

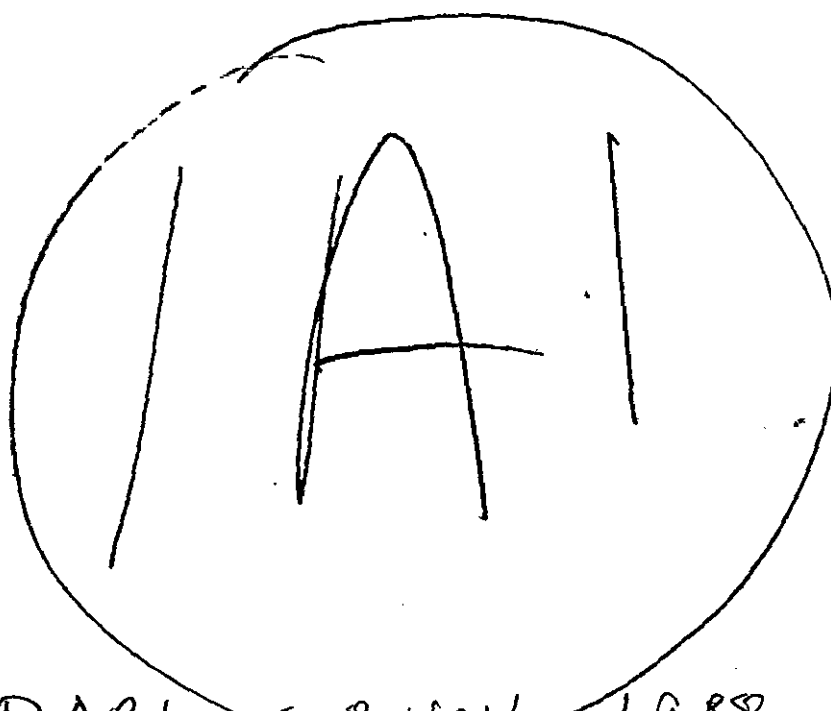
ALIBONI

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ISTITUTO PUGLIESE  
DI AFFARI INTERNAZIONALI

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BARI, 6-8 NOV. 1988

ARAB-EUROPEAN DIALOGUE  
Fourth Session  
Istituto Pugliese di Affari Internazionali  
Bari, 6-8/XI/1988

1. "Programme of the meeting"
2. "Final list of participants"
3. "The intifada and the balance of power in the region"/ Yusif A. Sayigh
4. "The Community's 1992 liberalisation and the Arab-European dialogue"/ Giuseppe M. Sfligiotti
5. "Arab-European economic prospects"/ Jawad Anani
6. "Italian cooperation for development in the Mediterranean basin and the Near East"
7. "State and prospects of Arab European cooperation"/ Hassan Al Ebraheem

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INTERNAZIONALI - ROMA

n° inv. 8554

BIBLIOTECA

Arab-European Dialogue  
Fourth Session  
6-8 November 1988  
BARI  
Hotel Villa Romanazzi Carducci  
Via G. Capruzzi, Bari

Programme of the meeting:

6 November 1988:

20.30 p.m.

Dinner at the Hotel

7 November 1988

Security cooperation

9.15 a.m.

1st session, chairman Rainer Büren:

- "Regional Security Conditions and Prospects in the Middle East and the Gulf", Ghassan Salameh
- "The Palestinian Uprising and the Balance of Power in the Region", Yousif Sayigh

11.15 a.m.

Coffee break

11.45 a.m.

2nd session, chairman Hassan Al Ibrahim:

"Security conditions and prospects in Europe and out of the Nato area cooperation", Mr. P. Williams

13.30 p.m.

Lunch

Economic cooperation

15.00 p.m.

3rd session, chairman Roberto Aliboni:

"The Community's 1992 liberalization and the Arab-European dialogue", Giuseppe Sfligiotti

16.30 p.m.

Coffee break

17.00 p.m.

4th session, chairman Saad Eddin Ibrahim:

- "Economic prospects in the Arab East and West European cooperation", Jawad Anani
- Italian development cooperation and the Arab dialogue", Paolo Ducci

20.30 p.m.

Reception by Puglie Region

8 November 1988

The state of cooperation, panel discussion

9.30 a.m.

5th session, chairman Cesare Merlini:  
"State and prospects of Arab-European cooperation":  
Hassan Al Ibrahim; Saad Eddin Ibrahim; Keith Kyle;  
Hanns W. Maull; Adnan Omeran; Leila Sharaf

12.30 p.m.

Lunch

14.00 p.m.

Sightseeing tour

9 November 1988

Departures

Arab-European Dialogue  
Fourth Session  
6-8 November 1988  
BARI

FINAL LIST OF PARTICIPANTS

Arab Thought Forum (ATF)

- Dr. Hassan Al Ibrahim, President, Kuwait Society for the Advancement of Arab Children, Kuwait
- Mrs. Duriah Awni, Correspondent, French News Agency, Rome
- Dr. Fahd Fanek, Senior Researcher ATF, Amman
- Prof. Saad Eddin Ibrahim, Secretary General ATF, Amman
- Dr. Adnan Omran, Arab League, Tunis
- Mrs. Hala Sabri, Assistant for Admin. to the ATF Secretary General, Amman
- Dr. Moh'd Sayed Said, Al Ahram Center, Cairo
- Prof. Ghassan Salameh, Université de la Sorbonne, Paris
- Dr. Yousef Sayegh, Economic Consultant, Beirut
- Mrs. Leila Sharaf, Former Jordanian Minister of Information, Amman

Forschungsinstitut, Deutsche Gesellschaft für Auswärtige Politik (DGAP)

- Dr. Rainer Büren, Stiftung Wissenschaft und Politik, Ebenhausen (Munich)
- Annette Jünemann M.A., Stiftung Wissenschaft und Politik, Ebenhausen (Munich)
- Prof. Hanns W. Maull, Katholische Universität Eichstätt
- Dr. Bernhard May, DGAP, Bonn

Foreign Policy Institute (FPI)

- Dr. Seyfi Tashan, Director, FPI, Ankara

Institut Français des Relations Internationales (IFRI)

- Dr. Bassma Kodmani-Darwish, Research Director, IFRI, Paris
- Prof. Philippe Moreau Defarges, Special Adviser to the Director, IFRI, Paris

Istituto Affari Internazionali (IAI)

- Dr. Roberto Aliboni, Director of Studies, IAI, Rome
- Couns. Francesco Bascone, Political Planning Unit, Ministry for Foreign Affairs, Rome
- Prof. Pier Giovanni Donini, University of Venice, Venice
- Couns. Paolo Ducci, Directorate for Development Cooperation, Ministry for Foreign Affairs, Rome
- Dr. Vincenzo Granata, Directorate for Planning, Agip spa, Rome
- Dr. Laura Guazzone, IAI, Rome
- Prof. Cesare Merlini, President, IAI, Rome
- Dr. Giuseppe Sfligiotti, General Manager, Agip spa, Milan

Istituto Pugliese di Affari Internazionali (IPAI)

- Dr. Giorgio Cellamare, Secretary-General, IPAI, Bari

Royal Institute of International Affairs (RIIA)

- Dr. Keith Kyle, Special Assistant to the Director, RIIA, London
- Dr. Phil Williams, Head of International Security Programme, RIIA, London

THE INTIFADA  
AND THE BALANCE OF POWER IN THE REGION

YUSIF A. SAYIGH

Paper presented at the Fourth  
Arab-European Dialogue, held in  
Bari, Italy, 6-8 November 1988.

THE INTIFADA  
AND THE BALANCE OF POWER IN THE REGION

Yusif A. Sayigh

INTRODUCTION

Virtually all Palestinians in the diaspora, and in those parts of Palestine occupied by Israel in 1948, and most non-Palestinian Arabs, feel euphoric about the Intafada -- the Uprising in the Occupied Territories (OT), that is, the West Bank and Gaza Strip which were occupied in June 1967. The feeling is understandable and justifiable in view of the admirable courage, the cohesiveness, the self-reliance, and the tenacity of the Palestinians of the OT, in conducting an unarmed struggle for liberation against the formidable Israeli military machine.

The struggle is all the more admirable as it has been conducted for eleven months now, with no direct, physical participation by any Palestinians from outside the OT, with only marginal external financial support to lighten the extreme economic hardships suffered by the OT, and no more than verbal and mostly lukewarm solidarity expressions by the Arabs -- governments and general public alike.

Internationally, the socialist countries and most Third World countries have expressed diplomatic and political support inside and beyond the United Nations forum. The Western European countries have voiced less firm and generally sporadic and shy support. And the United States has satisfied itself with certain indications of discomfort because of the excesses of brutality by Israel, its close "strategic ally", but the expression of such sentiments has derived from humanitarian

rather than political considerations, and has brought with it no concrete relief. However, American criticisms of Israel have been hesitant, rare, and far apart.

In contrast, Israel has continued to receive uninterrupted and massive military, technological, economic, diplomatic, and political support from the United States. Though the U.S. government stands virtually alone among the scores of governments in the international community, with respect to the volume, diversity, and quality of its support for Israel, this support is both overwhelming and decisive in tipping the balance heavily between Israel and the Palestinians in the OT.

Yet it is necessary to pose a few questions which ought to be considered with respect to the balance of power in the region (BPR): Has the BPR tangibly altered as a result of the Intifada? If not, why not? And if it has altered, in what ways and within what time horizon will the change in the pattern of power distribution be seen? Above all, what are the objectives in the pursuit of which the Palestinians hope for a radical change in the BPR? It is these questions that this paper sets out to address.

But before attempting to search for possible and plausible answers to the questions, I would like to confess that I am not a specialist but only an amateur in political and strategic analysis, my training having been in the field of political economy. This limitation notwithstanding, I hope my analysis will not be unbearably amateurish, and will contribute something to the discussion of the matter under consideration.

I. THE BALANCE OF POWER IN THE REGION  
AND THE OBJECTIVES SOUGHT

It is appropriate, methodologically, to begin with the last question posed in the Introduction. And it is certainly necessary to state that I undertake the whole enquiry from a normative standpoint; thus, like all Arabs, though there must certainly be shades of difference in preference, in emphasis, and in hope, I am searching for signs of a change in the structure and pattern of distribution of power in the region, which could and would be capable of leading to the achievement of certain specific, desirable objectives.

At the risk of oversimplification, I can venture to propose three sets of objectives. To make reference to them convenient, I will designate them as the minimal, the maximal, and the intermediate sets, a classification which is essentially made on the basis of the ambitiousness and the reach of the objectives, and of the time-horizon assumed as vital space for the expectations underlying each set of objectives. In identifying and defining the objectives within each set I will bear in mind, and as far as possible and legitimate associate each of the sets with the school of thought that advocates and claims to seek it, within the Palestinian political community. There are certainly Arab as well as non-Arab groups and individuals, that empathize and even identify with the sets of objectives and the schools of thought that espouse them. But I will not dwell any longer on this point in order not to diffuse the focus of the discussion unnecessarily.

The present section of the paper simply contains an identification of each of the sets and its components, and the grounds usually chosen for the legitimization of these components. But it is the following sections that examine the deter-

minants of the feasibility of the achievement of the objectives. In all cases, the Intifada is taken to have become the primary catalytic agent or trigger mechanism, that makes possible (or at least promises to make possible) the generation of the dynamics of change in the balance of power in the region. It is such change which is a sine qua non for movement towards the objectives. However, though change is being referred to within a regional context, there are international determinants which are forceful in generating <sup>change</sup> within the BPR. With the preceding observations in mind, we now turn to the identification of the sets of objectives.

#### The Minimal Set of Objectives:

The school of thought which is generally believed to be the most pragmatic and realistic, and the most active within the Palestinian political community, espouses and advocates the minimal set of objectives. This "community" comprises the overall structure and institutions of the Palestine Liberation Organization (PLO), at the top of which stands the Palestine National Council (PNC); the various Resistance Organizations (RO); and the independent, but politicized activists whether or not they are members of the PNC or of any of the institutions of the PLO. The school which works for the minimal set of objectives includes notably Chairman Yasser Arafat and like-minded leaders in his RO, Fateh; the leadership of the Democratic Front for the Liberation of Palestine (DFLP), though it attaches itself sometimes to the intermediate set; a large number of the independent or non-affiliated members of the PNC; and probably a majority of other non-affiliated intellectuals, professionals, and leading businessmen outside the umbrella of the PLO. The objectives within the set being considered are;

1. Recognition by the United States and Israel of the PLO as the sole and legitimate representative of the Palestinians;
2. Recognition by the United States and Israel of the right of self-determination of the Palestinians, and therefore their right to declare and establish an independent state on Palestinian soil, and to decide whether or not to establish constitutional organic ties with Jordan, and what ties to opt for; and
3. The withdrawal of Israel, the occupying power, of all the territory occupied in June, 1967, namely the West Bank and Gaza Strip, including East Jerusalem. (The Hama salient, to the south-east of Lake Tiberias, was also occupied in 1967. But it had been since 1948 under Syrian control and is considered part of the occupation by Israel of the Golan Heights. It can probably only be evacuated as part of the process of evacuation of the Heights.)

