



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

**Kenneth Katzman**

Specialist in Middle Eastern Affairs

March 2, 2011

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

95-1013

## Summary

After experiencing serious unrest during the late 1990s, Bahrain's Sunni Muslim-dominated government undertook several steps to enhance the inclusion of the Shiite majority in governance. However, protests erupting following the uprising that overthrew Egyptian President Hosni Mubarak on February 11, 2011, demonstrate that Shiite grievances over the distribution of power and economic opportunities remain unsatisfied. The continuing unrest—in which opposition factions have escalated their demands in response to the use of force by the government—comes four months after the October 23, 2010, parliamentary election. That election, no matter the outcome, would not have unseated the ruling Al Khalifa family from power, but the Shiite population was hoping that winning a majority in the elected lower house could give it greater authority. In advance of the elections, the government launched a wave of arrests intended to try to discredit some of the hard-line Shiite leadership as tools of Iran. The main Shiite faction, an Islamist group called “*Wifaq*” (Accord), won one more seat than it did in the 2006 election but still ended up short of a majority (18 out of the 40 seats) in the elected lower house.

Underlying the unrest are Bahraini leadership concerns that Iran is supporting Shiite opposition movements 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. On the other hand, Bahrain's Shiite oppositionists accuse the government of inflating the intensity of contacts between Iran and the opposition in order to discredit the opposition politically. Bahrain's rulers have tried to avoid inviting Iranian aggression, in part by signing energy agreements with Iran and by allowing Iranian banks and businesses to operate there.

The 2011 unrest, which was met by an initial violent government crackdown on February 17, 2011, directly affects U.S. national security interests. Bahrain, in exchange for a tacit U.S. security guarantee, has provided key support for U.S. interests by hosting U.S. naval headquarters for the Gulf for over 60 years and by providing facilities and small numbers of personnel for U.S. war efforts in Iraq and Afghanistan. Bahraini facilities have been pivotal to U.S. strategy to deter any Iranian aggression as well as to interdict the movement of terrorists and weapons-related technology on Gulf waterways. The United States has designated Bahrain as a “major non-NATO ally,” and it provides small amounts of security assistance to Bahrain. On other regional issues such as 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. These areas of strong U.S.-Bahrain cooperation have led to public criticism of successive U.S. Administrations, including by some in Congress, for muting criticism of Bahrain's treatment of its Shiite majority in the interests of ensuring Bahrain's cooperation on security issues. Amid concerns that a rise to power of the Shiite opposition could jeopardize the U.S. military cooperation with Bahrain, the Obama Administration has criticized the use of violence by the government in the February 2011 unrest but has not sided with the mostly Shiite demonstrators by endorsing specific opposition demands for a new political structure.

Fueling Shiite unrest is the fact that Bahrain is generally poorer than most of the other Persian Gulf monarchies, in large part because Bahrain has largely run out of crude oil reserves. It has tried to compensate through diversification, particularly in the banking sector and some manufacturing. 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).

## Contents

The Political Structure, Reform, and Human Rights .....	1
Post-Charter Elections.....	2
2002 Elections .....	2
2006 Elections .....	3
The 2010 National Assembly and Municipal Election: Prelude to the Uprising .....	3
February 2011 Uprising.....	5
Government Tactics Change, As Do Protester Demands .....	6
U.S. Posture on the Uprising .....	7
Possible Outcomes .....	8
Other Human Rights Issues .....	8
Women’s Rights.....	8
Religious Freedom.....	9
Labor Rights .....	9
Human Trafficking.....	9
Executions .....	9
U.S. Efforts to Promote Political Reform and Religious Freedom .....	10
U.S.-Bahrain Security and Foreign Policy Relations .....	10
U.S. Navy Headquarters in Bahrain.....	11
Cooperation With U.S. Operations in Iraq and Afghanistan.....	11
Pre-September 11 Cooperation.....	11
Post-September 11 and Post-Saddam Cooperation.....	12
U.S. Arms Transfers and Military Aid.....	12
Anti-Terrorism Cooperation .....	14
Relations with and Cooperation Against Iran.....	14
Bahrain-Iran Gas Development Deal and Other Economic Ties .....	15
Other Foreign Policy Issues.....	16
Qatar Territorial Disputes .....	16
Arab-Israeli Issues .....	16
Economic Issues .....	17

## Figures

Figure 1. Bahrain .....	19
-------------------------	----

## Tables

Table 1. Comparative Composition of Elected COR .....	5
Table 2. Some Basic Facts About Bahrain .....	18
Table 3. U.S. Assistance to Bahrain .....	18

## **Contacts**

Author Contact Information ..... 19

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

The Al Khalifa family, which is Sunni Muslim and generally not as religiously conservative as the leaders of neighboring Saudi Arabia, has ruled Bahrain since 1783. The Al Khalifa family's arrival from the Saudi peninsula to take control 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 (some refer to its as a "referendum") determined that its inhabitants preferred independence to Iranian control.

Bahrain is led by King Hamad bin Isa Al Khalifa (about 66 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, Shaykh Salman bin Hamad, about 49 years old, is Crown Prince. Shaykh Salman serves concurrently as deputy commander of the BDF; the King is commander-in-chief. Shaykh Salman is U.S.-and U.K.-educated and is, like the King, considered a proponent of reform and accommodation with Bahrain's Shiite majority—about 70% of the 503,000-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 2010 estimate). About 25% of the population is age 14 or younger.

Until the February 2011 unrest, the Al Khalifa family had held onto all strategic ministry positions and at least half of all ministerial slots. There have been four Shiite ministers (out of 23 cabinet positions); those ministries run by Shiites have been considered among the less critical ministries. Shiites are also generally barred from serving in the security forces.

