



Gulf Research Center Newsletter

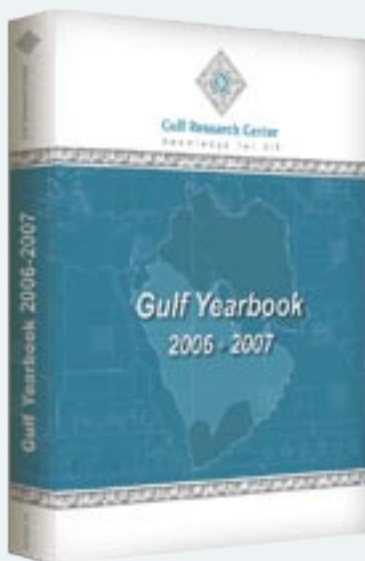
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Knowledge for All

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Gulf Yearbook Forecasts Economic Highs, Security Lows



The Gulf in 2007 is likely to witness a period of robust economic growth, continuation of political reforms, rising regional instability due to events in Iran and Iraq, and the continued unchallenged presence of the United States as the security guarantor, according to Gulf Research Center (GRC) experts.

The forecasts were made during the GRC's fourth annual conference on January 11 while releasing the *Gulf Yearbook 2006-2007*. The event was attended by a number of officials, intellectuals and business executives from both the Gulf region and outside.

The Gulf Yearbook – the GRC's premier publication – is an annual compendium of analyses on events in the Gulf region

during the previous year, with forecasts for the next. The essays by scholars delve into political, diplomatic, economic, security and energy issues related to the Gulf Cooperation Council (GCC) countries, as well as Iran, Iraq and Yemen. *The Gulf Yearbook* will be published in Arabic and English and will be available in print and digital formats by the end of April.

In his opening remarks, the GRC Chairman, Abdulaziz Sager, highlighted important issues that transpired during the last year. "The conference is being held at a time when the Gulf region is passing through a dangerous phase, especially in light of the tragic situation in Iraq, which is akin to a civil war, and holds the potential to disintegrate. There is also the complication of the Iranian nuclear file in light of the faltering diplomatic efforts and the sanctions imposed by the United Nations Security Council, which may even lead to a military confrontation," he said.

The *Gulf Yearbook*, Sager added, "discerns and analyzes the new developments in the region, but avoids preconceived judgments in interpreting them."

Political

Elaborating the findings of the Yearbook, Prof. Hasanain Tawfiq of the Zayed University and an Editorial Board member of the GRC said that the most important step in the political changes being attempted in the GCC countries during 2006 was the Saudi move to establish a legal framework for political succession. It "demonstrated

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the unity and stability of the royal family, and prevents the possibility of future divisions within the ruling elite.”

The role played by the National Assembly in the succession row in Kuwait was highlighted as an example of the proactive role that parliaments are beginning to play in the region. “The same was the case with opposition groups and their relationship with the ruling elites,” he said. The strained relationship between the government and opposition MPs in Kuwait over issues relating to electoral constituencies, corruption charges and other policies in the fields of education, press freedom, settlement of bad debts, and external relations were also cited as examples.

In Bahrain too, the opposition and the government witnessed differences regarding issues such as naturalization of expatriates, mechanism and guarantees of fair elections, and the “Al-Bandar Report”. “But the elections and the results thereafter proved that the government had shown great flexibility,” Prof. Tawfiq said.

Referring to the UAE’s experiment with elections to the Federal National Council and the municipal polls in Qatar, Prof. Tawfiq said that they set the stage for progress in the region’s attempts at political innovations and improvements in issues relating to election campaigns, results, transparency, and role of women.

International Relations

Dr. Christian Koch, Director of International Studies, GRC, said 2006 witnessed a steady deterioration in regional stability: “Despite efforts by the United States to undertake a more realistic assessment of the Iraq situa-



tion, Washington did not have any solution that could quell the violence.”

Further, Iran’s sense of confidence and its willingness to take tough positions “raises fears that the Arab Gulf States could find themselves in a situation that is not of their own making,” he added.

Though ties with both Asia and Europe were expanding, 2006 also underlined that in terms of Gulf security, no other international actor would replace the US in the short or medium term. “While Europe and Asia have expressed their concerns about the regional security environment, neither side is ready to invest in the hard security mechanisms that the Gulf requires.”

Economy

In his overview of the GCC economies in 2006, Dr. Eckart Woertz, Program Manager

Economics, said that “the long-term outlook of oil price remains positive, although there might be some soft spots over the next two years due to an economic slowdown in the US and China, and some incremental oil production coming on the market from non-OPEC countries like Brazil. A part of the oil price surge of recent years can be attributed to a decline in spare capacity, but the current OPEC production cuts ironically might lead to lower prices should the market perceive them as a recovery of such spare capacity.”

On the international level, Dr. Woertz stressed the increased importance of the GCC countries in financing the US current account deficit. With the GCC current account surpluses now larger than even China’s, petrodollar recycling and the investment options of GCC countries are naturally followed closely by the



Prof. Hasanian Tawfiq and GRC Chairman Abdulaziz Sager



international banking circuit. “As the US deficit continues to mount, the dollar is likely to slide further and the GCC countries need to worry about currency diversification and modification of their currency peg to the dollar,” he said.

On the negative side, the problem of rising inflation in smaller Gulf States and the necessity for statistical reform and more accurate data was stressed. In light of the stock market corrections in 2006, Dr. Woertz pointed to the need for improved corporate governance, transparency and broader capital market development. The further development of a GCC bond market and the unification of the local capital markets were crucial, he said, and discussed dangers of overheating and duplication of similar investment and real estate projects. “The geopolitical tension caused by the Iranian nuclear

stand-off could hurt investment sentiment,” he warned.

Security and Defense

In his presentation, Dr. Mustafa Alani, Director of the Security and Terrorism Program, said 2006 witnessed a general decline in terrorist activities in the GCC countries largely due to the Saudi preemptive anti-terror efforts against Al-Qaeda cells, but an upsurge in Iraq casualties – a record high of about 3,000 every month, with the number of wounded almost three times that figure.

“On an average, there were about 40 kidnapping incidents daily, and the total number detained on security grounds reached about 30,000,” he said.

In the defense arena, the academic pointed out that there was considerable increase

in defense spending and procurement of weapons: “The GCC countries signed 13 deals worth \$35 billion, most of them with Western countries.”

Failure to stabilize the situation in Iraq will have catastrophic consequences for the Gulf region and beyond. On the other hand, the lack of resolve in tackling the Iranian nuclear program would perpetuate the crisis, lead to a possible arms race and invite more foreign interventions in the Gulf,” Dr Alani said, adding: “It is certain that 2007 will inherit most of the security problems that engulfed the Gulf region last year.”

Environment

On the state of the environment and natural resources, Dr. Mohamed Raouf, Senior Researcher, Environment Program, said that “the GCC countries are very poor in terms of arable lands and water resources, and contribute about 2.4 percent of world CO2 emissions though they have just 0.5 percent of the world’s population.”

Among the main environmental challenges, he listed the fallout of an accident in or military strike on Iran’s nuclear facilities, as well as the construction and demolition (C&D) debris associated with the building boom in the region.