The legitimacy of these demands derives not only from the inalienable, natural right of the Palestinians to independence, but also from the inadmissibility of the acquisition of territory by force, and from the spirit and explicit wording of the United Nations Charter and various UN resolutions taken together as an integrated expression of the will of the community of nations. In contrast, Israel and the Western countries, but most particularly the United States, insist that no objectives can be set a priori as irreducible demands, and that all demands or claims, as well as counter-demands and counter-claims, should form the subject-matter of negotiation, either bilaterally between the

Arabs and Israel (or the Palestinians and Israel), or inside an international peace conference.

There are drawn-out arguments and disagreement with respect to such a conference between Israel and the United States on the one hand, and the Arabs and the many governments that join them in advocating an international conference, on the other. The disagreement centers around the principle itself of convening the conference, and the extent of its powers if convened. But the divergence of attitudes with respect to an international conference is well known and need not detain us here. What is of critical relevance, however, is that nothing below the demands cited earlier can be acceptable to the minimalists. And therefore, no pattern of power distribution in the region that seems incapable of realizing these objectives can be satisfactory to the Palestinians and conducive to their demands. Any leadership network that declares its willingness to go below the floor of the minimal objectives will lose its legitimacy among the Palestinians and the Arabs. The penalty would be particularly harsh in view of the fact that the two other sets of objectives go much beyond the minimal set, as we shall see shortly.

It ought to be indicated right away that the most of Palestinian political community realize that there is a definite price that will have to be paid against the acceptance of Palestinian demands. This includes: the declaration of peace between Israel on the one hand, and the Palestinians and the adjacent Arab states on the other; the acceptance and recognition of the state of Israel; and the final closure of the policial "file", particularly with respect to the alteration of frontiers in the future.

The central argument of the minimalists in defence of their position

rests essentially on the nature of the present balance of power between Israel (and the United States, its major supporter), on the one hand, and the Palestinians (plus the Arabs, and their non-Arab supporters), on the other. This balance is heavily tipped in favour of Israel -- militarily and politically. The minimalists maintain, first, that the balance cannot presently be altered tangibly in favour of the Palestinians and, secondly, it is not expected to alter noticeably in the short run.

Indeed, they maintain -- in low voice if not aloud -- that the Arab community of countries is not likely in the foreseeable future to change its attitudes and its struggle-readiness, strongly and effectively enough, to obtain for the Palestinians anything beyond the minimal objectives. They go yet further to express their fear that the Arab region may experience even greater and more widespread political deterioration and fragmentation, and suffer heavier external dependence. In short, no transformation in Arab society of historical dimensions is expected in the short or medium term, capable of enabling the Palestinians to set their sights beyond the minimal objectives. Furthermore, the climate of detente at the international level is expected to make the USSR offer more concessions to the US, than the latter is expected to make. Thus, the minimal objectives seem to the minimalists the maximum possible, given the complex of relevant factors and circumstances governing the situation.

Because an important section of the Palestinian public adheres at least to the intermediate, more ambitious set of objectives, the minimalists take pains to justify the objectives or demands of their choice, beyond the central argument based on the reality of a balance of power tipped heavily in favour of Israel. Thus they go

on to emphasize two further points.

The first is that time is not working in favour of the Palestinians (and the Arabs), in spite of the expansion and growing sophistication of the Arab economies; the huge numerical differential between the 200 million Arabs and the mere four million Israeli Jews; the impressive strides made in Arab society since independence, in the fields of education, technical training, and health; and the vast arsenals of armaments built up by the Arabs since the early 1970s. This stock-taking leads the minimalists to point to the fact that the military, political, and technological gap between the two sides of the controversy is not only wide, but growing wider every year. Hence, they argue, time is not in the service of the Arabs, essentially because they are not making good use of it nationally, regionally, and internationally. Hence the option chosen.

The second point emphasized is that there are strong reasons to believe that the minimal objectives are achievable today. These reasons will be reproduced below, as they are an issue of great relevance to the paper.

The minimalists insist that they do not exclude the possibility of the emergence of more satisfactory political options in the future. They declare their readiness to "leave the file open and active", or even force its reopening, for future reconsideration of the Palestine cause and the pursuit of more ambitious objectives, such as those comprised within the intermediate or even the maximal sets. This is of course predicated on the occurrence of appropriate developments in the Palestinian society, but essentially within the Israeli society and polity, in the Arab region, and within the United States political establishment.

The final argument presented by the minimalists in favour of the option they espouse is that an independent Palestinian state can be viable economically beyond the first few lean years of its life. The basic assumption underlying such a view is that Palestinian society is dynamic and resourceful, the workforce has a well-trained and qualified component which is proportionately large in Arab terms. Furthermore, this society also has an energetic business community, with a notable number of businessmen who<sup>have</sup> achieved marked success in the various economic sectors. These can be a source of finance for relatively considerable investment.

Finally, an independent Palestine consisting of the territories occupied by Israel in 1967, can compensate for the paucity of its natural resources, through association and meaningful complementarity and cooperation with the economy of the Arab region at large. Naturally, the minimalists also maintain that it is warranted for a future independent state to expect economic aid in various forms from the better-off Arab countries and from the national and regional development funds.

Where does the Intifada fit into such minimalist analysis? Such a question is very relevant to the central concern of the present paper and deserves, therefore, careful attention. In attempting to formulate a plausible answer, I rely not only on analysis and deduction, and on expectations thought by the minimalists to be legitimate, but also on very lengthy discussions I conducted very recently with members of the highest rung in the pyramid of Palestinian leadership and of the immediate ring of its advisors and assistants. In addition, I have had discussions with some talented

and mentally-explorative young, "independent" Palestinian analysis specialised in political and strategic studies. However, I would like to state right away that I will be only reporting my findings, since I distance myself from the final conclusions reached by the respondents within the leadership network. Why I distance myself will become clear during the subsequent discussion.

The basic position taken by the minimalists is that the Intifada has indeed brought about a shift in the BPR, tangible enough to permit the expectation that a duly-empowered international peace conference, convened to consider the Palestinian-Israeli problem, would result in Israel's withdrawal from the territories occupied in June 1967. They impute this essentially to the impact of the Intifada and to its inherent nature, qualities, and achievements.

In addition to all this, the minimalists maintain that the impact of the Intifada on Israeli society, and on the political<sup>and</sup>/military establishments, has been immense and is about to become critical. The criticality is subsumed under the contention that Israel would be made to accept withdrawal from the OT by the international conference. (This contention in turn is predicated on the assumption -- even the conviction -- that the United States would apply the necessary pressure in that direction. Furthermore, the Intifada is considered by the minimalist leadership to have magnetized attention, and a large measure of sympathy within the international community, for the Palestinians in their plight under occupation.)

Before moving on to a discussion of the remaining two schools of thought, I must mention that there is one small variant of the minimalist school. The representatives of this variant do not

believe that the Intifada has already altered the BPR, enough to permit reasonable expectation of Israel's evacuation of the OT in the very short run - say, in one or two years. This small group acknowledge the enormous achievement of the Intifada, and the great credit it deserves. But the achievement, in their view, must not be emotionally, exaggeratedly, and rhetorically assessed beyond the limits of its inherent capabilities.

Indeed, they are concerned that most of the politicized among the 200 million Arabs and among the Palestinians in exile, seem today to transfer their present anxieties, and their hopes for the future, from their own shoulders to those of the Intifada activists. Furthermore, the small group of analysts under reference advise realism in the assessment of the extent to which the Intifada has already altered the balance of power in the region in concrete, real-politik terms. Finally, they consider the power of the Intifada to be in the fact that it has opened a window for hope in the future, if and when the area of this window is widened and properly exploited.

#### The Maximal Set of Objectives

The maximalists stand at the opposite pole from the minimalists. They refuse to give up the objective of the total liberation of the whole of Palestine from the Israeli occupations of 1948 and 1967. Though they would like to see a future in which both Arabs and Jews live together and enjoy equal rights and obligations, they insist that this should be in a state called Palestine, which has an overall Arab identity, and which would be capable of entering into any association it may opt for with other Arab states.

Although the maximalist school of thought as a whole adheres

to these objectives, it currently contains two wings: the first includes primarily the Popular Front for the Liberation of Palestine, PFLP; the Arab Liberation Front, ALF, although this is now a very insignificant organisation which has not been heard from or of for many years; and a number of independent or non-affiliated Palestinian intellectuals and professionals. This sub-school, which participates in the meetings of the PNC and in the Executive Committee of the LPO, seems -- by implication if not overtly and explicitly -- to have accepted the gradualism and phased approach which the minimalists espouse. Hence its acceptance of a settlement involving independence and statehood only for the Occupied Territories, though other phases of the struggle for the liberation of the rest of Palestine will somehow continue, as will the claim for the rightful ownership of the rest of Palestine.

The minimalists, as we have seen, also claims that they insist on hoping for a fuller and more satisfactory solution for the Palestine problem in the future, one which would allow for the liberation of a larger part of Palestine, and the return of a tangible part of the Palestinian refugees now in exile beyond historical Palestine. However, the claim is generally thought by critical analysts as merely lip service, and that the minimalists know full well that a settlement restricted to the OT is not likely to be challenged in the future by a reopening of the file of the Palestine problem, given the nature and structure of the BPR as expected for the foreseeable future.

The basic difference between the minimalists and the first sub-school of maximalists, in the present context, is that the

former define their position and set their objectives essentially on the basis of their conception of pragmatism and their reading of the course of evolution of the regional and international political environment. In contrast, the latter allow ideological considerations and the expectation of a fundamentally regenerated Arab nation with a concrete measure of Arab integration, to determine their position. If the past twenty years of political work and resistance activity have made the PFLP more flexible and less glued to their initial views, and readier to introduce new regional and international realities into their analysis, this does not yet show very clearly in their pronouncements and official position.

The second sub-school of maximalists, foremost among whom is the Popular Front for the Liberation of Palestine - General Command, differs from the first sub-school in two ways. First, it refuses gradualism, believing it to be unrealistic and nothing more than self-deception or rationalization. The second is that it refuses to take part in the meetings of the PNC or in membership in the Executive Committee of the PLO, as both these institutions are firmly controlled by a minimalist leadership. As this sub-school has made little contribution to the understanding of the problematique addressed by this paper, it will not be dealt with any further.

The nature of the maximalist objectives shows that these can only be achieved, if at all, in the very long run. This is because they rely on certain prerequisites and determinants which can only be satisfied very slowly, through a process of sweeping, radical transformation in Arab society and polity, in Arab liberation-oriented militancy, in the regional balance of power, and in the international attitude to total liberation. The present writer

feels that this paper is not the right medium for a wide-ranging futuristic exploration of what might happen in the next decade or two, if a large number of complex (and perhaps imponderable) factors are introduced as inputs into the analysis. Indeed, the exploration might then turn more into a recourse to crystal-ball gazing, than analysis.

Given the very demanding and tough conditions that will have to be satisfied for the transformation needed for the maximalist objectives to be at all possible of achievement, it is obvious that the Intifada is totally incapable of bringing about the radical alteration that has to occur in the BPR and in the international political climate, for maximalist hopes to have a slim chance to be vindicated. For, the alteration in question will have to be one of quality not of degree -- one in the context of which the Palestinians and their Arab brethren will become the stronger party militarily and politically, and the Israelis the weaker party -- within the region as well as within the international system. Consequently, I will not try to examine the impact of the Intifada on the chances of the maximal objectives to be achieved.

My attitude is not a denial of the legitimacy of the maximalist objectives. Indeed, the right of all the Palestinians to live in the whole of Palestine as a coherent community with its own identity, to be free, and to establish an independent state, is a natural and inalienable right. Besides, it is one which the spirit and letter of the United Nations Charter uphold. However, to say all this is not to say that the BPR has been, or can conceivably be altered because of the Intifada, to make such a legitimate right capable of translation into concrete reality. What is at issue here is realism, rather than legitimacy.

### The Intermediate Set of Objectives

The central theme of this set is to base Palestinian demands on the Partition Plan as contained in United Nations Resolution No. 181 (II) of 29 November 1947, which stipulated for the establishment of an Arab state as well as <sup>a</sup> Jewish state in Palestine. This theme is considered by those who advocate it to enjoy four advantages. First, it stands on grounds of legitimacy within the framework of United Nations resolutions, and on the fact that both the United States and the Soviet Union voted for it (along with other major powers, except the United Kingdom that abstained), and neither Great Power has formally and openly withdrawn "its signature". Secondly, the Plan allows the Arab state about 43 percent of the total area of Palestine (instead of the 23 percent which the areas occupied in 1967 constitute). The area assigned to the Arab state included what are now the Occupied Territories as well as Acre and the rest of northwest Galilee, and the cities of Jaffa, Lydda, and Ramleh; it also provides for the internationalization of Jerusalem. Currently, all the localities mentioned are under Israel's control and under its sovereignty, with the OT under occupation and Jerusalem placed under sovereignty.

The third advantage cited is the much greater absorptive capacity of the area assigned to the Arab state, than that of the OT. This would mean the return to Palestinian soil of a very large part of the Palestinian refugees now in exile outside historical Palestine. The fourth and final advantage is that, thanks to United Nations Resolution No. 194 (III) of 11 December 1948, associated with Resolution No. 181, the refugees who had to flee the area assigned to the Jewish state will have to be allowed back, or else to be compensated if they opt to stay outside this state.

