

The Spiraling Gulf Arms Race

Iran is Perceived as the Threat: But is Appearance Reality?

By Hooshang Amirahmadi

The location of the April 1993 international arms fair in Abu Dhabi was telling. At a time when arms procurements had dropped substantially around the globe, Persian Gulf countries embarked on an arms build-up. The Iraqi invasion of Kuwait and the obvious inability of the GCC states to defend themselves in the face of an Iraqi attack have resulted in an unprecedented arms buying spree in the region. Another contributing element is the fear on the part of the GCC states of the supremacy of Iran's military power. The United States has also alleged that Iran intends to develop mass destruction war technologies and that it is building its conventional forces beyond any legitimate needs. The critical question is whether these assertions are accurate and if Iran's purchases are so threatening as to justify spiraling arms procurement.

The development of Iran's arms industries predates the Islamic Republic. Under the Shah, and with the assistance of a number of American multinational corporations, a rapidly growing arms industry focusing on air-power had been developed by the mid-1970s. It included helicopter industries, missile repair and modification facilities, jet engine maintenance industries, and armament factories manufacturing a wide variety of small arms. The Shah also sought, unsuccessfully, to expand Iran's nuclear power-generating capacity. Meanwhile, Iran became the largest importer of military hardware in the

Middle East, with the possible exception of Israel. At the time of the revolution in 1978, Iran was committed to multiple contracts with American arms producers worth \$17 billion. One of the first foreign policy initiatives of the Islamic Republic was to cancel these contracts. Iran also let the military industries slip into inactivity, reduced the period of conscription from two years to one year, and cut the standing army and its budget in half. These factors, along with other policy shifts,

moved Iran away from a military build-up.

War and Renewed Military Buildup

The Iran-Iraq war was an unfortunate awakening and maturing process for the Islamic Republic. Both the leadership and the public were caught off guard when Iraq launched its offensive into Iranian territory in September 1980. The United Nations failed to condemn Iraq, while the Arab states actively supported it. Saudi Arabia, along with Kuwait and other Gulf Arab



Iran's military, still reeling from the revolution, was caught unprepared by Iraq's surprise attack in 1980; Iranian volunteer in 1981

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states, gave some \$50 billion to Iraq in loans and aid, while Egypt and Jordan sent military support. Meanwhile, American-led sanctions (e.g. Operation Staunch) made it very difficult for Iran to procure arms at a time when it was at war with a better armed and continuously supplied enemy. Both superpowers, perhaps for the first time in the Cold War era, sided with and militarily supported the same side in the conflict, namely Iraq. Toward the end of the conflict, the United States became directly involved, bombarding Iranian oil platforms in the Persian Gulf and downing an Iranian passenger plane.

As a result, Iran began, though belatedly, to revitalize its existing military industries, especially the maintenance and service of its existing stockpile. Soon, however, Iraq initiated its "war on cities" strategy using long range missiles. To reciprocate, and in the absence of easy access to the arms market, Iran rejuvenated its missile production. It also expanded its capabilities in the production of light arms, ammunition, mortars, howitzer and artillery barrels, and aircraft parts. Meanwhile, Iran was also importing a armaments from a variety of sources, including the black market. Yet, its military stockpile was steadily in

