



Cost of Conflict in the Middle East Scenario-building Workshop

Convened by Strategic Foresight Group

Co-hosted by the Department of Foreign Affairs of the Government of Switzerland

Zurich, August 18-19, 2008

A scenario building workshop was organised by the Strategic Foresight Group and co-hosted by the Department of Foreign Affairs of the Government of Switzerland recently. The workshop was the second in the Cost of Conflict in the Middle East series that aims to quantify the numerous costs incurred by the region in the protracted conflict in the Middle East and to encourage public opinion to reflect on costs to their societies. Researchers at SFG have been working on developing a number of parameters to outline these costs, especially since the first workshop held in Antalya in March 2008. The aim of the second workshop was to develop a conflict escalation ladder and a peace building ladder, engaging with opinion makers and heads of think tanks from Israel, Palestinian territories, Arab states, Turkey and Europe.



Ambassador Thomas Greminger, Mr Vidar Helgesen and Mr Salman Shaikh

The Zurich workshop was launched with keynote addresses by Mr Egemen Bagis, Vice Chairman of Foreign Affairs of the AK Parti of Turkey and Member of Parliament and Ambassador Thomas Greminger, Head of Political Affairs in the Federal Department of Foreign Affairs of the Government of Switzerland.

The workshop was co-chaired by a number of luminaries:

- Ambassador Hesham Youssef, Chef de Cabinet, Arab League Secretary General's Office, Egypt
- Dr Ephraim Sneh, former Defence Minister of Israel
- Mr Vidar Helgesen, Secretary General of International Institute for Democracy and Electoral Assistance and former Deputy Foreign Minister of Norway
- Dr. Tony Klug, Vice Chairman of Arab-Jewish Forum
- Mr Salman Sheikh, Director for Research and Policy, Office of Her Highness Sheikha Mozah, Qatar
- Mr. Jean-Daniel Ruch, Ambassador at Large for Special Assignments, Federal Department of Foreign Affairs of Switzerland

Mr Egemen Bagis opened the conference with an address on the steps made from "Antalya to Zurich". He spoke about the developments in Turkey since the last workshop and the role that Turkey has played in bringing different players in the Middle East together for dialogue. This includes the shuttle diplomacy carried out between Israel and Syria and involvement in the elections in Lebanon. He said that in case talks fail, only extremists gain.

***Dialogue is preferable to conflict and
engagement is preferable to isolation.***

-Amb. Thomas Greminger

In his keynote address, Ambassador Greminger outlined the possible scenarios that could play out in the Middle East over the next few months. He highlighted the role and responsibility of the international community in considering its part in financial contributions for the security and justice apparatus of the Palestinian Authority. Governments and countries need to decide how to interact with strongly rooted opposition parties, especially if they have gained political legitimacy through the election process.

Ambassador Greminger said that addressing the Syrian track would also have positive effects on a wide range of issues from the relations between Syria and Israel to the situation in Lebanon, to Iraq as well as with relation to the West. The change in leadership at the Premier level in Israel and Syria's relationship with Iran are key uncertainties in this. The future role of outside players in the region such as Russia and Asia due to the presence of energy resources should not be discounted.

On the positive side there have been improvements in Lebanon that could allow the Lebanese people to tackle long term challenges related to their security and stability. Recent months have shown increasing involvement of countries like Egypt, Saudi Arabia,

Qatar, Yemen and Turkey in conflict resolution endeavours in the region. For Switzerland as well, the promotion of peace is an important part of its foreign policy and it has developed its tools and approaches accordingly.

Dr Ephraim Sneh, who chaired the first session, spoke about the future risks of cost escalation and opportunities for cooperation between Israel and the Arab region. He

The dividend of solution is greater than the cost of solution; therefore peace is the best business investment.

-Dr Ephraim Sneh

classified the costs into measurable costs, estimated costs and immeasurable costs. Measurable costs include military expenditure,

infrastructure damage. Estimated costs include economic costs including the costs of agricultural produce rotting in boxes prior to shipment. Immeasurable costs include human suffering such as the fear felt by children in Sederot and Gaza, and the loss of childhood.



