



# Bahrain: Reform, Security, and U.S. Policy

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## Summary

After instability during the late 1990s, Bahrain undertook substantial political reforms, but the Shiite majority continues to simmer over the Sunni-led government's perceived manipulation of citizenship and election laws and regulations to maintain its grip on power. In late 2008, the power struggle manifested as large demonstrations and some arrests of Shiite opposition leaders. Smaller but frequent incidents of violence continued subsequently. These tensions are likely to increase in the run up to the next parliamentary elections, planned for November 2010.

Underlying the unrest are lingering Bahraini government fears that Iran is supporting Shiite opposition movements, possibly in an effort to install a Shiite led, pro-Iranian government on the island. These fears are occasionally reinforced by comments from Iranian editorialists and political leaders that Bahrain should never have become formally independent of Iran. However, Bahrain has few security options other than relying on a tacit U.S. security umbrella. Bahrain has tried to place itself under a U.S. security umbrella by hosting U.S. naval headquarters for the Gulf for over 60 years. The United States has designated Bahrain as a "Major Non-NATO Ally," and it provides small amounts of security assistance to Bahrain. However, because a U.S. security commitment is not formal or explicit, Bahrain's rulers have sought to accommodate Iran's power and interests, in part by signing energy agreements with Iran and by allowing Iranian banks and businesses to operate there.

On other regional issues such as post-Saddam Iraq, or the Arab-Israeli dispute, Bahrain has tended to defer to Saudi Arabia or other powers to take the lead in formulating proposals or representing the position of the Persian Gulf states, collectively.

In September 2004, the United States and Bahrain signed a free trade agreement (FTA); legislation implementing it was signed January 11, 2006 (P.L. 109-169).

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## **The Political Structure, Reform, and Human Rights<sup>1</sup>**

The Al Khalifa family, which is Sunni Muslim, has ruled Bahrain since 1783, when the family's arrival from the Saudi peninsula ended a century of domination by Persian settlers. The Al Khalifa subsequently received political protection from Britain, which was the dominant power in the Gulf until the early 1970s. Bahrain became independent from Britain in August 1971 after a 1970 U.N. survey determined that its inhabitants preferred independence to Iranian control.

Bahrain is led by King Hamad bin Isa Al Khalifa (about 64 years old), who succeeded his father, Shaykh Isa bin Sulman Al Khalifa, upon his death in March 1999. Educated at Sandhurst Military Academy in Britain, King Hamad was previously commander of the Bahraini Defense Forces (BDF). His son, Salman bin Hamad, about 44 years old, is Crown Prince. He is U.S.-and U.K.-educated and, as head of the "Economic Development Board," is considered a proponent of rapid reform and accommodation with Bahrain's Shiite majority—about 70% of the 490,000-person citizenry<sup>2</sup>. (There are also an estimated 235,000 expatriates in Bahrain, according to the Central Intelligence Agency's "World Factbook," July 2009 estimate.) The King's uncle (the brother of the late ruler), Prime Minister Khalifa bin Salman Al Khalifa, along with hardliners in the royal court and several ministries, are perceived as skeptical of reform and appear to believe that any concessions to the Shiite majority might jeopardize Al Khalifa rule.

King Hamad and the Crown Prince have tried to accommodate some Shiite grievances without risking the regime's grip on power. Despite taking that stance, the leadership has failed to alleviate Shiite unrest or dissatisfaction. The less substantial political reforms under the King's father—the December 1992 establishment of a 30-member appointed Consultative Council to comment on proposed laws and its June 1996 expansion to 40 members—did not quiet Shiite (or Sunni) demands for the restoration of an elected national assembly (provided for under the 1973 constitution but abolished in August 1975). There was daily anti-government violence during 1994-1998, although the unrest gradually took on a Shiite sectarian character. As Hamad's first reform steps after taking over, he changed his title to "King," rather than "Amir" and implying more accountability, and held a referendum (February 14, 2002) on a new "national action charter (constitution)." Elections were held in October 2002 for a 40-seat "Council of Representatives" (COR). However, the Al Khalifa family have held onto all strategic ministry positions and about half of all ministerial slots.