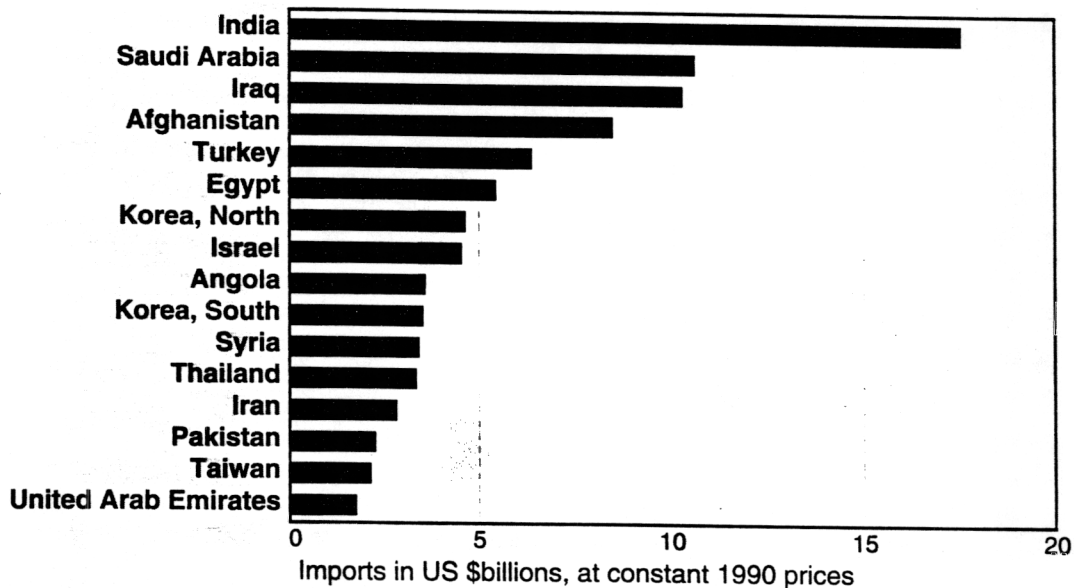
decline, reaching a critically insufficient level by the end of the war. An indication of this decline was that in the last two years of the war (1987-88), the total figure for Iranian military imports stood at less than \$1.5 billion. Comparable figures for Iraq and Saudi Arabia were \$8.2 billion and \$5 billion respectively. In the next three years, the gap between Iran and the other two nations widened further. Thus, Iran's total military imports bill for the 1989-91 period was \$2.8 billion while those for Iraq and Saudi Arabia had jumped to \$10.3 billion and \$10.6 billion, respectively. In 1992, Iran's military imports dropped to less than \$850 million. Measured in per capita terms, the gap becomes considerably wider as Iran's population is 60 million— compared to 17 million for Iraq and 14 million for Saudi Arabia.

This gap notwithstanding, in the immediate post-war period, Iran still did not emphasize a military build-up. Instead, it directed attention and resources to economic reconstruction efforts. It was only after the Gulf War that Iran began to reconsider its defense strategy and replenish its military hardware. The present strategy is focusing on both domestic production and imports. On the domestic side, the noticeable change is an emphasis on the

use of modern technology in a variety of production areas, including high-speed computers, avionics technology, and oscilloscopes. The Western media and governments have stressed the "dual use" or "military useful" nature of these technologies and Iran's potential, as well as intention, to apply them toward a military build-up. Indeed, Iran has utilized these technologies in projects that could have both civilian and military use, such as airports and port facilities.

And yet, the dual-use nature of these projects does not necessarily indicate Iran's militaristic intent. In fact, their limited scope may be seen as evidence of the constraints on the Iran's ability to become a regional threat to Western interests in the foreseeable future. In addition, Iran claims a commitment to international rules of conduct on technologies of mass destruction. For example, the International Atomic Energy Agency (IAEA) investigated Iran's nuclear projects and materials in early 1992 and, along with US government officials, cleared Iran of any malicious intent. The IAEA is also to monitor the Sino-Iranian nuclear energy project which has become another rallying point for those in the West and in the region who fear Iranian intentions. On January 13, 1993, Iran signed a major treaty banning chemical

THE LEADING IMPORTERS OF MAJOR CONVENTIONAL WEAPONS, 1987-1991



Source: SIPRI Yearbook 1992, World Armaments & Disarmament

weapons: Arab countries did not participate in that international event, citing Israel's stockpile of chemical weapons as their reason.

On the imports side, Iran is reportedly in the process of acquiring military aircraft from both Russia (Mig 29s, Su24s) and China (F-7s), tanks (T-72s) from Russia and Eastern European countries, ballistic missiles and rocket guidance systems from North Korea and China, and satellites and three diesel-powered Kilo-class submarines from Russia. According to some American intelligence experts, the total import bill is still far below the outlay the Shah devoted to his peacetime military build-up. The \$2 billion-per-year total of military imports is also less than ten percent of Iran's total import bill of \$28 billion for fiscal year 1991-92. Iran's current annual military expenditures are only about 40 percent of what Iraq was spending each year on weapons after the Iran-Iraq war, and only a fraction of a single Saudi-US aircraft deal of \$9 billion.

