

**BUSINESS AND POLITICS IN THE MUSLIM WORLD
GULF COOPERATION COUNCIL
NEWS MONITORING REPORT
MADIHA KAUKAB
12th Dec to 18th Dec 2009
PRESENTATION DATE: 23rd Dec 2009**

Following news monitoring report is based on the important political, social, economic and Geo-strategic events occurred in Gulf Cooperation Council States along with a short summary of the report. Some of the opinions from different newspapers are also included.

SUMMARY (P#3)

GCC (p#4)

Gulf educational spending level acclaimed
Iran, Afghanistan, threaten Gulf security: Kuwait
Kuwait GCC Summit 'an addition' to GCC action: Bahraini PM
Iran nuclear talks failed because Gulf left out
The GCC unity approach 'a role model'
Support for Saudi Arabia in its fight against infiltrators
GCC reaffirms right of UAE over three islands
Study portrays Arabian Gulf media significance to development
Bahrain's economic growth to slow down
Islamic finance to lead Gulf economic recovery
Saudi Arabia's insurance sector attracts investors
Saudi Arabia's retail sector to grow 21% by 2013
GCC confident of overcoming financial crisis
Oman's inflation falls to new low
Saudi growth set to surge
GCC leaders officially launch electricity linkage project
Gulf States agree on time frame for single currency
GCC inflation to see sharp fall in 2009
Qatar, US in talks about solar energy

SAUDI ARABIA(p#11)

International Front

**Saudi CP, Lebanese PM discuss bilateral cooperation
King Abdullah wishes Hariri govt success**

Economic Front

**Saudi Kingdom growth remarkable: Naif
Bahraini king, Saudi Crown prince discuss issues
Qatar's Sheikh Tamim meets Saudi crown prince
Saud Al-Faisal raps US backing for Israel**

UAE(p#14)

International Front

**'UAE is the first country to answer Yemen's humanitarian appeal'
UAE ruling family member pleads not guilty to torture**

Social Front

UAE to try ruling family member over torture video

Nuclear Energy Front

UAE-US nuclear pact comes to fruition

International Front

Sectarian divide 'not behind Yemen fighting'

QATAR(p#16)

Social Front

**Spending on education at all-time high in Qatar
Oman, Palestine discuss means of activating information cooperation
Oman, China sign pact**

Commentaries

**GCC states closer to achieving one currency
Social media in GCC
GCC states must work closely together**

SUMMARY

Monetary Union

A Gulf monetary council will be tasked with deciding on the peg of a proposed single currency among Saudi Arabia, Bahrain, Qatar and Kuwait and timeline to launch the currency, Kuwait's foreign minister said on Tuesday. Whether this currency will be pegged to the dollar or a basket or something else is a technical matter that will be decided by the monetary council," Sheikh Mohammed Al Sabah said at a press conference at the end of a meeting of the Gulf Co-operation Council in Kuwait. "The council will be tasked with setting a number of standards, such as the percentage of deficit to gross domestic product. The launch of the currency will be preceded by coordination of monetary and fiscal policies and the creation of a regional Central Bank. The monetary council will also be tasked with deciding on a timeframe to launch the single currency, according to the final communique of the summit. The Gulf monetary union agreement, which was ratified by Saudi Arabia, Kuwait, Qatar and Bahrain, has taken effect, a move that will pave the way to launch the much-delayed single currency. The United Arab Emirates, the second-largest Arab economy, pulled out from the project in May, citing dissatisfaction over the choice to base the regional central bank in Saudi Arabia. The U.A.E. is the second Gulf state to abandon the monetary union plan after Oman's exit three years ago. Kuwaiti officials have said they will work toward convincing the United Arab Emirates and Oman to rejoin the project. Kuwait will take over in 2010 the rotating presidency of the Gulf Cooperation Council, the loose-knit economic and political organization that groups Saudi Arabia, Oman, Bahrain, Kuwait, Qatar and the United Arab Emirates. The monetary union project, which has been in the works since 2001, has been dogged by delays and debates over technical issues such as the currency peg. Kuwait complicated plans for the currency when it broke ranks in 2007 and de-pegged its dinar from the U.S. dollar to a basket of currencies to fight soaring inflation. All other Gulf countries link their currencies to the dollar, forcing them to mimic the monetary policy of the U.S. Federal Reserve despite high inflation, higher growth projections and differing credit conditions. Customs Union Gulf states have agreed to complete all the steps required to set up a customs union for the region, council Secretary General Abdulrahman Al Attiyah said at the press conference. The customs union, which has been stuck in a transitional phase since 2003, would collect a 5% tariff on imports at the first port of entry in countries belonging to the GCC. It would also establish a common customs law. Separately, Gulf leaders agreed to set up a rapid intervention force that will help states to deal with any aggression against their territories, such as the Yemeni rebel incursion into Saudi Arabia, Attiyah said." It was decided to create a rapid intervention force...that will ward off any aggression against any member state," Attiyah said. Last month, Saudi Arabia launched an offensive against Yemeni Houthi rebels along the two countries' border after unknown gunmen crossed the border and killed a Saudi border guard. The kingdom said it had set up a 10-kilometer buffer, or "kill," zone inside Yemen, adding it will shell the area to keep rebels from re-entering the kingdom. The Saudi navy also set up a blockade off Yemen's northern Red Sea coastline, in what the kingdom says is an effort to keep fresh

supplies from reaching the rebels, who have engaged in a five-year insurgency in the north of the country to win autonomy. Gulf leaders also approved Bahrain's candidate to take over the secretary general post from Attiyah in April 2011. Mohammed Al Mutawa, cultural affairs advisor to the Bahraini prime minister, will start a three-year term on April 1, 2011, after Attiyah's term ends, the final communique said.

