terrorist attacks. In the final analysis, it was not as though the GCC countries had any other credible choice in terms of retaining the support of the world’s sole superpower as their primary protector against Iran. One GCC foreign minister, acknowledging that “we are being squeezed by Washington like never before,” summed up the dilemma that he and his fellow GCC countries confronted in their relations with the United States.

We have shared our views with American officials and policy-makers as to why we think what they have been doing towards Iran, Iraq, and Palestine is misguided and won’t work. They listened to us but in the end they disagreed. Our problem is that we
want a lot of things from the United States. For this reason, we have to be very careful in expressing our views about what America is doing and not doing with regard to these issues. We cannot afford to let our disappointment harm our other interests.¹

But beyond concerns over US policies towards Iran, American actions in Iraq and the continued “war on terror,” there remained additional uncertainties. One of the most important ones was how the continuing disillusionment of many GCC leaders with US backing for Israeli policies and actions - at the expense of the Palestinians and Syrians - would play out. This pan-GCC disappointment was hardly confined to a single incident or a specific enunciation of American policy. Critics of US policies within the GCC argued that American policymakers provided no sign of any inclination to cease their ongoing nearly blind support for Israeli interests against Arab interests. The concerns they expressed were even greater because of how often they contended that America’s own interests were ill-served. From a strategic perspective as well as practical one, the same critics further argued that a more appropriate use to which America’s unsurpassed power could be put would be ensuring that the Gulf became - and remained - the least conflict-ridden zone on earth, especially given its significance to global wellbeing.

In 2005, however, there was no guarantee as to when - and perhaps even whether - such new ways of thinking about the period ahead would be given serious consideration, or even raised for public discussion. In the interim, few GCC analysts saw reason to expect this pattern of US policies and actions towards an issue of great importance to the Gulf would cease. This continued to constitute the single greatest American-imposed obstacle to improved US-GCC relations.

The extent of American timidity seemed to acknowledge few limits, and prevented the country from doing even the bare minimum necessary to prevent further damage to its standing in the world. This lies at the root of continued pan-GCC dismay. Further evidence of this can be seen in the unilateral US declaration in 2005 about not lending support to any effort to implement UN Resolution 194, effectively meaning that the country would veto any effort to reaffirm or enforce the resolution. This resolution is the oldest of all UN resolutions pertaining to Palestinian refugees’ right of return – a right the United States had in recent years insisted be applied in the cases of East Timor, Bosnia, and Kosovo. Also during 2005, President Bush’s declaration that Israel would not have to return all Palestinian land that it seized and retained illegally since the June 1967 war came as a major blow to the Gulf region and the rest of the Arab world. It effectively dashed any expectations that Washington might cease thumbing its nose at international law whenever it seemed to believe it was in its interests to do so, or even reverse that policy.

The negative implications of these actions were not lost upon the leaders of the GCC countries. They interpreted them as yet another indication of American hypocrisy. How could the United States profess, on the one hand, to be eager to resolve one of the world’s most pressing issues while remaining determined, on the other, to defeat a majority of its closest Great Power allies, who had concluded time and again that Israel was violating the UN Charter and specific Security Council resolutions? Worse, how could it even pretend to espouse such ideals and values when it repeatedly vetoed the implementation of resolutions for which it had voted? As 2005 came to an end, these were not mere academic questions. They related to a growing crisis of confidence in the word of the
That is not to say that all developments in the year were negative. In the context of commercial ties, for example, US-Saudi relations suffered less — or grew more — in 2005 than they had in the preceding three years following 9/11. Sales of US defense and domestic security-related equipment and systems to Saudi Arabia, for example, exceeded $1 billion, the highest figure in almost a decade. In addition, Saudi Arabia was finally admitted to the World Trade Organization (WTO). This ended an arduous 12-year quest that had at times raised serious questions in Riyadh as to whether the process was worthwhile. In order to overcome major and prolonged American reluctance to facilitate the Kingdom’s entry to the grouping, Riyadh eventually enacted more than 40 new business-related laws, rules, and regulations. It had no choice but to do so in order to be deemed in compliance with the organization’s continually expanding procedures and approved practices. The US also signed free trade agreements with two GCC countries, with most others following behind.

There were other areas of cooperation as well. Unbeknownst to all but a few Americans outside Washington’s intelligence and security agencies, Saudi-US cooperation in the field of counterterrorism was at an all-time high. Indeed, the nature and extent of the cooperation at the governmental level arguably exceeded that between not only the US and any other government in the Arab world, the Mideast, and the Islamic world, but also the American level of cooperation with many countries in Europe, Latin America, Asia, and Africa.

Throughout 2005 — and for more than a year before that — counterterrorism specialists from the two countries met together daily in Riyadh. Seated side by side, they examined and analyzed real-time intelligence data related to possible acts of terrorism, the location of specific terrorists, and support for terrorism. They did so to ensure that as much as possible was being done to monitor — and where possible, shut down — the conduits through which money had sometimes made its way into the hands of terrorist organizations, their operatives, and supporters in the past.

The implications of these trends were mixed. On the one hand, there could be little doubt that the Kingdom’s admission into the WTO, its hosting of a major international conference on terrorism and counterterrorism, and its unprecedented establishment of an international energy center in Riyadh were not ordinary achievements for the country’s work over the course of a year. On the other, there were ample signs that progress towards comparable breakthroughs in the broader public affairs and people-to-people components of the two countries’ relationship that would ordinarily accompany such accomplishments was, at best, minimal.