“One would like to see a culture of sustainable development developing, where environment and natural resources get maximum attention in every decision and at all levels. This can only be achieved by a policy mix which addresses different environmental issues, assigns a more active role for civil society organizations in decision-making and implementing plans, and encourages public-private partnerships,” Dr Raouf added.



Dr. Mustafa Alani, Dr. Christian Koch, and Dr. Eckart Woertz

Annual Workshop Seeks Collective Security Apparatus

The Gulf region must act independently, take stock of the situation, and design future security arrangements, without leaving everything for the US to formulate, according to experts attending a workshop in Dubai on January 11 and 12, 2007.

Organized by the Gulf Research Center (GRC) to coincide with its fourth annual conference, the workshop – “Consequences of US Policy for the Gulf Region” – stressed that the US’s “strategic blunder” in Iraq required urgent mending if the region’s slide toward greater instability was to be checked.

At the same time, the gathering storm over US insistence and Iran’s refusal to climb down on its nuclear program, as well as the latter’s rhetoric reflecting an “expansionist” design, was cited as a situation that was capable of going completely wrong without the rest of the region favoring it or having a role to play in it.

Many of the 75 experts from the region and outside felt that the problems of the United States in the region were self inflicted, and not the result of any single or collective conspiracy. Among the other reasons cited for instability in the region were the lack of US’s efforts to resolve the Arab-Israeli conflict and inadequate planning while pushing for

and inconsistent response to political modernization.

On the other hand, the participants also highlighted the lack of a common policy among the Gulf countries, which has made it difficult to design a regional and institutional security apparatus.

Expressing skepticism about the current scenario, some participants sought a “new regional security architecture that defines a mechanism to tackle threat perceptions” and pushed for the “elimination of international troops in the region.” Others favored incorporating “several international actors, especially from Europe and Asia, who could act as security guarantors of a regional security arrangement.”

The discussion also focused on why the United States never managed to shape the region the way it intended to, why the region has been unable to achieve political and economic unity, and why the invasion of Iraq has not yielded positive results.

Among the recommendations to correct the US course in the region were “pursuing fewer and specific objectives,” which would make prioritizing and tracking their performance easier; have a “proactive policy rather than adopt a reactionary approach;” devise “long-term plans, instead of aiming for short-term goals;” and “co-opt multiple

partners as opposed to having unilateral or bilateral security arrangements.”

The US made errors in assessing the situation in Iraq, did not pay enough attention to a post-war strategy, and ignored warnings on sectarian divisions, the experts said. The new Washington policy recognizes some of the failures of the past, but is not good enough to bring about radical change, they added.

“The US withdrawal from the region will not increase stability in the region; the future of Iraq lies in the hands of Iraqis, aided by a constructive political, social, economic and military package over five-seven years. At the same time, the US and the international community must strengthen the state institutions and encourage a power sharing mechanism in Iraq,” the experts recommended.

The workshop concluded that the immediate threat to the region was the decline in respect for America because of the Iraq debacle, decline in the fear of the US, which was reflected in Iran’s approach, and a crisis of confidence in Washington’s capabilities to handle crises because of the failures in Iran and Iraq. “This scenario could force the US to regain ground by getting ‘adventurous,’ resulting in another war in the region, apart from undermining moderates and reformists.”



Academic Board Meeting Charts Future Course



The GRC held its first Academic Board meeting in Dubai on January 13, 2007. The GRC Chairman, Abdulaziz Sager, pointed out that the GRC had managed to successfully disseminate information about the Gulf region in a non-partisan way. He stressed that the center is determined to continue to deliver its message and enhance its growth and networks despite some obstacles and difficulties encountered in the region. After outlining the progress accomplished in several fields, Sager emphasized that the GRC mission is to protect the interest of the Gulf region and its people, and that the center pays special attention to the human factor.

An open discussion forum followed the presentations about the GRC research activities. The Academic Board members expressed satisfaction with the progress made by the GRC until now and reiterated the need for it to continue to be a bridge between the region and the rest of the world. The following suggestions were put forward for consideration:

Research Focus:

- The GRC should think not only in Gulf terms but also along Muslim and Arab lines.

Research Areas:

- Study of population movements in the region; migration patterns
- Focused research on unemployment and

demographic issues which can draw together social and cultural matters also

- Expatriate labor issues
- The political economy of labor market in the Gulf
- Patterns of investment of Gulf capital in the Arab countries
- Banking in the GCC
- Research on the role of cities as well as issues of governance and political participation
- Work of parliaments/elections/budgets/technical expertise of legislatures
- A comparative study on the wars in the Gulf.

Networks:

- Formation of a Conflict Resolution Group from the region whose members could come from the governments and civil society
- Establishment of a study group to work on confidence-building measures in the Gulf region
- Identification of Asian institutions with an interest in Gulf issues with a view to deepening contact and collaboration.
- Stronger regional network with local institutions and universities.

Training:

- Working more on training the new generation in the Gulf region
- Joint supervision involving a supervisor from the region and another from a Western University could be useful in this regard. The GRC's qualified

personnel could also be used in prospective training programs.

- Explore participation in UN Corporate Programs to expand training opportunities.

Publications:

- The GRC can offer translated texts that can benefit Arab audiences. It was suggested that such texts could be introduced by an author from the region to provide a sort of indigenous context to such books.
- Possibility of translation from languages other than English, particularly considering the vast literature that exists in India.
- Titles of works to be translated to be circulated among board members. Some debate ensued about the division between the academic approach of the GRC as compared to the need to maintain an active policy advocate role.

Here it was mentioned that the GRC will continue to take public critical positions when necessary but that the overall output would have to comply with producing quality innovative research.

In conclusion, it was reiterated that one of the functions of the Academic Board is to also assist in promoting the activities of the GRC in order to reach as wide an audience as possible. Board members were encouraged to keep in close contact with the GRC and forward any comments and suggestion in between the regular board meetings.

NATO Clarifies Its Role in the Gulf



NATO Deputy Secretary-General Alessandro Minuto Rizzo, Saudi Foreign Minister Prince Saud Al-Faisal, and Institute of Diplomatic Studies Director Dr. Saad Al-Ammar

Under the heading “Cooperation within the Framework of the Istanbul Cooperation Initiative,” the Gulf Research Center, the Institute of Diplomatic Studies of the Ministry of Foreign Affairs, Saudi Arabia, and the NATO Public Diplomacy Division brought together policy officials, defense specialists and academics in a one-day symposium on the relationship between NATO and the GCC countries in Riyadh on January 21.

In his opening address, Prince Saud Al-Faisal, Minister of Foreign Affairs of Saudi Arabia, underlined the fact that the Middle East represents the most unstable region in the world due to such unresolved situations as the Arab-Israeli conflict, Iraq, Afghanistan and Somalia. In this regard, it is important to bring about international cooperation to create greater stability in the region. Prince Saud stated that the end of the Cold War provided a period of hope where standards of international legitimacy would prevail.

NATO is viewed optimistically and as such the kingdom is watching closely the development and contribution that NATO could make towards regional security and stability. While he indicated that the importance of the workshop was to increase the understanding of the Istanbul Cooperation Initiative (ICI) of NATO, he also said that the kingdom would study NATO’s proposal for Saudi Arabia to join the initiative.

