

The Rome Dialogues IV

The Great Rivalry
Great Powers,
Politics and
Strategy in the
New Middle East

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Introduction to the EGIC

The Euro-Gulf Information Centre (EGIC) is an initiative that aims to build social, political, strategic, cultural and economic bridges between the people of Europe and the Arabian Gulf.

While the EGIC was only formed on 01 October 2015 as a legal association in Rome, Italy, it draws on the expertise of a multitude of scholars, policy makers, economists and members of European and Gulf civil societies to enhance inter-regional relations.

The EGIC has tasked itself with six activities over the short, medium and long terms:

Publishing Hub—the first objective of the Centre is to act as a publishing hub on information related to the wider Arabian Gulf. This entails the launching of a new journal (re: The Arabian Gulf), book series (the Rome Dialogues), online commentaries, policy papers and newsletters. Literature will be made available in several languages (Arabic, English, Italian, German, French and several of the Slavonic languages) and be done in both hard and soft copy formats.

Seminars, Conferences and Roundtables—in order to continue to attract attention for the Centre, a series of seminars, conferences and roundtable discussions take place on a regular basis.

Specialised Certificate, Internships and Scholarship Programmes—the EGIC will begin a targeted certificate programme for university-ages students, run as Spring Schools. Themes will vary, but stay related to European-Arabian Gulf dynamics. Also, the EGIC offers a three month internship based on the European ERASMUS Programme. This programme will focus on building the skill-set required of a socio-political organisation and includes: organisational, writing, presentation and innovative thinking skills. Since 2017, in partnership with Universities around Europe, the EGIC offers special Master's programmes on Middle

Eastern Studies. Finally, the EGIC will offer monthly and annual scholarships for research on Arabian Gulf-related topics.

Cultural Events—the EGIC strives to offer a comprehensive cultural platform to expose the peoples of Europe and the Gulf to each other’s cultural rites, rituals, festivals and writings. From book launches, poetry readings, talks, films and cookery, the EGIC sponsors and organises events to create cultural bridges and bring people together.

Web and Tech—the EGIC has adopted a tech-savvy approach that entails the use of high-tech platforms to generate an interactive platform beyond the physical boundaries of the EGIC headquarters. All EGIC research and events will be made Open Access and the deployed technologies will reflect this approach.

Outreach Activities—the EGIC puts a special effort in organising and coordinating a variety of outreach activities with the aim of building and sustaining people-to-people contacts and professional networks between Europe and the Arab Gulf. The EGIC runs annual Parliamentary Dialogues in both regions and facilitates strategic meetings in all phases and at all levels (business, politics, society) from which joint projects, coordination activities, partnership and cooperation are established. The EGIC offers ideas, support and its good offices to smooth dialogue and collaboration.

Introduction to Rome Dialogue IV

Although part of our Rome Dialogue series, this event was extraordinary. Held in the stunning Palazzo San Macuto (Chamber of Deputies) in Rome, and planned in partnership with the Rome-based Istituto Alti Studi di Geopolitica e Scienze Ausiliarie, the event gathered more than 100 attendees and an outstanding group of scholars, including:

Prof. Anthony H. Cordesman - Arleigh A. Burke Chair in Strategy at the Center for Strategic and International Studies

Prof. Nikolay Kozhanov - Non-resident fellow at the Carnegie Moscow Center and a visiting lecturer at the European University in St. Petersburg

Dr. Michal Meidan – Director of China Matters and Associate Fellow of the Asia programme at Chatham House

Dr. Andrea Gilli – Post-doc Researcher at the Metropolitan University of Prague

The discussion centred on a variety of topics directly or indirectly related to the international tremors caused by turmoil in the Middle East. The aim was to understand and discuss the strategies deployed by the world's major powers such as the US, China, Russia, and many in Europe, seeking clarity for what is at stake, levels of commitment and emerging and disintegrating alliances. The event kicked off with a keynote speech by Prof Cordesman that walked the audience through its latest work analysing through data, stats and detailed maps, sources of conflicts and instability in the region. After a lively Q&A with Prof Cordesman on the US strategy in the region under the Obama administration and forward, the second session featured perspectives from China (Meidan), Russia (Kozhanov) and on how global strategies have changed in the era of tech-

nology (Gilli). In all, Rome Dialogue IV generated a powerful debate on geopolitical shifts in the region and impacts on ongoing conflicts in an atmosphere that encouraged an enriching exchange between participants coming from many different sectors, including business, political organisations, academia, International Organisations, civil society, the diplomatic community.

The Opening of the Dialogue: Moderator's Introduction

Cinzia Bianco—Today we will be speaking about one of the most interesting topics in relation to the geopolitics of the greater Middle East. The conference is called 'The Great Rivalry' and will examine the great powers' strategy in the Middle East. We will have an outstanding panel and an outstanding keynote speech. The two centres that are organizing this event are the Euro-Gulf Information Centre (EGIC) and the Istituto di Alti Studi in Geopolitica e Scienze Ausiliarie (ISAG). My name is Cinzia Bianco and I will be moderating this event. First of all let me thank Hon. Renzo Carella, Member of the Italian Parliament, for being here to represent the institution that is hosting us, the Chamber of Deputies. Now I will give the floor to Dr Daniele Scalea Managing Director of ISAG and then to Dr Mitchell Belfer, President of the EGIC, for the initial greetings.

Daniele Scalea (Managing Director of ISAG)—I have the pleasure to welcome you all to this event on behalf of ISAG. Many thanks go to our host Hon. Renzo Carella, and all guest speakers and audience. Today's conference is the first fruit of the new partnership between ISAG and EGIC, which I hope will have many other results in the coming months and years. For now, I think we are providing a good service in gathering so many leading international professionals to discuss topics that are central to our lives - the Middle East. In fact, across the Mediterranean, from Europe to the Middle East, we are living interesting times. I see a main power that is at least partially going away, and no great power from the heartland of the continent coming back. Huge masses of people are moving across lands and seas and they are directly or indirectly changing the social, political and cultural landscapes of countries. National states in the region are collapsing and a so-called Caliphate is rising. Our generation will have choices to make. The throwing of history is getting more

fluid and interpretations are less predictable than for example during the Cold War, when we had a quite rigid partition of power sectors and ideologies. In such a situation it is really not easy to recognize the role of great powers in the Middle East and their strategies and therefore I am really looking forward to learn more from our outstanding experts today.

Mitchell Belfer (President, EGIC)—First I would like to thank everybody for being here. I am particularly fond of this room, I am still catching my breath by its beauty and I am also catching my breath by the gravity of the issues that we are going to be discussing today. We are, as the EGIC, certainly the newest kid on the block in the sense that we have only been around for around 6 months and I cannot begin to tell you just how grateful I have been to all the support that we have received. Daniele and his team have been wonderful to us. But also many other people here in Italy, members of the Chamber of Deputies as well as people in civil society, education and basically the whole spectrum have supported us. So for this we are very thankful and we also look very much forward to all of the different activities and events that we will do together. When it comes to the topic at hand - really what can I say to do justice to the presentations that are coming? Not very much because we are all very excited to hear from the specialists especially from the perspective from the United States, from Russia and the Chinese point of view as well as an Italian and European contribution. So I think the dynamic that we are going to see today are really going to be interesting. The international political environment is situated somehow on the lip of a volcano, we know that. There are wars, there is increased poverty, and there is a growing gap between the rich and the poor between nations and within nations too. And all of this is being matched by a fragmentation of an alliance system that we have grown very attached to. So you have these two occurrences happening at the same time: the of a fragmentation of traditional structures coupled with an increase of new and, in some cases, very scary types of challenges.

When we go to the Middle East and we see this resurgence of sectarianism, nationalism and of course extremism, our first reaction is kind of looking back at our own history and see what we did right and what we did wrong. But the difference – and, perhaps, something that is very important for us to remember - is the ways in which our states have been built in Europe is fundamentally different from the way the states were built in the Middle East. I think that one of the end results that we are going to get from today is also the way that the great powers have to man-

age their own perspectives in terms of foreign policy pursuits linked with the way the small countries, the recipients of great power intentions, are going to behave under that pressure.