The whole basis of the legitimacy claimed for this intermediate formula has been repeatedly challenged and denied by Israel (and through their silence by virtually all Western countries). This <sup>is</sup> because the Palestinians and the Arab states had refused the Partition Plan when it was first formulated. The present paper is not the right place to argue the legality and relevance of the Plan. The pertinent questions here and now are: Would an international conference convened to search for a settlement of the Palestine problem allow its agenda to extend beyond the fate of the OT of 1967? And if it did -- a faint hope indeed -- would the United States and Israel accept even to discuss the return to the Partition Plan at all as the frame of a possible settlement? Underlying these questions is a third basic question: Has the Intifada altered the balance of power in the region credibly and forcefully enough, regionally and internationally, to make the return to the Partition Plan a credible option for the Palestinians?

My answer to all these questions is <sup>in</sup> the negative. Any hope that it may be warranted to entertain, with respect to some formula of more favourable sharing of the territory of Palestine between Israel and an independent Palestinian state, can only be a matter for the rather distant future, if at all. Many conditions will have to be satisfied at the Palestinian and the regional levels, within Israel, and at the international level, for the balance of power in the region to shift enough to make Israel move in the direction of something like the intermediate formula under reference.

## II. WHAT HAS THE INTIFADA ACHIEVED SO FAR?

The discussion in the preceding section has indicated that the Intifada has not brought about enough transformation in the BPR, with the international aspects and ramifications of this balance, to justify hopes for movement towards either the maximal or the intermediate objectives. Indeed, the message of the discussion also suggests that the impact of the Intifada on the BPR is not strong enough even to permit the expectation that the minimal objectives can presently be reached.

Such a message is the cumulative result of the evaluation of the reaction to the Intifada by the various parties involved. Thus, although the reaction of the Arabs, the socialist countries, virtually all the Third World, and Western Europe has comprised greater understanding and sympathy than before, for the desire by the Palestinians for independence, it has not comprised a direct positive and tangible response in political terms, strong enough to bring about such independence in the immediate future.

Nevertheless, the Intifada has indeed brought about significant changes in the internal, regional, and international environments. These could be capable, cumulatively, if properly managed by the Palestinians inside and outside Palestine, and by the Arab states, of amounting in a reasonably<sup>^</sup>-<sup>^</sup>near future to a tangible shift in the BPR. Yet all this is only a potentiality, not today's harvest of the Intifada that can be collected straight away. It is therefore useful, at this point, to take stock of what has been achieved so far, and to evaluate it.

### The Impact Inside the Occupied Territories

The credibility and the urgency of the desire by the OT for independence through the withdrawal of the occupying power to where its rule reached just before the June war of 1967, has been well proven in the eyes of the world. The uprising that started on 8 December 1987 has not been basically caused by pressing economic necessity, or in protest against certain laws and regulations relating to arrest and detention, expulsion from the Territories, or even the strangling grip of the Israeli authorities on economic activity.

All these causes for discontent and even for rebellion were there, and in abundance. But the detonator deep down has been the anger and frustration, accumulated to exploding point during the twenty years of occupation, generated by the loss of national independence, the far-reaching stifling of personal freedom, the severe curtailment and violations of human rights, cruel dispossession, and the repression of the community's national identity. The Intifada came to shake off the burden and the humiliation of the situation prevailing. And it did that through the breakthrough it has made in the barrier of fear.

No miracle brought this change about. It came as a result of the conjuncture of a number of factors. These include: clarity of purpose with careful preparation; popular mobilization of all able-bodied Palestinians in the OT and their compact unity; the building of a broad base or network of leadership, which consists not of a handful of elite notables and politicians, but of hundreds upon hundreds of young activities in social, economic, and cultural institutions, in schools and uni-

versities, in cooperatives, in labour and the professions, in business associations - in villages and towns alike; a large measure of discipline and adherence to the directives of the Unified Leadership at the top of the pyramid of the network of leadership, with a large measure of secrecy; the circulation of leaders through the swift replacements of any who get killed, detained, expelled, or otherwise exposed; resourcefulness in the development of tactics and methods of action; restraint in the challenge to the security forces with a desire to stay within the circumference of civil disobedience as far as possible; increasing self-reliance, especially with regard to the provision of foodstuffs, and of medical and other essential services. To all these factors must be added resoluteness of purpose, courage, and the acceptance of heavy physical and material sacrifices.

A number of the factors listed made the Intifada possible in the first place. Together, they have allowed it to become more determined and to last as long as it has lasted, against cruel and otherwise overwhelming odds. But above all, the qualities and achievements of the Intifada, and the savage repression by the Israeli military machine, have together -- in juxtaposition -- made of the Palestinians under occupation a coherent, compact, and militant society, determined to struggle for its independence. Its struggle, and Israel's cruel vengefulness, have had far-reaching effects beyond the OT, and have created a worldwide constituency of sympathisers and supporters.

The Palestinian community in exile has also benefited, though to a lesser extent, from the sympathy and support. This is because the struggle has shown many in the world that the Palestinians in exile are also the victims of homelessness, landlessness,

and statelessness. And all because of Israeli occupation. Indeed, this community is larger (though by a little), than that still on Palestinian soil (in the areas occupied both in 1948 and 1967). In fact, the community in exile poses a very serious problem for the minimalists in their espousal of a settlement involving only the OT of 1967. Such a settlement merely attends to the pressing needs of the inhabitants of the West Bank and Gaza Strip, which constitute just over one-fifth of the total area of Palestine and hold just over one-fourth of the whole Palestinian population.

The advocates of the maximal and intermediate sets of objectives are convinced that the minimalist position amounts to an acceptance of the resettlement of more than half the Palestinian population outside Palestine; for most of these such a settlement would be effected by force. The minimalists are aware of this criticism. They counter with the argument that the future could create new circumstances which might enable the Palestinians to reopen the file of Palestine, and to achieve at least partial ingathering of the Palestinian "diaspora". Furthermore, the minimalists do not foreclose the possibility that the Israelis might, in the future, feel safe and relaxed enough next to an independent Palestinian state, and economically motivated enough, to enter into some formula for structural political association which would provide room for the return of a substantial number of refugees gradually.

#### The Impact of the Intifada on Israel

No doubt the Israelis have mixed feelings about the Intifada. But it is equally warranted to say that Israeli society has been

deeply shaken by the act of Palestinian uprising itself, as by its far-reaching implications. Our focus here will be more on <sup>small</sup> that/minority of individuals and social groups whose reaction and response tend to enhance the chances of the Palestinians in the OT for independence in a reasonably short time. But there will also be some references to that large majority of individuals and social groups whose reaction is to advocate more brutality and accentuated vengefulness in repression.

The former category of Israelis seem to have gone into soul-searching and self-questioning as a result of the Intifada and their government's political and military harsh reaction. The process of questioning has come to generate doubts (albeit among a very small minority) as to the morality, the wisdom, and the feasibility of continuing the occupation of the OT indefinitely. Beyond these broad considerations, there are specific causes for concern. One of these is of great immediacy: it is the brutal behaviour of an army whose role and function are considered to be the protection of the "frontiers", not police action. The repression practised is considered dehumanizing to the occupying power itself, and very harmful to the army since it distorts its external image as well as its self image. And it is potentially very disequilibrating and explosive for society. Also of immediacy, is the fear by some that the political leadership has been proven to be the victim of its own obduracy and blinkered ideological convictions, and the soundness of its judgement is therefore in doubt.

A number of Israelis are further questioning the wisdom and/or the practicality of keeping a large community (relative to

the size of the Jewish-Israeli population) forcibly under protracted occupation. Underlying this sort of anxiety is concern for the continued overwhelming Jewishness of the vast majority of the population. This concern must be read in the context of the alarm of Israeli Jews at the high rate of the natural population increase of Israeli Arabs, in the area of Palestine occupied in 1948. The more fanatical Zionists (in the Likud and extremist religious parties), faced with the demographic factor, have suggested the expulsion en masse of the Palestinians, as a form of "final solution". (Indeed, a "final solution" in reverse, where the erstwhile victims of a "final solution" become the perpetrators.)

The economic cost and implications of the Intifada are not negligible for the Israelis. While it is true that the largesse of United States aid lightens the financial burden on the economy, it is also true that the dislocations resulting from the commitment of large security forces to the OT, the loss to the Israeli economy of many thousands of Arab workers, the disruption in many productive activities, and the drop in Israeli exports to the OT (which used to be the second largest importers after the United States), together constitute a heavy burden on the economy, which it would be much better off without.

The Intifada has also posed problems for party politics. Thus, the Labour party and the groups that think of themselves as dovish, and leftist factions generally, feel that the parties and groups joined under the umbrella of the Likud are gaining political power and advantage within the Israeli reactionary constituency of the electorate. This is so because the Likud-type

policy of brutality and massive force against the Palestinians, springs from and further enhances in ideology of fanaticism, away from the pursuit of political solutions to the problem of occupation.

To conclude: It is difficult to generalize about the mainstream reaction of the Israelis to the Intifada. But it would seem that, while there is some unease about the continued occupation of the OT, and some sporadic, lone calls for their evacuation, the basic position of the two leading parties, the Likud and Labour, is still to say "No" to all basic Palestinian demands. These are: negotiations for a settlement with the PLO; the right of self-determination and to the establishment of an independent Palestinian state; the evacuation of more than selected parts of the OT (and here the Likud refuse any evacuation); and the return ever of any<sup>part</sup>/of Jerusalem to Arab control and sovereignty.

The only "Yes" by the parties in the ruling coalition is categorically unacceptable to the Palestinians. It is a "Yes" to negotiations with OT Palestinians acceptable to Israel, within the context of Security/Council Resolutions 242 and 338 as understood and interpreted by Israel. This interpretation is restricted to Israel's understanding of the Camp David Accords, according to which neither self-determination nor statehood are to be allowed to the Palestinians, but instead a truncated form of autonomy which leaves the control of land and water resources, and of security, in Israel's hands. As to evacuation, this will only apply to certain parts of the West Bank and Gaza Strip, probably within the framework of the old (but not defunct) Allon Plan.

Since the main political forces in Israel agree broadly on the stand just-defined, after 11 months of the Intifada, it can be inferred that Israel is still quite far from responding with sensitivity, wisdom, and farsightedness, to the new situation which events since December 1987 have made thinkable. It can also be asserted that the impact of the Intifada on Israel is still minimal, and far from altering the BPR.

#### The Impact of the Intifada within the Arab Region

It is very painful for a Palestinian to say that the action-oriented response of the Arab countries to the Intifada seems to be weaker than that of most West European countries, and perhaps even that of Israel and the United States. This harsh judgment is justified on two grounds: the organic ties of kinship between the Palestinians and the other Arabs; and the initial Israeli position of enmity, and American position of hostility, vis-à-vis the Palestinians. If rhetoric is put aside, the Arab response has so far taken the form of very limited financial support to the OT, and a smaller dose of political and diplomatic support. No huge demonstrations have been allowed to form and march in sympathy with the Palestinians under occupation, no demonstrable, binding solidarity has been forged among the Arab states to face the Israeli onslaught on the small unarmed population of the OT, and the huge arsenals of arms have remained under lock and key, "safe for future use", presumably in some worthier cause... The only one vocal reaction earlier on in the course of the Intifada was expressed by the leader of a major Arab country who announced that, if nothing were<sup>done</sup> to remove the cause for the uprising, the danger of political instability in

the Arab region could be great. The Palestinians at large did not find much consolation in the statement, and in its motives. (Perhaps the feeling of the leader in question was shared by some other leaders, but these have preferred to keep their thoughts to themselves!)

What has been said in the preceding paragraph may sound harsh. The present writer may even be blamed for "hanging Arab dirty linen" in public. However the truth must be said, no matter how harsh. The truth, in the present context, is that what the vast majority of Arab leaders say out loud has frequently been shown to be quite different from what they utter sotto voce, particularly in Washington, but also in other Western capitals. President Carter's assertion that no Arab leader had ever pleaded in his presence the case for a Palestinian state, remains unchallenged and uncorrected until today.

Jordan's new policy enunciated at the end of July 1988, concerning the severance of legal and administrative ties with the West Bank, and the justification given, to the effect that this action would make the PLO and the Palestinians in general more credible in struggling for the independence of the Occupied Territories, is the only explicit and coherent statement of policy regarding such independence. But even in this case, the cynics have not failed to express the concern that the policy may in the end prove to involve political double entente.

Indeed, it is fair to say that the only shift in the BPR that has occurred within the Arab countries as a result of the Intifada has precisely been the new Jordanian policy. Whatever the motivation behind it, it certainly has energized the search by the PLO (and the leadership network in the OT) for a political

formula to assert the eligibility of the OT for independence, and of the Palestinian people as a whole for a state of their own, on Palestinian soil. As a result, there is feverish activity now in PLO circles, for the elaboration of a Proclamation of Independence (even though Palestine in its entirety is under occupation), and the forging of a political programme for the immediate future involving, inter alia, the formation of a Provisional Government. At the time of writing, the convening of an extraordinary session of the Palestine National Council, to consider the Proclamation and the Programme, is only a matter of a few weeks. By the time this paper is given, the PNC may well have held the promised session.