GCC

Gulf educational spending level acclaimed

A senior Gulf educational officer extolled here Saturday the sizeable level of Gulf spending on educational development projects in the region's countries. The Gulf Cooperation Council (GCC) and Yemen, which constitute all the member states of the Arab Education Office of the GCC, are now very close to UNESCO's international criteria for educational development, the Riyadh-based office's director general, Ali Al-Qarni, told KUNA. The GCC members have already moved from mere educational availability, gender equality and illiteracy elimination to educational quality that could ensure high-profile educational output, he said. Each member state of the office has adopted its respective educational revamp program, along with joint projects carried out by the office, he added. Concerning the forthcoming GCC summit due in Kuwait between December 14-15, Al-Qarni hoped that the significant Gulf gathering would come up with recommendations and resolutions that could ensure the implementation of educational development decisions adopted by earlier GCC summits.

Iran, Afghanistan, threaten Gulf security: Kuwait

The Afghan war and the Iran nuclear crisis are among the threats to security in the Gulf region, Kuwaiti foreign minister and deputy prime minister Sheikh Muhammed Sabah Al Salem Al Sabah said. Sheikh Muhammed was addressing delegations from more than 25 countries in the Gulf Cooperation Council at the opening of the sixth Manama Dialogue security conference in Bahrain. Threats to GCC security ran from "Afghanistan and neighbouring Pakistan, go through Iran's confrontation with the international community, to the reality of Palestine and the suffering of the Palestinian people, down the Horn of Africa, to the crisis in Yemen," he said. And in an implicit swipe at Iran, he spoke of "when people call for rebellion against the regime, challenging the government and calling for the overthrow of the government in place." Gulf officials "should recognize the risks of abusing ideologies in the relations between states," he added. Iran has been accused by the West and various Gulf states of interfering in the affairs of its neighbours and attempting to foment instability. And he added: "We must look closely at the demographic situation of our six GCC countries, and we will note that there are real demographic challenges in the mid- and long-term." These challenges included the projected 30 percent rise in the population of the GCC countries by 2020; the large percentage of young people; and the large number of foreign workers in the Gulf.

Kuwait GCC Summit 'an addition' to GCC action: Bahraini PM

The Prime Minister of the Kingdom of Bahrain His Highness Prince Khalifa bin Salman Al-Khalifa stressed on Sunday that the Kuwait Gulf Cooperation Council (GCC) Summit is an important addition in the history of the bloc and a step forward in terms of mechanisms of action.

In an exclusive interview with KUNA here, the premier said "The wisdom and expertise of His Highness the Amir of the State of Kuwait Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah would guarantee a spirit of teamwork and accomplishment amid the current important and accelerating political and economic developments." The official pointed out the Kuwait Summit would be recalled as proof of GCC leaders' determination to consider and best adjust to current state of affairs in the region and beyond to best serve their people. On Kuwaiti-Bahraini relations, the Prince said "These ties were forged by our forefathers and are constantly being reinforced by the constant communication and interaction between our leaders and people. "Our relations are of shared destiny, which is in turn based on shared history and a shared stance on main issues," he added.

Iran nuclear talks failed because Gulf left out

Tehran's talks with the West on the Iranian nuclear programme failed because the Arab states of the Gulf were not involved, Bahrain's foreign minister told a security conference on Saturday. Because the process was flawed, its failure should not result in new sanctions on Iran, Sheikh Khaled bin Ahmed bin Mohammed al-Khalifa told the sixth Manama Dialogue. "Somebody's trying to do business while we're not there, while we're not present in that room," he said. "This is a fundamental mistake of how these talks were conducted. I think that is the main reason of why the talks failed." The talks were only between Iran and the world's major powers, "not the countries that have the fear of whatever is going on and not being consulted and not being involved," said Sheikh Khaled, whose country hosts the US Fifth Fleet. "To move from a wrong system of talks and put sanctions on the people of Iran is not fair," he said. On Friday, European leaders backed new sanctions, warning that Tehran's refusal to negotiate over its nuclear programme must be met with a tough response. US Defence Secretary Robert Gates also said he expected "significant" new measures imposed if Iran fails to live up to commitments, and accused it of "stiffing the international community."

The GCC unity approach 'a role model'

The most efficient way to reach the complete and effective economic integration of the Gulf Cooperation Council (GCC) countries is to achieve the monetary unity of member states, economic experts said yesterday. The statement comes on the opening day of the 30th GCC summit, started in Kuwait on Monday. The summit is tackling a number of issues ranging from the political stand of the GCC member states on the ongoing Houthies rebellion between the borders of the Kingdom Of Saudi Arabia (KSA) and Yemen, and the severe economic plunge of the gulf stock markets, especially in Dubai. One of the most important topics in the summit's

agenda is the unified currency. It has so far brought together four states, KSA, Qatar, Kuwait, and Bahrain. The United Arab Emirates (UAE) and Oman have yet to rejoin the currency unification proposal after temporarily withdrawing from the treaty for 'technicality issues'.

Hajjaj Bo Khadhour, an economic expert, told Kuwait Times that it is likely that the UAE and Oman will rejoin the unified currency proposal during this summit. "If they will not join on this summit, it will be on the next one. I believe It's only a matter of time before they join" he said. According to Bo Khadhour the GCC is taking the best approach to the complete economic integration of its economies. There are two ways to do this, the first model is the EU model, which starts by unifying economic legislations, which will lead to economic integration, and in its turn lead to unified currency.

Support for Saudi Arabia in its fight against infiltrators

The Kuwaiti Emir Sheikh Sabah Al-Ahmad Al-Sabah Monday reiterated full support for Saudi Arabia in its fight against infiltrators and calling on Iran to comply with international legitimacy. "We reiterate our condemnation and reprobation of such aggressions and hostilities," Sheikh Sabah said at the opening ceremony of the 30th summit of the Gulf Cooperation Council (GCC) here. He said Kuwait supports Riyadh for all the procedures it takes to defend its sovereignty and security, adding that violation of Saudi security and stability poses as "an aggression on the security of all GCC countries." "On the same base, we look forward that security and stability prevail in the brotherly Republic of Yemen," the Kuwaiti Emir said. He said that Kuwait supports Yemen in all its efforts to boost development and prosperity, and to maintain its unity and sovereignty over its territories. Sheikh Sabah also said the GCC wanted the standoff over Iran's nuclear program resolved through dialogue, and urged Tehran to "comply with international legitimacy in order to reach a peaceful solution." Sheikh Sabah said the energy-rich nations are determined to forge ahead with further economic achievements, including the launch of a common power grid and rail network.