Following the Foreign Minister’s address, NATO Deputy Secretary-General Alessandro Minuto Rizzo stated that

his presence in Riyadh was a symbol of the new NATO and the reflection of a new international environment where countries of different backgrounds could come together to discuss issues of common concern. The meeting was thus seen as a welcome opportunity to discuss the rationale of cooperation and focus on the possibilities of greater cooperation. The Deputy Secretary-General stressed that NATO had become a global force with activities stretching from Kosovo to the Mediterranean, Afghanistan, Pakistan and Darfur. With its several missions and their success, NATO had shown that it can bring the international community together.

As far as Saudi Arabia was concerned, Rizzo underlined the importance of the Kingdom to the stability of the region and clearly stated that NATO would very much value Saudi Arabia’s participation in the ICI. He emphasized that the ICI was about enhancing mutual understanding, increasing transparency and engaging in areas of mutual cooperation, and as such it would



GCC Secretary-General Abdulrahman Al-Attiyah

be in the Kingdom’s interest to look more closely at the potential benefits that NATO could provide. The Deputy Secretary-General also said that the participation of many key officials from Saudi Arabia and the rest of the GCC states in the meeting was certainly a positive sign.

Following the two key speeches, the conference moved to a roundtable format with short presentations followed by open debate. Within this framework, the two initial questions on which participants focused were the nature of NATO as an organization today and, more specifically, on what exactly NATO can provide the GCC states, about which the opinion among the participants was more divided. NATO officials continually stressed that the ICI was about progressive cooperation, that what was being offered was the same type of cooperation as available to the countries engaged in the Mediterranean Dialogue, and that the GCC states were free to decide whether they saw it as being in their interests to pursue cooperation or not. There would be no imposition except in agreement.

At the same time, it was made clear what NATO is not. For example, the GCC states should not expect NATO to provide military protection within the ICI framework as the ICI does not offer a security guarantee. NATO can also not be viewed as the answer to all the security challenges with which the Gulf region finds itself confronted. Moreover, NATO does not seek and should not be seen as a replacement for other existing treaty relationships.

'US Won't Allow Iran to Dominate Mideast'

The policy of the United States toward Iran and Iraq is conditioned by the concerns of the countries in the Gulf and the Middle East, and not a result of its own interests, US Undersecretary of State for Political Affairs Nicholas Burns said in Dubai on January 23.

Delivering a policy statement at the Gulf Research Center (GRC), Burns said Iraq, Lebanon, Palestine-Israel conflict and Iran are the four major challenges in the region that require quick solutions for peace and stability to prevail.

Identifying Iran as the key concern of not just the United States, but of the 192-member United Nations, the American diplomat said that there was no scope for "rapprochement" with Iran until it halts its uranium enrichment program.

However, Burns sought to allay fears that military action was inevitable in the backdrop of the recent US military build-up in the region.

"We are clearly seeking a diplomatic situation," he said, adding "but Iran is miscalculating the scenario. The US has always had the stability of this strategic region in mind and Iran has been trying to alter it by attempting to dominate. The US will not let that happen. We don't want Iran to dominate the region. When challenged, we respond – economically, financially, politically, and not necessarily just through military means."



The visit of the third highest-ranking official in the State Department came amid a flourish of US diplomatic activity led by Secretary Condoleezza Rice and Defense Secretary Robert Gates to explain the rationale behind Washington's policies in the Middle East.

Defending the US policy on Iraq, Burns said that the Iraqi leadership dominated by Shiites as well as the Sunni governments of the Gulf Cooperation Council countries are in favor of continued US presence in the war-torn country.

"The challenges of walking away are more grim than the challenges of staying in Iraq, and we choose to stay. We have a responsibility and we'll stay to overcome the obstacles," he said, urging Iran and Syria to be "agents of unity and not division."

On Iran too, "people in the Arab world fear Iran's military might, and that is the message that has been conveyed to the US," Burns asserted while identifying the Mahmoud Ahmadinejad government with seeking nuclear weapons, funding terrorism in the region, as well as flexing muscles and projecting itself as a regional power.

On the issue of an Iran office in the US consulate in Dubai, the under secretary said that it encourages "people-to-people" contact among Iranians and Americans by facilitating student exchange programs,



US Undersecretary of State Nicholas Burns

arranging training for nurses and doctors, as well as issuing of visas for Iranians wanting to visit the US. "With our consulate being physically and geographically close to Iran, the Iran office helps issue visas, provide links and understand Iran," he added.

Reacting to a question on the recent initiative to launch a nuclear energy program for civilian use by the GCC countries and other Arab countries, Burns cited Washington's historic deal with India to share civilian nuclear technology, and said that Washington encourages nuclear power plants because of the concerns about global warming and energy crisis.

Referring to the other raging hotspot in the Middle East – Lebanon – the US official said there was no immediate threat to the Fouad Siniora government. "Only two governments don't support the present government – Iran and Syria. The US will soon announce a financial contribution to rebuild the country," to shore up the government's bid to counter the opposition, he said.

On the decades-long Palestine-Israel conflict, Burns said "security of Israel and an independent Palestinian state is our objective," and "making this possible" is in the interest of all and hence a key concern for the current US administration. He added that Israel's existence is a reality and it is a key partner of the US, which "we want the Arabs to accept" as well.

Geo-Economic Positioning of GCC Countries

The integration of the Gulf Cooperation Council (GCC) countries into the world economy is increasingly diverse. Until the 1980s the position of the GCC countries in the world economy was clear: oil was exported and manufactured goods were imported, mainly from Europe and the US. Now the situation has changed. Although oil and gas revenues are still of paramount importance, the GCC countries have developed an increasingly diversified economic structure with new sectors emerging in the fields of petrochemicals, utilities, services and tourism. They are the world market leaders in polymer production and lay specific emphasis on the development of energy-intensive industries like aluminum, steel and fertilizer. For these industries, they now have to import raw materials from countries like Australia and Brazil. Besides, the focus of their trading relations has shifted eastward. The US only accounts for 10 percent of imports now while the European Union and Asia are each roughly contributing one third of overall imports. Thus, they are the most important trading partners for the GCC – this is especially true of Asia, which purchases about two thirds of GCC energy exports.

At the 8th Mediterranean Research Meeting of the European University Institute held in Montecatini, Italy, from March 21-25, the GRC took this background as a starting point for a workshop about “The Geo-Economic Positioning of the GCC Countries.” The workshop was directed by



Hend Al-Sheikh of the Institute of Public Administration in Riyadh and Eckart Woertz, Program Manager, Economics, at the GRC.

