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MIDDLE EAST POLITICAL HISTORY AND INTERNATIONAL RELATIONS



**FROM PROTECTORATE TO PARTNERSHIP: BRITISH FOREIGN  
POLICY TOWARDS THE PERSIAN GULF 1971-1991**

PhD. Thesis

F. ESRA ÇAVUŞOĞLU




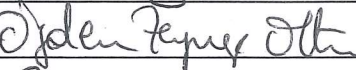

Supervisor: Assist. Prof. Dr. SELİN M. BÖLME

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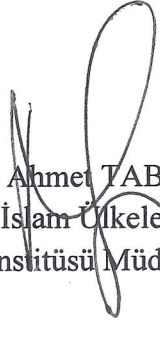
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Orta Doğu ve İslam Ülkeleri Araştırmaları  
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## GENEL BİLGİLER

İsim ve Soyadı	:F. Esra Çavuşođlu
Ana Bilim Dalı	:Siyasi Tarih ve Uluslararası İlişkiler
Programı	:Siyasi Tarih ve U.İ. Doktora Programı
Tez Danışmanı	:Dr. Öğr. Üyesi Selin M. Bölme
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## ÖZET

### HİMAYEDEN ORTAKLIĞA: İNGİLTERE’NİN KÖRFEZ POLİTİKASI (1971-1991)

*Bu tez çalışmasında İngiltere’nin 1971-1991 periyodunda, 1971’de çekilmiş olduğu Basra Körfezi’ne yönelik dış politikası ve Körfez ülkeleri ile olan ilişkilerine yansımaları ele alınmıştır. İngiltere’nin Basra Körfezinden çekilmesi ile İngiliz hegemonyası hem bölgesel hem küresel düzeyde sona ermiş ve Körfez’de yeni devletlerin kurulması ile yeni bir siyasi dönem başlamıştır. Bu çalışmada İngiltere’nin sömürge sonrası dönemde benimsediği yeni rol çerçevesinde yeniden yapılandığı dış politikasında ve Körfez ülkeleri ile ilişkilerinde sömürge ilişkilerinin ne derece etkili olduğunun ortaya konulması amaçlanmıştır. İngiltere’nin, Kuveyt, Bahreyn, Katar ve BAE olmak üzere, İngiliz himayesi altında yönetilmiş olan dört küçük Körfez ülkesi ile ilişkilerinin siyasi, askeri, ekonomik ve kültürel alanlardaki göstergelerine dayalı olarak Körfez’e yönelik İngiliz dış politikası analiz edilmiştir. Bu tezin ana argümanı İngiltere’nin bölgeden çekilişinin nihai bir çekilme olmadığı, bilakis İngiltere’nin bu dönemde, direk askeri ve siyasi kontrolü olmaksızın bölge ile kolonyal bağlarını ve çıkarlarını daha derin ve yaygın bir düzlemde sürdürmüş olduğudur. Bu doğrultuda, bu çalışma Körfez’e yönelik İngiliz dış politikasının temel hedef ve parametrelerinin, benimsediği yaklaşım ve stratejilerinin yoğunlukla birincil kaynaklara dayalı olarak ortaya konduğu alternative bir dış politika analizi ile literatüre katkıda bulunmaktadır.*

## GENERAL KNOWLEDGE

Name and Surname	:F. Esra Cavusoglu
Field	:International Relations
Program	:Middle East Political History and I.R.
Supervisor	:Assist. Prof. Selin M. Bolme
Degree Awarded and Date	:Ph.D. - April 2018
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## ABSTRACT

### **FROM PROTECTORATE TO PARTNERSHIP: BRITISH FOREIGN POLICY TOWARDS THE PERSIAN GULF (1971-1991)**

*British Foreign Policy towards the Persian Gulf in 1971-1991 was analyzed in this study. By the British withdrawal from the Persian Gulf in 1971, British regional and global hegemony came to the end and the new political order started in the region with the new joined political actors. This thesis aimed to define how British colonial relations were effective in reshaping the British post-colonial foreign policy towards the Gulf and its reflections to the Britain-Gulf States relations within the frame of the new role and position that Britain had adopted in the new era. British foreign policy in the Persian Gulf was analyzed based on the indicators of the Britain's relations with four small Gulf States; Kuwait, Bahrain, Qatar and the UAE, the former British protectorates, in political, military, economic and cultural fields. The main argument of the thesis is that British military withdrawal was not an ultimate withdrawal from the region. On the contrary, Britain maintained its colonial ties and interests in this period with deeper and expanding involvement without direct political and military control on the Gulf States. In that regard, this work contributes to the literature with an alternative British foreign policy analyses defining its parameters, goals, approaches and strategies based on extensive data of primary sources.*

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## Abbreviations

ADCO Abu Dhabi Company for Onshore Oil Corporation

ADDF Abu Dhabi Defense Force

ADGAS Abu Dhabi Gas Liquidation

ADIA Abu Dhabi Investment Authority

ADMA Abu Dhabi Marine Areas Limited

ADNOC Abu Dhabi National Oil Company

APOC Anglo-Persia Oil Company

BAPCO Bahrain Petroleum Company

BANOCO Bahrain National Oil Company

BBME British Bank in the Middle East

BDF Bahrain Defense Forces

BOTB British Overseas Trade Board

BP British Petroleum

CENTO Central Treaty Organization

CO Cabinet Office

DDF Dubai Defense Force

DT Department for International Trade

Ed.	Editor/s
EEC	European Economic Community
FCO	Foreign and Commonwealth Office
GCC	Gulf Cooperation Council
HM	Her/his Majesty
HMG	Her Majesty's Government
Ibid.	in the same source
IPC	Iraq Petroleum Company
IR	International Relations
IRD	Information and Research Department
KIA	Kuwait Investment Authority
KIB	Kuwait Investment Board
KIO	Kuwait Investment Office
KLT	Kuwait Liaison Team
KSA	Kingdom of Saudi Arabia
LSP	Loan Service Personnel
MAT	Military Advisory Team
MED	Middle East Department
MOD	Ministry of Defence

MPA	Maritime Patrol Aircraft
OAPEC	Organization of Arab Petroleum Exporting Countries
OBU	Offshore Banking Unit
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of the Petroleum Exporting Countries
PDTC	Petroleum Development of Trucial Coast Limited
PLO	Palestine Liberation Organization
QPC	Qatar Petroleum Company
RAF	Royal Air Forces
RDF	Rapid Deployment Forces
RMAS	Royal Military Academy Sandhurst
RN	Royal Navy
SAS	Special Air Service
SoCal	Standard Oil of California
SWF	Sovereign Wealth Funds
T	Treasury
TNA	The National Archives
TSDD	Trucial States Development Office
TSDF	Trucial States Development Funds

UAE	United Arab Emirates
UDF	United Defense Force (UAE)
UK	United Kingdom
USA	United States of America
VOC	Vereenigde Oostindische Compagne (Dutch United East India Company)
YAR	Yemen Arab Republic

## CHAPTER 1: INTRODUCTION

### 1.1 Objectives and Parameters of the Study

This study is intended to analyze the British foreign policy towards the Arabian coast of the Persian Gulf and its reflections in the Britain's relations with Gulf states in 1971-1991. Britain withdrew its troops from the bases in the Persian Gulf in 1971 by ending its 150 year-long hegemony in the region and its protectorates of the Gulf Sheikdoms; Bahrain, Qatar and the United Arab Emirates (Trucial States) became independent states. Kuwait, the former British protectorate, had become independent ten years earlier in 1961. In the first two decades after the withdrawal, transformation of the British colonial policies and relations in these Gulf states to the post-imperial conditions will be main focus of the study.

The primary objective of this study is to define and comprehend the new British foreign policy towards the Gulf states that was adopted to the new form of the post-colonial relations and its reflections to the relations between Britain and the four small Gulf states in the first two decades of the post-withdrawal period. Based on the analysis of the post-colonial British policy towards the Gulf, it is aimed to determine the reflections of the colonial aspects and approaches in the new British policy that are assumed to be inherited from the colonial period. At this sense, this thesis's main argument is that the continuity of the colonial implications had significant impact in shaping of the post-colonial British foreign policy to pursue substantial British interests in the Gulf. When the British government decided to withdraw from the East of Suez, Britain had substantial interests in the Gulf. These interests consisted of two main sources. First one is the vast oil resources in the Gulf states that supplied an important portion of the British energy needs. Besides Britain's

dependency to the Gulf oil, Britain had substantial economic interests based on the Gulf oil, through its shares in the oil industry as well as great trade and financial opportunities through massive oil revenues. Second one is the strategic geo-political position of the Gulf that bridges the networks of transportation and communication between the Indian Ocean and the West. These enormous interests of Britain did not lose importance by the withdrawal nor the British gave up on them. On the contrary, importance of the British interests increased in the post-imperial era. Therefore, Britain's pursuit of these vital interests through its established colonial links in the Gulf states will be tested in this thesis to determine the British foreign policy towards the Gulf in the post-colonial context. The thesis assumes that British colonial links with the Gulf states as its former protectorates, provided UK significant advantages in pursuing its interests at political, military, economic and cultural levels. British Empire had made exclusive agreements with the Gulf Sheikdoms in the nineteenth century binding their external affairs to the British authority. The Gulf rulers were not allowed to communicate directly with an outsider and Britain had remained the only foreign power in contact with them. During the discovery of oil in the Gulf states (Bahrain 1932, Kuwait 1938, Qatar 1940, Abu Dhabi 1958), Britain had initially resisted American oil companies asking concessions from the Gulf rulers and it had to accept them with the condition that the concession agreements had to be made through with British owned companies. Therefore, British hegemony kept the Gulf Sheikdoms quite dependent to the British in the oil industry, in the financial mechanisms as well as in military field until the withdrawal. By the military withdrawal, Britain was still the hegemon in other significant areas of the Gulf states.

Another objective of this study is to contribute to the field for filling the gap. There is a considerable gap in the literature. British foreign policy towards the Persian Gulf in the post 1971 period is barely studied by scholarly works. After the decline of the British Empire, the new super power namely the United States dominated in the international relations of the Middle East under the Cold War context. Post-imperial British policies in the region were not considered as significant as it was and did not receive much attention of the academic studies. Few studies focused on the British policy in the region have remained limited with the policies of the 'Anglo-American' co-operation in the field which is very important, but they mostly have the tendency to show the British role as the subservient of the US. This study argues that Britain had deeper and stronger ties and



interests within the Gulf states than the US and it had maintained its pro-dominant position in several fields in the first two decades after the withdrawal, therefore it is worthy and essential to be analyzed by elaborate academic studies.

The third objective of the study is to provide an alternative perspective on the analyses of British foreign policy towards the Gulf states that were its former protectorates. The colonial relations between the British and the Arabian Gulf has ended in 1971 and the post-colonial era started in the relations with the British and the Gulf states. British policies towards the Gulf states to the new era will be approached by the perspectives of the post-colonial theory in this study. Post-colonial theory provides a fundamental critical ground to this study based on the 'orientalism' conception. Orientalism defines the Western hegemony in the texture of the written history that imposes the Western superiority over the non-Western/others and accordingly questions the knowledge of history and IR in process of producing, based on the power-knowledge relation. By adopting this basic level of criticism, this study promises an alternative British policy analyses that will enable questioning of the discourse in the British foreign policy text to reveal real causes or purposes beneath terms that are used as if given. The 'neo-colonialism' conception of the post-colonial theory offers to the study a critical perspective that supposes imperialism as continued in the new forms in the post-imperial era. analyzing the impacts of great British interests and the colonial ties in the Gulf states on the British foreign policy, neo-colonialism will provide the most suitable critical approach. By adopting critical approach, it is not aimed to criticize the state of Britain nor its policies but to define the British policy towards the Gulf within objectivity through which the orientalist and imperialist nature of the texture are to be determined. Therefore, this study aims to contribute an original analysis to the field with an alternative perspective that haven't been used by any analyses on the British post-imperial foreign policy towards the Gulf.

The time period this study focused on is the first two decades of the British withdrawal and the independences of the Gulf states. The justification of this period is made based on the consideration of the importance and coherence of these two decades. The first decade starting by the British withdrawal constituted a transitional period in the British foreign policy to be transformed from the imperial era to the post-imperial era. In the 70's, new Gulf states realized a

transformation process as well from small political entities to the institutionalized and modernized states through with their rapidly developing oil industry. The oil boom resulted by the oil crisis in the mid 70's multiplied the oil revenues of the Gulf states and increased the importance of the region as a market for the British products. Under the Cold War context, while the US emerged as the hegemonic power in the Middle East affairs, British influence remained in the Gulf and the US avoided to involve militarily in the Gulf until 1986. In the 80's, the continuity of the Cold War and the continued transformation process of the Gulf states along with their increasing economic growths proves the compatibility of the first two decades of the post-withdrawal period to be studied under the same conception. That the Iran-Iraq War (1980-1988) increased the security concerns of the Gulf states and their potentials as the attractive markets for the Western arms companies, also proves continuity of the parameters of the 1970's for the British foreign policy. At the end of this period, the Cold War ends in 1991 and the post-Cold War era starts at global context. In 1991, the Gulf War starts by the Iraqi invasion of Kuwait that reshapes the regional dynamics opening a new phase with direct American involvement and presence in the region. At domestic level, the Thatcher era ends, and the new Conservative government starts a new phase in the British politics. Therefore, the year 1991 justifies the appropriateness of being the end of the period studied in this thesis.

Four Gulf states were selected regarding their colonial relations with Britain: Kuwait, Qatar, Bahrain and the UAE. The Persian Gulf consists of two coasts: on the East the Iranian coast and on the West the Arabian coast and Iraq on the North with the smallest coast between the Iranian and Arabian coasts. The Arabian coast starts with Kuwait from North and toward the South Saudi Arabia's long coast; Bahrain island; The Qatar Peninsula next to it; United Arab Emirates and Oman in southernmost. Although the subject of this study, British foreign policy towards the Persian Gulf means the Gulf as whole sub-region in general terms, the Gulf particularly refers to the Arabian coast of the Persian Gulf in this study. The Arabian Gulf states, currently the GCC states, have had historic, geographic, cultural and economic integrity with characteristic aspects and assets. However, in the analyses of the British relations with the Gulf states, Oman and the Saudi Arabia are excluded from the scope of this study. Saudi Arabia is not included to the thesis because it never had a colonial relationship with Britain therefore it does not comply with the

concept of the study. The Kingdom of Saudi Arabia as the leading state of the (Gulf Cooperation Council) GCC, differs from the other five GCC states that are considered ‘small Gulf states’ in the literature in terms of size, population and state capacities.<sup>1</sup> Oman’s exclusion from the scope of the thesis is considered based on the idea that the Anglo-Omani relations elicits different conception than the other small Gulf states and British relations. Oman was constitutionally an independent state before 1971. Even though Oman was under the British protection, it was free in the foreign affairs unlike the other protectorates. However, in practice Oman had very special relationship with Britain with closer and deeper ties than the other Gulf states before and after the withdrawal therefore, it requires to be studied in a separate study. Oman’s difference from the others appears on the oil factor as well since its oil capacity remained under the level that was big enough to be significant for the British interests. Therefore, the four countries with more similarities compose a better comparable concept in the analyses of the British foreign policy and its relations with the Gulf states in this study. Nevertheless, Saudi Arabia as a leading power of the region and Oman with great strategic importance possessing the Hormuz are significant elements of the British policy in the Gulf and will be significant constituents of this study at regional level.

## 1.2 Literature Review

The British Empire kept its presence in the Arabian Gulf for 150 years. The Gulf was a strategic transition point for the British India to be protected in the nineteenth century. The strategic importance of the Gulf was multiplied in the twentieth century by the discovery of the oil for British Empire's regional and global politics. The long term and *sui generis* rule of the greatest imperial power in the Gulf, called *British protectorate*<sup>2</sup>, and its imperialist politics have been the subject of

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<sup>1</sup> For the small state conception See, Erich Reiter and Heinz Gartner, eds. **Small States and Alliances**, 2001, Physica-Verlag, Andrew F. Cooper and Timothy W. Shaw, eds. **The Diplomacies of Small States: Between Vulnerability and Resilience**, 2009 New York

<sup>2</sup> British rule on the Gulf was defined as “informal empire” referring to the distinction from the British formal imperial rules such as the British rule in India or in Egypt. See, James Onley, Britain’s Informal Empire in the Gulf 1820-1971, **Journal of Social Affairs**, volume 22 number 87, Fall 2005, p.34

the wealthy literature in history studies. However, by the withdrawal of Britain in 1971 followed by the American hegemony to replace *Pax-Britannica* in the region, the attentions of most of the studies on the Gulf have turned to the US dominated political relations. The literature has displayed a sudden cut of the British policy and presence in the region from its historical links to the region by the British withdrawal. British foreign policy towards such strategic region for the British interests and Britain's relations with its former protectorates has received too little interest by the IR studies, in the post-imperial era since 1971. Therefore, this study's initial motivation lies in the consideration that there is a remarkable gap in the academic literature of the field.

Expectedly, the mainstream studies of the British history in the Persian Gulf constituted by the British scholar and/or based on the British sources. British presence in the region started earlier than the British hegemony in the Persian Gulf (1820-1971)<sup>3</sup> by the British East Indian Company established in the early seventieth century. Most historical accounts of the Gulf Residency that worked under the British India in 1858-1947 and under directly London in 1947-1971, were written by the British political officers who served in the Gulf and/or Princely India: namely John Lorimer, Sir Rupert Hay, Sir Bernard Burrows, Sir Donald Hawley, Glen Balfour-Paul, Sir Denis Wright, Sir Terence Creagh-Coen, and Charles Chenevix Trench. John Lorimer's monumental *Gazetteer of the Persian Gulf, Oman and Central Arabia (1908, 1915)*- commissioned by Viceroy Curzon after his 1903 tour of the Gulf- is still considered the greatest single work ever written on the history of the Gulf.<sup>4</sup> The prominent British historians' works on British History in the Gulf, such as Briton Cooper Busch's "*Britain and the Persian Gulf 1894-1914*" (1967), J.B. Kelly's "*Britain and the Persian Gulf 1795-1880*" (1968), Penelope Tuson's "*The Records of the British Residency in the Persian Gulf*" (1979), constituted the basic sources in the field of the British history as well as the Gulf studies. This school was followed by the later historians; Peter Sluglett's "*Formal and Informal Empire in the Middle East*" (1999), Miriam Joyce's "*Ruling Shaikhs and Her Majesty's government, 1960-1969*" (2003), Simon C. Smith's "*Britain's Revival and Fall in the Gulf*" (2004),

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<sup>3</sup> British hegemony started in 1820 in the Trucial and ended in 1971 however the total length of 150 year-long British hegemonic presences had not been simultaneously established in the entirety of the region. For instance, while British rule started in 1820 in Trucial States, it started in 1899 in Kuwait and in 1916 in Qatar, almost a century later than the Trucial States.

<sup>4</sup> James Onley, **The Arabian Frontier of the British Raj**, Oxford University Press, 2007 p.47

James Onley's *"The Arabian Frontier of the British Raj: Merchants Rulers and British in the Nineteenth Century Gulf"* (2007), composed by an elaborate analytic study on the organization and operations Gulf residency, Hugh Arbuthnott, Terence Clark, Richard Muir as three former Ambassadors in the Gulf composed *"British Missions around the Gulf, 1575-2005 Iran, Iraq, Kuwait, Oman"* (2008); W.T. Fain *"American Ascendance and British Retreat in the Persian Gulf Region"* (2008); and J.E. Peterson's *"Britain and the Gulf: At the Periphery of Empire"* (2009).

There are a few alternative studies on the British history in the Persian Gulf that should be placed apart from the orthodoxy of the literature. They are quite significant for contributing in the literature with critical perspective to the British-established history writing. Rosemary Said Zahlan's *"The Making of Gulf States"* (1989) along with her many other works are significant source of the field. Khaldoun H. Al Naqeeb explains the British imperial strategies in the Gulf with the critical perspective in *"Society and State in the Arab Gulf"* (1990) providing great contribution as well. Sultan bin Mohammed Al-Qasimi in *"The Myth of Arab Piracy in the Gulf"* 2006, denies what British sources call "piracy" in the Trucial Coast in the nineteenth century, for the maritime activities of Al-Qavasim that was in charge of the Strait of Hormuz, and proves the British refusal to pay for the tolls with elaborate study based on primary sources. Muna Al-Hammadi's work, *"Britain and the Administration of Trucial States 1945-67"* (2013) is a very significant study in this regard, provides an alternative writing of history on the British rule in the Trucial Coasts from the perspective of the indigenous people. Ben J. Slot's work *"The Arabs of the Gulf, 1602-1784: An Alternative Approach to the Early History of the Arab Gulf States and the Arab Peoples of the Gulf, Mainly Based on Sources of the Dutch East India Company"* (1993) is significant for being written based on alternative sources, the Dutch source, in the literature. Zekeriya Kursun's *"The Ottomans in Qatar, the History of Anglo-Ottoman Conflict in the Persian Gulf"* (2010) should be added in this regard, as a significant work written based on Ottoman archive records.

British Imperialism conception under the imperialism theory was applied also in the field of the history of the British empire and the Middle East even not widely. Ronald Robinson & John Gallagher, *"The Imperialism of Free Trade"* (1953); Raymond Dumett, *"Gentlemanly Capitalism"*

and *British Imperialism: The New Debate on Empire*, (1999); P.J. Cain and A.G. Hopkins "British Imperialism 1688-2000" 2001; and Helene von Bismarck's "*British Policy in the Persian Gulf 1961-68 Conceptions of Informal Empire*" 2013 are good examples for the studies in the field by the British imperialism conception. They commonly emphasize the 'informal' nature of the British rule in the Persian Gulf referring to the priorities and preferences of the British economic imperialism. James Onley compares two debating major explanations of the British imperialism; as of Robinson-Gallagher and Cain-Hopkins. The theory of Robinson-Gallagher defines the guiding principle of British imperialism as "*informal control if possible, formal control if necessary*" while Cain-Hopkins conception explains it by economic interests of London.<sup>5</sup> Imperialism constitutes the basic context of one of the dimensions of the theoretical framework of our study, namely neo-colonialism or new-imperialism. However, these precious works do not provide a study on British foreign policy of post-imperial period in the Persian Gulf. Although, Ronald Robinson "*Imperial Theory and the Question of Imperialism after Empire.*" and "*The Eccentric Idea of Imperialism, with or without Empire*" (1986) and Cain and Hopkins (2001), deal with the British imperialism in imperial and post-imperial periods as a whole, they are far from offering a British foreign policy analyses. Helene Von Bismarck provided a significant source to this study with her book, a British foreign policy analyses in the Persian Gulf in the decolonization period (1961-63) adopting critical British imperialism perspective which is unique in the field at this regard. She argues that decolonization was a strategy for the British to maintain its interests, based on the Kuwait case. However, in the post 1971 period of the same perspective the gap is still evidently valid.

There are very few studies focusing on the post-1971 British policy in the Persian Gulf in the field. British policy and relations with the Gulf States after their independences are remarkably neglected by the mainstream studies in this period as they are particularly focused on American policies in the region. A few studies analyzing the British policy in the Persian could be found as a narrow part of the studies with the context of Anglo-American or Transatlantic alliances in the Western powers relations with the Gulf states or in broader approach of international relations of

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<sup>5</sup> James Onley, Britain's Informal Empire in the Gulf 1820-1971, *Journal of Social Affairs*, Volume 22, Number 87, Fall 2005

the Gulf States. A. Cordesman's "The Gulf and the West, Strategic Relations and Military Realities" (1988), ECSSR (The Emirates Center for Strategic Studies and Research), "*International Interests in the Gulf Region*" (2004), Jeffrey R. Macris and Saul Kelly. (ed.) "*Imperial Crossroads, The Great Powers and the Persian Gulf*" (2012), are some of the examples of these studies. British position and policies in the Gulf was approached within the conception of the Anglo-American alliance by Gregory Gause, "*British and American Policies in the Persian Gulf*" (1988); Jeffrey Macris with his "*The Politics and Security of the Gulf, Anglo-American Hegemony and the Shaping of A Region*" (2010); and Tore T. Peterson's work "*Anglo-American Policy towards the Persian Gulf 1978-1985*" (2013). T. Peterson's work is significant with the approach that attaches importance to the British position and role within its historic links to the region, unlike the other studies that count British policy as the subservient of US policy. He analyses Thatcher government's policies with critical perspective by demonstrating impact of substantial British interests in the Gulf. However, his work's contribution to fill the gap in the literature is limited with the time period and with the fact that it does not provide extensive focus on bilateral relationships between Britain and the Gulf States as this thesis aims.

The studies particularly focused on post-71 period of British foreign policy towards the Persian Gulf are consisted of a couple of works including the limited contribution of Tore T. Peterson. One of them is the work of Gerd Nonneman "*Contents and Variations in the Gulf-British Relations*"(2002) that provides a comprehensive analysis of the British policy in the Gulf. His work is significant because his approach contains historical perspective through which the British policy was analyzed based on its historic links to the region. Nonneman outlines the parameters of Britain's contemporary foreign policy in the Gulf with multi-dimensional approach. He defined the key factors of the British Gulf Policy in his article with an overall analysis taking the fact of the historical link of Britain especially with the small Gulf States into the account besides the other major facts such as: Britain's economic and strategic interests and the EU and Anglo-American dimensions of the British foreign policy. His brief but greatly studied analyses needs to be extended by in-depth studies. The other study constitutes the major source of the field available in the English text of the literature, by Rosemary Hollis, with her PhD dissertation "*From Forces to Finance: Britain's Adaptation to Decline: Transforming Relations with Selected Arab Gulf States, 1965-85*"

(1988). Her study contributes greatly to the field as the unique elaborate study focusing on the transformation of the British imperial policy and relations with the Gulf states to the post-imperial British policy and relations. She emphasizes the distinction between the state actors and the business/financier groups and argues that the impact of the second group is stronger than the first one in shaping the British-Gulf states relations. Hollis in her "*Britain and the Middle East in the 9/11 Era*" demonstrates the remaining and even increasing British influence on the Gulf states under the subtitle of "still flying the flag: Britain and the Arab Gulf States". However, despite the great importance of her works in the field, Hollis' studies appear to be lacking in filling the gap in terms of critical perspective that our study intends to adopt.

The recent debates on the British Gulf policy starting with the developments of the "Arab Spring" in the region has resulted with some new studies that point out re-emerging of the British role in the region that is linked to history. Matthew Willis analyses the British policy towards Bahrain in the case of British reaction and intervention to the Bahrain uprising in 2011 with underlining strategic importance and the historically enduring links of Bahrain to the UK. (Britain in Bahrain in 2011. 2012) David B. Roberts in "British National Interests in the Gulf: Rediscovering a Role?" (2014) analyzes the British contemporary interests in the Gulf by providing an alternative approach of questioning the definition of the term "national interest". Doug Stokes and Paul Newton in "Bridging the Gulf? America's Rebalance and the Middle East Challenge for the UK" (2014) analyzed the British foreign policy strategies with a wide vision from the Middle East and particularly to the Gulf. The revival of interests to the British policy was accelerated by the historic Brexit decision taken in June 2016. It was followed by the Prime Minister Theresa May's approach towards the Gulf and her attendance in the GCC Summit in December 2016 that dedicated to the British return to its greater position based on the colonial ties in the region. However, they overall skip the period of 1971-1991 which is considered significant by this study for the transition from the imperial period to the post-imperial period in the British policy towards the Gulf, therefore could not help filling the gap.



### 1.3 Methodology

The research subject is epistemologically and ontologically to deal with the historical knowledge and the reality that is constituted by human perceptions, thus the research will be enjoying its interpretive nature while applying mix of both qualitative and quantitative methods.

The thesis will adopt historic perspective in the analysis of the post-withdrawal British foreign policy towards the Gulf based on the consideration that the period contains the transformation of the British policy from imperial era to the post-imperial era. To determine the continued presence and impacts of the British colonial implications in the post-withdrawal British foreign policy, UK's foreign policy in the Gulf (1971-1991) will be studied based on the analysis of the significant parameters defining the British foreign policy and its reflections to the relations with the small Gulf states, the former British protectorates. In the ten-year periods, UK's foreign policy in the Gulf will be analyzed at two levels; regional level and national levels (Gulf states). At the regional level, the dynamics of the Persian Gulf as the sub-region of the Middle East<sup>6</sup> will be considered as parameters shaping the British policy. At the national level, extensive use of the quantitative sources complementing with the qualitative sources will be applied to demonstrate the levels of British involvements in the diplomatic, military, economic and cultural fields with thematic approach. In each field, British relations with the Gulf states will be analyzed by a comparative perspective. It is not aimed to describe all the relations between the parties but rather to determine the implications and reflections of the British foreign policy on Britain's relations with the Gulf states. In other words, the relations are considered as the dedications through which British foreign policy is tested with its significant parameters. Comparative method will be applied at chronological level as well in comparing two decades of the post-imperial British foreign policy; 70's and 80's.

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<sup>6</sup> The Persian Gulf was ascribed as the sub-region of the wider regions such as the Middle East or West Asia by the mainstream works in the field of the Gulf studies, for instance M. Ayoob, American Policy toward the Persian Gulf in Mehran Kamrava (ed.) **International Politics of the Persian Gulf**, Syracuse University Press 2011 p.120-123

The study is organized into five chapters. The first chapter is composed of introduction that includes objectives and parameters of the study, literature review, theoretical framework and methodology. In the second chapter, the historical background of the thesis is constituted with an overview on the British Gulf policy in the imperial era. By reviewing of the whole literature, this chapter was composed based on the mixture of alternative perspectives in the sources. In the third chapter, the British policy towards the Gulf in 1971-1980, the first decade after the British withdrawal, is analyzed. In the first part of the chapter, the Britain's role and position within the regional dynamics under the context of the political developments of the decade at regional and global levels is defined. In the second part of the chapter, British foreign policy towards the Gulf states and its reflections in the relations with the Gulf states were analyzed. The main parameters and strategies of British foreign policy were determined through Britain's relations with four Gulf states in the diplomatic, military, economic, and cultural fields. In the fourth chapter, 1980-1991 period is studied to analyze the British foreign policy towards the Gulf states. This period as the second decade of the Gulf states independence, contained developments and changes in the British politics as well as in the regional dynamics. British policies under the Thatcher government are analyzed within the framework of the major regional developments of the 80's; the Iran-Iraq War and the establishment of the Gulf Cooperation Council (GCC). British foreign policy towards the Gulf states and its implications are studied at this chapter with the same order used in the previous chapter.

The major part of the data used in this thesis is extensively obtained from the primary sources. In explaining the British foreign policy, British policy papers and the statements of the British politicians and diplomats have the priority at the scale of data at this study. The statistical data are also very significant part, as the complementary sources in demonstrating the trends of change in the British-Gulf states relations. British National Archives is the main source of data on the British policy and relations in the Gulf. An intensive research work in the British National Archives provided substantial first-hand data in quantity and quality from the documents of mainly Foreign and Commonwealth office (FCO) that provided documentation of its interdepartmental coordination with the Ministry of Defence (MoD), Treasury (T), Department for International Trade (TD). Annual reviews of the Ambassador in the Gulf States and the other dispatches of the

Ambassadors had significant place in revealing the foreign policy implementations. The FCO documents contained several reports and studies with statistical data as well providing great volume of quantitative data available for this study, up the date to 1986 at the time of research (2016). Besides the National Archives (TNA), Margaret Thatcher Archive provided extensive source of governmental documents for the Thatcher era, 1979-1990 period. The published memoirs of distinguished British politicians and diplomats who had involved in the regional affairs, such as James Callaghan, Sir Anthony Parsons, Douglas-Alex Home and Douglas Hurd as well as memoirs of the UAE's diplomat Easa Saleh Al-Gurg, provided valuable primary sources to this study. The other research work was conducted in the Gulf, in the Qatar University. The state reports of Qatar, Qatar year books provided statistics on Anglo-Qatari relations. Press research was made in the Newspapers: The Peninsula, Al-Sharq, and New Khaleej (in the UAE). The prominent scholars of the field provided significant data for the work. Several interviews had been conducted with the eminent scholars of the field who were working or visiting scholars in the institutions in Qatar during the field research.

The theoretical framework of the thesis shapes its methodological approach as well. In the data analyzing stage, the critical approach of the post-colonial theory is applied in general terms along with the using theoretical tools such as double reading and deconstruction. Statistical analyses method is applied on the quantitative data that will be used for analyzing UK's military, economic and cultural (education) relations with the Gulf States as the variables of the research. Qualitative data will be analyzed by text, audio and visual data analyzing and interviews with the interpretation based on themes and patterns. Discourse analyses technique is also applied in examining wide range of the British foreign policy discourse and statements of the British politicians and diplomats. Comparative approach will be adopted in the historical dimension of the research for comparing the imperial and post-imperial eras of the British Gulf policy and also in comparing the UK relations with four Gulf States based on the themes.

## 1.4 Theoretical Framework

The perspective of the post-colonial theory forms the general theoretical frame of this thesis. Post-colonial theory, as a critical theory<sup>7</sup>, basically aims to reveal how Western oriented studies work for the West to maintain its power projection on the rest of the world based on the power relations.<sup>8</sup> The main argument of the post-colonial theory in the international relations is that although the colonial era was ended, imperialism has been continued within the form of neo-colonialism without direct political and military control. In the new era starting with the independences of the Middle East countries, the former colonial powers relations with the new independent states has been established based on the neo-colonial system. Post-colonial theory points out the asymmetric relationship between the West and non-West on epistemological and ontological grounds.

Post-colonial theory corresponds to three consecutive historic periods: first; colonial era (18<sup>th</sup>- 20<sup>th</sup> centuries), second; decolonization period (1945-1971) and third; the ongoing post-colonial era. Studies started in colonial era had substantial contribution in the construction of the post-colonial theory and in the transition to the decolonization. For instance, Frantz Fanon, one of the leading fighters of the anti-colonialist resistance movements in the North Africa, had great impact on the movements of resistance against the colonial authorities for liberalization with his work, “The Wretched of the Earth”.<sup>9</sup> Colonial period constitutes the essential part of the history of post-colonialism. The cores of the imperialism lie in the colonial period and the post-colonialism was established based on the colonialism. Post-colonial theory refers to the continuity of colonial

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<sup>7</sup> According to Robert Cox, International Relations theories can be categorized in two ways regarding of their functions: problem solving theories and critical theories. Problem solving theories such as realist theory and liberal theory aim to protect present world order while critical theories such as critical theory, post-structural theory and post-colonial theory aim to reveal how power relations configure the global system. See, Robert W. Cox, Social Forces, States and World Orders: Beyond International Relations Theory, **Journal of International Studies**, vol. 10, no. 2

<sup>8</sup> A. Balci, Post-Koloyalism, in Tuncay Kardas, A. Balci, ed. **Uluslararası İlişkiler Giriş**, (Turkish) 2014 Kure yayinlari p. 180-189, B. Rumelili, Batı Merkezçilik ve Postkolonyalizm, in Evren Balta (ed.) **Küresel Siyasete Giriş: Kavramlar, Teoriler ve Sureçler**, 203-220, İletişim İstanbul 2014

<sup>9</sup> Frantz Fanon, **The Wretched of the Earth**, Grove Press New York 2007

imperialism in the form of neo-colonialism in the post-colonial period. Decolonization period is a breaking point in the colonial era where the transition process to the post-colonial period was started.

Post-colonial theory deals with the IR discipline based on two main grounds of criticism. The first one constitutes the epistemological level of criticism of the theory and puts the *Orientalism* in the center of the post-colonial criticism based on the ‘power/knowledge relation’. Thus, it questions production process of the IR knowledge, particularly foreign policy texts. The second one refers to the ‘neo-colonialism’ that constitutes the ontological level of criticism of the theory. It develops its argumentation based on the notion of global imperialism that is the extension of the criticism of the materialist theory. Here, it questions how imperialism reflects in foreign policies at modern forms in the post-imperial era.

The fundamental paradigm of the post-colonial theory was constituted by Edward Said, in his masterwork *Orientalism* (1979). He introduced the notion of ‘Orientalism’ which reveals that how Euro-American centered western thought defined and represented non-Western societies and cultures, and how the West had constructed its hegemony on the non-West through culture. Said explains how ‘Orientalism’ was produced as “*a dynamic exchange between individual authors and the large political concerns shaped by the three great empires -British, French, American- in whose intellectual and imaginative territory the writing was produced.*”<sup>10</sup> According to him orientalism provides the sustainability of the hegemony of the West on the East (orient/oriental) through a consistent and unilateral writing. In this writing process, the East and the Eastern is not given the right to present itself but represented by the West in behalf of it from external perspective. In the third quarter of the 19<sup>th</sup> century, the three major colonial powers started to establish their colonial relations and policies within the Middle East based on the “exteriority of representation” they made on the East.<sup>11</sup> This warped and hierarchical representation of the Western imperialism produced a

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<sup>10</sup> Edward Said, **Orientalism**, Vintage Books New York 1979 p.14-15

<sup>11</sup> Said, 1979, p.21

constant distinction of the superior/advanced and the inferior/backward between West and East in the orientalist text.

Post-colonial perspective questions the knowledge in construction process of the International Relations as a modern discipline and by doing so places the critic into the basic level. Because it supposes that the knowledge is produced by who possesses the power. Therefore, post-colonial theory argues based on its epistemological critic that International Relations discipline has been constructed based on a knowledge that is produced in the Europe centered history writing. Tickner takes the critic further fundamental point in broader sense to explain the production process of the contemporary knowledge to be used in history writing:

I suggest that the way we frame our historical myths have important influences on how we construct contemporary knowledge and how that knowledge gets used in both the academic and the policy worlds... The Cartesian revolution of the seventeenth century shifted knowledge based on resemblances to knowledge based on difference – such as the difference between mind and body, men and women, West and East, and colonizers and colonized – a knowledge base which is at the root of gendered and racial structures of inequality that still exist. Divisions between civilized and uncivilized, evident in the effort to impose western knowledge on colonial people, were reinforced by this dualistic knowledge structure that emphasized difference.<sup>12</sup>

Post-colonial criticism shares the same epistemological background with the post-structural theory in terms of questioning of knowledge. Prominent theorist of the Post-structural theory Michael Foucault, provides the essential criticism for IR studies based on power-knowledge/truth relations. He questions the common ground bringing the knowledge and power by using his method of *genealogy* with reference to Nietzsche's critic on the notions of lineage/root. Foucault argues that power and knowledge reinforce and mark one another to reproduce hegemony constantly.<sup>13</sup> Post-structural theory perspective sees knowledge production process not as a cognitive matter but rather discursive and normative thus a political matter. This perspective suggests that identities are discursive structures and constructed by the authority within the language in hierarchical and

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<sup>12</sup> J. Ann Tickner, **Feminism and International Relations**, Routledge, 2011 p.

<sup>13</sup> Michael Foucault, 'Nietzsche, Genealogy, History' in M.T. Gibbons (ed.) **Interpreting Politics**, 1987 London

opposite meanings. Renowned post-structural theorist Derrida argues that even the concepts in the deepest structures of the language, contain already duality and hierarchy in the meaning and introduces *deconstruction* theory to reveal the construction process history where the identities are not given but constructed.<sup>14</sup> Said, based on the same critical perspective, explains how orientalism reproduces itself constantly based on its distinction and superiority from the “other”. Although orientalism is not a subject of the post-structural theory, it provides substantial methods such as genealogy and double-reading to this study in critical analyses of the post-colonial British policies in the Gulf.

Roxanne Lynn Doty with her “Imperial Encounters: The Politics of Representation in North/South Relations” has made a great contribution to the foreign policy studies by the post-colonial approach. She analyzed the relations between the North empires and their colonies in the south in the American-Philippines and Anglo-Kenya cases within the post-colonial approach. Her main emphasis is the Western powers’ production of the knowledge and truth of “others” for non-western societies, that forms the relations between the West and the third world. Doty explains how these relations were developed by the colonial powers’ representation of their colonial subjects based on the construction of their identities by distinction from themselves with striking examples. *“The term orient was frequently used along with Asiatic, Asiatic mind and Mohammedan. These were linked together in relations of similarity and complementarity these terms and descriptions such as “lower element of humanity”, “fatal and insidious element” “spotted people” uncivilized” and “inferior races.”* She sharply reveals the products of the Western distinction of non-Western as ‘discursive practices’ that constitute the norms of the IR studies: *“Thinking in terms of representational practices calls our attention to an economy of abstract binary oppositions that we routinely draw upon and that frame our thinking. Developed/ underdeveloped, “first world”/“third world,” core/periphery, metropolis/satellite, advanced industrialized/less developed, modern/traditional, and real states/quasi states are just a few that readily come to mind.”*<sup>15</sup> Doty analyses the representational practices of the West on the non-West in the post-colonial era. She

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<sup>14</sup> Jacques Derrida, **Limited Ink**, Northwestern University Press, 1977

<sup>15</sup> Roxane Lynn Doty, **Imperial Encounters: The Politics of Representation in North/South Relations**, University of Minnesota Press, 1996, p.3

demonstrates how Britain and the USA maintain colonial practices in their former colonies by operating foreign assistance and counterinsurgency. The notions of human rights, humanitarian aid and promotion of democracy are used as the foreign policy tools by the Western States to establish post-colonial hegemony. They are in the same time used in producing orientalist representation in the way that “Humanist values have been defined and put into practice with in the context of representational practices that have constructed a hierarchy of identities.”<sup>16</sup> As Doty strikingly applies in the case studies of British and American foreign policies towards their colonies Philippines and Kenia<sup>17</sup>, the post-colonial conception provides us an alternative perspective to be able to read the orientalist approach of Western hegemony in the background of the British foreign policy towards the Persian Gulf states. Unlike the realist approach, post-colonial perspective does not take foreign policy parameters as given but assumes them as fictional and sees how they are configured by the authority, with critical approach. Therefore, it rescues us from the perspectives with imposed limits and urges us to reveal their functions in written text by the hegemonic approach of Western representation of itself and the other in the IR field.

The critic of imperialism in the post-colonial theory was sourced and fed by the Marxist theory. The ‘global imperialism’ conception of the Marxist historical materialism constitutes a major argument of the post-colonial criticism in the IR. Global imperialism conception argues that imperialism has adopted a new cover of ‘neo-colonialism’ after the collapse of the big empires. According to the Marxists, the new global relations in the new imperialism shaped based on the extension of the capitalist economy and economic imperialism was replaced with the direct political rules. Harry Magdoff explains how the internationalization of the capital and transnationality of the production change the power relations and global order in the last stage of the imperialism in his book “Imperialism without Colonies”. Magdoff describes neo-colonialism as:

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<sup>16</sup> Doty, p.42

<sup>17</sup> Although United States never had the classical type of colonies as Britain had, America’s relations with the third world countries such as Kenia on which the American hegemony was imposed presented colonialist practices based on imperialism.



The existence of considerable foreign direction over a nominally independent nation. In its narrowest sense, this means a high degree of influence over a country's economic affairs and economic policy by an outside nation or foreign business interests, usually entailing influence over political and military policy as well. In addition, the term is used to suggest the predominance of the culture and values of the former colonial powers.<sup>18</sup>

At this context, Magdoff's description of neo-colonialism provides us a basic approach in the analyses of the British foreign policy in the Persian Gulf after 1971, to explain great level of influence that Britain exerted on the oil-rich Gulf states' economic affairs. This influence occurs as the extension of influence that is constituted at political and military levels and penetrates cultural sphere as well, as Magdoff points out. By the withdrawal, Britain had maintained and developed its already established links and influence on the Gulf rulers towards its economic interests throughout institutionalization and modernization processes of their new states.

In the new post-colonial period that started by the independences of the Middle East countries following the World War II., the relations of the new Middle East states with the former colonial powers were established based on the neo-colonial parameters. The Arabian side of the Persian Gulf, as the sub-region of the Middle East was the territory where the British hegemony endured longest until 1971. After the First World War, the Ottoman suzerainty in the region came to the end and the British hegemony was established in the Arabian Gulf despite the fact that the Saudi Arabia was an independent sovereign state. Petrochemical energy reserves were discovered between the I. and II. World Wars and the oil production was started. By 1971, when the British troops withdrew, the new Gulf states had already obtained a remarkable economic power derived from the oil resources. Britain had substantial economic interests in the oil producing Gulf states. In a few years of the British withdrawal from the Gulf, Gulf states had realized a phenomenal economic growth by the oil boom of the 70's as a result of the oil crisis. It increased vitality of the British economic interests in the region. This is a significant factor to justify the impact and the role of economic imperialism in the post-colonial British foreign policy towards the Gulf. However, the Marxist approach lacks in a comprehensive explanation of the post-colonial policies

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<sup>18</sup> Harry Magdoff, **Imperialism without Colonies**, Monthly Review Press, New York, 2003, p.73

and relations in the foreign policy concept by reducing it to global capitalism. The emerging economic importance of the Gulf brought along with the great level of geo-political importance of the Gulf as the center of world's largest energy supply to the West. It was also a significant factor to show the Gulf's strategic importance in the broad British interests. At this point, the Marxist approach that mainly emphasizes the power of the international actors, big international firms, in the global economy, appears to be insufficient to explain the whole process of the policy making mechanisms with the complexity of political relations which are constructed on a colonial legacy. Marxist approach neglects to emphasize the role of political influence in the post-colonial relations. Marxist theory itself shows that the powers of the global economy existed in the colonial period as well, therefore the conception of global capitalism cannot sufficiently explain the dynamics of the post-colonial relations between the former colonial powers and the former colonies.

The conception of neo-colonialism in the post-colonial theory that was adopted by this study suggests a total approach beyond but including economic imperialism based on the essential criticism of orientalism, that emphasize the Western dominated discourse and practices in the international relations. 'Economic exploitations' of the Western powers in the former colonies is a significant dimension of the neo-colonialism. In the case of British relations with the Gulf states the oil factor bringing great financial powers of the Gulf states have had substantial impacts on the post-colonial British policy as the British economic interests was the major foreign policy parameter for Britain towards the Arabian Gulf. However, economic imperialism needs to be supported with foreign policy implications to achieve an accurate understanding of western imperialism as a whole. For instance, Anglo-American policy towards Iraq in the 70's to support Kurdish rebellion for destabilizing Iraqi government under Soviet influence<sup>19</sup> was a great example of the neo-colonialism to maintain the Western hegemony with indirect political control. Neo-colonialism provides a constant and comprehensive critical approach to the international relations based on the orientalism. It provides a well-fitting approach for a critical analysis of British foreign policy in the Gulf in the post-colonial period, based on two major factors: first, the legacy of 150 yearlong British imperialisms in the region; second, economic and geo-politic importance of the

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<sup>19</sup> See, chapter 3.2.2

region based on the vast oil resources. The oil was the essential factor in the Britain's neo-colonial position and policies in the Gulf in where vital economic and strategic British interests were to be protected. The legacy of the long-term British colonial rule constituted the sphere of influence in the post-colonial relations with the Gulf states. The influence was replaced with hegemony after the end of Pax-Britannica and was retained along with the hegemonic instruments after hegemony through which the British domination was maintained in several fields. In this regard, the definition of hegemony needs to be clarified here.

Hegemony was defined as the predominance of one actor over others in general meaning with reference to its origins of the Greek use.<sup>20</sup> Antonio Gramsci defined hegemony as “*a condition in which the governed accepted or acquiesced in authority without the need for application of force.*”<sup>21</sup> Edward Said explains hegemony in broader context that was established within in the greater diffused hegemonic system of the culture:

Culture, of course, is to be found operating in civil society, where the influence of ideas, of institutions, and of other persons works not through domination but by what Gramsci calls consent. In any society, not totalitarian, then, certain cultural forms predominate over others, just as certain ideas are more influential than others; the form of this cultural leadership is what Gramsci has identified as hegemony, an indispensable concept for any understanding of cultural life in the industrial West.<sup>22</sup>

In that regard, the sphere of culture is not isolated from the political sphere in the concept of Said's Orientalism but rather constituted the main sphere in which Western interest that “*acted dynamically along with brute political, economic and military rationales*” is created.<sup>23</sup> Said's definition of hegemony, in parallel with that of Gramsci, indicates the fact that hegemony as any form of domination is established by the consent of the dominated. Therefore, hegemony of a power can be maintained without being depended on imperial or colonial presence, as long as the influence continues to dominate thorough consent. Robert Keohane argues that “*Hegemonic*

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<sup>20</sup> Berk Schlosser, Dirk Badie Bertrand, **Hegemony, International Encyclopedia of Political Science**, Sage 2011, p.1069-1070

<sup>21</sup> Robert W. Cox, Beyond Empire and Terror: Critical Reflections on the Political Economy of World Order, **New Political Economy**, Vol.9 No.3 September 2004 p.311

<sup>22</sup> Said, p. 7, 14

<sup>23</sup> Said, p.12

*powers must have control over raw materials, control over sources of capital, control over markets, and competitive advantages in the production of highly valued goods.*"<sup>24</sup> His argument well suits in explaining British continued hegemony in controlling of Gulf states' very strategic oil resources in production and export and oil capital resulting with great market capacity in the post-colonial terms. Britain's long-term colonial presence in the Gulf provided long established ties enabling to maintain British influence on the Gulf states in the post-colonial context through hegemonic instruments in political, economic and military realms. The fact that Britain's global hegemony ended and was replaced with America's does not necessarily eliminate British hegemonic power/influence on the Gulf states in the post-withdrawal period. Britain has retained alternative levels of hegemonic power such as the *Commonwealth* system which is composed of 53 countries of former British colonies, in the post-imperial era. Commonwealth's evolution in parallel with the decline of the British Empire reflected British efforts to maintain some influence on its former colonies.<sup>25</sup> Although the Gulf states are not part of the Commonwealth, they constitute another set of British former colonies based on the oil resources with world scale strategic and political-economic importance. Britain's significant role in the Anglo-American hegemony in the region represents the other dimension of the British hegemonic power.

Simon C. Smith's work, "Anglo-Kuwaiti relations in the era of decolonization" provides an example of study by the approach of neo-colonialism in the field of the UK and Gulf relations. By stating that "*The debate about neo-colonialism has tended to focus on Africa and South-East Asia. With its massive oil resources and long-standing, semi-imperial relationship with Britain, the tiny Gulf Sheikdom of Kuwait is also an appropriate territory against which to test the theory of neo-colonialism and its variants*"<sup>26</sup> Although he concludes his testing of neo-colonialism in Anglo-Kuwaiti case as negative in his work, his work contributes to this study for proving the appropriateness of the applicability of the post-colonialist perspective within the neo-colonialist

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<sup>24</sup> Robert Keohane, **After Hegemony: Cooperation and Discord in the World Political Economy**, 1984 New Jersey Princeton, p.33-34

<sup>25</sup> *Commonwealth System*, [Encyclopedia of Western Colonialism since 1450](http://www.encyclopedia.com). . *Encyclopedia.com*. 15 Feb. 2018 <http://www.encyclopedia.com>

<sup>26</sup>Simon C. Smith, The Making of a Neo-colony? Anglo-Kuwaiti Relations in the Era of Decolonization, **Middle Eastern Studies**. Jan 2001, Vol. 37 Issue 1, p160

conception towards British policy in the field of the Gulf studies. His justification of the neo-colonial theory for Anglo-Kuwaiti relations based on two main facts; oil resources and long standing imperial relationship with Britain would have the same affect when applied to the other Gulf States as well: Qatar, Bahrain and UAE under the scope of this research.

Neo-colonialism argues that decolonization was not the surrender of the big colonial powers from the imperial supremacy, but it was the maneuver to evolve imperialism by the imperial powers into the new circumstances in terms of better conditions to be maintained based on the colonial relations. W.M. Roger Louis and Ronald Robinson, argue that the actual reason behind the British officials to grant independence for tropical Africa after 1957 was to prolong imperial sway and to secure British economic and strategic assets as the economics of dependence after political independence was the key to the Cabinet Office's plan for African informal empire.<sup>27</sup> Kwame Nkrumah, the first Prime Minister of independent Ghana describes decolonization as the pursuit of imperialism of European empires, especially Britain arguing that "*Colonialism has achieved a new guise. It has become neo-colonialism, the last stage of imperialism.*"<sup>28</sup> John Gallagher and Ronald Robinson's definition on the British imperialism enlightens the adoptability of the British imperial dynamics: "*The British policy followed the principle of extending control informally if possible and formally if necessary.*"<sup>29</sup> The Commonwealth system in which Britain has kept control over its former colonial territories with economic implications indicates as well, the pursuit of British imperialism in modern forms after imperial era. It indicates that decolonization was a way of adopting the British domination to the preferred form of informal control over its subjects in the post-colonial period. In fact, Kuwait's independence demonstrates a great case for the British decolonization towards neo-colonialism in the Gulf. Kuwait was the first Gulf Sheikdom in the Arabian Gulf to possess the oil wealth. British Empire had substantial economic interests that Kuwait was considered as the key place for the British economy in the

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<sup>27</sup> W. R. Lois, R. Robinson, The Imperialism of Decolonization, **Journal of Imperial and Commonwealth History**, Vol.22, No.3 (1994), p.485.

<sup>28</sup> Kwame Nkrumah, **Neo-colonialism: The Last Stage of Imperialism**, London, 1965, p.31

<sup>29</sup> J. Gallagher, R. Robinson, The Imperialism of Free Trade, **The Economic History Review**, second series, vol.6 no.1 1953 p.1-15

1950's. Kuwait was granted independence in 1961, ten years earlier than the lower Gulf Sheikdoms while it was having vital importance for the British interests due to growing oil wealth. Britain did not hesitate to decolonize Kuwait because decolonization was not detracting British dominant position in Kuwait's economy and British interests were preserved without formal political control.<sup>30</sup> Kuwait's decolonization provided even advantageous position to Britain against the pressures of the anti-imperialist and pan-Arabism movements targeting the Britain's imperial position in Kuwait. From the same point of view, the independences of the other Gulf states; Bahrain, Qatar and the UAE, as the last stage of the British decolonization in the Middle East, are considered as the transformation of the British imperialism to the neo-colonialism. British withdrawal from the Gulf was forced and resulted by the impacts of internal and external factors. British politics, the Labour Government's (1964-1970) policy was pursued towards the decision of withdrawal based on the argument that British military presence in the region was costly under the circumstances of the economic crisis. Developments of the global politics such as the ending of imperial era, the severe criticism on the British imperial presence all around the world by the communist and socialist trends under Soviet influence and growing US hegemony in the context of the Cold War urged Britain to end its imperial presence. However, despite inevitable impacts of these significant factors on it, British military withdrawal did not mean the ultimate British withdrawal from the region. The core question lies in how Britain carried out the withdrawal in the way by transforming its colonial relations and interests into the new, the post-colonial forms. Since substantial British interests increasingly remained in the Gulf states, Britain pursued its interests by maintaining its remaining colonial links and influence after the withdrawal in the post-colonial context. Regarding that the term 'colony/colonial' corresponds to term 'hegemon/hegemony', therefore the 'post-colonial' here, is assumed to be linked with after/post hegemony. Accordingly, by the withdrawal remaining British colonial assets in the Gulf states are assumed to be functioning as the instruments to maintain Britain's hegemonic position in certain areas.

The mainstream international relations studies in the field of the Gulf studies, that constitutes one of the two sides/parties of this research scope while the British history constitutes

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<sup>30</sup> See, chapter 2.2.2 p.51-54

the other party, mostly adopted the realist approach within the special focus on the security issues. S. Wright describes the general approach to the Gulf as “*Such Hobbesian interpretations view security dilemma as a natural product of international relations, an assumption particularly applicable to the Persian Gulf sub-region given the area’s regional militarization and endemic insecurity.*”<sup>31</sup> This commonly adopted approach imposes explanation the international relations of the Gulf States merely based on the security concerns. It is considered here as the product of orientalist approach of Western hegemony that aims to lead the Gulf states to maintain constant armaments and security agreements with the Western powers. K.M. Fierke questions the definition of the security in terms of power relations with particular focus on its highly adopted version by the realist theory in the Cold War context. She points out the political fundamentals that constitute the bases of security relations and provides critical perspective to this study to determine the facts in creation of threat to pursue power relations:

The discussions of politics and security raises two issues. First, it points to a political relationship at the core of security, that is, between a protector and the protected. Second, it highlights the political dimension of defining threats, including the relationship between the type of source a threat and the best means to address it.<sup>32</sup>

Adopting this realist or neo-realist theoretical approaches in the evaluation of British foreign policy towards the Gulf states could help to disguise significant factors behind the foreign policy that are effective in pursuing colonial interests. Therefore, Post-colonial theory provides the most suitable critical approach to this study that enable us to reveal the intentions behind the foreign policy approaches as well as the theoretical approaches that support to maintain them with the task of problem solving as Robert Cox defines.

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<sup>31</sup> Steven Wright, Foreign Policy in the GCC States, in Mehran Kamrava ed. **International Politics of the Persian Gulf**, Syracuse University Press, 2011 72-94 p. 73

<sup>32</sup> K.M. Fierke, **Critical Approaches to International Security**, John Wiley & Sons, 2015

## CHAPTER 2: HISTORICAL CONTEXT, BRITISH EMPIRE IN THE GULF

### 2.1 Imperial Frontier (Before 1820)

Map 1. Persian Gulf before 1820<sup>33</sup>



British Empire's interests and presence in the Persian Gulf historically started related to its **East Indian Company** that was established in 1600 in India. The Persian Gulf was one of the most

<sup>33</sup> James Onley, *The Politics of Protection in the Gulf: The Arab Rulers and the British Resident in the Nineteenth Century*, *New Arabian Studies* 01-2004 p.35



important frontiers of the British India, the *jewel of crown*, and had been subjected to its residency system (1822-1947) in which Britain's informal empire and spheres of influence established to protect British India.<sup>34</sup> J.E. Peterson explains that "*The illustration of India as the jewel in the crown of the British Empire was reflected in British policy in and relations with the Gulf. For the three-and-a-half centuries before Indian independence, British activities in the Gulf were dictated largely by their relevance to India- whether those activities were concerned with commerce, diplomacy, imperial defense, or strategic position.*"<sup>35</sup> When the Gulf political residency was established and the Gulf states started to be ruled as the British protectorates in 1820, the East India Company had already been involved in the Gulf since the first agency of the company was established at Jask, a port city in Iran, in 1616 for over two hundred years.<sup>36</sup> The initial interests of the British to enter into the Gulf was to search for markets for the East Indian Company and to establish factories in the region, which was an important trade route with many ports.<sup>37</sup> Through the 18. century, the British needed to keep the Gulf under its control against its European rivals for which the Persian Gulf had strategic importance of sea transportation for their trades in the Indian Ocean. In the nineteenth century, the British position in the Gulf become entirely political that was constituted by the establishment of the Gulf residency in 1822.

