



CRS Report for Congress

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

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Summary

After instability during the late 1990s, Bahrain undertook substantial political reforms, but the Shiite majority continues to simmer over the Sunni-led government's perceived manipulation of laws and regulations to maintain its grip on power. Bahrain's stability has long been a key U.S. interest; it has hosted U.S. naval headquarters for the Gulf for nearly 60 years. In September 2004, the United States and Bahrain signed a free trade agreement (FTA); legislation implementing it was signed January 11, 2006 (P.L. 109-169). This report will be updated.

The Political Structure, Reform, and Human Rights¹

The Al Khalifa family, which is Sunni Muslim, has ruled Bahrain since 1783, when the family's arrival ended a century of domination by Persian settlers. Bahrain became independent from Britain in August 1971 after a 1970 U.N. survey determined that its inhabitants preferred independence to Iranian control. It is led by King Hamad bin Isa Al Khalifa (about 61 years old), who succeeded his father, Shaykh Isa bin Sulman Al Khalifa, upon his death in March 1999. Educated at Sandhurst Military Academy in Britain, King Hamad was previously commander of the Bahraini Defense Forces (BDF). His son, Salman bin Hamad, about 40 years old, is Crown Prince. He is U.S.- and U.K.-educated and, as head of the "Economic Development Board," is considered a proponent of rapid reform and accommodation with Bahrain's Shiite majority (about 70% of the 430,000 person citizenry). The King's uncle (the brother of the late ruler), Prime Minister Khalifa bin Salman Al Khalifa, along with hardliners in the royal court and several ministries, are perceived as skeptical of reform and seeking to repress Shiite power.

¹ Much of the information in this section is from State Department reports: 2007 Country Reports on Human Rights Practices (March 11, 2008); Supporting Human Rights and Democracy: The U.S. Record 2006 (April 5, 2007); the International Religious Freedom Report for 2008 (September 19, 2008); and the Trafficking in Persons Report for 2008 (June 4, 2008).

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King Hamad and the Crown Prince are trying to accommodate Shiite grievances but without losing the regime's grip. The minor political reforms under his father – the December 1992 establishment of a 30-member appointed Consultative Council to comment on proposed laws and its June 1996 expansion to 40 members – failed to satisfy Shiite and Sunni demands for the restoration of an elected national assembly (provided for under the 1973 constitution but abolished in August 1975). The unrest eventually took on a more Shiite sectarian character and produced daily anti-government violence during 1994-1998. As Hamad's first reform steps after taking over, he changed his title to "King," rather than "Amir" and implying more accountability, and held a referendum (February 14, 2002) on a new "national action charter (constitution)." Elections were held in October 2002 for a 40-seat "Council of Representatives" (COR). However, many Shiite opposition "political societies" (formal parties are banned), including Al Wifaq, (the largest political society, led by Shaykh Ali al-Salman), boycotted the elections on the grounds that the government set the appointed upper body (Shura Council) as the same size and with powers nearly equal to the elected COR. The boycott lowered turnout (about 52%) and helped Sunnis win two-thirds of the seats. Of the 170 total candidates, 6 were women, but none was elected.

Together, the elected COR and the appointed Shura Council constitute a seemingly vibrant National Assembly (parliament) that serves as a check on government power. The COR can propose (but not actually draft) legislation and question ministers, although not in public session. It can, by a two-thirds majority, vote no-confidence against ministers and the Prime Minister and override the King's veto of approved legislation, although none of these actions has occurred since the COR was formed. The Shura Council is formally limited to amending draft legislation and, in concert with the COR, reviewing the annual budget, but these powers do provide the Shura Council with the ability to block action by the COR. The Shura Council contains generally more educated and pro-Western members.

Sunni-Shiite tensions escalated again in the run-up to the November 25, 2006, parliamentary and municipal elections, aggravated by the Shiite perception that a once-repressed Shiite majority has come to power in Iraq through U.S.-backed elections. In the fall of 2006, some Shiite protests occurred in Bahrain, particularly after allegations — some of which were publicly corroborated by a government adviser (Salah al-Bandar) in August 2006 in a report to an outside human rights organization — that the government was adjusting election districts so as to favor Sunni candidates. It has also been alleged that the government, facing a population increase of approximately 41%, is issuing passports to Sunnis in an attempt to shift the demographic balance to the Sunnis' advantage. In March 2008, an political row in the COR resumed over calls by Shiite MPs to question the Minister for Cabinet Affairs Sheikh Ahmad bin Atiyatullah Al-Khalifa about allegations that the government was illegally naturalizing Sunni foreign residents.