For us at the EGIC our prime responsibility is to try to come up with solutions and I am very happy that we found like-minded people here in Italy and throughout Europe that are going to help us in finding these solutions. Indeed, it is my very firm believe that, no matter what is commonly said, there is always a solution to every problem. I will speak both on behalf of my institution and also our partner institution ISAG when we say that the reason why we brought this conference is precisely to find out what the problems are so we can start working on the solutions. So I very much look forward to discussing this with you later and also to our panel today. Again thank you very much for being here and I am very much looking forward to today's event.

Cinzia Bianco—Thank you to Dr Daniele Scalea and Dr Mitchell Belfer for highlighting some of the challenges that this region is facing and introducing our topic comprehensively. I am very honoured that we have here for our keynote speech Professor Anthony Cordesman, who has an immense experience on the ground. He served his country, the United States, across the region.

He holds the Arleigh A. Burke Chair in Strategy at the Centre for Strategic and International Studies in Washington. He has directed several studies at the CSIS on the US national security, asymmetric warfare, projection of critical infrastructures, energy, the Middle East. Previously he served as a consultant to the US Department of State and as Director of Intelligence Assessment at the Department of Defense during both Iraq and Afghanistan wars, working in particular also on the post-2015 Afghanistan strategy as a member of NATO International Staff. Cordesman also served as Director of Policy and Planning for resource applications at the Department of Energy. He has had numerous foreign assignments as well—including posts in Lebanon, Egypt, and Iran - and has worked extensively in Saudi Arabia and the Gulf. He is a former Adjunct Professor of national security studies at Georgetown University, and has twice been a Wilson Fellow at the Woodrow Wilson Center for Scholars at the Smithsonian. From his presentation it will be very clear how the situation on the ground shapes very much what is going on at the political and strategic level.

The Keynote Speech with Anthony Cordesman

Anthony Cordesman: Thank you. First of all, let me say that I think that to some extent we need to be extraordinary careful about exaggerating the importance of superpower rivalry and the importance of the current conflicts in the region and the focus on Islamic State of Iraq and Syria (ISIS) from the international perspective. As you look at the forces that work on the ground I think you will see massive forces for change and instability and only limited ability to influence and shape these from the outside. It's natural that we focus on ISIS and the immediate threat of terrorism that is what affects us most. But if you are going to talk to at least senior American officials about the threat and the problems, they will tell you that we are not talking about something you can win, about something where you can bring stability, but rather about something you can certainly limit, perhaps contain and deter.

Now the immediate zone of confrontation is both Iraq and Syria. In this same area there is any other particular great power rivalry, perhaps limited to the context of arms transfers, particularly with the Russian transfer of the S300 to Iran and the ongoing US transfers to the Gulf states. However, contrary to what someone would expect, I would have to say that the North Korea transfer of missile technology to Iran is perhaps more destabilising than great power influence, although I find it difficult to describe North Korea as a great power. When we talk about the nature of the conflict, we would have to say that the US-led air campaign since August 2014 has carried on extraordinarily selective strikes and most of them have been flown to either rescue groups that were under threat earlier in the conflict or to put steady pressure on ISIS. On the other hand, Russia has flown very intensive numbers of sorties. The US and its allies have been slower basically because we have been extremely constrained in terms of the risk of civilian casualties and collateral damage.

But it is important to know the size of the threat. US experts would put the size of ISIS forces to about 32,000 real fighters and there are many other foreign volunteers but we are not talking about massive military forces. We are talking about a skilled group using irregular warfare spilling over into other areas, and I will get to that later, but we are also talking about failed states. We are talking about a failed state in Syria and a failed state in Iraq. On the basis of the numbers ISIS should never have had this success - neither in Syria nor in Iraq. Yet it took Anbar in Iraq, with an initial force of some 19 armed vehicles against a major army force. The most conservative estimates of the Iraqi army that ISIS confronted in Mosul gave the Iraqi army a superiority of 15 or more to one. This is something which if you would have not had failed governance, failed forces in both Syria and in Iraq, would never have represented some massive popular movement. I often hear people exaggerating the number of foreign volunteers, while as a percentage of the total population the numbers of who become fighters are equally small.

One thing I would say that what sometimes gets lost here is that the United States have steadily increased its posture in the Middle East, not decreased it. It has steadily increased the presence on the ground: in the Gulf we have actually increased the number of ships and aircraft to a greater degree than we have in Asia. Therefore, I find it sometimes very difficult to hear about the rebalancing of US forces to Asia, since for the last two years, American strategic guidance has talked about global rebalancing, and there has not been a priority for rebalancing the Asia. Yet, when we talk about the role of great powers, it is also critical to understand the limits of what any power on the outside can do. Take Russia for example. About two-thirds of Russian strikes are flown against other Arab rebel movements in a direct support of the Assad forces. That was certainly true in Palmyra when Russian land-based forces launched close air support, moving forward with the Assad forces. You would not have had Palmyra come under control of Syria without that Russian intervention. And there has been one other dramatic shift in the Russian capabilities which is a creation of real air bases in Syria for the first time with significant surface-to-air missiles and to some extent limited missile defence capability. But having said that, one problem is to understand that in both Iraq and Syria you are not talking about a war against ISIS. You are talking about two types of civil conflict: a military conflict, and a struggle for political control and territory. Therefore, although the war against ISIS is connected to the leading actors that are shaping the out-

come of this conflict, at least in terms of the current fighting there is a diverse list of motivations. And the role of the superpowers - important as it is - is limited compared to the interactions of all the other forces and particularly the internal divisions.

Now let me go back to the problem of what this really amounts to. If you look at any map, it would imply that ISIS has vast areas of control. The fact is that there are almost no people in most of those areas. We are talking empty deserts. And perhaps we need a better map in the unclassified world. What is real is the expansion of the Kurdish area in the north. It is important to remember that under the Assad regime many of the Kurds were effectively non-citizens, not even registered with national identity cards. Therefore, there has been a major shift in the role of the Kurds. Another important point is about the rebel groups. Nobody can even stably count the numbers of rebel groups. There are anywhere, on any given day, around 40 different groups constantly changing factions, fighting each other, mutating, shifting, according to money and the supply of arms.

Bearing this in mind, you realize you have to ask some critical questions: what would happen if ISIS was defeated? How would you create a stable state? How would you have a balance of power or a solution that would actually satisfy the factions and create some bases for future stability? Or do you simply defeat ISIS and create a new basis for a civil war? On the other hand the Assad regime is a failed regime – it was so even before the war, in the sense that it failed relative to the other Middle Eastern states. Its economic development for the country as a whole was terrible. Yes, there were fancy hotels and buildings but essentially you had a small elite around the Alawite leadership and Sunni businessmen who profited and very poor overall per capita income and income distribution. Assad's measures of governance were some of the worst in the world and they extend far before the day of 2011 and the beginning of the Arab spring. We are talking about the World Bank measures of governance, which means they do not reflect human rights or democracy, they reflect the ability of the government to actually function and govern. This poses a problem with the assumption that the Assad regime somehow offered stability. If you put a failed autocratic regime on top of a whole group of pressures you get stability for a while, but you also make things deadly worse on the long term.

So what shall we expect on the long term? The World Bank has a close study of ways in which it might be possible to rebuild Syria. It is too early

to distribute but at least people are working on the problem. But here is the reality – a country that arguably had about 23 million people when the war started now has 17. Many of the most skilled wealthiest people in Syria are not going to come back and another 7-8 million of the population are what are called internally displaced persons - that means they do no longer have their original home, a job or a business. The economy, arguably, because no one can really measure it, is somewhere between 25%-35% of the poor level of GDP in 2011. It is way too hard to put this back together quickly.

Iraq is only marginally better. In spite of US and coalition efforts the fact is that the country is divided between Shiite and Sunni areas, mixed areas, and a problematic new Kurdish area in the north. Iraq's Kurdish question is also arguably even more serious than its equivalent in Syria. Mostly because they expanded into areas where there were virtually no Kurds before. How to settle this? How to resolve this issue over time is a critical problem. How to deal with the Sunnis and the Shiites? Although I have to say there isn't any actual effort to split out Sunnis and Shiites by region. One of the most destructive aspects of journalism - and in at least some government studies - is a confusion between geography. Areas that are 80%-90% urbanised, Sunnis and Shiites are completely mixed, the structure of power and the economy is basically not one that represents a clear split between Sunni and Shiite. Although there is a steady increase in segregation in urban areas in Baghdad. As for governance indicators, going back to the time of Saddam Hussein, through the US occupation, the time of Al-Maliki and today they really do rank among the worst levels of governance in the world: not quite last but in the last five to eight countries out of 188. What is particularly striking is the lack of change that occurred between 2003 and the present – in particular in indicators of insecurity, rule of law and the other measures that really represent governance as seen by the people.

