

### 3 Nuclear Developments in the GCC: Risks and Trends

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The GCC states wish to develop nuclear energy for peaceful purposes. Any GCC project inevitably must contract with an established international vendor(s). Potential international suppliers will favor states in which risks of legal liability, economic turmoil, proliferation and political instability are lowest. They would insist on the GCC states' adopting the Additional Protocol. GCC efforts to build local uranium enrichment or plutonium reprocessing facilities could threaten cooperation.

Developing a GCC nuclear program is one way to “do something” to balance Iran's growing power. The phrase “nuclear program” is usefully ambiguous. In material terms, it is extremely difficult to imagine the GCC collectively seeking to acquire nuclear weapons capabilities to deter Iran. The effects of a GCC “nuclear program” will be ambiguous and muddled, at least for the 10-15 years it would take to develop basic capabilities. Competition for Arab leadership could give nuclear programs in Egypt, Jordan, Saudi Arabia and other GCC states, and perhaps Algeria, momentum independent of developments in Iran.

If faced with a nuclear-armed Iran, GCC states also would be tempted to rely even more intensively on US protection, which is a double-edged sword. Wanting to multiply their options, Saudi Arabia and the UAE recently have embraced closer defense ties with resurgent Russia. Ultimately, the GCC will mix tactics of balancing and potentially confronting Iran with diplomatic entreaties to encourage Iranian goodwill.



## Introduction

In December 2006, the heads of the six Gulf Cooperation Council (GCC) states declared that they wished to develop nuclear energy for peaceful purposes, particularly generation of electricity. Officials took pains to downplay concerns that the move could affect regional stability. Saudi Foreign Minister Prince Saud Al-Faisal declared, "We will develop it openly, not in secret. We want no bombs, all we want is a whole Middle East that is free from weapons of mass destruction."<sup>1</sup>

The GCC's interest in nuclear energy arises from a confluence of circumstances. Many countries around the world want to benefit from an advertised renaissance of nuclear power. The eventual dwindling of fossil fuel reserves and the threat of climate change make nuclear energy seem newly attractive. Even oil- and natural gas-rich states want to diversify energy sources to meet rising demand and to preserve indigenous resources for export income. Saudi Arabia, for example, faces a 7 percent annual rise in electricity demand, and more than 10 percent in urban areas. In 2006, Saudi Arabia was forced to cut power output during the summer peak period.

The GCC's interest in nuclear energy also flows from concern about Iran's nuclear ambitions, although this is often expressed indirectly. For years, GCC states have fostered interest in effecting a Middle East, or alternatively and more realistically a Gulf, zone free of weapons of mass destruction as the most constructive way to head off Iran's possible acquisition of nuclear weapons. With Iran continuing to violate UN

Security Council resolutions that it suspend its uranium enrichment activities and satisfy the IAEA's outstanding questions about its nuclear program, GCC states have felt the need to boost their response. GCC states want to show Iran, their own people, and the broader world that Arabs also have the prowess and power attributed to nuclear technology.

This essay sketches what is publicly known about GCC intentions and capabilities to acquire nuclear technology, both at the collective GCC level and at the single-state level, primarily in Saudi Arabia. It anticipates some of the obstacles in the way of these plans. The essay then discusses possible inter-

ests and motives behind these recent developments, particularly the Iran factor. The essay concludes by broadening its focus to explore several possible strategies GCC states and

Egypt might pursue to hedge interests both in nuclear energy and strategic balancing of Iran's power.

## 1. GCC Exploration of Nuclear Energy Options

The six GCC states have informed the International Atomic Energy Agency (IAEA) that their collective installed-capacity for generating electricity is roughly 80 gigawatts.<sup>2</sup> They project that demand will grow annually at between 5 and 7 percent, and to meet this demand nuclear power could become attractive. Because one of the IAEA's core missions is to provide

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technical expertise and in some cases technology to facilitate the peaceful uses of atomic energy, the GCC states have opened consultation with the Vienna-based agency to this end. GCC representatives met with the IAEA in February, May and late in 2007. As of this writing, contents of the report the IAEA has prepared for the GCC have not been made public.