GCC reaffirms right of UAE over three islands

The leaders of Gulf Cooperation Council (GCC) states on Tuesday reaffirmed the right of the UAE over the three islands, the Greater and Lesser Tunbs and Abu Musa, occupied by Iran. According to the final communique issued at the end of the summit, the territorial waters, airspace, continental shelf and exclusive economic zone of the three islands are an integral part of the UAE. The Council expressed its regret that the contacts with the Islamic Republic of Iran did not yield any positive result to reach a solution for the issue of the three islands that contribute to strengthening of security and stability in the region. It also called on Iran for the consideration of all peaceful means to restore the right of the UAE on the islands. The GCC also urged Iran to respond to the efforts of the UAE to resolve the issue through direct negotiations or recourse to the International Court of Justice and demanded fundamental commitment from Iran to establish good neighbourly relations, mutual respect and non-interference in internal affairs.

Study portrays Arabian Gulf media significance to development

Media organizations in Arabian Gulf states can have a tangible effect on the development of their societies, said a recent study carried out in Kuwait. The study was conducted by Media Professor at Kuwait University Dr. Hasan Makki, compiled in a KUNA publication entitled "Kuwait Summit and Gulf Ambition," issued on the occasion of the 30th Gulf Cooperation Council (GCC) Summit scheduled to be held in Kuwait on December 14-15. According to the study, media is second to none in the field of information distribution, and is the widest base of dialogue, discussion, and cultural and social integration in the region. The study also mentioned that GCC media outlets can contribute to education by various means, through systematic education and continuing education. The media can also incorporate Gulf citizens into development efforts, by raising the motivation of masses towards building a sense of self-determination reflected on a personal and social basis. The Kuwaiti academic also discussed the development of media in the Arabian Gulf, and its role in the development of the society, noting that audio and visual media began in the region as privately owned initiatives, as witnessed earlier in neighbouring Arab nations.

Bahrain's economic growth to slow down

Bahrain's economic growth is forecast to slow down after rapid growth in real GDP during earlier years (6.5 percent-7.8 percent between 2005 and 2007), a new report on Bahrain Infrastructure 2010 said on Thursday. It is believed that GDP will witness a small contraction (of -0.1 percent) in 2009, followed by a sluggish recovery to 1.3 percent in 2010. "We remain cautious in our outlook for construction. We estimate that real growth in the construction sector will fall 4.64 percent in 2009. Marginal growth will return in 2010, and will recover to around 4 percent a year in 2012," the report published by companiesandmarkets.com said. However, this is far short of pre-crisis levels. Between 2005-2007 real growth in the construction sector averaged 21.7 percent per year. Between 2010 and 2014, by contrast, BMI forecasts that growth will stand at just 3.5 percent per year. Meanwhile, according to reports in Construction Week in October 2009, Bahraini contractors are being forced to cut staff numbers. Samir Nass, the head of Nass Group, Bahrain's largest construction company, claims that the entire construction sector is being forced to downsize, as a lot of projects are coming to an end, with few new projects being set up to replace them.

Islamic finance to lead Gulf economic recovery

Islamic finance, an increasingly important element of the GCC financial sector, is in a better position to lead the way in the region's economic recovery, said Dr Jarmo Kotilaine, chief economist of NCB Capital, at the World Islamic Banking Conference in Manama on Thursday. "Islamic capital markets seem to have performed well in terms of returns compared to conventional markets and they have weathered the current financial crisis well. This is attributed to their inherent ethical and non-speculative nature," he pointed out. Kotilaine said due to

aggressive policy responses and the improving global economic environment, the GCC economy is likely to rebound to sharp growth in 2010. “Indeed we predict the Saudi Arabian economy will grow by 3.8 percent in 2010, while the UAE should return to 1.6 percent growth. Islamic intermediaries are well positioned to capitalize on and drive this recovery,” he noted.

He said in 2008, the S&P500, GCC Composite and Europe 350 Composite had worse returns than their Shariah counterparts and that so far this year the performance of the Shariah-compliant indices has been better than the conventional indices. “The global crisis has to a significant extent been a crisis of leverage and financial complexity. Taken together, the prudent macroeconomic policies of the GCC governments combined with the simplicity of Shariah-compliant finance have acted to lessen the impact and begin to lead the region out of the downturn.”

Saudi Arabia's insurance sector attracts investors

An overall two percent penetration in Saudi Arabia’s insurance is attracting investors to invest in the sector, said a high-ranking official of a company that initiated procedures to receive Saudi license. Currently Saudi Arabia’s spending in overall insurance amounted to an average SR400 to SR450 per person, which is very low compared with other countries in the region, he said. The cooperative health insurance topped the list of spending with 44 percent. While the general insurance including motor vehicles stood at 51 percent, and savings and protection amounted to five percent, said Samer Kanj, general manager of Buruj Cooperative Insurance Company that has recently covered 40 percent of its SR130 million paid up capital by floating initial public offering (IPO). He said the company is still in the process of fulfilling formalities required by Ministry of Trade, Saudi Arabian Monetary Agency (SAMA) and Capital Market Authority (CMA), he said. “However, of the SR130 million paid up capital we have covered 40 percent of the amount through floating initial public offering (IPO), a requirement to receive license from the Saudi authorities,” he said.