Naturally, among the main questions discussed in this context was whether the growing economic ties between Asia and the GCC might lead to political realignments. Samuel Blatteis of the Georgetown University in Washington D.C. argued in his paper, “The GCC Strengthens Geo-Economic Ties to the US, Moves Away from China,” that China may have increased trade with the GCC but that its importance is overstated. The US influence still remains dominant in political and security issues and in strategically important oil investments, while Chinese cross-border investments have been announced in large numbers but often have not materialized, he

maintained. Paul Aarts of the University of Amsterdam argued in a paper co-authored with Machtheld van Rijnsingen (“Beijing’s Rising Star in the Gulf Region: The Near and the Distant Future”) that the relationship undoubtedly has potential in the future although by today’s reality the often encountered China hype seems to be exaggerated. In a scenario analysis along the variables of Chinese growth and Mid-Eastern stability, he outlined possible developments until 2030. N. Janardhan, Program Manager, Gulf-Asia Relations, GRC, took a more positive stance and hinted in his paper, “Gulf-Asia Ties: Economy First; What Next?,” at the various Gulf-Asian ties that are already falling in line. On the financial side, Wasseem Mina of the UAE University delivered an econometric analysis of FDI developments in the GCC between 1980 and 2002 (“Are the GCC FDI Location Determinants Favorable?”). John Sfakianakis of Saudi British Bank and Eckart Woertz dealt with strategic foreign investments of GCC countries, which increasingly try to acquire sizeable stakes in foreign companies that benefit the strategic diversification of their domestic economies as opposed to mere portfolio investments (“Foreign Investment Strategies of GCC Countries”). The issue of petrodollar recycling at large (“A New Age of Petrodollar Recycling?”) was addressed by Eckart Woertz, who argued that the dollar’s weakness is fundamental and will worsen in the future, but expected oil exporters and Asian countries to stick



to it as long as they can, because they fear the economic repercussions of a dollar meltdown for their growth models, apart from facing considerable political pressures. HEND Al-Sheikh (“Prospects of Future Energy Investment in Saudi Arabia”) dealt with a sector that still contributes 47 percent of GCC’s GDP. She outlined anticipated future energy demand growth and the importance of the GCC countries in generating corresponding supplies via enhanced oil recovery and gas exploration. Giacomo Luciani, Director of (the GRC’s) Gulf Institute in Geneva, described how the GCC countries strive to prolong the value chain of their hydrocarbon production and develop into major global petrochemical players (“The Expanding Role of GCC in Global Petrochemicals”). Ali Abdulrazzaq and Thirumalai G. Triniviasan of the World Bank in Washington D.C. were not able to attend, but submitted a paper that will be included in a soon to be published workshop volume. In “The Yemen Accession to the GCC: Challenges and Opportunities” they not only dealt with an important aspect of regional geo-economic positioning but also mapped out the current status of GCC customs union and planned currency union and the legal environment for further economic integration via free trade agreements. Finally, Shannon McNulty of the Texas A&M University in Qatar dealt with the human factor in the GCC-Asian relationship and the issue of labor migration (“Labor: The Asian Curse. A Critique of Dependence on Labor Export”).

Overall the picture of an open-ended process emerged which contains often contradictory facets: Asia’s increased trade ties have not been accompanied by clear breakthroughs in cross-border investments and its political role in the Gulf is still minor. The US, on the other hand, has fought off its relative economic decline so far by its political influence in security matters and still manages to attract the majority of GCC foreign portfolio investments despite dollar weakness. Finally, the often underestimated EU still remains the most important exporter to the GCC and its currency constitutes a serious challenge to the dollar, something the Asian countries are still far away from due to their underdeveloped financial markets.

Executive Learning

Environmental Management: Promoting Innovative Ideas for the Gulf region

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Knowledge for All

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EU-GCC Ties: Broadening the Horizon

In the framework of the 8th Mediterranean Social and Political Research Meeting held in Montecatini Terme from March 21-25, the Gulf Research Center organized a workshop titled “European Union – Gulf Cooperation Council (GCC) Relations and Security Issues: Broadening the Horizon.” The workshop brought together participants from various disciplines and backgrounds from the Gulf region and Europe – 12 of them presented papers – to discuss in detail what kind of security role could be envisioned in the volatile Gulf region given the area’s lack of a developed security architecture and the pressing problems it currently faces.

The rationale behind the workshop theme was that while EU-GCC relations have largely been defined by economic and trade ties, the perpetuation of a security dilemma in the Gulf region is necessitating a change in thinking from European policy circles. After over 25 years of the Gulf region experiencing numerous and continuous threats to its stability, it has become increasingly evident that continuing on the present path of security inter-relationships among affected actors will not resolve the dilemmas faced by the region and instead will lead to a continuation of the crises. As far as Europe is concerned, it has also led to a consideration about a broader and more defined role that the EU could play as a security actor.

But while the security aspect has gained some credence in policy circles, it remains a field that is largely undefined and particularly understudied from an academic perspective. This is partly due to the fact that the security term remains very narrowly defined and, applied within these boundaries, fails to address many of the aspects wherein a European role would be both possible and substantially promising. In addition, there is a lack of a comparative approach in looking at the development of the relationship between the GCC and the EU and how this relates to the security parameter.

The workshop thus highlighted the lack of a theoretical approach to the subject and

sought to provide more empirical insights into various aspects of the European approach to the region from a security perspective. In addition, the aim was to provide a comparative context in which it becomes possible to frame a more solid base for understanding European policy



in the region, and through the use of case study illustrate how the present cooperation can be expanded and improved. In all of these, it brought together different perspectives from within Europe and the Gulf in order to enlarge the debate and identify existing insufficiencies.

Following an introduction into the security challenges faced by the Gulf and an examination into how the interaction between the member states of the GCC and the EU had developed so far, the workshop focused on questions such as whether the EU can serve as a model for the GCC states and if so in what context, and on another level, how the EU itself deals with security issues and where the GCC could fit into it. Specific focus was placed on strategies whereby a security counter-balance could be achieved, the role that

soft security issues play in promoting confidence-building, and whether the concept of trans-regional relations offer an alternative approach. Specific emphasis was also given to the Istanbul Cooperation Initiative of NATO, the possible role that Turkey could play, what the two sides

could do to handle nuclear proliferation, and whether the Euro-Mediterranean Partnership could serve as a conceptual model.

The paper presentations initiated debate focused on areas such as the credibility of the EU and the GCC as actors, the need to differentiate the types of threats, the linkages between the external and internal environments, and the need to focus on issues rather than generalities. In the end, participants agreed that there was indeed a role for Europe to play but one that would be quite different from the current level of expectations that have already been raised.

The 12 papers presented will be put together in an edited volume to be published later in the year.

Experts Review GCC Stock Market Scenario

The Gulf Research Center and the Abu Dhabi Securities Market (ADSM) were the strategic partners with the Saudi Law Training Center in organizing the Second GCC Capital Market Forum 2007 in Dubai on March 3 and 4. The forum was held against the backdrop of the stock market corrections in 2006 and discussed the problems facing the GCC stock markets and their prospects. Under the title “Managing the Crisis,” crucial topics like family businesses going public, Internet trading, unification of Gulf stock markets, and good governance issues were addressed.

Building on the success of the first forum, sponsored by Shaikh Hamdan bin Rashid Al-Maktoum, UAE Minister of Finance and Industry, the second forum saw the participation of distinguished subject experts. Abdulaziz Sager, Chairman of the Gulf Research Center, in his inaugural speech addressed the current conditions of the GCC financial markets, the challenges they pose, and the opportunities they present. He stressed on broad investor education, a topic that resonated throughout the conference. A special study on the management of IPOs was presented by Fernando Delgado of the International Monetary Fund and Dr. Mohammed Omran, Vice Chairman of the stock exchange in Alexandria. Dr. Eckart Woertz, Program Manager, Economics, at GRC presented a study titled “Managing the Crisis” that was compiled specifically for the forum. The study deals with the collapse of the GCC stock markets in 2006, the reasons behind it and the best means to deal with such situations in the future. Rashid Al-Baloushi, Acting CEO of the ADSM, presented a paper on the effects of legislation on the development of securities markets.

