

The Jagdeo Middle East Initiative

Economic Diplomacy and Guyana

Which country today is not looking to attract foreign direct investment (FDI)? The issue of economic development has led to major changes in many countries approach to diplomacy. Some countries today have fully or partially integrated their Ministries of Foreign Affairs and International Trade and Commerce. Seeking to attract investment, technology and tourists, diplomats, the foreign ministry and embassies have advanced “economic diplomacy.” The object being to move away from being recipient’s of aid from foreign governments to investing in the productive resources of a country to strengthen its economy and create well paying jobs for its population. At its core it is a question of human dignity. The Prophet Muhammad advises that: “The upper hand is better than the lower hand” (i.e. he who gives in charity is better than him who takes it.

Embassies in many countries have great websites designed to promote trade and tourism. They also host trade fairs, exhibitions, cultural events and participate in chamber of commerce meetings. Guyana today speaks of “economic diplomacy.” For economic diplomacy to succeed, diplomats must be versed on bi-lateral and multilateral economic issues in an effort to woo investors. The private sector should be involved in this diplomacy as well. Involving the business community and the chamber of commerce in trade missions on overseas visits is always part of a winning formula. Diplomats, the foreign ministry and embassies play crucial roles in transforming the image of their respective country. In the world of economic diplomacy, countries are marketed to investors by showcasing superior products and favorable conditions to potential investors. The embassies have to be proactive and assist investors in overcoming bottlenecks. Capital flows to those areas where the financial rewards of investing are retrievable and the political risks are minimized.

Guyana’s new Middle East initiative would, of necessity, need a visionary economic plan in tandem with a robust foreign policy. For this to have any chance of success it would require a realignment of Guyana’s allocation of its limited human and financial resources. Bringing together the Foreign Ministry and the Ministry of Foreign Trade and Commerce would be a good place to begin this tactical realignment. These two can't be separated if Guyana is going to promote trade, attract investment and technology to harness its vast natural resources. It is a waste of resources for a poor developing country like Guyana to divide these functions into two ministries. The two entities should be merged. Embassies, the foreign ministry and diplomats must be versed on the issues of trade, investment, working in harmony to advance and advocate Guyana’s economic interests. It is the image of Guyana that they project that will bear fruits to this initiative.

Local Media and Anti-Middle East Hysteria

In trying to sell its new Middle East initiative, the Jagdeo administration has done a poor job. One failure of the Jagdeo government is the lack of transparency and its inability to educate the Guyanese public and the local media on the strategic thinking behind its new Middle East initiative. The local media coverage of the 3rd visit of President Bharrat Jagdeo

to the Middle East focused little on the potential of the visit, but instead questioned his travelling expenses and denounced his visit to Iran. The coverage turned into anti-Iran/anti-Arab hysteria. Many saw the visit to Iran as aligning with “the axis of evil” club. The anti-Middle East hysteria emanating from the AFC, a small opposition party, was grotesque. After Jagdeo’s visit to Kuwait and Iran, the AFC held a press conference arguing that enhancing relations with the Middle East represents a dangerous shift. The AFC alleges, “We warn that the high wire act being performed by Mr. Jagdeo could lead to our becoming embroiled in a dangerous game being played out in a larger arena and one in which we could find ourselves impaled on the horns of an axis of death and destruction.” The AFC went further by unleashing a vile piece of propaganda in the media connecting Iran’s promise to “map” Guyana mineral resources to extracting uranium for its alleged nuclear program.

They failed to see any benefit from the visit and see little reason why Jagdeo should forge ties with undemocratic nations and foes of America. This calls into question, should Guyana pursue ties with Cuba and China? Guyana has seen tangible benefits from those two countries, but there is little patience to forge Middle East ties which some in Guyana see as anti-America. If the Middle East initiative can deliver economic benefits, the issues of human rights and democracy will become irrelevant like Cuba and China ties with Guyana or China-US ties. The government of Guyana can do a better job in explaining its objectives, achievements and challenges in this new diplomatic program with the Middle East. This could lead to better media coverage of the issues. President Jagdeo has done just that in a recent speech to commemorate Youman Nabi (birthday of Prophet Muhammad).

