



R2 QL 11: What major economic, political and security (military) activities does KSA and Iran currently conduct in Bahrain, Lebanon, Iraq, Syria, and Yemen to gain influence? What are KSA and Iran’s ultimate goals behind these activities? What motivates KSA and Iran towards these goals? What future activities might KSA and Iran conduct in Bahrain, Lebanon, Iraq, Syria, and Yemen?

Contributors: Patricia DeGennaro (TRADOC G-2/27), Larry Jeddloh (The Institutional Strategist Group), David Mazaheri (IL Intellaine); Gwyneth Sutherland (Graphic Services); Zana Gulmohamad University of Sheffield).

Editor: Patricia DeGennaro, TRADOC G-2/G-27

**SME Contribution
KSA/IRAN Lens
Patricia DeGennaro
patricia.degennaro.ctr@mail.mil**

Summary

The geopolitical landscape in this region is vast and complex. History, lands, family, culture and economic resources are closely intertwined. The Kingdom of Saudi Arabia (KSA) and Iran in particular are opposing influencers in these neighboring countries and populations. KSA sees itself as the Sunni protector and the legitimate rulers of the Arabian Peninsula while Iran takes the position of Shite protector. Religion is often used to veil outright economic and military operations by both countries quite often through group proxies. Both Iran and KSA have vast oil and gas resources with extreme and autocratic rulers that work tirelessly to shape, influence and dominate the region thereby ensuring primacy, longevity and wealth.

There are distinct differences between the nations. Iran' has a rich history from the time of the Persian Empire while the Saud family came from a waring tribe in the desert cleverly undermining Western colonizers who aligned with its rival ruling family. Both countries have a population with high literacy, but minimal freedoms, Iran's being a more progressive population with a larger middle class.

To date, each government continues to try project influence internationally, regionally, and locally through statecraft and, sometimes lethally, through proxy actors within and between states. Below are SMA contributions that identify ways in which KSA and Iran influence Yemen, Bahrain, Lebanon, Iraq and Syria in the cognitive, economic, political and security realms. Each has a dedicated narrative giving reason to justify influence although, it is important to note that the receiving countries and non-state actors are not so easily manipulated. Although they may not have similar political powers, they are by no means without their own abilities and interests.

		YEMEN	BAHRAIN	LEBANON	IRAQ	SYRIA
KSA Influence	Narrative	Iran is responsible for the instability in Yemen and providing Houthi anti-government rebels with significant military support by training, financing and supplying arms.	The Shia population is being supported by Iran so it can overtake Bahrain's monarchy and contribute to tension, terrorism and insecurity.	Iran is supporting Hezbollah to ensure the fall of the Sunni regimes and create a Shia ruling arch.	Iran supports terrorism and is trying to influence and destabilize Iraq for its own influence in the Gulf and Middle East region.	Assad is a threat to the KSA due to its relationship with Iran who is actively seeking to control Damascus.
	Economic	<p>In the 1970s and 1980s, every family had at least one male relative working in Saudi Arabia.</p> <p>Estimates put the number of Yemeni migrants working in the Gulf in the 1980s at up to 1.8 million (in 2011 Yemen had a population of 24.8 million).</p> <p>Remittances from those who work in KSA drive Yemen's consumer market. Now, however, Yemen's economy is in shambles. Foreign financing has dried up due to the current Saudi offensive, KSA has expelled many Yemeni workers and other can no longer travel north for work lessening economic influence in the country.</p> <p>In what is purported to be a</p>	<p>KSA is connected directly to Bahrain by bridge. The GCC as a whole have an economic cooperation agreement, but the level of cooperation in security matters increases annually.</p> <p>The decrease in the oil money has facilitated an increase in tensions across the country. Furthermore, the steady decline of resources has meant that the Al Khalifa family are increasingly reliant upon Saudi Arabia for financial support.</p> <p>Saudi Arabia also possesses strong ties with Bahrain, stemming in part from the Al Khalifa's tribal roots in Saudi Arabia, and from economic ties, facilitated by the sale of oil.</p>	<p>Lebanon is a direct benefactor of KSA international aid. There are rumors that deceased Lebanese Prime Minister Rafiq Hariri had direct family ties with Prince Bandar bin Sultan, former Saudi Ambassador to the US.</p> <p>Many Saudis have residential real estate ownership in Beirut and extensive economic investment.</p> <p>Beirut is another location used to escape the strict rules the monarchy continues to impose on persons, goods and services. Lebanon is a central banking hub for many GCC.¹</p>	<p>Iraq is a main transit point for smugglers and illicit businessmen to transport goods from and to the south/southwestern areas of Saudi Arabia.</p> <p>Iraqis often complain about the accessibility Saudis have to the boarder and the ease at which they cross.</p>	<p>KSA offered to help the Assad regime stay in power if it moved permanently away from Iran. Syria rejected the offer.</p>

		<p>KSA instigation, the exiled President moved its central bank to Aden directly undermining the rebels and putting the majority of Yemen's population - 26 million - which is concentrated in the north.</p>				
	<p>Political</p>	<p>KSA is a central actor in Yemeni political arena. They currently back the exiled Yemeni President Abd-Rabbu Mansour Hadi and his forces.</p> <p>KSA was an avid supporter of the former Saleh government until Saleh began backing Houthi groups to help him return to power.</p> <p>KSA has provided the Hadi government with financial and other business</p>	<p>Al Saud have recently sought to lay their own claim to Bahrain in the guise of a formal union between the two states, entitled the GCC-Arabian Union.</p> <p>Saudi Arabian support for the Al Khalifa includes bankrolling items on Bahrain's national budget, while also paying for King Hamad's Boeing 747-400.20.</p> <p>In addition to financial and ideological support, ties</p>	<p>KSA accused Hezbollah of "terror and incitements" in Syria, Iraq, and Yemen. Uses social media to depict Hezbollah leader Hassan Nasrallah, at nothing but an Iranian stooge. Nasrallah in turn accused Al Saud of interfering in Lebanese domestic policies.</p>	<p>The current Iraq government is touting the wins of Hezbollah and the Popular Mobilization Units against Daesh while KSA wants them coined as terrorists. The Iraqi FM said, "those accusing them of terrorism are the terrorists" causing a larger rift between the two.</p> <p>Both parties maintain ties but they are frayed. The Iraqis feel that KSA's support or lack thereof is solely sectarian while Iraqis want an end to hostilities despite</p>	<p>The Sunni-ruled Gulf kingdom says President Assad cannot be part of a solution to the conflict and must hand over power to a transitional administration or be removed by force.</p> <p>Riyadh is a major provider of military and financial assistance to several rebel groups, including those with Islamist ideologies, and has called for a no-fly zone to be imposed to protect civilians from bombardment by Syrian government forces.</p>