The King's uncle (the brother of the late ruler), Prime Minister Khalifa bin Salman Al Khalifa, along with hard-liners in the royal court (including Royal Court chief Shaykh Khalid bin Ahmad Al Khalifa) and several ministries, are perceived as skeptical of King Hamad's reforms. They believe that the concessions that King Hamad has made to the Shiite majority have caused the Shiites to increase their political demands rather than satisfy them. Others believe that level of unrest reached in February 2011 would have been reached long ago had the King's reforms not been enacted.

The minor political reforms under the current King's father, Amir Isa (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 come close to quieting the demands of either Shiites or Sunnis for the restoration of an elected national assembly, even though Bahrain's Sunnis are considered less hungry for "democracy" than are the Shiites. An elected assembly was provided for under the 1973 constitution but abolished in August 1975. In the years just prior to

---

<sup>1</sup> Much of the information in this section is from State Department reports: 2009 Country Reports on Human Rights Practices (March 11, 2010); the International Religious Freedom Report for 2010 (November 17, 2010); and the Trafficking in Persons Report for 2010 (June 14, 2010). CRS has no means to independently investigate the human rights situation in Bahrain or confirm allegations of specific human rights abuses there.

<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.

Shaykh Hamad's accession to rulership, 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)."

One reason that the Shiite majority population was not satisfied by the National Action Charter was that the elected Council of Representatives (COR) and the all-appointed Shura (Consultative) Council were to be of equal size (40 seats each). Together, they constitute a National Assembly (parliament) that serves as only a partial check on government power. The King, through the prime minister, makes all cabinet appointments and thus exercises direct rule; the Assembly does not appoint—or have power to reject—cabinet appointments. The COR can propose (but not actually draft) legislation and both chambers can question ministers, although not in public session. The COR 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 King has the authority to dissolve the COR and amend the constitution. The *Shura* Council is formally limited to amending draft legislation and, in concert with the COR, reviewing the annual budget, but these powers provide the Shura Council with the ability to block action by the COR. The government has tended to appoint generally more educated and pro-Western members to the *Shura* Council, and it is generally more supportive of the government than is the elected COR. There is no "quota" for females in the National Assembly, as has been included in democratic constitutions in post-Saddam Iraq and post-Taliban Afghanistan.

The National Assembly has tended to address primarily economic and social issues, and not national security issues. For example, in May 2010, it voted to ban sale of alcohol to Muslims, although subject to implementing regulations made by the King, through the government. Other legislation considered in the Bahraini National Assembly in recent years included bills to combat cyber crime, regulate the pharmaceutical sector, regulate the press, create an anti-corruption body, and establish a higher council on social security. However, many of these bills stalled in the 2006-2010 parliament due to lack of consensus and broader Sunni-Shiite tensions.

## **Post-Charter Elections**

Elections have been held every four years since 2002, each time marked by substantial tension between the government and the Shiite majority. Formal political parties are banned, but factions compete as "political societies" which serve as the functional equivalent of parties for election purposes. In the COR elections, if no candidate in a contested district wins more than 50% in the first round, a runoff is held one week later.

### **2002 Elections**

The first elections under the Charter were held in October 2002. In the 2002 election, many Shiite opposition "political societies," including *Al Wifaq*, (formally, the *Al Wifaq* National Islamic Society, also known as the Islamic National Accord Association—a large faction, led by Shaykh Ali al-Salman), boycotted the elections on the grounds that setting the COR and the Shura Council at the same size dilutes popular will. 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 of the women were elected.

## 2006 Elections

As was widely expected by experts, Sunni-Shiite tensions escalated again in the run-up to the November 25, 2006, parliamentary and municipal elections. The tension was aggravated by the Shiite perception that a once-repressed Shiite majority came to power in Iraq through U.S.-backed elections and that the Bahraini majority was entitled to a similar result. In the fall of 2006, some Shiites protested, 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, two Shiite opposition blocs, *Wifaq* and the National Democratic Action Association, participated, raising voter turnout to 72%. *Wifaq* is avowedly Islamist in political orientation. A harder-line Shiite opposition faction, *Al Haq* (Movement of Freedom and Democracy), boycotted. The opposition, led by *Wifaq*, won 17 seats, virtually all those it contested. The Shiite opposition was therefore the largest single bloc in the COR, but it was short of a majority.

The government was heartened that Sunni Muslim independents won 23 total seats. Of those, 9 were won by secular Sunnis and 14 were won by Islamist Sunnis (7 from the Salafists trend and 7 Muslim Brotherhood members). 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 reelected speaker.

The King subsequently named a new Shura Council with 20 Shiites, 19 Sunnis, and one Christian (a female). Ten women were appointed. However, the Shiites appointed were not all aligned with opposition factions, and several were considered "pro-government." Therefore, the Shura Council was not a bastion of opposition to the government even though Shiites held half of its seats. In a nod to the increased Shiite strength as a result of the elections, 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.

Heightened political tensions continued in between national elections. 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 wheelchair-bound Dr. Abduljalil Alsingace and Mr. Hassan Mushaima, both leaders of *Al Haq*. They were tried during February-March 2009 but, along with other Shiite activists, were pardoned and released in April 2009. Alsingace has visited the United States several times to highlight the human rights situation in Bahrain. (As noted below, Alsingace was arrested again in August 2010.) Mushaima subsequently went into exile in Europe.

