

BROOKINGS DOHA CENTER  
SABAN CENTER FOR MIDDLE EAST POLICY  
THE BROOKINGS INSTITUTION

PEACE IN THE PIPELINE? PROSPECTS FOR OIL AND GAS  
COOPERATION IN THE MIDDLE EAST AND SOUTH ASIA

Doha, Qatar

Sunday, May 10, 2009

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**Welcome and Moderator:**

HADY AMR, Director, Brookings Doha Center;  
Fellow, Saban Center for Middle East Policy  
The Brookings Institution

**Featured Panelists:**

SALEEM H. ALI, Visiting Fellow  
Brookings Doha Center

ADEL AHMED ALBUAINAIN  
General Manager - Qatar, Dolphin Energy Limited

AMBASSADOR MITHAT RENDE  
Ambassador of the Republic of Turkey to the State  
of Qatar

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P R O C E E D I N G S

MR. AMR: Good afternoon, everyone.

Ambassadors, ladies and gentlemen, good afternoon.

*Salaam alaikum.*

I apologize for keeping you waiting a few minutes, but we had some technical difficulties with these microphones that we tried to work out and we could not work out, so, we're going to use these hand-held mikes.

My name is Hady Amr, I'm the director of the Brookings Doha Center, and a fellow of the Saban Center for Middle East Policy in Washington. I'm

especially proud to welcome you today to this event entitled "Peace in the Pipeline? Prospects for Oil and Gas Cooperation in the Middle East and South Asia." I'm especially pleased because this event has a distinguished panel, which I'll introduce to you, and also because it is the result of the fruits of our research of our first Visiting Fellow, Dr. Saleem Ali. And Dr. Ali will present his research, and then we will get additional perspective.

Brookings is one of the oldest and largest think-tanks in the U.S., the oldest of its kind, established in 1916. The Brookings Doha Center was established just a year ago and inaugurated by His Excellency Sheikh Hamad, the prime minister. Our purpose is to bring together business, government, media, academia, and civil society to discuss the pressing public policy issues of the region, and, as you can see with this panel, and the bios are in your chairs, we've done that today. Like Brookings Washington, Brookings Doha is open to a broad range of views, and each of the views expressed

here are the views of the individuals, not of the institution, and we're proud of the fact that our research is independent and that our discussions are open. Our speakers today, and, again, you have their bios, to my left is Ambassador Mithat Rende, Ambassador of Turkey, Qatar. He's not only the ambassador to Turkey, a country which has a lot to do with pipelines, but he was previously deputy director general for Energy, Water, and Environment and Ministries of Foreign Affairs in the Republic of Turkey from 2004 to 2007. Prior to that, he was head of the Department of Regional Trans-boundary Waters. So, you can see he has a lot to do with energy and trans-boundary issues that this event will address.

To my far left is Mr. Adel Ahmed Albuainain. He is the general manager of Dolphin Energy, where he's in charge of Dolphin Energy's activities in the State of Qatar.

And, as you know, Dolphin Energy is in charge of the pipeline that transports natural gas between Qatar and the United Arab Emirates.

Mr. Albuainain has more than 30 years of experience in the oil and gas industry, and he's held many titles in engineering, safety, and operations.

And in the middle is Dr. Saleem Ali. Saleem has been with us this semester, for those of you in academia, as a visiting scholar at the Brookings Doha Center. We had an event earlier where he discussed Pakistani madrassahs, and here, he's discussing his primary research with us, which has been oil and gas pipelines, and cooperation in the region.

So, what I'd like to do now is turn the parole to Dr. Ali, who will present to us the findings and recommendations from his report, and then we'll hear from the other speakers, and this will be followed by a question and answer session.

And, finally, before I turn the parole to Dr. Ali, I also want to welcome the audience on Al Jazeera Mubasher, and thank Al Jazeera for covering our event today.

Saleem, please.

MR. ALI: Thank you very much, Hady. My special thanks to the Brookings Doha Center and the Qatar Ministry of Foreign Affairs for hosting my visit here. This is my last week in Qatar before I return, and I've had a marvelous time here. So, I'm very grateful for the hospitality and encouragement, especially from the staff here at the center.

The topic which I'll be presenting on is one which is fairly contentious at my levels. It's something which is in some ways new and I might say is cutting-edge at one level within political science at least. For engineers, it's not something new. Engineers have dealt with pipelines for decades. But the geopolitics of pipelines are only recently being studied at the level at which I'm trying to approach this.

My contact details are given here, and I'm going to really breeze through the presentation. The report itself, the draft is ready, but it won't be publicly available for a couple of months, as we go through the

production process. The report is about 16,000 words, so, it's hard to cover all of that material in 10 to 15 minutes.

So, what I've tried to do is, using my old (inaudible) as a teacher, is to try and give a lot of quotations and some images and maps to just give you a flavor for what some of the findings are, and then, also, you have a handout all of you should have on your seat, a two-page handout, which summarizes the policy recommendations.

So, I'm not going to be able to cover everything in detail, but I hope this will at least give you a good flavor for the issues.

So, I start the report by first looking at existing pipeline projects in the Middle East and north Africa region, which is referred to sometimes as the Minor Region. And I start with the Iraq pipelines because they are some of the oldest in terms of when oil was discovered and when the infrastructure started to be built during the British Colonial Period. One particular pipeline that's of great interest nowadays,



especially in the United States, has been this old pipeline from Kirkuk to Haifa, which, of course, is now in Israel, but that pipeline has not been resurrected. There was a proposal at one point to try and rebuild that after the U.S. 2003 occupation of Iraq, but that has not transpired. Of course, Jordan would have had to give permission, and has not done so. Of course, the condition with the Arab-Israeli conflict being what it is, it's unlikely that that will move forward any time soon.

So, I'm quite realistic in the report. I don't try to say that this is going to be a fantasy. In all conflicts, you can get cooperation. But there is somewhere we can learn some lessons of how we can configure cooperation. I will give you some examples of those.

There's, of course, the Trans-Arabian Pipeline, which was built later on than this one, and goes through Saudi Arabia. That one has been also out-of-service for various reasons. That one, there may be some potential, but the most active one, and

that's we're very, very fortunate to have, and that's (inaudible) with us, is the Iraq to Turkey Pipeline, but Turkey, as we'll see, is the crossroads of many other projects.

Then I also look at Trans-Mediterranean pipeline projects, which are very interesting, as well. Maybe I'll show you the maps as we talk, just to give you some idea.

So, those are the pipelines in the Middle East region, just to show you the level of complexity. I know you can't read all of the figures and detail, but just to give you a sense of the complexity.

And these are the pipelines in the North African region. Of particular interest are these three pipelines. The first one to be built was from Algeria through Tunisia, and then onto Sicily. This is the Trans-Med Project.

Then the other one which I also looked at in considerable detail was the one from Algeria to Morocco to Spain, and both of these projects are very interesting from a conflict perspective because, as

many of you will know, Algeria and Morocco have had very strange relations. At one point, they broke diplomatic ties for a period of more than 12 years because of Algeria's support for the Polisario rebels in Western Sahara.

There has also been a territorial conflict between Algeria and Morocco since the Colonial Times, and then, we also have a conflict between Morocco and Spain, historically. There have been lots of contested territories. Even now, there are some contested territories. And, yet, despite all of this, the pipeline was able to come forward, and, as I present in the report, especially in this case, it really helped to bridge relations between these three countries.

Then the third pipeline which I also look at is between Libya and Italy. This is the most recent of the Mediterranean pipelines. Well, the gas comes from here, it goes across from Tripoli to Sicily, and it's a fairly deepwater pipeline.

