



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

Kenneth Katzman

Specialist in Middle Eastern Affairs

December 6, 2008

Congressional Research Service

7-5700

www.crs.gov

RS21513

CRS Report for Congress

Prepared for Members and Committees of Congress

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 06 DEC 2008		2. REPORT TYPE		3. DATES COVERED 00-00-2008 to 00-00-2008	
4. TITLE AND SUBTITLE Kuwait Security, Reform, and U.S. Policy				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Congressional Research Service, Library of Congress, 101 Independence Ave, SE, Washington, DC, 20540-7500				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 9	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Summary

Kuwait, which has been pivotal to nearly two decades of U.S. involvement in Iraq, has been mired in internal wrangling over economic issues and the political dominance of the ruling family for the past three years. There are also signs of Sunni-Shiite tensions, which previously were absent or muted. Among other effects, the political stalemate has delayed key energy projects. This report, prepared with the assistance of Kim Klarman, will be updated.

Contents

Governmental Changes and Political Reform	1
U.S.-Kuwait Relations and Cooperation on Iraq.....	3
Foreign Policy Issues.....	4
Cooperation in Global War on Terrorism.....	5
Economic Policy.....	5

Tables

Table 1. U.S. Aid to Kuwait and Purposes	4
--	---

Contacts

Author Contact Information	6
----------------------------------	---

Governmental Changes and Political Reform¹

Kuwait's optimism after the 2003 fall of its nemesis, Saddam Hussein, has soured since the January 15, 2006, death of Amir (ruler) Jabir Ahmad al-Jabir Al Sabah. A brief succession dispute among rival branches of the ruling Al Sabah family was resolved, and the then Prime Minister Shaykh Sabah al-Ahmad al-Jabir Al-Sabah (about 78, the younger brother of the late Amir) became Amir on January 29, 2006. Amir Sabah subsequently overturned a tacit agreement to alternate succession between the Jabir and Salem branches of the family, and he appointed members of his Jabir branch as his Crown Prince/heir apparent (his half-brother, Shaykh Nawwaf al-Ahmad Al Sabah, age 67) and as Prime Minister (his nephew, Shaykh Nasser Muhammad al-Ahmad Al Sabah, age 66). The highest ranking "Salem" in the cabinet is Dr. Mohammad Al Sabah, who kept his Foreign Minister post and simultaneously is deputy prime minister. Tensions between the two branches of the family have since simmered, although the 2006 succession crisis was handled peacefully and was unprecedented for the involvement of the elected National Assembly in a brokering/mediating role.

Differences between the government and reformists in the elected National Assembly have added to the tensions within the ruling family to produce continued political deadlock since the Amir's death in 2006. The Assembly, established by Kuwait's November 1962 constitution, is the longest serving all-elected body among the Gulf monarchies. Fifty seats are elected, and up to 15 ministers serve in it ex-officio. Amirs of Kuwait have, on several occasions (1976-1981, 1986-1992, 2003, 2006), used their power to dissolve the Assembly when it aggressively challenged the government. The Assembly can vote no confidence in ministers and can veto government decrees made when the Assembly is not in session. Political parties are still not permitted, but factions can compete as "currents," or "trends." Kuwaitis have a parallel tradition of informal political consultations in nightly "diwaniyyas"—social gatherings held by elites.

Among recent Assembly suspensions, Amir Sabah did so in May 2006 when 29 opposition members—an alliance of liberals and Islamists—demanded to question the Prime Minister over the government's refusal to endorse a proposal to reduce the number of electoral districts to 5, from the current 25. The opposition wanted to increase the size of each district so that it would be more difficult to influence the outcome through alleged "vote buying" or tribal politics. In the June 29, 2006, election, the opposition, which attracted youth support under the "Orange" banner, won 34 out of the 50 seats. The election was the first in which women could vote or run, but none of the 27 female candidates (out of 249) won a seat.

