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**REPORT OF THE WORKSHOP ON  
“FOSTERING EU-ITALY-GCC COOPERATION.  
THE POLITICAL, ECONOMIC AND ENERGY  
DIMENSIONS”**

*by Valerio Briani*

Report of the workshop organised by Istituto Affari Internazionali (IAI) in collaboration with Gulf  
Research Center (GRC)  
*Rome, 13 December 2006*

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## 1. Introduction

European and Gulf Cooperation Council countries share a common interest in increasing stability and development in their common neighbourhood. Given the growing importance of their relations, the Istituto Affari Internazionali (IAI) of Rome and the Dubai-based Gulf Research Center (GRC) co-organised an international workshop on “Fostering EU-Italy-GCC Cooperation”.

The workshop’s aim was to assess the current level of cooperation between the European Union, Italy and the Gulf Cooperation Council countries in the political, economic and energy dimensions, and to discuss the best means for deepening and broadening this cooperation.

The workshop took place at the Hotel Ponte Sisto, in Rome, on 13<sup>th</sup> December 2006.

## 2. Agenda

The workshop was divided into three sessions. Each of the sessions was opened by a panel of experts, followed by open discussion. The workshop was opened by introductory remarks by Christian Koch, GRC, Program Director, and Roberto Aliboni, IAI Vice-President.

In the first session, *EU-GCC cooperation in the context of globalisation and regional development*, participants debated the main features of and outlook for current cooperation, particularly in the economic and cultural dimensions. Members of the panel were:

- *Abdullah Baabood*, co-ordinator of the Cambridge Arab Media Project of the Centre of Middle Eastern and Islamic Studies, University of Cambridge;
- *Bichara Khader*, director of the Belgian-based Centre d’Etudes et de Recherches sur le Monde Arabe Contemporain;
- *Patricia Llombart-Cussac*, deputy head of unit – Gulf countries, Iran, Iraq and Yemen – External Relations, European Commission.

In the second session, *Organizing a regional security system in the Gulf*, the discussion focused on current security challenges in the area and on how EU-GCC cooperation can help to respond to these challenges. Members of the panel were:

- *Roberto Aliboni*, vice-president of the IAI;
- *Anoush Ehteshami*, head of the School of Government & International Affairs, University of Durham;
- *Stephen Larrabee*, Corporate Chair for European Security, Rand Corporation.

Finally, in the third session, *Regional and international cooperation on energy supply, nuclear energy and other energy sources*, the main subject was the future development of international cooperation in energy supply and nuclear energy. Members of the panel were:

- *Giacomo Luciani*, director of the Geneva Office, The Gulf Institute (GRC), Geneva;
- *Judith Kipper*, director of the Energy Security Group of the Council of Foreign Relations;
- *Marcello Colitti*, vice-president of the Italian-Arab Chamber of Commerce.

### **3. EU-GCC cooperation in the context of globalisation and regional development**

#### *EU-GCC cooperation has to move beyond trade and economy*

A participant noted that GCC countries have been stable and reliable European partners for over 25 years, but at the same time the relationship has been of low intensity. In this period, moreover, EU-GCC trade has dropped. The reason is that political and cultural contacts between the two areas are not strong enough; EU-GCC relations need new drive. The European Union should take a firmer approach in trying to build bridges with GCC countries, also because new actors such as China are increasingly active with investments and contacts.

#### *The Euro-Mediterranean Partnership (EMP) has to be made more effective*

One participant underlined that the results of the Euro-Mediterranean Partnership have been somewhat modest. The EMP actually achieved a few successes along with the failures. But it proved unable to contribute to conflict resolution, in particular the Arab-Israeli one. Security policies is a field that is of the utmost importance for GCC countries. Participants also remarked how the Euro-Mediterranean Partnership is perceived in the Gulf region as founded exclusively on EU security concerns. And finally a participant noted that the EMP comprises only eight Arab states. For all these reasons, participants agreed that the EMP, but also the European Neighbourhood Policy, needs to be transformed into a more effective tool, especially in the security area, and that more regional as well as bilateral contacts have to be made at all levels.