In discussions with the IAEA, the GCC has spoken about a collective nuclear initiative. The six states have developed a power grid that links large and medium-sized cities across state borders. This connectivity provides a scale of demand and adds a measure of robustness to the grid that could make a shared nuclear enterprise feasible. IAEA experts are being asked to assess whether and under what conditions nuclear power generation would make economic sense. The GCC has not committed to going forward and no timetable has been set for any nuclear project. IAEA experts told Mark Hibbs of *Nucleonics Week* that it would likely take from 10 to 15 years before the GCC could install and operate an electricity-generating reactor. This dovetails with a statement by Kuwait's foreign minister that "from the moment the decision was taken, it could take between 12 and 15 years to complete the establishment of the nuclear plant."<sup>3</sup> It is also a result of a more realistic assessment of the limited supplies presently available on the market for key nuclear items, first and foremost reactor vessels, which for now have only one producer with a 15-year order backlog.

The consultation process is only an early step of many that would be required to begin actual projects. According to preliminary information obtained by Hibbs, IAEA experts advise that one state, rather than the GCC collectively, should take the lead in developing a nuclear power plant and administering the licensing and oversight functions required. Saudi Arabia and the UAE would be the most likely candidates. However, the politics of designating a lead state would likely be complicated and time-consum-

ing within the GCC. Saudi Arabia and/or the UAE presumably would propose to host a nuclear plant, but each might oppose a decision to base it in the other's territory. Other GCC states would have their own, not necessarily harmonious, views. Furthermore, given vocal doubts that GCC leaders have expressed over the environmental safety of Iran's nearly completed Bushehr power plant, such concerns also could affect deliberations among the GCC.

No GCC state has the human or technical infrastructure necessary to build and operate a modern nuclear power plant. Given the experience and expertise required to build and operate a state-of-the-art nuclear reactor, it is inevitable that any GCC project would contract with an established vendor(s). France, Russia, the United States, Canada and Japan would be likely candidates for bidding on such a project. Russian President Vladimir Putin announced during his path-breaking February 2007 visit to Saudi Arabia that his country would like to participate in the development of nuclear energy in the Kingdom.<sup>4</sup> The US company, General Electric, also has expressed interest in helping Saudi Arabia develop nuclear technology.<sup>5</sup> Nuclear exports also rank highly on French President Sarkozy's foreign policy agenda; France has agreed to supply nuclear technology to Libya, Morocco and Algeria, and in January 2008, Sarkozy signed a nuclear cooperation deal with the UAE.

Many technical, regulatory, and economic issues would complicate and slow the process of actually building a nuclear plant in any of the GCC states. Global capacity to produce vessels for nuclear reactors is currently limited to between 6-8 per year. This already is creating long lead times between when a vessel is ordered and when it could be produced. One well-informed industry source suggests that 15 years is a reasonable timeframe between a final decision by a Gulf state to order its first nuclear reactor and when such a reactor could come on line.

Other material, technical and human resource



limitations also will constrain the rate of nuclear industrial expansion. If demand for nuclear power plants rises as many anticipate, current leading suppliers will not be able to satisfy it. They will choose among projects. Most likely they will favor those where exposure to legal liability and economic, proliferation and political risks are lowest and where the demand appears to be for multiple reactors in a stable business environment. China, Taiwan, India and other states that have established nuclear industries and regulatory capabilities and stable governmental systems are good candidates. Middle Eastern states and Turkey pose greater risks insofar as they lack track records of bringing nuclear projects to fruition and may be perceived in varying degrees as potential candidates to seek nuclear weapon capabilities. States with potent radical opposition movements may be less attractive partners in inherently long-term nuclear cooperation, as new governments could cancel or change project terms, or redirect nuclear programs in directions that would run afoul of the nonproliferation regime and potentially invite sanctions. In a sellers' market, technology suppliers can afford to be risk averse.

The two likeliest leaders of nuclear projects in the GCC would be Saudi Arabia and the UAE. Both currently operate under a protocol with the IAEA that exempts them from IAEA reporting requirements and inspections. The Small Quantities Protocol is intended to avoid costs and administrative burdens on the IAEA and states with very slight nuclear capabilities that pose no risk of proliferation. The protocol operates in more than 90 countries. Countries qualify for the protocol if they possess less than one kilogram of plutonium or enriched uranium, or ten metric tons of natural uranium. Under the protocol, the IAEA may not conduct inspections or other activities to verify a state's claims that it meets the criteria. Nor is a state required to notify the IAEA of plans to build nuclear facilities until six months before nuclear material is introduced to the facility.