The significance of this activity, as of the relative inactivity of the Arab governments - notwithstanding the last Summit Conference in Algiers -- must not be assessed merely on the basis of meetings held, conferences convened, or proclamations made. It would be an optical illusion to equate such "movement" with activity that has a promise of tangibly shifting the BPR in favour of the Palestine cause, and therefore of the Arabs in general. However, it seems to the present writer sufficiently clear that neither the PLO, nor the Arab countries at large, have generated a dynamism with enough reality and substance, parallel with the Intifada, that can engender legitimate promise of a concrete and tangible shift in the BPR. Such a shift ought to be of sufficient <sup>magnitude</sup> to make movement towards even the minimal objectives rewarding, within a time horizon shorter, say, than two years. For such a shift to occur, a number of conditions will have to be satisfied, as we shall see in the next section of the paper.

### The Impact of the Intifada Internationally

The major political centers of power within the international community, that are of direct relevance to the BPR, are the United States, the Soviet Union, China, and Western Europe. The power of the states involved flows directly through what they do (or refuse to do) with respect to the question of occupation-versus-evacuation, and indirectly through their main proxies -- Israel, and Syria to a much more limited extent. (The United Nations is not listed for the simple reason that the use of whatever power it has, can be aborted by the veto of any of the five permanent members in the Security Council. Furthermore, Israel can ignore United Nations, and even Security Council resolutions, so long as it knows that the U.S. government will stand behind it in challenging the will of the international community. There are dozens of instances in which such a situation has occurred.)

The United States has by far the greatest leverage in shaping the course of events, considering its own overwhelming power, and the volume, the multiplicity, and the quality of its support to Israel, and the fact that Israel is the main player in the game with the strongest trump cards in its hands. Indeed, the relationship between the United States and Israel is well beyond that between a donor of aid or a provider of support, and a recipient. It is one between two strategic allies, in written word and in substantive terms alike. These terms cover financial/economic, technological, political/diplomatic, and military aspects of support. In return, Israel both acts and poses as a proxy for the United States, protecting its interests and deterring the other regional states from exceeding the permitted

limits of defiance to the United States. The power base enjoyed by Israel, which makes it wield so much influence within, and on the United States political establishment, is no doubt well-known enough and calls for no elaboration.

But there is one point of relevance which needs to be made. This is that many Arab politicians and intellectuals contend that the close association -- even identification -- by the United States with Israel's attitudes and policies, is in reality counter-productive from the standpoint of American interests. They cite as examples the vast oil interests which the United States has in the Arab region; the size of the market which the region provides for the American economy, for armaments, for production and consumption goods, and for technology; and the resort of most of the Arab governments to the United States for protection, aid, or "advice", as the case may be.

The fallacy of such an argument is that the Arabs feel warmly at home in America's political and economic system. They hasten to reassure its government even if in whisper, of affinity, alignment, and dependence, whenever they make out-loud a faintly critical remark about United States policy. Furthermore, the political, military, technological, and economic weakness of the Arabs, plus their fragmentation and frequent debilitating internal disputes, justify America's treatment of them as "light weight" politically. The oil boom of the 1970s, which brought in into the Arab region hundreds of billions of dollars, did nothing to confer on the Arabs greater real power and political and economic clout.

Indeed, the region is more dependent on the United States,

now toward the end of the 1980, than it had been in the very early 1970s. And this dependence runs the whole gamut of relations, from the political and military to the economic, from the technological to the cultural. Would it be correct therefore to argue that the United States is wrong not to attach greater importance to the Arab states than to Israel, in the formulation of its policies for the region? And would the United States take the Arabs seriously, if for instance they threatened to turn to the Soviet Union for support, in view of America's virtually complete support of Israel's policies and behaviour? Washington is no doubt more agile mentally, than to take seriously Arab sulkiness and threats. It has both the carrot and the stick at its disposal to keep the Arabs on course -- but it seems hardly to need either.

Only one conclusion can be drawn from the discussion of the position of the United States as between the Arabs on one side and the Israelis on the other. This is that, while some sympathy has been generated for the Palestinians under occupation, thanks to the reporting by the American media of the Intifada and of Israel's brutal repression, the political establishment has not budged more than a few inches from its former policy towards Palestinian and Arab demands. The shift can be seen, if looked for carefully and patiently enough, in the terminology of official statements. Thus, there is now some reference to the "rights" of the Palestinians, but never to "self-determination" or "statehood" among these. Indeed, the denial of the right to self-determination, independence, and statehood has been made explicit over and over again.

Will the signs of growing sympathy among certain parts of the American public influence policy-making, so it would become more even-handed between the Palestinians and Arabs on the one hand, and Israel on the other? Such influence seems to be a very distant hope, considering the internal forces, both Jewish and gentile, that support Israel, and considering the lack of Arab credibility as a coherent, compact power to contend with. Hence the overwhelming doubt of the present writer that the U.S. government would apply pressure on Israel, say in the next couple of years, to accept the modest demand of the minimalists, even if the Palestinians and the Arab were willing to pay the political price. On the contrary, the United States endorses Israel's refusal of the demands, almost letter by letter. Given such an assessment, it is not warranted to claim, as some leading minimalists do, that the United States will put its weight behind an acceptable settlement in the OT, thus changing the structure of the balance of power in the region.

The Soviet Union, on the other hand, supports the demands of the minimalists and considers them reasonable and conducive to a just and lasting peace. (Indeed, the Arabic press occasionally reports that the USSR finds the contents of the intermediate set of objectives reasonable. But there is no firm evidence for such reports.) However, the political clout of the USSR is overshadowed in the region by that of the US. Its proxy par excellence is Syria. But it is probably warranted to say that the power of the USSR and of Syria lies in what they can stop from happening or of being accepted by the Palestinians, not in bringing about what they believe ought to happen in the pursuit of a regional settlement. The relative weakness of the USSR in the

present context derives from three causes: the preponderous power of U.S. itself and its staunch support for Israel; the affinity between the Arab states and the United States, which far exceeds that with the USSR; and the weakness of the Arab states in comparison with Israel. What adds to the limitation of the influence of the USSR in the region, and reduces the ability of this power <sup>to</sup> adopt a more aggressive policy, is the détente with the West but particularly with the United States, which it is trying to develop. The stakes in this détente are too important for the USSR to risk, in their cost-benefit calculations.

The sympathy for the Palestinians which had been a constant fact in the USSR politics for many years, has been intensified since the Intifada became a prominent fact in the region. Yet the follow-up by the USSR government to its own intensified sympathy does not seem to be translatable into the application <sup>of</sup> political influence, that is capable of changing the BPR considerably. It is probably safe to conclude that the main contribution of the USSR to a transformation in the BPR in favour of the Palestinians, would be felt through the supportive position expected to be taken in a would-be international peace conference, assuming such a conference had some real power to influence the course of the search for a formula for peace, and did not have merely a ceremonial function as the Israelis insist.

The Republic of China, also <sup>a</sup> permanent member of the Security Council of the United Nations that is expected to take part in the international conference, has steadfastly supported the Palestinians and upheld their right to self-determination, independence,

and statehood. In this it resembles the Soviet Union. But it differs from it in that it has refused so far to establish diplomatic relations with Israel. However, though committed to Palestinian rights, China is not likely to influence the desired shift in the BPR. Its influence in this connection can only be somewhat felt once an international conference with meaningful powers is convened. But as of the present, the sympathy, especially intensified because of the Intifada, cannot be considered a determining factor in a tangible shift in the BPR.

Finally, Western Europe. The United Kingdom and France have special importance in this area because, like the U.S., the USSR, and China, they are permanent members of the Security Council, and are therefore expected to participate in the international conference, along with <sup>Israeli and</sup> Palestinian/Arab participation. The Federal Republic of Germany and Italy, and perhaps more so Greece and Spain, are particularly sympathetic to the Palestinians. The EEC as a body had already taken a position supportive of the right for self-determination for the Palestinians. But no firmer, and more far-reaching position has been taken since the Intifada started.

Western Europe moves cautiously with respect to the Palestine problem, always looking sideways to make sure the community does not distance itself considerably from the United States. Consequently, it cannot promote a notable shift in the BPR through its sympathy and support for the OT. Indeed, it seems unlikely that the EEC will be willing to take a more independent and effective stance except after 1992, assuming the political and economic expectations of that turning point

prove justified.

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The harvest of the discussion so far conducted can be collected in a number of points which will be registered as follows:

1. Alteration in the balance of power in the region must be seen and understood insofar as it can make possible the achievement at least of the minimal set of objectives.
2. The parties to the process of the structuring of the BPR are not only the obvious ones within the region. It can be argued that the most important party is the United States, and that Israel's weight in the BPR is to a large extent<sup>4</sup> projection of that of the U.S.
3. The minimal set of objectives is the only one of the three sets that are in circulation in Palestinian and Arab political circles, which has any chance of being achieved under present circumstances. But even this set will not be endorsed by an international peace conference without some serious whittling of significant parts of its content.
4. Nevertheless, the conclusion is inevitable that the Intifada has not yet brought about enough change in the BPR to justify the hope and the expectation of the leading minimalists in the PLO, that their objectives can be reached, except within a time horizon reaching beyond the short run.
5. Yet, in spite of the shortfall of its impact on Israel, on the Arab states, on the Great Powers, and on the EEC countries, the Intifada has produced the potentiality for significant change in the situation, if its impact is effective.

tively managed and capitalized upon. This it has achieved through its success in bringing into bold relief the urgency and the criticality of the search for and pursuit of a formula for a settlement, -- even if only one based on the modest minimal objectives. In other words, the Intifada has generated a dynamics of change within the Palestinian community, particularly after Jordan's new policy of 31 July 1988, where a vacuum was created that needed to be filled with immediacy.

6. Though the Intifada has only produced a potentiality for a tangible shift in the BPR, its overall effect has been to open up options that had remained beyond reach before. The dynamics of change is now also felt in the Arab region (but without much effective commensurate response), and in the international community. However, the indicators in hand still fail to suggest that the response of the parties concerned will be able to lead to a complete evacuation by Israel of all<sup>the</sup> area of Palestine occupied in 1967, to meaningful self-determination for the Palestinians, and to independence and statehood. Anyway, not in the very near future. If we are to sum all this up in just two sentences, they could be: The Intifada is a detonator, not a liberator. Liberation calls for the satisfaction of many more conditions, and there will have to be a heavy political price for it.

### III. CAN THE POTENTIALITY BECOME ACTUALITY?

This paper could have ended with the last words of the last paragraph. But I was concerned that the tone of the conclusion to the preceding section would leave the reader with

the impression that there is no light at the end of the political tunnel for the Palestinians. Hence the present section, which is not meant as a morale booster, either for the writer or the reader. It is the product of conviction based on contemplation and analysis. However, it may also reflect a certain measure of incorrigible optimism in my nature. For any excess of optimism, I offer my apology in advance.

The answer I submit to the question in the title above is "Yes, but..." Having offered the answer before the reasoning lying behind it is quite unorthodox methodologically. But I commit such unorthodoxy because the reasoning is rather involved and full of qualifications, as will soon be evident.

It was stated earlier that there are a number of qualifying conditions that will have first to be satisfied, if the potential power of the Intifada is to lead to a settlement along the lines of the minimal set of objectives. The listing of these conditions will be made in the following few pages, albeit of necessity very briefly and with minimal explanation, as the paper is already longer than my mandate had allowed. Furthermore, I will deal with conditions that apply to the Palestinians (both inside the OT and in exile), and to the countries of the Arab region. The main actors in the international community are left out of account, because there is not much that can be done inside the region to directly alter the positions and policies of these actors; and because if radical change is undertaken inside the region, it will not fail to influence the positions and policies in question.

The conditions stipulated are meant to serve as prerequisites for a process whereby the Intifada could develop into a historic turning point or transformation within the overall Palestinian setting -- both inside and beyond Palestine; and as well into a turning point within the Arab region as a whole. The transformation involved will then produce a structural shift in the BPR, of enough magnitude to permit the achievement of the minimalist objectives.

Conditions Applicable to the Palestinians

1. That the Intifada remain energetic and be durable, and develop more tactics and methods that give it yet greater credibility as a popular, broad-based movement of civil disobedience.
2. That the leadership network remain at least as extensive as it presently is, and not to tend to become elitist and publicity-oriented.
3. That the present attitude remain predominant, namely that the major contradiction between the Palestinians and the Israelis is far more important than the minor internal contradictions, (whether ideological, intellectual, organizational, or political), between the various groups within the Intifada, such as those between Islamic fundamentalists and nationalists, rightists and leftists, businessmen and labour.
4. That the PLO, operating in exile, achieve a genuine organic fusion within its own leadership, which is presently a loose front with debilitating inner contradictions and divergence of views on certain central issues. Furthermore, the leadership should seek consensus, and all its members

should abide firmly by the content of this consensus once it is reached.