#### *More attention should be given to the cultural dimension of EU-GCC relations*

One participant remarked that not enough effort is being made to address the cultural issues of European and GCC relations. Most participants agreed that too little resources are devoted to bridging the “cultural gap” between the two areas. Perceived cultural differences are harming development of better cooperation, as shown by the growing number of misunderstandings epitomised by the famous Danish cartoon crisis. There is a need to create and improve instruments that will allow people from Europe and GCC countries to get to know each other, for example student exchange programs. It was announced, as a positive example of the EU’s willingness to engage in dialogue, that the EU is going to open information centres in GCC countries. A participant warned, however, that cultural dialogue issues are relatively easy to exploit politically, and should therefore be left to experts of the field.

*Are there too many different initiatives?*

Participants could not agree on whether or not there are too many different EU initiatives involving GCC countries and if that could prove too divisive. One participant argued that the proliferation of different initiatives and policies for Mediterranean countries, GCC countries, neighbourhood countries, Yemen and Iraq, does not help unite Arab states and could actually foster a lack of cohesion. Other participants, however, did not identify proliferation of initiatives as a problem, focusing instead on the lack of effectiveness of single policies.

**4. Organizing a regional security system in the Gulf***Conditions are not right for building a regional security system*

Participants shared the basic assumption that it is not possible to build a regional security system at the moment, given the current state of insecurity and instability in the Middle East. The geopolitical frame is changing, and what is urgently needed at the moment is stability. A regional security system may be built later at a slow pace, step by step, starting with issues of common interest such as anti-terrorism or nuclear safety.

*Geopolitics in the area are changing*

Confrontational relationships are growing at different levels. At the state level, GCC countries' relations with Iran and Iraq are increasingly dysfunctional. At the identity level, there is a growing polarization between Sunni and Shiites, Arabs and non-Arabs, locals and non-native people in GCC countries. This dimension of confrontation is considered by some participants as the most relevant one, in particular the Sunni-Shiite confrontation. At the socio-economic level, some countries are experiencing growing difficulties. The structures of the Iraqi government are crumbling, while Iran is unstable and undermined by populist policies. The whole region is fragmented. Another possible rift, one participant noted, could open between the populations of GCC countries (which are increasingly anti-American) and their governments (which enjoy the US security umbrella).

*The European Union could have a positive effect*

It was generally recognized that the EU is not able, at the moment, to exercise a strong role in the Middle East or Gulf area. The European common foreign and security policy is too weak for Europe to start an autonomous and strong political initiative. But it was widely agreed that the EU can perform a number of functions that could help to improve security in the Gulf. As one participant noted, the mere existence of the EU provides a model for regional integration which could be started in the future. Different participants highlighted the role the EU could play by influencing US policies in the area. The European Union should at least suggest and ask that the West engage in a dialogue with Iran and Syria, even if one security expert warned that the US administration is not going to accept any such suggestion.

**5. Regional and international cooperation on energy supply, nuclear energy and other energy sources**

*Competition on the global energy market requires a global approach*

An assumption widely shared by participants is that the global energy market is becoming increasingly competitive. New actors, such as India and China, are going to need greater quantities of energy to sustain their development. According to one participant, today 90% of energy sources are controlled by states which may choose to use them as political weapons. And since there are no significant hopes that the energy situation is going to change soon, the world could well be dependant on oil producing countries for the next century. Western countries have to realize that they are no longer dominant in this market. The best way to deal with this situation is to recognize the need for a cooperative global approach to avoid conflicts and shortages.

