

# BERNARD SIMAN

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**Thierry de MONTBRIAL, Founder and Chairman of the WPC**

I do not know if any of you have studied quantum mechanics, but I see that you all know the basics, particularly the story of Schrodinger's cat. Schrodinger's cat, in a nutshell, can be both alive and dead. Bernard, you have the last word. You have a very special experience in terms of quantum mechanics, because you are both British and Iraqi, so to speak, so your viewpoint will be very much listened to.

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It is more like quantum physics than quantum mechanics, but we will leave that discussion to another time. I would like to focus on the tectonic shifts that have taken place and are taking place in the relationship between the global powers and the regional state actors, particularly divorcing regional stability from regime security. The implicit contract for decades since the Second World War was to safeguard regime security in return for regional stability. The fall of President Mubarak led to a perception, and subsequently a reality, creeping in for the regional state actors that that contract was over. Therefore, the regional state actors have clearly taken the position of abandoning the globalist agenda and the global game in favour of a classical zero-sum power struggle in their own back yards.

That has taken place with the Saudi decision to decline the offer to take up their seat at the UN Security Council, it has manifested itself in various regional entanglements in a heightened conflict between many of the Gulf states and Iran, and it has been triggered, if not necessarily caused, by what Jim mentioned, the American disengagement from the Middle East and the pivot to the Far East, for the very good reasons he mentioned. These are, to a large degree, to do with the expected self-sufficiency in energy in North America, but also with the realisation that there is really very little to be gained by committing resources on the ground over a long period of time in the region. That has clearly created a vacuum of control, and into that vacuum of control all sorts of state and non-state actors moved in, including Daesh, al-Nusra, and all sorts of intra-regional conflicts flared up.

It is particularly interesting to explore what the future relationship between the regional state actors and the global powers will look like in the absence of a proactive and dominant American position that all the actors used as a benchmark to position themselves periodically against. Russian reengagement in the Middle East has expressed a clear and unequivocal political and geostrategic statement, and that particular return has awakened many actors in the region, such as Egypt and the Gulf states, to the fact that Russia is back to play potentially a long-term role, and therefore even Saudi Arabia decided from June this year to engage with Russia, when the Deputy Crown Prince visited Moscow. Various other meetings took place around energy, and there were discussions around Syria and potential solutions that will shift the position of the protagonists more towards a transitional period during which the current government will remain in place before a final solution is found.

The key question is what the grand plan, if any, that Europe as a bloc and the various European states have for reengagement in their own back yard. There seems to still be a lack of realisation in Europe that the US has disengaged, and therefore it is very clearly a problem that Europe will have to deal with as a bloc and as individual states. Following the example of whatever policy the US wishes to implement is no longer, in fact, a valid or useful option. I do not see any indication of any particular Europe-wide strategy, or for that matter national European strategies, to re-engage with the Middle East strategically. This is creating a second vacuum in the Middle East, epitomised by the lack of effective responses to the refugee crisis, but it also raises a longer-term question, which is whether Europe and the different European states will compete or cooperate with Russia in the Middle East.

That is a very complex question, not least because the energy dynamics of the global markets complicate the geostrategic and geopolitical picture. Qatar is the second largest gas exporter after Russia. Saudi Arabia comes second or third after Russia as the largest producer of oil, and Russia, of course, is now the largest producer of oil at about 10.4 million barrels, I believe. The dynamics of the global gas market and competition, the dynamics of the oil market and competition, and the cash cycle of the energy proceeds in the region as well as globally will be as important



in my view in the exploratory phase of looking into whether Europe and the European states will cooperate or compete with Russia.

I touched slightly on the proceeds of energy and so forth, so I hasten to add that one of the emerging complicating factors in the Middle East and its relationship with the global community is threat financing. It is beyond terrorism financing. This is financing through trading companies that is involved in all sorts of areas, including pharmaceuticals and foodstuffs, which are perfectly legitimate, and it is very likely that this will become yet another layer in the complex web of areas that will have to be explored in the new architecture of relationships between the Middle East, Russia and Europe on the one hand and Russia, Europe and the different European actors on the other.

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You have added a few additional elements of complexity, and we are not out of the woods yet. We will take a few interventions from the floor, starting with Jacob Frenkel, who will not talk about central banking. Maybe you could speak about central banking in the Islamic State.