## The 2010 National Assembly and Municipal Election: Prelude to the Uprising

The resentments over the 2006 election, and the still unfulfilled demand of Bahrain's Shiites for greater political power and an end to economic discrimination, carried over to the 2010 election. The election was held on October 23, 2010. There were only a limited number of international observers, primarily from various international human rights organizations. Two Bahraini human

rights watchdog groups, the Bahrain Human Rights Society and the Bahrain Transparency Society, again (for the third time) reached agreement to jointly monitor the 2010 elections. Municipal elections were held concurrently.

The electorate was about 300,000 persons, voting in 40 districts spread throughout five governorates. As was the case in the 2006 elections, Shiite oppositionists accused the government of drawing district boundaries so as to prevent the election of a Shiite majority. Registration of candidates took place during September 12-16, 2010. About 200 people registered to run, of whom seven were women. However, one woman withdrew after registering, leaving a field of six female candidates. Of the six, only one was formally endorsed by a political society, the National Democratic Action Society (*Waad*, which means “promise” in Arabic). She is Munira Fakhro, a prominent Shiite woman who was exiled prior to the political reform process under King Hamad. In 2006, she narrowly lost to a Sunni Islamist (*Minbar*, or “platform,” faction). At least four candidates in districts where there was no opposition were declared winners by September 28, 2010. One of them was a *Wifaq* member.

*Wifaq*, still by far the most prominent Shiite political society, registered candidates. Its leader, Shaykh Ali Salman, was not a candidate, preferring to continue to lead the faction from the background. *Al Haq* again boycotted, as it did in 2006. In the run-up to the election, the government cracked down on Shiite activists, particularly those who supported boycotting the election. For example, on September 4, 2010, 23 Shiite leaders, were arrested on charges of attempting a violent overthrow of the government. They were among about 160 Shiites arrested in August and September, under a 2006 anti-terrorism law that gives the government broad arrest and prosecution powers. Among those arrested was Dr. Alsingace (see above), arrested August 13, 2010, upon his return from abroad. Alsingace remains incarcerated and has told his lawyers that he has been beaten and deprived of sleep. A prominent Shiite cleric, Ayatollah Hussein Mirza al-Najati, said to be close to the most senior Iraqi cleric Ayatollah Ali al-Sistani, had his Bahrain citizenship revoked on September 20, 2010.

Some observers asserted that the government crackdown would drive Bahraini Shiites to politically support boycotting harder-line movements, such as *Al Haq*, and in so doing suppress the election turnout among Shiites. The crackdown did not prompt *Wifaq* to reverse its decision to compete. The crackdown might have helped the government’s election strategy but it also led to stepped up demonstrations by Shiite youth in Shiite neighborhoods. The tensions are also widely blamed for resulting in a bombing that damaged four police cars on September 15, 2010. The tensions over the election almost certainly were a catalyst for the major unrest that has occurred in February 2011, discussed further below.

Among Sunni political societies, there are two that are considered Islamist. They include *Minbar*, mentioned above, which is an offshoot of the Muslim Brotherhood, and *Al Asala*, which is a harder line “Salafist” political society. In the 2006-2010 parliament, *Asala* and *Minbar* members held 7 seats each.

### **2010 Election Results**

Despite the preelection tensions, the election was held without major reports of violence and produced some unexpected results, including:

- The increase of *Wifaq*’s representation from 17 seats in the 2006-2010 COR to 18 seats. However, the 18 is still short of a majority.



- The unexpected losses by Sunnis Islamist factions. Minbar and Asala each saw dramatic reductions in their seats from 2006: Minbar (Muslim Brotherhood) decreased to 2 seats (from 7) and Asala decreased to 3 seats (from 7). Most of the seats were picked up by Sunni independents, who won 17 seats, up from 9 in the 2006-2010 parliament. In addition, the secular and ideological Waad won no seats at all. These results appeared to represent a rejection of Islamist ideology, and even all ideological candidates, in favor of pragmatists who would address Bahrain’s economic difficulties.
- The same one woman won who had won in 2006.
- In the municipal elections conducted concurrently, one woman was elected in the second round—the first woman to be elected to a municipal council.

In advance of the December 14, 2010, start of the next parliamentary term, the King named the 2010-2014 Shura Council. Thirty of the 40 serving Council members were reappointed, leaving only 10 newly appointed members. The Council has four women, substantially fewer than the 2006-2010 Council that had nine women. Among the four, one is Jewish (Nancy Khadouri), out of a Jewish population in Bahrain of about 40 persons, and one is Christian (Hala Qarrisah). Bahrain has an estimated 1,000 Christians. The Council speaker, Ali al-Salih, was reappointed.

**Table 1. Comparative Composition of Elected COR**

	2006 Lower House	2010 Lower House
Shiite Islamist (Wifaq)	17	18
Sunni Independent (mostly secular)	9	17
Sunni Islamist (Minbar, Muslim Brotherhood, moderate Islamist)	7	2
Sunni Islamist (Asala, Salafi, conservative Islamist)	7	3

## February 2011 Uprising

King Hamad’s efforts to accommodate Shiite aspirations were demonstrated to have failed when a major uprising began on February 13, 2011, in the immediate wake of the success of an uprising in Egypt that forced the resignation of Egyptian President Hosni Mubarak. After a few days of protests and relatively minor confrontations with the mostly Bahraini Sunni and expatriate Sunni security forces, the mostly Shiite demonstrators converged on a major public square, “Pearl Roundabout,” named after a statue in the middle of the traffic circle that depicts Bahrain’s pearl-diving past. The uprising took place even though King Hamad had tried to head off the unrest by offering all Bahraini families a \$2,700 one-time payment. The demands of the protesters were numerous, but generally limited to political reform steps such as altering the constitution to expand the powers of the COR; ending gerrymandering that prevents Shiites from winning a majority in the COR; providing more jobs and economic opportunities; and, among some protesters, replacing hard-line Prime Minister Khalifa. In general, a consistent theme among protesters appeared to be to end the sense among Shiites that they are “second class citizens.” At the outset of this round of unrest, very few protesters demanded the ouster of the royal family. On

February 15, 2011, King Hamad spoke to the nation and announced the formation of a committee to investigate the use of force against protestors, which had killed two until that time.