*Oil market should be more reliable*

One participant explained that fluctuations in oil prices are often due to fluctuations in the oil index, which in turn generate insecurity in oil markets. To avoid these fluctuations, it would be useful to increase cooperation in the field of strategic oil stocks. A participant proposed the institution of a sort of oil bank, composed substantially by large storage facilities. It would then be possible to face unexpected and sudden oil price surges simply by using the "oil capital" in the storage facilities. This procedure would be faster and cheaper than increasing oil production. Questions were raised, however, about property and management of an international oil bank. A participant argued that it would be extremely difficult, given the current state of insecurity and instability, to reach an agreement on such an institution.

*Are GCC countries oriented towards nuclear energy?*

An energy expert contended that GCC countries are increasingly interested in the development of alternative energy sources, of which the cheapest and most reliable is nuclear energy. Oil is not an endless resource and it seems likely to many energy experts that the moment when it will be impossible to increase oil production, is getting closer. Developing nuclear facilities and raising a generation of nuclear scientists will take decades, and the GCC should start now in order to be ready when the oil picks out. Another experts added that GCC countries are not going to embrace nuclear power in order to respond to energy needs, but to contain Iran's nuclear ambitions. By creating a regional nuclear power standard, GCC countries could expect to force Iran to comply with it and thus restrain its ability to develop nuclear weapons. Other participants were not so sure about the GCC countries' intentions to embrace nuclear power. One noted that GCC countries, in order to replace oil as an energy source, could successfully exploit solar power, as well as natural gas. And the need for GCC countries to build all their nuclear facilities close to the sea in order to have water for cooling would raise serious security questions, as a single accident would surely involve more than one facility.

## 6. PARTICIPANTS

***Saad Abdulrahman Al-Ammar***

Director, Institute for Diplomatic Studies, Riyadh

***Ahmed Mohammed Al Dosary***

Deputy Director, Gulf Cooperation Council, Bahraini Ministry of Foreign Affairs

***Roberto Aliboni***

Vice-President, Istituto Affari Internazionali, Rome

***Abdulla Baabood***

Co-ordinator, Cambridge Arab Media (CAMP) Project- The Centre of Middle Eastern and Islamic Studies (CMEIS), University of Cambridge, United Kingdom

***Gianni Bonvicini***

Director, Istituto Affari Internazionali, Rome

***Marcello Colitti***

Vice-President Italian-Arab Countries Chamber of Commerce, Rome

***Marco Andrea Da Mosto***

Director, Lazard & Co., Milan

***Anoush Ehteshami***

Head, School of Government & International Affairs-IMEIS, University of Durham, United Kingdom

***Bichara Khader***

Director, Centre d'Etudes et de Recherches sur le Monde Arabe Contemporain-CERMAC, Louvain la Neuve, Belgium

***Judith Kipper***

Director, Energy Security Group, Council on Foreign Relations, New York

***Christian Koch***

Program Director, GCC-EU Relations, Gulf Research Center, Dubai

***Stephen Larrabee***

Corporate Chair for European Security, Rand, Washington D.C.

***Patricia Llombart-Cussac***

Deputy Head of Unit-Gulf Countries, Iran, Iraq and Yemen- External Relations, European Commission, Brussels

***Giacomo Luciani***

Director, Geneva Office, The Gulf Institute (GRC), Geneva

***Daniela Manca***

Program Assistant, German Marshall Fund Transatlantic Center, Brussels

***Daniela Pioppi***

Senior Research Fellow, Istituto Affari Internazionali, Rome

***Walter Posch***

Research Fellow, Institute for Security Studies- European Union - ISS-EU, Paris, France

***Ulrike Reinhardt***

First Secretary, Embassy of Germany, Rome

***Cosimo Risi***

Plenipotentiary Minister, Directorate General of the Middle Eastern and Mediterranean Countries, Italian Ministry of Foreign Affairs, Rome

***Fouad Shehab***

Head of Social Sciences Department, Bahrein University

***Nathalie Tocci***

Marie Curie Fellow, Robert Schuman Centre, European University Institute, Florence

**Rapporteur**

***Valerio Briani***, Research Assistant, Istituto Affari Internazionali, Rome