

Europe and the Greater Middle East

Mr Carl Bildt

Istanbul Policy Center at the Sabanci University

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Dear Friends,

It is always a pleasure to come to Istanbul. It is not only the largest city of Europe, but also a metropolis mirroring the complexity of a region far wider than only the Turkey that it is so important a part of.

I used to come here in past years when I was working more intensely with the different issues of the Balkans.

And when I'm here now, I find that the centre of attention is what will happen with Iraq and the implications this will have.

In a way, these challenges are part of the one and the same issue: the political stability of the post-Ottoman area that stretches from Bihac in the northwestern corner of Bosnia to Basra by the Persian Gulf in the southeast.

After the collapse of the Ottoman Empire, and subsequently the setting up of modern Turkey, the political arrangements of these areas were regulated in different peace agreements. As part of these, we saw – among other things - a Yugoslavia set up in the direction of Bihac we saw an Iraq being set up in the direction of Basra.

Both of these were new state creations. In Yugoslavia, there were brought together not only Slavs of Catholic, Orthodox or Moslem faith, but also Albanians and a number of lesser minorities. In Iraq, the two vilayets of Basra and Baghdad were, after some hesitation and extensive deliberations by the League of Nations, joined together in Iraq.

The history of both of these post-Ottoman creations has been a troubled one. They were held together by authoritarian regimes, and during the decades of Cold War everyone had an interest in their relative stability.

But since the end of the Cold War, we have increasingly been confronted with the different issues of stability and state structures in the different post-Ottoman areas.

In the direction of Bihac – and beyond - we have been faced with the successive wars of Yugoslav disintegration, from Slovenia in 1991 to Macedonia in 2002. We have made considerable progress in a number of ways, but we have yet to attempt to solve one of the most difficult issues of the region, namely that of Kosovo, knowing that this risks opening up a Pandora's box of issues again.

Gradually, the influence of the structures of European integration is making itself felt. With Greece already a member of the EU, Slovenia now heading towards membership by May 1 2004 and Romania and Bulgaria having been given a target date of 2007 for their membership, there can be no doubt that this post-Ottoman area is heading towards long-term integration into the EU.

The challenges in the Balkans have been of profound importance in forcing the evolving European Union to strengthen its efforts to develop its security and defence policies. Indeed, the EU is now on the verge of launching its first independent operations in this area with the taking over of the responsibility for the small NATO force in Macedonia, and is likely to take over responsibility for the far larger NATO force in Bosnia during the next few years.

But if the foreign and security policies of the European Union are starting to mature under the challenges of the Balkans, they must be prepared to help in addressing the larger issues of the Greater Middle East and – more immediately – the area stretching from here down towards Basra.

Some of these issues are immediate relating to the situation in Iraq.

Here, we are confronted with a situation in which the country has been at some sort of war for more than two decades, where its territorial integrity as well as its economy is declining by the day, where there still seems to be a pattern of declining cooperation with efforts to eliminate weapons of mass destruction and where we have a situation that in every sense of the world is unsustainable.

Much of the present public debate is phrased in terms of preventing a war in Iraq. Although sharing a number of the concerns expressed in this debate, I think we must see the necessity of also ending the de facto war that has been degrading the life of the peoples of Iraq for the past two decades.

The decade-long war with Iran was the bloodiest conventional conflict the world has seen in the past half-century, launched by Saddam Hussein in a massive miscalculation after the revolution in Teheran.

And when coming out of this devastating war he, in another massive miscalculation, launched the invasion of Kuwait that led to the Gulf War and the capitulation of his forces after 100 hours of ground fighting.

But the end of the Gulf War did not bring peace to Iraq. The cease-fire provisions including far-reaching economic sanctions until there was certainty that the regime had eliminated its programs of weapons of mass destruction. Later, there was also initiated the no-fly zone arrangements with its irregular bombings of different targets in the country.

Economic sanctions are one of the more blunt instruments in the arsenal of international relations. I belong to those that believe that sanctions more often than not fail to achieve their objectives, and that they are often counter-productive. They solidify support for the dictator, destroy the normally functioning economy, create a sanctions-busting class of criminal profiteers, throw the middle class into poverty and despair and often drive the best minds of a country into exile.

