

UCLA INTERNATIONAL INSTITUTE

Ronald W. Burkle Center for International Relations



global
opportunities

ENRICHING THE
ECONOMIC FUTURE
OF THE MIDDLE EAST

DOHA, QATAR, 2006



FOREWORD

When the Emir and UCLA's Burkle Center for International Relations invited me to return to Qatar and participate in their conference on "Enriching the Middle East's Economic Future," I agreed with enthusiasm and a sense of hope. I did so because I believe deeply that the story of the Middle East and the Arabian Gulf is more than the story of the price of oil, the conflict between the Palestinians and the Israelis, the war in Iraq and its aftermath, and the question of Iran. There are other equally important stories about the Middle East and the worldwide Muslim community that need to be explored and discussed. These are the stories of the deepening economic, cultural, and political engagement of many nations in the Middle East with societies around the world; of new efforts to promote economic diversification throughout the region; and of the readiness and eagerness of many in the Middle East to take on the hard, but necessary, challenge of economic development and reform – a challenge that is critical to the transformation of the region.

International experts from government, industry, and academia worked collaboratively in Doha to lay the foundations for a far-reaching agenda to spur more sustainable economic development and growth throughout the Middle East. By lifting up the lives of everyone in the Gulf, we will enhance the economic and political security of people around the world.

The conference wisely gave careful consideration to new public sector policies and private sector approaches to growing a vibrant and innovative middle class throughout the region, as well as to developing regulatory structures that will promote entrepreneurial investment in new business sectors, open new markets, and provide support for the creation of new infrastructures. Participants looked carefully at how to bring the region's vibrant intellectual capital and creative spirit, especially those of women, to all of its citizens, in the service of building productive and prosperous societies through expanded education and training opportunities. Also, as the head of an NGO myself, I wanted to take advantage of the opportunity to participate in this event and discuss the work that my foundation is doing to address some of the issues the Burkle Center aims to address.

We also focused on transforming the great 20th Century oil economies of the Middle East into 21st century global energy economies. As we look ahead to the coming decades, it is practical and achievable for the Middle East to move to the forefront of innovation in the development of new and cleaner fuel sources for world markets, including wind and solar energy, and the development of cost-effective ways to provide liquefied natural gas around the world in a manner that addresses the increasing concerns about climate change and global warming. Climate change, alternative energy sources, and the threat posed by global warming have long been issues of interest to me. In fact, they are focus areas of my Global Initiative and it is my hope that by putting great minds together, we can come up with workable solutions to combat climate change.

The recommendations that are catalogued in this report of our deliberations at Doha reflect many of the common aspirations of those who share a vision of a peaceful and secure Middle East that knows the blessings of prosperity, opportunity, and democracy. Events like this conference, when people of good will from around the world come together to engage in a positive dialogue, ultimately pave the way for more partners, and more global understanding of the Middle East, its storied past, and its boundless future.

A handwritten signature in white ink that reads "Bill Clinton". The signature is fluid and cursive.

Bill Clinton



A REPORT ON ENRICHING THE MIDDLE EAST'S ECONOMIC FUTURE

By Steven L. Spiegel, Director, The Center for Middle East Development,
Ronald W. Burkle Center for International Relations

The Conference on Enriching the Middle East's Economic Future, held in Doha, Qatar, January 29-31, 2006, addressed the issue of how an improved economic environment can enhance security in the Middle East – Gulf Region.

The conference, jointly sponsored by the Qatari Foreign Ministry and the Ronald W. Burkle Center for International Relations, was attended by business and government leaders from the greater Middle East, Europe, Asia, and the United States, with leaders from the six states of the Gulf Cooperation Council and Iraq who gathered to discuss and make recommendations focused on the primary issues of reform, energy, and trade. **His Excellency Sheikh Hamad bin Jassim bin Jabor al-Thani, Qatar's first deputy prime minister and foreign minister**, spoke to the initial session chaired by **U.S. Gen. Anthony Zinni (USMC, Ret.)**.

HE Sheikh Hamad bin Jassim stressed the importance of economic and social stability for regional development. His Excellency acknowledged that economic and social stability is tightly connected with political stability. He also touted Qatar's progress in involving women in government ministries and promised that the next five years would see continued advancement for women.