The general impression, particularly among Western observers, is that the outcome of the US-led war against Iraq was beneficial to Iran in at least two ways: it substantially weakened Iraq's military power and it strengthened Iran's air defense system. Implied in

this assertion is that Iran did not need to build up its military because a balance has been established between the two old rivals. From Iran's perspective, however, the Gulf war introduced additional elements of risk and uncertainty in its regional environment. Iraq has become unstable and even more aggressive. The war also led to increased US involvement in the region through a series of bilateral defense arrangements with Saudi Arabia, Kuwait, Bahrain, and Qatar.

More importantly, the Gulf war led to new arms build-ups by Saudi Arabia, Israel, and Kuwait. In a single deal in 1992, the Saudis purchased 75 F-15 jets from the US at \$9 billion. In another deal the same year, Kuwait purchased 236 American M1-A2 advanced battle tanks which, with the spare parts and training involved, will eventually cost the Kuwaitis some \$4 billion. The exact figures related to arms purchases following the UAE arms show are not yet available, but the preliminary reports indicate continuing procurements by the GCC states. The UAE, for example, purchased about \$3.5 billion worth of French military equipment, including tanks.

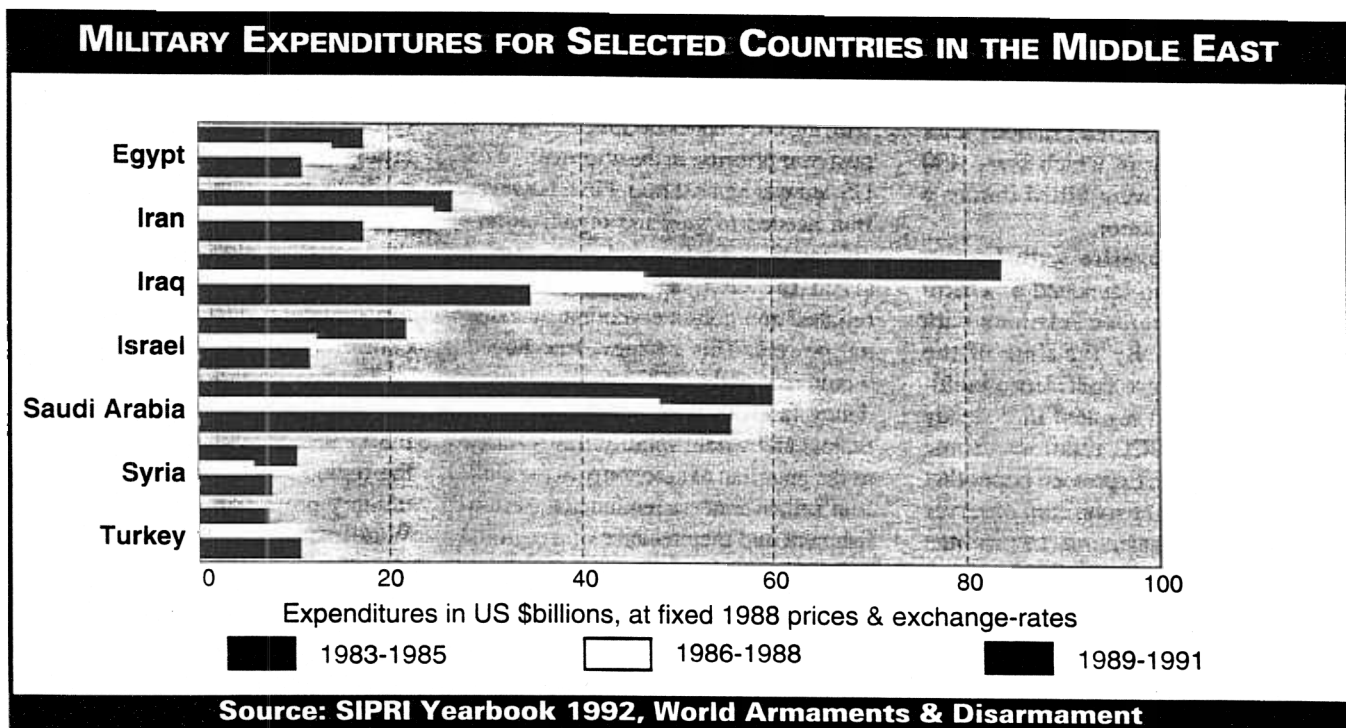
Despite these developments, Iran may still emerge as a leader in the Persian Gulf region. While some fear

