

## A MONTHLY REVIEW OF EURO-GULF RELATIONS

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### Lebanon: From the “Switzerland” to the “Venezuela” of the East



When Lebanon was referred to as the “Switzerland of the Middle East,” economic liberalism was not merely a policy option but rather the basis of an overall ideology of the Lebanese political system: small government and a laissez-faire economy par excellence. Lebanon was a vital link between the East and the West; a crossroads of cultures and civilizations. Lebanon

was a refuge for persecuted minorities, exiled journalists and activists from across the region...and beyond. Those days are long gone. After an exhaustive civil war, foreign occupations and interference combined with decades of Kleptocracy, corruption, a state-run Ponzi scheme and rampant government mismanagement has transformed this liberal hub in the East Mediterranean into a failed state.

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### Iran’s Downing of Flight 752 and Gross Negligence in International Law

On 08 January 2020, Iran fired two Tor-M1 surface-to-air missiles that obliterated Ukrainian International Airlines Flight 752—killing all 176 passengers and crew on board. Rather than immediately accepting responsibility for the (likely) unintentional targeting of the passenger plane, Iran obstructed the investigation, demonstrating its gross

negligence towards the international community and many of the pillars it stands on. This terrible incident raises a crucial question on states’ responsibilities in case of carelessness that leads to such terrible tragedies. Gross negligence under common law jurisprudence means reckless conduct or failure to act and disregard peoples’ lives and safety,

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### Time to Reset the EU’s Relationship to the Arab Gulf

The post-pandemic world will likely be very different from the “old normal,” and not only because people will interact while cloaked in medical masks and obsessively wash our hands. Geopolitical tensions and the tendency towards a reshoring of production from abroad — re: from China and East Asia — will significantly influence the European economy. The European Union is being asked to rethink and expand its role as a pivotal player for a new balance in the relations between Europe, the Middle East and Africa. An important chapter of this long-overdue strategy could be the opening of a new dialogue with the Gulf Cooperation Council countries for the establishment of a free trade agreement. There are many reasons and mutual interests for this advancement. The EU is the first importer among the GCC states, which is also the EU’s fourth largest export market. The two organisations already cooperate through a joint council and a joint cooperation com-

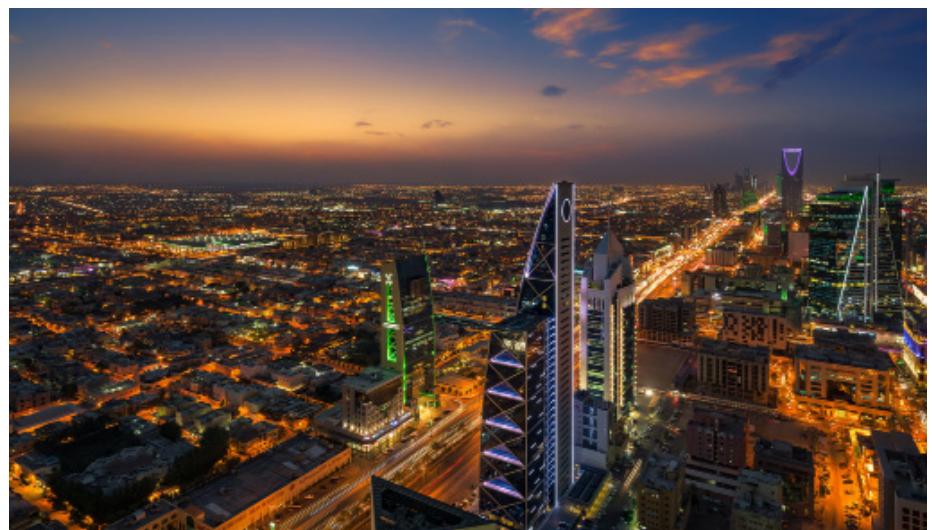
# SPECIAL REPORT

## Saudi Bureaucrats' Incentives Jeopardize the Vision 2030 Implementation Plan

*The following is an extract from the full report. To read the complete version visit [www.egic.info/special](http://www.egic.info/special)*

**Mohammed A. Alsuwaidy** is a former VRO Head (Vision Realization Office) at the Transport Ministry in Saudi Arabia, holds an MBA degree focused on Equity Investment and Corporate Strategy from Bryant University (Rhode Island, USA), and worked for several private companies before joining the Ministry. He worked in the field of asset management and equity investment advisory within the private sector, joined MODON as a Strategic planning consultant to complete its Modon2020 strategy, and had a regular column at Alriyadh newspaper as well as participating as an expert guest on several TV shows including Bloomberg TV.