The reasons for this had a lot to do with the continuing less-than-positive image of each country in the eyes of the rank and file citizenry of the other. This did not occur by accident. Apart from excessive hype from commentators in both countries, it reflected a steady accumulation of disappointment rooted in no small amount of misunderstanding — or far worse, all too clear an understanding — of their respective public policies, reciprocal negative stereotypes, often mutually
hostile media, and critical commentary across the board from educators as well as religious and other opinion leaders.

In the middle of the year, King Abdullah announced that as many as 100,000 Saudis who could gain acceptance into foreign universities would be able to do so at full government expense over the next five years. Of the 20,000 students authorized to register for undergraduate and graduate higher educational programs abroad in 2005, 75 percent of those who applied indicated they wanted to study in the US. Each scholarship to an American university was valued at an average of $50,000 per year. However, the matching of applicants and acceptances to American universities hit an unexpected snag on the visa front. Despite this important and long-sought development in the Saudi-US relationship on the people-to-people front, the visa processing centers at the American consulates in Dhahran and Jeddah remained closed. So did both consulates in their entirety, as per US policy. No other country followed the US example. This meant that far fewer Saudis were able to obtain the necessary visas to get to America and begin their studies there than had been accepted. In the end, the reasons why the consulates and their visa offices were closed were of little relevance, while the result was important, the ongoing visa issue remained – as it has for four consecutive years – a major obstacle to improving the human element in the bilateral relationship. It also continued to constitute a powerful political and bureaucratic roadblock to the United States’ ability to provide a much sought-after American element to the education and training of Saudi Arabia’s leaders of tomorrow – the very leaders destined to be involved in managing the Kingdom’s side of ties between the two countries.

There were also developments at the governmental level which reflected fundamental difficulties in the relationship. In the US Congress, the Saudi Arabian Accountability Act (SAAA), presented as a bill for consideration the year before, remained in suspended animation. The proposed legislation mirrored a similar bill that had been enacted against Syria the year before, the effect of which was to place Syria – which was already subject to American economic sanctions – at an even greater distance from the US. Were the same proposed legislation to become a law applicable to Saudi-US relations, the implications for the bilateral ties between the two countries would be self-evident. With the 2004 US elections as a guide, the 2006 biennial American elections for the entirety of the House of 435 Representatives and a third of the seats in the 100-member Senate seemed almost certain to lead to a renewed and heightened spate of Saudi Arabia-bashing. In this context, it remained to be seen whether there would be an even greater effort to move the SAAA into law. If so, it remained unclear as 2006 began whether the expected elevation in emotionalism associated with most American national elections would ensure its passage.

**Iran-US Relations**

As 2005 came to a close, the United States continued to stand firm in its opposition to Iran’s nuclear program. Its apprehensions remained rooted in suspicions regarding specific Iranian research and development activities. Its concerns were manifested in allegations of Iranian deception. Along with a growing number of other countries, it expressed its deepening conviction that the Islamic Republic seemed determined to acquire
the capacity to produce nuclear weapons.

To some, the stated rationale behind Washington’s anxieties was laced with a double standard. Iranians and others pointed out that as far back as 1968, during the reign of the Shah, Washington had endorsed the country’s desire to develop such a capacity. Indeed, when American intelligence agencies later discovered that the Shah secretly intended to produce nuclear weapons, the US government failed to do anything to disabuse him of the idea. They added further that no American administration had opposed Israel’s progress in this area, and that to the contrary, the latter had pursued its nuclear research unconstrained. The juxtaposition of America’s acceptance of one country in the region having 200 nuclear bombs and its strong opposition to another that had none and was surrounded by a ring of adversarial American military forces made the US position much weaker politically, if not also morally, than would have otherwise been the case.

There were additional complications. One was the ongoing quarter century absence of diplomatic relations between Iran and the US. This left the two governments with no direct means of engaging one another in fruitful dialogue. A second obstacle on both sides was self-inflicted. It stemmed from the frequency with which representatives from their respective public and private sectors voiced derogatory and provocative remarks about the other country. The persistence of their reciprocal demonized images was not without consequence. It meant neither side could do whatever was necessary to reconcile with the other – the atmosphere never appeared acceptable, and the moment never seemed politically propitious.

As 2005 came to a close, the United States continued to stand firm in its opposition to Iran’s nuclear program. The two countries’ failure to establish a firmer foundation from which they might proceed to resolve their differences was far from cost-free. On the contrary, it served to exacerbate the tensions and degree of acrimony between them.

Third, America’s unilaterally administered economic embargo against Iran compounded the situation. Imposed by the Clinton Administration, the embargo remains in place today. The embargo has been especially harmful to the six GCC members, as it grates against the interests of these countries’ governments and their business sectors. Both remained keen to see Washington and Iran engage each other in as many positive and mutually beneficial ways as possible. Only this would enhance the prospects for near-term intraregional peace and stability, they reasoned. The embargo also exposed the contradictions in Washington’s policies. On the one hand, the United States continued to insist on the universal application of its economic embargo against the GCC countries’ largest and most powerful Gulf neighbor. On the other, the same officials persisted in exhorting GCC ministers of commerce to do whatever they could to enhance free trade, investment, joint commercial ventures, and open markets, as well as to introduce reforms designed to further their integration into the global economy.