The schisms between the opposition and the government became irreconcilable in March 2008 when the Assembly insisted on a second pay raise for state employees, beyond one granted by the cabinet in February 2008, as a response to spiraling inflation. The government refused and, on March 17, 2008, the cabinet resigned. The Amir dissolved the Assembly and set new elections for May 17, 2008. Those elections were the first held since the reduction of electoral districts from 25 to 5 was accepted by the Amir and passed into law. Islamists and conservative tribal leaders won a total of 24 seats—an increase of four seats. Their allies in opposition to the government—the

¹ Much of this section is from the State Department's country report on human rights practices for 2007 (released March 11, 2008); the report *Supporting Human Rights and Democracy: The U.S. Record 2006*, by its Bureau of Democracy, Human Rights, and Labor (April 5, 2007); the *International Religious Freedom Report* (September 19, 2008); and the *Trafficking in Persons Report for 2008* (June 4, 2008).

so-called “liberals”—won seven seats. Shiites increased their representation by one to a total of five seats. Pro-government and other independent tribalists hold the remaining fourteen seats. As in the 2006 election, none of the 27 women candidates won a seat.

Almost immediately thereafter, a newly appointed cabinet caused an uproar amongst Islamists who opposed the ministerial appointment of two women. The two female cabinet members are Nuriya al-Sebih, who was reappointed as the education minister (after surviving a January 2008 no-confidence vote), and Mudhi al-Humoud, a liberal academic, who was appointed as state minister for housing and administrative development. (Another woman, Ms. Masouma Mubarak, who was the first female minister ever in Kuwait, resigned in September 2007 after some members of parliament blamed her for mismanagement.)

In late 2008, it has been burgeoning tension between the majority Sunnis and the minority Shiites that has aggravated underlying political crises. Possibly as a spillover of sectarian tensions in post-Saddam Iraq, sectarian recriminations flared in February 2008 after several Shiite politicians attended a public ceremony commemorating the killing earlier that month of Lebanese Hezbollah terrorist leader Imad Mughniyah. The Minister of Public Works and Municipalities, Fadi Safar, a Shiite, was detained briefly in March 2008 and questioned over his connection to the local branch of Hezbollah, but formal charges were never filed. In November 2008, the cabinet resigned when three Sunni Assembly deputies requested to question Prime Minister Shaykh Nasser over corruption allegations and his decision to permit the visit of an Iranian Shiite cleric who was perceived as having slighted Sunnis. However, on December 1, 2008, the Amir reappointed Shaykh Nasser as Prime Minister, pending formation of a new cabinet, but he did not suspend the Assembly, hoping to avoid yet another early election. These Sunni-Shiite tensions have occurred even though the Sabahs have expanded Shiite representation in the cabinet to three ministers, up from one that was customary.

Kuwait’s population is only about 3.3 million, of which 1.02 million are citizens. Over the past two decades, the government has expanded the electorate gradually, first by extending the franchise to sons of naturalized Kuwaitis and Kuwaitis naturalized for at least twenty (as opposed to thirty) years. The long deadlock on female suffrage began to break in May 2004, after the government submitted to the Assembly a bill to give women the right to vote and run. (A government attempt in May 1999 to institute female suffrage by decree was vetoed by the Assembly.) In May 2005, then Prime Minister Shaykh Sabah pressed the Assembly to adopt the government bill, which it did on May 16, 2005 (35-23) and which was effective as of the 2006 National Assembly elections. Islamist deputies added a requirement for gender-segregated polling entrances.