In early 2016, King Salman Ibn Abdulaziz approved his country's new transformation plan, Vision 2030, as the best means to reinvigorate Saudi society, reduce the nation's reliance on oil, and diversify the national economy. This goal is not new. Since the 1970s, the correlation between economic growth and government spending has been nearly perfect, except for the period between 1990 and 2000, when it fell below zero as economic growth diverged from government spending. In fact, right after oil prices fell in 2014, followed by various actions taken with the fiscal budget a year later, the economy went into a recession, which started as early as 2017. The fiscal budget was reduced in 2016 to 840 billion Saudi Riyals (US \$224 billion), which represents a 32% reduction from the actual fiscal spending in 2014. As a result of this reduction, the country's real GDP shrunk by 0.86% in 2017. Real GDP fell for the years 2016 and 2017, respectively, from 2,587,758 to 2,565,591 million Saudi Riyals (US \$684,158 million). It is interesting to note that



the goal to diversify the economy away from oil was not new either, especially to Saudi bureaucrats, since it had been embedded in the country's successive five-year plans in the years before Vision 2030 was created. Why did the Saudi bureaucrats fail to achieve this goal? What caused such a letdown—or were the true causes those approved plans? Will the Saudi bureaucrats succeed now within the Vision 2030 plan? Or, perhaps, could there be a different angle to their failure? The paper intends to discuss the Saudi bureaucrats' failure from the standpoint of bureaucratic behavior; specifically, existing incentives to fulfill their executive roles, based on the assumption that they, as individuals who "recognize[d] their alternatives, anticipate[d] potential although uncertain outcomes, and rationally attempt[ed] to maximize their well-being in the face of incentives and constraints," were responsible for what actually occurred. At the same time, an attempt will be made to shed light on the outcomes when the incentives of Saudi bureaucrats become unintentionally mixed up with legislators' incentives within the same institution, due to a lack of separation of pow-

ers within government structures. In addition to discussing various implications, the analysis will focus on the organizational traits of key government entities, specifically to understand the implications caused by this lack of separation of executive and legislative powers (or function) within government institutions. Moreover, the analysis will highlight whether any roles and responsibilities overlap within the Vision's governance model, to further understand how the allocation of power within the state system influenced, and continues to encourage, the outcomes of the Kingdom's development strategy. Finally, and in an effort to draw specific lessons from past experiences as Saudi embarks on the implementation of major new socioeconomic platforms, the paper offers a few recommendations, including the separation of the legislative and executive power centers within the government structure in order to avoid a lingering shortcoming within the bureaucracy. Practically speaking, it is important to emphasize that "the executive, it may be said, is not supposed to be a talking shop; or, the kind of talk executive officials have to engage in

is much more a matter of strategizing and planning public administration than debating the general merits of policy.”

### The Mixed Roles and Responsibilities of Saudi Bureaucrats

Compared to a number of developed countries, contemporary Saudi bureaucracy is considered to be relatively young, having emerged during the 1950s, under the rule of King Abdulaziz Al Saud. Since then, government institutions have gone through several design and redesign processes, which may not have been necessary. As an illustration of the fundamental challenges the government confronted at the time, in 1952, “six different entities were supposed to be in charge of economic planning.” And despite the constant change in the government’s governance structure, the Council of Ministers held legislative, executive, and judicial powers all in one body, which meant that its functions were cascaded down to subordinate bureaucrats and public entities, with negative outcomes at all levels. Consequently, Saudi ministers became atypical bureaucrats as they acted in various capacities, which saw their roles mixed between the executive and legislative functions. These could thus be summarized into four main areas, creating four roles for officeholders that, realistically, was not the most efficient way to employ their talents. As executives, cabinet officers assumed additional duties, including legislative and strategic functions, as well as regulating and monitoring. To be specific, Saudi ministers (or, more precisely, the ministries they run) juggle executive and legislative roles that are similar to those that US senators, along with civil servants, state governors, and the US president, oversee today. As a legislator, each minister (and his ministry) can engage in statutory law making by proposing a new or adjusted “NIDAM” project (the Arabic term for a statutory law), which is then shared with the oth-