So, okay, going back to the existing case studies. The Egypt-Israel-Jordan Pipeline is another one which I looked at, and this is one which is, again, very recent, and it's a very controversial project.

We tried to get some firsthand information on the Egypt-Israel portion, which just opened last year, and our very worthy staff member, Kais Sharif was trying to get direct contact with the company in Cairo, and with multiple faxes and phone calls and so on, we couldn't get a primary interview with the company executives, given the sensitivity of the issue, but with some investigative research going through *Al-Ahram Weekly* and various ways, we were able to get quite a bit of interesting information.

The Egyptian Government has been going through a lot of tension over that particular pipeline because there was a lawsuit that was lodged against the government for having to approve the pipeline through Israel without going through a full parliamentary procedure. That lawsuit was dismissed in February of

this year. Initially, in November, it went forward, and the judges ruled in favor of the complaint-filers, but then it was rescinded in February.

So, it's, again, a very interesting, intriguing case, which has not received much research attention, and I think this is really going to be the first report which looks into that particular case.

Then I also look at, of course, the Dolphin Project, which is in many ways a great success story of regional cooperation, and we're very fortunate to have Mr. Albuainain with us to give more details about that project.

This was not as politically-charged, but it is important to recognize that there were several territorial disputes between some of the countries involved, and those disputes were resolved prior to the project.

So, again, the argument can be made that cooperation was fostered as a result of that pipeline moving forward, and I present some sequence analysis of how that happened. And then, so, the first half of

the paper looks at some of these projects, which are existing.

I should mention these are the last ones, quickly, also. The Turkmenistan-Iran-Turkey Pipeline is a very interesting case because, of course, the U.S. has opposed any kind of commercial interactions with Iran, but, in this case, they were willing to not take any action regarding this pipeline.

One argument was made that the gas was initially coming from Turkmenistan, and, so, it was not Iranian gas, but then, after 2001, actually, Iranian gas was also being pumped. But it's a positive step that, in fact, this particular issue was not brought up, and, again, we're very fortunate to have Ambassador Rende, who will comment on that.

We also have a little bit of a mention of the Baku to Greece Ceyhan case. I have not spent too much time in the report about this particular pipeline because a lot has been written on it, and I didn't want to reinvent the wheel.

This particular pipeline was between Azerbaijan and Turkey, and the drooping of this pipeline was particularly interesting. I don't think we can see that on the map. No, we don't have a map of this one, but it basically goes around -- oh, actually, Ambassador Rende has the map, so, that's wonderful, those of you who are interested. Let me see, I thought I had one more map, but, no, this one.

But, anyhow, this particular project goes from Azerbaijan, around Armenia, so, it goes north to Georgia, and then south into Turkey. So, it makes a bit of a detour to avoid Armenia. And one argument could be made that this was a strategic decision not to get into a conflict situation because, of course, there haven't been very good relations between Turkey and Armenia or between Azerbaijan and Armenia.

So, one argument could be made that this was a missed opportunity. That you could have maybe used the pipeline for conflict resolution, but the other argument, which I think Turkey makes very eloquently, is that this was an opportunity to provide development

to Georgia, which had previously been a marginalized state in the region. And, so, that was a positive development, as well. So, that's how we would, perhaps, like to approach it.

Now, just to give you some examples of how cooperation can be fostered, and, as I said, I'll give you some quotations just because of sometimes it's faster to be able to cover a lot issues with a few sound bytes.

When the Green Stream Pipeline was opened between Libya and Italy, this is an example of, again, how cooperation was fostered very specifically to use that particular opportunity, and these are quotations from the Libyan leader and the Italian prime minister.

The date is very significant. October 7, 2004 is the date of the Italian invasion of Libya of course several decades earlier, so, this was a commemoration of that day, but the day was chosen to show look, now we are using this opportunity to improve ties between the countries.



And, as you can see from these quotations, the direct connection was made in this regard. In this case, it's also important to recognize that Libya was the colony of Italy, and there have been about 20,000 Italians who had been expelled from Libya at the time of the Qaddafi regime assuming power in 1969, I think it was. Or was it --

SPEAKER: Yes.

MR. ALI: Yes. So, at that point, there were 20,000 of these Italians who were actually expelled, and, at this point, and on October 7, 2004, Mr. Qaddafi said that he was going to actually use this as an opportunity to allow them back into Libya. So, just to give you an example.

Now, another interesting case is with regard to Asia. Pipelines are also being developed all across Asia, and this is an example of how we can think of pipelines as a means of what we call in the political science common aversions being used for cooperation. So, when you have something that both

sides do not particularly like, it can actually lead to cooperative behavior, as well.

So, this is a quotation from the senior minister for State of Foreign Affairs of Singapore and how he described the importance of pipelines in this particular context. And the point I'm trying to make in this regard is that pipelines can not only maybe cause cooperation when they're established, but they can sustain cooperation because when you have that infrastructure linkage, you do have more of an incentive to cooperate, and that is what he is trying to get at here, that they raised the cost non-compliance or the cost of not being able to engage in the long run, as well.

The second part of the report looked at future pipeline projects, and in this part of the report, I was particularly keen to study the South Asian pipeline projects which have been proposed, and there are two very significant ones which are presented here. Both of them, the target demand centers are India, which is going to be a major source

of energy demand in the near future.

One project which was initially supported by the Pakistani Government as the top priority was from Turkmenistan going to Pakistan, and then onto India later on, but Pakistan was interested just having gas for itself, also, even if India was not interested. This would have come from the Dauletabad field in Turkmenistan, and would have gone along the road in Afghanistan and then into Pakistan. This is the shortest of the project.

And what one could argue is that this would have actually helped to foster cooperation between Central Asia and South Asia, but also between Afghanistan and Pakistan, which have had historically very poor relations, also. The other project is between Iran, Pakistan, and India, and this is called the IPI Project. This is a longer project, and, in many ways, this is the more contentious one. Again, because of Iran's involvement, the U.S. had very clearly opposed it, and I have provided clear analysis of how the U.S. Government tried to configure

their operations in South Asia to initially oppose this project, but then their stance has changed in the last two years.

And my own recommendation, which I haven't put in the handout very clearly, is that this is an area where the Obama Administration should reconsider. There is support for a project like this because it provides a win-win opportunity to also improve relations between the United States and Iran, and it improves the relations between Iran and Pakistan and India, which would be to everyone's benefit.

I should mention that routing of this pipeline has been changed. It was initially going to go through here. This is the latest map which I got from the Interstate Gas Systems, and initially it used to be if you see old maps, it was going to Balochistan in this area, which is a very high-security area, a lot of problems of insurgency here.

So, now they made it along the coast, which is acceptable, for the Pakistani Parliament has approved this routing of the project, and, in fact,

now, just last week, the latest news is that this project from Turkmenistan, which has been also pursued simultaneously, this is going to be rerouted, so, now the new route -- and I wasn't even able to put it on a map because it just happened within the last five days, that this routing will now from here, only a small portion of Afghanistan will be covered because this area has become very unstable.

And, as you know, sadly, just two or three days ago, there was a big bombing in Farah Province, and, so, this is an extremely difficult area, and, so, now it's going to be rerouted this way into Horisan in Iran, and it'll actually be linked through the IPI Project.

So, Afghanistan will still get some transit feeds, but not as much, of course, and the field has also been changed. So, a Japanese company has gone and certified another field next to the Dauletabad field in terms of the gas reserves, and, so, that is most likely to happen in that regard.