On broader human rights issues, the State Department Country Report on Human Rights Practices for 2007 highlighted the licensing of six new daily newspapers during the year but reported that security forces continue to abuse detainees, particularly non-Gulf Arabs and Asians, and that stateless residents (“bidoons”) continue to face discrimination. The report also noted that violence against women remains a “serious and overlooked problem.” Kuwait was designated by the State Department’s “Trafficking in Persons” report (for 2007) as a “Tier Three” (worst level) country—a downgrade from the 2006 report (Tier Two Watch List)—because Kuwait is not “making significant efforts” to comply with minimum standards for the elimination of trafficking. Official press censorship ended in 1992, assisting the growth of a vibrant press. The government allows one trade union per occupation, but the only legal trade federation is the Kuwait Trade Union Federation (KTUF). Foreign workers, with the exception of domestic workers, are allowed to join unions. On religious freedom, the State Department report for 2008 reported “no change” in

Kuwait's performance during the reporting period. Sunni-Shiite tensions were discussed previously, and Shiite Muslims (about 30% of Kuwait's population) continue to report official discrimination, including limited access to religious education and the perceived government unwillingness to permit the building of new Shiite mosques. Kuwait has seven officially recognized Christian churches.

The U.S. Embassy in Kuwait uses various programming tools, including dialogue and public diplomacy and funds from the Middle East Partnership Initiative (MEPI), to encourage democracy. MEPI funds have been used to enhance the capabilities of the media, to promote women's rights, to support democracy initiatives, and to provide a broad spectrum of educational opportunities. Several Kuwaiti organizations, such as the Kuwait Women's Cultural and Social Society, actively promote democratization.

U.S.-Kuwait Relations and Cooperation on Iraq

A U.S. consulate was opened in Kuwait in October 1951; it was elevated to an embassy upon Kuwait's independence from Britain in 1961. Kuwait, the first Gulf state to establish relations with the Soviet Union in the 1960s, was not particularly close to the United States until the Iran-Iraq war (1980-88). In 1987-88, the United States established a U.S. naval escort and tanker reflagging program to protect Kuwaiti and international shipping from Iranian naval attacks (Operation Earnest Will). Kuwait's leaders were exiled and shaken by the August 1990 Iraqi invasion, and have been well disposed toward the United States because of the U.S.-led liberation of Kuwait in the 1991 Persian Gulf War. Kuwait signed a ten-year defense pact with the United States on September 19, 1991 (the text is classified), which reportedly provides for mutual discussions in the event of a crisis; for joint military exercises, U.S. training of Kuwaiti forces, U.S. arms sales, pre-positioning of U.S. military equipment (armor for a U.S. brigade), and U.S. access to Kuwaiti facilities, such as Ali al-Salem Air Base. A related Status of Forces Agreement (SOFA) provides that U.S. forces in Kuwait be subject to U.S. rather than Kuwaiti law.² In September 2001, the pact was renewed for another ten years.

Kuwait contributed materially to the 1991 war and subsequent containment efforts—it paid \$16.059 billion to offset the costs of Desert Shield/Desert Storm, funded two thirds of the \$51 million per year U.N. budget for the 1991-2003 Iraq-Kuwait Observer Mission (UNIKOM) that monitored the Iraq-Kuwait border; and contributed about \$350 million per year for U.S. military costs of Kuwait-based Iraq containment operations. This included the 1992-2003 enforcement of a “no fly zone” over southern Iraq (Operation Southern Watch), involving 1,000 Kuwait-based U.S. Air Force personnel. Kuwait hosted an additional 5,000 U.S. forces during Operation Enduring Freedom that ousted the Taliban from Afghanistan.

Kuwait supported the Bush Administration's decision to militarily overthrow Saddam Hussein (Operation Iraqi Freedom (OIF)); it closed off its entire northern half to secure the U.S.-led invasion force, and allowed U.S. use of two air bases, its international airport and sea ports, and provided \$266 million in burden sharing support to the combat, including base support, personnel support, and supplies such as food and fuel. Since then, according to Defense Department budget

² Hajjar, Sami. *U.S. Military Presence in the Gulf: Challenges and Prospects*. U.S. Army War College, Strategic Studies Institute. P.27.

documents, Kuwait contributed \$213 million to OIF in FY2005, and \$210 million in both FY2006 and FY2007.