Saudi Arabia's retail sector to grow 21% by 2013

Saudi Arabia’s retail sector is predicted to grow by 21 percent with sales rising from about \$ 76 billion in 2008 to \$ 97 billion by 2013, fueled by strong underlying economic growth, rising disposable incomes, and a growing number of young population, Business Monitor International said in its fourth quarter retail report on the Kingdom. Analysts said that while growth in Saudi Arabia’s nominal gross domestic product (GDP) was set to slow to an estimated 0.5 percent in 2009 as the economy was hit by the global economic downturn, it sees average annual GDP growth of 3 percent to 2013. “With the population increasing from 24.4 million in 2008 to an estimated 26.5 million by 2013, consumer spending per capita is predicted to rise by more than 24 percent by the end of the forecast period, reaching \$ 5,246,” the report noted.

GCC confident of overcoming financial crisis

Arab Gulf states on Tuesday brushed off mounting economic threats, including Iraq's plans to massively boost oil output as they strode towards launching their own single currency.

Winding up a two-day summit of the six-nation Gulf Cooperation Council (GCC), leaders also issued joint statements to back Saudi Arabia in its fight against Yemeni rebels and opposition to military action against Iran.

Oman's inflation falls to new low

Oman's annual inflation hit its lowest level in at least three years in October on the back of lower food prices, data from the Gulf oil producer's economy ministry showed yesterday. Consumer prices in GCC countries have fallen this year as the global financial crisis prompted an economic downturn and lower oil prices slashed costs. Inflation in the non-Opec oil producer stood at 1.24 per cent in October, down from 1.25pc in the previous month and well below a peak of 13.67pc in August last year. That peak came amid record high oil prices, with oil soaring to \$ 147 a barrel in July last year. The consumer price index (CPI) stood at 130.8 points in October compared to 130.1 points in September, according to the data. The base year for the index is 2000. "Inflation will rise to touch 2pc overall this year mainly because of the big projects awarded by the government, starting to increase liquidity in the country," said Rashid Alawi, managing partner of Muscat Investments. "However, I see inflation of 3pc by the end of the second quarter in 2010 with the increase of the next year's government spending," he said.

Saudi growth set to surge

Stability across key project-driven sectors in Saudi Arabia will attract more foreign investments and accelerate economic growth. That will put the kingdom at the forefront of the region's recovering economies, according to Collaboration, Management and Control Solutions (CMCS), a project portfolio management firm in the Middle East. Recent industry reports have shown that the Saudi's real estate industry is expected to sustain an annual growth rate of between five to seven per cent through 2012, driven by strong domestic housing demand, expanding business development projects and a surging hospitality sector. The country's telecommunications sector, the largest in the Gulf, is in a similarly thriving state, with the mobile market in particular growing rapidly in the past years to surpass the 100pc penetration mark. Although significantly impacted by the financial crisis, the petrochemical sector is being streamlined by the government and primed for further expansion. Other businesses which will continue to positively impact Saudi Arabia's competitiveness and development are banking, which remains minimally exposed to and resilient against the global downturn, and healthcare, which is set for 12pc growth through 2012.

GCC leaders officially launch electricity linkage project

Leaders of the Arab Gulf countries have officially launched their electricity linkage project here Monday, a venture aims at providing electricity in a sustainable and competitive manner.

Leaders of Kuwait, Saudi Arabia, Bahrain, Qatar, the United Arab Emirates (UAE) and Oman signed documents virtually at computer screens at the theater hall in Bayan Palace that will pave way for the official launch of the first phase of the electricity linkage project. The first phase, to cost some USD 1.212 billion, will include Kuwait, Saudi Arabia, Qatar and Bahrain. A second phase will be designed to put in place infrastructure of the power grids in the UAE and Oman to enable them to join the third phase which will ultimately hook all six GCC countries through a single network in the second quarter of 2011. The cost of the electricity linkage project is estimated at USD 1.6 billion. The cost of the project has been shared by the GCC members each according to electricity surplus it is ready to give out.

Gulf states agree on time frame for single currency

Foreign ministers of the Gulf Cooperation Council (GCC) states have reached agreement on a time frame for the planned Gulf single currency, a Kuwaiti official said. "An agreement has been reached on a time frame for the Gulf single currency," by the ministers, said Kuwaiti foreign ministry undersecretary Khaled Al Jarallah, cited by the official KUNA news agency. He provided no details. The Foreign Ministers ended a meeting early Monday to prepare the agenda for the Gulf annual summit due to start later in the day, where the Gulf monetary union pact is expected to be launched. The six-nation bloc has been vying to issue the single currency in 2010 but is way behind schedule, having failed to hammer out essential technical convergence preconditions. In June, four of the six countries Saudi Arabia, Kuwait, Bahrain and Qatar signed the Gulf monetary union pact, which stipulates the establishment of a monetary council early in 2010. The council will eventually develop into a central bank which will take all necessary procedures to issue the single currency.

GCC inflation to see sharp fall in 2009

Waning domestic demand will ally with falling commodity and property prices to depress inflation in the UAE and other Gulf oil heavyweights to one of its lowest levels this year after climbing to its highest annual rate in 2008. From a peak of about 11 per cent in 2008, the average inflation rate in the six-nation Gulf Co-operation Council (GCC) is projected to dip to two per cent in 2009 before edging up on weakening dollar and slightly higher prices. Inflation in the UAE could plunge to one per cent after soaring to a record 12.3 per cent in 2008 while the rate will also sharply drop in the other GCC members, which have already reported a plunge in their consumer price index. "Inflation in the GCC is expected to decline to about two per cent this year before rising slightly to three per cent in 2010. Cost-push pressures from a more-than-expected weakening of the US dollar against major currencies over the next few months and a modest recovery in non-fuel commodity prices would add limited inflationary pressures next year," the Washington-based Institute for International Finance (IIF) said in a study sent to Emirates Business. "Weak domestic demand, correction in housing-related prices and the fall in global commodity prices have brought down the 12-month inflation rate from more than 13 per

cent in July 2008 to three per cent in July 2009. Continued slack in the GCC economies will dampen domestically-driven inflation pressures in 2010."