In the wake of the experiences in Iraq in 1991,

Libya and Iran, the IAEA Board of Governors decided in September 2005 that the Small Quantities Protocol should be modified. The new norm would make the protocol unavailable to a state with a planned or existing nuclear facility, and would require states to provide initial reports on their holdings of nuclear material and early design information on potential new facilities. The new norm also would entitle the IAEA to conduct inspections in states under the protocol. However, as of November 23, 2007, only 14 states operate under the new Small Quantities Protocol. Saudi Arabia, the UAE and other GCC states are not among them, though Bahrain has signed the new protocol. The IAEA Board of Governors and many observers worry that a state operating under the unamended Small Quantities Protocol could secretly develop nuclear capabilities before having to notify the IAEA and then leave the international community with little time to address possible proliferation concerns.

The Small Quantities Protocol differs significantly from traditional Comprehensive Safeguards Agreements required of states with nuclear reactors and still more from the Additional Protocol, which the IAEA and many other countries urge should become mandatory as a condition of international nuclear cooperation. The Additional Protocol requires states to declare more information about their nuclear facilities and activities, including at the planning stages, than previously standard safeguards agreements do and grants the IAEA pre-approved access to declared locations. It also facilitates short-notice inspections and grants the IAEA the right to collect environmental samples. The overall aim is to repair weaknesses in the traditional safeguards agreements which Iraq, Iran and perhaps others exploited. Saudi Arabia, the UAE and other GCC states, except Kuwait, have not signed the Additional Protocol and, therefore, remain out of bounds for IAEA inspections.

It is reasonable to anticipate that potential international suppliers of nuclear cooperation to GCC



states would insist on these states adopting the Additional Protocol. This in turn could generate political controversy, as many developing non-nuclear weapon states view the Additional Protocol as a new narrowing of their nuclear “freedoms,” without corresponding new benefits being offered by nuclear weapon states. Egypt has prominently refused to adopt the Additional Protocol. If potential nuclear suppliers press the issue strenuously, Egypt could urge GCC states to join it in resisting, creating added tension within the Arab League and between it and leaders of the international nonproliferation regime. (However, Jordan, Kuwait and Libya have ratified the Additional Protocol).

The UAE’s hosting of nuclear technology would likely elicit sharp international questioning about the surety of its import and export controls. The notorious A.Q. Khan proliferation network operated in and through Dubai. Iranian traders have extensive operations there, too. Nonproliferation stalwarts in key states, the IAEA and NGO communities would likely seek exceptional assurances that nuclear cooperation with the UAE would not result in added proliferation risks.

## 2. The Saudi Uranium Enrichment Proposal

In November 2007, Saudi Arabia proposed that the GCC and its neighbors should develop a regional capacity to enrich uranium based outside of the Middle East, in a neutral, perhaps European country. Participants in the consortium would forego developing or completing national programs on their own territories, and instead rely on guaranteed supply from the consortium. Iran was invited specifically to join the effort in lieu of continuing with the enrichment activities now underway in its territory. Among other things, this proposal represented a hopeful mechanism for Iran to end its standoff with the UN Security Council and spare Tehran and its neighbors the tensions and insecurities that could otherwise arise if states in the Gulf

and broader Middle East embarked on competitive development of capacities to produce fissile material. Iran has rejected the Saudi proposal. Key elements in the Iranian elite are adamant about developing and keeping their enrichment program despite the technological difficulties they face and notwithstanding the huge economic cost and inefficiency associated with an indigenous effort to enrich uranium based on a highly dated and unreliable technology. They seem to be motivated by various rationales for pursuing this course, perhaps because they all feel this capability demonstrates their technical – indeed, their civilizational – superiority over their Arab neighbors. To paraphrase Hashemi Rafsanjani’s remarks at a March 2005 conference in Tehran, “Once we have mastered all facets of nuclear technology our neighbors will draw the proper conclusions. They will understand that no one else in the region has these capabilities and that to dare to attack Iran would be foolhardy.”<sup>6</sup>