		<p>investment to ensure stability of the country. KSA does not want a failed state or any Yemenis, especially the Houthis to flee into the country. Qatar often vies for Yemeni influence in the same manner.</p> <p>There are some Houthi's who live in the KSA near the Yemeni border. KSA fears these groups will revolt against the royal family often blaming Shi'ite Sunni divisions.</p> <p>Due to the current KSA/Houthi fighting other groups like the socialist southern secession party, HIRAK, supported by the former PM (and southerner) Haidar abu Bakr al-Attas are gaining support for either a change in the government or a return to the 1990 border divisions. Attas formerly ruled Southern Yemen and joined Saleh after the unification as Prime Minister. Today, he is advocating for a return to a divided Yemen faulting the Islamist (AQAP) support from North Yemen for the current demise of the country.</p>	<p>between the Al Saud and the Al Khalifa have been solidified by the marriage of a daughter of King Abdullah to a son of King Hamad.</p> <p>Bahrain's importance to Saudi Arabia stems from shared ethnic bonds between the Monarchies and fear that the Shite of Bahrain and the Shia of the Eastern Province of Saudi Arabia will unite leading to an empowered Shite community in the Gulf.</p> <p>The Saudis show no restraint in deploying troops to Bahrain to quell the Shite of Bahrain from gaining more democratic power.</p> <p>While in Bahrain, Saudi security forces participated in attacks opposition Shite headquarters, demolished unlicensed Shite religious structures and, according to Shite clerics, allegedly destroyed at least 38 mosques.</p> <p>KSA puts extensive pressure on the Al-Khalifa family so they do not pursue further democratic policies for fear of Shia political gains. Both families fear for their own survival and lack</p>		<p>sectarian debates.</p> <p>Many Iraqi's also see KSA as supporting Daesh so they have little appetite for KSA shenanigans.</p> <p>At present, Iraq is concerned with its own stability and does not want to get caught up in the KSA-Iran power struggle. Some Iraqis have voiced opposition to the KSA embassy reopening.</p>	<p>Saudi leaders were angered by the Obama administration's decision not to intervene militarily in Syria after a 2013 chemical attack blamed on Mr. Assad's forces.</p> <p>They later agreed to take part in the US-led coalition air campaign against IS, concerned by the group's advances and its popularity among a minority of Saudis.</p> <p>Relations are severed between Syria and KSA. KSA supports the ouster of the Assad regime mainly because of Iran's influence on the regime. In addition KSA parties have traditionally supported financially and military radical Sunni groups in the region many of which are fighting against or to overthrow the Assad regime.</p>
--	--	--	--	--	--	--

			of legitimacy among populations.			
	Security	<p>KSA supplies the Abadi backed Yemeni Army with funds and weapons. It also exchanges monies with other countries to provide Yemen with ground soldiers to fight the most vulnerable positions in Yemen.</p> <p>KSA provided monies to Sudan to lure a 10,000 soldier force from South Sudan. In turn, South Sudan shifted its regional alliances from long-term Iranian ally to KSA for that economic support.</p> <p>Mauritania agreed to deploy 500 troops to Yemen, the week after Saudi Deputy Defense Minister Al-Ayesh's visit to Mauritania. The visit of the Saudi minister was followed by a letter from Egyptian President Sisi to boost cooperation between the two countries, as well as by a visit by UAE Foreign Minister Al Nahyan. Both UAE and Egypt are in the center of the Saudi-led coalition in Yemen.</p> <p>Despite interests in Yemeni stability, KSA has been waging an air campaign against Houthi rebels</p>	<p>KSA is closely linked to the Bahraini monarchy. They support Bahrain militarily when necessary.</p> <p>After a local demonstration against the monarch grew, KSA sent troops in 2011 to crush it.</p> <p>Construction of the causeway was dramatically increased after the revolution of 1979. Despite the belief that the road's purpose was to increase economic ties, it appears that its development was to engender easier access in case of trouble for the Al Khalifa.</p>	<p>March 2, 2016 KSA did away with \$4 billion military grants to Lebanon for policies not aligned with the KSA</p>	<p>KSA does little to protect Iraqi security. In fact it often fails to enforce border crossing restriction between the countries and has provided no support for Iraq security or sovereignty during their years of struggle against ISIL and Turkish continued intervention.</p>	<p>An unstable Syria is a risk for the KSA given that Daesh is not supportive of the monarchy's legitimacy. However, KSA is more concerned about Iran having continued influence. This in itself makes KSA fearful and insecure.</p> <p>KSA is purchasing billions of dollars of weapons from the US due to these fears (\$9.3 Billion a 50% increase in 2015), it continues offensive operations in Yemen and continues to discuss the possession of nuclear capabilities none of which improves security in the region. It is already in discussions with neighboring Jordan to develop a "peaceful" nuclear program.</p>

		leaving over 10,000 killed or wounded. Hospitals, civilian weddings and other targets have gained wide spread condemnation from international rights groups and the UN. In essence, KSA is a large factor as to why the State has basically failed, people are starving, and internal strife widening. Further, it has not paid Yemeni military fighters in eighteen months so many are leaving the fight weakening the internal state of affairs.				
		YEMEN	BAHRAIN	LEBANON	IRAQ	SYRIA
Iran Influence	Narrative	Iran is the defender of the Shi'ite population who are marginalized at the hands of the Gulf monarchies and governments in the Middle East and governments in Southwest Asa. Iran is supportive of democracy and democratically elected leaders.	Bahrain was a part of Iran's territory until 46 years ago and Iran continues to have sovereignty over Bahrain the fortieth province of Iran despite its illegal stated independence in 1970.	Iran supports the democratic principles in Lebanon and is Hezbollah's benefactor to protect the country against Israeli aggression.	Iran and Iraq must build regional stability and create a good environment for both to economically flourish. Iran views KSA as an over jealous monarchy defaming a country set on democracy and stability. (Note: Iran will say that it has never invaded nor has it attacked a country in the region. This is true. Iranian influence is through Statecraft using its military, thus far, as a scare tactic fearing that others will not think it can protect itself.	Syria must remain a sovereign democratic country and Bashar Al-Assad is the legitimate elected leader.
	Economic	Trade between the two countries is minimal as compared to 2005 when Iran exported \$7.7 billion to Yemen.	Although bilateral exchanges have increased significantly over the past several years, economic interaction remains relatively minor – a report in	Trade between Lebanon and Iran is minimal. It is mostly in the energy sector and amount to approximately \$150 million a year.	Iran and Iraq trade some \$12 billion in goods and plan on doubling this number in the near future. Trade consists mostly of	Iranian-Syrian trade only amounted to about one-third of Washington's commercial exchanges with Damascus. One area where the two