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<sup>34</sup> Britain established an administrative system centered in the British India and divided into districts that were conducted by the residents, in the whole territory surrounding British India. Gulf was one of the residency that had to report to the East India Company in 1600-1858 and to the Indian Government in 1858-1947. Each residency was responsible for political and native agencies. See James Onley, *The Arabian Frontier of the British Raj*, 2007, p.11 1

<sup>35</sup> J.E. Peterson, *Britain and the Gulf: at the Periphery of Empire*, in Lawrence G. Potter, **The Persian Gulf in the History**, 2009, P.277

<sup>36</sup> Onley, *The Arabian Frontier of the British Raj*, p. 43

<sup>37</sup> For the detailed studies of the British East Indian Company's activities and its colonial relations, see Raj Kumar ed. **Military System of East India Company**, New Delhi Commonwealth, 2004, Sudipta Sen, **Empire of Free Trade: The East India Company and the Making of the Colonial Marketplace**, Univeresity of Pennsylvania Press, Philadelphia 1998. Vanita Damodaran, Anna Winterbottom, Alan Lester, eds. **The East India Company and the Natural World**, Hampshire Palgrave McMillan, 2015

### 2.1.1. Inland Power Struggles

Arabian Peninsula's severe climate conditions and its diversity of population were historical facts causing the difficulty for being ruled as a single political unit.<sup>38</sup> Arabs were divided in many small tribal units among the Arabian coast of the Persian Gulf. The absence of a strong political authority over them was the source of a great vulnerability of security among the tribes. Usually, most powerful tribe dominated on weaker tribes and in return it was regarded to be paid a tribute as the protection tax annually.<sup>39</sup> Power struggles among the tribes at sea or land maintained instability in the region. The most powerful powers of the lower Gulf throughout 17. and 18. century was Omanis and Al-Qawasim of Sharjah and Ras Al-Kaimah and the leading tribes of Kuwait, Bahrain and Qatar had to submit their dependencies time to time. The tribes were governed by Shaikhs whose rule were not absolute rule by divine right, but the authority of the Sheikhs was based on consent through their succession that required many qualities such as courage, experience, intelligence and prestige by ability or wealth in their tribe. They were to be replaced if the principal members of the tribe were not satisfied.<sup>40</sup> Along the Arabian coast of the Gulf, settlements relied on fishing, pearling, ship building and trade for living. The indigenous population of the region, mostly Arabs, Indians and Persians were holding the monopoly of the vibrant trade until the Portuguese arrived and dominated the trade in the region against the local population in the sixteenth century. By the seventeenth century, involvements of the Dutch and British in the trade of the region worsened the situation for the people of the Gulf.<sup>41</sup>

The political landscape of the Persian Gulf was formed by two major inland powers displaying inconstancy to establish strong and unifying authority overall in the region in 17.-18. Centuries. These great continental Islamic powers in the region were the Persia and the Ottoman

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<sup>38</sup> Frederick F. Anscombe **The Ottoman Gulf: The Creation of Kuwait, Saudi Arabia and Qatar 1870-1914**, Colombia University Press, New York, 1997 p.12

<sup>39</sup> Onley, **Britain and the Gulf Sheikdoms, 1820-1971: The Politics of Protection**, CIRS Georgetown University School of Foreign Service in Qatar, 2009, p.2

<sup>40</sup> B.J. Slot, **The Arabs of the Gulf 1602-1784 An Alternative Approach to the Early History of the Arab Gulf States and the Arab Peoples of the Gulf**, Leidschendam, 1993 p.61

<sup>41</sup> Abdul Amir Amin, **British Interests in the Gulf, 1962**, PHD Thesis, p.37

Empire. Absence of both in controlling over the Gulf led the European powers to dominate in the Gulf through their trade interests; the Portuguese, the British, the Dutch and the French. During the seventeenth century, the Ottoman Empire did not impose a direct rule on the Gulf dependencies but rather a remote control of its humble position, while Persia, at the first only inland power, was trying to extend its influence on the coast of the Gulf.<sup>42</sup>

The Persia as the major residential power of the Gulf, has historically displayed weakness in its central government. According to Al-Qassimi, "*Even at a time when it was strong, it had never exercised full control over the local Persian chiefs of the Persian coast. These chiefs were practically autonomous rulers of their regions or towns and apparently felt free to enter into any alliances which they deemed useful, so local Arab-Persian alliances almost inevitably resulted in local conflicts.*"<sup>43</sup> During the reign of Shah Abbas, the great Safavid ruler of Persia, Persians succeeded to dominate the Persian Gulf. He conquered Bahrain in 1602 and in 1622 and made an alliance with the British India to expel the Portuguese and to get back Hormuz and in return gave the British permission to establish its headquarter at Bandar Abbas, the strategic Persian port. Nader Shah reign 1736-47 was another rising time of Persia in the very competitive political scene of the Persian Gulf. He built a navy and recaptured Bahrain from Omanis. In 1743, Nader Shah achieved his main goal by conquering Muscat the Omani capital. However, after his reign, Al bu Said Dynasty of Oman regained Muscat, from the Persians.<sup>44</sup>

Ottoman domination in the Arabian Peninsula dates back to the early sixteenth century. Ottoman sovereignty in the region started with the conquest of Baghdad in 1534 and Basrah in 1546 by Suleiman the Magnificent, and expanded through the South Arabia, the Gulf coasts. In 1550, Hasa (Al-Ahsa) was taken with its voluntary submission to the Ottomans, due to the fear of Portuguese whose domination was expanding in the Gulf.<sup>45</sup> It is reported in the sources that, during the Baghdad expedition of Sultan Suleiman, the envoys of Qatif and Bahrain visited the Sultan and

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<sup>42</sup> Slot, *The Arabs of the Gulf 1602-1784*, p.53

<sup>43</sup> Sultan Muhammad Al-Qassimi, ***The Myth of Arab Piracy in the Gulf***, Routledge London 2006 p.26

<sup>44</sup> Rosemary Said Zahlan, ***The Making the Modern Gulf States***, 1998, p. 11-12, Sultan bin Mohammed Al-Qasimi, ***Power Struggles and Trade in the Gulf 1620-1820***, University of Exeter Press, 1999 p. 16-17, J.E. Peterson, p.278

<sup>45</sup> Frederick F. Anscombe, *The Ottoman Gulf the Creation of Kuwait, Saudi Arabia, and Qatar*, 1997 Colombia University Press, p.12

submitted their dependency to the Ottoman Empire.<sup>46</sup> Ottoman sovereignty in the region was coincided with the Portuguese domination in the Gulf that settled in Hormuz in 1507. Having taken over the caliphate in 1517, the Ottoman Empire was motivated to settle in the Arabian coasts of the Gulf, to protect the Islamic lands against the Portuguese threat.<sup>47</sup> In the administrative organization based on Hasa province, Bahrain was an independent *sancak* ruled by Murad Shah, Qatar was a small district as an extension of Hasa and Nejd was the *vilayet* in 1555, according to the Ottoman documents.<sup>48</sup> However, “*by the seventeenth century, Ottoman Empire could not maintain its direct control efficiently on the Arabian Gulf coasts basically for the reasons that it was so remote from the center the communication was different therefore the maintenance of the control was impractical.*”<sup>49</sup> The Bani Khalids of Nejd and Ahsa in 1670 ended their commitment with the Ottoman Sultan but during the Wahhabi occupation in Hasa they had to return to Ottoman protection. The character of administrative policy of the Ottoman Empire in the regions remote from the central government during the classical period was also a significant factor on maintaining a humble position in the Gulf.<sup>50</sup> One of the main consideration of the Persian policy in the Gulf was its conflict with the Ottoman Empire. Within the framework of this conflict, Persia aimed to block the Basrah-Aleppo trade route.<sup>51</sup>

During the eighteenth century, the Ottoman-Persia conflict was an effective factor on weakening of the Ottoman administration in the region. While being focused on many other problems of the Empire, Istanbul was not keen in maintaining de-facto involvement in the region but was confident with keeping its suzerainty by the remote administration. In the nineteenth

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<sup>46</sup>Zekeriya Kursun, **The Ottomans in Qatar a History of Anglo-Ottoman Conflicts in the Persian Gulf**, 2002, The ISIS Press Istanbul. P.31

<sup>47</sup>Kursun, p.31

<sup>48</sup>Kursun, P.32-33

<sup>49</sup> Anscombe, p.15

<sup>50</sup> Kursun explains that “*We must speak here of the administrative policies of the Ottoman State in the region remote from the central government during the classical period. As is well known, the Ottoman State whose territories covered a large area of the globe used to govern its territories it annexed by adopting a moderate policy (despite its great power), by acting in conformity with local traditions. Hedjaz, Bahrain, Hasa and the surrounding environs were such places.*” Zekeriya Kursun, *Ottomans in Qatar*, p.34-35

<sup>51</sup> B.J. Slot, *The Arabs of the Gulf*, p.57

century Ottoman Empire started the second administrative term of its history in the Gulf by the campaign of Midhat Pasha because of increasing British influence in the region.

The alignment between the Wahhabi leader, Mohammed b. Abd al-Wahhab and the Sheikh of Al-Saudi family, Mohammed bin Saud in 1745, created a new power that joined to the political scene of the Arabian Peninsula in the eighteenth century. They developed a military power quickly and expanded their influence all around the Arabian Peninsula. They took over Hasa in 1795 and Hijaz in 1802. Ottoman Sultan gave the task of suppressing brutal Wahhabi raids that was expanding into Iraq and Syria to its governor of Egypt, Mehmed Ali Pasha. Egyptian troops overthrown the Wahhabis (1811-1818).<sup>52</sup> However, in 1824, the second Wahhabi kingdom was established and Turki b. Abdullah succeeded to unite all of the previous allies into the kingdom. After the second Egyptian expedition on the Wahhabis in 1838, Abdullah bin Turki had to made commitment with the Ottoman Empire as the lesson he learned from his and his predecessors experiences especially when confronted with the Britain, the emerging power of the Gulf and the Sultan appointed him as the governor of Nejd.<sup>53</sup> Based on his position, the Wahhabi ruler taking the advantage of the authority gap in the region, tried to dominate on the Gulf Sheikdoms such as Kuwait, Bahrain, Qatar and even on Oman and imposed high amounts of taxes. That was the fact that considerably encouraged the Sheikdoms to develop relationships with the British India.<sup>54</sup>

### 2.1.2. European Competition

The Portuguese, as the first European country, dominated the Gulf coasts in the sixteenth century. Vasco da Gama was sent by the King of Portuguese to India by sailing with ships in 1497

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<sup>52</sup>Kursun, p.37-38, Anscombe, p.13

<sup>53</sup> Anscombe, p.13

<sup>54</sup>Kursun, p. 41

to open up direct trade with Asia and he arrived in India in 1498 by routing from the Africa's Cape of Good Hope.

After the completion of the India expedition the Kingdom aimed to dominate the Indian trade along with the Gulf coast. In 1507 the Portuguese occupied Hormuz which was the center of a considerable trade as the entrance of the Gulf and they settled there.<sup>55</sup> They took over Muscat, Bahrain and Qatif and by 1529 they reached to Kurna in lower Mesopotamia and they imposed a direct control on the Gulf people based on brutal force. In seventeenth century, The Portuguese power was started to decline as a result of its long struggle with the Ottomans and Safavids<sup>56</sup>, in 1602 lost Bahrain to the Persian ruler Shah Abbas and in 1622 it was expelled from Hormuz by the invasion of Anglo-Persian troops. Muscat was overtaken by the Omani Yaari Bahin about 1651. However, this political and military deterioration did not destroy the trade and Portuguese ships and merchandise continued to trade activities, their factory at Kung remained until 1721.

The Dutch United East India Company, VOC (Vereenigde Oostindische Compagne) was established in 1602 just following the British East India Company establishment and the Anglo-Dutch rivalry shaped the European domination in the Persian Gulf in the seventeenth and eighteenth centuries. Its primary objective was to take over the Spice Islands in Southeast Asia and to control the Asian trade which was integrated with Indian market. Iranian silk had particular importance for the VOC's interests in the Persian Gulf as Amsterdam was the center of European Silk industry at the time.<sup>57</sup> The VOC had many trade stations in Bandar Abbas, Isfahan, and Shiraz in 1623-1765 and also trade posts in Kirman and Bushire in 1659-1758. Basra was also an important trade center where the VOC maintained its presence intermittently between 1645-1753.<sup>58</sup> Even though the Dutch cooperated with the British against Portuguese, in 1622 in Hormuz which was a significant center for Dutch silk trade and to be rescued from Portuguese domination, the battles between the Dutch and the British had started and taken places throughout the seventeenth

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<sup>55</sup> Al Qasimi, **Power Struggles and Trade in the Gulf 1620-1820**, p.15

<sup>56</sup> See, Joao Teles E Cunha, The Portuguese Presence in the Persian Gulf, in Lawrence Potter, **The Persian Gulf in History**, 2009, Palgrave MacMillan p.209-217

<sup>57</sup>Williem Floor, Dutch Relations with the Persian Gulf, in Lawrence G. Potter, **The Persian Gulf in History**, Palgrave 2009 p.235

<sup>58</sup> Ibid, p.237

century.<sup>59</sup> "In the course of the eighteenth century, the sum of private English trade and English Company trade became larger than Dutch trade where up to 1766, the Dutch kept up a much larger military presence."<sup>60</sup> In 1734, the operations of the VOC in the Gulf rearranged starting the process of ending Dutch presence in the Gulf. The factories in Bandar Abbas, Basra and Bushire were closed in 1751-1758 to be replaced with a new factory in Kharg Islands. However, in 1766, the Dutch factory in Kharg was abandoned as a result of the Iranian attacks and it was the end of 143 years of Dutch history in the Gulf.<sup>61</sup>

France joined the competition after establishing of the French East India Company in 1664. They established a factory at Bandar Abbas as the other European companies did. Until 1686, France and the British were allies against the Dutch and "*the French had tried everything to harm the Dutch interests in the Gulf in cooperation with the British.*"<sup>62</sup> French trade was not very stable so its factory in Bandar Abbas was closed in the early eighteenth century. In 1740 the French was having its agent in Bandar Abbas again but it not for a long "*although during the first half of the eighteenth century, French ships called there and at other Gulf ports.*"<sup>63</sup> In 1759, French military expedition occupied Bandar Abbas and destroyed the British India's Persia Agency headquarters in the era of British-French global war, known as the Seven Years Wars (1756-1763), that considerably shaped the Anglo-French competition of the later terms.<sup>64</sup>

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<sup>59</sup> See Al Qasimi, Power Struggles and Trade in the Gulf, p. xxxv-xxxvii

<sup>60</sup> B.J. Slot, The Arabs of the Gulf, p. 68

<sup>61</sup> Floor, p.250-251, Virginia Lunsford, The Dutch in the Persian Gulf, in Jeffrey R. Macris and Soul Kely, ed. **Imperial Crossroads the Great Powers and the Persian Gulf**, Naval Institute Press 2012. P. 28

<sup>62</sup> Al Qasimi, Power Struggles and Trade, p.23

<sup>63</sup> Ahmad Mustafa Abu Hakima, **History of Eastern Arabia 1750-1800, The Rise and Development of Bahrain and Kuwait, Khayatas Beirut**, 1965, p.27-28

<sup>64</sup> Onley, The Arabian Frontier of the British Raj, p.44

### 2.1.3. Establishment of British Hegemony

#### *a. Strategic Importance of the Gulf for the British Empire*

Throughout the eighteenth century British India established remarkable level of influence in the subcontinent by eliminating its major rivals and by the early nineteenth century British political interests were the priority in the Gulf besides the commercial interests. The British interests in the Persian Gulf had three main and interdependent pillars in the eighteenth and nineteenth centuries; 1. trade 2. maritime affairs and 3. politics. The Persian Gulf was a pivotal intercontinental trade hub with land and sea transportation, port cities, markets, communication centers and financial and legal services that as a whole very significant for the global traders.<sup>65</sup> A long standing regional trade line had occurred in Arabia, Iraq and the Gulf by tiding remote districts from Nejd to Bombay in terms of the flow of barter, credit and cash by the early eighteenth century. Throughout mid eighteenth and early nineteenth centuries, several districts in central and eastern Arabia, lower Iraq, Kuwait, and the Persian and Arabian coasts of the Gulf formed a regional market where the goods bought, sold and shipped to and from India.<sup>66</sup>

The main ports in the Gulf were Basra, Bender Abbas, Bushire, Bahrain, Ras al-Khaimah and Muscat.<sup>67</sup> Basra was the only outlet for Iraq and the principal port for commerce between the areas of Turkish dominions and India.<sup>68</sup> Bender Abbas was an important port of trade where the English, French, and Dutch had factories and European, Indian and African goods were landed. Bushire become the center of the foreign trade as the principle seaport of Persia in the eighteenth century. Bahrain was also an important trade center with its location surrounded by many small ports. Towards the end of the 18. century Bahrain took Muscat's prominence as the centre of the trade of the Arabian Gulf. Ras al-Khaima's old name was Julfar, which is known as a trading place.<sup>69</sup> It

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<sup>65</sup> Zahlan, *The Making of the Gulf States*, p.10

<sup>66</sup>Hala Fattah, *The Politics of Regional Trade in Iraq, Arabia, and the Gulf 1745-1900*, Khayats Beirut 1997 p.1

<sup>67</sup> See the map 1.

<sup>68</sup> See Davut Hut, XIX. Yuzyilin Ikinci Yarisinda Basra Gumrugu, **Türk Kültürü İncelemeleri Dergisi**, sayı 3 (2000) 115-140, p.119-124

<sup>69</sup> Al-Qassimi, *The Myth of Arab Piracy*, p.12



was a great trade center with huge fleet and trade capacity of the Qawasim, the most powerful tribe in the Gulf that played a crucial role in the history of the Britain in the Gulf.<sup>70</sup> Because of its strategic location on the route between Basra and India, Muscat carried an extensive trade between India and the Gulf.<sup>71</sup> With many of its other ports, the Persian Gulf was very strategic trade route from India to Africa, to Anatolia through Iraq, and to Europe and market for the Britain. Therefore, the Gulf was a vital point for the trade of the British East Indian Company as well as for the Dutch East Indian Company. The Dutch and the British were the two major trading powers in the Gulf during the first half of eighteenth century, both had factories in many towns and ports where their commercial interests competed.

Maritime affairs and security had been another field where the Gulf had strategic importance for the interests of British India. British naval power was the essential dimension of the oversee imperial projects of the British Empire. Command and control of the seas were essential strategy of the British Empire, so it reached its worldwide power projection by strengthening its navy rather than based on the land power. The Persian Gulf was an important part of British India's maritime power projection. Its strategic priority on naval and maritime affairs is stated by Kelly as:

Command of the sea is the prerequisite of power in the Persian Gulf. Only twice the decline of the Abbasid Caliphate has a single state succeeded in imposing a hegemony upon its waters, and in both instances the state concerned was a maritime power- the kingdom of Portuguese in the sixteenth century and the empire of England in the nineteenth. Whereas the Portuguese came to the Gulf as soldiers and conquerors, to impose their will upon Gulf states, the English came initially as merchant adventurers, seeking trade and fortune.<sup>72</sup>

British East India Company depended on two fast and safe routes for its trade and for the communication between India and Britain to convey their dispatches; from India through the Red Sea to Europe, and the safer and more practical over land-route through the Persian Gulf to Basra and Aleppo through the Mediterranean sea.<sup>73</sup> The original route through the Cape of Good Hope

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<sup>70</sup> See part Piracy Issue

<sup>71</sup> See, Al-Qassimi, *The Myth of Arab Piracy*, p.12

<sup>72</sup> J.B. Kelly, **Britain and the Persian Gulf 1795-1880**, 1968 Oxford University Press, p.1

<sup>73</sup> Abu Hakima, p.28-29

of Africa was abandoned as it was too long and the Red Sea route across Egypt was preferred instead as the most usual route. But in the Red Sea route problems had occurred time to time in dealing with the Ottoman authorities in Egypt and Napoleon's invasion of Egypt distorted the route's safety and practicality.<sup>74</sup> Therefore, the overland route through the Persian Gulf proved valuable not only for the Company's trade in the Persian Gulf, but also for rapid contact between Bombay, Surat and other places in India and London. The importance of the overland route increased and well established along with Basra becoming the headquarter in the second half of the eighteenth century, before and after Seven Year's War (1756-1763) until the seizure of Aden in 1839 and later the opening of Suez Canal in 1869.<sup>75</sup> Therefore, it was vital for the British interests to keep the Gulf waters under its control to secure its maritime transportation and communication which was linked to its main land route through Basra and to secure the Gulf trade which was a significant part of the whole trade of the East Indian Company as explained above.

### ***b. Elimination of Trade Rivals: 1778 Bushire Agreement***

The English East Indian Company needed to find markets primarily for English woollens that was difficult to sell in hot India, therefore, trading links were soon established in the Gulf at Shiraz, Isfahan and Jask.<sup>76</sup> The company expanded its activities through Persia immediately by establishing the Persia Agency at Jask, the first agency in the Gulf, just after three years it established its first agency in India at Surat and subordinate factories in Shiraz and Isfahan. In 1622, the East Indian Company helped Shah Abbas to expel the Portuguese from Hormuz and obtained the permission of the Shah in return to establish trading post at the Port of Bandar Abbas. Bandar Abbas became the headquarter of the Persia Agency in the next year and it had remained the center of the Company's activities in Persia for the next 140 years until the agency was transferred to

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<sup>74</sup> J.E. Peterson, *Britain and the Gulf*, p.279

<sup>75</sup> Abu Hakima, p.28-29, J.E. Peterson, *Britain and the Gulf*, 279-280

<sup>76</sup> J. E. Peterson, *Britain and the Gulf: At the Periphery of Empire*, p.278

Basrah in 1763 and in 1778 Bushire residency became responsible for whole Persia and the Gulf directly to report to Bombay.<sup>77</sup> Britain, convinced the Ottoman government to establish a Consulate in Basra in 1764 that granted the British agency an official status, authority to control British trade in the region, diplomatic immunity and exemption from the customs duties and some of other duties.<sup>78</sup>

The transfer of the political residency to Bushire that was followed by a very significant agreement was a milestone starting the British ascendancy in the Gulf. The British agent signed an agreement in 1778 with Sheikh Sadun of Bushire which provided exclusive concessions and privileges to the British Indian Company for securing British trade eliminating its rivals in the region.<sup>79</sup> Bushire agreement clearly indicates the tendency of the British India to establish its monopoly in the trade throughout India and the Gulf. The agreement freed the East India Company from duties and customs for all goods imported and exported in Bushire. According to this grant, the right of the British to be the only Europeans to have a factory was expressed as follows: “no European nation whatever is to be permitted to settle at Bushire so long as the English continue a factory there.” *“The acquisition of monopolistic privileges represents quite new and important feature in East India Company policy in the Persian Gulf and was successfully implemented.”*<sup>80</sup> Besides the quite running market for its exports, the Gulf also offered the East Indian Company with raw materials such as raw silk and Kirman wool.<sup>81</sup> Amin points out the lucrative business that the region provided for the British: *“The Company settlements in the Persian Gulf were among the very few places where a market for British manufactures existed, the average annual value of British between 1750-1770 being 45.000-50.000 rupees. This was equal to about a sixth of total Company exports to its settlements in the East.”*<sup>82</sup>

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<sup>77</sup> Onley, *The Arabian Frontier of the British Raj*, p.44, J.E. Peterson, *Britain and the Gulf*, p.278

<sup>78</sup> Nurcan Yurdakul, **Basra ve Bagdat'ta Ingiliz Konsolosluklari (1798-1856)**, PhD dissertation 2014 Marmara University, p.59

<sup>79</sup> See the articles of the agreement in Sultan Al-Qassimi, *The Myth of Arab Piracy*, p.24

<sup>80</sup> Abdul Amir Amin, **British Interests in the Persian Gulf**, Leiden J. Brill 1967 p.125

<sup>81</sup> *Ibid*, p. 236

<sup>82</sup> Amin, p.198

### *c. Political Control: General Treaty of 1820*

The trade and maritime pillars of the British interests were inextricably linked to the political control of the British Empire in the Gulf before it was constitutionally established in 1820 by “anti-piracy” treaty. In fact, the East India Company was assumed a political aspect with the responsibility of conducting foreign affairs including treaties, agreements, and engagements by the Royal Charter of Charles II 1661. Initially the duty of the company’s representatives was commercial only to expand trade; however, they had involved politically in the local affairs to pursue a control mechanism to secure the British interests and to obtain advantage over the rivals, so the politics followed the trade and led the political administration to be established.<sup>83</sup> Therefore, the company started to appoint political residents in 1764 in the neighbor countries. As Onley states “*The Gulf resident in Bushire, while directing the company's trade in the Gulf, it's political role had inevitably increased until it became entirely political in 1820.*”<sup>84</sup> The Gulf as one of the India's frontier was strategic and to be kept under the British control and influence as all of the territories surrounding the British India incorporated into a vast diplomatic network where the British political representatives and military outposts were established<sup>85</sup> Napoleon's invasion of Egypt in 1798 increased the fears of London that the French might move down to the Persian Gulf by taking advantage of the weakness of the Gulf rulers and take the sea routes to India under its control.<sup>86</sup> “*The motive on the British intervention in the Gulf was to prevent any power, be it local or international, from gaining control over this vital eastern route.*”<sup>87</sup> In 1820, the British established its direct political control in the Trucial States and throughout the nineteenth century, completed establishing its hegemony in the whole coast of the Arabian Gulf. The second half of the nineteenth

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<sup>83</sup> Zahlan, *The Making of the Modern Gulf States*, p.12-16, Onley, *The Arabian Frontier of the British Raj*, 14-44, J.E. Peterson, *Britain and the Gulf*, p.278-279

<sup>84</sup> Onley, *The Arabian Frontier of the British Raj*. p.14

<sup>85</sup> J.E. Peterson, *Britain and the Gulf: At the Periphery of Empire*, p. 279

<sup>86</sup> Jeffrey Macris, **The Politics and Security of the Gulf Anglo-American Hegemony and Shaping of a Region**, 2010 Routledge p.11

<sup>87</sup> Younnan Labib Rizk, **Britain and Arab Unity a Documentary History from the Treaty of Versailles to the End of World War II**, 2009, IB Tauris p.5

century context in the Gulf turned the British interests out to be quite political for struggling with many rivals such as the re-emerging Ottoman domination in the Gulf, France Germany and Russia.

The matter of 'piracy' referring to the naval activities of the Qawasim (Al-Qasimi tribes) of the "piracy coast" by the British definition, in the late eighteenth and the early nineteenth centuries was the pivotal issue behind the developments that started the British hegemony in the Gulf by the 1820 Agreements. The claim of "pirates and piracy" made by the British officials for the members of the Qawasim and for what they had been doing in their maritime affairs since the seventeenth century has become a controversial subject in the recent studies.<sup>88</sup> The major British sources like Lorimer and J.B. Kelly explain the incidents of Arab piracy which were the main obstacle for the naval and trade interests of the British India in the Gulf.<sup>89</sup> The Qawasim, as the strongest tribe of the coast of lower Gulf had possessed a large capacity of naval power consisted of about 900 vessels and eight thousand men both in trade and warfare and dominated the Gulf trade by controlling Hormuz in the late 18th and early 19th century.<sup>90</sup> Their rise in the Gulf was accompanied by their alignment with the Wahhabis that strengthened their power. The tolls they collected from the passing ships to keep the trade flow safe were the significant part of their revenues. However, as the British refused to pay the tolls the conflict occurred between the British and the Qawasim which was what the British considered as the piracy of Qawasim.<sup>91</sup> The recent Emir of Sharjah, Sultan Muhammad Al-Qasimi denies the British accusation of piracy in his book "The Myth of Arab Piracy in the Gulf" with an elaborate history study based on the archive documents by summarizing the situation:

Because of their far-reaching trading activities in and out of the Gulf, the Qawasim were a main target of these false accusation of piracy. Every misfortune that befell a British ship inside the Gulf – and sometimes outside it- was attributed to the piracy of the Qawasim. As we shall see, in all the incidents that

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<sup>88</sup>Zahlan, *The Making of the Modern Gulf States*, p. 13

<sup>89</sup> See, J.B. Kelly, *Britain and the Persian Gulf 1795-1880*, Lorimer, *The Gazetteer of Persian Gulf, Oman and Central Arabia*.

<sup>90</sup> Zahlan, *The Making of the Modern Gulf States*, p.12-13

<sup>91</sup> Onley, *Britain's Informal Empire in the Gulf 1820-1971*, p.30, Zahlan, *The Making of Modern Gulf States*, p.12-13

were at tribute to the Qawasim as acts of ‘piracy’ it can be proved that they were not involved, or, if they were, involved only to defend themselves against British piracy.<sup>92</sup>

The Qawasim have developed enough confidence relying on their long term naval power and trade capacity expanded through the Indian Ocean therefore, they could fight against the attempts to monopolize the regional trade. As a result, they were blamed for committing to piracy.<sup>93</sup> The definition of ‘piracy’ is essential here to be clarified. B. J. Slot, describes the situation in the Gulf complicated because of the ambiguity of whether war or peace that resulted the claims of piracy. According to him, the real piracy was a common situation in the Indian Ocean mostly operated by the European ships with many clear incidents such as the attack of Englishmen crew sank of in Muscat with many killings as recorded in the diary of Dutch establishment in Surat.<sup>94</sup> Khaldoun Al Naqeeb emphasizes the differentiation between the acts of the local ships with very limited capacities and the large European ships with greater capabilities guided by armed ships and cannons that were able to use the hideouts and islands in confrontations. "*The English themselves had been top-rank smugglers in order to escape the payment of taxes and tribute under the hegemony of the Portuguese.*"<sup>95</sup> Regarding the disproportion between the parts, the claim of piracy on the Qawasim did not prove consistency but rather provided a ground for the British aim of ending the Qawasim domination in the Gulf that was an obstacle for the British hegemony.

In 1805, the British launched a military expedition against Al-Qawasim to terminate its “piracy”. It caused much destruction for Qawasim's assets and ended with a reconciliation agreement signed between the Company and Sheikh Sultan bin Saqr Al Qasimi, the ruler of the Al Qawasim, in 1806.<sup>96</sup> Thereafter, the agreement was breached by the Al Qawasim as a result of the incidents caused by the betrayal of Omanis against Al Qawasim in the following years.<sup>97</sup> In 1809, the British launched another military expedition against the Qawasim, which was larger than the

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<sup>92</sup> Al-Qassimi, *The Myth of Arab Piracy*, p. 32

<sup>93</sup> Muna M. Alhammadi, **Britain and the Administration of the Trucial States 1947-1965**, 2013, p.9

<sup>94</sup> B.J. Slot, *The Arabs of the Gulf 1602-1784*, p.94-95

<sup>95</sup> Khaldoun Al-Naqeeb, *Society and State in the Gulf and Arab Peninsula*, p. 48

<sup>96</sup> Alhammadi, p.9

<sup>97</sup> See details in Al Qasimi, *The Myth of Piracy*, p.84-108

first one. However, it was not able to destroy the whole fleet of the Al Qawasim.<sup>98</sup> Finally, in 1819, the British achieved its eventual goal of destroying Al Qawasim naval force by sending a devastating naval expedition throughout Al Qawasim's entire territory, the 'Pirate Coast', in Ras Al-Khaimah, Al-Hamra Islands, Umm Al-Quwain, Ajman, Sharjah and Dubai.<sup>99</sup> Having completed the expedition against Qawasim, the British imposed an 'anti-piracy treaty', known as the General Treaty of 1820, on eight most influential tribes of the 'Pirate Coast'; Ras Al-Khaimah, Dubai, Abu Dhabi, Al-Hamra Island, Ajman, Umm Al-Quwain and Al-Rams. Bahrain demanded to join to the Treaty to be exempted from maritime toll-paying and it was admitted to the 1820 treaty as well.<sup>100</sup> The treaty was bounding the Gulf rulers under the British hegemony as some of the clauses here indicated;

*Article 1-2 There shall be a cessation of plunder and piracy by land and sea on shall attack any that pass by land or sea of any nation whatsoever, in the way of plunder and piracy and not acknowledge war, he shall be accounted an enemy of all mankind and shall be held to have forfeited both life and goods.*

*Article 3 The "friendly" Arabs shall carry by land and sea a red flag, with or without letters in it, at their option, and this shall be in a border of white in the border being equal to the red as represented in the margin.*

*Article 5 The vessels of Arabs shall all of them have in their possession a paper signed (Register) signed and another writing (Port clearance) signed of their Chief, the names of the owner, Nachoda, the number of men, arms.*

These requirements provided the British a right to inspect Arab vessels an absolute control on their trade activities.

*Article 9 The carrying off of slaves, men, women, or children from the coasts of Africa or elsewhere, and transporting them in vessels, is plunder and piracy, and the friendly Arabs shall do nothing of this nature.*

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<sup>98</sup> Alhammadi, p. 9

<sup>99</sup> See Al Qasimi, The Myth of Piracy

<sup>100</sup> James Onley, The Arabian Front of the British Raj, p.45

*Article 10 The vessels of the friendly Arabs, bearing their flag above described, shall enter into all the British ports and into the ports of the allies of the British so far as they shall be able to effect it; they shall buy and sell therein, and if any shall attack them, the British Government shall take notice of it.<sup>101</sup>*

The treaty of 1820 was signed individually with each of the Sheikhs; so it started the disintegration of the united leadership of the Al Qawasim.<sup>102</sup> By capitulating and signing separate agreements as separate units with the British government, the Gulf Sheikhdoms had thereby entered into 'treaty relations' with Britain through which they had realized their statehood.<sup>103</sup> By the implementation of this treaty Britain established its domination in the Gulf and gained broad security powers including by disarming Arabs and avoiding them building ships for military purposes and constructing forts. Moreover, Britain gained absolute control on the Gulf waters by imposing a system to monitor navigation on the rulers who were required to carry clearance papers and to present them to British ships.<sup>104</sup>

## **2.2 British Hegemony 1820-1971**

Map. 2 Trucial States 1921<sup>105</sup>

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<sup>101</sup> See entire text of the treaty in Al-Qasimi, The Myth of Piracy.

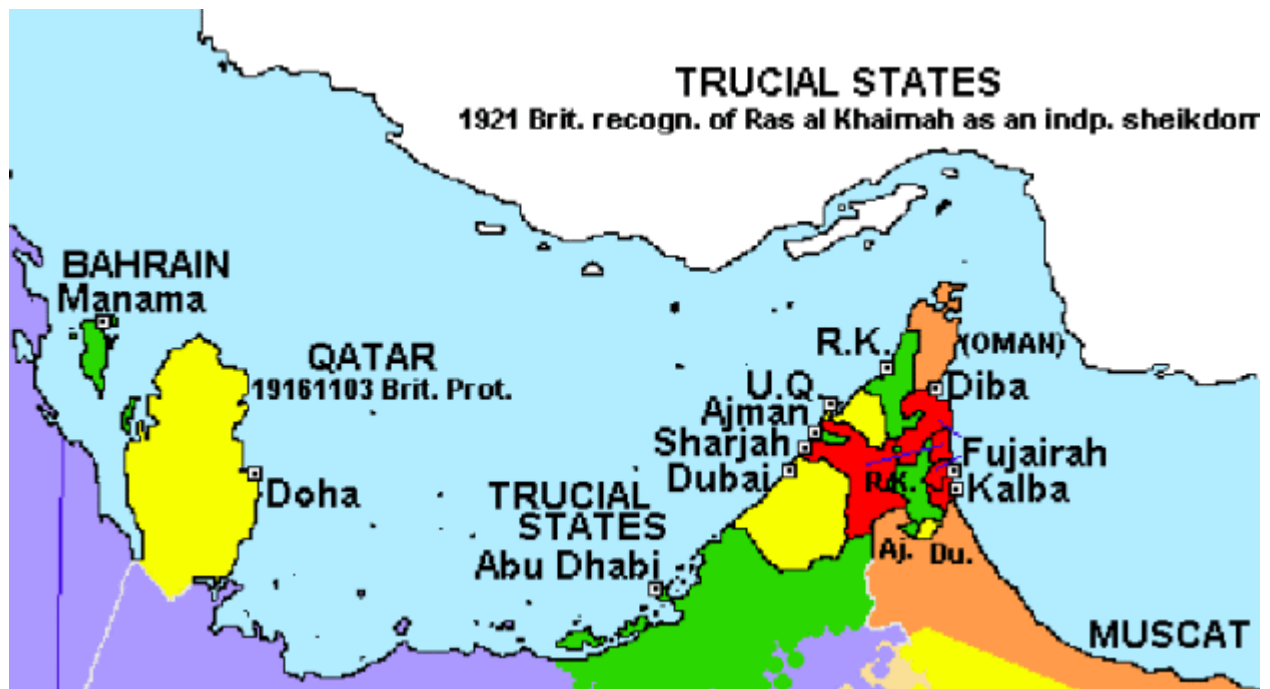
<sup>102</sup> Alhammadi, p.11

<sup>103</sup> Zahlan, p.14

<sup>104</sup> Alhammadi, p.11

<sup>105</sup> <http://nealrauhauser.wordpress.com/2012/12/26/the-arabian-peninsula/> 24.12.2017





By the treaty of 1820 between the British India and Gulf Sheikhs the new era of the British hegemony in the Gulf had started. The British established a new post of Political Agent for the lower Gulf in the strait of Hormuz to manage and supervise the relationships between the British India and the Gulf rulers under the enforcement of the 1820 General Treaty and to keep its control over the Gulf waters.<sup>106</sup> It also assigned a naval squadron as the supporting power to the Gulf Agency to patrol the Gulf waters in 1821. The Gulf squadron consisted of five to seven warships and two to four gunboats in the age of steam (from the 1860s onward) that were headquartered in the Qishm Island (1823-1911), and in the strait of Hormuz (1911-35) and in Bahrain at Ras al-Jufair (1935-71).<sup>107</sup> Stationing the warships in the region is also considered as one of the various tactics that the British used to maintain a considerable threat on the Gulf rulers with these heavily armed ships which could easily shell of the forts to suppress any local opposition to the British.<sup>108</sup>

<sup>106</sup> Onley, *The Arabian Frontier of the British Raj*, p.47

<sup>107</sup> *Ibid*, p.45

<sup>108</sup> Alhammadi, p.16

The Gulf post was transferred to Bushire in 1822, and was merged with the existing Bushire resident becoming the Political Resident of the entire Gulf since 1850s until 1947.<sup>109</sup>

Despite the fact that 1820 Treaty is considered as the foundation of the British protection on the Gulf rulers, the British never assumed any responsibility of protection on the Gulf people neither by the treaty nor by the deploy of its naval squadron in the Gulf. Even though the mighty squadron was guarding the Gulf waters nearby them, Gulf merchants needed to offer to the British authorities to pay tax for receiving protection of the squadron for their pearling fleets, but they were rejected.<sup>110</sup> They begged for the British protection so many times that "between 1805-1861 the Resident received requests no less than ninety-eighty times: sixty-four from Trucial States, twenty-one from Bahrain, twelve from Oman. and one from Kuwait."<sup>111</sup> Protecting the Gulf rulers was not a part of British interests in the Gulf while establishing its hegemony in the region. According to Onley, one of the reason for the British refusal of protection was a British strategy to reserve conditional protection to use as political leverage on the Gulf rulers.<sup>112</sup> Therefore, the Gulf people were not benefitted of the security that the British squadron provided for its subjects and routes to India initially under the British domination.

### *2.2.1 British Policy Towards the Gulf*

#### *a. The strengthening of British Influence: Maritime Truce Treaties*

In 1835, by the Maritime Truce Treaty, as the first one in the series of Maritime Truce Agreements signed between the rulers of Abu Dhabi, Dubai, Ajman, the Qawasim of Sharjah, Ras al-Khaimah, Lingah and the British India, the Trucial system had started in the region. While the 1820 General Treaty was banning 'piracy', 1835 Treaty imposed the maritime truce avoiding all hostilities at sea during the pearling session of six months and obligated the Sheikhs not to response if attacked but to report it to the British Resident.<sup>113</sup> As the truce was successful it was changed to

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<sup>109</sup> Onley, Britain and the Gulf Sheikhdoms, p. 4

<sup>110</sup> Ibid, p. 5

<sup>111</sup> Ibid, p.5

<sup>112</sup> Onley, Britain and the Gulf Sheikhdoms, p.5

<sup>113</sup> Alhammedi, p.12, Onley, Britain and the Gulf Sheikhdoms, p.7

be annual with the joining of Umm Al-Quwain that became independent from the Qawasim and renewed every year until 1843. In 1843 the Treaty was renewed for ten years period.<sup>114</sup>

In 1853, the Perpetual Maritime Truce was signed by the demands of the Sheikhs who were keen to maintain the maritime security for their trades and the British assumed the roles of arbiter, guardian or protector of the Sheikhdoms.<sup>115</sup> The term 'piracy' was transformed by British Indian officials into 'maritime irregularity'.<sup>116</sup> The 'Pirate Coast' had become the 'Trucial Coast' and its sheikhdoms had become 'Trucial States' until they became the United Arab Emirates by their independence in 1971. Bahrain whose ruler signed the General Treaty with the British India in 1820, was not accepted to join Maritime Truce Agreements by the British. The other Gulf Sheikhdoms were invited to join the truce later on by the British: Kuwait in 1841 (for one year only), Bahrain in 1861, and Qatar in 1916.<sup>117</sup>

It was vital for the Sheikhs demanding the perpetuity of the truce agreement which had worked well to protect their trade from maritime dispute except for very few breaches. However, they did not realize that this would strengthen the British influence over their maritime affairs. Truce Agreements provided British authorities exclusive rights to inspect and confiscate boats suspected of transporting slaves.<sup>118</sup> Eventually, throughout the years of the truce, maritime forces and trade capacities of the Sheikhdoms were gradually weakened and declined. British domination in the Gulf established a colonial administration on the Gulf rulers that caused weakening for their commercial and economic capacities. British policies in the Gulf were designed to achieve its interests as Al-Naqeeb describes:

In order to achieve her goals, Britain resorted to various tactics and excuses with which to hide her true aims, of which we shall mention the followings:

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<sup>114</sup> Onley, Britain and the Gulf Sheikhdoms, p.7

<sup>115</sup> Ibid, p.7-9

<sup>116</sup> Zahlan, The Making of the Gulf States, p.14

<sup>117</sup> Onley, The Arabian Frontier of the British Raj, p.46-47

<sup>118</sup> Alhammadi, p.13

1. The pretext of trying to put an end to piracy in the Indian Ocean and the Arab Gulf after the 1798 Treaty with Muscat.
2. The pretext of trying to put an end to slave trade after her decision to stop participating in this trade.
3. The pretext of trying to stop the arms trade.<sup>119</sup>

In 1864, Britain made agreements with the Gulf rulers to establish land and sea telegraph lines between the Gulf and the British India and to secure the routes. The Agreement was binding for those who obstruct the roads with the telegraph lines. These agreements provided further controlling facilities to the British and increased its administrative influence in the Gulf.<sup>120</sup>

### *b. A new era in British Domination: Exclusive Agreements*

In the late nineteenth century, the Gulf was the scene of a competitive political environment for the British with the involvements of the re-emerging Ottoman presence, Persia, France, Russia and Germany where the British supremacy was challenged. The developments urged British India to secure its domination in the Gulf against its rivals and hence it imposed new series of treaties which draw the final legal status of Gulf rulers under the British rule until 1971.<sup>121</sup>

British India signed the Exclusive Agreements with Bahrain in 1880 and 1892, with the Trucial States in 1888, and 1892, with Kuwait in 1899, with Najd and Hasa in 1915 (annulled in 1927), and with Qatar in 1916. Exclusive Agreements bounded the Gulf rulers to the British India in exclusive political conditions in which their foreign affairs by all means were alienated to the British suzerainty.<sup>122</sup> They all pledged to avoid to give land, to enter into negotiations or receive representatives of any foreign power. By doing so, they alienated the control of their external affairs to the British.<sup>123</sup>

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<sup>119</sup>Khaldoun Al-Naqeeb, **Society and State in the Gulf and Arab Peninsula: a different perspective**, 1990 p. 47

<sup>120</sup>Alhamadi, p.14

<sup>121</sup>Zahlan, p.15

<sup>122</sup>Onley, *The Arabian Frontier of the British Raj*, p.47

<sup>123</sup> Simon C. Smith, **Britain's Revival and Fall in the Gulf, Kuwait, Bahrain, Qatar and Trucial States 1950-1971**, London Routledge Curzon 2004 p.3 Onley, *Britain and the Gulf Sheikdoms*, p.10

Exclusive Agreements were the second milestone in the Gulf history starting a new period of the British rule under which they were not allowed to have direct contact with any country and they were obliged to get British permission for all movements in or out of the Gulf states. It was the period of isolation for the Gulf rulers from the outside world until the discovery of oil.<sup>124</sup> *"Although their rulers remained as heads of state, their status vis-a vis the British Government of India placed them constitutionally within the British Indian Empire (until 1947), while their status vis-a-vis the British Crown placed them informally within the British Empire."*<sup>125</sup> However, their status were not recognized by the Exclusive Treaties as Zahlan points out: *"They were not colonies, mandates or protectorates; they were simply described as being 'in treaty relations with Britain', until 1947 by the independence of India they were regarded as 'British protected states'."*<sup>126</sup> *De facto* protection of the British India on the Gulf rulers had been limited to the maritime security not covered land protection. The British imposed further agreements to reinforce the Exclusive Agreements on the Gulf rulers; in 1902 prohibiting arms trade, import and export and in 1911 restricting pearling and sponge diving concessions not to be granted to any outsider power without British approval.<sup>127</sup>

### *c. First World War: Maintaining the Hegemony*

After establishing and consolidating its hegemony by the Exclusive Agreements, maintaining its unquestionable domination in the Gulf even became more crucial for the British interests in the Gulf as part of Indian Empire. The strategic importance of the Persian Gulf which had become a British lake increased by the expanding interests of Russia and Germany down to the Persian Gulf.<sup>128</sup> Therefore, protecting the Gulf to prevent the other powers from reaching the Gulf was the priority of the British rule in the early twentieth century as the Foreign Secretary Lord Lansdowne stated in his speech in the House of Lords in 1903; *"We should regard the establishment*

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<sup>124</sup>Zahlan, *The Making of the Gulf States*, p.20-21

<sup>125</sup> Onley, *Britain and the Gulf Sheikdoms*, p.10-11

<sup>126</sup>Zahlan, *The Making of the Gulf States*, p.20

<sup>127</sup>Alhammadi, p.15

<sup>128</sup>Bagdat Railway project produced by the Ottoman-German alliance was great threat for the British interests in the Gulf that it would result with an establishment a port in Kuwait which meant German establishment in the Gulf. Russia as well-developed railway projects through Iran based on its influence on Iran's government to conclude its expansion through the Central Asia in the Persian Gulf.

*a naval base or of a fortified port in the Persian Gulf by any other power as a very grave menace to British interests, and we should certainly resist it with all the means at our disposal.*"<sup>129</sup> It was part of the grand British policy of "great game", first called by the British officer Arthur Connolly, referring to contain the West Asia that were mostly the subjects of the declining Ottoman Empire, along with the roads towards the India, against the big rivals; Russia, Germany and France. It defined and shaped the struggle of the British Empire in the pre-World War I context.<sup>130</sup> In the context of the Great Game, Britain employed an effective intelligence work in the region under the scheme of Directorate of Military Operations and Intelligence established in 1887, with renowned British spies involved in the Middle East and Persian Gulf such as Henry Layard, Mark Sykes, William Shakespeare, Gertrude Bell, Thomas Lawrence.<sup>131</sup> Gertrude Bell, a famous British agent who had significant role in establishing Iraq, reported to the British government in 1914 that the Germans and French were not influential and powerful in Syria and Iraq, but the British was and although the Ottomans tried to influence the Sheikhs in the Arabian Peninsula such as Mobarek Al-Sabah, Sheikh Hazal and Bin Saud, they did not want Ottoman suzerainty hence the British could prevail against the Ottomans in the Persian Gulf and its surrounding.<sup>132</sup> The Ottoman-German Bagdat Railway project emerged as a great threat for the British interests in the region in the framework of great game. The British attempted to block it several times to prevent increasing German influence in the Ottoman territories but failed eventually.<sup>133</sup>

During the First World War Britain maximized and consolidated its control over the Gulf. The World War I ended with the defeat of Germany and also its ally the Ottoman Empire. Russia withdrew from its battle fronts and its global ambitions as a result of the Bolshevik revolution. Therefore, the post-World War I context provided the British India the elimination of its rivals and secured its supremacy in the whole Gulf with the addition of Qatar in 1916. "*The dissolution of the*

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<sup>129</sup> A. Dunn, **The British Interests in the Persian Gulf**, the Conference held by the Central Asian Society in London, January 9 1907, p.302

<sup>130</sup> David Fromkin, **A Peace to End All Peace**, Henry Holt and Company, August 3 2010 p.27-32

<sup>131</sup> Davut Hut, Gertrude L Bell'in Osmanli Cografiyasindaki Faaliyetleri ve Irak Kralliginin Kurulmasindaki Rolu, **Journal of Turkish Cultural Studies**, 35 Autumn 2016, p.120

<sup>132</sup> Hut, Gertrude L. Bell, p.131

<sup>133</sup> See, Ali Akyildiz, Zekeriya Kursun, **Osmanli Arap Cografiyasi ve Avrupa Emperyalizmi**, Turkiye Is Bankasi Kultur Yayinlari 2015, p.18-19, Davut Hut, Bagdat Demiryolu ve Petrol Mucadelesi, in M. Florian Hertsch, Mutlu Er eds. **Die Bagdadbahn**, Verlag Dr. Kovac 2016

*Ottoman Empire and the British mandate in Iraq granted Britain control of a swathe of territory stretching from the Shatt-al Arab in the north to the Indian Ocean in the south, encompassing all the straits and strategically important locations along the Gulf and the British position in the Gulf was at its apogee by the 1920s.*"<sup>134</sup> In the pre-World War II era, new states joined to the political sphere of the Gulf: Saudi Arabia and Iraq reshaping the dynamics of the region.

Following the World War I, the arrival of the oil companies searching for oil concessions, constituted a major milestone in the modern history of the Gulf<sup>135</sup> through their transformation processes into states. The first oil companies; the Anglo-Persian Oil Company and later the Iraq Petroleum Company operated the first oil-producing concessions in the Gulf.<sup>136</sup> The US companies seeking to secure oil exploration concessions in the region, faced with the resistance of the British authorities who did not want to leave its monopoly on the resources of the region based on its historic rights.<sup>137</sup> The British made new agreements with the Gulf Sheikhs avoiding them to grant oil concession to any oil company which was not supported by the British government between 1913-1922, even though it was not keenly interested in exploring Gulf oil.<sup>138</sup> The Americans used another tactic by threatening to ban British oil companies from operating in its territories if Britain did not accept to open the concessions to the US companies and to the others in the Gulf.<sup>139</sup> Eventually, the British had to accept to grant concessions to the US companies with the condition of that concession would be hold by a British company. It made the first concession agreement in the Gulf with the US company SoCal (Standard Oil of California) in Bahrain with BAPCO (Bahrain Petroleum Company)<sup>140</sup> in 1928. Britain made concession agreement with Kuwait in 1934 with Qatar in 1935, and with the Trucial States in 1935 and 1937.<sup>141</sup>

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<sup>134</sup>Alhammadi, p.18

<sup>135</sup>Zahlan, *The Making of the Gulf States*, p.23

<sup>136</sup>Peterson, p.288

<sup>137</sup> See for the development of the global oil competition Daniel Yergin, **The Prize, the Epic Quest for Oil, Money & Power**, Free Press, 2008

<sup>138</sup> Alhammadi p.18-22, Zahlan p.17

<sup>139</sup>Alhammadi, p.22

<sup>140</sup> BAPCO was a British company registered in Canada, one of its five directors was British and his appointment was always made in consultation with the British government.

<sup>141</sup>Zahlan, *The Making of the Gulf States*, p.26

Map-3 Post-World War I Middle East<sup>142</sup>



During the pre-World War II period, the British government deepened its administrative power in the Gulf by forcing the rulers to sign aviation agreements to establish number of airfields in the Trucial States.<sup>143</sup> It was the period for the British interests that military commitment in land defense started to be important for protecting Britain's oil supply in the Gulf<sup>144</sup> hence, British Government had established military base in Bahrain in 1926, in Kuwait in 1928<sup>145</sup> and air bases, fuel depots for the Royal Air Force and airports in Sharjah, Abu Dhabi, Dubai and Ras Al-Khaimah

<sup>142</sup> Map of Mandates following the WWI, Quora, <https://www.quora.com/What-were-the-mandates-in-the-Middle-East-following-WWI> 24.12.2017

<sup>143</sup> Alhammadi, p.20-21

<sup>144</sup> Onley, Britain and the Gulf Sheikdoms, p.11

<sup>145</sup> Levy crops were employed in Bahrain by the British India and SSO and RAF in Kuwait, See, Ash Rossiter, **Britain and the Developments of Professional Security Forces in the Gulf Arab States 1921-71: local forces and informal empire**, 2012 PhD Thesis University of Exeter



until the World War II erupted.<sup>146</sup> During the Second World War, these bases were used actively as being linked to the RAF command in Iraq which was responsible for protecting the British interests in the Gulf including oil and air facilities.<sup>147</sup>

#### *d. After the Second World War: British Protected States*

After the World War II, the British Empire had entered into the period of declining that resulted with the independence of India in 1947. Nevertheless, the British increased its control and deepened its institutional and administrative power in the Gulf during this period as a result of increasing importance of the Gulf for the British interests with its world's leading oil resources. Britain had increasingly become dependent to Arab oil and the British oil companies had strong positions in the Gulf countries.<sup>148</sup>

Britain conducted its relations with each ruler separately by acknowledging them as independent political units. Besides that, as the result of historical and geographical factors the relationships between the British India and the Gulf Sheikhdoms were realized as processes of bilateral relations, under the British protectorate. Alhammadi explains that "*British officials established an administrative system that allowed them to maintain constant contact with the rulers and successfully monitor domestic developments.*"<sup>149</sup> After 1947, by the independence of India the Gulf rulers as being no longer the part of the British India lost close connection so the British had to regard their status as "British protected states".<sup>150</sup> Until 1947, Gulf states had no recognized legal status within the British Empire but subjected the "treaty relationship" therefore, "*most of the account of the relations between the British and the Gulf rulers were shaped by the British power exercised in private in the areas of indirect control.*"<sup>151</sup> The British administration was managed by the Residency System led by the Political Resident in the Gulf with its headquarter in Bushire until 1946- in Bahrain between 1946-1971- and the political and native agents in the other Gulf

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<sup>146</sup>Alhammadi, p.24

<sup>147</sup> Rossiter, p.72

<sup>148</sup> Peterson, p.284

<sup>149</sup>Alhammadi, p.32

<sup>150</sup>Zahlan, The Making of the Gulf States, p.20

<sup>151</sup> Ibid, p.20

states under his responsibility.<sup>152</sup> The role of rulers were passive in their treaty relationships with the British authorities until they started to deal with the oil companies though some strong leaders had impacted the relationships through their interests that had not always compatible with the treaty conditions. The oil concessions had started a new era for the rulers with more active positions and their signatures and decisions become significant parts of the oil business.<sup>153</sup>

Britain decided to stay in the Gulf while withdrawing from the India and the governance of the Gulf was transferred to Foreign Office in London from India in 1947. This shift brought more interventionist stand by the British as the post-war oil revenues considerably increased.<sup>154</sup> The British Government used its hegemonic position to lead the Gulf rulers for investing their massive surpluses of oil revenues in Britain.<sup>155</sup> Kuwait obtaining enormous wealth of the largest oil income in the region had become the largest investor in Britain and the major contributor to sterling area, under the British hegemony.<sup>156</sup> Increasing British interests in the Gulf leading the British government to pursue stronger administration were clearly shown in the instructions sent by the Foreign Office to the new Political Resident, Bernard Burrows in 1953:

The Sheikdoms of the Gulf have become of first importance to the United Kingdom and to the Sterling Area as a whole. It is essential that Her Majesty's Government should exert sufficient influence in them to ensure that there is no conflict between the policies of the Rulers and those of Her Majesty's Government.<sup>157</sup>

In the post Second War period, the British started to involve in social development and infrastructure projects such as building hospitals and British Council's educational activities for preventing the attempts of the Arab League in these fields in the Gulf.<sup>158</sup> During the Cold War period, British policy in the Gulf focused on three rising and challenging influences: US's

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<sup>152</sup> See, James Onley, *The Arabian Frontier of the British Raj*,

<sup>153</sup> Zahlan, p.27

<sup>154</sup> Smith, *Britain's Revival and Fall in the Gulf Kuwait, Bahrain Qatar and Trucial States, 1950-1971*, p.3

<sup>155</sup> Onley, *Britain and the Gulf Sheikdoms*, p.14

<sup>156</sup> Onley, *Britain and the Gulf Sheikdoms*, p.14, Peterson, p.284, S. Smith, p.160-161

<sup>157</sup> Smith, p.3

<sup>158</sup> See, Bismarck, *A Watershed in our relations with the Trucial Stats: Great Britain's Policy to Prevent the Opening of an Arab League Office in the Persian Gulf in 1965*, **Middle Eastern Studies**, Jan 2011, Vol.47 Issue 1 p.1-24, Al-Qassimi, **My Early Life**, 2011 Bloomsbury Publishing p.203-233

increasing involvement in the region, Arab nationalism centered in Egypt and communism led by the Soviet Union and the People's Republic of China. The US policy was supporting the British position in the Gulf against Soviet-backed Marxist expansion in the Cold War context while the US interests were limiting the British capacity through obtaining its interests based on oil. Some tensions occurred between the British and the US related to the oil companies during 50s. British did not permit the US Government to establish consulates in the Gulf States (except for Kuwait) and the US companies to open offices to prevent the American influence in the Gulf.<sup>159</sup> Arab Nationalism and communism movements which were strongly against the colonial stance of Britain and its interests in the Gulf, had grown influential in the Gulf States throughout the Cold War. Nasir led Arab-socialist movement's popularity was rapidly expanded in the Middle East and successfully resulted with revolutions in Egypt, Iraq, Yemen and Libya. These developments had received the strongest interest in Kuwait which was granted independency in 1961, ten years earlier than the other Gulf states. The British Government tried to solve the growing problem in the Gulf by providing more autonomy to the rulers in 60s.<sup>160</sup>

### **2.2.2 British Relations with the Gulf Rulers**

British relations with the rulers had pursued differing directions with each Sheikhdom depending on the level of the Sheikhs' compliance to the British Government's interests. British policies towards the region as a whole as well as the units of the region were determined by the British diplomats of the British India that were posted in the region rather than the central government until 1947. After 1947, civil servants in the region had great impact on London to determine the regional affairs.<sup>161</sup> Therefore, British relations within the regional actors were very significant to elicit the British policy. A brief description of British relations with each Gulf Sheikhdoms is outlined here with the domestic factors that effected the relations.

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<sup>159</sup> Onley, Britain and the Gulf Sheikhdoms, p.15-16, J.E. Peterson, Britain and the Gulf, p.289

<sup>160</sup> Onley, Britain and the Gulf Sheikhdoms, p.19

<sup>161</sup> Bismarck remarks that in 1961-1968 British policies were extensively made by the civil servants and not by the politicians, British Policy in the Persian Gulf, p.3

### *a. Relations with Trucial States*

Trucial States constituted by seven Sheikhdoms in the lower Gulf that ruled by the strongest tribe of each: Abu Dhabi by Bani Yas federation led by the Al Bu Falah (known as Al Nahyan family); Dubai by Al Maktoum from Al Bu Falasah; Sharjah and Ras Al-Khaimah by Al Qawasim; Ajman by Al Bu Naim; Umm Al-Quwain by Al Mou'alla, and Fujairah by Al Sharqi. Major tribes of the Trucial States had been the Bani Yas and the Al Qawasim as traditional rivals. By the elimination of Al Qawasim's great naval power by the British India regarded it as an obstacle through its interests in the Gulf waters, British Hegemony in the Arabian Gulf started in 1820.

After 1820, Bani Yas tribe, as the land power, began to increase its power and influence that reached its peak by the rule of Shaikh Zayid bin Khalifah of Abu Dhabi (1855-1909) while Al Qawasim started to decline in its power. Both were opposing tribal groups to the British fleet in the nineteenth century.<sup>162</sup> Sheikh Zayed Al Nahyan consolidated domestic administration and expanded his authority in the different units of the emirate, and his influence to the northern emirates. Based on his strong leadership, Sheikh Zayed developed strong relationships with the neighboring states especially with the French Consul in Muscat by breaking the British imposed isolation and constraints. Sheikh Zayid also refused to fly a Trucial flag which was imposed by the Treaty on the Sheikhs. Therefore, he had become the source of fear for the British that his expanding influence would impact the other Gulf states against the British status quo. This fear urged the British to impose signing the Exclusive Agreement on Sheikh Zayed in 1892.<sup>163</sup> In 1906, Sheikh Zayid was also pushed into an agreement with other Trucial rulers "to respect spheres of influence over Bedouin tribes" by the British pressure to prevent his influence.<sup>164</sup>

Before the oil concessions with the Trucial States, Britain had faced the opposition of the Sheikhs on its commitment to build number of air fields in Ras Al Khaimah, Sharjah, Dubai, and Sir Bani Yas Island in Abu Dhabi providing suitable areas for the landing of seaplanes, because

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<sup>162</sup>Zahlan, p.108

<sup>163</sup>J.E. Peterson, Britain and State Formation in the Gulf: The Case of Abu Dhabi and Sheikh Zayid bin Khalifa, in **New Perspectives on Recording UAE History**, 2009, p.212

<sup>164</sup> Ibid, p.213

the rulers were concerned of its potential to effect negatively on the pearling trade and the society.<sup>165</sup> As a result of strong pressure the British applied through the negotiations started in 1929, the first aviation agreement was signed with Sultan Al Qasimi of Sharjah in 1932, the first Imperial Airways aircraft landed at Sharjah Airport en route to India. Further negotiations took place for building another facilities in Kalba, Dubai, Abu Dhabi, and Ras Al Khaima and Britain threaten the opposing rulers of Dubai, Sheikh Said bin Maktoum Al Maktoum Abu Dhabi, to destroy the Dubai trade by preventing the vessels to trade in Bombay.<sup>166</sup> Eventually, Sheikh Maktoum had to agree to sign an agreement to use Khor Dubai as seaplane facility and Sheikh Shakhbut bin Sultan Al Nahyan, the successor of Sheikh Zayed, signed an agreement to open an airport on Sir Bani Yas Island in 1937. Ras Al Khaimah ruler Sheikh Sultan bin Salem Al Qasimi followed them by signing the agreement.<sup>167</sup>

The arrival of the foreign oil companies such as that of the US in the sheikhdoms created great threat for the British who did not want them to contact directly and to engage with the foreign powers. Hence the British imposed another agreement on the rulers in 1922 avoiding them to award oil concessions to any company without British involvement, "even though British companies did not show any interest in oil exploration in the Trucial Emirates at the time."<sup>168</sup> The British Government established the new branch of the Iraq petroleum Company (IPC), 'Petroleum Concessions Limited' in 1935 and it became Petroleum Development Trucial Coast Limited (PDTC) in 1936 to sign concession agreement with the US companies and all the rulers of the emirates between 1937-39.<sup>169</sup> Shaikh Shakhbut Al Nahyan of Abu Dhabi, who was not easily obliged to the British restrictions, resisted for two years not to sign the concession agreement under the British obligation but at the end had to submit.<sup>170</sup>

In 1939, the Political Officer was posted in Sharjah that gained strategic importance having the vital East-West civil aviation link, to establish greater degree of control and supervision against

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<sup>165</sup>Alhammadi, p.20-21

<sup>166</sup>Alhammadi, p.21

<sup>167</sup>Ibid, p.21

<sup>168</sup>Ibid, p.22

<sup>169</sup>Heard-Bey Frauke, **From Trucial States to United Arab Emirates**, New York: Longman, 1982

<sup>170</sup>Zahlan, p.110

the foreign influence.<sup>171</sup> After the Second World War, Britain increased the level of its direct interference in the issues of internal security, development and the judicial system; matters that constitute the heart of domestic affairs of the emirates.<sup>172</sup> The need of applying more effective control for the security of airfields and landing strips over the rulers and the people of the emirates<sup>173</sup> doubled with more foreign involvement in the emirates as an 'open door' for business. In 1954, the post of the British Agency was established in Dubai. The discovery of oil in Trucial States took longer than the other Gulf states first in Abu Dhabi in 1958. A Political Agent was appointed in Abu Dhabi in 1961 following the discovery of the oil in commercial quantities.

The British strategy towards the Trucial State was to unify the emirates, to acquire a united strength and efficiently integrated governance considering this to be the only means to strengthen them in the face of evolving global and regional challenges. In order to enhance close cooperation among the seven Trucial rulers and with the political agent to be a chairman Britain established a Trucial State Council in 1952 by the recommendation of Political Resident Sir Rupert Hay.<sup>174</sup> But because of Sheikh Shakhbut's reluctance to the union of the Trucial States, the council did not work properly initially. By the rule of Sheikh Zayid who believed in the values of unity, Trucial States started to evolve through a federation with the leadership of Abu Dhabi and its Sheikh Zayid until 1971. The British government greatly supported his leadership.<sup>175</sup>

Despite the fact that the British government had changed its policy on the Sheikdoms towards more commitment to domestic developments and less interference in the state affairs by the enforcement of the increasing influence of the Arabism movements,<sup>176</sup> it had not been

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<sup>171</sup> Alhammadi, p.38

<sup>172</sup> Ibid, p.50, Also See Al-Qasimi, **My Early Life**, Bloomsbury Publications, 2009, for many instances of the British Interference in the domestic affairs of Sharjah by the Political Agency during 1940s -50s.

<sup>173</sup> J.E. Peterson, Britain and State Formation in the Gulf, p.208

<sup>174</sup> Miriam Joyce, 'Ruling Sheikhs and Her Majesty's Government 1960-69' 2003 Portland London, Terence Clark, 'The British Contribution to Development in the Trucial States' in 'New Perspectives on Recording UAE History' National Center for Documents & Research, 2009, Abu Dhabi UAE

<sup>175</sup> See, ECSSR, **With United Strength H.H. Shaikh Zayid Bin Sultan Al Nahyan The Leader and the Nation**, 2013

<sup>176</sup> In 1949, the first Hospital founded by the British in Dubai, Al Maktoum Hospital, after the US Companies presence started in the region, American Mission Hospital was opened as early as 1917 in Bahrain. See, Alhammadi. First schools were open by the British Government in 1956 for agricultural training in Digdaga and in 1956 in Ras Al-Khaimah

interested in taking on development projects particularly in infrastructure besides the advisory contributions to the Trucial Council's development plan<sup>177</sup> until the Arab League offered to provide aid for the infrastructure of the Emirates in 1964. Britain was strongly opposed any involvement of the Arab League which was against British colonialism to prevent it to develop influence in the Gulf. It prevented proceedings of the Arab League aid plan for the Emirates which was believed to be a deliberate attempt to undermine the British domination on the rulers and prevented establishment of the Arab League office in the Trucial States. Hence the British had to immediately establish the Trucial States Development Fund (TSDF) and the Trucial States Development Office (TSDO) in 1965 to take on building infrastructure throughout the emirates.<sup>178</sup>

The Emir of Sharjah, Sheikh Saqr bin Qasimi was the most enthusiastic supporter of the Arab League encouraging its involvement in the Trucial States. It was a great source of concern for the British and should be stopped. Political Resident Sir William visited the six northern rulers of Trucial States in February 1965 for duty of working to limit the activities of the Arab League and warned the Sheikdoms that a planned Arab League Development Office in their region would result in grave danger for them.<sup>179</sup> The British who was also discontented by the refusal of Sheikh Saqr to sign an agreement for the expansion of the British base in Sharjah, decided to overthrow him. Therefore, the Sheikh was arrested by the British authorities and punished by the exile to Bahrain on the grounds of corruption.<sup>180</sup> British administration in the Trucial States demonstrated that the British applied harsh measures to those who was not obedient and caused problem for the British interests.