The elected COR and the all-appointed Shura Council—which is of equal size as the COR—constitute a National Assembly (parliament) that serves as at least a partial check on government power. The COR can propose (but not actually draft) legislation and question ministers, although not in public session. It can, by a two-thirds majority, vote no-confidence against ministers and the Prime Minister and override the King's veto of approved legislation, although none of these

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<sup>1</sup> Much of the information in this section is from State Department reports: 2008 Country Reports on Human Rights Practices (February 25, 2009); Supporting Human Rights and Democracy: The U.S. Record 2006 (April 5, 2007); the International Religious Freedom Report for 2009 (October 26, 2009); and the Trafficking in Persons Report for 2009 (June 16, 2009).

<sup>2</sup> The Shiite community in Bahrain consists of the more numerous "Baharna," who are of Arab ethnicity and descended from Arab tribes who inhabited the area from pre-Islamic times. Shiites of Persian ethnicity are less numerous, and arrived in Bahrain over the past 400 years. They speak Persian and generally do not integrate with the Baharna or with Sunni Arabs.

actions has occurred since the COR was formed. The Shura Council is formally limited to amending draft legislation and, in concert with the COR, reviewing the annual budget, but these powers do provide the Shura Council with the ability to block action by the COR.

## **Recent Elections**

In the 2002 election, many Shiite opposition “political societies” (formal parties are banned), including Al Wifaq, (the largest political society, led by Shaykh Ali al-Salman), boycotted the elections on the grounds that the Shura Council is the same size as the elected COR. The Shiite groupings asserted that this structure gives the government the opportunity to appoint Shura Council who will serve as a brake on actions of the elected COR, and thereby dilute popular will. The government has tended to appoint generally more educated and pro-Western members to the Shura Council. The 2002 boycott lowered turnout (about 52%) and helped Sunnis win two-thirds of the COR seats. Of the 170 total candidates, 6 were women, but none were elected.

Sunni-Shiite tensions escalated again in the run-up to the November 25, 2006, parliamentary and municipal elections, aggravated by the Shiite perception that a once-repressed Shiite majority has come to power in Iraq through U.S.-backed elections. In the fall of 2006, some Shiite protests occurred in Bahrain, particularly after allegations—some of which were publicly corroborated by a government adviser (Salah al-Bandar) in August 2006 in a report to an outside human rights organization—that the government was adjusting election districts so as to favor Sunni candidates. It was also alleged that the government issued passports to Sunnis in an attempt to shift the demographic balance to the Sunnis’ advantage.

In the November 2006 elections, Wifaq and the National Democratic Action Association participated, raising voter turnout to 72%. The opposition led by Wifaq won 18 seats, virtually all those it contested, becoming the largest single bloc in the COR. Sunni Islamists (Salafists and Muslim Brotherhood candidates) together won another eight seats. Only one woman (Latifa al Qaoud, who was unopposed in her district) won, out of 18 female candidates (down from 31 female candidates in the 2002 elections). As evidence of continued friction, Wifaq boycotted the speakership contest, and incumbent COR Speaker Khalifa al-Dhahrani was re-elected Speaker.

The King subsequently named a new Shura Council with 17 Sunnis, 18 Shiites, one Jew and one Christian (both women). Ten total women were appointed to the body. In a nod to the increased Shiite strength, the government appointed a Shiite (Jawad al-Araidh) as deputy prime minister and another (who is close to Wifaq) as a minister of state for foreign affairs. In the cabinet, there are six Shiites and two female ministers (Minister of Social Affairs Fatima bint Ahmad al-Balushi and Minister of Information and Culture Mai bint Muhammad Al Khalifa). A previous female minister of health, Nada Haffadh, resigned in October 2007 following allegations of corruption in her ministry by conservatives who oppose women occupying high-ranking positions. Two other women, including the president of the University of Bahrain, have ministerial rank. In April 2008, Huda Azar Nunu, a female attorney and the only Jew in the Shura Council, was named ambassador to the United States.

## **The Coming Election**

The resentments over the government’s handling of the 2006 election carry over to the current period, and the government and its opposition are already positioning themselves for the 2010

parliamentary elections, planned for some time in November. In December 2008, the government made numerous arrests of Shiite demonstrators and accused some of being part of a foreign-inspired “plot” to destabilize Bahrain. Some were accused of undergoing guerrilla or terrorist training in Syria. On January 26, 2009, the government arrested three leading Shiite activists, including the handicapped Dr. Abduljalil Alsingace, and Mr. Hassan Mushaima, both leaders of Al Haq (Movement of Freedom and Democracy). Alsingace has visited the United States several times to highlight the human rights situation in Bahrain. They were tried during February-March 2009 but, along with other Shiite activists, were pardoned and released in April 2009.