		<p>Yemeni exports to Iran totaled about \$130,000 in goods.</p> <p>The two have spoken about better relations and Iran's participation in helping Yemen to improve its infrastructure. Much of these discussions halted when the Yemen government accused Iran of arming the Houthi rebels.</p> <p>Many economic struggles internal to Yemen seem to be related to disputes between KSA and Qatar, Iran has minimal economic influence in the emirate.</p>	<p>2011 estimated trade between the two Gulf states to total \$5 billion annually.</p> <p>The two countries began negotiations over Iranian natural gas exports to Bahrain in 2008. According to the preliminary agreement signed in 2008, Bahrain would eventually import on the order of 1.2 billion cubic feet of natural gas from Iran per day via an underwater pipeline. The two sides would also expand energy sector investment, with Bahrain providing a \$4 billion investment for the partial development of Iran's South Pars gas field and Iran taking part in Bahrain's petrochemical and refining industries, however, Bahrain suspended the deal in 2011 as a result of increasing diplomatic tensions.</p>	<p>The government's plan to cooperate on energy and gas was halted due to sanctions and the stagnant government in Lebanon. In 2010, the Lebanese Central Bank Governor required that banks abide by UN, US, and EU sanctions.</p> <p>News of the JCPOA triggered immediate planning for banking to rebuild ties with Tehran.</p>	<p>non-oil related items. Exports include food, construction materials, and vehicles among other items.</p> <p>Daesh has opened up more markets for Iran trade and smuggling because the group forced the routes between Turkey and Iraq to be blocked or closed, so Iranian imports filled the gap.</p> <p>Since Iraqis also believed KSA is supporting Daesh, Iranian goods replaced KSA imports as well.</p> <p>Increased trade from Iran, caused protests and requests to put protectionist measures on imports that are hurting Iraqi companies.</p> <p>In response, Iraq stopped imports of cement although the deemed difficult to enforce due to porous borders. Few Iranian companies are impacted by this law.</p>	<p>cooperated was tourism. Iranians constituted approximately 20 percent of all tourists to Syria. Most are pilgrims, who visit Shiite religious shrines that hold no religious importance to Alawis.</p> <p>Much of the tourism has stopped due to the extensive dangers from the ongoing internal/Daesh conflict.</p>
	Political	<p>Iran's interest in Yemen lies in a poorly governed boarder with KSA. The border has ancient smuggling routes that would give Iran easier access to influence KSA. It also serves as an easy access point to AQAP, a KSA fear,</p>	<p>Despite the occasional discovery of domestic plots with confirmed or suspected links to Tehran, Arabic-speaking Saudi and Bahraini Shiites have generally expressed cautious, even wary, attitudes towards their</p>	<p>In 2011, Hezbollah became a member of the Lebanese government gaining the Prime Minister seat in accordance with the constitution (the PM is constitutionally a Shia).</p> <p>During that time the country</p>	<p>Despite the Iraq-Iran war, Iran has an intertwined relationship with Iraq. Both peoples and economies are closely ties.</p> <p>Iran often used Iraqi porous borders to skirt sanctions. The influence from Iran has</p>	<p>Regional Shia power Iran is believed to be spending billions of dollars a year to prop up President Assad and his Alawite-dominated government, providing military advisers and subsidized weapons, as well as lines of credit and oil</p>

		<p>but helpful to Iran to create instability.</p> <p>The previous rule of the Saleh family relied on the economic support from KSA to survive. This in addition to approximately 2 million Yemenis in KSA sending remittances of \$1.4 billion makes KSA much more influential.</p> <p>The KSA bombardment of the Houthi tribes provided an opening for Iran to identify areas to influence. These tribes however are a different Shia sect than Iranians (Iranians are the Twelver Shia Sect) and they are suspicious of Iranian intentions.</p> <p>Iranian Influence has now become a Yemeni concern mostly due to the fall of the Yemeni political structure in 2011.</p> <p>Iran seems to be viewing the situation as a means to pressure the Saudis to tread lightly in Iraq and Syria or risk a concerted effort to further undermine them in Yemen.</p> <p>With the onset of war, the Iranians have supported the</p>	<p>Persian-speaking Iranian counterparts.</p> <p>Iranian coreligionists across the Gulf discriminate against Bahraini Shi'ite population (about 75%) who they consider Arab not Persian.</p> <p>The Islamic Front for the Liberation of Bahrain (IFLB) has links to Iran in ideology, leadership, media support, logistics and military training however the primary goals of the group are independent from Iran and ties appear to me limited.</p> <p>The true goal of the IFLB is independence and democracy for Bahrain.</p> <p>Iran does have close ties with one particular Shia cleric in Bahrain, Sheikh Isa Ahmad Qassem leader of Wafaq.</p> <p>After the Bahraini government put down Shite protesters many Shite clerics wrote to Iran's Khamenei for help. However, Tehran's apparent ineptitude to help was a negative impact on the Shia population.</p>	<p>grew closer to Iran primarily in security and the energy sector.</p> <p>They are closely aligned on their views toward Israel in support of a Palestinian state.</p> <p>Lebanon's security interests in the South where Israeli incursions happen frequently and Israel continues to occupy Lebanese Shaba Farms (primarily a water issue), is also a point of contention giving Hezbollah leverage for continuing the relationship.</p> <p>Lebanon stood up for Iran's peaceful nuclear program and abstained from imposing more sanctions as long as they could and moved swiftly to retract anything in place when the nuclear agreement was announced.</p> <p>Internally most Lebanese fear a Shia rule and view Iran suspiciously however, many caveat that because Iran and Hezbollah were seen as maintaining security and protecting the sovereignty of Lebanon, especially from Israel.</p>	<p>now become stronger since power returned predominantly to Shia hands. Further during the war, many Iraqis fled to Iran where they were welcomed. Some remain, others have family members that remain in Iraq. Those who have returned have strong economic and social ties with their neighbor.</p> <p>Iran has a Kurdish population that shares ties through community, familial, and economic borders allowing it to influence and shape players and partners in Iraq.</p> <p>Iraqi Shia clerics also have strong relationships however the Iraqis have no interest in using Iran for anything else than leveraging their wants and needs.</p> <p>Iraqis overall see Iran as a party that is meddling in the affairs of a sovereign Iraq. There are cultural, linguistic and secular tensions between countries.</p>	<p>transfers.</p> <p>Mr. Assad is Iran's closest Arab ally and Syria is the main transit point for Iranian weapons shipments to the Lebanese Shia Islamist movement, Hezbollah.</p> <p>Iran is also believed to have been influential in Hezbollah's decision to send fighters to western Syria to assist pro-Assad forces.</p> <p>Militiamen from Iran and Iraq who say they are protecting Shia holy sites are also fighting alongside Syrian troops.</p> <p>Iran has proposed a peaceful transition in Syria that would culminate in free, multi-party elections. It was involved in peace talks over Syria's future for the first time when world powers met in Vienna.</p> <p>The Shia roots Syria shares with Iran are minimal. Iranians seem to view the Syrian Alawi sect as much like they view Bahrainis.</p>
--	--	--	---	---	---	---