er ministers to get their feedback. Afterward, the proposed law is reviewed by the Bureau of Experts at the Council of Ministers, and then continues through the government’s decision-making process. After the approval of the “NIDAM” is secured from the prime minister, the ministry naturally develops all related administrative laws for the purpose of implementation. The current minister of housing, Majed Alhogail, is one of the ministers who publicly discussed his work on creating statutory laws, which he revealed in the course of several media appearances as well as during his last Shura Council hearings, when he acknowledged that the ministry was able to pass several new pieces of legislation that governed the housing sector, such as the homeowner’s association called the “Mullak Program” and other similar laws governing the sector, with some success. As a “strategy maker,” the minister (and his ministry) was thus responsible for setting the strategic direction of the sector that was regulated by the ministry, which became quite clear after his media appearances clarified the procedures in place. We can thus see from this example how every single minister with a portfolio, whether a ministry or an authority, is responsible for identifying a long-term strategy, and how it is provided with the necessary resources to go about implementing it. For instance, in January 2018, the Council of Ministers finally approved the national environment strategy, which was drawn up and submitted by the minister of environment, water, and agriculture, in yet another significant illustration of the procedures in place. If we now turn to the minister’s executive role, which is that of an agent assigned to implement specific projects, we can better determine how the minister (with his ministry) is responsible for executing the country’s regional, operational, and infrastructure projects, as well as performing government interventions within the ministry’s

scope. The health and education ministers (and their ministries) have the most sensitive and critical responsibilities, as these two vital service ministries are directly responsible for building facilities and operating them as efficiently as possible to provide various services to citizens around the country. In particular, in 2017, the number of hospitals run by the Ministry of Health stood at 282, while about 26,200 schools were operated by the Ministry of Education. Finally, in his capacity as a regulator, we see how the minister develops the sector’s administrative laws within the scope of his ministry to govern their implementation, both regionally and cross-regionally. For example, the Ministry of Commerce regulates local trade within the companies’ law, and the Ministry of Housing regulates white (vacant) land ownership with the White Land Tax. Both these regulatory efforts necessitate specific attention by high-ranking officials even though they could be handled, perhaps far more efficiently, by specialized bodies, which would also free the cabinet of these micro-management duties.

*Read the full report,  
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# Lebanon: From the “Switzerland” to the “Venezuela” of the East

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nean into a failing state with one of the world's largest debt burns and a population now struggling to put bread on the table. Many Lebanese term this period as 'the most difficult days of their lives' and even say that surviving the war was easier than surviving this crisis. With a 40% unemployment rate, the Lebanese Lira plunging in value, high inflation, no dollars in the ATMs, and a persistent garbage crisis, daily life in the country of cedars has become an acute struggle. The middle class is rapidly becoming the new poor, and the poor are getting poorer. Malnutrition is now commonplace. Lebanon's trajectory is the polar opposite of what once made it the Switzerland of the East.

## Freedom at Stake

Michel Chiha — one of the fathers of the Lebanese Constitution — was anxious to preserve the country's vocation of defending freedom. He believed that 'everything in this country is based on freedom and the future depends on it.' Sadly, freedom is being eroded. Lebanese security agencies are ramping up the interrogation and censorship of online activists and journalists who are being summoned, questioned and even detained for their social media content. Such enforcement actions typically follow complaints by government officials, political party leaders, bank directors and/or religious institutions. It is important to note the sentiment of Lebanon's new Minister of Information, Manal Abdel Samad, in that regard. Samad noted that: "We do have suggestions in that regard, especially in terms of the nature of penalties imposed on a journalist, and we are studying prison sentences that would not be implemented within broad constraints, but that would take into account the controls that protect the state, its prestige, and its pillars." That a serving Minister is discuss-