Ambassador Hesham Youssef, chaired the second session and spoke about the drivers of the cost of conflict and the cost of peace building. He said that when opportunity costs are not looked at they lead to the misguiding of funds into the conflict.

Ambassador Hesham Youssef and Dr Ephraim Sneh

Ambassador Youssef quoted from some of the recent studies that look at the cost of conflict in the region. These include an Israeli study that calculates the cost of occupation to the Israeli side, the military costs and benefits of occupation, including the captive market, access to Palestinian workers and water from Palestinian sources. The study indicated that the cost after the second *intifada* were very high with the GDP growth rate plummeting to -7 per cent and the investment dropping to about a third (US \$1.3 billion from UD \$5.3 billion). He also outlined the cost of resettling and moving settlers from Gaza which would be to the tune of US \$ 2 billion.

Turning to the war in Iraq, Ambassador Youssef said

What would be the cost of extremism being fuelled by conflict in the region?

What is the cost for the Middle East for not being viewed as a region?

-Ambassador Hesham Youssef

that at the end of 2008, the US Congress would have approved US \$ 800 billion. Mismanagement and wasted resources have added up to about US \$ 10 billion. Lost and unaccounted for in Iraq works out to US \$ 9 billion of tax payers money, US \$ 550 million in spare parts, 190,000 guns, including AK 47 rifles. The cost of treating soldiers suffering from post-traumatic stress disorder (PTSD) is about US \$6 billion for 2 years.

Extremism is becoming a mass behaviour because of the conflict.

-Dr. Sahar Al Qawasmi

In the course of discussion, the workshop identified several elements of cost, some of them often ignored while measuring the impact of conflict or armed violence. These include:

- Cost of non-synergy of markets
- Cost of occupation on the Israeli side
- Loss to the national decision making structures because of preoccupation with conflict
- Cost of the Shia Sunni conflict
- Image of the Middle East as a conflict ridden region
- Cost of ideological conflict
- Impact of conflict on radicalisation
- Cost of change, including political change
- Need for strengthening of accountability and integrity systems on aid flows
- Psychological cost of the Israeli-Palestine conflict
- The impact of events in the Middle East on the clash of civilizations
- Impact of conflict on human capital
- Impact on conflict if there were greater opportunities for youth in the Middle East
- Brain drain from Middle East to US and Dubai
- Cost of refugees returning to their homes
- Changing nature of violence and violence going global
- Changing importance of regional players in the region- Turkey, Iran and Israel gaining importance, Egypt's declining role
- Impact on leadership in the region
- Evaluation of rising transactional costs
- Increasing homicidal rates.



Dr Yair Hirschfeld, Ms Ica Wabeh and Dr Kamal Field Al Basri

Mr Vidar Helgesen chaired the session on the conflict escalation ladder. He began by outlining a pessimistic scenario where a new Israeli Prime Minister in early 2009 along with a new US President take a very hard stance on the Iranian President for pursuing their nuclear ambition. Israel bombs Iran, leading to a conflict involving not just players in the Middle East, but Russia and Europe as well. A number of participants built up this scenario further by adding the impact that such a move would have in causing the dismemberment of Iraq, the strengthening of Russia as a world power and the creating of a Kurdish state carved out of Iraq and Turkey, fuelling the growth of extremism.

Another scenario for the escalation of conflict emerged where participants felt that the US or Israel would not directly get into a direct attack on Iran. Instead, they would create a conflict between Iran, Iraq and the Arabs, and also destabilize Iran by strengthening the opposition.



Dr Sahar Al Qawasmi and Mr Yasir Yakis

Dr Tony Klug chaired the session on the peace building ladder. He outlined an optimistic scenario where the Israeli Prime Minister delivers a keynote speech affirming that if a real, comprehensive peace with the Palestinians and Arab states were genuinely obtainable, Israel be willing in principle, to withdraw in full from the West Bank, subject to agreed land exchanges. In this positive environment, a number of steps of the peace process are put into motion with support from the international community and other players in the Middle East.