The unrest took on new dimensions in the early morning of February 17, 2011, when security forces surrounded the thousands of demonstrators in Pearl Roundabout, many of whom were asleep, and used rubber bullets and tear gas to remove them from the location. At least four demonstrators were killed, and others died subsequently. The government asserted it had warned of an impending move to expel the protestors, an account disputed by the protestors. At a news conference later on February 17, Foreign Minister Khalid Al Khalifa claimed Bahraini forces had used a minimum of force, that some of the protestors were found with weaponry, and that the Pearl Roundabout was cleared to avoid a “sectarian abyss”—a reference to possible all-out civil conflict between the Shiites and Sunnis. Amid heavy security patrols to prevent demonstrators from regrouping in Pearl Roundabout, additional protests took place on February 18, 2011, with additional press reports of gunshots by security forces, including in the context of funerals for those demonstrators who were killed. Politically, *Wifaq* pulled all 18 of its COR deputies out of the COR following the February 17 crackdown.

### **Government Tactics Change, As Do Protester Demands**

In part at the reported urging of the United States not to use additional force against peaceful protests, the government changed tactics on February 19, 2011, by ordering security forces not to confront further protests. That day, demonstrators re-entered Pearl Roundabout and have held large demonstrations at or around that location since. The February 22, 2011, demonstration was said to be perhaps the largest in Bahrain’s history. It followed by one day a large counter-demonstration by mostly Sunni supporters of the government in an affluent Sunni neighborhood. At the same time, the government, with Crown Prince Salman leading the effort, attempted to use the exercise of restraint as an opportunity to begin a formal dialogue with the protestors to try to agree on a package of reforms. That effort was supported by a gesture by King Hamad on February 22, 2011, to release and pardon about 25 political prisoners, including the exiled leader of the hardline *Al Haq*, Hassan Mushaima (who returned to Bahrain from exile in Europe on February 27, 2011).

The restraint ordered by the government did not prevent demonstrators, upset over the use of force and killings of protestors in previous days, from continuing to occupy Pearl Roundabout or escalating their demands. Yet, increasing demands have also exposed long-standing splits in the opposition, such as those between the more moderate *Wifaq*, and the more hardline *Al Haq*. The size of the demonstrations and anger at the government’s initial use of force appeared to shift many demonstrators closer to *Al Haq*, which demands, at the least, a constitutional monarchy or, in the view of some, a resignation of the monarchy outright. *Wifaq* and other more moderate groups appear willing to accept more modest achievements, including the dismissal of the prime minister, the appointment of a new cabinet that is more representative of the population, and efforts to promote more job opportunities (for Shiites). As of March 2, 2011, a government-demonstrator dialogue has not begun in earnest. *Al Haq* leader Hassan Mushaima, for example, refuses to enter a dialogue until the existing cabinet is replaced. On February 26, 2011, King Hamad changed several cabinet posts; this included dropping two Al Khalifa family members from the cabinet, thereby somewhat reducing the dominance of the family. The posts changed were those that can influence job opportunities and living conditions; however, the move had little apparent effect on the demonstrators who continued to turn out in large numbers. On March 1, 2011, demonstrators blocked the entrance to the parliament building and delayed the meeting

of its bodies for six hours. Also, teachers are said to be undertaking work stoppages in many schools.

## **U.S. Posture on the Uprising**

The U.S. response to the unrest in Bahrain has been, to some extent, colored by the response to the unrest in Egypt and elsewhere, although with an eye toward the vital U.S. interests in Bahrain discussed below. In phone calls to their counterparts after the February 17, 2011, clearing of Pearl Roundabout, Secretary of State Clinton and Secretary of Defense Gates reportedly expressed concern to the Bahrain government for using force against the protesters. White House spokesman Jay Carney said the violence was not an appropriate response to peaceful demonstrators making “reasonable demands.” On February 15, U.S. State Department spokesman Philip Crowley referred to U.S. officials calling for restraint on both sides. As noted above, these contacts and statements may have contributed to the government decision to exercise restraint against protesters as of February 19. Some have criticized the Administration for previously muting criticism of Bahrain’s human rights record, citing Secretary of State Clinton’s comments in Bahrain on December 3, 2010, referring to the October 2010 elections, saying: “I am impressed by the commitment that the government has to the democratic path that Bahrain is walking on. It takes time; we know that from our own experience.”<sup>3</sup>

As made clear by Secretary of State Clinton on February 22, the United States is not taking a position on any specific political outcome. In comments, the Secretary praised the release of political prisoners and called on all parties to take up the offer by the Crown Prince for a broad political dialogue on reform.<sup>4</sup> The U.S. position—in particular not calling for the Al Khalifa monarchy to come to an end—may reflect concern among U.S. officials about the consequences were the regime to fall. U.S. officials fear that if a Shiite-led regime come to power there, Iran’s influence in Bahrain would increase to the point where it might be successful in persuading Bahrain to ask the United States to vacate Bahraini military facilities. U.S. officials, including Assistant Secretary of State Jeffrey Feltman and Joint Chiefs of Staff Chairman Mike Mullen made visits to Bahrain during February 2011. In a statement, President Obama praised the February 26 cabinet reshuffle and King Hamad’s restatements of his commitment to reform.<sup>5</sup>

The Obama Administration, which presented its FY2012 budget request on February 14, 2011, just as the unrest in Bahrain was growing, has not announced any alteration of its military and anti-terrorism assistance or arms sales policy for Bahrain. In his February 25, 2011, visit, Joint Chiefs Chairman Mullen reaffirmed the U.S.-Bahrain defense relationship. However, press reports say arms sales to Bahrain and other U.S. allies are under review because of the unrest in the region.<sup>6</sup> It is possible that outside experts and some in Congress might object to further sales to Bahrain, particularly of equipment that could be used against protesters. Levels of those sales and aid are discussed in the sections below.

