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# Constructing a viable EU-GCC partnership

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Front cover image: Catherine Ashton, the High Representative of the Union for Foreign Affairs and Security Policy, meets with Gulf Cooperation Council Secretary General Abdul Latif Bin Rashid Al Zayani in New York, 26 September 2012 (Henny Ray Abrams/EU/AFP/Photographer). Image used courtesy of European External Action Service, <http://www.flickr.com/photos/eeas/>.

## **Constructing a Viable EU–GCC Partnership**

### **Research Paper, Kuwait Programme on Development, Governance and Globalisation in the Gulf States**

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# Constructing a Viable EU–GCC Partnership

CHRISTIAN KOCH

## Abstract

Relations between the European Union (EU) and the Gulf Cooperation Council (GCC) were formalized through the 1988 Cooperation Agreement. Since that period and especially since the decision by the GCC to implement a customs union, relations between the two sides have grown institutionally and become multi-faceted. In addition to broader and deeper official contacts, there is now also a series of project and exchange networks in place which have allowed for better people-to-people interaction. The quantitative improvement has, however, not translated into a qualitative one as well. Free trade area negotiations have never been concluded and a recent Joint Action Programme was not renewed at the 2013 ministerial meeting. What is therefore clear is that common interests are insufficient as drivers of the relationship, hampered by institutional incongruities, normative differences and a preference for bilateralism over multilateralism. Taken together, this raises questions about the degree to which both the EU and the GCC will remain committed to a more comprehensive relationship, especially at the strategic and political level.

## 1. INTRODUCTION

This paper seeks to provide a critical assessment of the status of relations between the member states of the European Union (EU) and those of the Gulf Cooperation Council (GCC), assess shortcomings and failures, raise questions surrounding the future direction of ties, and provide suggestions about how present obstacles and roadblocks can be overcome. Such an analysis is undertaken within the context of the assumption that the EU and the GCC are regional organizations that have a role to play with regard to handling some of the complex challenges affecting both regions.

This paper is also situated within the context of the changing international relations approach of the GCC states in order to analyse where European strengths and policy tools can be made compatible with the policy priority areas of the GCC states. Thus, a main objective is to put forward a constructive framework that will allow EU–GCC relations to function as effectively as possible under new and changing circumstances.

In the context of the above, this paper seeks to pursue several research questions when it comes to existing and prospective GCC–EU ties: how effective are mutual relations really and are there tangible benefits that each side derives from their interactions? Are there actual drivers in the relationship, and if so what are they and how have they changed over time? While points of contacts between the two sides might have multiplied, can it also be argued that relations have progressed on a qualitatively upward trend? Is there an aspect of the

relationship that is not immediately apparent; for example, have relations with the EU contributed to regional integration within the GCC? Does the EU function, in fact, as a sort of model of integration for the GCC states themselves?<sup>1</sup> This last question is pertinent given the fundamental issues that the EU faces when it comes to its own integration process, as well as from the perspective that new ideas have been floated among the GCC members (from expansion to moving towards a union principle), thus suggesting a path whereby the GCC might embark on steps to further its own integration, although in a different manner from that pursued by the EU.

## **2. THE EU AND THE GCC AS REGIONAL ACTORS**

With its twenty-eight member states, over 500 million inhabitants and a fifth of global GDP (€12.894 trillion in 2012), the EU remains the most advanced experiment in multilateral cooperation and integration to date despite recent troubles in the Eurozone. The EU has brought unprecedented peace and prosperity to a continent once fraught with wars and conflicts, an accomplishment that led to the EU being awarded the Nobel Peace Prize in December 2012 (*BBC News* 2012). While there is a significant degree of debate over whether the EU in fact deserved such an honour, it should be acknowledged that armed conflict among the member states of the EU is at present a remote, almost unimaginable, possibility. Combining this with its ability to bring about tangible benefits both for its member states and for its citizens in terms of political and economic development, the EU is seen by and large as the most successful case of regional integration to date. This, in turn, has extended to the EU a certain model character that makes it attractive for outside countries and other regional organizations to follow.