According to CaribbeanMuslims.com’s, Alim Ali, Guyana can’t ignore the Middle East. “Aside from buying into the myth that the Middle East is a cauldron that only exports terror and misery onto the world stage, countries holding such a view are cutting themselves off from the surplus of resources that they can tap into for development of their countries infrastructure, production base and social well being of its people.” China is investing in Africa, South America and elsewhere because it can purchase natural resources but most western countries don’t have the budget surpluses to back up their historic influences in the world. “Unable to use economic carrots they would need to resort to military sticks to enforce their will. This is not sustainable for many reasons. China with its investments is indirectly purchasing influence. It’s like the East India Company all over again,” Ali said.

Trade is important for any economy to development. Guyana is rich in undeveloped natural resources it needs capital to develop these undoubtedly. The question is, in this period of civilizational shift, is it not better to choose your investing partners while you still can? “With China come investments, but also a totalitarian system. Would a society not prefer to manage its own investment portfolio?” questions Alim Ali.

Historic and Cultural Middle East Ties

About 12% of Guyana’s population is Muslim (of the Islamic faith) and since the 1960s Iraq, Egypt and Libya opened embassies in Georgetown, Guyana’s capital. These embassies no longer exist, but their presence in Guyana speaks volume of the close ties and vibrant diplomacy that Guyana once had with the Arab/Islamic world. Guyana for the past 15 years grew closer to the Islamic and Arab world after joining the Organisation of Islamic Conference (OIC) in 1998 and participates in the Arab-South America Summit. These

forums have strengthened cultural and political ties with the region. Guyana's Ambassador to Venezuela, Odeen Ishmael recently said, "Countries like Guyana and Suriname have an in-built advantage since they are already members of the OIC. They, no doubt, can use this connection and their already established contacts to draw down economic support." However, Guyana's participation in the OIC has been irregular and poor. Georgetown is yet to appoint an ambassador to that forum. Little is known about the OIC in Guyana. A few have raised questions about Guyana's membership in the forum, including a Stabroek News editorial, a daily newspaper in Guyana, that went as far as criticizing membership in that forum.

The OIC is not a religious body and a handful of its members are non-Muslim majority states, such as Mozambique, the Ivory Coast, Togo, Sierra Leone, Uganda and Suriname. Russia is an observer member and the United States has appointed an envoy to the OIC. These very people, who have criticized Guyana's OIC membership, as well as the Jagdeo's Middle East Initiative, know very little about the OIC and generalize the Middle East as an exporter of terror and misery. The OIC with 1.5 billion people and 57 nations represent a strong political and economic force. Other Caribbean nations, like Jamaica, are now also seeking Middle East investments, and Prime Minister Golding will travel to the Gulf to meet with potential investors and top government officials later this year.

Global Financial Crisis and Capital

The global financial crisis that hit the international world is a stark reminder to Guyana of how fragile the global financial system is and the need to diversify its financial markets. Muslims are about 19 percent of the total world population, or about 1.9 billion population, controlled 77 percent of world oil reserves, enough for the needs of the next 75 years. In addition, 90 percent of the world's hydrocarbon reserves are in the Muslim countries. Muslim countries today are shaping a new world economic order. Saudi Arabia has now been invited to participate in the G20 summits. The oil-rich state has become an important source of potential funds to alleviate the credit squeeze in global markets. The country not only has resources and wealth, but is a key player in regional security, making it an important ally. As a member of the OIC, Guyana can participate in the World Islamic Business Forum that provides networking between government and business leaders across the Muslim world and beyond. It also provides strategic networking opportunities between Europe, Asia, the Middle East, America, Australia and Africa. Guyana is rich in undeveloped natural resources. It needs capital to develop these undoubtedly. With strong effort, sustained diplomacy, and patience Guyana can tap badly needed capital to develop its rich natural resources.

Guyana's neighbor to the east, Suriname is a member of the Islamic Development Bank (IsDB) and the OIC. Suriname, as a member of the IsDB, has already been obtaining financial support from that institution, headquartered in Saudi Arabia. Suriname has proposed the establishment of an IsDB office in the western hemisphere, but being the only country in the western hemisphere belonging to that group is not easily justified. However, if Guyana joins the IsDB that idea may become a reality.

Ishmael said, "Guyana has won much respect from Arab states as a result of its long standing membership of the UN Committee on the Exercise of Inalienable Rights of the

Palestinian People, and this can surely help it to win political and economic support from many of the Arab nations.”