Iran itself had earlier offered to put its enrichment program at the service of the GCC. Iran did this to dissipate antagonism toward its program, but the offer no doubt expressed a condescending nuclear superiority that Iranians now feel toward their neighbors. The GCC states did not take up the Iranian offer because they want to end Iran’s national enrichment activities, not share in them. As Saudi Minister of Defense, Crown Prince Sultan bin Abdulaziz said in May 2007, Saudis “don’t need nuclear assistance from any country.”<sup>7</sup>

The Saudi proposal was therefore a counter-offer. Arab states and the rest of the world would be tremendously relieved if Iran would find a way to accept the proposal and eschew enrichment on Iranian territory. However, neither Riyadh nor any other close observer of Iran realistically expects Tehran to do so.

If the Saudi proposal gains no momentum, nuclear policies and politics could take several turns. Saudi Arabia could let the issue of Saudi, or GCC, or broader Arab nuclear fuel production drop. The stated interest in developing fuel production capability could



be satisfied by obtaining supplies of fuel services for future reactors from the international marketplace which historically has been highly reliable. Indeed, nuclear industry experts conclude that even when in possession of advanced enrichment technology (which Iran is many years away from) economies of scale make indigenous fuel production economically sensible only for countries needing to provide fuel for production of no less than 8-10,000 megawatts of electricity annually, or the output of 8-10 large nuclear reactors.<sup>9</sup> No state in the Middle East will have such needs for the foreseeable future. Therefore, international supply would be the only economically and technically sensible option.

Still, Saudi Arabia could declare that it wishes to go ahead and acquire uranium enrichment capabilities on its territory. The Saudi proposal represents the first declaration of Saudi and smaller Gulf states' intentions to develop enrichment capabilities. Previous expressions of interest in "going nuclear" concentrated on developing power reactors and implicit disavowals of fuel-cycle ambitions. Having offered to finance and perhaps own or control an enrichment capability outside of the Middle East, Saudi Arabia could say that Iran's rejection of the proposal leaves it little choice but to proceed to establish an indigenous capability. If Saudi Arabia, or the GCC collectively, sought to acquire and operate enrichment or plutonium separation capabilities on their territory, it would contradict efforts by the IAEA, the US, and many others to stem the proliferation of new enrichment and plutonium separation capabilities to states that do not already have them. Containment of fuel-cycle proliferation is widely seen as a top imperative of nonproliferation policy in the 21<sup>st</sup> century.

Were Iran and Arab states to operate enrichment and/or reprocessing facilities on their territories, a latent nuclear arms competition would appear likely,

as production of fissile material is the most crucial requirement for building nuclear weapons. With Israel's already extant nuclear arsenal, the result would be a three-way dynamic of nuclear insecurity and, more optimistically, deterrence. All experts conclude that three-way nuclear competitions among states with such deep mistrust and disputes as Israel-Iran-and Arab states would be extremely difficult to manage stably; besides, there is the possible impact of such developments on Turkey's nuclear policy.

### 3. Complex Considerations and Motives behind the Interest in Nuclear Energy

When states that possess abundant reserves of natural gas say they need to develop nuclear technology to produce electricity, many outside observers suspect ulterior motives. Such skepticism may be warranted, but it would be unfair to deny that GCC states may have genuine and legitimate economic interests in developing nuclear infrastructure. Resource-rich countries such as Russia and the United States insist that fossil fuels won't last forever, damage the climate, and are becoming increasingly costly and, therefore, should be offset by expanding reliance on nuclear energy. The GCC can make the same argument from a long-term strategic perspective.

But beyond debatable economic rationales, the timing of the GCC's declared interest in nuclear energy suggests more complex motives. Iran is the major foreign threat to GCC states, so when Iran refuses legally binding UN Security Council demands to stop developing the capacity to enrich uranium, GCC states naturally grow more concerned that Iran is acquiring at least the capability to produce nuclear weapons whether or not it now has an actual nuclear weapons program. Why else would Iran undergo in-