Of equal relevance and importance is the fact that the EU has been a dynamic organization that has expanded significantly since its establishment. Starting with six members in 1957, the EU has grown, with Croatia joining as its twenty-eighth member on 1 July 2013. There are also five current candidate countries (Serbia, Iceland, Montenegro, the Federal Republic of Macedonia and Turkey), meaning the expansion process for the EU is not finished. On the one hand, this indicates that the EU is very much a work in progress. On the other, it should be noticed that much of the recent expansion (as well as the expansion still on the table) has been towards the east and southeast, meaning that the borders of the EU

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<sup>1</sup> This paper seeks to provide an update of the same set of questions originally posed by Abdullah Baabood in his doctoral dissertation completed at the University of Cambridge. This included, for example: 'What is the importance/significance of the EU–GCC relationship? ... How has the EU–GCC relationship evolved and why has it come out as it did? ... What are the prospects for closer EU–GCC relations and increased interregional cooperation?' (Baabood 2006: 257).

continue to expand in the direction of the Middle East. The EU is geographically moving constantly closer to its southern neighbours and to the neighbours of its neighbours, i.e., the Gulf states.

Also relevant to the subject of EU–GCC relations is the fact that the EU has developed a variety of policy tools to tackle the multitude of challenges facing both its immediate and distant neighbourhoods (Cameron 2007). Prominent among them are the European Neighbourhood Policy (ENP) and the Euro-Mediterranean Partnership, the latter having been replaced by the Union for the Mediterranean (UfM) as of 2008 (Balfour and Rotto 2005; Aliboni and Ammor 2009; Balfour 2009). These mechanisms provide an institutional framework around which the EU structures its external relations with the countries that surround it. The EU also uses its financial tools to enhance its image as an effective regional organization. It is today the world's largest provider of development and technical assistance (approximately 50 per cent of total Official Development Assistance (ODA) worldwide, or €53 billion in 2011; European Union, 2013) and makes an attempt to be an active promoter of effective multilateralism as well as crisis and conflict management.

As far as EU relations with the Gulf region are concerned, the GCC states do not fall under any of the regional policy approaches listed above. In fact, the EU has always struggled to come up with a comprehensive structured approach towards the Middle East region as a whole, with the Gulf region most of the time finding itself being left out of direct EU policy instruments. Instead, relations are almost exclusively structured through the Cooperation Agreement signed between the two sides in 1988 with a focus on trade, overall economic relations, energy, investment promotion and technology. The establishment of the GCC in 1981 provided the EU with a potential partner organization through which to structure its ties to the Gulf region and through which it could discuss its continuing concerns over energy issues in particular. For the GCC, the need for some degree of international recognition for its new organization, as well as the attraction of a possible free trade agreement (FTA) that could ease the access of GCC petrochemical exports to European markets, were factors that opened the door during the 1980s to an interregional relationship between the two organizations.

Like the EU, the GCC has, since its establishment, emerged as an organization that has contributed to the welfare of its people and promoted peace and security in its neighbourhood. Apart from the Arab League, the GCC is the only regional organization in the Middle East that has survived intact, and its integration process, which has been subject to as many criticisms by both external and international pundits as that of the EU, is still viewed favourably within the region (Anthony 2011; Khan 2012; Abdulla 1999; Legrenzi 2008; Partrick 2011).

Economically, the GCC has become a leader in regional economic liberalization and cross-border investment and has a by-and-large functioning internal customs union that was established in 2003. The gradual implementation of a common market policy allows GCC citizens to own property and work in another GCC member state as well as travel freely from one member state to another. Other concrete examples of effective coordination include the GCC Electricity Grid and the proposed GCC railway.<sup>2</sup> At the political level, there have been initiatives possibly to expand the GCC to include Jordan and Morocco as well as to deepen its own integration process from ‘cooperation to union’. This indicates a certain readiness at least to consider how the GCC could develop further as an organization (*Gulf News* 2011b; al-Qassemi 2011; *Arab News* 2011).<sup>3</sup>

