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“TRANSITIONING THE WHITE HOUSE: CHALLENGES AND OPPORTUNITIES FOR ARAB-U.S. RELATIONS”

FRIDAY, OCTOBER 31, 2008

**RONALD REAGAN BUILDING & INTERNATIONAL TRADE CENTER
WASHINGTON, D.C.**

9:30-10:45: "DEFENSE COOPERATION"

***Chair:* Rear Admiral Harold J. Bernsen, (USN, Ret.)** – Chairman, Board of Directors, National Council on U.S.-Arab Relations; President, Board of Trustees of Physicians for Peace; Director, American-Bahraini Friendship Society; former Commander, U.S. Middle East Force; and Director Emeritus, National U.S.-Arab Chamber of Commerce.

***Speakers:* Dr. Anthony H. Cordesman** – Arleigh A. Burke Chair in Strategy, Center for Strategic and International Studies, Adjunct Professor in National Security Affairs, Georgetown University; former senior adviser and consultant to the U.S. Departments of Defense, Energy, State

Mr. Christopher Blanchard – Middle East Policy Analyst, Foreign Affairs, Defense, and Trade Division, Congressional Research Service, United States Congress. Mr. Blanchard has authored or co-authored 13 CRS reports for the Congress, including products on the Gulf Security Dialogue and related U.S. arms sales, U.S. relations with Saudi Arabia and Qatar, and regional perspectives on the Iraq conflict.

Mr. Jeffrey C. McCray – Vice President, International Marketing, BAE SYSTEMS. BAE Systems is a major defense contractor, representing the merger of British Aerospace and Marconi Electronic Systems, engaged in the development, delivery, and support of advanced defense and aerospace systems. Mr. McCray has 20 years of experience in the defense field working with both US and UK companies.

Ambassador Barbara Bodine – Director of the “Scholars in the Nation’s Service Initiative” and a Diplomat-in-Residence at the Woodrow Wilson School of Public and International Affairs at Princeton University. Ms. Bodine’s over 30 years in the US Foreign Service were spent primarily on Arabian Peninsula and great Persian Gulf issues, specifically US bilateral and regional policy, strategic security issues, counterterrorism, and governance and reform.

Transcript by Ryan & Associates

[RADM HAROLD J. BERNSEN] One of the presenters will be using some PowerPoint slides, which are difficult to see from this side of the auditorium so if you are very interested in the slides you might want to try and move this way.

I might also mention the slides are also being broadcast on our web site: www.ncusar.org

Yesterday's panel concerning Iran and Iraq was an exceptional lead in to our discussion today. The speakers on that panel outlined the issues and defined the potential threats to U.S. and friendly Arab interests in the region.

Today we will take up a subject that is closely tied to that discussion – defense cooperation between the U.S. and its partners in the Gulf.

Defense cooperation for many years has been considered an important, in fact, intrinsic aspect of our bilateral relationship with the Arab countries of the Gulf. In addition, basing in those countries and support from them are key elements in how well the United States carries out its current policies with respect to Iraq, Iran and, in fact, Afghanistan. The question for the next administration is how to improve and strengthen those relationships and the panelists this morning will explore this interesting subject from various aspects.

Our leadoff speaker is no stranger to the Policymakers Conferences, Doctor Tony Cordesman, the Arleigh Burke Chair in Strategy at the Center for Strategic and International Studies. He's really become a fixture. I think he's spoken at perhaps all 17 conferences. We're not quite sure. He's an expert in every sense of the word. An informed analyst who is devoted to examining in detail the Middle East military, security climate and we're most pleased that he's back with us again today. Tony.

[DR. ANTHONY CORDESMAN] We seem to be in one of those moments where the computer never quite wants to cooperate. Ladies and gentleman, I apologize for the use of PowerPoint but when we are talking about U.S. and Gulf military cooperation it is frighteningly easy to talk in terms of slogans, concepts and simplifications and we've been doing that basically with the Gulf Cooperation Council since 1980. And at the end of it there has been an amazing amount of expenditure and an amazing lack of integration, interoperability and effectiveness.

Now we do face an evolving range of threats. I'm not going to read you any of these PowerPoints but let me say that the goal here obviously is to avoid military action. It is to combine diplomacy, deterrence and defense on the part of the Gulf States, the United States and create a structure which can avoid conflict, which can move forward, which can allow the region to develop, rather than simply devolve into preventive or preemptive conflicts or repetitions of what we are going through in Iraq.

This is not something simple. But there is a point I really want to raise. When I go out to the Gulf, when I talk people in the region, again and again there is a discussion of Iran as if it was some kind of hegemon. If Iran is emerging in military terms it is not because of Iranian strength.

It is because of the lack of progress, cooperation, focus, and effective resources by the individual Gulf States.

I have watched people in the GCC military now for more than twenty years set the right priorities. I watched U.S. commanders focus on the right goals. But the results, while they have often been a steady improvement in the military capabilities of individual states have not been to create an effective Gulf Cooperation Council or to create the climate where the role of the United States and outside powers can be minimized, and the role of the Gulf can be strengthened.

For those of you who can't see this slide, it covers 10 years of military expenditures in the Gulf. During that period the Gulf spent over \$400 billion on military forces and Iran spent \$55 billion. The Gulf Cooperation Council, even without the United States, is spending 7.5 times as much on military forces, and it should, in the process, be able to get very high levels of effectiveness and create the basis for a very strong deterrence in defense without high levels of dependence on the U.S. for many scenarios.