U.S. concerns are shared by the mostly Sunni allies of Bahrain in the Gulf Cooperation Council (GCC), which fear that the Bahrain unrest could ignite Shiite unrest in these states. None of them

---

<sup>3</sup> Department of State. “Remarks With Foreign Minister Al Khalifa After Their Meeting.” December 3, 2010.

<sup>4</sup> Secretary of State Clinton Comments on the Situation in the Middle East. <http://www.youtube.com/watch?v=GbucMZUg3Gc>

<sup>5</sup> “Obama Welcomes Bahrain Cabinet Reshuffle.” Reuters, February 27, 2011.

<sup>6</sup> Adam Entous. “U.S. Reviews Arms Sales Amid Turmoil.” *Wall Street Journal*, February 23, 2011.

has a Shiite majority, as Bahrain does, but most of them have substantial Shiite minorities. The GCC states met (foreign minister level) on February 16, 2011, and expressed solidarity with the government of Bahrain. There has been speculation that Saudi Arabia might itself intervene to prevent a Shiite government from coming to power in Bahrain, but there has, to date, been no evidence of any Saudi troop or security force movements toward or into Bahrain. King Hamad visited Saudi Arabia on February 23, 2011, for consultations on how to handle the unrest, and Crown Prince Salman visited UAE on March 2, 2011. Britain closed its embassy in Bahrain after the February 17, 2011, crackdown, and announced it might ban further arms exports to Bahrain.

## **Possible Outcomes**

Outcomes are difficult to predict. Some believe the early crackdown has hardened the protest movement to the point where it will continue its efforts until the monarchy steps down and a Shiite-led government comes to power. This outcome is possible, although most Sunnis would see a Shiite takeover as an existential threat and they will likely support the government, including further uses of force, to prevent that outcome.

Others believe that negotiations and compromise are likely, potentially including the King's firing of the prime minister—a move long blocked by support for him among many older, powerful members of the Al Khalifa family. Some believe that a compromise could involve, for example, Wefaq leader Shaykh Ali Salman becoming Prime Minister, although hardline Al Khalifa members are almost certain to oppose such a step. Another possibility could include the broad reshuffling of the cabinet to give Shiites many more ministerial posts and control of key economic ministries. Other avenues for compromise could be an amendment to the constitution that expands the elected COR, and its powers relative to the upper house, or the outright abolition of the upper house. Other reforms could include redistricting that would permit Shiites to win a COR majority.

Some fear that instability could prompt regional intervention. Since the latest unrest began, there has been speculation that Saudi Arabia might intervene to keep the Al Khalifa in power. That speculation has been fed by periodic rumors that Saudi tanks have been cited near the Saudi-Bahrain causeway. Others believe such intervention is unlikely, in large part because Saudi intervention could prompt Iran to intervene on behalf of Bahrain's Shiite community.

## **Other Human Rights Issues**

Many of the general human rights issues are intimately tied to the power struggle between the Sunni-led regime and the Shiite majority, as noted in U.S. government reports on human rights and religious freedom in Bahrain. Beyond the Sunni-Shiite schism in Bahrain, State Department reports, such as the human rights report for 2009, note problems for non-Muslims and for opponents of the government. Bahrain allows freedom of worship for Christians, Jews, and Hindus although the constitution declares Islam the official religion.

## **Women's Rights**

Bahrain has tended to be relatively progressive as far as law and regulations. Women can drive, own and inherit property, and initiate divorce cases. However, as with its neighbors, Bahrain's practices and customs tend to limit women's rights. To try to showcase its progressiveness, the government has promoted several women to high positions. Since 2005, there have been 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, and Huda Azar Nunu, a female attorney and the only Jew in the Shura Council, is ambassador to the United States.

## **Religious Freedom**

On freedoms for religions other than Islam, the November 17, 2010, State Department report on international religious freedom, in the section on Bahrain, says that non-Muslims have been able to practice their religion privately without government interference, and to maintain places of worship. However, the government requires licenses for churches to operate, and has in the past threatened to shutter un-licensed churches serving Indian expatriates. The Baha'i faith, declared blasphemous in Iran and Afghanistan, has been discriminated against in Bahrain. A Baha'i congregation was repeatedly denied an official license, although other State Department reports (human rights reports for 2008 and for 2009) say that the Baha'i community now gathers and operates openly.

## **Labor Rights**

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.

## **Human Trafficking**

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. The 2010 Trafficking in Persons Report (June 14, 2010) upgraded Bahrain yet again to Tier 2 (dropping the "watch list" designation) on the grounds that Bahrain is making significant efforts to comply with minimum standards and has begun making prosecutions under its anti-trafficking statutes.

## **Executions**

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. Allegations of torture against Shiite opposition figures are widespread.<sup>7</sup>

---

<sup>7</sup> Human Rights Watch. "Bahrain: Torture Redux." February 2010.