		<p>Houthis with small weapons, but not much more. It is difficult to verify reports how many and what weapons are coming from Iran.</p> <p>The Yemeni state has always been weak however, its strength lie in a wide network of tribal loyalties that were able to guarantee security and stability. Now the Yemeni state has collapsed. Tribal structures have been destroyed and Yemen is awash in chaos and bloodshed, as well as sectarian strife, which is only been fueled by the bombings.</p> <p>The result, tribal norms are no longer strong, and they cannot guarantee social peace or order.</p>	<p>The recent Bassiouni Report detailing Iran's involvement in Bahrain minimal, however it affirms the persecution by the Bahraini government on the Shite majority.</p>	<p>Hezbollah's support for Syria is also seen as a positive for many Lebanese since they are assisting in border security.</p> <p>A new President. Michel Aoun, elected on 31 October 2017, had an immediate visit from the FM of Iran.</p>		
	Security	<p>Iran is trafficking weapons to Yemen like most countries in the Gulf.</p> <p>Yemen itself is awash with weapons. Iranians, and others, are just adding to the stockpile of small arms. Ammunitions however are being destroyed by the Saudi bombardment of ammunition centers.</p> <p>While KSA spends its time</p>	<p>There is involvement of Iran and Saudi Arabia in a form of proxy conflict on Bahraini soil. Iran maintains that security in the Gulf should be the collective responsibility of the GCC states.</p>	<p>Iran has been fostering the relationship with Lebanese Shia groups since the Iranian revolution. In 1982. Khomeini began offering financial support and military training support to help the Lebanese defend itself during the Israeli invasion.</p> <p>Hezbollah, now officially part of the Lebanese government, and Iran have</p>	<p>Iran is directly invested in the security of Iraq as an alleged protector of the Shia, but more realistically as a stabilizer in the Middle East.</p> <p>Iran does not want to relive the Iran-Iraq war and is invested in a stable secure Iraq that does not put Iranian sovereignty at risk. Further as a reliant trade partners, influence for not only security, but economic</p>	<p>Iran is dispatching senior military figures and pressing its Lebanese client Hezbollah to send fighters to help defend the Syrian government.</p> <p>Iran provides Syria with much-needed petroleum products and extends a hefty line of credit to the regime. Iran and Syria built a defensive alliance based on mutual adversaries and</p>

		on unproductive assault in Yemen, Iran is bolstering its ballistic missile program and next generation intermediate range missile program with its militia becoming more active on the Saudi-Iraqi border.		a relationship akin to the one between Israel and the United States - the patron nation supports, but cannot control the actions of the sponsored entity. The wild card here is that KSA also has great financial influence on the Lebanese government and covert and non-covert economic and political ties with Israel.	stability, is key.	fears. Iran needs Syria to maintain its ties to Hezbollah and avoid isolation in the region. If Iran had an alternative to Assad, they would most likely agree to unseat him. However they will not agree to a new government that is close to KSA.
--	--	--	--	---	--------------------	---

SME Contribution
KSA Economic Games
David Mazaheri and Larry Jeddeloh

Recent Federal Treasury custodial paper holdings declined upwards of ~\$27B. The reason seems to center on foreign central banks that sold nearly \$343B worth of US Treasuries. In July 2016, The Kingdom of Saudi Arabia (KSA) and China began selling their US Treasury notes in an unprecedented rate. Sales, followed by other international central banks, come on the eve of various opaque pronouncements by the Fed to increase interest rates in December directly benefiting the bond market.

Not long after and for the first time, Saudi Arabia began issuing \$15B worth of bonds in the international markets offering 5, 10, and 30 year bonds with a benchmark yield of 110 to 200 basis points over the US treasuries at any given point. Analysts believe that Saudi Arabia is looking for liquidity and hedging their position in respect to the U.S. market. This could be due to: (a) their domestic situation; (b) their approach to continuous/shift in the U.S. foreign policy towards KSA and the region; or (c), most likely a combination of domestic and international influences.

China, being more of a strategic seller, is seen to be starting a diversification program which will be ongoing and focus on owning tangible assets rather than paper. China will continue to hold whole companies and invest in energy and financial institutions primarily in Brazil, Venezuela, Canada and across Europe, but will increase its investment in the form of technologies and other ventures. Selling holdings is most likely driven by fears of deflation ending, the falling dollar and a changing United States fiscal and monetary policy. Long rates may be headed to 2-2.2% (10 year bond) and are predicted to be bought by Japan and other regional banks.

KSA, on the other hand, is a structural seller and that is likely to show as it begins to diversify the economy. The bond sales are more likely focused on developing a post-oil economy and making better use of the capital they have accumulate due to bond issuance. U.S. Treasuries are not in that mix in the same size they were for the past 40-45 years.

KSA's DIME Calculus

The movement away from the U.S. treasuries signals a geopolitical realignment for the Kingdom away from the U.S.

The history of KSA purchasing treasuries from the U.S. dates back to 1974. After the Yom Kippur war, Arab states significantly increased the price of oil in response to U.S. assistance to Israel. Inflation soared and U.S. economy went into recession. President Nixon sent William Simon and Gerry Parsky, the Secretary of Treasury and Deputy Secretary respectively, to Jeddah to persuade the Saudis to spend their newfound petro-dollars in the U.S. while standardizing oil prices. The U.S. agreed to purchase the majority of its oil from the KSA and provide them with military aid and equipment. In response, KSA would spend most of their petrodollars on U.S. Treasury purchases. King Faisal Al Saud reported wanted the deal kept secret for fear of a populous response to KSA dealing with the U.S. so soon after its Israeli alignment. The deal commenced.²

A movement from U.S. treasuries has implications beyond finance or economic factors alone

KSA began offering bonds not to exceed \$10B to \$15B in value. However, analysts show that many bond and mutual fund managers have offered to buy them in excess of \$50B or nearly five times the quantitative value offered. Analysts believe these managers are betting that KSA will be stable and prosperous for the next 30 years in order to be able to pay the coupon payments which are 200 basis points over US treasury notes. The market, therefore, is betting on Saudi Arabia in the long run as the prevailing regional power showing signs that there is little confidence in Iran despite the JCPOA.

Conclusion

- KSA is working to align itself regionally and internationally as opposed to relying heavily on a single ally which up until now has been the U.S. KSA is essentially diversifying relationships through economic differentiation.