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ing nuclear infrastructure. Resource-rich countries such as Russia and the United States insist that fossil fuels won't last forever, damage the climate, and are becoming increasingly



ternational isolation and sanctions to develop an enrichment capability that has no real civilian utility? Iran has committed to use Russian fuel in the Bushehr reactor, and in December 2007, Russia moved to ship fuel to Iran after a long delay. If Iran were to try to introduce indigenous non-Russian-supplied fuel in the Bushehr reactor (which would require a knowledge and capacity for fuel fabrication for VVER-1000 type reactors that is presently unavailable to Iran), it would violate a formal agreement with Russia that prohibits it from doing so, and all of the Russian warranties on the reactor would be removed. Even if Iran acquired additional reactors – a process that is bound to take well over a decade – the most cost-effective way to fuel them would be through international contracts with Russia or the guaranteed supply now offered by the P-5 + 1 through Annex II of UN Security Council Resolution 1747.

The GCC move to explore nuclear technology tracks so closely with concerns about Iran's ambitions that this factor must be central. Indeed, the announcement of this decision was made at the December 2006 GCC summit meeting in which Iran's nuclear program was mentioned as a threat. As Nicole Stracke of the Gulf Research Center in Dubai noted, "The council's intention is not to enter a nuclear race with Iran; rather it is a strategic decision and a clear signal to Tehran that the GCC will not duck and hide while Tehran builds up its nuclear capability, interferes in Iraqi affairs, and demonstrates an eagerness to change regional alignments in its favor."<sup>9</sup>

Each GCC state is wary of Iran's intentions and power, albeit some less than others. These concerns are historic and, in some ways, civilizational. They pre-date the Iranian revolution and the emergence of the Islamic Republic. Space does not allow a detailed state-by-state accounting of concerns. The general

challenge is to contain and deter Iran's capacity to impose its will on its smaller neighbors and the broader Middle East more generally. The most immediate physical need is to dissuade or prevent Iran from resorting to further military measures to impose Iranian sovereignty over the three islands claimed by the UAE and from impairing Arab production and export of oil and gas resources. Saudi Arabia and perhaps other GCC states also wish to deter a repeat of the 1996 Khobar Towers bombing, which many believe was instigated by Iran. A related challenge would be to deter or defend against Iranian attacks on GCC states in an escalation of a conflict between the US and Iran or Israel and Iran. (As discussed below, this is a dualistic problem of deterring Iran and persuading the US not to initiate a conflict with it). Politically, GCC states, Iraq, Egypt and Jordan wish to contain and deter possible

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Iranian initiatives to subvert their governments by supporting militants, whether they be Shiite minorities or rejectionist Sunni movements. In general, the concern is not that Iran will produce and threaten to use nuclear weapons in attacks

against GCC states, but rather that a nuclear weapon capability would embolden Iran to project power in these more indirect ways and leave the GCC states feeling more vulnerable to such bullying.

Developing a GCC nuclear program is one way to "do something" to balance Iran's growing power. The phrase "nuclear program" is usefully ambiguous to most people. It can mean as little as techniques for irradiating agricultural products, or construction and operation of small research reactors, or as much as factories to produce nuclear weapons. "Nuclear program" can mean indigenously produced reactors to generate electricity, or imported turn-key plants operated jointly with the French, Russians, or Americans. And, of course, "nuclear program" can mean



an option or dedicated effort to produce materials for nuclear weapons. Consistent with projecting ambiguous nuclear robustness, Saudi Arabia will be hosting in March 2008 a big international conference on peaceful applications of nuclear energy.

At the most ambiguous level, if Iran has a “nuclear program” then the GCC can develop a “nuclear program.” Politically and symbolically, at least, this could somewhat counterbalance Iran while also deflecting some of the domestic pressure to seek outright military capable nuclear technology. A highly-informed, militarily experienced UAE official put it this way in a recent conversation: “If my neighbor drives in to his driveway with a new, big car and my son points to it and then looks at my old car, he will ask, ‘Why don’t we have a car like that?’ To keep my family’s respect I might feel I have to get a car as fine as my neighbors.”