After the presentations, the Saudi Law Training Center awarded prizes to the best companies in the following categories: brokerage, financial consultancy, IPO management and Internet trading.



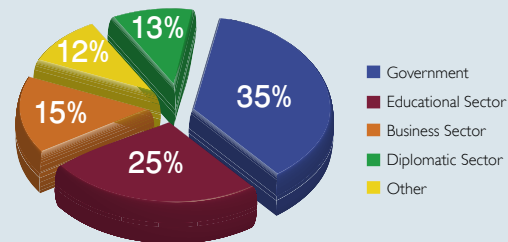
ARAA - The GRC Magazine



Launched in 2004, Araa focuses on economic, political, social, and defense issues relevant to the Gulf region – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the UAE, Iraq, Iran, and Yemen. Araa is part of GRC’s attempt to redress the lack of adequate representation of regional opinions and interests and fulfill its mission of ‘knowledge for all.’ This

influential publication – reflecting the views of established academics and columnists – has gained in reputation over a period of time. Araa writers come from academia, business and industry, and occasionally the public sector.

Araa Readership Profile



Araa Editorial Plan 2006-2007

July 2006:	GCC water crises
August 2006:	GCC e-government
September 2006:	Yemen
October 2006:	GCC aviation
November 2006:	Iraq
December 2006:	Real estate & construction
January 2007:	Defense
February 2007:	Telecom/satellite channels
March 2007:	Energy
April 2007:	Gulf security
May 2007:	Iran

Internship Program

Dua' Al-Herbawi, a graduate in cellular and molecular biology from the UAE University in Al Ain, served as a trainee research assistant in the Environment Research Program at the GRC. She hopes to pursue a Masters program in either microbiology or cell biology after acquiring some work experience.

Forum Backs GCC-Pakistan Counterterror Strategy



A two-day joint workshop hosted by the GRC and the Institute of Strategic Studies, Islamabad (ISSI), held in the Pakistani capital on March 8-9 focused on the emerging trends in strategic relations between Pakistan and the Gulf States. The workshop was divided into three sessions focusing on the political, economic and security aspects of the long standing and deep-rooted bilateral relations and brought together eminent analysts from both sides.

Pakistan sees itself as an extension of the Middle East and Gulf States and is deeply concerned about the issues that are currently of grave concern to the Gulf. Some major issues that were extensively discussed were the continued repression in and occupation of Palestine, the crisis in Iraq that has spiraled towards sectarian strife and civil war, the regional repercussions of the war on terror, and the fallout of the US policies and intervention in both Iraq and Afghanistan, as well as the looming crisis in Iran that threatens to escalate into a military confrontation. The need to strengthen the strategic partnership to collectively resolve political problems facing the region and address other vital issues such as poverty, water scarcity, energy shortages, global warming, and natural disasters was discussed.

However, Pakistan, in the face of the changing geostrategic environment, would

have to reappraise and evolve a package of political, economic, security and cultural policies to safeguard its interests in the Gulf region. These policies would have to aim at strengthening peace and stability in the region, extending cooperation to check sectarian strife, developing close cooperation in the security field and in the fight against terrorism, and enhancing Pakistan's competitiveness in the Gulf markets.

The security crisis in Afghanistan is of grave importance to Pakistan which faces a multitude of problems at present including an ongoing conflict in its tribal areas bordering Afghanistan. A significant point made by the Gulf participants was that Pakistan ought to be actively involved by

the international community in bringing about stability within Afghanistan.

To enhance the existing cooperation on counterterrorism, steps should be taken to facilitate direct, one-to-one cooperation between the states, develop a legal framework and establish a direct link between the intelligence communities of both Pakistan and the Gulf States. Establishment of a permanent committee on counterterrorism under the auspices of the Gulf Cooperation Council (GCC) would be crucial for the free exchange of information regarding terrorist activities as well as cooperation in monitoring them. Such exchange of information is necessitated by the fact that approximately 1.7 million Pakistanis are presently working in the Gulf and that this group could be infiltrated and exploited by terrorist organizations.

The participants from the Gulf felt that Pakistan should understand that Iran was perceived as a major threat within the Gulf and hoped that Pakistan would play a stronger role in pressing Iran not to pursue a militarized nuclear program. Pakistan's position was clear that there should be a Middle East nuclear free zone, which included both Iran and Israel. However, it feels that the Iranians have to address the security concerns of the Gulf States and the region and lower their belligerent rhetoric. Another major apprehension



ISSI Chairman Inam ul Haque and Senator and Chairman, Foreign Relations, Committee of the Senate, Mushahid Hussain

on the Pakistan side was the heavy US military presence in the Gulf within close proximity and easy reach of Pakistan's commercial shipping routes. It was felt that there was an immediate need to initiate a strategic dialogue between regional states whereby increased communication with Iran should be established. In case of conflict, Pakistan would act as a mediator with both the Gulf States and Iran and will try its best to resolve the crisis.

An interesting proposition put forward in regard to the security concerns in the region was that a Regional Security Architecture be established where Pakistan could play an effective role in the collective security of the region, including maritime security. This would enable the regional states to be included in a broad framework with a checklist of issues that need urgent resolutions, starting with Iraq. It may also look at the creation of an Islamic Peacekeeping Force under the UN auspices including troops from those countries that do not have direct borders with Iraq. The security architecture may also provide a mechanism for the resolution of any regional disputes and deal with the presence of extra regional powers in the region that are perceived by some as support and some as a threat by minimizing the need for such powers in the region.

It was felt that the longstanding military cooperation between Pakistan and the Gulf States that could have been much stronger has lessened over time due to the following factor: Pakistan's lack of



a clear cut military policy or concrete agreements on the military side has led to a vacuum that is now being used by other countries and is responsible for it losing ground with the Gulf States. In terms of soft security issues, such as narcotics and human trafficking, there is a marked need to develop stronger regional cooperation to counter the two illicit organized crime activities.

In the economic sphere, despite large scale investments by the Gulf States in Pakistan, there is a sense of complacency that governs the bilateral economic relationship. In this regard, Pakistan needs to do a lot because it faces increased competition in the era of globalization. Pakistan should take advantage of the GCC integration which could be very beneficial to it. Under the foreign liberal investment laws in the GCC, Paki-

stani companies could avail of financing from government and even private financial capital. As for Gulf investments in Pakistan, there are vast areas of cooperation in sectors such as energy and minerals. To further such cooperation it was proposed that an Arab-Pakistan Energy & Mineral Infrastructure Development Fund be created.

As regards the labor market, Pakistan continues to send large numbers of its labor force to the Gulf States and this is a valuable source of remittances. To bring further improvements in this area, Pakistan should discuss with the Gulf States and try to develop a strategy that looks into the number of complementarities existing between the two.

The workshop concluded with both sides having agreed on further institutional collaboration by holding meetings and conducting research on key issues of concern. The need to evolve a collective regional mechanism where security and defense issues are jointly addressed was spelt out. Developing the capacity to deal effectively with issues such as terrorism, narcotics and human trafficking, based on the existing strong relations between the two regional partners was an integral step towards strengthening those ties and taking them to another level. It was agreed on both sides that the complacency in economic relations must be done away with and both sides should facilitate a more proactive approach in terms of opening channels of investment and economic development.