If we look at arms sales the figures are far more impressive. Over the period from 1988 to 2007 the Gulf Cooperation Council states spent more than 15 times as much on imports as Iran. And while people talk about Iranian arms production, the numbers and the quality of what Iran produces as lead systems are little more than a military joke. And what you are watching in terms of the Gulf, in the Southern Gulf, is access to the most advanced arms and military technology in the world, most of which has been denied to Iran.

There are land force threats, but at this point in time, unless Iraq somehow comes under Iranian influence, a scenario for future meetings, John, since it seems remarkably improbable as something for the immediate future, the fact is that Iran has only one advantage, that's manpower. In terms of armor, the Gulf States have far more armor than Iran. In terms of tanks Iran is a tank heavy army but it's a force of obsolete tanks and the Gulf states have far more in terms of advanced tanks. And this ignores the ability of the United States to steadily improve its deployability of land forces.

In the air theater certainly Iran cannot be dismissed, particularly in terms of missile threats but if you look at Iran, Saudi Arabia alone has a vast lead in high quality aircraft over Iran. If the entire Gulf Cooperation Council is included and you look at advanced aircraft, it's a lead of around, again, 15 to 1. If you can explain to me how that makes Iran into a military hegemon I would certainly like to hear it. It would be a very good way to get an article.

Naval forces, many of the ships you see here for Iran date back to the times when I was in Iran under Ambassador Helms in the early '70s. It's nice to have companions in the process of aging but to see them as a military threat requires a great deal of caution. I would not dismiss Iran's submarines, its missile boats, its asymmetric capabilities. But this is not a modern navy and it certainly does not compare with the modernization of the southern Gulf States.

The problem quite frankly is not the Iranian threat to the GCC or the U.S. or British or French role in the Gulf. The primary threat the Gulf Cooperation Council faces is the Gulf Cooperation Council. It is the lack of effective coordination; interoperability, mission priorities, and these are

not a lack of military advice or expertise within the Gulf. Perhaps in the '70s you could say that you were not talking about advanced well-educated military leaderships. You can't say that in the Gulf today and you can't say it in terms of the advice.

None of these points today are being acted on with the effectiveness, the coherence and the cooperation that is needed. In every area, if they were, the level of deterrence and defense against Iran, the pressure on Iran to negotiate, the level of Gulf dependence on the United States could be sharply reduced.

Now this is a briefing on the Web, and asymmetric warfare is complex, it is difficult semantically. I'm not going to read you view graphs, but these are real cases, this is not a matter of misunderstanding, or dialogue or communication or the fact that perfectly rational bargainers on all sides do not meet with each other.

This a fact that military force gets used, it has been used, it is a threat and it is a growing threat as a result of Iranian actions. That is not simply the Islamic Revolutionary Guards Corps, it is the Quds force, it is the use of the Vivak and a group of proxies and non-state actors.

Now we often hear the phrase, closing the Gulf. I think this is a worst case and a dangerous one. The problem is that what Iran can do is conduct long term wars of attrition at almost any level, against almost any kind of target in the Gulf with steadily improving anti ship capabilities, abilities to attack costal targets and abilities to attack off shore targets. That along with investments in long-range missiles and nuclear systems is where Iranian money is going. That is what you need to deter and that is what you need to defend against. And you have to do it through the entire Gulf. The constant focus on the Strait of Hormuz ignores the vulnerabilities of Kuwait, Saudi Arabia, Qatar, most of the UAE -- and these are matters of minutes in terms of anti ship missiles, and minutes in terms of strike aircraft. It is also obvious that no country can defend itself. This coast is a gulf coast. It is a coast with the Gulf Cooperation Council. Nations that do not have interoperable and integrated forces are throwing their money into the desert or into the water, they are wasting and have wasted perhaps half or more of the sums that I showed you earlier because of a lack of effective movement forward. And yes the Strait of Hormuz, the Gulf of Oman, the Indian Ocean are vulnerable, and there are areas which are more than a matter of oil exports, they are a matter of Gulf imports.

Let me also note the unique vulnerability of the GCC states. We think in the United States in oil terms, the Gulf needs to think in terms of water. Seven to nine desalination plants basically make the Gulf survive. That seven to nine target complexes which Iran perfectly understands and commercial satellite photos will show you how weak the defense structures are at even the most basic levels.

The nuclear programs, this is complex, many of you have been trapped in reading about the NIE. Few people, even in journalism and even many experts, never read the entire reports of the international atomic energy agency and so what we often this strategic illiteracy in dealing with Iranian efforts.

I have tried to visualize this in ways people could understand and it isn't a matter of maps and bases. Let me show you one Iranian facility, the key facility where there are putting the centrifuges. You may never have seen a satellite photo but this is like the entrance to the Reagan parking lot, it's actually smaller. That is how they help conceal the facility because look at what it was like when they finished that facility. You'll notice the dummy building. And unlike Iraq, take a look at this from the road. This is a facility where you can put over 50 thousand centrifuges. You do not go to this level of concealment and hardening out an altruistic interest to fund your electric power structures, and it is time to get real about this threat.

We saw it start under the Shah. We documented illegal arms imports or I should say technology imports under the Shah, and the process goes on. We're talking about long-range missiles and while people often focus on Israel and Europe, something to remember about missiles is they have range payloads. You build large missiles because you may initially have large nuclear weapons. And you need them to cover targets in the region. Not remote targets or rationales for us missile defense. And let me note it is my guess that we will have to live with Iran's nuclear weapons, and with nuclear-armed missiles. But what people often forget are the lessons of the Cold War. A country that wishes to take risks and in fact a country that wants to avoid risks can deploy missiles with systems that launch on warning or launch under attack. Once this force is deployed the problem of deterrence becomes critical. The US can offer extended deterrence as it did to Europe but ultimately your going to need some form of missile defense and missile cooperation. Again this is not the time to lecture all of you on the details of military cooperation. But I'm going to give you some checklists.