One thing I would highlight is that in the area where today we have Russia and the US most engaged there is no clear end-game for either state. The most we have is an effort to try to bring some kind of relief, negotiated into some form of ceasefire inside Syria. But the situation in Iraq today is so unstable that we do not know whether the central government will make it through the month. Iraq is bankrupt as is the Kurdish Regional Government because of the decline of oil revenues: one of the most serious problems we face. These are real threats, that determine the expansion of ISIS, Al-Qaeda, other Islamist extremist movements.

Almost all of them also easily expand into failed states: which do not have effective governance, cannot create effective counterterrorism forces and have not met the needs of the vast majority of their people. There is a warning about what that means – as per a metric developed by a group working for the US State Department about the increase of the level of terrorism in the world over the last few years, I think it is quite clear that we are not winning, in any sense, a war on terrorism. Iraq, as we know is plagued by terrorism, which is not only coming from ISIS, it is sectarian and it is ethnic, and it is spread throughout the country. Nigeria, although has not yet reached the critical mass, is in a critical state. Afghanistan, Pakistan and Syria in recent years have competed to see who can have the worst levels of violence. Not only. What is happening is that trends are shifting from terrorism to counter insurgency. In many countries violence is transforming from low levels of terrorism into actual war. A clear pattern which isn't always at the core of the studies as the focus is, of course, on terrorism. I think what is striking about it, striking for Europe, the United States, Russia, China and others - is that there is no country here free of pressure, tension and military risk or terrorism at this point in time. The other is the amazing scale of the challenge. When you talk about Russian or US or great power intervention – where to intervene? With what strategic goal? When you talk about efforts to solve this by military means without civil means, what are the chances of success?

However, as mentioned, that the worst problems are failed states. All that while Islam is in a period of radical population expansion. In this regard it is key to look at demographics. According to a study done by the Pure Trust, which is perhaps one of the most respectable analytic groups dealing with demographics, the Muslim population will increase by over 70% between 2010 and 2050. Whether the numbers are precise is arguable but it is interesting to look at the database and consider it. The broader Kurdish problem - which is now driving Turkey and making it in many ways a more important power intervening in Syria than Russia or the United States - is a question which is left to address.

So let me close with the other forces of change. Going back to the days before the Arab winter, the uprisings in 2011 and looking again at the correlation between government effectiveness and levels of violence. The situation has gotten steadily worse since 2011: the ability to restore or create effective governance in many of these states is far more dubious. The highest corruption ratings occur in the most violent states and surveys to

some extent show that while people tend to focus on Islam and Islamic extremism, what people react to most is the feeling their governments are corrupt, do not share the income, do not make progress, do not meet their needs. There is a massive military spending: while Western Europe is struggling to spend one-third of its GDP on military forces, there are poor states spending three times as much in this region. The rate has slowed down, but it was five-fold between 1950 and 2015 and it will increase by another 50% by UN estimates by 2050.

Looking at the individual countries one thing is very clear: nations dominated by desert with chronic water problems, which have failed to develop a diversified industrial base, have had a massive population increases. There has been a massive shift away from agriculture to hyper urbanisation. And with hyper urbanization sectarian and ethnic groups are pushed closer together and into new patterns of interaction which they have never had before. The other aspect is the more urbanised the state in general, the better off its people. Why? Because urbanization is correlated to economic diversification. In presence of a very weak economic structure people are forced to stay on the land in spite of population increases. However, roughly a third to 60% of many of these urban areas are little more than overcrowded slums. They present massive problems in stability, in employment, in development, in infrastructure services and in basic things like water. And it is also true, as one might expect looking at the GDP by country, that countries that went into violence after 2011 became the source of war. Meanwhile the main region uniquely has had an incredibly low level of youth employment since 2008: one of the worst situations in terms of one of the fastest growing populations in the world without meaningful employment. Driven and empowered of course by discrimination against women, who were steadily better educated. Again the worst this situation in a given country, the most likely conflict and instability. So there were already major problems, that neither Russia nor the United States can influence in any way, when the oil prices crisis began.

A 40%-60% cut in petroleum revenues in the course of the last 14 months. A massive economic shock being imposed on all of the other pressures. I have no ability to tell you how long this will last I cannot tell you what the outcome will be or how successful the countries that will react will be. It is striking however, that today only one country has announced any kind of meaningful plan to deal with this and that is Saudi Arabia. There are many faults in that plan but to me the most serious

fault is having a government that doesn't announce any plan or come to grips to any of the forces at work. So how would I conclude? I cannot promise you that Russia, the United States, or Europe, or China will act wisely in dealing with their own competition in the region. But exactly what military competition will do to serve the strategic interest of any of the powers involved or what it can do to stabilize or bring order or benefits to any of the powers involved somewhat escapes me.

Many of you have probably read the book 'The Great Game' about British and Russian competition in central Asia. And the sheer pointlessness of that game. Another game that was played between European powers was the colonial game, which at least helped trigger the forces that led to World War I and the events that followed. So let me go back – I do not see any way that Russia and the United States or any combination of other powers can win by becoming involved in a more intense competition. So I think about a game in an American movie set in the context of the Cold War, in which a computer suddenly discovers there is no way that anyone can win a nuclear conflict. And a line from that movie is: 'A strange game. The only winning move is not to play. How about a nice game of chess?'

Cinzia Bianco: Thank you professor Cordesman. You actually went beyond my expectations. It was a very interesting a presentation as I expected it to be. I would like to open the floor for some questions before our networking break.

Questions?

Vincenzo Camporini: Good afternoon, I am Vincenzo Camporini, former Chief of Staff in the Ministry of Defence and now happily retired and working in a think-tank in Italy. You almost did not mention Iran and Turkey and what is their role in this game. They apparently have diverging objectives which will fuel the fragmentation of what is going on. What is your opinion of that?

Anthony Cordesman: I think the problem with Turkey, to be very blunt, is that, to some extent, its actions in Syria are driven by an internal power struggle on the party of Turkish President Recep Tayyip Erdogan to create a political structure that would give him lasting power and control. I do not for a moment defend the PKK but I think he deliberately picked a fight with the PKK and in doing so he also picked one with the Syrian

Kurds. The problem is once the struggle between Turkey and the Kurds begins, it is very hard to stop. On the other front, picking a confrontation with Russia would have been one thing if there have been a clear set of goals but Turkey's efforts to support the Syrian rebels do not have a clear end-game either. So far they have not succeeded in creating more stability around Aleppo and they have certainly not created more stability in the north of Syria. Turkish intervention in Iraq is not directed towards Iraq, it is directed basically towards controlling the problem posed by Iraqi Kurds. And how well that will last as the situation escalates in Syria is yet to be seen. Exactly what will happen to Turkey in a Middle East where there is such a small level of actual revenue and surplus income, would be difficult to determine.

As with regards to Iran, certainly it is conducting three forms of military build-up. A steady expansion of its so-called Al-Quds force, the Jerusalem force; training and assist missions in the Levant; a limited increase in presence in Yemen and the Gulf, although I think it is far more limited than the Saudis and the UAE sometimes claim. There is a much more sophisticated transfer of weapons in Lebanon to Hezbollah. Exactly where this is headed; how the Iranian presence inside Syria will play out over time and how the ties with the Alawites will work out is unsure. In Iraq, Iran has probably realised that in some ways it helped create such an unstable Shiite political structure that it threatens Iran itself. There simply is no progress and no unity and no reform. Quite honestly Iraq's economy has been terribly managed since the fall of the monarchy. Nowadays it has become difficult to simply trying to pay for jobs that in many areas shouldn't exist. I don't know where this will head but Iran has not attacked US train-and assist groups, it has not protested the increases in US and allied troops on the ground in the train-and assist measure.