More pertinent to this paper is the fact that the GCC states have since 2000 taken on a level of ownership as far as regional security matters are concerned. Examples include the King Abdullah Peace Initiative for settling the Arab–Israeli conflict (first issued in 2002) and the active involvement of GCC member states in the Libyan conflict of 2011 and the GCC transition agreement in Yemen of 2012. Increased diplomatic activity along with regional assertiveness have raised the profile of the GCC states, a development that has found a certain resonance in European capitals and has led to arguments that closer EU–GCC relations at the political and strategic level are in Europe’s interests, in terms of having a competent actor in a region with whom Europe shares many concerns and strategic interests (Echagüe 2011). As has been mentioned, the GCC in 2013 is a different organization from that of the past.<sup>4</sup>

### **3. BUILDING AN INTERREGIONAL RELATIONSHIP**

With the establishment of the GCC in 1981, the EC (European Community, as it was known then) saw it as an opportunity to supplement the stagnating Euro–Arab dialogue. Following

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<sup>2</sup> For further information, see the website of the Gulf Cooperation Council Interconnection Authority at <http://www.gccia.com.sa>. While there is no poll data available showing percentages of people supporting the GCC, a general sense can be gathered from the sentiments regularly expressed in the regional press, especially during the annual GCC summit meetings or following the call of King Abdullah of Saudi Arabia to move the GCC from ‘cooperation to union’, which he made at the 2011 meeting. If there is any criticism from GCC citizens about the integration process, it is in terms of its not moving fast enough and not having met the expectations of the people for even greater integration.

<sup>3</sup> In May 2011, the GCC at their thirteenth Consultative Council meeting in Riyadh announced that they were considering requests from Jordan and Morocco to join the bloc. At the December 2011 GCC summit meeting, King Abdullah called on GCC member states ‘to move from a phase of cooperation to a phase of union within a single entity’. Both proposals have been met with a high degree of scepticism, and as of December 2013 neither initiative has moved towards implementation.

<sup>4</sup> Comment given by one participant at the workshop entitled ‘Promoting an EU–GCC Dialogue on Foreign Policy Issues’ held at the University of Qatar, 28–9 April 2013, within the framework of the Project ‘Promoting Deeper EU–GCC Relations’, funded with the support of the European Commission. More information on the project can be found at <http://eu-gcc.kcorp.net>.

the proposal of the German foreign minister Hans-Dietrich Genscher, the European Commission was tasked with starting a dialogue with the GCC states ‘on the possibilities for following up the Community initiative’ (Khader 2008: 21–2). By June 1988, the two sides agreed to enter into a formal Cooperation Agreement that covered a wide array of subjects such as economic cooperation, energy, technology, the environment and mutual investment. The agreement, which officially entered into force on 25 February 1989, established a joint council that began to meet on an annual basis. In fact, one rather remarkable consistency is the fact that even when there has not been much progress to report, the EU and the GCC sides have met regularly in their annual ministerial meetings ever since 1989. There have also been regular annual meetings that have taken place in New York on the sidelines of the annual UN General Assembly meeting.

Following a few years of relatively low activity, in 1995, the EU and the GCC decided to elevate their relations by including a dialogue on security issues at senior-official level and a strengthened political dialogue (Khader 2008: 25–7). Other ideas on how to enhance bilateral ties, such as promoting free trade area negotiations and developing instruments of cultural and scientific cooperation, were contained in a document released by the European Commission in 1995 entitled *Improving Relations between the EU and the Countries of the GCC* (European Commission 1995). It was also during this period that the concept of ‘decentralized cooperation’, i.e., mechanisms to promote relations that over time could become independent of governmental control, was first mentioned (Nonneman 2002).

Despite these efforts, however, there was very little concrete action. One reason for this was that the EU actually paid little attention to the Gulf during the 1990s, seeing it as a region that was mostly on the margins of its consideration. During the initial fifteen years of the Cooperation Agreement, the EU failed to engage with the GCC as an actor that could play a role in promoting regional peace and security. Instead, the almost sole focus was on trying to secure better access to Gulf markets for European products. Moreover, this pursuit of markets occurred primarily at the bilateral level rather than within an EU multilateral framework. Even free trade area negotiations, which were started in 1990 and for which the EU has the mandate and responsibility on behalf of its member states, quickly became bogged down due to the insistence of the EU that the GCC needed to establish its own customs union first. Baabood has referred to this as a ‘pretext’, given that one of the main obstacles to moving negotiations forward was the influence exerted by the EU petrochemicals lobby on the EU to prevent the bloc from making concessions to the GCC, in order to protect the domestic EU industry (Baabood 2006: 24).