I'm also going to say, quite bluntly, there is not one useful piece of paper that has ever come out of the Gulf Cooperation Council that describes tangible progress in any of these areas. There is not a single sales pitch that I've seen by any defense contractor that explains how this should be done, I know that these recommendations have been made within the GCC headquarters. I know they have been made by U.S. military commanders, so I'm not giving you ideas that somehow have sprung from me. These are priorities, which in general have more than a decade of support by both the Gulf military and by the U.S. military, and which need action. Again, mission focus, interoperability, realistic large scale exercises, a focus on jointness, five-year plans that bring people towards integration and interoperability, these are mechanisms.

The tools apply to different kinds of war. It is not a matter of buying more arms in most cases. It is a matter of using arms wisely, with the integration with the training, with the manpower quality, and above all the unity that's needed. We can provide technology. Britain can provide technology. France can provide technology. We can keep a technical edge as well as a resource edge if the Gulf States use this wisely. The same tools can be applied to areas like asymmetric warfare at least as long as we are dealing with a rational opponent in Iran to reinforcing deterrence and defense against Iran's use of weapons of mass destruction.

Let me make a last point about this, yes missile defense, cooperation and counter terrorism where frankly I think the Gulf has done well on an individual level. Certainly countries like Saudi Arabia have demonstrated that they have lessons to teach us. But if we're going to move forward here what we really need is to stop thinking this in terms of national secrets, national

defense programs, arms buys where the key point is often the glitter factor, something different, something expensive, something better than anybody else.

What we need are credible defense plans, transparency, clear plans for cooperation on the part of Arab states -- because it is cooperation within the Gulf States not between the United States and individual Gulf countries that is the key. And quite frankly it is transparency and public accountability. There is no reason in terms of security not to make these defense plans public. There is no reason that states cannot provide the same level of financial detail and the same explanations for arms buys that they provide for buying schools or roads or desalination plans. There is no excuse for what selling countries do today and it is countries not contractors that deserve the blame. There is no excuse for what buying countries do. The next step in cooperation will only occur if we get credibility, effectiveness and transparency.

Thank You

Tony, thank you for those very interesting remarks. Our next presenter is Mr. Jeff McCray, he is the Vice President for International Marketing at BAE systems. He is just back from three weeks in the region, which included visits to Dubai and Cairo and he's going to provide us an industry perspective on defense cooperation.

[JEFF MCCRAY] Good morning and thank you very much, I'd like to open my remarks by thanking Doctor Anthony, and Pat Mancino and the Council for the opportunity to be here with you today and talk about defense cooperation from an industry perspective.

I have to say in response to Doctor Cordesman's comments, and I will preface my comments by saying that I have not cleared my comments with the rest of the U.S. defense industry so these are probably just my comments. But we tend to look at defense cooperation activities in the Gulf from the perspective of a country-by-country basis.

As a defense contractor there isn't really a way or a forum to look at defense cooperation on a GCC wide bases. Defense cooperation ranges or can range from the delivery of equipment and services on individual contracts through local assembly, local manufacture programs, to the establishment of long-term partnerships, which we have done in some countries in the region, and potentially to the establishment of joint ventures, which we have also done in various places in the Gulf.

The whole of the defense cooperation arena if you like, not only in the Gulf but anywhere we operate in the world, from the United States standpoint is governed by the U.S. laws and regulations and defense exports are seen from the U.S. governments perspective correctly as an extension of U.S. foreign policy.

As a result, we can probably debate this subject for the rest of the day, lets not, as a result of that, U.S. companies tend not to lead that debate, we participate in that debate but we follow the U.S. Government's lead.

Everything we do in the area of defense exports is governed either by the International Traffic in Arms Regulations, the ITAR, which is managed by the Department of State with major inputs, obviously, from the DoD and the individual services or if the product is a commerce product it's managed by the Commerce regulations, the EAR regulations.

The whole purpose of the U.S. Government's exports licensing regime, and it is an extensive regime, is that it is in place to do two things. Firstly, protect U.S. warfighters, wherever they are, or wherever they operate, and secondly to support the activities of our allies.

It is a complicated process to, export licensing is a complicated process that is sometimes a difficult issue to discuss and deal with in terms of our Gulf partners and Gulf customers. But the penalties, if you get it wrong can be draconian. They include fines, loss of the ability to contract with the U.S. government, and potentially if you get it seriously wrong you can go to prison.

As a result of these issues it is sometimes not always, but I think it is sometimes, easier for larger companies to be actively be involved in the export business and in part that's because the larger companies can afford the infrastructure of the management capability that you need to deal effectively with the export regime.

However, I should also point out that defense cooperation and exports are not just a one-way street, they can be a two-way street. We haven't gotten to the point where we own major businesses in the Gulf area yet, but we do as a company own major businesses in the UK, Sweden, Germany, South Africa, and we have numerous examples not of just exporting to those countries but numerous examples of importing technology and products here which have been used to support U.S. defense.

Because we have export licensing regimes in each of the countries where we operate and where we own businesses anytime we export into the Middle East we have to deal with not only with our own export regimes but the export regimes of the other countries where we own businesses.

If I could go back for a minute to the U.S. export-licensing infrastructure. We have seen over the past twelve months a great improvement and here I am comfortable that I speak not only for my own company but for U.S. industry as well. We have seen great improvements over the past 12 months in the areas of responsiveness and the efficiency of requests for exports, requests for technical assistance agreements and export licenses from the State Department in particular. And I think it's also fair to say that both of the next two prospective administrations have been in discussion with U.S. defense industry advisory councils and both have been briefed on issues that U.S. defense industries see with the export licensing regime and both prospective administrations have said very encouraging things about the way they would like to improve that regime. As, I have to say, as have every other previous prospective administration that I am aware of.