So, these pipeline projects I present as a

futuristic analysis, having looked at the past projects. My own suggestion is that these are very promising projects and should be encouraged in terms of financing, in terms of diplomatic support, given the experiences from some of these other projects, as well.

And then, finally, I'll just conclude with another quotation that I think we also need to go beyond the rhetoric of what has been referred to as the "Resource Curse" or the "Great Game." Many times when we talk about oil and gas, there's a tendency among political analysts to always have some kind of conspiratorial mindset, and I found this quotation from the current president of the Brookings Institution incidentally, but who used to be the number two person at the State Department, and he made this comment specifically while addressing an audience that was looking at the issue of oil and gas pipelines, and people were asking about this issue of the "Great Game," who some of you, especially the British in the audience, would probably recognize as

something that's become a part of folk lore about how oil and gas have been the way by which countries have tried to manipulate their interest in Central Asia. And Talbott himself recognized that we need to move beyond that kind of rhetoric.

Whether that is going to happen or not remains to be seen. It's an issue of leadership; it's an issue of how much we are able to influence policy as analysts, as people who are approaching this issue as engineers, as scientists, also, and see whether there can be something that can be done at the more pragmatic level.

I am very optimistic, and, in the analysis, I present some ideas in that regard. I also have some very specific policy recommendations both for the source and demand countries, which you can have a look at, and then are also recommendations for other external parties. There's a growing international interest in governance systems for oil and gas pipelines, there's an energy charter treaty, which is gaining momentum, and there is a specific

protocol which is being developed as part of the energy charter treaty that specifically focuses on oil and gas pipelines and transit states. So, this is not pie in the sky, this is very realistic, this is something that has happened.

I have given you examples of how it has worked between North Africa and Europe, between the Middle Eastern states, and, so, we should hopefully give it some importance, as well, in the region.

MR. AMR: Thank you, Saleem.

Mr. Ambassador, if you'd like to --

AMBASSADOR RENDE: Good evening. First of all, I wish to express my most sincere thanks to Mr. Hady Amr for the opportunity to speak tonight. And it's pleasure to have such a distinguished audience.

And it's challenging. I understand that we have a lot of experts here in Doha, energy experts, but, also, I would like to thank my friend, Dr. Saleem Ali, for the introduction and for sharing with us his conclusions regarding a very important issue.



Before sharing with you my public views regarding pipeline politics and pipelines in and around Turkey, I would like to make a few remarks.

First of all, I believe that energy issues, they are political issues, and energy will be further politicized in the years to come. Energy security is a global matter. Energy supply security, and it should be dealt with at the global level. Consumers, transit countries, and producers should be able to cooperate, get together and cooperate and find ways and means in the interest of all.

Having said this, I also think that energy will remain to be a foreign policy tool, energy resources and pipelines, especially at a time when we have limited access to energy and fewer (inaudible) and lack of understanding among the interested countries to build new pipelines, especially natural gas pipelines.

In our region, we have Europe, which is a huge consumer, a group of consumers, and especially the natural gas in terms of natural gas, the

consumption will increase by some 70 percent by 2030. Today, consumption is about 500 billion cubic meters, and it should reach 700 to 800 billion cubic meters.

Then, on the other side, we have, of course, the Middle East and further north, which has over 65 percent of the total energy, namely gas and oil. And, so, the problem is, as with regards to my country, Turkey, which is sitting between the two regions, is how to play the transit country role and what to do in order to, first of all, guarantee its own security of supplies, and then to provide its territories for oil and gas pipelines to transit gas and oil to the west and to contribute to energy security of supplies.

We have started by building several pipelines. The first one we managed to build was 30 years ago. That is the Kirkuk-Ceyhan Pipeline. That is the double pipeline which carried the Kirkuk oil and Iraqi oil to the Mediterranean Port of (inaudible) but now we call it Ceyhan.

And the first experience we had with regards to pipelines, that was the Kirkuk Southern

Mediterranean Port of Ceyhan. But this pipeline, unfortunately, we had many problems in securing the constant flow because of various attacks on the other side of the border in Iraq.

Baku-Tbilisi-Ceyhan was a new experience for us. Baku-Tbilisi-Ceyhan is 17,070 kilometers. It crosses, of course, from Sangachai oil terminal on the Caspian Sea to Tbilisi, and from Tbilisi, to Paris and through Turkey to the Southern Mediterranean Port of Ceyhan.

It took some time to convince the international community to build this pipeline. I was in London when some major oil company's representative used to speak during conferences. In London, during the 90s, there was a great struggle to avoid the building of this pipeline, and I remember some representatives who used to call and said a dream that will never come true, and, finally, we managed to cooperate with the oil companies, Georgia, Azerbaijan, Turkey, and, finally, we managed to build the pipeline.

The pipeline is quite important because it carries 1 million barrels of oil a day, and, also, it bypasses through to important territories. One is the Russian territory. This is the first pipeline which bypasses Russian territory, and, secondly, it bypasses the Turkish Straits because here, we have at least 3.2 million barrels of oil crossing the Turkish Straits and the Bosphorus, especially. And it's quite dangerous to have ultra large oil carriers and big tankers across the Bosphorus, a heavily inhabited area. And we had many accidents in the past, so, we tried to bypass the Straits, but Baku-Tbilisi-Ceyhan Pipeline is a great success, and, in fact, I have been asked by the Indian authorities to speak about Baku-Tbilisi-Ceyhan when I visited three years ago New Delhi, and they wanted to learn from this experience because they were interested in concluding their own intergovernmental agreement and host countries agreement with Pakistan and Iran because they wanted to conclude the Iran-Pakistan-India pipelines. And they were concerned because of the lack of trust and

confidence among the countries concerned, and we explained to them at length how things can be done and when interests are co-merging, how can we reach agreements in the interest of all countries, and then we explained to them that they can also refer to the principle of take your pay, pump, ship, or pay. All the principles that create mutual trust or they create the mechanisms for the constant flow of oil or gas. So, I think BTC has been a good example in this regard, and it is very, very complicated, comprehensive, legal framework. It has been used as a good example for future networks and future pipelines. But, of course, every pipeline has its own peculiarities, the political conditions are different. Dr. Ali rightly said that this pipeline bypassed or avoided Armenia. Yes, it did because of the political situation in the region, but, of course, Georgia benefited from it, and now Georgia is politically also connected with Turkey and Azerbaijan not only economically through this pipeline.

Another pipeline which we managed to build is also a gas pipeline, and that is, of course, the Iran-Turkey Pipeline, and we completed also another gas pipeline from Baku to Erzurum and connected to the Turkish national grid, and this is a gas pipeline.

So, we have a natural gas pipeline connecting, but coming back to Baku-Tbilisi-Ceyhan, the aim is to connect Baku-Tbilisi-Ceyhan to Aktau in Kazakhstan, and then Azerbaijan and Kazakhstan, they have signed an agreement, and their aim is to pump like about 7 to 10 million tons of oil per year, and, so, in this case, of course, the connection would be the pipeline would be complete.

Another project which is very ambitious is to also build the Trans-Caspian Gas Pipeline, and connect Turkmen Gas to the Turkish grid, and, from there, to Europe, and Nabucco, of course, must have heard about this ambitious project, which is going to cost over 11 billion euros. The 3,300 kilometers, Nabucco, it should also benefit.

I'm sorry; I can share with some of our colleagues who are interested in having copies of these.

Nabucco is a very important, strategic, natural gas pipeline, and the aim is to carry gas from the Caspian as far as Turkmenistan through Turkey, to Bulgaria, Romania, Hungary, and then to Baumgarten in Austria.

