

2020 Vision: AGSIW Assesses Threats and Opportunities in the Gulf

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The Arab Gulf States Institute in Washington

Transcript (edited for clarity)

RAYMOND KARAM (AGSIW):

Hello. My name is Raymond Karam, chief program and development officer at the Arab Gulf States Institute in Washington. I am joined today by seven AGSIW experts: Ambassador Douglas Silliman, AGSIW's president and former U.S. ambassador to Iraq and Kuwait; Ambassador Stephen Seche, our executive vice president and former U.S. ambassador to Yemen; and our scholars and experts Hussein Ibish, Kristin Smith Diwan, Ali Alfoneh, Robert Mogielnicki, and Emma Soubrier.

Before I get started, I would like to thank you all for joining us today for the first of a new series of monthly conference calls that are offered as a benefit to our supporters to share our research priorities and analyze regional trends and developments. When we initially planned this call, our goal was to look out over the horizon and assess trends likely to shape the Gulf region during this coming year. Of course, we are now operating in the shadow of a couple of major events, namely the targeted killing of the Islamic Revolutionary Guard Corps' Major General Qassim Suleimani and the retaliatory strikes taken by Iran and the United States. We cannot sidestep this development today, but we do not want it to overshadow the whole conference call and would like to still try to meet our initial goal.

With that said, our plan for the first half of this call will be to hear from our president, Ambassador Silliman, and Hussein Ibish will address the recent developments more closely and discuss the implications for the United States, Iran, and Iraq. We will then pause and take your questions. Time permitting, we will then offer each of our experts a chance to share one major trend or development that they will be following closely this coming year.

Ambassador Silliman, over to you.

AMBASSADOR SILLIMAN (AGSIW):

Thank you, Raymond. Good morning and thank you everybody for joining us on the call this morning. I am going to do a very quick strategic overview of the situation between the United States and Iran in view of what happened last night, knowing that things could change very quickly based on what President Trump says in the next few hours in Washington.

I see three strategic calculations that Iran made in these attacks last night:

- First, given the emotion that the government and the religious sector have expressed over the death of Qassim Suleimani, this strike seems intended to placate the desires of

an Iranian audience who desire revenge for the killing of Suleimani. That said, the fact that Iranian Foreign Minister Mohammad Javad Zarif and Supreme Leader Ayatollah Ali Khamenei have said that their retaliation has come to a close means that we may not see more attacks from Iran in the short term, at least against U.S. targets.

- Second, it is very clear to me that the Iranian attacks overnight were calibrated to avoid U.S. retaliation. This may indicate that the steps that the Trump administration took last week, particularly the strikes on militia targets in Iraq and Syria and the killing of Qassim Suleimani, may have restored a degree of deterrence in the relationship between the United States and Iran.
- Third, what I take away from this is that Iran wants to scare the neighborhood. They want to make sure that their Gulf Arab neighbors and Israel understand that they can be attacked and that the international community will be worried about free flow of commerce and oil throughout the Gulf.

Let me give you several conclusions of what has happened in my view:

- First, Iran claimed Iraq last night in a very direct way. In response, you will see political pushes at least and potentially more activity by Iraqi militias to push coalition forces out of the country. This will scare and divide Iraqis on the question of whether or not the United States and other coalition forces should be in the country.
- Second, Iran introduced ballistic missiles into the equation in a way that they have not done before. Experts will be able to tell us whether or not their missiles were good, whether they hit their targets, or whether they have a lot more work to do, but this is going to be a new factor in our calculations in dealing with Iran. This is not the first time that Iran has used ballistic missiles in Iraqi territory. In 2018, they conducted an attack against an Iranian Kurdish opposition camp in the Kurdistan region. Many of those missiles did not appear to have hit their targets.
- Third, Iran has launched direct and indirect threats against Israel, the Gulf Arab states, and most problematically, they made threats via social media and traditional media to Dubai and to Haifa in Israel as potential targets should the United States retaliate, again in an attempt to hold the region hostage.
- Fourth, with the introduction of ballistic missiles, nuclear weapons may no longer be as important to Iran's strategic calculations. With ballistic missiles now operational, Iran has a much greater reach in the region that it did before, without the use of proxies. There may be room to begin a discussion/negotiation with Iran on nuclear missiles because ballistic missiles have taken on a greater importance.
- Finally, the two locations that Iran chose to strike are significant. Striking Al Asad base in Anbar and the military base near the Erbil airport in the Kurdistan region sends a very strong message to Sunnis and Kurds, who probably do not want American and coalition