ing jail sentences for journalists reminds many Lebanese of darker times—the Syrian occupation of Lebanon. And, when Lebanese anger spilled out onto the streets with people asking only for their rights to be respected they were met with violence by security forces and paid thugs loyal to Hezbollah who harassed and attacked young men and women. Arbitrary arrests and the torture of protesters confirmed, to many, the return of the police state. Repressive measures have also reached financial matters as security forces have gone on a campaign to arrest currency dealers while the Telecom Ministry restricted access to 28 mobile apps that showed the average dollar exchange rate. The Lebanese banking system, which was once renowned for being among the most resilient sectors in the country, now throws obstacles in front of citizens—banks imposed their own capital controls: banned transfers abroad and enforced withdrawal limits to as little as \$100 per week. The former liberal hub now ranks low on the economic freedom index: the Lebanese economy is the 157th freest in the 2020 Index, sliding back into the "mostly unfree" group according to the Heritage Index.

## Hostage in the Wrong Axis

Neutrality is needed for Lebanon

to survive. But Hezbollah has different plans. The Iranian-funded militia is pulling Lebanon into an axis alien to its history: it is affecting Lebanon's relationships with the Arab Gulf states, Europe and the US, it dragged Lebanese men to their deaths in Syria, Yemen and Iraq and has now also situated Lebanon in the crosshairs of heightening US-Iran tensions. There is 'no place for neutrality in any war against Iran...This is our position as part of the axis of resistance: we are not neutral and will not be,' declared Hassan Nasrallah, Hezbollah's Secretary General. Portraits of Iranian Al Quds commander, Qasem Soleimani, adorn the main highway to Beirut International Airport—sparking outrage among Lebanese citizens. Nasrallah has also discussed repairing relations between Lebanon and Syria's Assad regime—suggesting that Lebanon needs Syria to survive or face collapse. This came amid reports of increased smuggling activity to Syria, especially two main commodities — petrol and flour — subsidised by the Lebanese state, resulting in annual losses of more than \$600 million (USD). The government is wasting hard currency to import commodities to Lebanon, only for them to be smuggled into Syria. Hezbollah is exploiting this scandal and use it to advance its

interests by sowing confusion as to who runs the smuggling operation and then, cynically, claiming that it can only be solved via enhancing relations with the Assad regime. However, the US's 2019 Caesar Syrian Civilian Protection Act (re: Caesar Act) could acutely impact Hezbollah and Lebanon as it imposes sanctions on any individual providing financial support to the regime. Assad will need Lebanon, but Beirut can no longer be exploited—it is on the brink of collapse.

### The Road to Salvation

Talks between the International Monetary Fund (IMF) and Lebanese authorities have commenced; they are discussing a plan to unlock around \$10 billion (USD) in aid. However, corruption is widespread and no major reforms were implemented despite the \$4 billion (USD) granted Lebanon over the past decade precisely to soften the impact of structural reforms. Lebanese

protesters have been on the streets for months reflecting growing distrust in the political elite. In this context, is the international community ready to trust Lebanon to implement the radical reforms the country needs? A good alternative would be investing in the private sector and civil society to make sure aid is not going to waste and is being more fairly distributed. But, regardless of how the international community decides to deal with Lebanon, if Beirut is interested in reclaiming its former title of being the 'Switzerland of the East,' it must go back to the future—work on what had previously prodded that slogan. Lebanon, as a state and its many communities need to brandish the torch of liberty again—economically, socially and politically. Lebanon must also invest in its human capital, save its banking sector, work on a decentralisation plan similar to the Swiss model and adopt neutrality—the main princi-

ple of Switzerland's foreign policy. These reforms, however, are not compatible with Hezbollah's goals, interests, and ideology, which is forcing Lebanon to make some very uncomfortable decisions. If the Lebanese government chooses a more oppressive path and allows Lebanon to be held hostage to the Iran-Venezuela (under Maduro) axis, Lebanon's future looks a lot like theirs: food and medicine shortages, extreme violence and misery and pariahs internationally. The Lebanese government must note that the more it resembles its neighbourhood — Syria, Iraq, Iran — the less help it will receive from the international community and the more difficult living in Lebanon will become. Steering Lebanon out of the Iran orbit is not only a national priority, it is also a nationalist priority.