² <https://www.washingtonpost.com/archive/politics/2002/02/11/oil-for-security-fueled-close-ties/fdf1f123-214f-41b3-a53c-a5e687c648e7/>
<https://history.state.gov/historicaldocuments/frus1969-76v36/d362>; and also, Caution-<https://history.state.gov/historicaldocuments/frus1969-76v36/d356>

- Following this trend of economic re-positioning, KSA will also have to revisit its military regional alliances. Their reliance on Pakistan for manpower support failed to pay dividends in Yemen when the Pakistanis outright refused to send support. As a result, the Saudi's are likely to look for new allies -- preferably ones with nuclear capabilities and other rapid response solutions.
- As KSA courts new partners and allies, they will also look closer at their so called Islamic alliances even though they may be of concern considering the ideological base they possess. One might expect to see Saudi "investments" in countries such as Egypt, Morocco, Jordan as well as Indonesia and India.
- KSA will continue to strengthen its influence in the GCC in order to create a safety buffer against Iran.
- Some new investment and partners that KSA may target are emerging economies most notably India, Indonesia, South Africa, Kyrgyzstan and other former Soviet states where they can exploit their Islamic brethren.
- At the upcoming International Defense Exhibition and Conference (IDEX) in February of 2017, located in the UAE, expect to see KSA pivot from U.S. spending to EU/Asian/Russian/Chinese made products and services as part of their movement against the U.S. dollar.
- The Kingdom sees liquidity as an important factor for its future focus especially now that Iran can compete by increasing their economic stronghold post the JCPOA lifting of the sanctions.
- KSA is banking on raising mounds of cash so the kingdom can continue to outspend Iran on all element of statecraft in the region.
- For KSA, they will use the cash from note sales to wait out the crisis in the oil prices whereas Iran and Russia may not be able to withstand a long-term price decrease.
- Finally, these actions can continue to influence ISIL necessary thereby checking Iranian interests in the region.

SME Contribution
KSA Influence at the Tribal level in Iraq, Syria and Yemen
Gwyneth Sutherland, PhD
Director of Human Geography and Analytics Research
gsutherland@geographicservices.com

Summary: This approach provides a sample of the mechanisms through which influence (economic, political and military/security) can be spread, viewed as relationships on the ground between KSA leadership and tribal leaders in Iraq, Syria and Yemen. The tribal relationships and power structures continue to play a major role in the latter countries. It is through strong leaders in high positions within these social networks that resources, decisions, and the disposition of population groups can be influenced. For example, in Syria, tribal leaders are playing a role in mediating small local ceasefires.

The pattern of influence across the geography, particularly in Syria and Iraq, shows that KSA is supporting multiple sides to the conflicts. KSA is supporting anti-ISIS leaders in Iraq and a Pro-ISIS/Anti-Government leaders in Syria. KSA is using all mechanisms (political, economic, and military) to influence. This warrants further investigation and analysis to determine the larger strategy. Is pattern of influence related to domestic security near KSA's own borders or in relation to proxy-territory/influence of Iran? In Yemen, there is evidence of pro-government military support for tribal leaders. Paired with geopolitical analyses, this approach illustrates how influence is occurring and offers insight into how and where it could be affected by teams acting on the ground.

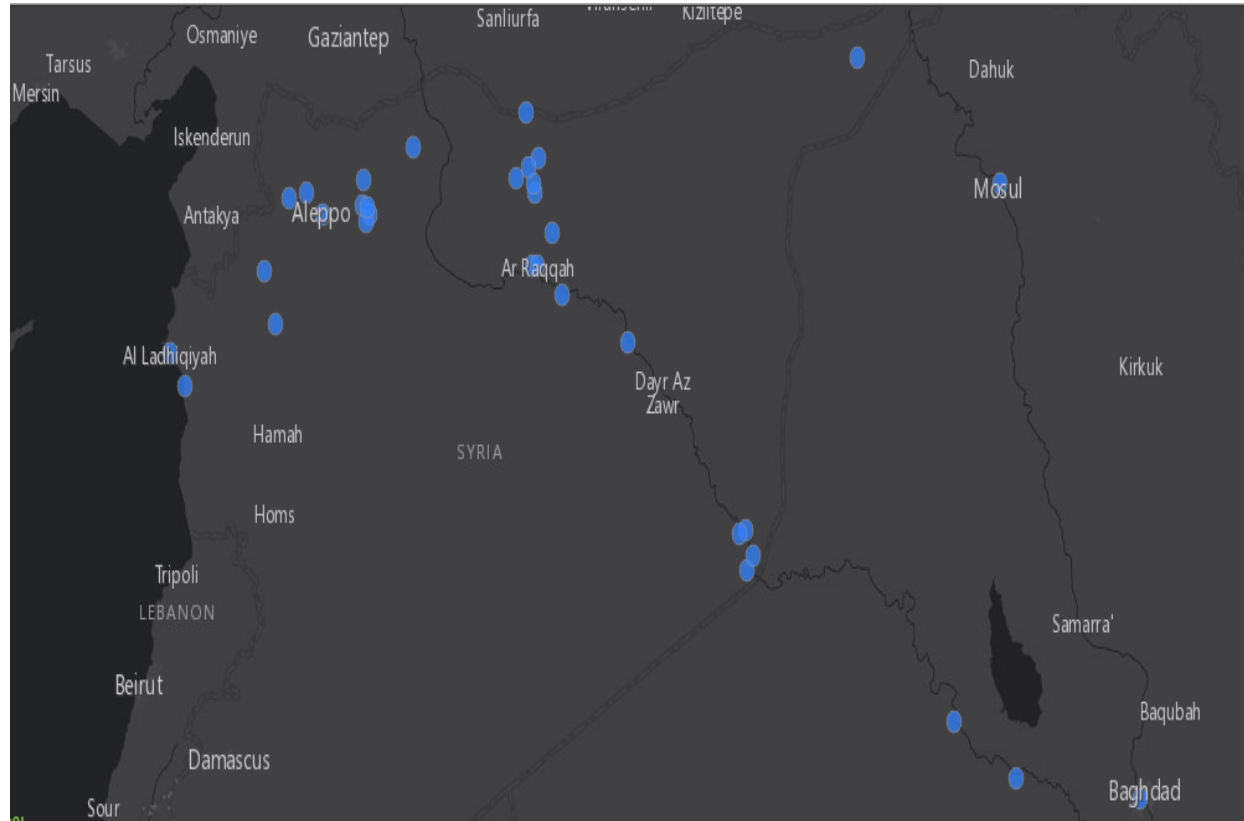
Method: Our team looked at several Prominent Individuals in our Human Geography data. This data forms the socio-cultural foundation or network for each country. All data is geospatially enabled. It consists of: family groups associated to clans, sub-tribes, tribes, sub-federations, and federations—a series of relationships that can be navigated from the macro trans-regional level to the granular neighborhood or village level. Additional foundational attribute data includes religion, language, and ethnicity. For each country, culturally specific types of Prominent Individuals are associated to this socio-cultural network. They are given quantitative levels of influence weights that can be used in analytics. From previous opensource research, we have assigned political allegiance (i.e. pro/anti-government, pro/anti-ISIS).