It is not clear which, if any, of the major Shiite movements will participate in the 2010 elections and, if so, whether they would ally or compete against each other. The Shiite participation might depend on whether the government again attempts to gerrymander the voting districts or adopt other methods to try to ensure a Sunni majority. As of late November 2009, eight women had announced plans to run, including incumbent COR member Latifa al-Qaoud. Three of them are from the mostly Shiite governorate of Muharraq, which has two voting districts (the 7<sup>th</sup> and 8<sup>th</sup>). Three women who have run previously say they will not run because female candidates face poor prospects due to ingrained cultural attitudes against women politicians in the region.

## **General Human Rights Issues**

Beyond the politically motivated discrimination against Shiites, which includes basing Islamic studies curricula in schools on Sunni jurisprudence and excluding Shiite teachings, State Department reports note problems for non-Muslims and for opponents of the government. (About half of the approximately 235,000 expatriates living in Bahrain are non-Muslim.) The CIA World Factbook, referenced previously, lists 9% of the total population as Christian and about 10% as belonging to “other” religions. Bahrain allows freedom of worship for Christians, Jews, and Hindus although the constitution declares Islam the official religion.

The Baha’i faith, declared blasphemous in Iran and Afghanistan, has been discriminated against in Bahrain as well. A Baha’i congregation was repeatedly denied an official license. However, the State Department human rights report for 2008 (February 2009) said the Baha’i community now gathers and operates openly. The government requires licenses for churches to operate, and has in the past threatened to shutter un-licensed churches serving Indian expatriates.

On labor issues, Bahrain has been credited with significant labor reforms, including a 2002 law granting workers, including non-citizens, the right to form and join unions. The law holds that the right to strike is a legitimate means for workers to defend their rights and interests, but their right is restricted in practice, including a prohibition on strikes in the oil and gas, education, and health sectors. There are about 50 trade unions in Bahrain. On human trafficking, Bahrain was elevated in the 2008 Trafficking in Persons report to “Tier 2 Watch List,” from Tier 3 in the 2007 report, because it is “making significant efforts” to comply with the minimum standards for elimination of trafficking, but has not shown results, to date. The 2009 Trafficking in Persons Report (June 16, 2009) kept Bahrain as Tier 2 Watch List, with explanatory language similar to that of the 2008 report.

Another issue is that of executions. Human Rights Watch and other groups assert that Bahrain is going against the international trend to end execution. In November 2009, Bahrain’s Court of Cassation upheld the sentencing to death by firing squad of a citizen of Bangladesh. That sentenced was imposed for a 2005 murder. From 1977 until 2006, there were no executions in Bahrain.

## **U.S. Efforts to Promote Political Reform**

According to the State Department, the United States seeks to accelerate political reform in Bahrain and empower its political societies through several programs, including the “Middle East Partnership Initiative (MEPI).” Some funds have been used to help build an independent judiciary and strengthen the COR. Other U.S.-funded programs focus on women’s empowerment, media training, educational opportunities, and civil society legal reform. MEPI funds have been used to fund AFL-CIO projects with Bahraini labor organizations, and to help Bahrain implement the U.S.-Bahrain FTA. In May 2006 Bahrain revoked the visa for the resident program director of the National Democratic Institute (NDI), and has not allowed the office to reopen. Still, NDI is conducting programs to enhance parliamentary capabilities through a local NGO.

According to the State Department’s International Religious Freedom report for 2009 (October 26, 2009), “Regular meetings with human rights activists reaffirmed the U.S. government’s commitment to religious freedom and other human rights-related matters.” The report says that, in 2009, the United States again sponsored a visit to Bahrain during the Ramadan period of a prominent American Muslim cleric.