This is also what we have seen happening in Iraq.

From having been one of the most modern of Arab societies, with an economy that developed well, an education system that was impressive by the standards of the region, health and social welfare systems that were fairly highly developed and an infrastructure second to none in the region, we have now arrived at a situation in which 60 % of the population of the country is dependent for their daily survival on the twice-monthly food packages financed by the oil-for-food programme and handed out by governmental offices.

And whichever changes can be made in the oil-for-food programme, there is unlikely to be any significant change in this.

The economy suffers from significant under investment. This is particularly evident in the important oil sector, in which perhaps only a third of the wells are currently producing at the capacity they could. And with the general deterioration of the economy, more and more people will be dependent on handouts from the government for their survival.

Sanctions are likely to continue to strengthen the regime versus the population in most areas of the country.

Two other aspects of this policy are worth mentioning, particularly from the perspective of Turkey.

The first is the hardship these sanctions are bringing to the region as a whole in the form of trading opportunities that are lost. Estimates on how much Turkey has lost in economic terms due to the sanctions regime differ from USD 15 bn to USD 100 bn, but whichever figure is right, it is very substantial sums. And if we look at a country like Jordan, it has de facto been forced to survive by smuggling. All over the region, we see the same thing.

The second is the long-term threat that this policy represents to the territorial integrity of Iraq. In the North, there is established a de facto independent Kurdish proto-state, financed by the United Nations and protected by the no-fly zone arrangement of dubious international legality. It must be understood, that the longer this situation goes on, the harder will it be to find a more acceptable and durable solution to this issue, preserving the territorial integrity of Iraq.

I'm of the opinion that the policies the international community has pursued during the past decade have failed in achieving any other important objectives but possible the containment of Saddam Hussein. But this containment has been achieved at the cost of making the solution of all other issues more difficult by inflicting serious harm of the economy of Iraq and the region and by calling into question the territorial integrity of the country.

Thus, whatever the outcome of the present confrontation, there must be no going back to where we were. These policies have failed, and the longer they are pursued, the more difficult will it be to deal with the real issues of the country. And these can not be avoided forever.

The reality is that sanctions will not be lifted as long as Saddam Hussein is in power. The UN Security Council Resolution 1441 stated that Iraq "has been and remains" in material breach of the cease-fire provisions after the Gulf War, thus stating that it is a regime that is most unlikely ever to be rewarded by the lifting of sanctions.

Thus, the only way towards starting to solve the different issues that have been building up, including addressing the increasingly acute humanitarian needs of the peoples of Iraq as well as the territorial integrity of thre country, is to seek to achieve a change of regime in Baghdad.

Attention now is on the process within the framework of the United Nations that is centred on the elimination of the weapons of mass destruction.

Under the pressure of inspections after 1991, and faced with testimony given through defections, he was forced to back down on these programs, in all probability dismantling the nuclear weapons program, but in all probability seeking to retain some residual capabilities in terms of chemical and bacteriological weapons, thus also making a future fast expansion of such programs possible.

After having been ended in 1998, inspections are now back. And the report to the Security Council yesterday by Mr. Blix and Mr El-Baradei said that while Iraq has been cooperative on procedure they had not been cooperative on substance.

As it is the substance that at the end of the day counts, this can be seen as an indication that the regime still seeks to preserve elements of a program of weapons of mass destruction.

These elements might well be difficult to detect. Rudimentary chemical and bacteriological warfare programs can be easily concealed, including by mobility. They might not be very capable today, but if preserved would allowed for a later very rapid expansion of these programs.

All the facts we have gathered since 1991, supported by the recent report to the Security Council, points at this being the strategy pursued by the Saddam Hussein regime. It does not intend to give up its option of weapons of mass destruction.

Thus, we will soon be faced with difficult decisions.

Later today, the US President delivers the annual State of the Union speech, further increasing political pressure, and probably announcing further military moves. Tomorrow, the Security Council meets for a more substantive discussion on the reports delivered today. On Thursday, Prime Minister Blair arrives at Camp David for a summit with President Bush. And on Friday, the National Security Council of Turkey meets in Ankara to decide on the policy of Turkey in both the cases of Iraq and Cyprus.