In the November 2006 elections, Wifaq and the National Democratic Action Association participated, raising voter turnout to 72%. The opposition led by Wifaq won 18 seats, virtually all those it contested. Sunni Islamists (Salafists and Muslim Brotherhood candidates) together won another 8 seats. Only one woman won (she was unopposed) out of 18 female candidates (down from 31 female candidates in the 2002 elections). As evidence of continued friction, Wifaq subsequently boycotted the speakership contest, and incumbent COR Speaker Khalifa al-Dhahrani was re-elected Speaker. A new Shura Council was appointed by the King, with 17 Sunnis, 18 Shiites,

one Jew and one Christian (both women). Ten women were appointed to the body. In a nod to the increased Shiite strength, the government appointed a Shiite as deputy prime minister and another (who is close to Wifaq) as a Minister of State for Foreign Affairs. In the cabinet, there are six Shiites and one female minister (Minister of Social Affairs). A Shiite woman, Health Minister Nada Haffadh, resigned in October 2007 following allegations of corruption in her ministry by conservatives who oppose women occupying high ranking positions. Two other women, including the president of the University of Bahrain, have ministerial rank. In April 2008, Huda Azar Nunu, a female attorney and the only Jew in the Shura Council, was named ambassador to the United States.

Beyond the politically-motivated discrimination against Shiites, which includes basing Islamic studies curricula in schools on Sunni jurisprudence and excluding Shiite teachings, State Department reports note problems for non-Muslims and for opponents of the government. (About half of the approximately 235,000 expatriates living in Bahrain are non-Muslim.) Bahrain allows freedom of worship for Christians, Jews, and Hindus although the constitution declares Islam the official religion. A Baha'i congregation has repeatedly requested and been denied an official license, although the Baha'i community continues to gather and operate openly. The government requires licenses for churches to operate, and in November 2007 it threatened to shutter un-licensed churches serving Indian expatriates. In February 2008, it arrested (but later released) the head of the Bahrain Center for Human Rights, which documents religious freedom concerns. On labor issues, Bahrain has been credited with significant labor reforms, including a 2002 law granting workers, including non-citizens, the right to form and join unions. There are about 50 trade unions in Bahrain, and workers are permitted to conduct work stoppages. On human trafficking, Bahrain was elevated in the 2008 Trafficking in Persons report to "Tier 2 Watch List," from Tier 3 in the 2007 report, because it is "making significant efforts" to comply with the minimum standards for elimination of trafficking, but has not shown results, to date. In July 2006, King Hamad ratified a National Assembly law to provide for jail terms for organizers of unauthorized protests.

According to the State Department, the United States seeks to accelerate political reform in Bahrain and empower its political societies through several programs, including the "Middle East Partnership Initiative (MEPI)." Economic Support Funds (ESF) were provided in FY2008 to help build an independent judiciary and strengthen the COR. Other U.S.-funded programs focus on women's empowerment, media training, educational opportunities, and civil society legal reform. MEPI funds have been used to fund AFL-CIO projects with Bahraini labor organizations, and to help Bahrain implement the U.S.-Bahrain FTA. In May 2006 Bahrain revoked the visa for the resident program director of the National Democratic Institute (NDI), and has not allowed the office to reopen. Still, NDI is conducting programs to enhance parliamentary capabilities through a local NGO.

Defense and Economic Relations²

Defense issues remain a key feature of U.S.-Bahrain relations. A U.S. Embassy in Manama, Bahrain's capital, opened in September 1971. In large part to keep powerful neighbors in check, Bahrain has long linked its security to the United States, and U.S.

² Information in this section obtained from a variety of press reports, and the Defense Security Cooperation Agency (DSCA).

efforts to address threats from Iraq and Iran have benefitted from access to Bahraini facilities. February 1998 marked the 50th anniversary of a U.S. naval command presence in Bahrain; MIDEASTFOR (U.S. Middle East Force), its successor, NAVCENT (naval component of U.S. Central Command), and the Fifth Fleet (reconstituted in June 1995) have been headquartered there. The Fifth Fleet headquarters is a command facility that now covers over 100 acres, and about 1,000 U.S. personnel, mostly Navy, are assigned there. Some smaller U.S. ships (minesweepers) are docked there, but the Fifth Fleet also consists of a Carrier Battle Group, an Amphibious Ready Group, and various other ships. The headquarters currently coordinates the operations of over 20 warships performing support missions for U.S. and allied naval operations related to the wars in Iraq and Afghanistan, including interdicting the movement of terrorists, arms, or weapons of mass destruction (WMD)-related technology and narcotics across the Arabian Sea. The latest exercises (“Arabian Shark”) under these operations were held April 15-17, 2008, and Bahrain’s U.S.-supplied frigate participated. These operations are part of the ongoing Operation Enduring Freedom (OEF) in Afghanistan that ousted the Taliban after the September 11 attacks; Bahrain hosted about 4,000 U.S. military personnel during major combat of OEF, a major increase from the 1,300 U.S. military personnel hosted during the 1990s. In recognition of the relationship, in March 2002, President Bush (Presidential Determination 2002-10) designated Bahrain a “major non-NATO ally (MNNA),” a designation that facilitates U.S. arms sales.