Jagdeo’s Middle East Initiative

Building upon these relationships with economic diplomacy could potentially bring much needed investment to the Caribbean. Hence the Guyanese president visited the Middle East for the 3rd time in January 2010. Previously, President Jagdeo met many Arab leaders during the Arab-South American Summit in Brazil in 2005. Jagdeo commented, "The dialogue served to build a personal rapport between the leaders of the two regions and in the process, a common assessment of the many challenges and opportunities which face their countries and the wider international communities." Bharrat Jagdeo, looking at the Lula-Brazil initiative was now ready to look east and sent his envoy to Qatar and other Arab capitals. The Guyanese leader visited Libya in 2009, but the Qatar segment of that tour was postponed due to the Israeli assault on the Gaza strip. Then in March 2009, a major visit was undertaken by President Jagdeo to coincide with the Arab-South America Summit in Doha, Qatar. Countries on the President’s itinerary included, Cyprus, Jordan, Syria, UAE, Qatar and Kuwait, however, the sudden death of former Guyanese President, Janet Jagan abruptly cut short the tour, and the Qatar, Dubai and Kuwait segments were postponed. Jagdeo returned to the Middle East in January 2010 to complete his initiative and further Guyana’s interest with potential Middle East partners.

These unforeseen circumstances led to three visits instead of two, as had been planned. It is impossible to reschedule presidential visits easily. To complete the Middle East mission according to Jagdeo, two important capitals are yet to be visited, Doha, Qatar and Abu Dhabi, the United Arab Emirates, which he intends to visit in April 2010.

Guyanese heads of state in the past have received several invitations to visit Iran, Syria, Jordan, Qatar, the UAE, Kuwait, Libya and Bahrain. Going back to the 1995 Non-Aligned Summit in Colombia, former Guyanese leader, Cheddi Jagan was invited to visit Iran during a bilateral meeting with the former Iranian Foreign Minister, Ali Velayati. Subsequently, there were other encounters between the Guyana and Iran where the subject of the invitation was renewed. The invitation was again discussed when President Bharrat Jagdeo met the Iranian Foreign Minister, Manouchehr Mottaki in August 2009 in Ecuador during the inauguration of President Raphael Correa.

From that visit to Libya, Guyana received a commitment from Tripoli to settle the outstanding disputes between the two countries and to put the relationship back on track. As well, Libya promised to reopen its embassy in Guyana. Guyana ignored the Libya debt for decades and there are some disputed properties belonging to Libya pending court hearing in Guyana. A Libyan delegation visited Guyana to follow up on bilateral talks after Jagdeo’s visit to Tripoli. Libya and Guyana are expected discuss soon the debt of US\$40 million owed to Libya, with Guyana hoping for a final cancellation.

On his second visit to the Middle East in March 2009, President Jagdeo visited Syria, where he held bilateral talks with Syrian President Bashar al-Assad. The two leaders explored areas of cooperation in the fields of economy, culture and diplomacy. The visit was well covered by the Syrian media. The President’s visit made the front page headlines.

President Jagdeo became the first Guyanese head of state to visit Jordan where he met King Abdullah II and held bilateral talks on various issues. The Jordanian monarch promised when he visits South America in the near future to also visit Guyana. Jordan will also send a delegation to Guyana to further talks that took place in Amman between the two heads of state.

Jordan is playing a vital role in East-West dialogue among civilizations and praised Guyana for its harmonious religious diversity. During the visit, Jordan offered Scholarships for Guyanese students to study in Jordan in an effort to foster inter-faith and intra-faith dialogue between Jordan, Guyana and the east. These are well-intended objectives but both parties need to do the leg-work to pursue them. The scholarship promise did materialize.

Jagdeo found himself educating leaders in the Middle East about Guyana and CARICOM. Very little is known about CARICOM in the region as President Jagdeo discovered during his recent visits to Syria and Jordan. Guyana is hoping to use its historical ties with the Middle East to foster closer cooperation between CARICOM and the Middle East. The tour consolidated and deepened the friendly cooperation between Guyana and some Middle Eastern countries. It also boosted the friendship between the Arabs and the Guyanese people. Guyana and Suriname with sizeable Muslim communities have historical ties to the Arab-Islamic world since the 1700s when West African slaves brought Islam to their shores.