forces to leave. That message is that it is time for them to help push the Americans out because the United States cannot keep them safe. For what it is worth, what I recommend to the U.S. administration now is to take the moral high ground to gather the allies who can now see more clearly Iran's strategic goals in the region and its desire to achieve hegemony and freedom of operation. The United States should reserve the right for future retaliation, but not do anything now as it would be counterproductive. The United States should then offer some sort of multilateral talks covering all of the issues that the international community finds troubling: nuclear weapons, ballistic missiles, interference in the affairs of regional states, and maybe even human rights issues that Americans and Europeans have wanted to address in the past. It is also important for the administration to decide on and set out very clear strategic goals when it comes to Iran. If its work with Iran is done with a bit of humility and in conjunction with some of our allies, I think there is an international consensus and community that can help enforce those goals.

Those are my top-line observations. We can take some questions after we finish our introductory remarks.

RAYMOND KARAM (AGSIW):

Thank you, Ambassador. Hussein, do you have anything to add before we move on to Ali and get more of the Iranian perspective?

HUSSEIN IBISH (AGSIW):

Well, just one thing. The question now is if this really is the main and primary Iranian response to the killing of Qassim Suleimani, which is how they seem to be presenting it externally and internally. So then the question is: "What's the next move?" And it seems to me that there are two main options for the Iranians. Maybe Ali can shed some light on this.

One is to go back to the kind of low intensity tit-for-tat exchange of minor provocations that have characterized most of the maximum resistance campaign from May 2019 until the killing of Qassim Suleimani and that led to the bombing of the pro-Iranian Iraqi militia Kataib Hezbollah's headquarters in Qaim. The second is that Iranians will consider taking a longer pause to see what may have changed internationally, strategically and diplomatically, and to evaluate what they can get out of gnawing at U.S. and coalition powers that can bring them at least some measure of economic relief, which is what they have been seeking since the start of the maximum resistance campaign in May 2019.

Clearly things have changed. Iran sought a crisis and they got one. It's just not the crisis they wanted.

RAYMOND KARAM (AGSIW):

Thank you. Ali?

ALI ALFONEH (AGSIW):

Thank you so much. Fundamentally, both the Islamic Republic and the United States are facing two choices. One is war and the other is a negotiated solution to the current crisis. In Iran, there is not a large appetite for a war, which would be extremely costly, both politically and economically. Iran has a budget deficit of \$25 billion and next year's budget is just \$39 billion. Iran needs a lot of money and the money they do have is simply not available for Iran to wage a war.

The negotiated solution to the crisis option is Iran's preferred model. However, both parties—the United States and Iran—do not necessarily exclude the use of force as a means of improving their negotiating position. This is why the U.S. administration assassinated Major General Qassim Suleimani and why the Islamic Republic is now using missiles to pressure the United States and U.S. allies in the Middle East region. However, the use of force also sometimes undermines negotiations between two parties and risks sparking a new war in the region.

We have the two extreme choices: war and a negotiated solution. However, continued use of military force risks undermining the potential for a negotiated solution. This is why 2020 is going to be very, very important.

RAYMOND KARAM (AGSIW):

Thank you. With that, we will pause for a minute and take your questions before we get back to our other experts.

Are there any questions from our audience?

AMBASSADOR DEBORAH JONES (PARTICIPANT):

Hello, this is this is Deborah Jones calling in from out in Santa Fe.

Doug, if I hear you correctly, you are kind of suggesting a return to the Joint Comprehensive Plan of Action in a way. You're saying to take the high ground. First of all, I am not so sure, given Iran's asymmetric thinking, that this is the last hit. It may have been to establish a bargaining position, but I think they recognize that there is no realistic scenario where the United States will go into Iran because its use of asymmetric warfare actually is pretty sophisticated, as we've all seen. I agree that Iran's singular goal in the past has been to relieve the economic pressure

because that's really what has been constraining them. I also do think that there is an elephant in the room that no one seems to be discussing, which is that the United States has taken some more policy positions on Jerusalem (for example, on the Golan Heights and other areas that are significant to Iran).

But in this case, I just have to wonder if what you're suggesting, Doug, is that the only thing the United States can or should reasonably do here, especially given Iran's sophistication now in ballistic missiles, which might replace their focus on a nuclear threat (which I don't think they would deploy anyway, as it would certainly be a dangerous game for them to play)... is that we should think in terms of going back to some kind of negotiated settlement?