## **U.S. Efforts to Promote Political Reform and Religious Freedom**

The United States has long sought to accelerate political reform in Bahrain and to 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. NDI is conducting programs to enhance parliamentary capabilities through a local NGO. In February 2010, the MEPI office of State Department signed a memorandum of understanding with Bahrain to promote entrepreneurship there and promote opportunities for trade with U.S. small businesses. Still, some human rights group and Bahraini activists believe the United States has consistently (including during the February 2011 unrest) downplayed democracy promotion in favor of broader security issues.

According to the State Department’s International Religious Freedom report for 2010 (November 17, 2010), “The U.S. government discusses religious freedom with the [Bahraini] government as part of its overall policy to promote human rights.” The religious freedom report also noted that the U.S. government sponsored the visit to the United States of a prominent Sunni cleric, Shaykh Salah Al-Jowder, to discuss religious freedom and interfaith dialogue.

## **U.S.-Bahrain Security and Foreign Policy Relations<sup>8</sup>**

U.S.-Bahrain relations are intimate and mutually reinforcing, thereby raising the stakes for the United States in the February 2011 unrest. A U.S. Embassy in Manama, Bahrain’s capital, opened in September 1971, when the threat level in the Persian Gulf was perceived as relatively low. Since then, defense issues have become a central feature of U.S.-Bahrain relations. Although Iraq is no longer a strategic threat to the region because it cannot project power outside its borders, Iran’s nuclear program is considered a growing threat to the Persian Gulf states, including Bahrain. There is also the issue of terrorism and piracy in the Gulf, as exemplified by a July 28, 2010, explosion on a Japanese oil tanker in that waterway. The explosion is widely suspected to have been a terrorist attack, and a faction linked to Al Qaeda (Abdullah Azzam Brigades) claimed responsibility.

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 in Iraq, Iran, and Afghanistan have benefitted from access to Bahraini facilities. In recognition of the 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.

---

<sup>8</sup> Information in this section obtained from a variety of press reports, and the Defense Security Cooperation Agency (DSCA).

## U.S. Navy Headquarters in Bahrain

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), as well as the Fifth Fleet (reconstituted in June 1995) are headquartered there, at a sprawling facility called “Naval Support Activity-Bahrain.” The facility now covers over 100 acres, and about 2,300 U.S. personnel, mostly Navy, are assigned there.<sup>9</sup> 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. To further develop the facility (sometimes referred to as “Bahrain Island”), recent appropriations and requests include \$54 million for FY2008 (including \$19 million for a Special Operations Forces facility);<sup>10</sup> no funds for FY2009; \$41.5 million for FY2010 (P.L. 111-117); and a requested \$258 million for FY2011 for several facilities in Bahrain. With these and other funds that are expected to be appropriated, construction began in May 2010 of a major, \$580 million expansion of the facility to allow larger ships to dock there; the project is expected to be completed, in several phases, by 2015. A January 2008 lease agreement between the United States and Bahrain allowed for the expansion by making available the decommissioned Mina (port) Salman. In addition, \$45 million of the funds is to be used to expand an apron at Shaykh Isa Air Base.

## Cooperation With U.S. Operations in Iraq and Afghanistan

### Pre-September 11 Cooperation

Bahrain was part of the U.S.-led allied coalition that ousted Iraq from Kuwait in 1991, hosting 17,500 troops and 250 combat aircraft at Shaykh Isa Air Base (mentioned above). Bahrain and the United States signed a 10-year defense pact signed on October 28, 1991, seven months after that war, and renewed in October 2001. The pact not only provides the United States access to Bahrain’s air bases and to pre-position strategic materiel (mostly U.S. Air Force munitions), but also requires consultations with Bahrain if its security is threatened, and it expanded exercises and U.S. training of Bahraini forces.<sup>11</sup>

Following the liberation of Kuwait in February 1991, there were about 1,300 U.S. military personnel in Bahrain during the 1990s to contain Saddam Hussein’s Iraq, and Bahraini pilots flew strikes over Iraq during the war; 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. Since the early 1990s, the United States has reportedly stationed two Patriot anti-missile batteries there.<sup>12</sup>

---

<sup>9</sup> Unclassified information provided to CRS by the Department of Defense. Figures are as of June 30, 2010.

<sup>10</sup> Appropriated in Division 1 of P.L. 110-161.

<sup>11</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.

<sup>12</sup> Walter Pincus. “Bahrain Government’s Ties With the United States Run Deep.” *Washington Post*, February 22, 2011.

## **Post-September 11 and Post-Saddam Cooperation**

The naval headquarters, the U.S. use of which predated the defense pact, has been used to coordinate 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. These ships are also part of Combined Task Force (CTF) 151 and 152 that seek to interdict the movement of terrorists, arms, or weapons of mass destruction (WMD)-related technology and narcotics across the Arabian Sea. In March 2008, Bahrain took a turn in a rotation to command CTF-152. These operations are offshoots of Operation Enduring Freedom (OEF) in Afghanistan, which ousted the Taliban after the September 11 attacks. Bahrain allowed the United States to fly combat missions from its bases (Shaykh Isa Air Base) in both OEF and the war to oust Saddam Hussein in March-April 2003 (Operation Iraqi Freedom, OIF). During both 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 hosted about 4,000 U.S. military personnel during major combat of OEF (October 2001-May 2003).

Bahrain and UAE have been the only Gulf states to deploy their own forces to provide aid to Afghanistan. In January 2009, Bahrain sent 100 police officers to Afghanistan on a two-year tour to help U.S./NATO-led stabilization operations there.

Bahrain's participation in OIF came despite domestic opposition in Bahrain to that war. 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. That process was suspended in late 2008 as Iraq stabilized and the United States has begun the process of withdrawal, expected to be complete by the end of 2011. 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. Some of the other Gulf states, most notably Saudi Arabia, have still not established a full embassy in Iraq, in part due to differences between Saudi Arabia and the Shiite led government of Prime Minister Nuri al-Maliki.