My belief is that these different consultations will lead to decisions on further military preparations for war, that we will have a new report by the inspectors to the SC February 14, that there will be further significant regional diplomatic initiatives as military and political pressures builds up all through February.

Much of what will happen is difficult to predict. The only thing that I would consider virtually certain is that there will be a regime change in Baghdad within the next six months.

I would much prefer this to happen as a result of the escalating pressures by the United Nations, the members of the Security Council as well as the countries of the region leading to a process of internal change in the one way or the other. It is a political paradox – not entirely easy to handle – that the more certain war seems to be, the larger is probably the possibility that it will be avoided through some sort of internal action.

If war comes, it will have immediate negative consequences. There is no war in which innocent civilians in large numbers are not victims. But I do believe it is more important to focus attention on the long-term challenges and possibilities that will be there after a war than on the short-term problems during the hopefully short period of open hostilities.

Regime change will in effect be the end of the state of war that the peoples of Iraq have been living through during the past two decades.

But post-change challenges in Iraq will be great.

Imperative is to prevent a Balkanisation of the country. This will require a wide national consultation to get agreement on some sort of federal framework for a common state that brings Arabs of different Muslim orientation together with Kurds, Turkomans and other minorities.

This will not be easy. But it is a challenge that will have to be faced sooner or later anyhow. The longer the bizarre arrangement of today goes on, the harder the ultimate task will be.

The humanitarian challenges will be massive. There is the risk that the food distribution system will collapse leaving sections of the population exposed. The risk of refugees is a particular concern for Turkey in view of the 1991 experience.

And the humanitarian challenge will remain for a long time. According to UNICEF, infant mortality has increased six fold since 1990. The food program will have to continue until there is a revival of the agricultural sector and trade is opened up.

The economic issues of rebuilding are far from easy. The common assumption that oil will solve all problems simply does not hold water. GDP per capita has declined by app 70 % during the past decade, and the country is in the midst of a demographic boom. No less than 40% of the population is under 15 years of age

A UN report claims that the oil sector is in a "lamentable" state overall. It will take years to raise production even to the pre-war levels, and perhaps until 2010 before the ambitious targets of 4 – 5 mbd can be reached.

But income from these exports should not only cover the domestic needs and the rebuilding of the country, but also the servicing of a staggering foreign debt of USD 110 bn as well as the paying of the different compensation claims out of the Gulf and wars of USD 170 bn.

This will simply not be possible. Thus, there will have to be some sort of debt/compensation rescheduling or relief, which obviously must be tied in to the wider reconstruction and humanitarian tasks.

The oil sector is obviously important also from the wider global perspective.

We are in a situation in which we are more dependent on Middle East oil than we have ever been. Three decades of intense exploration for oil all over the world has left us with a situation in which app 70 % of the known oil global oil reserves are in the Middle East and North Africa – a share app 10 % higher than in the mid-1970's. The Gulf alone has app 65 % of the worlds proven reserves

In the coming two decades, there has to be 50 % increase in oil production in order to meet the needs primarily of the growing Asian economies of India and China. Estimates by the IEA and others indicate a need to increase Gulf production by up to 80 % in order to make this possible. This will require a huge flow of investments to all the countries of this region. With the second biggest reserves in the world, and large areas not explored, Iraq is obviously a key part of this difficult equation.

In the public debate, it's often alleged that the US is now increasing pressure on Iraq primarily because of its need for oil. I don't believe this to be the case.

Had oil been the paramount interest, it would have been very easy to just forget about everything else, lift the sanctions and let US and other oil companies enter Iraq and help in the development of its oil sector. If oil would have been the number one issue, this is the policy that would have been pursued. Indeed, US oil companies have in vain argued that unilateral US sanctions against countries like Iran and Libya should be lifted, but other interests have prevailed, showing that oil concerns are not the ones driving US policy versus what they consider rogue states.

Thus, ending the state of war that has affected Iraq for the past two decades will not bring immediate relief to all the problems that have accumulated. It will require sustained international efforts for a long time to come. I believe it would be wise to give the prime responsibility for these to the countries of the region itself under the

ultimate authority of the United Nations. This will also create the best conditions for the efforts of actors like the European Union.