Jagdeo's 3rd mission to the Middle East began on January 2010 in Kuwait. The Emir of Kuwait, Al Ahmed al Jaber al Sabah, received the President and his delegation. They were guests of the Emir and stayed at the Bayan Palace. Two Memoranda of Understanding (MOU) were signed during the visit to bolster cultural ties and bilateral investments. Kuwait also appointed an ambassador to Guyana and agreed in principle to loan Guyana 10 million dollars to develop Georgetown's housing sector. Since Jagdeo's visit to Kuwait, a Kuwaiti delegation visited Guyana in February 2010 to finalize a double taxation agreement between the two countries. The Prime Minister of Kuwait Sheikh Nasir Al Mohammad al Ahmad al Sabah will visit Guyana in April 2010, and the two countries are expected to layout concrete steps to enhance cultural, political and economic ties.

However, the issue of Guyana's 50 million dollar outstanding debt to Kuwait was not resolved. Kuwait promised to send a delegation to Guyana to follow up on these talks and indeed a delegation visited Guyana in February 2010. Jagdeo had extensive discussions with the Emir about the outstanding debt issue. Under its Paris Club agreement, Guyana must seek comparable write-offs from other creditors or jeopardize the existing arrangement. Jagdeo noted that this means seeking a minimum 85% reduction in the net present value of the debt, and said that discussions between the two countries have been stalled over the years. "Still, we have agreed to continue those discussions and later this year-possibly at the annual meeting of the IMF and World Bank," he said. He noted that as the country moves towards clearing the debt of the past, its debt profile is already very sustainable. He added: "But we need to remove the last vestiges of the old debt so we can continue to build a viable debt strategy in the future," reiterated Jagdeo.

The next stop was Dubai. The visit to Dubai was private but it was reported that Jagdeo met businessmen there in an effort to bring investors to Guyana. The Dubai visit made

little news, but the Guyanese head of state intends to visit the Persian Gulf in April 2010 on a state visit to Qatar and possibly the United Arab Emirates.

After Kuwait, Jagdeo visited Iran, the most contentious stop on his diplomatic tour. There he held bilateral talks with Iranian President Ahmadinejad on a wide range of burning issues, includes conflicts in the Middle East, South to South cooperation. President Jagdeo also made a courtesy call on Iran's Supreme Leader, Ayatollah Khamenei. The two countries signed two Memoranda of Understanding (MOU) that usher in a new phase in Guyana/Iran ties. This was the first visit by a Guyanese head of state to Iran.

Foreign Minister Manouchehr Mottaki and his Guyanese counterpart, Carolyn Rodrigues-Birkett, signed the MOUs. The MOUs addressed facilitation of political and visa services and Iran's development assistance to Guyana. Iran has promised Guyana 1.5 million dollars in assistance to its health sector, and to assist the Guyana Geology and Mines Commission to map the mineral resources of Guyana. These two MOUs, President Jagdeo hopes, will "bolster economic and commercial cooperation" between Guyana and Iran. Iran expressed its desire to make this happen and offered Guyana expertise in mining and agriculture. Iran is actively expanding economic and political ties in Latin America and especially in Venezuela, Ecuador, Bolivia and Nicaragua to the irritation of Washington.

The Iranian visit was announced months in advance, but came as a surprise to many, especially the timing. Tehran is bogged down with domestic and international problems. Since the last general election, the country has seen some of the worst anti-government protest since the 1979 Islamic Revolution. Internationally, the country is facing further US and European sanctions. Inflation is a big problem for the Iranian people and cost of living has skyrocketed. However, Iran has tremendous human resources that Guyana can benefit from but the government in Tehran can hardly afford some hard cash for Guyana now.

Diplomacy but where are the Diplomats?