From the GCC side, there soon emerged a feeling that the Cooperation Agreement was not living up to expectations and that GCC concerns were not receiving the required attention from EU counterparts. A report released in 2002 stated that ‘The relationship between the EU and the GCC and its member countries has been of low intensity, and reflects neither the geographic proximity nor the vital links in several fields existing between the two sides ... The existing co-operation agreement between the GCC and the EU of 1988 essentially failed to spark any meaningful co-operation’ (Bertelsmann and CAP 2002: 3–4).

Renewed momentum only came about as a result of developments starting in 2003, including the GCC’s announcing the implementation of its internal customs union, the GCC’s overall economic development that was beginning to gain worldwide attention, and the Iraq War of that year which catapulted the Gulf region into the spotlight of international concerns, more so in Europe than in years before.<sup>5</sup> The Iraq War in particular changed the perception of both the EU and the GCC from several perspectives. For the EU side, there was an increasing awareness that the deteriorating security environment in the Gulf did in fact carry with it consequences for the security situation in Europe proper and that therefore a closer engagement with the region was not only desirable but more urgently necessary. In an attempt to integrate the GCC component into its other foreign policy mechanisms, the EU formulated the ‘EU Strategic Partnership with the Mediterranean and the Middle East’ in June 2004, with the idea of having a complementary yet distinct approach to the Gulf region which would build on the already existing contractual relationship that had served as a basis for dialogue. The Strategic Partnership document underlined that the ‘EU commits itself to advance its partnership with the countries of the Gulf’, including considering bilateral political initiatives with those GCC members that display a desire to move forward more rapidly (European Union 2004). Specific aspects to be achieved included the intensification of a political dialogue, the establishment of a framework for dialogue and confidence-building at the regional level, the conclusion and implementation of the FTA, feasibility studies of technical assistance programmes in terms of restructuring the administrative frameworks in the Gulf, and, finally, youth exchange and university cooperation programmes. In that sense, the document did not differ very much from the evaluation that was undertaken in 1995 and the recommendations put forward at that time (European Commission 1995).

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<sup>5</sup> The Iraq War proved very divisive in Europe, with Great Britain and Poland completely supportive of the US-led invasion of Iraq while France and Germany refused to endorse the war. The split was famously characterized in US Defense Secretary Donald Rumsfeld’s remarks about old vs. new Europe.

At the same time, the international relations posture of the GCC states underwent a transition and change. Following the events of 11 September 2011 and the Iraq War of 2003, one can see the emergence of a more delineated and proactive foreign policy position among the GCC states. This was due to an accumulation of factors. On the economic side one may include globalization, which allowed cities like Dubai to establish themselves as geographical hubs at a global level, as well as a persistent high oil price environment from the year 2002 which allowed these states to undergo an unprecedented period of economic development and growth, also making them investment destinations by choice (FRIDE 2010). By 2012, the GCC states taken together had emerged as the twelfth largest economy in the world, with a cumulative nominal GDP of US\$1.56 trillion and a cumulative budget surplus of more than US\$60 billion (*Khaleej Times* 2013; *Saudi Gazette* 2011).<sup>6</sup> Not only were European companies drawn towards the opportunities that awaited them in the GCC states, but Gulf-based sovereign wealth funds (SWFs) became an important source of liquidity for them. In particular during the recession years of 2009 and 2010, about one-third of emergency funding made available to European banks came from Gulf SWFs (Woertz 2012).