Despite spoiler violence, this gesture has a cascading effect on Israeli-Arab relations and builds a climate of peace under which a number of long term agreements are reached. Many participants commented upon the peace building ladder and elaborated on the nature of the starting point of such a process

Some participants felt that the new US leadership in 2009 could be a turning point in the situation in the Middle East, with the new US President eager to change the image of the US. The need for strong confidence building measures as a starting point, rather than a symbolic gesture was highlighted.

We can move ahead in two situations. When things are good, or when the situation is very bad. Then there are no options.

-Yair Hirschfeld

Mr Salman Shaikh chaired the session on wild cards that would change the situation in the region, for the better

or for the worse. He mentioned a number of high impact but low probability events including:

- conflict with Iran
- nuclear arms race
- breakdown of international systems including the non-proliferation treaty
- emergence of Russia in the Middle East
- end of the unipolar world
- regime implosion in Saudi Arabia
- a wave of democratisation
- spurt of terrorism
- religious conflicts
- localised catalysts for conflict such as Beirut, Baghdad and Kirkuk
- legal challenges, including the indictments emanating from the Hariri Tribunal
- well timed and executed assassinations
- natural disasters

If there is more than one conflict in the region, are the costs added up or multiplied?

-Dr. Darwish Ghaloum Al-Emadi

Participants added to this list. Some felt that events in Lebanon could act as a wildcard, impacting not just the region but Europe as well. Positive wildcards such as growth of regional structures, collaboration over water were also discussed.



Ambassador Jean-Daniel Ruch and Ms Ilmas Futehally

The last session was chaired by Ambassador Jean-Daniel Ruch. This session was discussed the next steps after the workshop, including the time table for the research being carried out by Strategic Foresight Group on the Cost of Conflict in the Middle East and ideas as to what would be the best strategy for dissemination of the report.

*Steel and coal created the EU
Water, energy, tourism will create MEU.*

-Nimrod Novik



Dr Mark Taylor and Mr Vidar Helgesen

ANNEXURE

Workshop Agenda

Cost of Conflict in the Middle East Scenario-building Workshop

August 18-19, 2008

Monday, August 18

- 18:30-19:30 Informal Reception
- 19:30-19:45 From A to Z (Antalya to Zurich): Remarks by Egemen Bagis
- 19:45-20:15 Introduction by participants
- 20:15-20:45 Keynote Address by Ambassador Thomas Greminger
- 20:45-22.15 Dinner

Tuesday, August 19

- 09:00-09:30 Introduction to Scenario-building Process and Key Questions
Chaired by Dr Ephraim Sneh
 - Introduction to Scenario-Building Process by Sundeep Waslekar
 - Remarks by Dr Ephraim Sneh on Key Questions about Future Risks of Cost Escalation and Opportunities for Cooperation between Israel and the Arab region
- 09:30-11:00 Drivers of Costs of Conflict and Cost of Peace-building
Chaired by Ambassador Hesham Youssef
- 11:00-11:30 Coffee Break
- 11:30-13:00 Conflict Escalation Ladder
Chaired by Vidar Helgesen
- 13:00-14:00 Lunch Break
- 14:00-15:30 Peace Building Ladder
Chaired by Tony Klug
- 15:30-16:00 Coffee Break
- 16:00-17:30 Wild Cards
Chaired by Mr. Salman Shaikh
- 17:30-18:30 Concluding Observations
Chaired by Mr. Jean-Daniel Ruch, Ambassador at Large for Special Assignments, Federal Department of Foreign Affairs of Switzerland

- “Generating public policy impact of the Cost of Conflict Study”, views of participants
- Comments by Ms Ilmas Futehally, Executive Director of Strategic Foresight Group
- Concluding Address by the Chair