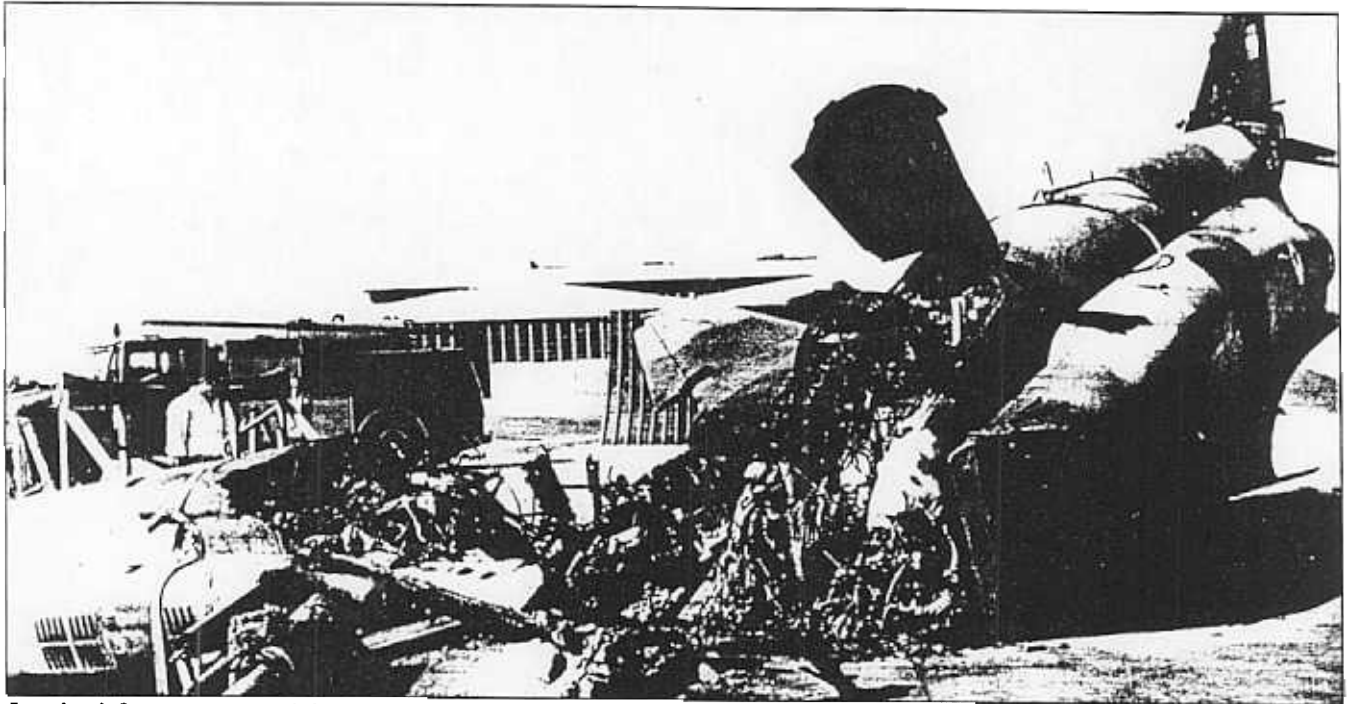
this prospect, recent history suggests that the only periods of turmoil for the region occurred when Iraq reached military parity with Iran in the early 1980s.

Collective Security Arrangements

A stable and effective Persian Gulf regional security arrangement should include all parties and be attentive to their sensitivities and interests. Whether such a comprehensive system could be created given the current state of regional affairs is highly unlikely. The dilemma facing both Iran and the GCC states is that Iran's participation is crucial to the success of any regional security system. But Iran cannot participate unless it is prepared to safeguard the security of other states. As evidence of this dilemma, one need only point to the many recent failed attempts to set up a regional security system, the see-saw quality of Iran's relations with the GCC, and the apprehension in the region about the future of Iraq.