In material terms, it is extremely difficult to imagine the GCC collectively seeking to acquire nuclear weapons capabilities to deter Iran. The GCC is simply too incohesive as a group either to collectively develop a nuclear fuel cycle infrastructure that could some day be diverted to producing fuel for nuclear weapons or to clandestinely attempt to purchase nuclear weapons capabilities. It is possible that Saudi Arabia singly might make such an attempt to balance Iran (most probably drawing on its intimate relations with Pakistan), but the risks of failure and of high political and security costs would be great. Under a Small Quantities Protocol safeguards agreement Saudi Arabia could legally construct a centrifuge enrichment plant without having to declare it until they are ready to introduce nuclear material. If it were discovered it would be declared “a matter of concern” by the IAEA, but chances are most countries would not seek to punish the Kingdom because it would be acting legally and has great oil power.

Thus, beyond the domestic political and psychological boost that a “nuclear program” could provide, the effects will be ambiguous and muddled, at least for the 10-15 years it would take GCC states

to develop even moderately significant capabilities. Nuclear programs can only obtain the technical and political support they need internationally if they are purely peaceful, but in this case they are of more political-psychological value than military. To gain real deterrent power, GCC states would have to develop intentions and, more difficultly, capabilities to divert these programs to potential weapon applications, particularly by developing facilities to enrich uranium or separate plutonium from spent fuel. But taking this turn would jeopardize the nuclear cooperation the GCC states need in the first place, and would expose them to significant international pressure. (Over the many years it would take to develop nuclear technology in GCC states, the regional and international environment could change in ways that would ease these constraints. If Iran were to confirm the worst fears of GCC states and the broader world, sympathy could arise for Arab developments of countervailing military nuclear capabilities.)

There is also a less obvious dimension to Arab interest in countering the political, psychological and potential military power Iran seeks through its nuclear program. Egypt has moved in parallel with the GCC to proclaim the restart of a nuclear energy program which had been abandoned in 1986, after the Chernobyl disaster. Egypt has two research reactors and a larger, more advanced cadre of nuclear engineers than the GCC, although it, too, will have to rely largely on foreign vendors and operators to produce nuclear electricity. The Mubarak government’s renewed interest in nuclear energy appears to have several motives. First announced by Gamal Mubarak, secretary-general of the policies committee of Egypt’s ruling National Democratic Party, the nuclear plan represents a bid to display Egypt’s modernity and technical prowess. This dramatic project is intended to infuse energy which Egypt desperately needs to fuel its energy-intensive new industries; at the same time, it is hoped that the project will enthuse the Egyptian people and invigo-



rate their support of the tired Mubarak government. This government also is wary of Iran's growing power and wants to demonstrate the capacity to match it. More subtly, Cairo wants to ensure that if Arabs develop nuclear capabilities Egypt will be at the forefront and will not be outdone, particularly by Saudi Arabia.

Competition for Arab leadership could give nuclear programs in Egypt, Jordan, Saudi Arabia, and other GCC States, and perhaps Algeria, momentum independent of developments in Iran. If any one of these states, or the GCC collectively, actually establishes nuclear power reactors and/or fuel cycle facilities on their territory, others will feel impelled to follow suit. The rivalry between Egypt and Saudi Arabia over leadership of the Arab world is so acute, although understated, that it can take on a life of its own. In an ideal world, Arab states could cooperate to achieve economies of scale in both the production and transmission of electricity produced by nuclear energy, but for the foreseeable future nuclear projects will reflect the logic of nationalism more than economics or pan-Arabic solidarity.

Finally, from the GCC's perspective, the ideal way to deal with Iran's nuclear ambitions would be to negotiate and implement an agreement to make the Gulf a zone free of weapons of mass destruction. Since 2004, the Dubai-based Gulf Research Center has fostered research and workshops to help define what such a zone would entail, who it would involve, and how it might be implemented. The proposal is for nine countries – Bahrain, Oman, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Iraq, Iran and Yemen – to agree not to acquire chemical, biological or nuclear weapons, and to rid themselves of such capabilities which may already exist. It represents a more particular sovereign commitment of each state in the prospective zone to the others. Further, a Gulf WMD Free Zone would help create

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conditions for eventually expanding such an agreement throughout the Middle East, including Israel.<sup>1</sup>

Leaving aside the controversy over the costs versus benefits of pursuing such a zone independent of the objective of achieving a broader Middle East WMD free zone which would include Israel, many obstacles would have to be overcome to negotiate and implement a WMD Free Zone in the Gulf.

