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On the Eve of the GCC Summit: A Conversation with John Duke Anthony

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SUSRIS Editor's Note:

On Monday leaders from the six Gulf Cooperation Council states will gather in Muscat, Oman for the 29th annual Supreme Council session, the GCC Summit. While last year's summit captured more attention from international media — given participation of Iranian President Mahmoud Ahmadinejad — the issues confronting the Gulf leaders this year may be considered far more numerous and complex. To help us set the scene from the summit, we are pleased to share the insights and observations of Dr. John Duke Anthony, President of the National Council on US-Arab Relations, and a specialist in Gulf affairs — himself a regular observer at all of the Supreme Council sessions — on the eve of the summit. Dr. Anthony was interviewed today via email exchange from Muscat, Oman, site of the GCC Summit.

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SUSRIS EXCLUSIVE FROM MUSCAT, OMAN

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SUSRIS: Thank you, Dr. Anthony, for joining us from Muscat, Oman, site of the Gulf Cooperation Council Summit. I believe you have now been an observer at 28 GCC Summits. Can you provide a perspective on the significance of these annual meetings?

JOHN DUKE ANTHONY: I'd like to start by saying that contrary to what many might expect, the topics that are likely to engage the Summit most seriously and for the longest discussions will not necessarily be the events of the previous few days or even the period immediately leading up to the summit. Certainly, such topics as Israel's major resort to armed force against the Palestinians in Gaza; the onset of a global recession; the international financial crisis; and the continuing plummet in the price of oil will all be discussed, but they will not be the main event.

But this is not all. Other issues and challenges clamoring for attention and redress are the situation in Iraq; the question of whether Israel or the United States or some combination of the two will attack Iran; the implications of developments related to Iran in terms of its ongoing quest for enhanced recognition of its expanded regional status and aspirations with respect to Iraq, Lebanon, Palestine, and the three UAE islands it occupies; the augmentation of American armed forces deployments to Afghanistan; the uncertain near term future prospects for stability and greater security in Pakistan, Lebanon, and Somalia; internationally and regionally heightened concerns related to nuclear developments as well as terrorism and other extremist related phenomena; the prospects for positive change, including America's standing in this region and practically everywhere else in the world, with the incoming administration of U.S. President-elect Barack Obama; the coming year's elections in Israel, Iran, Iraq, and elsewhere; and the environment — the list is a very long one. The policymaking and decision making challenges they pose are also in numerous ways far more complex than in many years past.

SUSRIS: To what extent can any summit deal with so many issues?

ANTHONY: They can't; it's not possible. Nor is it vital or necessary that they try to do so. Having said that, it is only natural that generalists and others lacking familiarity with the GCC's origins, nature, and purpose believe that as many of the issues noted as possible would most definitely be among the ones that will be deliberated and debated, if not decided, at this summit. However, what is shocking for observers that

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have never attended such summits is that this is almost never what happens in the case of the GCC. Indeed, having been invited to attend all 28 of the GCC's annual summits, I am hard-pressed to recall a single exception. It just doesn't happen this way.

SUSRIS: Can you give an example or two?

ANTHONY: Yes. Last year's summit in December in Doha, Qatar, would be an illustration as good as any. Then, practically everyone attending that summit that had never attended one before had to have been surprised and somewhat confused when they looked in the rear view mirror a few weeks later. In doing so they would have been taken aback at the disconnect with what had been their earlier mixed degree of curiosity and self-assurance about what would happen at the summit, on one hand, and, on the other, what in fact happened that in some instances was expected but in other instances was expected to happen but did not. The gap between the two was occasioned by the fact that many, and not for the first time, had approached the summit certain in their own minds that the summiteers would tackle what were one or more of the two hot-button issues of the moment.

One topic observers were keen to write about at the Doha Summit was multifaceted and on the tip of everyone's tongues. It had to do with the sudden mushrooming of mounting anxieties within the region and abroad about double digit inflation, consumer angst, a weak dollar, near-term steep stock market fluctuations, talk of certain megabuck projects possibly being canceled or delayed, construction contracts being amended, business deals being re-bid, etcetera. A second hot item seized upon by all the media was the fact that Iranian President Mahmoud Ahmadinejad attended by invitation. These two fixations created media buzzes that unavoidably and inevitably made their way into print. In the substantial and often lengthy commentary and analysis that accompanied such reporting, however, absent almost altogether were background, context, and the perspectives of the summiteers themselves.