This is an expensive project, but the aim is to carry 5 percent of the total consumption of the European Union when it is completed. The European Union energy commissioner expressed strong interest in this project, and, recently, relevant leaders, including the president of Turkey and other presidents, they gathered in Prague and they signed a memorandum of understanding about this project. The aim is to carry gas to Europe and to offer more diversification of resources and routes.

While we are in cooperation with other countries trying to build Nabucco, of course, there the Russian Federation is also introducing new

projects. We have also a direct pipeline, and that is the Blue Stream, and it was a very timely project for Turkey in order meet its high energy demand, gas demand, and, also, to provide supply to diversify its supplies.

You might recall that in January 1, 2006, Ukraine was surprised when the Russians cut off the gas. That was January 1, 2006, and, of course, Turkey has suffered from this.

On January 4, three days after this incident, the Energy Commission of the European Union gathered all energy ministers of the European Union and decided to start a new energy strategy and to diversify sources and routes, and finally came the green paper first and then the white paper, and Europe decided that it wouldn't be enough to have only natural gas from the Russian Federal, Algeria, and Nigeria, so, they started their studies for a (inaudible) and that is through Turkey.

When I worked with Dr. Ali, he told me that, in his study, he focused on how to improve relations,



political relationships between countries through pipelines. I believe we can.

For example, the situation between Iraq and Turkey, we have this double pipeline with a capacity of 4.6 million barrels of oil per day. It's not totally used, but we are planning to build a parallel gas pipeline in order to also carry the gas of Iraq to the Mediterranean. With the Iraqis, we have this joint, big pipeline. It's a joint project, so, they are quite careful to protect our interests and their interests.

With regards to BTC, of course, it's connecting the three countries and beyond. Nabucco will connect more than maybe 10 countries, and if this situation improves in Iran, we might be able, also, so use Iranian gas, but not in the short period.

We believe that pipelines, although there's a big struggle in order to build pipelines bypassing certain countries or avoiding certain routes, still, I believe that pipelines will contribute to political stability and security in the region, in our region,

of course, as far as Turkey is concerned, and we hope that we can realize especially in Nabucco, which is really a strategic pipeline, in the years to come.

I think I should stop here, and then if there's any question I could take. Thank you.

MR. AMR: Thank you, Mr. Ambassador.

Mr. Adel, if you'd like to continue and offer us your thoughts and wisdom from someone who's actually managing a pipeline. And, again, one that connects Qatar with its neighbors.

MR. ALBUAINAIN: (Speaks in Arabic.)

Thank you, Hady, for introducing me, and thank you very much for inviting me this evening for this Doha Brookings Center. I'm happy to be here representing Dolphin Energy, as a pioneer, as a project of everybody hears about it. Well, we have this connected to three nations via Qatar, UAE, and Oman.

Basically, when we talk about the gas pipeline, really literally connect through the collaboration and cooperation between the countries.

Often, they are catalysts for the number of initiatives beyond the original agreement, and there are things which are not only part of agreement, but they are beyond whatever agreements signed between the countries, including the different entity.

I think when we talk about Dolphin Project or Dolphin gas project to use Dolphin Energy, there are two compelling examples to promoting cooperation, not just the success of the projects, but how we collaborated to address the challenges faced. There are a number of challenges faced here in the project execution during the negotiation, early stage. So, these were a lot of challenges just to have this project a success.

Today, I can highlight a few points, put more focus about the Dolphin, how to develop relationships beyond the core business.

As a matter of fact, I mean, it is also a great example of the benefits to be (inaudible) from the cooperation. Consider how this project -- and during support of the Government of the Qatar, UAE,

and Oman. And, thus, that worked the success without dis-cooperation, and that was very essential factor to enabling the national and the international stakeholders in Dolphin to assemble, and the skills, technology, and multidisciplinary implementation (inaudible) essential to a success this great and unique project.

When I say "unique project," because in the region, when we talk about the region here, which is in the GCC, it's the first of its kind. It's connecting three countries, and I think there are a lot of benefits other than the commercial and other than the demand or the high demand of energy.

The Dolphin Project has also demonstrated an important level of cooperation because of the profiling its shareholders. The shareholders for Dolphin Energy, the Mubadala, which are Abu Dhabi-based, the government, and then have Occidental Petroleum, the United States, and the Total of France. So, you can imagine all of these companies across the world, they come together and invest, and they try to

have this gas exported from Qatar to UAE and through Oman.

This structure is really partnership because of our keys to ensure that we gained expertise and insight from our partners as all the efforts together and try to develop reciprocal agreement, and that was the agreement signed between the shareholders and with the Government of Qatar.

That was really an achievement because without all of these commitments from the Government of Qatar and Government of UAE, you won't see this project alive today.

So, the other contribution which I feel benefited to this project and the region, it's also in addition to the opportunities open for the citizens of the GCC, the other contribution which we feel proud (inaudible) and in Dolphin Energy, the contribution to the environment, and you have a number of decent project initiatives which was about protecting the coral reef in the Gulf and taking care about the

turtles in the Gulf, and a number of environmental initiatives which really take part.

Plus, this was taken from the beginning because before we started the project, there was a baseline study which was conducted just to make sure that by laying this long pipeline, which is cross-country between Qatar and UAE, we needed to make sure that there's no impact on the coral reef, and that's something very important. I mean, you cannot just because of business we damage the environment.

And I think this is something which we issued a book which we call *Coral Reef*, and that book was just recently distributed, and it was launched officially in Qatar and UAE, which highlights all the efforts. A project takes three years from the starting, which is collecting a lot of data, information, just before we have this project completed.

So, a project, I think, will bring us to a level where we feel that by having this project, by having this pipeline from Qatar and UAE, it did not or

does not have any impact on the environment and the coral reef.

So, I don't want to take a long time, but maybe there's an opportunity here since they're talking about the pipeline and it enhanced the relationship between countries. It is because we feel that by having this pipeline between Qatar and UAE and Oman, we feel just like we are connecting three countries, and (inaudible) because now all of these guys produce in Qatar, it's being benefited now in UAE and Oman.

The demand of natural gas, it's huge. With this oil projects going on right now in UAE and Oman, we've just got available in Qatar. I think we're having Dolphin Energy extending this pipeline. It is something which we really feel that it's going to enhance the corporation and the relationship between these three countries. Of course, this experience which is, again, Dolphin can offer it to any company or any country in the region which can benefit from this success story we had in Dolphin.

Thank you very much.

MR. AMR: Thank you, Mr. Adel.

Before I turn the questions over to the audience, I'd like to pose a question of my own. The one on the panel who's not an expert in pipelines, I guess a question that I have that maybe others in the audience might have is: Mr. Adel, you talked about the pipeline connecting three countries and others made similar, how is the nature of a pipeline different in connecting countries than shipping? I mean, there are ships that transport goods and services. Maybe you could each speak a bit about how pipelines are inherently different than shipping and how it impacts the relationship between countries. Maybe we can start --

MR. ALBUAINAIN: I can just elaborate here more on this in this area. I think there is a benefit by having the pipeline compared to transporting LNG maybe because of the pipeline, talking about a cost point of view, the pipeline, this is my own personal



opinion again, and maybe can disagree with me, the pipeline is less cost compared to transferring LNG.

Another side, there are some people which they are buying LNG and they have the facilities, and when they transfer this LNG to the customer, they have liquidifaction, which they, again, convert this from liquid to gas, which is, again, wasting energy. Like in the pipeline, we are just transferring natural gas as it is from the plant, processed, natural gas, and it goes to the consumer directly.