I don't know if any of that makes sense, but do you see what I'm getting at here?

AMBASSADOR SILLIMAN (AGSIW):

Yes, Deborah, I see what you're getting at. My only answer is that my suggestions are fuzzy and broad because I'm not sure what is possible in the current situation. Directly addressing your question on JCPOA, I think because nuclear weapons may not be as strategically important to Iran now as they were a few years ago, this is an area where a JCPOA 2.0 or something like that could be discussed again.

However, it is important to bring other regional players and interested parties into the conversations and negotiations. The United States should ensure that the interests of the Gulf Arab states, Israel, and others who are interested in trade through the Gulf are better taken into account than they were in past talks. Beyond that, I think that in order to address what is clearly Iran's strategic advantage in the region, the talks are going to have to be broader than that. That may require trying to cobble together a broader coalition to expand economic pressure on Iran at the same time that this coalition offers some sort of negotiated pathway that would include a relaxation of sanctions again. Again, if you're looking toward negotiating an agreement, both sides have to see some reason to go into it and to achieve that agreement.

Again, these are very preliminary situations and, as I said, what Donald Trump says today could change all of this as well.

HUSSEIN IBISH (AGSIW):

I'd like to add two things very quickly.

First, Zarif, in his statement regarding the most recent Iranian repudiation of some more of its JCPOA commitments (some very important ones), specifically said that Iran would reconsider all of this and return to honoring all of its commitments if the sanctions imposed after Trump withdrew from the JCPOA in May of 2018 were lifted. They are keeping the door open. They were very careful to keep the door open and to link their response to the sanctions. Everything

that they've done in my view since then has been about getting economic breathing space and this is another example of that. All of this comes back to that economic oxygen.

The second thing is that the significance of Iran's missile, drone, and rocket targeting sophistication was first revealed in the attack on Saudi Aramco oil facilities in Abqaiq. That attack was incredibly precise. I think only one missile or drone did not hit its target. It was really extraordinary. We will want to take a look at what was deployed in this case, but I think Doug is on the right track here in that there is a conventional alternative that at least in the regional terms is very difficult to defend against. This becomes a plausible substitute for a nuke.

RAYMOND KARAM (AGSIW):

Ali?

ALI ALFONEH (AGSIW):

So just as Dr. Ibish correctly pointed out, the Iranian missiles against Aramco facilities were extremely precise. In last night's attack, they were remarkably imprecise.

HUSSEIN IBISH (AGSIW):

Unless that was intentional.

ALI ALFONEH (AGSIW):

Exactly. There is a story here. We have sources, very credible sources, that say that four hours prior to the attack, the Islamic Republic informed either the U.S. government or the Iraqi government of its intention to attack the airbase. The location of the landing coordinates of the missiles and the exact timing of the firing of missiles was also communicated either to Iraq or to the United States. We also know from information within the base that certain parts of the base had been evacuated, so there was absolutely no risk of anyone dying in attack. If that is the case, that actually is a very reassuring sign and shows that both parties are showing great restraint and great responsibility.

HUSSEIN IBISH (AGSIW):

It's very similar to what the United States did in the attack on the Syrian base where that information was communicated to the Russians and, similarly, there were no casualties. That's what you do when you don't want to kill anybody.

RAYMOND KARAM (AGSIW):

Any other questions from our callers?

Okay, if there are no other questions, I'll give a chance to some of our other experts if they have any points to make on these questions that we have addressed here from their own perspective. Kristen, Emma, Robert, anything to add to this?

KRISTIN SMITH DIWAN (AGSIW):

One thing I'm looking at is the situation with the regional powers and the other Gulf Arab states. One lens that I'm thinking about this through is the rising importance of nationalism as a global organizing dynamic. I think when we see that the local states have been able to use nationalism a lot more to tie the Shia populations either through suppression or now through kind of co-opting them, I think that's going to be one factor to look at... to see how vulnerable they are on that political level to Iran. I think we can see how that can play out with the protests that have been taking place in other countries, like in Lebanon and Iraq, where you see the limitations of this Iranian projection as these states are trying to strengthen their national positions. So that's one thing I'm looking at.