In expressing and addressing its concerns regarding Iran, Washington was the victim of its own self-imposed constraints in terms of viable policy alternatives. As such, the US had to remain reliant upon the diplomatic good offices of others. To its good fortune, Germany, Great Britain, France, and the European Union agreed to play this role. In addition, the US continued to depend
upon periodic visits to Iran by representatives of the International Atomic Energy Agency (IAEA) in Vienna, along with intermittent Russian efforts to help. Moscow, however, was less active and more inconsistent in its approach than other diplomatic actors. Like the others, it was unable to dissuade Iran from proceeding further along the road to a full uranium enrichment cycle. Even so, the latest US CIA assessment of August 2005, which was publicly revealed, concluded that even if Iran were to go “all out” from this point forward in an effort to produce a nuclear weapon, it would not be able to do so with its own enriched uranium for another five to ten years. As 2005 drew to a close, Iran’s leaders heightened the stakes. Tehran removed the seals that it had earlier voluntarily placed upon one of its principal nuclear reactors in Natanz, located in the center of the country, as opposed to a much older one, assisted by Russia, that was situated at Bushehr, on the Gulf coast. Simultaneously, it announced that it would resume the uranium enrichment-related research and development that had stopped when the Natanz plant ceased its operation.

The reaction of most of the Great Powers was swift and unambiguous. They indicated that if Tehran persisted in thumbed its nose at the international community, it could find itself subjected to UN sanctions. This could clearly be understood from the strongly worded statements emanating from leading European powers, the United States, and the head of the IAEA itself, 2005 Nobel Prize for Peace winner Dr. Mohammed Baradei. The latter’s comments were all the more remarkable and ominous because they marked the first time he had expressed exasperation at Iran’s behavior. Baradei did not mince words. He claimed he had far less reason than ever before to trust the word of Iran’s national leaders. He was referring to Iran’s alternating pronouncements as to what it was doing, what it was not doing, what it had not done, and what it would never do with its nuclear energy program.

As the year closed, there were additional signs that the long series of on-again, off-again outside efforts to reach a satisfactory resolution had all but stopped. One of them was that China and Russia indicated their frustration with Iran for the first time. Indeed, Russian representatives said that in their meetings with Iranian officials on this matter, they had “insisted” – an action practically unprecedented for Moscow – that Iran cease proceeding in the direction that growing numbers of specialists believed it was headed.

Separately, and equally portentous of an imminent diplomatic stalemate, was that there was no lessening of rhetoric condemnatory of Iran by US and Israeli officials and their respective countries’ media. Especially ominous in this regard was that increasing numbers of spokespeople for both governments refused to disavow the option of military intervention in the event Iran continued to snub the international community.

A sharp increase in visits by high-ranking American government officials to Turkey and Saudi Arabia was illustrative of where the crisis appeared headed. Throughout the year, there was a marked increase in the number of meetings between GCC officials and representatives of Western strategic and defense establishments. An important subset of what these seminars considered was how a nuclear-armed Iran might alter the prospects for regional peace and stability.

At year’s end, the lack of credible answers to most questions posed here and the apprehension associated with several possible scenarios remained among the most salient features of Gulf affairs. Even so, the accompanying regional and broader
international uncertainties and anxieties did not equate with passivity or acquiescence. On the contrary, the GCC countries remained highly concerned about how a nuclear-armed Iran could pursue more aggressively than ever its ambition to be the paramount regional power in the Gulf—an ambition it is now closer than ever to realizing.

Iraq

For the United States, 2005 ended with a mixed record on Iraq. Overall, it experienced far more setbacks than breakthroughs. The disappointments were many and diverse in nature. Many critics argued that the failures were self-inflicted. Certainly, none of them had occurred to planners prior to the invasion.

The overall damage—to America’s troops, its treasury, its regional reputation, its credibility, its global moral standing, and not least to the truth—continued to be costly in the extreme. The number of US service personnel killed passed the 2,000 mark. Those wounded exceeded 15,000. Injuries to the latter were so severe that half were unable to return to duty. The extent of American casualties, of course, was nowhere near the number incurred during the Korean and Vietnam wars. Nonetheless, they had a profoundly negative effect in terms of US interests. Within the US itself, they proved to be more damaging than the Bush Administration could have imagined. For the first time, the US Army was unable to meet its annual recruitment target. This was despite increasing the maximum age for enlistment from 35 to 42.

Several additional factors aggravated the situation. One was the unprecedented strain stemming from the tempo of military operations. Some US troop units were being deployed to Iraq for a third tour of duty. This set a record for the number of times specific units had been put in harm’s way in such a short period of time.

Another factor was that President Bush’s credibility plummeted to the lowest point in his presidency to date. Americans’ trust in his administration’s effectiveness and leadership fell dramatically. Respectable opinion polls regularly showed that under half the citizenry believed the president was doing a good job. Other surveys revealed that a similar percentage of Americans felt that the US was doing worse in Iraq than it had previously done. The proportion with confidence in Washington’s policies, positions, actions, and attitudes regarding Iraq declined substantially.

Moreover, various Iraq-related scandals continued to surface. Not until well into the year did the Pentagon finally come to grips with having previously failed to provide adequate body armor for its troops. It was similarly delayed in arranging to install protective gear on its transport vehicles. Other instances of wrongdoing pointed a finger at the office of the vice president. The vice president’s chief of staff was called before a federal grand jury in one case, and compelled to testify about alleged wrongdoings in the way the Bush Administration sold the rationale for the war to the American people. After doing so, he was exposed for having lied repeatedly about what he did and did not do in an alleged effort to silence one critic of a key reason given for the war. The official was forced to resign. Elsewhere within the US government, there were mounting calls by members of Congress for a timetable for the withdrawal of American forces from Iraq. Among those leading the charge were prominent veterans of the armed forces.