What it has done - and what is serious issue is that it has supported divisions between the Kurds and the Shiites, although this is a subject of controversy, and it has created popular militia forces which are anti-Sunni making it more difficult to recruit Sunni tribal forces in the fight against ISIS. The second threat is a missile and rocket threat: ignoring the nuclear side of it, which is steadily improving and which can target much of the southern Gulf. The progress is somewhat exaggerated by the Israelis but it is shared with North Korea and it is real. Finally, there is a major build-up of a sea-air missile force in the Gulf which can threaten traffic throughout the Gulf - not simply at the Strait of Hormuz - and that is steadily increasing over time and it's one of the key reasons pro-

voking the kind of Saudi and UAE reaction to what is happening. All this can be said to be Iran being on the defence or the Iranian Revolutionary Guard acting on Iran's strategic ambitions. Often the difference between defence and offense is a matter of the imagination, reserved to political scientists and other forms of clerics.

Benito Schipani: Hello, my name is Benito Schipani and I am an Italian banking and finance officer with some international experience. My question is: have you come to a conclusion on what are the power drivers of terrorism in Iraq? I believe that a) this is the consequence of a country that does not have a democratic tradition as we intend it; b) the absence of a charismatic leader; c) corruption which is high especially after the country tried to experiment democracy; d) the lack of invalid strategy after the Americans left this country. These points might apply to Afghanistan and a number of other regional countries as well. I believe the US and Russia should settle the differences and perhaps carry out an operation together for the sake of this area. Thank you very much.

Anthony Cordesman: First the US and about the causes of terrorism. We have now several decades of efforts to find whether these are ideological, religious, economic, whether they are caused by factors like corruption; exactly who becomes a terrorist - because that is very different from who becomes protester - and whether we are really talking about rational behaviour on the part of many of the volunteers or simply people who are alienated in almost every sense - either ethnically, racially or simply often from their families. Having seen study after study of this subject I would be very careful in giving a definitive answer. When you have this much academic and government effort and it does not produce clear answers the fact is that you may have a very diverse and uncertain set of causes. I don't think that this is a matter of whether governments are democratic; one of the problems that existed in Iraqi democracy, and to some extent in Afghan democracy, is that what it allowed is for people to actually become more involved in regional sectarian and religious differences rather than less.

I wish frankly – yes, if outside powers knew what they were doing and could intervene in ways which the people in that country would fully accept and transferring to stable outcomes I would be very much more reassured than what I have seen in Iraq, Afghanistan, Cambodia, the Balkans or virtually any other area where people have attempted conflict resolution. Kofi Annan did a very interesting study shortly before he left his post as the UN Secretary-General: it was a study of what was the out-

come of UN peacekeeping efforts and it showed a 50% recidivist grade. The fact is that when there aren't internal forces pushing for stability, trying to deal with it from the outside is a very uncertain proposition.

Keith Boyfield: Hello, my name is Keith Boyfield, I am a Senior Fellow of the EGIC. Professor Cordesman can I tempt you to foretell what might happen if we have a Hillary Clinton administration or, even more interestingly perhaps, a Republican administration led by Mr Ted Cruz or Mr Donald Trump? I am fascinated to learn more about Mr Trump's foreign policy. I believe he was making a speech this week on this issue.

Anthony Cordesman: Well he actually has made several speeches on this issue. And no, you cannot tempt me into prophecy but I think one has to be very careful. Presidential candidates historically have not given away the secrets to their foreign policy practices during their campaigns. It is interesting to remember that one of our most successful presidents - Harry Truman - was a failed haberdasher and had been to some extent excluded from decision-making by President Roosevelt. A background that should have indicated that he would have been one of the worst Presidents in foreign policy history. And then if you look at President George W. Bush's campaign - it called on reliance on allies, a careful use of force, virtually everything that people would have recommended in theory and then 9/11 appeared, Neo-Con have appeared and we invaded Iraq. So the good news is - we don't know where Trump or Cruz would go. I think you do see what Secretary Clinton would do, as someone who is known quite a bit. I think she has been very clear that she probably would have taken a firmer, more decisive line, in both Syria and Iraq but that would not necessarily have meant major introduction of ground forces, or repetition of the recommendations of the younger president Bush. She is the only one of those candidates I have ever briefed and I will also have to say, that when she was in the Senate, she was one of the best prepared, most competent Senators that I have ever dealt with. So I have some confidence in her.

The Panel Discussion

Cinzia Bianco: In the second part of the event we will shift the format from a keynote speech to a more interactive conversation among our speakers. Professor Cordesman gave us a very comprehensive overview, in quite a limited time if you think about how many variables there are, on the situation on the Middle East in particular in Syria and Iraq and he showed us how and why the great powers have limited capacity to impact the events in the Middle East. However, they are still interested in pursuing their key priorities and key interests and, in order to do so, they are trying to shape a strategy, to cope with the many challenges coming from the region. So we want to look at them from different perspectives.

The first speaker, Dr Andrea Gilli, is a Post-Doc Fellow at the Centre for Security Studies at Metropolitan University Prague and an international consultant. He is mainly focused on European defence cooperation, in general defence studies and military technology. He will be speaking about the military balance in the era of new technologies. We all know that technological advancement has had a major impact on the strategic posture of great powers as well as regional powers. We would like to hear more about this and to understand how in particular it has shaped the great power strategy in the Middle East.

Andrea Gilli: Thank you, it is actually a great honour to be in this wonderful room. I have been here a few years ago already and it is always a pleasure to come back to Rome. What I would like to try to do is pick up on Professor Cordesman's fairly gloomy analysis and try to elaborate on the possible sources of instability in the near future and in particular I will look at technology and how technology will affect the military balance in the Middle East. We often hear that actors like ISIS, Al Qaeda, Hizbollah are using or trying to use new technologies - cyber warfare, drones, modern communications. To what extent does this transformation affect

the military balance in the region? Let me start my presentation from a broader perspective, because we are undergoing a dramatic technological shift and if we look at it from an historical perspective there are reasons behind these dynamics. In the past the changes in production processes and technologies have led to the rise and fall of great powers and also to the change in the character of war and the way countries fight each other. The rise of Germany and the rise of armour warfare are nothing but the product of this kind of development. Nowadays what we are observing is a dramatic transformation, or a global change of value production. These changes are based on advanced technologies - artificial intelligence, big data, new materials, manufacturing robotics and so forth. But to what extent this change will affect the military balance around the world and in the Middle East more in particular, is still up for debate.

I would like to start from a few simple historical points. 100 years ago countries used to fight for taking control of key resources like iron and coal. This resulted in millions of casualties in World War I and the very technologies that were employed in the war gave rise to some of the biggest industrial giants of the world – General Motors, Boeing and so forth. Nowadays things seem to be changing: nowadays we can invest in some new technologies in order to produce energy - like clean nuclear power, solar activities, fracking - and eventually this can avoid war in some cases. Resources for the most part are not any longer a source of conflict. Wars are also decreasingly bloody. Most are aware of drone strikes that kill terrorists or suspected terrorists in Yemen, Somalia and other countries, but the amount of casualties that the drone strikes are producing is extremely low from a historical perspective.

Last but not least – the industrial perspective. As opposed to the example I made before of General Motors, or Boeing, today industrial process are strikingly different. Consider that nowadays the main taxi company in the world - that is Uber - does not own any cars, the main accommodation service in the world – that is Airbnb - does not own any property, the main retailer worldwide - Amazon - doesn't own any shop and I could go on and on for some time. How are these changes affecting the Middle East? The US Under Secretary of Defence, Robert O. Work, for instance, expressed the idea that the implications might be fairly negative. He believes that non-state actors and small countries will dramatically benefit from these transformations. The reason is simple - everybody can buy a drone on Amazon, everybody can write an app for an iPhone. There is a counter argument here, potentially, between other scholars but

this is where there can be a dramatic change in the source of military power around the world. Is this the case? To give you the clue of what it means, think what would happen if Iran or Saudi Arabia could immediately, quickly and cheaply, produce military power just by drawing from commercial ICT technologies. Iran could behave much more aggressively, Saudi Arabia would not depend any longer on Western supplies of weaponry, and eventually this could make the country much more independent. Similarly, non-state actors like ISIS or Al-Qaeda could be much more powerful and dangerous towards the enemies they are fighting and the same applies to rebel groups and within the countries in the Middle East - the Shiites in Saudi Arabia or other groups in Jordan, Egypt etc. Professor Cordesman's analysis is fairly negative and he gives many reasons to believe that the Middle East will become or will remain massively violent for time being. There are ethnic rivalries, religious and sectarian conflicts, there is clearly instability due to civil wars and authoritarian regimes.