So, by having this, first of all, it is from cost point of view. The other issue is environment because in the LNG, you're talking about ships, which is transferring the product.

In the pipeline, you don't talk about ship. It's continuously supplied. It is more reliable compared to LNG, again, because LNG, if you're talking about transferring the LNG to a longer distance, I think LNG, in my personal opinion, it's much better.

MR. ALI: Just to follow-up, in the report, we have a section which compares LNG transport and

pipelines, and this is a quotation I wanted to share with you in this regard from a study done by Rice University and Stanford recently on natural gas worldwide. A very detailed, modeling study, that used simulation models to look at markets up to 2040. And what they suggest is that infrastructure for natural gas, especially going towards Europe as an investor, and they also suggested the pipeline infrastructure is already there, so, one thing that makes pipelines better at fostering cooperation is that permanence of infrastructure.

And, so, what they suggest is that it is advantageous for countries in the Middle East to also try and maintain and sustain the pipeline infrastructure from a strategic point of view and not to put all your eggs in the LNG basket, but as Mr. Adel said, of course, if you are trying to transport gas from Qatar to Japan, you're not going to do it by a pipeline. LNG has its place. Keep in mind that Algeria was one of the first countries to start LNG, but they are still very active in pipelines, also. As

we saw, they have just opened a brand new pipeline just in December from Algeria to Almeria in Spain, another pipeline to Spain.

So, I think this is an area where I'm glad that Qatar has invested in Dolphin, but they should keep considering other prospects, as well, in that regard.

AMBASSADOR RENDE: Yes, if I may, LNG is an important energy resource and every country, like Turkey, we are major importers of natural gas. We would like to have a good energy mix, and, of course, energy is one of the resources, but we don't have enough storage capacity. When we had problems during the period 2006 and 2007, we could not get enough energy because we could not store, we had no facilities, and this is why in the long run what we are planning to do is, while concluding all the plant pipelines, we would like also have a reception facility and new energy terminal in the Mediterranean and have a good energy mix.

So, some gas will arrive by pipelines and some by energy through, of course, by tankers and in the form of energy.

They suggest that if the pipeline is less than 3,000 miles, or you might correct me, than it is more feasible, it's feasible, it's cheaper, and to pump it through pipelines.

I think this is why, for example, Italy decided to get natural gas from Turkey through Greece and we established the Turkish-Greek-Italy Interconnector, but Italy, at the same time, they receive gas from Algeria, they will be receiving energy from Qatar. The United Kingdom decided to get 25 percent of its consumption from Qatar in the form of energy, but they established the necessary infrastructure.

With regards to pipelines, what is important, and I missed that, is to provide the legal framework, and the pipelines should be used by all countries, transnational pipelines. The nondiscrimination principle is very important and the

transparency should be provided and the fees should be cost reflective. And, therefore, we need more pipelines crossing different areas so that no country will be able to dictate its conditions up on the consumers. This is very important.

In the past, we had this problem. And therefore now, the Europeans and the countries in the region are trying to not only diversify the resources, but also the routes in order to avoid any country from dictating its prices or other countries up on the consumers.

MR. AMR: Just very quickly, let's turn to the audience. Can I see some hands from people who would like to -- okay. Do we have extra microphones?

MR. JINAFARI: Hi, I thank you very much. I'm Hasa Jinafari.

And my comment is about due to Al-Jazeera, we had a problem with the Saudis, and we couldn't extend our pipes to Kuwait, which is this technique for our gas, and, also, the problem is with Dolphin,

going all the way to (inaudible) then to Pakistan, and then, in the long-term, to India.

So, again, there is a mis-happening. Pakistan authorities allowed the extremists and (inaudible) to gain more power and put Pakistan in a mess, so, it is not as safe now.

And, in Iran, also, Iran one day wants to have the three islands of the Emirates the other (inaudible) and then now they're putting the liberals behind bars, and I expect a lot of mess going to happen in the region.

So, the pipes, instead of bringing peace to the region, it's becoming more conflicts, especially that also our waters with the Emirates, again, so, the Saudis say that the water is still under conflict and this is why we had project of bridge to be built between Qatar and Emirates, and it was postponed afterwards.

So, what is happening now, what I'm trying to say that it is cost-effective to pump gas through pipes and oil, too, but it is much easier to protect

the seas, like we have the fleets everywhere protecting the seas, but the land is difficult to protect and to assure security and safety.

This is why I wrote to my government a month ago and I said perhaps Obama Administration could leave anytime, so better to pursue it the British to have a military base here, to upgrade our military agreement to the level of a British military base because we are in the middle of the mess. I said if the Americans and the British would take the oil and the gas, they will pay for it, but the Iranis and the Iraqis will take it for free. So, it's not easy,

So, just the last point that I need to make, that there is a financial and economic -- I don't know what Al-Jazeera is not happy with me. It's focusing away from me.

(Laughter)

MR. JINAFARI: So, yes, the last point I need to make, that there is a financial crisis, became economic crisis. So, Iran was making the Irani people quiet by giving them subsidized petrol and subsidized

food, but now, because of the oil prices coming down, there is going to be a big revolution in Iran that will bring that (inaudible) down, and the same thing, there is going to be unemployment in Saudi Arabia in the coming few years, and the Saudis want job, and if their unemployment continues, something will happen.

So, what the pipes will do for us?

MR. AMR: Thank you, Jinfari. Just to leave time for the others. Thank you.

MR. ALBUAINAIN: I just wanted to quickly respond just to say that maybe you are also getting some misinformation some of these issues because, clearly, with regard to the cooperation and in the case of Dolphin, some of the border agreements were, in fact, resolved before the project was started, and it actually motivated the countries to resolve the disputes. So, I think we need to be careful in how we present the facts.

MR. AMR: But if I summarize Mr. Jinafari's question, which is an interesting one for the



audience: Are pipelines more vulnerable than shipping? Are they less flexible?

MR. ALBUAINAIN: No, I mean, we have --

MR. AMR: Are they more difficult to defend?

MR. ALBUAINAIN: We have a security expert here, of course, Mr. Ashan is here, but, yes, he can comment on that if he would like, but the security issue with pipelines, the ones I showed you, Algeria has had an insurgency and not a separatist movement. A very strong, violent insurgency for several decades, and those pipelines have been with proper security operations have worked fine there. Of course, that factors into some of the routing, like I showed you with the Balochistan case, they had to reroute it. But, in fact, one of the demands of the Balochi separatists in Pakistan who are not the fanatics, the Balochi separatists are mostly more secular-minded. One of their demands is we want more revenues from the oil and gas.

So, if you have a properly-configured agreement, this can actually provide you with an

opportunity to give those grievances some address, as well.

MR. AMR: Thank you. We had a question from the ambassador in the front row.

SPEAKER: (Arabic)

MR. ALI: Can I have the translation --

MR. AMR: We'll translate it for you.

SPEAKER: (Arabic)

MR. AMR: (Arabic) Hava. Maybe if you want to give us a summary better than I can give.

HAVA: Very quickly, I think the Ambassador wanted to clarify something with you, Saleem. He said that you mentioned that ties were severed between Morocco and Algeria. They're, in fact, not severed. What --

SPEAKER: (Arabic)

HAVA: (Arabic)

MR. ALI: From about 1974 to 1988, it was severed, and then they were okay. That's what I was saying. I didn't say now they were severed. I said they were severed --

HAVA: Okay. So, Ambassador is clarifying that the pipeline that was between Morocco and Algeria, the passing of oil in that pipeline has stopped based on a decision on the Moroccan side, and, so, the issue of the desert is not the problem, but rather a Moroccan decision. As a result of which, they have now deviated that pipeline towards Spain, so, across the Mediterranean.