## **U.S. Arms Transfers and Military Aid**

To assist Bahrain's ability to cooperate with the United States on regional security issues, Congress and successive Administrations, citing Bahrain's limited income, have supported military assistance to Bahrain's small force. The main recipient of such assistance is the relatively small Bahrain Defense Force (BDF), which has about 13,000 personnel (plus about 1,200 National Guard). The BDF and the police are run by Sunni Bahrainis, but are said to supplement their ranks with unknown percentages of paid Sunni Muslim recruits from neighboring countries, including Pakistan, Yemen, Jordan, Iraq, and elsewhere. Until 1998, Bahrain's internal security services were run by a former British colonial police officer, Ian Henderson, who had a reputation among Shiites for using repressive measures. The current director of the internal security service is Shaykh Khalifa bin Abdullah Al Khalifa, considered a hardliner in the royal family.

Bahrain is eligible to receive grant "excess defense articles" (EDA). The United States transferred the FFG-7 "Perry class" frigate *Subha* (see above) 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. As an example, the United States has supplied Bahrain with a coastal radar system that reportedly provides Bahrain and the U.S. Navy a 360-degree field of vision around Bahrain.<sup>13</sup>

Some of the U.S. assistance provided to Bahrain, noted in **Table 3** below, is to help Bahrain keep the F-16s sufficiently updated to operate alongside U.S. warplanes. Funds provided 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, and helping Bahrain upgrade its U.S.-made F-16s with improved avionics, and maintain the frigate *Subha*, are the primary justifications for the substantial increase in requested assistance to Bahrain for FY2010. The requested funding levels for FY2011 are roughly the same as FY2010 levels. The FY2012 requested level is likely to be similar; exact breakdowns are not available to date.

### *Purchases With National Funds*

Despite its limited funds (Bahrain's total government budget was about \$6 billion in 2009), 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. (A notification of a possible sale to Bahrain of 30 ATACM missiles and associated equipment, valued at about \$70 million, was sent to Congress on November 4, 2010. Lockheed Martin is the prime contractor for the missiles.)

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. As noted above, U.S. arms sales policy to Gulf allies and other Middle Eastern countries is said to be under review in light of regional unrest that began in early 2011, including Bahrain.

---

<sup>13</sup> "Bahrain Government's Ties With the United States Run Deep." Op. cit.

## **Anti-Terrorism Cooperation**

Bahrain's cooperation in post-September 11 regional security operations was discussed above. As far as terrorists operating inside Bahrain itself, the State Department's report on international terrorism for 2009 (released August 5, 2010) 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, as did the same report of the previous year, notes that Bahrain has not 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 its Central Bank, Financial Information Unit (within the Central Bank), and local banks cooperate with U.S. efforts against terrorism financing and money laundering. As noted by the State Department in the FY2011 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.

## **Relations with and Cooperation Against Iran**

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, although in recent years evidence of direct Iranian interference in Bahrain has been limited. In December 1981, and then again in June 1996—a time when Iran was actively seeking to export its Islamic revolution—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 leaders have hinted that Iran might be supporting the February 2011 unrest, an assertion that most experts believe lacks concrete evidentiary support. However, as noted above, Iran is likely to exert far greater influence over a Shiite-dominated Bahrain than it does over the current government.

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. At the same time, so as not to provide Iran a pretext to pressure Bahrain, Bahrain's leaders have sometimes tried to silence voices in Bahrain that publicly attack Iran. An example is the one-day suspension in 2009 of the newspaper *Akhbar al Khaleej* (*Gulf News*) for running an editorial by a Bahrain Shura Council member who criticized Iranian leaders.

Bahrain has generally supported the U.S. position that Iran is not fully cooperating with U.N. Security Council requirements to verifiably demonstrate that its nuclear program is not a cover for a nuclear weapons program. In the joint news conference with Secretary Clinton on December 3, 2010, referenced earlier, the foreign minister restated Bahrain's support for Iran's right to nuclear power for peaceful uses. However, it stated forthright that "when it comes to taking that [nuclear] power, to developing it into a cycle for weapon grade, that is something that we can never accept, and we can never live with in this region."<sup>14</sup> Bahrain also regularly invites high-ranking Iranian officials to the annual International Institute for Security Studies (IISS) conference in Bahrain called the "Manama Dialogue," held every December. At times, there have been expectations that U.S. officials might meet with Iranian officials at the margins of the conference, although such meetings have not taken place in practice. Iranian officials have sometimes been known to cancel their travel to the meeting on short notice, particularly if they sense that the conference will feature U.S. or other criticism of Iran.

### **Bahrain-Iran Gas Development Deal and Other Economic Ties**

One of the ways Bahrain stays engaged with Iran is through discussions of major energy projects with Iran and by conducting normal trade and banking ties with it. The 2007 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, again referring to Bahrain as Iran's 14<sup>th</sup> province. This is a sensitive issue for Bahrain, as discussed above. 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. On October 21, 2009, Bahrain's Minister of Oil and Gas Abd al-Husayn Mirza said talks on the deal would "resume soon."

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.

Energy market observers say that Bahrain energy firms might also be supplying gasoline to Iran. No U.N. Security Council Resolution bars such sales, but a U.S. law signed on July 1, 2010—the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA, P.L. 111-195)—provides for sanctions against foreign firms that sell more than \$1 million worth of gasoline to Iran. Some energy firms in the Gulf, including in Kuwait, reportedly have become reticent to continue supplying gasoline to Iran because of the U.S. action, but Bahrain is not known to have publicly disavowed further gasoline sales to Iran.<sup>15</sup>

---

<sup>14</sup> Department of State. Transcript of Remarks by Secretary Clinton and Foreign Minister Al Khalifa. December 3, 2010.