In the past Guyana lost many opportunities to boost economic ties with Middle East. When the Bharrat Jagdeo government took office in 1999 it was reluctant to pick up from the Cheddi Jagan tour of Syria, Kuwait, Bahrain, and the United Arab Emirates in 1996. After ten years in office, in 2009, President Jagdeo seriously turned to the Middle East. Many years were wasted to build on what Jagan had achieved and the promises made during that visit. The sudden death of Dr. Jagan was a setback in Guyana Middle East ties. Participation in the OIC was sporadic. Jagan's quest to join the Islamic Bank never materialized. The issue of OIC fees was raised as an excuse of the sporadic participation. In an interview with the ISESCO Secretariat in Rabat, Morocco it was bluntly put to me that if Guyana participates in the OIC and ISESCO it's eligible for all funds and will reap benefits like any member states. It was agreed that Guyana's membership dues would be waived because of Guyana's economy. It would require diligence and diplomacy. Up to 2003, Odeen Ishmael had achieved some of these objectives when he visited several Muslim capitals.

Those who question Guyana's new thrust to expand ties with countries of the Middle East as joining the "axis of evil" club should look south of Guyana, to Brazil. Brazil's President Lula' initiated the Arab-South American Summit in which Guyana has participated twice. Were these South American leaders also shaking hands with the "axis of evil" club? Since becoming President of Brazil, Lula became the first Brazilian leader to travel to a host of

Arab countries, namely, Egypt, Syria, Jordan, Qatar, Libya, Morocco, Algeria, and the United Arab Emirates. Exports from Brazil to 22 Arab nations stood at US\$ 2.5 billion in 2002. The figure increased to US\$ 7 billion in 2007, representing a robust growth of 180 % within 5 years. Within that period, Brazilian sale to Arab countries was greater than that of its exports as a whole. By the year 2009 Brazilian sales to Arab nations increased to US\$ 7.7 billion. In addition, there has been an increase of Arab investments in Argentina, Chile, the Dominican Republic, Peru, Ecuador, Venezuela and Costa Rica. Today, daily Emirates flights connect Brazil with Dubai and Qatar Airways will soon fly to Brazil and Argentina. Over 4 million Brazilians are of Middle East origin. The Middle East is in Guyana's backyard, how can Guyana ignore the potential of this proximity?

The new momentum to advance Middle East relations faces some snags including the lack of manpower in the Ministry of Foreign Affairs of Guyana. As well, the marginalization of Middle East experts may not advance Jagdeo Middle East Initiative. There isn't a Middle East desk at Takuba Lodge to propel this new initiative. Furthermore, Guyana has no diplomatic presence in the Middle East. It has a few honorary consuls in the region, mainly, Greece, Lebanon, Syria and Jordan but this count for nothing in terms of advancing the economic agenda of the current PPP government. The appointment of an envoy to the OIC based in Persian Gulf can serve dual purposes.

Civil society itself should get involved in the process. It has a role to play in forging Guyana Middle East economic ties. Take for example the Central Islamic Organization of Guyana (CIOG) and the Guyana Islamic Trust (GIT) who have brought Middle Eastern businessmen, diplomats, civic and religious leaders to the office of the President of Guyana. Most of these Muslims have visited the CIOG or GIT. The established relationship of the CIOG and GIT with the Middle East has helped to foster Middle East ties. Now, the Guyana Chamber of Commerce should be brought into this initiative. During the last Arab-South America Summit in Doha, the body adopted a communiqué that calls for the establishment of a federation of Arab-South American Chambers of Commerce with the mandate of promoting the creation of similar chambers in all South American countries. However, Guyana must adopt all possible measures in order to facilitate the role of the private sector, removing trade barriers and develop a "healthy" business environment.

What can Guyana offer Middle East Investors?

Arabs are investing in Djibouti, why not Guyana? Why Arab investments in Uganda or Kenya and not Guyana? There is money to be made in those countries. Why the Arabs have invested in Argentina, Brazil, Colombia or Ecuador? Arab investments in South America are growing. Kuwait recently began importing Uruguayan meat. Brazilian goods are in every major shop in the Gulf. What can Guyana offer when it does not have an economic master plan. Arabs not pouring money in Guyana is a reflection on the government of Guyana's domestic and fiscal policies that are necessary preconditions to attracting new investors.

Guyana wants to market itself as the gateway to the Caribbean and Northern Brazil. What has Guyana done to convince the Arabs of this? What physical and human infrastructure is in place or will be in place to promote this strategy? Yes, there is the Takutu River Bridge linking Guyana to Brazil and Guyana is connected to Suriname and French Guyana via a ferry service. Suriname has expanded and modernized Port Nickerie and Port Paramaribo.