In a way I'm trying to deliver a more optimistic view that technologies tend not to worsen the situation at least in the short and medium-term. When we talk about radical, disruptive or revolutionary technologies, we mostly talk about pilotless aircrafts that are either remotely controlled or autonomous, cyber communities, 3D printing and high speed communications. There are several reasons to doubt that actors in the region – both the non-state actors and countries - will be able to employ effectively in battle these types of technologies. First of all, these technologies require extensive skills and experience and a manufacturing base to be produced. Not even European countries can build advanced drones so it is questionable that the countries in the Middle East, that generally lack defence industrial base, can do any better. Also who do you think will be able to produce better cyber capabilities - Google or a company in the Middle East? I would still put my money on Google. Similar considerations apply to robotics. What often goes missing is that besides being difficult or easy to be reproduced, the revolutionary technologies also require a so-called ecosystem. They don't work autonomously: they require an organizational human and infrastructural support, like the fibre optics and the servers that support it. The same consideration basically applies when we talk about drones, cyber capabilities and so on. And what we know is that the countries in the Middle East generally lack this type of infrastructural, organizational and human capabilities. So to conclude what are the implications of my analysis?

First of all, that some issues cannot be neglected, I believe. As for the defence industry in general, the countries of the Middle East are going to spend less or more on their defence budgets - depending on oil prices - but they will probably still buy weaponry from Western countries and they will look at the European and American producers in general. Second, these new technologies are probably not going to worsen the situation, so ISIS is not likely to have any measures, tactical or operational gain by employing new disruptive technologies. From an American and European perspective however it means that, when eventually some technological changes occur, it is important that foreign policy support its allies in order to balance eventual changes in the military capabilities of the region. The last point is that, while the Middle East is messy, generally, if we look at history, political mess comes from parties, not from technology. So this would lead me to conclude that, indeed, technology will not make the Middle East bloodier.

Cinzia Bianco: It is always interesting to look at technology and put it into a perspective. As we know technology is being discussed with regards to Middle Eastern events from many different point of views. For example, we know that some scholars and analysts have given it a very prominent role in analysing events during the Arab Spring. But it is always illuminating to hear from someone that he has been working on technology on how this affects the facts on the ground and to find out, again, that technology is just a tool and it is the way that it is deployed what makes a difference. So even in terms of a strategic balance calculus, sometimes you look at countries who buy advanced weaponry and then you look at their capability to actually run this advanced technology and you see that the two things don't match. Just moving on to the next speaker, another outstanding speaker - Dr Michal Meidan who is an Associate Fellow with the Asia programme in Chatham House and she's also the Director and Founder of China Matters, an independent consultancy focusing on the politics and geopolitics of the Chinese energy sector. Of course her focus is on Chinese geopolitics and the energy interests and we are very curious about this actor that has been always looking at the region but remains somehow mysterious to us.

Michal Meidan: First of all I would like to thank the Euro-Gulf Information Centre and the Istituto di Alti Studi in Geopolitica e Scienze Ausiliarie for inviting me and of course for the Chamber of Deputies for this wonderful venue. It is so amazing to be here. What I will talk about takes a slightly different perspective: less about the internal strug-

gles of the Middle East and more of an external perspective as to see how China views the Middle East. I think this resonates with what Professor Cordesman was saying about great power rivalry: I don't think China is engaging in rivalry per se in the region. It is more of a reluctant actor that is finding itself in the region and is still trying to keep a distance from it. When looking at China in the Middle East – and there won't be so much literature existing about China's involvement in the Middle East - we came up with two narratives.

The first is that China has significant energy ties in the region. Ever since the 1990s, China has started importing growing amounts of energy. China is therefore a newcomer to the region and, since it has started importing energy, it has become more deeply engaged in the region, more deeply involved in it and therefore overtime its economic presence will result in the strategic presence. The view is that this will be exacerbated by the US shale revolution: the fact that the US has more of its own oil and relies less on Middle Eastern imports will lead to withdrawing from the region - which as Professor Cordesman mentioned that is not the case and I agree. However, the narrative goes that the US will withdraw from the Middle East and rebalance towards Asia, while China will step in and take its place in the region. The second - and related - narrative is about Chinese foreign policy: as China becomes more engaged globally, it will have no choice but to take the US role or to try to take sort of the US position of a guarantor of global goods, of sea-lines of communication and of stabilizing the Middle East. I think, put very simply, both narratives are wrong. If we look at the history of Chinese engagement in the Middle East they proved themselves to be wrong and I think if we look at what those assumptions mean, we will see the fact that they are wrong.

China is not a newcomer in the Middle East and it was not a newcomer in the 1990s, it has a much longer history in the region. China doesn't have an appetite to replace the US, nor will it become more involved. Even if it does become more involved in the region, it will probably do so in a manner that is very different to what we typically see is the US engagement. Let me unpack that a little bit and talk first of all about the energy relationship. Of course China's energy relationship with the region is extremely important. China imports almost half of its oil from the Middle East: that is anywhere in-between three and a half million barrels a day or four million barrels a day over the past year, s the equivalent of Iraqi output, total Iraqi output, that goes from the Middle East to China in terms of its import requirements and that is today. 20 years

ago China imported nothing from the Middle East. So within the space of 20 years China has gone to become extremely dependent on Middle Eastern oil. It also has investments in the Middle East: it is one of the biggest foreign operators in Iraq; it has contracts in Iran that are awaiting the outcome of the new international petroleum contract and the lifting of sanctions on Iran; it has smaller assets in Syria and Libya. Therefore, China has a vested interest in the region. But that is not the totality of Chinese engagement in the region. A lot of the analysis that are written completely forgo the fact that China has been involved in the region, in a limited manner, ever since the 50s and ever since the 80s it has been one of the biggest suppliers of workers in oil-field service companies and one of the biggest providers of weapons to the region.

In addition, China had more than an ideological stance in the 50s and then, the Middle East for China was always a very important observation ground for great power rivalries, for the state of affairs of the US and the former Soviet Union, and an observation ground for military tactics, deployments, tools, weaponries. It was a great place to sit and watch the state of affairs and the state of military progress. In the mid-1990s, when China started importing oil from the region, it already had relatively developed commercial ties with a number of key countries - Kuwait, Iraq, Iran - and it is with those countries that it has maintained and developed relations throughout all the years. Its relationship with Saudi Arabia, which is today its largest supplier of oil, more or less, started in the 1990s at a much later date but, again, the Chinese presence in the region pre-dates that. The need for energy has not taken over foreign policy. If you read the literature, ever since the Iraqi invasion in Kuwait everybody has been saying: "The Chinese cannot sit on the fence politically anymore". The same was said in 2002 before the second invasion to Iraq, everybody was saying: "Well they have these energy needs and they have signed contracts, so they will have to pick a side". Well, they haven't. And this was in 2002.

The Chinese were extremely anxious about the fate of their investments and what would happen following the US-led invasion, the discourse in China was that they would not have any assets left in a few years. But here we are, less than 15 years later: the Chinese are the biggest operators in Iraq and simply sitting on a fence politically has actually played in their favour. If you look back at their history they were involved in post-war reconstruction after the Iraqi invasion in Kuwait in both Iraq and Kuwait, they were selling weapons to Iraq and Iran during the Iran-Iraq war. We

tend to view decision makers in Beijing sitting in an office and putting pins on a map and directing companies, but actually there are a lot of debates and there are lots of questions and concerns about US intentions and about the state of play globally. However, overall the reaction and their response to the Middle East has been steady: trying to minimise the risk to themselves as much as possible. So, as far as the energy dimension is concerned, yes, they have a huge exposure to Middle Eastern energy, to flows of oil, to the upstream, to the changes in the upstream but that has not driven foreign policy.