The central motivation behind a WMD free zone clearly is to ensure that Iran would not acquire nuclear weapons. But Iran already has committed not to do so under the NPT. (It also has ratified the conventions against possessing chemical and biological weapons) On the one hand, this should make it easy for Iran to agree to such a zone, insofar as it already has renounced the weapons the zone is meant to outlaw. On the other hand, if the fullness of Iran's adherence to the NPT is in question, how would a WMD free

zone resolve those concerns?

The fundamental problem today is that Iran insists on exercising its "right" to enrich uranium and produce and separate plutonium and that mastery of these processes would give it capabilities to produce nuclear

weapons quickly if it decided to break its commitments to the contrary using either heretofore declared or undeclared clandestine facilities drawing on the same technology base. A solution would be if a WMD free zone precluded not only nuclear weapons, but also uranium enrichment and plutonium separation with a more vigorous inspection regime than that presently in place under the NPT and full scope safeguards with the IAEA. Yet, it is extremely difficult to imagine Iran giving up in this forum what it has fought so hard to preserve in the NPT context and the dispute with the UN Security Council or agreeing to such a robust verification regime that it has eschewed for so long. Other states within the region and beyond might also ob-



ject to the precedent of abjuring “rights” to particular nuclear capabilities, especially without guarantees of increased alternative benefits to be provided by the world’s leading purveyors of nuclear technology and fuel. Many developing countries are frustrated that the nuclear weapon states have not fulfilled their sides of the NPT bargains to provide nuclear cooperation and to pursue nuclear disarmament. To obtain new restraints on the part of non-nuclear weapon states and to have them agree to an even more intrusive nuclear safeguards regime would require involving the major nuclear suppliers in the negotiations, which could bring many new complications.

The effectiveness of a WMD free zone would also depend heavily on whether and how it would be enforced. The UN Security Council has been unwilling or unable to enforce legally binding Council resolutions in Iran. Yet, it is difficult to imagine states in a potential Gulf WMD free zone agreeing to enforcement provisions that would be more robust and automatic than those entrusted to the UN Security Council. Yet, without stronger enforcement provisions, how would a zone redress the Iranian challenge?

#### 4. Broader Strategic Options

Assuming that Iran will continue to frustrate the creation of a reliable WMD-free zone in the Gulf, nuclear programs will not be the primary means by which GCC states deal with concerns over Iran’s nuclear capabilities and intentions. The foregoing discussion sketches why such programs are too indirect and uncertain to satisfy near and mid-term security concerns. Other strategies and capabilities to contain and deter Iran will have to be adopted. In particular, GCC states must cooperate much more extensively to impose trade and financial sanctions on Iran of a type that they had thus far avoided, while also maximizing the effectiveness of their military expenditures which already dwarf Iran’s, and focus on blunting the asymmetric strategies Iran

would likely pursue to exploit vulnerable coastlines and to subvert domestic order. This paper is not the place to examine these alternatives in any detail. Instead it offers a few points that most directly pertain to the specific challenge of countering the potential effects of Iranian nuclear weapons capabilities.

At the outset it should be noted that the circles of decision-makers and strategic planners in Saudi Arabia, other GCC states and Egypt are small and extremely confidential. Those who know what these governments are truly thinking and planning in the areas of nuclear energy and national security do not reveal their thoughts and plans publicly. Those who write publicly lack inside information and are engaged more in speculation than reportage. These states do not possess communities of security strategists steeped in arcane knowledge of nuclear technology and doctrine, and military strategy of the sort that needs to be developed to give independent guidance on how to contest Iranian power. Foreign interlocutors who have engaged responsible officials from these states generally observe that their strategic thinking is nascent.

If faced with a nuclear-armed Iran, GCC states would be tempted to rely even more intensively on US protection. This, of course, is a double-edged sword. Iran would try to exploit the deep unpopularity of the US among Arab populations to encourage political dissent within GCC states and fractiousness among them. Moreover, one of the threats that most concerns Gulf States’ leaders is the prospect of war between the US and Iran, which might prompt Iranian counter-attacks against GCC states and/or oil and gas interests. On the one hand, the US is the only outside backer likely actually to fight to defend GCC states against Iranian attack or subversion. On the other hand, the US is not wholly trusted not to start a conflict in the first place. Thus, GCC states and the US will continue to grope uneasily for the proper mix of closeness and distance in their relations.