GCC states, which control more than 45 per cent of the world's recoverable crude resources, reeled from their worst inflation problem in 2008 as a result of lower US dollar exchange, strong domestic demand due to the surge in oil prices and a sharp rise in global commodity prices. The six GCC members suffered more than their fellow members in the Arab League given their massive oil exports and heavy reliance on imports, mainly from the West and Southeast Asia.

Qatar, US in talks about solar energy

The United States government is in talks with the Qatari government in venturing into other forms of energy, especially on solar energy: both on photovoltaic and solar thermal opportunities, a US official said. US Deputy Secretary of Energy Daniel Poneman said they have a "very rich agenda" with their Qatari partners in oil and gas, the most interesting of which is diversifying their areas of shared interest, "we are now talking about other forms of energy." "We are aware of, and share, the interests of the government of Qatar in solar energy, and that is both solar photovoltaic and solar thermal opportunities," said Poneman at a press conference at the US Ambassador's residence. Poneman said the US is also supporting Qatar's interest in nuclear energy. "We discussed nuclear energy and the role nuclear can play in bringing low carbon electricity to the region and to the world. We are aware of Qatar's participation with the GCC and looking at that opportunity." Poneman, who was in the country for a short visit after being invited by Deputy Prime Minister and Minister for Energy and Industry H E Abdullah bin Hamad Al Attiyah, said the US and Qatari governments discussed science and technology, and education, after their discussions on traditional oil and gas, and other forms of energy.

SAUDI ARABIA

International Front

Saudi CP, Lebanese PM discuss bilateral cooperation

Saudi Crown Prince, Deputy Prime Minister, Minister of Defense and aviation and general inspector Prince Sultan Bin Abdulaziz discussed with the Lebanese Prime Minister Saad Al-Hariri last night bilateral cooperation, the Saudi Press Agency (SPA) reported on Sunday. Talks covered the latest development in the region, the agency said, adding that Prince Sultan congratulated Al-Hariri on the formation of the Lebanese government wishing success and prosperity for the Lebanese people. Al-Hariri expressed profound appreciation for the Saudi government support towards the stability of Lebanon.

King Abdullah wishes Hariri govt success

Custodian of the Two Holy Mosques King Abdullah congratulated Lebanese Prime Minister Saad Hariri on Saturday for winning the confidence of the Lebanese people and becoming the country's premier. During a reception at Rawdat Khiraim, the king wished Hariri's government success and called for closer ties between the Kingdom and Lebanon, the Saudi Press Agency reported. Hariri arrived in the Kingdom on Friday night. The two leaders discussed developments in the region and ways to strengthen cooperation in all fields. Hariri also expressed his happiness at Crown Prince Sultan's return to the Kingdom. He thanked King Abdullah for his concern regarding Lebanon's stability and unity. Hariri assumed office Nov. 9. A week later the Saudi Council of Ministers expressed satisfaction over the formation of the new Lebanese government under Hariri's leadership, saying it hoped this would unite and stabilize the country. The Cabinet also reiterated Saudi Arabia's support for Lebanon's stability. Lebanon was without a functioning government since Hariri led his coalition to victory in a June parliamentary election against Hezbollah and its allies. Hariri spent more than four months trying to broker a deal with the opposition to join a unity Cabinet. The rival factions agreed in July on the broad division of seats in the new Cabinet. But Hariri, son of assassinated leader Rafik Hariri, had struggled to reach an agreement. Hariri's government won a resounding vote of confidence from Parliament on Thursday. The new government, which backs Hezbollah's right to keep its arms, won the support of 122 of the 128-seat Parliament. One deputy voted against while one abstained and four were absent, Speaker Nabih Berri said.

Economic Front

Saudi Kingdom growth remarkable: Naif

The Kingdom has proved its established and firm stance on conflicting trends in the world, thanks to the wise leadership and the support of the people for the country's leadership, Prince Naif Bin Abdul Aziz, Second Deputy Prime Minister and Minister of Interior, said here Sunday. Speaking at a gala party he organized to celebrate the return of Crown Prince Sultan Bin Abdul Aziz to the Kingdom after treatment abroad, Prince Naif said the Kingdom was witnessing remarkable economic growth as well as development in all areas. "During the past two years, all world leaders came here to consult with the leadership of the Kingdom and establish relations in all fields on the basis of common interests and mutual respect," Prince Naif said. During this prosperous era, dozens of universities and institutes have been opened and tens of thousands of students have been sent to prestigious universities in the world from which they learn technology and modern science. This is available to every Saudi citizen, he said. Welcoming home Crown Prince Sultan, Prince Naif also mentioned Prince Salman Bin Abdul Aziz, Emir of Riyadh Region, "who had the honor to accompany the Crown Prince during the period of his treatment." "We thank Allah Almighty that we see the Crown Prince here along with his brother the Custodian of the Two Holy Mosques King Abdullah Bin Abdul Aziz Al-Saud," Prince Naif said.

Bahraini king, Saudi Crown prince discuss issues

Crown Prince Sultan, deputy premier and minister of defense and aviation, received Bahrain's King Hamad bin Isa Al-Khalifa at Aziziah Palace in Riyadh on Sunday. The Bahraini king, who arrived in Riyadh earlier in the day, congratulated Prince Sultan on his return in full health following treatment abroad. During the reception, the two leaders discussed regional, Arab and international developments in addition to ways of strengthening relations between the two countries. Crown Prince Sultan also attended on Sunday evening a welcome function organized by Second Deputy Premier and Interior Minister Prince Naif to celebrate his return. King Hamad and Lebanese Prime Minister Saad Hariri were also among the guests who attended the function held at the headquarters of the Sports Lounge of the Prince Faisal bin Fahd Olympic Complex in Riyadh. In his welcome speech on the occasion, Prince Naif said the Kingdom has been experiencing stability, security and economic growth unlike other parts of the world. Prince Naif mentioned the all-round development achieved by the Kingdom under Custodian of the Two Holy Mosques King Abdullah and Crown Prince Sultan. "It was with the support of King Abdullah and Crown Prince Sultan that the security forces in the Kingdom have defeated attempts to harm the Kingdom by deviants who claimed to be Muslims," said Prince Naif.