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<sup>177</sup> See Terence Clarck, "The British Contribution to Development in the Trucial States", in **New Perspectives on Recording UAE History**, National Center for Documentation & Research, Abu Dhabi, 2009, for the details of development plans.

<sup>178</sup> See, Al Qasimi, My Early Life, Terence Clarck, p.221-224

<sup>179</sup> Miriam Joyce, **Ruling shaikhs and Her Majesty's government, 1960-1969**, London, Portland 2003, p.20

<sup>180</sup> Alhammadi, p.108-109, See also Sultan Al Qasimi, My Early Life, 2009.

## *b. Relations with Bahrain*

Bahrain was one of the richest pearl beds in the Gulf in its waters and the gateway to the most important interior centers of the eastern part of the peninsula for the trade traffic. It has been one of the most important two cities of the Gulf with Muscat that the local and foreign powers have fought for since the sixteenth century. Therefore, it was a quite strategic point in the Gulf for the British India. Bahrain's population composed of Shia and Sunni of two different origins. Sunnis; the Al Khalifa family, a brunch of the Utub tribe to which Al Sabah tribe of Kuwait also belonged, had originally settled in Zubarah, on the western coast of Qatar, in the eighteenth century and Bahrain was still under Persian occupation. In 1783, the Al Khalifa mounted an expedition against the Persian garrison, expelling it forever. The same year Al Khalifa conquered Bahrain, settled there and became the rulers of Bahrain. *"The ruler family Al Khalifa were able to enhance the wealth of Bahrain by exploiting the archipelago's position at the center of the richest pearling grounds of the Persian Gulf, and its ideal location as an entrepot for the trade of the surrounding area."*<sup>181</sup> Than Bahrain was ruled under the Ottoman Empire's intermittent suzerainty until the British domination.<sup>182</sup>

However, politically Bahrain was in a very vulnerable situation in a competitive environment of the region with the bigger powers, illustrated by Farah with "disaffected sheikhs who were playing between the list of rival claimants to Bahrain in the late eighteenth and nineteenth century included the Persian provincial government of Shiraz, the Al Bu Said of Muscat, the Wahhabis of Central Arabia and, on certain occasions the Ottomans and its Egyptian Pasha".<sup>183</sup> The Al Khalifa family maintained its rule over Bahrain between 1783-1861 by balancing strategies between the powers time to time acknowledging the authority of Iran, Muhammed Ali, the Ottoman Empire, and even the Wahhabi Emirs of the Najd, as a useful way of avoiding attack.<sup>184</sup> The Wahhabi Saudi leader Faisal bin Turki, who was granted as the governor (*kaymakamlik*) of Nejd by the Ottoman Sultan in 1848, had extended his sovereignty to Kuwait, Bahrain, Qatar and as far

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<sup>181</sup>Talal Toufic Farah, **Protection and Politics in Bahrain, 1869-1915**, American University of Beirut, 1985, p.5

<sup>182</sup> Akyildiz-Kursun, p.269

<sup>183</sup>Farah, p.20

<sup>184</sup> Anthony H. Cordesman, **Bahrain, Oman, Qatar, and UAE: Challenges of Security**, Westview Press, 1997, p.35



as Oman. The actual sovereignty of Faisal bin Turki over Bahrain was approved by the Ottoman government and by Bahrain and he had tax revenue of 4000 riyals (*az-zekat*).<sup>185</sup> Turki's attempts to raise the amount of the tax on Bahrain taking advantages of the developments in Bahrain, led Bahrain to ally with the British.

The British had attempted to interfere in Bahrain by exploiting family conflicts in the ruling family to keep it under its control as Iran as well always did.<sup>186</sup> In 1820, Bahrain as the protection seeker were in fact included in the General Treaty. After the first Treaty of 1820, the British did not admit Bahrain into the Trucial System until 1861 with a deliberate policy it adopted in Bahrain case. According to Kelly, "*to have admitted Bahrain to the Trucial System then, would have been tantamount to assuming responsibility for her defense against her enemies, and these were numerous.*"<sup>187</sup> Britain had excluded Bahrain from the Treaty of Maritime Peace in Perpetuity in 1853 for the same reasons that Bahrain had been excluded from the Trucial System.<sup>188</sup> At the same time however, the British tried to keep Bahrain under his control through its independence by avoiding the other powers establishing their hegemony in Bahrain.

In 1870, it was reported to the Ottoman authorities that the British Council paid a visit to Bahrain and tried to convince Muhammad b. Khalifa, the former Sheikh of Bahrain and Muhammad b. Abdullah, to become British citizens, but failed in this attempt. Thereafter, he had them arrested and sent to Bombay, appointing in his place Sheikh Isa. The Ottoman government had logged a protest in London against the operations the British in Bahrain including its warships were sent to the coast of Hasa and the British government was quoted as having made a reply giving the necessary explanation desired, in which it was stated that Lord Clarendon, British Foreign Secretary, had not even had any notion of such situation.<sup>189</sup> Since 1869, when Sheikh Isa bin Ali (1869-1923) became the ruler, Bahrain came under increasing British influence.

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<sup>185</sup>Kursun, p.40.

<sup>186</sup>Kursun, p.41

<sup>187</sup> Kelly, p.380

<sup>188</sup> Kelly, p.500

<sup>189</sup>Kursun, p.46-47

The fears stemmed from the establishment of the Ottoman presence in Bahrain urged Britain to make the Exclusive Agreement with the Sheikh of Bahrain in 1888. By signing of the Agreement, the ruler bound himself, his heirs and successors not to enter into any kind of negotiations with any foreign power without the consent of British government and pledged not to accept the establishment of any kind of foreign agency without British approval.<sup>190</sup> British policy in the Gulf which excluded Bahrain from the Trucial System before, for avoiding the high costs of involving in warfare surrounding Bahrain, now imposed the first exclusive agreement in the Gulf with Bahrain for securing it from the Ottoman suzerainty and influence particularly and from all foreign powers in general when its political interests were in danger. The final exclusive Agreements were signed in 1892 that prohibited all correspondence with other powers on any account. In November of 1892, the Porte (the Ottoman central government) was informed that “*Bahrain being now under the protection of Her Majesty the Queen of England. No interference by the Ottoman authorities with the natives of that island can be admitted.*”<sup>191</sup> According to Farah, “having acquired more secured position at Bahrain than it had in either Persia or Oman, Britain appointed a native Agent in Manama to establish strong presence in Bahrain in 1897.”<sup>192</sup>

The challenging pre-World War I context with its European rivals effected the British policy in Bahrain to be more concerned with protecting its superiority. Britain consolidated its presence by the arrangements concluded in the course of Britain’s European and imperial diplomacy before the First World War. In 1915 the British secured its relations with Bahrain on legal basis. Sheikh Isa accepted to transfer power of jurisdiction to the British Political Agent over foreigners which constituted a large part of population in Bahrain.<sup>193</sup> It was a considerable increase of the British control and authority in Bahrain. However, Britain replaced Sheikh Isa by his son Hamad bin Isa and forced him abdicate in 1923, as he did prove to be pursuing long term implementations of the British policies. It was one of significant indications of the British

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<sup>190</sup>Zahlan, *The Making of the Gulf States*, p.15

<sup>191</sup> Briton Cooper Busch, **Britain and the Persian Gulf 1894-1914**, Berkeley, University of California Press, 1967, p.28

<sup>192</sup>Farah, p. 92

<sup>193</sup>Zahlan, *ibid.* p.62

implementation of changing Sheikhs when the British saw it necessary for its interests in the Gulf.<sup>194</sup>

Bahrain was the first Gulf State that the oil was discovered. The British government initially did not allow any US companies to be granted oil concessions by the Gulf rulers but later it had to open the concessions to the US companies for the reasons explained above. The oil concession agreement made between Standard Oil Company of California (SoCal) and its subsidiary British owned company BAPCO in 1928. BAPCO reached the oil in 1931 and production began in the next year.<sup>195</sup> Bahrain oil was the primary energy source of the Royal Navy during the Second World War.<sup>196</sup> The British advisor, Sir Charles Belgrave, was appointed (1926-57) to assist establishing the departments such as public works, medical services to modernize the state by diverting a considerable amount of oil income and Bahrain started to enjoy its prosperity which was unique at the time while the other Gulf states were in the pre-oil economic conditions.<sup>197</sup>

In 1946, by the British withdrawal from India, the Political Residency of the Gulf had moved to Bahrain from Bushire. Bahrain had become a very strategic base of the Britain in the Gulf. During the 1950s, the influence of Nasir and Arab Nationalist movement was strongly expanded in Bahrain along with the political opposition of Bahrain. After the Anglo-French and Israeli invasion of Egypt started, spontaneous demonstrations of protests took place all over Bahrain in November 1956. The British government had consolidated its military commitment in Bahrain and the RAF was effectively employed to maintain the authority of the state towards political turbulences in Bahrain. British rule on Bahrain had been pursued based on quite protective policy against outsiders during both pre-oil and post-oil periods.

### *c. Relations with Kuwait*

Kuwait's ruler family Al Sabah who belongs to Utub tribe like the Al Khalifa of Bahrain migrated from Qatar and was chosen as the ruling sheikh by the other tribes in mid eighteenth

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<sup>194</sup> J.E. Peterson, Britain and the Gulf, p.283

<sup>195</sup>Zahlan, 26

<sup>196</sup> J.E. Peterson, Britain and the Gulf, p.284

<sup>197</sup>Onley, Britain and the Gulf Sheikhdoms, p.14, Zahlan, ibid. p.64

century. In the eighteenth century, Kuwait situated at the head of the Arabian Gulf nearby Ottoman's Iraq close to *Shatt Al-Arab* and Saudi Arabia, was ruled under the nominal suzerainty of Ottoman Sultan. The earliest Ottoman documents about Kuwait show that the Utub was migrated to Kuwait by the permission of the Ottoman government.<sup>198</sup> In the nineteenth century, by Hasa expedition of Midhat Pasha, the Ottoman governor of Bagdat, in 1871, Sheikh Abdullah Al Sabah II allied Kuwait with the Ottomans and took the title of Qaimaqam, the provincial governor, of the Ottoman Sultan. The submission of Kuwait to the Ottoman authority provided more lasting success to Midhat Pasha in the region.<sup>199</sup> Sheikh Mubarek who assumed the rule in 1896 after killing his brothers, adopted different policy based on playing off the Ottoman Empire and Britain against one another and to gain a prominent position.<sup>200</sup> Therefore, the Anglo-Kuwait relations started by the rule of Sheikh Mubarek.<sup>201</sup>

The British policy on Kuwait was described by Sir Arthur Godley, the under-secretary at the Indian Office as: "*Britain did not want Kuwait but neither did it want anybody else to have it.*"<sup>202</sup> As a result of increasing German and Russian threat, the British used the opportunity of Sheikh Mubarek's changing policy against the Ottomans to keep Kuwait under its control. A secret agreement was concluded in 1899, between Political Resident Malcolm Meade and Kuwaiti ruler Sheikh Mubarek, in which the latter bound "(...) *himself his heirs, successors not to cede, sell, lease, mortgage, or give for occupation or for any other purpose any portion of his territory to the Government or subjects of any other power without the previous consent of Her Majesty's Government for these purpose*".<sup>203</sup> Britain secured this exclusive agreement by granting an annual subsidy to support the Sheikh and his heirs and provided protection for Kuwait. According to Bismarck, what the British offered Kuwait in return was left vague and not any defence

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<sup>198</sup> Akyildiz & Kursun, p.28

<sup>199</sup> See, Anscombe, *The Ottoman Gulf*, 1997

<sup>200</sup> Richard Schofield, "Britain and Kuwait's Borders, 1902-23", in Ben J. Slot (ed.) **Kuwait the Growth of a Historic Identity**, Arabian Publishing, 2003 p.58

<sup>201</sup> Although Britain posted an agent in Kuwait earlier in 1820, the agent was repelled by the Arabs and had to end his work there, according to the Ottoman sources. See, Akyildiz & Kursun, p.221

<sup>202</sup> Bismarck, *British Policy in the Persian Gulf, 1961-1068*, p.10

<sup>203</sup> Schofield, p.61

commitment for protection was provided.<sup>204</sup> A British political agent was appointed in 1904, to be responsible for Kuwait's foreign affairs and security.<sup>205</sup>

In 1901, Britain consolidated its position at Kuwait by imposing an agreement on the Ottoman State for the preservation of the *status quo* in Kuwait.<sup>206</sup> In the 1913 Anglo-Ottoman convention on the borders of the Arabian Gulf territories, the first part dealt with the Kuwait issue in which the status of Kuwait and the boundaries were delineated.<sup>207</sup> Hence, the British eliminated a potential Ottoman claim on Kuwait or a threat against its domination in Kuwait. In fact, Mubarak supported Britain against the Ottoman Empire and received British protection against foreign aggression during the First World War.<sup>208</sup> Sheikh Mubarek consolidated his power and made his sons rulers relying on the British support. Therefore, Mubarek's family as the branch of Al Sabah family retained the power until 1950 in Kuwait.<sup>209</sup> However, the British policy on the Gulf rulers had been quite restrictive and challenging for the ambitious rulers such as Sheikh Mubarek as Abu Hakima's description clarifies:

The 1899 agreement did not prove to be advantageous to Kuwait at all times. With the appointment of the British Political Agent, at Kuwait since 1904, Mubarek's hopes and aspirations seemed to gradually diminish. He was not being given a free hand in dealing with his neighbors such as the Al-Suud (with whom he had alliance before), Ibn al-Rashid or Governors of Basra, and he was not going to be allowed to expand beyond certain borders, especially in the south.<sup>210</sup>

Britain's more interfering governance policy in internal affairs since 1948, had exposed high pressure on Sheik Abdullah particularly in the case of personnel appointment for his administration in which he was threaten by the British to appoint British personnel.<sup>211</sup> Britain had

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<sup>204</sup> Bismarck, *British Policy in the Persian Gulf*, p.10

<sup>205</sup> Cordesman, *Kuwait*, 1997, p.4

<sup>206</sup> Kursun, p.124 Also See, Schofield

<sup>207</sup> Kursun, p.129

<sup>208</sup> Smith, *The Making of a Neo-Colony?* p.160, Bismarck, p. 10

<sup>209</sup> Cordesman, *Kuwait*, p.4

<sup>210</sup> Ahmad Mustafa Abu Hakima, **The Modern History of Kuwait 1750-1965**, London, Lusac & Company Limited 1983, p.122

<sup>211</sup> Smith, *The Making of a Neo-Colony?* p.162

increased pressure by the oil increasing oil revenues towards development of Kuwait to be shaped by the British commercial interests.

Kuwait as the vulnerable state with its geo-political position has been exposed to the threats and attacks of the surrounding powers becoming the center issue of the Gulf security. The first attack came from the Wahhabis in 1920 and resulted with the battle of Jahra. Kuwait asked Britain's help and Britain responded by sending aero-planes, sloops of war and armored cars which so alarmed the Wahhabis that they withdrew.<sup>212</sup> In another case of the border conflict with Saudis, during the reign of Ahmad Al Jabir Al Sabah, Mubarek's grandson, the British signed on behalf of Kuwait an agreement at Uqair in 1922, resulting in the loss of two-thirds of its territory to Abd al-Aziz Al-Suud.<sup>213</sup>

Secondly, Iraqi authorities started to claim on Kuwait as-early-as the mid-1920s, and these claims and threats laid the groundwork for later Iraqi claims and threats to Kuwait.<sup>214</sup> British authorities led the corresponding between Kuwait and Iraqi rulers and agreements on the border dispute in 1923, 1932 and 1961 Iraqi claims but a lasting resolution was far to be reached.<sup>215</sup> There has been interpretations that the British had used the opportunity of Iraqi threat on Kuwait to show its superior position in the region by John Bulloch and that the Iraqi threat on Kuwait was contrived in order to maintain Britain's protecting role for preserving British position and interests in Kuwait by Mustafa Alani.<sup>216</sup>

Kuwait oil resources was discovered in 1938 after the concession given to Kuwait Oil Company held by the British Petroleum at 50 % stake, in 1934.<sup>217</sup> By the oil production after the Second World War in 1946, Kuwait had entered into a new era that brought great change and development for Kuwait with enormous oil revenues. While Kuwait had become increasingly important for the British interests following Kuwait's oil boom, "*the great wealth of Kuwait was a*

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<sup>212</sup>Zahlan, p.34

<sup>213</sup> Abu Hakima, The Modern History of Kuwait, p.122, 153

<sup>214</sup>Cordesman, p.5

<sup>215</sup> See, Hussein Hassouna, "The Kuwait-Iraq Border Problem", in J.A. Kechichian, **Iran, Iraq and the Arab Gulf States**, Palgrave 2001, p 237-261

<sup>216</sup> Smith, The Making of Neo-Colony, p.161

<sup>217</sup> Smith, The Making of Neo-Colony, p.163

*specific focus of the pan-Arab emotions which Nasser revived: this wealth was regarded as belonging to Arabs, not to just a handful in the faraway Gulf state.*"<sup>218</sup>

British policy in Kuwait was outlined in 1953 by the British Prime Minister's speech in his meeting with Sheikh Abdullah Al-Salim in London in four main objectives:

- (a) to maintain Britain's position and influence;
- (b) to ensure that Kuwait's investments would take place as much as possible in the sterling area;
- (c) to ensure that Kuwait's wealth would be used to the profit of all its people; and
- (d) to secure as much of Kuwait's trade as possible for British firms."<sup>219</sup>

British administration established significant mechanisms to secure substantial British economic interests during Kuwait's decolonization period throughout 1950's as explained in the chapter 2.2.3. In summary, during the British rule Kuwait emerged as the richest Gulf Sheikdom with utmost importance for the British economy.

#### **d. Relations with Qatar**

Qatar's ruling family Al Thani emigrated from Ushayqir in Najd where the family of Imam Muhammed b. Abd al-Wahhab resided, to Qatar and settled there in the end of 17th century.<sup>220</sup> Sheikh Mohammed bin Al Thani become the leader of the tribes in Qatar in the nineteenth century and he joined the Saudis under the rule of Faisal bin Turki who was appointed as the Najd qaimmakam of the Ottoman Sultan in 1848, as Bahrain and Kuwait did. Therefore, Qatar was under the nominal suzerainty of the Ottoman Empire until 1871 Hasa expedition of Mithat Pasha, the Bagdat governor of the Ottoman Empire starting the Ottoman administration.

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<sup>218</sup>Zahlan, The Making of the Modern Gulf States, p.46

<sup>219</sup>Ibid, 42

<sup>220</sup>Yousof Ibrahim Al-Abdulla, **A Study of Qatari-British Relations 1914-1945**, Doha, Orient Publishing 1981, p.15

The British considered 1820 General Treaty to be including Qatari coasts as well. But Qatari ruler refused the British Political Resident's request to take part in 1820 Treaty. The East India Company sent a devastating expedition to Qatar for the reason of the maritime clashes occurred in Qatar coasts in 1821. The British commander Vistal destroyed the Qatar coasts including Al-Bid'a city by bombarding and hundreds of people had to immigrate to other islands leaving their lands. Thus, Britain declared its aim to assert its hegemony in Qatar territories by arousing great fear on people.<sup>221</sup> Two years later, the first visit of the British Political Resident to Doha was made in 1823. In 1868, Political Resident Lewis Pelly visited Qatar as a result of the conflicts between Qatar and Bahrain and concluded with an agreement with Sheikh Muhammed bin Al-Thani. The agreement required the Sheikh "*not to perform any aggressive actions in the sea, to arbitrate to the British Resident in case of any dispute, to hand Muhammed bin Khalifa over British authorities if possible and to make a good relationship with Sheikh Ali bin Khalifa and to arbitrate to the British Political Resident if they dispute on paying monies.*"<sup>222</sup>

After 1871 expedition, the Ottoman administration was established as Nejd governorship (*Nejd Mutasarrifligi*) combined with Hasa, Kateef, Qatar and Nejd (Riyad). Qatari Sheikh Jasim bin Al Thani, son of Sheikh Mohammed bin Thani, was appointed qaim-makam of Qatar and Qatar was exempted from the tax besides *zekat* for the reason that Qatar did not have any revenue from agriculture.<sup>223</sup> Al Shelek points out Qatar's persisting loyal position to the Ottoman suzerainty:

Until the early years of the twentieth century, Qatar maintained its relations with the Islamic Caliphate, recognizing its nominal sovereignty in despite of the fact that the Ottoman authority in the Gulf and Arab Peninsula was in a continuous retreat. Under such circumstances, Qatar ignored its request to be linked to Britain or request its protection, rather than relying on the 1868 treaty signed by Sheikh Mohammed bin Thani with Britain.<sup>224</sup>

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<sup>221</sup> Ahmad Zekeriya Al Shelek, Mustafa Oqail Mahmoud & Yusuf Ibrahim Abdulla, **Qatar's Modern and Contemporary Development**, Doha, Renoda Modern P. Press, 2015, p.76-77

<sup>222</sup> Ibid, p.91

<sup>223</sup> Kursun, p.60-61

<sup>224</sup> Al-Shelek, Mahmoud, Abdulla, p.129



However, during this period the British had increased its intervention for backing Bahrain against Qatar based on the conflicts between Bahrain and Qatar, particularly in Zubara matter, and increasingly pressured on Sheikh Jasim bin Thani against the Ottoman authority. Therefore, Qatar was the scene of Anglo-Ottoman conflict and Sheikh Jasim bin Thani pursued a balancing policy between two powers without betraying against the Ottoman suzerainty until the end of the World War I.<sup>225</sup>

1913 Convention between Britain and the Ottomans, redefined the territorial borders on the northern Gulf reducing the Ottoman borders to the Nejd and the borders of Qatari Peninsula was freed. After the death of Sheikh Jasim in 1913, the British used the opportunity to control over Qatar by intervening exaggeratingly into the rivalry between two sons of Sheikh Jasim; AbdAllah and Khalifah,<sup>226</sup> as it had been the strategy of the British Empire to take political advantage of family disputes and conflicts in the Gulf Sheikhdoms.<sup>227</sup> Finally, 1916 Treaty was signed between Britain and Qatar in November 1916 as a result of long negotiations started in August 1914.<sup>228</sup> The last piece of the Arabian coast of the Gulf was to become British protectorate "*after Britain succeeded in signing contracts with Qatar in 1916, the Gulf, in Curzon's*<sup>229</sup> *words became a 'British Lake'.*"<sup>230</sup>

In 1930, the British wanted to build an airport in Qatar for the emergency landings and offered Sheikh Abdallah protection in return, as 1916 Exclusive Treaty did not provide any protection for Qatar. Sheikh Abdullah refused the British offer of protection, since he considered the conditions of the protection offer as it was not a full protection as that granted to Kuwait and Bahrain.<sup>231</sup> Finally, the protection came by the oil concession in 1935. The bargaining potency of

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<sup>225</sup> See, Kursun

<sup>226</sup> Al Abdalla, p.31

<sup>227</sup> Kursun, p. 41

<sup>228</sup> See the text of the Treaty in Al Abdalla, Appendix 1, p.87-92

<sup>229</sup> See, George Nathaniel Curzon, British Government in India, the Story of Viceroys and Government Houses (1899-1905), volume 1 Cassel and Company Ltd., 1925

<sup>230</sup> Al Shelek, p.132

<sup>231</sup> Al Abdalla, p.82-83

Sheikh Abdullah which was effective in 1916 Treaty as well<sup>232</sup> was strengthened by the oil concession demand of the British in 1935. When the British required an oil concession from Sheikh Abdullah in 1932 one of the conditions he laid was to receive British protection over Qatar against the threats.<sup>233</sup> The concession granted APOC (Anglo-Persian Oil Company) drilling, digging, extracting, shipping, refining and selling rights in 1935 for seventy-five year period.<sup>234</sup> Even though the oil flow started at the end of 1939 with the break of the Second World War, the commercial quantities of oil flow started in 1949 and a new stage started in Qatar's history witnessing an important and crucial transformation with economic and political developments.<sup>235</sup>

By the signing of the oil concession in 1935, the territorial disputes between Qatar and its neighbors had emerged based on the border issues linked to the oil resources.<sup>236</sup> Qatar had territorial dispute with Bahrain on Al Zubarah and Hawar Islands that resulted with the hostility between Qatar and Bahrain. Al-Zubarah is the northwest coast of Qatar peninsula where Bahrainis resided before migrating to Bahrain island in 1783 leaving some family members behind. Since then, Bahrain had claimed territorial right on Zubarah and the Hawar Islands located about one mile off the western coast of Qatar. Britain had involved in the conflict with an approach of taking side with Bahrain generally. The dispute was escalated after Qatar granted its oil concessions to APOC, as "the concession map, naturally enough, included the Hawar Island group that lie within the territorial waters of Qatar at one mile's distance in contrast to the seventeen miles that separate the islands from Bahrain."<sup>237</sup> Bahraini rulers immediately applied to the authorities of Petroleum Concession Ltd. to start an investigation for their claim. The Political resident took over the case to conduct the investigations. In December 1938, C.D. Balgrave, the advisor to the Government of Bahrain, who was acting on behalf of the Bahraini ruler during the negotiations, tried to prove the right of Bahrain over Hawar Islands with the documents prepared with a photograph and the

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<sup>232</sup> Al Abdalla remarks that "Sheikh Abdullah was able to inactivate three articles of Treaty: a) the admission British subjects to Qatar for trade b) admission of a British agent to Qatar and c) the establishment of Post and Telegraph offices in Qatar." P.82

<sup>233</sup> Ibid, p.83

<sup>234</sup> Al Shelek, p.148

<sup>235</sup> Al Shelek, p.149

<sup>236</sup> Al-Abdallah, p.52

<sup>237</sup> Al-Abdulla, p.56

testimony of the local fishermen.<sup>238</sup> As the result of the negotiations with the involvements of the Political Agents, in July 1939, the Political Agent awarded the Hawar Islands to Bahrain. Sheikh AbdAllah of Qatar, protested it sent a letter on 4 August 1939.<sup>239</sup> Negotiations continued during latter years on Zubarah but failed to reach a legal solution and hostilities ensued.

Another border dispute took place between Qatar and Saudi Arabia. Following the Qatar's oil concession agreement, Saudi Arabia rejected the borders of Blue Line which was defined by 1913 Anglo-Ottoman Convention and claimed a new border, called Red Line with both Qatar and Trucial Coast which showed Jabal Nakhs, and the southern tip of Jabal Dukhan along the west coast of Qatar, in 1935.<sup>240</sup> Negotiations took place in the following years without reaching a solution and border dispute was held during the World War II. The British did not present full support for Qatar during the negotiations with the concern of amending its relations with Saudi Arabia. The conflict was resolved amicably between the two countries in 1965, unlike the border dispute with Bahrain. Therefore, Britain failed to provide a fair solution to Qatar neither visa vis Bahrain nor the Saudi Arabia at the end during the whole period. However, overall the British rule achieved to established strong mechanisms to control and exploit the resources of Qatar.

### 2.2.3 Decolonization 1961-1971

British decolonization in the Gulf took place in a quite different way than its decolonization in the other Middle East colonies such as Iraq, Palestine and Egypt in where great opposition to the British colonial rule and fight for independence had taken place. The Gulf rulers did not present demand for their independence against the British government. The Arabism movements were during the 60's quite influential on the Gulf calling for independence from the British colonial rule, but the Gulf rulers sought to maintain the British protection instead of independence with the fear

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<sup>238</sup> Ibid, p.59-60

<sup>239</sup> Ibid, p.60

<sup>240</sup> Ibid, p.54

of vulnerability.<sup>241</sup> Yet, the 1960's turned out to be Britain's last complete decade in the Gulf<sup>242</sup> while the British interests and the position in the Gulf were increasing in importance. In 1965, by the report of Political Agent's conference it was stated that '*the importance of stability in the area would therefore grow rather than diminish*' based on the economic potential of the Gulf especially for the British economy and sterling area.<sup>243</sup> However, the decision of withdrawal from the Gulf<sup>244</sup> and South-East Asia (Singapore and Malaysia) was announced in January 1968 to be carried out by the end of 1971. It was the declaration of Britain that its historic 'East of Suez' role was at the end.<sup>245</sup> The Gulf rulers including Qatar, Bahrain and the Trucial States reacted to the sudden decision of the Britain to abandon the region with anxiety. Even Kuwait, already independent, was quite concerned with the possible results of the British withdrawal from the Gulf.<sup>246</sup>

The withdrawal of Britain from the Gulf dedicated a significant policy shift introduced by the new Labor Party government that won 1964 elections. The external factors mainly effecting the policy shift was the changing political atmosphere in the Middle East that remarkably weakened Britain's imperial position in the region as Peterson outlines:

Colonial empires were no longer fashionable, Indian independence in 1947 was only first in a long line of colonial and political disengagements. Resistance to Iranian Prime Minister Musaddiq's nationalization of British assets in 1953 was unsuccessful. Britain was forced to abandon its base in Egypt in 1954 and, in a futile attempt to regain its position, participated in the Suez debacle in 1956. The British privileged position in Iraq and its bases there were swept away in the 1958 revolution.<sup>247</sup>

The increasing US military presence in the region since the Second World War was also another factor on Britain's decline in the region through the final withdrawal decision from the Gulf. The Labor Government's withdrawal policy from the Gulf was attributed to the economic concerns. The Prime Minister of the Labor Government, Harold Wilson stated in the withdrawal

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<sup>241</sup> Onley, Britain and the Gulf Sheikhdoms, p.19

<sup>242</sup> Miriam Joyce, Ruling Sheikhs and Her Majesty's Government, 1960-1969, p.4-5

<sup>243</sup> Smith, Britain's Revival and Fall in the Gulf 1950-1971, p.2

<sup>244</sup> Aden was already decided to be abandoned in 1967 by the British in addition to Singapore and Malaysia.

<sup>245</sup> Smith, Britain's Revival and Fall, p.1

<sup>246</sup> See details in Joyce, Ruling Sheikhs and Her Majesty's Government 1960-1969, p.110-120

<sup>247</sup> J.E. Peterson, Britain and the Gulf: At the Periphery of Empire, p.289

declaration in 1968 that the British Government could no longer afford the cost of £ 12-14 million a year to keep its military presence in the Gulf. It was considered a populist statement under the situation of economic crisis in Britain. In fact, British economy was in decline and suffering of devaluation at the time.<sup>248</sup> However, it has been argued by some recent works that it was not the actual reason for the decision of withdrawal to be taken. Onley remarks that "*the government could afford to keep its forces in the Gulf, especially given the importance of Gulf oil to the British economy: nearly half of the oil used in Britain came from there and £12 million was a small price to pay for the protection of Gulf oil exports worth £2 billion a year.*"<sup>249</sup>

The ruler of Trucial Coasts, Sheikh Zayed offered Britain to finance the cost of protection in response to decision, and the ruler of Qatar and Kuwait supported the offer as well. It indicated the vulnerable feelings of the Sheikhs who had suffered of imposed isolation policy under the British rule for long. This offer received another populist reaction of the Labor Government as the speech of Denis Healey, the Secretary of Defense, on BBC clearly indicated:

I don't very much like the idea of being a sort of white slaver for the Arab Sheikhs. I think we must decide, as far as the Gulf concerned, what is our own British interests in long run to do, consistent with our commitments. And I think it would be a very good mistake if we allowed ourselves to become mercenaries for people who would like to have a few British troops around.<sup>250</sup>

The actual reason behind the Labor Government's decision was rather political. According to Smith, the prominent members of the Labor government were highly skeptical of Britain's imperial presence in the world and advocating to promote anti imperial policies.<sup>251</sup> The Labor government wanted to justify its leftist stance through advocating a civil budget during the devaluation of Sterling, by introducing the withdrawal from the Gulf based on cost-benefit analysis and to improve Britain's prestige by modernizing its imperial position.

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<sup>248</sup> See Niall Ferguson, *Empire: How Britain Made the Modern World*, Penguin Books, 2002 p.

<sup>249</sup> Onley, *Britain and the Gulf Sheikhdoms*, p.21

<sup>250</sup> *Ibid*, p.22

<sup>251</sup> See, Smith, *Britain's Revival and Fall*, p.29

Even though the Conservative Party took over the rule by 1970 elections, it could not change the agenda of withdrawal which it was strongly against. The Conservative Party authorities who had announced to reverse the decision to withdrawal from East of Suez, soon realized that it was too late to reverse the withdrawal, for changing political conditions in the region. Iran and Saudi Arabia who emerged as the leadership assuming states of the region immediately opposed the reassessment idea of the Conservative government. Saudi Arabia who already reacted negatively to the British withdrawal decision in 1968, now changed its policy for favoring the British withdrawal which would provide him a dominant position over the small Gulf States.<sup>252</sup> The Conservative Government had to announce that it would follow the withdrawal agenda and developed some alternative programs to maintain British presence and influence in the region after the inevitable withdrawal. They planned to establish defense studying working groups and new defense agreements with Gulf rulers to keep the military assistance and support by 'loan service officers' (British military officials seconded from the armed forces).<sup>253</sup>

Decolonization in the Gulf started with the independence of Kuwait in 1961 displaying a unique case in the Gulf with its crucial importance for the British economic interests based on massive oil reserves as explained in the previous part. British interests were secured in Kuwait and as James Onley indicates "Kuwait's independence would not undermine British hegemony in the Gulf therefore".<sup>254</sup> In fact, the following years proved that Kuwait was protected by the British military forces in the Gulf and remained as one of the world's largest holders of sterling and a great contributor to the British economy.

On 19 June 1961, the formal British protectorate ended in Kuwait by the British withdrawal, ten years earlier than the other Gulf protectorates of the Britain as stated earlier. The British granted Kuwait its independence as a result of the pressures of the Pan-Arabism movements that remarkably effected Kuwait. Nevertheless, the withdrawal did not affect the British economic

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<sup>252</sup> Gregory Gause, **The International Relations of the Persian Gulf**, Cambridge University Press, 2010 p.22

<sup>253</sup> Onley, Britain and the Gulf Sheikhdoms, p.22-23

<sup>254</sup> Onley, Britain and the Gulf Sheikhdoms, p.20

interests in Kuwait negatively as all the monopolist agreements and privileges outlined above had been maintained after the Kuwait' independence for long term.

The British undertook a very significant establishment to manage and control bulk of Kuwaiti surpluses of oil revenues. In 1953, Sheikh Abdullah was convinced and the Kuwait Investment Board (KIB) was created consisting of four British members. The KIB's task was mainly to canalize Kuwait's immense surplus revenue into Britain and British assets. Enormous investments were made in Britain and in sterling through Kuwait's oil money under the assistance of KIB, to maintain the value and stability of sterling.<sup>255</sup> Therefore, Kuwait became the largest holder of sterling through the investments. The crucial importance of Kuwait for the British economic interests based on its vast oil reserves had been realized in three ways as explained in the report of British Government.<sup>256</sup> First, as the owner of the 50% of Kuwait Oil Company, British Petroleum earned enormous amount of profit from the extracting and selling Kuwait's oil. Second, Kuwait's great contribution to stabilizing sterling area not only through the great investments of Kuwait in Britain as explained but also through British payments in sterling for buying two-fifth of the total oil it needed from the Kuwait Petroleum Company. Third, Kuwait implemented a price policy as an independent oil producing country by providing very reasonable deals to Britain and to West general. Besides these reported facts, development projects had provided great source of income for the British economy as they were undertaken by five principal British firms, known as 'big five' in Kuwait by the early 1950s.<sup>257</sup> "In 1960, moreover, the Ruler gave the offshore concession to Shell Oil. This award to a partly British-owned company was a source of gratification for Britain."<sup>258</sup> The Prime Minister Harold Macmillan had admitted that 'Kuwait, with its massive oil production, is the key to the economic life of Britain'.<sup>259</sup>

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<sup>255</sup> Smith, *The Making of Neo-Colony?* p.161-162

<sup>256</sup> Bismarck, "The Kuwait Crisis of 1961 and its Consequences for Great Britain's Persian Gulf Policy", **British Scholar**, Vol. II, Issue 1, 2009, p.86

<sup>257</sup> Smith, *The Making of Neo-Colony?* p.162

<sup>258</sup> See, Smith, *ibid.* p.163-166

<sup>259</sup> *Ibid*, p.161

Kuwait investments in sterling caused substantial cost for Kuwait during the devaluation of sterling in 1967, yet Sheikh Sabah guaranteed the British for investments to be kept in sterling to maintain the close ties with Britain.<sup>260</sup>

Following the independence, the President of Iraq, General Abd al-Karim Qassim threatened Kuwait claiming suzerainty on June 25, 1961.<sup>261</sup> It caused great concern for Britain considering the potentiality of Iraqi invasion of Kuwait that would result with the loss of vital economic interests of Britain on Kuwait. Britain immediately planned and operated 'Vantage' military intervention to prevent Iraqi invasion in July. The Iraqi threat was prevented by the British troops, but the crisis urged Britain to deepen its military involvement in the region to protect Kuwait with its bases in Bahrain, Sharjah and Aden for the future security of Kuwait and its oil fields.<sup>262</sup> Therefore, the security and stability of Kuwait had been the vital concern for Britain.

The British Government's attempt to propose a unification of the Gulf Sheikdoms in 50s was revived in 1968 before its withdrawal. Nine Sheikdoms; Bahrain and Qatar with seven Trucial States met and discussed about the union under the leadership and encouragement of Abu Dhabi Emir Sheikh Zayed. However, the meetings could not produce a union as Bahrain and Qatar wanted their own independence and the Trucial States went on working for its unity.<sup>263</sup>

In 1971, the first independence was granted to Bahrain on 15 August and followed by Qatar in September. Trucial States received their independence in December and declared their foundation of the United Arab Emirates. British Political Agents in the Gulf States became British Ambassadors. "British forces withdrew from their bases in Bahrain and Sharjah on 1 December. The US navy took over the Royal Navy Base in Bahrain, which it used as a naval support unit."<sup>264</sup>

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<sup>260</sup> Ibid, p.163

<sup>261</sup> Bismarck, The Kuwait Crisis of 1961, p.79-80

<sup>262</sup> Ibid., p.80-94

<sup>263</sup> See, Joyce, Ruling Sheikhs and Her Majesty's Government, Smith, Britain's Revival and Fall in the Gulf, p.78-109

<sup>264</sup> Onley, Britain and the Gulf Sheikdoms, p.23



## **2.4. Conclusion: Significant Aspects of the British Colonial Policy in the Gulf**

### **2.4.1. Protection Policy and its Strategies**

British protection on the Gulf Sheikhdoms meant a maritime protection only and was not meant extensively in land but only at sea. Therefore, it did not provide an ultimate protection for the Gulf Sheikhdoms. The British protection policy in the Gulf was applied by exploiting protection needs of the Gulf rulers as leverage when the British wanted to impose an agreement or a privilege, hence protection was never granted to any Gulf ruler. Protection meant extra cost for the British therefore, it refrained from involving in inter-sheikhdoms conflicts and taking responsibility in land until the beginning of oil industries in the Gulf states. British maritime presence and control in the Gulf waters and the coasts provided peace for the region by filling the gap of a strong and central political authority which was the historical source of the wartime and conflict in the region.

As the main purpose of British India to establish its hegemony in the Gulf, to keep the maritime tranquility for safeguarding the British economic and political interest in the Gulf as very strategic frontier of British India and the route from India to Europe. By protecting the peace in the Gulf waters, the British government had to keep the local rulers under its control. Eventually, Britain was protecting its Gulf ‘protectorates’ while already protecting its own interests without extra cost nor effort for their protections.

Treaty relations between the British government and the Gulf rulers imposed a non-interference in internal affairs but actually in practice, the British never hesitated to interfere their domestic matters if it was necessary for the British interests. There exist many instances showing British interfere in their internal affairs such as in Kuwait, Bahrain and Trucial States. The policy of non-interference in domestic affairs had been implemented in the way that the British government never introduced a development project in the fields of infrastructure, health or education until the arrivals of foreign companies in the region after the oil discovery.

British employed various methods to persuade the Sheikhs to sign all the exclusive agreements and concessions including the showing 'carrot and the stick', as in the case the promise of British recognition of Kalba's independence alongside the threat of pearling vessels in Trucial States. The British used strategy of taking advantage of the conflicts and rivalries between ruling family members or neighbor rulers by provoking the rivalry in the beginning or/and when the ruler's position was against its interests to increase the fear of insecurity on the ruler and then by supporting ruler's position to obtain a leverage towards strengthening its power over the rulers. This strategy had been resulted for the British to keep its control over its interests in the Gulf rulers and for the Gulf rulers to maintain their power by inheriting to the next generations. Therefore, since the British hegemony started in the region, no single ruling family has lost their power until today.

Kuwait case demonstrated that British military withdrawal did not mean Britain's withdrawal from British colonial interests in the region. On the contrary, decolonization provided Britain better circumstances to pursue its vital interests in the Gulf based on the oil resources. Besides the impacts of regional and political pressures on Britain's decision to grant Kuwait independence in 1961, British decision was made based on the colonial calculations that predicted a cost benefit in pursuing British interests in Kuwait without military presence and a direct political control. While getting freed of being the target of anti-imperialist pressures for its imperial presence in Kuwait, in the meantime Britain successfully established and maintained its hegemonic presence in Kuwait's oil industry, oil funds, finance and markets by the decolonization. Therefore, Kuwait case justifies the argument of post-colonial theory that decolonization was the pursuit of imperialism without military and political force by adopting the colonial relations into the new forms of the relations.

#### **2.4.2. Consequences of the British Rule on the Life in the Gulf**

The implementations of the exclusive agreements had resulted with great isolation of the Gulf Sheikhdoms from the world until the discovery of the oil resources in the Sheikhdoms. The British cut the connections of the Gulf Sheikhdoms off from any outsiders even from their neighbors to prevent other powers from entering the region. As Zahlan describes, Britain guarded them with a jealous eye.<sup>265</sup> The isolation had caused substantial obstacle on their socio-political and socio-economic development. While British policy avoiding external relations with the Gulf rulers, British administration had not implemented any development projects even in health and infrastructure until the Gulf oil attracted foreign investors towards the region. People of the Gulf Sheikhdoms had remained isolated and backward from the outside world's improvements. As a result, British isolation policy provided an efficient ground for Britain to maintain Gulf states' dependence to Britain after their independence even in competition with the other Western powers. Gulf Sheikhdoms' offer of money to Britain to relinquish the withdrawal demonstrated the level of dependence and vulnerability of them caused by the British colonial policy.

The British colonial policy in the Gulf had never introduced nor imposed a democratic reform that has been imposed by the Western hegemony on the Middle East countries. Clearly, Britain's colonial rule was not concerned with the political systems of the Gulf Sheikhdoms but was rather supportive for the Gulf regimes as long as the British interests were maintained secured in the Gulf. Therefore, the Gulf Sheikhdoms maintained their regime securities through the decolonization by the British support.

British colonial rule had established such strategic and strong mechanisms that enabled Britain to retain important sources of British interests and to maintain British hegemonic position in certain fields in the Gulf Sheikhdoms after their independence without needing direct military and political rule or control. The colonial legacy of Britain constituted the cornerstones in shaping the post-colonial British relations with the new Gulf states.

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<sup>265</sup>Zahlan, 20

## CHAPTER 3: UK'S POST-WITHDRAWAL FOREIGN POLICY IN THE GULF (1971-1980)

### 3.1 Post-colonial Foreign Policy Parameters & Strategies towards the Gulf

A new chapter started in the British history by its withdrawal from the Gulf in 1971 ending its long imperial history in the Middle East. Britain is now no longer a hegemonic power but sharing its influence with the US in the secondary position in the Middle East. 1956 Suez War concluded with the decline of the British hegemony in the Middle East. However, British hegemonic presence had preserved its utmost position in the Gulf that had great strategic and economic importance for the British interests until 1971. British withdrawal from the Gulf, from its last and the most strategic territories, meant the end of the British Empire. The first ten-year period after the withdrawal has been conceptualized as the transitional period that realized a transformation in the British foreign policy towards the Gulf from the colonial relations to the post-colonial forms of relations among the 70's, in this study. During the time of the withdrawal (1968-1971), the utmost importance of the Gulf region for Britain was increasing based on rapidly developing oil industry and increasing value of the Gulf oil. Although Britain withdraw its troops, it left substantial British interests and colonial assets behind in the Gulf. Britain had to adopt its foreign policy to the new post-colonial circumstances to preserve and pursue its vital interests and assets in the Gulf states. The new Gulf policy of Britain after the withdrawal was defined and shaped to protect its economic and strategic interests in the post-imperial order with indirect control based on the colonial ties. Mehran Kamrava describes the nature of transformation into the new form of the relationship to the post-colonial period as: *“it was a shift in the type of colonialism, instead of occupying and directly ruling, far more effective way was to subcontract their process of rule. It was a natural process of historic evolution in the kinds of relationship whatever you call it center-periphery or colonial, the*

*form of relationship changed but the substance of it did not change.*"<sup>266</sup> In the post-withdrawal period, British foreign policy towards the new Gulf states was constituted and implemented in the post-colonial context that refers to the continuity of the British colonial implications in the Gulf states based on colonial ties. Therefore, the transition period was realized based on remaining dependence of the Gulf states to the British and remaining British assets in the Gulf states. Britain pursued its relations with the new Gulf states based on considerable level of legacy of the colonial ties in the first decade of the withdrawal. For instance, former British colonial agents and officials were converted to the new British diplomats in the Gulf states. British withdrawal was not an ultimate but a military withdrawal. By the withdrawal, British hegemony was replaced with substantial level of remaining British influence in political, military, economic and cultural fields in the Gulf states. British established mechanisms that functioned for the pursuit of great British interests in the Gulf states were significant instruments of remaining British hegemonic positions in several fields. The power of influence was essential in maintaining British control mechanisms that were already established to manipulate and exploit the sources of the Gulf states in favor of the British interests by sustaining hegemonic advantages after the hegemony. Britain continued to control military and financial life in the lower Gulf, in the new form of domination as T. Peterson describes laconically: "*Britain reverted to an old fashion imperialism to facilitate the transition to modernity.*"<sup>267</sup> Britain's traditional diplomatic skills were effectively applied by employing several strategies in the pursuit of British influence and hegemonic assets in such competitive environment of the Gulf in which many other Western countries were keen to take part.

### 3.1.1 Defining Interests after Withdrawal

British interests in the Gulf are pursued at two levels in broad meaning; British National interests and Western interests. The overall British interests were indicated by the British policy in

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<sup>266</sup> Mehran Kamrava, interview, CIRS, Georgetown University Qatar, Doha 8 February 2016

<sup>267</sup> T. Peterson, Richard Nixon and Great Britain, p.80

defining the importance of the Gulf region in two main sources. First one was its strategically important geographical position at the intersection between Asia, Europe, Africa and Indian subcontinents containing vital sea and airlines of communication, especially the Straits of Hormuz and Bab-Al Mandeb. Second, discovery of oil that increased the importance of the region. Gulf States supplied 38% of the US's and 38% of the UK's and 65% of the European and NATO nations' oil consumptions in 1977.<sup>268</sup> Besides the oil itself, massive oil revenues of the Gulf States have created substantially weighted source for the British economic interests. British national interests had been mainly the economic interests that were crucial to be protected for Britain who was suffering of economic crisis during the 1970s. Nonneman defines the British economic interests in the Gulf in two categories: first, direct economic interests second indirect economic interests referring the British concern to maintain secure flow of oil at "reasonable prices" and in "sufficient quantities" vital for the economic stability of Europe and the world as a whole.<sup>269</sup> Direct economic interests comprehend wide range of trade and financial activities.

British national interests in the Gulf are defined by this study related to the oil factor as the central source: 1- Direct oil interest: a-Britain's dependency to the Gulf oil. About 27% of total British oil need was supplied by the Gulf (20% by Kuwait) in 1972.<sup>270</sup> b- Major British assets in the Gulf states' oil industry, as oil producer and exporter. 2- Indirectly oil related interests: great oil revenues of the developing Gulf states (multiplied by the oil boom in the mid 70's) provided great commercial and financial opportunities to the British economy. 3- The strategic geo-politic location of the Gulf, situated between the Indian Ocean and Europe that constitutes very significant networks of transportation of a vast trade and communication containing the transportation of 40% of the total world oil through the Strait of Hormuz.<sup>271</sup>

Western interests referred to the common interests of the 'West', that implies a unity of the values of a geographical and historical part of the earth in which the UK had been a significant

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<sup>268</sup>UK's Defence Policy in the Gulf Area 1979 FCO 8/3292

<sup>269</sup>Gerd Nonneman, "Constants and Variations in British-Gulf Relations" in Joseph Keshishian, **Iran, Iraq and Arab Gulf States**, Palgrave 2001, p.329

<sup>270</sup> Oil Affairs in Kuwait, 1976 FCO 8/2681

<sup>271</sup> Kamrava, "The Changing International Relations of the Persian Gulf", in Mehran Kamrava (ed.) **International Politics of the Persian Gulf**, Syracuse University Press, 2011, p.5

component. Britain's West alliance as the member of North Atlantic Treaty Organization (NATO) and European Community (EC) as well as its special relationship with the U.S. along with the British national interests defined and shaped the British Gulf policy and its priorities. Western interests in the Gulf was a significant dimension of the post-colonial British foreign policy towards the Gulf and highlighted with special emphasize. The Gulf oil, supplying about 60% of the Western World's oil needs at the time, was the central and vital factor. 1973 oil crisis proved that the oil issue would result with "retarded economic growth, higher costs of industrial production, and new deficits in international payments, increased inflation, disaster to NATO allies and Japan and decline in the effectiveness of the NATO alliance."<sup>272</sup> Therefore, the security of the oil flow and prices was the main common interest of the Western World in the Gulf in context of the 1970's.

The 'Western interests' dimension of the British total interests in the British foreign policy towards the Gulf constituted the 'western / non-western' dichotomy in the text of the British foreign policy under the post-colonial context. As the common use of the reference to 'Western interests' indicates, the general discourse used by the British foreign policy towards the Gulf states presented a quite orientalist perception by proving the consistency of the conception of the theoretical framework. Although the term of 'West' commonly referred to the trans-Atlantic Western community vis-a-vis the Russian led communist East bloc in the Cold War context showing the 'West-East' polarization, it also extensively reflected the asymmetric relationship of superior-inferior between the Western and non-Western in the British foreign policy towards the Middle East within the post-colonial context.<sup>273</sup> The "First World" states of the former colonial powers, as in the British case, had designed their relations with the "Third World" states of the former colonies, based on preserving their privileged positions by protecting 'Western interests'.

Nevertheless, British foreign policy, based on the combination of its national interests and western interests, adopted quite pragmatic approach towards the Gulf States as of the crucial importance for overall British interests in the 70s. British foreign policy has developed several strategies during the times when its interests competed with the interests of other Western States

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<sup>272</sup> John Muttam, **Arms and Insecurity in the Persian Gulf**, Radiant Publishers, 1984, p.49

<sup>273</sup> See, Doty, *Imperial Encounters: The Politics of Representation in North/South Relations*.

such as France and US. In the context of the 70s, France had appeared as major European rival in trade and commerce relations with the Gulf States while the US had already been its great rival in the fields of oil and defense. British diplomacy has functioned efficiently in the competitive environment of the Gulf based on the policy of protecting its colonial privileges and advantageous positions to pursue its substantial interests.

### 3.1.2 New Strategy: Deeper involvement without military presence

The decision of withdrawal was made and announced by the Labor Party government in 1968 but carried out by the Conservative government elected in 1970. Even though Conservatives were strongly against the withdrawal, they did not have the choice due to the changing circumstances in the region.<sup>274</sup> However, Conservatives adopted a policy towards the Gulf to maintain a strong British position in the Gulf to preserve substantial British interests and the colonial ties after the withdrawal. The Prime Minister Edward Heath stated on 22 July 1970 that:

Britain's long-term objective was directed to the establishment of a situation in which British interests would be safeguarded to be understood in the context of our long-term objective which was to reduce our commitments and our expenditure in the area and to bring a state of affairs in which the Gulf rulers within the framework of an effective federation could fend for themselves."<sup>275</sup>

Britain initially had adopted the policy of uniting all the small states into a federation by the initiative of Sir William Luce<sup>276</sup> to pursue an effective political influence over the independent Gulf States in the post-colonial era during the withdrawal. Bahrain and Qatar did not want to join such federation and the British plan could not be achieved. During the British withdrawal, "the

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<sup>274</sup> See Part 2, p.39-40

<sup>275</sup> Tore Peterson, "Richard Nixon, Great Britain and Anglo American Strategy of Turning the Persian Gulf into an Allied Lake" in Jeffrey Macris & Saul Kelly, **Imperial Crossroads The Great Powers and the Persian Gulf** 2012 p.81

<sup>276</sup> Sir William Luce was the former Political Resident in the Gulf.



FCO sent a “guidance telegram” to all Embassies in the Middle East explaining that Britain was not withdrawing as such, merely removing its military presence.”<sup>277</sup> It was a strategic move to pave the way for maintaining the existing British assets and ties under the new conception of the relationships. The Conservative Government immediately converted the existing staff to the new mechanisms for consultancy and assistance in a variety of the fields in the new Gulf States. When decolonization started with the independence of Kuwait in 1961, the post-colonial British policy in Kuwait proved that the crucial economic interests of Britain was protected efficiently without military protection but with more political influence.<sup>278</sup> In March 1971, just months before withdrawing the troops, *“Her Majesty's Government announced their proposal for a new political relationship with the Gulf states and for continued military cooperation which would not involve the permanent presence of British operational forces.”*<sup>279</sup>

Britain quickly adopted its new 'post-colonial' role in the Gulf by maintaining the British influence without military presence but with deeper involvement. In September 1972, British Ambassador in Beirut reported to the Foreign and Commonwealth Office (FCO) that *“a Lebanese newspaper ‘Nida Al-Vatan’ was preparing a special issue entitled ‘Britain’s New Role in the Gulf after Withdrawal’ to bring out in particular that our influence is still considerable.”*<sup>280</sup> The news was received well and supported by the FCO authorities. It indicated the perception in the Middle East that the British influence was still strong in the Gulf after a year of the withdrawal and that the British approval of this perception as representing the British policy towards the Arabian Gulf: to preserve as much influence as possible to achieve strategic and economic British interests in the Gulf.<sup>281</sup>

Onley portrays the post-withdrawal British presence in the new Gulf states that *“Hundreds of Britons remained behind, as officers and civil servants seconded to, or in the private employ of,*

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<sup>277</sup> Rosemary Hollis, **From Force to Finance: Britain’s Adaptation to Decline: Transforming relations with selected Arab Gulf States, 1965-1985**, PhD. Dissertation George Washington University 1988 p.214

<sup>278</sup> See part 2

<sup>279</sup> Sir Denis Wright, Elizabeth Monroe, **The Changing Balance of Power in the Persian Gulf**, The Report of an International Seminar at the Center for Mediterranean Studies, July 1972, p.14

<sup>280</sup> Political Relations between the United Kingdom and Persian Gulf States, 1972 FCO 8/1809

<sup>281</sup> Defence Relations in the Persian Gulf 1973 FCO 8/1961

*the Gulf governments running the police, airports, hospitals, and newly-formed militaries.*"<sup>282</sup> Sir Anthony Parsons, a distinguished former British diplomat, remarks that "*more Britons in the Gulf than at any time during the heyday of Britain's presence in the East of Suez*".<sup>283</sup> Even the former British police officer, Ian Henderson in Bahrain had remained in charge of internal security of Bahrain until 1999 with a reputation of being a harsh officer.<sup>284</sup> After the military withdrawal the British substantially increased its commitments particularly in the lower Gulf.<sup>285</sup>

After the withdrawal, the littoral small Gulf states were in a great dependence to the foreign powers through their developments in terms of supply of goods and equipment and technical assistance, in several areas such as military and security assistance, industry, education and health based on two reasons. First one is the Gulf state's lack of state experience and institutional development caused by the British colonial rule to maintain their dependency to the British. Second is the increasing oil production and revenues accelerated the dependence of the Gulf States for the investments in the development projects and oil industry and investments abroad. These two facts together presented substantial opportunities for the Western countries, opening new lucrative fields of business in the Gulf markets. Britain was taking the first place among the others, for taking advantages of its remaining colonial ties, to supply goods, technical assistance and consultancy to the new Gulf states. It provided Britain significant grounds to establish its post-imperial influence for pursuing its vital interests in the early years of the independences on the Gulf states.

Very active relations were maintained by the British Government with the rulers of Qatar, Kuwait, Bahrain and the UAE. British advisors, officials and firms already there were quite efficient within coordination with the government. Numbers of British officials were kept in the region who assumed remarkable roles of assistance for the new independent Gulf States through their state formations and developments in many fields. Britain acquired the lion's share in the immense business of the infrastructural projects in the Gulf states, that were funded by enormous oil revenues. In 1978, Qatar Ambassador, C.T. Brant reported that "*the historical links with Britain*

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<sup>282</sup> Onley, Britain and the Gulf Sheikdoms 1829-1971 p.24

<sup>283</sup> Nonneman, p.326

<sup>284</sup> Nonneman, p.344, Hollis, Britain and the Middle East, p.165

<sup>285</sup> T. Peterson, Richard Nixon and Great Britain, p.77

*have accustomed the older generation of Qataris to doing business with us...The combination of history and experience seems to have induced in Qataris a feeling of affinity with Britain and the British which defies analysis."*<sup>286</sup> showing the degree that British influence had reached in the seventh year after withdrawal.

Britain constructed strong relationships with the new Gulf states based on the colonial ties by making the "Friendship Treaties" in 1971 right after the withdrawal offering "close friendship in the post-colonial context. By the articles of the Treaties, Britain secured its dominant positions in the Gulf states to be supplying power of assistance, technology, and goods through their development projects.<sup>287</sup> Hence the UK's institutions and companies acquired the majority of the contracts in the variety of the fields in the Gulf states. Although the French emerged as the major rival of the British in the post-withdrawal period, especially in the arms sales, they could not undermine the British domination in the 70's. Under the pattern of close friendship, the importance of the "historic ties" between the UK and the new Gulf states were constantly underlined by the British politicians and diplomats in the diplomatic relations throughout the 70's. Based on these "historic" colonial ties, British influence was maintained through deeper British involvements from military affairs to trade enabling Britain to run an extensive control mechanism over the Gulf states. Britain continued its dominant position in the military, political, economic and cultural fields based on its remaining influence and colonial assets in the Gulf states that were used as hegemonic tools after hegemony in the post-colonial context. Therefore, Britain pursued its vital interests in the Gulf states based on the continuing colonial implications of the British foreign policy in the 70's.

### **3.2 Regional Dynamics in the Competitive Environment**

British foreign policy strategy defined UK's position and new role in the Persian Gulf with the main lines as:

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<sup>286</sup> The Letter from Brant to David Owen, 1 May 1978 FCO 8/3222

<sup>287</sup> See part 3.4.1 Diplomatic Relations

The UK should not aspire to ‘super-power status in the area she should, in concert with the Americans and with the other partners in Europe maintain close political relationships with the countries concerned and encourage them to stand on their own feet and co-operate on themselves in matters of external and internal security.’<sup>288</sup>

This policy paper which was prepared and presented by the Ministry of Defence, is significant for underlining the main parameters of the British foreign policy in the Middle East. In the post-colonial role that Great Britain had adopted, its alliance with the US in one hand and alliance with Europe as a member state of the ECC on the other hand.<sup>289</sup> However, it’s important to highlight that, the UK was suggested here still “not to aspire a super-power status in the area” in 1979, 8 years later than its hegemony was ended. It implies that the super-power status of Britain was still a notion in the British foreign policy or at least in the self-consciousness of the British policy makers throughout the first decade after the withdrawal. British foreign policy behaviors particularly in the Gulf, cannot be regarded merely as followers of the US policies. In fact, it was rather a British foreign policy strategy that aimed to keep a lower profile in the Middle East under the shadow of the US hegemony.

One of the reasons for Britain to apply this strategy was that a low profile of British involvement in the region would provide Britain a free riding ability while the US was, as the hegemonic power, in charge of the Western policies.<sup>290</sup> Another important reason was that Britain was still trying to get free of being targeted by the anti-imperialist propagandas in the Middle East under Soviet influence. During the 70’s, Middle East States of the Soviet bloc such as Egypt and Iraq were still calling the Arab world against British Imperialism and Britain’s close relations with the Gulf states were on the target. Moreover, Britain was the State responsible for starting the Arab-Israeli conflict in 1917 by the Balfour Declaration. These facts were the constraints for the British policy in the Gulf therefore, it was British strategic approach disguising behind the US hegemony.

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<sup>288</sup> UK Defence Policy in the Gulf 1979 FCO 8/3292

<sup>289</sup> UK became the member of EEC in 1973. Its first application to the Community was made in 1961. See, [www.ukandeu.ac.uk](http://www.ukandeu.ac.uk)

<sup>290</sup> Kamrava, interview, 8 February 2016, Doha

### 3.2.1 Fragile Region amid Security Issues

After the British withdrawal, a new political order emerged in the Gulf in the absence of the hegemonic power. The regional powers: Saudi Arabia, bigger state of the Arabian side of the Gulf; and Iran, the old state in the Persian side, emerged as influential rival states both claiming territories on the small Gulf states. Iraq, on the north, historically having claim on Kuwait and keenly advocating Arabism and Socialism against western allies of the Gulf States was driving up the fragility of the Gulf security. In the lower Gulf state Oman, Dhofari rebellion of Communist guerillas against British backed new Sultan Qaboos was another security issue where Britain was militarily involved to suppress until 1977.<sup>291</sup> Iran had already claimed on Bahrain and the Islands belonging to Ras al-Kaimah and Sharjah during the withdrawal. Britain involved in settling border dispute between Iranian Shah and UAE for Abu Musa Islands and Tunbs "irrespective of UAE rights and preferences."<sup>292</sup> As a reaction, Iraq expelled its British Ambassador and Libya nationalized British Petroleum while the local reaction was ephemeral.<sup>293</sup>

Iraq who allied with the Soviet Union was a particular concern in the British Gulf policy for exposing potential threat on the regional dynamics against the Western interests. The dispute between Iran and Iraq based on Shatt al-Arab and the sectarian fragility between them were also sources of tension in the region.<sup>294</sup> In 1973, Britain prevented the Iraqi attempt to invade Kuwait who had historically been under Iraqi threat and the British protection.<sup>295</sup> It is important to underline the British strategy in the region that British policy used the Shiite and Kurdish minorities in Iraq as the weak points to destabilize the Soviet ally Iraq. Britain within the coordination with

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<sup>291</sup> UK Policy on the Persian Gulf 1972 FCO 46/856, Military Assistance from UK to Persian Gulf, 1972 FCO 8/1816, General Policy of LSP in the ME FCO 8/3112, UK Defence Policy in the Persian Gulf FCO 8/3292

<sup>292</sup> Rosemary Hollis, "Britain's Strategic Approach to the Gulf" in **International Interests in the Gulf Region**, ECSSR, 2004, P.138

<sup>293</sup> Onley, Britain and the Gulf Sheikdoms, p.23

<sup>294</sup> Wright & Monroe, p.18

<sup>295</sup> T. Peterson, Richard Nixon, Great Britain p.77-78

the US, Israel and Iran, pursued a policy of supporting Kurdish rebels against the Iraqi revolutionary regime between 1972-1975.<sup>296</sup>

In the meantime, the oil crisis was erupted unexpectedly in 1973 by the OPEC countries that could use the oil as a weapon against West supporting Israel. In 1979 by Iranian revolution followed by the Soviet invasion of Afghanistan the Gulf security turned out to be a very significant issue after the end of *Pax-Britannica*, for the US and the British interests. Therefore, Britain's cooperation with the US became a key factor for the British Gulf policy especially in the security related matters such as in Iraq policy under the ongoing Cold War circumstances.

