



## CRS Report for Congress

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

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### Summary

After instability during the late 1990s, Bahrain undertook substantial political reforms, but tensions between ruling Sunni Muslims and the Shiite majority re-emerged in advance of November 2006 parliamentary elections, fueled by Sunni-Shiite conflict in Iraq. Bahrain's stability has long been a key U.S. interest; it has hosted U.S. naval headquarters for the Gulf for nearly 60 years. In September 2004, the United States and Bahrain signed a free trade agreement (FTA); legislation implementing it (H.R. 4340) was signed January 11, 2006 (P.L. 109-169). This report will be updated. See also CRS Report RS21846, *U.S.-Bahrain Free Trade Agreement*.

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

The Al Khalifa family has ruled Bahrain since 1783, when the family's arrival ended a century of domination by Persian settlers. Bahrain became independent from Britain in August 1971 after a 1970 U.N. referendum determined that its inhabitants preferred independence to Iranian control. Political reform has been instituted by King Hamad bin Isa Al Khalifa (about 60 years old), who succeeded his father, Shaykh Isa bin Sulman Al Khalifa, upon his death in March 1999. King Hamad,<sup>2</sup> educated at Sandhurst Military Academy in Britain, had previously been commander of the Bahraini Defense Forces (BDF). He subsequently named his son, Salman, as Crown Prince. Salman, who is about 38 years old, is U.S.- and U.K.-educated and, as head of the "Economic Development Board," is considered a proponent of rapid reform. The King's uncle (the brother of the late ruler), Khalifa bin Salman Al Khalifa, generally opposes dramatic reform, but he remains Prime Minister.

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<sup>1</sup> Much of the information in this section are from the following reports by the State Department: Country Reports on Human Rights Practices - 2006 (March 6, 2007); Supporting Human Rights and Democracy: The U.S. Record 2006 (April 5, 2007); the Trafficking in Persons Report for 2006 (June 5, 2006); and International Religious Freedom Report - 2006 (September 15, 2006).

<sup>2</sup> Hamad changed his title to King, from Amir, just prior to the February 2002 referendum on the new national charter.

Since taking office, King Hamad has tried to channel Shiite unrest into peaceful political competition. The minor political reforms under his father, namely the December 1992 establishment of a 30-member appointed Consultative Council to comment on proposed laws and its June 1996 expansion to 40 members, failed to prevent Shiite unrest, which erupted in nearly daily violence during 1994-1998. At first, a coalition of Shiite and Sunni Muslims demonstrated and petitioned for a restoration of an elected national assembly, provided for under the 1973 constitution but abolished in August 1975, but the unrest eventually took on a more narrow Shiite sectarian character. Shiites are over 60% of the 465,000-citizen population, but have suffered varying forms of discrimination.

As Hamad's first step, Bahrain 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, some mostly Shiite opposition "political societies" (formal parties are banned), including Al Wifaq, (the largest political society, led by Shaykh Ali al-Salman), National Action, the Islamic Action Association, and the Nationalist Assembly boycotted the elections on the grounds that the appointed upper body (Shura Council) is of the same size and with powers nearly equal to the COR. The boycott lowered turnout to about 52% and helped Sunni Muslims win two-thirds of the seats. Of the 170 total candidates, 6 were women, but none was elected.

Together, the COR and the Shura Council constitute an increasingly vibrant National Assembly, and they have been gaining in scope of authority as a 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 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. The Shura Council contains generally more educated and pro-Western members.

In the run-up to the November 25, 2006, parliamentary and municipal elections, Sunni-Shiite tensions were aggravated by the Shiite perception that a once-repressed Shiite majority is now, through elections, in power in Iraq. 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 as part of a plan to ensure that Shiites did not win a majority in parliament. Despite the allegations, the major Shiite groupings decided to try to empower themselves through what they still view as a flawed electoral process. 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. Sunni Islamists (Salafists and Muslim Brotherhood candidates) together won another 8 seats. One woman, out of 16 female candidates (down from 31 female candidates in the 2002 elections), won election; her district had no opponent. As evidence of continued friction, Wifaq subsequently boycotted the speakership contest, and incumbent COR Speaker Khalifa al-Dhahrani was re-elected Speaker. A new Shura Council was appointed by the King, with 20 Sunnis, 18 Shiites, one Jew and one Christian (both women). Ten women

were appointed to the body. In a nod to the increased Shiite strength, the government appointed a Shiite as deputy prime minister and another (who is close to Wifaq) as a Minister of State (for Foreign Affairs). In the new cabinet, there are five Shiites and two female ministers. Two other women, including the president of the University of Bahrain, have ministerial rank. In June 2006, a female judge was named to the Higher Civil Court.