Qatar's Sheikh Tamim meets Saudi crown prince

HH the Heir Apparent Sheikh Tamim bin Hamad al-Thani yesterday met Saudi Crown Prince Sultan bin Abdulaziz al-Saud, the deputy premier and minister of defence and aviation and inspector general. HH Sheikh Tamim conveyed to the Saudi crown prince greetings of HH the Emir Sheikh Hamad bin Khalifa al-Thani on his safe return to the Saudi kingdom after medical treatment. Talks during the meeting dealt with the fraternal relations between the two countries and means of promoting them in several fields.

Saud Al-Faisal raps US backing for Israel

Foreign Minister Prince Saud Al-Faisal said that US backing for Israel gave the Jewish state the option of not making peace. In an interview published in the International Herald Tribune on Wednesday, Prince Saud said: "Absolute US backing ... has made Israel see the option of living in the area without the acceptance of the people of the area. This has led to many years of conflict between Israel and the Palestinians." The prince also lamented the failure of his efforts to establish a Palestinian state and regional peace during his tenure of almost 35 years as foreign minister. During this period, "we have seen only moments of crisis, we have seen only moments of conflict," Prince Saud said. "And how can you have any pleasure in anything that happens when you have people like the Palestinians living as they are?" he asked. "Peace until now is like holding water or sand in your hand. You see the amount of water, you think you can hold something, but it falls away. Sand is the same thing. So unless there is something to hold in your hand and to point to as a success and as an achievement, you have done nothing."

UAE

International Front

'UAE is the first country to answer Yemen's humanitarian appeal'

Yemeni government has announced that the UAE is the first country to respond to its humanitarian appeal for 2010, which Yemen had launched to support the relief aid for the displaced people in the north of Yemen in the wake of the events there. UAE's assertion to continue to meet the needs of the displaced and facilitate the running of 'Al-Mazraq 2' refugee camp, which was earlier established by UAE Red Crescent Authority (RCA) was enough evidence for this, said Yemeni Minister of Public Health and Population Prof. Abdul Karim Yahya Rasa. He held a meeting yesterday at his office in Sanaa with UAE Ambassador to the Republic of Yemen Matar Abdullah Mazroui and the visiting Red Crescent delegation led by Chairman of the RCA Board of Directors Ahmed Humaid Al Mazroui to map out the future work to help the displaced people in Yemen.

UAE ruling family member pleads not guilty to torture

A member of Abu Dhabi's ruling family took the stand in court yesterday over a video that appears to show him torturing an Afghan man, pleading not guilty to rape and inflicting bodily harm. The trial, the first of a member of the ruling family of Abu Dhabi, capital of the United Arab Emirates, follows US network ABC's airing in May of footage that seemed to show Sheikh Issa bin Zayed Al Nahyan abusing Mohammed Shahpoor, an Afghan grain merchant. The man is struck with an electric cattle prod, beaten with whips and a plank of wood with a nail in it and driven over by a car at a desert location near the oasis of Al Ain in 2004. The incident embarrassed the UAE, the world's third-largest oil exporter, at a time when it was trying to improve its rights image after criticism from its top Western ally, the United States, and rights groups in recent years. Abu Dhabi prosecutors subsequently detained Sheikh Issa, a son of the late UAE founder Sheikh Zayed bin Sultan Al Nahyan, but news only emerged last week that a trial had begun two months ago.

Social Front

UAE to try ruling family member over torture video

An Abu Dhabi criminal court will try a member of the emirate's ruling family next week following an investigation into a video that appears to show him torturing an Afghan man, his lawyer said yesterday. The defendant, Sheikh Issa bin Zayed Al Nahyan, will plead not guilty, lawyer Habib Al Mulla said. Sheikh Issa had been "drugged" by the person behind the making of the video with the aim of using it for extortion, Mulla said, outlining the defence argument. Abu Dhabi prosecutors detained Sheikh Issa in May for investigation after US network ABC aired the

footage showing the Afghan being abused with an electric cattle prod, beaten with whips and a plank of wood with a nail in it, and driven over by a car at a desert location in 2004. It was not clear who filmed the scenes, but ABC said in April the incident had arisen out of a financial dispute.

Nuclear Energy Front

UAE-US nuclear pact comes to fruition

The landmark 123 Agreement between the UAE and the US for the peaceful development of nuclear energy came into force on Thursday. UAE Ambassador to the US, Yousef Al Otaiba and the US Under Secretary for Arms Control and International Security, Ellen Tauscher, exchanged the notes at the Department of State Treaty Room in Washington DC. This marks the final phase of operationalising the agreement signed on January 15 last in Washington by the then US Secretary of State, Condoleeza Rice, and the UAE Foreign Minister, Abdullah bin Zayed. The UAE will now get adequate access to technology from the US in its plans to make nuclear energy an important component of its future energy mix. The agreement has a term of 30 years and permits the transfer of nuclear material, equipment including reactors, and components for civil nuclear research and civil nuclear power production. However, each deal that the UAE signs with any of the US companies in the nuclear sector will have to be individually licenced by the US Government. US officials have testified to the effect before the Senate Foreign Relations Committee on October 7. The strong commitments made by the UAE on nuclear non-proliferation had made it easier to get the Congressional nod, notable among them the decision to forego uranium enrichment and include the Additional Protocol to its agreements on safeguards with the International Atomic Energy Agency.

International Front

Sectarian divide 'not behind Yemen fighting'

Bahrain's Foreign Minister Shaikh Khalid bin Ahmed Al Khalifa last night played down suggestions that fighting in Yemen was an extension of a broader Sunni-Shi'ite conflict. He said poverty, and a lack of resources and development were at the root of the dispute, which has once again pitched Houthi rebels against the Yemeni government. The conflict is not new, but received massive attention earlier this year when Saudi Arabia entered the fray and launched its own war against the rebels after some crossed into its territory. Although Shaikh Khalid claimed another country had been training the rebels - widely believed to be Iran - he said the conflict should not be depicted as a war between Muslims. "It is obvious that this is being portrayed as a Sunni-Shi'ite conflict," he said. "It is the same with Iraq - with the Sunnis, Shi'ites and the Kurds - and in other countries.