So, the supply of oil between Morocco and Algeria has stopped, and, so, it's deviated towards Spain or --

MR. ALI: Yes, thank you very much for that comment.

Maybe there was some misunderstanding. What I was saying was this new pipeline, which the Ambassador mentioned, just opened in November of last year, so, it just started. So, yes, now they've done it, but before that, what I was trying to show was that through a very difficult period in the relations, the pipelines were operational.

For example, in I believe it was in 1994, there was a militant attack at a hotel in Morocco in which two Spanish tourists were killed, and Morocco accused Algeria of that incident. Even with that, after all of that difficulty, the oil flowed during that period, so, what I was trying to say is that, at that point, they might have severed ties, but they didn't because there was an economic connection.

So, but thank you for the clarification.

MR. AMR: We had a question here, and then we'll go to these two.

SPEAKER: Just playing devil's advocate, it seems strange to me that if you're arguing that pipelines cause peace, then why don't you look at the causes of war, and the risk of oversimplifying the two as resources competition and circuitous integration. And I was just wondering in which way you saw pipelines actually affecting behavioral change.

AMBASSADOR RENDE: I think pipelines can help to enhance understanding and promote security among neighboring countries and among the countries

who share the pipelines. We built a pipeline which crosses the Black Sea between the Russian Federation and Turkey, and we received an important amount of gas through this pipeline. It's a direct pipeline. And it's my impression that the Russian Federation, as this is an important source of income for Gazprom and the Russian Federation, they pumped, for example, oil even when they turned off the gas caps in Ukraine. They continued to pump more oil, and they were very careful, for example, to meet very sensitive in meeting the demand of Turkey through this direct pipeline.

Let's take the Turkish-Greece-Italy Interconnector. The relationship between Turkey and Greece how it gradually improved, but with such a pipeline connecting the two countries, I believe that there will be more understanding in dealing with more complicated issues because the future of the two countries are also interconnected because energy is such a crucial resource, and you can't achieve sustainable economic development if you cannot

guarantee constant flow, uninterrupted flow of energy, and affordable energy, and, therefore, when you have such pipelines, even with countries who are not necessarily great friends, I think the administrations, the authorities of these countries, they do pay attention to the interests of the other side and not to, for example, heightened attentions and not to create new problems.

This is my humble view that pipelines can be used, and they are not a source of tension or conflict, but I believe that they can improve, enhance stability and security.

MR. AMR: Thank you.

There's a question here. Then we'll get both of you. Yes?

SPEAKER: I want to ask first about transporting gas with pipelines compared with tank gas, this equipped tank gas. I think it's not feasible. Maybe feasible, but when we are transporting crude oil by pipelines compared to tank

gas, super tanker, I think because they're (inaudible) that is one.

The second, it's less competitive. There is no competition between pipelines and tankers. Maybe complimentary. (Inaudible) in Egypt (inaudible) the Mediterranean, and then completed by tankers. I think some (inaudible) are like this.

I come to my question now. His Excellency, the Ambassador of Turkey, about the future projects, we know that Obama is planning foreign dependence in 10 years and about offshore exploration, something like this, and the clean energy. Also, the European Union is investing in North Africa, perhaps 100 million in 10 years, for clean energy and then exporting electricity there. That is one.

What are the influences of these projects on the future pipelines projects? Second, conflicts (inaudible) we have a conflict there. We have a conflict between USA and Iran. I mean, Georgia, Russia.

And, so, once, when I was in Afghanistan, we discussed in academic meeting to make a canal from Amu Darya River through (inaudible) and then in (inaudible) then Arabian Sea, something like this. It was discussed sometime. So, conflicts and future projects, the implements on the future pipeline projects.

Thank you.

MR. ALI: Thank you. Would you like to (inaudible) about LNG or?

MR. ALBUAINAIN: Yes, so you have a point. It's a fact that it's not a competition. I mean, they are complimenting each other. Yes, of course, because as (inaudible) mentioned here, there's already a connected transport, natural gas, from Qatar to Japan. There are a situation which we need a pipeline and you reach a destination, and then you need to complete that by tankers, but my point here when we're talking about the environmental, from environmental point of view, detracts, these are tankers will have more impact on the environment (inaudible) the sea. They



might have pollution, they might have collision, accidents, so, this could happen. Compared to a pipeline, which is more stable, generally, you don't have that much of problems with the pipeline. That was my point here.

MR. ALI: And one additional point with LNG, the environmental cost, in addition to the dangers of transport, also, the amount of energy required to produce LNG per unit of output you're getting is very high. And, of course, a country like Qatar, that energy is completely subsidized, so, you don't see that in your cost calculations, but you are using enormous amounts of energy to first liquefy the gas, then you have to de-liquefy the gas.

So, the infrastructure needed for one thing is going to be much more, and the environmental cost of the energy being used is very high. So, I think that needs to be accounted for when making the decision, too. Again, LNG has its place, but I think some of these costs are not considered appropriate.

AMBASSADOR RENDE: If I may just say a few things. I agree that LNG has an important -- first of all, part of the energy, the hydrocarbon part of it, it has to be LNG. We sent from here, Qatar sends LNG to South Hook Station in England. We cannot send it; we cannot pump it by pipelines. It's expensive, you need to liquefy, and then degasification, and it costs. But we need in our energy mix a certain amount of LNG in order to improve our demand elasticity because every country has to think about its demand elasticity.

If pipelines are running through your country and then, all of a sudden, they don't pump for different reasons, gas doesn't arrive, you need to have storage capacities and you need to have a certain amount of LNG arriving by tankers and you need renewable energy, hydropower and other power so that you have a good, healthy, energy mix.

With regards to the security of pipelines, we have managed to protect the Kirkuk-Iraqi-Turkish Pipeline for other 30 years, and it kept running. But

for different political reasons, of course, and the war and so on, at a certain period, instead of 1.6 million barrels, we received like about 300,000, 100,000, so, it dwindled to nothing. And but each country which signs a host country agreement and gets the transit fees is under obligation to protect the pipeline, and then they have a very, very complicated security arrangement.

For example, the Baku-Tbilisi-Ceyhan is the first in this series of pipelines. It's so well-protected through the satellite systems, they have mobile forces, they have -- so, whenever something happens, they have the capacity to immediately intervene, and, so, this is through the host country agreements. This is why we get transit fees.

MR. AMR: A lot of questions. There was a question here. A woman who had her hand up for awhile, and then maybe what we'll do now is take two questions at a time because I see a lot of hands up, so, we'll take these two, and then we'll take those two.

MS. AFOR: Basan Afor I'm an assistant professor of public policy at the Qatar Faculty of Islamic Studies Foundation, Qatar Foundation.

This was a very interesting presentation. My question to you is: How did your study distinguish between the impact of the presence of the actual pipelines in interstate relations as opposed to the measures that have to be in place before cooperation is even possible? And also distinguish between the presence of the actual pipelines and the security measures that are then put in place after.

So, this is basically how did you distinguish between --

MR. ALI: Yes, you ask a very interesting question. In terms of social science research, what we call the question of endogenous or the chicken and the egg problem, did the security come first in the pipeline or the pipeline cause the security, and I think if you look at -- this is a dialectical process. There is going to be what we call interacted diplomacy. Sometimes, they'll be confidence-building

measures; they'll lead to some levels of economic cooperation. That reinforces for the security cooperation.

