

# CRS Report for Congress

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## Kuwait: Post-Saddam Issues and U.S. Policy

Kenneth Katzman  
Specialist in Middle Eastern Affairs  
Foreign Affairs, Defense, and Trade Division

### Summary

With the conventional military threat from Saddam Hussein's Iraq removed, Kuwait has begun breaking longstanding political deadlock over leadership and political and economic reform. However, Kuwaiti leaders are facing a new set of concerns posed by continuing instability in Iraq. This report will be updated as developments warrant. See also CRS Report RL31533, *The Persian Gulf States: Post-War Issues for U.S. Policy, 2004*.

### Overview

Kuwaitis are optimistic about their future now that Saddam Hussein is out of power in Iraq, but a leadership transition remains incomplete. Shaykh Jabir Ahmad al-Jabir Al Sabah, who is about 75 years old, has been Amir since 1978, but he suffered a stroke in September 2001. His relative, Crown Prince Shaykh Sa'ad Abdullah Al Sabah, is also seriously ill; he was running the government until 1998, when his ailments necessitated that he delegate that operational role to deputy Prime Minister Shaykh Sabah al-Ahmad al-Jabir Al-Sabah (younger brother of the Amir). Following the July 5, 2003 parliamentary elections, Shaykh Sabah was appointed Prime Minister, separating that post from that of Crown Prince for the first time and giving him clear day-to-day operational leadership of Kuwait. Shaykh Sabah is perceived as reform-minded, particularly on economic issues, but also as a traditional Arab nationalist. Younger leaders, such as Foreign Minister Mohammad Al Sabah and Oil Minister Ahmad Fahd Al Sabah, are unlikely to assert themselves as long as their elders remain in office. The Al Sabah family rules over a population of about 2.4 million (900,000 are citizens).

### U.S.-Kuwait Relations and Cooperation on Iraq

A U.S. consulate was opened in Kuwait in October 1951; it was elevated to an embassy upon Kuwait's independence from Britain in 1961. Kuwait, the first Gulf state to establish relations with the Soviet Union in the 1960s, was not particularly close to the United States in the 1960s and 1970s, opposing what it perceived as U.S. favoritism of Israel. U.S.-Kuwait defense and political relations warmed considerably at the height of the Iran-Iraq war (1987-88), when the United States established a U.S. naval escort and

tanker reflagging program to protect Kuwaiti and international shipping from Iranian naval attacks (Operation Earnest Will).

Kuwait was severely shaken by the 1990 Iraqi occupation and the Kuwaiti leadership was heavily criticized domestically for failing to mount a viable defense. The country drew even closer to the United States after U.S. forces spearheaded the liberation of Kuwait in the January-March 1991 Persian Gulf war. It signed a ten-year defense pact with the United States on September 19, 1991, the text of which is classified; in September 2001, the pact was renewed for another ten years. Observers say the pact does not explicitly require that the United States defend Kuwait in a future crisis, but provides for mutual discussions of crisis options. They add that the agreement provides for joint military exercises, U.S. training of Kuwaiti forces, U.S. arms sales, pre-positioning of U.S. military equipment (enough armor to outfit a U.S. brigade), and U.S. access to Kuwaiti facilities. It is also said to include a Status of Forces Agreement (SOFA), providing that U.S. forces in Kuwait be subject to U.S. rather than Kuwaiti law.<sup>1</sup>

Kuwait contributed materially to the defeat of Iraq in the 1991 war and subsequent containment efforts, paying \$16.059 billion to offset the costs of Desert Shield/Desert Storm (all received by the end of 1991). It funded two thirds of the \$51 million per year U.N. budget for the Iraq-Kuwait Observer Mission (UNIKOM) that monitored the Iraq-Kuwait border until the 2003 war, and it contributed about \$350 million per year to pay for costs incurred by the U.S. military in its Kuwait-based Iraq containment operations. During the 1990s, Kuwait hosted about 1,000 U.S. Air Force personnel performing the U.S. and British-led enforcement of a “no fly zone” over southern Iraq, Operation Southern Watch (OSW), which ended after Saddam Hussein was toppled. Kuwait hosted additional U.S. forces (about 5,000) during Operation Enduring Freedom in Afghanistan, which succeeded in ousting the Taliban.