*by Romy Haber*

## Iran's Downing of Flight 752 and Gross Negligence in International Law

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which is more than ordinary negligence. This attack underscores the irresponsible behaviour of Iran. The work discusses the use of force against civil aircraft under international law. It then turns to assessing the specifics of the unfortunate incident and evaluates whether the victims have legal claims against Iran and what they are entitled to.

### The Use of Force against a Civil Aircraft — an Unjustifiable Crime

The international community set out rules governing safe navigation of the skies with the maxim level of security to protect civilians and through that safety net help promote globalisation travel, trade, and international relations. The Iranian downing of Flight 752 with no justification whatsoever and with an organised obstruction of justice campaign by Tehran has



begged the question of what legal remedies are available. These will be presented alongside the presentation of the legal mechanisms available within international law. Article 2(4) of the UN Charter, restricts states from using force against others' territorial integrity

(this includes nationally registered flights). In the case at hand, Iran's use of force falls under this article. Despite Iran's justification that its action could be understood as self-defence — which would, partially excuse its actions — this line of argumentation is unacceptable



since the authorities in question would have had to undertake due diligence and determine the type of object in the air before 'reacting' to the so-called 'threat.' In other words, the argument that Iran's actions which led to the downing of Flight 752 could be excused as confusion due to the fog-of-war is moot especially since it was Iran that initiated a military attack on installations across Iraq without taking precautions to protect civilian aircraft—it did not shut its airspace, it did not restrict departures or arrival and it did not issue any warnings. The 1944 Chicago Convention set out the legal foundation of the International Civil Aviation Organization (ICAO) that aimed to protect and promote aviation and trade among states. This was followed by the 1984 Montreal Convention that adopted Article 3(bis), which considered errors in judgment that led to the targeting of civilian aircraft, such as with Flight 752, as violations of international law.

Other examples include Korean Airlines Flight 007 downed by two Soviet missiles on 01 September 1983, over the Sea of Japan, killing all passengers and crew. The USSR refused to participate in the international court tasked with investigating the crime and the case was referred to the ICAO. The UN Security Council then proposed an international investigation — which was, unsurprisingly, vetoed by the USSR. Also, the 1988 Iran Air incident is important to recall — the USS Vincennes targeted Iran Air Flight 655, killing some 290 people — as the US failed to justify its actions under international law which prodded the international community and the ICAO to apply further measures and obligations to secure safe air navigation. In 1989, the ICAO adopted a resolution, *inter alia*, that urged all states to take necessary actions for civil aircraft navigation to ensure accurate coordination

of civil and military activities. The resolution aimed to reaffirm the fundamental principle of general international law requiring states to refrain from resorting to the use of force against civil aircraft and encouraged all states to ratify the Protocol introducing Article 3 bis in the Convention on Civil Aviation. The interesting part of the resolution was the need to set up safety recommendations by the Air Navigation Commission. The Fact-Finding Investigation of the ICAO made the following recommendations concerning measures that could be considered ex-ante: in areas in which military activities are potentially hazardous to civil flight operations, such as the case of Iran on 08 January 2020, optimum functioning of civil/military coordination should be pursued. When such military activities involve states responsible for the provision of air traffic services in the area concerned, civil/military coordination

# DYNAMICS

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will need to include such states.

To sum up (*inter alia*):

*"Military forces should, initially through their appropriate state authorities, liaise with states and ATS units in the area concerned ... Military units should be equipped to monitor appropriate ATC frequencies to enable them to identify radar contacts without communication ... If challenges by military units on the emergency frequency 121.5 MHz become inevitable, these should follow an agreed message with content operationally meaningful to civil pilots."*

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Iran's downing of Flight 752 cannot be regarded as a defensive act since the flight departed from Imam Khomeini International airport and the persons in the regime that authorised the use of surface to air missiles (SAMs) should have known that air navigation in Iran remained open. Under international law Iran must pay considerable compensation to Ukraine and directly to the families of the deceased for the physical and emotional damages caused and to underscore the point that every

state remains internationally liable for errors of this magnitude. The international community is now responsible to take further measures against the government of Iran in relation to its downing of Flight 752 both to punish Iran for its gross negligence and to further tighten the protocols needed to ensure air safety.

by Hussam Al Thiyabi

## Time to Reset the EU's Relationship to the Arab Gulf

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mittee on trade and investment issues, as well as energy and environment matters, but the negotiations for a free trade agreement were interrupted twelve years ago. From a European perspective, there are several reasons to rekindle trade negotiations:

1. to support the Gulf countries on their path towards economic diversification and away from hydrocarbons dependent sectors
2. to promote more climate-friendly trade consistent with the environmental agenda of the European Commission led by Ursula von der Leyen
3. to enhance the level of transparency and information in the financial markets and in the fiscal systems
4. to strengthen the political ties

between the two proximate regions and therefore increase cooperation to face mutual security challenges ranging from the fight against terrorism to migration management. As the Gulf countries have grown accustom to balancing the interests — and perspectives — of the US, Europe and the rest of the proverbial West, on the one hand, and China, India, Russia and the rest of the proverbial East, on the other, European policy-makers should add a fifth reason for deepening political and economic relations with the Gulf, which is able to eclipse the costs and the risks of a free trade agreement. It is true that the two most significant trade agreements signed in recent years — CETA with Canada and the EU-Japan Economic Partnership Agreement — are treaties between liberal democracies, while an agreement between EU and GCC

should take into account a differences in the two political systems and in labour rules. Protests over the conditions of foreign workers hired by the Qatari government to build the venues for the 2022 World Cup are an example of the problems the two parts should manage and solve, but they are also the basis to start negotiations. Gulf governments are growing, everyday, more aware of life after oil, which means a need for diversification, investments, access to foreign technology and modernization of their societies. They also know that in the long run Europe is the most reliable partner they have. It seems that the intersection of EU-GCC interests is clear and present.

by Piercamillo Falasca

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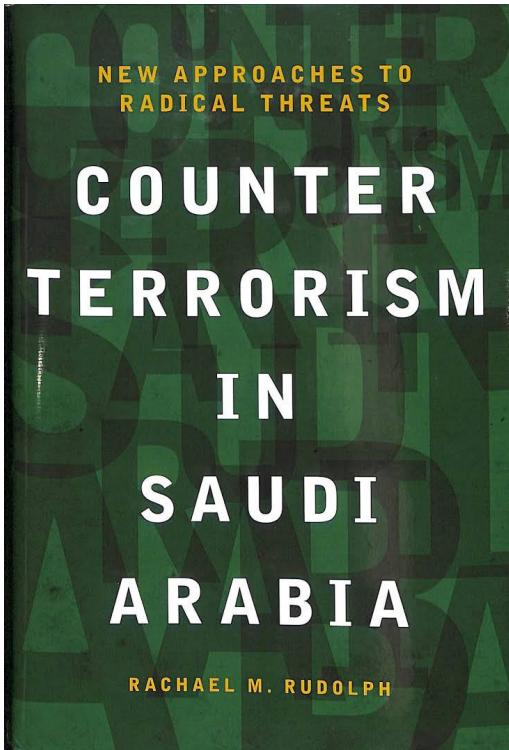
# Counterterrorism in Saudi Arabia

## New Approaches to Radical Threats

With the resurgence of jihadi terrorism in its 2.0 form, Rachel M. Rudolph's work on Counterterrorism in Saudi Arabia provides readers with fresh insights into relevant counterterrorism strategies. The goal of this book is to raise awareness about Saudi Arabia's experiences with terrorism, and focuses on clashes with the Al-Qaeda network and, specifically, with Al-Qaeda in the Arabian Peninsula (AQAP). As a result, Saudi Arabia has developed a counterterrorism and anti-terrorism strategy based around 3 main pillars:

1. Intelligence, Security and Public Diplomacy
2. Countering Terrorist Financing
3. Providing Psychological Security.

The first pillar is built on the role of intelligence, security and public diplomacy and Rudolph traces it from the end of the 1990's until the first half of the 2010's. During this phase, Saudi Arabia adopted its strategy in intelligence gathering and analysis. Based on intelligence, security forces adopted a more proactive strategy, such as