Kuwait hosts more than 50,000 U.S. military personnel rotating in or out of Iraq. The key U.S. staging facility in Kuwait is Camp Arifjan and a desert firing range facility, Camp Buehring (Udairi Range). U.S. forces vacated Camp Doha, the headquarters for U.S. forces in Kuwait during the 1990s, in December 2005. Kuwait's facilities would be pivotal in any U.S. withdrawal, and might also host a post-withdrawal U.S. force that could assist the Iraqi government on short notice. U.S. Central Command (CENTCOM) officials said in February 2008 they are establishing in Kuwait a permanent platform for "full spectrum operations" in 27 countries in the region. Among the objectives is to help Kuwait establish a navy. In appreciation of Kuwait's support to OIF, on April 1, 2004, the Bush Administration designated Kuwait as a "major non-NATO ally (MNNA)," a designation held by only one other Gulf state (Bahrain).

U.S. officials say that the U.S.-Kuwait defense relationship, enhanced by the small amounts of U.S. assistance shown in the table below, has improved the quality of the Kuwaiti military, particularly the air force. Its military has now nearly regained its pre-Iraq invasion strength of 17,000. Kuwait is not eligible to receive U.S. excess defense articles. Major post-1991 Foreign Military Sales (FMS) include (1) 218 M1A2 tanks at a value of \$1.9 billion in 1993 (deliveries completed in 1998); (2) 5 Patriot anti-missile fire units, including 25 launchers and 210 Patriot missiles, valued at about \$800 million, in 1992 sale (delivered by 1998). Some of them were used to intercept Iraqi short-range missiles launched at Kuwait in the 2003 war; (3) 1992 sale of 40 FA-18 combat aircraft (purchase of an additional 10 are under consideration); and (4) September 2002 sale of 16 AH-64 (Apache) helicopters equipped with the Longbow fire-control system, valued at about \$940 million. According to the Defense Security Cooperation Agency (DSCA), another \$730 million in purchases were agreed during 2005-2007, including a \$20 million deal for 436 TOW anti-tank missiles. The first major sale to Kuwait under the "Gulf Security Dialogue" package for the Gulf states, designed to contain Iran, was 80 PAC-3 (Patriot) missiles and 60 PAC-2 missiles and upgrades, valued at about \$1.3 billion, notified to Congress on December 4, 2007. On September 9, 2008, DSCA notified a sale of 120 AIM-120C-7 Advanced medium Range Air-to-Air Missiles (AMRAAM), along with equipment and services, with a total value of \$178 million.

Table 1. U.S. Aid to Kuwait and Purposes

(dollars in thousands)

	FY2006	FY2007	FY2008	FY2009
International Military Training and Education (IMET). Permits Kuwait to get discount for all Kuwait-funded trainees in U.S.	-	19	14	15 (request)
Non-Proliferation, Anti-Terrorism, De-Mining and Related (NADR).	628	1,025	-	

Foreign Policy Issues

Kuwait's key external concern remains Iraq, and Kuwait has tried to build political ties to newly ascendant Iraqi factions in order to ensure there is no repeat of the 1990 invasion or the Shiite violence that rocked Kuwait in the 1980s. The December 1983 bombings of the U.S. and French embassies in Kuwait and an attempted assassination of the Amir in May 1985 were attributed to the Iraqi Da'wa (Islamic Call) Party, the Shiite party of Iraqi Prime Minister Nuri al-Maliki.