Kuwait clearly supported the Bush Administration’s decision to militarily overthrow Saddam Hussein, even though Kuwait joined other Arab states in publicly opposing the U.S. action. In Operation Iraqi Freedom (OIF), Kuwait closed off almost 60% of its territory in order to secure the U.S.-led invasion force, which consisted of about 250,000 personnel and several thousand pieces of armor and related equipment. (Saudi Arabia, which is larger and has more strategic depth, refused to host the force because it questioned the necessity of the war.) Kuwaiti allowed OIF forces to operate out of two air bases that the United States had helped upgrade (Ali al-Salem and Ali al-Jabir), as well as its international airport and sea ports. Kuwait provided \$266 million in burdensharing support to OIF, including base support, personnel support, and supplies (food and laundry service and fuel). The key U.S. headquarters facility in Kuwait had been Camp Doha, north of Kuwait City. Just before the 2003 war, the United States moved many of its emplacements to Camp Arifjan, south of the city,<sup>2</sup> and to another facility, Camp Buehring, and Camp Doha is slated to close in August 2005. In part to express appreciation for Kuwait’s support to OIF, on April 1, 2004, the Bush Administration designed Kuwait as

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<sup>1</sup> Hajjar, Sami. U.S. Military Presence in the Gulf: Challenges and Prospects. U.S. Army War College, Strategic Studies Institute. March 2002. P. 20.

<sup>2</sup> Baker, Peter. Kuwait’s Landscape of Tents and Tank; United States and British Forces Flood Northern Desert as Buildup Continues. *Washington Post*, Feb. 7, 2003.

a “major non-NATO ally (MNNA),” a designation held thus far by only one other Gulf state (Bahrain).

In post-Saddam Iraq, about 90,000 U.S. military personnel are in Kuwait at any given time, mostly preparing to rotate into Iraq to replace or join the 140,000 person U.S. force in Iraq. However, only about 20,000 are based in Kuwait more permanently. Kuwait has built a water line into Iraq, it provides assistance to the Polish-led peacekeeping brigade based in Hilla, Iraq, and it runs a humanitarian operation center (HOC) that has provided about \$425 million in assistance to Iraqis since the Saddam regime fell. It pledged an additional \$500 million in aid to the Iraqi government at a post-Saddam donors’ conference in Madrid in late 2003, although the State Department told CRS in April 2005 that very little of that pledge has been disbursed. Kuwait has urged U.S. officials to work to discover the fate of about 600 Kuwaitis missing from the 1991 war; the bodies of about 220 of them have been found in Iraq since Saddam fell. Kuwait also wants to maximize the U.N.-supervised reparations by Iraq for damages caused from the 1990 invasion; much of the awards made or yet to be made will benefit Kuwait’s government or firms. However, U.N. Security Council Resolution 1483 (May 22, 2003) reduced to 5%, from 25%, the percentage of Iraqi oil revenues deducted for reparations, reducing the rate of reparations payouts. Kuwait has agreed to write off a “substantial” portion, commonly interpreted at about two-thirds, of the estimated \$25 billion owed to Kuwait, mostly incurred during the Iran-Iraq war. This two-thirds percentage is in line with that pledged by Paris Club and other Gulf creditors to Iraq. Kuwait and Iraq have re-established diplomatic relations, although Kuwait has some concerns about the Shiite Islamist factions that are ascendant in Iraq, as discussed below.

**Building the Kuwaiti Military.** The U.S.-Kuwait defense relationship, by all accounts, has improved the quality of the Kuwaiti military, particularly the air force. The military, which numbered about 17,000 before the 1990 Iraqi invasion, has been rebuilt to nearly that strength, but still fewer than the 25,000 troops recommended in U.S. and British studies in 1991 of Kuwait’s defense needs. Recent sales of major systems to Kuwait encountered little congressional opposition, although some doubt Kuwait has sufficient trained manpower to optimize use of all purchased weapons. Kuwait is a “cash customer” — it is not eligible to receive U.S. excess defense articles and receives no U.S. assistance. Major recent Foreign Military Sales (FMS)<sup>3</sup> include (1) the purchase of 218 M1A2 tanks at a value of \$1.9 billion in 1993 (deliveries were completed in 1998); (2) a 1992 purchase of 5 Patriot anti-missile fire units, including 25 launchers and 210 Patriot missiles, valued at about \$800 million (delivery completed in 1998). Some of them were used to intercept Iraqi short-range missiles launched at Kuwait in the 2003 war; (3) a 1992 purchase of 40 FA-18 combat aircraft (delivery completed in 1999); and (4) a September 2002 purchase of 16 AH-64 (Apache) helicopters equipped with the Longbow fire-control system. Kuwait and the United States are still negotiating some aspects of this agreement, the total value of which is about \$940 million. Kuwait is said to be considering purchasing about 10 additional FA-18 combat aircraft, although Kuwait does not view new major equipment purchases as urgent now that Saddam Hussein is gone.

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<sup>3</sup> Much of the information in this section provided by the Defense Security Cooperation Agency in March 2004.

## Foreign Policy Issues

For nearly a decade after Kuwait's liberation in 1991, Kuwait's fear of Iraq colored virtually all of its foreign policy decisions, particularly its relations with countries that sympathized with Iraq's 1990 invasion. Now that Saddam is no longer in power in Iraq, some Kuwait leaders, including Prime Minister Shaykh Sabah, want to rejoin an Arab consensus on major issues.