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countering terrorist financing. Rudolph highlights the debate between analysts and academics about the importance of this element in any counterterrorist strategy. Nonetheless, the strategy revolves around targeting money laundering and increasing cooperation with financial institutions such as banks and the implementation of legislative reforms which would make the funding more difficult or, ideally, impossible. The emphasis of the second pillar is on the long-term impacts, rather than short-term objectives. The final pillar is presented as psychological security. Its purpose is to combat the ideological and intellectual support for terrorism. It includes elements such as promoting a moderate interpretation of Islam through state-trained Imams, education, media campaigns and at some point religious debates between clerics, state officials and Muslim

pre-emptive raids and tracking of potential terrorists. This chapter describes the legal reforms and the introduction of a special criminal court, tasked with judging terrorist cases. Through the use of public diplomacy, Saudi society, according to Rudolph, endorsed those changes and accepted the government's call for peace and stability. The second pillar is related to



youth groups. Saudi Arabia also runs a deradicalisation and rehabilitation programme for convicts charged with jihadi-related crimes. The main institutional framework of the Saudi counterterrorism and antiterrorism model is in the hands of the Ministry of Interior, which is primarily responsible for the implementation of the strategy. At its conclusion, the book evaluates the success and limits of the strategy and it proposes continuing and deepening of counterterrorist cooperation as new groups, like the Islamic State, emerge. Rudolph does not only focus on the three pillars, but also provides a historical background, which led to the development of this strategy. Rudolph describes the evolution of Al-Qaeda from its foundation – in the late 1980's as one of the products of the Soviet-Afghan war – throughout their operations in 1990's, the attacks of 9/11 and the subsequent attacks in Eu-



rope. This background on Al-Qaeda is followed by a description of violence in Saudi Arabia in the 1990's, 2000-2002 and 2003-2006 waves committed by AQAP and other jihadi groups like the Tigers of the Gulf and Brigade of Faith. Rudolph also highlights the importance of the power of perception. Particularly the perception of Saudi Arabia in eyes of the United

States before and after 9/11 since after the attacks on the World Trade Centre, the US public accusing the Kingdom of sponsoring terrorism. That misperception, of Saudi Arabia as a terrorism-sponsoring state undermines its counterterrorism efforts and can make international cooperation difficult. There are a few shortcomings to this work however, such as engaging in the dilemma of the limits of the strategy and the potential costs to civil society. This problem is shared by all those confronting violent terror groups and answers related to shortening balance are complex. Nonetheless, this book does provide a comprehensive insight into Saudi Arabia's counterterrorist strategy. This book comes highly recommended.



by Ondrej Novák



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# A Month in the Gulf

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## BAHRAIN

Sunday, 18 May—Bahrain's Minister of Oil, Mohamed bin Khalifa Al-Khalifa, inaugurated the Kingdom's first liquified natural gas (LNG) regasification terminal. According to the Oil Minister, the recently discovered gas reserves in the Gulf of Bahrain field might cover the Kingdom's domestic demand and it could thus stop importing LNG. He also said that Bahrain and the Gulf Cooperation Council (GCC), particularly Saudi Arabia, consider establishing a network of gas pipelines to link Bahrain to the rest of the Gulf countries.

## QATAR

Thursday, 28 May—Qatar's Emir, Tamim bin Hamad Al-Thani, and Russia's President, Vladimir Putin, held a phone call, discussing bilateral cooperation in investments, the situation on the global energy markets, preparations for the 2022 FIFA World Cup as well as the Syrian peace settlement and the 'importance of normalising the humanitarian situation in Syria.' They also agreed to establish direct collaboration between their Health Ministries to prevent the spread of COVID-19.

## KUWAIT

Thursday, 21 May—Cybersecurity researchers of Bitdefender, a global cybersecurity and anti-virus software company, published a detailed report revealing an Iranian cyber-espionage campaign conducted by the group Chafer APT against air transport and government sectors in Kuwait and Saudi Arabia with the aim of data exploration and exfiltration. Parts of the campaign lasted over one and a half years. It revealed that the campaign against Kuwait was more sophisticated than the one on Saudi Arabia.

## SAUDI ARABIA

Friday, 29 May—Saudi Arabia's Minister of Finance, Mohammed Al-Jadaan, represented the Kingdom's G20 presidency at the United Nations (UN) high-level event on Financing for Development in the Era of COVID-19, co-chaired by the UN Secretary-General, António Guterres, Canadian Prime Minister, Justin Trudeau, and Jamaican Prime Minister, Andrew Holness. The meeting aimed to come up with collective proposals to overcome financial issues, such as global liquidity and financial stability, debt vulnerability and better recovery for sustainability and growth, challenged by the pandemic's economic impact.