According to the "power vacuum" theory "a geographical region that is militarily and politically weak hence invites military or subversive incursion from abroad."<sup>297</sup> The fragility of the regional dynamics emerged following the British withdrawal and mainly caused by the Soviet threat constituted perfect conditions for advocating the power vacuum theory to justify Anglo-American involvement to control and design the Gulf region and safeguard the common West interests in the 1970's. Even though any major hot development did not take place in the first years after the withdrawal in the region, the fragility of the situation would result with the Iran-Iraq War by 1980. Their position of insecurity led the Gulf States fall into great security concerns and provided Britain opportunities to involve actively in the region particularly with defense agreements and arms sales with the Gulf rulers.

### 3.2.2 Anglo-American Alignment in the Cold War Context

The US had been the major rival of Britain during both the pre-war and post-war periods in the oil concessions of the Gulf States. Britain had not want its influence and dominance to be challenged by the US even though it was not very keen in exploiting of the Gulf oil initially.

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<sup>296</sup> Ibid., p.77-78

<sup>297</sup> Muttam, p.42-47

Nevertheless, Britain had to share the oil concessions of its Gulf protectorates with the US companies by reluctantly accepting the 'open doors policy'<sup>298</sup> in the 1940-50's when the British was increasing the level of its hegemony and political control during 1940's and early 50's through special relationship with the US. 1956 Suez crisis that accelerated the decline of the British hegemony in the Middle East, resulted with the watershed of deteriorating the Anglo-American relations. However, the rising power of America in the Middle East since the Suez crisis was not followed by American involvement in the region and in contrast, Britain maintained its power projection more freely particularly in the Gulf.<sup>299</sup> British hegemony in the region was quite favorable for the US and it never attempted to replace it. British imperial presence in the Gulf was vital to prevent Russian influence through Egypt, Iran and Iraq and their ideologies. CENTO (Central Treaty Organization) leadership of Britain was also approved and supported by the U.S. for maintaining British dominance in the region.<sup>300</sup> US did not want to take the expenses of the responsibility while Britain was maintaining its historic hegemony in the Gulf. British policy makers as well never wanted to transfer the power to the Americans.<sup>301</sup>

Jeffrey Macris defines the common three Anglo-American interests in the Gulf in the post-war era through the 60s as; maintaining the interstate order, safeguarding the oil flow and trade, and keeping the Soviet Union out of the region. Washington was quite satisfied with that these interests were maintained under the British imperialist presence.<sup>302</sup> Britain's unexpected announcement of the decision to withdraw from the East of Suez by the end of 1971 in 1968 created a great shock in Washington. US President Lyndon Johnson stated his disappointment as; *"Our own capability and political will could be gravely weakened if we have to man all the ramparts alone."*<sup>303</sup> The anxiety of the U.S. officials stemmed from the fear of Soviet threat that would

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<sup>298</sup> The Open Doors Policy was imposed by the US to access into the lucrative markets in the regions that were under the British hegemony.

<sup>299</sup> T. Peterson, p.78, Simon C. Smith "America in Britain's Place? Anglo-American Relations in the Middle East in the aftermath of Suez Crisis" **Journal of Transatlantic Studies** Vol 10 no 3 September 2012 p.252-253

<sup>300</sup> Jeffrey Macris, **The Politics and Security of the Gulf, Anglo-American hegemony and the Shaping of a Region**, Routledge, London and New York, 2010, p.249

<sup>301</sup> See, previous chapter p.33-37 for British policy to avoid Americans and other Western powers to involve in the Gulf

<sup>302</sup> Macris, **The Politics and Security of the Gulf**, p.248-250

<sup>303</sup> T. Peterson, Richard Nixon, **Great Britain and the Anglo-American Strategy** p.77

replace the British military presence and threaten the West's access to Gulf oil.<sup>304</sup> Even after the British military withdrawal from the Gulf, the U.S. policy towards the region was in favor of maintaining British influence as Smith points out; "*The unilateral British decision to withdraw from East of Suez by the end of 1971 dismayed US policy-makers who, rather than seeking to replace the departing British, sought to persuade them to maintain as much of their influence and as many of their interests as possible, especially in the Gulf beyond 1971.*"<sup>305</sup> During the Anglo-American discussions in September 1968, American officials expressed their expectations to the British counterparts that after withdrawal "*Britain would maintain as large a 'non-military' presence as possible and would on no account wash its hands of the area.*"<sup>306</sup>

After the British withdrawal, the U.S. refrained to take any military responsibility in the Gulf while it was already involved in the burden of Vietnam War at the time. American public was suffering of 'Vietnam Syndrome' therefore any further military involvement would not be accepted by the American public nor by the Congress. Moreover, anti-imperialist and nationalist resistance to the British imperial position in the Middle East would damage America's supremacy in the region if it would substitute Britain. In fact, it's claimed that during the President Richard Nixon's era, the US did not have a significant Middle East policy.<sup>307</sup> William B. Quandt describes to what extent the Nixon government was interested in the Middle East affairs: "*During 1972, the US Middle East policy consisted of little more than open support for Israel.*"<sup>308</sup> Apparently, the US was not ready to take the place left by the British hegemony in the region. Instead, the U.S. supported the post-imperial influence of Britain in the Gulf as the strategic ally, as clearly observed in the military involvement of Britain in Oman coup. President Nixon's policy to resurrect the 'special relationship' which had been injured in 1956 Suez Crisis, worked successfully. Through close personal relationships between President Nixon and Prime Minister Heath, strategic Anglo-

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<sup>304</sup> Onley, Britain and the Gulf Sheikhdoms, p.21-22

<sup>305</sup> Smith, America in Britain's Place? p.252

<sup>306</sup> Ibid, p.260-261

<sup>307</sup> See T. Peterson, Richard Nixon, Great Britain, p. 77-79

<sup>308</sup> Ibid, p.78



American alignment was improved based on common policies on the Gulf and the Arabian Peninsula.<sup>309</sup>

Anglo-American policy coordination shaped the regional power balances through the common interests of the US and the UK in the Gulf. The best example of Anglo-American policy coordination in the Gulf was presented in Iraq case. Both the U.S. and the UK perceived Iraq as a great threat for the security of the Gulf and they within coordination, supported the Kurdish rebellion in Iraq to disrupt the Iraqi regime throughout the 70's.<sup>310</sup> Towards Iran, a major power of the region, common Anglo-American policy was pursued as well, by supporting the Shah. Shah of Iran was the strong ally of the Anglo-American led West and considered as the policeman of the fragile Gulf until the Iranian Revolution. Nixon and Heath developed very close relationships with the Shah whose ambitions and military capacities were much more compatible with the Anglo-American interests than the King of the Saudi Arabia.<sup>311</sup> However, the Anglo-American policy towards Iran, in the meantime, constituted one pillar of the US's 'twin pillars' policy while the other pillar was hold by the Saudi Arabia. The twin pillars policy of the US aimed to encourage both pro-Western Iran and Saudi Arabia to assume safeguarding role in the region by immensely arming them. President Nixon intended to decrease demands from the US to fill the power vacuum<sup>312</sup> and to balance the ambitions of Shah by Saudi Arabia with this policy. It was "*President Nixon's strategy of using proxy powers to maintain US influence*" in the region.<sup>313</sup> Although Britain did not adopt the same policy, its policy towards Saudi Arabia was also compatible with the US's twin pillar policy.

The Heath government convinced Washington as a result of few years negotiations and an Anglo-American naval and air base were established in 1977 at Diego Garcia Island in the British Indian Ocean territory to protect the Gulf oil fields and shipping roads and to counterbalance the

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<sup>309</sup> T. Peterson, Richard Nixon, Great Britain, p.78-79

<sup>310</sup> Nonneman, p.330, Peterson T., p.77-78

<sup>311</sup> See T. Peterson, Richard Nixon, Great Britain and the Anglo American Strategy, p.81-83

<sup>312</sup> T. Peterson, Richard Nixon, Great Britain and the Anglo American Strategy p.77,

<sup>313</sup> Ozden Zeynep Oktav, "The Gulf States and Iran: A Turkish Perspective", **Middle East Policy**, Vol. XVIII No 2 Summer 2011, p.141

increasing Soviet naval forces around the Gulf.<sup>314</sup> It was the British strategy of strengthening its position in the Gulf within the Anglo-American cooperation. According to Tore Peterson; "*For all practical purposes, the net result, in this period, was to make the Persian Gulf an Anglo-American Lake.*"<sup>315</sup> In fact, the Anglo-American alignment in controlling the Gulf was significantly supporting factor for Britain to reinforce its influence in the Gulf through its post-imperial role. Unlike the common perceptions,<sup>316</sup> British policies and approaches were not oriented or constrained by the US, but it was rather Britain, seeking an American support in the Gulf to establish a power balance that would reinforce its post-imperial position and influence. One of the several examples, above, in the Diego Garcia Island case indicates that British government's policy was achieved to establish Anglo-American bases in Indian Ocean by directing the US government. Although the US was the new hegemon in the region replacing Britain, Britain was still advantageous first for having a skillful diplomacy of long imperial tradition and second for having been settled in the region since the 17<sup>th</sup> century.

Anglo-American special relationship was not only cooperative but also competitive particularly in terms of arms sales in the Gulf States. The U.S. was the major rival of the UK in arms sales which was the significant dimension of the British economic interests in the Gulf. After 1973 Arab-Israel War followed by the oil embargo of the Arab states, Britain started to gain advantage over the U.S. in the arms sales. The Palestine-Israel question was a very important factor for the Gulf States in their relations with the West. British strategic approach to the matter in relations with the Arab Gulf states led it to gain advantage over the US in terms of the arms sales. Gerd Nonneman explains the policy difference of Britain from the U.S. with Britain's "*European dimension of British policy has produced different approach to the linkage between the Palestine question and the Gulf.*"<sup>317</sup> UK, based on its commitment with the EEC states that were greatly depended to the Gulf oil, tried to present different approach than as of the US towards the Arab-

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<sup>314</sup>Onley, Britain and the Gulf Sheikdoms, p.22

<sup>315</sup> T. Peterson, Richard Nixon, Great Britain and the Anglo-American Strategy, p.78

<sup>316</sup> The mainstream scholars such as Saul Kelly, Gregory Gause, Rosemary Hollis perceived British role as the subservient to the US under the scheme of Anglo-American cooperation. Tore Peterson's approach differs from them with consideration that the closely aligned Anglo-American policies were mutually reinforcing, and highlights more British involvement in the lower Gulf, see T. Peterson, 77-80

<sup>317</sup>Nonneman, p.333

Israeli conflict to secure its vital interests in the Gulf following the oil crisis. British balancing policy was strategically and effectively employed for pursuing both the strategic Anglo-American partnership and Anglo-Europe alignment on the Arab-Israeli conflict and resulted with substantial outcomes in relations with the Gulf states.

British policy towards Iran in the aftermath of the Iranian revolution became another conflicting field in the Anglo-American relations in which the British balancing strategies were employed to pursue British interests in Iran and Anglo-American relations based on a quite pragmatic approach.

### 3.3 Turning Crisis into Opportunity

#### 3.3.1 1973 Oil Embargo: Strengthened Relationship with Gulf States

Regional dynamics of the Gulf in the wider political context of the Middle East led 1973 oil crisis erupt at global scale just in the second year of the independence of the Gulf States and British military withdrawal. The crisis had significant consequences for the region, for the West and implications for the British foreign policy in long term. The Gulf countries of the OPEC members (Iran, Iraq, Kuwait, Saudi Arabia, Qatar and Abu Dhabi), which are the states of the Organization of Petroleum Exporting Countries (OPEC), announced the oil embargo during the Yom Kippur War between Israel and the Arab states (Egypt and Syria). In October 1973, Israel defeated the Arabs with the support of American arm supply and occupied Sinai Peninsula and the Golan Heights.<sup>318</sup> According to G. Gause, American-Gulf States relations was the reason for Israel

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<sup>318</sup> For the details of the Henry Kissinger's involvement in supporting Israel during the War and his efforts to thwart a possible Arab oil embargo, see Zahlan, **Palestine and the Gulf States**, Routledge, 2009, p.53-55

to escalate the War by repelling back the Syrians and crossing the Suez and started to siege Sinai.<sup>319</sup> As a reaction to the American military support to Israel against Arabs, the Saudi Arabia led coalition ventured to use their oil leverage and reduced the oil production. On 17 October Arab Oil Exporting Countries except Oman met in Kuwait and decided to cut oil production. Following President Nixon's request from the Congress \$2.2 billion to support Israel with military assistance on 19 October, King Faisal of Saudi Arabia announced that Saudi Arabia decided to halt oil export to the US.<sup>320</sup> Iran and Iraq joined the embargo to maximize their oil revenues. The Oil price had risen from 3\$ per barrel in October 1973 to 11.65\$ by the January 1974 with a rate of 287%.<sup>321</sup> It created a great shock in the global economy but greater trauma and vulnerability in the West Europe that was highly depended on the Gulf oil. The rise of the oil price had continued until 1981. M. Hilmi Ozev explains the sources of the crisis with a broader perspective based on the complexity of reasoning in such international system as the increasing demand to the oil worldwide, ending of Bretton Wood system, the change on the regional and global power projections and the rise of Pan-Arabism besides the Palestine cause.<sup>322</sup>

Britain reacted to the seriousness of the situation by making an immediate visit to the Gulf States. The Minister of State for Foreign and Commonwealth Affairs, Lord Balniel, made a Gulf tour in January 1974, for convincing the Gulf rulers to end the embargo and about the British approach to the conflict and to receive favor of the Gulf states as their "close friend" in oil supply and prices along with the other European States. Although the embargo was applied only to the US and Netherlands, it caused difficulties for the British import of oil through Netherlands.<sup>323</sup> However, despite the warm welcomes of the Gulf rulers to the British Minister besides the Kuwaiti one, the rise of the oil prices could not be prevented in the following years. The British diplomacy used the definition of the 'oil weapon' about the embargo and the tough crisis it caused.<sup>324</sup> It was realized by Britain and its Western allies that the OPEC members of the Gulf countries, aware of

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<sup>319</sup> Gregory Gause, *The International Relations of the Persian Gulf*, 2009, p.29

<sup>320</sup> Zahlan, *Palestine and the Gulf States*, p.57-58

<sup>321</sup> M. Hilmi Ozev, "Petrol Sermayesi ve Uluslararası İlişkiler: 1973 sonrası Körfez Ülkeleri Örneği" **PhD Thesis** Istanbul 2010 p.116

<sup>322</sup> Ozev, p.345

<sup>323</sup> Visit of Minister of State for Foreign Affairs (Lord Balniel) to Persian Gulf 1974 FCO 8/2161

<sup>324</sup> The Oil Weapon 1976 FCO 8/2640

their power of controlling the oil supply, used the oil as a weapon to achieve their political objectives against the West. The crisis divided the West, the U.S. and Europe, in their approaches towards the Arab-Israel conflict because of the European vulnerability based on high dependency to the Gulf oil. Britain, receiving %50 of its oil need from the Gulf<sup>325</sup>, was pretty much concerned with the conflict of the region that would potentially create another oil embargo and threat to the security of the British interests. FCO's policy paper stated:

With the signing of the Egypt/Israel Agreement of September 1975 the risk of major hostilities in the Middle East have receded. However, if no further progress is made towards a settlement, the danger of a clash between Syria and Israel will grow and in these circumstances the Egyptians might well be drawn in too. A resumption of fighting in the Lebanon would also bring risks for wider hostilities. A new war between Arabs and Israel would almost certainly trigger the oil weapon again.<sup>326</sup>

Therefore, British government opted to align with the EEC countries who had to deal with the Arab States for their energy security to prevent another possible oil embargo. Britain joined the Euro-Arab Dialog that was initiated by France in 1974 to repair and develop the relations between the Europe and Arab States in the aftermath of the Arab-Israel War followed by the oil crisis. Although the Dialog was implemented in the framework of economic cooperation, it was motivated by the political intention to prevent a potential Arab oil embargo.<sup>327</sup> British intention was to show its dissociation from the U.S. in the policy towards the Arab-Israel issue to the Arab world through its European commitment to secure the British oil related interests. British approach to the oil crisis was described by Zahlan as *“lie low and hope to be as pro-Arab as possible without being compromised.”*<sup>328</sup> In fact, Britain attempted to appease the Gulf State as if its policies were different than that of the US not to risk its interests in the Gulf. British policy makers also attempted to

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<sup>325</sup> Britain's dependency on the Gulf oil was started to reduce by the developing capacity of the North Sea oil, see David D. Newsom, "America Engulfed", **Foreign Policy** (Washington D.C.) no 43 Summer 1981, p.24

<sup>326</sup> "The Oil Weapon Paper" Foreign and Commonwealth Office, 3 February 1976. TNA FCO 8/2640

<sup>327</sup> Muhamad Hasrul Zakariah, "The Euro-Arab Dialog 1973-1978: Britain Reinsurance Policy in the Middle East Conflict", **European Review of History**, 2013 vol. 20 No.1 95-115, p.95

<sup>328</sup> Zahlan, Palestine and the Gulf States, p.59

negotiate with non-Arab OPEC members; Iran and Venezuela, since the motivation of the action under the OPEC umbrella was about the Arab solidarity against the U.S. backed Israel.<sup>329</sup>

The Anglo-American attitude in the aftermath of the oil crisis is scholarly argued. It is revealed on the British official documents that the discussions took place between the British and US authorities considering military intervention to the small Gulf States, former British colonies, as a reaction to the oil embargo.<sup>330</sup> Accordingly, Sato points out that the Anglo-American reaction to the Arab Gulf states represented two conflicting aspects of the British relations between the former protected states and transatlantic alliance. First was the emerging tendency of the new fully sovereign states acting independently, the second was the continuity of the hierarchical relationship that allow the Anglo-American alliance to infringe the sovereignties of the Gulf States.<sup>331</sup> On the other hand, Tore Peterson argues that the oil embargo attempt of the Arabian Gulf was not realized by the Saudi policy initiative but by an American manipulation on the Saudi behaviors and Britain was a part of this strategy.<sup>332</sup> As the reasoning for this argument he questions that neither America nor Britain, as the home countries of the major oil companies, reacted adequately or effectively to the unilateral action that clearly against them and never took any concrete step to prevent further price increases rather than their discourse. In fact, the oil prices had increased until January 1985, when the price of the oil reached at the peak, with 29\$ per barrel. T. Peterson further points out that both the U.S. and Britain reacted, instead, by establishing joint commissions to enhance the cooperation between the Saudis and Iranian Shah at the end of the embargo:

Britain too, 'punished' the Saudis by dangling to the bait of expanding industrial cooperation to Faisal, or in the King's words "joint industrial ventures" in Saudi Arabia. Douglas-Home (Secretary of State in Foreign and Commonwealth Office) explained to the British embassy in Jeddah on 27 December 1973 that "We have already informed them that HMG are ready to reach an understanding with the Saudi Arabian

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<sup>329</sup> The Oil Weapon Paper, FCO 8/2640 p.7-8

<sup>330</sup> Zahlan, Palestine and the Gulf States, p.59, Shohei Sato, **Britain and the Formation of the Gulf States**, Manchester University Press, 2016, p.129

<sup>331</sup> Sato, p.129

<sup>332</sup> T. Peterson, Richard Nixon, Great Britain and the Anglo-American Strategy p.85-89

government for long term cooperation in shipping, refining, marketing, and the supply of oil to the mutual benefit of both countries and to continue discussions on industrial cooperation.<sup>333</sup>

However, it was not the first attempt of Saudi Arabia to use the oil weapon against the US for its Israeli-backing policy but it had applied oil embargos in 1956 and 1967. King Faisal of the KSA had issued an embargo to the US following the 1967 Arab-Israeli War.<sup>334</sup> Although it took a few weeks and failed at the end, it was significant to indicate the Saudi reaction to the result of the War and the fall of Jerusalem by boycotting the US. It was actually a long term accumulated anger of the Saudi rulers along with the Kuwaiti and the other Gulf leaders to the developments starting with dispossession and oppression of the Palestinians caused by the Jewish and Israeli occupation.<sup>335</sup> Therefore, the oil embargo of the Arab Gulf states can hardly be analyzed based on a possible Anglo-American strategy. Anglo-American policies towards the Gulf states in the light of the oil boom enhancing relations rather than punishing them for the oil embargo reflected the pragmatic approaches of the US and the UK. Zahlan remarks the Western attitude towards Saudi Arabia and the other Arab Gulf States' approaches to the Palestine cause as cynical and skeptical about their sincerity. She points out that fact that this attitude was widely reflected in the literature. Her argument provides a significant ground for explaining the sources of the claims denying the Arab's initiative in the oil embargo.

This constant in Western attitudes towards the Palestine conflict grew rather than abated with time, and has survived in one form of another until the present. It is reflected in the works of a number of Western or Western-based scholars who adopt the view that the government of Saudi Arabia and the other Gulf States use the Palestine problem with great cynicism to further their own ends.<sup>336</sup>

Although the oil embargo was not carried out by the manipulation of the Anglo-American strategy as T. Peterson argued, it resulted with enhancing and deepening of the Anglo-American relations with the Gulf States. Despite the fact that Europe's vulnerability in the oil crisis that would

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<sup>333</sup> Ibid, p.88

<sup>334</sup> Zahlan, Palestine and the Gulf States, p.36, 82

<sup>335</sup> See, Zahlan, Palestine and the Gulf States, 1-53. Zahlan explains the KSA rulers struggle with the US and British authorities, on the Palestine cause that had been undertaken since the era of King Abdel Aziz starting with 1936-39 until the 1973 oil embargo indicating the consistency and continuity of the KSA policy.

<sup>336</sup> Zahlan, p. 50

significantly and inevitably affect the British economic interests, the circumstances of the crisis opened new opportunities for Britain as T. Peterson briefs; "*Oil policy was initially one area of significant Anglo-American discord, but the British soon accommodated themselves to the price increases, benefitting from increasing arms sales, Saudi and Iranian assistance in suppressing the rebellion in Oman.*"<sup>337</sup> Britain turned the crisis into the opportunity of enlarging its business with the oil boomed Gulf States in the mid 70's. In the U.S. case as well, the crisis paved a way through strengthen American- Gulf alliances and its *twin pillars* policy which would be disrupted by the Islamic revolution in Iran pillar but even accelerated in the Arabian side in the 80's, as Gause describes "

(...)whatever impulses there might have been in Washington for confrontation were quickly overcome by moves to deepen American cooperation with both Iran and Saudi Arabia, both to solidify the U.S. position in the region whose geopolitical importance to increase substantially and to make sure that the 'petro-dollars' now in the hands of these countries were recycled through the American economy.<sup>338</sup>

As a result, the oil crisis has changed the regional dynamics and started a new era with the regional and global consequences that were directly or indirectly affected British Gulf policy:

- Oil was used as an efficient political weapon for the first time and became a significant power element that the Gulf states acquired. The industrialized western countries realized their dependency to the oil producers and their vulnerability to instant shortage of energy supplies. The world economy's vulnerability to the changing oil prices was sharply realized.

- Dynamics of the international relations redefined with the oil factor and new terms such as oil-politic, energy security, and oil diplomacy have become the key definitions of the international relations literature.

- Gulf states realized a dramatic oil boom that brought a phenomenal oil wealth that granted them substantial economic growth and financial power.

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<sup>337</sup> T. Peterson, Richard Nixon, Great Britain and the Anglo-American Strategy p.85

<sup>338</sup>Gause, p.31



- The process of armament of the Gulf States had started as result of the petro-dollar boom in the Gulf States. The Gulf States enjoying the remarkable increase of the oil revenues invested their surpluses mainly in defense and security. The threat perceptions of the Gulf states in the region of insecurity fueled by the oil supplying west countries who were competing to get higher stake in the arm sales to the Gulf states. Therefore, Arab Gulf states security dependence to the West was maintained.

-The strategic importance of the Gulf remarkably increased based on the strategic oil factor. American cooperation with the Gulf States deepened particularly with the Saudi Arabia through the 'special relationship'.

- Arab Gulf states' collective achievement on the oil embargo proved a significant step for their integration towards the establishment of the GCC (Gulf Cooperation Council) in 1981.

- Having realized their dependency and vulnerability to the Gulf oil, European states started take new measures in their foreign policies towards the Arab States and the Arab-Israeli conflict for their future energy securities. The Euro-Arab Dialog (EAD) was launched in 1974 by the initiative of France. Britain joined to EAD as well between 1974-78.

- 1973 oil crisis substantially increased strategic and economic importance of the Gulf states in the British Gulf policy. Britain strengthen its relationships with the Gulf States to pursue its increasing interests in parallel with the increasing oil money and market values. The oil boom raised the market value of the Gulf with remarkably increasing financial and commercial opportunities for Britain. Britain had made "Joint Venture Agreements" with the Gulf States to establish exclusive and comprehensive trade relations following the eruption of the oil crisis.

-The "Arab-Israel" conflict became the central political parameter in the agenda of the British foreign policy towards the Gulf States. Taking the advantage of its policy alignment with the EEC states to the Palestine-Israel conflict over the US, Britain not only protected its crucial interests in the Gulf states but also increased them in the expense of the US.

-The rise of the oil prices resulted with the increase of the profits and commercial value of the North Sea oil and consequently reduced the UK's energy dependence to the Gulf gradually and contributed to the British economy.<sup>339</sup> It can be argued that the rise of the North Oil production was a factor affected in the extension of the period that increase oil crisis increased until the mid-80's.

### 3.3.2 The Palestine Problem

Following the oil crisis that erupted as a result of the 1973 Arab-Israeli War, the Arab-Israel conflict became the major political parameter with the most critical importance in the post-colonial British policy towards the Gulf. The oil embargo of the Arab states as a reaction to the US support to Israel, demonstrated the seriousness of the threat that could be caused by the British policy approach to the Arab-Israel conflict for the British interests in the Gulf. Hence, British foreign policy makers realized the delicacy of the matter and that British policy on the issue should be handled based on this delicacy. The Palestine-Israel problem was at the core of the Arab-Israel conflict and Britain was historically responsible for the matter to emerge.<sup>340</sup> Therefore, Britain adopted a cautious approach to the Palestine-Israel issue particularly in the relations with Gulf states along the 70's. British government was not concerned with the Palestine cause itself but with the potential threat and risk it could cause for the British interests. The Foreign and Commonwealth Office (FCO) monitored the developments in the Gulf States with special focus on the Gulf leaders' approach to the Palestine-Israel conflict and the PLO in the Gulf States. British Ambassadors in the Gulf states reported the FCO on the attitudes of the Gulf states to the Palestine question, the PLO, and the Palestinians in the Gulf States in the annual review reports and with specific reports.<sup>341</sup>

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<sup>339</sup>Parsons, *The Middle East*, p.81

<sup>340</sup> British Empire provided Israel to be established in occupied Palestine by the Balfour Declaration in 1917. See, William L. Cleveland, Martin Bunt, *A History of the Modern Middle East*, Westview Press 2009 p.448-511

<sup>341</sup> For instance, the British Ambassador in the UAE was reporting the Amir's moderate line to the Arab-Israel issue in the UAE Annual Review 1976 FCO 8/2888, British Ambassador in Kuwait was reporting about the Palestinian population in Kuwait in Kuwait Annual Review 1975 FCO 8/2440 and in *The Palestinians in Kuwait report 1976*

The Palestine problem in the frame of Arab-Israeli conflict had always been in the agenda of the British politicians and diplomats during the high-level meetings with the Gulf leaders. For instance, after the Arab Summit Conference in Rabat in 1974, the Minister of State of the FCO, David Ennals met with the Amir of Bahrain in London to talk about the developments related to PLO and Arab's attitudes. He was informed by the Amir that the meeting was resulted with the decision of the Arab leaders that "the PLO should have an accepted identity". Sheikh Mohamed bin Mubarek during the meeting stated "*it was most important that the Arab's real friends like Britain should show co-operation and understanding*" indicating the expectations from Britain "*in view of her historical role in Palestine, to take more sympathetic and active part.*"<sup>342</sup> Minister Ennals response to the PLO decision showed the solid British attitude on refusing the PLO and the British priority of the Israeli interests:

"Now that the decision had been taken to give responsibility to the PLO, it was important that the PLO should fulfill its responsibility in a statement-like and responsible way. It would certainly be difficult to persuade Israelis to talk to the PLO and it was therefore most important that Arabs should present their position eg in any resolution at the General Assembly in as moderate a way as possible."<sup>343</sup>

Gulf leader's recognition of the PLO was an important concern for the British authorities.<sup>344</sup> In 1978, during the meeting between the State Minister for Foreign and Commonwealth, Mr. Jude and the Minister of Oil and Finance of Qatar, Sheikh Abdul Aziz, they discussed about overall the tension in the Middle East based on the Arab-Israeli dispute. Mr. Jude stated his personal believe in the importance of Palestinian rights without mentioning the PLO once, and went on: "*In addition, and from the purely practical standpoint, Israel would be saddled with a big security problem within its borders if a solution to the Palestinian problem were not found.*" Abdul Aziz

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FCO 8/2685, the British Ambassador in Qatar reported about the Amir Sheikh Khalifa's suspicious approach to US policy on the Arab-Israel his hopeful attitude towards the Euro-Arab Dialog in Qatar Annual Review 1976 FCO 8/2770.

<sup>342</sup> The Attitude of Bahrain to Arab-Israel Dispute, FCO 93/543

<sup>343</sup> Ibid

<sup>344</sup> UAE Annual Review 1978 FCO 8/2659

commented that “*you can never tell about Palestinians (...)*” and he said that he believed that the PLO was representing the West Bankers that’s why the Gulf States and Saudi Arabia supported.<sup>345</sup>

Britain’s approach to the conflict in favor Israel rather than Palestinians was the main handicap in relations with the Gulf states with risk of affecting British interests. British Ambassador in Kuwait, A.T. Lamb’s striking explanation in his 1974 report shows the skeptical approach of Kuwait towards Britain:

We know too, that Atiqi (Abdul Rahman Atiqi, Kuwait Minister of Finance and Oil) feels deeply on Palestine issue: our abstention on the PLO vote (whatever the constitutional niceties would have been taken by him as further example of our disregard for the Arab case and as evidence that we thought that the Arabs would do what we wanted with their money regardless of our political posture. Clearly, he would emotionally assume, the British have not learned the October 1973 lesson of oil weapon and are now ignoring the latent power of money weapon.<sup>346</sup>

During the FCO Minister Lord Balniel’s Gulf Tour in 1974, the public opinion of the Gulf states on the British policy was elicited by the Kuwaiti press. The Kuwaiti newspapers were quite critical on the British position to the Arab-Israel conflict. The Kuwait Times stated during the Minister's visit:

Britain had never even remotely expressed her sorrow and repentance for the Balfour Declaration; has never helped the Arab Cause even morally and diplomatically in the last two decades and did not itself follow up the ill-planned and badly-worded 1967 Resolution after ramming it through the panic-stricken Security Council.<sup>347</sup>

Kuwait Times also reported that during the press conference, “*Lord Balniel denied Arab press reports that British Jews had collected a sum of 50 million Sterling during the October War for aid to Israel.*” The newspaper also reported about the raised questions to the Minister such as Britain’s lifting of Arms embargo on Israel and British offer of fixed rate of Sterling for the Kuwaiti deposits

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<sup>345</sup> The Oil Affairs in Qatar 1978 FCO 8/325

<sup>346</sup> Energy Matters in Kuwait 1974 FCO 96/144

<sup>347</sup> Kuwait Times, "British Weakness" 22.01.1974, FCO 8/2161

in the British banks as an inducement to prevent them withdraw their moneys.<sup>348</sup> These critical questions clearly reflected the suspicious approaches and the reactions in the Arab Gulf states to the British policy towards the Palestine problem. It was eliciting the source of serious handicap for the UK in pursuing its vital interests in the Gulf states, “the close friends with historic ties”.

Britain employed the diplomatic maneuver to dissociate of its policy towards the Arab-Israel from the US policy by aligning with the EEC states in the frame of the Euro-Arab Dialog to renew trusts of the Gulf states. It attempted to show that the British policy approach was more just than the American’s. However, in essence British policy did not adopt a different approach towards the rights of the Palestinians than the Americans. Despite the American pressure on Britain against the Euro-Arab Dialog, British Government was determined to commit with the Europeans to secure its oil interests in the Gulf countries.<sup>349</sup> Britain tried to assure the US that the Dialog would not assume any political initiative and the PLO will not be accepted<sup>350</sup> and it would not cause a damage in the US policy and efforts in the peace process. British Foreign Secretary James Callaghan said that “*I made it clear in the foreign affairs debate on 19 March that before I lifted our reserve, (on the Dialog) I would want to be sure that the proposed Dialog would not across Kissinger’s efforts to bring about a peace settlement in the Middle East.*”<sup>351</sup> During the Dialog 1974-1978 Britain strongly resisted any attempt to include the PLO to be represented into the Dialog.<sup>352</sup> Therefore, while the UK was committing with the European solidarity, it was also remaining loyal to its American alliance within the line of the American policy towards the Arab-Israel conflict.

Britain applied a balance policy between the British interests in the Gulf states and both; Anglo-American, Anglo-Israeli relationships. While the previous one was crucial for the British economy, the second one was also crucial for the British political and ideological alignment at regional and global levels. Thus, both were not to be risked for Britain. The Foreign Secretary of Labor Party government elected in 1974, James Callaghan, made a Middle East visit before the

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<sup>348</sup> Kuwait Times, "Balniel's Denials" 24.01.1974, FCO 8/2161

<sup>349</sup> Zakariah, p.99-101

<sup>350</sup> Palestinian Liberation Organization and the Euro-Arab Dialog, 1975 FCO 93/772

<sup>351</sup> Telegram from James Callaghan, 4 April 1974 FCO 30/2514

<sup>352</sup> Zakariah, p.102

elections to meet with the Egyptian President Anwar Sadat and Israeli Prime Minister Golda Meir, as the chairman of the Labor Party. He explains the aim of his visits to Egypt and Israel as:

My visit had a dual purpose, namely to mend fences with the Arab leaders in order to avoid any remote possibility that the Labour Party's close links with Israel might lead to an oil embargo against Britain if we won the election, and at the same time to reassure Israel that we would not depart from the Party's historic friendship for that country.<sup>353</sup>

In fact, Callaghan's approach shaped the main lines of the British foreign policy approach during the Labor Party rule (1974-1979) towards the Middle East. British government pursued a balance policy between the Arab states and Israel basically to preserve British interests in the Gulf. British alignment with the EEC states towards the Arabs constituted a supporting ground in pursuing the balance policy.

Palestinian migrants in the Gulf states, particularly in Kuwait was the significant dimension of the British concern and was perceived as potential threat for the British interests. Gulf states had been among the states in the Middle East hosting the Palestinians that were forced to migrate by the Israeli occupation.<sup>354</sup> Palestinian workers had significant role through building modern infrastructures in the Gulf states.<sup>355</sup> In the mid 70's, the increasing Palestinian population that flew from Lebanon to Kuwait because of the battle in Lebanon, became a serious concern for the British authorities.<sup>356</sup> The British fear was the potency of political impact of the Palestinians that would

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<sup>353</sup> James Callaghan, **Time & Chance**, Collins 1987, p.289-290

<sup>354</sup> Zahlan elaborately studies the strong historic links between Palestine/Palestinians and the Gulf states that she argues that was unknown and neglected. She provides a comprehensive work to reveal the link between the Palestinians and the Gulf States starting in 1936-39 period that had created great reaction of the Gulf Arabs towards the displacement of the Palestinians. She explains the weight of Palestinians in the Gulf States as result of 1948, 1967, 1970's waves of Palestinian migrations and Gulf States financial and political efforts for the Palestine cause. See, Zahlan, Palestine and the Gulf States, Routledge, 2009. See also, Javad M.A. El-Hamad, "The Arab Gulf Countries and Arab-Israeli Conflict;: the Linkages and Dynamics, (1970-2000)", PhD. Thesis, Durham University, 2004, for substantial links had been developed between the Gulf States and the Palestine problem, particularly were carried out by the Saudi leaders starting with the King Abdul Aziz in the 1930's.

<sup>355</sup> See, Zahlan, Palestine and the Gulf States, Rashid Khalidi, The Palestinians and the Gulf Crisis, Current History, 1991 Vol. 90 Issue 552 18-37 p.19

<sup>356</sup> Palestinians in Kuwait 1976, FCO 8/2685

cause instability in Kuwait and thus damage the British interests. Many Palestinians were holding the senior government posts in the Kuwait<sup>357</sup>

The British Ambassador in Kuwait, A.T. Lamb sent a dispatch titled as "Asset or Liability-The Palestinians in Kuwait, dated by 2 June 1976 to the FCO.<sup>358</sup> The Ambassador Lamb raised the question of Palestinians in Kuwait as potential threat to the UK's interests in Kuwait. He explained that the Palestinian community in Kuwait were occupying a large and disproportionate position with the payrolls and taxes in Kuwait that would impose a threat to the stability of Kuwait in longer term and warned the British government stating that "*So what stops the Palestinians causing trouble in or even taking over of Kuwait*". Lamb, did not provide a case of trouble caused by Palestinians at the time and even he stated that they did not impose threat in short or medium terms. Yet, he needed to alert the British Foreign Office for the possibility of a long-term threat. He even took this further by claiming that "*should this happen, and should there follow from this any attempt by Palestinians to organize themselves here into "a state within a state" of the type which has caused so much trouble elsewhere, then there would certainly be problems.*" referring the existence of the Palestine Liberation Organization (PLO) in Lebanon and Syria. His dispatch was received with great interest by the FCO and the other departments.<sup>359</sup>

The newspaper Daily Express reported a news under the headline of *Rebel Threat to Oil Kingdom* with the subhead that "*Moscow backs Kuwait Invasion*" on 19 August 1976. The news was indicating to the "Palestinian invasion" of Kuwait stating that "The Palestinian extremists are posing threat to British oil supplies."<sup>360</sup> The reporter was considering the Palestinian flow to Kuwait from the war in Lebanon as invasion and a great threat to the British oil related interests in Kuwait. His intimidating argument was made based on the fact that the Palestinian population exceeded 250,000 more than half of all and that the PLO leader Yasser Arafat was to visit Moscow

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<sup>357</sup> Ibid. Zahlan points out the facts that had constituted a deep and historical nexus between the Palestine political movements and Kuwait: Fatah was found in Kuwait in the 1950's by Arafat and friends and the brother of Amir of Kuwait, Sheikh Fahd bin Ahmad was a member of Fatah besides many other involvements of cultural, economic and social Palestinian institutions. See Zahlan, Palestine and the Gulf States, p. 13

<sup>358</sup> Diplomatic Report No: 280/76 Kuwait 2 June 1976, FCO 8/2685

<sup>359</sup> Palestinians in Kuwait FCO 8/2685

<sup>360</sup> John Ellison, "Rebel Threat to Oil Kingdom", Daily Express 19 August 1976, FCO 8/2685

soon. It clearly showed the irony of the post-colonial British approach to the Palestinians who had been suffering of unending migration problem as the result of the UK initiated Israeli occupation, defining them threat for the British interests. Consequently, Britain managed to save crucial interests in the Gulf states however, failed to earned the trust of the Gulf leaders and people on the British just and honest approach towards the Palestinian cause and the Arab-Israeli conflict in general.

### 3.3.3 1979 Iran Islamic Revolution: Security Fear of the Gulf States

1979 Iran Islamic Revolution, the second trauma of the first decade after the British withdrawal, changed the geo-political dynamics of the Gulf. Iranian revolution was a milestone in the Gulf political history with significant consequences for the Anglo-American policies in the region. Iran, as an important and historic power of the region, constituted one of the pillars of 'twin pillars' strategy in the US's Gulf policy after the British withdrawal. Shah had been a strong western ally in the Gulf, competing with the Saudi King who was assumed the other pillar of the 'twin pillars'. By the revolution, the power was transferred to the theocrats who were strong opponents to the West in Iran by the fall of the Shah and the twin pillar was demised.<sup>361</sup> Iran was no longer the protector of the western interests, and the "policeman" of Anglo-American order in the Gulf. The impact of anti-American ideology of the revolution resulted with the hostage crisis in the U.S. Embassy in Tehran by the Iranian students soon after the revolution in 4 Nov 1979. It was the breaking point in the U.S.-Iran relations. American president Jimmy Carter reacted by blocking the Iranian assets in the US banks and abroad.<sup>362</sup> The special relationship between the US and Iran turned out to be animosity. Saudi Arabia became the major power as Western ally in the Gulf.

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<sup>361</sup> Macris, p.208

<sup>362</sup> April 7 1980, Jimmy Carter, Sanctions Against Iran Remarks Announcing U.S. Actions, [www.presidency.ecsb.edu](http://www.presidency.ecsb.edu)



Therefore, by the Iranian revolution that was followed by the Iran-Iraq War, a new phase had started in the Gulf geopolitical order throughout the 1980s.

Iranian Revolution was resulted with also the demise of the British led CENTO in the region. The Soviet Invasion of Afghanistan in 1979 further complicated the regional security amid changing dynamics. In May 1979, the British political scene displayed a significant change as well by the victory of the Conservative party leader Margaret Thatcher who was elected as Prime Minister. Thatcher's rule started a new phase in the British politics. Thatcher's active foreign policy in the Middle East had special focus on the Gulf and will be analyzed in the next chapter. The Anglo-American cooperation in the Gulf policy and Anglo-Persian relations were two main pillars of the British Gulf policy that would be affected by the Iranian revolution. Thatcher gave full support to the U.S. during the hostage crisis by trying to arrange the condemnation of the European states and the whole EU.<sup>363</sup> In the meantime, British government had stopped exporting arms to Iran until the crisis was over since the special relationship required such solidarity.<sup>364</sup> The British on the other hand, kept their distance from the ruling theocrats in Tehran but not to a greater extent than that British trade with Iran continued to prosper and the Thatcher government effectively using the threat of militant Iran to strengthen its ties and position on the Arab side of the Persian Gulf."<sup>365</sup> There have been a common perception among the people of the Gulf that the British with its American ally, had somehow involved in the Iranian Revolution to be carried out. The UAE Ambassador to the UK (1991-2009), Easa Saleh Al-Gurg tells about the skeptical approach of the people in the Gulf including the Iranians to the British policy in the region in his memoir as: "*It is often said in Iran, I have no doubt jokingly, that if you lifted a mullah's beard you find a written underneath: 'made in England'. This maybe to exaggerate Britain's influence in the latter part of the twentieth century, but it contains an element of truth and indicates how people often view such events in our part of the world.*"<sup>366</sup> He implies that the Iranian Revolution could not be achieved without British control or at least out of Britain's information. His striking explanation as a

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<sup>363</sup> See details on the diplomatic traffic between Thatcher and Carter, Tore Peterson, *Anglo-American Policy towards the Persian Gulf 1978-85, Power, Influence and Restraint*, Sussex Academic Press, 2015, p.68-76

<sup>364</sup> UK Defence Policy in the Gulf, 1979 FCO 8/3292

<sup>365</sup> T. Peterson, *Anglo-American Policy towards the Persian Gulf*, p.68

<sup>366</sup> Easa Saleh Al-Gurg, **The Wells of Memory: An Autobiography**, John Murray Publishers, 1998 p.193

bureaucrat and a businessman in the region tells us about the remarkable level of remaining British influence and involvement in the region at the end of the first decade of the independence and its possible impact on the regional dynamics such as the Iranian revolution.

According to the British policy makers, the major consequence of the revolution for the region was the ideological effects of the Shia doctrine of Iran on the Shia-Muslim communities in the Gulf States that constituted the population of %50 in Bahrain and % 25 in Kuwait and about 300.000 in the eastern province of Saudi Arabia at the time.<sup>367</sup> The regime security concerns of the Gulf rulers under the circumstances provided Britain a favorable environment to approach the Gulf States and enhance the relations.

British policy towards the Iranian side, despite of her commitments with the U.S., Britain applied only some of the sanctions of the U.S. along with the EC and maintained trade relations with Iran after the hostage crisis.<sup>368</sup> President Carter, had explicitly asked Thatcher to support US during the crisis by imposing financial and political measures such as restriction on the Iranian oil prices of non-OPEC terms in buying, ban on supplying "military equipment and spare parts" and further restrictions on exports to Iran with the exception of food, medicine and medical supplies, and withdrawal of the ambassadors from Iran.<sup>369</sup> Thatcher government was inclined to pursue British economic interests in Iran especially in the arms trade in the light of the Iran-Iraq war along 1980s rather than the sake of the special relationship.

Iranian revolution had substantial consequences for the British economic interests. The loss of the privileged position of British Petroleum (BP) and Shell in Iran after the revolution and 1978-79 reduction of oil supply by the fall of Shah had deteriorating effects on overall British economy.<sup>370</sup> Nevertheless, the revolution provided Britain advantages to enhance the relations with the Gulf states who were seeking deeper Western support against Iran threat to their regimes while the U.S. appeared 'weak' as a result of the hostage crisis.

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<sup>367</sup> Parsons, *The Middle East*, p. 85

<sup>368</sup> Douglas Hurd, *Memoirs*, Abacus, 2003 p.290. Parsons, *The Middle East*, p.86,

<sup>369</sup> T. Peterson, *Anglo-American Policy towards the Persian Gulf*, p.72

<sup>370</sup>Macris, p.254

The Soviet invasion of Afghanistan in 1979 raising the tension and fears in the region increased the security needs of the Gulf States as well. Soviet invasion in Afghanistan was great concern of Britain and the West against the stability of the region following the Iranian revolution therefore resulted with the direct military involvement of the U.S. in the Gulf declared by the Carter doctrine in 1980.<sup>371</sup> In 1977, Carter administration had announced for the first time that the Arab Gulf had "strategic priority" for the United States in defense against what it described as any "foreign aggression".<sup>372</sup> As a result of the Iranian revolution, dissolution of CENTO created less favorable balance of power in the region for the West. The situation in the Gulf was inviting for Britain to assume more active role with more engagement within the Gulf States. Britain's defense policy interests in the region was reported by the Defense Ministry at the time outlining the sources of threats and the British policies after the Iranian revolution as:

1- We have a substantial interest in promoting the stability in the Gulf area. It contains sea and airlines of communication that are vital to the West and the majority of the world's known reserves of oil.

2- The balance of power after the Iranian revolution and consequent demise of CENTO has certainly tilted against the West (...) There is tension between Persian and Arab and between Sunni and Shia and even relatively minor incidents could have serious effects on oil supplies and hence on price and the entire world economic picture.

3- In the longer term there is the threat of disruption arising from the activities of Soviet Union.

4- The West must adopt a pragmatic approach to problems in the area. We must obviously maintain the military capability to defend our interests (...)

5. (...)

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<sup>371</sup>Jimmy Carter "The State of the Union Address Delivered Before a Joint Session of the Congress", January 23, 1980, *The American Presidency Project*, Access 18.10.2017

<sup>372</sup>Gause, 82, Macris, 200-210

6- We consider that the best means of contributing to stability in the area is by continuing our provision of military training assistance and advice to friendly states (...)<sup>373</sup>

As seen on the second paragraph of the report, the Shia-Sunni division was highlighted as a source of threat for the stability and security of oil flow and prices. However, Iranian revolution was introduced not based on a sectarian manifestation or propaganda but rather based on Islamic ideology with political implications. Its Islamic ideology created enthusiasm throughout all over the Sunni Islam geography in the beginning. Iranian revolution was perceived as the victory for the Muslims in the motion of standing out against the imperialist Western world, among the Islamic communities. In that sense, the message of the revolution was uniting for the Muslims rather than sectarian and factious. The anxiety of the Gulf rulers against Iran following the revolution was not high initially actually but increased after the years of Iran-Iraq War in parallel with the Iran's pursuit of influence in the region based on the Shia doctrine. In 1979, in the post-revolution context, the Gulf rulers were rather concerned about the Soviet threat than the Iranian threat as the British ambassador's reports clearly showed.<sup>374</sup>

There were some demonstrations took place in the Gulf states having Shia minorities like Kuwait, Bahrain and Saudi Arabia as a result of the revolution. But they were yet political in their demands and did not present a Shia-Sunni tension that was stated in the British policy papers. For instance, the demonstration in Kuwait City was held in front of the American embassy during the Iranian hostage crisis in November 1979.<sup>375</sup> In the same month, the Holy Mosque in Mecca was occupied by an Islamist group. They were against the Saudi family on the political ground, but they were not members of Shia community nor sympathizers of the Iranian revolution. On the contrary, the group was belonging to the Salafi creed of Sunni Islam, yet they eventually inspired by the message of the Iranian revolution to carry out such operation based on political motivations. In fact, historically Shia-Sunni conflict had not been the case between the Persian and Arabian sides of the Gulf in which of the communities have historically developed close relationships in trade

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<sup>373</sup>FCO 8/3292 1979

<sup>374</sup> Security of Arabian Gulf 1980 FCO 8/3488, Annual Review for 1979 FCO 8/3507

<sup>375</sup>Gause, 47

and culture for the centuries.<sup>376</sup> The sectarian conflict in the Middle East at the time did not reach the point of today's phenomena to cause a threatening tension. Therefore, the threat for the Gulf regimes sourced by the Iranian revolution was fed by political motivation against the Gulf monarchies who were Western allies, especially the Kingdom of Saudi Arabia. It was the British strategy used in its foreign policy agenda in the Gulf particular, to provoke the sectarian division towards a potential conflict for the both; Arabian and Persian sides for benefitting through the certain purposes. First to keep Sunni Arabs away from a potential political cooperation with the revolutionary Iran which would cause great threat for the British and western interests in long term. Second, to take advantage of the unsecure positions of the Gulf regimes that constantly had to deal with their Shia population against the Iranian threat. So that Britain's support and alignment would be more needed by the Gulf States. In fact, the revolutionary Iran emerged as the new source of threat for the Gulf states overshadowing the fear of Iraq's pan-Arab aspirations throughout the following decade.<sup>377</sup> It provided quite favorable circumstances for the British and its Western allies to keep the Gulf states under the Iranian threat that would help sustaining the security dependency of the Gulf states.

At the end of 1970s, Britain was entering into the next decade under Thatcher by adopting a policy towards the Gulf with determination of more engagement towards the stability of the Gulf based on the security concerns which was about to change the direction by the eruption of Iran-Iraq War in 1980. The Iran-Iraq war was one of the substantial consequences of the Iranian revolution. Throughout the 70s, Iraq had developed a power projection in the region militarily and politically under the Baath regime. The Kurdish and Shia unrests in Iraq were escalated by the Iranian revolution. During the hostage crisis, Saddam Hussein took the opportunity of the weak situation in Iran and invaded Iran in 1980.

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<sup>376</sup> See, Sultan Al-Qassimi, *The Myth of Pricy*. El-Hamad describes the Arab-Iranian relations until the Iranian Revolution as "increasingly warm ties" despite the border disputes between the Gulf States and Iran. El-Hamad, p.44. He explains the pro-Arab policy of Iran during and in the aftermath of the oil crisis to align with against Israel. The sectarian conflict or tension was not the case between Iran and the Gulf States until the post-revolutionary developments in which the Western powers adopted the approach of sectarian division between the sides. After the revolution common public hostilities of Israel in both Iran and the Gulf State constituted a ground of sympathy. See El-Hamad, p.48

<sup>377</sup> Oktav, p. 137

### 3.4 UK's Relations with the Gulf States in 1970's

After the withdrawal, Britain quickly adopted its relations with the newly independent Gulf states, the former British protectorates, into the new form of relationships. The post-colonial British foreign policy towards the Gulf states was shaped to pursue British influence and interests in the political, military, economic and cultural relations with the Gulf states in the first decade of their independence in the context of the regional developments in the 1970's as explained above. In each realm, the extension of the British involvement and influence varied depending on the four Gulf states; Kuwait, Bahrain, Qatar and the UAE.

#### 3.4.1 Political Relations

Britain's overall relations after the withdrawal wouldn't be described better than Nonneman's expression: "*Britain has managed to maintain excellent relations with the six monarchical Arab states of the Gulf, and in the case of five smaller ones, as already indicated, even a significant direct involvement at the security, military and high official levels.*"<sup>378</sup> These "excellent relations" with the Gulf states were established based on transforming the legacy of colonial ties into the friendship relations of strategic partnership. It was the strategy of British diplomacy effectively used in the relations with the Gulf states to transform colonial relations into the "close friendship" on the ground of so called "historic ties" and acquired advantageous position over its rivals in pursuit of vital British interests. British Ambassador's expression in the UAE in his dispatch to the Ministry in 1977: "*We are foreign devil best known and on the whole best liked for that reason*"<sup>379</sup> strikingly explains the paradoxical situation. Although the British was the devil in the Arab's eyes, as the major imperial power who had been the responsible for the Palestinian

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<sup>378</sup>Nonneman, p.329

<sup>379</sup> FCO 96/699 Energy Matters in the UAE 1977

problem with destructive results going on in the Arab world, in the meantime, it was the closest foreigner based on the historic relationships, showing great interest to support during the first years of independence. The British had used the advantage of these “historic ties” or by the words of British Ambassador in Abu Dhabi the ‘past familiarity’<sup>380</sup> in diplomatic relations in the 1970s. Secretary of State for Foreign and Commonwealth Office, Lord Balniel described his significant impressions in his report on his Gulf tour following the oil crisis:

The Arab’s long acquaintance with us may well lead them to accept that we are disposed to treat them as equals. There seemed to be a very genuine feeling of goodwill towards us in the lower Gulf and a strong desire to preserve and expand our relations. In Kuwait, the relationship is more ambivalent, but they went on record with a public statement that they regard us as a friendly country. (...) Many of the doubts and questionings that were present at the time of our military withdrawal in 1971 have been removed and the general situation is encouraging.<sup>381</sup>

As soon as withdrawing its troops from the Gulf’s certain locations like Bahrain and Sharjah and handing over the territories to the States, British government made new agreements with the Gulf rulers by transforming the colonial Exclusive Treaty Agreements to the new 'Treaty of Friendship'. The agreements were made with each ruler, in 15 August 1971 with Bahrain; in 3 September in 1971 with Qatar; and in 2 December 1971 with the UAE signed by the last Gulf Resident Sir Geoffrey Arthur. The substance of the agreements consisted of the same articles as shown in the Agreement with the UAE:

*“The United Kingdom of Great Britain and Northern Ireland and the United Arab Emirates (and Qatar and Bahrain);*

*Considering that the United Arab Emirates has assumed full responsibility as a sovereign and independent state;*

*Determined that the long standing and traditional relations of close friendship and co-operation between their peoples shall continue;*

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<sup>380</sup> British Ambassador D J McCarthy in his valedictory in 1977, FCO 96/699

<sup>381</sup> Invitations to the heads of Gulf Countries to visit UK FCO 8/2161

*Desiring to give expression to this intention in the core of a Treaty of Friendship:*

*Have agreed as follows:*

**Article 1.** *The relations between the United Kingdom and Northern Ireland and United Arab Emirates shall be governed by the spirit of close friendship. In recognition of this, the contracting parties, conscious of their common interests in the peace and stability of the region, shall:*

*a) Consult together on matters of mutual concern in times of used;*

*b) Settle all their disputes by peaceful means in conformity with provisions of the Charter of the United Nations.*

In the first clause of the article 1, consulting together was encouraged on matters of mutual concern. Eventually, in the "consulting together", the consulting part would be expected to be the British side and the consulted part the new Gulf rulers. The British government started the text of the Treaty by offering consulting assistance for the new states. The offered consultancy was not defined for a specific field, therefore, it applies in wide range of fields from political to cultural areas. Apparently, Britain wanted to maintain and extent its influence as the primary Western power whose support would be desperately needed by the new, small Gulf States through their state formations. The second clause of the first article 1 declares the obligatory role of the United Nations, in the post-colonial balances of the international relations.

**Article 2.** *The contracting parties shall encourage educational, scientific and cultural co-operation between the two states in accordance with agreements to be agreed. Such arrangements shall cover among other things:*

*a) The promotion of mutual understanding of their respective cultures, civilizations and languages;*

*b) The promotion of contacts among professional bodies, universities and cultural institutions;*

*c) The encouragement of technical, scientific and cultural exchanges.*



In the article 2, Britain offers support to the new states in the field of education and culture by providing professional and technical assistance. Here again, "technical and scientific exchange" refers to the British side of assistance as the otherwise could not be expected at the time. Therefore, it shows the British aim to take major part through Gulf states development projects.

*Article 3. The contracting parties shall maintain close relations already existing between them in the fields of trade and commerce. Representatives of contracting parties shall meet from time to time to consider means by which such relations can be further developed and strengthened, including the possibility of concluding treaties or agreements or matters of mutual concern.*

Article 3. is significant to show the British desire to maintain the existing privileged trade commercial relations and to be further developed and strengthened in the post-colonial context.

*Article 4. The Treaty shall enter into force on the date on which the United Arab Emirates notifies the United Kingdom that its constitutional procedures have been completed and shall remain force for a period of ten years. Unless twelve months before the expiry of the said period of ten years either Contracting Party shall have given notice to the other of its intention to terminate the Treaty, this Treaty shall remain in force thereafter until twelve months from the date on which notice of such intention is given.*<sup>382</sup>

The treaty repeatedly highlights the importance of the existing close relations, referring to the legacy of long colonial period which was ended about a year ago.

The former British political Agents in the Gulf were converted to the diplomats in the new independent Gulf states in the context of the relations of friendship.<sup>383</sup> Therefore, the existing contacts in the region were kept through a smooth transformation. The new Ambassadors, the former Agents, had not changed their former missions completed. Foreign and Commonwealth Office (FCO) in the British government was in charge of diplomatic relations with the Gulf

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<sup>382</sup> Treaty of Friendship between the United Kingdom of Great Britain and Northern Ireland and United Arab Emirates, FCO 46/856

<sup>383</sup> Onley, Britain and Gulf Sheikhdoms, p.23

states.<sup>384</sup> Ambassadors in the Gulf states worked under the FCO. Ambassadors had significant works in the relations between the Gulf states and Her Majesty's Government in the UK.

Diplomatic reports of the Ambassadors in each Gulf States were annually submitted to the Secretary of Foreign and Commonwealth Office (FCO) in the 70's. These reports were very significant for providing panoramic picture of the related state to the foreign policy makers. Annual reviews provided substantial information about political, economic, and cultural situation and developments in the Gulf States. UK's interests, trade relations, energy relations and such were assessed comprehensively by the reports and personal opinions and advises of the diplomats were shared. Annual reviews also annexed to journals of related State's calendar of the events of the year, reporting all foreign relations. These dispatches were distributed by the FCO to the related ministries such as Ministry of Defence, Energy and Trade Departments and Treasury. Therefore, the annual reviews were very helpful for the British government in the Middle East policy to monitor the region from social to intra-regional and international dynamics.

In the context of the 70's, during the ongoing trauma of the oil crisis, annual reports of the ambassadors dedicated that their main concern was to accelerate increasing British trade and investments in the Gulf States through increasing oil revenues. For this aim, they followed closely the development projects of the rulers.<sup>385</sup> There were some subjects particularly took places in the reports. The oil prices policies of the Gulf States, the reactions of the Gulf States to the Israel-Palestine question, and France's rising influence in the Gulf markets were the most notable topics in the 70's, from the Gulf states. Other dispatches of the bureaucrats such as Country assessment papers, Leading Personnel (in Bahrain/Kuwait/Qatar/UAE) provided substantial information and studies about the countries' matters to the UK government. Ambassadors sometimes made files to dispatch on certain topics that they considered important for the British interests.<sup>386</sup>

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<sup>384</sup> FCO is led by the Secretary of State for Foreign and Commonwealth Affairs, as a cabinet member and the Minister of FCO is placed under the Secretary of State for FCO. see, [www.gov.uk/government](http://www.gov.uk/government)

<sup>385</sup> 1974-75-76-77-78 Annual Reviews of Kuwait, Qatar, Bahrain and the UAE show this major focus; FCO 8/2440, 8/2770, 8/2644, 8/2659, 8/3301, 8/3319

<sup>386</sup> For instance, "Kuwait Budgets" 1974, "Asset or Liability? The Palestinians in Kuwait" 1976 by the British Ambassador in Kuwait,

A major British policy objective in the Gulf after the withdrawal was the maintenance of the status quo in the Gulf states by supporting the present rulers. British foreign policy towards the Arabian Gulf defined the stability of the traditional rules as one of the major factors influencing the stability of the region.<sup>387</sup> British government's relations were designed and coordinated to stand by the ruling families by the British diplomacy to protect their regimes from internal and external threats. The security of the British hegemonic tools that enabled British domination to continue in accessing to the economic opportunities in the Gulf states, depended on the stability of the Gulf regimes. British commitment with regimes of the Gulf rulers was defined by the British policy as:

Our association with the traditional regimes throughout Arabia is particularly close. It derives:

- a- Our historical association and role in their transition to nationhood
- b- Our continuing collaboration over security matters and defence equipment
- c- Our extensive dependence on the region for oil supplies
- d- Our major commercial stake (every moderate state except the YAR (Yemen Arab Republic) falls into the top third of UK visible export markets, and invisible earnings are also substantial.<sup>388</sup>

Colonial ties, referred by "historic association" in the text, had provided an effective ground for Britain in developing strong association with the Gulf rulers to protect their regimes and so to protect the British interests. British diplomats complained about the predicament caused by the strong British commitment with the Gulf monarchies. As the British was identified with Arabia's monarchic regimes and their survival, it created difficulty for the UK to achieve "arm's length" stance which was achieved by the French.<sup>389</sup> However, British policy makers confirmed that the security of the Gulf regimes were quite linked to the security of the British interests: "*But we must accept that it will be hard to back off from these regimes now without putting at risk their confidence as well as our economic and commercial interests. Other Western states would readily*

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<sup>387</sup> Defence Relations in the Persian Gulf FCO 8/1961 1973

<sup>388</sup> UK Policy in the Arabia and Gulf 1979 FCO 96/882

<sup>389</sup> UK Policy in the Arabia and Gulf 1979 FCO 96/882

*step into our shoes.*”<sup>390</sup> This policy statement clearly indicates the roots of the British policy of backing the Gulf monarchies with the pursuance from the colonial era.