5. That the behaviour of the leadership and the many institutions of the PLO be exemplary, in order to command the respect of Palestinians and other Arabs alike. This condition applies to the soundness of political vision, the profundity of analysis, the rationality of planning, the dynamism of action, and the integrity of conduct.
6. With respect to the soldering of the will of the Palestinians in exile with that of those under occupation, that their vision and action should complement each other, in order to intensify the dynamism of the political struggle, inside Palestine, and outside within the strategic depth of the Palestinian cause.
7. Finally, that the deep suffering of the Palestinians under occupation, especially intensified as a result of the brutality of Israel's repression of the Intifada, should not be used as an alibi by the PLO, to justify concessions beyond those which the minimal objectives already comprise.

#### Conditions Applicable to the Arab Region

1. That the Arab position become, in fact not in rhetoric, coherent and firm with respect to solidarity with the Palestinians and support of their rights. This support should encompass at least the minimal demands cited in the first section of this paper.
2. That sufficient awareness develop in Arab political circles that harmonizing policies with the United States with respect to the Palestine cause can at best only produce a

"settlement" along the lines stipulated for Palestinian autonomy in the Camp David Accords. Such a settlement would fall far short of the minimalist objectives of the Palestinians. Thus the Arabs are called upon to free themselves of the contention that "the United States holds 99 percent of the cards" for settlement, since it is also a fact (though glossed over by many Arab and some Palestinian leaders) that the United States also erects 99 percent of the obstacles to a just settlement involving self-determination, independence, and statehood for the Palestinians.

3. That a strategic conceptualization be formulated with regard to Palestine, which would be firm and even militant. Likewise, appropriate tactics and directions of action and movement should be designed in the service of the strategy conceptualized. And underlying both formulations should be the intent to achieve effectiveness and credibility.
4. That, given the reality of divergence in Arab positions with respect to a just settlement, it would be essential not to seek unanimity among the 21 Arab states in the formulation of the strategy and tactics referred to in the preceding paragraph. Such unanimity could only be reached around a level even below that of the minimal set of objectives. Consequently, the cohesiveness urged in the first paragraph above should target those Arab states that are willing and determined to uphold the set of minimal objectives at least. Such targeting would leave out several Arab states, but would have the advantage of bringing together the others whose convictions and positions are in harmony. However, the door should remain open for any of

the states initially left out, to join the group characterized by firm commitment to the minimal objectives, and by willingness to translate this commitment into concrete terms.

5. That the satisfaction of the preceding conditions and the achievement of the associated transformation in Arab attitudes and policies, be sought in the context of radical change in the values, outlook, and priorities of most of the leaderships in the various Arab countries. Consequently, it is imperative that the Arab peoples, who are more deeply committed to the rights of the Palestinians and to their independence, seek and become capable of much larger and more meaningful political participation. They would thus be capable of tangibly influencing their respective leadership networks, and of shaping policies in a manner more in harmony with their deeply-felt convictions with respect to Palestinian rights. The democracy, freedom, and human rights at issue may not be easy to obtain at all -- indeed, to obtain them may well involve heavy sacrifices, but the reward both for the Arab peoples themselves, and for the Palestinians, would amply justify the costs.
6. That the fusion of Palestinian vision and action with their Arab counterparts, then be sought, being not only mandatory but also possible. So far, there has often been wide divergence between the perceptions and actions of the two parties with respect to some central issues relating to Palestine. Since the Palestinians cannot alone achieve their objectives, the qutri perceptions

(that is, those relating to and focused on individual countries), and the qawmi perceptions (that is, those relating to the Arab homeland or region), must be made to meet on firm rational grounds, inspired by liberation and independence as values it is essential to struggle for.

7. That the political weight of the Palestinians and Arabs in the international scales, would then become significant enough to entitle them to much more notice and consideration in the formulation of policies in foreign capitals, relating to Arab causes in general, and the Palestine cause more specifically. It would be at that moment that a tangible shift in the BPR favourable to the Palestinians could be legitimately expected.

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Is it only a dream to entertain the expectation of transformation in political and social values and structures in Palestinian and Arab societies, of the depth and reach suggested in this section? Could such transformation be achieved in the space of a few years? Perhaps such questions are already being formulated in the reader's mind, and it is natural that they should be. The present writer, for one, believes that what is involved is truly a long-term transformation. It therefore constitutes a long-overdue project for Arab radical regeneration. And since significant achievements begin as an idea or a "dream", before ever becoming reality, it may well be legitimate to have the kind of dream with which this paper closes -- so long as the dream could be pursued in a state of

clear consciouness and purposefulness. How else could the liberation even of the West Bank and Gaza Strip be achieved?

Beirut, 22 October 1988.

4

ISTITUTO PUGLIESE DI AFFARI INTERNAZIONALI

ARAB THOUGHT FORUM

"The Community's 1992 liberalisation and the

Arab-European dialogue"

by Giuseppe M. Sfligiotti

Bari, November 7-8, 1988

QUESTA PUBBLICAZIONE È DI PROPRIETÀ  
DELL'ISTITUTO AFFARI INTERNAZIONALI

1. The subject assigned to me is very wide and I must confess I have not such a vast knowledge and experience to deal with it adequately. I would therefore propose to confine myself to a particular aspect of the subject matter on which I may pretend to be more knowledgeable and on which I may give a personal - although controversial - contribution. I am referring to the subjects of energy (oil in particular) and to the European energy policy and the impact of this policy on the Arab countries. It is certainly a sectorial approach but not an unimportant one if we keep in mind the importance that oil has both for Europe and for the Arab oil producing countries.

2. In a book written in 1946 a well known oil expert paraphrasing Clemenceau said that "oil is too serious an affair to be left to oilmen". (Georges Clemenceau: "la guerre! c'est une chose trop grave pour la confier à des militaires"). Meaning that as in war the power and freedom of the military must be exercised within the limits set by politicians, so in the oil industry the freedom and the power of the oil companies must be exercised within the framework of the policies set by the countries involved, that is by the oil-producing countries and the industrialized oil-importing countries or group of these.

In reality, despite the catching appeal of the quoted sentence, the oil industry has developed before

and after the Second World War more under the leadership of oilmen than within the rules and the framework set by politicians and sovereign states. In fact, for decades the firm grip on the oil industry held by the so called "Seven Sisters" was the determinant factor accounting for the actual development, worldwide, of the oil industry, much more than the timid political tentatives made here or there to limit that power. In certain consuming countries, however, either through the introduction of an ad hoc legislation or the creation of special entities, such as "state owned oil companies", efforts were made to "free" the market from the dominance of a small number of big oil companies.

Similar actions were taken in oil-producing countries: new legislation regulating the oil industry and the relationships with oil companies; creation of state oil companies; the setting up of new organizations such as OPEC.

On the whole, this development did bring to a gradual erosion of the power of the "military", that is to say of the power of oil companies, but not to the introduction of a "new order". In fact - and looking in retrospective at the events of the oil industry of the latest 4-5 decades - we may say that the "old order" has been substituted by a "new disorder".

Having started my career in the oil industry with Enrico Mattei, a man who has done a lot to change the "old order", I have no nostalgia for the disappearance of that "old order". Nevertheless, I must admit that the "old order", together with the many shortcomings, had some merits. It had assured an

"orderly" development of the oil industry for many decades, supplying the world economy with ever increasing quantities of oil: from the 480 million tonnes of oil produced outside the Communist Countries in 1950, to more than 2.3 billion tonnes in 1973, before the first oil shock. A remarkable record I think no other industry can boast. And all that without any appreciable disruption in the regular flow of oil and oil products to the final consumers, and in a situation of a remarkable stability of prices in terms of current dollars, which meant, in fact, a situation of declining prices.

If we keep in mind this record it seems difficult to say that the "military" - that is the oilmen - did not perform a good job. Why should'nt we have left the "oil affair" to them?

Probably because not all those involved in the booming oil industry were happy. Certainly, the new oil companies - the "newcomers", as they were called - were dissatisfied by the industry set up, which did not allow too much room for their stepping in and their development. In fact, for the new operators outside the "club" of the "Seven Sisters" it was very difficult, if not impossible, to extend their activities in the most interesting oil areas, particularly the Middle East.

Neither were the oil-producing countries satisfied. They experienced a long period of increasing oil production and oil revenues that, however, they considered inadequate in terms of income per barrel. Another reason of dissatisfaction for the oil producing countries was what they considered an insufficient degree of control and authority over the activity of

their oil industry, an industry of vital importance for their economic and social development - very often for their mere existence and survival.

Even the oil-importing consuming countries had reasons for not being completely satisfied, although until the first oil shock they did not fully realize the reasons for their potential dissatisfaction. In fact, the long period, from the end of the Second World War until the Kippur crisis, of abundant and cheap oil was not - looked ex post - the sort of "blessing" it seemed to be. Under the pressure of abundant and cheap oil, the industrialized oil-importing countries shifted from a coal based economy - with coal produced domestically - to an oil based economy, with oil produced abroad and imported from geopolitical areas that for various reasons were and proved to be unstable.

In 1950, Western Europe produced domestically 86% of the total energy it consumed. This value was only 32% in 1973; and imports were mainly represented by OPEC oil. So, when in October 1973 oil-producing countries introduced export limitations and increased oil prices - a second increase took place in January 1974 - the oil-importing countries sadly realized how weak and vulnerable their economies were due to the excessive dependence on imported oil and the practical lack of any energy alternative. The second oil shock of 1979-80 reinforced this sense of uneasiness. It is true that the first and second oil shocks were not the only factors responsible for economic stagnation, high rate of inflation and unemployment, balance of payments problems, but they certainly had a great part in generating and reinforcing them.

3. The seriousness of the energy situation and the necessity of rapidly doing something to put some order and stability in a strategically important sector were, for instance, openly and emphatically spelled out in the "Declarations" of the Economic Summits of the Heads of State and Government of the seven Western most industrialized countries. In these documents - from the first one issued at Rambouillet in 1975 to the 12th of Tokyo in 1986 - the energy problems have always had a prominent place both in terms of analysis of the situation and its seriousness, and in terms of actions to be adopted.

Let's take, for instance, what was said about energy at Rambouillet in 1975: "World economic growth is clearly linked to the increasing availability of energy sources. We are determined to secure for our economies the energy sources needed for their growth. Our common interests require that we continue to cooperate in order to reduce our dependence on imported energy through conservation and the development of alternative sources. Through these measures as well as international cooperation between producer and consumer countries, responding to the long-term interests of both, we shall spare no effort in order to ensure more balanced conditions and a harmonious and steady development in the world energy market".

In the Declaration issued at the Summit of

Venice in 1980, an ad hoc long chapter was dedicated to Energy. Some excerpts from that chapter: "In this, our first meeting of the 1980's, the economic issues that have dominated our thoughts are the price and supply of energy and the implications for inflation and the level of economic activity in our own countries and for the world as a whole. Unless we can deal with the problems of energy, we cannot cope with other problems". "Market forces should be supplemented, where appropriate, by effective fiscal incentives and administrative measures". "We continue to believe that international cooperation in energy is essential. All countries have a vital interest in a stable equilibrium between energy supply and demand. We would welcome a constructive dialogue on energy and related issues between energy producers and consumers in order to improve the coherence of their policies". "The key to success in resolving the major economic challenges which the world faces is to achieve and maintain a balance between energy supply and demand at reasonable levels and at tollerable prices. The stability of the world economy, on which the prosperity of every individual country relies, depends upon all of the countries concerned, recognizing their mutual needs and accepting their mutual responsibilities".

What is important in these Declarations is the constant underlining of the necessity of a constructive dialogue and cooperation between energy producer countries and energy consumer countries. In fact, this theme is mentioned not only in the two Declarations just quoted, but in many others. Tokyo, 1979: "We remain ready to examine with oil-exporting countries how to define supply and demand prospects on the world oil market". Ottawa, 1981: "We look forward to improved

understanding and cooperation with the oil-exporting countries in the interests of the world economy". Versailles, 1982: "We shall also work to strengthen our cooperation with both oil-exporting and oil-importing developing countries". Williamsburg, 1983: "We agree that the fall in oil prices in no way diminishes the importance and urgency of efforts .....to maintain and, where possible, improve contacts between oil-exporting and oil-importing countries.....".

However, with the gradual improvement of the world energy situation and with oil becoming abundant and cheap, statements such as those we have quoted tended to become weaker and to disappear altogether in the Declarations of the latest Summits.

4. I have abundantly quoted from the Declarations of the Summits because I want to underline the fact that for a long period of time - from the first oil shock to the mid '80's - the industrialized oil-importing countries considered and declared cooperation between oil-producing and oil-consuming countries essential for the wellbeing of their economies and of world economy in general. The European Community, as such, was much less outspoken on this point of cooperation.

In reality, however, the industrialized countries - and the European countries in particular - tried to reduce their vulnerability vis à vis imported oil not through an economic-political understanding with OPEC oil-producing countries, but through industrial

actions, namely, energy savings; more rational use of energy, development of "alternative" energy sources; development of oil production in areas outside OPEC. They have been successful and dependence on OPEC oil is no longer worrying the European countries.

The great opportunity offered by the oil crises to start a constructive dialogue between European countries and Arab countries has been missed; probably lost for some years to come.