To come back to the two-way street, there are certainly benefits to prospective customers of cooperation, defense cooperation, those include obviously the spread of technical and operational skills and knowledge and where we establish manufacturing or cooperative development businesses the growth of employment prospects as well. Before we start any consideration of

exports or defense cooperation activities there are some basic questions that I think each U.S. defense contractor has to ask themselves, and we all do. Those include: Is the prospect we're looking at good for the U.S. warfighter? Is it good for the U.S.? Is it good for our coalition allies? Then, laterally, does it make sense to us as a company?

There are certain areas of technology that lend themselves to cooperation more easily than others. I would propose that certainly from our own experience businesses in the land vehicles side of our business have found greater opportunities and greater ease in establishing either co-production or manufacturing or refurbishment facilities in the Middle East than have our businesses that are involved in, for instance, electronic warfare or platform self-protection. That's not to say that those kinds of businesses can't enter into cooperative agreements but it tends to be more difficult. We have undertaken in the past and we do have ongoing cooperative programs in Saudi Arabia, Egypt, Jordan, Turkey and we, like many other U.S. defense contractors, continue to look for opportunities that make sense to us and obviously make sense to the U.S. Government.

That's all the comments I have I'm happy to take questions at the end. Thank you.

[BERNSEN] Our next presenter is Mr. Christopher Blanchard. He's a Middle East policy analyst at the Congressional Research Service. And he's come to our attention here at the Council through his very excellent work in authoring or co-authoring 13 Congressional Research Service Reports covering various aspects of Gulf security and we look forward to hearing from him. Chris.

[CHRISTOPHER BLANCHARD] Good morning. I'd like to thank Dr. Anthony and the Council first and foremost for the opportunity to address you this morning, and also to do so alongside such a distinguished panel.

My task as outlined by our hosts is to offer you some focused remarks on U.S.-Arab security cooperation agenda for policymakers as we look forward to a new administration and to the beginning of the 111th Congress. I'll start by underscoring that my remarks this morning are made in my personal capacity and do not reflect the views or opinions of the Congressional Research Service. Now in theory that allows me to actually say something stimulating to you so I'll try to do that.

First, I'll review the menu of security cooperation programs and initiatives that the new Administration and the new Congress will inherit in January 2009. Iraq notwithstanding, what will U.S.-Arab defense cooperation look like on day one? That includes initiatives in the Gulf but it also includes important initiatives beyond the Gulf that have to be taken into consideration when looking at the overall dynamic of defense cooperation. What commitments and constraints are already existing and what will the new administration and Congress have to contend with?

Secondly, I'll describe what I see as the most important unresolved issues and potential challenges related to those programs. In doing so I'll try to identify some tangible policy

questions and options for U.S. policymakers and their regional counterparts in the months and years ahead.

Now you heard a lot yesterday and earlier from Doctor Cordesman about the various pitfalls of the strategic environment upcoming in January but also pitfalls related to existing programs. Rather than add to that sobering list I'll emphasize the elements I think are most relevant to U.S. security assistance programs.

Namely, first and foremost the continuing terrorist threat to governments' critical infrastructure across the region. The need to respond to an assertive, if not capable, or maybe as threatening as we've been led to believe, Iranian regional policy and the need to address the weakness of state security institutions primarily in Iraq, Lebanon, the Palestinian territories and increasingly in Yemen.

Over the short term obviously U.S. security policymakers will be constrained in their ability to respond to these challenges by the need to manage the continuing investment of resources and manpower in Iraq and Afghanistan, and also the unclear political and security endgames in both of those countries.

To date the Bush Administration working with Congress has supported a variety of longstanding and new security cooperation programs to respond to these conditions and other conventional and unconventional threats. These programs include what I call legacy programs. These are longstanding programs, for example with Saudi Arabia, such as the Saudi Arabian National Guard modernization program, the Military Training Mission – these continue to serve as the principal U.S. military liaison relationships with the Saudi National Guard and the Ministry of Defense and Aviation. They continue to operate through the mechanism of the foreign military sales program and both programs in the last 12 months, 16 months have seen potential sales notifications to Congress that will extend the programs commitment and activities well into the next administration.

As highlighted in yesterday's ambassador roundtable the groups of the working groups of the U.S.-Saudi Strategic Dialogue have helped strengthen U.S.-Saudi cooperation in other areas outside these long established programs. In a parallel, if unmentioned yesterday, DoD led initiative known as the Strategic Joint Planning Committee, has charted a new course for bilateral security cooperation in the further development of Saudi defense capabilities.

The other important legacy program to take note of is the U.S. defense cooperation program with Egypt, sort of conspicuously absent in many of our discussions. It continues to be anchored by an annual \$1.3 billion dollar foreign military financing appropriation to support the acquisition of new defense systems, upgrades to existing technology and the support and maintenance of purchased equipment. There's also continuing close coordination on the use of facilities for the transit of the Suez Canal. These are cornerstones that the new administration and Congress are going to have to take into consideration.

We've also seen the development of new bilateral programs outside of the Gulf. For example, U.S. security cooperation with Jordan has grown significantly. Again, through the use of foreign

military financing assistance but recently last month codified in the signing of a five-year memorandum of understanding, subject to Congressional approval of course, that will provide up to \$300 million a year in foreign military financing to support U.S.-Jordanian defense cooperation.