Seventeen Da'wa activists were arrested for these attacks and Da'wa activists hijacked a Kuwait Airlines plane in 1987. Since the fall of Saddam Hussein, Kuwait has built a water line into Iraq, and it runs a humanitarian operation center (HOC) that has funneled over \$550 million in assistance to Iraqis since Saddam fell, in line with its pledges. On July 18, 2008, Kuwait named its first ambassador to Iraq since the 1990 Iraqi invasion (Ali Momen). On April 22, 2008, Kuwait hosted the third Iraq security conference which included the United States, Iran, and other neighboring countries. However, Kuwait still insists on full U.N.-supervised reparations by Iraq for damages caused from the 1990 invasion; about \$41 billion of such payments have been awarded to date, and of that about \$11 billion has been paid from an escrow account funded by 5% of Iraq's oil revenues. That percentage was set by U.N. Security Council Resolution 1483 (May 22, 2003), a reduction from 25%. In 2004, Kuwait reportedly pledged to forgive a substantial portion of the \$25 billion Saddam era debt, but it has not written off the debt to date. Of the 605 Kuwaitis missing and presumed dead from the 1991 war; the bodies of over 227 have been found (confirmed by DNA tests) in post-Saddam searches. A Kuwaiti company, First Kuwaiti General Trading and Contracting, was lead contractor on the new U.S. embassy in Iraq.

After Kuwait's liberation in 1991, Kuwait's fear of Saddam Hussein colored its foreign relations. On the Arab-Israeli dispute, Kuwait was more critical than were the other Gulf states of the late Palestinian leader Yasir Arafat because he had opposed war to liberate Kuwait. Kuwait expelled about 450,000 Palestinian workers after liberation. Kuwait maintained consistent ties to Hamas, and in March 2006, pledged \$7.5 million per month in aid to the then Hamas-led government. Kuwait supported a Saudi-brokered Fatah-Hamas unity government in March 2007, which later fractured. Kuwait participated in multilateral peace talks with Israel during 1992-1997, although it did not host any sessions. In 1994, Kuwait was key in persuading the other Gulf monarchies to cease enforcement of the secondary (trade with firms that deal with Israel) and tertiary (trade with firms that do business with blacklisted firms) Arab boycotts of Israel.

Cooperation in Global War on Terrorism

The State Department report on global terrorism for 2007 (released April 2008) credited Kuwait for measures to protect U.S. forces in Kuwait from terrorist attacks but noted that Kuwait has "difficulty prosecuting terrorists and terrorism financiers and facilitators." The report also said that Kuwait has continued to prosecute 36 members of the "Lions of the Peninsula" extremist group. Kuwait is criticized for not enacting stronger antiterrorism and money laundering legislation in 2007. On June 13, 2008, the Treasury Department froze the assets of a Kuwaiti charity with alleged links to Al Qaeda—the Revival of Islamic Heritage Society—under Executive Order 13224. The NADR funds shown above assist Kuwait with counter-terrorism efforts, border control, and export controls.

Economic Policy

The global financial crisis has caused unrest in Kuwait over falling stock prices and the effects of lower oil prices. The deflationary financial environment of late 2008 contrasts with mid-2008; in June 2008, the National Assembly passed a salary increase for public sector employees and approved additional citizens' benefits to help them cope with the mounting inflation rate (then estimated at 10.14%). The government-Assembly political deadlock also has prevented movement on a major project, backed by the Kuwaiti government, to open its northern oil fields to foreign investment ("Project Kuwait") to generate about 500,000 barrels per day of extra

production. The Assembly has blocked the \$8.5 billion project for over a decade because of concerns about Kuwait's sovereignty, and observers say no compromise is in sight. The state-owned oil industry still accounts for 75% of government income and 90% of export earnings. The United States imports about 260,000 barrels per day in crude oil from Kuwait (about 3% of U.S. oil imports). Kuwait's proven crude oil reserves are about 95 billion barrels, enough for about 140 years at current production levels (about 2.5 million barrels per day). There are ongoing discussions about reviving the project. In 1994, Kuwait became a founding member of the World Trade Organization (WTO). In February 2004, the United States and Kuwait signed a Trade and Investment Framework Agreement (TIFA), often viewed as a prelude to a free trade agreement (FTA), which Kuwait has said it seeks. Kuwait gave \$500 million worth of oil to U. S. states affected by Hurricane Katrina.

Author Contact Information

Kenneth Katzman
Specialist in Middle Eastern Affairs
kkatzman@crs.loc.gov, 7-7612