Clearly within the Gulf states, though, they realize that they're very vulnerable. If you think about the different parties there, you [see] a division between hawks and doves, with Saudi Arabia and the UAE being hawks. Clearly, the most important shift has been those states taking more conciliatory postures as they recognize the real threat that Iran poses to them, their vulnerabilities, and their inability to fully rely on the United States to provide the defense in those situations. So that's the third most immediate and important dynamic, but some of these other political issues may also come into play if the conflict goes on for a long time.

RAYMOND KARAM (AGSIW):

Emma, maybe I can ask you to bring in the European perspective and role that you've addressed before in your research, but please also feel free to add anything else.

EMMA SOUBRIER (AGSIW):

Thank you so much.

What I wanted to say is that, as underlined by Ambassador Silliman, Iran had to act now to appease domestic audiences, but these strikes could be the closing chapter of the crisis. And when I say the closing chapter of the crisis, I don't just mean the crisis over the past 10 days, but more broadly, as Hussein was pointing out... the one brought about by the United States and

Iran being locked in this spiral of a maximum pressure versus maximum resistance campaign. I think a lot relies on what Trump says later today, but his initial reaction – his tweet last night – was pretty promising. Things may also rely on how Hashd al-Shaabi avenges Kataib Hezbollah leader Abu Mahdi al-Muhandis' death, which they said they will do, so we have to keep an eye on that too.

However, these strikes seem to open a natural way out of the crisis. As we can see from the reactions of pretty much everyone – European powers as well as China – during the night, everyone is essentially calling for all parties to step out of the spiral of violence now and the breathing space that Hussein was mentioning might be right now.

I completely agree with the fact that the chips have been redistributed a little bit these past few months, especially after the Aramco attacks. One new element is that the regional powers seem pretty eager, or at least more ready than before, to actually consider a solution that implies actually talking to Iran and coming to some sort of resolution all together and not via a confrontation.

RAYMOND KARAM (AGSIW):

Thank you. Robert, we heard the threat to Dubai last night, so maybe you can address how these latest events affect the economic activity in the region and the issues that you've been looking at.

ROBERT MOGIELNICKI (AGSIW):

Sure. Thank you, Raymond.

Over the past couple of days, I have been trying to measure the impact on global and regional markets from first the U.S. strike that killed Qassim Suleimani to the Iranian retaliation. Overall, it's clear that the market reaction has been rather subdued. In both instances, there were market spikes (gold, for example), but they stabilized and dipped back down. We also saw the price of oil spike. But, again, that was a very short-term reaction. I think it's important to note that there was not a direct threat posed to oil supplies or the free flow of commercial goods through the Strait of Hormuz, and the markets reacted accordingly.

So what does this mean for the economic outlook in the short-term? They are still going to be some issues that the Gulf Arab states have to deal with. This is a stress test for the region. We can just look at the Aramco share price, which reached about 38 Saudi riyals [about \$10] at peak trading. It is now trading closer to 34 Saudi riyals [about \$9]. In the midterm, if this is the new normal of a tit-for-tat retaliation, what does that say about the prospects of Expo 2020 in Dubai or the G20 Summit in Riyadh? I think, in that case, it would be a difficult or more difficult sell to attract visitors to these events and to also attract longer-term foreign direct investment. Then that gets into the longer-term economic strategies in the Gulf. What are the implications

of this looming threat of escalating tensions on key sectors – finance, logistics, tourism, real estate?

These are all questions that the Gulf Arab states and economic policymakers are going to have to grapple with if this becomes the new normal and if tensions escalate to the next phase. That would bring us into a whole new playbook, which I don't think many policymakers are prepared to deal with at this point.

RAYMOND KARAM (AGSIW):

Great. Thank you. I want to get to Ambassador Seche and his comments on Yemen, but first I think we have a comment from Yasmine Farouk, who is on the line.

YASMINE FAROUK (PARTICIPANT):

I want to just to make a comment on Kristin's comments, which I find very interesting because there is always the missing dimension of how what's going on in the region is captured by the societies and by the different political nonstate actors who exist, but are too oppressed to act. I don't know if you have seen, but there has been an ongoing campaign of arrests inside Saudi Arabia's Eastern Province against Shias, who the kingdom is calling terrorists, both before and after Suleimani's death. I find her comments very interesting in seeing whether such dynamics will continue or not, because I saw an article in a newspaper the next day after Suleimani's death calling for the arrest of Iranian sleeper cells inside Saudi Arabia.