So, it's not a linear process, but what I'm arguing is that the pipelines can play a very important part in that equation, and that, in fact, in the case of some of these pipelines, the first interaction economically between the countries was through the pipeline itself, such as was the case in some of the Trans-Med Project.

So, that's how I would present it, but you're absolutely right, you need a certain minimum threshold of interaction before you can to that point, but the pipeline helped to sustain that interaction.

So, as I mentioned upfront, the Haifa Pipeline, I don't see it happening until there is some kind of Arab-Israeli conflict resolution. It would be unreal to expect that to happen, even though there was a lot of pressure from the U.S. after 2003 to make it happen, but it was a non-starter. Even the Jordanians who have diplomatic ties with Israel, they

refused because, of course, their situation is so dire.

MR. AMR: Yes. Down in the front, and then on the stairs.

SPEAKER: I think what we heard in the last one hour, it was very informative, but I have an observation here, that we see that from the energy centers, the vice of the flow of energy has been to Europe, Turkey serving as a conduit because Europe was, we can say, an economic help. With the economics now shifting to the east in Asia, don't you think in another about 10 years or so, all this infrastructure might become irrelevant?

MR. ALI: And Ambassador may be able to give more projection on that, but all the models like this (inaudible) model which looks into up to 2040, sees enormous rise and demand for Europe, also. Both Asia and Europe. And keep in mind there are pipelines being planned to East Asia, also, from Kazakhstan to China, and then within China, also pipelines which are being planned in various ways, and Russia already has

a pipeline going towards its far eastern course to link it to Japan and so on.

SPEAKER: (Off mike.)

AMBASSADOR RENDE: Thank you. It's a very interesting observation. I agree with you that we have new players in the energy politics, India, China, and they're doing everything possible to conclude long-term contracts, short-term contracts in Africa, in the Middle East, in order to meet their energy demands.

Now, just because of the global energy crisis, the situation is not so urgent, but I'm sure that in the decades to come, India and China, they will become major energy consumers, and, therefore, Qatar has, in fact, invested in time. They were, in fact, very clever in investing in LNG industry, and then by sending the first tanker in 1997, it was a huge success for Qatar to be able to send the first tanker to Japan in 1997, and to invest heavily in the LNG when people knew very little about the LNG, and LNG was not so fashionable.

Everybody was trying to build pipelines and trying to improve, for example, the transit regime of the energy charter. The energy charter was working hard to improve the transit regime, how to improve the legal framework so that the Russians or others will not be able to impose their wills and conditions on Europe as a whole.

Now, here, when definitely Qatar and other energy-rich countries will continue to supply to China, India, and Japan by tankers oil and natural gas, Europe remains one of the major gas consumers because in Europe, there's a huge network of natural gas. They use it for heating, they use it for everything, and, therefore, the demand is growing, and in Turkey, too. This is, for example, the Turkish natural gas network in Turkey, and it's growing.

So, every house, every household is in need of gas, and they cannot do without natural gas. This is the situation, unlike in India or in China. This is the situation in Europe, and, therefore, according to the International Energy Agency, Europe's natural



gas demand will grow by 70 percent, which is huge. And, of course, now, the experts of the European Union, they get together and the energy, and they say what should we do, how can we meet this, how can we cope with this situation because the Russian Federation, with its 48 trillion cubic meters of proven gas reserves, they don't invest, in fact. They don't have the means to invest or they don't invest enough, so, Europe might face a serious problem, therefore, they just go to Europe, to Algeria, to Nigeria, and other gas producers and try to diversify their resources.

MR. AMR: Okay, we have many hands and little time, so, what I'd like to do is the gentlemen on the stairs first, who's had his hand up for a very long time, and the gentleman in the back. There are two gentlemen in the back. Let's really take two questions before we get an answer, and we'll make sure you both get answered, your questions.

SPEAKER: Thank you very much. I just wanted to get a comment from Professor Ali.

I work with a local newspaper, *Gulf Times*, and recently, we ran a couple of stories on Qatar trying to diversify its water resources, and as part of that story, I came across two interesting pipeline projects: One was Qatar trying to or planning to bring fresh water from Turkey, and another one from Iran, but I was told to edit those lines and not even publish that. It was apparently political issues, and it was very frustrating not to even get any more information on that. Apparently, both projects have been shelved. So, I'm left with an impression that within the GCC, there might be projects like Dolphin, but outside GCC, there's that element of fear, and I just wanted to get your comment on that.

MR. AMR: Okay, let's get the second, please. Sir?

SPEAKER: Thank you. My question is to Dr. Saleem Ali, also.

So, pipelines have a lifetime, as well, and if we take a look at Russia, so, Russia has flexed its political muscle recently, and we've seen conflicts

being resolved because pipelines are in place, but those are interesting pipelines because they're old, and, at some point, they will need replacing. And my question to you is: Have you looked at what the political consequences of aging pipelines will be in the future? So, as those pipelines become older and cease to become relevant, have you seen in Russia or elsewhere or do you expect to see a disintegration of the political or cooperative fabric that comes with those pipelines?

MR. ALI: Quickly, we do have some engineers also in the audience if they want to talk about the ail(?) of pipelines, just quickly, and then I'll come back to (inaudible) question, also.

Of course, because of corrosion, there's going to be a certain age factor, but, with maintenance, pipelines can actually have a longer life than an oil tanker, I can assure you, and there are many factors which are going to that. Of course, the climate, where they're located, and so on.

Just to give you an example, the pipeline from Kirkuk to Haifa was built in 1948, and after 2003 when the Israelis started to look at the potential of resurrecting it, they suggested that they actually bring that back into operation with a cost of less than half million dollars, \$400,000. So, half a million dollars, they felt that they could repair the pipeline within that cost. So, that shows you that, even though they have a lifetime with maintenance, that may not be as big an issue.

With regard to (inaudible) question about water and pipelines, that is a much more contentious issue environmentally. If you're going to be transporting water with pipelines, you're going to have lots of losses, there's going to be a lot of other issues.

Libya has a huge project to actually transport water from fossilized aquifers in the south of the country up to the north, and they call it the Great Manmade River, and they have these big expositions about it, but, environmentally, it's very

problematic, so, I think maybe that's one of the reasons why, strategically, also, it's an issue.

And the other aspect of water, which is strategically important is the pricing mechanisms, and I've done some work on water, if you're interested. I just finished a report for the Asia Society on Water Security, and one of the things we looked at is pricing mechanisms for water in the Gulf. There's a lot of resistance to changing pricing regimens for local populations. And, so, no one wants to say that there's a water scarcity problem.

Like in Dubai, the Dubai Water Authority is \$4 billion in debt, but no one wants to admit that in a more public setting because it would suggest that there needs to be some kind of change in conservation policies, and they have decided to now have pricing in Dubai, but only for non (inaudible).

MR. AMR: Go ahead, you can answer.

AMBASSADOR RENDE: Just with regards to the water issue, the water question, I was the head of the department for water, so, the situation is as follows:

Turkey proposed 20 years ago a water pipeline, and that was in order to use the unusable waters of two national rivers, not trans-country river. That is to be clarified.

So, we were using not the Euphrates and the Tigris Rivers. We were planning to use Ceyhan and Seyhan, which are national waters, and we had 16 billion cubic meters of water feeding into the Mediterranean not used. So, we thought that we can channel through this pipeline, we can pump water as far as the United Arab Emirates and Oman. But, for political reasons, it was not found feasible. It was not feasible.