### **3.4.1.1 British Advisors**

The Western foreign consultants and advisors serving in the governments of the Gulf States were mostly the British. The Amirs and ministers of the Gulf states had British personal advisors in the state affairs after their independence besides the advisors in the ministerial institutions.<sup>391</sup> Kamrava remarks that “*British advisors were the key behind the scene in the domestic governments of the small Gulf states.*”<sup>392</sup> Onley also remarks the wide range involvement of the British advisors in the State mechanisms of the Gulf States.<sup>393</sup> British advisors had competed with the Egyptian advisors depending on the country and the field but with none of any Western states. For instance, in Qatar in the 70s, Egyptian fellow was dominating in the state affairs over the British but in the industrial fields such as oil production.<sup>394</sup> Right makes a distinction between the British foreign assistance in Qatar-Kuwait and that of in Bahrain-UAE. Qatar and Kuwait relied on rather Egyptian advisors in political and educational arenas than the British once while in the economic development British advisors served in a wide range of fields from security to oil industry. UAE and Bahrain were mostly employed British consultants in the State affairs and in the Ministries.<sup>395</sup> Therefore, it can be argued that British influence had deeper implications in especially Bahrain and UAE. British Ambassador in Doha was expressing the British discontent of the Egyptian advisors in his report in 1973:

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<sup>390</sup> UK Policy in the Arabia and Gulf 1979 FCO 96/882

<sup>391</sup> British political advisors in the Gulf states were not officially recorded. Therefore, there is no data about the details of the British advisors worked in the Gulf states but some information provided by Personnel interviews.

<sup>392</sup> Mehran Kamrava, personal interview, 8 February 2016 Doha

<sup>393</sup> Onley, *Britain and the Gulf Sheikhdoms*, p.23-24, Onley, interview, Doha, 19.05.2016

<sup>394</sup> Steven Right, personal interview, 2016

<sup>395</sup> Right, personal interview, 2016

Although the Amir himself seems as well-disposed as ever, in the echelons below him there are experts and advisors who do not share his sympathies. They have his ear because he wants to give them power, but because the lack of the suitably qualified Qataris to manage the increasing weight of government business. As a result, he does seem at times a little less able than before to take action on our side when the inevitable Egyptian expert in a key position in a ministry deftly swings a contract away from us on specious grounds, towards one of our competitors.

Although the treat to our position from expatriate Arab experts in various ministries has been greater over the last six months than I ever remember before, there are signs that the Egyptians in particular (and in the army the Jordanians) may over-play their hands. The opportune moment may come soon to place one or two more British experts on temporary secondment or permanently contractual basis in place of Egyptians.”<sup>396</sup>

Bahrain Ambassador, in 1977, was also complaining about the negative impact of the Egyptian advisors in Bahrain on Bahraini nationalization which mostly was applied on the British firms:

This imperceptible advance in Bahrainization contrasts rather sharply with the attitude of the Ministry of Labor and Ministry of Health, which have of course numbers of advisors who over the last few months have produced the astonishing volume of legislation and complicated administrative orders to which you have referred in your most useful letter of 27 January. The clear message is that Bahrainis must have preference, followed by other Arabs, with other foreigners a bad third. I think this is aimed at Indians and Pakistanis, but I fear that it may hurt us, even if unintentionally.<sup>397</sup>

In 1978, British Ambassador in Doha was pointing out the dominated position of the British advisors and experts in Qatar, over the rivals through the end of 70s in his dispatch: “*British consultants also occupy an important position. We help the police and the other municipal services, including health, telecommunications, training and English language teaching.*”<sup>398</sup> British residents in the Gulf States had increased constantly throughout the 70s dedicating that British involvement in the public and private sectors had expanded in the first decade of the independence.

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<sup>396</sup> Oil Affairs in Qatar 1973 FCO 8/2806

<sup>397</sup> Nationalization in Bahrain 1977 FCO 8/2875

<sup>398</sup> Oil Affairs in Qatar, FCO 8/3225 1978

In Bahrain, increasing numbers of the British permanent residents were estimated around 4.600 and the temporaries about were up to 1.500 in 1977.<sup>399</sup> These numbers had reached to 7.500 in 1979 plus 2.500 British visitors that included civil servants, political consultants, businessmen, bankers and those employed under contract to firms in Bahrain showing the level of increasing British involvements in Bahrain along the 70s. In Qatar, the size of the British community was doubled in 1976 in a year to over 3.000 people along with several sizeable civil engineering and supply contracts that were awarded to the British companies.<sup>400</sup>

It indicates that the British influence had been expanded through 70s instead of being declined in the more competitive environment of the rapid developments in the new Gulf States. Post-colonial British policy efficiently worked out to maintain British influence and domination in the Gulf states based on the colonial ties by the employments of the British advisors in the key positions.

### *3.4.1.2 State Visits*

The first official visit at ministerial level was made by the Minister of State for Foreign and Commonwealth Affairs, Lord Balniel in 1974.<sup>401</sup> Lord Balniel, the Minister of the Conservative Party's government, was urged to make a Gulf tour under increasing tension of the oil crisis just before the 1974 elections. He first visited Oman, and the UAE, Qatar and Kuwait respectively in 9-23 January. Oil was the central issue during the Minister's meeting with Gulf leaders and the second matter of his agenda was the Arab/Israel problem and the Geneva Conference taking place at the time.<sup>402</sup> The minister had made elaborate explanations to each Amir (except for Sheikh Zaid,

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<sup>399</sup> Bahrain Annual Review FCO 8/2873 1976

<sup>400</sup> Qatar Annual Review for 1976 FCO 8/3001

<sup>401</sup> The visit of Margaret Thatcher, Secretary of State for Education and Science, to Kuwait in April 1973 was excepted here because it was earlier than the period.

<sup>402</sup> Visit of Minister of State for Foreign Affairs (Lord Balniel) to Persian Gulf 1974 FCO 8/2161

the Amir of the UAE, instead he met with the Minister of Oil and Mineral Sources in Abu Dhabi) about the troubles they faced caused by the reduced supplies and high prices of oil while trying to convince them about the British policy along with Europe to approach Arabs with understanding. In return, they assured him that they would let Britain be provided more oil if it wanted. But they could not assure stable prices for Britain. He emphasized the importance of the friendship and the mutual interests and received their friendly response except for Kuwait. They stated to the Minister that Britain is their closest friend in Europe. The minister reflected his disappointments about the Kuwaiti's attitude in his report of the Gulf visit to the Secretary of State for the FCO by those statements:

I single out Kuwait, as our bilateral relations with lower Gulf States in general strikingly good, and our policy in each case seems set on the right course. Kuwait is more difficult. The government is very conscious of its Iraqi neighbor, its large Palestinian community, and its uncontrolled press and national assembly. As the supplier of 20% of our oil, Kuwait is of special importance to this country. In the past, we have done a great deal for them. It is not so long that we went directly to their defence against Iraq. We gave them urgent help with military supplies last year when they clashed with Iraq again. Our military personnel in the shape of Liaison team are still giving valuable assistance. I don't think I heard a word of appreciation about what we have done for Kuwait except for a ludicrously superficial meeting with the Amir. Kuwaiti attitudes to us in recent months have been distinctly unhelpful and while they profess friendship, this is of a markedly cooler variety than in the case of lower Gulf States.<sup>403</sup>

The minister's Gulf visit actually had widely taken in the press by several newspapers such as Financial Times, Daily News, BBC, and Daily Telegraph. The visit was considered as the result of the British concern to the high oil prices by the media. The world, particularly Europe was on alert, anticipating good news from the British Minister's meeting with the Gulf leaders.

The visit by the Minister of State for Foreign and Commonwealth Affairs in the new elected Labor Party government's cabinet, David Ennals, took place in 4-19 February in 1975. The Abu Dhabi Ambassador described the minister's visit in his annual report as: "*He did not seek specific results, but his visit was valuable in the frankness and grasp with he was able to present the attitude*

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<sup>403</sup> FCO 8/2161

*of Her Majesties Government to Ministers in the UAE and in confirming that the present administration was anxious for close co-operation as preceding governments had been.*"<sup>404</sup> It was followed by the Secretary of State for FCO, James Callaghan's visit in November same year. Secretary of State's Gulf tour as early as in a year dedicated the importance of the Gulf in the British Foreign policy that was adopted by the Labor administration without any diminution. His visit was mainly concentrated on the promoting bilateral cooperation between the Gulf States while Lord Balniel's visit was rather related to the oil crisis itself to be prevented. This time British policy attempted to develop agreements with the Gulf states who were enjoying the increasing oil revenues because of the high oil prices. Setting up '**Joint Commissions**' was one of the primary subjects in the agenda of James Callaghan besides the Arab-Israeli and oil matters. Next year, Callaghan elected as the Prime Minister (1976-79) sent a letter to the UAE President, Sheikh Zayed bin Sultan Al-Nahyan to congratulate his re-election as President and expressed that "*I have the most pleasant recollections of my visit to your country last year as Foreign and Commonwealth Secretary.*"<sup>405</sup> There have been several other ministerial visits in the 70's carried out to the Gulf States such as the visit by the Secretary of State for Industry, Mr. Peter Shore in 2-9 April 1975.<sup>406</sup>

The first visit of the Queen, Elizabeth II, to the Gulf in February 1979 since the British withdrawal was a significant visit during the turmoil in the region. Queen's visit was an important indication of the importance and priority of the Gulf States in the British foreign policy of the period. It was aimed by the Queen's visit to enhance British relations with and British influence on the Gulf states at the highest level. It was reported by the British officials that Her Majesty's visit created a great atmosphere of enthusiasm among the Gulf rulers and their people.<sup>407</sup> British royal visits were employed as a significant dimension of the "close relationship" to reinforce the "historic ties" to create a romantic atmosphere of reciprocal royalties between the UK and the Gulf States. As the members of the British Royalty, many of other royals such as Dukes, Duchesses, Prince and Princess had made several visits to the Gulf states after the British withdrawal. Royal visits

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<sup>404</sup> Annual Review of the UAE 1975 FCO 8/2659

<sup>405</sup> The Letter of the Prime Minister to Sheikh Zayed bin Sultan Al-Nahyan 7 December 1976, FCO 8/2666

<sup>406</sup> Qatar Annual Review by UK Ambassador in Doha, 18 January 1976 FCO 8/2770

<sup>407</sup> UAE Annual Review for 1979, FCO 8/3507



functioned as significant instrument of the British diplomacy to reinvigorate the relations between the UK and the Gulf states. Visits of the Queen, and the Duke of Edinburgh had been planned as part of British foreign policy when the highest degree of relations needed to be promoted in the most critical times. The timing of the Queen's visit at the end of the 70's, demonstrated that almost a decade of "friendships" between the UK and the Gulf states were the high primacy for the British foreign policy through increasing importance of the Gulf states for the British interests. In 1979, just following the Iranian revolution during the times of obscurity in the region, Britain attempted to leave an impression by the Queen who was assumed to be embracing the Gulf leaders of the Arabian side, her former protectorates against the regional threats and appeasing them on the tensions such as the Arab-Israeli conflict.<sup>408</sup>

The Queen started her Gulf tour from Kuwait in 12-14 February, and then headed to the lower Gulf to Bahrain in 14-17 February, to Saudi Arabia in 17-20 February, to Qatar in 21-24 February and to the UAE in 24-27 February by the Royal Yacht Britannia. She completed the Gulf tour by visiting Oman in 28 February- 2 March 1979. According to the British authorities, she personally had very good impression on the Gulf rulers and her warm attitude towards them was returned with intimacy. British Ambassador in Dubai, D K Haskell, described the impressions of the Queen's visit in his dispatch to the Secretary for FCO as: "*Suffice it to say that even ten months later, Ministers, senior officials and leading merchants recall the visit with utmost pleasure, and can describe with minutest detail exactly where, when and in what circumstances they met the royal party. It must be at least partly due to the visit that our exports have held up very well in 1979.*"<sup>409</sup> Eventually, Queen's Gulf visit was successful in enhancing the relations between the UK and the Gulf states and deepening the British influence on the Gulf rulers by creating an atmosphere of glory during the visit. Its repercussions had lasting impact in political and economic relations. British exports to Gulf states increased remarkably following the Queen's visit.<sup>410</sup>

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<sup>408</sup> UK Policy in the Arabia and the Gulf, 1979 FCO 96/882

<sup>409</sup> FCO 8/3507 "Annual Review of UAE 1979

<sup>410</sup> See table 7



After the Queen's visit, Conservative Party was elected in May and the Thatcher era started in 1979. As soon as the government started to work, Foreign Office immediately set up an agenda for the Minister a visit to the Gulf states as part of the extensive Middle East tour. New Minister of State for FCO, Douglas Hurd, planned a Gulf tour for January 1980. The visit to the UAE was planned as the Joint Committee meeting with the special agenda which meant great strategic importance for British policy. The FCO authorities defined the aim of visit "to center on the next meeting of the UK/UAE Joint Committee, to be held in Abu Dhabi."<sup>411</sup> It clearly indicates the importance of the Joint Commission project, and the opportunities the UAE provided for British trade. For the Kuwait visit, the great importance of Kuwait in the British policy was highlighted by the FCO: "*The former account of its key energy role, its importance as British market, its significance in Arab-Israel dispute and its predominant influence in the Gulf, would be merit visit by Hurd.*"<sup>412</sup> Qatar and Bahrain would not be missed during the tour. Especially, Bahrain visit's importance was considered as demonstration of Britain to show her continuing support to Bahrain against the interference of Iran based on the Shia clergy towards a Shia unrest.<sup>413</sup>

From the Gulf side to the UK, more frequent high level visits had been made by the Amirs and Ministers of the Kuwait, Qatar, Bahrain and the UAE. Most of the major meetings like Joint Committee meetings had taken place in London. The Amirs and Ministers were received usually

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<sup>411</sup> FCO 8/3291

<sup>412</sup> FCO 8/3291

<sup>413</sup> FCO 8/3291

by the Ministers or State Secretaries. High level visits from or to the Gulf states were encouraged by the UK since they were considered as "*useful opportunity for increasing access to influential people in the Gulf states*"<sup>414</sup> in the UK foreign policy towards the Gulf states. Besides diplomatic visits, London was the prior destination in Europe for the Gulf rulers for vacation or healthcare and such.

### 3.4.2 Military Involvement

Britain's military and security cooperation with the Gulf states had been very significant dimension of the UK-Gulf states relations in the 70's in terms of military assistance and arms and defence sales. Britain had retained substantial level of military presence in the lower Gulf to preserve its prominent role on arms and security supplying to the Gulf states. British military assistance in the Gulf states were defined with 4 main pillars after the withdrawal: 1-Military Advisory Team 2- Loan Service Personnel (LSP) 3- UK course vacancies (a-visits b-training) 4- defence sales.<sup>415</sup>

During the withdrawal, the Military Advisory Team (MAT) was remained in Sharjah, "in the former British Army Camp, consisting of 93 army personnel, to provide base for e British troops exercising in the Union and to advise and assist local forces with training as appropriate."<sup>416</sup> The main roles of the MAT to be kept in the UAE were declared by the British defence policy in three folds:

1. To administer visiting British units
2. To provide training and advise for local forces

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<sup>414</sup> Bahrain Country Assessment Paper 1978 FCO 8/3306

<sup>415</sup> Defence Relations in the Persian Gulf FCO 8/1961 1973

<sup>416</sup> Military Assistance from the UK to the Persian Gulf 1972 FCO 8/1816

3. To undertake projects which would be useful for civilian community.<sup>417</sup>

Apparently, the missions of the MAT were designed in a wide range of responsibility including even the civilian sphere to secure the continuity of its presence. Besides the MAT, Britain retained some air forces as well in the UAE. (see table 1) It was vital for Britain to keep military presence in the lower Gulf to control the stability of the region especially for the possibility of any revolution and providing support for the needs of Royal Air Forces during the Dhofar conflict in Oman.<sup>418</sup> British military power was not withdrawn from Oman due to the Dhofar conflict, Britain was still in the Gulf controlling the strategically important Strait of Hormuz until 1977.

British Loan Service Personnel (LSP) was the major form of the British military presence that were deployed in the Gulf states in the means of military assistance for the national forces of the Gulf states. Oman and Kuwait had remained dependent to the British military support particularly to the UK Loan Service Personnel throughout the 70's. The importance of the British LSP in the Gulf states was defined by the defence policy as: "we are convinced that the presence of loan service personnel in the Gulf provides great contribution to our defence policy objectives in the area." in 1973<sup>419</sup> All the Gulf states had employed British LSP officers from all three services; naval and marine, army and air forces. In Kuwaiti army, there were about 90 loan service officers already during the British withdrawal in 1971. In the end of 1972, Defence Ministry's Chiefs reported that UK defence link with Kuwait, Kuwait Liaison Team worked well in Kuwait Armed Forces. Kuwait maintained its seconded personnel in Kuwait Liaison Team in the army and air force elements and the navy to be established along the 70's. The strength of the British military assistance in Kuwait was described by the Defence Ministry as: "Essential role of Kuwait Liaison Team (KLT) and the value of British Military connexion fully appreciated by the Kuwaitis. High standards of British military advice continue to maintain Kuwaiti belief in British military connexion."<sup>420</sup>

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<sup>417</sup> Political Relations between the UK and the Persian Gulf States 1973 8/1955

<sup>418</sup> United Kingdom Policy on the Persian Gulf FCO 46/856

<sup>419</sup> Political Relations btw UK and PG States 1973 8/1955

<sup>420</sup> Kuwait Armed Forces 1977 FCO 8/2923

Maintaining military presence in the UAE in forms of advisory and training teams was an important object of the British defence policy after the withdrawal. However, the British was faced with the resistance of Sheikh Zayed, the Amir of Abu Dhabi and the UAE who wanted to reduce the number of the British officers. Sheikh Zayed was, as a strong leader profile, in affinity with the Pan-Arabic sentiments and it was reflected to some of his policies against Britain. The French took the advantage of this in defence contracts throughout the 70's. In the Defence Ministry report in 1972, the UK defence relations activities with the UAE were defined as problematic. The problems stemmed from the fact that the lack of coordination between the Union Defence Forces (UDF), Abu Dhabi Defence Forces (ADDF), and Dubai Defence Forces (DDF). Sheikh Zayed had some discussions with the British officials and requested to reduce the numbers of the British officers in ADDF. It was stated that "it is UK's interests to maintain British officers in ADDF particularly because of the sales of sophisticated service equipment which requires increasing numbers of seconded officers to provide the necessary specialist expertise."<sup>421</sup>

Qatar had requested British military assistance in several occasions along the 70's through the expansion of Qatari Armed Forces, Royal Army Education Corps instructor to help to run and organize Signals schools, British army warrant officers UAE as well had continued to request for LSP and training from the UK among the 70's even at the lower amounts.<sup>422</sup>

A low level of defence relations activity was maintained in "pro-British" Bahrain. Britain did not advise Bahrain to constitute an army mainly for the reason because it would damage the morale and position of the police organization commanded by the British in the internal security as the 'director general of public security'. Bahrain Defence Forces were constituted mainly by the involvement of Jordanian officers and with the support of Saudi Arabia. Therefore, British assistance in BDF remained limited with trainings that held following the British withdrawal.<sup>423</sup>

Britain had kept the Gulf waters under control in the early years of the withdrawal by naval visits and by using a 'voice net' to maintain 24-hour listening watch through Britain's existing posts

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<sup>421</sup> Military Assistance from UK to Persian Gulf 1972 FCO 8/1816

<sup>422</sup> Qatar Security Forces 1974 FCO 8/2298,

<sup>423</sup> Bahrain Defence Forces" 1975 FCO 8/2417

in the Arabian Gulf.<sup>424</sup> HM ships like 'Diamode' and frigates toured the Gulf several times in 1972 to control the security and political situation of the region. In a defence policy paper by the Defence Ministry, the general objectives of naval visits defined in 1972 as:

*“It is considered essential in the interest of smooth running visit that the ship be brought up to date with the current Gulf situation, and in particular be given guidance on such points as*

- a) Local personalities to be cultivated*
- b) Subjects to be avoided at social events*
- c) Possible risks to ships and ship companies*
- d) Possible political upsets in the area*
- e) Marks of respects to (gun salute etc.) to be given.”<sup>425</sup>*

Arms sales was the primary article of the British exports to the Gulf states as the defence industry provided bigger profits to the British economy. In the context of the 70's, Britain had realized a fortunate period with arms sales and defence agreement opportunities in the Gulf states. Surpluses of the oil revenues in the oil boom, had led the Gulf states enter in to the race of armament in the “insecure” environment of the region. The vulnerability of the new Gulf states who were exposed to the threats of Iraq, Soviet influence, and finally the tension between Iran and Iraq, was exploited by the Western powers like the UK, US and France to increase their arms and defence sales to them. The Arab-Israeli conflict provided advantage to the UK and European states, particularly France, over the US, based on their slightly different stand to the conflict than the pro-Israeli stand of the US. The security agreements included a large-scale business from the arms sales to trainings and joint exercises. As a result, the Ministry of Defence had the leading role in the British-Gulf relations while the Foreign Office had the secondary position based on the great importance of the security providing of the UK.<sup>426</sup>

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<sup>424</sup> UK Policy on the Persian Gulf 1972 FCO 46/856

<sup>425</sup> “HM Ships Visiting the Gulf” Ministry of Defence 17 February 1972 FCO 46/856

<sup>426</sup> Hollis, Britain and the Middle East in 9/11 Era, p. 160

In 1975, Dubai who was seeking a British dominance in military affairs with different approach than Sheikh Zaid of Abu Dhabi ordered one million rounds of Ball Ammunition from the UK. Abu Dhabi's armament were leading Dubai to arm too along the late 70's by buying arms from the UK while Abu Dhabi was mostly dealing with France in purchasing arms. British strategy was used in the tension between Abu Dhabi and Dubai to supply both arms to be able to contain them towards a potential conflict.<sup>427</sup> Sheikh Zaid's attitude reacted to the Union Defence Force's arm purchasing as well, and Britain had to compete with France who could offered better conditions in the tenders.<sup>428</sup>

Even though Bahrain was a smaller market among the four Gulf states in the arms and defence sales, Britain was the major arms supplier to Bahrain. In 1976, Defence Ministry of the UK made a Memorandum of Understanding with the Bahrain Defence Force for the purchase of Lynx Helicopters by Bahrain and it was followed by the sales considerable number of other weapons (anti- tank guns with spares, Jaguar aircrafts which worth millions of Sterling).<sup>429</sup>

Kuwait maintained its contracts of weapons chiefly with the UK in 70's such as 165 chieftain tanks in 1975 which meant the extension of the KLT at least 6 years.<sup>430</sup> Another aspect of the Anglo-Kuwaiti connexion was the trainings of Kuwaitis in the UK's military training institutions. In 1976, Kuwait was ranked as the second largest customer of the British military schools in the Arab world after Jordan.<sup>431</sup> In fact, most of the Gulf sheikhs studied in Royal Military Academy Sandhurst (RMAS). This is a dedication of British influence on the Gulf states in the cultural sphere as well as the military sphere.

Great role of the British defence support in the expansion project of the Qatar Security Forces including the sale of 12 Jaguar aircrafts and the appointment of UK project manager (brigadier) on loan.<sup>432</sup> In 1978, Qatar demanded British Aerospace with £250 million Integrated

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<sup>427</sup> Arms Sales to the UAE, 1978 FCO 8/3123

<sup>428</sup> Defence Visits from the UAE, 1978 FCO 8/3101

<sup>429</sup> FCO 46/856

<sup>430</sup> Exports of Armaments to the Persian Gulf 1975 T 35/376

<sup>431</sup> FCO 8/2923

<sup>432</sup> FCO 46/856

Air Defence System including the low-level Air Defence Missile System.<sup>433</sup> Establishing British military equipment in the national forces was made along with the British military assistance. Therefore, Qatar defence systems had been developed in British dominated environment in the 70s though in competition with the French.<sup>434</sup>

Following the Iranian revolution and the demise of CENTO, British defence policy in the region adopted a tendency towards broader military involvement for the changing security dynamics in 1979. British Defence policy staff defined the options of the British military involvements in the Gulf states by a report in the forms of: 1. Deployment of stationed forces 2. Temporary deployments 3. Military assistance: a) Loan Service Personnel b) Training teams c) training in the UK d) defence sales 4. Visits and 5. Defence representations (defense attaches in the UK Embassies).<sup>435</sup>

Stationed forces were defined as permanently based-formed units that would decrease the possibility of the attacks to the host country, would form a contribution to US and French military efforts to counter Soviet expansion, and would “give local pro-Western rulers at least an implied assurance that UK forces would be used to keep them in power.”<sup>436</sup> That means, protecting the regimes of the littoral Arab Gulf countries was a significant dimension of the British defence policy in the region to secure the substantial British interests in the Gulf countries.

Temporary deployments such as naval group deployments, Royal engineers, Royal Air Forces (RAF), Maritime Patrol Aircraft (MPA), would underline the UK’s commitment in the area and enable military contacts to be maintained with continuation and adjustment. Military assistance covered a wide range of activities from LSP or training teams to training in the UK and defence sales more permanent than the temporary deployments. They both constituted high profile of the existing British involvement in the Gulf States followed by visits of defence representations and senior officials from and to the Gulf States.

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<sup>433</sup> Oil Affairs in Qatar 1978 FCO 8/3225

<sup>434</sup> Qatar Annual Review for 1978 FCO 8/3397, UK-Qatar Joint Committee 1978 FCO 8/3223

<sup>435</sup> UK Defence Policy in the Gulf, FCO 8/3292

<sup>436</sup> FCO 8/3292



Intelligence was another significant dimension of the British military involvement in the Gulf states. The importance of the assessment of knowledge on a nation’s capability and intentions and its subversive organizations was defined as an important contributory factor in efforts to promote stability and to protect British interests in the Gulf countries where UK has substantial interests.<sup>437</sup> It can be understood that British military personnel was used for intelligence as well from the statement of the policy paper: “we believe it important that UK should be capable of making independent intelligent assessment. Defence representation including LSP and visiting military personnel can make an important contribution to this.”<sup>438</sup>

Table 1. UK's Military Personnel and Military involvement in the Gulf in 1972 & in 1978<sup>439</sup>

Country	Year	In brief	Loan and seconded personnel				No of students on course in UK, 1978	Major sales & orders signed in 1978
			Navy & marine	Army	Air force	Total		
Kuwait	1972		-	54	55	109	1	Red top missiles (£2.1 million)
	1978	Strong tri-Service team established since 1932 to assist with training and equipment maintenance	1	78	45	124	147	Tank ammunition other weapons and ammunition
	1972						4	Nil

<sup>437</sup> UK Defence policy in the Gulf FCO 8/3292

<sup>438</sup> UK defence policy paper 1979 FCO 8/3292

<sup>439</sup> FCO 46/856 (Appendix 1 to annex A to DPS/C/152), FCO 8/3292 UK Defence Commitments As at 31 Dec 1978, (Appendix 3 to Annex A to DP/2 79 C)

Bahrain	1978	In January 79 team set up to open new hospital		6		6	22	Carl Gustav and assorted ammunition
Qatar	1972			2		2	7	Saracen armored troop carriers
	1978	Small team filling executive and training posts	3	5		8	70	Nil
UAE	1972	UDF (United Defence Force)	2	86		88		
		Abu Dhabi	13CO (contract officers)	27+68 CO	42 CO	27 123CO		Air defence radar (£4.5 m)
		Dubai	1	5+7 co		13		
	1978	A few technical and executive posts filled by LSP plus sales		17		17	85	For Dubai-scorpion 105 mm gun, Carl Gustav +ammunition and spares
Oman	1972		10	81+ 49 CO	20 + 44 co	111+ 93		
	1978	Commanders of all 3 services and most key appointments filled by British LSP or CO officers.	15	96	33	144	113	Ammunition

### 3.4.3 Economic Relations

In the 1970's, promoting multi dimensioned economic relations with the Gulf states was one of the primary objectives of the British foreign policy in the Gulf. Britain retained significant economic colonial ties with the Gulf states that were vital for the British economic interests to be pursued. These ties were embedded in the financial systems, trade and oil industry of the Gulf states. During the period following the oil crisis, while Britain and Europe were suffering of great economic difficulties, the Gulf states were enjoying their incredibly increased oil revenues and economic growth. Gulf states constituted best potential markets for Britain, as the new states needing considerable assistance and technology transfer through their developments. Therefore, British economic interests' vitality in the Gulf states increased during the 1970's.

Britain had considerable advantages of its remaining colonial ties with the Gulf states over its rivals who were keen to take share at the Gulf market. Saif Mohammed Bin-Abood outlines the advantages of the British historical connection in the economic relations between the UK and the Gulf states based on four factors in the case of the UAE. First, the major British companies like Sir William Halkrow & Partners, the British Bank of the Middle East (BBMM), Gray Mackenzie, Sir Alexandre Gibb & Partners, Richard Costain, John Harris and Cable & Wireless had entered the Gulf during the British hegemonic presence when the British preserved its monopoly by excluding foreign interests by refusing to issue the visas for entry to the region. Therefore, as the market was accustomed to the products and the personal connections of these firms, they maintained their business within advantageous position. The historical privileges of the British companies provided them inability to expand the scope of their functions to the outside of their specific domain and to monopolize the market. For instance, BBMM was involved in the development committees, Creek and Harbour Schemes, electricity company developments and such in Dubai. Second, the English as the second language of the people in the Gulf states provided important advantage for the British companies to be preferred to work with. Third, the presence of the British consulting engineers,

contractors, surveyors, architects and numerous “British expatriates, many of whom held high ranking jobs in sensitive places in the sheikhs’ governments” had provided to exert substantial influence by the British companies to obtain the contracts. As the fourth factor, Bin-Abood points out the advantageous position provided within the British diplomatic efforts by the visits and high-level contacts of the British officials with the Gulf rulers that were “*clearly manipulated in order to win contracts for the British companies.*”<sup>440</sup> As a result, British trade with the UAE had not affected by the withdrawal of the British troops but on the contrary rapidly increased after 1971 as it is argued at this study for four Gulf states.

British Ambassador in Doha reported in 1975 about the Qatar Amir’s close attitude to the British domination in supporting Qatar’s development with his words: “*His government is also remarkably sympathetic towards Britain in many fields and the Amir has shown himself ready to turn to us for help in most aspects of Qatar’s development.*” Qatari Amir’s sympathy towards the British was almost identical. British Ambassador in Manama also reported his perceptions in 1976 about Bahrainis attitudes towards the British similarly: “*While continuing, sincerely I believe, to regard us as their best friends outside the Arab world, and Britain as a home from home, the Bahrainis have been spreading their wings more.*”<sup>441</sup>

Britain attempted to establish strong and long-term cooperation with the Gulf states particularly by establishing **Joint Commission** Agreements with Qatar and the UAE, which would provide a wide range of fields of business to Britain. In Kuwait, major British firms had already grasped almost all the contracts of Kuwait following its independence in 1961, during the era of British hegemony in the region.<sup>442</sup> When the British government started to deal with the Gulf rulers towards establishing the Joint Committees, the US, Japan and France had already taken some of the major tenders in industry and trade. British officers defined the agenda of suggested fields that “likely to bring greatest benefits to the UK, both in terms of the value of services we can provide

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<sup>440</sup> Saif Mohammed Obaid Bin-Abood, Britain’s Withdrawal from the Gulf: with Particular Reference to the Emirates, **PhD Dissertation** Durham Thesis Durham University 1992 p.218-222

<sup>441</sup> Bahrain Annual Review 1976 FCO 8/2873

<sup>442</sup> Smith, The Making of Neo-Colony, p.162-163

and in potential spin-off to be derived from”<sup>443</sup> such as health, education and agriculture initially. For instance, in the field of education, besides the secondments of experts in the establishing Qatar University, the equipment requirement of order was estimated around 20 million sterling. The same account in the hospital administration and purchase of hospital hardware in Doha was expected even much higher.<sup>444</sup> Therefore, Britain could acquire the lion share of the contracts in the development projects of the Gulf states.

Joint Commission project was planned to open as many fields of cooperation as possible to the developing new states who were needing wide range of assistance from education to Health and Industrial investments. Towards this aim, Cooperation Agreement was signed with the Qatar in 1975 for setting up Joint Commission. It was “*determined to apply the Treaty of Friendship concluded between them on 3 September 1971 in the spirit of the traditional relations of close friendship referred to in that treaty, and “desiring to strengthen the ties of cooperation between the two countries in realization of their common good and mutual interests with due regard to their international obligations.”*”<sup>445</sup> In the Article 2, the general framework of the Agreement was outlined as:

The Joint Committee shall study the following matters:

- a) Cooperation between the two countries in the exchange of experts;
- b) Opportunities for joint ventures in the industrial and agricultural fields;
- c) Training of personnel;
- d) Progress in all fields of collaboration

The final Agreement, Anglo-Qatari Economic Cooperation Agreement, was signed in Doha in June 1976, to produce the framework of the Joint Commission by the signatory of Parliamentary Undersecretary for Trade, Michael Meacher and Qatari Minister of Finance and Petroleum Sheikh Abdul Aziz. A British strategy in diplomacy was witnessed to be employed during meeting of the

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<sup>443</sup> UK/Qatar Joint Commission 1976 FCO 8/2772

<sup>444</sup> UK Qatar Joint Committee 1978 FCO 8/3223

<sup>445</sup> UK/Qatar Joint Commission 1976 FCO 8/2772

agreement, as the Qatar Ambassador, D G Crawford briefed in his letter addressed to the Secretary of State for FCO:

(...) I should like to note my own impression that the Amir was visibly heartened by Mr. Meacher's description of the United Kingdom's economic situation. The Minister said that the country was better placed than it had been for 25 years to achieve sustain growth through an export-led boom. The Amir told Mr. Meacher that Qatar wanted to do business with economically strong Britain, since the two countries were traditional trading partners. There were many opportunities for British industry and expertise to play an increasing part in Qatar's development and he hoped that Sheikh Abdul Aziz as the responsible Qatari Minister and Mr. Meacher would now use the new agreement for this purpose.<sup>446</sup>

Apparently, British Minister did not want to put Britain in a weak position economically to avoid leaving the impression that the UK/Qatar Joint Commission was initiated because of the UK's economic problems. On the contrary, presentation of Britain with strong economy had impressed the Qatari Amir more reliable way towards economic cooperation. Eventually, the first meeting of the Joint Committee was made in October 1977 providing enormous share to the UK in Qatar's development projects. The same procedure of setting up Joint Committee was started in the UAE as well during James Callaghan's visit involving several meetings between the delegates. The United Kingdom had already joint commission agreements with Iran, Saudi Arabia and Egypt at the time. But, the Joint Commission Agreements with the young Gulf states were also quite significant and promising for Britain. First, Qatar and the UAE were at the beginning of their development process and needed more technical assistance in almost every field.<sup>447</sup> Second, the rapid economic growths in the oil exporting Gulf states promised considerable government expenditure in industrial and infrastructural developments in wide range. It was a very competitive area for Britain while its rivals had economic interests in the Gulf. Therefore, Joint Commission Agreements provided Britain advantages over its rivals to acquire the lion share in the Gulf market, that were crucial for the British economy suffering under the high inflation rates.<sup>448</sup> It was also a

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<sup>446</sup> Signature of Anglo-Qatari Economic Cooperation Agreement 26 June 1976, by the UK Ambassador at Doha to Foreign Secretary for the FCO, FCO 8/2772

<sup>447</sup> During Kuwait's development process after 1961, Britain had taken the major place in the contracts to supply assistance and technology transfer. See the chapter 'decolonization'.

<sup>448</sup> UK-UAE Joint Commission 1976 FCO 8/2666

great opportunity for Britain to exert greater influence on the Gulf states by the involvements of the public and private sectors in wide range.

British economic relations with the Gulf states had contained the involvements of both public (state institutions and civil servants) and private sectors in such comprehensive fields of work. In the joint commissions works, diplomats initiated the works with coordination with private sector representatives and mostly the big British firms had carried out trade. According to Rosemary Hollis, British private sector independently from the state had dominantly shaped the relations with the Gulf States in the context of global capitalization.<sup>449</sup> She makes a separation between the state actors and private sector and argues that the British influence on the Arabian Gulf states was established by the British merchants rather than the State actors which was much weaker. She also asserts that there was no efficient coordination existed between the public and private sectors.<sup>450</sup> The relations of the British private sector with the Gulf states at state or non-state levels, is not in the scope of this work since this is a foreign policy analyses. If any, it is limited to considerations on potential impacts of private sector actors on the British foreign policy in the Gulf. In fact, it can be argued that British patrons had great impact on the ruling class. As an instance, an FCO document shows that, Lord Jacob Rothschild, prominent member of the Rothschild family, visited Prime Minister in February 1975, to propose that Iranian National Oil Company should purchase from the Bank of England the shareholding in BP, by suggesting that keeping Iranian interests and investment would be beneficial for the British interests.<sup>451</sup> Prime Minister's reaction was obedient and responded with enthusiasm to the subject. Regarding the fact that the Rothschilds were the owner of the Bank of England until it was nationalized in 1946 so that Lord Rothschild might retained influence on the British government. The details of the case are not available therefore it is not clear to what extent the Rothschilds were influential on the British government. The central focus of this work, the impact of political activities on the economic relations as well as the impact of the British business sector on the political affairs reflecting in the British policy towards the Gulf. Sir Parsons highlights that "It has of course been claimed that, in the

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<sup>449</sup> Rosemary Hollis, interview, London, 30.11.2016

<sup>450</sup> Hollis, *ibid.*

<sup>451</sup> Investments in UK by oil producing countries 1975 FCO 59/1262

circumstances of the Middle East, politics have significant effect on trade and that major public- and private-sector contracts are lost or won as much because of the attitude of the foreign government concerned, towards for example the Arab-Israel problem or the Iranian revolution as on merit.”<sup>452</sup>

Although the nationalization movements in the Gulf states caused challenge to the British economic interests in the mid 70's, substantial British assets remained in the Gulf states' oil industry and the other fields that British had pre-dominant position. Kuwait Oil Ministry announced in 5 March 1975 that the Kuwaiti Government had decided to take over the remaining 40 percent of the oil and gas assets of the BP and Gulf Oil and signed the agreement with these companies in December 1975.<sup>453</sup> Eventually, Kuwait Oil Company took over the %100 of the share, dismissing the shares of British owned BP and the American company Gulf Oil. It was meant great losses for the British BP and the US owned Gulf Oil as the joint ventures of Kuwait oil company. They became mere buyer and seller companies. In 1976, Saudi Arabia as well announced that Saudi Arabia and US owner companies of Aramco reached an agreement on 100% takeover of the company by the Saudi government. It was followed by the Qatar government that announced the decision of takeover of 100% oil producing ventures (40%) in May 1976. However, Qatari government decided that Qatar Petroleum Company would go on running the operation with Shell under a management contract. It was a better position for Shell (British & Dutch) than as of BP in Kuwait. In the UAE oil production was operated separately in the emirates. Dubai was the first to announce to acquire the 100% takeover of its oil supplies. However, it was not a de facto implication under the context of the agreement. Abu Dhabi owned 60% of its oil production by ADNOC in 1974 and the rest was shared by the Japanese Group, BP, Shell, CFP and Exxon and Mobil. Abu Dhabi, as the fifth largest oil producer in the Middle East, did not fully takeover its oil producing operation.<sup>454</sup> Therefore, substantial interests of British energy companies BP and Shell

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<sup>452</sup> Parsons, “The Middle East” in ed. Peter Byrd, **British Foreign Policy under Thatcher**, 76-96, Phillip Allan Publisher Ltd, 1988 p. 83

<sup>453</sup> William D. Smith, Kuwait buys out Gulf and B.P., **The New York Times**, Dec. 2 1975  
<https://www.nytimes.com/1975/12/02/archives/kuwait-buys-out-gulf-and-bp-pays-50-million-for-their-40-stake-in.html> 12.10. 2016

<sup>454</sup> Energy Affairs in UAE 1977 FCO 96/699



were protected in Abu Dhabi. Bahrain Petroleum Company (BAPCO) of which 60% owned by the government was wholly nationalized in 1980. Bahraini government as well exempted British companies from the nationalization as the UK Ambassador reported: *“The Government are enforcing the majority local ownership of all trading houses; only the British ones are old established enough to be 100 per cent foreign. The negotiations are being conducted amicably on both sides and in the case of African & Eastern, the Unilever subsidiary, have been successfully concluded.”*<sup>455</sup> Therefore, British colonial assets with monopoly positions were remarkably retained in the Gulf states despite of the nationalizations.

Britain’s economic relations with the Gulf states in broad meaning were substantially developed and enhanced through the British economic interests in the 70’s. Economic relations included trade from arms sales to consultancies, finance from offshore banking to investments in the both sides, and energy as being both supplier and customer. In trade, the major entry of the British exports was certainly defence and arms sales to the Gulf states. It was followed by the petrol related industries, construction industry, machinery and transport equipment, and food. In 1972-73, Britain had retained the largest stake in the Gulf market. Following the oil crisis, France and Japan had shares British dominance in the Gulf markets in the mid 70’s, as shown in the part 3.4.3.1. Nevertheless, the prompts of the joint commission projects and the royal visit of the Queen Elizabeth II. to the Gulf States, accelerated the economic cooperation between the UK and Gulf States remarkably towards end of 70’s.

### **3.4.3.1 Trade**

British economic interests in the Gulf states laid in trade relations during the 1970's thus trade was the priority of the field for the UK in its relations with the Gulf States. ‘Export promotion’ was one of the missions of the British Embassies in the Gulf states. For instance, there were 2 UK-

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<sup>455</sup> Bahrain Annual Review for 1976, FCO 8/2873

based staff and 4 locally engaged staff in the Bahrain Embassy, working for export promotion and 10 British Overseas Trade Board (BOTB) were supporting trade mission. Bahrain had 936 British business visitors in 1978.<sup>456</sup>

In the 1970's of the oil boom, Britain's export to the Gulf states had remarkably increased and Britain had remained the largest exporter among the European states. Arms sales were the major article of the general British exports to the Gulf states. The armaments of the Gulf states during the oil boom provided Britain great deals of arm supply. Visits of business teams and delegations had been very frequent from the UK to the Gulf states besides the royal and state visits. For instance, following the visit of Her Majesty, Queen Elizabeth II, the British trade team made a Gulf tour in April 1979 by taking the advantage of the air of glamour that was created by the Queen's visit. The visit was quite fruitful in trade and resulted with receiving substantial amounts of orders made by Kuwait, Qatar, Dubai and Abu Dhabi.<sup>457</sup>

Britain was the major European exporter to the Gulf states in the 70s, mostly within the rivalry with Japan. *"In certain sectors like the arms trade, Britain greatly relied on the Gulf with over 50% of such trade going to the region during the period 1977-1981."*<sup>458</sup> Large invisible exports of the UK to the Gulf States were numerous mentioned in the state reports but the numbers and detailed information were not provided.<sup>459</sup> Therefore, given numbers of the UK exports did not include invisible exports and the total numbers in terms of the gain of British trade can be expected much higher. Table 2 shows the dramatic increase in the British exports to the Gulf states between 1971 and 1975. UK imports from the Gulf states mainly consisted of the oil imports. Throughout the 70's, UK's oil dependency to the Gulf was around 20% of its total oil imports and Kuwait has the biggest share in it.

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<sup>456</sup> Bahrain Country Assessment Paper 1979, FCO 8/3306

<sup>457</sup> Latheef Farook, Million Dirham Order from Dubai, **Gulf News** 04.04.1979

<sup>458</sup> Bin-Abood, p.223

<sup>459</sup> In the briefings, reports and policy papers studying the UK trade with the Gulf states that attached to the several FCO files mention about large invisible exports of the UK to the Gulf states but without numbers. For instance, in a policy paper of the FCO UK's trade with the Gulf states defined as "our major commercial stake every 'moderate' state in the area except the YAR falls in the top third of UK visible UK visible export markets and invisible earnings are also substantial." UK Policy in the Arabia and the Gulf, 1979 FCO 96/882

Table 2. British Trade with the Gulf States 1971-75 (£ million)<sup>460</sup>

Gulf States	1971	1975
<b>Bahrain</b>		
Export to	25.2	60.9
Import from	4.0	17.8
<b>Kuwait</b>		
Export to	35.3	99.2
Import from	198.8	418.2
<b>Qatar</b>		
Export to	13.1	97.0
Import from	30.06	159.3
<b>UAE</b>		
Export to	26.3	198.8
Import from	47.1	158.9

British supplies to Kuwait were increased 18 % in 1973 from the rate of the previous year with total £36.1 million.<sup>461</sup> Despite of the increasing shares of the US and Japan in the Kuwait market, British trade to Kuwait had increased during the 70's in the time of great oil boom. In 1974

<sup>460</sup> **Overseas Trade Statistics of the United Kingdom**, UK Government, Department of Trade and Industry, London H.M.S.O (1965-1975)

<sup>461</sup> Annual review of Bahrain 1974, 1975 FCO 8/2440

annual review, British Ambassador in Kuwait described year as ‘year of money’ for Kuwait where the quintupled oil revenues in a year reached \$20 million per day.<sup>462</sup> Anglo-Kuwaiti economic relations however had been dominated by the fields of finance and energy based on Kuwait’s greater oil resources in the Gulf.

After the independence, the UK was the major supplier to the UAE. Trade was defined as the most important bond between the UK and the UAE by the British policy.<sup>463</sup> In 1972 UK had the highest rate in the UAE trade, before the emergence of the competitive environment where the French and Japanese increased their stakes. Along with the oil boom UAE incomes that quintupled in two years 1974-1976, UK's exports to the UAE in 1975 was estimated total £196 million which was higher than the flow to Saudi Arabia and twice of total Kuwait.<sup>464</sup> In 1976, visible British exports to the UAE reached to total £302 million a year with %53 increase in Sterling over 1975, while invisibles were expected to be even higher. In 1978, Britain was the second largest supplier to the UAE after Japan.<sup>465</sup> Dubai, as the large commercial port of the region provided major projects to the UK while Abu Dhabi was providing big contracts for off-shore oil field development. British Ambassador of the UAE in Abu Dhabi explained the British economically advantageous position in the UAE in his valedictory as “*The Embassy’s time is rightly occupied mainly with commerce. With the quintupling of oil prices our exports increased over 400 % in three and half years.*”<sup>466</sup>

In 1973, Britain was the leading exporter to Qatar with total value of QR 214.4 million and with 27.54% market share which was followed by Japan with total value of QR 86.8 at 11.15% and the US with QR80 million at 10.28%.<sup>467</sup> During the oil boom in the mid 70's, volume of the British exports to Qatar remarkably increased. Anglo-Qatari Economic Cooperation Agreement signed in

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<sup>462</sup> Annual Review of Kuwait 1974 FCO 8/2440

<sup>463</sup> UK-UAE Joint Committee 1976 FCO 8/2665

<sup>464</sup> Annual review of the UAE 1975, 1976 FCO 8/2659

<sup>465</sup> Annual review of the UAE 1978, 1979 FCO 8/3319

<sup>466</sup> Energy matters in UAE 1977 FCO 96/699

<sup>467</sup> Kerim K. Key, **The State of Qatar an economic and commercial survey**, K. Key publications Washington 1976 p. 20

June 1975, resulted with £80 million worth export of goods from Britain in November 1975<sup>468</sup> about QR 342.3 at the rate of 21% followed by Japan with QR 242,2 million at 15.85%.<sup>469</sup>

Table 3. The Main Exporting Countries to Qatar by percentage<sup>470</sup>

Countries	1973	1974	1975
United Kingdom	27,5	14	21,5
Japan	11,2	17,9	15,1
U.S. of America	10,3	10,3	12,6

The rising trend of the British supplies to Qatar during the oil boom had resumed until the late 70's with the substantial contributions of the Anglo-Qatari Joint Economic Co-operation. British Ambassador in Doha described the UK's leading commercial position in Qatar in his 1975 review as: *“Indeed it was the efforts of our traditional suppliers of manufactured goods and of the many small and medium size-firms who came to Qatar, some for the first time, that gave the British exports here a faster rate of growth than in any other Middle East country.”*<sup>471</sup> In 1976 and 1977, British exports reached up to QR 547.6 and QR 915.3 million respectively but falling behind Japan in the second position.<sup>472</sup>

Figure 1. Growth of the UK Exports to Qatar<sup>473</sup>

<sup>468</sup> Qatar Annual review 1975 FCO 8/2770

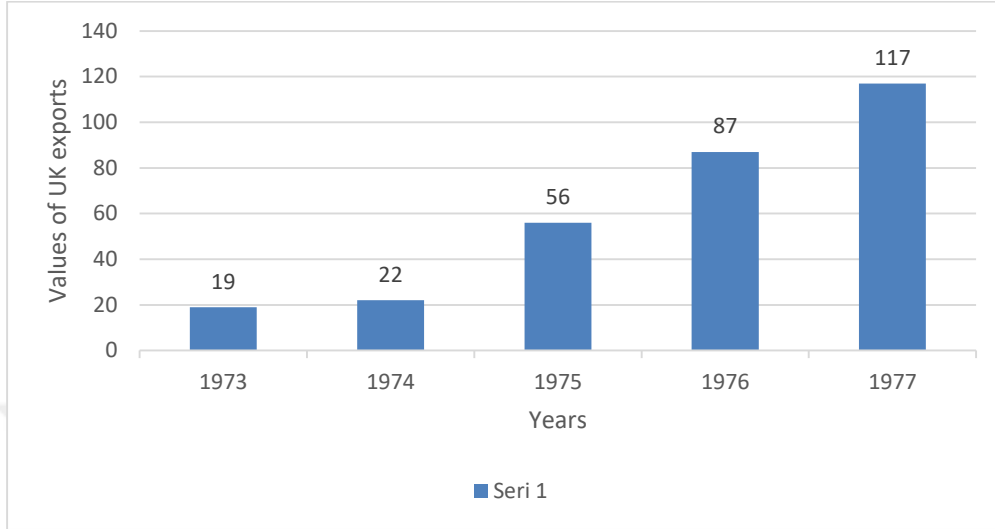
<sup>469</sup> Qatar Year Books 1978-79 Ministry of Information p.202

<sup>470</sup> Qatar Year Book 1978-79, p.202 table 87. Imports from major exporting countries

<sup>471</sup> Qatar Annual Review 1975 FCO 8/2770

<sup>472</sup> Qatar Year Books 1977-78 p.202

<sup>473</sup> The data of the figure was extracted from UK-Qatar Trade Statistics 1. Visible Trade Figures in UK-Qatar Joint Committee 1978 FCO 8/3223



Besides the defence sales, British companies had remained with growing demand of Qatar for consumer goods, subcontracting, joint ventures in specialized activities such as steel fabrication, consultancy and design work of all kinds.<sup>474</sup> In 1978, British Ambassador in Doha was reporting about the increased trade capacity of Britain in Qatar as a result of the Joint Venture Agreement in his dispatch.<sup>475</sup>

As the British Ambassador in Bahrain remarks "*the boom which followed the rises in oil prices was never so superheated in Bahrain*"<sup>476</sup> because of its limited capacity of the oil reserves. Britain maintained its position as leading supplier throughout 1970's with rising trend. In 1975 British exports were 18% of the market with total value of £90 million. In 1978 annual review of the Bahrain Ambassador it was reported that the UK was the largest exporter to Bahrain ahead of Japan, in both visible and invisible exports, with total £119.9 million, representing 0.3% of total UK exports and 22% of the market.<sup>477</sup> Even though, Britain did not make joint commission agreement with Bahrain as it made with Qatar and the UAE, probably because of the lower economic capacity of Bahrain, it signed 'Technical Co-operation Agreement' with Bahrain.<sup>478</sup>

<sup>474</sup> Qatar Annual Review for 1976 FCO 8/3001

<sup>475</sup> Oil Affairs in Qatar 1978 FCO 8/3225

<sup>476</sup> Annual review of Bahrain 1977, 1978 FCO 8/3091

<sup>477</sup> Annual review of Bahrain 1978" 1979 FCO 8/3306

<sup>478</sup> Bahrain annual review 1976 FCO 8/2873

Britain possessed the major state contracts such as technical assistance in education in Bahrain. Nevertheless, British Ambassador in Bahrain was reporting in 1976 about usual complaints on that the big British firms were not keen enough in going after such big contracts on offer in Bahrain.<sup>479</sup> On the contrary, British firms were eager for the state contracts in Kuwait, UAE, and Qatar.

Apart from the trade relations, Britain was the primary country in Europe for the people Gulf states to visit and their expenditure in the fields of services such as health, tourism, insurance, banking, shipping and so on. Therefore, it contributed substantial value to the British economy besides the regular trade. For instance, only medical spending of the tiny population of Qataris' spending in London in 1976 was £30 million. It would exceed 100 million in total with the other services as the British Ambassador reports.<sup>480</sup> People of other Gulf states were not different than the Qataris with their great expenditures in London as the British Ambassador describes that Britain was still the second home for Bahrainis.<sup>481</sup> Many citizens of the UAE visited the UK for medical consultation and hospital treatment as well as the large number of tourists and students from the UAE to Britain.<sup>482</sup>

### *3.4.3.2 Energy (oil)*

Energy is the essential field that the general British economic interests relied on and that has granted great value to the strategic importance of the Persian Gulf. The discovery of the oil in the 1930's<sup>483</sup> had incredibly increased the strategic importance of the region that occupied strategic geopolitical position at the meeting point of Asia, Europe, Africa and the Indian subcontinent containing the sea and air line communications which were vital to the western interests.

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<sup>479</sup> Bahrain annual review 1976 FCO 8/2873

<sup>480</sup> Qatar Annual Review for 1976 FCO 8/3001

<sup>481</sup> Bahrain Annual Review for 1977, 1978 FCO 8/3091

<sup>482</sup> Bin-Abood, p.234

<sup>483</sup> The oil first found in 1908 in Iran in the Persian Gulf but in the Arabian Gulf it was first found in Bahrain in 1932.

Importance of the Gulf Sheikdoms had reached its place of the paramount in the British imperial policy by the discovery of the oil. In the 1970s, %60 of the world oil reserves were contained at the Arabian Peninsula and the Gulf.<sup>484</sup>

Gulf oil meant great and central importance to the British economic interests as well as its energy related interests. British involvement in the Gulf oil affairs had been consisted in two direct ways; as the buyer/importer of the Gulf oil and as the producer and exporter of the Gulf oil with the major oil companies such as BP, and Shell, of which the substantial assets were inherited from the colonial era. Indirectly, surpluses of the vast revenues of the Gulf oil emerged by the dramatic increase of the oil prices in the 70's, were the vital sources for the British economic interests to develop economic relations with the Gulf states, especially with Kuwait and Abu Dhabi, in finance and trade. Therefore, security and stability of the Gulf oil resources were the utmost importance to the strategic and economic interest of the UK.

Table 4. Crude Oil Supplied to UK in 1978<sup>485</sup>

<u>Country</u>	<u>Value</u>	<u>% of UK Imports</u>
Saudi Arabia	£750.4m	21.3
Kuwait	£593.5m	16.8
UAE	£219.5m	6.2
Qatar	£26.8m	0.6

<sup>484</sup> It was reported that “Saudi Arabia, Kuwait, Iran, Iraq and the Emirates, these together account for over 60% of proven world oil reserves, over 40% of current free world production and nearly 60% of free world exports.” In draft paper titled Oil Supply: Political Threats, 1980 FCO 8/3481

<sup>485</sup> Tour of the Gulf and Other Middle East Countries by Mr. Hurd, 25 June 1979, FCO 8/3291



Bahrain                      £14.0m                      0.3

By the military withdrawal in 1971, Britain firms kept its assets and engagements in the oil industry in the new Gulf states through its owner position on the Gulf oil even after the nationalizations. Britain had the privilege of the oil concessions of the Gulf Sheikhdoms as their protector although it had to share them with the US companies. After the nationalization of the Iran's oil industry, Kuwait oil had filled the gap in the Western oil supply.<sup>486</sup> British Empire's 20% of oil needs were supplied by the Gulf oil particularly Kuwait oil.<sup>487</sup> During the oil crisis, it was declined to 16.8% in 1978 (see table 4.) due to the reduced oil production and the UK's increasing North Oil production. Kuwaiti oil production declined from 3 million barrels a day in 1972/73 to 1.7 barrels a day in the first quarter of 1976.<sup>488</sup> Around one quarter of the British oil was supplied by Saudi Arabia. Thus, Britain was depended to the Gulf oil during the 1970's although Britain's dependency had decreased through increasing British oil production in the North Sea oils in the end of the 70s. Britain was the second largest importer of Kuwait crude oil with 12% of total Kuwait oil exports with 78.4 million barrels following Japan, 27.2% of total Kuwait oil export with 177.6 million barrels.<sup>489</sup> Thus, Kuwaitis regarded British with the most favorable customer treatment during the oil crises.<sup>490</sup> Kuwait applied best price policy to the UK as its most favored customer. As the customer of Kuwait crude oil, Britain had taken advantage of being supplied good quality of oil for cheap.<sup>491</sup> As the seller of Kuwait oil, Britain had also taken advantage of earning substantial profits through British Petroleum (BP) where the British Government owned the half of its shares since the independence in 1961 until the Participation Agreement in 1974. Until the nationalization in 1976, BP had held some of 40% share in the Kuwait Oil Company with the Gulf

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<sup>486</sup> Geoffrey Jones "Banking and Oil, The History of the British Bank of the Middle East" volume 2 Cambridge University Press, 1987, p.134

<sup>487</sup> Oil Affairs in the Persian Gulf, 1972 FCO 8/1965

<sup>488</sup> FCO 8/2681 Oil Affairs in Kuwait 1976

<sup>489</sup> FCO 8/2681 Oil Affair Kuwait 1976

<sup>490</sup> Kuwait Annual Review for 1974 FCO 8/2440

<sup>491</sup> Ibid

Oil that provided BP the considerable oil revenues from the vast oil reserves of Kuwait during the oil boom.<sup>492</sup>

UK's relations with the Gulf states in the energy field did not develop independently from the politics, particularly two main determinant and interrelated factors: oil crisis and the main factor behind it the Palestine question, in the 1970s. During the oil embargo of the OPEC countries, Britain was exempted by the Gulf states in their oil supplies. Britain's privileged position based on the long-term connection with them had played significant role as well as the British political stand on the Arab-Israel issue. However, Kuwaiti approach to the British political stand on the Palestinians was much more skeptical than other younger Gulf states so it was reflected to its relations with the UK in energy matters.

Anglo-Kuwaiti energy relations were not consisted of only oil field but also nuclear energy as an alternative source of energy that Britain tried to develop a cooperation along the 70s. In April 1975, The Secretary of State for FCO visited Kuwait in the Gulf tour and talked about scientific co-operation in developing nuclear power in Kuwait with the Ministry of Electricity and Water, Sheikh Al-Ghanim, with a technical team. Further meetings had been made based on Britain-Kuwait-Iran participation in uranium enrichment. Britain wanted to win the project in Kuwait's interest in developing nuclear power over France and German.<sup>493</sup>

Abu Dhabi was the fifth largest oil producing country in the Middle East in the 70s while the other oil producing emirates of the UAE, Dubai (produced 2.400 million barrels per year 1977) and Sharjah (50.000 bpd), had much lower amount of oil reserves. Abu Dhabi and Dubai had started to utilize the production of associated natural gas in 1977.<sup>494</sup> Britain's import of Abu Dhabi crude oil were about 40.000 barrel per day (1977) which was not a substantial amount in the British energy supply in comparing to its import from Kuwait. However, British companies' (BP and Shell) participations in the Abu Dhabi oil industry were large and highly lucrative in the British oil trade. Abu Dhabi National Oil Company (ADNOC) shared some of its stakes with BP and Abu

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<sup>492</sup> Kuwait Annual Review for 1974, January 1975 FCO 8/2440

<sup>493</sup> Discussions on Nuclear Cooperation between the UK and Kuwait, 1976 FCO 8/2682, FCO 96/144

<sup>494</sup> Energy Matters in UAE 1977 FCO 96/699

Dhabi government remained with its 60% participation while the other Gulf states nationalized their oil production by 100% overtaking. Besides its shares in ADNOC which had 60% participation in ADPC, ADMA, BP, in 1977 directly had 9,50% in ADPC, 14,66% in ADMA, and %33,33 in Al Bundug Oil Co and %16,33 in ADGLC.<sup>495</sup> Shell has %9.50 in ADPC. The UK imports about 40.000 bpd from Abu Dhabi. Both BP and Shell markets (Middle East) are operated by a wholly owned subsidiary based in Dubai. BP Arabian Agency was a wholly-owned marketing subsidiary in Dubai and was operating in Sharjah. UK imports of Dubai crude in 1976 averaged 50.000 bpd.<sup>496</sup>

Qatar's oil supply to the UK in 1975 was 23 million long tons per year, £100 million annually. Qatar was UK's fifth biggest oil supplier and the UK imports of Qatari crude oil was 4.1 million tones, %3.7 of UK total, in 1973.<sup>497</sup> UK was the leading exporter of the Qatar oil in 1974 with 4599171 tons followed by France 3771854 and US with 3615426 tons.<sup>498</sup> Before the independence, Qatar Petroleum Company and Qatar Shell were Qatar's two oil concessionaries. In 1972 Qatari National Oil Company was established "in anticipation of Qatari participation and new oil production."<sup>499</sup> Qatar signed Participation Agreement with Qatar Petroleum Company (QPC) and Shell (60/40) in 20 February 1974. The participation replaced one which gave the government a stake in the industry starting from 25% in 1973.<sup>500</sup> Britain obtained the largest share of foreign ownership in Qatar's oil production.<sup>501</sup> As seen in the table 4, Shell's oil production and export capacity was quite higher than that of Qatar Petroleum Company in 1974-75 during the boom. Qatar oil revenues reached to \$2.1 billion in 1974 from the value of \$420 million in 1973.<sup>502</sup> In September 1974, Qatar Government made new agreement with Shell to develop gas industry in Qatar with 70 percent share for the government and 30 percent share for Shell. In 1976, Qatar followed the nationalization trend in the Gulf oil production, by taking over the remaining 40%.