<sup>15</sup> CRS conversations with foreign diplomats, including some from the Gulf. July – September 2010.

## **Other Foreign Policy Issues**

Bahrain has close relations with the other GCC states, in particular Saudi Arabia. Virtually all the GCC states have political structures similar to that of Bahrain, and several have substantial Shiite minorities (although not majorities, as Bahrain does). Saudi Arabia's Shiites (about 10% of the population) are located mostly in the eastern provinces, across a causeway constructed in 1986 that connects the two countries. This linkage partly explains Saudi concerns about the unrest shaking the royal family in Bahrain.

### **Qatar Territorial Disputes<sup>16</sup>**

The United States cooperates closely with both Qatar and Bahrain, which is why the Bahrain-Qatar territorial dispute was closely watched by U.S. policymakers. The resolution of the dispute has partly removed these tensions as an issue for U.S. Gulf policy. Qatar, like Bahrain, is a GCC monarchy; however, their relations have been sometimes acrimonious because of territorial disputes with roots in the 18<sup>th</sup> century, when the ruling families of both countries controlled parts of the Arabian peninsula. Qatar-Bahrain relations have improved since an International Court of Justice ruled on March 16, 2001, on the disputes. The ICJ ruled in favor of Qatar on some of the issues, and in favor of Bahrain on others, but the central dispute—over the Hawar Islands—was decided in favor of Bahrain. Qatar expressed disappointment over the ruling but said it accepted it as binding, and the two have since muted mutual criticism and cooperated on major regional issues. The territorial disputes were referred to the ICJ by Qatar in 1991 after clashes in 1986 in which Qatar landed military personnel on a man-made reef (Fasht al-Dibal) that was in dispute, and took some Bahrainis prisoner. Saudi mediation in the 1986-1991 period proved fruitless. That reef was awarded to Qatar in the ICJ ruling. However, the ICJ ruled against Bahrain's claim to the town of Zubara on the Qatari mainland, where some members of the Al Khalifa family were long buried. Two smaller islands, Janan and Hadd Janan, were ruled not part of the Hawar Islands group and were awarded to Qatar.

### **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. In the previously cited December 3, 2010, joint press conference with the foreign minister, Secretary of State Clinton expressed appreciation for Bahrain's support of Palestinian Authority leaders who are trying to build viable institutions and rule of law in the Palestinian territories.

Earlier, 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).

---

<sup>16</sup> See The Estimate, Dossier: The Bahrain-Qatar Border Dispute: The World Court Decision, Part 1 and Part 2. March 23, 2001 and April 6, 2001.

In conjunction with the U.S.-Bahrain FTA, Bahrain dropped the primary boycott and closed boycott-related offices in Bahrain.

Still, the Arab-Israeli dispute always has the potential to become a political issue within Bahrain. Islamist hard-liners 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 Israel 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. In June 2010, Sunni and Shiite Islamists in Bahrain held a demonstration to denounce the Israeli seizure of a ship in a flotilla intended to run the Israeli blockade of the Hamas-run Gaza Strip.

## **Economic Issues**

Like the other Gulf states, Bahrain was affected by the international financial crisis of 2008-2009, 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.

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. Some economic statistics are presented in **Table 2**. Without the ample oil or gas resources of its neighbors, 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. Aluminum and other manufacturing sectors in Bahrain account for the existence in Bahrain of a vibrant middle and working class among its citizens. However, these classes are largely composed of majority Shiite Muslims who are envious of the “ownership class” mostly of Sunni Muslims.

To encourage further reform and signal U.S. appreciation, the United States and Bahrain signed an FTA on September 14, 2004. Implementing legislation was signed January 11, 2006 (P.L. 109-169). In 2009, the United States exported \$668 million worth of goods to Bahrain, and imported \$463 million in goods from that country. In 2005, total bilateral trade was about \$780 million, suggesting that trade has expanded significantly following the FTA.

**Table 2. Some Basic Facts About Bahrain**

Population	About 740,000, of which 503,000 are citizens
Religions	81% Muslim, 9% Christian, 10% other
GDP (purchasing power parity)	\$28 billion (2009)
Budget	\$5.81 billion revenues, \$5.86 billion expenditures (2009)
External Debt	\$11 billion (2009)
Inflation Rate	3% (2009)
GDP Real Growth Rate	2.9% in 2009, down from over 6% in 2008
Size of Bahrain Defense Forces (BDF)	About 13,000, plus about 1,200 National Guard. Some personnel are expatriates, including other Arab and Pakistani.

Source: CIA, *The World Factbook*.

**Table 3. U.S. Assistance to Bahrain**

(\$ in millions)

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY2010	FY2011 request	FY2012 request
<b>FMF</b>	90.0	24.6	18.847	15.593	14.998	3.968	8.0	19.0	19.5	25.0
<b>IMET</b>	0.448	0.600	0.649	0.651	0.616	0.622	.661	.670	.700	.700
<b>NADR</b>			1.489	2.761	.776	0.744	.500	1.10	1.5	
<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). FY2010 funds from Consolidated Appropriation (P.L. 111-117). FY2011 levels are generally held at FY2010 levels because of the Continuing Resolution funding all operations.

Figure I. Bahrain



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

## Author Contact Information

Kenneth Katzman  
Specialist in Middle Eastern Affairs  
kkatzman@crs.loc.gov, 7-7612