**Relations With Iran.** Kuwait's preoccupation with the Iraqi threat had led it to steadily improve relations with Iran during the 1990s. About 25% of Kuwait's population are Shiite Muslims, the sect that predominates in Iran, and Kuwaiti leaders have always feared that this community could be manipulated by Iran. With an Iraqi conventional threat gone, Kuwaiti leaders are growing more wary of Iran, and of the new political strength in Iraq of pro-Iranian parties such as the Da'wa (Islamic Call) Party and the Supreme Council of the Islamic Revolution in Iraq (SCIRI). Da'wa activists in Kuwait were allegedly responsible for the December 1983 bombings of the U.S. and French embassies in Kuwait and an attempted assassination of the Amir of Kuwait in May 1985. No recent violence against Kuwait by these groups has been reported. Seventeen Da'wa activists were arrested for the 1983 attacks, and a Kuwait Airlines plane was hijacked in 1987 with the demand that Kuwait release the prisoners; it did not. Iraq's new Prime Minister, Ibrahim al-Jafari, is leader of Iraq's Da'wa Party, although there is no published evidence that he knew of or participated in these Da'wa attacks in Kuwait.

**Arab-Israeli Dispute.** The Arab-Israeli peace process has been far overshadowed by Iraq on Kuwait's foreign policy agenda. On the Arab-Israeli dispute, Kuwait has tried to remain within a broad Gulf state consensus, although it was far more critical of Palestinian Authority (PA) president Yasir Arafat, who publicly supported Iraq in the 1991 Gulf war, than were the other Gulf states. As a result of Arafat's alignment with Saddam, a reported 450,000 Palestinian workers were expelled or pressured to leave Kuwait after the 1991 war. Since Arafat's death, Kuwait has rebuilt its relations with the mainstream Palestinian leadership, now led by new PA president Mahmoud Abbas. Nonetheless, the Washington Post reported that Kuwait is still \$140 million behind in disbursing pledged aid to the PA, a larger arrearage than any Arab League state other than Libya. Kuwait participated in multilateral peace talks with Israel that took place during 1992-1997 but, unlike Bahrain, Qatar, and Oman, it did not host sessions of those talks. Commerce Department officials say the Gulf states have generally upheld a 1994 pledge to cease enforcement of the secondary (trade with firms that deal with Israel) and tertiary (trade with firms that do business with blacklisted firms) Arab boycotts of Israel.

**Cooperation with the Global War on Terrorism.** The State Department report on global terrorism for 2004 (released April 23, 2005) again praised Kuwait's cooperation against Al Qaeda and against militants seeking to attack U.S. forces in Kuwait. The report praises Kuwait for cooperating with U.S. efforts against terrorism financing. Kuwait, shortly after the September 11, 2001 attacks, moved to block the accounts of suspected Al Qaeda activists in Kuwait. In August 2002, it hired an auditing firm to ensure that funds donated to the Islamic charities based in Kuwait, such as the Islamic Heritage Revival, do not reach terrorist groups. Despite these measures, and Kuwait's heightened internal security posture, which includes arrests of suspected members of Al Qaeda and supporters of Iraq's Sunni Arab-led insurgency (July 2004 and May 2005), some attacks are still occurring in Kuwait. In four attacks during October

2002 - December 2003, one U.S. marine and one U.S. defense contractor were killed by alleged Al Qaeda gunmen there. Since mid-2004, there have been about half a dozen attacks on Kuwaiti security personnel by purported pro-Al Qaeda militants looking to disrupt OIF support activities in Kuwait, although these attacks did not succeed in reaching any facilities used by U.S. forces. A pro-Al Qaeda faction is believed to still be operating in Kuwait, calling itself “Kuwaiti Hamas.” Al Qaeda’s spokesman, Suleiman Abu Ghaith, is of Kuwaiti origin; he is believed under arrest in Iran.

## Democratization and Human Rights<sup>4</sup>

Kuwait has the longest serving all-elected National Assembly of the Gulf monarchies; 50 seats are elected, comprising two seats each from 25 districts, plus up to 15 ministers serving in it ex-officio. The body was established by Kuwait’s November 1962 constitution. However, the Sabah family controls the highest levels of government and sets overall policy direction. The Amir has sometimes used his power to dissolve the Assembly (1976-81 and 1986-1992) when Assembly members aggressively challenged government policies. The Assembly can vote no confidence in ministers and can veto government decrees made when the Assembly is not in session. The government has expanded the electorate gradually over the past decade<sup>5</sup> by extending the franchise to sons of naturalized Kuwaitis and Kuwaitis naturalized for at least twenty (as opposed to thirty) years — but these modifications have raised the electorate to only about 130,000, or about 15% of the citizenry. Formal political parties are prohibited, but candidates are allowed to organize as informal groupings, such as the Salafi movement (hardline Islamists); the Islamic Constitutional Movement (moderate Islamist); merchant/nationalist bloc (Popular Bloc); liberal bloc (Kuwait Democratic Forum); and tribal candidates. Kuwaitis also have a parallel tradition of informal consultations in nightly “*diwaniyyas*” (social gatherings) held by many elites.

