

International Forum on The Makkah Declaration: Implementing the Economic Agenda of the Muslim World

1-3 September 2007
Kuala Lumpur

SESSION SIX

Monday, 3 September 2007, 1615-1745 hrs

Economic Cooperation and Contribution of the International Community

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Organised by:



**INSTITUTE OF STRATEGIC AND INTERNATIONAL STUDIES (ISIS)
MALAYSIA**

I will try to present today an example of a joint approach between the international community and the Muslim world to foster development in Muslim countries. To be more specific, I chose to speak about the growing partnership between the European and the Gulf countries to promote development in the Middle East and beyond. This Eurogulf cooperation is not only a promising one, but as I will try to address this issue, it is a good illustration of how the public sector should interact in that regard with the business community.

EU and GCC countries have developed along the years a very substantial relationship. EU became GCC's first trade partner, with 18% of its market share, EU absorbing one sixth of GCC exports and delivering one third of its imports. The most interesting factor in this structurally unbalanced relation is that the reliance of Europe on Gulf oil is much less acute (22%) than the Japanese or the Korean one. When talking about European involvement in the Gulf and with Gulf-inspired development projects, we are not talking about responses to energy dependency, but about increasingly shared visions. In addition to that, this trade relationship does not take into consideration the fact that the Gulf countries became a crucial financial player in the European market, with involvement in high-tech ventures, such as, for instance, aeronautics and computer industries. London is now one of the three pillars of the so-called "Islamic finance" international network, along with Kuala Lumpur and Manama, and most of the funds involved in the Islamic bonds (sukuk) market in the UK are connected with the Gulf, in one way or another.

What is striking is that the evolution of the institutional framework lags behind the dynamics of this actual trans-regional relationship: since the first agreement between EU and GCC in 1989, negotiations for a free-trade agreement are under way but, despite repeated calls at ministerial meetings, they do not seem to reach a breakthrough. One explanation to that standstill could be the difference of integration between these two regional groups, while the level of integration of UE is significantly more advanced than the GCC one. Still, this trans-regional cooperation is much more developed between EU and GCC than it is between EU and Arab Maghreb Union (UMA/Union du Maghreb Arabe), despite the intense relations of the North African countries with Europe.

As a powerful illustration of Eurogulf cooperation towards reconstruction and development in the Middle East, one should highlight Palestine and Lebanon. With more than a billion dollars committed to West Bank and Gaza in 2007, EU is by far the first contributor to Palestinian development, but the Gulf countries, especially Saudi Arabia, are also heavily involved. Even though the day-to-day follow-up stresses the urgency of humanitarian action, the long-term goal is paving the way for the long-awaited Palestinian state.

When it comes to Lebanon, and after the devastation of the 33-day war of summer 2006, European contributions to Lebanese reconstruction matched the Gulf ones, France and Saudi Arabia being the main donors of each group during the international conference on Lebanon, held in Paris last January. The situation is different in Iraq, where EU contributes up to one third of the International Reconstruction Fund Facility for Iraq (IRFFI), managed by the World Bank and the UN, while the Gulf contribution is minimal, and reduced to limited commitments by Qatar and Kuwait. This can be explained by the GCC reluctance to get too much involved under the shadow of a foreign military presence. But Eurogulf dialogue, like the one that was held last May in Riyadh, in cooperation between Saudi Foreign Affairs and French Institute for Political Studies (IEP/Sciences Po), is substantial about Iraq and encompasses the issues of reconstruction.

I do not have time enough to talk about the numerous Eurogulf joint-ventures, for instance in North Africa. But they represent a convincing embodiment of this cooperation spirit, for the sake of development in the Muslim world. Enlarging the scope of interest, the same could be said about the Islamic Development Bank, whose seat is in Jeddah, with one of its three regional offices in Kuala Lumpur, cooperating with the European Commission and European countries in Africa and the Middle East.

Finally, I would like to point out how we can learn from this Eurogulf experience to increase cooperation between the international community and the Muslim world, for the sake of development. First, beyond a welcomed political input at state level, the economic agenda could be brokered by a greater involvement of the business community. This is true between Europe and the Gulf as it is true elsewhere. Second, coordination and exchange of views are critical to assess the impact of any long-term reconstruction and/or development endeavour. Third, issues related to oil and gas are crucial to further sustainable development, and a long-term vision should encompass alternative sources with a deliberate policy of joint investments. Fourth, and most important for me as a scholar, a pro-active approach should take place in the field of education, in order to define common goals for new generations. Education and training for tomorrow's leaders on mutually adopted perspective is a key topic. Exchange of academics and students should foster mutual understanding and shared aspirations, and should promote the fundamentals of development and shared prosperity.