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Gulf States: Poised To Help Post-Saddam Iraq

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The Gulf Arab states, including Saudi Arabia, are inclined to be more forthcoming with financial assistance for rebuilding Iraq than they were for Afghanistan because all see a stable, united Iraq as essential to regional stability. A well-respected Saudi editor with ties to the Al Saud this month wrote that the Gulf states must expend political and financial capital to ensure good relations between Iraq and its Arab neighbors and to secure Arab participation in Iraq's reconstruction. [redacted]

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- Crown Prince Abdallah in November urged that Riyadh provide assistance to US forces during an attack on Iraq to enhance Riyadh's influence over post-Saddam developments.
- Estimates of how much it will cost to rebuild Iraq range from \$15-40 billion or even higher. [redacted]

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The record of aid to Afghanistan suggests Kuwait, Saudi Arabia, and the UAE would donate the most official aid. Bahrain, Oman, and Qatar are likely to offer small cash donations and assistance in kind. Gulf Arab leaders would prefer a Sunni-run Baghdad but probably would not withhold funds from a government that represented Shias and other groups.

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- The Kuwaiti Government has received several billions of dollars in compensation for war reparations from Baghdad to date, according to press reports. Kuwait may be persuaded to use some of these funds for Iraqi reconstruction and it probably can be induced to forgo future reparations. (b)(1)
- Riyadh most likely would provide aid to Iraq but could not match the average [redacted] it disbursed in the 1980s [redacted] Saudi Arabia is providing Afghanistan roughly \$220 million over five years in reconstruction assistance. (b)(3)
- Abu Dhabi's contribution probably would exceed the \$30 million it pledged for Afghan reconstruction. This might be as a loan because Abu Dhabi has made large loans to single recipients, including an agreement in 2001 to provide Pakistan \$265 million, according to the Abu Dhabi Fund for Development Web site. [redacted] (b)(3)

Gulf Arab leaders probably would prefer to contribute to a program overseen by an international organization such as the UN or the Organization of the Islamic Conference in order to distance themselves from US efforts, which might be domestically unpopular. The Gulf states may raise some funds through domestic charities, as they have done to help Palestinians, Afghans, Kosovars, and Bosnians. [redacted]

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- Riyadh last April raised more than \$110 million for Palestinians in a telethon, [redacted]

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Gulf Arab businessmen already are maneuvering to take advantage of potential new opportunities in Iraq. An Emirati asset management firm this month launched a fund for investors interested in participating in Iraqi reconstruction, [redacted]

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A CIA PRODUCT: OTHER

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