Probably today, it might be more feasible because of the new technology. It was more expensive 17, 20 years ago. Today, it's less expensive, but, again, without improving the political conditions in the region, without having peace between Israel and Palestine, I don't believe that it's going to happen, this pipeline, water, but I believe in water pipelines. We also have a commission working on a

pipeline connecting the Turkish Mediterranean Coast with Palestine and Israel to provide in the future to Jordan, Israel, and Palestine. It will be three pipelines running together under the sea, water, gas, and oil. But it's still a project, and only the European Bank agreed to finance the feasibility study.

With regards to maintaining pipelines, you're right, they have maybe 40 years of age. They can last for 40 years or 50 years, but they have to be maintained, and it's much easier to maintain a pipeline or to rebuild that pipeline. If the host country, after 40 or 45 years, does agree to rebuild the pipeline, there's no problem, according to the host country agreement. If the host country decides after 50 years that I am not interested anymore in having this pipeline, then it might be a problem.

Thank you.

MR. AMR: Let's take a few more questions. There's two questions right here, and is there a third question? And let's do these two first. I saw those

two first, and then this one. Why don't we take all three of those questions together?

MS. BENNIE: Hello, I'm Una Bennie from Global Business Agencies representative for Fortune.

We've been talking so much about the opportunity for political cooperation that these pipelines, let's say, enhance. I would have two concrete questions for His Excellency, the Ambassador of Turkey.

For instance, in a book or project, do you think it offers an opportunity for a quicker integration into the European Union for Turkey, and, also, if it such an opportunity for a political cooperation, why didn't you work, why didn't Turkey work with Armenia to settle their issues? We know, for instance, that the so-called Armenian Genocide is one of the obstacles to Turkey's succession to the European Union.

Thank you.

MR. AMR: Let me take (off mike.) We're running out of time.



Go ahead.

MR. KAT: Thank you very much. My name is Aday Kat from Al-Jazeera channel. I'm engineer from Iraq, also, so, it's not a problem for me to understand the pipelines.

If Mr. Saleem can show us the map, use the same map on the screen, we all see the missing factor in this equation is Iraq. You know a peaceful Iraq can help and establish cooperation between the transitions, the pipelines in Turk here, and the Gulf States, and let's say the true cost of the Arabian Gulf.

So, we see that the people here in the Gulf trying to export oil and gas via pipelines toward the south, and Turk here, via Caspian Sea, and from Armenia other visions from other parties trying to sell oil or transport oil and gas to other countries.

The problem is if we establish pipelines between the southern Gulf in-states and Turkey, that will establish also the pipelines of water that Mr. Mithat's speaking about. It is easier to arrive via

the two rivers of (inaudible) and Euphrates and the Tigris by extending the amount of waters and establishing a river to these states. It's easier, I think, than sending water pipes under the sea to the countries that they call Israel, at least that's right, of course, and Jordan and Syria.

I prefer that the better way is using Iraq, but the problem is we have a major problem is Iran. Everybody is speaking about the unstable factor in the equation. We have a problem. Everybody tried to avoid in the pipelines Iran, everybody tried to go away from Iran. So, the problem is United States, what's the role of United States after occupying Iraq six years, there is a big mess in Iraq, there is big problems in Iraq. The problem is without peaceful Iraq and without reaching a solution with Iraq with peace or without peace with Iran; the problem will not be solved.

Thank you very much.

MR. AMR: Thank you, and the third question.

SPEAKER: So, Professor Saleem Ali, as well as the Ambassador pointed out, that you need a high level of security before the pipelines (inaudible) versions, high levels of security in all the aspects, and you look at it, can I say the other way around that these are pipelines for war rather than pipelines of peace because if you see the anomaly that all these areas require for all these pipelines and the levels of security, the transportation networks, and then if you see the unintended consequences that the Taliban originally set up to help the pipeline itself for the Turkmenistan-Pakistan Pipeline. So, (inaudible) the whole network when you're looking at it in the future, it's actually calling for more conflicts throughout the region.

AMBASSADOR RENDE: Thank you. May I start with the first question?

First of all, yes, Turkey's contribution, given its geography and its position, Turkey's contribution as a transit country to the energy security of Europe has been acknowledged I think by

the European Commission and the European Union, and it was put in their white paper. So, the aim is to use Turkey as the fourth artery, Russia, Norway, Algeria, and then through Turkey, but, of course, not Turkish gas or Turkish oil. Turkey is only a transit country, and, for example, Nabucco, 2,000 kilometers of Nabucco will cross Turkey.

So, we will be the major contributor to the pumping of gas from the Arab gas, Iraqi gas, because also I forgot to mention that the Egyptian gas will arrive in Turkey, also, through Jordan and Syria, and probably will connect to Nabucco.

Of course, we hope that Turkey -- you know that Turkey has engaged 39 brigades during the Cold War thanks to Turkish armed forces that Europeans managed to live in harmony and to prosper and to industrialize.

Today, we have a different role, and we would like to play this role, and, of course, probably, it will be an important contribution, and we hope that, of course, the European Union will take

into consideration while negotiating with Turkey our contributions.

With regards to so-called the Armenian-Turkish issue, you know that we sent our president to Armenia. There is a process of normalization of relationships. Our president went to Armenia to watch a football match, and then the process started, and we have achieved a great deal, and, when the time comes, probably, the necessary statements will be made, but we have a good process going on.

With regards to the question whether pipelines are a source of conflict or a source of stability, this is, of course, very interesting. You rightly said that if you build a pipeline through the Taliban area, if we cannot achieve peace there, Taliban will try to make use of it in order to harm the interest of the west or the Americans, but every pipeline is serving more people, it's serving the economies and the wellbeing of the people, so, we have to think that pipelines, first of all, are a source of stability. We have to protect them.

We have 10 or 15 pipelines in 10 years we'll be crossing through, we'll be going through Turkey to the west. It's our duty to protect them, and I believe and I would to convince you that pipelines are a source of stability and security, not conflict.

Thank you.

MR. ALI: Just quickly to respond about the situation in Iraq, of course, we are all very concerned about it. I did interview the State Department's Energy Liaison Office for Pipelines in Iraq, and he actually mentioned that the State Department would not be adverse to even an Iraq-Iran pipeline, and there have been in the past pipelines between Iraq and Iran, and that they would consider waiving the Iran Sanctions Act, actually, if that were to move forward, as a gesture of good will.

And, of course, as you know, the Turkey pipeline is operational, and I think there should be efforts made to try and improve the situation there. So, I totally agree with you on that account.

The security question, I think the ambassador has admirably addressed it. If you're interested in the Taliban case, actually, Ahmed Rashid, the famous journalist's book on the Taliban, he goes to great lengths to describe actually how oil and gas was actually a cooperative mechanism even in those sorts of dark days of the Taliban. You had the Taliban delegation visiting Houston and other delegation went to Buenos Aires and Argentina. Unbelievable. Would that have happened if it wasn't for oil and gas cooperation at that point?

Now, the next question to ask is: Can oil and gas then be used as a means of manipulating interests so that you can give a pass to people like the Taliban, whom you may not otherwise want to negotiate with?

That's a reasonable question to ask, but, in fact, if you're just talking about basic cooperation, even with the Taliban, there is ample proof to show that when in 1998 when the negotiations were underway for the (inaudible) Project. You had the Taliban

engaging with the U.S. and not actually calling the U.S. all the bad names that they now call the U.S.

MR. AMR: I'm afraid we're going to have to end it there. Mr. Adel, Dr. Saleem, Ambassador Mithat, thank you very much. I want to thank the audience for being with us. On behalf of the Brookings Doha Center, I encourage you stay with us for refreshments for a bit. Thank you very much.

(Applause)

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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