5. The industrial answer given by the oil-consuming countries has been a costly one and has represented a considerable missallocation of resources because they have developed energy alternatives more expensive than OPEC oil. Oil-importing countries have paid an insurance premium to free themselves from OPEC "slavery". They have paid the cost of the lack of trust between oil-importing and oil-exporting countries, and of the absence of a real willingness to cooperate having in mind the long-term mutual interest. We must, however, admit that it was difficult to find concrete ways to give substance to a concept of cooperation which could have had some appeal to the oil-producing countries in a situation in which they had the possibility of exploiting their increased contractual power.

6. Recently, the pendulum has swung to the other side and the oil-importing countries enjoy again a situation of abundant and cheap oil.

But these recent years of abundant and cheap oil, which is causing a lot of hardship to the oil-exporting countries, have not been free of problems for oil-importing countries as well. Banks and financial institutions have been facing problems. Companies which during the 1970's and early 1980's were exporting goods and services to rich oil-exporting countries have been having serious difficulties. Projects of energy savings and for the development of alternative energy sources are reduced and sometimes cut altogether. Investments in the oil industry are drastically reduced.

All this could bring to a new swing of the pendulum. And if this takes place abruptly, a situation of the kind of that of 1973-74 and 1979-80 could be recreated with all the negative consequences.

7. The difficulties of developing the nuclear industry, particularly after Chernobyl, and the environmental problems caused by the use of coal are going to shift to oil and gas - although they are not ecologically neutral - the burden of providing the bulk of energy for the world economy. And that for some decades to come, until an abundant, cheap and ecologically acceptable new source of energy will be developed.

This means, among other things, that a great amount of money must be channeled into the oil industry. It will be necessary to invest in new, very expensive projects for the development of oil and gas in areas

outside the consuming countries, increasing in this way the degree of geopolitical "rigidity" of the oil investments.

A condition of stability over time in the oil industry and of mutual understanding and trust between host countries and oil companies must, therefore, be established in order to have a flow of funds in the quantities, time and places deemed necessary. Stability, or, better, "orderly development", should not be impossible to achieve if we keep in mind that, in the long run, producer countries, consumer countries and oil companies have a mutual interest in avoiding continuous violent changes. Nevertheless, everybody is tempted to profit by temporary situations of strength offered by a changing market, forgetting the long-term interest of all concerned.

It is, therefore, necessary to reinforce the base of this mutual interest and understanding. The answer could be a clearly defined programme of cooperation in the oil industry and in other industries, taking into account the high degree of interdependence which exists in the economies of oil-producer and oil-consumer countries (on the problem of interdependence a joint study has been carried out by ENI and OAPEC).

In my opinion, the definition of programmes of cooperation between oil-producer and oil-consumer countries could greatly contribute to the "orderly development" of the oil industry and make the activities of the oil companies less risky and vulnerable.

8. Oil companies have a role to play to secure oil and gas supplies at reasonable conditions, and they are capable and ready to play that role. But the sole action of the oil companies is not sufficient to reach that goal in the best and more stable way. They can do a lot, but today it is beyond their power to "regulate" the industry, as they have done for decades and decades during their heydays before the early 1970's. Since then, oil companies no longer control their "commanding heights" and out of the "disintegration" of the oil industry two additional actors have emerged on the "stage", namely, the governments of oil-producing and oil-consuming countries.

On the oil and energy "stage" we have to play a play with three main characters - with three "prima donnas" - who must act together armoniously if we want to have a good performance. Up to now in the oil industry each one of the three "prima donnas" has played her role giving little attention to the interests of the other and quite often has taken advantage of the difficulties of the others. The quality of the performance has not always been good; in fact, sometimes, it has been rather bad.

9. Can we hope for a better situation in the future? The reasons for a coherent, global approach are there; the process of European integration could be a good opportunity to develop and implement a European energy policy in which a great scope could be given to

the Arab-European cooperation.

Unfortunately, the recent documents on energy that the European Commission has produced are not very encouraging. It is difficult to see in them a real "European energy policy": they have confined themselves to the indication of general directives for the national energy policies of member countries; they have proposed objectives regarding energy savings, diversification, development of "alternative" sources of energy, etc.; they are trying to remove obstacles to the creation of an energy common market, to liberalize the market, to introduce uniformity in the different segments of the energy sector (taxation, quality of products, protection of the environment, etc.). But all this is far from a "European energy policy" (the French rightly distinguish between "politique commune" and "politique communautaire").

The present easy situation (for the consumers) of the oil industry and the "nouvelle vague" of "rediscovering" the "free forces of the market" could represent a serious obstacle for the definition and implementation of a European energy policy in which ample scope could be given to the Arab-European cooperation.

Notwithstanding all these difficulties and obstacles, I sincerely hope that actions for an "international cooperation between producer and consumer countries, responding to the long-term interests of both" (Rambouillet Summit, 1975) must not wait until the next oil crisis.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

ARAB THOUGHT FORUM  
AMMAN



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ARAB / EUROPEAN ECONOMIC PROSPECTS

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Jordan.

QUESTA PUBBLICAZIONE È DI PROPRIETÀ  
DELL'ISTITUTO AFFARI INTERNAZIONALI

## Arab / European Economic Prospects

JAWAD ANANI

### Methodological Point

The topic that I take to task today is the future relations between the Arab world and Europe during the period 1992 and beyond. However, it would be unfair to the analysis to treat these two geographical entities separated by the Mediterranean as homogeneous in their own respect. The Arab South has distinctly different relations with Europe than the Arab North. Moreover, the EC group can not be treated at par with the rest of Europe when it comes to the Arab World. Actually the analysis, in effect, talks about EC and the Mediterranean Arab World.

1992 will be a major development not only in Europe but for the rest of the world at large. Each major country in the world and every geographical aggregation is preparing for that late date in 1992. The reaction is varied. The new Europe as envisaged by the Europeans themselves is not yet very clear, and there are variations in the contents and the links among these contents. However, other groups in the world view it with apprehension and fear (such as free market non-EC European countries, North African countries, Japan and to some degree the United States and Canada). Others think of 1992 as an opportunity to be utilized. Most developing countries in the world and their groupings take this more optimistic view. Examples can be drawn from the reactions of the GCC (Gulf Cooperation Council), ASEAN and others. Thus, 1992 can be said to represent an opportunity for the countries of the South and a problem for the advanced competitors in the North.

The Arab World has a mixed reaction. As developing countries, all Arab countries view 1992 with cautious optimism. Yet, the North African countries, 1992 bears the seeds of destabilization of a long established relationship.

### Historical Perspective

According to the Cambridge's "Economic History of Europe", the Mediterranean Europe used to suffer from famines and occasional crop failures which forced them to buy grain or seek help from the North African countries and the Ottoman Empire. This occurrence took place only 300-350 years ago. Now the opposite is the case. Starvation resulting from poverty and draughts is a common happening in Arab Africa. Supplies are sought and mostly acquired from the surplus products of Europe. Can a lesson be derived from the study of these static historical comparisons? Or are they really static. Is there a "tug of War" pattern which describes the relations between Arabs and Europeans. The last oil crisis and its ramifications indicate that the relation tends to be intense. The fight over oil and its down-stream industries can still be described as an "estrangement factor." The years of colonialism since the last quarter of the 19th century until the end of World War II can not be labeled as years of affinity. However, since WWI, the modus operandi tends to be concessionary and in many instances complementary. The response to development requirements of the Arab World by Europe has been positive and encouraging. The

birth of the European Community has buttressed this positiveness in relations, despite occasional interruptions created by political differences, particularly over the Middle Eastern question of Israel and its aftermath such as the 1956 Suez Campaign. The mode of relations can be generally described as positive and is progressively moving that direction.

#### Future Prospects

If we accept the thesis that the EC has not frustrated the recent positive historical pattern, then the future can be viewed with a higher degree of optimism. In order to utilize this opportunity to its mutually advantageous maximum, the following should be taken into serious consideration:

##### 1. The North African Dimension

It is obvious that North African Countries are caught in a limbo. To them the EC is a main market for goods, services and employment opportunities. The entrance of competitive European countries which could crowd them out of German, French and Italian markets would reach its peak toll in 1992. The free mobility of goods and services among EC countries would fill in the gaps in the labour and commodity markets of Europe to the point where North African Arab countries would have little space to benefit. It is a well-known fact that Morocco, Tunisia and Algeria in particular have traditional long-term relations with the EC in general and their European neighbours in particular. It is not expected that such relations would cease, but they might undergo a sudden structural change which these countries may not be able to cope with.

The North African countries are now reconsidering their own economic performance and whatever that entails in economic philosophy, methodology and managerial approaches. The change is not coming easy. It has recently caused civil disturbances, in both Tunisia and Algeria. There are indicators that these two countries are adjusting. The threat lies however in the fact that such changes may not produce sufficient "goods" to cope with the population expectations within the "proper" time frame. Thus, if the EC in 1992 leads to the aggravation of unemployment and sinking incomes in North African countries, instability might be the ultimate logical occurrence. Such instability can not be shelved aside by European diplomats; It would frustrate neighbourly relations and invite hostilities of which the world can do better with less of.

The second reaction is the attempt by North African countries to create a common front or a concerted action which would deepen their economic relation and transfer their capabilities to a "synergic" level that would afford them a better bargaining position vis-a-vis Europe and the rest of the world. Although this attempt was given an impetus during and immediately after the last Arab Summit conference in Algeria, the critical minimum effort required is still not adequate enough to create the needed cohesion. The formula of cooperation seems to vary among the different countries between the Libyan and Moroccan versions.

In a nutshell, the specific relations between Europe and North African countries will always stand out as a challenge to the future Arab-European economic relations. So far, there is no clear cut strategy to resolve this problem.

## 2- Future Trade.

It is obvious that, if oil trade is not counted, Europe has a huge trade surplus with the Arab countries at large. This deficit will continue to linger on although its structure may witness a shift in favour of capital goods at the expense of consumer goods. It should be remembered at this juncture that part of the European trade surplus with the Arab World emanates basically from the weak economic structures of the Arab countries and which creates a high demand for imported goods. Moreover, the size of trade among Arab countries is very low and it barely accounts for more than (5) percent of total Arab imports and (20) percent of their exports (oil excluded). Another fact that must be kept in mind is that the Arabs ability and need to import has been greatly diminished by the erosion in petrodollars supply.

The question that should come immediately to the fore is "would this trend continue into the future? The answer is probably not. There is a growing need for the Arab World to build on its ailing economies and proceed into the future with more stable growth instead of the erratic unpredictable hyperbolic pattern of the 1970s. To appreciate this point even further the Arab World may be divided into two major areas.

The first area include those who have decent infrastructures with some promising superstructures such as the Gulf States, Iraq, Syria, Jordan, Morocco, Tunisia, Algeria. The others are still in the process of building their infrastructures and institutions. Both will need capital formation of a kind, and Europe stands to benefit in terms of trade from both types. However, such benefits may not accrue before surmounting certain barriers.

On the one hand, the Arab countries who are in dire need for infrastructural projects do not have the means to do so. Their ability at coaxing badly needed development funds is weakened by their lack of foreign exchange and by the fact that some of them is already up to their necks in international debts. Funds which could come from other Arab countries or joint Arab funds are scarce these days. The problem is further aggravated by the lack of ability in those countries to meet the lenders' conditions in terms of internal restructuring. The situation is a vicious circle: for these countries to build and restructure they need funds, and for the funds to be forthcoming the risky restructuring should take place. This dismal situation, however, may be alleviated by a tripartite cooperation. There are certain Arab countries like Tunisia, Egypt and Jordan which can play the role of an intermediary. If some of the available Arab funds, the European expertise and funds and the Arab intermediaries' skills are pooled together, some sort of progress can be achieved. In the poorer countries, a dollar can stretch very far.

The other Arab countries (with the exception of the GCC ) have the aptitude and ability to diversify their economies. Yet their means have been curtailed drastically by the lack of exports and foreign exchange. Many of them are already bogged down by heavy internal as well as external indebtedness. These countries can not be ignored by the Europeans for they constitute the largest market in the Arab World. Trade with them must be conducted in parallel with the following: (1) counter trade arrangements; (2) joint ventures and (3) a decent technology transfer mechanism. If these three parallel steps are arranged, trade will continue to flow between them and Europe. It is almost a tight situation and a certain degree of ingenuity is required.

The Gulf cooperation Council will continue to have trade relations with Europe that is predominantly coloured by oil. It is expected by many world experts that oil prices may witness an increase by 1992. Should this be the case, Europe may find itself negatively affected by this development. However, we should learn from previous experiences that a negative European attitude is not conducive to better relations. In order to neutralize any ill-effects which may ensue as a result of an oil price increase certain early steps may be taken. One of them revolves around the huge petrochemical industries against which Europe has been taking an adamant position. The other one is the status quo of Gulf Arab investments in Europe. These two soar spots can be soothed and a better atmosphere can be created. The recent agreement between EC and GCC is a step in the right direction.