A similar new program with Lebanon, since 2006, in response to the summer conflict, Congress has appropriated over \$400 million to new security assistance programs for Lebanese armed forces and internal security forces. These programs are designed to improve Lebanese government's capability to assert control over its territory and meet security commitments under U.N. Security Council 1701. To date U.S. programs have delivered supplies, training, ammunition, communications gear, vehicles and the Bush administration has made a commitment that the new administration and Congress will have to take into account to continue quote enhancing the LAF's capabilities. That's likely to include new Congressional notifications and consideration of deliveries.

A third bilateral program that the new administration and Congress have to take into consideration is our security cooperation with the Palestinian Authority. This is a longer running program than many realize. It was derailed with the Hamas election in 2006 but was restarted in 2007 and has been supported through a \$160 million appropriation, again, to improve the capabilities of these internal security forces.

To address some of the security cooperation challenges relative to the Gulf, the core program, there's a multilateral initiative known as the Gulf Security Dialogue. Now there is a pitfall here, or potential for this to fall into the empty sloganeering that Doctor Cordesman warned us about. But what it represents is actually a fairly tangible and significant initiative by the administration to actually engage with the GCC in a comprehensive and repeated manner on subjects such as the improvement of their defense capabilities and interoperability, coordination on regional security issues, counter proliferation, counter terrorism, critical infrastructure protection. It represents a sustained, and really for the first time, interagency approach to the GCC partners to try and meet some of the challenges that Doctor Cordesman outlined.

Turning towards what I see as, what are the unresolved issues and challenges for these programs and what are the new administration and Congress and our regional partners likely to face?

The first important unresolved issue and really the most important is the definition of some organizing principle. Since the September 11th attacks, sort of ushering in a moment when both dual containment and the Oslo Peace process were both falling apart. Counter terrorism approach has really served as the overarching theme of U.S. security engagement with the region. However, the need to marshal regional support for U.S. efforts in Iraq and contain the effects of that security situation have prevented a real sort of clarification of what U.S. strategic objectives are in the region and the prioritization of those objectives and the clear communication of those ideas to our GCC partners and potential adversaries.

Post 2006 the Administration has taken new efforts to sort of strengthen the capabilities of partner governments as I have laid out but also to respond to some of the more asymmetric threats posed by terrorist groups and by Iran to sort of give a new direction to U.S. security

cooperation policy in the region. However, a clear definition is still lacking. A post-9/11 or stable post-Iraq, even if we dare talk about that, paradigm, this is really the main issue the new administration and Congress are going to have to identify through working with our regional partners, or in consultation with regional partners.

What that will lead to ideally is a review of what the U.S. defense posture in the region is and our core security cooperation programs. Obviously strategy dictates operations and tactics. So which facilities do we need to maintain? What partner capabilities do we need to encourage and develop? What sort of cooperation programs are required to complement what is likely to be a more residual US presence in the region?

In reviewing the programs I described earlier the new administration and Congress and our regional partners should think carefully about how to match and reshape these programs to meet current and projected needs not just to continue to meet the status quo and continue decades-long programs designed to meet conventional threats that may or may not materialize.

It's a question of means and ends. Is defense cooperation a means to an end or has defense cooperation in some instances, in some forms, become the end in and of itself? Again, we heard yesterday about some efforts to do that with the Saudi cooperation programs. However, I would echo Doctor Cordesman in emphasizing that Saudi Arabia's more immediate security needs are critical infrastructure protection, border security and maritime defense and new opportunities exist to meet those.

To sum up, I would like to encourage both our U.S. policymakers in the audience and our regional partners to focus a little bit more on process. Last year on this panel, General Martin Dempsey stated that stovepipe authorities, a lack of clear vision, frustration with the pace of the foreign military sales program – these were things that were really limiting the effectiveness of U.S.-Arab military cooperation.

He suggested that those programs and procedures and objectives be revisited and streamlined. I would suggest that looking forward to the opening of the new administration that policymakers on both sides seriously consider General Dempsey's recommendations and work together to sort of chart a new course and really revitalize security cooperation programs to meet the serious threats that this conference has helped outline.

Thank you.

[BERNSEN] I first met our next speaker when she was sitting behind a desk as the Deputy Chief of Mission in Kuwait, I think it was 1992. Since that time Ambassador Barbara Bodine has accomplished a great deal and has been in some extraordinarily demanding positions.

She currently is Diplomat in Residence at the Woodrow Wilson School of Public and International Affairs at Princeton University and she divides her time between Princeton and her home here in Alexandria. Please welcome Ambassador Bodine.

[AMBASSADOR BARBARA BODINE] I'm from the State Department so I don't do PowerPoint, so let's get this thing out of the way.

There's actually been a very interesting progression on this panel and I want to thank Mr. Blanchard for providing me the lead in for what I wanted to talk about.

What I want to do is take the whole question of defense cooperation and look at it from a slightly different point of view. Not so much military cooperation but defense cooperation and those are very different. I think defense has been treated, defense cooperation has been treated increasingly far too narrowly. We're looking at things; we're looking at places. And I don't discount the need for the military cooperation and the sales cooperation that's been well outlined here, nor do I discount at all the threats that the Gulf States face. The Gulf has become over the last several years, certainly since I was in Kuwait, almost a continuous string of U.S. military facilities. Bases and access that range all the way from Oman to Kuwait. The sales figures Doctor Cordesman has very well outlined those. They are astronomical and we've had longstanding engagements with the militaries, Mr. Blanchard has described them as legacy arrangements.

