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Stick and Carrot. Jordan, Bahrain and the Gulf Aid Policy

In June 2018, Saudi Arabia, the United Arab Emirates and Kuwait approved a new aid package for Jordan. The plan foresees up to 2,5 billion dollars of investments and development projects. The previous aid package expired at the end of 2017: it started in 2011, in the aftermath of the Arab uprisings, when Jordan, as well as Morocco, Bahrain and Oman, received consistent financial support by the Gulf Cooperation Council as part of a strategy of regime survival and/or counter-revolution headed by Riyadh. Qatar also decided to help the Hashemite monarchy, pledging 500 million dollars for investments, employments and infrastructural projects [Reuters, “Qatar extends \$500 million aid package to Jordan: official”, 13 June 2018].

With regard to Bahrain, the Saudis, the Emiratis and the Kuwaitis have been studying a new five-year package of 10 billion dollars, with the involvement of the Arab Monetary Fund. Looking at the Bahraini economic outlook and trends, donors have to devise which measures and reforms Manama will implement while receiving the agreed aid, with a specific eye on the growing deficit of the small Gulf kingdom [A. Shahine, G. Cary, D. Abu-Nasr e Z. Fattah, “Bahrain Makes Progress in Aid Talks with Gulf Allies”, Bloomberg, 9 August 2018]. Differently from 2011, Bahrain cannot rely this time on Qatar’s financial aid, since the Al-Khalifa’s kingdom broke diplomatic relations with Doha in June 2017, as Riyadh and Abu Dhabi did.

Both Jordan and Bahrain must face unsolved domestic tensions. Amman’s popular protests against inflation and unemployment are cyclical: King Abdullah struggles to find a delicate balance between harsh spending cuts and reforms, to cope with a huge public debt (estimated at 40 billion dollars), as requested by the International Monetary Fund and the World Bank, and the demands of citizens, exasperated by long-lasting social inequalities and corruption. In Manama, the 2011 Shia-led uprising has been effectively quelled by the authorities so far, mixing coercion (the intervention of the Saudi National Guard and the Emirati police in March 2011), co-optation of sectors of the opposition and judicial initiatives (as the disbandment of Al-Wefaq, the main Shia political party). However, radicalized segments of the Shia protest organize sporadically attacks against security forces and energy infrastructures.

In this context, the Gulf aid policy is not only a way to ensure regime stability in the neighbourhood: for the Saudis and the Emiratis, it also becomes a tool to pressure and reward Jordan and Bahrain's political choices.

On Iran and Qatar, the foreign policy of Bahrain is overtly coincident with the Saudi and the Emirati's one, since the small monarchy pursues a pure alignment policy with respect to the GCC diarchy: thus, the timing of this new aid is linked to the coming parliamentary elections in Bahrain (24th of November 2018) in order to preserve the status quo.

On the contrary, looking at the Jordanian foreign policy, marked by dialogue and not by sectarianism (although Amman always sides with the Saudi camp), more than an eyebrow was raised in Riyadh. As a matter of fact, King Abdullah coexists with the Muslim Brotherhood at home, has subtle contacts with the Assad regime to protect the border, does not see Iran as an obsession and continues to make affairs with Qatar, did not send soldiers in Yemen and he strongly condemned president Trump's decision to move the US Embassy in Israel at Jerusalem.

When the Gulf powers and King Abdullah met to discuss financial aid on June 2018, popular protests were erupting in many Jordanian cities against a peak of fuel and basic goods' prices. But such a scenario was predictable even before the previous package expired, in late 2017. In this case, the timing of Gulf aid is the real message, as well as its amount, smaller with respect to the 5 billion dollars transferred within 2011-17.

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