One final dimension to trade relations may be added. The EC might prefer to deal with Arab countries on a one-to-one basis. No matter how useful and pragmatic this approach may seem in mercantilistic terms, it might prove to be deficient in the intermediate and long runs. To resolve the problem part of the industrialization process may have to be done in the Arab world. These ventures can have a much better chance of survival if they gain accessibility to other Arab markets. Thus, a degree of economic coordination among Arab countries may be useful to the new European relocated industries. Moreover, there is a growing disenchantment among the new Arab generations with the lack of common Arab action. Should politicians in the Arab World decide that it is in their interest to enter into binding multilateral agreements with other neighbouring Arab countries, a new regional pattern will develop. One should not discard this possibility. While the GCC seems to gather momentum, North African countries or some of them at least, will search for a workable cooperation formula. The same analysis will also apply eventually to Egypt, Jordan, Iraq, Syria and possibly Yemen and Sudan. Thus, Europe must keep its mind open for such a development. One could say, that the EC secretariat is operating already along these lines in its Mushrek and Mughreb agreements. The individual European countries however still prefer the bilateral approach. This should require a more empathetic relation that takes the emerging moods in the Arab World into serious consideration.

### 3- Labour

There are already strong voices in Europe which call for the decrease in the numbers of foreigners working there. It is also true that there are liberal movements which defend what the Australians call "multiculturalism". Yet, the net result of the political mood is to move away from labour imports and to try to find humane ways to get rid of foreign labour. This development however excludes brain drain and to some degree businessmen. Such a recourse in Europe coincides with the growing unemployment problem in most Arab countries. Even Gulf States countries which are labour importers are now reconsidering their position in order to allow greater job opportunities for their nationals.

It is expected that the Arab population will exceed 286 million in the year 2000, of whom 75 million will be in the working age. The unemployed will be, if the current situation continues, around 15 million. Thus, the future does not look extremely bright. Europe on the other hand is witnessing a stagnant, population growth. Yet, the job opportunities made available stand to decrease because of the technological shift towards brain-and skill- intensive activities. Thus, labour movement will continue to be a sore spot in the future Arab-European economic relations.

The most feasible way out of this dilemma may be to enhance the absorptive capacity in the Arab world. To do that, technology transfer and joint ventures may turn out to be the possible avenues which could realize a degree of harmony in the labour exchange front.

### Technology

The Arab world in general is dismayed by the widening technological gap which separates it not only from Europe but some of the developing countries such as India, Brazil, Argentina and Malaysia. If we take energy consumption, as an indicator, it seems ironical that the average consumption equivalent of the Arab World is only one eighth that of Europe. In certain fields, it is estimated that the technology gap between Arabs and Europeans may be as wide as 75-100 years and is increasing over time. The apprehension which invades the morale of Arab intelligencia on this point does not emanate from economic but also from political and military threats.

The economic importance of technology is that the Arab World at large now believes that technology should be transferred and harnessed to solve some of their basic problems such as food production, water shortages, desertification and energy needs. Moreover, they believe that technology, especially software, should be utilized to solve their managerial inefficiencies. Thus the need for technology is not a question of luxury, but a question of utmost necessity.

If each Arab country sought to acquire its technological needs on its own, then technology would act as an Arab dispersion factor. Yet, there is no single Arab country on its own has the critical mass to be self-propelled in the new brave technological world. However, if some degree of regionalism or subregionalism is revealed, technology can be a factor of assimilation.

Europe may stand to benefit from the growing technological needs of the Arab world. Again, we find here that most of the technology that is voluntarily transferred reflects European rather than Arab priorities. Environmental technology is gaining wider attention because the fact that "the green house effect" recognizes no boundaries. Yet, the degree of awareness of this problem in the developing world does not influence priorities accordingly. Thus, some interfacing between these technological priorities is needed, and must be reflected more vehemently in the technical aid that is given to these countries.

Another point of importance relates to the fact that technology transfer dictated on recipient countries is viewed as a prelude to create new markets in receiving countries. This behavior could be justified in the short-run. However, given the dismal prospects in the Arab world and the fact that many of them may resort to stricter trade barriers, the continued flow of new products may not look very promising. Thus, the issue of technology transfer that helps genuine growth opportunities must be taken more seriously by European countries.

### Conclusion

There is a heated dialogue in the Arab world right now to review their previous economic policies which had frustrated the smooth development of the private sector. Some form of "perestroika" is going on in most Arab countries. Words like deregulation, privatization etc... are gaining wider circulation.

Yet, such economic philosophy changes are dealt with in the absence of comprehensive "paradigms". Moreover, it is an unfortunate historical coincidence that the shift towards a free enterprise economic philosophy comes at a time of economic crises. The Americans, the IMF and the Europeans to a lesser degree, are given the credit for effecting such changes. Should these new policies fail, and they might because of the slow coming but needed democratization process, the three energizers would be accused as the culprits. Thus, the Arab World may run into deep problems. It is the duty of Europe to show a serious "missionary commitment" to the new emerging policies of free enterprise. These would create a better environment for future Arab European economic cooperation.

The future economic relations in 1992 and beyond will depend on a host of dynamic reasons. Yet, the most salient feature that needs to be impressed upon our European friends is that relations with Arabs must be freed gradually from the strict one-to-one mercantilistic approach and a region-to-region modus operandi should prevade. The positive forces to instill such a spirit are there. They just need to be properly utilized. His Majesty King Hussein of Jordan is now advocating the adoption of the EC model to be applied on the Arab region. Such an invitation meets many receptive ears.

ITALIAN COOPERATION FOR DEVELOPMENT

IN THE MEDITERRANEAN BASIN AND THE NEAR EAST

by Counsellor Paolo Ducci, Italian Ministry for Foreign Affairs

The area of the Mediterranean basin and the Near East (MBNE) represents a heterogeneous regional system characterized by countries that differ in terms of demographic size, economic structures, level of development and living conditions.

With the exception of the oil-producing countries, almost all the area's developing nations fall into

the broad category of countries showing average incomes, meaning that they sit above the levels of extreme poverty that characterize other underdeveloped areas. Apart from the statistical importance of this basic indicator, however, the potential for instability and the grave social and economic structural problems that characterize the countries of the area are often reflected in food shortages, low average standards of living, high unemployment, extremely inadequate social structures (particularly in the area of hygiene and health care) and, in general, marked internal and external imbalances aggravated by persistently unfavorable international conditions, which have led a number of the countries to implement weighty, thorough-going programs of structural adjustment.

The priority position which the MBNE countries hold for our cooperation efforts is, therefore, the result of objective problems of underdevelopment, though it can also be traced to the obvious strategic importance of the area, which maintains a

broad range of deeply-rooted ties with Italy on the political, economic and cultural level. As such, the unifying factor of the cooperation activities is represented by the importance of a commitment aimed at overcoming the problems of these countries in the framework of reinforced security and stability in the area, a precondition to making the Mediterranean a true basin of peace and prosperity, reflecting what was expressly dealt with in the new law adopted by <sup>the Italian</sup> Parliament in February 1987 (Law 49), which highlighted the foreign policy component in our development cooperation activities.

The non-homogeneous character of the area has generated a strategy based, on the one hand, on concentrating resources in favor of a limited number of countries, so as to avoid useless distributions that produce little impact on the economic and social realities of the beneficiaries, and, on the other hand, on adequately distributing and adapting our cooperation efforts to the structural and socio-economic characteristics of the individual, pre-selected countries in terms of their level of development and the priority goals in their planning process.

On the basis of these operational outlines, three courses of action referring to an equal number of sub-systems have been identified, with the sub-systems being: North-Africa, the Middle East and the Adriatic-Balkans area.

The North-African sub-system has been given the highest priority, having been judged, among other things, to be the most immediately significant area for Italian national security, as well as a region where a marked Italian economic

and cultural presence can best help ensure peace, stability and progress, acting in combination with the cooperation for development initiatives. Within the sub-system, two countries of primary importance can be identified, Egypt and Tunisia, each of which has been selected for three-year country programs that are currently in operation, while demonstrating a promising trend towards planned systems of the "country program" type. Egypt plays a pivotal role in relations between Africa, the Middle East and the Mediterranean, also acting as a point of reference for peace efforts in the region; Tunisia is a neighboring country, which, since November 7, 1987, has been the site of an interesting governmental experiment involving openings in both domestic and foreign policies.

A noteworthy new development in this area is the fact that Algeria has been included for the first time ever on the list of top-priority countries in the MBNE - in light of a reinforced level of cooperation with Morocco, also a top-priority country - with the result being the definition of the first organic program of intervention with that country for an amount estimated at more than 150 million dollars in aid credits and grants (December 1987).

As far as the Middle-Eastern region is concerned, it should be remembered that this zone is a major source of tension for the entire Mediterranean area, with solutions generally being sought through conflict rather than diplomatic initiatives, which the sub-system itself has proven to be incapable of generating on more than one occasion. This also

explains the need to implement development cooperation initiatives aimed at reinforcing all efforts to lessen tensions and support the process of reconciliation. It is in this light that the first initiatives in favor of the occupied territories should be seen, as well as the complete package of aid to Lebanon (December 1987), worth approximately 100 million dollars. Running parallel to both these actions is the significant deterioration of living conditions and security in the area.

Despite the fact that the course of events up to this point has not been optimal, equal importance must be given to relations of cooperation with Jordan and North Yemen, both countries that have been given top-priority status.

As regards the Adriatic-Baltic sub-system, mention should be made of the gradual strengthening of cooperative efforts with Turkey, most especially in the area of agricultural, forestry and animal husbandry, which has registered a more complete, structured form of expansion since the IVth session of the Joint Commission (February 12/13 1987)

The cooperation activities under way in the MBNE countries draw their inspiration from the findings of the Joint Commissions and/or the various inter-governmental meetings held with the beneficiary countries, as well as the results of inter-sectorial technical missions geared towards performing analyses and identification efforts in countries where the possibilities for political encounters have been few and far between. In this respect, our development cooperation activities with the countries in this area for 1987 have essentially been connected to the complete implementation of programs already agreed upon and activities already under way. There have been further commitments, however, such as the IVth session of the joint Italian-Turkish Commission, which was mentioned earlier, and the new package of initiatives involving Lebanon and Algeria.

The policy of joint commissions and inter-governmental meetings has made it possible to establish multi-year aid packages for many of the countries in the area. These packages are organically integrated with the individual development plans of the various countries, and there is a tendency to attempt to bring the initiative close to the "country program" instrument, at least for those countries whose internal structure, as well as their longer, more highly refined experience of cooperation with Italy, demonstrate a greater receptiveness and level of maturity.

As regards the intervention strategy applied in this area, the instruments adopted (aid credits and grants), which, in

general terms, were already covered by pre-existing, multi-year agreements, were "fine-tuned" according to the level of development and the planning needs of the country receiving the aid, while, at the same time, consideration was given to the priority of the different sectors of cooperation initiatives.

Direct aid has remained the preferred tool for the poorest countries, or those involved in emergency situations, as well as in cases where a variety of socially important programs is to be established in terms of training, health and education, including scientific research geared towards the transfer of technology.

Aid credits, which are tied to export credits wherever possible, have been used to an increasing extent, especially in those countries with the greatest capacity for absorbing technology, and in particular for the financing of large-scale projects, projects whose substance and goals are geared towards production growth, as well as for the establishment of support infrastructures. It should be noted that, in a number of countries, the use of aid credits has continued to cause conflicts with the unpredictable mechanisms of international competitions for the awarding of contracts, leading to delays considerable in the allotment of rotating funds.

In 1987, the entire area continued to be characterized by an unfavorable set of international factors (the drop in oil prices, the further fall of the dollar), which, in some cases, led to the adoption of severe measures involving structural adjustment, as well as an expanded use of the practice of

indirectly supporting the balance of payments. For our part, we have attempted to meet this need, following the practice of the other donor countries through the implementation of aid projects within the framework of the multi-year intervention packets agreed to with the countries in question (Egypt, Tunisia).

The predominant form of cooperation initiatives has remained aid projects in sectors given top priority by the national plans of the individual countries, and by Italian regulatory measures governing development cooperation in areas such as agriculture, agro-industry, energy, economic and social infrastructures and the manufacturing industry.

In reaffirming the geographic and sectorial priorities, the year 1987 witnessed a total of grant and aid-credit allocations for the entire area equal to 199 billion lira from the Cooperation Fund and 147 million dollars from the rotating fund.

In terms of the funds supplied to all the developing countries, aid credits for the MBNE <sup>countries</sup> represented 16.3% of the total, while the overall of the grant initiatives in the Mediterranean Basin comprised 10.6% of the amount supplied in grant form to all developing countries.

The constant progress of the Italian commitment to

cooperation development in the area has also made it possible, as already mentioned, to renew the package of aid measures to Turkey, while initiating a sizeable aid program to Lebanon in which due consideration is given to that country's particular socio-economic and political situation, as well as to the added demands brought about by the emergency and the need to reconstruct the country. There will also be a new planning-level commitment with Algeria, a country which, as mentioned earlier, has been placed for the first time on the list of top priorities for our development cooperation activities.

Increasing importance has been given to cooperative efforts in the area which we carry on in collaboration with international organizations whose job it is to provide development aid, both in the form of analysis and consultation within the existing framework of consultation (the World Bank, the United Nations and the EEC), and through actual financial participation in multilateral and multi-bilateral programs, together with joint financing projects.

Volunteer activity has continued only in a few "pockets" of extreme poverty, such as those found in Tunisia.