These are not insignificant and they are not unimportant and they do need to go forward but I do think we need to open the aperture considerably when we think about defense cooperation both from our point of view and from the Gulf states' point of view. The Gulf States are going to need a guarantor but we are not necessarily going to be the sole provider of those guarantees. We need to get away from what I think has become an overly militarized and slightly narcissistic U.S. approach to the Gulf. There was at least one chuckle on that.

The dependency has really become a far greater and far broader interdependency between us and the Gulf. Oil is talked about, talked about a great deal in the current campaign. It's yammered about almost continuously. We are either going to become independent of Middle East states or those who don't like us, and unfortunately sometimes those are used interchangeably. But it is oil and energy in its broadest sense. The trade has been talked about. The financial interdependence has been demonstrated in very real terms in the last few months.

First, with a number of the Gulf states, with the Sovereign Wealth Funds, bailing us out and now as we've read in the press, many of them facing their own very significant financial problems. We continue to look at the Gulf States, however, as tin cuppers. I think it was General Wesley Clark the other day talked about we working with the Gulf States to prop up Pakistan. So we still see them as where we go see tin cupping.

We also have greater political interdependence with the Gulf States. We have a sharing, an enduring sharing of goals. We still both are deeply dependent on the free flow of oil and energy, and this was recently stated of imports as well as exports. The territorial integrity and sovereignty of these states are both obviously critically important to them and critically important to us, and our friends and allies around the world, as is the prevention of a hostile power taking over the Gulf.

Now that was originally the Soviet Union, that issue well passed, but the issue of hostile powers and hostile forces is still very relevant. But these terms have changed over the twenty plus thirty years since they were first formally articulated in the Carter Doctrine.

The free flow of oil as I said is now also the free flow of investment, imports and other trade. Territorial integrity and sovereignty is not simply that from outside powers, but the domestic stability security and long-term legitimacy in these states. And as I said the hostile regional powers are not just external powers such as the old Soviet Union but both regional hegemon and domestic threats.

These are not issues that can be dealt with by military cooperation solely. I think one of the key elements of those of us from Princeton called the Cannon of Saint David of Petraus is that these are 80 percent political and only 20 percent military. And therefore I think when we start looking at defense cooperation we have to redefine it in more broadly political terms, diplomatic terms, more in terms of a dialogue and less of a lecture series and more in terms of partnerships.

The Gulfies do want to play, I'm sorry. I mean that term affectionately. The Gulf states do want to and have begun to play a far greater regional role and we need to recognize this. Their broadening financial power has led to a greater political engagement around the region. Many of them have taken on some very productive, constructive roles in conflict resolutions in the region. And much of their investment is now leading to some job creation in the region and the investments that the US itself would not do but would certainly do prop up our broader interest.

The media revolution that has taken place within the Gulf has changed the political dialogue and the political landscape in the entire region in ways that are fundamentally positive and also need to be engaged and supported. Do they want our continued engagement? There are some very interesting reports that many of you may have read from Brookings and the Council on Foreign Relations last spring where they made it very clear that they still do want our engagement and our support and our encouragement on fundamental issues such as reform and liberalization, political, social and commercial. But they want it done again more as a dialogue, more as a partnership and less as a lecture series.

We also need to look at the size of the footprint of our military. This is what I mean by the militarization of our foreign policy. It is not sustainable in the long-term. It is not necessary in the long-term and I think one of the primary challenges of the new administration is going to be to enter into some real strategic discussions that go beyond strictly military, on how we can better engage, reduce our footprint down to something around the 1989 level. Build up their external defense capabilities, but more than that look to other partners who might be able to come into the Gulf and provide some of the external guarantee rule that we have played in the past.

I am not in any way suggesting you return to the twin pillars program. I was around for that and I don't really think that is operable. But what I would hope would be the first task of the new administration would be to move away from a defense cooperation mentality that is strictly based on military presence, military sales and engagement with local militaries, and broadens the aperture, political, financial, economic and diplomatic across the board.

These are states that have been good friends of ours for 20 or 30 years. We share strategic goals, we share strategic missions, but we need to change the tone, the structure and the content of the dialogue.

Thank you

[BERNSEN] I think we do have time for a couple of questions at least. Perhaps we can start off with one, and I think probably all the members panel or at least two or three of them would be interested in answering this.

How has the debacle in Iraq and the other American foreign policies, which the Arab leaders have not agreed with, had an effect, a negative effect, on defense cooperation specifically reducing U.S. leadership and influence?

[CORDESMAN] I think all of us could answer that question. It is on the one hand quite clear from one opinion poll after another, just looking at the shift in some of the arms import patterns to Europe that might otherwise have been purchases from the U.S., that it has had an extremely powerful effect and I think all of us who visit the Gulf are aware of how many people in the Gulf particularly the southern Gulf are concerned with what happened in Iraq can see this.

The term debacle is not necessarily one I would use, but its scarcely is something which met any of the neo-conservative objectives that were being discussed before we went in.

At the same time I do think that "A", in terms of actual day to day military cooperation and cooperation in counter terrorism, that has often been very good. When it comes down to the discussion of defense issues, training, other areas, the extent we do have exercises, the cooperation remains. And I think that as Ambassador Bodine pointed out the real question may for all of us may be not whether mistakes were made in Iraq but how do you rebalance the structures so the southern Gulf states emerge diplomatically, militarily strong enough to contain and deter Iran and other threats, remain tied to the United States and we reduce our presence to much lower levels without eliminating or reducing the confidence that southern Gulf and other states may have in our presence?

The only comment I would make is I don't see any other country than the United States and the southern Gulf States that can provide any serious military and security cooperation. It isn't going to be Britain. It isn't going to be France. I am not terribly enamored about the idea of it being Russia or China. And until somebody can define where these people are coming from, my experience in watching this situation is they aren't coming and they can't, at least the people we would like to have and I suspect the southern Gulf would like to have as allies, and people who can help deter and help secure them.