19:30 onwards Informal Networking Dinner

List of Participants

Cost of Conflict in the Middle East

International Workshop at Zurich, Switzerland, August 18-19, 2008

1. Ambassador Hesham Youssef, Chef de Cabinet, Arab League Secretary General's Office, Egypt
2. Mr. Salman Shaikh, Director for Research and Policy, Office of Her Highness Sheikha Mozah, Qatar
3. Prof. Yair Hirshfeld, Director General, Economic Cooperation Foundation, Israel
4. Prof. Kamal Field Al Basri, Chairman, Institute for Economic Reform, Iraq
5. Mr. Egemen Bagis, MP, Vice Chairman for Foreign Affairs, AK Parti, Turkey
6. Ms. Ica Wahbeh, Managing Editor, Jordan Times, Jordan
7. Prof. Azza El Kholy, Advisor, Institute for Peace Studies at Bibliotheca Alexandrina, Egypt
8. Dr. Esra Cuhadar Gurkaynak, Assistant Professor in Political Science Department of Bilkent University, Turkey
9. Dr. Mahmoud Labadi, former Director of Aid Coordination and former Director General of the Palestinian Legislative Council, Palestine
10. Ms. Bambi Sheleg, Editor in Chief of Eretz Aheretz, Israel
11. Dr. Riad Al Khouri, Director, Middle East Business Association, Jordan
12. Mr. Vidar Helgesen, former Deputy Minister for Foreign Affairs of Norway, Secretary General of International IDEA, Sweden
13. Mr. Yasar Yakis, MP, former Foreign Minister, Head of EU-Turkey Harmonisation Committee of the Turkish Parliament, Turkey
14. Prof. Khalil Gebara, Chief Executive, Transparency International National Office, Lebanon
15. Ms. Eliane Metni, National Coordinator, Director International Education Association and Chair of iEARN, Lebanon
16. Ms. Nicole Nasseh, Representative, UNDP Peace-building Project, Lebanon
17. Dr. Darwish Ghaloum Al-Emadi, Director of Public Opinion Poll Center, Qatar University, Qatar
18. Dr. Saif Shaheen Al-Murikhi, Associate Professor, Humanities Dept., College of Arts and Sciences, Qatar University, Qatar
19. Dr. Sahar Al Qawasmi, Member, Palestinian Legislative Council, Palestine
20. Dr. Tony Klug, Vice Chairman of Arab-Jewish Forum and author of several booklets on the Middle East for the Fabian Society, UK
21. Dr. Mark Taylor, Director, FAFO, Norway
22. Dr. Mehran Kamrava, Director of Center for International and Regional Studies, Georgetown University, Qatar
23. Dr. Robert Muggah, Research Director, Small Arms. Survey, Switzerland
24. Ms. Camino Kavanogh, Special Adviser to the Secretary General of International IDEA, Sweden

25. Mr. Itamar Yaar, Former Deputy Head of the Israeli National Security Council, Israel
26. Dr. Ephraim Sneh, former Israeli Cabinet Minister and Chairman of the “Strong Israel” Party, Israel
27. Dr. Nimrod Novik, Senior Vice-President, Merhav Group of Companies, Israel
28. Mr. Sundeep Waslekar, President, Strategic Foresight Group, India
29. Ms. Ilmas Futehally, Executive Director, Strategic Foresight Group, India
30. Ms. Gitanjali Bakshi, Research Analyst, Strategic Foresight Group, India
31. Ambassador Thomas Greminger, Head of Political Division IV-Human Security, Federal Department of Foreign Affairs, Switzerland
32. Mr. Thomas Oertle, Head of the Middle East Desk, Federal Department of Foreign Affairs, Switzerland
33. Ms. Barbara Fontana, Office of Special Envoy for the Middle East, Switzerland
34. Mr. Jean-Daniel Ruch, Ambassador at Large for Special Assignments, Federal Department of Foreign Affairs, Switzerland
35. Ms. Bettina Schucan, Programme Officer, Office of the Ambassador at Large for Special Assignments, Federal Department of Foreign Affairs, Switzerland
36. Ms. Judith Schatzman, Office of Ambassador at Large for Special Assignments, Federal Department of Foreign Affairs, Switzerland