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Euro-Gulf  
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*An EGIC Exclusive*

## **2016 in the Arab Gulf Region**

2016 was a turbulent year for the Arab Gulf, and the entire Middle Eastern region for that matter. The countries of the Gulf Cooperation Council (GCC) in particular, have been faced with a set of challenges from multiple directions and on multiple levels and have had to adapt in order to confront them on an unprecedented scale. Seldom in their national histories have the GCC countries had been through such a comprehensive and dynamic transformative process.

We, at the Euro-Gulf Information Centre (EGIC) have devoted all of our attention to following such changes, explaining them to concerned parties, and the wider international public, and offer our consultancy and support whenever needed. As we gear up for 2017, we believe it is the right time to look back and review this eventful year 2016 in the GCC.

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The beginning of the year was marked by the escalation of the [Saudi-Iranian rivalry](#). On 02 January, Saudi Arabia executed some 47 people on terrorism charges. Among those executed, there were Al Qa'ida operatives as well as four Shia dissidents, including the prominent dissident cleric, Nimr al-Nimr, the *de facto* spiritual leader of the 2011 protests that shook Saudi Arabia's oil-rich Eastern Province. On his death, Iran's Supreme Leader, Ayatollah Ali Khamenei, declared al-Nimr a shaheed (martyr) and invoked "divine vengeance" on his executors. The statement fuelled anti-Saudi demonstrations which ultimately led to the sacking of Saudi Arabia's Embassy in Tehran and its consulate in Mashhad. As a consequence, Saudi Arabia severed diplomatic relations with Iran—a move followed by Bahrain and Sudan, while the United Arab Emirates, Kuwait and Qatar recalled their ambassadors. Such tit-for-tat manoeuvring has further raised the stakes in an already tense regional environment: the rivalry played out in the two conflicts in which the GCC states and Iran have been most heavily involved, Syria and Yemen.

In the course of 2016, the dynamics of the Syrian Civil War have changed drastically. As the United States showed hesitation in leading the process for conflict resolution, Russia and the Islamic Republic of Iran stepped up their support for the military regime of Bashar al-Assad—launching a

far-reaching offensive to crush the rebel groups of Syria. In the meantime, the European powers, hit (on European soil) by gruesome terrorist attacks perpetrated by Islamic State-affiliates hijacking the Syrian cause, were increasingly interested in a behind-closed-doors [dialogue between European security services and the Assad regime](#), considered a key source of information in preventing terrorist attacks in Europe. As a result, the military and, to some extent, diplomatic balance of the conflict shifted in favour of the regime throughout the year, as symbolised by the complete recapturing of Aleppo, in December 2016.

The EU, followed by the GCC countries, remained the first contributors of humanitarian aid to the Syrian people in the attempt of providing some relief in the worst humanitarian crisis of the century.

In [the Yemen war](#), the Saudi-led coalition registered successes and blowbacks during the year. On one hand, the coalition has managed to drive the insurgents from the south of the country, where it is constantly engaged, in partnership with local authorities loyal to the legitimate President Abd Mansour Hadi, against the threat of Al Qa'ida in the Arabian Peninsula (AQAP) and the Islamic State that, often, coordinate their actions in the country.

The most symbolic achievement was the recapture, by Yemeni and UAE forces, of the governorate of Al Mukalla in April 2016, a major AQAP stronghold for more than a year. In the north of the country, a strategically more challenging terrain, the Yemeni military has been stalling the recapture of Sana'a from the insurgent coalition formed by the Iran-backed Houthis and the ousted Yemeni President Ali Abdullah Saleh since the summer of 2016. Throughout the year, the United States, Saudi Arabia and the GCC countries have been pushing for a diplomatic solution sanctioned by the United Nations Security Council Resolution 2216 however, neither UN negotiations in Kuwait, informal negotiations mediated by the Sultanate of Oman (neutral in the conflict), nor track-two direct talks between Saudi Arabia and the Houthis have been able to achieve a shared solution.

A byproduct of the Yemeni war, has been rocket attacks from Houthis-held territory in North Yemen against Saudi villages and targets, including an attempt to hit Mecca in October 2016. These attacks added up to terrorist actions that have repeatedly hit Saudi Arabia in 2016. The most significant of those took place on 04 July 2016, when three coordinated bombing attacks hit the premise of the Prophet's Mosque in Medina just before evening prayers and breaking of the fast, the U.S. Embassy in Jeddah, and a Shia mosque in Qatif. The response from the Gulf countries has been the gradual process of tightening cooperation and coordination in countering terrorism at the GCC level: the organisation has created and financed instruments ranging from security agreements to joint drills such as "Arab Gulf Security 1," the first ever GCC-wide counter-terrorism exercise that took place in Bahrain in November 2016.

While, on one hand, the aforementioned security and geopolitical challenges have led to the evolution and scale-up of the GCC's profile in strategic and diplomatic terms, 2016 has also been marked by [impressive economic changes in the Arab Gulf](#). Since the dramatic decline in oil prices in 2014, GCC leaders have tried to turn challenge into opportunity for pushing long-overdue programmes for economic diversification and modernisation and further initiative of internationalisation. Despite the Organisation of the Petroleum Exporting Countries (OPEC) being able to reach an agreement in December 2016 to cut oil production and prop-up prices in 2017, such strategies have become a key objective for the GCC. However, they have transformative implications for the region's political economic models: they entail political moves to build support of key domestic constituencies as well as new risks and opportunities for international stakeholders,

in particular in key sectors like energy, finance and international trade. [A true economic revolution to which the EGIC has dedicated an international, high-profile conference titled “The Economic Future of the Gulf: Reform and Development” – [report/video](#)]

Amid all of the local and regional events that characterised 2016, the GCC countries have also had to face global shifts that affected the geopolitical balance of the Middle East as one of the most internationalised regions in the world, and at the centre of global powers’ strategic interests. The US, traditionally the most important ally of the GCC countries, has increasingly been retrenching out of the Middle East--creating a strategic vacuum that opened up new opportunities for Russia [The EGIC has dealt with the global shifts in the regional geopolitics in its April 2016 event [“The Great Rivalry: Great Powers’ Strategies in the New Middle East”](#)].

The US also showed a less solid commitment to their GCC allies, in particular Saudi Arabia, at the centre of a critical media campaign and a controversy within US domestic politics that led to the adoption in the autumn of 2016 of the Justice Against Sponsors of Terrorism Act (JASTA): a bill allowing the families of the victims of 9/11 terrorist attacks to sue foreign governments allegedly sponsoring the attacks, based on the unverified allegations of Saudi support for Al Qa’ida. The bill represented a major blow to US-Saudi relations, that, under the incoming [presidency of Donald Trump](#), look more uncertain than ever. On the other hand, the United Kingdom, voting in June 2016 to leave the European Union (EU), seems more interested than ever in stepping up its own partnership with the GCC countries.

After attending the GCC Summit of December 2016, the UK Prime Minister, Theresa May, announced a set of far-reaching measures to [tighten UK-GCC cooperation](#) with the regional countries in the political, security and economic realms.

The year that just passed by has been characterised by transformative events in the GCC and the wider region, of which the full extent of implications are yet to be fully determined or understood. Inevitably, 2017 cannot but be another dynamic year, and the EGIC stands ready to offer its contribution to a deeper understanding and the creation of international networks, in all sectors, for the drafting and promotion of constructive and coordinated policy responses.