Some observers hint that the US (by itself or in



conjunction with other nuclear powers having deep-rooted ties and security obligations in the Gulf, primarily the UK and France) could help GCC states balance a nuclear-armed Iran by explicitly extending the US nuclear deterrent umbrella over the GCC. The US could state, either publicly or privately to GCC leaders, that Washington would treat an Iranian nuclear threat or attack against a GCC state as a threat or attack against vital US national interests, meriting US action to defend GCC states at whatever level necessary to prevail against Iran. There are many problems, however, with extending nuclear deterrence in this way. If it were done before Iran actually acquired nuclear weapons or made nuclear threats, the invocation of US nuclear weapons could be seen to justify Iran's nuclear ambitions and saber-rattling. Domestic and regional opponents of GCC governments could foment popular upset, claiming that now the US was waging nuclear imperialism over the Muslim world, etc. Extending nuclear guarantees to Arab governments which the US Congress and public view with mixed regard, such as Saudi Arabia, also could be highly controversial in the US. Debates would ensue that could leave GCC governments feeling less rather than more confident of American security backing.

The complications and uncertainties involved in close defense cooperation with the US have prompted Saudi Arabia and the UAE recently to embrace closer defense ties with resurgent Russia. In high-level meetings, Russian officials, including President Putin, have expressed great interest in extending civilian nuclear cooperation and defense sales to the UAE and Saudi Arabia.<sup>11</sup>

Buying Russian arms opens the possibility of inviting closer Russian political and diplomatic ties as well. These give Saudi Arabia and the UAE more le-

verage in negotiations with the US (particularly the US Congress) and greater strategic flexibility. Closer ties with Russia also increase GCC states' potential leverage over Iran, which depends on Russia for military supplies, nuclear cooperation, and some amount of diplomatic buffering against the US. If the rich GCC states can entwine Russia in lucrative defense deals, they will give Moscow reasons not to jeopardize business and regional influence by displeasing them. The GCC states will thereby rebalance Russia's interests with Iran. Moscow will have to ask which relationships are worth more: those with Iran or those with the GCC states. Tehran in turn will recognize that Moscow's loyalty cannot be taken for granted, and that the GCC states can hurt Iran by pulling Russia toward them and away from Iran. Overall, this is probably a welcome development for the purposes of deterring and containing Iran.

Ballistic missile defenses could be an important means of minimizing potential nuclear threats from Iran. Missiles are not the only way Iran could deliver potential nuclear weapons, but GCC air power is such that Iran would probably have to rely either on missiles or water-borne delivery. Therefore missile defenses could be invaluable. Because these defenses would not be paired with GCC offensive nuclear capabilities, they should be seen as purely defensive and not provocative. Such defenses would not be exploitable by political opponents of GCC governments, as they lack the moral-psychological connotations of nuclear weapons that would inhere in the extension of a US nuclear deterrent umbrella. The main problem with ballistic missile defenses would be their effectiveness, which has yet to be conclusively demonstrated, especially against counter-measures.

US Defense Secretary Robert Gates, in a December 2007 speech in Bahrain, urged GCC cooperation with the US in developing cooperative missile defens-

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es and an air defense network.<sup>12</sup> The US reportedly is negotiating with the UAE to sell 288 Patriot Advanced Capability PAC-3 defensive missile systems. Kuwait is reportedly considering buying 80 PAC-3s, an upgrade beyond their current PAC-2 systems. This system can perform anti-air and anti-missile roles. If Iran continues its uranium enrichment and plutonium production programs unabated, and continues to develop its ballistic missile capabilities, it is likely that the US would invite GCC cooperation in positioning more advanced anti-missile systems in the region.

Finally, the most likely approach GCC states will take to balance Iranian power will be a combination of the various strategies suggested here with a search for diplomatic ways to build mutual confidence with Iran. The GCC will mix balancing and potential confrontation with expressions of goodwill to invite Iranian temperance in its rhetoric and actions vis-à-vis its smaller neighbors. The December 2007 GCC summit in Doha, which welcomed for the first time the president of Iran, represented the sort of hedging that can be expected in the near term.

## Endnotes

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