I find this a very interesting angle that is not often taken into account... how this crisis is going to get internalized inside those countries and whether or not this was a factor in the restrained reactions of Gulf Arab states. What I also find very interesting is that, for the first time as was just mentioned, there is not a rift in the position in all of these states. We have six countries who are very worried about where this is going and I'm interested to see whether this will have a positive or negative impact on the reconciliation between the Gulf Cooperation Council, and Qatar and Saudi Arabia.

KRISTIN SMITH DIWAN (AGSIW):

Yes, just to add to that – Yasmine, thank you – I think that's certainly the case. All of these countries have to worry about the domestic dynamics as well. And I think they've always had different ways of dealing with that. In Saudi Arabia, they have traditionally relied upon their ability to control what's going on in the Eastern Province and using suppression to control things there. You could say the same more recently about Bahrain.

I think they have been making these arrests. They have the names of these people. I think they're watching them closely and those are probably just preemptive things that they're doing. But they do have another side to that now, which is that under their new nationalist posture, they've been trying to give the Shia an idea that there might be more space for them in the new Saudi nation. It is not organized as much or as prominently on Wahhabism, so I don't think there's been enough time for that to fully take root yet, but that will be an interesting dynamic to watch over time. If you look at some of the other states like Kuwait, they have a different way of dealing with that. I thought that was really interesting looking through social media. Some of the Shia parliamentarians were pretty open in giving their condolences to the death of Suleimani, so it's good for us to remember that. These divisions do exist in the Gulf Arab states, and that is something that those states have to keep in mind. Some of them are going to manage that through political means by allowing a little bit of that voice but if things become much more by directly targeting these countries, those divisions are going to be more relevant.

RAYMOND KARAM (AGSIW):

Are there any other questions?

MAHFOUZ TADROS (PARTICIPANT):

This is Mahfouz Tadros. There has been a lot of talk about Iraq, Iran, and the United States, but very little about the Gulf Arab states. How should the GCC countries deal with this situation? In particular, what about cyber attacks that might come from Iran or other places? And are GCC states ready to handle this? What is the future of artificial intelligence in the GCC countries? AI is the future of the 21st century and the GCC has to embark on this and be very focused on how they can benefit from it. Thank you very much.

RAYMOND KARAM (AGSIW):

Thank you.

HUSSEIN IBISH (AGSIW):

I am actually writing about this. I'm working on a couple of essays on the Gulf response to these developments over the next 24 to 48 hours, so I'll be really heavily focused on that in my upcoming publications.

One thing, if it's true (which seems increasingly possible), is that Iran is trying to, practically speaking, de-escalate while it restores national morale and defends itself politically by pretending to strike back hard, but actually being very careful not to escalate. The question is: Are they really going to look for that pause that I was talking about to see what space opens up?

If that's the case, then there really is potentially an opening for Gulf countries to begin – or in the case of the UAE, Qatar, Oman, and Kuwait – continue the various different dialogues they already have with Tehran and for Riyadh to continue probate the space to begin a dialogue which has begun and already. So in all cases, there's maybe more conversation now than there was a year ago, and if we do enter into a pause in which Iran seeks to discover what space has opened up for it economically and diplomatically given the dramatic events and the fact that there is a crisis—not the one they wanted, but a crisis-- that everyone will want to adjust to de-escalate. It really is in everyone's interest for this situation not to escalate further. Even the Israelis want that, which is saying a lot.

Under those circumstances, there is space to start talking to Iran about things of mutual interest, like maritime security for example. There is a potential to discuss de-escalation in Yemen and other kinds of mutual reassurances. There will be spaces that are going to be contested even in a pause. Iraq comes to mind for sure and Iraq is going to continue to be roiled by all of this no matter what because, as Ambassador Silliman has said, Iran has basically staked a claim on Iraq and that claim is going to be contested by Americans, Arabs, and others.

On the question of cybersecurity, I do think the cyber threat to the United States from Iran is probably overstated. It's real, but it's over-estimated. I think the Gulf countries need to be very worried about that and I know that they are, and that they're going to be paying more attention to it. They would be very wise to do that.

AMASSADOR SILLIMAN (AGSIW):

This is Doug Silliman. One more comment. If there will be, in the near future or the mid-term future, some sort of multilateral discussions with Iran about a larger agenda, the Gulf states individually and collectively need to decide what role they want to play in those talks and then work with the United States, as well as European and Asian friends and allies, to make sure that they can actually play whatever role they would like to play. There is some diplomacy to be done and Gulf countries have very serious interests and stakes in whatever talks will take place. If they want to be part of those talks, they are going to have to decide what part they want to play and how they will communicate that to the people who organize the talks.