## **U.S.-Bahrain Security and Economic Relations<sup>3</sup>**

Defense issues remain a key feature of U.S.-Bahrain relations, although Iraq is no longer a strategic threat to the region. Iran, on the other hand, is considered a growing threat to the United States as well as to the Persian Gulf states, including Bahrain. A U.S. Embassy in Manama, Bahrain’s capital, opened in September 1971. In large part to keep powerful neighbors in check, Bahrain has long linked its security to the United States, and U.S. efforts to address threats from Iraq and Iran have benefitted from access to Bahraini facilities. February 2008 marked the 60<sup>th</sup> anniversary of a U.S. naval command presence in Bahrain; MIDEASTFOR (U.S. Middle East Force), its successor, NAVCENT (naval component of U.S. Central Command), and the Fifth Fleet (reconstituted in June 1995) have been headquartered there. The Fifth Fleet headquarters is a command facility that now covers over 100 acres, and about 1,000 U.S. personnel, mostly Navy, are assigned there. Some smaller U.S. ships (minesweepers) are docked there, but the Fifth Fleet also consists of a Carrier Battle Group, an Amphibious Ready Group, and various other ships that are afloat or which dock elsewhere in the region. (The FY2010 National Defense Authorization Act, P.L. 111-84, authorizes \$41.5 million to further develop the port area used by the U.S. Navy.)

The naval headquarters currently coordinates the operations of over 20 U.S. warships performing support missions for U.S. and allied naval operations related to the U.S. military operations ongoing in Iraq and Afghanistan, as well as the interdiction of the movement of terrorists, arms, or weapons of mass destruction (WMD)-related technology and narcotics across the Arabian Sea. Some of these operations are part of or offshoots of Operation Enduring Freedom (OEF) in Afghanistan, which ousted the Taliban after the September 11 attacks. Bahrain hosted about 4,000 U.S. military personnel during major combat of OEF (October 2001-May 2003). In recognition of the relationship, in March 2002, President Bush (Presidential Determination 2002-

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<sup>3</sup> Information in this section obtained from a variety of press reports, and the Defense Security Cooperation Agency (DSCA).

10) designated Bahrain a “major non-NATO ally (MNNA),” a designation that facilitates U.S. arms sales.

When the September 11 attacks occurred, the United States already had equipment and personnel in place in Bahrain. There were about 1,300 U.S. military personnel in Bahrain during the 1990s to contain Iraq, under a 10-year defense pact signed on October 28, 1991, seven months after the war to liberate Kuwait from Iraq, and renewed in October 2001. The pact enabled the United States to access Bahrain’s air bases and to pre-position strategic materiel (mostly U.S. Air Force munitions). It also requires consultations with Bahrain if its security is threatened, and it expanded exercises and U.S. training of Bahraini forces.<sup>4</sup> Bahrain allowed the United States to fly combat missions from its bases in both OEF and the war to oust Saddam Hussein in March-April 2003 (Operation Iraqi Freedom, OIF), and it was the only Gulf state to deploy its own forces to provide aid to Afghanistan. During OEF and OIF, Bahrain publicly deployed its U.S.-supplied frigate warship (the *Subha*) to help protect U.S. ships, and it sent ground and air assets to Kuwait in support of OIF.

Bahrain’s participation in OIF came despite domestic opposition in Bahrain to that war. U.S. force levels in Bahrain increased to about 4,500 for OIF (mostly additional U.S. Air Force personnel). Because of its limited income, Bahrain has not contributed funds to Iraq reconstruction, but it attended the “Expanded Neighbors of Iraq” regional conference process which last met in Kuwait on April 22, 2008. On October 16, 2008, Bahrain’s first post-Saddam Ambassador to Iraq (Saleh Ali al-Maliki) presented his credentials in Baghdad, in line with King Hamad’s pledge to President Bush in March 2008.

Earlier, Bahrain was part of the allied coalition that ousted Iraq from Kuwait in 1991, hosting 17,500 troops and 250 combat aircraft at Shaykh Isa Air Base. Bahraini pilots flew strikes over Iraq during the war, and Iraq fired nine Scud missiles at Bahrain during the war, of which three hit facilities there. Bahrain hosted the regional headquarters for U.N. weapons inspections in Iraq during 1991-1998, and the U.S.-led Multinational Interdiction Force (MIF) that enforced a U.N. embargo on Iraq during 1991-2003.