Suriname's national airline, SLM is looking to add another jet into its fleet to add direct flights from New York to Paramaribo via Guyana. There is much talk but little action on the part of Georgetown. Guyana and its immediate neighbors, Suriname, Brazil, and Venezuela have not fully implemented the many bilateral agreements they have signed.

There needs to be an improvement in the legal framework with regard to economic activities, investment, the formation of joint ventures, and the avoidance of double-taxation in regional deals. Investors have many questions and they want precise answers back up with legislation to protect their investments. These questions were raised during the recent Middle East mission. Guyana and Kuwait will soon finalize a double-taxation agreement.

Guyana has to lay out exactly the areas in which it wants foreign investment participation. Potential areas of investments include ports, agriculture, tourism, and mining. In recent years, the countries of the Middle East, including Iran, Kuwait, Bahrain, the UAE and Qatar, have developed their jewelry industries and, in addition to silver, gold and diamonds, are now using more non-traditional precious stones for these purposes. Guyana has an opportunity of marketing its wide variety of precious stones in the Middle East. It must make these sectors attractive to foreign investors. As well, foreign investments must be protected.

Guyana can offer the Middle East investors the following:

1. Guyana has mineral products that the Middle East needs. e.g., precious stones for jewellery production.
2. Sugar - Guyana has not yet tried to access the Middle East market, possibly due to its commitments to the EU market. But the Middle East can offer competitive prices, an important market Guyana can look at.
3. Tourism - More and more Middle East tourists are looking to visit areas with rain forests where eco-tourism is promoted. Guyana fits the bill.
4. Investment opportunities for oil and gas exploration. Guyana is estimated to have potential of over 2.8 billion barrels of oil off shore.
5. Agro- Investments.

Again, advancing the Jagdeo Middle East Initiative will require effective and robust economic and foreign policies if these visits are going to bring benefits to the people of Guyana. Perhaps it's too early to determine whether this new foreign policy initiative will bear fruit. This new emphasis on Middle East diplomacy needs diplomats and sustained diplomacy from Guyana.

The Future

Future Guyana -Middle East ties is unlikely to change when the country goes to the poll in 2011. Guyana will hold presidential elections in 2011, but the ruling PPP government may likely remain in office that will not deeply affect the Jagdeo Middle East Initiative. Like any change of government, there will be changes. The names out there as potential PPP Presidential candidates are Clement Rohee, Donald Ramotar, Moses Nagamootoo and Ralph Ramkaran, all proponents of close Middle East ties. They are all supporters of the Palestinian right to self-determination and Guyana's participation in the OIC. Rohee, former

Minister of Foreign Affairs, had close ties with the Middle East and in 2000 attended the OIC Doha Foreign Minister's meeting. Donald Ramotar, a front-runner, is an advocate of the Palestinian right to self-determination and spent sometime in the Middle East during his youth. The current Ambassador of Guyana to Venezuela, Dr. Odeen Ishmael, a strong supporter of Guyana's Middle East ties is well known and respected for his diplomatic skills and solid experiences in diplomacy. He is well respected among these potential presidential candidates and his experience and skills can be utilized for strengthening these ties.

If the PNC takes office, they will most likely build on the Jagdeo Middle East Initiative. The PNC's Middle East policy has been established over the years. They will not seek to end Guyana's OIC membership. On the other hand, the AFC, a less known party, may not make major political inroads in the upcoming general election, but if they do, Guyana Middle East ties will be stymied. The AFC associates the Middle East with terrorism and believe that forging close ties with the Islamic Middle East will affect Guyana/US ties. They may seek to withdraw Guyana's membership in the OIC judging from their recent anti- Middle East rhetoric. This is of great concern to Guyana's Muslim minority who are seeking answers from the AFC.

President Jagdeo indicated on many occasions the need to open a diplomatic/trade Mission in the Middle East, most likely in the Gulf. This is a necessary step to advance the relationship. The appointment of an ambassador/envoy to the OIC can advance economic ties especially since there is no diplomatic mission in the region. That will require a diplomat familiar with the Middle East and economic issues as they relate to Guyana and the world. The involvement of the private sector is necessary to achieve the objectives of the Jagdeo Middle East Initiative and follow up is vital. This requires human resources, diplomats, embassies and the foreign ministry working in unison. But where are those diplomats?