The GCC was established in 1981 as a mechanism to contain Iranian and Iraqi power, and radical political Islam in the Gulf. For most of the 1980s, the Islamic Republic applied a stick policy, with occasional doses of carrot, to the GCC states. Relations with the Saudis became particularly antagonistic because of differences over Islam, the





Iran's airforce was especially hard hit during Iran-Iraq war and was only marginally helped by defecting aircraft during Operation Desert Storm: Iranian fighter at Mehrabad in September 1980.

struggle for OPEC leadership, the quest for supremacy in the Persian Gulf, the US-Saudi alliance, and Saudi-led GCC support for Iraq in the Iran-Iraq war. When Iran took the upper hand in the war (from 1985 to 1987) the symbiosis that had developed between the GCC and Iraq was extended into GCC-US cooperation. American intervention in the war on the side of Iraq and US protection of GCC tankers followed. Iran's relations with the GCC deteriorated to an all-time low. Confrontation with the Saudis reached a dangerous point when the two nations severed relations after the 1987 incident in which some 400 Iranian pilgrims were killed during a political demonstration.

After the ceasefire with Iraq in August 1988, Iran launched a "charm offensive" to improve relations with the GCC states. By the time of the Kuwait crisis, these confidence-building measures had resulted in a steady upturn in Iran-GCC relations. Some GCC leaders even expressed hopes that Iran and Iraq might soon earn observer status in the organization. In turn, the Islamic Republic reaffirmed its respect for the sovereignty of its neighbors in a resolution issued only a few days before Iraq's invasion of Kuwait. This selective disengagement from

Khomeini's hardline position sprang from the recognition that a more stable regional environment was needed if Iran wanted to resolve its problems with Iraq and accomplish its domestic economic goals. Iran's steadfast opposition to the Iraqi annexation of Kuwait, and its unwavering neutrality during the ensuing hostilities, improved Iran-GCC relations. Significantly, diplomatic ties between Tehran and Riyadh were re-established in March 1991.

Negotiating a new regional order with the GCC states became Iran's chief post-war priority, in the aftermath of the US-led war against Iraq. First, however, Iran needed to gain the organization's cooperation. To this end, Iran emphasized the GCC's concept of self-reliance and non-intervention by external powers. This strategy, Iran hoped, would reduce the GCC's foreign dependency (and its reliance on the United States) and would solidify Iran's image as the guardian of autonomy in the Gulf. Iran's main concern remained the establishment and maintenance of a regional balance of power among the various parties in the Persian Gulf.

Iran's balancing strategy, however, soon clashed with the plans of other nations. The Syrian-Egyptian spon-

sored Damascus Declaration of March 1991 (the "GCC-plus-two" formula) aimed at creating an "Arab peace-keeping force" in the Gulf with the participation of the GCC, Syria, and Egypt—but excluding Iran. The GCC emphasized the "Arab" identity of any security arrangement, but insisted on the participation of Iran and Turkey in a broader non-military union. Alarmed by the prospect of non-Gulf Arab states playing such a major role in Gulf security affairs, Iran abandoned its balancing idea in favor of a collective security order. In pursuit of shared security arrangements with the GCC, Iran even made an explicit pitch for formal inclusion in the organization. Meanwhile, the Damascus Declaration never led to an actual security regime, as its signatories found it difficult to resolve their competing interests.

The sudden prospect of cooperation between Iran and the GCC dismayed the United States, whose commitment the region had been legitimized by its military protection of the GCC states. With Iraq no longer a threat, Iran was viewed as the primary regional threat. Before the Iran-GCC dialogue developed into any specific plan, the United States offered the GCC its own terms for regional security. Specifically,

President Bush indicated that the United States wished "to create shared security arrangements in the region." This would entail, "American participation in joint exercises involving both air and ground forces," he said. This program led to bilateral security arrangements with a number of the GCC states.

Deprived of an opportunity to enact its plan, Iran focused on confidence-building measures via enhanced communication and increased bilateral economic ties with various GCC states. Iran also intensified its policy of creating free economic zones in its Persian Gulf Islands of Qeshm and Kish, hoping that the policy would further boost Iran-GCC economic relations. Nevertheless, the GCC's military dependence on the United States ran contrary to Iran's growing desire for cooperation with a self-reliant GCC. Some sectors of the Iranian leadership also remained suspicious of the ultimate American objectives in the Persian Gulf. To weaken the alliance between the United States and the Gulf states, Iran emphasized the principle of self-reliance as enshrined in the GCC's charter. Many observers believed that the Islamic Republic's de-alignment strategy followed naturally from the "anti-Western" predilection of its Islamic ideology. Yet, the strategy largely reflected Iran's nationalistic view of its leadership position in the Gulf.