There were other firsts during the year. The Bush administration reversed an earlier policy by
acknowledging for the first time the number of Iraqi dead: 30,000. Independent humanitarian organizations claimed the number was as much as three times as high. However, no statistics or estimates were provided for how many Iraqis had been wounded. Using the conservative ratio of American wounded to dead, the number could easily exceed 200,000. Even if the actual number is half that, such a toll would be staggering given Iraq’s population of 26 million people.

On the Iraqi infrastructure front, the news was no better; in some cases, it was actually worse. Iraq’s oil production was barely half what it was before the US attacked the country. It was not hard to find the reason for this. Not only did security remain inadequate, it was frequently nonexistent in many parts of the country. This meant, among other things, that water supplies, sewage systems, electricity, and other basic public services were functioning at lower than pre-invasion levels. Centers of resistance such as the city of Fallujah, which was leveled by American forces a year ago, continued to remain largely in ashes. Oil pipelines and oil export facilities continued to be sabotaged.

The financial situation also looked bleaker than ever. To be sure, substantial US funds had been appropriated to enhance reconstruction and material development in general, but only a small percentage of this money had been spent. In addition, one of the most prominent problems was that there was no explanation as to why the occupying authority could not account for what had happened to hundreds of millions of dollars in missing funds.

From a more clinical and detached perspective, critics argued that notwithstanding numerous positive accomplishments, much of what happened as a direct result of the American-led invasion bore little resemblance to the White House’s stated objectives. Beyond the numbers killed and wounded noted earlier, the list of setbacks included the following: the building of permanent US military bases in the country; the unleashing of a political movement — represented by a majority that in every election since the invasion — that threatened to curtail previous human rights accomplishments registered by women; Iraqi prisoners being tortured by American interrogators at Abu Ghraib prison and elsewhere; the enhancement of Iranian influence on Iraqi politics and society on a scale previously unimagined; the decision to disband the entire national armed forces and police as members of the country’s ruling political party, thereby leaving nearly a million Iraqis — the breadwinners for five times that number, or nearly a fifth of the country’s entire population — without a job or means of being able to provide a livelihood for themselves and sustenance for their families, thereby causing unemployment figures to rise to their highest level in memory; the inability to provide sufficient basic physical and technical security for the country’s oil industry, causing its production and exports to plummet; and the failure to ensure the security of the country’s priceless artifacts and other national treasures dating from humanity’s oldest civilization — to cite some of the more prominent failings.

Notwithstanding the exceptional achievements of American and other advisers helping a diverse
array of Iraqi leaders to draft a new constitution and conduct three elections, each more peaceful and transparent than the one before it, some additional points need to be underscored. In essence, they center upon four criteria that all governments must meet if they are to have any hope of being deemed by their people as credible, legitimate, and worthy of remaining in – or being returned to – public office. These are the need for every government to be able to ensure its citizenry’s: (1) domestic safety and personal security; (2) external defense against neighbors who would be tempted to intrude in support of their own interests if they perceived a chance of success, or who might seek to enter the country illicitly for the purpose of joining an insurgency; (3) material standard of living is maintained, if not enhanced, as opposed to there being little prospect for meaningful employment, economic opportunity, and the dignity that is often associated with both; and (4) guaranteed access to a peaceful, legal, and effective system of justice, lest armed violence and other forms of vengeance and vigilantes become the de facto law of the land.

In terms of these and related considerations, what one could say unequivocally at this juncture is that each of these criteria for effective governance in Iraq was blasted to smithereens by the American-led invasion and ensuing occupation. In addition, all three of the benchmarks for UN membership – national sovereignty, political independence, and territorial integrity – were also shattered.

Terrorism

In the meantime, the US remained unrelenting in its anti-terrorism rhetoric. There was a shift, however, in the nomenclature used. The use of the phrase ‘Global War on Terrorism’ (GWOT) lessened. In its place, there was increasing reference to a worldwide struggle against “violent extremism.” The new language was generally regarded as an improvement, although critics emphasized that the term seemed to apply mainly to Arabs and Arab countries, but not to non-Arab international actors such as Israel, numerous African and Latin American countries, or Pakistan. Previously, even administration supporters had found the word “terrorism” to be imprecise and lacking not only in clarity but also a commonly accepted frame of reference. Language nonetheless remained a problematic issue. The way that the United States used language in combating not only terrorism, but also numerous other politically motivated acts of violence, combined with the objectionable attributes of numerous American policies towards the Arab and Islamic worlds, was often seen as unnecessarily provocative, counterproductive, and often filtered through the lenses of ethnicity and religious belief.

Throughout 2005, attempts by the Bush Administration to register further progress in its war on terrorism backfired. One centered on the International Court of Justice (ICJ), where one of the 15 judges was an American. The White House refused to reverse the Court’s ruling – 14 to 1 (the United States) that Israel’s building of a wall to separate Israelis from Palestinians in the Occupied Territories was illegal. Meanwhile, disenchanted youth everywhere in the Arab and Islamic world bridled and bristled at continuing American disparagements of Islam, the seemingly unqualified support for Israeli policies, and numerous aspects of its policies towards Afghanistan, Iraq, and Iran.

Instead of this disapproval bringing about the cessation of these and other cultural and religious
insensitivities fanning the flames of violence, many Americans seemed to prefer to shoot the messenger. Certainly, there remained no clear indication of any movement afoot to change the policies from which such abuses and incitements to violence emanated. As an example, Al-Jazeera television, the most widely viewed Arab satellite channel in the world, remained banned from Iraq. Those who imposed the ban charged that the station’s accurate depiction of the occupation did nothing more than encourage terrorism. As for the role of objectionable US and Israeli policies in this regard, public discussion of the topic by Americans in the mainstream media remained practically nonexistent as a result of the self-censorship of writers, editors, and publishers.