FTA Key to Better GCC-EU Ties

Underscoring the relevance of relations between the member states of the Gulf Cooperation Council (GCC) and the European Union (EU), the Gulf Research Center and the Bertelsmann Foundation, in cooperation with the German Federal Foreign Office, brought together policy officials, academics and specialists in Berlin on January 30 to identify concrete steps that can be undertaken to propel the relationship between the two sides forward. Underlying the free exchange of ideas was the recognition that the GCC-EU relationship was one of growing importance to both sides and that under the EU presidency of Germany and the GCC presidency of Saudi Arabia, there were new possibilities and a determination to bring greater substance for the mutual benefit of both the GCC and the EU.

sides. Yet, the discussions stressed that the failure to conclude the negotiations, despite numerous announcements that such an agreement was close to being finalized, had impacted the overall credibility of both the EU and the GCC to underpin their relationship with actual achievements. Thus, while the 1988 Cooperation Agreement identified numerous areas of potential cooperation, none of these had materialized in light of the ongoing FTA negotiations and had in fact been subordinated to its progress. It was seen as imperative that an agreement is concluded quickly.

From the European side, it was stressed that a strategic partnership with the GCC exists and that there was a strong commitment in furthering relations. The upcoming visit of German Chancellor Angela Merkel

mentioned that the EU could not afford to sit around and wait for additional consequences to materialize. Instead, active EU involvement in regional issues was seen as essential and urgent.

Expert presentations on key areas of cooperation were given from both a European and a Gulf perspective. In terms of money and finance, it was mentioned that a successful FTA would not only foster greater economic integration between the two sides but also strengthen the broader financial ties. As far as the Gulf is concerned, however, successful trade integration also requires the establishment of reliable legal frameworks in addition to the further development of non-oil industries. On these fronts and also with regard to bringing about the key GCC projects of establishing a common market and a common currency, the EU can serve as a successful role model including the introduction of convergence criteria, the design of proper monetary and fiscal policies and the necessary technical preparation that would be necessary. Other specific suggestions put forward for consideration included liberalizing the respective investment environment with regard to areas in which each side enjoys a comparative advantage such as the GCC in petrochemicals and energy-related industry and the EU in manufacturing and financial services; the further expansion and resumption of various economic dialogues also in regard to the private sector and the research community; and the resumption of business-to-business forums for business leaders outside the already existing trade exhibitions.

With the debate over energy security having assumed particular importance recently as far as Europe is concerned, it was pointed out that a fundamental convergence between the GCC and the EU currently exists regarding an average price of about \$55 for a barrel of oil. As OPEC's share of global oil reserves is already close to 80 percent and as non-OPEC supplies begin to decline, it will mainly be the GCC and other Gulf countries that will assume the rising share in



Focusing on four key areas – finance, energy and water, political and security dialogue, and education – the meeting was aimed at providing practical suggestions that governments could deal with to promote better understanding and greater cooperation. Much of the discussion stressed the need for bringing the negotiations over the GCC-EU free trade agreement (FTA) to a conclusion as soon as possible. In addition to the remaining technical issues that still need to be resolved, there was agreement that both sides need to also look into the actual implementation of the FTA once the agreement is reached by both

to three GCC member states was cited as evidence of this dedication. Similarly, the GCC side argued that the EU as an institutional actor was not only accepted, but also wanted and needed. In this context, the EU offers the Gulf region the possibility of a strategic vision that could prove instrumental in ultimately overcoming many of the challenges and instabilities which confront the Gulf. Given the current fragile security environment which includes suspicion about Iranian intentions, the fear about implications from the continuing Iraq crisis and the GCC States' lack of faith in current US policies, it was specifically

the expanding global oil trade. This in particular points towards the need of the GCC and the EU to explore cooperative aspects in the field of energy.

Here, the discussion produced numerous specific policy proposals ranging from EU encouragement to have GCC crude oil traded freely; the management of strategic energy stocks with the EU bearing the costs for establishing storage facilities in exchange for GCC “deposits”; investment in various logistic projects including pipelines; the establishment of a joint EU-GCC energy technology center to undertake joint collaborative projects; and the creation of a joint EU-GCC board to promote private energy services in the GCC States. Furthermore, it was argued that much more could be done in the field of climate policy ranging from promoting alternative sources of energy, exploring the feasibility of nuclear power generation in the GCC countries and bringing about a partnership on carbon capture and sequestration. The inclusion of the GCC in the successive frameworks of the European Commission’s Directorate for Research should also be actively pursued.

While the EU’s relationship with the GCC States has been dominated by economies ties, the political and security dialogue between the two sides has gained increased relevance in recent years. With terrorism, Iraq, the Iranian nuclear file, Lebanon and the Palestinian issue being at the forefront of international concern, much of the discussion focused on the role the EU could play to assist in bringing about greater stability in the fragile Middle East.

All participants agreed that time is indeed short and that there was a need for the EU to break out of its comfort zone and become more pro-active in the region. This included a call for a combination of both immediate action and a long-term strategic vision around which both sides could orient themselves. From the EU side, it was pointed out that dialogue structures as they exist at the moment do have their limits and that one should not look at the EU as the one organization that has all the answers to the regional problems. As such, it would be necessary to push forward with an additional effort to identify the exact contours of the so-called “strategic partnership” and to begin a prioritization project by which items which demand immediate attention can be identified. Nevertheless, it was mentioned that the EU needs to also engage the GCC States more effectively in terms of some of the initiatives coming from the region and also that the EU needs to promote its policies through more effective public policy methods. All in all, the EU is seen as offering some substantial benefits to the region and also as providing an alternative approach to some of the disappointing US policies of the past few years.

The final focus of the meeting was on the area of education where in the past mutual misconceptions and the human development needs of the GCC states have failed to build on significant opportunities that exist. While the Gulf education sector is indeed expanding quite rapidly, there is still only limited attention for European studies in addition to very limited opportunities for Gulf studies in Europe. Part of the reason cited was also the EU’s neglect and

or unwillingness to contemplate funding initiatives via the GCC. Nevertheless, the meeting provided a number of possibilities on both the tertiary and secondary levels including twinning programs between EU and GCC universities, the development of distance-learning structures, to have one major European University institute in each of the GCC states, and the idea of promoting greater teacher training projects. One particular concept was to consider re-starting the Gulf Studies/European Studies project that had been close to implementation at the end of the 1990s. In order to avoid this becoming a funding issue, a dedicated fund could be established to receive contributions from EU, GCC as well as private sources. Finally, it should be possible to establish a working group that could report on progress within a specified timeframe.

There was no doubt among the participants that this might indeed be an opportune moment to invest more time in looking at the substance of the current EU-GCC relationship. Without a doubt, the recognition within the EU of the ever increasing role that the Gulf region plays when it comes to issues of peace and security, energy and economic development is a welcome trend that needs to be further solidified. Within the Gulf, the GCC states are an important dimension and to limit the interaction simply to the signing of a FTA would be short sighted indeed. Meanwhile, the determination by Germany, as the EU’s president, to break out of the present mold left room for optimism that greater achievements could still be attained.



Forget the Forbes List!