QATAR

Social Front

Spending on education at all-time high in Qatar

Qatar's spending on its education sector has touched an all-time high. The country spent a whopping QR19.7bn on education in 2008, a research note released by the Qatar Permanent Population Committee said.

The country's annual spending on the education sector during 2005-2006 was just QR3.65bn, before it took a quantum jump in 2008. The report said the country's per capita education expenditure was QR210 in 1991. It went up to QR248 in 2004. According to the latest figures, the government is spending an average of QR13,000 on each student. The population committee's figures were supported by the just-concluded Arab Thought Foundation conference in Kuwait. It was announced at the conference that Qatar is the country that offers the highest quality of education in the region. A report on "Arab Development and Culture" presented at the two-day meeting also observed that Qatar's education system was one of the best in the region.

Oman, Palestine discuss means of activating information cooperation

Hamad bin Mohammed al Rashdi, Minister of Information, received at his office here Dr Siham Mohammed Abdulsalam Barghothi, the Palestinian Minister of Culture, who is currently visiting the Sultanate within the framework of a festival on the designation of Jerusalem as the Capital of Arab Culture 2009. Al Rashdi and Dr Siham discussed means of activating information cooperation between the Palestinian and Omani media establishments, with emphasis on the common Arab and Islamic bonds. The meeting also touched on ways of highlighting the legitimate cause of the Palestinian people to establish their independent state and their right to seek means of ending the Israeli cooperation of their territories. The meeting was attended by Lu'ai Mahmoud Taha Issa, the Palestinian ambassador to the Sultanate.

Oman, China sign pact

The Sultanate and China yesterday held their 4th session of strategic consultations at the Chinese Foreign Ministry. The Omani side was led by Sayyid Badr bin Hamad bin Hamoud al Busaidy, Secretary General of the Foreign Ministry, and the Chinese side by the Chinese assistant foreign minister. The consultations covered ways to follow up the implementation of frameworks of co-operation, particularly in investment, commercial, economic, cultural and media fields. The two sides exchanged views on a number of political, economic and humanitarian issues. They stressed the importance of supporting all efforts aimed at achieving peace, security and economic prosperity. As part of the session, the two sides signed an agreement for mutual exemption of holders of diplomatic and special mission passports from visas. During his visit to China, Sayyid Badr met with the Chinese foreign minister with whom he discussed regional and international issues of common concern.

Commentaries

GCC states closer to achieving one currency

by Martin Dokoupil
13 December 2009

ONE CURRENCY: Fellow GCC states will try to convince the UAE and Oman to support a unified currency plan. (Getty Images)Gulf Arab oil exporters will move closer to a unified currency when their rulers meet on Monday in Kuwait, which promised to seek the return of the United Arab Emirates and Oman to the monetary union plan. The UAE, the second largest Arab economy, dealt a serious blow to the union by pulling out in May in protest at the decision to locate any joint central bank in Saudi Arabia. Gulf finance and foreign ministers meet later on Sunday to set the summit's agenda and Kuwait's finance chief has said bringing the UAE and Oman back was on its wish list for its forthcoming presidency of the Gulf Cooperation Council (GCC). Speaking to KUNA on Friday, Mustapha al Shamali said: "This would strengthen the economies of the region and turn it into an economic bloc of (importance) that would be taken into consideration globally." Kuwait is taking over the rotating presidency of the six-nation GCC, a loose economic and political bloc, for 2010.

The UAE's pullout, which came three years after Oman's, has shaken the politically fragile project as the world's third-largest oil exporter and key Middle East business hub accounts for a quarter of the region's gross domestic product. Fellow GCC members, Saudi Arabia, Kuwait, Qatar and Bahrain stayed the course, but admitted the original 2010 unified currency deadline cannot be met. The UAE was rather unlikely to announce a comeback at the closed-door summit in Kuwait on Dec 14 to 16, but it may reconsider the decision in the coming months, analysts say. The summit convenes under the shadow of the debt crisis of Dubai - one of seven members of the UAE federation - which cost markets across the region since the emirate asked for a standstill on the debt of a state flagship firm on Nov 25. James Reeve, senior economist at Samba Financial Group in London, said that the UAE "is unlikely to resume (union) negotiations from a position of weakness and for that reason they are likely to stay out of the single currency for a while yet." A source close to the matter did not expect to see the UAE's decision reversed at the summit, and Kuwait said the location of the joint central bank would not be reviewed. The UAE central bank governor said last month the country had fundamental reservations about the project, including that its monetary council lacked teeth. The much smaller Sultanate of Oman opted out of the plan in 2006, saying it was not going to be ready for the 2010 deadline. Analysts said Dubai's debt pile was unlikely to be much discussed at the summit, in spite of its regional impact. Speaking in Riyadh, chief economist at Banque Saudi Fransi-Credit Agricole Group, John Stakianakis, said: "It would be interfering into internal affairs of the federation of the UAE

and I do not think that is something they want to do." Dubai's debt crisis was unlikely to find its way onto the agenda of the summit, Saudi Arabia's al Riyadh newspaper said, citing an senior Gulf official, who did not wish to be identified. Kuwait's foreign minister, however, told al Hayat newspaper that the rulers are going to debate impacts of external economic shocks on their economies in view of Dubai's debt problems.

The Gulf rulers will use the meeting to decide the authority and shape of the joint monetary council and the willingness of the Saudis to offer concessions for key positions, which would be essential in any attempt to lure the UAE back in the future, analysts said. Striking a power balance in the union remains a challenge, analysts say, as some smaller Gulf States resist the dominance of Saudi Arabia, the world's biggest oil exporter. A deal on the new currency regime remains distant in spite of the recent debate. Giyas Gokkent, chief economist, National Bank of Abu Dhabi, said: "If there is sufficient political will and recognition that this is a common project and no single party dominates the project, things would be much smoother, "But as it is, I do not think that is currently in place," he said.