It turned out that many who wrote such accounts did so for reasons that were understandable even if not that relevant to the summit's actual proceedings. They did so either on their own account as free lancers or because before arriving to the summit their editors had assigned them to report on such topics. As a result, the impressions given in the process, while in many cases making for interesting reading, were misleading. As such they contributed to the outside world's continued general lack of understanding and knowledge about the GCC and its member-countries and what they are and are not. Indeed, much that was written led readers to believe that the

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summiteers had convened primarily to deal with the matters noted by many who wrote and had published articles on the summit, when in fact what mainly transpired in reality was something quite different. This is not to suggest that the heads of state, ministers and their advisers took no note of such phenomena. They did. But they did so mainly in passing, not in hours of deliberation.

SUSRIS: How can this be explained?

ANTHONY: The reason, over and beyond what I said about what many outsiders bring to the summits in terms of false assumptions and lack of knowledge and understanding, is that something else that is far more fundamental is in play. At the most elemental level, it has to do with how the GCC governments' leaders proceed to conduct their collective and respective publics' business. In short, they are not now nor have they ever been given to rash reactions. For that matter, speaking hypothetically, short of a war having just broken out or some other unanticipated massive calamity having occurred on the eve or day in which a summit convenes, what happens at most summits is not that surprising. Certainly, it is not earthshaking.

In the main, what transpires at a given GCC summit is usually fairly predictable. Indeed, the key topics, priorities, and specific agenda items of what will be processed in the course of discussion and debate among the summiteers are almost always known, understood, and agreed upon ahead of time. Even the outcomes – all or certainly most of a summit's results – are usually known in advance, certainly to the participants and their closest advisers. Of course there are occasional surprises and exceptions, and there may be one or more at this one, including a new initiative to tackle this or that challenge in a different or amended way than before, but this has been the general pattern. At the convening this evening of the GCC's Ministerial Council, the organization's key policy formulating body, there was no reason to believe that the present summit will be any different in this regard.

SUSRIS: Are there examples of other international organizations where this is or has been the case?

ANTHONY: Yes. There are many. To be sure, like every other organization, the GCC has its own different origins, purposes, objectives, and requirements as well as expectations of the members. The member-countries, too, have their own distinct cultures, societies, and traditions. Even so, as a group they also share numerous functions and characteristics of other international organizations. Two organizations in particular that share certain strategic and stylistic characteristics with the GCC,

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although they are in many other ways quite distinct and different, are the European Union and the Association of Southeast Asian Nations, or ASEAN. Like many of the leaders in these and other regional and sub-regional organizations, the GCC's decision makers and policymakers are not prone to unprecedented bold and decisive action, reaction, or for that matter inaction absent prior lengthy study of the issue at hand. Neither are they inclined to reach a decision without first having considered the input and comment of many specialists and advisers.

For obvious reasons, this is much of what the staff of the GCC Secretariat General and its departments — Political, Economic, Military — and its standing and other committees dealing with more specialized issues does year-round. Indeed, during practically every week of the year there is one or more GCC-centric meeting being held at the secretariat or in one of the member-states where the relevant official representatives of all six GCC countries are consulting with a view to reaching consensus regarding a variety of GCC policy priorities and challenges. Indeed, this year's summit, like all the rest, will spend a lot of time reviewing and evaluating the record of the past year since the previous summit. To that end, there will be reports made following discussion about what progress was registered, what delays or unexpected obstacles were encountered, what needs to be reconsidered, and, in every instance, why and what lessons are there to be learned. Failure to tend to this important part of the GCC's *raison d'être* would make no sense and raise valid questions about the organization's purpose and objectives as well as effectiveness.

There are additional reasons. One has to do with a long-standing agreement and practice among the summiteers. It is that, whenever possible, all serious strategic policy matters before them for consideration need first to be consulted and studied among them at length in addition to being thoroughly researched by their key advisers, the options known, considered, and submitted to discussion and debate at whatever length one or more of the heads of state deem necessary, and the implications for their collective and respective interests as well as key policy objectives weighed in the balance before a decision is taken.