In addition, even though China is now the world's largest oil importer and one of the largest consumers, ever since the oil-price crash in 2014 China's outlook on energy security has also changed. This world of over-supplied oil has actually meant that China has a huge amount of leverage over supply of producers. It has a choice: it can choose between West African oil, Middle Eastern oil, Russian and other sources of oil. It is paradoxical perhaps, that the biggest consumer of oil globally, because of the oversupply in global oil, has plenty of choices. But this is the current situation. Over the past two years China's whole attitude, the way it looks at energy, has shifted considerably. It's hedging much more and it is much less concerned about the security of supply. Not to say that it is off its priorities but it is not as high as we often portray it to be.

Now this leads me to the second point about Chinese foreign policy. These were the features of the Chinese foreign policy dictated by Hu Jintao, defined as hide and bide: sit tight, stay low, observe international relations and do not act. That has changed dramatically ever since Xi Jinping came to power in China. We are seeing a China that is very different from the China than we have known both domestically and internationally. We are seeing a much more assertive foreign policy and certainly more productive because Xi Jinping has been in more countries around the world than any of his predecessors and trying to outnumber Barack Obama as well. He has launched a very ambitious initiative of building a road which links China and Europe through the Middle East. All of that leads China to become, at least in theory, much more involved globally but this has also come with huge amounts of debates in China about what this involvement will look like. In Asia it is quite clear: there is a much more assertive attitude towards the South China Sea, towards trying to reinstate, as the Chinese view it, China's rightful place in Asia as the dominant power and try to make sure that the US is not as present or as dominant as it has been.

With regards to the Middle East, it is a much more open question. There is a lot of debate in China about whether a more assertive foreign policy should be more normative, should uphold values and if so then which kind of values. Does China want to promote democracy? Probably not. Does it want to promote its own form of governance? And here you sit in dialogues between the Chinese and US counterparts and everybody agrees about the need for stability in the Middle East. But how do you reach stability that is where things become very different. US participants will say we need to change the regime here and here and here and we need to uphold a certain government standard, whereas the Chinese will say just don't touch anything, just leave it alone as it is. At least we know this is the devil and it's better than opening a can of worms that we have no idea what will bring. It is perhaps not because of great foresight, it is just caution and the lack of knowledge of the region. They have been spectators in the region, they have been observing it, but they don't fundamentally understand many of the dynamics at play.

The foreign policy debate is also compounded by their ongoing footprints. We saw China evacuating 30,000 Chinese workers from Libya in 2011 that was seen as sort of China's coming of age internationally. In China it was seen as a huge flop, as a costly exercise that set the line that China might not be able to uphold. So there is a whole debate in China about the responsibility to protect, about how China should secure its overseas assets, how it should intervene in Syria. But the result of all those debates is still an inherent caution.

The rise of ISIS in the Middle East has implications for China's western province and potential unrests there. However, when China considers its response, it doesn't go and boost forces on the ground to try and stabilise Iraq and Syria, it closes its borders to make sure that it has greater stability at home. So, to conclude, things could very well change in China, as I said there were huge changes domestically and China could be a very different country in five years depending on a lot of domestic factors. If it does choose to be a more proactive actor internationally and if it does choose to be more engaged in the Middle East, I think that engagement would be very different from the kind of engagement that we are seeing today. Indeed, considering the list of all the issues that Chinese leadership has to deal with - economic growth, poverty, overcapacity, coal, Asian geopolitics - the Middle East is very low down that list of priorities. So, if we see a greater engagement in the region, it would be a much more self-interested attitude, pursuing narrower self-interest rather than any

protection of global goods and regional stability.

Cinzia Bianco: Thank you! That was very interesting and it opens up a lot of questions. Your presentation just made me think of the recent interview at President Barack Obama published by Jeffrey Goldberg in *The Atlantic*. In that interview, President Obama defines some allies as free-riders, a definition that in the circles of analysts and scholars was always attributed to China and its involvement in the Middle East. You made me think about that when you said that the Middle East belongs to the areas with low priority although the energy relations and commercial relations are really huge. Now we will move on to our last speaker for today, whom we are very honoured to have here. It is Professor Nikolay Kozhanov, an Academic Fellow of the Russian and Eurasia program at Chatham House and also a contributing expert to the Moscow-based Institute of the Middle East, a Non-Resident Fellow at the Carnegie Moscow Centre and also a former diplomat. His interests include international relations and political economy of the Middle Eastern countries and often from a Russian perspective. He will be giving us an overview on the Russian strategy in the region.

Nikolay Kozhano: Thank you very much. First of all I need to say that I do not represent any government or institution here or any private institution in Russia: all what I will say is just my personal point of view, based on those field-works and interviews that I have been conducting during the last six years. We definitely agree that all of us became eye witnesses of the series of evolution of the Russian foreign policy towards the Middle East during the last few years. Obviously we can say that there is a Russian approach towards the Middle East before 2012 and there are absolutely different approaches to this region after 2012. After the fall of Soviet Union and until the beginning of the Arab Spring we can see Russia having a very special attitude towards the Middle East, which could be described as basically considering this region just a desk for displaying its weapons and trading item relations with the West. After 2012 we suddenly find Russia with a very detailed new approach to what is happening in the region, with quite a number of tasks that have been formulated within the Russian political elite. What are the drivers that brought this deep change in Russian approach towards the region?

First of all, it is definitely the Arab Spring as such. The Arab Spring was a serious alarm bell for Moscow in 2011 and the Russians suddenly found themselves being on the fringe of losing their influence on the region and that they couldn't afford any more to consider the region only of a

secondary importance for Moscow. Secondly, it is the re-election of Putin and his return to the presidential seat. The Putin of 2012 was definitely different from the Putin of 2000 to 2004: he was more disappointed of the West and more prone towards the improvement of Russian relations with non-Western, non-European countries. Finally, last but not least, it is definitely the events of Euromaidan and subsequent aggravation of Russian relations with the West that was unseen in the history of modern Russia after the fall of the Soviet Union. The depth of this confrontation, that emerged as consequences of the annexation of Crimea and the Russian war in the east of Ukraine, created a basis for the reassessment of the Russian approaches towards the Middle East. For now, we can say that in the region the Russians are pursuing three different types of goals.

First of all, the political goals and the necessity to avoid international isolation and the emerging of the anti-Russian groupings, and, on the other hand, the idea to use Russian presence in the Middle East in order to affect the West. Either directly, by trying to push on the West using Russian border troops in the region, or by demonstrating their readiness to cooperate with the West and thus saying: "Look you should not put excessive pressure on us in Ukraine or other non-regional, non-Middle Eastern theatres in order to have us on your side in the region." From this point of view, the Iranian nuclear deal, Syria, Palestine and Israel-Palestinian issues are definitely those topics that the Russians are directly exploiting in order to affect the Western attitudes towards them. The second type of goals are definitely the economic ones. First of all, while in terms of the sheer numbers the Middle East seem not so important for Moscow, for separate industries, Russian relations with the Middle East are of extreme importance. Consider the interests of Russian nuclear energy sector, Russian grain produces, Russian military industries.

As it was formulated by one of the Russian arms producers, the Arab Spring was the best thing that ever happened for these Russian industrial corporation. The Syrian war proved the ability of Russian defence supplies for regional leaders. It is also important that the Middle East is currently considered as a source of financial resources necessary to stabilize or improve the performance of the Russian economy and finance not only projects that are implemented in Russia itself, but also in the region. Finally, in the economic bloc, the energy issues are remaining all of a very high importance for Moscow.

The region, as one of the main energy producers and exporters, represents for Moscow both the source of serious challenges and opportuni-

ties. Challenge in terms of the possibility to replace the Russian presence in the European energy market. Opportunities in terms of increasing the oil and gas available for the Russians exported to the international markets and that's why the Russians are extremely active in Iraq, keeping an eye on the development of the key sectors in the region and they are also quite interested in the energy market in the region. And finally the security goals, the security dimensions that could be formulated under the slogan that for the Russians it is not affordable to lead a war on two fronts. When the crisis in Ukraine started, there were many Russian policy-makers repeating this slogan and highlighting that Russia could only be playing in Ukraine or Syria. On one hand, the Russians are extremely interested in settling issues in the Middle East and settle them on their conditions. The rise of jihadism together with all challenges like drug trafficking, double identity issues are serious Russian concerns: the settling of these issues are definitely one of the Russian goals right now. But what are the means and ends of Russia in the region?