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<sup>495</sup> Energy Matters in the UAE 1977 FCO 96/699

<sup>496</sup> Ibid, FCO 96/699

<sup>497</sup> Oil Affairs in Qatar FCO 8/2300

<sup>498</sup> Economic Survey of Qatar 1974-75, p.40

<sup>499</sup> Kerim Key, The State of Qatar, p.11

<sup>500</sup> Key, p. 54

<sup>501</sup> Oil Affairs in Qatar, 1974 FCO 8/2300

<sup>502</sup> Key, p.11

However, QPC made an agreement with Shell to share the remaining equity as the operating companies under quite lucrative conditions for Shell.<sup>503</sup> Therefore, Shell obtained a very advantageous position in Qatar oil's nationalization and profited through the increasing oil prices throughout 70's. Shell had also involved in developing Qatar gas industry in the second half of the 70's even though Shell authorities found it "*promising yet limited opportunities in the world gas market at the time except for Japan that provided a feasible large scale market for Qatar gas through 80s.*"<sup>504</sup>

Besides Shell, BP also had share in the concession granted by QPC with the participation agreement in 1973. Moreover, BP had 25% shareholding in the Qatar oil industry of Al Bundug field which was shared between Qatar and Abu Dhabi equally, in 1973.<sup>505</sup> Both BP and Shell had retail outlets in Qatar.<sup>506</sup>

Table 5. Qatar exports of crude oil in 1973-75 in tones<sup>507</sup>

	1973	1974	1975	1974-75 annual change (in tons) %
Q.P.C. Ltd	11675381	10325178	7978806	2246372 – 22%
Shell Company of Qatar Ltd	5375623	13921342	12389516	1531826 – 11%
Total exports	27051004	24246520	20368322	3878198 – 15%

<sup>503</sup> Qatar Annual Review 1976 FCO 8/2770

<sup>504</sup> Oil Affairs in Qatar 1978 FCO 8/3225

<sup>505</sup> Oil Affairs in the Persian Gulf 1973 FCO 8/1965

<sup>506</sup> Oil Affairs in the Persian Gulf 1973 FCO 8/1965

<sup>507</sup> Economic Survey of Qatar 1974-75 State of Qatar Ministry of Economy and Commerce, p.39

Besides, selling and buying Qatar's crude oil, Britain was also widely engaged in developing oil industry in the early 70s. Britain firms held £25 million construction of the natural gas liquid plants and a £4 million cement plant extension.<sup>508</sup>

In 1978, Qatari Minister of Finance and Petroleum, Sheikh Abdul Aziz bin Khalifa Al-Thani visited UK and was taken to a tour of Scotland, to the British North Sea Oil plants. His visit's importance to the British interests was explained by the British authorities in the Department of Trade as: "The Minister's tour of Scotland, enable us to pursue a valuable commercial objective for the UK: that Qatar should be persuaded to look to British technology and equipment in developing large off-shore oil and gas fields." Besides this ultimate objective, they added by defining the related expected objectives as: "*The concurrent meeting of the UK-Qatar Joint Committee at official level, offers scope for identifying and pursuing other areas of potential technical cooperation that seem to hold commercial promises for the UK, such as pollution control and urban development.*"<sup>509</sup>

Bahrain was the first Arab Gulf state the oil was discovered, in 1932. However, the capacity of Bahraini oil reserves in commercial quantity had remained much lower than that of Kuwait, UAE, and Qatar. Bahraini oil production rate was 49,000 b/d in 1972 which did not amount to 2% of Kuwaiti output of 3.29 million b/d in 1972.<sup>510</sup> Britain had maintained its large share in Bahrain Petroleum Company (BAPCO) until it was wholly nationalized in 1980. Bahraini government acquired 60% of the company in 1975. In 1976, BAPCO was incorporated to Bahrain National Oil Company (BANOCO). Although the Bahraini oil reserves were lower than the other Gulf states, Britain had benefitted substantially through its share in the Bahraini oil throughout 70's. Bahrain supplied %3 of the total British oil imports that worth about £14 million in 1978.<sup>511</sup>

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<sup>508</sup> Oil Affairs in Qatar 1973 FCO 8/2086

<sup>509</sup> UK-Qatar Joint Committee, 1978 FCO 8/3223

<sup>510</sup> Oil Affairs in the Persian Gulf FCO 8/1965

<sup>511</sup> Bahrain Country Assessment Paper 1979 FCO 8/3306

Britain retained its dominant position in the oil industries of the Gulf states until the nationalizations of the national oil companies were implemented that took until the last years of the 70's. Even after the nationalization, it can be assumed that British consultancy was resumed to be effective on the national oil industries in terms of know-how and management. In Abu Dhabi, British firms retained its participation in several branches of the national oil company as the government did not apply the nationalization and continued such lucrative business of producing and exporting of Abu Dhabi oil.

#### **3.4.3.3 Finance (investments, SWF & banking)**

Following the remarkable increase of the oil revenues, oil producing and exporting Gulf states started to possess bulks of surpluses to be invested in the form of sovereign wealth funds while the Western world was suffering of the increasingly high oil prices. During the oil boom, Kuwait's annual oil revenue climbed from £343.3 million in 1970 to £3164.9 million in 1975 and Abu Dhabi's with the higher rate, soared from £95.5 million to £1949.9 million in the same period.<sup>512</sup> By 1976, GNP of Kuwait, UAE and Qatar, the richest countries of the world, were at least the twice that of the United States.<sup>513</sup> Oil surpluses were at the focus of international financial institutions such as IMF and World Bank who had usually borrowed Kuwaiti Dinar and Saudi Riyal. During the years following the oil crisis, Kuwait's oil revenue surpluses were about above \$5 billion a year.<sup>514</sup> In 1974, 5% of the total surpluses had been allocated for recycling to the developing (non-Arab) third world countries. These funds were spent mostly in the European states that were keenly interested in receiving the Gulf money. UK was the leading state to receive the Gulf money in the areas of investment from real estate to finance. It was reported that "*a substantial proportion of Middle East Real Estate investment in 1974 was placed in the UK market and this*

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<sup>512</sup> Geoffrey Jones, **Banking and Oil the History of the British Bank of the Middle East**, Cambridge University Press, 1988, p.263

<sup>513</sup> Ibid, p.263

<sup>514</sup> Oil Affairs in Kuwait 1976 FCO 8/2681

*situation will continue for some time because satisfactory dealing links have already been established and there is confidence in the advice given.”<sup>515</sup>*

British bankers constituted the majority of the Western commercial and offshore banks in the Gulf states recycling the oil surpluses. British Bank of the Middle East (BBME), as one of the Gulf’s first modern banks, first launched in Kuwait in 1942 and had the monopoly there for 17 years, and launched in Dubai in 1946 kept its monopoly 20 years, was active participant in the modernization and transformation of the region. The oil generated capital surpluses had been funded in BBME throughout the 1950s and 60’s. The remarkable economic growth in the Gulf States had been reflected to the growth of the BBME, especially it had enjoyed Kuwait’s “extraordinary profitability”.<sup>516</sup> Although Kuwait wholly owned the bank in 1971 and convert it to The Bank of Kuwait and the Middle East (BKMM), former BBMM chief staff maintained its management until 1976. In the context of the 70’s coming with great oil boom “The BBME found itself sitting in the middle of an area undergoing one of the fastest periods of economic change and growth the world has ever seen.”<sup>517</sup> and realized a great growth in capital through its expansion in the Gulf states amid very competitive business. Several other clearing British Banks in the Gulf States had shared the financial opportunities of the region in the boom years of the 70s.

One of the significant British assets retained in the Gulf states was the Sterling’s hegemony that Britain imposed on the Gulf states to keep the balance of Sterling in the 70’s. The majority of the oil revenues had been received in Sterling that was guaranteed by the Sterling Agreements, Britain had made with Kuwait, Abu Dhabi, Qatar and Bahrain, while the US Dollars was the most preferred currency in the context of the 70s. Even in Saudi Arabia, 26.5% of Aramco’s payments made in Sterling. Aramco was paying 70% of its Royalties and 15% of its income tax in Sterling until the nationalization.<sup>518</sup>

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<sup>515</sup> M.E.F.I.S. May-July 1974 Survey in FCO 59/1262

<sup>516</sup> Jones, p.134

<sup>517</sup> Jones, p. 263

<sup>518</sup> M.E.F.I.S. May-July 1974

The Gulf money was deliberately traced by the British authorities in the Gulf states. Several institutions in the economic field were managed or consulted by the British experts. For instance, the Currency Board in the UAE was managed by a British who was a former official of Bank of England until 1977. His mismanagement was resulted with ‘disaster’ or ‘embarrassment’ for the British as described by both successive Ambassadors of the time”<sup>519</sup>

## Sovereign Wealth Funds

Sovereign wealth funds in the Arabian Gulf Countries, had emerged as very significant field in the relations between the Gulf states and the west in the oil boom years of the 70’s. Oil countries of the Arabian Gulf realized a colossal increase of oil revenues and acquired bulks of oil surpluses. They established Sovereign Wealth Funds (SWFs) to manage and invest abroad their oil surpluses. Kuwait was the first Gulf state starting to have such funds of wealth from the oil revenues, ‘Reserve for the Future Generation’ (RFFG) as early as in 1950s with the concept of taking 10 percent of all gross oil revenues and investing them overseas.<sup>520</sup> The first institution Kuwait Investment Board (KIB) was established in 1953, as a British idea and consisting of four British members. Kuwait’s oil revenues, before the oil prices boom during the oil crisis, already had remarkably increased. In 1971, Kuwait oil revenues was increased 50% by the Tehran Agreement and in 1972 it increased further by the foreign earnings resulted from the re-adjustment of the crude oil prices in reaction to the devaluation on the US dollar.<sup>521</sup> Therefore, Kuwait financial

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<sup>519</sup> FCO 8/2888- 3319, 96/699, Annual Review of the UAE 1976-1978

<sup>520</sup> Jean-Francois Seznec “The Sovereign Wealth Funds of the Persian Gulf” in **The Political Economy of the Persian Gulf**, ed. Mehran Kamrava CIRS Hurst & Company London 2012, p.77

<sup>521</sup> Sterling Agreement between the UK and Kuwait 1973 FCO 59/881



importance with its primacy between the other Gulf states had significantly increased throughout the 70's of the oil prices boom for the British economic interests. In 1974 annual review of Kuwait, Kuwait's attitude towards managing its own fund by avoiding contributing to international recycling schemes was reported. At the time, Kuwait's major investment in Britain was the take-over of Sn. Martin's Property Company besides its %14 share in Daimler-Benz in Germany.<sup>522</sup> In 1974, Kuwait reserved £1 billion to invest in the UK government securities which was a fortune for the British economy.<sup>523</sup> However, these investments were considered only a tiny and internationally notable part of Kuwait's large whole investment funds in the same source, since Kuwaiti authorities had maintained the tendency of secrecy in using its sovereign wealth funds. Britain provided numerous investment opportunities in London City for Kuwaitis while it was also substantial source of opportunities for the British economic interests.

Kuwait's increasing investments in Britain along with its increasing wealth had been reflected in the press. The Daily Express City editor wrote about Kuwait investments in Britain with their exceeding the ten percent stake and "the alleged connections with Jewish companies and stockbrokers" dated on 31 July 1974.<sup>524</sup> For the Kuwaitis City of London was an "excellent financial centre" and the Bank of England was Kuwait's "nominee". According to the British authorities, Kuwait government had always found London as a most satisfactory investment centre with many facilities,<sup>525</sup> however, Kuwait had considerably been controlled and manipulated by the British to be depended to London in investments.

Besides the direct investments of Kuwait in Britain, Kuwait's aid funds, mainly 'Kuwait Funds for Arab Economic Development', provided further opportunities for the UK, in co-operating in the major projects by providing expertise.<sup>526</sup> Kuwait financial scene overall was particularly monitored by the British diplomats who reported the Kuwaiti budget expenditures and Kuwaiti funds disbursements with details. Kuwait Ambassador stated at the end of his report on

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<sup>522</sup> Kuwait Annual Review 1974 FCO 8/2440

<sup>523</sup> M.E.F.I.S. Survey 1974 in FCO 59/1262

<sup>524</sup> Sterling Agreement between the UK and Kuwait 1974 FCO 59/1138

<sup>525</sup> FCO 59/1138

<sup>526</sup> Kuwait Annual Review 1974 FCO 8/2440

Kuwait budget that “*The budget is the tip of an iceberg. The role for British diplomacy: to help the Kuwait government to ask the right question and to offer our help in finding the right answer.*”<sup>527</sup> In fact, Kuwait had enormous funds capacity which had been used in the development projects in numerous countries besides Arab countries such as Rwanda, Uganda, Congo, Chad, Mali, Burundi, Maldives, Bangladesh, India, Sri Lanka, India and Nepal in the second half of the 70’s.<sup>528</sup> All the projects that Kuwait funded in these countries had promised substantial opportunities for the British firms. Kuwait as an emerging financial power in the region was Britain’s major focus and interest in the Gulf for the financial relations.

UAE followed Kuwait with Abu Dhabi’s sovereign wealth funds, becoming a major oil producer in the Gulf in the 70’s. Abu Dhabi established the Abu Dhabi Investment Board (ADIB) in 1967 to manage the surpluses of the oil revenues by the British initiative and its headquarter was in London. Eric Thompson, a former expert in the British colonies, who chaired the Abu Dhabi finance department in 1967-1970, convinced Sheikh Zayed to establish the Board with the recommendation of the Bank of England with the capital of £5 million.<sup>529</sup> Abu Dhabi’s oil revenues increased from \$952 million in 1973 to \$5278 million in 1974.<sup>530</sup> The biggest boom in the Abu Dhabi’s oil income was realised in 1976. The British Ambassador reported that the UAE’s total oil money reached to \$7 billion gross.<sup>531</sup> In 1976, Abu Dhabi Investment Authority (ADIA) was established which is known world’s one of the largest sovereign wealth fund. The investments of such big surpluses of Abu Dhabi were made primarily in Britain in the early period based on the historical affinities and established connections. Bin-Abood points out the impact of the British advisors on substantial Abu Dhabi investments in the UK.<sup>532</sup> Abu Dhabi investment in British shares and equities with total more than £90 million which represented 10.5% of the total investments of the sector in 1974.<sup>533</sup> Abu Dhabi also heavily invested in the real estate sector in

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<sup>527</sup> Budgets of Kuwait 1974 FCO 8/2197

<sup>528</sup> Kuwait Aid Policy 1977 FCO 8/2934

<sup>529</sup> Bin-Abood, p.234

<sup>530</sup> Sara Bazoobandi, “Political Economy of the Gulf Sovereign Wealth Funds: A Case Study of Iran, Kuwait, Saudi Arabia, and United Arab Emirates”, **PhD University of Exeter**, 2011 p.120

<sup>531</sup> UAE Annual Review for 1976, 1977 FCO 8/2888

<sup>532</sup> Bin-Abood, p.235

<sup>533</sup> Ibid, p.235

Britain and bought 44% of the Commercial Union Building in 1974.<sup>534</sup> UAE's (Abu Dhabi) oil wealth had great importance in the British policies.

UAE's overseas aid funds provided substantial opportunities for the British economic cooperation in addition to the direct investments in the UK. British Ambassador to the UAE reported in 1977 that Abu Dhabi's massive external aids were amounted totally exceeding \$1 Billion.<sup>535</sup> The UAE, like Kuwait, made multi-lateral aid Agreements such as Arab Economic Development, besides bilateral aid agreements.<sup>536</sup> Britain secured an agreement on the economic cooperation between the Ministry of Overseas Development and Abu Dhabi Fund for Arab Economic Development under which the Sudan South Darfur project contributed to the British £2 million.<sup>537</sup>

Although Qatar's oil reserves and accordingly oil revenues were at the much lower quantities than that of Kuwait and Abu Dhabi in the 70s, Qatar acquired considerable financial assets during the oil boom. It was reported by the British Ambassador that a new investment office was opened in London in 1975 and its portfolio accounts continued to be kept in Sterling. The Ambassador commented that "government's finance remained very much in credit" and that "the IMF estimated that the country had some \$200 million available for investment seems near the mark."<sup>538</sup> Qatar invested in assisting other countries like Egypt for the development of canal and the creation of new industries including armaments and invested in a petrochemical complex in Dunkirk France with 40%.<sup>539</sup> While Qatar's recently developing financial capacity was taking the attention of Britain, Qatar's investments in industrial expansion in the oil industry provide Britain great export and contract opportunities through the Joint Commission Agreement. London was the financial center for the individual investments and shopping of the Qataris who had obtained substantial wealth to spend.<sup>540</sup>

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<sup>534</sup> Ibid, p.235

<sup>535</sup> UAE Annual Review 1976, 1977 FCO 8/2888

<sup>536</sup> See Khalid S. Almezaini, **The UAE and Foreign Policy, Identities and Interests**. Routledge, 2012

<sup>537</sup> UAE Annual Review 1977 FCO 8/2888

<sup>538</sup> Qatar Annual Review for 1975, FCO 8/2770

<sup>539</sup> FCO 8/2770

<sup>540</sup> UK-Qatar Joint Committee 1978 FCO 8/3223

Bahrain financial capacity kept a lower line in parallel with the lower oil income therefore Bahrain did not emerge as a financial power with sovereign wealth funds for overseas investments. Bahrain's earliest sovereign wealth funds estimates was made in 2006, \$10 billion with the lowest in the Gulf.<sup>541</sup> Nevertheless, Bahraini elites had made their individual investments almost entirely in Britain, in the most favored destination in Europe, London. British Ambassador in Bahrain reported in 1979 that "*Many leading Bahrainis have substantial investments, property, securities, and funds in Britain.*"<sup>542</sup>

## Sterling Agreements

Britain had enjoyed the great advantage of the Sterling Agreements it made with Kuwait since 1968 and along with the 1970's in the context of the oil crisis when the US Dollar could not provide a safe zone for the foreign exchanges. 1968 Basel Agreement that guaranteed Sterling's position in foreign deposits (a sum of \$6 billion) with 63 countries including Kuwait, UAE, Qatar, and Bahrain for 3 years. These countries had to maintain some percentage of their reserves in Sterling to be eligible for the Sterling guarantee. It was extended to 1973 in September 1971. In addition to this, the UK made "Sterling Understanding" Agreement with Kuwait separately to maintain Sterling rate minimum at average level, or 'guarantee rate' (defined as the average rate of the last 3 working days) in 17-18 1968 and extended in 1971 and by 1973 declaration to guarantee the minimum rate of the Sterling rate (%90 of the minimum Sterling proportion of the eligible balances).<sup>543</sup> Kuwaiti government traditionally kept 50% of its reserves in Sterling although it was required to hold minimum 33% of its exchange reserves in Sterling by the Sterling Agreement. By July 1974, Kuwait's Sterling reserves had reached to \$2.4 billion of which \$1.44 billion was covered by the Sterling Agreement.<sup>544</sup> Kuwait had remained to receive its oil income in Sterling

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<sup>541</sup> Seznec, p.72

<sup>542</sup> Bahrain Country Assessment Paper 1979 FCO 8/3306

<sup>543</sup> Sterling Agreement between the UK and Kuwait 1974 FCO 59/1138

<sup>544</sup> M.E.F.I.S. Survey 1974 in FCO 59/1262

until the mid-70s and it made the investments in Britain in Sterling on a secured rate.<sup>545</sup> It was a great advantage and contribution to the British economy for the balance of Sterling along with the substantial income of Kuwait's financial investments in the UK.

The Sterling Agreements between the UK and the UAE in 1974 had produced great increase in the value of Sterling since all the British exports had been made in Sterling while the UAE oil revenues quintupling and the Anglo-UAE Joint Commission projects boosting the British exports. Abu Dhabi was, like Kuwait required to hold %33 of its reserves in Sterling which was about \$1.8 billion by the end of 1975.<sup>546</sup> Abu Dhabi's deposits in Sterling reached to minimum holding of £1.800 million in 1975.<sup>547</sup> Dubai held Sterling reserves about \$220 million (£95 million) by the end of 1975 under the cover of the Agreement.<sup>548</sup> That, %53 increase rate of the British exports in Sterling in 1976 was estimated %40 at the 1975 prices and parities, shows the increasing profit of Sterling through the British exports to the UAE.<sup>549</sup> The UAE authorities described their relationship with Sterling as 'purely historic' and they stated that would change quickly in 1974.<sup>550</sup>

### Offshore Banking

Offshore banking sector was created and had grown remarkably in Bahrain in the 70's. Bahrain Monetary Agency (BMA) that was created in 1973 managed the offshore banks to provide a mechanism to re-invest large oil surpluses of the Gulf. In 1975, 28 Offshore banking units (OBUs) were established in Bahrain to attract the funds of oil-rich neighbors to be invested in the region including British, American, French, Dutch, Canadian, Swiss, German and Japanese Banks. The number of the offshore banks in Bahrain had reached to 41 by 1979 with \$40 million profit to the Bahrain economy a year.<sup>551</sup> It was remarkable development of Bahrain to emerge as a financial

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<sup>545</sup> Sterling Agreements btw the UK and Kuwait 1973-1974 FCO 59/881-1138

<sup>546</sup> M.E.F.I.S. Survey 1974 in FCO 59/1262

<sup>547</sup> Bin-Abood, p.235

<sup>548</sup> M.E.F.I.S. Survey 1974, Bin Abood, p.235

<sup>549</sup> Annual Review 1977 FCO 8/2888

<sup>550</sup> M.E.F.I.S. Survey 1974

<sup>551</sup> Bahrain Annual Review for 1978 FCO 8/3305

center, taking the place of Singapore, its old rival. The liabilities of the Bahrain offshore banks had risen from \$15.000 million in 1977 to \$24.000 million by 1979.<sup>552</sup> This spectacular growth stemmed from the fact that the Saudi economy's great growth and Saudi Riyal's increasing value that were invested in Bahrain offshore banks as the Saudi government did not allow foreign banks to operate in Saudi Arabia.<sup>553</sup> OBU's growing profits resulted with the creation of the offshore companies in 1977. Britain had maintained the leading position until the end of 1979 in offshore banking sector as well along with its leading position in the exports to Bahrain.

It has been revealed in this part that the established links through the British colonial assets in the Gulf states had remarkably been functioned in retaining and promoting substantial British financial interests as well as commercial interests in the first decade of the withdrawal. However, British Ambassador in Abu Dhabi description of self-image is significant to define the erroneous approach in the British policy towards the UAE in his dispatch in 1976: "*Contemplating British politics, I have also realized that we, including me, have gone too far in accepting economic determinism (in which the UAE was hitherto meant oil money) and tend to underestimate the interconnexion between effective state authority and political aggiornamento.*"<sup>554</sup> In fact, Ambassador's striking self-image points out exactly how the post-colonial approach of the UK's foreign policy in the relations with the Gulf states was oil-money oriented and imperialist at this regards. Therefore, the "historic ties" functioned in the post-colonial relations for Britain with the Gulf states as an efficient tool to maintain the British colonial assets in the relationships with an orientalist, overlooking approach rather than to develop a partnership based on some degree of coordination in political and economic policies.

#### 3.4.4 Cultural Relations

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<sup>552</sup> Ibid

<sup>553</sup> See, John R. Presley and Rodney Wilson, **Banking in the Arab Gulf**, Palgrave MacMillan, 1991, p. 76-90

<sup>554</sup> Energy Matters in the UAE 1977 FCO 96/699

Culture was the fundamental sphere in the post-colonial foreign policy of the UK towards the Gulf States, where the British influence had been cultivated through the colonial ties. Cultural sphere of influence constituted the basic ground on that engagements in the fields of energy, finance and trade were built up in pursuing substantial British interests. Language was the essential element in the cultural link between the UK and the Gulf people, through developing British influence. The British had used the advantages of the ties from the colonial past through language connection as most of the Gulf elites had spoken English. British Councils had functioned deliberately with the mission of developing English language and culture in the Gulf States. British Ambassador in the UAE, underlined the importance of the language connection between the UK and the Gulf States and pointed out the changing performance of the British Council depending on the state, in his 1978 report: *“In general, we continued to do rather better than we deserved. We have failed to exploit what I believe to be our main asset here in the long term, namely the English language and the British cultural connection.”*<sup>555</sup>

Education had widely taken place in the cultural relations between the UK and the Gulf states. Education had two dimensions within the cultural relations: first; British education in the Gulf, second; higher education provided for the Gulf people in the UK universities. In both ways of British education, two objectives had been aimed by the British: first; to strengthen the cultural connection and second; to receive the educational funds in the oil-wealthy Gulf States. British education had remarkably contributed to the British influence to be developed in the Gulf states. Besides the British Councils operating with the mission of teaching English for adults, British schools were also established in the Gulf states for the primary and secondary education. British colleges were widely preferred by the families in the Gulf for strong language education as well as for better quality of British-style education.<sup>556</sup>

British Councils had Directorates in the Gulf States; Oman, Qatar, Bahrain, UAE and Kuwait as independent entities. Their functions were educational, and they aimed at “assisting in

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<sup>555</sup> UAE Annual Review for 1978 FCO 8/3319

<sup>556</sup> For instance, Dubai Collage founded in 1978, Merryland International School founded in 1978 in Abu Dhabi, Dubai English Speaking Schools (DESS) founded in 1963, Doha Collage founded in 1980, and several other British Language Schools all around the Gulf states. See <https://www.edarabia.com/schools/british/> 22.10.2016

the improvement of the standard of English language teaching and establishing a role as reference and informational center. It was reported by the report of information that “As British power has phased out, so the British Council has been expanded. A quite impressive effort has been mounted. We spend over £300.000 a year in the Gulf and have about ten UK based Council officers and double that number of Council recruited Britons.”<sup>557</sup> It indicates the importance of the cultural works for the British policy to extend the British influence in the Gulf states. Parallel aims are to ensure that Britain remains a first choice of countries providing further training and that a flow of visitors to Britain in the Council’s fields of interest is maintained.”<sup>558</sup> British Councils mainly run English classes on paid basis and provided libraries. In addition, they provided educational advises in the ministries of education for several departments in the Gulf States. Other activities of the British Councils in the Gulf were assisting special programs of visits to Britain by the Gulf officials on a country-financed basis and providing cultural activities such as dramatic and musical productions.<sup>559</sup>

At the university level, British universities had leading place among the European universities in the preferences of the Gulf students after the American Universities that were followed by Egyptian Universities in the 70s.<sup>560</sup> Egypt was, as the center of Arab nationalism, center for education for the Arab youth including the Gulf in the context of 70’s. In the 1970’s, Bahraini students had the largest share in the total number of Gulf students studying in Britain. It was followed by the UAE graduates of British universities. In Kuwait, Egypt had the primacy as well in education and followed by the US. Although considerable numbers of students studied in British Universities, larger numbers of Kuwaiti students studied in the US in 70’s. Qatar also followed the same line as Kuwait.<sup>561</sup>

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<sup>557</sup> Information Work in the Persian Gulf, FCO 26/1415

<sup>558</sup> British Council Activities in the UAE 1975 FCO 13/793

<sup>559</sup> FCO 13/793

<sup>560</sup> See, Abdulla Al-Misnad, “The Development of Modern Education in Bahrain, Kuwait and Qatar with Special Reference to the Education of Women and their Position in the Gulf Society”, **PhD. Thesis** University of Durham 1984

<sup>561</sup> Al-Misnad Abdulla, p.206-235



Nevertheless, for a western quality of education Britain has the priority especially for higher education. British aimed to catch most of the Gulf students who were seeking university education abroad. As the fees of the British Universities were very high, Gulf students provided profiles of good candidates for the British Universities, to be affording studying in Britain. Therefore, prominent British Universities such as Durham University and Cambridge University had maintained a policy of offering large quotas for the Gulf students in their institutions to constitute large funds through the wealth of the Gulf oil.<sup>562</sup>

Gulf States had the tendency of approaching to Britain for education to send students, based on the familiarity through the colonial ties. **Sandhurst Royal Military Academy** had played remarkably significant role in educating Gulf Princes and politicians. Most of the people from the families of the Gulf rulers; Sheiks, Ministers, and hundreds of military officers were educated in Sandhurst in Britain.<sup>563</sup> It meant substantial level of British influence on the Gulf rulers to be occurred in the cultural sphere as well as political sphere.

Table 6. Numbers of Bahraini male and female students at universities in Arab and non-Arab Countries 1977-80<sup>564</sup>

Host countries	1977-78		1978-79		1979-80	
	Male	Female	Male	Female	Male	Female
Egypt	339	347	353	351	260	299
U.K.	320	39	316	38	331	38
Saudi Arabia	206	23	224	37	218	40
Kuwait	161	262	179	279	156	217

<sup>562</sup> Middle East Funds for the British Universities, FCO 8/3874

<sup>563</sup> Steven Wright, interview, Doha, 2016, James Onley, interview 2016, Britain and the Gulf Sheikdoms 2009 p.25

<sup>564</sup> Al-Misnad Abdulla, p.206

India	160	24	162	24	228	29
U.S.A.	98	30	99	30	151	75

Media was another dimension of the cultural relations between the UK and the Gulf States with strategic importance. British information policy was adopted to facilitate links between the UK and Gulf states and to monitor the developments in the Gulf States in the field of media. Inspection Reports and Information Research Department (IRD) reports were regularly dispatched by the British diplomats in the Gulf states to the Information Research Department. These reports constantly and deliberately assessed the developments in media such as tv, radio, and cinema as main cultural tools and possible opportunities for the British media producers in the Gulf states.<sup>565</sup> BBC Arabic radio was a significant tool for Britain to deepen and expand the British Influence in the Middle East, particularly in the Persian Gulf through the rising impact of the media in the 1970's.<sup>566</sup> For Instance, it was reported in the Bahrain Country Assessment Paper by the British Ambassador that the BBC Arabic Service was listened to widely in Bahrain.<sup>567</sup>

### 3.5 Assessment

By the loss of the last remnants of the British Empire in 1971, namely the Persian Gulf, Great Britain's hegemonic power was ended in the world. The new hegemon, the United States of America, now in the place of England in the Middle East that had been declining especially after the Suez Defeat in 1956. However, the US stayed away from any military involvement in the region in the 1970's. The earliest US statement on the US's interest in controlling the Persian Gulf came

<sup>565</sup> Inspection Report for Qatar 1974 FCO 95/1793

<sup>566</sup> Information Work in the Persian Gulf 1973 FCO 26/1415

<sup>567</sup> Bahrain Assessment Paper, 1979, 8/3306

in 1977 and followed by the Carter Doctrine after the Soviet invasion of Afghanistan in December 1979. Neither of them resulted with American military presence in the Persian Gulf. Therefore, British predominance remained intact in the first decade of the British withdrawal in the region, while Britain was pursuing a middle power status in global and regional contexts. Anglo-American alliance provided Britain free-riding ability in the regional affairs to keep its influence.

British post-colonial policy towards the Gulf defined the utmost importance of the region for the British national interests. The main lines of the British foreign policy towards the Gulf states remained intact in the political periods in the 70's; the Conservative Party government period in 1968-1974 and the Labor Party government in 1974-1979. Despite their different political backgrounds, both governments pursued the same policy objectives in the Gulf. Preserving British interests in the Gulf states by enhancing close relations with the Gulf states was the main objective of the British foreign policy. Vital economic interests of Britain were lying in the Gulf states who were possessing the largest oil resources in the world. Economic interests of the UK were followed by the strategic interests of the UK and West such as security and stability of the region to secure the oil flow. In the transitional period for the British post-colonial foreign policy along the 70's, Britain maintained its advantageous and privileged position in several fields based on its colonial ties with the support of the reinforcing Anglo-American alliance in the Gulf policy.

In the first ten years of the independence of Bahrain, Qatar and the UAE after 150 year-long British regional hegemony, their dependency to the British presence remained in terms of military and technical assistance and consultancy. Kuwait was realizing the further stage of its independence in the second decade as it obtained the independence in 1961. Kuwait oil wealth also came earlier thus, Kuwait was a settled young state and Kuwait's relations with the UK were at more mature level in the 70's than the other three Gulf states.

Britain made friendship agreements with the new Gulf states and secured its dominant position on them by the articles that proposed to consult together, to promote cultural, scientific, academic and technical exchange and cooperation. Therefore, Britain assumed a privileged position based on its colonial past with its former protectorates, who found themselves in insecure

position in such a fragile region and were on the way of state formation and socio-economic development to take advantage over its rivals. The oil crisis that resulted with the boom in the oil prices and oil revenues in the Gulf states, created considerable opportunities for the British involvements in the Gulf states throughout the 70's. Britain used the advantage of its colonial ties with the Gulf states over its rivals such as France and the US and obtained the major stake from the Gulf cake. These colonial ties provided the British easiness and agility to penetrate the state institutions through the acquaintance and cultural/language connection. Eventually, Britain facilitated the mechanisms to exert significant influence and control on the Gulf states in favor of the British interests through its continuing hegemonic presence in political, military, energy, financial and commercial fields. The first decade beyond the withdrawal proved that the British withdrawal from the Gulf was not an ultimate withdrawal. The military withdrawal of Britain, brought deeper and expanding British involvement in the new and oil rich Gulf States.

The continuing presence of the former political resident, agents, and several other posts of the UK in the Persian Gulf States as the new diplomats and advisors provided a smooth transition to the new era. Through this continuity of the colonial ties, post-colonial relations had been maintained between the rulers of the Gulf States and the British politicians. British advisors had considerable impact on the ruling mechanisms of the new and developing Gulf states from the 'Amir' level to the ministries to retain substantial British control on the Gulf States. At the end of the decade, Queen Elizabeth II's visit to the Gulf states in 1979 was significant to demonstrate the importance of the Gulf states' place in the UK's foreign policy. It resulted fruitfully for the British economic interests. London was the prior destination in Europe for the Gulf elites. Britain continued to support the ruling families of the Gulf states as their backing power to protect their regimes after their independence. The security of the Gulf regimes meant the security of the vital British interests in the Gulf for the British foreign policy. Therefore, British policy was a significant barrier for any possible democratic developments in the Gulf states. Although Britain withdrew its troops from the Gulf while ending its protectorate, it retained a remarkable level of military presence in the Gulf states in terms of military assistance and in the Gulf waters. Kuwait had the largest amount of the British military assistance, under the Iraqi threat. Bahrain, Qatar and the UAE had less numbers of the British military officers, but more posts were seconded in special tasks

such as police administration and hospital opening. In Bahrain, British officer administered Bahrain Police Organization until the end of the 90's. Substantial trade opportunities provided UK the position of leading exporter of the Gulf countries among the Europe states, throughout the 70's. British partnership in the oil industries of the Gulf States were maintained. Substantial shares of the British oil companies as the producer and the exporter of the Gulf oil meant considerable losses for the Gulf States. Britain controlled the management of the oil surpluses in Kuwait and Abu Dhabi through the British-established institutions. Major foreign investments were made in London through the Sovereign Wealth Funds of the Gulf states. British commercial banks had also realized great business through recycling of the oil surpluses in the Gulf states in the 70's. Britain imposed 'Sterling Agreements' on the Gulf states to maintain the balance of Sterling through the wide range of trade and banking business in the expenses of the Gulf States. Through all of these hegemonic instruments, Britain continued its colonial implications overall in the economic relations where substantial British interests lied, in the post-colonial context.

Britain had successfully maintained its colonial assets and promoted interests through its relations with the Gulf states in the concept of "close friendship" within the smooth transition. In substance, British approach to the Gulf states, its former protectorates preserved the orientalist perception looking at them from upward and seeing them sources of benefits to be exploited. The relations were constituted based on not equal but hierarchical positions of British superiority over the Gulf states. British and Western interests and priorities were the determinants in the relationships but not that of the Gulf states. The discourse of separation between the Western interests and the rest (others) is revealed in the FCO texts defining the British foreign policy towards the Gulf. The oil crisis lesson showed the British the importance of understanding priorities and interests of the Gulf states while pushing for his own interests. Britain applied the strategy of committing with the European states to give the message to the Gulf states that as if the UK was not following the US in the Arab-Israel conflict with the eventual purpose of protecting its interests. Although British diplomatic maneuvers helped Britain to secure its interests in the Gulf states, it could not help to gain the reliability in the eyes of the Gulf people in long term.

## CHAPTER 4 BRITISH POLICY IN THE GULF THROUGHOUT 1980'S

### 4.1 Thatcher Government: Balancing the Clashing Interests

1980's was recorded as the decade of Thatcher in the British history. Margaret Thatcher, the leader of the Conservative Party, was elected Prime Minister in 1979 and a new era started in the British politics. She has been considered as the most successful Conservative leader of the twenty first century as she won three elections in 1979, 1983 and 1987.<sup>568</sup> Her strong leadership and new policies culminated to the terms of *Thatcherism* of the 'Iron lady' defining her lasting influence.

Her major campaign in domestic politics was the economic policies she introduced to open the free market economy towards the goal of establishing the capitalist system and fighting with communism. Thatcher's fight with communism was reflected in the foreign policy and contributed remarkably in ending the Cold War. Thatcher played significant role in approaching to Soviet leader Mikhail Gorbachev to be dealt with the West through the special Anglo-American relationship.<sup>569</sup> In fact, the Soviet Union was collapsed, and the Berlin Wall was breached at the end of the decade. Thatcher's foreign policy was consistent with the former British governments in maintaining the Anglo-American alignment with increased influence on the US which was a significant parameter of the British foreign policy in the 80's. In the Europe side, Thatcher's foreign policy had shifted to approach of 'Eurocepticism' from the approach of former enthusiastic pro-European Conservatives. Even though she signed the Single European Act in 1986 with pragmatic approach, she was against the further integration in the EC.<sup>570</sup> Thatcher's overall foreign policy approach was characterized by pragmatism with strong emphasize on the British economic interests

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<sup>568</sup> John Campbell, "Margaret Thatcher", in Charles Clarke, James T., Bale, T., Diamond P., (eds.) **British Conservative Leaders**, Biteback Publishing 2015, 325-332 p.325

<sup>569</sup> Campbell, p.327, T. Peterson, Anglo-American Policy towards the Persian Gulf, p.29

<sup>570</sup> Campbell, p.328

and by a more assertive British stance in the foreign affairs. These main aspects of the British foreign policy in the Thatcher era had been reflected in the Middle East in general and in the Gulf in particular. Thatcher's Britain, having shaken off the stance of 'tamed imperial power' that was keen to be accepted by the EC after losing the last imperial territory in 1971, now taking more confident and strong steps with higher profile in the Middle East policy than the earlier governments of the 70's.

The political situation of the Middle East had been dramatically warmed up in the Persian Gulf in the beginning of the 80's. The decade had already started with the Soviet invasion of Afghanistan and the following historic Iranian Islamic Revolution which had overturned the regional dynamics and the power balances in 1979. The government of new Iran Islamic Republic found itself in the War with Iraq that erupted in September 1980 and had endured until 1988. Iran-Iraq War shaped the general frame of the British Gulf policy in addition to the central issue of Palestine problem in the 80's. Arab-Israel issue remained the major parameter in the British foreign policy in the Middle East and particularly towards the Gulf States. Thatcher government strategically took the advantage of the Gulf state's reactions to the pro-Israeli US policy by enouncing a more moderate Palestine-Israel policy with quite cautious approach to attract them towards increasing economic and political cooperation. In fact, UK's economic and political relations had considerably been promoted with the Gulf states through rising British influence in expense of the US in the 80's.

The Anglo-American cooperation particularly on the Gulf Affairs was strengthened by the Thatcher government especially in the second half of the decade. Thatcher policy was defined to develop an Anglo-American alliance at maximum level for the stability and security of the Gulf region. Iran-Iraq War urged for deepened cooperation against the Soviet threat between the UK and the US. Thatcher expressed her views on that to Reagan during her visit to the US in 1981 as: *"I said that Britain shared the determination of the United States, and of our allies, to prevent Soviet encroachment in the region. We discussed the possible creation of Rapid Deployment Force, which would be available for use, if necessary, in an emergency in this or other areas in the*

*world.*”<sup>571</sup> Thatcher and president Ronald Reagan had reached an exclusive level of special friendship based on the common interests and goals that was considered weaker during the Carter/Thatcher era.<sup>572</sup> However, Thatcher’s strong pragmatism in foreign policy had been dominated on the British government’s position in the conflicting matters with the US policies such as armaments of Iran during the war, and arms sales to Saudi Arabia.

From the post-colonial perspective, Iran-Iraq War had provided several opportunities to the Thatcher’s Britain to acquire more involvement in the region. The hot conflict in the waters of the Persian Gulf urged the Western powers to control the security of the region in terms of protecting the Western interests in the Gulf. To secure the oil flow to the West, to maintain the security of the Arabian Gulf States, the oil resources, and to secure the substantial economic interests through the oil wealth of the Gulf States were the major Western interests in the Gulf. The UK naval forces had considerable presence in the Gulf waters to safeguard the shipment at the southern entrance to the Gulf. Even before the War, Thatcher’s Britain had already assumed an effective role in controlling the security of the Gulf against the Soviet threat by deploying naval forces in the Gulf. It was considered as Britain’s return to East Suez by the Americans in a briefing paper to the President in June 1980:

To counter Soviet threat in the Gulf area, Britain is considering a return to an ‘East of Suez’ role, beefing up naval forces in the region and possibly returning to naval bases used during Britain’s previous presence in the region. The British are also assisting US defence efforts in the Gulf by joining in the upgrading of Diego Garcia and helping the United States find additional facilities.<sup>573</sup>

The perception of the US authorities indicates the return of Thatcher’s Britain to its super-power attitude attributing to British historical advantages and role with the support of the Anglo-American alliance.

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<sup>571</sup> Prime Minister (American Visit), FCO 8/4937 1983

<sup>572</sup> T. Peterson, p.36

<sup>573</sup> T. Peterson, Anglo-American Policy towards the Persian Gulf, p.29



During the Iran-Iraq War period Thatcher government performed a remarkable increment in further developing relations with the Arabian Gulf states with the role of the closest Western power as the old friend based on the colonial ties. The Gulf states in the context of the 80's, were richer and more vulnerable of security than that of the 70's. Thatcher used the opportunities of the War circumstances to achieve more British involvement in the Gulf states that had vital importance for the British interests. The renowned former British diplomat and Thatcher's foreign affairs advisor Sir Anthony Parsons, sharply briefs Thatcher's Middle East policy confirming our point: *"In general the Thatcher government will be remembered for its assiduous cultivation of the oil-rich and politically moderate Arab States as well as for improving the relations with Israel."*<sup>574</sup>

Thatcher conducted her historic Gulf visit in the second year of her tenure, as the first British Prime Minister ever visiting the Gulf states, in April 1981. Her visit demonstrated the significance of the Gulf States and the aim to promote relations with the Gulf states in the British foreign policy under Thatcher. Royal and ministerial visits in both directions had been steadily carried out in the 80's. The primary objective in the agenda of the British Prime Minister and Ministers was to promote arm sales and exports to the Gulf states. Thatcher paid particular attention to the acceleration of the arms sales to the Gulf states. The insecurity of the Gulf region in the light of the Iran-Iraq War led the armaments of the Gulf states to be increased. Therefore, British arms sales remarkably increased to the Arabian Gulf states as well as to Iran and Iraq. The so-called Al-Yamamah deal, the largest British arms sale to Saudi Arabia in September 1985 was acquired by Thatcher's persistent efforts and promptings to boost arms sales as she was closely involved in the negotiations. General British exports to the Middle East were dramatically boosted after 1981.<sup>575</sup> Trading relationship between the Gulf and the British had the utmost importance for the British Government as the Prime Minister and the ministers had firmed in various occasions. Thatcher with quite pragmatic approach, assumed a role as British arms sales lady of supreme while trying

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<sup>574</sup> Parsons, "The Middle East", in Peter Byrd (ed.) **British Foreign Policy under Thatcher**, Philip Allan, 1988p.94

<sup>575</sup> T. Peterson, Anglo-American Policy towards the Persian Gulf, p.30

to restore and expand British influence in the Gulf.<sup>576</sup> Britain's active role in the region in the 80s under the rule of Thatcher is described by Parsons<sup>577</sup> concisely;

Thanks to Britain's intimate relationship with the Gulf states, the government has been able, in coordination with the United States and the major European governments, to play an active part in supporting the stability of the area and thus maintaining the free flow of oil to the industrialized world. There are several hundred, perhaps over a thousand, British officers on secondments or under contract to the armed and security forces of the Gulf states, while British military equipment, including aircraft, tanks and armored cars, is in widespread use and makes a valuable contribution to British industry and balance of payments.<sup>578</sup>

The emphasis of “historic ties” between the UK and the Gulf states were more widely used by the British diplomacy in developing relationships with the Gulf states in the 80’s. The Prime Minister referred to the pre-oil period of the British colonial presence while emphasizing the so-called “historic ties” in an interview prior to her Gulf visit: *“I have constantly tried to explain that we have historic ties which go back a long time before oil was taken out in the kind of quantity that it is now. We were in there for very long time. We would like to pick up this old friendship of true friendship and take it and develop it, we believe, for our mutual benefit.”*<sup>579</sup> As in Thatcher’s statement, the message to the Gulf people meant that ‘we were there with you before the oil, before the Americans and the French’ to exploit of the acquaintance inherited from the colonial period. The post-colonial British position in the Gulf states gained strength by more assertive policy approaches of the Thatcher government and the British involvement in the major fields such as military, trade and finance were expanded. Foreign Secretary Geoffrey Howe’s statement in the House of Commons in 1984 demonstrates the increasing British involvement and interests in the Gulf:

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<sup>576</sup> T. Peterson, p.31

<sup>577</sup> Sir Anthony Parsons was the British Ambassador to Iran in 1974-79 as an effective diplomat in the Gulf affairs.

<sup>578</sup> Anthony Parsons, *The Middle East*, p.85

<sup>579</sup> MO Interview for Central Office of Information (coming visit Gulf visit) 6 April 1981  
[www.margaretthatcher.org/document/104611](http://www.margaretthatcher.org/document/104611)

We no longer have direct responsibilities for their defence, but we continue to enjoy close and valuable political relations. In some cases, it includes treaties of friendships with provision for consultation in time of need.

Some 90.000 nationals live and work in the area. There is substantial British involvement there, and the countries of the Gulf area now among our most important overseas markets. In 1982, the states of Gulf Cooperation Council accounted for almost £3 billion worth of British exports so there are many reasons why the security of those states is important to us.<sup>580</sup>

Foreign Affairs Committee of the House of Commons reported their considerations following the Gulf visit on deeply penetrated British influence in the Gulf states in 1988:

Many members of leading Gulf families have purchased property in the UK. British expatriates are widely found in the public service, defence forces and on the personal staffs of the rulers. The relationship also extends to close trade and business connections with many British involved in the oil and construction industries and the financing of their operations. In this sense the British have never withdrawn from the Gulf area.<sup>581</sup>

In summary, during the Thatcher rule, British relations with the Gulf states were reinvigorated in all fields complementing each other for promotion of British interests and influence. As a result, Britain maintained its dominant position in several fields based on the colonial legacy.

#### 4.1.1 The GCC and the UK

Another historic development of the 80's in the region was the establishment of the Gulf Cooperation Council (GCC) in 1981. On 25 May 1981, the heads of six Arab Gulf states; Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the UAE met in Abu Dhabi and announced their agreement on establishing Gulf Cooperation Council. They signed the charter of the status of the

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<sup>580</sup> Rosemary Hollis, **Britain and the Middle East in the 9/11 Era**, Chatham House Papers, Wiley Blackwell 2010 p.166

<sup>581</sup> "Current UK Policy towards the Iran-Iraq Conflict", Foreign Affairs Committee, Second Report, House of Commons Session 1987-88 London Her Majesty's Stationary Office 27 June 1988

organization on 26 May 1981. Gulf states had already started to discuss about the idea of establishing a Gulf union in the 70's by the proposal of Kuwait. Although they could not finalize the idea, they had improved a considerable level of integration based on the same socio-economic and political-economic grounds and having faced with the same sources of threats to their security throughout the 70's despite some territorial conflicts existed between them. The oil embargo they performed proved the level of the solidarity they achieved against Western support to Israel. The notion of "Gulf nationality" was to transcend over Arab nationalism.

Eventually, the increased tension in the region in the early 80's caused by the Iranian Revolution and the Soviet invasion of Afghanistan followed by the eruption of the Iran-Iraq War urged the Arab Gulf states to unite for regional stability through political, economic, cultural and social cooperation. The Carter Doctrine that came as a reaction to the Soviet expansion to the Indian Ocean,<sup>582</sup> disturbed the Gulf states as they were unwilling an overt US military presence in the Gulf. "Since the Gulf Arabs rejected overt protection of the United States, they had to base their denial of the existence of a power vacuum on an alleged ability to defend themselves."<sup>583</sup> The GCC could not develop a joint defence force and defence cooperation remained limited with communication network and some bilateral security agreements that Saudi Arabia made with the other states. A joint foreign policy was not easy to achieve either for the member states but "GCC has provided a forum for the member states to coordinate their regional and international policies and where, they agree, to speak with a united voice and so, enhanced influence."<sup>584</sup>

The UK government had closely followed the developments on the idea of joint defence force of the Gulf states earlier than the GCC. British Ambassadors in the Gulf states had reported about the developments and talks through a possible regional defence and security cooperation in the late 70's.<sup>585</sup> A prospect of joint defence force would provide opportunities of defence assistance

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<sup>582</sup> The US President Jimmy Carter declared on 23 January 1980 that: "An attempt by any outsider power to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States. It will be repelled by use of any means necessary, including military force." <http://www.presidency.ucsb.edu/ws/?pid=33079>

<sup>583</sup> The Gulf Cooperation Council: The First Two Years, by Research Department 8 Nov 1983, in Gulf Cooperation Council FCO 8/4881 1983

<sup>584</sup> Ibid

<sup>585</sup> FCO 8/3397- 8/3306- 8/3466

for the UK first to acquire a mechanism of control and substantial British influence on the union as a whole and second to get a potential customer to sell British arms in addition to the individual Gulf states. The British Ambassador in the UAE, David Roberts, submitted a report entitled “Co-operation with a joint Gulf Defence Effort” to the FCO for the Minister of State Douglas Hurd’s Gulf tour in January 1980. He suggested a wide range of possible British military assistance to the potential joint Gulf military force including a secondment of a team from the Royal Corps of Signals to set up the command of the joint army, SAS trainings, joint service schools, joint exercises, naval visits, joint communications network and fishery and oil rig protection.<sup>586</sup> His proposal was put in the agenda of the Minister Hurd for his Gulf visit and the Minister discussed about the possibility of the idea of establishing such entity with the Amir of Ras al Kaimah during his visit in the UAE. Later on, his proposal was studied by the FCO within coordination with the Ministry of Defence (MOD) to be developed.<sup>587</sup> Although, no matured plan was achieved yet by the Gulf states on joint defence agreement at the time, it was an attempt of the British government to take an earlier position in case, to get advantage on the rivals.

Nevertheless, it had institutionalized steadily towards economic and socio-economic integration. In March 1983, GCC members signed the Unified Economic Agreement that provided articles on removal of internal custom tariffs, free movement of labor and capital, the exemption of goods in transit across a member state from duties and taxes, permission for GCC States citizens to invest and conduct economic activity in the other GCC states and free access to the ports in the GCC states. It also provided harmonization of the policies on oil industry. The Gulf Investment Cooperation was formed with a capital of \$2.1 billion in 1983.<sup>588</sup> The GCC had modelled the European Community (EC) for itself through its institutionalization. It had evolved to a technocrat unity rather than a political one by implementing numerous joint industrial, financial, economic and development projects with increasing capacity. British government discerned considerable business opportunities in cooperating with the GCC projects and closely tracked the developments

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<sup>586</sup> Gulf Military Cooperation FCO 8/3466 1980

<sup>587</sup> FCO 8/3466 1980

<sup>588</sup> The Gulf Cooperation Council: The First Two Years, by Research Department 8 Nov 1983, in Gulf Cooperation Council FCO 8/4881 1983

in the GCC.<sup>589</sup> During the London visit of Secretary-General of the GCC, Abdullah Bishara, for a GCC seminar, he was hosted as the guest of honour by the UK-GCC trade reception in December 1983. He had also a meeting with the Minister of State, Richard Luce to discuss about the ideas of the GCC summit.<sup>590</sup> Dynamic relations were developed between London and the GCC and the UK played a mediating role between Europe and the GCC as the GCC sought British support for further international involvements with EC or OECD.<sup>591</sup>

Britain displayed a supportive approach between the GCC and Europe strategically while it intended to avoid direct and closer involvement between the GCC and European states such as France and Germany. British strategy on the Euro-Gulf cooperation was clearly defined in an FCO paper prepared for the Minister of State, Douglas Hurd's Gulf visit with considerations on the German proposal to the EC for economic cooperation with the Gulf states:

The German proposal is unlikely to cut much ice with the Gulf states. But it would be obviously undesirable for the UK to be seen to be too skeptical. The best approach therefore when speaking to the Gulf States maybe to imply that the UK has the broader and more substantial approach to Europe/Gulf relations than its Community partners, of which UK Ministerial visits in the immediate aftermath of Afghanistan provide evidence (...)”<sup>592</sup>

Before the Ministerial Meeting for Political Cooperation in the EEC the UK's objective on the same subject was stated as “to appear as enthusiastic as the Germans”.<sup>593</sup> Evidently, the British government tried to keep the EEC-GCC convergence to develop under its control and without being noticed neither of the sides, under the light of the GCC evolution towards international institutions while Europe was having substantial interests in the Gulf. Britain considered the Gulf its own backyard and did not want to share its dominant position on the Gulf states with any European power keen to cultivate influence on the Gulf States. It was as of the colonial habits of the England to keep a jealous eye on the Gulf Sheikdoms against its rivals such as Germans and

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<sup>589</sup> Gulf Cooperation Council FCO 8/4881 1983, Gulf Cooperation Council FCO 8/5384 1984

<sup>590</sup> Bishara visited London following the GCC Summit held in Doha FCO 8/4881 1983

<sup>591</sup> EC/GCC Relations, (from British Embassy in Jeddah to the Trade Department) 22 December 1984 FCO 8/5384

<sup>592</sup> The Euro Gulf Dialog, FCO 98/958 1980

<sup>593</sup> European Political Cooperation: Ministerial Meeting in Rome, 19 February. FCO 98/958

the French and it pursued similar approach in the 80's as well under Thatcher at both; institutional and individual state levels.

Overall, the GCC as efficient institution representing the Arab Gulf States provided UK favorable platform for economic and political cooperation. While withdrawing from the Gulf, Britain had attempted to unite all the Gulf Sheikdoms of its protectors by forming a union. The British attempt to form a Gulf federation was failed but the GCC promised similar advantages that had been expected from intended union at the time, such as the facility of dealing with a single head towards economic and political control or/and cooperation. That the Arab Gulf states' regional integration through the GCC reduced their commitments with the Arab League and Arab nationalism to the secondary level as of importance, was also a very favorable fact for the UK. Gulf States commitments with the Arab was a source of threat for the British policy after the withdrawal, leading them towards to the anti-Western sentiments and Soviet-influenced block. Through the GCC integration, big patrons of the Gulf oil, the Arab Gulf's commitment with the West was secured. However, Gulf states' firm stand on the Palestine-Israel conflict against the West remained intact.

#### **4.1.2 Iran-Iraq War**

During the years of the Iran-Iraq War, neither by the FCO nor by any member in the Cabinet of the British government a serious alert was made for the War. The War had not been defined as a source of threat in the British policy for the British interests in the Gulf. On the contrary, the war was actually favorable for the UK in several terms. First of all, the two wayward states of the region that hardly to be coped with, namely Iran and Iraq had been caught by the long-term War with each other. Eventually, threats posed by Iran and Iraq for the UK/Western interests in the region was blocked by the War which did not pose greater threat. Therefore, the UK policy towards the War had not urge for a ceasefire to finish the War although the British politicians stated their wishes for

the end of the War to the Gulf rulers. To extend the duration of the War as long as possible, British government supplied arms to the both parties along the War. Britain had not taken any side of the War as the Minister of State, Hurd explains; “To us, both Iraq and Iran were run by unpleasant and potentially dangerous regimes. Total victory by either would increase the danger. In London, Peter Carrington and I argued for caution in supply of arms to both sides.”<sup>594</sup> In 1985, Middle East Department (MED) of the FCO clearly stated the British approach to the continuing conflict that: “This is the most likely contingency. It is tempting to see continuing stalemate as in British interests. The current regimes in Iran and Iraq are both unpleasant and their preoccupation with the conflict keeps them from more dangerous policies in the Gulf.”<sup>595</sup>

This idea shaped the general British policy towards the Iran-Iraq War. The possibility of victory by Iran was considered as “*very much against British interests because this could lead to the danger of further spread of Islamic revolution.*” The possibility of Iraqi victory on the other hand, was seen virtually non-existent. Even if not, it was considered that “it would lead to elimination of Iranian regime but to bring a worse successor regime which would almost certainly be left-wing and likely to seek rapprochements with the Russian.” “*An Iraqi victory would also lead to over assertive Iraqi policies elsewhere in the Gulf, particularly towards Kuwait where there is a history of antagonism. Iraq might also become involved in more direct confrontation with Israel.*”<sup>596</sup> The reactions of the markets to the war were assessed and submitted to the Prime Minister in 1984 in the middle of the war: “*Although the situation in the Gulf is fragile, it is significant that neither the oil nor the shipping markets are showing any signs of nervousness or of panic.*”<sup>597</sup> Britain had favored the Iran-Iraq War to be continued as long as it did not cause threat for the British interests in the region. The essential British interest was the security of the oil flow and prices and trade to be affected by the war. Eventually, these interests had been safeguarded with the shipping protection by the UK-US led international naval control and the feared blockage

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<sup>594</sup> Douglas Hurd, **Memoirs**, Abacus, 2003 p.301. Lord Carrington was the first Foreign Secretary of the Thatcher Cabinet (1979-1982)

<sup>595</sup> UK-US Consultation on Iran-Iraq Conflict FCO 8/5991 6 Nov 1985 by A S Collins (MED)

<sup>596</sup> A.S. Collins, Middle East Department, 6 Nov 1985 FCO 8/5991

<sup>597</sup> Iran/Iraq- Reactions of the Markets, Mr. Turnbull 24 February 1984. PREM19-1283 Margaret Thatcher Archive



of the Straits of Hormuz by Iran had never taken the place.<sup>598</sup> The oil prices kept a favorable level for the British during the war.<sup>599</sup>

The primary interest of the Great Britain in the prolonged Iran-Iraq War lied in the British defence sales to both Iran and Iraq. British policy towards the war in term of arms sales was stated in 1981 “in principle not to release ‘lethal equipment’ to either side while hostilities continue (though certain exceptions have been authorized); at the same time we are ready negotiate for the sale of lethal items (provided that there is no security ban) to either side for delivery after the war”<sup>600</sup> It was followed by the note that “lethal items should be interpreted narrowest possible sense” to enable the arms sales by narrowing the definition of lethality. Both belligerents had shown considerable interest and demand for British arms such as Hawks, aircrafts, tornados, Chieftain tanks and several spare items and the UK had replied by supplying them with exception to Iran during the U.S. hostage crisis. “*Our interest lay in building up as good a relationship as we could with each country without antagonizing the other; and exploiting the defence sales market of each to the greatest extent possible without sacrificing our prospects in the other.*”<sup>601</sup>

The UK policy was in appearance closer to Iraqi side despite the British policy of neutrality. But in reality, Iran promised larger business opportunities for the UK during the war. The UK policy stressed the importance of Iran in the light of Iran-Iraq War: “*In the longer term, Iran is likely to prove more lucrative market than Iraq. The immediate scope for increasing business with Iran is limited by our current neutrality policy; this situation will persist until there is either a cessation in hostilities or a shift in interpretation of current policy.*”<sup>602</sup> British defence sales, (74

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<sup>598</sup> “The Iranians had stated publicly that they would close the Straits of Hormuz if they were themselves struck in such a way as to halt their oil exports.” Record of a meeting held in conference room A Cabinet Office 17 February 1984. PREM19-1283 Margaret Thatcher Archive

<sup>599</sup> FCO 8/5991

<sup>600</sup> Arms Sales to Iraq and Iran in the Light of Conflict, FCO 8/4415

<sup>601</sup> It was stated at the Heads of Mission Conference that “In the long term, Iran was an even bigger market and that we should not rebuff the Iranians’ apparent readiness now to settle past disputes and rebuild a defence-supply relationship.” (At the time of Iranian revolution, numerous defence contracts made with Iran was cancelled by the UK. As response to Iranian approach to negotiate for defence agreements, British Ministers decided in 1982 to restart negotiations.) And the future British policy towards Iran-Iraq was defined based on the British defence interests. 8 October 1982 British Arms Sales to Iraq in the Light of Conflict, FCO 8/4415

<sup>602</sup> Arms Sales to the Gulf FCO 8/4983 1983

defence contracts), had been interrupted at the time of Iranian revolution but after the eruption of the war, Iran re-approached to UK to start negotiations and convinced the British government. The negotiations of defence contracts with Iran started in May 1982 and reached the agreements on 36 major contracts considered very beneficial for British government and commercial interests and for opening further opportunities.<sup>603</sup>

However, UK's enjoyment of defence sales to Iran during the war was shaded by wide public criticism stemmed from the pressure of the US and some Arab states. The US did not want the UK to sell arms to Iran and the US officials directly asked British government to stop any sale of military equipment to Iran until a ceasefire in January 1984. The criticism was extended in the Middle East as well by the Arab countries; Iraq and those who supports Iraq against Iran such as Saudi Arabia, Kuwait and Jordan. The ambiguity on the UK's "narrow" interpretation of the 'lethality' was the central subject of the criticism. Britain sold Iran arms such as tank spares by considering them outside the scope of 'lethality'. The criticism by media prompted the Parliamentary questions to be raised against the arms sales to Iran. The Cabinet Office opened a consultation on the issue with the Ministry of Defence and Foreign and Commonwealth Office in January 1984. Foreign Secretary Geoffrey Howe wrote a minute to the Prime Minister on 25 January 1984 defining possible solutions for the British government to handle the situation without harming the British interests. He outlined three positions that the UK could possibly take on the controversial defence contract with Iran.<sup>604</sup>

The first option he suggested was despite of the warnings, to proceed with the package as planned by defending themselves based on these points: a- the contracts were long-standing ones and if the obligations were failed to fulfill it would cause Iranian claim of compensation about £400 million. The UK ensured that it would not compromise its policy of not supplying lethal items to either side. b- the support ships were designed only for ocean-going naval operations not related with the conflict and ensured that they would not be used against Iraq c- the spare parts would make no difference in the overall military balance d- the UK believed the importance of

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<sup>603</sup> Arms Sales to Iran and Iraq 1984 FCO 8/5583

<sup>604</sup> Arms Sales to Iran/Iraq in the Light of the Conflict FCO 8/5583 1984

maintaining a working relationship with Iran towards a peaceful settlement as Iranians have no contact with the Americans and French. The failure of the contract could cause to break the relations. e- Britain was determined to work against the escalation of war because security of Arab Gulf states and navigation in the straits of Hurmuz had a high value for it. The second option was to tell Iranians to cancel the defence package which would cause a refusal of Iranians and their actions to the British Embassies in Beirut or the Gulf so not recommended. The third option was recommended by the Foreign Secretary and it was a strategic solution “to explore ways of making the package less openly contentious” such as to avoid having to describe the remaining items as tank spares at all and to seek Iranian help over presenting the package in as low-key a manner as possible.<sup>605</sup>

Giving up on the defence relations with Iran that promised a long term economic interests for the UK would not be a strategic decision. Therefore, Foreign secretary proposed a formula to save the UK-Iran defence contracts while appeasing the escalating criticism and pressure against the UK. In fact, British government adopted the attitude of denying the allegations without providing detailed information about the arms sales to Iran. As a reaction to the US, leaking information about UK’s defence contract to Iran to the media<sup>606</sup> the Minister of State for FCO, Richard Luce shared his opinion in the FCO that “we should not take the Americans in future into our confidence about arms sales to either party to the conflict” in 5 March 1984.<sup>607</sup> In May 1984, Britain’s Arms supply policy to Iran/Iraq was officially stated as the response to the question of Lord Molly in the Parliament: “whether they will cease supplying military equipment to Khomeini regime in Iran and proceed no further in accepting Iranian military personnel for training in the UK”:

Her Majesty’s Government have adopted a policy of strict neutrality in the conflict between Iran and Iraq. We do not supply lethal equipment to either side. All applications for export licenses are rigorously scrutinized to ensure that lethal equipment is not supplied to Iran. No Iranian personnel are currently

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<sup>605</sup> FCO 8/5583

<sup>606</sup> An article titled “London and Washington clash about Gulf Arms” in Guardian reported about the UK spare parts sales to Iran for tanks and aircrafts and that the US authorities had blamed the UK for “acting in immoral way in the Middle East”. (22 February 1984) and the article distributed and considered in the FCO and MoD. FCO 8/5584

<sup>607</sup> Arms Sales to Iran/Iraq in the Light of the Conflict FCO 8/5584

receiving military training from the Ministry of Defence, and any future request for such training would be considered in the context of our policy neutrality.<sup>608</sup>

The Thatcher government did not risk substantial long-term British interests in Iran, that depended on the stability of Anglo-Iranian relations during the Iran-Iraq War under the pressures. It had maintained supplying arms to Iran, not openly,<sup>609</sup> while attempting to convince and appease the US, as the strategic ally within the cooperation towards the conflict in the Gulf. The Minister of State, Richard Luce paid a visit to Washington in the end of March 1984 to convince Americans that “it was their own interest to ensure that nothing was supplied to either side which could subsequently be used against them.”<sup>610</sup> Anglo-American cooperation in the Iran-Iraq War included the intelligence sharing.<sup>611</sup> The cooperation was defined by the Defence Minister during the crisis of the British arms supply to Iran as “*We are in close contacts with the Americans over contingency planning, against the possibility that the situation in the Gulf will deteriorate further and the Straits of Hurmuz blocked.*”<sup>612</sup> However, the US Secretary of State, George Pratt Schultz sent a message to his British counterpart, Mr. Howe with an allusive warning to urge the British government for supporting the ceasefire to end the war in favor of Iraq, following his meeting with Iraqi Minister Tariq Aziz in April 1985. Schultz, referring his discussion with Aziz says that “Accordingly, I ask that your government oppose Iranian tactics that would prolong the war” implying the Anglo-Iranian defence cooperation while pointing out that “*The close cooperation between our countries in dealing with this dangerous war has been essential to the success experienced thus far in limiting its consequences for our shared interests.*”<sup>613</sup> Howe, replied his message in a quite diplomatic manner;

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<sup>608</sup> FCO 8/5584 1984. In 29 October 1985, Geoffrey Howe’s reply to a Parliamentary question published in the written answers of the Parliament set the guidelines of the British policy that “The United Kingdom has been strictly impartial in the conflict between Iran and Iraq and has refused to allow the supply of lethal defence equipment to either side.” FCO 8/5991

<sup>609</sup> The Prime Minister agreed that British government would not prevent deliveries to Iran such as two ships and some other packages of spare items agreed to be delivered by the ministers. FCO 8/5583

<sup>610</sup> UK Defence Policy in Iraq and Iran 1984 FCO 8/5584

<sup>611</sup> UK/US Intelligence Cooperation in the Persian Gulf CAB 163/338. (Details could not be accessed as the file was restricted.)