His Excellency called for “the powerful countries of the world” to undertake “serious work” to resolve regional crises. He also touted Qatar's progress in involving women in government ministries and promised that the next five years would see continued advancement for women

SUMMARY RECOMMENDATIONS

Following three days of intensive working groups the participants developed a number of innovative recommendations to promote economic and social development toward more sustainable international cooperation among the states of the region, Europe, Asia and the United States. Key proposals include:

1. The Middle East Energy Scene in Global Perspective

The Energy Working Group formulated two innovative proposals offering new approaches to broadening the current energy surpluses of the Gulf States. These new approaches involve the creation of a multilateral public/private initiative – dubbed the International Energy

Development Initiative (IEDI) – to address the growing international energy crisis on a global basis. While the International Energy Agency (IEA) serves consumers, and the Organization of the Petroleum Exporting Countries (OPEC) serves producers, there is no organization that currently brings the two groups together.

The heart of the new global institution would be the private, public, and corporate investors of the IEDI, who would engage in research, development, and ultimately manufacture and marketing of alternative energy sources. Shares of the IEDI would be bought by governments, corporations, and individuals in a unique international entity. The result would be an international consortium dedicated to developing alternate sources of energy worldwide.

For the United States, Europe, and Asia the success of this initiative would mean a global partnership for proliferating sources of energy rather than competition for relatively static energy supplies. For producers, it would mean a major step toward diversifying and broadening their national assets beyond reliance on oil alone. In this organization, in which participants would act as stakeholders and investors, members would have every incentive to continue to participate lest they be left out of the advances the initiative was developing and promoting.

II. Proposed Gulf Economic Cooperation Council (GECC) Central Bank

Each of the countries in the Gulf Cooperation Council (GCC) has a central bank with established monetary arrangements with each other in recognition of their common interests. However, current government surpluses in the region coupled with projected increases for the foreseeable future are creating undue pressure

on the real estate and stock markets. Additionally, limited investment opportunities within each State restrict the opportunity to create new jobs and to further diversify the economies of the region. To this end, a regional, or possibly a GECC central bank, much like the U.S. Federal Reserve in Washington DC, could be established to serve as a common forum and meeting place for the existing central banks, which would continue to have the same functions and accountabilities as they now possess. A regional central bank would serve as a common forum and meeting place for the region's existing central banks, leaving the existing banks to continue performing their current functions and maintaining the accountabilities that they now possess.

The Trade Group called for enhancing regional cooperation, reducing regulatory processes, improved education and job training.

A monthly digest could be assembled, and the new mechanism would facilitate a common GCC currency planned for 2010.

III. Doing Business in the Middle East: What Could Improve?

The Trade Working Group stressed the importance of establishing more business-conducive environments throughout the region. The group's vision statement calls for achieving prosperity through the creation of wealth, improved skills, and a better quality of life. Assuming that current demographic trend lines continue,* group members observed the need to:

- ❖ reduce regulatory processes, with more access to capital, protection of property rights, and application of the rule of law by an independent judiciary;

*The UN estimates that the population in the greater Middle East region will increase 3.5 percent yearly and that by 2020 the population of the region will have increased from the current 270 million to an estimated 400 million people. It also assumes that approximately 120 million new jobs will need to be created.

- ❖ enhance regional cooperation;
- ❖ create a knowledge-based society with improved entrepreneurial education, training, and job opportunities to include women and create Arab venture capitalists;
- ❖ integrate better into the global economy with free movement of capital, goods, people, and ideas;
- ❖ promote a healthy macroeconomic environment and diversified economies, and channel wealth more productively;
- ❖ empower stakeholders by expanding the middle class;
- ❖ establish good governance, including broader popular participation in decision making;
- ❖ improve security to attract and retain investors.

IV. Creating Societies Conducive to Development, Efficiency, and Productivity

The Reform Working Group proffered a range of recommendations and formed a consensus utilizing the three so-called “deficits” identified by the UNDP as applying to the Arab world as a framework for reform:

Regarding the **deficit in knowledge**, the immediate goal is to develop a program in the Arab world to *purchase a computer for every student*. In the longer term, the goal would be to *provide a computer for every*

person in the Arab world, creating a means of expanding the knowledge base, with a range of corollary benefits.