Assembly elections held on July 5, 2003, resulted in the defeat of many prominent so-called “liberals” who want rapid reform, but several new pro-government deputies were elected. The results improved the prospects for passage of a government bill, submitted to the Assembly in May 2004, to give women the right to vote and run. (A government attempt in May 1999 to institute female suffrage by decree was vetoed by the Assembly.) After one year of continued deadlock, Prime Minister Shaykh Sabah pressed the Assembly to adopt the government bill rather than a narrower bill that would allow women to participate only in June 2005 municipal council elections. The Assembly passed the broader law on May 16, 2005, by a vote of 35-23, effective as of the 2007 National Assembly elections (but possibly not in time for the municipal elections in June 2005, unless those are postponed). Islamist deputies succeeded in adding a clause that women can participate “in accordance with Islamic law,” which likely means segregated polling places. No women are cabinet members, but a woman became Kuwait’s

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<sup>4</sup> Much of the information in this section is from the State Department’s country report on human rights practices for 2004 (released February 28, 2005) and the Department’s report on “Supporting Human Rights and Democracy: The U.S. Record 2004-2005, by the Bureau of Democracy, Human Rights, and Labor (released March 28, 2005).

<sup>5</sup> This election was held one year earlier than expected because new elections were required after a brief Assembly suspension by the Amir, precipitated by Assembly challenges on several issues.

representative to the United Nations in February 2004, and press reports say Shaykh Sabah will soon name a woman as Health Minister.

According to the State Department democracy promotion report for 2004-2005, the U.S. Embassy in Kuwait uses various programming tools, including dialogue and public diplomacy and funds from the Middle East Partnership Initiative (MEPI), to encourage democracy. The Embassy has sponsored several Kuwaitis to attend regional and U.S. conferences and training programs, many of which were focused on women's participation in politics and government. U.S. embassy officers attend diwaniyyas and conferences to promote rule of law, civil society, women's empowerment, labor rights, and democratization. Several Kuwaiti non-government organizations, such as the Kuwait Women's Cultural and Social Society, actively promote democratization.

The State Department's human rights report for 2004 says Kuwait's human rights record "remained poor" in 2004. Shiite Muslims report official discrimination, including limited access to religious education; there are five Shiites in the Assembly but generally only one in the cabinet. There continue to be reports of abuses of mostly Asian domestic workers. However, official press censorship ended in 1992, and Kuwait's vibrant press often criticizes government policy. Kuwait permits some public worship by non-Muslim faiths and has seven officially recognized Christian churches of various denominations. The government allows one trade union per occupation; the only legal union is the Kuwait Trade Union Federation (KTUF). Kuwait is designated by the State Department "Trafficking in Persons" report for 2004 (released June 14, 2004) as a "Tier Two" (middle level) because Kuwait has not fully complied with minimum standards for the elimination of trafficking. The State Department's annual report on religious freedom for 2004 (released September 15, 2004) noted some improvement in Kuwait's performance during the past year, particularly its treatment of the Shiite minority.

## **Economic Policy**

Although Kuwait has a relatively open economy, U.S. officials have attempted to persuade Kuwait to open its economy to foreign investment in order to attract technology and expand the private sector. Since 2004, Prime Minister Shaykh Sabah has visited several east Asian nations, such as Singapore, in an effort to identify potential models for future Kuwaiti economic reform. Kuwait's state-owned oil industry still accounts for 75% of government income and 90% of export earnings. The United States imports about 260,000 barrels per day in crude oil from Kuwait, equal to about 3% of U.S. oil imports. Kuwait's proven crude oil reserves are about 95 billion barrels, about 10% of total proven world oil reserves and enough for about 140 years at current production levels (about 2 million barrels per day). The Kuwaiti government is moving forward to open its northern oil fields to foreign investors ("Project Kuwait"), but the National Assembly has not yet approved it over sovereignty concerns. Several U.S. energy firms, including Exxon Mobil, Chevron Texaco, and Conoco Phillips, are part of consortia bidding on the project. Consideration is also being given to introducing some form of taxation on incomes.

In 1994, Kuwait became a founding member of the World Trade Organization (WTO). In February 2004, the United States and Kuwait signed a Trade and Investment Framework Agreement (TIFA), often viewed as a prelude to a free trade agreement (FTA), which Kuwait has said it seeks.