In some instances, the truth was not allowed to be captured on film, shown on television, or appear in print, lest its revelation drain American support for the occupation. An example was the policy that prohibited independent media outlets from photographing the arrival in the United States of the caskets of fallen American soldiers. The unspoken rationale was that the regular featuring of such graphic illustrations would hinder the already difficult effort to recruit more and more Americans to fight in Afghanistan and Iraq. In cases where the American media refused to publish information about American and Israeli tactics against Arab families and their homes, there was an additional reason – television station owners, publishers, and editors did not want to risk losing revenue from advertisers, many of whom were Bush Administration loyalists, ardent supporters of Israel, or in numerous cases, both. In 2005, as in previous years, the prevalence of such standards and behavior continued to take its toll. The number of Arabs and Muslims who agreed with most US policies towards Arabs and Muslims continued to fall.

Despite the highly negative trends and developments noted, there were no major terrorist attacks on American soil during the period reviewed. Neither were there major new arrests in the United States, either of alleged terrorists, or of their supporters. Moreover, the frequency with which individuals suspected of involvement in terrorism in the United States were incarcerated was down significantly from previous years. One of the most celebrated suspects was Florida Southern University professor Dr. Sami Arian. He had been imprisoned and charged with aiding and abetting terrorism years before 9/11. To the surprise and chagrin of the Bush Administration, Dr. Arian was released from prison after a court tried him and found him not guilty of any crime. US Department of Justice representatives quoted in the American media were livid at the court’s decision. Few others, however, were surprised. Indeed, of the tens of thousands of Arab Americans and others swept up in the dragnet both before and after the passage in the US Congress of the Patriot Act, no more than a handful ended up being charged, prosecuted, and convicted. Overall, those sentenced were but a minuscule fraction of the number arrested.

Other than reacting negatively to these and domestic setbacks to its war on terrorism, Bush Administration officials continued to insist on taking credit for anything that could possibly be touted as a positive result of its efforts to curb armed violence against the United States and its interests. The administration was particularly keen to highlight
various statistics which, however stretched or manipulated for public consumption seemed to imply it was making major headway in its strategy and tactics. However, as it was impossible to prove a negative, there was no way to substantiate such claims.

On the other hand, growing US domestic concern about another issue related to terrorism emerged midway through 2005, casting yet another pall over the Bush Administration. It was publicly revealed that President Bush had secretly ordered unauthorized wiretaps and other electronic surveillance on tens of thousands of Americans for an extended period, justifying this by claiming that he was combating terrorism. Members of Congress implied that what the president had done was far more than violate the rights to privacy and the assumption of innocence until proven guilty of some 5,000 Americans. Particularly egregious in the eyes of the president’s growing numbers of critics was the fact that he had done so without having first secured the required court order permitting him to do so. The requirement, made part of an important law passed four decades ago, was enacted to prohibit and prevent precisely this kind of presidential abuse of power.

The White House was quick to confront and challenge these charges. It contended the president had the prerogative to spy on Americans suspected of having ties to terrorists without prior approval by any other government institution, and that he was well within his rights as commander-in-chief. Such rights, the president and his supporters argued, granted him clear authority to do what he did. In their view, the authority bestowed upon the president’s office gave the president the right to do whatever he believed necessary to protect the United States and the interests of the American people. Appalled by the president’s reaction, a mounting chorus of Americans from all walks of life disagreed – they saw the president’s actions as an alarming echo of a kind of behavior not seen since President Richard Nixon, who ended up being impeached and having to resign from office.

Alleging that the White House had overstepped its bounds, a Congressional majority reacted further by refusing to accede to one of the president’s key requests related to the war on terrorism. The president had wanted to have the duration of the Patriot Act be extended for a period that he had specified. Congress subsequently acquiesced to the prolongation of the Act in principle, but not without deciding to grant the administration a much shorter extension than it had requested. Even so, as one of the cornerstones of the administration’s efforts to combat terrorism, the Act remained at once the single most controversial and voluminous piece of legislation passed following the attacks of September 11, 2001. The enactment of the Act, no less than its implementation, remained a source of Congressional embarrassment. It was rushed into law at extraordinarily short notice.

Moreover, there was growing disagreement with the Bush Administration’s claims taking credit for the fall in acts of terrorism directed against Americans in the United States. The White House countered by arguing that there was cause and effect between its determination to “stay the course” in Iraq and Afghanistan on one hand, and its goal of preventing acts of terrorism from...
recurring at home on the other. This line of reasoning swayed many Americans but few others. Certainly, it did not square with what had already happened to Spain and the United Kingdom; both countries’ governments — although not most of their citizens — had been among the handful of fervent non-US supporters of the American-led invasion of Iraq. The terrorist attacks in Madrid in 2004 and in London in 2005 were seen as positive proof that the administration’s claim had already largely boomeranged, and, if the claim continued, risked backfiring even further.

Moreover, thousands of Iraqis, arrested in the early months following the 2003 invasion of their country, remain imprisoned. Most of these and other people loosely referred to as “terrorists” or “terrorist suspects” remained incarcerated against their will without having been charged formally with committing a specific crime. Furthermore, the overwhelming majority were not only denied the right to a trial but, also denied access to legal representation. In addition, most of the other foreign nationals in US custody on suspicion — if not actual charges — of being engaged in acts of terrorism also remained imprisoned. Those in Afghanistan as well as Guantanamo in Cuba hailed mainly from Afghanistan, Egypt, Jordan, Yemen, and, to a much lesser extent, several GCC countries.