(Reuters)

published in arabian business.com

URL: <http://www.arabianbusiness.com/576021-gcc-states-closer-to-achieving-one-currency>

.....

Social media in GCC

A recent global survey by Universal Media (UM) indicated a significant growth in the ways consumers are using the internet to create and share thoughts, pictures and videos. Social networks are increasingly becoming the key platforms for content creation and content sharing as social media continue to thrive around the world. The survey shows that social media is likely to become synonymous with social networking not too far in the future with almost two-thirds of the world's active internet users joining various social network sites in recent years. Globally active internet users are estimated at 625 millions; one in thirteen of all humans, and one in three internet users. UM and Arabianbusiness.com tie up to take a look at the region's usage and uptake of social media and measure the growth of its tools and platforms, and ascertain social media trends in the GCC. The survey aims at understanding how, where and why consumers in the GCC are using the many different social media platforms that enable content creation and sharing.

(arabian business.com)

URL: <http://www.arabianbusiness.com/survey/social-media>

.....

GCC states must work closely together

by Joseph A. Kechichian,

Special to Gulf News Published: 00:00 December 17, 2009

For their 30th Summit meeting in Kuwait, conservative Arab Gulf leaders embarked on yet another search for security and stability, both of which hang by a bare thread. To be sure, the oft-repeated "one Gulf, one destiny, one nation" slogan sounds good, but everyone knows that there are several Gulfs, fates and nations in the area, whose interests coincide as much as they diverge. Since 1981, the Gulf Cooperation Council (GCC) has transformed itself into an effective alliance and overcome horrendous challenges. Still, to assume that member-states are on the same wavelength would be optimistic, and it remains to be determined whether those attending the summit will manage to implement palpable new decisions. On the political and security front, the Summit communiqué offered its customary praise of the heroic Palestinian resistance against Israeli occupation, and repeated its steadfastness with Lebanon. Though Gulf leaders care deeply about both of these questions, the challenges of the peace process surpass any means to significantly affect change in Washington. Sadly, GCC states' relationships with the superpower, which can make a difference, are skewed to serve non-Arab interests. As far as Iran, Iraq and now Yemen are concerned, however, GCC leaders can do a great deal more. In the aftermath of the post-2003 war for Iraq, Gulf leaders confronted the nascent Iraqi challenge — Baghdad is still the Arab regional heavyweight in so many ways — though few tackled the Iraqi leadership potential. Whether GCC officials are ready to adopt a pre-emptive strategy towards Iraq, ostensibly to prevent an internal implosion from spilling over to the Arabian Peninsula, is impossible to know, although Iraq will become far more important than many assume if for no other reason than to maintain the regional balance of power with Iran. Equally important is the lack of a collective perception of Iran as a source of threat to Arab interests. Qatar and Oman, in particular, embarked on a political line that is substantially different from those espoused by Saudi Arabia, Bahrain, Kuwait and the United Arab Emirates. Both Doha and Muscat see merit in closer dialogue with Tehran precisely to avoid an impossible security challenge. They point to the recent clashes in Yemen, arguably fuelled by Iranian interferences, which place them at odds with Riyadh in particular. In fact, alliance rules clearly state that a threat to one member automatically commits all others to rush to its defence, and while both Qatar and Oman expressed unequivocal support to Saudi Arabia, the fact remains that neither identifies Yemeni Al Houthis as a source of danger to regional security.

In the event, Saudi Arabia is now entangled in a serious war against the Al Houthis along its tense borders with Yemen, whose own ineptitude, along with Riyadh's optimism, will translate into a long-term confrontation. The area is rugged and ideally suited to military infiltrations, which effectively means that outside powers can intervene with relative ease, a reality that will further solidify the Saudi "will" to defend every square inch of their land. King Abdullah Bin Abdul Aziz probably spoke bluntly to his fellow GCC leaders in his inimitable style, drawing clear lines in the rock, to prevent further divisions. He must have told his brothers that the Al

Houthi situation in Yemen is tied to Iran's relationship with rebels, in turn linked to Tehran's posture on the world arena as it negotiates an inevitable nuclearisation. GCC leaders examined Iran's nuclear programme in earnest, and while they seriously wish to avoid a "disastrous military confrontation" between Iran and any number of regional and international actors, they must be wary of secret deals that could be ushered in at their own expense. That is why GCC states repeatedly insist on inclusion in any negotiations to better defend their interests. In fact, Iran worries Gulf leaders, and while everyone would like to avoid a military strike against it, all realise that a confrontation looms on the horizon. If the international community were to impose additional economic sanctions on Tehran, GCC states will inevitably be obligated to respect them in full, which will severely affect the UAE, especially Dubai. Though the final communiqué did not reveal it, GCC leaders pondered this critical question, if only to be ready for an eventuality that will add to the economic difficulties experienced throughout the region.

This, in the end, is the GCC's key challenge: How to leverage the Gulf region's tremendous energy and financial resources without becoming a target to predators galore. Under the circumstances, it is fair to ask whether GCC states can finally adopt common policies to buttress their security and economic structures. Is the decision to create a rapid deployment force sufficient to meet imminent threats? Can the GCC absorb the recent Dubai financial problems in a way that is bold and creative — that is, to encourage Dubai's innovations, notwithstanding short-term adjustments, without jeopardising regional stability?

If the answers to such questions are in the affirmative, then the GCC Summit will be more than a two-day extravaganza and accomplish more than a new power grid or a common railway network. If not, the boldness and creativity that accompanied the GCC's formation will wither on the proverbial vine.

Dr Joseph A. Kechichian is a commentator and author of several books on Gulf affairs.
(gulfnews.com)

URL: <http://gulfnews.com/opinions/columnists/gcc-states-must-work-closely-together-1.554419>

.....