Although its reforms and human rights progress remain uneven, as noted in State Department reports, Bahrain allows freedom of worship for Christians, Jews, Hindus, and Baha'is, although the constitution declares Islam the official religion. Even before the U.S.-Bahrain free trade agreement, Bahrain was credited with significant labor reforms, including a 2002 law granting workers, including non-citizens, the right to form and join unions. There are now 47 trade unions in Bahrain, and workers are permitted to conduct work stoppages. On human trafficking, Bahrain remains a "Tier 2" country (Watch List) in the 2006 "Trafficking in Persons" report because it does not "fully comply with the minimum standards for elimination of trafficking," although the report says it is making efforts to comply. The State Department reports have criticized Bahrain for its September 2004 closure of the Bahrain Center for Human Rights, one of the most active human rights organizations. Several other Bahraini human rights organizations remain open. In June 2006, Bahrain shut down the first private radio station in Bahrain due to "violations" of its operating agreements. On July 20, 2006, King Hamad ratified a law passed by the National Assembly to restrict the right of public association and to provide for jail terms for organizers of unauthorized protests.

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)." Economic Support Funds (ESF) are requested for FY2008 to help build an independent judiciary and strengthen the COR. Other U.S.-funded programs focus on women's empowerment, journalist training, and civic education for Ministry of Education officials and teachers. Some MEPI funds have been used to fund AFL-CIO projects with Bahraini labor organizations, and to help Bahrain implement its commitments under the U.S.-Bahrain FTA. During 2006, the U.S. embassy added a position to focus on outreach to NGOs and civil society groups. Suggesting a still difficult climate for U.S. programs, in May 2006 Bahrain revoked the visa for the resident program director of the National Democratic Institute (NDI), an implementor of some U.S. democracy programs. Bahrain resisted October 2006 entreaties by NDI officials to allow the office to reopen.

## **Defense and Economic Relations<sup>3</sup>**

Although U.S. relations with Bahrain are broadening, defense issues remain a major feature. 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 contain Iraq and Iran have benefitted from access to Bahraini facilities. February 1998 marked the 50<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

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

1995) have been headquartered there. The Fifth Fleet headquarters is a command facility that, after a pending expansion, will cover over 100 acres. About 2,500 U.S. personnel, mostly Navy (but from several different commands) work there; fewer than half live on the compound. Some smaller U.S. ships (minesweepers) are docked there, and the port facility is being improved to handle aircraft carriers. The headquarters currently coordinates the operations of over 30 U.S. warships performing support missions for U.S. operations in Iraq war (securing Iraqi oil platforms) and interdicting the movement of Al Qaeda members, arms, or weapons of mass destruction (WMD)-related technology and narcotics trafficking across the Arabian Sea. These U.S. operations are in partnership with ships from nations contributing to the Iraq war (Britain, Italy, Australia, Canada, and Singapore) and the U.S.-led stabilization operations in Afghanistan (including ships from Germany, France, and Pakistan).

Bahrain participated in 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 conflict, of which three hit facilities there. After that war, the United States and Bahrain signed a 10-year defense pact (October 28, 1991), renewed in October 2001. The agreement reportedly provides U.S. access to Bahraini bases during a crisis, the repositioning of strategic materiel (mostly U.S. Air Force munitions), consultations with Bahrain if its security is threatened, and expanded exercises and U.S. training of Bahraini forces.<sup>4</sup> 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.

Bahrain has provided extensive support to the U.S.-led wars in Afghanistan (Operation Enduring Freedom, OEF) and Iraq (Operation Iraqi Freedom, OIF), despite domestic opposition in Bahrain particularly to the war in Iraq. During major combat of OEF, Bahrain hosted about 4,000 U.S. military personnel — a major increase from the 1,300 U.S. military personnel hosted during the 1990s to contain Iraq. U.S. force levels there increased to about 4,500 for OIF (mostly additional U.S. Air Force personnel). Bahrain allowed the United States to fly combat missions from the base in both OEF and 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. In recognition of the close defense relationship, in March 2002, President Bush (Presidential Determination 2002-10) designated Bahrain a “major non-NATO ally (MNNA),” a designation that facilitates U.S. arms sales. Because of its limited oil income, Bahrain has not contributed funds to Iraq reconstruction, but it is attending the regional Iraq conference process that began in Baghdad on March 10, 2007.

**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.

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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.

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, and to promote international standards of human rights practices in the BDF; these are all goals of the State Department's "Gulf Security Dialogue" begun in 2006 to counter Iran.

### U.S. Assistance to Bahrain

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007 Est.	FY2008 (Request)
<b>FMF</b> (\$ millions)	28.5	90.0	24.6	18.847	15.593	15.75	4.3
<b>IMET</b> (\$ thousands)	395	448	600	649	651	640	650
<b>NADR</b> (\$ millions)				1.489	2.761	.955	1.25
<b>ESF</b> (\$ millions)							1.1

**Note:** IMET = International Military Education and Training Funds, used mainly to enhance BDF military professionalism and promote U.S. values. NADR = Non-Proliferation, Anti-Terrorism (ATA), De-Mining and Related Programs, used to sustain Bahrain's counterterrorism training capabilities and interdict terrorism suspects.