Regarding the **deficit in women’s empowerment**, the group recommended that Arab governments set affirmative action targets for women’s participation (in government), and that Arab governments and businesses establish preferential clauses in contracts for women-owned businesses.

Regarding the **deficit in freedom**, the group suggested that each Arab state create its own Bill of Rights, establishing a social contract between each government and each citizen of that government.

For each suggested reform, a clear consensus existed that these reforms *must come from within*, and they must take into account divergent national, regional, and local customs and traditions. Within that context, several other recommendations emerged, including a multi-step process designed as a framework for job creation, education, innovation, and institution building. Among the substantive reforms that received the strongest support were “people-to-people” exchanges. These kinds of exchanges – between people from common professions, backgrounds, or experiences – can enhance understanding within the Arab world, and also between Arabs and Israelis, and between Middle Easterners and others.



President Clinton's Six Point Plan

1. Governments should expand **infrastructural and capital investment in broad economic sectors** to create new business opportunities in areas beyond oil and gas-related enterprises. Clinton cited overhaul of the Small Business Administration loan application process as one of the "little things that one fails to look at that often have a lot to do with how you can diversify your economy."
2. "A genuine effort to streamline regulation" should be implemented **by developing regulatory structures to promote small business, job creation, economic diversity, and the strengthening of the middle class.**
3. **Ongoing investment in education** should be pursued to get more young people into school, increase opportunities for university education, and maximize the intellectual capacity of the region, including placing more women in skilled jobs.
4. **A significant source of consumer capacity** should be guaranteed through the creation of minimum wage policies and unemployment insurance.
5. **There should be a healthy emphasis on business education** and how to manage information technology. The ongoing integration of information technology is key to high productivity levels.
6. Countries need to **make deliberate decisions to diversify their economies.** Mr. Clinton used Qatar's decision to provide liquefied natural gas as an example of economic diversification that not only created a new market, but also allowed consumers better choices. He also commended the government and citizens of Qatar for their investment in education partnerships with institutions around the world at the Qatar Foundation's Education City.*

Address by HE Sbeikh Hamad bin Jassim, First Deputy Prime Minister and Foreign Minister

It is highly important to recognize that we are discussing the economic future of the Middle East because this part has certainly tight organic connection with the political part. The success realized in either of the two parts shall be a dynamic power for realizing the success in the other part and vice versa. It is well-known that the Middle East area in general and the Arabian Gulf region in particular has a unique exceptional strategic importance. The importance of this area comes from many essential elements and reasons, the most distinguished ones are the area raw-materials and resources which are vital for the World Economic and its continuation such as, Crude Oil and Natural Gas.

These sources form the effective element for any desired process of economic and social development in the world. The realization of economic development at the international level is subject to access to these resources.

Consumption of these resources must be regulated through the organizing of production and exportation process for guaranteeing long range continuation of energy reserve for serving the entire human society during the current century where oil and natural gas remain the basic sources of Energy and Industry. In the end, we should acknowledge that the economic and social stability which is necessary for realizing the economic growth of the area states and other countries as well, is tightly connected with the realization of the political stability in such countries. Therefore, the area must be put far from crises and conflicts and serious work must be undertaken by the powerful countries of the world in order to resolve the area crises and conflicts in accordance with the rules and principles of the International Law.*

*Note: The full text of former President Clinton's remarks and the FM speech are available on the enclosed CD Rom.

ABOUT THE BURKLE CENTER AND ITS CENTER FOR MIDDLE EAST DEVELOPMENT

The UCLA Ronald W. Burkle Center for International Relations fosters teaching, research, public outreach and service on the contemporary world and the role of the United States in global security, military, political, social and economic affairs.

The Burkle Forum brings internationally renowned policy makers and scholars to UCLA to share their views on the most important foreign policy issues confronting the US and the world today.

The Global Impact Research Initiative supports innovative interdisciplinary research programs bringing together UCLA faculty and students, as well as visiting experts.

The Center for Middle East Development (CMED), under the leadership of its director, Steven L. Spiegel, was responsible for undertaking the Conference in Doha in partnership with the Ministry of Foreign Affairs of Qatar. CMED is committed to exploring through research, dialogue, training, and scholarly publications the economic, security, diplomatic, and political challenges the Middle East faces in the twenty-first century.

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