Notwithstanding these blows to trust in the perceived strategic soundness, efficacy, and morality of numerous American foreign policy positions towards Arab and Muslims, President Bush continued to enjoy the support of millions of Americans, albeit only a minority of those polled. One of the reasons advanced by media analysts was that the White House public relations specialists continued to have the president speak before large preselected and carefully screened audiences known to be in agreement with his views on what needed to be done in — if not also to — Afghanistan, Iraq, and Palestine. The audiences were chosen for their likelihood to give television viewers the impression that the level of national support for the president’s policies was greater than what the polls indicated. They seemed to genuinely take the president at his word when he claimed that it was essential for US forces to remain in Iraq for as long as necessary in order for Americans not to have to fight terrorists at home. However, the validity of this claim was impossible to prove, much as was the case for others noted earlier. As with numerous other claims made by the White House, whether it was accurate or not seemed of less significance than many people’s willingness to trust the president or whoever else issued the statement. If, at the end of the day, most Americans still lacked a solid factual and analytical basis upon which to have an informed judgment regarding Afghanistan, Iraq, Iran, Saudi Arabia, other issues related to the Gulf, oil, terrorism, or the situation in Palestine, this was more a reflection of the state of knowledge and understanding in the United States than on whether, let alone how effectively or otherwise, American strategies and tactics to curtail terrorism were working.

Oil

By the end of 2005, the United States remained as concerned about Gulf oil issues as it did when...
Despite having only five percent of the world’s population, the United States continued to consume 25 percent of all internationally traded petroleum.

One was American demand, which showed no signs of lessening. Despite having only five percent of the world’s population, the United States continued to consume 25 percent of all internationally traded petroleum. Another was that talk by the Bush Administration of promoting conservation came cheap. A third was that the levying of an added gasoline tax to curb consumption remained taboo. A fourth was that the imposition of more stringent limits on the size and fuel consumption of automobiles and other motorized vehicles than the ones presently in effect continued to be off-limits with an election year approaching.

Proposals for automobiles and other modes of land transportation to get the maximum possible mileage as well as other ideas promoting greater fuel efficiency and energy conservation were the stuff of television shows, industry advertisements, administration speeches, scientific seminars, and ongoing research and development. However, despite the president’s rhetorical flourishes on the need to lessen America’s reliance on foreign oil, and new but modest budgetary appropriations to spur further research on alternative fuels, growing concern over high oil prices did not force the United States to urgently undertake truly drastic and revolutionary necessary measures in order to
curb its seemingly insatiable thirst for manageably priced petroleum and petroleum products. Accordingly, and not surprisingly, the cost for American automobile gasoline at the pump remained, on average, at just below three dollars a gallon; the same amount of gasoline cost nearly twice that in Brussels, Rotterdam, Tokyo, and many other places.

A further enormous hindrance to setting right America’s energy situation was the country’s exceptionally limited refining capacity. In 2005, even before two major hurricanes struck the American Gulf coast, the lack of refined products had been driving up the price of oil, although gasoline was not affected much. This factor was rooted in the United States’ failure to build a single new refinery for 30 years. The first of the two hurricanes disabled two major refineries. This alone sent prices skyward. The weather could not have affected the country at a more vulnerable spot — nearly 40 percent of US oil imports entered the country through this region.

As 2005 ended, the United States was nowhere near solving its multifaceted refinery problems. It was not as if the GCC oil and gas producers had not offered to provide assistance. Saudi Arabia, for one, had for over two years offered to invest in building two or more refineries in the United States. Were this to happen, it would considerably lessen some of the uncertainties facing American consumers regarding prices as well as supplies. The Kingdom itself has been willing to consider paying for the entire venture as part of its ongoing strategy to meet the needs, concerns, interests, and objectives of its customers. However, political and environmental obstacles put in the path of the project by the United States itself have prevented the Kingdom’s proposals from going forward.

As 2006 began, the dynamics of US-GCC oil relations continued to stand in marked contrast to the GCC countries’ relationships with other oil customers for reasons unrelated to the above developments. Ties with China were the most dramatic case in point. Its policies, positions, actions, and attitudes regarding Arabs, Muslims, Islam, and Mideast oil were studies in contrast with the United States. The difference in the political climate between Washington, on one hand, and China, on the other, on matters pertaining to their respective declared interests and relations with key Arab and Islamic countries was in some ways like night and day. The divergence in their stylistic approaches, too, was profound — they were practically polar opposites. The Bush Administration was seen as increasingly willing to pay homage to those calling to reduce the country’s reliance on foreign — which most saw as a euphemism for Middle Eastern — oil. China saw the matter differently and acted differently. China’s leaders adopted almost the opposite approach of that of American officials and much of the US public and media. They could hardly have been more positive, enthusiastic, and forthright in extending a hand of friendship and commercial partnership to their counterparts in Saudi Arabia and the other GCC oil-producing countries. They welcomed the opportunity to forge greater interdependence based on their oil import needs and the oil export objectives of Saudi Arabia and other GCC countries.

It remains too soon to determine what the medium-term impact of such developments might be. However, it seems like some of the consequences
noted here could potentially prove problematic for GCC-US oil relations – possibly sooner rather than later – given that oil remains a finite and undeniably vital resource driving world economic growth, and one which is constantly being depleted. What is already clear is the growing nexus between GCC, Iranian, and Chinese oil and gas interests, as well as the possibility of enhanced defense cooperation and expanded joint ventures in mining, railroads, construction, and maintenance.