To an outsider pressed before attending a summit with a filing date stipulated by their editors whose knowledge and understanding of what the GCC is and is not is a guaranteed recipe for frustration. When such analysts learn that the summiteers are consumed with other matters, these kinds of attendees are taken aback, but not the summiteers. The latter who conduct the work at hand and at these annual meetings are programmed in advance to deal with quite different agendas.

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SUSRIS: Obviously, as you indicate, there is no shortage of front burner issues on the Gulf leaders' to-do list. Some pre-summit commentary has suggested the headline will be Gulf countries' actions to cope with the global financial crisis. Can you give us a snapshot of how that issue will be approached at the Summit?

ANTHONY: You are correct in assuming that the international financial crisis will be high on the agenda. It will come under the economic agenda. This, from the beginning has always been by far the most extensive agenda at practically every GCC summit. The reason is that the GCC concluded an Economic Unity Agreement in June 1981, barely two weeks after the GCC was established at the first formal summit in May in Abu Dhabi. To date, this is the oldest, largest, and most pervasive pan-GCC agreement among the member countries. Mistakenly interpreted by many at the beginning as a binding accord among the members, the agreement can be likened, as indeed the members meant it to be, to more in the way of a visionary economic blueprint of what would be possible for the GCC to achieve if and when the founders and their successors deemed would be appropriate.

By "appropriate" the sense was that whatever beyond the accord the members as a whole could concur in principle as a worthy goal, and contingent also upon their agreeing to the means by which to reach it, the agreement would warrant their serious and favorable consideration as well as their proactive pursuit towards its achievement. When more than ten years ago I asked one of the senior GCC foreign ministers why this particular focus occupied a greater niche than others, for example in comparison to political or defense cooperation, he answered as follows. "It is because we know our people. This is what they have indicated to us repeatedly that they want the most. It's also because of their and our awareness that this is the one aspect of the GCC's work that can be most accurately measured and evaluated. Because it's tangible, it touches the people directly at the level of their material needs. These of course are for many people the keys to numerous other things. To name but a few, one is talking about people's families and their children's aspirations, their physical comfort, their ability to enjoy things they never knew about or possessed before or ever dreamed they would ever have a chance to own and enjoy growing up."

It is in this context that there is palpable pan-GCC concern about the implications of the current international financial crisis for their near-term present as well as longer-term future. This morning several others and I spent two hours meeting and talking at length with one of the key ministers at the summit who is tasked with helping explain some of the GCC leaders and citizens' views on these very issues. Joining me and

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confronting him were some who tried to push him into a corner. They probed this way and that way to see if they could cajole him into admitting that the Economic Death Reaper was near.

An Arab specialist wanted to know whether he agreed with her. She asked whether it is possible that the crisis will be seen in the future as having marked the end of capitalism as the world has known it thus far. Another stated and then asked did not the minister agree that surely the non-stop economic boom that the GCC region has been experiencing for more than the past half decade is going to come to an end in the very near future. Another stated that surely the minister agreed with the following: what could be more dramatic evidence than that which is to hand that now is the time for the GCC countries to end their dependency on the American dollar. With the exception of Kuwait, which pegs its dinar to a basket of currencies, of which the American dollar is the largest unit within the basket, all of the other GCC countries' currencies are pegged to the greenback.

Still another Arab attendee, a veteran of many summits, opined that if nothing else, this is the time more than any other when the GCC countries can move closer to becoming an international economic bloc of global significance. He continued that, if so, the GCC could for once begin to exercise a degree of input and influence on the nature of international economic, financial, and investment policies that, at the end of the day, have an impact on everyone. And, as if his plate was not already full, the minister was asked to assess where the perennial discussion of a free trade agreement between the GCC and the EU stood at this time.

The minister was at pains to address each of these notions and numerous others imbedded in questions asked that, in essence, implied doomsday was at hand or would soon arrive. Overall, the tone of his responses was one of reflection and unaffected calm. He made several points. One was that it is false to think in terms of potential economic, commercial, or financial ruptures within the GCC.