<sup>612</sup> UK Defence Sales Policy in Iran & Iraq 1984 FCO 8/5584

<sup>613</sup> UK-US Consultation on Iran-Iraq Conflict 1985 FCO 8/5991

As you know, I share your wish to see the damaging and futile conflict in the Gulf brought to the earliest possible end. You made a number of important points. I would like to reflect on them and get my people to discuss them in detail with Dick Murphy after Easter before giving you a considered reply. I agree of course that it is vital that we maintain our close cooperation on the Gulf conflict.<sup>614</sup>

UK government's advance diplomacy had been employed strategically in relations with the US during the Iran-Iraq War in which the UK's interests and priorities did not represent and necessarily compromise to the as of the US's. UK had kept the tendency of maintaining the War which it was benefiting through the defence sales.<sup>615</sup> UK's strategy of using its advance diplomacy in maintaining the Anglo-American special relationship while not compromising with its interests and strategies in the Iran-Iraq War.

Secondly, the War provided opportunities for the UK to enhance its naval presence in the Gulf that had already been started before the War by Thatcher with military assistance. It was defined as "the HMG's general policy of maintaining defence interests in the Indian Ocean area" including the Gulf in the British policy under Thatcher. Besides the 'Armillar Operation' patrolled in Oman<sup>616</sup> as a "direct response to the Iran-Iraq War and a clear demonstration of the UK's commitment to the security of the Gulf states and their economic interests", Royal Navy (RN) warships visited the Gulf ports frequently at regular basis.<sup>617</sup> Bahrain Ambassador reported on 5 October 1981 that "*Mrs. Thatcher took the opportunity to broach the subject of naval visits with the Amir during her courtesy call and with the Bahrain Prime Minister during the official discussions. Both reacted positively and said without any hesitation that the Royal Navy was always welcome in Bahrain.*"<sup>618</sup> Like Bahrain, Qatar and the UAE as well welcomed the UK naval visits and deployments while they ignored the US naval involvements in the Gulf. Gulf states

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<sup>614</sup> 09 APRIL 1985 FCO 8/5991

<sup>615</sup> FCO authorities worked to prepare a report for the Americans and it was one the points they made "UK and US delegations had not always taken the same line -at times they had seemed on a collision course and this has led to subsequent perceptions that the UK was more tuned to Iranian concerns while the US was firmly lined up with Iraq" demonstrating the Anglo-American dichotomy within the Anglo-American cooperation in the Iran- Iraq War. 18 APRIL 1985 (FCO 8/5991)

<sup>616</sup> Armilla operated during the War through Hormuz to point 40 miles north of Dubai, accompanying 60-200 British and dependent territory ships a month.

<sup>617</sup> Naval Deployments and the Gulf Naval visits, FCO 8/3848 1981

<sup>618</sup> FCO 8/3848 1981

warned Britain not to be a part of joint US/UK joint exercise under the shadow of Rapid Deployment Forces (RDF).<sup>619</sup> The UK was considered by the Gulf states as a natural defence partner and it had enjoyed its dominant naval presence during the War by exerting great level of influence. The importance of the RN operations was described as “*exploring ways of maximizing the political value to the UK of the RN presence in the area through a more widespread series of port visits*” by the Ministry of Defence.<sup>620</sup> Britain was again the protector of the Gulf states in post-colonial terms under the light of the Iran-Iraq War.

Thirdly, the UK had acquired substantial advantages in the relations with the Gulf states during the Iran-Iraq War. Britain showed its willingness to support morally and militarily to the Arab Gulf states under the war circumstances in the early years of the war. British Ambassador in the UAE, David Roberts describes it as: “*The War which began in the late September between the Iraq and Iran advanced our relations more than any event since the visit of Queen in early 1979.*” In October 1980, Lord Carrington sent a personal message to Sheikh Zayed of the UAE by Mr. Moberly (Undersecretary at the FCO) that: “*In the spirit of our very long-standing friendship, we stood ready in principle to provide military assistance in asked. Such assistance would be defensive in nature.*”<sup>621</sup> During the escalation of the war at the end of 1983, Sheikh Zayed requested military help from Britain. Britain assured Sheikh Zayed of the UAE that “if they were attacked we could offer direct aid to them.”<sup>622</sup> Besides maintaining its close defense relationship with Oman and the UAE, in Qatar, Bahrain and Kuwait as well, Britain reinforced its military assistance in their Air and ground Forces by the British Loan Service Officers during the war.<sup>623</sup> The War circumstances provided opportunities for Britain to show its commitment to its historic protecting role on the Gulf states and to renew thrust with them. Sheikh Zayed’s response was that “*the old British position which the withdrawal from the Gulf had seemed to diminish if not extinguished in their eyes were restored.*”<sup>624</sup> The renewed trust coming with the reinforcement of the British military involvement

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<sup>619</sup> FCO 8/3848

<sup>620</sup> RN Gulf of Oman Patrol- Proposed Ship Visits, 18 December 1981, FCO 8/3848

<sup>621</sup> UK Commitments to the Gulf States PREM19-1283 (Margaret Thatcher Archive)

<sup>622</sup> Annual Review of UAE or 1984 FCO 8/3908

<sup>623</sup> Qatar and Iran-Iraq War 1984 FCO 8/5636, PREM19-1283 6 Jan 1984 by G. Howe (Margaret Thatcher Archive)

<sup>624</sup> FCO 8/3908 1984

in the Gulf states ensured the British arms sales to the Gulf states to be increased during the war. The War provided Britain increased arms sales all over in the Gulf. As Peterson indicates that *“Britain’s continued support depended on the regimes buying British arms and equipment”*<sup>625</sup>, British military involvement through arms sales resulted with substantial increase in British influence on the Gulf states throughout the 80’s.

### 4.1.3 Palestine Problem

Thatcher was known with her pro-Israeli approach in the Middle East policy. Thatcher’s affinity towards Israel was stemmed from the fact that her constituency was a Jewish community (Finchley district in Northern London) and she had represented groups of Jews for long time in her political life. She had close relationships with Anglo-Jewish community and became a founding member of the Anglo-Israel Friendship League of Finchley and a member of the Conservative Friends of Israel.<sup>626</sup> In her government the numbers of posts by the Jews had considerably increased. It was reflected to the Israeli authorities that *“Since Margaret Thatcher’s death was announced both Israel’s president and prime minister have praised her support for their state.”*<sup>627</sup> However, the ‘philo-semitic’ aspect of her foreign policy approach towards the Middle East was reflected into the British foreign policy by being accorded with her strategic and pragmatic approaches through her coordination with the FCO. As Parsons indicates, *“In general, the Thatcher government will be remembered for its assiduous cultivation of the oil-rich and politically moderate Arab states as well as for improving the British relationship with Israel.”*<sup>628</sup> In fact,

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<sup>625</sup> Peterson, Anglo American Policy towards the Persian Gulf, p.127

<sup>626</sup> Azriel Bermant, **Margaret Thatcher and the Middle East**, Cambridge University Press, 2016 p.16-20, Charles C. Johnson, “Thatcher and the Jews” 28 December 2011 <http://www.tabletmag.com/jewish-news-and-politics/87027/thatcher-and-the-jews>

<sup>627</sup> Jeremy Bowen, Baroness Thatcher’s Lasting Legacy in Middle East, **BBC News**, <http://www.bbc.com/news/world-middle-east-22084405>

<sup>628</sup> Parsons, Middle East, p. 94

Thatcher's achievement in these two conflicting policies was resulted by the combination of the elements in the policy making that; her pro-Israeli policy; her quite pragmatic and strategic approaches in the relations with the Gulf states in which Britain had vital interests; and her coordination with the FCO.

Palestine-Israel conflict had been the major political concern in the British foreign policy towards the Gulf states since the Arab's oil embargo. The oil crisis clearly showed throughout the 70's that the Arab-Israel issue could have destructive impact on the British interests in the Gulf as well as the interests of the West. Therefore, Britain as the state whose colonial policies were responsible for starting of the conflict by creating Israel in Palestine land, had to handle with the risk and fragility amid its policies and relations with the Arab Gulf states based on the Arab-Israeli conflict. The Arab-Israeli conflict was defined as the single most important cause of political tension in the Middle East and the was to intensify the pressure of the Arab solidarity and hostility that would lead Gulf states to withhold the oil supplies in the British policy in the beginning of the 80's.<sup>629</sup> The FCO and the Ambassadors in the Gulf states run by the FCO had always been on alert for the Gulf states reactions to the developments related to the Arab-Israel conflict and the existing Palestinians and PLO works in the Gulf states. In the 80's the PLO was considerably progressed in its freedom fight through more internationally involvement as the representative of the Palestinian nation while the Camp David process was losing momentum. Thus, it urged the British government to involve in the peace making by taking the PLO into account. The UK played its European card in the 80's to appease the Gulf states of anti-American sentiments in the Arab-Israel conflict. As the member of the EC, British government put forward its European alliance of relatively moderate approach to the Arab-Israel issue to camouflage the Anglo-American cooperation.

During Thatcher's Gulf tour the Arab-Israeli conflict was the major political issue on the agenda. She was exposed to the critical approaches of the Gulf rulers on the Palestine problem. She reported in the last day of her tour that "*Predictably the Saudis urged upon me the need for the European Community to recognize the PLO and the legitimate rights of the Palestinians.*" She

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<sup>629</sup> Oil in the Gulf, FCO 8/3481 1980



avoided mentioning that ‘we don’t recognize the PLO’ but instead she said that we recognize the “right of Palestinians to self-determination” with the condition that “*Palestinians must recognize the Israel’s right to exist behind secure borders.*” She acknowledged that “*The Palestinian issue was for them the top priority with the Soviet threat*”<sup>630</sup> in terms of threat and risk it would cause in the British relations with the Gulf states for the British interests. The Amir of Abu Dhabi Sheikh Zayed described his concern to the Prime Minister about the issue as “*the major source of concern both to the security of the UAE and to the world as a whole.*”<sup>631</sup> During her meeting with the Qatari Amir, Sheikh Khalifa bin Hamad Al Thani brought about the Palestinian problem stating that “the Arab world had suffered for 30 years for”. He urged the Prime Minister to assume a leading role in an efficient cooperation between the Arab states and Europe for a solution. In her response, she tried to explain the deficiency of the Palestinians for “self-determination” based on the demographic dispersion of them around the Middle East.<sup>632</sup> Actually, Thatcher’s strategy was that while ostensibly expressing the UK’s good will for the Palestinians rights to self-determination, creating excuses to show the inapplicability of it due to the Palestinians’ own inefficiency. She emphasized in each Gulf states during her visit that a solution could not be reached without support of the US. The highest volume of criticism came from Kuwait to the Prime Minister on the Palestinian problem and followed by the Saudis and Qataris. While the UAE and Bahrain were rather moderate on the issue, Oman shared the certain aspects of the British policy such as not recognizing the PLO, and the criticism on the Palestinians for not recognizing Israel. Oman was like a home for Thatcher and her delegation as the Minister Hurd described it “the climax” of the Gulf visit in Oman which was the “closest to Britain”.<sup>633</sup>

Five months later during her visit to Kuwait in September, Thatcher changed her cautious attitude on Palestinian issue and clearly expressed her actual opinions at the press conference on 27 September ‘81 answering a question as:

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<sup>630</sup> Message from the Prime Minister to Chancellor Schmidt 25.4.1981 PREM19-0757

<sup>631</sup> Record of Conversation between the Prime Minister and Sheikh Zayed bin Sultan, Ruler of Abu Dhabi, in Abu Dhabi on 22 April at 10.00 hours. 23 April 1981 PREM19-0757

<sup>632</sup> Record of a Discussion between the Prime Minister and the Amir of Qatar, HH Sheikh Khalifa bin Hamad Al Thani in Qatar on 25 April 1981 at 1000 hours PREM19-0757

<sup>633</sup> Hurd, p.307,304

“With regard to the British government’s attitude towards the PLO, we quite rightly do not recognize the PLO. We do not recognize organizations only countries. (...) The reason we do not go further and have ministerial meetings with the PLO is first because of their association with terrorism and secondly because of statements by parts of the PLO that their real objective is to drive Israel into the sea and wipe it off the face of the globe and you will be familiar with some of the statements which have been made to that effect.

(...) To the Palestinian people we say if you want the right of self-determination and we recognize that the Palestinian problem is no longer a refugee problem but a problem of national identity, you too must recognize the rights of the Israelis to live in peace behind secure borders.”<sup>634</sup>

Thatcher’s public statement caused serious criticism in Kuwait and Arab media with special reference to her sentences above. She was accused of using the language of Israeli leaders and her comments were considered a dedication of continuation of the British policy that had created the Zionist projects in Palestine. The British policy was described as “*hypocritical blackmailing policy*” by the official spokesman of the PLO, Abu Maizar, whose interview was published in the Arabic daily newspapers. The Arab press concluded with the general opinion that “there was nothing to hope from Europe which was now clearly subservient to the US policy.”<sup>635</sup>

The FCO was an important balancing element in the British policy of the Thatcher government in policy making mechanism towards the Arab-Israeli issue. In fact, the dilemma between the Prime Ministry, so called ‘Number Ten’ and the FCO existed in the British Middle East policy based on the Arab-Israeli issue. The FCO authorities tried to convince the Prime Minister to flex her determination on favoring Israeli interest against the Palestinians particularly her persistence to stand against the PLO, as the FCO Minister Douglas Hurd’s words indicate: “*We wanted the Prime Minister to be more forthcoming towards the right of Palestinians to determine their own future. She was as expected reluctant. (...) her instincts was always favorable to Israel.*”<sup>636</sup> FCO’s approach towards the conflict had been shaped based on the concern to avoid the costs of the British policy that had been tilted on Israel and to protect the British interests and

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<sup>634</sup> PREM19-535 Telegram fm Kuwait to immediate FCO 28 Sep 81

<sup>635</sup> By Lord Carrington, 1 October 81, PREM19-535

<sup>636</sup> Hurd, p.288

influence in the region rather than considering the rights of Palestinians. From the Israeli point of view, the distinction between the approaches of the FCO and of Thatcher towards the Israeli interests was defined by Azriel Bermant:

Israel tended to blame the FCO for the new policy of the Thatcher government with provoked the crisis with Israel. Within Israeli government circles and the Anglo-Jewish community the FCO has traditionally been viewed as the source of the apparently hostile British attitude towards Israel, while Number Ten is considered the more sympathetic institution.<sup>637</sup>

The first Secretary of State for the FCO of the Thatcher government, Lord Carrington, had played significant role in the efforts of balancing Thatcher's pro-Israeli policy during his term in 1979-1982. On 13 February 1980, Carrington sent a significant minute to the Prime Minister on the Middle East imposing two significant policies for the British Middle East policy to adopt. The first one was the determination of the necessity of collaboration with the Islamic world and the Arab-Israel conflict as the obstacle to be removed:

The Soviet intervention in Afghanistan provided a unique opportunity for the West to counter Soviet influence in alliance with the Islamic countries (...). In practice, the main obstacle to such collaboration with the Islamic countries remains with their committed opposition to US policy in the Arab-Israel conflict and what they see as a wider Western failure to take effective steps to resolve the conflict.

And the second was the urgency of amending UN Resolution 242 to include the legitimate rights of Palestinians:

The basis for a settlement of the conflict since 1967 has been and should remain Resolution 242, with its provision for Israeli withdrawal, coupled with assurance of Israel's right to exist in peace within secure and recognized boundaries. A political settlement must also meet the legitimate rights of the Palestinian people, including their right to a homeland. 242 does not cover this. One result has been the PLO's failure to accept 242 and thus Israel's right to live in peace within secure and recognized boundaries.<sup>638</sup>

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<sup>637</sup> Azriel Bermant, **Margaret Thatcher and the Middle East**, Cambridge University Press, Nov 3 2016, p.6

<sup>638</sup> PREM19-295 f94 Carrington Minute to MT, 13 February 1980

Although Carrington's proposal was faced to 'deep opposition' of Thatcher in return, his policies were going to be based for the later developments. The most prominent achievement of his was convincing the Prime Minister to accept the Venice Declaration of the European Summit in June 1980 that she would actually not approve.<sup>639</sup> Venice Declaration was a significant document demonstrating the European will to approach for the settlement of the Arab-Israel conflict led by Britain under the leadership of Lord Carrington. Nine members of the European Community signed the declaration with 11 articles that contained the requirement of recognition of the legitimate rights of the Palestinian people to self-determination for the solution. It was also stated in the article 9 that "*They (the nine) deeply convinced that the Israeli settlements constitute a serious obstacle to the peace process in the Middle East. The nine consider that these settlements, as well as modifications in population and property in the occupied Arab territories, are illegal under international law.*"<sup>640</sup>

Lord Carrington realized the unavoidability of the PLO factor and stated in a BBC interview in 1981 that: "*The PLO, despite the terrorist elements, is not a terrorist organization and must be included in efforts to resolve the Middle East issue.*"<sup>641</sup> He tried to convince the Prime Minister for a dialogue with the PLO and arrange a meeting between the Prime Minister and the PLO with the Arab League Arab League, but she consistently refused.<sup>642</sup> Her persistence might be explained by "*the pressures on Thatcher from supporters of Israel in her constituency and in the wider Jewish community sought to persuade her to adopt policies that were favorable towards Israel.*"<sup>643</sup> Thatcher cancelled a scheduled visit of PLO-Arab League delegation in 1982 after the resignation of Lord Carrington, insisting that unless the PLO renounced the violence she would not receive any of its representatives in 1982. Saudi Arabia reacted to that by cancelling the scheduled visit by

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<sup>639</sup> Hurd, p.288

<sup>640</sup> Venice Declaration June 13 1980 [http://eeas.europa.eu/archives/docs/mepp/docs/venice\\_declaration\\_1980\\_en.pdf](http://eeas.europa.eu/archives/docs/mepp/docs/venice_declaration_1980_en.pdf)

<sup>641</sup> British Foreign Secretary Lord Carrington Said on Thursday the Palestine..., May 11 1981, <https://www.upi.com/Archives/1981/05/11/British-Foreign-Secretary-Lord-Carrington-said-Tuesday-the-Palestine/5548358401600/>

<sup>642</sup> Peter Osnos, Arab League Mission Met by Thatcher, **Washington Post**, March 19, 1983.

[https://www.washingtonpost.com/archive/politics/1983/03/19/arab-league-mission-met-by-thatcher/2dabf28-3330-4249-878d-3d6b55e4e565/?utm\\_term=.c9482f4c1283](https://www.washingtonpost.com/archive/politics/1983/03/19/arab-league-mission-met-by-thatcher/2dabf28-3330-4249-878d-3d6b55e4e565/?utm_term=.c9482f4c1283) 05.08.2017

<sup>643</sup> Bermant, p.21

the Foreign Secretary Francis Pym.<sup>644</sup> Finally a meeting with PLO-Arab League delegation led by King Hussein of Jordan and the British high officials was held in May 1983. The PLO was not represented by its leader Yasser Arafat nor any official member of the PLO but by a distinguished academic, non-member of the PLO, Walid Khalidi.<sup>645</sup>

Lord Carrington's resignation due to the eruption of the Falkland crisis proved an expedient result for Israel to return the British policy to the direction in favor of Israel. Although Britain won the War against Argentina and retrieved the Falkland at the end, it was an unfortunate moment for the Foreign Secretary who had to resign in the earlier stage of the crisis and to end his tenure that contained significant works in the frame of the Arab-Israeli conflict. Bermant studies the Israeli involvement in the War against Britain by supplying arms to Argentina. He argues that "Begin government viewed the arms supplies to Argentina as a bargaining chip to exert pressure on Britain to halt its own sale of weapons to Israel's Arab adversaries and to end London's arms embargo against the Jewish state." According to Bermant, Israel's arms sales to Argentina during the Falkland War demonstrated "*Israel's resentment to Britain's arms embargo to Israel, Israel's anger over Britain's leading role in the EEC Venice Declaration which recognized Palestinian self-determination and London's opposition of Israel's invasion of Lebanon.*"<sup>646</sup>

Richard Luce, the Minister of State for the FCO visited the Gulf in 1984, with the aim of recovering the British image that had been damaged by Thatcher's disappointing statements in Kuwait in 1981 in the public eye of the Gulf on the Arab-Israel conflict.<sup>647</sup> Luce was asked in the interview by the *Daily Gulf Times* about Queen's speech in Jordan expressing her sympathy to the Palestinians, whether her speech was made by her personal opinion or being advised beforehand. He affirmed that the Queen was advised by her ministers and his interview was commented by the headline that "British Minister Amplifies Queen's Remark in Jordan". He was also asked about

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<sup>644</sup> Peter Osnos, "Arab League Mission Met by Thatcher", March 19, 1983

[https://www.washingtonpost.com/archive/politics/1983/03/19/arab-league-mission-met-by-thatcher/2dabfb28-3330-4249-878d-3d6b55e4e565/?utm\\_term=.b03b83e62ac6](https://www.washingtonpost.com/archive/politics/1983/03/19/arab-league-mission-met-by-thatcher/2dabfb28-3330-4249-878d-3d6b55e4e565/?utm_term=.b03b83e62ac6)

<sup>645</sup> Parsons, p.90, Osnos, March 19 1983 Washington Post

<sup>646</sup> Bermant, "A Chronicle of Failure Foretold: the UK Israel and Arms Sales to Argentina in the Era of the Falklands War", 21 Dec 2017, **The International History Review**, Tylor Francis Online, (30.12.2017)

<sup>647</sup> See Chapter 4.1.1 Thatcher's visit to the Gulf

Thatcher's statement on not recognizing the PLO as it was a terrorist association and that if the British position was changed. He explained that "The position of PLO has changed" and referred to EC's statement of last week that "the PLO must be associated with any negotiations towards a settlement". His statements on the Israeli settlements that "*We regard the occupied territories post-1967 as illegal. We totally oppose the policy of Israeli settlements in the West Bank*" demonstrated certain clarity of the British policy on the issue and was to renew trust of the Gulf states.<sup>648</sup>

By the mid 80's, Thatcher started to dominate over the Carrington-influenced FCO, with her strengthened willpower and experience as well as the support of her Private Secretary for Foreign Affairs, Charles Powell. In fact, the Prime Minister's coordination with the FCO on the Middle East issues had considerably decreased after 1984. Even though Carrington's initiative of recognizing the legitimate rights of the Palestinians had remained in the British policy, the British policy towards the Middle East was shifted to an American-Israeli oriented axis by the Thatcher government in the second half of the decade.

Her visit to Israel in 1986 was a milestone in accelerating the Anglo-Israeli relations after the impediment of the crisis caused by the Israeli invasion in Lebanon in 1982 and resulted with the EC's condemnation of Israel led by Britain and Britain's suspension of arms sales to Israel.<sup>649</sup> She was the first British Prime Minister ever to visit Israel. Her denial of the PLO and call for alternative leadership to the PLO in the territories during her meeting with the Israeli Prime Minister Shimon Peres was criticized by the Arab press.<sup>650</sup> She also met with Isaac Shamir and specified that the British government's position had not changed on dealing with the PLO and agreed with him on criticizing the Dutch Foreign Minister's meeting with Arafat during her meeting with Shamir. Thatcher and Peres agreed on starting peace dialogs by Jordan King's representation of Palestinians instead of the PLO.<sup>651</sup> During her visit in Israel, Thatcher met with a group of leading Palestinians as a result of Foreign Secretary Howe's advice and arrangement<sup>652</sup> indicating the

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<sup>648</sup> Mr. Luce's Visit to the Gulf FCO 8/5393 1984

<sup>649</sup> PREM19-824 1982

<sup>650</sup> PREM 19-1816 f7, f48, f51

<sup>651</sup> Prime Minister's visit to Israel: meeting with Mr. Shamir 25.5.1986 PREM19-1816 f117

<sup>652</sup> Prime Minister's Meeting with Palestinians 26 May PREM19-1816 f108

FCO's attempt to present a balancing policy between Israel and the Arabs. Thatcher's Israel visit resulted with the reactions of the Arab world. Towards the late 80's, Thatcher government supported the US's attempts of the peace talks in which was the essential aim was to block a potential Soviet involvement and domination in the conflict.<sup>653</sup> However, Thatcher government's advantageous position over the US in the relations with the Gulf states based on the Anglo-Europe alignment culminated with the historic *Al-Yamamah* arms deal with the Saudi Arabia in 1985. It was the largest deal of the British arms industry of the time, renewed in 1988 with *Al-Yamamah II*, with total value of £2 billion per annum for more than a decade.<sup>654</sup>

During the 1980's under the light of Iran-Iraq War, El-Hamad point out the linkage between the Arab-Israeli conflict and Iran-Iraq War. He states that "*Both Iraq, the usual ally of the PLO and Iran, with its Islamic regime that was backing the Palestinian cause, were trapped and preoccupied by their war against each other and thus could not participate in any meaningful way to stand with or back the PLO forces against the Israeli aggression.*"<sup>655</sup> His argument reveals an indirectly linked but significant dimension of the prolonged Iran-Iraq War that corresponds with the British policy towards the both conflicts of Iran-Iraq War as analyzed in the previous chapter and the Arab-Israeli conflict.

## 4.2 Britain's Relations with the Gulf States

### 4.2.1 Political Relations

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<sup>653</sup> US State Department FOI, 1988 Secretary, Thatcher Discussion on Middle East Peace Process F2006-01579

<sup>654</sup> Hollis, *Britain and the Middle East*, p.167-168

<sup>655</sup> El-Hamad, p.95

Britain's political relations with the Gulf states were pursued within the framework that was shaped by the Treaties of Friendship signed between the UK and the Gulf states in 1971, explained in the previous chapter, during the second decade after the withdrawal. As the Treaties suggested, "long standing and traditional relations of close friendship and cooperation between their peoples" continued "*to consult together on matters of mutual concern in times of need*"<sup>656</sup> throughout the first decade of the British withdrawal. Britain had taken the major place among the other foreign powers as the supplier of goods and technical and military assistance through with the major contracts in the Gulf states' development projects. While preserving Britain's dominant position, Thatcher government tried to enhance and accelerate Britain's close relations with the Gulf states by putting much more explicit emphasis on the commercial interests in the 80's.

Thatcher had maintained effective diplomacy with the rulers of the Gulf states through bilateral correspondence in several occasions. Her diplomatic maneuvers through her personal communication with the Gulf rulers had accomplished to overcome bureaucratic obstacles at the highest level, to renew trust in 'close relationships' and to reinvigorate the relations particularly in trade.<sup>657</sup> For instance, Qatari Ambassador in London to the court of St. James (1980-1989) tells that the Emir often visited UK and enjoyed talking with Margaret Thatcher on world affairs and that she was very encouraging to both Ambassador in UK and in Qatar.<sup>658</sup> In the Thatcher way of diplomacy, political and economic interests were approached together and commercial affairs with the priority of importance in the Thatcher government's agenda were not reduced or separated from political matters. It was reflected in the British diplomatic works in the Gulf states. Export promotion was maintained to be the prior mission of the UK embassies in the Gulf states and the qualification and quantity of the diplomats were increased based on the commercial experience and measures in the 80's. While the government applied a major budget cut in 1985 on the FCO reducing the number of staff elsewhere, the number of British diplomats was increased in the Gulf

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<sup>656</sup> See the whole text of the Agreement in part 3.2.1

<sup>657</sup> Several examples of Thatcher's corresponding with the Gulf Emirs reflect her confidence, directness and openness in her diplomatic connections that helped to overcome the bureaucracy particularly through promoting British exports.

<sup>658</sup> Khalid bin Rashid Al-Mansouri, (ed.) **Qatar & Britain A Century Together**, London Gilmagesh Publishing 2013, p.61



states and new commercial posts were assigned.<sup>659</sup> This development clearly indicates to the increasing market value of the Gulf states for the British interests that were coordinated officially by the political representation of the British Government in the Gulf states. UK's political influence on the Gulf rulers was essential factor for the pursuit of its vital economic interests as reported by the planning paper: "*The aim must be first to ensure that British officials retain or attain access to decision makers in the region so that British political, commercial and other interests are given do weight and to ensure access to information.*"<sup>660</sup> Besides British politicians and officials, British advisors had significant impact of the Gulf rulers. The presence of the British personal advisors serving to the Gulf Emirs and other advisors working in several positions in the state mechanisms of the Gulf states was still intact and preferable for the Gulf rulers among the other Western states.<sup>661</sup> According to James Onley, the British was granted this privileged access as 'backdoor accesses' by the GCC states based on trust and close ties,<sup>662</sup> demonstrating the substantial level of British influence retained on the Gulf states.

An important political interest of the British government had was in maintaining the "moderate regimes" of the Gulf states.<sup>663</sup> The monarchic and autocratic systems of the Gulf states did not bother Britain as long as the British interests were maintained under the guarantees of the rulers. The "moderate" being of the Gulf states defined by the British policy referred to their political approach in those key lines: First, their Western oriented position against Soviet communism and Arab socialism; Second, their controlled reactions to the Palestine cause; and third, their positions against Iran Islamic revolution and its regime. Even though the Arab boycott that conducted based on the Arab-Israel issue resulted with a great energy crisis for the Western world in the 70's, Gulf states had not involved in supporting any military action related to the matter. These political lines were compatible with the British policy in which the sources of the

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<sup>659</sup> Hollis, "From Force to Finance, Britain's Adaptation to Decline: Transforming Relations with Selected Arab Gulf States 1965-1985", **Ph.D.** The George Washington University, 1988 p. 191-199

<sup>660</sup> Gulf to 1990, Planning Paper on the Gulf 1984 FCO 8/5390

<sup>661</sup> It is reported in the personal interviews conducted with the experts in the region that British advisors involved in the Gulf states' key political positions. However, as the British advisors working in the Gulf states were not recorded and they were kept invisible, the numbers and detailed information is not available.

<sup>662</sup> Onley, Interview, Doha, 19 May 2016

<sup>663</sup> Planning Paper on the Gulf FCO 8/5391

political threats in the region were defined as: “*The main potential threats are: a- the Arab-Israeli Conflict b- an increase in Soviet interest c-developments following the Iranian revolution.*”<sup>664</sup> Therefore, Arab Gulf states were much more favorable to the British than Iraq, Iran or Syria in political terms. Therefore, the regime security in the Gulf states was one of the significant interest of Britain to maintain post-colonial relations with the Gulf rulers based on great level of British influence and control on them.

#### **4.2.1.1 State Visits**

##### **4.2.1.1.1 Thatcher’s Visit to the Gulf**

Thatcher’s visit to the Gulf in April 1981 was quite significant in the post-colonial British foreign policy towards the Gulf in the Thatcher period. Before Thatcher, never a British Prime Minister in office conducted an official visit to the Gulf states. Her Gulf visit in the second year of her administration was considered that it was followed up the visit of Queen in 1979<sup>665</sup> as the next high-level visit by a female British leader three years later, indicating the Gulf states vital importance for the British interests. In fact, her visit was aimed to make an impact as the Queen’s Gulf visit had made in 1979 on the Gulf states to enhance the relations based on the close friendship. Margaret Thatcher herself explained the significance of her upcoming trip in an interview:

Well, when we left the Gulf in 1971, I think a number of the Gulf States felt that we had lost interest in the region and somehow we did not send Ministers there as frequently as we had, while other countries started to. I think a new chapter began when the Queen paid a marvelously successful visit to the region in 1979 and we are now trying to follow that up. Ministers go. We increased trading relationships, and I think my visit is the next in the series. I was very surprised when I first heard that no Prime Minister in office had actually visited the Gulf States and so we are remedying that omission.<sup>666</sup>

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<sup>664</sup> Oil in the Gulf, 1980 FCO 8/3481

<sup>665</sup> David J. Allen & Alfred Pijpers (eds.) **European Foreign Policy-Making and the Arab-Israeli Conflict**, Martinus Nijhoff Publishers, 1984, p.52

<sup>666</sup> Interview for Central Office of Information (Coming Gulf Visit) 6 April 1981 Thatcher Archive

[www.margaretthatcher.org/document/104611](http://www.margaretthatcher.org/document/104611)

As she emphasized above, increasing trading relationships between the UK and the Gulf States was the primary aim of Thatcher's Gulf visit. To accelerate trading relationships, Thatcher found it essential to galvanize the relations between the UK and the Gulf states and to catch an impact as the Queen had on the Gulf rulers. In fact, British exports to the Gulf had raised after the Queen's visit.<sup>667</sup> Her visit was also aimed for appeasing the Gulf rulers who were opposed to Thatcher's support to a Western rapid deployment force to be deployed in the Gulf in case of emergency. Thatcher's views were under fire in the Gulf media in March 1981 and the Gulf states had meetings to seek a joint response to Thatcher.<sup>668</sup> In galvanizing the relationships, the "historic ties" of the colonial past of England in the Gulf constituted the basic reference point to be linked to the 'close friendship' of the day. Thatcher pointed the role of long acquaintance between Britain and its former protectorates in rebuilding the British influence during her Gulf tour; "*My visits to the Gulf had also allowed me to establish bonds of trust with the rulers of many of these States, who often had closer links with Britain than with America. I understood their problems and could gauge their reactions.*"<sup>669</sup>

Thatcher's Gulf tour included Saudi Arabia, the UAE, Qatar and Oman. She visited Kuwait and Bahrain later in September 1981 following the Commonwealth Summit held in Australia. Douglas Hurd, The Minister of State for FCO, accompanying to the Prime Minister in the Gulf tour, describes the impression the Prime Minister had during her visit in Saudi Arabia:

The Prime Minister looked superb in the costume specially devised for a female prime minister visiting Saudi Arabia, which transformed her into a modern version of the late Queen Alexandra. She handled all her conversations with courtesy and charm. (...) Though this was Margaret Thatcher's first visit to the Gulf, that did not prevent her holding and expressing strong views.<sup>670</sup>

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<sup>667</sup> See, Chapter 3.4.1.4 State Visits p.40-41

<sup>668</sup> "Gulf States Seek Joint Response to Thatcher", **Gulf News** 6/3/1981 page 1

<sup>669</sup> Margaret Thatcher 1990 August 2 Th Gulf War: Visiting Aspen (memoirs extract)  
[www.margaretthatcher.org/document/110709](http://www.margaretthatcher.org/document/110709)

<sup>670</sup> Hurd, p.306

As the Minister points out, Thatcher's dress was elaborately chosen in conservative and elegant terms, as described with the example of the Queen Alexandra, to impress the Saudis and complied with her impressive tone during her meetings with the Saudi leaders.

Thatcher was determined to get Britain obtain a dominant position especially in the arms sales to the Gulf states of which substantial opportunities were caught up particularly by the French in the 70's. Thatcher's strategy to realize this primary aim of her visit was "to re-identify British interests with those of the Gulf states".<sup>671</sup> The strategy was defined by the FCO in prior to the visit as: "(...) *The Prime Minister's visit should be used to proclaim an identity of interests with the countries visited, and to offer cooperation between them and the UK in a way calculated both to advance our political interests and to win us concrete advantage in the field of defence sales and commercial contracts.*"<sup>672</sup> Her effective efforts to promote the British exports and arms sales to the Gulf states had been kept during the entire Gulf tour. While using a "uniformly urbane and friendly"<sup>673</sup> tone in her talks with the Gulf rulers, she did not pretend to hide her ambition to get specific contracts from each Gulf country. Minister Hurd expresses that "*She had been thoroughly briefed our ambition to win the contract for the new National Guard hospital*" in Saudi Arabia and at the end the contract was won.<sup>674</sup> British Ambassador to Kuwait, John Cambridge, described the Prime Minister's attitude on the British trade during her visit to Kuwait and Bahrain in his report on the visit of Thatcher as: "*Throughout her discussions in both countries the Prime Minister spoke loud and clear for British trade and particularly for the supply by Britain of defence equipment with particular reference to the technical superiority of British equipment.*"<sup>675</sup> During Thatcher's meeting with Sheikh Khalifa, the Prime Minister of Abu Dhabi, she directly discussed the sale of British Hawk aircrafts and urged him to finish the deal at the day. UK Ambassador in Abu Dhabi

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<sup>671</sup> Allen, Pijpers, p.52

<sup>672</sup> Visit by Margaret Thatcher, UK Prime Minister to Saudi Arabia, United Arab Emirates (UAE), Oman and Qatar April 1981 FCO 8/3818 (written by David Miers, Head of Middle East Department to Douglas Hurd, The Minister of State. February 17)

<sup>673</sup> Prime Minister's Visit to Bahrain/Kuwait, from UK Ambassador in Kuwait to FCO, 28 September 1981, PREM19 0535

<sup>674</sup> Hurd, p.306

<sup>675</sup> UKE Kuwait to FCO (Prime Minister's Visit to Kuwait) 20 September 1981 PREM19-535

reported that *“The Prime Minister had put her own authority behind the offer. It mattered greatly both to our own industry and our ability to support our friends.”*<sup>676</sup>

Thatcher represented successfully some major British companies which she had worked with close cooperation in the Gulf states.<sup>677</sup> During her visit to Qatar, Thatcher arranged the sales of British rapiers and BP to be the operating firm in the considered North West Dome Gas project.<sup>678</sup> Thatcher used the opportunities to ensure substantial defence agreements such as tanks to be made with Kuwait, the most vulnerable Gulf state in the Iran-Iraq War. In Bahrain as well, she arranged some sales of defence equipment. During her discussions with the Gulf rulers, Thatcher showed great interests in the developments of the Gulf Cooperation Council (GCC) and particularly the security role of the GCC which would provide greater defence cooperation opportunities to Britain. She offered for the GCC to obtain a British-supplied communications network.<sup>679</sup> Besides defence sales, Thatcher arranged certain British bids for the civilian projects in each country. Thatcher’s great performance as “determined salesman”<sup>680</sup> made considerable impact on the Gulf rulers thus Thatcher’s visits to the Gulf states resulted with fruitfully cultivating trade relations between the UK and the Gulf states. Arab-Israeli issue was the major political concern discussed during Thatcher’s meetings with the Amirs of the Gulf States that is studied in Part 4.1.4. After completing her Gulf tour, Thatcher urged the related ministries and departments as well as the business sector to pursue the business and the projects she had cultivated in the Gulf and to concentrate on individual visits and concerting of series of visits.<sup>681</sup> After Thatcher’s visit, the British trade to the Gulf states were remarkably revived throughout the 80’s.

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<sup>676</sup> Summary Record of Conversation between the Prime Minister and the Prime Minister of Abu Dhabi, Sheikh Khalifa, in Abu Dhabi on 22 September 1981, PREM19-0757

<sup>677</sup> PREM19-0757 See Chapter (British trade relations) for the details of the firms.

<sup>678</sup> PM’s Visit to Saudi Arabia and the Gulf States 1 May 1981 PREM19-0757

<sup>679</sup> UKE Kuwait to FCO 20 Sep 1981 PREM19-535 f98

<sup>680</sup> British Ambassador to Kuwait, Mr. Cambridge’s description for the Prime Minister during her visit to Kuwait and Bahrain. PREM19-535 f98

<sup>681</sup> 7 May 1981 PREM19-0757

#### 4.2.1.1.2 Other State Visits

State visits mutually with increasing frequency were conducted in the Thatcher era as well, for enhancing the political and diplomatic relations. Thatcher's historic visit was followed by several visits of State Secretaries and Ministers and the Royal visits. Anthony Parsons who was Thatcher's advisor indicates the impact of intense political relations during Thatcher era: "*In particular, relations have been assiduously cultivated with the members of the Gulf Co-operation Council (Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman) by a steady flow of royal and ministerial visits in both directions and a wide range of other promotional activities.*"<sup>682</sup> Ministerial visits had more frequently been paid during the Thatcher rule than the previous decade. Defense Secretary John Nott visited the Gulf states and Saudi Arabia in 1982. Ministers for the FCO, Douglas Hurd who visited the Gulf several times mostly for pushing the arms sales, Foreign Secretary Carrington made a brief visit to Kuwait in 1987, and Richard Luce in 1984 made a Gulf tour. Ministers of Trade, energy had made several visits to the Gulf.<sup>683</sup> Foreign Secretary Geoffrey Howe paid a visit to Qatar and Bahrain in 1989 while Douglas Hurd as the British Home Minister was visiting Kuwait.<sup>684</sup> In 1988, Prime Minister Margaret Thatcher visited Bahrain as the first leg of her 12 days visit to Australia and visited Oman<sup>685</sup> that indicates Thatcher's preference to visit to the most pro-British Gulf states with closer attitudes in the Arab-Israeli conflict.

From the Gulf side, Amirs of the Gulf States visited London as well in the 1980's. The Amir of Bahrain visited the UK in 1984 as the guest of the Queen and gave a banquet where the Queen Elizabeth II and her husband Prince Phillip attended in London.<sup>686</sup> Amir of Qatar, Sheikh Khalifa bin Hamad Al-Thani visited London in 12-15 November 1985 at the invitation of the

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<sup>682</sup> Parsons, *The Middle East*, p.83

<sup>683</sup> Visit by Defence Secretary Mr. Nott to the Gulf-Briefs, 1981 FCO 8/3828, Mr. Luce's Visit to the Gulf FCO 8/5392-5393, Visit of Lord Carrington 7 December 1982 by British Ambassador in Kuwait FCO 8/5398.

<sup>684</sup> Howe in Qatar for Brief Visit, *Gulf News*, 2.4.1989

<sup>685</sup> "Bahrain, UK to work jointly for Gulf peace", *Gulf News*, Manama, 31.7.1988

<sup>686</sup> "Queen guest of Bahrain Amir", *Gulf News*, 14.4.1984

Queen, for returning to the Queen's visit in 1979.<sup>687</sup> Sheikh Zayed of the UAE made his first visit to the UK at the invitation of Queen Elizabeth II and hosted by the Queen four days in June 1989. It was significant for both sides and had wide place in media.<sup>688</sup> Numerous ministers from the Gulf states had visited London in several occasions.

In 1986, the visit of Prince Charles and Princess Diana in ten-day Gulf tour enhanced the impact of the romantic dimension of the relations between the UK and the Gulf states once again after the Queen's historic Gulf visit in 1979. Hollis describes the role of the 'royal' level of the ties between the United Kingdom and the Gulf states to be developed: "*The Queen's visit, followed up by one by the Prince and Princess of Wales in 1987, was generally seen as making maximum use of the asset of British royalty to enhance the rapport between the UK and the royal families of the Gulf states and demonstrate top level interests in bilateral relations.*"<sup>689</sup> In fact, the visits of eminent members of the British Royal family had been aimed by the British diplomacy to be landmarks in the relations with the Gulf states once a decade after the British withdrawal.

#### 4.2.2 British Military Involvement

British military involvement in the Gulf had been set based on three dimensions in the context of the 80's with the continuity of the previous decade: first, British naval presence and military exercises of the British forces in the Persian Gulf; second, British military assistance in the Gulf states; third, British arms sales to the Gulf states. Before the eruption of the Iran-Iraq War in September 1980, Britain had already started to consider deploying maritime power to the Gulf waters that were exposed to Soviet threat due to the Soviet invasion in Afghanistan in 1979.<sup>690</sup> "*Safeguarding British (and Western) interests in the Persian Gulf was one of the stated objectives of the government's out-of-NATO-area strategy, and the traditional concern with preventing Soviet*

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<sup>687</sup> Qatar Year Book 1984-85 p. 36

<sup>688</sup> "Zayed is Back from UK", **Gulf News**, Abu Dhabi, 30.07.1989, "British Paper Hails Zayed's Achievements", **Gulf News**, 17 July 1989

<sup>689</sup> Hollis, *From Force to Finance*, p.219

<sup>690</sup> T. Peterson, *Anglo-American Policy*, p.29,

*expansion in the region intensified after 1979.*”<sup>691</sup> The Cold War escalated the tension in the region by the announcement of the Carter Doctrine (23 January 1980) as a reaction to the Soviet expansion towards the Gulf.<sup>692</sup> The Gulf states reacted to Carter Doctrine with criticism to deny any American military intervention to the region while they were suffering of fear and anxiety of security under the fragility of the circumstances.<sup>693</sup>

The British government under Thatcher who pursued assertive and pragmatic policies in the Middle East, exploited the situation in the region to exert its influence by assuming its historic “safeguard role” in the Persian Gulf. Besides the British presence in Diego Garcia, the Anglo-American base in Indian Ocean, British naval visits had been kept in the Persian Gulf. The US government encouraged British involvement in the region as well and sought to establish an Anglo-American dominance in the Gulf. President Carter stated in the letter he sent to Thatcher in February 1980 that:

With regard to the situation in the Persian Gulf, we have already briefed members of government about our desire to expand the facilities on Diego Garcia. (...) Also I very much hope that your government will increase its presence in the Indian Ocean and the Persian Gulf and provide staging areas to facilitate transit of U.S. forces from the continental United States to the region.<sup>694</sup>

Iran-Iraq War provided Britain an opportunity to maintain a maritime presence in the Persian Gulf, to safeguard shipping in the Gulf during the war. British Royal Navy Ship ‘Armillia Patrol’ consisted of three warships, permanently operated in the Persian Gulf since 1980, through Hormuz to point 40 miles north of Dubai, accompanying 60-200 British and dependent territory ships a

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<sup>691</sup> Hollis, Britain and the Middle East in the 9/11 Era, p.22

<sup>692</sup> The fall of Iran Shah and the demise of CENTO, and the Soviet Invasion of Afghanistan urged British Defence Ministry to assume more effective role in stability and security of the region by increasing the Naval visits. The Defence Options Available to the United Kingdom in Contributing the Stability in the Gulf and the Former Central Treaty Organization Areas, Ministry of Defence COS Meeting 19 June 1979 FCO 8/3292. Also see, Tore Peterson, p.29,

<sup>693</sup> Security of Arabian Gulf 1980 FCO 8/3488

<sup>694</sup> Carter’s Letter to MT 10 February 1980 THCR 3/1/6 f25



month. Other Royal Navy warships as well, paid frequent naval visits in the Gulf to maintain the security.<sup>695</sup> The Foreign Affairs Committee of the House of Commons reported in 1987 that:

During our visit to the Gulf in March, we were struck by the compliments expressed about the Armilla operation by local rulers and admiration for its cautious and efficient operation. (...) We were also told that the Armilla Patrol has reinforced the British diplomatic presence among Gulf countries and a perception of Britain as a friend of the Gulf rulers.<sup>696</sup>

Gulf states received the British naval presence in the Gulf with contentment under the war conditions and it helped Thatcher's Britain to exert increasing influence on them. Britain had safeguarded the flow of Gulf oil that was a vital issue for the British and Western interests, against potential Iranian threat to attack the ships or blockade the Hormuz. The predominance of the British naval presence in the Persian Gulf had been kept until 1986 when the US's military presence involved in the Gulf waters to protect Kuwait's oil tankers.<sup>697</sup>

Royal Air Forces (RAF) that was deployed for joint exercise with the Omani forces in 1981, used to present British aircrafts to the Gulf states as the targeted customers. In 1983, Magic Carpet exercise was organized to display the RAF Tornados in Oman, Bahrain and Abu Dhabi. In Abu Dhabi and Dubai British Embassies the staff had defense attaches in 1985.<sup>698</sup> In Bahrain, a Royal Marine Team was to be assigned in 1986.<sup>699</sup> *"In 1985, British forces were in the Gulf area for the duration of military exercises conducted in conjunction with local Arab forces. In 1985, there were two such exercises, at company level, and a larger one was planned for the following year."*<sup>700</sup>

British military assistance had existed in the Gulf states' armed forces with the secondments of UK Army's Loan Service Personnel (LSP) and the training in the UK and in the region in the

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<sup>695</sup> Naval Deployments and the Gulf Naval Visits, 1981 FCO 8/3848

<sup>696</sup> Current UK Policy towards Iran/Iraq Conflict, Foreign Affairs Committee Second Report Session 1987-88, ordered by the House of Commons to be printed 27 June 1988 London, p.xxvi

<sup>697</sup> The US had not involved militarily in the Persian Gulf until Kuwait's call for protection of oil tanker traffic in 1986 during the Iran-Iraq War. However, an actual US involvement in the Gulf is considered to be started by the Gulf War in 1991. See, Macris, *The Politics and Security of the Gulf*, p.216-217, T. Peterson, *Richard Nixon and Great Britain*, p.78, Hollis, *Britain and the Middle East in 9/11 Era*, p.165

<sup>698</sup> Hollis, *From Force to Finance: Britain's Adaptation to Decline*, p.180

<sup>699</sup> *Ibid*, p.199

<sup>700</sup> *Ibid*, p. 182

70's. It was overall intensified during the Iran-Iraq War. "The presence of expatriate Britons on contract to the armed forces in the Gulf states was still significant in 1985."<sup>701</sup> Following the outbreak of the Iran-Iraq War, the UAE and Qatar requested more consolidated defense assistance from Britain. The UAE ruler Sheikh Zayed asked the assurance of UK's willingness to help in an emergency. Although the French had attempted earlier to assure the UAE for its defense assistance, the UAE sought to British defense assurance. The UK government immediately gave the assurance to the UAE. The Assistant Secretary of the FCO paid a visit to the Sheikh Zayed with the message of Lord Carrington: "In the spirit of our long-standing friendship, we stood ready in principle to provide military assistance if asked. Such assistance would be defensive in nature."<sup>702</sup> It is significant for demonstrating the UK's informal protector role that was still preferable by the Gulf rulers after 11 years from the withdrawal while the super power status was transferred to the US.

British influence had been maintained on the Gulf states through the military assistance since the withdrawal in the military sphere. It is significant to show the level of British military assistance that "*In the Gulf, in the area of particular strategic importance for the United Kingdom and the West as a whole, nearly 400 British servicemen were working in every littoral state except Iraq and Iran.*"<sup>703</sup> The Kuwait Liaison Team (seconded UK servicemen advising and training Kuwait Armed Forces) totaled 129 men.<sup>704</sup> In Kuwait armed forces, there was 160 British made chieftain tanks, as well as Saladin armoured cars, Ferret scout cars and other equipment. The British Air Force trained the Kuwaiti helicopter pilots and technicians in 1982.<sup>705</sup> During the escalation of the war at the end of 1983, Sheikh Zayed asked Richard Luce, the Minister of State, about how the UK possibly would help to the UAE in case of an Iranian attack to the UAE. In response, the Prime Minister sent a letter to the Sheikh by assuring him of the UK military support in broad terms in 7 February 1984. She reminded and reaffirmed Carrington's message sent to him in 1980 to assure the UK's military assistance and offered him a variety of the British military equipment to supply

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<sup>701</sup> Ibid, p.183

<sup>702</sup> Brief for the Visit of Defence Secretary Mr. Nolt to the Gulf, 1981 FCO 8/3828, Robert Armstrong's Minute PREM19-1283 1 Feb 1984

<sup>703</sup> Hollis, From Force to Finance, p.182

<sup>704</sup> Planning Paper on the Gulf 1984, FCO 8/5391

<sup>705</sup> UK Defence Chief in Kuwait Talks, 12.9.1982 Gulf News

for enhancing their forces.<sup>706</sup> Military assistance meant opportunities providing further arms sales besides exerting influence and the Prime Minister did not miss the opportunity to exploit the situation. British government however, never assured any Gulf states of direct military deployment during the war as stated in the British policy: “*British ground forces and/or air defense aircraft should be deployed to the Gulf only if British interests are directly threatened.*”<sup>707</sup>

Britain also assumed the role of protecting the off-shore oil fields security of the Gulf states during the war based on its successful experiences in the security of the North Sea oilfield. UK had trained the commandos for its North Sea oil field security measures and offered help to the Gulf whose oil fields were vulnerable under the war circumstances by making use of its better qualification than the other countries.<sup>708</sup> While Britain was seeking new commercial opportunities through the oil field security in the Gulf states, it was also a contribution to enhance Britain’s influence on the security of the Gulf states through its superiority of the field.

Defense sales was the urgent matter in the Thatcher government’s agenda in conducting the relations with the Gulf states. It is estimated that the countries of the Arabian Peninsula, ie Saudi Arabia, Kuwait, Qatar, Bahrain, UAE and Oman constitute major customer for Western arms sales accounting for 12.5% of all such sales in 1981 and some 20% in 1982. In 1981 the area took 27% of US sales and 20% of UK sales worldwide.<sup>709</sup> British government tried to push to increase arms sales of the British stake in such competitive business. Thatcher, as the Prime Minister personally involved in promoting the British arms sales to the Gulf states and with the policy of preventing the French to grab British shares in the market.<sup>710</sup> She did not hesitate to ask directly the rulers to buy British aircrafts as explained in the Part 4.2.1.1.1 Thatcher’s Gulf visit. She requested the Minister of State, Douglas Hurd to visit Abu Dhabi to ensure the Hawk deal be done in 1981. In advance, Thatcher sent a personal message to Sheikh Zayed on 22 December 1980 with these words: “As Mr. Hurd will explain to you, this contract is extremely important to us not just as a

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<sup>706</sup> Thatcher’s Letter to the Sheikh Zayed, 7 February 1984 PREM19-1315

<sup>707</sup> From Private Secretary to Sir Robert Armstrong, Cabinet Office. 2 February 1984 PREM19-1315

<sup>708</sup> Offshore Oilfield Security in the Gulf 1982 FCO 8/4360.

<sup>709</sup> Arms Sales to the Gul 1983, FCO 8/4983.

<sup>710</sup> British authorities were complaining about missing many arms contracts to the French in the 70’s and in the Thatcher Era it was aimed the reverse the situation in favor of Britain.

matter of trade but for the contribution it will make to the development of our defense industry and therefore our ability to help you in the future.”<sup>711</sup> During her visit to the Gulf states in April 1981, she personally advertised the British arms to the Gulf rulers and pushed for certain contracts to be done as the supreme salesman. She made a presentation of the British Tornado and Hawk to convince that they were the best for the Saudis’ needs during her meetings with Crown Prince Fahd, ministers of National Guard and Defense Prince Abdullah and Sultan separately in Riyadh.<sup>712</sup> During her meeting with the Sheikh Khalifa, Prime Minister of Abu Dhabi, she pursued the same mission of arms sales by recommending the British Hawk aircrafts which was best of its kind. Thatcher asked him directly to complete the deal immediately by: “It would be good to be able to announce it in the course of the day.”<sup>713</sup> Thatcher’s visit was resulted with immediate fruits of the £71 million contract of 150 Rapier with Qatar and a contract for 8 Hawk aircrafts valued £40 million with Dubai in June 1981.<sup>714</sup>

The UAE contract for 16 Hawk aircraft (£90 million) was signed between the Sheikh Khalifa and British Aerospace on 2 January 1983, after coming through a strong competition with the French Alphajet.<sup>715</sup> It was followed major defense sale made to Kuwait in October 1983, by the Agreement between the British Aerospace and Kuwait Defense Ministry for the sale of 12 Hawk air trainer aircraft. It was considered significant also to be promising for opening way to further Hawk sales especially to Saudi Arabia.<sup>716</sup> Thatcher put her authority for Hawk sales to Bahrain as well, sent a letter to Bahrain Amir on 6 December 1984 stating: “We were naturally disappointed to hear that Bahrain will be buying the American F5 aircraft rather than Hawk, which you were very keen to buy when I saw your highness here last spring on your state visit.” She continued by asking the Amir to consider Hawk as it would be a fixed winged air forces of Bahrain under the British assistance based on the RAF training and gave him examples of the UAE and

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<sup>711</sup> Prime Minister’s Personal Message to Sheikh Zayed, 22 December 1980 PREM19-0529

<sup>712</sup> Record of A Conversation between the Prime Minister and Prince Fahd, Deputy Prime Minister of Saudi Arabia in Riyadh on 20 April 1981 PREM19-0757

<sup>713</sup> Summary Record of A Conversation between the Prime Minister and the Prime Minister of Abu Dhabi, Sheikh Khalifa in Abu Dhabi on 22 April 1981 PREM19-0757 Gulf Tour 2

<sup>714</sup> Major Defence Sales Prospects, 1982 PREM19-0842

<sup>715</sup> Defence Sales to the Gulf, 5 January 1983. PREM19-1315

<sup>716</sup> from Ministry of Defence to the Private Secretary, 28 October 1983 PREM19-1315

Kuwait that purchased Hawks.<sup>717</sup> In response, Bahraini Amir sent her a letter on 31 December 1984 to assure her to buy Hawk in future and expressed that: “*Because of our special relationship, we have always looked to the United Kingdom for our needs in terms of equipment and expertise. I do believe firmly that we shall continue to do so.*”<sup>718</sup> Government’s efforts to sale of British Aerospace (BA) Tornados to Saudi Arabia were resulted with the largest single arms deal of the time, the so-called Al-Yamamah Agreement in 1985. With Al-Yamamah II in 1988, the total contract included 72 Tornados, 50 Hawks, helicopters, naval vessels, the construction of two airbuses, associated equipment, spare parts, training and support services.<sup>719</sup> In 1987, British exports to Saudi Arabia reached to £2 billion mostly by military equipment and civil airplanes. It is considered “tremendous increase of British influence on the Arabian Peninsula” during the Thatcher rule.<sup>720</sup>

### 4.2.3 Economic Relations

#### 4.2.3.1 Trade

British interests on trade with the Gulf states had been of the utmost importance in the British foreign policy in Thatcher era. The public sector in the Gulf states had still substantial significance for the British trade and the connection between politics and public-sector purchasing was stronger in the Thatcher era based on increasing British influence. Primarily, the Prime Minister herself personally involved in the export promotion to the Gulf states with great interest by negotiating the rulers directly as emphasized in the previous parts and by urging related ministers for pursuit of the potential contracts with in the cooperation with the British companies as explained in the previous parts. The secretary of State at the FCO, addressed to the House of Commons to explain that he would involve in the trade promotion with the Gulf states in 1985:

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<sup>717</sup> MT’s Letter to Bahrain Amir 6 December 1984 THCR 3/1/42 f83

<sup>718</sup> Emir Bahrain to MT 31 December 1984 THCR 3/1/42 f145

<sup>719</sup> Hollis, p.159

<sup>720</sup> T. Peterson, p.30

“Trade with the Gulf states is about £3 billion annually. We are mounting in a special program, in conjunction with British trade associations and chambers of commerce, to increase awareness of British exports opportunities in the Gulf markets, and I shall visit Kuwait, Oman and Yemen Arab Republic next week.”<sup>721</sup>

The mission of export promotion at the British embassies in the Gulf states was reinforced by the increased number of the commercial staff and trainings of the diplomats in the 80’s.