HUSSEIN IBISH (AGSIW):

Also, if they want to be at all influential, they have to do that because they know the talks, if they're not at all part of them, will result once again in others deciding their fate while they look on. That has been their situation too often and I'm sure they want to avoid that again.

ROBERT MOGIELNICKI (AGSIW):

I'll just jump in on the question about cybersecurity. I think it's spot on. One area that we're going to be looking at very closely over the next year is the adoption and implementation of advanced technologies in Gulf Arab states, and really thinking about this process not so much exclusively as the sector of technology, but rather a cross-cutting theme that affects the political economy of the entire region. On the cybersecurity issue, you can think about it both from an offensive point of view. For example, what are Iran's capabilities and its potential response options to various U.S. policies? You can also think about it from a defensive point of view. We know that the UAE's new defense conglomerate, Edge, is primarily focused on cybersecurity and tech-lead defense technologies. There seems to be some justification in creating that defense conglomerate to specifically combat these threats.

As you said, there are certainly commercial activities happening on the tech front. There are emerging and aspirational tech hubs, whether it's Dubai and Saudi Arabia promoting artificial intelligence or Bahrain and Abu Dhabi promoting fintech. I think there's still a lot of work to be done. A lot is going on in the commercial realm and there's plenty going on behind the scenes, I would imagine as well, on the defense and security fronts.

Finally, cybersecurity and the adoption of these technologies play a key role in how external actors can operate within the region. Who will supply these technologies? The United States, Europe, China, Russia? And how will the acquisition – specifically the acquisition and the implementation of certain technologies – shape alliances and partnerships in the region? This is an extremely important question and one that we will be covering very closely. We have a research series dedicated to this topic and hopefully there will be more to report on that front.

RAYMOND KARAM (AGSIW):

Emma, please.

EMMA SOUBRIER (AGSIW):

I just had to point to the crucial inclusion of Gulf states in this new possible momentum of a renewed discussion to end the crisis. I think one interesting thing about the European reaction, be it the French reaction or the German reaction, is that many of the official announcements that happened right after this strike did not mention U.S. bases, but instead mentioned the coalition against ISIL bases. I don't want to read too much into too little, but that mention is a sign of the multilateralism of the issues at stake here and what could happen now is to actually go back to this multilateral solution that includes the Gulf states, but also European powers, China, and other Asian countries.

RAYMOND KARAM (AGSIW):

Thank you.

I just want to make sure to get to Ambassador Seche to address the question of Yemen. We're entering the fifth year of the conflict in Yemen this year and, by my calculations, I think there was movement toward the end of last year toward de-escalation with the signing of the Riyadh agreement. How do you see things developing this year, especially with these recent events?

AMBASSADOR SECHE (AGSIW):

Thanks, Raymond. I do think our preliminary consensus is that the attack last night by Iran was an effort to de-escalate, rather than inflame the current crisis. I think that message will not be lost on the pro-Iranian elements within the Houthi rebel movement, who will not necessarily feel the need to inject themselves into this crisis by conducting attacks against Saudi Arabia or even the UAE... for the moment, anyway. That doesn't mean that will always be the case, but I think they may see their interests better served at the moment by pursuing the ongoing negotiations and bringing the war to an end, rather than deterring that by getting more involved in efforts that would somehow force Saudi Arabia to retaliate and then basically tear up what they've managed to accomplish in recent months.

I'm encouraged that this is a response that's going to direct less efforts by those pro-Iranian elements to disturb the ongoing negotiations rather than basically try to throw them out right off the bat.

RAYMOND KARAM (AGSIW):

Great, thank you. I think we have one more question before we move on. Is there is there one more question?

YASMINE FAROUK (PARTICIPANT):

This question is especially for Hussein and is about what Gulf countries can actually do and whether the United States will, at this point, give them space to act. From what I understood from Iranian tweets yesterday about Gulf countries, they were full of warnings that, if there is an attack on Iran or on Iranian assets elsewhere from the bases in the Gulf, that these countries would then be targeted. I've always understood that this is the most important thing that the Gulf countries could give to Iran or actually this is what Iran wants from Gulf countries. Can they offer something like this now?