## **U.S. Arms Transfers**

Congress and successive Administrations, citing Bahrain’s limited income, have supported military assistance to Bahrain’s small BDF of about 11,000 personnel. It is eligible to receive grant “excess defense articles” (EDA). The United States transferred the FFG-7 “Perry class” frigate *Subha* as EDA in July 1997. In 1996, the United States gave Bahrain a no-cost five-year lease on 60 M60A3 tanks; title subsequently passed to Bahrain. Foreign Military Financing (FMF) was suspended for Bahrain in FY1994 but restarted in appreciation of Bahrain’s support in OEF and OIF. Recent FMF has been provided to help Bahrain maintain U.S.-origin weapons, to enhance inter-operability with U.S. forces, to augment Bahrain’s air defenses, to support its F-16 fleet, and to improve counter-terrorism capabilities.

Some of the U.S. assistance provided to Bahrain, noted in **Table 1** below, is to help Bahrain keep the F-16s sufficiently updated to operate alongside U.S. warplanes. Funds provided recently

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<sup>4</sup> Details of the U.S.-Bahrain defense agreement are classified. Some provisions are discussed in Sami Hajjar, *U.S. Military Presence in the Gulf: Challenges and Prospects* (U.S. Army War College: Strategic Studies Institute), March 2002, p. 27.

under “Section 1206” of the National Defense Authorization Act of 2006 (P.L. 109-163) have been used to improve Bahrain’s coastal surveillance capabilities and to build up its Special Operations forces. The Defense Department estimates that, in part due to U.S. assistance, as of FY2008, about 45% of Bahrain’s forces are fully capable of integrating into a U.S.-led coalition. Making Bahrain’s forces interoperable with U.S. forces is the primary justification for the substantial increase in requested assistance to Bahrain for FY2010.

### **Purchases With National Funds**

Despite its limited funds (Bahrain’s total government budget was about \$5.6 billion in 2008), Bahrain has purchased some U.S. systems. In 1998, Bahrain purchased 10 U.S.-made F-16Cs from new production, worth about \$390 million. In 1999, the United States sold Bahrain 26 Advanced Medium-Range Air-to-Air Missiles (AMRAAM) to arm the F-16s, although some Members were concerned that the AMRAAM sale could promote an arms race in the Gulf. Section 581 of the FY1990 foreign operations appropriation act (P.L. 101-167) made Bahrain the only Gulf state eligible to receive the STINGER shoulder-fired anti-aircraft missile, and the United States has sold Bahrain about 70 Stingers since 1990. (This authorization has been repeated in subsequent legislation.) To allay congressional concerns about possible U.S. promotion of missile proliferation in the region, an August 2000 sale of 30 Army Tactical Missile Systems (ATACMs, a system of short-range ballistic missiles fired from a multiple rocket launcher) included an agreement for joint U.S.-Bahraini control of the weapon. Among recent sales notified to Congress by the Defense Security Cooperation Agency (DSCA) are a sale, worth up to \$42 million, of 180 “Javelin” anti-armor missiles and 60 launch units; a sale, worth up to \$252 million, of nine UH-60M Blackhawk helicopters; a sale, notified August 3, 2007, of six Bell search and recovery helicopters, valued at about \$160 million; and a sale, notified on July 28, 2009, of up to 25 AMRAAMs (Raytheon Missile Systems Corp.) and associated equipment, valued at about \$74 million.

Some of the most recent sales are in accordance with the State Department’s “Gulf Security Dialogue,” begun in 2006 to counter Iran, and under which a total of about \$20 billion worth of U.S. weapons might be sold to the Gulf monarchy states. Only a small portion of that total sales volume is reportedly slated for Bahrain.

### **Other Anti-Terrorism Cooperation**

The State Department’s report on international terrorism for 2008 (released April 2009) credits Bahrain for having “actively monitored terrorism suspects” and for achieving convictions of five men accused of membership of a terrorist organization—the first use of a 2006 counterterrorism law. The report, however, notes that Bahrain has not completely overcome legal constraints that have sometimes hampered its ability to detain and prosecute suspected terrorists. Bahrain also continues to host the Middle East and North Africa Financial Action Task Force (MENA/FATF) secretariat and cooperates with U.S. efforts against terrorism financing and money laundering. As noted by the State Department in the FY2010 budget justification, some of the U.S. assistance to Bahrain is to facilitate Bahrain’s ability to contribute to U.S.-led counter-piracy operations in regional waterways, and to provide training to its counter-terrorism institutions.