But we are all aware of their being other challenges as well in the area.

Today, Israel goes to the polls to elect a new Knesset, after which a new government will be formed. Different initiatives to push a peace process between Israel and Palestine have been postponed in the anticipation of these, but with a new government in place, it is imperative that this pause is ended.

It is of the highest importance that we are equally committed to ending the escalating state of war that is there between Israel and the Palestinians as we are to the ending of the state of war for the peoples of Iraq during the past two decades. If we are seen as far more concerned with the former than with the latter, there is a risk that the task in Iraq will become very difficult – perhaps even impossible – to handle.

Beyond these more immediate issues – the challenge of Iraq and the challenge of Israel and Palestine – looms the larger issue of the state of the entire region and in particular the Arab world.

Even if the issues of Iraq as well as Palestine were to be solved tomorrow, the region represents a formidable problem not the least from the European point of view. It is here that we see some of the most difficult of the challenges for Europe in the years to come – and it is here that the role of Turkey is of such paramount importance.

We have every reason to be concerned with all the issues of the political implosions or social explosions - of mass effect! - that we are likely to see in this region in the years ahead.

Today, the 22 states of the Arab world have a population of app 280 million people. Within 20 years, that figure is likely to be app 450 million. This is a region with a larger number of young people than any other region – 38 % of the population is under 14 years of age.

This would not necessarily be a problem if we saw solid economic growth, stable social progress and open political systems in these countries. But it is the other way around.

Over the past 20 years, the region has had the slowest growth of any part of the world with the exception of sub-Saharan Africa. The economic standard of its peoples has deteriorated significantly versus nearly every other part of the world.

Still, a third of the women in the region can't read or write. The region has the lowest Internet penetration of any in the world. Illiteracy rates are much higher than in much poorer countries.

And the wind of democracy that has swept through Latin America, East Asia and Europe during the past few decades has hardly touched the region. On an index of freedom, no region in the world comes out worse than this one does.

We talk about failed states – but the figures of the Arab region paint the picture of a failed region. On present trends, we are thus likely to see a series of either explosions or implosions, political as well as social, in this region over the coming years.

The consequences of this risks being profound. I have already mentioned the energy issues. But an equally important issue was recently highlighted in a survey done by UNDP that said that app 50 % of the grown-up population of this region would like to leave and go for other, richer countries.

Whatever their reservations against the policies of the United States, many of them might be dreaming of a future in Manhattan rather than Mosul. But they are more likely to end up in the suburbs of Munich, Marseilles or Malmö.

Europe will have to welcome larger numbers of immigrants in the years to come for reasons that have to do with its own demography. But there is a serious risk that a series of explosions or implosions in the volatile region of the Greater Middle East will lead to pressures which might be too heavy, and which risks causing strife in our

societies, also making the task of building understanding between different national and religious communities more complicated.

Two decades ago, issues relating to immigration were hardly to be heard of in the political debate in the different countries. Today, there isn't an election campaign in any country of Europe where the issue is not among the most important ones.

After a decade in which the issues in the direction of Bihac have been in focus, we have now entered a decade in which the issues in the direction of Basra will be at the least as much in focus.

Here, the strategic interests of Europe are obvious and immediate. We have an interest in promoting peaceful change and evolution of these societies. Political and economic reforms are imperative. We have an interest in preserving political structures that bring different nationalities and religions together. We don't want to see the Balkanisation of the Middle East because over time that will risk the Balkanisation also of our own societies.

Turkey is a key country in this new decade of new challenges in the direction of the Middle East.

By moving towards the European Union, by continuing the process of modernisation of its society, by serving as a model for a secular and modern country for people of the Muslim faith and by becoming increasingly a partner in the wider European and global efforts to handle the different issues of the Greater Middle East, Turkey will be one of the most important actors in these strategically important efforts in the years to come.

The issues of the Greater Middle East – the immediate ones as well as the more fundamental ones – are the greatest challenge in terms of security and stability that the European Union will face in the decades to come.

Turkey is a key partner for us all in meeting these challenges.