Definitely the set of leverages that the Russians can use to affect the situation in the region are not many, but the Russians are trying to use them quite actively. First of all, Moscow is trying, to certain an extent, to repeat the Chinese approach: they're trying to balance the relation between all major players of the region, between Israel and Iran, between Iran and Saudi Arabia, taking into account especially the role of Egypt in the region. On the other hand, the Russians are trying not to get involved in discourses about domestic issues of any given country. The main idea is a disregard for the kind of regime governing a given country as long as this regime is ready to deal with the Russian government.

Just a brief example: when the Russians first visited Egypt, under Mohamed Morsi, the first thing the Russians said to the President of Egypt was that regardless of his background as a member of the Muslim Brotherhood, they were ready to deal with him. In addition, the Russians are quite actively using the growing anti-Americanism of the region. Not an anti-Americanism according to the Cold War narrative, as Moscow obviously understands that it has neither political, nor economic interest to replace the United States or to play the ideological card. What the Russians are doing is exploiting the mistakes that have been done by the United States in the region. So while the United States are avoiding arms supplies to Egypt for political reasons, the Russians are saying that they are ready to dispatch these weapons without political preconditions. While the United States have stepped aside in terms of support

for Mubarak, the Russians - after doing the same mistake with Gaddafi – are now demonstrating a stubbornness in preserving the past and this definitely plays in the positive sense in terms of their perception in the region. Finally, in economic terms, Moscow is using the short but effective formula - Chinese price, European quality. The Russians are trying, first of all, to concentrate on those areas where they do have advantages, these areas are quite limited but still they exist. On the other hand they are trying to play also on the advantages of the price and quality of what they are supplying. At least this goes for the nuclear energy sector, and the arms exporters, and this approach works.

At the same time there is quite a number of limits existing in terms of the Russian presence in the Middle East and they are basically the continuation of those advantages that Russians have. First of all, sitting on the fence is definitely difficult. While the Chinese still can do this, for the Russians it is becoming more and more difficult to balance between all political forces in the Middle East. There are quite a number of examples where the Russians were basically just compelled to make a choice, which had quite an effect for their presence in the region. Secondly, trying to exploit the American mistakes basically leads to the conclusion that if these mistakes are corrected the free space for manoeuvre will be also limited for Russia; and, finally, in economic terms the failure of the diversification of Russian economy is definitely limiting Russian capacities in the region. It were not the sanctions that brought Moscow to the situation where the volume of trade between Russia and Iran is falling, it's the failure of Russia to offer something apart from the traditional goods that they have been exporting for the last several decades. If the situation is not corrected, we will definitely see the Russian economic capacities in the region diminish.

And, finally, instead of providing a conclusion, I would like to ask a question, whether or not Russia is a challenge for the West. The answer from my point of view is yes, and no. Definitely anti-Americanism is part of the current government's strategy and it's one of the drivers that lead to the evolution of the Russian approach towards the region. At the same time the complexity of those issues that Russia is dealing with in the Middle East, definitely leads to the situation when the Russians are becoming much more concentrated on what is happening in the region. The more they get involved in the region, the more they understand that without international cooperation probably it will be difficult to handle these issues. Yet there is also another approach to this question. Definite-

ly the Russians understand the limits of their influence in the region and they are therefore ready for cooperation but what if this signal has not been heard? As it has been demonstrated by the current Russian leader, it is much more dangerous to ignore him rather than trying to establish a dialogue with him. So if the opinions of the Russian political leadership are not taken into account, Russia can start to behave as a real trouble-maker. Just to try to persuade the West that the Western powers need Russia. From this point of view, whether we like it or not, dealing with Russia in the region is indeed inevitable. Thank you very much.

Cinzia Bianco: Thank you very much Professor Kozhanov: it was very interesting and it gave us a lot of food for thought. Indeed I do believe that dealing with Russia is inevitable in the Middle East as it is in other areas. I have been wondering for a long time about the concept of balancing because, especially after the involvement in Syria and being very interested myself in the GCC states, it is quite puzzling how Russia would be able to balance between the two shores of the Gulf. Now, let's go straight towards our 'questions and answers' session.

Questions?

Mitchell Belfer: If I can sum up very quickly, we have China who is sitting on the fence, the US that certainly does not sit on a fence and Russia who wants to push America to another side of the fence. From what I have understood, Russia is using its position in the Middle East to displace the West – so, actually, it could be in Syria, it could be anywhere - and to some extent this is a reminiscence of the Iranian police foreign policy as well. Investing all of their power projection capabilities to keep the West and the Americans busy and eventually put them out. Therefore my question is: what would Russia's reaction be if America decides at one point to actually pivot away from the region? How would China respond to a Russia that is better positioned in the Middle East? Indeed I think we are probably going to see a greater competition between China and Russia in the Middle East. And finally if America were to be more and more retrenched, how would the US react to that Russian-Chinese rivalry not as an engaged actor but as a disengaged actor?

Nikolay Kozhanov: First of all, I do not believe that Russians would like the Americans to leave the region. They confront the US in controlled areas, where they see the American interest in the region, and exploit

their mistakes but they are ready to cooperate where it is in the Russian interest. Secondly, the Russians do understand that taking responsibility for this region or replacing America completely is impossible and it would be also quite expensive for Moscow's broken economy. Therefore, from this point of view, I do not see them being happy about the US leaving the region completely because I guess it would mean that the political turmoil in the region would be only rising. In terms of China, and the Russian-Chinese relations, I would say that in central Asia it has all started being kind of rivalry, but in the Middle East the Russians still do not understand that it is not the US but it is China that can and will challenge them from the economic point of view in the long-term.

Michal Meidan: I think that in the Middle East the Chinese have been very happy to free-ride on the US presence and all the contradictions that the US presence affords. Much like Russia, the Chinese have been quite effectively dealing with buying weapons from Israel, selling them to Iran, dealing with Iran and Iraq and Saudi Arabia and therefore wanting to be a secondary actor. On the UN level, the Chinese have had an uneasy relationship with the Russians: they have been very frustrated with Syria, despite having hidden this to the Russians, mainly because of the long instability. They wonder to what extent has the Russian intervention actually exacerbated the instability, or if it would have happened in any case. The perception from China is that they don't fully understand Russia's position in Syria and it complicates matters for them. Having said that, I think that the Chinese would be quite happy for any other power to get involved in the Middle East and to be the main protagonist. The main source of these contradictions, being it the US or Russia, it doesn't matter as long as China can a free-ride and sit on a fence while everybody focuses on somebody else. The Sino-Russian relations have improved mainly because of Russian isolation, yet fundamentally the mistrust between the two countries hasn't disappeared. There is better cooperation on energy, but that is below the surface and could fall apart at any moment. Central Asia is still a big area of rivalry: China's building roads initiative is making it very uneasy for Moscow and the Chinese are very suspicious that Moscow is trying to undermine that. Indeed, given that the Middle East is low on the list of priorities for China, that is not where a Sino-Russian competition would be. As a final point, I think the countries of the region, as much as they like trading with China, wouldn't want to see China becoming the new regional hegemon. Definitely they will increasingly get more money from China, yet they still do

not understand the Chinese, they still fear what the Chinese dominance or presence would look like, and I don't think that they would welcome that presence.

Nikolay Kozhanov: As a brief example we can refer to the experience of Iran in 2006 and 2012. The Iranians tried to find a counter-balance with the US in the region in China but they basically failed because the Chinese didn't want to get involved into the political confrontations, so that is why the Iranians became quite interested in getting closer with Russia, although the Russians were still not that eager to be part of this confrontation.

Andrea Gilli: From my perspective, with regards to armaments market, many countries in the region depend on American and Russian weaponry and it is very difficult to replace them in the short-term because of spare parts or logistics. The United States also provides a lot of training and support, establishing relations that cannot be changed overnight. In terms of technology as we speak about missile systems, we know that China still buys some weaponry systems from Russia because China is not able to produce advanced technologies and we know that Russia is not that good either in some of them. Therefore, I think that if the United States wants to withdraw there is more space for European countries rather than for China, obviously assuming they want to bear the political costs. The price of oil will play a fundamental role because many countries are running out of money and so the military modernization programs may be on hold. I actually doubt that China can provide very soon a military support in terms of training to some of the countries in the region because of the existing military alliances. Indeed I believe that Bahrain, Qatar or Kuwait would still prefer to be supported by the United States in a larger context of an enduring military partnership.