## OMAN

Oman's Sultan Haitham bin Tariq Al-Said issued a decree establishing the Oman Investment Authority, a new institution that will own and manage all public assets except the Petroleum Development Oman and the government shares in international institutions. The new entity combines the wealth of Oman's sovereign funds, State General Reserve Fund (SGRF) and the Oman Investment Fund (OIF), holding assets estimated at about \$17 billion.

## UAE

Wednesday, 3 June—The UAE and France held their 12th Strategic Dialogue session, co-chaired by Head of the Abu Dhabi Executive Affairs Authority, Khaldoon Khalifa Al-Mubarak, and Secretary-General of the French Ministry for Europe and Foreign Affairs, Francois Delattre, and attended by senior officials from both countries. They discussed a strategic 2020-2030 UAE-France partnership roadmap, involving key sectors of bilateral cooperation, such as trade and investment, oil and gas, nuclear and renewable energy, culture and security. They also agreed to coordinate on preventing regional crises.





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# EXPO 2021 Dubai

## Rethinking Italy's Opportunities



2020 was meant to celebrate EXPO Dubai, which Italy (as organiser of EXPO 2015 in Milan) worked diligently for years on as an opportunity to grow its exports to the Middle East, and the Gulf Cooperation Council (GCC) countries in particular, and as a showcase for the attraction of investments towards its small and medium-sized enterprises—especially the most innovative ones. The postponement of the event until 2021 will, in all probability, transform EXPO Dubai into the first major post-pandemic event, with enormous symbolic and strategic significance. One hundred and ninety countries are set to participate and some twenty five million visitors, from around the world are expected to attend. The theme chosen for the event – “Connecting Minds, Creating the Future” – will be ever more appropriate after the pandemic, a time when the emergency has pushed innovation and digital processes into our daily lives and work. For a country like Italy, struggling so hard against the virus and the economic crisis, EXPO Dubai 2021 will be a natural chance for a fresh

start. Both in the United Arab Emirates (UAE) and in neighbouring Saudi Arabia, Italy represents the 8th most important importing country, contributing to more than 4% of goods and services these two biggest GCC countries purchase abroad, above all thanks to the success of the most emblematic sectors of the “Made in Italy” mix of food, furniture, fashion and machinery. It is inevitable that, after Covid19, the approach to EXPO 2021 will be different for everyone. The Gulf countries will be increasingly engaged in the strategy of economic diversification, to free an increasing share of their GDP from oil production (and dependence). The drop in oil prices due first to the lockdown and then to the global economic recession will certainly limit investment capacity, making Saudi, Emirati, Bahraini, Kuwaiti, Omani and Qatari investors more careful and demanding about the companies and sectors they intend to invest. For those Italian companies that will be seeking partnerships, the challenge will be to offer greater credibility and solidity than ever. From a political point of view, the support of the so-called country-

system will be crucial, starting from the role that can be played by SACE, a public insurance company for the exportation and internationalisation of enterprises, and also thanks to the office which is to open in Riyadh and the Memorandum of Understanding (MOU) signed by the public company and the CEO of the Debt Management Office, Fahad A. Alsaif. In general, it is reasonable for Saudi Arabia to direct its investments more towards industrial and production diversification rather than purely financial investment, because a target over the next few years will be to increase the internal demand and the workforce’s productivity in non-oil related sectors. Know-how will be a “new oil” - this is a skill-set for which the dense network of medium and small Italian enterprises (SME) retains global recognition for its level of excellence. It is necessary to exploit, enhance and protect this particular Italian niche. For Italy, but in general for Europe, a strategy of intensifying commercial relations with the GCC will inevitably influence the region’s delicate geopolitical balance which, at present, is — like the rest of the world — impacted on by the effects of the pandemic and the growing frigidity in West—Far East relations. For Italy, Expo 2021 will also present the opportunity for in-depth reflection on the role that it (alone and as a key member of the European Union) wants, and is able, to play in the region. It is a complex issue, given the very sensitive situation in the Gulf, but it is an issue that, sooner or later, Italy will have to signal a clear answer.

by Piercamillo Falasca

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