The level of Business sector’s cooperation with the government was increased for pursuing business in the Gulf markets at this era. Thatcher as the Prime Minister kept an attitude to be open to communication with the private sector. Major companies could have direct contact with the Prime Minister to ask her help for their business in the Gulf states. Especially the arms producing companies had maintained close contact with the Prime Minister before her Gulf visits. For instance, the Chairman of the British Aerospace, Sir Austin Pearce, sent a letter to the Prime Minister in prior to her Gulf visit on 8 April 1981 starting with those words: “I am very conscious and appreciative of your interest in the promotion of sales of Air Defense equipment in the Middle East and I have been watching the developments of this area very closely, which is supreme of importance in improving our export performance.” He explained her the prospects of Tornado and Hawk sales in each Gulf states and complete with sharing his expectations from her: “*If possible, I should be grateful to hear from you of any follow-up action that should be necessary subsequent to the visit, so that we can take full advantage of the effects of your talks with the various Heads of the State.*”<sup>722</sup> Thatcher’s great performance on promoting aircrafts sales during her meeting with the Gulf rulers as explained (see part 4.1.1 and 4.2.2), indicates that she welcomed the request of Aerospace and pursued their instructions very well. British companies’ cooperation with the government for achieving their business in the Gulf states was exerted at the ministerial levels to the UK embassies in the region. For instance, during Thatcher’s visit in Saudi Arabia, a British Aerospace (BAE) representative contacted to the Embassy in Oman and asked to intervene in prior to Thatcher’s meeting with the Omani ruler. British Ambassador in Muscat reported by a telegram

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<sup>721</sup> Hollis, From Force to Finance, p.241

<sup>722</sup> Gulf Tour 1 8 April 1981 PREM19-0467

to the Private Secretary that: “A local representative approached me about the possibility of the Prime Minister supporting the prospecting sale of BAE 748 aircraft during her visit to Oman.”<sup>723</sup> 1982, a director of the firm Michael Forsyth Associates, sent a letter to the Minister of State at the FCO, Douglas Hurd, on behalf of the Fred Olsen Offshore company, to invite him as the principle guest to a lunch that would be organized by Fred Olsen to gather the representatives of the British oil industry to enhance the cooperation between the private sector and the government.<sup>724</sup> It shows the companies of the oil industry to seek further support of the government especially by the FCO, which heavily involved in the British trade relations with the Gulf states, that were the major customers in the field. For instance, the major British oil company such as BP, kept a tendency to be in cooperation with the FCO to enhance its business in the Gulf. FCO authorities discussed in 1981 that “In the past FCO and BP had regular meetings on political issues with the geographical side of the Office taking the lead. More recently BP have developed contacts with a wide range of Government Departments and with various bits of the FCO including the economic side.”<sup>725</sup> Trade visits from the UK to the Gulf states were remarkably intense in the 80’s. British business delegations such as trade chambers had made many visits to the Gulf states to diffuse into the Gulf market in this decade. British manufacturers of a large group in 1980, the largest UK trade team by Manchester Chamber of Commerce in 1982 and in 1986, Cardiff Chamber of Commerce Trade mission visited Abu Dhabi, Dubai and Bahrain in 1987 to make deals in several fields.<sup>726</sup>

Arms constituted the largest entity of the British exports to the Gulf states in value as a result of the Prime Minister’s personal involvement in supporting the arms exports and cooperation with the companies. BAE, as the Defense Ministry’s partner had substantially been profited through the aircrafts sales to the Gulf states, of which the Al-Yamamah deal with the Saudi Arabia was the biggest hit in the 80’s. The UAE followed the Saudi Arabia in purchasing British military equipment through larger military assistance than the other Gulf states with value of \$220 million

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<sup>723</sup> Gulf Tour 2 20 April 1981 PREM19-0757

<sup>724</sup> Major Commercial Projects in the Gulf, 16 FEB 1982 FCO 8/4306

<sup>725</sup> BP Policies 21 August 1981, BP in the Gulf 1981 FCO 8/3865

<sup>726</sup> British Bid for New Trade Deals 14.2.1980, Largest UK Trade Team Coming 1.2.1982, Kuwait Britain Review Economic Cooperation 20.1.1984, UK Trade Team in Qatar 9.2.1986, UK Trade Team in Abu Dhabi 26.1.1987, UK Industry Chief to discuss trade ties 4.2.1990 Gulf News

in 1981-85 that was followed by French arms exports estimated \$130 million. Qatar's arms import from Britain was estimated \$230 million. Kuwait preferred a diversification in its arms suppliers with the US, France, Soviets (Kuwait was the only Gulf states importing arms from the Soviets) and Britain. Bahrain appeared as the weakest customer for the British Arms in the same period.<sup>727</sup>

Besides the armaments, industrial developments in the Gulf states especially in the oil related fields presented several opportunities of grand projects for the British firms. For instance, Trade Department instructed the Prime Minister in prior to her visit to Gulf for many contract opportunities lying in Qatar's North-West Dome gas field for interested major British firms such as BP, Shell, Wimpey, BSC, Davy McKee.<sup>728</sup> Britain had made substantial contracts for construction and engineering projects of the Gulf states despite of the competitive business. Following the completion of the infrastructure works, British authorities planned to benefit through large continuing maintenance requirements for the next years. In 1983, in prior to Foreign Secretary's planned visit to the Gulf states, the existing major projects in each Gulf states that the major British companies had been interested were briefed. In Kuwait, Northern Port extension at value £200m., Kuwait new international airport; in Qatar, North field natural gas field; in Bahrain integrated steel works, aluminum rolling mill at £80m., Bahrain international airport at £76m., Bahrain Gulf University (under the first phase the UK consultants secured the contracts of infrastructure and sight development by WS Atkins, housing by YRM and other important contracts by Langdon & Every & Widnell and Trollope); in the UAE Al-Ayn Airport valued £130m., Dalma Island UDECO oil production facilities, Sharjah & Dubai Gas developments were among the major projects that the British companies mentioned above were already involved or pursued.<sup>729</sup> Civil trade with the Gulf states was mostly made in electrical and industrial machinery and parts, consumer goods, transport equipment, and medical and chemical products<sup>730</sup>

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<sup>727</sup> Hollis, *From Force*, p. 314 Table 57. UK Share of Gulf Arms Market 1981-85

<sup>728</sup> Gulf Tour 1 10 April 1981 PREM19-0467

<sup>729</sup> Major Commercial Projects in the Gulf, Memorandum by the FCO to Cabinet 7 December 1982 FCO 8/4306

<sup>730</sup> The Gulf to 1990, Planning Paper on the Gulf 1984 FCO 8/5391



Britain's visible trade in the Gulf was estimated with a net surplus of £2.7 billion as against a £5.5 billion deficit worldwide in 1983.<sup>731</sup> It shows how massive market value of the Gulf states had a vital place in the British economy. As a result of the cultivations by the British governments throughout the 70's, there were more than 550 British companies in the UAE for instance, in 1980 while only 90 British companies existed in Egypt.<sup>732</sup> In 1985, the Secretary of State for Trade and Industry confirmed the increase in the share of the UK's exports in the Gulf market: "*The Gulf Cooperation Council area is now our third largest trading area after Europe and United States. It is encouraging to note that Britain's exports to Gulf going up at a time when those of many other countries are going down.*"<sup>733</sup> Table 7 shows the remarkable increase in the value of the UK exports to the Gulf states between 1979 and 1983.

Table 7. Value of UK exports to the Gulf states (in £ million)<sup>734</sup>

Countries	1979	1980	1981	1982	1983
<b>BAHRAIN</b>	111	95	102	152	150
<b>KUWAIT</b>	225	251	281	333	333
<b>QATAR</b>	102	102	136	245	216
<b>UAE</b>	481	501	492	559	568

<sup>731</sup> Invisible earnings are derived mostly from consultant's fees, remitted salaries, financial services, and tourism. The Gulf to 1990 Planning Paper on the Gulf 1984 FCO 8/5391

<sup>732</sup> Saif Mohammed Obaid Bin-Abood, "Britain's Withdrawal from the Gulf: with Particular Reference to the Emirates", **Ph.D.** 1992, University of Durham p.xvii

<sup>733</sup> Hollis, *From Force to Finance*, p.231

<sup>734</sup> The numbers are extracted from the table 1. Value of UK Trade with Gulf States (at current prices) in Planning Paper on the Gulf FCO 8/5390 1984

UK preserved its leading position among the Western states in the market shares of the Gulf states with increasing trend. For instance, in 1983, UK's market share increased from %16.2 of 1982 to %16.7 with the leading position and followed by the US' that was remained much lower than the UK's by %9.1 of the market and Germany by %8.2. As the Trade and Industry Secretary indicated, France, the main rival of the UK during the 70's fell behind in the Qatar's market share to %4.9.<sup>735</sup> In 1985, UK's exports' share reached up to %16 in Bahrain, %15 in Kuwait and %15 in the UAE as well. UK exports to Dubai increased by %23 in value in 1983.<sup>736</sup>

According to the Trade Department, the rising trend reflected the attraction of the region to all British exporters including the arms sector at a time of world recession.<sup>737</sup> Table 6 shows the continuity of the rising trend of the British exports to the UAE in the second half of the 80's.

Table 8. British exports to the UAE (£million)<sup>738</sup>

UAE	1984	1985	1986
	541.9	621.4	581.8

At this decade the GCC was as a new entity added to the Gulf states that the UK had trade relations with in the 80's. The GCC could not achieve to establish a joint security system while it had rapidly been developed to a civil, socio-economic based institution of the Arabian Gulf. Therefore, its large project capacity towards a rapid technological development provided considerable business opportunities for the UK.

<sup>735</sup> Qatar Year Books 1983-84 p.

<sup>736</sup> Hollis, From Finance to Force, p.231, 234

<sup>737</sup> Major Commercial Projects in the Gulf 2 December 1982 FCO 8/4306

<sup>738</sup> Bin-Abood, p.224

#### 4.2.3.2 Finance

Finance continued to constitute the vital field for the British economic interests in the Gulf states in the period of the 1980's. As the oil revenues of the Gulf states increased, the financial opportunities increased as well along with the commercial opportunities. British financial relations with the Gulf states resumed within the principle fields first, Gulf states' investments in the UK by the SWF's and private funds; second by banking sector by the British banks in the Gulf states as well as the Arab Gulf banks in the UK. Sterling Agreements with the Gulf states were no longer effective in the 80's. However, according to Hollis, Thatcher government's liberalization policy on the exchange controls, significantly boosted the attractiveness of the London market.<sup>739</sup> Kuwait and Abu Dhabi maintained their positions as the financial powers of the region with strengthen capacity following the Saudi Arabia and their great importance for the British economy. As a result of the second oil price shock after the Iranian revolution, Kuwait's and Abu Dhabi's financial reserves realized dramatic growth between 1979-1982. Table 7 shows the increasing enormous financial capacity of certain Gulf states. In 1984, vital British financial interests in the Gulf states were defined as: a) attracting inward investment to Britain b) protecting and development investment in the Gulf states c) retaining Gulf financial reserves in the City; and retaining links between the Gulf states and the City.<sup>740</sup>

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<sup>739</sup> Hollis, *From Force to Finance*, p.228

<sup>740</sup> Planning Paper on the Gulf, 1984, FCO 8/5391

Table 9. Gulf States Financial Reserves (\$ million)<sup>741</sup>

Countries	1975	1980	1985
<b>KUWAIT</b>	1.491	3.928	5.470
<b>BAHRAIN</b>	289	953	1.660
<b>QATAR</b>	97	343	446
<b>UAE</b>	988	2.015	3.204

Sovereign Wealth Funds of the Gulf states had substantial importance for the British economic interests in two ways: direct investments in the UK and British companies and development aid funds abroad to provide Britain new contract opportunities in developing countries. Gulf SWF's heavily invested in the UK mainly in the stock market, treasury bills and government stocks, real estate markets and banking. The City of London maintained its central position for the Gulf investments in the 80's as well. "The size of investments in petrodollars in the UK by both governments and key individuals in the Arab Gulf states were higher than ever before."<sup>742</sup>

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<sup>741</sup> Hollis, *From Force to Finance*, p.289

<sup>742</sup> *Ibid*, p.227

Kuwait as the oldest and largest financial source for the British economic interests in the Gulf, had quadrupled its total foreign reserves between 1979 and 1982.<sup>743</sup> In 1982, the Kuwait Investment Authority (KIA) was established to promote the management capacity of the Kuwait SWF's investments due to the increasing reserves on behalf of the state of Kuwait government and the London-based Kuwait Investments Office, KIO worked under the responsibility of the KIA. KIA's successful management achieved the earning of foreign investments \$6.3 billion in 1987 while the oil revenue was \$5.4 billion. In 1982, Kuwait investments in the UK estimated between a quarter and a third of total direct foreign investments in the UK. Two-thirds of the Kuwait investment portfolio in Britain consisted of financial shares including shares in the Bank of Scotland, National and Commercial Bank group, Guardian Royal Exchange Co, Alexandre Howden Insurance Brokers and General Accident.<sup>744</sup> KIO investment in the UK insurance company British General Accident and Fire and Life Insurance Co raised to 14.7 million shares or about ten percent of the total.<sup>745</sup> London's second largest Kuwait-owned property company St. Martins had invested in major projects in Britain and extended its property projects in Eastern Europe and Australia.<sup>746</sup> "KIO had a London stock market portfolio worth an estimated \$1 billion in 1983, although the vast bulk of Kuwait's accumulated assets of some \$50 billion were held in dollar denominated deposits."<sup>747</sup> KIO's great and historic investment in the British assets was made by its acquisition of the BP shares with major stake (almost %21.6) in 1986. Kuwait hold its shares in BP until 1989. However, in 1989 the British government forced BP to buy the half of the KIO's shares as a result of the pressures stemmed from the fear of Kuwait's powerful position to exert influence on the BP.<sup>748</sup> Nevertheless, Kuwait had maintained its almost %10 share in BP which meant a great contribution to the British economy without political influence of Kuwait. Kuwait

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<sup>743</sup> Sara Bazoobandi, "Political Economy of the Gulf Sovereign Wealth Funds: A Case Study of Iran, Kuwait, Saudi Arabia and United Arab Emirates", **Ph.D. Thesis** University of Exeter, 201 p.66

<sup>744</sup> Hollis, *From Force to Finance*, p.227-229

<sup>745</sup> Bigger Kuwait Stake in UK Insurance Firm, **Gulf News**, 5.2.1981

<sup>746</sup> Kuwaiti Firm to Develop £100 million Office Complex in Britain, **Gulf News**, 20.11.1982

<sup>747</sup> "British exports to Gulf Countries Rise Steadily", **Gulf News**, 27.6.1983

<sup>748</sup> Seznec, p.78, Bazoobandi, p.85

Fund for Arab Economic Development (KAFED) also attracted British financial authorities like Bank of England to develop further cooperation through its enormous investment capacity.<sup>749</sup>

Abu Dhabi, possessing around 90% of the UAE's oil resources was the main contributor to the UAE's budget and became the second largest financial power of the small Gulf states. Abu Dhabi Investment Authority (ADIA) established in 1976 and known as the largest SWF in the world today, had substantial investments in the UK and UK maintained its central position to control Abu Dhabi investments. That the Abu Dhabi's finance director appointed by the British government in 1970, John Butler, on the recommendation of Sir William Luce had stayed on the post until 1983<sup>750</sup>, is a significant indication of the continuing British influence and control on the UAE's financial affairs. In the second half of the 80's, AIDA invested in the British companies as the Trafalgar House, MAI and Avana.<sup>751</sup> ADIA kept a very low profile and considered "extremely secretive" about its fund and investments.<sup>752</sup> By the UK's reducing of the disclosure threshold from 5% to 3% ADIA's significant stakes in the British companies like British and Commonwealth Holdings, Glinwed International, Granada Group, Pilkington and the Bank of Scotland, were revealed.<sup>753</sup> Like Kuwait, Abu Dhabi had substantial amount of aid funds to use in the development projects of the countries in the Middle East and Africa. These big projects also provided Britain substantial contracts outside of the Gulf but by Gulf funds.<sup>754</sup> Dubai as the commercial center of the UAE and the second richest emirate of the UAE, had a considerable SWF capacity as well, (not mainly sourced by the oil revenues) and investments in the UK. Besides the government investments, there were also large private investment of the individuals in the UK. For instance, Al-Maktum family members of Dubai Sheikhs were very much interested in investing in the horse racing. Many members of the ruling elites and many wealthy families in the UAE bought property in the UK both for investments and for their own use<sup>755</sup> like other Gulf states' ruling families.

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<sup>749</sup> "Kuwait Britain Review Economic Cooperation", *Gulf News*, 20.1.1984

<sup>750</sup> Bin-Abood, p.234

<sup>751</sup> Christopher Balding, *Sovereign Wealth Funds, The New Intersection of Money and Politics*, Oxford University Press, 2012 p.125

<sup>752</sup> Seznec, p.79, Balding 122

<sup>753</sup> Balding, p.125

<sup>754</sup> See, Hollis 227-230, Bazoobandi 144-151, Seznec 78-90

<sup>755</sup> Bin Abood, p.236

Banking sector maintained great significance for the British financial interests in the Gulf states during the 80's both by the British banking in the Gulf and by Arab banks in London. By the 80's Bahrain turned out to be an international center for off-shore banking and Kuwait international bond-issuing market.<sup>756</sup> The governor of the Bahrain Monetary Agency stated in 1982 that at the end of September Offshore Banking Unites (OBU) were borrowing \$8.1 billion net from Arab countries and lending these funds to Western Europe (2.6 billion) and to Asia and Latin America (\$5.2 billion) with substantial increase over the previous year, indicating a great business.<sup>757</sup> Although the British Bank of the Middle East, BBME's monopoly in the Gulf states was no longer the case in the 80's as the numbers of the branches were reduced, the bank's continued importance was significant in such competitive field. By 1984, BBME's profit through its operations in the Gulf states vastly increased.<sup>758</sup> Many other British banks operated in Bahrain and in the other Gulf states as well, as shown in the table 8. Kuwait, Bahrain and Abu Dhabi had heavily invested in the British Banks in the UK and those operating in their countries such as BBME, Barclays and Grindlays Bank.<sup>759</sup>

Table 10. British Commercial Banks in the Arab Gulf States 1985<sup>760</sup>

<b>Countries</b>	<b>British Banks</b>
Kuwait	Foreign banks are not permitted to open brunches in Kuwait
Bahrain	8 (Barclays, Baring Bros, BBME, Grindlays, Llyods, Midland, NatWest)
Qatar	3 (BBME, Chartered, Grindlays)

<sup>756</sup> Hollis, From Force to Finance, p.230

<sup>757</sup> By the British Ambassador in Bahrain to Department of Trade, 26 January 1982, Banking in the Gulf FCO 8/4304

<sup>758</sup> Geoffrey Jones, Banking and Oil, p.265-271

<sup>759</sup> Banking in the Gulf, 1982 FCO 8/4304

<sup>760</sup> Data was extracted from table 15, in Hollis, From Force to Finance, p.292

Abu Dhabi	4 (Barcleys, BBME, Chartered, Grindlays)
Dubai	6 (Barcleys, BBME, County, Grindlays, Llyods, Std Chartered)
Rest of the UAE	11 (Barcleys 2, BBME 4, Chartered 1, Grindlays 4)

In 1983, there were total 60 Arab banks in the city of London compared to 39 in Paris and 19 in New York.<sup>761</sup> In both directions of the British banking, the flow of much of the oil surpluses from the Gulf to London constituted great level of contribution to the British financial interests.

#### 4.2.3.3 Energy

Oil constituted the single and central factor that all the fields sourcing the British economic interests in the Gulf states were depended to, in the post-imperial period. The Gulf oil was vital to the British national interests mainly in two fields; energy and economy besides the strategic interests as of Western interests which were secured oil flow and oil prices. The numbers show great significance of the strategic value of the Gulf oil that in 1987, total Gulf oil reserves constituted % 62.3 of the total world oil reserves with %10.4 Kuwait's, %18.8 Saudi Arabia's, UAE's %11 and Qatar's % 0.4.<sup>762</sup>

In terms of energy, Gulf oil had supplied a significant part of Britain's total oil needs by a decreasing trend through 80's along with increasing production of Britain's North Sea oil that reached to be sufficient level. While the British demand of the Gulf oil (four small Gulf states) was about 25% of total oil imports in 1972, it dropped to around 5% in 1983 as shown in table 9. Total of the British oil imports was at rate of 16% in 1983 with 11% share of Saudi Arabia, it fell to 7%

<sup>761</sup> Hollis, *From Force to Finance*, p.230

<sup>762</sup> Current UK Policy towards the Iran-Iraq Conflict, Foreign Affairs Committee second report 1988 House of Commons, p. xxii



in 1984.<sup>763</sup> Therefore, British dependence to the Gulf oil diminished and British trade balance with the Gulf states tilted to favor of the British as the British exports considerably raised while imports were falling through the 80's. However, in the mid 80's, the North Sea oil production that reached to peak in 1985, started to decline gradually. Although it remained at sufficient level for the rest of 80's, British government initiated planning works for 1990 to revise the British policy towards the Gulf in terms of oil. Planning department prepared papers titled "Foreign Policy Implications of Declining North Sea Oil Production", "The Gulf to 1990" and "North Sea Oil Depletion Policy" in 1984 with the concern that British dependence to the Gulf oil would eventually increase and it urged British government to revise energy relations with the Gulf states.<sup>764</sup>

Table 11. UK Oil Imports from the Gulf 1983 (£ million)<sup>765</sup>

<b>Country</b>	<b>Value</b>	<b>% of total oil imports</b>
Bahrain	14.1	0.2
Kuwait	35.3	0.6
Qatar	10	0.2
UAE	123.7	2.2

British economic interests in the Gulf oil had been based on two pillars. First pillar was constituted by the British shares and assets in the oil industries of the Gulf states that provided great capacity of acquiring oil revenues to the UK companies as the oil producers and exporters operating in the Gulf. The second pillar was not based on directly Gulf oil itself but indirectly, based on the great oil revenues and surpluses of the Gulf states that provided substantial

<sup>763</sup> Planning Paper on the Gulf, 1984 FCO 8/5391

<sup>764</sup> Planning Paper on the Gulf, 1984 FCO 8/5391

<sup>765</sup> The data of the table was extracted from the table UK oil imports from the Gulf 1983, in Oil in the Gulf, 22 June 1984 FCO 8/5415.

commercial and financial interests to the UK as analyzed previously. In the scope the first pillar, Britain maintained considerable assets in the Gulf states' oil industry in the 80's even after the nationalizations in the mid 70's. As the British imports of the oil from the Gulf states decreased, British position was dominated in the production of the Gulf oil at this decade. For instance, Abu Dhabi did not wholly take over to nationalize the oil companies and British companies preserved substantial amounts of shares although they were reduced by the participation agreement. In other Gulf states, while British stakes were remained to some degree in the national oil companies, British companies had also primary positions in the oil industry through privileged contracts. BP was still owning 15% of Abu Dhabi Marine Areas Limited (ADMA-OPCO), 9.5% of Abu Dhabi Company for Onshore Oil Corporation (ADCO) and 16.33% of Abu Dhabi Gas Liquidation (ADGAS) in 1987.<sup>766</sup> Shell as well in Abu Dhabi, owned 9.5% of (ADCO) and 15% of Abu Dhabi Industries Company.<sup>767</sup> According to the Planning Department, in Qatar Shell was running the offshore oil industry under service agreement and BP was the leading partner in the IPC consortium that run onshore service.<sup>768</sup> BP obtained 7.5% equity stake in Qatar along with the French company FCP, in the LNG project of the main shareholder Qatar General Petroleum in 1984. British Power Gas Corporation hold 7% in the plant and operations of the Qatar Fertilizer Company.<sup>769</sup> British companies holding substantial shares especially in Abu Dhabi's colossal oil industry acquired considerable cooperation with the British government, at more intimate level than elsewhere according to Hollis,<sup>770</sup> as well as with the host governments in the Gulf in the 80's. It signifies increasing level of the economic benefits and influence that British government achieved in the Gulf states' oil industry in the post-colonial context and increasing importance of the Gulf in the British policy.

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<sup>766</sup> Bin-Abood, p.241

<sup>767</sup> UK Embassy to the Department of Trade and Industry 13 August 1984, Oil in the Gulf FCO 8/5415

<sup>768</sup> Planning Paper on the Gulf, 1984 FCO 8/5391

<sup>769</sup> Hollis, From Force to Finance, p.225-226

<sup>770</sup> Ibid, p.226

#### 4.2.4 Cultural Relations

Language and education were the main dimensions of the cultural sphere where the British retained substantial and long-standing influence on the Gulf states with increasing trend in the 1980's. English as the second language of the Gulf states inherited from the colonial era, was essential and the British authorities were very much aware of the importance of the language factor in bridging. Promoting of the English language and culture was defined one of the national objectives of the British foreign policy towards the Gulf states.<sup>771</sup> British Councils in the Gulf states and Media like BBC were significant tools to promote British language and culture with increasing advance in the 1980's as stated in the policy paper: *“Assuming that adequate resources are available, greater attention needs to be given to information activities in the Gulf, primarily those of the British Council and BBC, with the overall aim of presenting Britain as modern and influential state with special understanding of Arab world.”*<sup>772</sup> British Councils were more active in the 1980's with various cultural events such as arts, music, drama and exhibitions in addition to the language courses and Library facilities. In 1984, 1,115 students in Bahrain, 740 in Kuwait, 1,152 in Qatar, 406 in Abu Dhabi, 600 in Dubai enrolled in the English courses in the British Councils.<sup>773</sup> Personalities of the representatives of the British government had significant role in cultivating further British influence. For instance, British Consul General in Dubai was a fluently Arabic speaking and active profile with significant role in promoting relations particularly in terms of British exports and cultural ties.<sup>774</sup> BBC Arabic assumed the mission of promoting exports to the Gulf states as well as promoting cultural ties with the Arab Gulf states in the 1980's. In its broadcasts to the Gulf states, BBC announced specific sales, products and services<sup>775</sup> In 1981, Kuwait News Agency established a tele-print service directly linked to the British Parliament to deliver news via Satellite and it was commented as historic cooperation in the press.<sup>776</sup>The

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<sup>771</sup> The Gulf to 1990, Planning Paper on the Gulf 1984 FCO 8/5391

<sup>772</sup> Planning Paper on the Gulf, 1984 FCO 8/5391

<sup>773</sup> Hollis, From Force to Finance, p.244

<sup>774</sup> UAE-UK Ties 'Very Strong': Consul General, by Catherine Belbin 17/12/1984 Gulf News

<sup>775</sup> Hollis, From Force, p.247

<sup>776</sup> Kuwait News Agency Reaches Agreement with UK Parliament, **Gulf News**, 22.7.1981

development was unique at the time and provided a wide coverage of Arab press linkage to the British Parliament that showed a remarkable level of British influence reflected on the Anglo-Arabian Gulf relations with cultural and political ties.

Education increased its significance in the role of expanding British influence on the Gulf states. Besides the British schools in the Gulf states, more facilities were created in the higher education institutions in the UK for the Arab Gulf students. Sandhurst Military Academy increased its attraction for the ruling families of the Gulf states for many of those who had leadership potential demonstrating a significant British influence exerted on Gulf's political elites.<sup>777</sup> British universities tried to attract more students from the Gulf that mostly went to the universities in the US. British Universities were very much keen in obtaining funds of the Gulf states to contribute financing their institutions. They initiated specific projects and programs to attract the Gulf funds such as the Middle East Center in Durham University and Gulf studies such as the Center of Arab Gulf Studies in Exeter University that received substantial funds from the Gulf states.<sup>778</sup> University of Cambridge asked the FCO's help through the Embassies in the Gulf states to raise funds for the scholarships schemes for the students from poorer countries of the Middle East. Durham in its 150<sup>th</sup> anniversary appealed to the Sheikh Zayed of the UAE to raise funds about £11 m some of which to be devoted to new Middle East Center.<sup>779</sup> Major British Universities expanded their works towards the fields such Islamic, Middle East and Arab and Gulf studies as attracting the Gulf funds especially as of the UAE. Many more students from the Gulf as well as from the other Middle East countries received degrees at this British universities through these funds in the 80's.<sup>780</sup>

The numbers of the British expatriates residing in the Gulf states were remarkably increased in the second decade of the withdrawal. The presence of many experts, advisors, professionals in various fields constituted large British communities in the Gulf states. According to Hollis,

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<sup>777</sup> For instance, Qatari Crown Prince of the time Sheikh Hamad bin Khalifa and his contemporary Qatari Amir Sheikh Tamim bin Hamad, Bahraini Crown Prince Hamad bin Isa, Omani Sultan Qaboos were some of the leader profiles graduating from Sandhurst, indicates the continuity of the tradition.

<sup>778</sup> Hollis, *from force*, p.252

<sup>779</sup> From the Vice-Chancellor of University of Cambridge to FCO, Middle East Funds for British Universities 1981 FCO 8/3874

<sup>780</sup> Nagat El-Sanabary, **Education in the Arab Gulf States and the Arab World**, Taylor & Francis 1992 p.22

Britain's cultural and personal connections in the Gulf states were more extensive in 1985 than ever before.<sup>781</sup> London was still the second home to the people of the Arab Gulf states with their increasing assets and the major destination in Europe that they visited for shopping, leisure, business and education.

### 4.3 Assessment

The second decade in the post-withdrawal British foreign policy towards the Gulf was characterized by the priorities and approaches of the Thatcher government that ruled continuously between 1979-1990. Thatcher's goal 'to make Britain great again' was reflected in her government's more assertive and pragmatic foreign policy approaches particularly towards the Middle East. Essential policy shift was realized in Britain's presenting itself from the middle power status of the 1970's with a lower profile to if not a super power, at least a determinant power along with the Anglo-American policy cooperation in the region. In the foreign policy of the Thatcher government, Gulf states' utmost importance was demonstrated for the vital economic and strategic British interests. Thatcher's Gulf visit as the first Prime Minister visiting the Gulf in the second year of her office was significant in demonstrating the importance of the Gulf for the British interests for reinvigorating the relations between the UK and the Gulf states throughout 1980's. Thatcher government pursued substantial British interests within the relations with the Gulf states by putting more explicit and assertive emphasizes on the economic interests and the claim of

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<sup>781</sup> Hollis, *From Force*, p.254

historic ties and role in the region. At this regard, Thatcher era proved great implications of the British policy foreign towards the Gulf in post-colonial terms.

Based on the British foreign policy approaches towards the region it was maintained using strategies efficiently to turn the regional dynamics and conflicts into opportunities in favor of British interests in Thatcher era. Balancing strategy based on pragmatic approach was the most identical aspect of the British policy of Thatcher government. It was pursued in several conflicting occasions such as in Iran-Iraq War, in balancing Anglo-American interests and Anglo-Europe interests in GCC-Europe relations, and the most strikingly in balancing British economic interests in the Gulf states and Anglo-Israeli relations. British advanced diplomatic tradition had been efficiently functioned in balancing strategy along with the contribution of Thatcher's developed personal diplomatic contacts through her special friendship with president Reagan and her relations with the Gulf rulers.

British policy towards the post-revolutionary Iran, defined Iranian Islamic revolution as a great source of threat for the regional stability exposing potential danger to expand Islamic revolution and extremism against the West into the Arab Gulf states. British government employed a sectarian based rhetoric to constitute a barrier between Iran and the Arab Gulf states first, to avoid a potential Iranian influence on the Gulf states; second to secure the Gulf states dependencies to the UK by feeding the "insecure" positions of the small Arab Gulf states towards Iranian threat. Britain found advantages for exerting further influence and boosting defence sales on vulnerable and insecure-remaining Arab Gulf states. The prolonged Iran-Iraq War (1980-1988) provided opportunities to the British governments at this regard. The War was not defined as threat for the regional stability nor the British interests by the British policy on the contrary, it was favorable and to be maintained for some reasons. First, both the Iranian and Iraqi regimes that posed threat to the Western interests were weakened and kept preoccupied under the war. Second, Gulf states' vulnerability against possible Iranian attack during the War increased their needs and demands of military assistance and defense sales from Britain. While exerting considerable influence by its naval presence in the Persian Gulf during the war and military assistance in the Gulf states, British government enjoyed substantial arms sales to the Arab Gulf states as well as to Iran and Iraq in the

meantime. Arab Gulf states' stand against a possible US military involvement in the region that had been announced by the Carter Declaration, provided advantageous position to the UK to assume its historic role of safeguarding the Gulf and to obtain a large share of arms sales. Nevertheless, UK's alliance with the US in the general frame of the Middle East policy was a reinforcing factor for the British government to represent Western interests in the Gulf. British government was quite influential on the American policies through the Anglo-American special relationship that was intensified by the intimacy between Thatcher and Reagan.

British economic interests in the Gulf states that increased along with the raising commercial and financial capacities of the Gulf states in the 1980's was the primary importance for the British government in the Thatcher era. By the spirit of this era, political relations were engaged very much with British interests to acquire large contracts and deals of the Gulf states. Politicians personally highly involved in promoting British economic interests in the Gulf states that was the main issue of the agenda in political relations. The Prime Minister presented the best example for this by using her own authority to promote British exports that she was even described as salesman, particularly in the aircraft business in her close relationships with the Gulf rulers. The State Secretaries and Ministers followed her towards the same mission through frequented state visits from both directions between London and Gulf states. FCO had central role in coordination between the government, private sector and the Gulf administrations. The mission of export promotion in the UK embassies in the Gulf states was weighted by increased numbers of the staff and trainings. The importance of the cooperation between the government and private sector was increased in the Thatcher era and a considerable level of cooperation was achieved between the state actors and business sector including the Prime Minister and Ministers for the business with the Gulf states.

Arab-Israel conflict maintained its central position in the British policy as the major source of political threat between the British interests and the Gulf States. In first three years of the Thatcher rule, significant steps were taken towards recognizing the self-determination rights of the Palestinians by the initiatives of the Foreign Secretary Lord Carrington. Venice Declaration was one of them demonstrating the EC's recognition of the Palestinian people's right to self-

determination and to be represented by the PLO in 1980. However, Thatcher's pro-Israeli policy approaches became more effective after Carrington, through her less coordinated works with the FCO on the matter. Thatcher government tried to exert a balancing approach between Israel and the Gulf states to secure vital British interests in the Gulf states that were under fragility of the British position towards the Arab-Israel issue by continuing the policy of the previous decade to use its EC alignment to present an alternative approach to the Arabs than that of the US. Although the British policy was not different in essence than the Israeli-backing US policy, UK's strategy helped to influence Gulf states in expense of the US and resulted with the UK's acquiring of the largest defense agreement, the so called "Al-Yamamah" with the Saudi Arabia.

Deeper and expanding British involvement in the Gulf States through increasing British interests were pursued in the second decade of the withdrawal, based on substantial retained British influence and assets in post-colonial terms. In the context of the 1980's, the importance of the Gulf States considerably increased for the British economic interests and reflected in the British relations with the Gulf States at political level. Thatcher government cultivated enhanced political relations with the Gulf rulers with special reference to the "historic ties" to maintain the colonial ties alive. Thatcher's historic Gulf visit as the first British Prime Minister visiting the Gulf in the second year of her rule, following the Queen's Gulf visit considerably cultivated in increasing British influence and fruitfully resulted with strengthen British position and interests in the Gulf States. In trade and finance, Britain preserved its leading and hegemonic position to exploit tremendous oil revenues of the Gulf States. SWF's of the Gulf states, particularly growing Kuwait and Abu Dhabi funds among the world's largest funds, maintained and increased their London centered enormous investments in several fields. The City of London retained its position to be center of controlling and managing the raising Gulf surpluses. Bahrain, as the center of offshore banking in the region that reached to the peak in profitability by the 80's, constituted a lucrative business for the British banks that dealt with substantial amounts of the Gulf money. British commercial banks in the other Gulf states as well enjoyed profiting through considerable share of the Gulf money. In the field of energy, the major British companies such as BP and the British-Dutch owned Shell retained their dominant positions in the oil industries of the Gulf states particularly with their substantial holdings in Abu Dhabi's oil companies. Since Abu Dhabi did not nationalize the British shares in its rapidly



developing oil industry in the 70's, British companies acquired remarkable level of earnings through the oil exports in Abu Dhabi. Britain had significant investments in the Gulf oil industry in Qatar and Bahrain as well as Abu Dhabi. In Qatar, British companies acquired several major contracts in the developing oil and LNG industry. British exports to the Gulf markets remarkably increased in the 80's with the largest market shares among the other Western states. Arms sales constituted a substantial part of total British imports by the contribution of Thatcher's active involvement in boosting the sales. Overall, the increasing importance of the Gulf money, investments and markets, for the British economic interests in the 1980's defined the nature of the enhanced relations between the UK and the Gulf states.

## **CHAPTER 5: CONCLUSION**

Britain's post-withdrawal foreign policy towards the Persian Gulf and its reflections to the relations between Britain and the small Arab Gulf states in 1971-1991 period have been analyzed in this thesis. The United Kingdom of Great Britain withdraw its troops from the Gulf in 1971 by ending its treaty relationships with its protectorates and its 150 year-long presence and hegemony in the region. By the withdrawal, Britain adopted a new foreign policy based on the changing nature of the relationships with the new Gulf states. Main parameters of the British post-withdrawal foreign policy towards the Gulf were determined by the post-imperial British position and role in the region and worldwide; the regional dynamics in the Cold War context; British politics and leaders; strategic importance of the Gulf region and British interests in the Gulf states. British foreign policy has been analyzed based on these parameters and tested in the political, military, economic and cultural relations between Britain and four Gulf states; Bahrain, Kuwait, Qatar and the UAE with comparative perspective. Post-colonial theory has been adopted in the analysis of the British foreign policy for obtaining a better approach to pursue and determine the change and continuity in the British policy within the historical context as the period 1971-1991 represented a transition between the colonial and post-colonial eras.

Persian Gulf's strategic importance based on the oil resources that constituted the world's total largest oil reserves, has been the central factor in the significance of the British foreign policy towards the Gulf to be studied. In 1968, when Britain announced the decision to withdraw from the East of Suez, Gulf states oil production had already reached to the commercial quantities with quite lucrative measures in Kuwait. By the early 1970's, the Gulf oil was supplying over 60% of the total Western energy needs. While the oil itself used as the major energy source in the world granted a significant level of strategic value to the Gulf states, the surpluses of the oil revenues in the Gulf states created enormous financial capacities. In 1973, the Arab Gulf states used their power of oil against the US led Western countries that backed Israel in the Arab-Israel conflict and the oil crisis was erupted. It resulted with the Western Europe's realization of great vulnerability and dependency to the Gulf oil; and dramatic increase of the oil wealth in the Gulf states along with the soaring oil prices by the mid 70's. It considerably increased the weight and importance of the Gulf states worldwide at political and economic levels. The Arabian Gulf has become the center of attraction for the global powers with the increasing market value in finance and commerce. Therefore, the Gulf states had very significant and unique place in the British foreign policy based on substantial British economic and strategic interests. The initial argument of this thesis is that despite of great importance of the Gulf states for the British interests based on the oil, Britain withdraw from the region, not by abandoning these interests but pursued them in the new form of the relations with indirect control in the post-colonial context. At this sense, British decolonization in the Gulf was realized as the transformation of the imperialist praxis into the changing structures of the world politics.

This study is concluded with significant findings based on the post-colonial theory that framed the general perspective of the study. Overall, the theoretical framework proved its consistency with the arguments of the thesis in the analyses of the British foreign policy towards the Gulf states in the first two decades of the post-withdrawal period. Post-colonial theory provided two levels of significant critical perspectives to this study; orientalism and imperialism or neo-colonialism. Adopting the perspective of orientalism enabled me to detect the language reflecting the orientalist approach in the text of British foreign policy and to double read to reveal real facts behind the scene. As a significant instance, the common use of the definition of 'Western interests'

in the text of British foreign policy towards the Gulf in general as significant part of the British interests, clearly represented the orientalist approach shaping the mental framework behind the British policy. From this orientalist perspective, British policy makers perceived the ‘non-Western’ as others that the Gulf states belonged to. The priority of the Western interests indicated the priority of the West itself over the non-West and the perception of Western/non-Western relations established within the asymmetric conception of the relation between the superior and inferior. Based on such approach of the British foreign policy, Gulf states were placed as an object of utmost importance for the Western and British interests based on the oil resources, in the policy making. Therefore, the Gulf states were positioned not equally but hierarchically towards the British superiority in the Anglo-Gulf states relations by the post-colonial British foreign policy approach.

Neo-colonialist perspective of the post-colonial theory provided the essential ground to analyze the British foreign policy towards the Gulf based on the argument of the continuity of the imperialist policies in the post-colonial context. This thesis tested the impacts of the great British interests based on the oil and Britain’s colonial ties in the Gulf on the post-withdrawal British foreign policy towards the Gulf to assess the continuity of the colonial or imperialist implications. As a result, the thesis has come up with significant findings that support the argument that Britain adopted a post-colonial foreign policy towards the Gulf to pursue its vital economic and strategic interests through its colonial legacy in the Gulf states in the first two decades of the post-withdrawal.

Three key findings were reached proving the basic argument of the thesis in the framework of the post-colonial theory. First finding is that the post-colonial British foreign policy pursued a colonial approach towards the Gulf states, perceiving them as its former subjects and not as equals. Great oil resources and wealth and vital British interests on them increased the vitality and importance of the Gulf states in the British foreign policy however, could not promote their positions vis a vis Britain. British policy approach towards the Gulf states presented the British perception of the Gulf states as significant objects for the British interests to be exploited but not the partners in essence. Therefore, the “partnership” that is used in the title of this study for purpose of questioning, appeared as an empty definition in terms of the relations between the British and

the Gulf States as a result. Britain-Gulf states relations did not culminate to a real partnership which is expected to be established on a common policy ground and mutual understanding and interests. Britain managed and developed its relations with the Gulf states rather based on unilateral British calculations. British foreign policy did not consider Gulf states' priorities and policies to enhance the relations. For instance, Britain had not considered the Gulf states' concerns on the Arab-Israeli conflict base on the Palestine problem until the oil embargo of the Gulf states carried out in 1973 and urged Britain to compromise with them. In the aftermath of the oil crisis, British policy towards the conflict did not present any tendency to consider about the issue itself but rather to develop diplomatic strategies to manipulate the Gulf states for securing the British interests without any change on the colonial approaches.

Second finding of the thesis is that the substantial interests that Britain had in the Gulf during the withdrawal did not finish or decrease after the withdrawal but on the contrary British vital economic interests for the British economy were not only preserved but also increased based on the increasing value of the Gulf oil resources after 1971. It indicated the vitality of the Gulf states for the British interests and their great importance in the British foreign policy. Britain maintained its primary position in the economic sources of the Gulf states in certain fields depending on the states, among the other European states by acquiring higher level of interests. By the 1980's the Gulf was the third largest market for the British exports following the North America and Europe. British exports occupied the largest market shares in the Gulf states among the Western countries in the same period. Gulf states' financial investments through the oil surpluses made mainly in the UK provided substantial contribution to the British economy. It indicated significantly to the fact that British interests were pursued much more efficiently with indirect control in the post-withdrawal period under the British 'post-colonial' foreign policy towards the Gulf. Therefore, the post-colonial British policy towards the Gulf states essentially provided the continuity of the colonialist or imperialist involvements in the Gulf.

Third key finding is about how Britain preserved and promoted its interests and maintained its hegemonic positions in the several fields in the Gulf states. British colonial ties had considerable impacts on the British foreign policy in the post-withdrawal period towards pursuing British

interests. The colonial ties referred to the British colonial assets in the Gulf states that were inherited from the colonial period. When Britain withdraw its troops and ended its political rule in the Gulf states, it left substantial colonial assets behind. These assets were retained in the post-withdrawal period through the post-colonial British policy. British colonial assets were retained based on two dimensions. First one is the substantial level of British influence retained on the Gulf states that maintained the British hegemonic position in the relations with them. Started from political sphere British influence exerted on the leaders, ruling mechanisms, institutions and in military sphere continued by the British military assistance, in technical sphere of wide range of fields through the developments of the Gulf states and in the cultural sphere based on the language and education. Second is substantial British economic tangible assets mainly found in the oil industries and financial resources of the Gulf states that constituted significant part of the British economic interests. Through these significant British colonial assets; both tangible economic assets and British influence with increased British presence in the Gulf states, Britain managed to pursue already established control mechanisms to maintain the British control and manipulation on the sources of the Gulf states in favor of the British interests. Therefore, British colonial implications in the foreign policy continued to exploit of the Gulf states taking the advantages of the colonial ties in the post-colonial way.

Britain exerted great level of influence on the Gulf states at political level based on its colonial legacy. The former hegemonic power of the region became the most influential power on the Gulf states after the withdrawal. British policy efficiently applied the strategy of keeping the legacy of colonial relationships alive with special reference to the “historic ties” that frequently used in the diplomatic relations to maintain the British influence on the Gulf states. Britain strategically transformed the acquaintance of the colonial legacy between the UK and the Gulf rulers into the close friendship, by replacing the relations of the Exclusive Treaties with the relations of the Treaties of Friendship. The former British political agents were converted to the new British representatives in the embassies. British elites had maintained close personal relationships with the Gulf rulers. British politicians and officials had the privilege of instant access into the political environment of the states’ ruling mechanisms. Royal connections between the Royal families were elaborately maintained and developed to maintain the “historic ties”. The most

significant British asset retained based on the British influence was the British officials' capacity to influence the Gulf rulers at political level. British advisors extensively worked as personal advisors of the amirs, ministers and other high level of politicians in the Gulf states. Therefore, British advisors' extensive involvement in the political affairs of the Gulf states constituted a remarkable control mechanism for Britain to manipulate the state affairs in favor of British interests.

Another significant British asset was retained in the military field, by the British military assistance in the armed forces of the Gulf states through with the remarkable British influence and domination was maintained. Britain was the major power supplying military assistance by the British Loan Personnel Officers and other seconded British military posts with varying levels depending on the Gulf state. It was a significant indication of that the withdrawal of the British troops was not resulted with Britain's ultimate withdrawal from the Gulf states. Britain pursued its hegemonic position with indirect control in the military systems of the Gulf states based on their consent. If the British was withdrawn in all means, the Gulf states would alternate their security cooperation with other states. The Royal Military Academy of Sandhurst in the UK that many members of the ruling families of the Gulf states studied was a significant indicator to the substantial British influence in the military field and on the Gulf elites.

Besides the military field, British consultancy was employed in a wide range of fields supplying technical assistance. New independent Gulf states with little state experience and capacities but with massive oil revenues elicited a center of attraction with great business opportunities for the British as well as the other Western countries towards their rapid developments. The British, taking the advantage of its colonial legacy, had obtained the lion share of major contracts and deals in the great infrastructure and industrial projects through the rapid developments of the Gulf states. Numerous British experts held significant positions in the major projects from health to education, and from industry to military. In the cultural sphere, the British influence was diffused in the broad sense through the English language and education. British Councils operated the English courses and various cultural activities based on the mission of increasing British influence.

The major colonial economic assets Britain retained were the substantial British assets in the Gulf states' oil industry. Britain had been the ultimate owner of the oil companies in the Gulf states in the colonial period. After the withdrawal Britain maintained its ownership in the Gulf oil by the participation agreements that British oil companies BP and British-Dutch owned Shell made with the national oil companies. BP and Shell had considerable shares (around 40%) in the national oil companies until the nationalizations. After the nationalizations of the Gulf states in the second half of the 1970's, Britain's ownership of the Gulf oil in producing and sales continued in Abu Dhabi as Abu Dhabi did not nationalize its oil companies. In the other Gulf states like Qatar, Britain retained some considerable stakes after the nationalization. When losing the ownership, British companies obtained privileged contracts and agreements with the national oil companies for long terms and pursued substantially profitable positions. It can be assumed that, although the nationalizations caused partly the end of British ownership of the Gulf oil, British indirect control was maintained on the Gulf oil industry in terms of know-how, consultancy and management. In addition to the business the British companies conducted as the owners, Gulf oil exports to Britain was made based on very reasonable prices that were specially arranged for the British, throughout the 70's when the British dependency to the Gulf oil was still the case. That all demonstrate how Britain maintained its imperialist involvements in the Gulf states by benefitting considerably of the Gulf oil sources in expenses of the Gulf States.

The other field in which Britain retained enormous colonial economic assets in the Gulf states was finance. Gulf states acquired bulks of surpluses from the oil revenues with increasing trend along with increasing capacities of the oil production and multiplied during the oil boom in 1974-1976 period. Total financial reserves of the four Gulf states estimated \$2865 million in 1975 increased to \$10.780 m. in 1985. Through these increasing and enormous value of oil money, Sovereign Wealth Funds (SWF) were established in Kuwait, with the largest and the oldest financial capacity among the four Gulf states and in Abu Dhabi, the second largest financial power, by the British colonial authorities. Substantial investments of massive sovereign wealth funds had been made in England. British control and influence on the Kuwait's and Abu Dhabi's enormous funds continued in the post-withdrawal period through extensive involvements of the British members and advisors in the key positions who managed to manipulate investments to be

conducted in favor of the British interests and heavily in London. During the oil boom years SWF's incredibly grow along with quintupled oil revenues of the Gulf states. The tremendous increase in the financial reserves of the Gulf States until the mid80's was resulted with considerable flow of oil money from the Gulf to Britain. For instance, KIO had a London stock market portfolio worth an estimated \$1billion in 1983. KIO's acquirement of 21% of the shares in BP in 1986 was quite significant. The City of London preserved its central position in the allocation of the Gulf funds in favor of the British economic interests. Bank of England's involvement and influence had been maintained in the financial activities of these two Gulf states in this period.

Hegemony of Sterling on the Gulf's oil money was maintained by the British post-colonial policy until the late 70's. By the Sterling Agreements Britain had made with the Gulf states as well as numerous other countries, Britain imposed them to hold a certain amount of their money in Sterling to be eligible for the guaranteed rate of Sterling at average level. It was very significant for the British economy to maintain the Sterling balance which was under the pressure of the \$US during the monetary crisis in Britain. Gulf states had pursued their commitment to the British currency in the 70's. For instance, by 1974, Kuwait's Sterling reserves had reached to \$2.4 billion of which \$1.44 billion was covered by the Sterling Agreement. In 1975, Abu Dhabi's deposits in Sterling reached to minimum holding of £1.800 million. Therefore, British hegemony of Sterling provided Britain to transfer Gulf's massive financial sources to UK and resulted with considerable contribution to the British economy in the expense of the Gulf states in the 1970's. Billions of petro-Sterlings that the Gulf states deposited and invested by, did not provide profitable business for them as dollar was the promising currency at the time.

Banking was significant dimension of the British financial hegemony that provided dramatic flow of Gulf money to the British economy by the British Banks in the Gulf states, by the Gulf Arab banks operating in London in addition to the substantial account holdings and investments of the Gulf states in the British banks in the UK as mentioned. Bahrain has grown as the offshore banking center of the Middle East in this period, recycling the large oil surpluses (mainly the Saudi Arabia's massive oil money, as the foreign commercial banks were not allowed to operate in Saudi Arabia) through the foreign banks. British banks had involved in Bahrain



offshore banking in quite profitable terms. British commercial banks, such as BBME, Barclay and Grindlays had substantial business in each Gulf states. British banking, Sterling Agreements and British controlled investments of the sovereign wealth funds of the Gulf states all together efficiently functioned to maintain British hegemony on the financial sources of the Gulf states particularly in Kuwait and Abu Dhabi, to exploit of the oil surpluses as much as possible by manipulating the remarkable flow of oil money to the British economy.

British post-colonial foreign policy towards the Gulf states greatly helped British trade to preserve its advantageous and lucrative position in the Gulf states. Promoting British trade with the Gulf states was one of the priorities of the objectives in the British policy. British companies and consultancy maintained their monopoly like positions in the Gulf States and managed to obtain the major contracts of the large infrastructure and industrial projects of the rapidly developing and economically growing Gulf States. Export promotion was an important mission of the embassies in the Gulf states with increasing importance in the 80's. British exports to the Gulf states presented constantly rising trend in this period. The value of the total British exports that was £99.9 million in 1971 reached to £455.9 m in 1975. Britain's visible trade in the Gulf was estimated with a net surplus of £2.7 billion as against a £5.5 billion deficit worldwide in 1983. British exports had the largest shares in the Gulf states in a competition with France and Japan in the 70's, while British exports obtained the largest share among the Western countries including France and the US in the 80's, in competition with Japan. The constantly increasing British exports and their largest market shares in the Gulf states were the significant demonstration of the impact of retained and increased British influence on the Gulf states. British actors and firms were so much embedded in the economic mechanisms of the Gulf states in coordination with the British officials exerting influence on the political mechanisms. The UAE was the most lucrative market for the British exports with highest value of £621 m in 1985 followed by Kuwait, Qatar and Bahrain respectively. Arms sales hold a substantial share of the British total exports to the Gulf states with increasing volumes in the 1980's during the Thatcher rule, with the considerable impacts of Thatcher's assertive and pragmatic promptings. Enormous amounts of arms sales made by the British to the Gulf states such as British Hawks and Tornados which were amounted far from being proportionate for the size, demography, need and ability of the Gulf States to use them in their defense systems.

Arms sales were effectively used for transferring great amounts of Gulf oil money to the British arms industry and to the British economy by exploiting the vulnerability and economic power of the Gulf States by the British policy.

British foreign policy at regional scale was shaped by the new British role and position in the post-colonial context that was reflected to its Gulf policy. Britain adopted a middle power status beyond the withdrawal rather than a super power status as the recently declined imperial power at regional and global scales. This policy was advantageous for Britain in some ways. Britain tried to escape from being targeted of the wide range pressures of the anti-imperialist criticism in the Cold War context by this policy. Therefore, Britain transferred its position of being in charge of imperialism world-wide to the United States and kept a lower profile in regional affairs. Although, the UK maintained its CENTO leadership until the Iranian Revolution, UK managed it based on the new role with lower profile. This policy provided Britain a free riding ability in pursuing regional policies while the US emerged as the super power and the new hegemon. In that regard, British tendency was to strengthen its position as a Western ally in the Western institutions such as NATO and by joining the EEC. Anglo-American special relationship and the British commitment with the EEC, and the trans-Atlantic cooperation constituted the major parameters determining the general frame of the British foreign policy that reflected in the Middle East policy in general and in the Persian Gulf in particular.

Anglo-American cooperation in the Middle Affairs was a significant reinforcing factor for both policies of the US and the UK as well as the common policies. The maintained British presence and influence in the Persian Gulf was favorable for the US to prevent Soviet expansion and influence in the region which elicited a power vacuum by the end of the British hegemony. British influence was a significant element in supporting the twin pillar policy and in controlling the power balances in the region. From the British point of view, Anglo-American cooperation in the regional policies strengthening British position and abilities. Anglo-American base at Diego Garcia in the Indian Ocean was established by the British initiative. Britain did not hold the secondary position in the Anglo-American alliance reshaping the regional dynamics, unlike the

common perceptions considering Britain as the subservient of the US. Britain strategically managed to impact the US policies in favor of Britain and to shape the common policies.

Although the Anglo-American special relationship was quite cooperative for the British foreign policy in the Persian Gulf, it was competitive in the meantime particularly in terms of arms sales. British foreign policy adopted pragmatic and strategic balancing approach between the Anglo-American alliance and the British interests. The fragility of the regional dynamics that increased tension and security concerns of the Gulf states, provided substantial opportunities to the Western powers to make defense agreements with the oil-rich Gulf states. US emerged as the major defense supplier particularly to the Saudi Arabia in the 1970's. Britain used the strategy of turning the regional crisis into the opportunities in favor of its interests. First, 1973 oil crisis constituted striking example demonstrating the UK's strategy to take advantage of the political circumstances at the expense of the US. Arab Gulf states reaction to the American policy backing Israel against Arabs, provided Britain an opportunity to influence Gulf states by demonstrating Anglo-Europe approach to the Arab-Israel conflict that was assumed to be different than that of the US. British strategy of playing the European card towards the Arab-Israel conflict to get advantageous position over the US was applied in whole of the period. The EC's Venice Declaration was announced in 1980 and Britain stopped arms sales temporarily to Israel following Israeli occupation of Lebanon in 1982. In return, Britain acquired the historic so-called Al-Yamamah deal with the Saudi Arabia in 1984, the largest defense agreement of the period valued around £2 billion per annum over than a decade.

British pragmatic approach was reflected in the British policy during the Iran-Iraq War when the British interests were conflicting with the American policy as well. Despite the American sanctions on Iran in the aftermath of the Iranian Revolution and America's expectations from the UK to implement the same sanctions, Britain maintained its relations with Iran. Particularly during the Iran-Iraq War, Britain continued to supply arms to Iran and was determined to cultivate long-term economic relations with Iran. Britain did not risk its significant interests in Iran for the sake of its special partnership with the US, while it attempted to reinforce its relations with the US

through Thatcher-Reagan coalition. This indicated to a greater extent of British pragmatic and strategic approach to implement the balancing policy.

British policy towards Iran in relations with the Arab Gulf states was planned and implemented within quite strategic approach. Britain attempted to keep the fear of Iranian threat on the Gulf states as the Iranian Islamic State ideology which was considered radicalism and the source of threat to the Western and British interests. Hence, while Britain was maintaining its relations with Iran, it intended to keep the Iranian threat away from the Gulf states based on the sectarian distinction. British policy commonly referred to the potentiality of “Sunni-Shia” conflict that would occurred in the Gulf states’ Shia minorities under the Iranian influence. Before the revolution British policy was not concerned with the Sunni-Shia conflict and the Shia minorities of the Gulf states. Britain maintained the strategy of keeping Iran apart from the Gulf states with two purposes. First purpose was, to prevent Iranian Islamic revolution to influence the “moderate” Arab Gulf states who were significant Western allies. Second, Britain aimed to keep the Gulf states perceiving Iran as a great threat for their security to maintain the constant securitization of the region and to secure the Gulf states’ dependency to the West especially to the British. By doing so, British defence agreements and arms sales to the Gulf states were maintained, providing substantial transfers of oil capital to the British economy and maintaining British influence and control on the Gulf states’ key arenas.

Maintaining the stability and security of the regimes of the ‘moderate Arab Gulf states’ was one of the objectives of the British foreign policy. Monarchic and autocratic political systems of the Gulf states were defined as moderate by the British policy based on these political aspects of them: first, Gulf states’ alignment with the Western block and their position against the expansion of communism and the Soviet Union; second, Gulf states’ distance to the Iranian Islamic revolution and its ideology, accordingly to radicalism in terms of political Islam; and third, the limited extent of Pan-Arabic sentiments that the Gulf states committed unlike Egypt, Syria and Iraq who adopted Pan-Arabism and Arab-socialism against the Western imperialism as their regimes’ ideology. These political lines that the Gulf states pursued were favorable to the British and the Western interests since the Soviet expansion, Iranian revolutionary expansion and the expansion of the Pan-

Arabic ideology were the main sources of the threat for the stability of the British regional interests. As long as the Gulf regimes remained compatible with the British political interests, their monarchic systems at domestic level did not bother Britain. On the contrary, Britain had been the backing power behind the regimes in the Arabian Gulf since the colonial era as the security of the British interests was linked to the security of the Gulf regimes. Therefore, it can be argued that British policy was a significant obstacle for the potency of democratization in the Gulf states.

British foreign policy defined the Arab-Israeli conflict as the central source of threat for the British relations with the Gulf states. In fact, the real source of threat was the British policy toward the Arab-Israeli conflict rather than the conflict itself for the British interests in the Gulf. British colonial policy towards the conflict had historically been costly for the British interests in the Middle East. Britain was responsible for paving the way to the Israeli occupation on the Palestinian lands by announcing the Balfour Declaration in 1917. British colonial policy had been pursued in favor of Israel and in expenses of the Palestinians throughout the twentieth century. In 1956, Britain's defeat with Israel by the Arabs in the Suez War accelerated its declining in the Middle East. In the post-colonial foreign policy, British approach did not change towards the conflict. However, the Arab states' oil embargo elicited great challenge to the British interests in the Gulf and gave the British a lesson that it had to rearrange its relations with the Gulf states based on understanding. To protect its vital interests in the Gulf, Britain committed with the EC states, who were greatly dependent to the Gulf oil, under the framework of the Euro-Arab Dialog as an attempt to appease the Gulf states on the British position towards the Arab-Israel conflict. On the other hand, Britain elaborately preserved its ties with Israel. It was the British strategy to distinct the British position towards the conflict based on Anglo-Europe alignment from that of America as the backing power of Israel by camouflaging the Anglo-American alliance. In fact, British policy was not different than the US policy in essence. British post-colonial policy was insistent not to recognize the PLO and to consider it as terrorist organization as Israel and the US did. Moreover, British policy perceived the Palestinian migrants in the Gulf states particularly in Kuwait, as a source of threat for the security of the British interests. It clearly revealed the hypocrisy of the British post-colonial policy that was not concerned with the solution of the Palestinian problem that was caused by the British colonialism and resulted with unending migration problem and great

suffering of a nation, Britain rather saw Palestinians as potential threat between Britain and its crucial interests in the Gulf states to be eliminated. It was a significant indication of a post-colonial British policy approach towards the Gulf and the Middle East that was defined brutally based on one sided objectives and interests and saw the other side as objects of which existence only meant in relation with these objectives and interests.

The thesis can be concluded with the comparison between the Gulf states in terms of the relations with Britain showing to what extent British hegemonic involvement was effective in the post-colonial terms. Kuwait obtained a massive oil wealth, the earliest among the other Gulf states in the 1950's and it also obtained the independence ten years earlier than the other three Gulf states. Therefore, Kuwait was relatively grown more independent in political affairs and pursued more confident line in the political and cultural relations with the British. The research findings of this study show that despite a considerable level of British political influence on Kuwait, British hegemonic position on political affairs of Kuwait was the weakest among the other Gulf states. Kuwait's National Assembly, Kuwaiti press and Kuwait's culturally more divers environment were significant facts on that. British influence was exerted at the utmost level in Bahrain in political and cultural spheres and the affinity between the British officials and Bahraini rulers was the highest among the others. Bahrain was considered as the second pro-British Gulf states following Oman by the British. British political influence and control was also strong in the UAE, following Bahrain. Qatar can be placed between Kuwait and the UAE in terms of the British influence in the political relations. Therefore, Gulf states can be listed regarding the weight of British political influence respectively as; Bahrain, UAE, Qatar and Kuwait. Kuwait and Abu Dhabi were the financial powers of the four Gulf states, possessing the largest oil reserves in which most of the British interests lied. Britain retained and increased the largest colonial assets in Kuwait and Abu Dhabi's financial reserves. Britain hold the biggest colonial assets in the oil industry of Abu Dhabi. The UAE, led by Abu Dhabi was the largest market for Britain with the immense business opportunities in Abu Dhabi and Dubai. Bahrain had the smallest oil reserves at commercial quantities even though it was the first the oil was discovered. However, Bahrain become an offshore banking center of the Middle East where the bulks of oil money was transferred to the Western Europe mostly to the British economy. Qatar's oil revenues remained at moderate level in

this period however British exports had the largest share in the Qatar markets among the other Western countries. British political and cultural influence on Qatar was considerable at the higher level than it was in Kuwait but at lower level than it had in Bahrain. As a result, the UAE can be shown as the Gulf state that the British post-colonial policy was most successfully pursued with the concrete indications in all fields.

This thesis promises potential outcomes, by providing an initial study with broad scope on the post-colonial British policy towards the Gulf states and opening numerous specific fields for new deeper studies that would aim to analyze the effects of indirect British control and hegemony in the Gulf states. Prospective case studies can be conducted in a country or theme based and could be extended to the later periods. For instance, a study can be conducted on the British involvement in the Abu Dhabi's oil industry in the same and later periods. In terms of the sources, as this study is composed mainly based on the British official documents of the foreign office, new studies shall be made based on alternative sources such as the documents of the British intelligence and/or official documents of the Gulf states as much as available.

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