Beyond the uncertain longer term results of elevated Chinese and Indian demand for the GCC’s fuel resources, market predictions for oil and gas were confounded by articles focusing on the future of Saudi Arabia’s energy resources and the sudden public interest in “peak oil.” Some banking and financial publications hyped the fear that Saudi production would peak years sooner than expected; a few maintained that world reserves peaked as of 2005. Such alarmist reporting helped maintain doubt among energy planners. Earlier unchallenged views that the Gulf would be the main source of world oil supplies for the indefinite future were shaken. Lost in the swirl of controversy surrounding this new aspect of world energy dynamics was that few publications noted that the accompanying scare was originally the result of writings by Matthew Simmons, a source whose credentials were questionable, given that he was an American investment banker based in Houston, Texas. Even fewer people outside the publications and conferences where he argued this case would have known the frequency with which his contentions were soundly rebutted by geologists, petroleum engineers, and oil reservoir technical specialists, all of whom had decades of firsthand experience working with the oil fields in question and whose work required that they carefully monitor and report on such matters everyday, all year round.4

The year ended with additional apprehension related to energy. One of the largest sources of this was Iran. Two scenarios relating to that country seemed to have the potential to drive oil prices even higher. One was the possibility of a military strike against Iran. The other was that Iran might be censured by the UN Security Council. In the latter case, the Security Council might enact economic sanctions against Iran over and above the ones already imposed by the United States. Both scenarios were nightmarish. The first possibility was associated with estimates of oil prices exceeding 100 dollars per barrel in a matter of days. The second one, in the eyes of most energy analysts, would likely prove self-defeating and counterproductive, as few if any can envision oil-hungry nations other than the United States and Israel refusing to purchase as much Iranian oil as Tehran is willing to produce and place on the market – regardless of whether additional sanctions are enacted.

Whether the Iraq war assisted, rather than harmed, American oil interests remained debatable. Contradictory viewpoints abound. As 2005 ended, one perspective, backed solidly by statistics that are part of the public record, was undeniable – American and other major international oil companies’ profits soared to record levels in one of the most stunning economic performances in the history of energy. For context, only one oil company was among the world’s ten most profitable firms two years ago; as 2005 closed, however, eight of the top ten were energy corporations. The Iraq

The Iraq war was arguably the single most prominent factor affecting oil prices.
war was arguably the single most prominent factor affecting oil prices. That said, the impact of the higher oil prices was mixed. On the one hand, the US invasion of Iraq did not have the negative effect on the American economy that many predicted before the war, although since the war commenced on March 19, 2003, events in 2005 can still be considered part of the short run. Part of the reason for this had to do with factors other than oil per se. An overarching reason was that much of the world still found the US a desirable place to invest. A second reason was that American government debt instruments remained attractive. The continuing purchase of these instruments by foreigners lessened the urgency with which the government had to raise taxes and helped enable the government to meet most of its expenses. This, in turn, held inflation to a lower level than would otherwise have been the case. A third reason was that the American dollar remained the currency in which most internationally traded commodities, including oil, were traded. This in itself helped assure the continued stability and utility of the dollar in international financial transactions, and assisted in extending the preeminence of the American banking and capital market systems worldwide.

On the other hand, Iraq-centric uncertainties continued to severely deter significant levels of foreign investment from being put into finding alternative sources of energy besides oil. The reason was understandable. Were such investments to be made, and were Iraq to stabilize, oil prices would likely subside. Were this to happen, the investments would risk being unprofitable. Furthermore, higher prices have wreaked havoc in poorer oil-importing countries. They have dealt a body blow to the fiscal situations of economies that were already unable to afford energy imports prior to the war, when they were half as expensive as they have now become.

Conclusion

2005 was worse overall than 2004 for most Iraqis. In terms of progress, two elections were held and a new constitution was drafted. Advances were also registered in terms of building new schools, forging varying degrees of cooperation among the country’s diverse ethnic, religious, and political groups, and rendering some previously very dangerous transportation routes to, in, and around the capital more safe, and doing so for longer periods than before. At the same time, there were innumerable setbacks. For example, the occupying forces’ inability to provide for uninterrupted electricity, adequate supplies of clean water, continuously functioning sanitation systems, effective distribution networks for gasoline and other fuels, and reliable mechanisms for adjudicating legal disputes justly and peacefully were all undeniable.

Failures on these fronts had many causes. From the perspective of most of the insurgents, the fault lay solely at the feet of the ongoing American-led occupation. Unsurprisingly, official US statements disagreed. They contended that the insurgency itself was responsible. The latter view, however, reflected the sentiments of only a minority of those polled. Reliable independent surveys of opinion revealed that most Iraqis blamed the invasion and occupation for the extraordinary deterioration in the levels of public safety domestically and externally, and the chaos that ensued. In addition, the US was blamed extensively for having failed to repair large swaths of the country’s pre-invasion economic infrastructure, which remained essential to employment, assured social services, and the prospects for political stability.
With regard to Iran, there were practically no positive political or other bilateral breakthroughs in terms of Tehran and Washington’s basic needs. The United States continued to refuse to engage Iran directly in dialogue and negotiations. It remained steadfast in preferring to utilize third parties to pursue its agenda, although the results were counterproductive, if anything. That the Bush Administration remained wedded to terminology, referring to Iran as part of an “Axis of Evil,” continued to be troubling – and not just for Iranians, but also for most of America’s allies. Simultaneously, the often strident rhetoric of Iran’s newly elected president hardly helped advance the Islamic Republic’s case internationally.