Keith Boyfield: My question is for Professor Kozhanov. As we know, the Russians have a sizable naval base in Syria, do you anticipate them expanding that naval base? If so what is the reason for expanding it in the long term?

Nikolay Kozhanov: Well there is a huge myth about this military base: it is not a military base, it is a naval supply facility. In addition, it was of a secondary importance even during the existence of the 6th Mediterranean Soviet Flotilla and after the Flotilla was disbanded, in 1991, it lost its importance and it has not been used until the Russian military deployment in Syria in 2015. The discussions about this military base started in 2006, but the Russians simply didn't have enough money to develop

it. So, from a long-term perspective, definitely this military base can be one of the factors of the Russian presence in the Mediterranean - this is what the Russians would like to restore. Yet I don't believe that, from the mid-term perspective, the Russians would be able to afford to upgrade this military base and turn it in the real purpose of their presence in the Middle East. So far they are just using this military base to support supply, housing not even a large amount of people and equipment in Syria. Indeed, looking at the sheer numbers, we cannot say that there is a full-pledged military involvement in the Syrian issue.

Keith Boyfield: So our worries are exaggerated?

Nikolay Kozhanov: Well I am afraid that I will start sounding like a Russian propaganda centre now but my answer is that from the short-term and mid-term perspective - yes our fears are exaggerated. At the same time, from the long-term perspective definitely the Russians will try to retain not only the Tartus military supply point but other military bases. Bering in mind the growing destabilisation of the region, there are quite a number of contrasts where probably it would be much easier and much more convenient to deploy to a local military base, especially with the current security situation in Syria.

Cinzia Bianco: How about addressing the bigger context here – can Russia be a challenge to the West in the Middle East? I would re-direct the question to professor Cordesman.

Anthony Cordesman: I think that any country as skilled as Russia can play a spoiler function to manipulate interests and foreign policy if it plays well against the United States. You are never impervious to the problem of the major power in the region and you do make mistakes and those mistakes can be exploited. So is the fact that you can't meet every expectation upfront. The cost today of our air intervention in Syria and Iraq is about 6 billion dollars which certainly is not a small change for most European powers but it is a small change for the United States. And, as I said earlier, we have not only a naval strength in the Gulf and missile defence ships, but we are now also in cooperation with developed states.

The problem is that the expectations are very high and many are going to become tired or irritated or concerned with the costs. The problem is that while it is a good idea to look at costs, it is also a fact, that those are decreasing thanks to the support of the Gulf states and other states in the coalition against ISIS. This cooperation will be further reinforced by the fact that the local air-forces will be directly coordinated with the US air

force. These are issues which also get down to something unspoken from Moscow which is the US is the only power which can stand the current crisis and has surveillance capabilities which are critical not only to the Gulf states but to the European powers that wishes to cooperate in the Gulf. Therefore, perhaps, reports about a US departure from the region may be slightly premature. One way or another, to some extent, it was terrorism that brought us into the region - because of 9/11 and American concerns with terrorism affecting the US as much as our European allies - so that will remain a key factor. The other is about energy: there is a reason why people at the Department of Defence would stop talking about rebalancing the Asia for more than two years as the key strategic plan. This reason is that the idea that the US has energy independence is misleading. Indeed over 40% of our imports are dependent on Asian stakes, and the Asian economy cannot function without the flow of Gulf oil. Therefore, from the viewpoint of broader economic structure, there isn't any clue whatsoever for energy independence.

Cinzia Bianco: Thank you. This point actually brings me to a direct question to Dr Meidan. We were talking about energy independence and energy dependence and you mentioned that half of the oil that China imports comes from the Middle East but at the same time you said that at the time of oversupply this opens many different choices for China. So would you argue that, considering that the Middle East is becoming an increasingly engaging area that forces you, probably in some instances, to pick sides, that we might see a shift in the energy flow towards China?

Michal Meidan: I think there is no short answer really. First of all, back to Professor Cordesman's comment: the US was importing around 10% of its oil from the Middle East pre-shale revolution and it stayed: it hasn't changed so, arguably, that has not being the driver of the US presence or policy in the Middle East. If anything the shale revolution in the US has freed up a lot of West-African oil – not Middle Eastern oil - that is going to other places, especially Asia. What has happened in the energy markets has been very interesting because it is a combination of oversupply, at least for China, as it slowed down its demand. The Chinese demand growth used to be 500.000 barrels a day up until 2013 now it is 200 – 300.000 barrels a day, so it is half of what it used to be. In a context of an oversupplied market when we have Iran coming back to the market, Iraq trying to increase production, Saudi Arabia still producing, lots of West-African barrels that are looking for new home and Russia that is looking to supply more, China has greater options.

As much as this does not change the trade flows, from the Chinese perspective, there is a process that has been going on for a while before the oil price crash. Therefore the Chinese are trying to diversify supply sources and a lot of publications will point out to the fact that despite this they still have five main suppliers -Saudi Arabia, Russia, Sudan, Angola and Oman - the biggest suppliers represent 50 to 60% of total Chinese oil imports. However, if you flip these data and if you look at it little bit differently you will see that throughout the past 20 years China's dependence on the Middle Eastern oil has remained around 50%. On the other hand, Japan's dependence on Middle Eastern oil has gone from 20% to 70 - 80%. The Chinese have managed to keep it relatively flat by diversifying with African sources and with Latin American sources and there is even some trading with the US now when the US is exporting oil. To sum up, the shift in global oil flows is due to the US shale revolution and to Chinese efforts to diversify but these are longer-term patterns policies and strategies and not a short-term response.

Cinzia Bianco: Thank you. Dr Gilli, you mentioned before that there might be a space opening up, to some extent, in the weaponry market at least, for European countries to have a bigger role in the region. It made me think about a recent event - the Eurofighter consortium signing a deal with Kuwait over of the supply of fighter jets - and many of us interested in the region were particularly puzzled with the unfolding of events. We were wondering – was this deal the fruit of an exclusively political decision? How would it impact on the fleet or other supplies that Kuwait is steadily importing from the US? Do you think this is the first of many?

Andrea Gilli: Well, I don't have the details of this specific deal. If you look at armament markets, it is primarily politics. You don't buy only the quality, unless you are really facing an existential threat. You will also look at some other political considerations. Obviously political alliances are important but at the same time any country in the region is trying to diversify and it is clear. As it happens with the energy market, it also happens in weapon markets because you don't want to depend only on one main source. Now the Eurofighter is a great air-superiority plane that fits very well in the Middle East because it can eventually prevent enemies from attacking you. What we don't know is who is going to attack Kuwait. As with regards to the military capabilities of Iran, that are generally the source of attention and concerns, Iran has a fairly outdated fleet of weaponry. Its fighter jets are basically American fighters from the 1960s and 1970s that they have tried to refurbish and to modernize

but with Iran technology, that, as we know, is not particularly advanced. Also, the countries in the Middle East have bought a lot of equipment but sometimes they don't have the infrastructural, organizational and human capabilities to deploy them.

There is this famous story of the Shah of Iran who was buying weapons in the 1960s by just looking and picking up his favourites. That is not the way you build modern military sources. Something similar to some extent applies to some countries. Finally, there is certainly a pattern to try to diversify and the case of Kuwait is one, but the case of Egypt is probably more important. What happened in Egypt is that the United States withdrew their diplomatic support during the second phase of the revolution and then the current government is aware of this and is trying to diversify towards France. Therefore, to conclude, there might be some markets opening up but the level of exchanges will depend a lot on the price of oil and, looking at the trends, I would not be overly optimistic.

Cinzia Bianco: Thank you very much Dr Gilli for your answer. Indeed, observers of the region have few reasons to be optimistic in general. It is a priority to embrace ourselves for challenging times ahead and commit even more and more broadly to face those sensitive challenges with caution and as much expertise as possible: to understand better, see better and think better.