Despite the fact that, in terms of granting approval for initiatives, the transition to the new normative measures governing <sup>Italian</sup> development cooperation has naturally led to a moment of reflection as regards the complete implementation of programs already agreed upon and activities already under way, the newly introduced instruments and forms of cooperation, as

well as the planning dimension provided by law 49, will make it possible, in both the short and medium terms, to establish new intervention strategies based on the introduction of new, multi-year aid programs, with increasing attention being paid to the area of policy dialogue, which, though it may prove both delicate and difficult, must be carried on with individual governments in coordination with the major international financial institutions.

The occasion for developing the formulation of cooperation initiatives in such a way will be provided by the deadline which already occurred at the end of 1987, as well as the foreseeable termination by the end of 1988 of the cooperation programs formerly stipulated in favor of countries receiving top priority, such as Tunisia and Egypt, not to mention Morocco, Turkey, North Yemen and Jordan, which will all ask for the renewal and definition of new three-year cooperation programs.

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STATE AND PROSPECTS OF ARAB EUROPEAN COOPERATION

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QUESTA PUBBLICAZIONE È DI PROPRIETÀ  
DELL'ISTITUTO AFFARI INTERNAZIONALI

Officially, the Arab European dialogue was launched in 1974. However one can trace its roots to the drastic change in French Foreign policy vis-a-vis the Middle East crisis in 1967 . By stating his position regarding the withdrawal of the Israeli forces from the Occupied Arab Territories , De Gaulle, ushered in a new era in Arab European relations . In taking this courageous stand , De Gaulle proved he was a leader with a tremendous sense of history , and also a deep vision of the future . The Arab world reaction was favorable and prompt . Psychological barriers which were the result of the Arabs experience of European colonialism was broken. A new era based on the awareness of the new realities, which is characterized by convergence of economic and strategic interests and based on equality has been reached . How to translate this new era into a concrete relationship , has been the main purpose of the Arab European dialogue since 1975 . It is very sad to notice that no major breakthrough has taken place in the past fourteen years . In spite of the many meetings of many committees , that took place

between various Arab and European officials . This static situation contributed to a growing number of pessimists on both sides , including myself . The Arab European dialogue is known among the Arabs as : " Hiwar Al-Turshan " , which means simply the "dialogue of the deafs" , this is when a dialogue turns into a monologue . Or as Tahseen Basheer called it the "Dardasha" which means that in every meeting there is resumption of what was interrupted in a previous discourse . I wrote my first article about the Arab European dialogue and the role of the Gulf States in promoting this dialogue in 1975 . It was published in Kuwait University's Quarterly Journal of the Gulf and the Arabian peninsula Studies . Going back to that article , I realized how exuberant I was in my optimism concerning the promising future relationship between the Arabs and the Europeans, and the mutual benefits which may result from such a dialogue .

The great promises of the new era were reduced to scattered meetings, here and there, with undefined agenda, vague and uncomprehensible memorandums passed among foreign ministries employees through-out the Arab World.

Despite, this confusion and dismay, one should ask what went wrong with such a noble and great idea? What can we do to salvage what is left of the wreckage of the dialogue.

My brief remarks will concentrate on precise ways and means to enhance Arab-European relations and try to develop the mechanism which will contribute toward creating and institutionalizing such relations. The feeling which has prompted the European states to come together in some effective

union in order to count for something in a world of super-powers, is the same feeling just starting among Arab States and in particular among Arab Intellectuals. It is a golden rule, that when a nation or a group of states is threatened by an external threat, it tends to galvanize

into action. I think the Arab Nation is reaching that stage. Therefore, it is in the Europeans own interests to negotiate with the Arab States as a whole rather than negotiate with them individually . Inter Arab integration and cooperation are of fundamental interest , to Arab as well as to non-Arab countries . For this reason one main focus of the Western Countries policies in the Middle East should be that of the integration of the Arab World . ( Dr. Roberto Alibon : The Inter - Arab Picture in 1985 : A state of unrecorded fragmentation . Arab - European Meeting Amman September , 1985 ). In any negotiation equality is a very important factor ; for negotiation is between free men . I don't see any equality in any negotiation between the EC specially after 1992 and individual Arab States , The negotiation between the EC and the individual Arab States of North Africa over fishing right is an example of such an unequal negotiation . Like any other negotiations , the Arab - European Negotiations have to have two elements in order for them to take

place : The first is a common interest and the second is the issue of conflict . Without the first element there is nothing to negotiate for, and without the second nothing to negotiate about . Therefore, my way of definition negotiation

is a process in which explicit proposals are put forward ostensibly for the purpose of reaching agreement on an exchange or on realization of a common interest where conflicting interests are present . Generally , the aims of governments in international negotiation can be classified into four types : (1) Existence agreements , (2) Normalization Agreements , (3) redistribution Agreements , and (4) Innovation Agreements . Without going in details I believe the Arab - European negotiations fall under the

classification of innovation agreements . The objective of both sides here , is to create a new relationship . As to the initiative , it is usually clear which party has made the first move proposing the innovation . Sometimes, the first initiator will continue to push for an agreement ;

at other times , the initiation for innovation may shift from one side to the other . In our case the Europeans were the initiators after the first oil shock of the 1973, and then they lapse for few years and then became the initiators for a second time after the second oil shock of 1979 - 1980 , and again they went into a second lapse . It seems now a shift is taking place , and the Arab side is the current initiator .

Let , us now turn to the common interests and the issues of conflict in Arab - European negotiations :

Common Interests  
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1- Energy Security :

Oil is an important factor in Arab-European relations . In 1984, about 22% of the EC oil consumption came from the Gulf Region , and these imports accounted for about 12% of the community's energy requirement . Moreover , Key economic sectors , such as transport , rely heavily on oil so that disruption in Europe's Gulf imports would have an adverse effect . Therefore the security of the Gulf is no

doubt a matter of top priority to Europe . There is, however, no separation of Gulf security from the wider issue of the security of all Arab States . security of the Arab World is indivisible , interconnected and interlocked . The larger issue of general Arab security is an issue which has been linked for the past 40 years to the achievement of the legitimate rights of the Palestinian people . The roots of the oil and the use of oil crisis as a political instrument is very much a direct result of the Palestinian issue . Thus a resolution of the oil crisis is possible only as a by-product of a just settlement of the Palestinian issue . Europe , thus has a direct interest in the security of the Arab World , and relations between the EC and the Arab States are ones it cannot afford to ignore.

## 2- Arab - European Oil Policy Coordination :

In the late 70's and early 80's oil prices were at over \$30 per barrel , and now at less than half that level after

dipping at one stage as low as \$ 8. Secretary General of OPEC remarked recently that oil prices could drop as low as \$ 5 a barrel. With the diminishing capacity of OPEC to restrict over-production to maintain prices , we may will reach Mr. Subroto predication soon . The Americans view this drastic drop in oil prices , as a major victory in the battle with the oil - exporting countries . This is of course a short - sighted reaction . The Europeans it seems have a different view to the Americans . They believe that in the long term , drastic drop in oil prices may put an end for any new exploration or any continuation of research in alternative energy sources , in spite of the immediate advantages of a drastic drop , as for it's effect in damping down inflation . Drastic Fluctuation in oil prices , therefore , is very harmful for both oil exporting and oil importing countries . One major lesson the European learned from the oil-shock of the 70's , is to plan ahead say 10 to 20 years in the oil and energy market , so the world will avoid the

drastic fluctuation of oil prices . In 1975 , the European Community reached it's first agreement on a common energy objective for 1985 , Five years later the objectives were brought up to date and rolled forward to 1990 . And in 1985 a new proposal was made for 1995, which was accepted by Member States in 1986 . ( Sir Christopher Andland , The Role of Oil In Energy Supply : A European Perspective . 25 Feb. 1987.

Such planning is very important not only , for the European Community , but it is also of extreme importance to the Arab - Oil exporting States , whose economies are to a large part dependent on oil exporting . Therefore, there is a tremendous need for joint planning between the EC and the Gulf States in oil policies . It is the mutual interest for both oil consumers and producers to have such a long term plan. This should be a major issue in Arab - European negotiations . Which will guarantee smooth channels for regular exchange of views on this matter in order to minimize damage to the economies of both sides .

3- The Impact of the drop in oil prices on the Arab - Gulf - States :

The nose dive in oil prices will continue during the rest of this decade . This trend has been projected by almost all oil experts . As a result the Gulf - States are faced with a major economic and political crisis . The decline in oil revenues will have an explosive political and social impacts upon the populations of the Gulf States . The political stability of these states depended to a large part on economic growth . The current policies of rationalization of spending will be very harmful to the middle and lower middle class , which may culminate in political and social instability , through out the Gulf States . The EC can play an important role in elevating the impact of the drastic drop in oil revenues of the Gulf States , through helping these states to develop productive economic bases . The creation of a genuine free trade area will be the right step in this direction . This will boost the Gulf States

petrochemical industries , which has been hard hit by European protectionist policies . A major achievement in this field may bring a long - term gain in energy security for Europe .

#### 4- The Crucial Issue of Cooperation in the field of modern Technology :

The Arab States are keenly aware of the vulnerability of their economies . This awareness is shared by both oil-exporting and non-oil exporting countries . The necessity of technology transfer to the Arab States is based on the fact that its economies are dependent upon western economies . The difficulties of this situation are shown clearly in the following points : (1) The very high monopoly prices imposed by the multinationals for industrial plants and strategic inputs to the production inputs ( engineering , industrial know - how , agribusiness inputs , etc. ) , (2) The multinational's refusal to sell technological equipment piecemeal and their insistence that complex installations

be purchases on a turnkey basis , (3) Their refusal to sell those technological inputs which enable them to maintain control over the production process as whole . The Arab States are still compelled to import practically all their industrial means of production . Furthermore the kind of agricultural development that is being envisaged will involve an increasing recourse to multinational agribusiness ( Samir Amin , The Arab Economy Today . London : zed Book LTD . , 1982.P.73 )

Industrialization of the Arab States will not compete with European exports to the Arab World . On the contrary , There will be a tremendous increase in demand for European equipment because , as these countries industrialize , the share of capacity and intermediate goods imported is expected to increase .

5- Cooperation in the Field of Higher Education and Cultural Exchanges :

A concrete proposal has to be introduced concerning , and aiming at modernizing Arab Higher Education . This proposal is to link a consortium of ten to fifteen European Universities , research Institutes , and industrial concerns with the Arab, Universities , Research, and other Institutions various industries . Europe , through such a link , should commit itself to take an active role in the scientific development of Arab Higher Education . Such a proposal could be achieved through a dialogue between universities presidents from both sides . This will be very similar to two dialogues that took place in the 1970'S between American Universities Presidents and Gulf States and some other Arab States in Kuwait University and in the University of Petroleum and Minerals in Saudi Arabia .

In the cultural field exchange has to be intensified because in order to maintain a lasting understanding it is imperative that the two cultures begin to understand each other . This can be done through the exchange of arts

exhibitions and cultural weeks . The establishment of the Arab World Institute in Paris is a step in the right direction . A European institute should be established in one of the Arab States.

#### Issues of Conflict

The Arabs , perceive the greatest threat to their security not from the Soviet Union but from an Israeli expansionist policy supported publicly by the United States through the so-called Israeli - American strategic consensus , which Reagan in the twilight of his administration is seeking to institutionalize to guarantee the future continuity of this policy . The American Administration , embarking on a geostrategic east -west military confrontation, has perceived one single threat which is the Soviet threat to Western interests in the Arab World . Thus, the Reagan Administration has failed to shape the type of strategy which is based on the real dangers to Western interests. The Reagan approach according to the American

, C. Van Hollen , is based on several assumptions :

- The Soviet Union is the primary threat to the region which supplies about 35% of the oil consumed in the free world economy .
- In order to concentrate on thwarting Moscow , Washington should de-emphasize efforts to resolve the Arab - Israeli dispute .
- Soviet power can best be contained militarily by putting more money and muscle into rapid deployment forces and encouraging a European and Japanese contribution , even if indirect , to the RDP. ( "Don't Engulf the Gulf " , Foreign Affairs . Summer 1981, PP.1064-65 ).

The EC. unfortunately is unable to break away from this American Policy . Furthermore the Europeans refused to recognize the PLO by refusing to grant the status of observer at the first general committee meeting . Therefore, Europe , followed , Kissinger , who originated the idea of boycotting the PLO since 1974 .

The Europeans from the very beginning of the dialogue were reluctant to focus on the political dimension , preferring concentration on technoeconomic issues . The Arabs view , however , show much concern about the political issues , and they rightly feel that such an issue as the Arab / Israeli conflict represents a threat to their very existence' .

Since 1980 there has been no change in the European stand .

I see no prospects or future for the Arab - European dialogue unless a drastic change takes place in the European attitude toward the Arabs cause . This change should be manifested in the following ways :

1- Europe must strive with the cooperation of other

American allies such as Japan to form a United

front to apply pressure upon the U.S. government

to change its course in the Middle East .

2- Europe should free itself from the American view of the

of the Middle East conflicts . It is common knowledge

that Europe depends on the U.S. for its security

but the Arab World is also of utmost importance to Europe's economic and security wellbeing . It has been argued that Europe/U.S relations act as a constraint on Europe's formation of its own policy toward the Middle East conflict .

- 3- To sustain trade relations , strong bridges of cultural technological and educational exchanges should be established .