Despite limited funds, Bahrain has purchased some U.S. systems. In 1998, Bahrain purchased 10 U.S.-made F-16Cs from new production. With spare engines and armaments, the sale was worth about \$390 million. In late 1999, the Clinton Administration, with congressional concurrence, sold Bahrain 26 Advanced Medium-Range Air-to-Air Missiles (AMRAAM) to arm the F-16s. Some Members were concerned about the sale of AMRAAM's to Gulf countries on the grounds that the sale might 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. (This authorization has been repeated in subsequent legislation.) The United States has sold Bahrain about 70 Stingers since 1990. One of the more controversial sales was an August 2000 sale of 30 Army Tactical Missile Systems (ATACMs), a system of short-range ballistic missiles fired from a multiple rocket launcher. To allay congressional concerns, the Defense Department told Congress the version sold to Bahrain would not violate the rules of the Missile Technology Control Regime (MTCR), which commits member states not to transfer to non-member states missiles with a range of more than 300 km and a payload of more than 500 kilograms. The Administration proposed, and Bahrain accepted, a system of joint U.S.-Bahraini control. 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 (July 21, 2006); and a sale, worth up to \$252 million, of nine UH-60M Blackhawk helicopters and associated equipment and services.

**Economic Relations.** Bahrain is attempting to diversify its economy by emphasizing banking and services. Among the GCC states, Bahrain has the lowest oil and gas reserves, estimated respectively at 210 million barrels of oil and 5.3 trillion cubic

feet of gas, and the energy sector accounts for 16.5% of Bahrain's gross domestic product (GDP). At current rates of production (30,000 barrels per day), Bahrain's onshore oil reserves will be exhausted in 15 years. As of April 1996, the Saudi government has given Bahrain all revenues from the 150,000 barrels per day produced from Saudi Arabia's offshore Abu Safa field. The United States buys virtually no oil from Bahrain. To encourage further reform and signal U.S. appreciation, the United States and Bahrain signed an FTA on September 14, 2005. Legislation to implement the FTA was passed in December 2005 and signed January 11, 2006 (H.R. 4340, P.L. 109-169).

## **Other Regional Relations and Anti-Terrorism Cooperation**

Bahrain's concerns about Iran stem mostly from Iran's perceived willingness and ability to support Shiite oppositionists against Bahrain's Sunni-dominated government of Bahrain. The concern has been heightened by the Shiite dominance of post-Saddam Iraq and the related sectarian violence there, although the Iraq violence has not sparked corresponding open or sustained sectarian violence in Bahrain to date. The Bahraini government has consistently blamed Iran for the internal unrest that took place in the late 1990s and subsequently. On June 3, 1996, Bahrain publicly claimed to have uncovered an Iranian plot to destabilize Bahrain, acting through a local militant Shia group called Hizbollah Bahrain-Military Wing (related to Lebanese Hezbollah, a client of Iran). Bahrain made a similar charge in December 1981, when it accused Iran of organizing a coup by Bahraini Shiites (the Islamic Front for the Liberation of Bahrain, IFLB). Some Bahraini leaders suspect that Iran eventually wants to overturn the results of the 1970 U.N. referendum, discussed above. Bahrain's relations with Qatar have improved dramatically since a 1986 territorial clash and International Court of Justice dispute, which Bahrain won.

**Arab-Israeli Issues.** On the Arab-Israeli dispute, Bahrain participated in the 1990-1996 multilateral Arab-Israeli talks, and it hosted a session on the environment (October 1994). However, Bahrain did not follow Oman and Qatar in exchanging trade offices with Israel. In September 1994, all the Gulf states ceased enforcing secondary and tertiary boycotts of Israel, which black listed companies doing business with Israel, while retaining the ban on direct trade (primary boycott). The Foreign Relations Authorization Act for FY1994/1995 (P.L. 103-236, Section 564(1)) banned U.S. arms transfers to countries that maintain the Arab boycott of Israel, but successive administrations have waived the ban for all the GCC states on national interest grounds. In conjunction with the U.S.-Bahrain FTA, Bahrain has dropped the primary boycott and closed boycott-related offices in Bahrain, according to the U.S. Trade Representative (USTR).

**Anti-Terrorism Cooperation.** The State Department's report on international terrorism for 2005 (released late April 2006) said Bahrain provides "important support" to U.S. counterterrorism efforts. It has frozen about \$18 million in terrorist-linked funds and, in November 2004, hosted the inaugural meeting of the Middle East and North Africa Financial Action Task Force (MENA/FATF). In June 2004, Bahrain arrested six alleged Al Qaeda militants, but then released them for lack of evidence. They were re-arrested, but only after the U.S. military became alarmed and ordered military family dependents to return to the United States.