A complex web of historical, geopolitical, ideological and cultural factors worked against the development of security cooperation between Iran and the GCC states. Despite a constructive engagement that brought Iran and GCC closer during the Kuwait crisis, it did not go far enough to eliminate the GCC's suspicion toward Iran. Moreover, the Arab states—particularly those who are members of the US-led anti-Iraq coalition—have yet to be fully convinced of the durability of Iran's emerging pragmatic foreign policy. They fear that Iran's membership in a Persian Gulf security system would inevitably lead to its dominance of the Gulf in the long run. As an Arab diplomat contended, the security arrangement "comes down to whether we want a Middle East order [with Iran], or a

new Arab order [without Iran] with the West as a shield." The Damascus Declaration and the security agreements with the United States reflect the Arabs' preference for the latter option.

America's powerful position in the Gulf (along with the diminished threat posed by Iraq) has reduced the GCC's incentive to look to Iran for security cooperation. Additionally, significant divisions of opinion existed between Iran and the GCC states concerning the role of external states in the security affairs of the region. The military weakness of the GCC states made them too dependent on Western security guarantees to afford a purely regional solution to security issues. American opposition to collective security and its preference for creating a patchwork of overlapping bilateral alliances also proved a major stumbling block to better GCC-Iranian relations. Finally, Iran's lack of enthusiasm for membership in a collective in which its primacy could be jeopardized by potential American interference worked against the development of security cooperation.

This last point reflects Iran's often contradictory approach to Persian Gulf security. While collective security demands that Iran participate in the multilateral system on an equal basis with others, the Tehran government has continued to underscore its power and primacy among the Gulf states. Thus, according to President Rafsanjani: "Iran has had the role of guardian in the Persian Gulf. . . . There is only one power that can provide the peace and stability of the Persian Gulf, and that is Iran's power." Since such statements have often coincided with a renewed emphasis on collective security, Iran's commitment to such an approach has been questioned. Iran has at times been accused of expressing a willingness to participate in collective security only in an attempt to mask its desire to establish a Pax Iranica—and to prevent smaller states from employing the protective services of outside powers against Iran's hegemonic tendencies.

Rivalry for Primacy

Iran's emphasis on its primacy is in part a reaction to similar claims by its

main regional rivals, namely Iraq and Saudi Arabia. Although Iran may be in a better position to back up such claims with its sizable population, large economy and relatively strong army, the other two countries also possess considerable potential: Iraq in military technology and the Saudis in financial terms. In the 1970s, a three-power entente was established to preserve regional stability; in the 1990s, a similar arrangement may again become necessary. If Saddam Hussein survives the present domestic and international pressures he is facing, Iran's relations with Iraq will become even more hostile in the future. Saddam's departure will not reduce such potential tensions unless the Ba'ath Party also loses its grip over Iraq. Moreover, if Saddam is successfully replaced by a pro-Western leader, there is a good possibility that Iraq will return to prominence with considerable speed, which is a distinctly undesirable scenario for Iran. But neither can Iran afford a weakened central government in Iraq, for it could result in Iraq's disintegration as a country. A dangerous precedent may then be set for the multi-ethnic Iran, whose own Kurdish population may pose a threat to its internal stability.

Iran considers the Persian Gulf its "backyard" and becomes concerned whenever conflicts occur in and around the Gulf region. In Iran's view, its interests are best served if the Persian Gulf is an open international waterway, with free navigation rights for all and without any major disturbances. Ironically, this view is also shared by the American administration. Iran has also indicated its willingness to participate in any regional security system that ensures the Persian Gulf's openness and political stability and recognizes a role for Iran commensurate with its power and importance. These shared interests can more than legitimize a "marriage of convenience" between the United States and Iran. But whether the two countries can put aside their differences and work toward the common goal of Gulf security is very much in doubt. ■