The same was true, he emphasized, in terms of all of the GCC's member-countries. His reference was in terms of their individual relations with global financial institutions or their bilateral partners and allies. A related theme to which he repeatedly returned was, in effect, that "Gone are the days of 'we' and 'they' and 'those' and 'other' in matters such as these. We have embraced globalization, challenging and demanding as it is and not without reservation and some pain here and there, but, overall, wholeheartedly. For all of us, there is no turning back in this regard. What this means should be obvious: "we are all in this together."

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Continuing with this theme in response to a question as to whether the financial crisis spells the end of capitalism as the world knows it, he said the answer is no. There was an extended debate on this point. During the course of it, he indicated that he agreed with the following view. "There are too many people with vested interests in the long prevailing global economic system of capitalism as people have known it for so long to expect this to happen. The power and determination of vested interests to do whatever is necessary to preserve their benefits, and the system with which they have been associated and the benefits were derived, are not to be under-estimated. The giant beneficiaries of the existing system know what has brought them their success. They can be counted on to fight for the protection and perpetuation of those interests. It cannot be said that this particular economic system, its flaws and failures of which there are many notwithstanding, has been a net failure to the world, at least not yet."

As for the GCC countries' own less than perfect financial regulatory structures, institutions, and systems, the minister was quick to acknowledge that there have been shortcomings. He was equally quick, however, to insist that from everything of which he was aware, efforts are already underway to enhance the authority and power of those tasked with oversight and reporting any excesses or people's attempts at being granted exceptions.

The minister was also quick to imply that however further the world's current descending economic spiral may fall before it hits bottom and is corrected, he does not see the likelihood of any catastrophic economic consequences for the GCC region as a whole or any of the GCC's member-countries. He gave as reason that the past five years' boom times and unparalleled economic, commercial, and financial growth has positioned their treasuries to be able to endure any conceivable economic or financial hardship for at least the next five years. If true, and I have no reason to believe that it is not, this would place the GCC countries fiscally, monetarily, and perhaps also in terms of the prospects for domestic political stability and security in a stronger and healthier position than most of the world's other countries.

What the minister did concede, however, was the following. He admitted that, "There may have to be 'amendments' and 'alterations' to the provisions of a range of economic, commercial, and investment projects and contracts in the near-term future to account for the recent crisis." He mentioned such areas as real estate and the construction sector in particular. Doing so, he said, would be necessary, "In order to take in to account the altered circumstances in which these projects were conceptualized, negotiated, and agreed to, on one hand, and the need to

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accommodate the straightened economic realities and belt-tightening demands that have intervened in the interim, on the other.”

SUSRIS: In what ways will the deliberations and conclusions reached at the Summit be important to US-GCC relations?

ANTHONY: They will be very important, just as they have always been since the GCC's inception. The GCC countries have long been America's de facto allies and strategic partners, dating back to pre-Cold War days. Their partnership with the United States is far from new, and it is multi-faceted.

At one point, US relations with the GCC countries, going back before the GCC's formations in 1981, hinged to a significant degree on Cold War needs and interests. The GCC countries were allies of the US and NATO in that era, sharing similar concerns and foreign policy goals, and united in a common ideological and societal resistance to Communism.

Throughout all this history, the GCC countries retained a major significance for the US because of their status as producers and exporters of sixty per cent of the world's known hydrocarbons. Adding to this importance they remaining guardians of the world's most strategically vital maritime passage, as these hydrocarbons are shipped daily through in the Hormuz Strait.

They have also managed in a short period of time to become centers of world class transportation – for example, Emirates Airways, Al-Ittihad Airways, and Qatar Airways. Simultaneously, they have developed burgeoning tourism industries and have become a hub for imports and re-exports to nearly two billion people in Africa, the Indian Subcontinent, and Central Asia.

The financial importance of the GCC countries has continued to increase. They are the possessors of vast amounts of accumulated capital in the form of sovereign wealth funds and the providers of financial services and investors globally on a scale that has no rival or peer elsewhere in the developing world. More recently, they have evolved into thriving centers for higher education, training, and human resource development.

SUSRIS: Thank you, Doctor Anthony, for sharing your insights on Gulf affairs on the eve of the GCC Summit.