[BODINE] I think that certainly in many places in the Gulf there is a sense that, while debacle may be a strong term it's not a wholly unjustifiable term. I think that a couple of things that have affected our influence in the Gulf as a result of Iraq, one has been, obviously, well I think one very important one has been a lessening of the sense that the United States really can do.

There has been a corrosive sense of our incompetence more than our impolitic approaches and that has weakened some of our influence away from, again, military cooperation but more on defense cooperation. I think we have also very greatly undermined a lot of the efforts of reformers or liberalizers or whatever term you prefer to use, by the way that we have gone about democracy promotion with very heavy handed way.

One of my concerns would be that there would be, and I have heard this at other conferences, that it is absolutely hopeless there and we need to not only withdraw militarily but withdraw politically, and this is not something that I have heard from Gulf States and Gulf friends that they want us to leave this particular field, but they do want us to restructure how we engage with them on it, and I think in the long term if you're looking at how do you strengthen them so that they can resist Iranian encroachment and Iranian efforts at regional hegemony, it is working domestically as well as militarily.

In terms of other forces or other powers that can come in and maybe not replace the United States as a major guarantor but certainly supplement it. And one that I've heard increasingly from Gulf states is not the British, and not the French absolutely, and certainly not the Russians and not the Chinese, but we forget another major regional power that has growing military, particularly naval force projections capabilities, significant investment equities, large oil and energy requirements and a very large demographic interest in the Gulf, and that is India.

The Indians have become increasingly visible not just, we tend to think of the Indian presence in the Gulf, as just migrant workers. But the populations there are increasingly middle class, increasingly technocratic. Dubai changed some of its property laws so all of that massive building going on there can be purchased freehold and that includes by Indians, and the Indian Navy is very active in the Gulf.

A lot of the Gulf States looked to India as a very attractive supplement if not replacement to the U.S. The Indians have good relations with Iran and with the Gulf states. They purchase from both sides they invest in both sides they have increasingly the force projection capability.

I think we need to look a little bit more closely in the region when we start looking at others who might be able to come in and take on some of this burden in a way that many of the Gulf States would find attractive.

[BERNSEN] Anything else?

[BLANCHARD] Just briefly I Won't to add to the characterization about Iraq, I think they covered it well.

I would sort of stress, I think, what sustained cooperative relations through some of those dry periods were the programs I described being as legacy programs, the existing cooperation, unconventional military terms, really did sustain I think some of the GCC states faith in the US military despite all of the troubles in Iraq. In terms of precedent I would just note that the National Defense Strategy, the recently issued National Defense Strategy refers to the free flow

of oil, but also of commerce and trade as a global good. So in terms of the precedent laid down by U.S. national security strategists, they've already sort of opened the door to seeing this as something that doesn't just matter for U.S. national security but indeed has been codified as a global good.

I'm not an expert on the capabilities of the Indian Navy but I would note that they are making increasing port calls and in terms of sort of deconfliction but there's also precedent for a sort of cooperative maritime security operations. I think its task force 150, 151, folks that are patrolling the Gulf and the Arabian sea. It's already a multilateral effort to some extent. Perhaps Doctor Cordesman or others could comment on the liability of that.

[BERNSEN] I would like to announce that we are going to conduct this panel through 11:00. If you want a cup of coffee, please help yourself, but we won't have a break.

A rather provocative question, but a very good one. Isn't it time, perhaps not necessarily for this panel, but it doesn't directly relate to defense cooperation, however isn't it time to publicly repudiate, make a clean break with the neo-con agenda that Oslo is dead, that regime change in Syria and Iran are necessary. Do these still seem to define our foreign military paradigm even to this day? Or should we repudiate it? Would it be useful?

Nobody wants to touch that one.

[BODINE] I guess I'll just say that the judgment on that will be made in less than a week.

[CORDESMAN] I can't resist in making on comment. Some of you here are old enough to remember neo-liberals, and the best and brightest in Vietnam, and the problem I have is they seem to meet at a common point.

The fact is that it isn't whether you're neo-conservative or neo-liberal you either can cope with reality, show some adaptability to other societies and their priorities and you focus on what you can actually achieve or you don't. So I would hope that what we get as of Tuesday, regardless of who is elected, is an administration that treats people as partners, focuses on reality and deals with the art of the achievable regardless of whether they are neo-conservatives, neo-liberals or as the ultimate threat vegetarians.

[BERNSEN] This is a question for Mr. McCray. Jeff, what do you feel led to the situation that allowed the defense contracting company Blackwater to operate the way they did in Iraq? Specifically the allegations of misuse of force, death of civilians, above the law mentality, and so forth. Any comment?

[MCCRAY] Well, these now are absolutely my personal views, not those of my company or the rest of industry.

In a situation like that which they and many others providers of security services found themselves in Iraq, it was a situation characterized by danger every day, by a lack of clear guidelines as to what was expected and what was not expected.

The issue of rules of engagement for non-military actors in military scenarios is one that is hotly debated, is one that as an industry many participants in that portion of the industry, have not come to terms with. So, yeah, I guess ultimately the answer is a dangerous situation and lack of clear guidelines.

[BERNSEN] Thank you. It seems that many U.S. policy makers are obsessed with Iran now just as they were obsessed with Iraq before. Do they realize that many Arabs now view the U.S. as more dangerous than Iran? We always seem, we the U.S., seem to always be obsessed with finding someone to destroy. Comment?