HUSSEIN IBISH (AGSIW):

I think what they can offer is... First of all, when the moment comes, they could play an economic role in sanctions relief if discussions with the United States and other large powers ever get to that stage. Before that, some of them can play a message transmitting and even potentially a preliminary mediating role. Certainly, the Kuwaitis and possibly the Omanis can do that. The Qataris already acted by sending their foreign minister to Tehran very early on during this crisis and I have no doubt that there was messaging, albeit very indirect messaging – maybe three or four degrees of separation. But it's still a form of communication. If the Qataris speak closely with the United States and speak directly with the Iranians, that is messaging unless the topic is studiously avoided by all parties. I find that very unlikely under the circumstances and even that would be a form of messaging, so there's no way to avoid communication. Even if the subject is avoided, that's a message.

In addition, I think the Gulf countries can and have contributed to the atmosphere. I think they have all been very careful to do whatever they can and to say what they can to lower the temperature. Look at the Emirati reactions, which very carefully called for – whether it was UAE Minister of State for Foreign Affairs Anwar Gargash, The National, their local Arabic media, or their officials – de-escalation. The Saudis have been careful to call for de-escalation. The foreign minister has done it several times. The minister of state for foreign affairs has also done it several times. Their media mostly has been very responsible. Maybe not entirely, but mostly. You can see a real desire there to lower the temperature and I think that, even while Gulf countries may be perceived as marginal actors in this and may have limited options that are constrained by larger powers like Iran, Turkey, the United States, Russia, China, the Europeans, etc., they contribute a lot to the immediate atmosphere in their region. They can easily make matters worse and more tense. They can also bring the temperature down.

I think it's remarkable how unified the GCC has been in wanting to bring the temperature down. It's one of the things they've agreed on most enthusiastically since the Qatar boycott began in June 2017. It's a degree of utter unanimity that we haven't seen in a while and that, if it's sustained, could be a contributing factor to resolving the Qatar boycott and bringing that temperature down as well because as things change, we start to see that, at times like this, the GCC has common interests – the same common interests vis-a-vis Iran that caused the formation of the GCC in the first place.

RAYMOND KARAM (AGSIW):

Thank you.

To conclude, we can go around the table and ask each one of our experts to – if they didn't get a chance already – to address one major trend that they will be following this year, or if not, just give us some closing remarks before we end the call.

Emma, I will start with you.

EMMA SOUBRIER (AGSIW):

The main trend that I will be looking at in 2020, which actually ties to the point that I was making earlier, is the multi-polarization of the Gulf and the increasing importance of evolving power plays and strategies from major actors outside of the region – not just the United States and the Europeans, but also countries like Russia, China, and India. That’s what I will be looking at because when we read so many comments and analyses about what's happening in the region, we tend to have this impression that United States and Iran policymaking processes happen in a vacuum, as if the rest of the world was not there. What I will be looking at this year is how the rest of the world is very much there – and increasingly so.

RAYMOND KARAM (AGSIW):

Kristin?

KRISTIN SMITH DIWAN (AGSIW):

One thing I'm definitely going to be paying close attention to is a potential transition in leadership in the Gulf. If you look right now, most of the Gulf Arab countries (Oman, Kuwait, Bahrain, and Saudi Arabia) have aging leadership. In some cases, the leaders are in very poor health, so we could be seeing a change of leadership in one or several of these countries in the next year – certainly in the not too distant future. We can see in some of those states that the competition is already impacting the domestic politics. Of course, the effects of these transitions will not stay just within these countries. We know the importance of the leaders of these countries so there is the potential for really sharp change in policy directions associated with shifts in leadership. There may be some kind of loss of mediating capacity. As we look at the possibility of losing some really seasoned leadership at this critical time of regional crises, we also have to think about the rising competition in the Gulf states that we've already seen. These changes in leadership mark the possibility of that kind of competition showing up in these domestic politics as each of the Gulf states push for greater influence. All of those things could be destabilizing factors and I will be watching them closely.

RAYMOND KARAM (AGSIW):

Thank you. Ali, anything to add?

ALI ALFONEH (AGSIW):

My research will be on the Quds Force. A few days ago, just after Major General Suleimani was assassinated, a new general, Ismail Qaani, replaced him as chief commander of the Quds Force. I predicted that that this gentleman would be the successor back in 2012 and it was not a lucky

punch. That prediction was the result of fundamental research and the investment of money, time, and resources toward doing research. I genuinely believe that there is a need for more fundamental research so that our institute can be ahead of developments and we can be the first institution to publish a book on the Quds Force. Nothing in the market is satisfying the need for more information about this military organization.