## **Economic Relations**

Like the other Gulf states, Bahrain is affected by the international financial crisis of 2008-9, but perhaps to a lesser extent than the wealthier states of Kuwait, UAE, and Saudi Arabia. Bahrain did not experience the construction and real estate “bubble” to the degree that this occurred in, for example, UAE, and the bursting of which is now harming the economies of UAE and some of the other Gulf states. Bahrain has the lowest oil and gas reserves of the Gulf monarchy states, estimated respectively at 210 million barrels of oil and 5.3 trillion cubic feet of gas. Bahrain’s GDP is about \$27 billion (purchasing power parity, 2008 estimate, 112<sup>th</sup> in the world). Its real growth rate is estimated at 6.3%.

Bahrain has diversified its economy by emphasizing banking and financial services (about 25.5% of GDP). At current rates of production (35,000 barrels per day of crude oil), Bahrain’s onshore oil reserves will be exhausted in 15 years, but Saudi Arabia shares equally with Bahrain the 300,000 barrels per day produced from the offshore Abu Safa field. The United States buys virtually no oil from Bahrain; the major U.S. import from it is aluminum.

To encourage further reform and signal U.S. appreciation, the United States and Bahrain signed an FTA on September 14, 2005. Implementing legislation was signed January 11, 2006 (P.L. 109-169). In 2005, the United States exported \$350 million worth of goods to Bahrain, and imported \$431 million in goods from that country; in 2008, the United States exported \$829 million in goods to Bahrain and imported \$538 million worth of products from it.

## **Relations with Iran and Other Regional Issues**

As noted previously, Bahrain focuses its foreign policy intently on Iran, which has purportedly demonstrated an ability to aggravate Bahrain’s domestic turmoil to a greater degree than has any other regional power. Bahrain perceives Iran as willing and able to support Shiite groups against Bahrain’s Sunni-dominated government, a concern that has been heightened by the Shiite-Sunni sectarian violence in Iraq. In December 1981, and then again in June 1996, Bahrain publicly accused Iran of trying to organize a coup by pro-Iranian Bahraini Shiites (the Islamic Front for the Liberation of Bahrain, IFLB).

Bahrain’s fears are amplified by lingering suspicions, sometimes fed by Iranian actions, that Iran never accepted the results of the 1970 U.N. survey giving Bahrain independence rather than integration with Iran. Those findings were endorsed by U.N. Security Council Resolution 278, which was ratified by Iran’s parliament. After these official determinations, Bahrain had considered the issue closed, after over a century of Persian contestation of Bahraini sovereignty. Those contests included an effort by Reza Shah Pahlavi of Iran in the 1930s to deny Bahrain the right to grant oil concessions to the United States and Britain.

In recent years, Bahrain’s leadership—and other countries in the region—have reacted strongly against statements by Iranian editorialists and advisers to Iranian leaders appearing to reassert Iran’s claim. One such example was a July 2007 Iranian newspaper article reasserting the Iranian claim to Bahrain. However, that article, along with the Bahraini Crown Prince’s November 3, 2007, comment that Iran is developing a nuclear weapon (Iran claims it is developing only civilian nuclear power), did not mar the visit of Iranian President Ahmadinejad on November 17, 2007.

## **Bahrain-Iran Gas Deal**

The Ahmadinejad visit resulted in a preliminary agreement for Bahrain to buy 1.2 billion cubic feet per day (for 25 years) of Iranian gas via an undersea pipeline to be built. The deal would have involved a \$4 billion investment by Bahrain to develop Phases 15 and 16 of Iran's South Pars gas field, which presumably would be the source of the gas that Bahrain would import.

This deal was suspended after comments in March 2009 by former Iranian parliament speaker Ali Akbar Nateq Nuri, now an advisor to Iran's Supreme Leader, referring to Bahrain as Iran's 14<sup>th</sup> province. Iran's Foreign Ministry immediately tried to limit any diplomatic damage by asserting respect for Bahrain's sovereignty and independence, but some Arab governments sharply criticized the Nateq Nuri comments. Morocco broke relations with Iran as a response. However, on October 21, 2009, Bahrain's Minister of Oil and Gas Abd al-Husayn Mirza said talks on the deal would "resume soon."