Recently I got a call from a journalist who was seriously worried that the number of billionaires in the UAE, and the Gulf Cooperation Council (GCC) countries at large, lags behind other world regions. It seemed to hurt his national pride and sense of achievement. Closer scrutiny reveals that the relative number of high net worth individuals in the GCC is high and quite a few of its billionaires belong to the heads of state category which is registered in a separate Forbes list. The more crucial point, however, is that the number of billionaires is not a suitable indicator and says precious little about an economy's health. More important is the economic well-being of middle classes, which has been severely undermined by rising inflation.

The Forbes Billionaires's list contains four billionaires from the UAE, 13 from Saudi Arabia, and four from Kuwait out of a total of 946 worldwide. At first sight these numbers seem to be overshadowed by heavyweights such as the US (372), Germany (55), Russia (53), India (36), and China and Hong Kong combined (41). But, of course, all these states command much bigger economies with larger populations. Thus, the per capita billionaire figure of the UAE with its four million population, for example, is actually higher than the one for Germany with its 80 million population, although in absolute terms it has less than a tenth of Germany's billionaires. The same is true for the "poorer" class of high net worth individuals (HNI), which the Merrill Lynch/Cap Gemini Wealth Report defines as those who command liquid assets of more than \$ 1 million, excluding real estate for own use. With 60,000 HNIs, the UAE has once again a considerably higher per capita figure than Germany with its 760,000 HNIs. On top of that, it must be taken into account that the Forbes list only includes wealth from businesses and registers heads of state under a different category. As most of the oil industry and large industrial enterprises are mainly state-owned in the GCC, the rulers of Saudi Arabia, Abu Dhabi and Dubai respectively make it in this bracket into the Top Five worldwide and would need to be added to the region's billionaires list.

Thus, the journalist who called me can feel relieved: There is no lack of rich people in the Gulf region, and it is not lagging behind other regions in the world. There is, however, an increasing social divide and besides eroding purchasing power even of among the middle classes, which is reason for concern. Recently a survey by recruitment agency Bayt.com and polling company YouGovSiraj revealed that wages have not kept pace with inflation rates in recent years. In 2006 alone, salaries in the GCC rose only 15 percent on average against a 24 percent rise in cost of living, according to the survey. Thus it tells us something we

were already suspicious about, namely that inflation figures are higher than officially acknowledged. In many GCC countries there is no official Consumer Price Index (CPI) and corresponding measurement of inflation. The UAE, for example, has just started to compile a CPI and so we have to rely on semi-official estimates by the IMF, which gauges the inflation rate in the UAE at 8 percent for 2006. However, banks like Standard Chartered have come out with substantially higher estimates in the double digit territory. If we take into account that surveys like the one by YouGovSiraj are mainly Internet-based and tend to over-stress the upper tier of white collar workers, while under-representing blue collar workers who are not likely to spend their days in front of a computer, the picture is even bleaker: A near doubling of nominal GCC GDP in the last five years went hand in hand with real wage losses of vast parts of the population, hardly a satisfying scenario.

But such developments have not been confined to the Gulf region. The wage share of GDP has been in worldwide decline since the

1980s, and especially the low skilled segment of the employment pool has been increasingly left out. Even well educated academics nowadays often face considerable problems in finding appropriate jobs and spend years in the loop of job hunting, unpaid internships and temporary employment. Therefore, the natural reaction to call for increased education and improved skills will not be a real solution; it will just offer temporary relief to more competitive individuals and regions in what increasingly appears as a rat race to the bottom. Faced with the rationalization potentials of the microelectronic revolution and limitless outsourcing choices of capital in a globalized environment, labor is in a bad bargaining position and achieves a lower price. That's not bad for labor alone; it's bad for capital as well. Richard Duncan, the Head of Investment Strategy at ABN Amro, has argued in his book "The Dollar Crisis"

that at the heart of the current global growth model is debt-financed US consumption, which has led to unsustainable global imbalances and an overweighed and fragile financial sector. He has proposed that an inevitable collapse can be mitigated by replacing such debt-financed demand with increased wages, a task he feels can be achieved with the implementation of a global minimum wage. That certainly flies in the face of the conventional wisdom of mainstream economics, but unconventional times will require unconventional thinking, and a wage hike for a GCC worker by a couple of dirhams, dinars or riyals might benefit the economy more than the advent of another billionaire in the Forbes list. The former will need the extra cash more anyway.

Dr. Eckart Woertz is the Program Manager, Economics, at the Gulf Research Center



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Visiting Scholars

April 1

Afshin Molavi, Fellow at the Washington-based New America Foundation, a non-profit public policy institute, held discussions on the growing relations between the Gulf countries and Asia.

March 22

A delegation of 26 students from the Centre for International Studies, Cambridge University, Britain, under the stewardship of Prof. Philip Towle, was briefed on the current developments in the Gulf.



March 11

Prof. Xiaojie Xu, Director of the Institute of Overseas Investment at the China National Petroleum Corporation's Research Academy of Economics and Technology in Beijing, and the Chief Professor of the Institute of Geopolitics and Energy Economics, East China Normal University in Shanghai – discussed ways of economically and strategically improving GCC-China relations.

February 19



Dr. Radhiya Yahya Al-Hashimi, Director of Environmental Center for Arab Towns, signed a memorandum of understanding with the GRC to further the concept of sustainable development in the Gulf region.

February 18



Mr. Khaled Al-Maena, Editor-in-Chief of Saudi-based 'Arab News', a leading newspaper of the Middle East, held talks on promoting the concept of research in the region using media tools and devising programs to train Gulf journalists in energy, security and finance issues.

February 8

An Indian delegation comprising of Indian Navy officers headed by the Chief of the Naval Staff, **Admiral Sureesh**

Mehta, and accompanied by **Consul-General of India Venu Rajamony** held discussions on the Gulf and Indian security environment as well as Indian Navy capabilities.



February 7

The Netherlands Ambassador, **David P.M. de Waal, Michiel den Hond**, Ambassador at Large, and **Mr. John Bisschop**, Director of the North Africa and Middle East Division in the Dutch Foreign Ministry.

The Managing Director of Japan Institute of Overseas Investment, **Yutaka Yamada**, and **Sumiko Teranaka**, Senior Analyst, Research and Analysis Department, discussed issues related to Iran's political, economic and security dimensions.

February 6

A five-member German Parliament (Bundestag) delegation, accompanying Chancellor Angela Merkel on her Middle East tour, discussed issues related to Iran, as well as the role of Germany and Europe in the Gulf.



Alberto Fernandez, Director, Office of Press and Public Diplomacy, US Department of State.

January 30

A delegation of businesspeople representing the German Federal Ministry of Economics and Technology visited the GRC. The visit was organized by the German Near and Middle East Business Association (NUMOV). The delegation comprised senior executives of German companies specializing in environmental technologies like waste



disposal and water treatment. They were briefed about the economic and environmental issues in the Gulf.

January 24

A four-member delegation from the Shanghai Institute of International Studies held discussions on the current events in the Gulf and on Gulf-Asia-China relations. The two institutes signed a memorandum of understanding to further mutually-beneficial academic interests. The delegation comprised of **Prof. Yang Jiemian**, – Vice-President and Senior Fellow; **Prof. Li Weijian**, – Director and Senior Fellow of Department of Middle East Studies (DMES); **Mr. Ye Qing**, – Deputy Director, DMES; and **Dr. Yu Hongyuan**, Deputy Director and Senior Fellow and of International Organization and Law Studies.