As the year ended, the United States was more isolated internationally with regard to Iran and the latter’s nuclear issue than it had been before. A major reason was that it continued to apply a different set of standards, policies, actions, and attitudes towards the nuclear weapons of nearby India, Israel, and Pakistan. Another was that Washington insisted on reserving the option to utilize force to destroy, delay, or damage Iran’s nuclear program. At the same time, it was clear that were either Israel or the United States to attack Iran militarily, the Islamic Republic was hardly bereft of means by which it could counterattack and harm important American interests throughout the Gulf and elsewhere, including the United States itself.

In terms of how US bilateral relations fared with other Gulf countries during the year, Saudi Arabia was a study in contrast with Iraq and Iran. It represented a far brighter spot than either of them in terms of achieving most stated American interests, even if the reverse was not true, in terms of Saudi Arabia’s interests being taken into account by the United States. During a year when there were serious oil production stoppages in Iraq, Nigeria, and Venezuela, and mounting uncertainties with regard to the security of oil transshipments from Russia to Europe, Saudi Arabia stood in a class all by itself. It remained steadfast as a secure source of oil supplies, as a predictable force for maximum cooperation in terms of production and exports, and as a leader in terms of moderation and restraint with regard to oil prices. As important as these phenomena were to the further promotion of world economic growth, the Kingdom also established in Riyadh the world’s first international organization designed to provide continuous consultation and facilitate information-sharing between the world’s major oil producers and oil consumers.

Cooperation between Riyadh and Washington, already substantial during the previous two years, increased still further in terms of sharing real-time intelligence in their separate as well as joint efforts to combat violent extremism. More specifically, the two capitals heightened and broadened their joint efforts to counter money laundering and improve joint surveillance of international financial transactions that could be diverted to illicit activities. In addition, they reached an agreement aimed at restoring the number of Saudis studying in American institutions of higher education to their previous heights.

On balance, notwithstanding issues and policies on which there was as much divergence as convergence in the viewpoints of American and GCC leaders, the year ended with the GCC and its member countries aspiring to have as close, positive, and mutually beneficial a relationship with the United States as possible. On the GCC side, the reason was not just that the United States was the world’s sole superpower, but also because in terms of a net assessment, the overwhelmingly positive relationship that has resulted reflects an enormous amount of investment in strategic,
economic, political, commercial, and defense cooperation on both sides. The GCC economies have steadfastly held to their commitment to denominate their exports in US dollars, and there continue to be many other investment and financial linkages between the two peoples' and their governments. Much of the region's energy-related science and technology for example, as well as defense systems and equipment, remains American-manufactured and maintained; many thousands of GCC professional personnel in the public and private sectors have received their higher education at American universities, and have entered into rewarding joint commercial ventures that neither side wishes to relinquish, and; more of the GCC countries' increasingly robust Internet systems are connected to and routed through American networks than those of any other country. In addition, the GCC countries, like most other nations, are hardly unique in wanting to continue finding ways to benefit from – or, at a minimum, not be harmed by – the United States' ongoing important strategic and leadership roles in regional and world affairs, as well as in international organizations.

Finally, for both sides, the end of 2005 and the beginning of 2006 marked the end of one chronological era and the beginning of another. In spite of numerous issues that remained troubling for both sides, as the GCC entered a year in which it will commemorate its 25th anniversary, Americans and GCC nationals in general had ample reason to reflect upon what the two sides, in cooperation with one another, had accomplished over the previous two and a half decades. That the GCC states had been pivotal actors in the concerted international action to end the Iran-Iraq war, in preventing the Iranian revolution from spreading across the Gulf, in bringing about the withdrawal of Soviet forces from Afghanistan, in reversing Iraq's aggression against Kuwait, and in toppling the Taliban government in Afghanistan – and that the GCC itself represented the longest and most successful sub-regional attempt at Arab regional cooperation in modern history – were hallmarks of what, by any standard of measurement, was no small achievement.

Just as in the past, any country on the planet would probably exchange places with the United States in a heartbeat if there was any realistic prospect of reaping the overall benefits that Americans have derived and continue to derive from their ties to the Gulf region. Conversely, regardless of the numerous disagreements that the GCC peoples continue to have with US policies, something very similar could be said with regard to GCC side as well. To wit, there is probably no other group of six geographically contiguous developing countries anywhere that would not trade places with the GCC countries in a second if there was any possibility of having the kinds of strategic advantages and economic gains that the GCC countries and peoples have had as a result of their ties to the United States.
1- Confidential interview with the author.
3- These suggested that Washington might be readying the region for the potential use of force against Iran.
4- In the winter of 2005, this writer was privileged to attend two meetings in Washington, D.C. in which Simmons’ views were challenged by Messrs. Nansen Saleris and Mahmoud Abul-Baki, respectively, the chief geologists and petroleum reservoir engineers for Saudi Aramco, the world’s largest integrated oil company. In the first meeting, which lasted more than two hours, Simmons was unable to persuade practically anyone among the 150 corporate, financial, and energy company representatives present about the validity of his views. Saleris and Abul-Baki, in contrast, carried the day on point after point. Simmons was not present at the second meeting, which was attended by other oil and gas industry specialists not present at the first meeting. Again, as with the first meeting, none of the numerous professionals present who engaged Saleris and Abul-Baki were able either to counter or express credible doubt on the analyses and assessments of these longtime oil industry experts with extensive firsthand exposure to the same data to which Simmons had access. In three additional extended meetings with Saudi Arabia’s Minister of Petroleum, one meeting with Saudi Aramco’s President, and two meetings with the company’s senior vice president for production, at which geologists and engineers with many decades experience in wrestling with the same issues that Simmons and others have addressed were present and participated in discussions about this issue, no one was able to produce a persuasive argument that the planet’s petroleum reserves had peaked or would do so soon.