On Iraq, Bahrain participated in the allied coalition that ousted Iraq from Kuwait in 1991, hosting 17,500 troops and 250 combat aircraft at Shaykh Isa Air Base. Bahraini pilots flew strikes over Iraq during the war, and Iraq fired nine Scud missiles at Bahrain during the conflict, of which three hit facilities there. After that war, the United States and Bahrain signed a 10-year defense pact (October 28, 1991), renewed in October 2001. The agreement reportedly provides U.S. access to Bahraini bases during a crisis, the pre-positioning of strategic materiel (mostly U.S. Air Force munitions), consultations with Bahrain if its security is threatened, and expanded exercises and U.S. training of Bahraini forces.³ Bahrain hosted the regional headquarters for U.N. weapons inspections in Iraq during 1991-1998, and the U.S.-led Multinational Interdiction Force (MIF) that enforced a U.N. embargo on Iraq during 1991-2003.

Bahrain provided support to Operation Iraqi Freedom (OIF), despite domestic opposition in Bahrain to the Iraq war. U.S. force levels in Bahrain increased to about 4,500 for OIF (mostly additional U.S. Air Force personnel). Bahrain allowed the United States to fly combat missions from the base in both OEF and OIF, and it was the only Gulf state to deploy its own forces to provide aid to Afghanistan. During OEF and OIF, Bahrain publicly deployed its U.S.-supplied frigate warship (the *Subha*) to help protect U.S. ships, and it sent ground and air assets to Kuwait in support of OIF. Because of its limited income, Bahrain has not contributed funds to Iraq reconstruction, but it attends the “Expanded Neighbors of Iraq” regional conference process which most recently met in Kuwait on April 22, 2008. On October 16, 2008, Bahrain’s first post-Saddam Ambassador to Iraq (Saleh Ali al-Maliki) presented his credentials in Baghdad, in line with King Hamad’s pledge to President Bush in March 2008.

³ Details of the U.S.-Bahrain defense agreement are classified. Some provisions are discussed in Sami Hajjar, *U.S. Military Presence in the Gulf: Challenges and Prospects* (U.S. Army War College: Strategic Studies Institute), March 2002, p. 27.

U.S. Arms Transfers. Congress and successive Administrations, citing Bahrain's limited income, have supported military assistance to Bahrain's small BDF of about 11,000 personnel. It is eligible to receive grant "excess defense articles" (EDA). The United States transferred the FFG-7 "Perry class" frigate Subha as EDA in July 1997. In 1996, the United States gave Bahrain a no-cost five-year lease on 60 M60A3 tanks; title subsequently passed to Bahrain. Foreign Military Financing (FMF) was suspended for Bahrain in FY1994 but restarted in appreciation of Bahrain's support in OEF and OIF. Recent FMF has been provided to help Bahrain maintain U.S.-origin weapons, to enhance inter-operability with U.S. forces, to augment Bahrain's air defenses, to support its F-16 fleet, and to improve counter-terrorism capabilities.

Despite limited funds, Bahrain has purchased some U.S. systems. In 1998, Bahrain purchased 10 U.S.-made F-16Cs from new production, worth about \$390 million. In 1999, the United States sold Bahrain 26 Advanced Medium-Range Air-to-Air Missiles (AMRAAM) to arm the F-16s, although some Members were concerned that the AMRAAM sale could promote an arms race in the Gulf. Section 581 of the FY1990 foreign operations appropriation act (P.L. 101-167) made Bahrain the only Gulf state eligible to receive the STINGER shoulder-fired anti-aircraft missile, and the United States has sold Bahrain about 70 Stingers since 1990. (This authorization has been repeated in subsequent legislation.) To allay congressional concerns about possible U.S. promotion of missile proliferation in the region, an August 2000 sale of 30 Army Tactical Missile Systems (ATACMs, a system of short-range ballistic missiles fired from a multiple rocket launcher) included an agreement for joint U.S.-Bahraini control of the weapon. Among recent sales notified to Congress by the Defense Security Cooperation Agency (DSCA) are a sale, worth up to \$42 million, of 180 "Javelin" anti-armor missiles and 60 launch units; a sale, worth up to \$252 million, of nine UH-60M Blackhawk helicopters; and a sale, notified August 3, 2007, of six Bell search and recovery helicopters, valued at about \$160 million. Under the State Department's "Gulf Security Dialogue," begun in 2006 to counter Iran, a total of about \$20 billion worth of U.S. weapons might be sold to the Gulf monarchy states, although only a small portion is reportedly slated for Bahrain.