January 23

Dr. Ayoub Kazim, Executive Director of Dubai Knowledge Village.

January 17

Dr. Ali Al-Garni, Director-General of Riyadh-based Arab Bureau of Education for the Gulf States, an intergovernmental organization working toward unifying the education system in the region, was briefed about the role that the GRC could play as an education provider given its academic database, network and activities.



Dr. Koichiro Tanaka, Director, JIME Center-The Institute of Energy Economics, Japan, held discussions about possible cooperation between the two institutes.



January 14

Dr. Jon B. Alterman, Director, Middle East Program, Center for Strategic and International Studies (CSIS), Washington, discussed the possibility of working together on a Gulf-China relations project.



GRC Participation and Presentations

March 14

Made a keynote address titled “Key Economic Challenges Facing the GCC Countries” at the inaugural session of the annual conference of the Middle East Economic Association at the Sheikh Zayed University in Dubai. Also delivered a lecture titled “A New Age of Petro-dollar Recycling?”



March 11

Delivered a lecture on “The Macroeconomic Scenario in the GCC Countries” at the German Business Council in Abu Dhabi.

February 24-27

Participated in the Jeddah Economic Forum in Saudi Arabia. The theme of the forum was “Economic Reform: Flourishing Grounds and Expanding Horizons.”

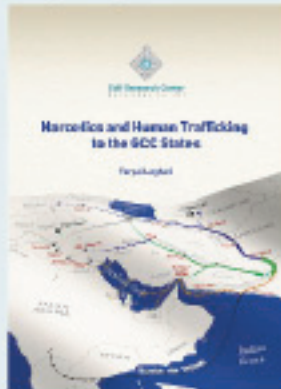
February 4

Delivered a lecture on “The Gulf and Europe’s Energy Security” at the German Business Council in Dubai, UAE. Apart from highlighting the future importance of the GCC countries for European energy supplies, the emphasis was on the challenges of enhanced oil recovery, role of natural gas exports, issues of security of transport routes, energy conservation and renewable energy.

January 24-25

Speaker at two workshops at the World Economic Forum in Davos, Switzerland – “Democracy Beyond Elections: The Future of the Western Model” and “The Future Series: Building the Skills of the Future.”. Also participated in “The GCC Countries and the World: Scenarios to 2025” workshop.

***Narcotics and Human Trafficking
to the GCC States***
Faryal Leghari



***GRC
Annual Report 2006***



***Education Policies
in the GCC States***
Salem Al-Khaldi



***GCC Stock Markets:
Managing the Crisis***
Eckart Woertz



***GCC-Japan Relations
Kuwait Looks Toward the East***
Khizar Niazi



Information Technologies
Umar Benna



***Security & Terrorism
Research Bulletin (Issue 5)***



***Gulf-Asia
Research Bulletin (Issue 1)***



***Gulf Monitor
(Issue 3)***



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February 19

The Environmental Center for Arab Towns (ECAT) will cooperate and collaborate with the Gulf Research Center on environmental issues, especially awareness, training and waste management.



The ECAT is a scientific research institute dealing with issues concerning the natural resources and sustainable development of Arab cities, and specializes in offering consultation and research services in different environmental fields to all Arab Town Organization members. The center's headquarters is in Dubai.

February 15

The agreement with JIME Center, The Institute of Energy Economics, Japan (JIME-IEEJ), encourages working together in pursuit of greater national, regional and international awareness on issues pertaining to security and stability in the Gulf region and Japan. The two organizations will collaborate in the areas of research, policy facilitation and implementation.



JIME-IEEJ is the only non-profit, private research institute in Japan specializing in Middle Eastern economies and politics in particular, and worldwide energy issues in general, with three core groups focusing on the GCC countries, as well as Iraq and Iran.

February 1

The GRC signed a memorandum of understanding to be the "Lead Knowledge Partner" for the Arab-Asian Dialogue organized by the Young Arab Leaders on April 27-28 in Singapore.



As part of the agreement, the GRC will provide concept papers for some of the plenary sessions, summarize topics to be debated, provide a list of questions on each of the sessions for use by the respective moderators, and provide relevant background literature and documentation services.

The Young Arab Leaders is a network of Arab men and women who have seen the power of action in their own lives, reached unprecedented levels of success for their age, who are positive and can see beyond today's difficulties to that vision of a prosperous Arab future. These leaders are currently in prominent positions of responsibility and are

destined for extraordinary achievement, and they believe that their efforts today can have an impact on their communities, countries and the region as a whole.

January 24

The Shanghai Institute of International Studies (SIIS) signed a MoU with the GRC to pursue the creation of greater national, regional and international awareness on issues pertaining to security and stability in the Gulf region, China and the broader Asian region. The SIIS is a leading Chinese think tank dedicated to advancing China's knowledge of international affairs, improving its foreign policy making as well as facilitating Shanghai's opening-up and modernization processes. It is a multi-disciplinary research institute with 10 country and area studies departments and five centers of issue studies.



January 4

A special agreement with the Bertelsmann Stiftung of Germany allows the GRC to translate and publish the Arabic version of the Bertelsmann Transformation Index (BTI) 2008. The project is meant to make the BTI information better accessible to the Arab world.



The Bertelsmann Stiftung is an independent and nonpartisan think tank and agent for social change. It works to promote steady development that leads to a sustainable society – education, just and efficient economic system, preventative healthcare system, a vibrant civil society and greater international understanding.

January 2

Apart from facilitating exchange of information and scholars, the agreement with Johns Hopkins University School of Advanced International Studies (JHU-SAIS), Bologna Center, Italy, is expected to enhance on-the-job experience through internships for JHU-SAIS Bologna students at the GRC and help in the admission of Gulf students in the institution.



The JHU-SAIS Bologna Center is a full-time graduate-level international relations program in Europe under the American system. Established in 1955, the center has promoted an international composition of students, faculty and staff. It offers an interdisciplinary program of studies, with an emphasis on European studies, international economics, politics and history.



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Website: www.grc.ae

Making Headlines...

- Prospects for Kosovo's independence
Khaleej Times (UAE), March 31
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Associated Press, March 29
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Associated Press, March 29
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Khaleej Times, March 24
- Dubai-Iran ties thrive against odds
Agence France-Presse, March 22
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Associated Press, March 20
- Forget the Forbes List!
Khaleej Times, March 17
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The Peninsula (Qatar), March 16
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Middle East Online, March 14
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Associated Press, Feb. 10
- On a collision course with no escape route
The Brunei Times, Feb. 10
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Khaleej Times, Feb. 6
- Merkel's pivotal Mideast visit at a critical time
Arab News, Feb. 6
- A trip highlighting Germany's regional importance
The Daily Star, Feb. 6
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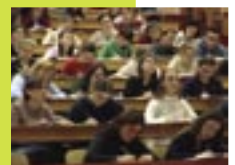
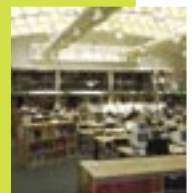
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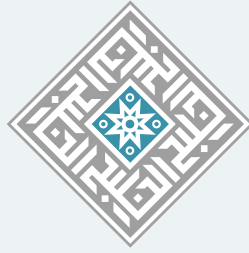
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