For this reachback question, we performed further opensource research and determined these particular tribal figures had ties to KSA that were either political, economic, or military. Because these figures are highly prominent in their respective tribes, we investigated the extent to which their political allegiances and KSA influence was shared by other members of the tribe. In other words, what was the extent of their influence throughout the tribal footprint? To test this, we looked at cities in the footprint with high numbers of related groups (family groups, clans, tribe members), and performed opensource research to determine the disposition of those populations in terms of views expressed or reported online. The research was performed by native Arabic linguists from the region.

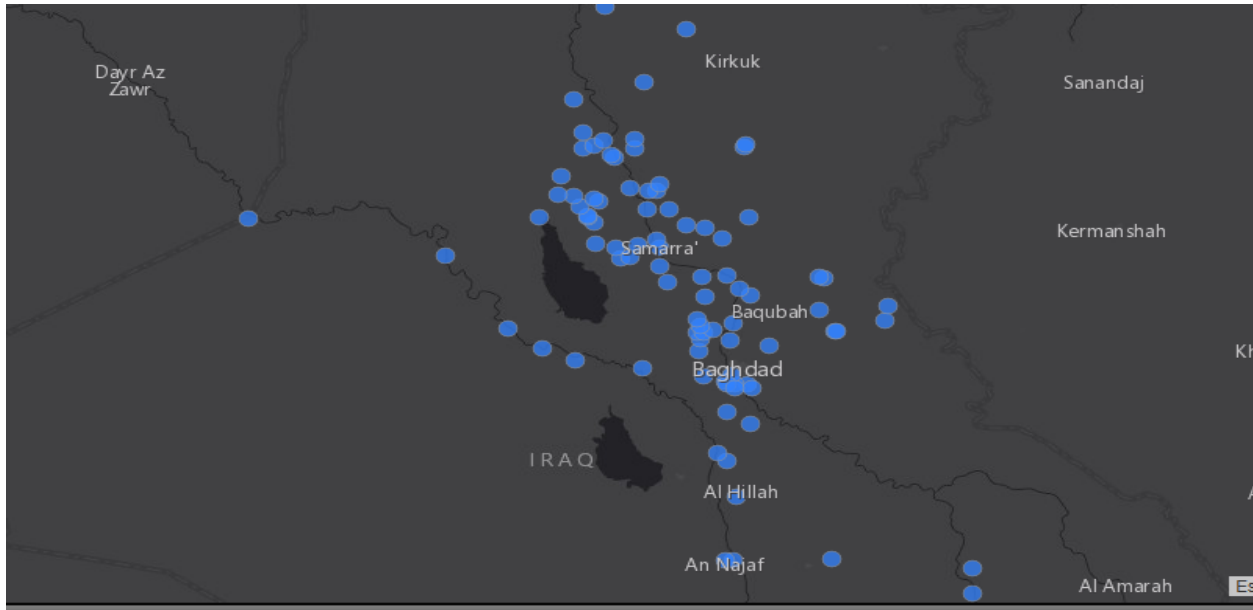
Results: Provided as a table and (2) sample geospatial representations of the tribal footprint with associated allegiances/influence to visualize the varied locations where influence is being exerted and for what side of the conflict.

KSA supported tribal leaders in region with their tribal network map samples:

1. Albu Shaban (tribe): *Ash Shaykh ‘Abd al Karīm ar Rākān*, a Sheikh from As Sabkah subtribe holding Saudi citizenship and residing in KSA is Pro-Isis/ Anti-Syrian Government, in Ar Raqqa (in particular).



2. Albu Hamdan (tribe): *‘Abd as Salām al Ḥamdānī*, leading tribal figure, is Anti- Isis and receiving military support/influence from KSA and Jordan.



The SMA Reach Back Cell quick looks (new questions).
Zana Gulmohamad
PhD candidate in the Politics Department at the University of Sheffield

Question 11: *What major economic, political and security (military) activities does KSA and Iran currently conduct in Iraq to gain influence? What are KSA and Iran's ultimate goals behind these activities? What motivates KSA and Iran towards these goals? What future activities might KSA and Iran conduct in Iraq?*

Iran has the most multilayer and multilevel activities in Iraq compared to any neighbouring state in Iraq. This includes security (military), and economy (e.g. trade, energy cooperation “oil and gas”, investment, contributing to building infrastructure, tourism: mainly religious “From Iran to Najaf and Karbala” and non-religious).

Iraq shares its longest border with Iran: 1,458 kilometers. Iran's facilitators in Iraq play a major role to increase its clout and activities in Iraq. The facilitators can be considered allies, clients and proxies; many of them are Iran's old friends during Saddam's regime. A number of them received shelter and or support or were created by the Iranian regime. The Iranian regime is continuing in their on-going enterprise or project for creating and proliferating Shia militias in Iraq. Supporting and funding those Shia armed non-state actors is one of the strategic Iranian goals in Iraq. The most powerful Shia militias in Iraq alongside other Iraqi Shia militias follow Iranian supreme leader Ali Khamenei's orders and edicts and believe in Wilayat al-Fagih. There are other, newly created, Iraqi Shia militias which adhere to Ali Al-Sistani Iraqi based highest marji'ah (religious reference) in Iraq. Others follow Muqtada al-Sadr and other Shia religious and political key figures. The author named and categorised the competing Iraqi Shia militias under the Popular Mobilisation Forces (PMF) according to their sponsors and loyalties in his article published in 2016 and demonstrated the power competition between them.³ Iraqi Shia militias particularly those who are allied with Iran have been increasingly having a degree of influence on Iraqi decision making.

The Kingdom of Saudi Arabia (KSA) has almost non-economic investments in Iraq. This reflects the on-going deterioration of the relationship between Iraq and the KSA for more than three decades. For example, according to Iraqi former Ambassador⁴ to the KSA in 2014 Dr Ghanim Alwan al-Jumaili the Ar'ar border crossing point between Iraq and the KSA have been closed since 1991. It used to be a trade route.⁵ There are stalled plans to utilize these ground crossing points. Although Iraq and KSA share a 1,000-kilometer/621-mile border, according to al-Jumaili (2014) the trade between Iraq and the KSA is via Jordan, Kuwait. It is not direct and usually the KSA

³Zana Gulmohamad (2016) 'Iraq's Shia militias: helping or hindering the fight against Islamic State?' Jamestown Foundation, Terrorism Monitor, Volume 14, Issue 9. Available from: <https://jamestown.org/program/iraqs-shia-militias-helping-or-hindering-the-fight-against-islamic-state/#.V0QsEWPmt-U>

⁴ From 2015 until today the new Iraqi Ambassador to the KSA has been Rushdi al-Ani.