As shown by Bahrain's willingness to explore major energy projects with Iran, Bahrain does not seek to antagonize Iran. Bahrain conducts relatively normal trade with Iran and hosts Iranian economic investments. In March 2008, the U.S. Department of Justice sanctioned Future Bank, headquartered in Bahrain, because it is controlled and partially owned by Iran's Bank Melli. The sanctions, under Executive order 13382 (anti-proliferation), prevent U.S. citizens from participating in transactions with Future Bank and require the freezing of any U.S.-based bank assets.

## **Arab-Israeli Issues**

On the Arab-Israeli dispute, Bahrain has not been as significant a mediator or broker as have its larger neighbors in the Gulf or broader Middle East. Bahrain has not taken a leading role in recent efforts to reconcile Hamas and Fatah to rebuild Palestinian unity, for example. On the other hand, Bahrain is not inactive on the issue; on October 1, 2009, the Foreign Minister called for direct talks with Israel.

Bahrain participated in the 1990-1996 multilateral Arab-Israeli talks, and it hosted a session on the environment (October 1994). Bahrain did not follow Oman and Qatar in exchanging trade offices with Israel. In September 1994, all GCC states ceased enforcing secondary and tertiary boycotts of Israel while retaining the ban on direct trade (primary boycott). In conjunction with the U.S.-Bahrain FTA, Bahrain dropped the primary boycott and closed boycott-related offices in Bahrain. These moves largely rendered inapplicable a provision of the Foreign Relations Authorization Act for FY1994/1995 (P.L. 103-236, Section 564(1)) that banned U.S. arms transfers to countries that maintain the Arab boycott of Israel. Successive administration had waived the ban for all the GCC states on national interest grounds.

Still, the Arab-Israeli dispute is a political issue within Bahrain. Islamist hardliners in Bahrain have accused the government of trying to "normalize" relations with Israel, citing the government's sending a delegate to the November 27, 2007, summit on Middle East peace in Annapolis, the foreign minister's meeting with Israeli officials at U.N. meetings in September 2007, and by proposing (in October 2008) a "regional organization" that would group Iran, Turkey, Israel, and the Arab states. That proposal has not been implemented to date. In late October 2009, the elected COR passed a bill making it a crime (punishable by up to five years in jail) for Bahrainis to travel to Israel or hold talks with Israelis. The bill, which has not proceeded to become law (concurrence by the upper house, and acceptance by the King), apparently was a

reaction to a visit by Bahraini officials to Israeli in July 2009. The visit was to obtain the release of five Bahrainis taken prisoner by Israel when it seized a ship bound with goods for Gaza, which is controlled by Hamas.

**Table I. U.S. Assistance to Bahrain**

(\$ in millions)

	FY03	FY04	FY05	FY06	FY07	FY08	FY09 (Est.)	FY2010 Request
<b>FMF</b>	90.0	24.6	18.847	15.593	14.998	3.968	8.0	19.5
<b>IMET</b>	0.448	0.600	0.649	0.651	0.616	0.622	.650	.700
<b>NADR</b>			1.489	2.761	.776	0.744	.500	1.10
<b>“Section 1206”</b>				5.3	24.54	4.3	16.2	

**Notes:** IMET = International Military Education and Training Funds, used mainly to enhance BDF military professionalism and promote U.S. values. NADR = Non-Proliferation, Anti-Terrorism, De-Mining and Related Programs, used to sustain Bahrain’s counterterrorism capabilities and interdict terrorists. Section 1206 are DOD funds used to train and equip Bahrain’s special forces, its coastal surveillance and patrol capabilities, and to develop its counter terrorism assessment capabilities. (Named for a section of the FY2006 Defense Authorization Act, P.L. 109-163.) FY2008 funds derived from FY2008 supplemental (P.L. 110-252), and the Consolidated appropriation (P.L. 110-329). FY2009 funds included funding from FY2008 supplemental (P.L. 110-252) as well as regular appropriation (P.L. 111-8).

**Figure I. Bahrain**



Source: <https://www.cia.gov/library/publications/the-world-factbook/geos/ba.html>.

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