



Gulf Research Centre Cambridge
Knowledge for All

Workshop 11

Iran-GCC Energy Cooperation

Workshop Directors:

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Abstract

In recent decades the Middle East has been considered one of the most conflict-ridden regions in the world. Indeed the rivalry between Iran and its Arab neighbors has been a defining character of the political history of this part of the world. Sectarian and ethnic divisions drive this rivalry. This rivalry aside, the two peoples on both sides of the Gulf share a great deal of similarity and common interests. The Gulf region holds massive hydrocarbon deposits. Iran, Iraq, Kuwait and Saudi Arabia (along with Venezuela) are the founding fathers of the Organization of Petroleum Exporting Countries (OPEC). Iran and its Arab oil producing neighbors share similar interests and concerns. They all seek secure and stable energy demand at reasonable price. This workshop will examine potential areas of energy cooperation between Iran and its Arab neighbors.

Description and Rationale

The large and growing literature focuses on the rivalry between Iran and its Arab neighbors. In addition to sectarian and ethnic rifts, the two sides have recently taken opposite stances on several key issues particularly Tehran's nuclear program, Iraq, Syria

and Lebanon (among others). Despite these fundamental differences, top officials exchange visits and cultural and economic cooperation is expanding. The bottom line is Iran and Arab States will always be neighbors and will always share the Gulf. Economic and cultural exchanges can help overcome political differences. The economic sector on the two sides of the Gulf is dominated by oil and gas industry. The two sides share several oil fields and as major producers and exporters, they seek stable energy markets.

These shared energy interests are particularly important given the sharp drop in oil prices since the mid-2014. In the last six months of 2014 oil prices dropped by approximately 50 percent and Iran is blaming Saudi Arabia for this sharp price drop. This fall reflects the growing imbalance between supply and demand. On the supply side, the so-called shale gas and tight oil revolution in the United States has brought substantial extra oil supplies in recent years. On the demand side, the improved energy efficiency in Europe and the United States has slowed the growth in demand. Some analysts claim that in addition to this rising supply and falling demand, political motives have played role in the collapse of oil prices. The arguments for and against such claims will be examined in this workshop.

In January 2015 the International Monetary Fund (IMF) revised its World Economic Outlook (WEO). Analysts at the IMF suggest that oil future prices point to a partial recovery in coming years. This anticipated recovery would be consistent with the expected negative impact of lower oil prices on investment and future capacity growth in the oil sector. Cooperation between Iran and Arab oil producers (and other producers such as Russia, Norway, Venezuela, and Mexico among others) is certain to accelerate oil prices recovery.

Workshop Goals:

The goal of this workshop is to explore opportunities to establish and expand security and cooperation in the Persian Gulf by focusing on energy ties between the GCC States and Iran. This workshop aims to provide a venue for the scholars and decision makers to discuss and analyze strategies to promote cooperation in areas such as prices, exploration, shipping and pipelines. The participants will also address energy challenges such as protecting energy infrastructure and facilities from terrorist attacks and improving cyber security.

Workshop Scope and Proposed Topics:

This workshop hopes to attract a wide variety of papers with regard to the opportunities, possibilities and challenges for energy cooperation between the GCC States and Iran. Therefore, a variety of perspectives from scholars and researchers will be invited. The workshop will focus on the following themes:

- Energy trade flow between the GCC States and Iran;
- Price fluctuation;
- Shared oil/gas fields between Iran and its GCC neighbors;
- Shipping and pipelines;
- Human resources and technological innovations;
- Investment opportunities;
- Bilateral and multilateral institutions;
- Policy challenges;
- The role of regional powers – Israel and Turkey;
- The role of foreign powers (i.e. United States, European Union, Russia, China).

It should be noted that this workshop would also welcome papers on Iran-Iraq energy cooperation.

Anticipated Participants

This workshop seeks to bring together knowledge, resources and expertise from different fields related to energy, geopolitics and energy trade flow between Iran, the GCC States and other countries. Therefore, the participants are likely to come from academic and research institutions, energy and related industries, think tanks and policymaking sectors, government and public agencies.

Papers in the workshop could have different approaches and various forms including; case studies, surveys, reflective studies, conceptual papers, and, policy and practice statements.

Workshop Director Profiles

Dr. Sara Vakhshouri is an internationally recognized expert on the energy market and security, has an extensive experience in global energy market studies, energy security and geopolitical risk. She has a PhD in energy security and Middle Eastern studies, and was a visiting fellow at the Oxford University's Institute for Energy Studies. She also has a Master degree in business management (international marketing), and another MA in international relations. Dr. Vakhshouri has experience of working in both public and private sectors of the Iranian energy industry, and has traveled and worked extensively in the Middle East region, India and North America. She has published articles in numerous journals including The Economist, Middle East Economic Survey, and Oil and Gas Journal. She is frequently quoted and appeared on Bloomberg, BBC, Financial Times,

Reuters, Bloomberg, Aljazeera, Energy Intelligence, Platts Energy TV and Voice of America on energy matters. She is the author of *The Marketing and Sale of Iranian Export Crude Oil since the Islamic Revolution*.

Dr. Gawdat Bahgat is professor of National Security Affairs at the National Defense University's Near East South Asia Center for Strategic Study. He is an Egyptian-born specialist in Middle Eastern policy, particularly Egypt, Iran, and the Gulf region. His areas of expertise include energy security, proliferation of weapons of mass destruction, counter-terrorism, Arab-Israeli conflict, North Africa, and American foreign policy in the Middle East. Dr. Bahgat's career blends scholarship with national security practicing. Before joining NESAC in December 2009, he taught at different universities. Dr. Bahgat published nine books including *Alternative Energy in the Middle East* (2013), *Energy Security* (2011), *International Political Economy* (2010), *Proliferation of Nuclear Weapons in the Middle East* (2007), *Israel and the Persian Gulf* (2006), and *American Oil Diplomacy* (2003). His work has been translated to several foreign languages. Dr. Bahgat served as an advisor to several governments and oil companies.

Selected Readings

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