⁵ Ghanim Alwan al-Jumaili (2016) 'The horizon of the relationship between the kingdom and Iraq'. Al-Riyadh. Available from: <http://www.alriyadh.com/993366>

exports to Iraq.⁶ Therefore, the KSA does not have direct economic influence on Iraq besides the fact that both are major OPEC members. The KSA has several humanitarian NGOs such as the International Islamic Relief Organization of Saudi Arabia (IIROSA) operating⁷ in Iraq including Iraqi Kurdistan. There are allegations that some of these NGOs have provided inconsistent financial support to some Iraqi and Kurdish Islamic parties.⁸ There is no military cooperation between both countries.

Successive Iraqi Shia-led governments, particularly during former PM Nouri al-Maliki, have on multiple occasions accused the KSA of interference in Iraq particularly causing internal security dilemmas by supporting Arab Sunni insurgents and radical Islamic jihadists.⁹ There are reports¹⁰ which indicate that unidentified wealthy Saudis have funded the insurgents and radical armed groups in Iraq and elsewhere. Officially the KSA does not have an influence on Iraqi political dynamics but it has relationships and ties with a number of Iraqi Arab Sunni politicians and some Arab tribal leaders whose tribes have tribal kinship and tribal extensions from both sides between KSA and Iraq. The KSA has been inconsistently providing tribes with support including funding. The KSA have formally raised concerns about the rise of the Shia militias and Iraqi Shia political parties and elites in Iraq.

In respect to the Iraqi Kurds and Iranian influence, due to the geopolitics where Iran as a powerful regional actor has a border with Iraqi Kurdistan, and its historical relationships where Iran sheltered many of the Kurdish opposition during Saddam's regime, there is a friendly relationship between both sides. The Patriotic Union of Kurdistan (PUK) has a closer tie as the latter has limited regional and geopolitical alternatives. The author would argue that Iran does not dictate the decision making of the KRG nor both major political parties the Kurdistan Democratic Party (KDP) and the PUK. Both parties take Iran into account in their decision making particularly in issues related to Iran as officially and publically they don't want to anger Iran as Iran is able destabilize the Kurdish region.¹¹ Iran has helped the Peshmerga forces against Islamic State by providing some ammunition and weapons...etc during the IS attack on Kurdistan Region in 2014, and subsequently the Kurdish officials formally thanked them for their support. Iran has limited influence on Iraqi Kurdistan that would have outcome beneficial for the Iranians. The KSA has a friendly relationship with the KRG, the KDP the PUK and the Kurdistan Islamic Union Party (a Kurdish party smaller than both major ruling Kurdish parties). Clearly the KSA has a closer relationship with Erbil as the KDP is in control of that province and it is where the KSA consulate is based.

Iran's ultimate goals are to have influence on Iraqi decision makers and limit US, Turkish, and KSA influence and footholds in Iraq. They aim to weaken contrasting actors (Sunni and other Iranian Kurdish resistance factions in Iraq) in Iraq that are hostile to Iran. They aim to maintain Iraq's fragility or fragmentation but not to the extent of collapse, rather to control Iraq. Although, KSA does not have similar tools like Iran in Iraq that can influence Iraqi political, military and economic dynamics, its ultimate goal is to minimize or if possible end

⁶ Ghanim Alwan al-Jumaili (2016) 'The horizon of the relationship between the kingdom and Iraq'. Al-Riyadh. Available from: <http://www.alriyadh.com/993366>

⁷ Egatha (2016) 'External relations of IIROSA'. Available from: http://www.egatha.org/eportal/index.php?option=com_content&view=article&id=12&Itemid=4

⁸ Author interview with Kurdish security official, November 16, 2016.

⁹ Reuters (2014) 'Iraq PM Maliki says Saudi, Qatar openly funding violence in Anbar' March 9. Available from: <http://www.reuters.com/article/us-iraq-saudi-qatar-idUSBREA2806S20140309>

¹⁰ Human Rights Office of High Commissioner for Human Rights (2014) 'Report on the protection of civilian in the non-international armed conflict in Iraq: 5 June-5 July 2014'. Available From: http://www.ohchr.org/Documents/Countries/IQ/UNAMI_OHCHR_POC%20Report_FINAL_18July2014A.pdf

¹¹ Author conducted dozens of interviews in 2015 and 2016 in Iraq and Iraqi Kurdistan for his research. Interviewees, including Dr. Khasraw Gul Mohammed the Deputy Advisor to the Kurdistan Region Security Council, expressed relatively similar views.

the rise of the Shia power in Iraq as this have been projected as an extension of Iranian leverage in the region. This includes weakening Shia political parties and militias, and strengthening its Arab Sunni allies.

Iran's motivations are driven by the long border between the two countries, and a large Shia population. Influencing or dictating to the Iraqi Kurds would deliver a buffer zone for an Iranian Kurdish revolt against Tehran. For Iran, Iraq is another critical corridor to the Arab world, which has significant resources, population and natural resources "oil and gas". For the KSA, the rise of the Shia in Iraq is not only perceived as a regional threat, they view it as posing a national security threat as they have a considerable Shia minority and there are continued but limited Shia resistance inside KSA against the monarchy.

Iran will continue or even increase its activities in Iraq as fighting Islamic State has paved the way for increasing Iranian and Iraqi cooperation on many levels including military, security and intelligence. KSA would increase its support for Iraqi Arab Sunnis or even to the Iraqi Kurds in Erbil to balance and push the domination of the Shia in Iraq.

Iran has a number diplomatic representations with substantial diplomatic staff and officers two consulates in the Kurdistan Region of Iraq, several in southern Iraq (consulates in Karbala, Najaf and Basra) its embassy is in the capital in Baghdad. Saudi has an embassy in Baghdad and a consulate in Erbil opened in 2016.¹² However, the KSA's first Ambassador (Thamer al-Sabhan) to Iraq since 1990 left the country at the request of his removal from the Iraqi government after diplomatic tensions and his discontent pronouncements regarding the Shia militias. The Iraqi government has seen this as interference in Iraqi internal affairs.¹³

On a diplomatic level, Iraqi Saudi relationships have persistently deteriorated while Iraqi and Iranian relationships have advanced significantly since 2003 until today. In conclusion Iran has, by far, more influence in Iraq than KSA as it has the tools, knows the mechanisms and its allies and partners in Iraq are the most powerful actors in the country.