Economic Relations. Bahrain has the lowest oil and gas reserves of the Gulf monarchy states, estimated respectively at 210 million barrels of oil and 5.3 trillion cubic feet of gas. Bahrain has diversified its economy by emphasizing banking and financial services (about 25.5% of GDP). At current rates of production (35,000 barrels per day of crude oil), Bahrain's onshore oil reserves will be exhausted in 15 years, but Saudi Arabia shares equally with Bahrain the 300,000 barrels per day produced from the offshore Abu Safa field. The United States buys virtually no oil from Bahrain; the major U.S. import from it is aluminum. To encourage further reform and signal U.S. appreciation, the United States and Bahrain signed an FTA on September 14, 2005. Implementing legislation was signed January 11, 2006 (P.L. 109-169).

Other Regional Relations and Anti-Terrorism Cooperation

Bahrain perceives Iran as willing and able to support Shiite groups against Bahrain's Sunni-dominated government, a concern that has been heightened by the Shiite-Sunni sectarian violence in Iraq. In December 1981, and then again in June 1996, Bahrain publicly accused Iran of trying to organize a coup by pro-Iranian Bahraini Shiites (the Islamic Front for the Liberation of Bahrain, IFLB). Some Bahraini leaders suspect that Iran eventually wants to overturn the results of the 1970 U.N. referendum, concerns aggravated

by a July 2007 Iranian newspaper article reasserting the Iranian claim. However, that article, along with the Bahraini Crown Prince's November 3, 2007 comment that Iran is developing a nuclear weapon (Iran claims it is developing only civilian nuclear power), did not mar the visit of Iranian President Ahmadinejad on November 17, 2007, which resulted in a preliminary agreement for Bahrain to buy 1.2 billion cubic feet per day of Iranian gas via an undersea pipeline to be built. In March 2008, the U.S. Department of Justice sanctioned Future Bank, headquartered in Bahrain, because it is controlled and partially owned by Iran's Bank Melli. The sanctions, under Executive order 13382 (anti-proliferation), prevent U.S. citizens from participating in transactions with Future Bank and require the freezing of any U.S.-based bank assets.

Arab-Israeli Issues. On the Arab-Israeli dispute, Bahrain participated in the 1990-1996 multilateral Arab-Israeli talks, and it hosted a session on the environment (October 1994). Bahrain did not follow Oman and Qatar in exchanging trade offices with Israel. In September 1994, all GCC states ceased enforcing secondary and tertiary boycotts of Israel while retaining the ban on direct trade (primary boycott). However, in conjunction with the U.S.-Bahrain FTA, Bahrain dropped the primary boycott and closed boycott-related offices in Bahrain. The Foreign Relations Authorization Act for FY1994/1995 (P.L. 103-236, Section 564(1)) banned U.S. arms transfers to countries that maintain the Arab boycott of Israel, but successive administrations have waived the ban for all the GCC states on national interest grounds. Islamist hardliners in Bahrain have accused the government of trying to "normalize" relations with Israel, citing the government's sending a delegate to the November 27, 2007 summit on Middle East peace in Annapolis, the Foreign Minister's meeting with Israeli officials at U.N. meetings in September 2007, and by proposing (in October 2008) a "regional organization" that would group Iran, Turkey, Israel, and the Arab states.

Other Anti-Terrorism Cooperation. The State Department's report on international terrorism for 2007 (released April 2008) credits Bahrain for "actively monitoring terrorism suspects" and for the arrests of a number of men on terrorism-related charges in August 2007 (case still pending). Bahrain also continues to host the Middle East and North Africa Financial Action Task Force (MENA/FATF) secretariat. The report, however, notes that Bahrain has not overcome legal constraints that have derailed prosecutions and incarcerations of suspected terrorists.

U.S. Assistance to Bahrain

(in \$ millions)

	FY03	FY04	FY05	FY06	FY07	FY08 (Est.)	FY09 (Req.)
FMF	90.0	24.6	18.847	15.593	14.998	3.968	19.5
IMET	0.448	0.600	0.649	0.651	0.616	0.619	.650
NADR			1.489	2.761	.776	1.24	.800
"Section 1206"				5.3	24.54		

Note: IMET = International Military Education and Training Funds, used mainly to enhance BDF military professionalism and promote U.S. values. NADR = Non-Proliferation, Anti-Terrorism, De-Mining and Related Programs, used to sustain Bahrain's counterterrorism capabilities and interdict terrorists. Section 1206 are DoD funds used to train and equip Bahrain's coastal patrol forces and develop its counter terrorism assessment capabilities. (Named for a section of the FY2006 Defense Authorization Act).