RAYMOND KARAM (AGSIW):

Ambassador Seche, anything more to add?

AMBASSADOR SECHE (AGSIW):

What I will be looking at – and this has to do with Yemen, of course – is the measures that Saudi Arabia will continue to take over the course of the year to restore its stature and reputation in the international community. I think that has to do with it being chair of the G20, the Aramco initial public offering, and other elements that are very important in shaping how it appears to be that stable force in the region it wants to be seen as and not an unpredictable and unmanageable state.

RAYMOND KARAM (AGSIW):

Thank you. Perhaps I'll skip to Robert and then end with Ambassador Silliman.

ROBERT MOGIELNICKI (AGSIW):

Well, I already mentioned my upcoming focus on advanced technologies in the Gulf Arab states, but I am focusing predominantly on their implications in the security and defense sectors. I think this can and will go in many different directions. Will these new technologies help Gulf Arab states finally create or come closer toward creating tech-driven knowledge economies, and how are the ongoing digital transformation agendas in these states unfolding? These are important questions to ask. What is the nature of entrepreneurial support and small and medium-sized enterprise funding in the region? From my view, it's increasingly tech-focused, so if you want to know who the entrepreneurs and the SMEs are receiving government funding, you need not look much farther than those focusing on these key tech industries.

Also, economic reform agendas are increasingly adopting new technologies to reduce waste, generate more employment, and promote growth. Finally, we can look across key sectors,

whether it's oil and gas, finance, logistics, tourism... All of these have vast potential, or at least the governments are holding out that the deployment of new technologies will unlock these strategic sectors. However, on the other side, we have to ask what potential is there for disruption to labor markets that could disrupt this very fragile labor market segmentation that we see in the region. So those are just some of the themes that I will be focusing on.

RAYMOND KARAM (AGSIW):

Thank you. Hussein?

HUSSEIN IBISH (AGSIW):

In addition to everything connected with the main story today, which is very likely to take up much of my time, I'm going to track very carefully the rise of the other potential great regional power, other than Iran, which is Turkey.

Turkey plays a very major role in the region, and increasingly so. I think the expansion of Turkish direct intervention into Libya of late demonstrates that. Turkey is split now between three different potential orientations. One is a desire to become the major player in the Sunni Middle East, meaning in the Arab world. There's a Eurasian faction and a "let's go back to the West and negotiate a better deal and a return to the West" faction, and some overlap between them insofar as Turkey has the bandwidth to operate aggressively and internationally beyond its immediate internal problems, which include Northern Syria (which is a domestic issue for them). But insofar as they do start to project their influence and power and it takes the form of activities in Libya, with regard to the alliance with Qatar, etc., Turkey has the potential to emerge as a major player in the whole region, including in the Gulf. It also is the main competitor to Iran regionally – not the Arab states and not Israel, which is overextended in the West Bank, but Turkey. If Iran's woes continue and it loses influence around the region, Turkey rather than any other regional player is poised to be the direct beneficiary, if that's the route they follow. In addition, given the AKP's ideological orientation and rhetoric, which has led them to defend Libya's Government of National Accord and the Islamists behind it, has led them into a very close relationship with Qatar with their mutual allies in the Muslim Brotherhood, so they have that they have that orientation as well. I will be watching whether Turkey continues to emerge as a major player.

RAYMOND KARAM (AGSIW):

Great, and Ambassador Silliman, the final word is yours.

AMBASSADOR SILLIMAN (AGSIW):

Thank you very much for coming. I want to make two quick points. First, I'm looking at 2020 and we have to continue to look at Iraq because, even if U.S.-Iranian tensions are reduced, inside Iraq, you have a population, politics, and security forces divided between those two loyalties and inclinations, and I think that tensions between the United States and Iran will play out in Iraq.

Secondly, again, I want to thank all of you for coming this morning and listening to our conversation. I hope you have found the expertise of our scholars insightful and valuable. I hope you will continue to come to us to get information about the Gulf and, as Ali Alfoneh said, if you think what you heard this morning was useful, we can use your support and the support of your friends and colleagues to expand the work of the institute. Raymond, I turn it back over to you.

RAYMOND KARAM (AGSIW):

Great. Thank you all so much.

Thank you for joining us today again, and if you have any follow-up questions or any issues to discuss with us, please don't hesitate to contact any of us here on the call. With that we'll see you hopefully next month on the next call-in.

Thank you.