¹² Rudaw (2016) 'Saudi Arabia opens Erbil consulate'. Available from: <http://rudaw.net/english/kurdistan/230220168>

¹³ Daily Star (2016) 'Saudi replaces Iraq envoy who riled Shia militias'. Available from: <http://www.dailystar.com.lb/News/Middle-East/2016/Oct-16/376646-saudi-arabia-reassigns-ambassador-to-iraq-after-controversy.ashx>

Author Biographies



Patricia (Tricia) DeGennaro

Patricia (Tricia) DeGennaro is a Senior Geopolitical Risk Analyst for Threat Tec., LLC. She currently supports the US Army TRADOC G27 as an analyst in the Advanced Network Analysis/Attack the Network Directorate. DeGennaro has lectured at West Point and New York University on International Security Policy and Civilian and Military Affairs. She was selected as a Subject Matter Expert (SME) on the Middle East, Iraq, and Afghanistan for various projects under the TRADOC G2, the commander of the Multi-National Forces in Iraq, commander of the Special Operations Command Central, and the US Department of Defense Strategic Multilayer Assessment program. In 2013, she was accepted into the US Department of State Franklin Fellows program where she served in USAID's Bureau for Democracy, Conflict, and Humanitarian Assistance - Office of Civilian and Military Cooperation (DCHA/CMC) as a Senior Policy Advisor to support the Office and an Agency-wide Civilian-Military Cooperation Steering Committee in an extensive revision to the Agency's Civilian-Military Cooperation Policy. DeGennaro capitalizes on over twenty years of experience as an academic, author and consultant in international security. Much of her work focuses on stabilization in the Middle East and surrounding region, countering violent extremism, and transitioning nations from war.

During her tenure, she has also consulted with the Asia Foundation, Director of National Intelligence Office, Department of Homeland Security, The Conference Board, World Bank, Senate Labor and Human Resources Committee chaired by Senator Edward M. Kennedy, and several organizations that support the Middle East Peace Process. She also spent four years in Albania as a Small and Medium Enterprise volunteer with the Peace Corps and, later, as a contractor with US Agency for International Development. Regionally, DeGennaro continues to focus on the Balkans, the Middle East and South Asia where she travels often.

DeGennaro has published several articles on US foreign policy and national security topics. Her focus is to encourage an integrated international policy that looks beyond war and the use of force. She is often an expert commentator for CNN, MSNBC, Al Jazeera, Fox News, BBC and various nationally and internationally syndicated radio programs.

DeGennaro holds an MBA in International Trade and Finance from George Washington University and an MPA in International Security and Conflict Resolution from Harvard University. She speaks fluent Albanian and has a basic knowledge of Italian, Arabic and Dari.



Larry Jeddelloh

Larry Jeddelloh is the Editor of *The Institutional Strategist*, and Founder of TIS Group in Minneapolis. He is an experienced investment management professional with over 36 years in the business. Mr. Jeddelloh founded TIS Group in 1995. Previously, Mr. Jeddelloh held the position of Chief Investment Officer of Resource Capital Advisers, with responsibilities for \$1 billion in assets. Prior to joining Resource, he was with the Union Bank of Switzerland in Zürich, where he was a Vice-Director and the Chief Investment Strategist in the Institutional Global Asset Management Group. In the 1980s, he was Director of Equity Research at the Leuthold Group, a well-known institutional research firm in Minneapolis, Minnesota, for seven years. He was also a partner of Leuthold and Anderson Investment Management Counseling and Weeden & Company, an institutional brokerage firm. Mr. Jeddelloh earned his Bachelor of Science in Finance and a Masters of Business Administration degree from University of St. Thomas in St. Paul, Minnesota. He has taught courses in investments and corporate finance at the University of Minnesota, the University of Northwestern (MN, formerly Northwestern College), and Augsburg College. Mr. Jeddelloh is a member of Chatham House, home of the Royal Institute of International Affairs. His work has been noted and used in various publications such as *The Wall Street Journal*, *Newsweek*, *Forbes*, *Money Magazine*, *Your Money*, *U.S. News & World Report*, *Barron's*, and *Global Finance*.

David Mazaheri

David Mazaheri is the Managing Partner of Intellaine, LP; a U.S. based global asset management firm with a focus on finance, global security, and AI technology with subsidiaries in Africa and Europe. He is also the Founder and Co-Managing Partner of Nova Orbis Capital Markets, a dual Switzerland– Luxembourg-based hedge fund overseeing three main funds: Global Equity Fund, which is sub-managed by Rockefeller Financials; Global Multi-Asset Fund, which is sub-managed by Guggenheim Partners; and Stanton Capital Fund, a high yield U.S. agency bond investment fund. He also serves as the Non-Executive Director of Acrevis Bank AG, a St. Gallen, Switzerland-based bank.

David leads the global commodities trading operations of Intellaine Mauritius – Intellaine’s global hub of physical settlement consolidation – on metals, energy, and derivative markets. He has observer status on the board of Höegh LNG – the Norway-based global leader in LNG shipping and floating terminals.

David served on the National Security Council; was a staffer for the Iraq Study Group; and served as a Congressional Fellow. He has a dual major in electrical engineering and international affairs from the George Washington University.

He sits on the board of a privately held U.S. technology company and the Wilson Council (of The Wilson Center for International Scholars). He’s is a member of Young Global Leaders of the World Economic Forum.

Gwyneth Sutherlin

Dr. Sutherlin is the Director of Human Geography and Analytics Research at Geographic Services, Inc. She provides analytic expertise in socio-cultural dynamics, geospatial technology, cognitive linguistics, and emerging conflict. She is uniquely qualified to provide analysis on complex risk environments drawing from 10+ years of project and field experience. Her publications including ‘digital battlefield’ and ‘lines in the cybersand’ have emerged on the cutting edge for multilingual data modelling for security contexts. Always with an eye toward innovation, she applies Human Geography research to improving collection/analysis granularity, security (targeting), cyber security (software development), and geospatial communications intelligence (GEOINT and COMINT). Before completing a Ph.D. with fieldwork in East Africa, her expertise facilitating intercultural dialogue garnered UN recognition, in particular, in the MENA and Sub-Saharan regions of Africa.



Mr. Zana Gulmohamad. In February 2013 I began my PhD at the Politics Department at the University of Sheffield, UK. My research title is: “Iraq’s foreign policy post-2003”. I am a Research Fellow at the American University of Kurdistan. I have an MA in Global Affairs and Diplomacy from the University of Buckingham, UK, and a BA in Political Science from the University of Sulaymaniyah - Kurdistan Region of Iraq. I worked for six years (2005-2011) in the Kurdistan Region Security Council - Kurdistan Regional Government of Iraq.

I had substantial responsibilities as executive manager and a security analyst in matters related to security, intelligence, data analysis, security technology, foreign relations (receiving delegations and official trips abroad) and teaching staff. My capabilities have built up over years of training and interaction with security and intelligence corporations, governments and their security and intelligence services. They include states such as the US, the UK, France, Germany, and the Netherlands.

My articles have been published by journals and think tanks such as Jamestown Foundation ‘Terrorism Monitor’, The National, Open Democracy, E-International Relations, Global Security Studies, Your Middle East, The New Arab, and Middle East online. I have presented conference papers in the UK, the US and the Middle East. Please go to my website to view the links to my articles www.zanagul.com

Nationality: Dutch (the Netherlands); Ethnicity: Iraqi Kurd. I am a regular visitor to the Middle East and am now based in England, UK.

Email: zana.k.gul@gmail.com