[CORDESMAN] You know, the reality is Iran does not emerge as a state whose actions are irrational. It does emerge as a state whose actions are consistent in building up the resources to carry out asymmetric attacks. It does make use, for its own interest, of proxies, groups like al Quds force and non-state actors.

You cannot look at the Gulf and U.S. dependence on the Gulf as well as global dependence on the Gulf and ignore the realities of what it does in terms of missile forces and nuclear forces. Does that mean that Iran will act irrationally or that we will have to go to war, or that you can't create security structures or look as Barbara suggested far beyond the military dimension.

The answers are no, but when you talked about military cooperation you look either at non state issues, terrorism because those are threats you have to deal with, or you look at the actors in the region which represent the most serious potential threats. To sort of wish all of this away is about as dangerous as to become obsessed with worst cases, which may never happen. You have to deal with the realities you face.

[BODINE] If I can just add something on that. An underlying issue in and this gets to something that Mr. Blanchard said, that we haven't really developed a defining principal.

I think one of the and this gets also to the militarization of policies and programs, is that increasingly our policy has been defined and, I think, at least perceived as a negative base. Its who we are as opposed to what we don't like, what we will not accept. What our rhetoric and I think to a large extent our policy has lacked is what are we for what, we supporting, what are we trying to build.

And so this sense of, I think, thinking of us as the most dangerous element out there is a gross over statement. But certainly the idea that we come across as belligerent and negative as opposed to constructive in any way, does very much color the views of our.. what are our motives, what are our policies, what are we trying to achieve and how are we interacting with them and their interests. So shifting from a negative foreign based policy to a more positive based foreign policy I think is an element of that question.

[BERNSEN] One more question for Doctor Cordesman. Tony, you talked about the Iranian influence on the Gulf, can you talk about the Iranian influence on the Caspian Sea and how that might effect regional stability in and out side the Gulf region?

CORDESMAN: Iran's influence in the Caspian obviously has created and I'm not sure that in any way I would criticize Iran on this, a pressure for a Caspian solution to energy resources which Iran's goal and national views that if they have the energy that don't want a regional solution because the energy is on their boundaries and they get more money that way.

I think that more broadly when you look at what is happening in this area you do not see a destabilizing Iranian presence as a key factor in the Caspian states. If anything it has stood aside from the obvious issues, the Armenians and the Azerbaijanis. But what you also see is a group of relatively weak states, which are not necessarily all that stable for the future with a very strong state to the north.

So I think that looking at the Caspian in Iranian terms is not the way I would look at it all. I would look at it in terms of each of the states involved and probably more in terms of their ability to take internal decisions which will give them stability and development, rather than somebody on the outside being the major problem.

[BERNSEN] In the late 70's early 80's the sale of AWACS to Saudi Arabia was opposed by AIPAC. At the end of the day the sale was successful. But there was virulent opposition. Would you comment on the situation today and have we learned any lessons?

[CORDESMAN] Well let me just make the point. You have to, in the Department of Defense, make a declaration to Congress, obviously of the sales and you have to list what programs are under way.

Mr. Blanchard was talking about some of these. You ought to take a look at those declarations because among other things we are now upgrading the AWACS with levels of technology transfer, which if you had anything like the problems we faced during the AWACS debate would never have taken place.

You have quiet cooperation and an awful lot of advanced technology not only with Saudi Arabia but countries like the United Arab Emirates who've been able to bargain their way into access to software and code data, which in the past would have been almost unthinkable, if the past was AWACS as a time.

In honesty I think you also have a much more conflicted view within AIPAC and Israel. Because you do not hear, when you are in Israel, rhetoric about Saudi Arabia. You hear rhetoric about Iran. You hear rhetoric about the Hezbollah. You hear rhetoric about the different kinds of threats.

I'm not sure that means we've matured all that much, certainly any Arab state has to consider how the Congress will react and there's been still a lot of Congressional rhetoric which frankly isn't all that popular with people in the Israeli defense forces or foreign ministry, which often see it as more destabilizing than useful to Israel, which is always a kind of interesting perspective when you come from Tel Aviv and Jerusalem to Washington.

Is there still a problem? Yes. Do we have the kind of sensitivity we had then and the practical barriers we had then. No. I think that if anything the questions asked about Iraq are more relevant. Would Saudi Arabia have made exactly the aircraft purchases it is making today if we had not gone into Iraq? If we had been more flexible in dealing with the problems of the war on terrorism? If we had shown that we were more able as Barbara has pointed out to listen? I suspect it might have had a somewhat different purchase profile. But that is not something you can blame on AIPAC.

[BERNSEN] Thank you. Now this is the last question..

Chris..

[BLANCHARD] I would agree with the assessment that the problems are nowhere near the levels that they were. I mentioned process at the end of my presentation because I think it's important but before that happens, in order to have an effective process you have to again come to shared principles.

Increasingly what that requires is engagement with not only the GCC partners for example, but engagement with Israel, on the question of the qualitative military edge but also their commitment to seeing that the GCC states have capabilities that are going to be able to meet a potential Iranian threat. Now when it comes down to the sort of nitty gritty engagement with the Congress the administration, it has choices.

You can sort of follow the letter or the law and go the committees and provide only as much information as you need to provide or you present these sales as part of a strategic initiative, building consensus and building commitment among people, not only within the committees of jurisdiction but across the Congress that this is important, that those principles are shared by our allies in the Gulf and in Israel. So to that extent I think we have learned some lessons and that's why you're seeing different responses this time around.

[BERNSEN] Okay, I've checked my watch and I think we are a little bit over so that will be the last question. I want to thank the panelists for some extraordinary presentations.

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