Politically and strategically, the year 2003 highlighted the continued sense of unease felt by the GCC states about their excessive reliance on the United States as the region's protective force that maintained overall stability and security. The disillusionment came to the forefront with the US decision to invade Iraq and, more importantly, with its disastrous mismanagement of the domestic and regional environment post-Saddam Hussein (Obaid 2011). The failure to plan adequately for the post-war Iraqi situation left the Gulf confronted by a new crisis that it had not created and that further threatened the already unstable balance of power in the region. The key issues of concern from a GCC perspective were the threat of sectarian conflict spreading from Iraq, as well as the risks embedded in opening the country to Iranian influence and meddling. Saudi foreign minister Saud al-Faisal raised these concerns soon after the invasion of Iraq when he mentioned in a speech to the Council on Foreign Relations: 'We fought a war together to keep Iran out of Iraq after Iraq was driven out of Kuwait ... Now we are handing the whole country over to Iran without reason' (al-Faisal 2005) The overall response to these events was that the Gulf states began to scramble 'to build a series of balancing political relationships to fill the vacuum created by the disillusionment over U.S. policy and the necessity for them to distance themselves from Washington' (Russell

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<sup>6</sup> Overall, the GCC states have accumulated foreign assets of US\$1.7 trillion against foreign liabilities that account for US\$500 billion. About one-half of the foreign assets are held by sovereign wealth funds (*Gulf News* 2011a).

2007: 8). Ulrichsen refers to this as ‘pragmatic strategies for survival’ allowing the GCC states to position themselves in the volatile regional environment while, at the same time, safeguarding and expanding their sovereignty and independence (Ulrichsen 2010: 1).

Against this backdrop, Europe has always been seen as a potential balancer to the US, not in the sense of being able to take over the US security posture but instead as a force that can at least temper and restrain some of the US’s most direct unilateral tendencies. For the EU, there were subsequently two consequences. On the one hand, the catapulting of the Gulf region into the world’s headlines once again as a result of the Iraq invasion highlighted the need for better access to and information about the Gulf, and therefore strengthened the awareness in Brussels and other European capitals that there were significant gaps in the EU policy towards the region. On the other, it became increasingly clear that the GCC states themselves could play a role with regard to resolving regional conflict issues that were deemed important for Europe as well. What thus emerged was a distinct consciousness within EU policy circles and institutions that the Gulf represented a region of strategic importance that demanded greater attention and inclusion, and that within that region the GCC stood apart as an organization with which the EU needed to engage in a deeper and broader sense.<sup>7</sup> This was underlined in a key report issued by the European Parliament in March 2011 that stated that the ‘the Gulf region has to be seen today in terms of the emergence of a new global economic hub comprising the member states of the GCC’ and that ‘the GCC member states play a key role in the global arena and thus have interests in common with the EU in relation to international stability and global economic governance’. Furthermore, the report acknowledged the GCC as ‘the only stable regional organization based on multilateralism and cooperation’ in the Middle East, therefore requiring that ‘the EU must take a clear stand and maintain a lasting commitment in the Gulf region, thus guaranteeing itself greater visibility and a strategic presence in the area’ (European Parliament 2010: 3, 4).

#### **4. A NEW MOMENTUM**

Prior to 2003, there was only sporadic contact between EU and GCC policy officials and consequently little political will to overcome deadlocks or address structural limitations to ties. Efforts to maintain economic ties became the lowest common denominator approach. And even on this front there was virtually no progress, given that the EU made a customs union among the GCC states a prerequisite for further ties and the conclusion of an FTA.

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<sup>7</sup> Interviews with officials of the European External Action Service (EEAS) in Brussels, September 2012 and January 2013.

Since then, however, the GCC and the EU have seen their ties grow and become more multi-faceted. In addition to the formal ministerial meetings, several other levels of contact have been created. At the official level, numerous experts' meetings have been convened in areas such as environmental cooperation, energy, education, or combating money laundering and terrorist financing. A European Commission Delegation office was opened in Riyadh in 2004, followed in January 2013 by the announcement that the EU would open a second representative office in Abu Dhabi during the course of the year. The EU high representative for foreign affairs and security policy, Catherine Ashton, stated that 'this decision highlights the importance both of our geo-strategic interests in and our political and economic ties with this country as well as with the Gulf Cooperation Council as a whole' (Kuwait News Agency 2013).<sup>8</sup>

In addition, there have been numerous projects and exchange networks at both the official and non-official level that have been put in place in areas such as public diplomacy, science and technology, clean energy, education and a broadened political dialogue. A key document is the Joint Action Programme (JAP), containing fourteen identified priority areas with suggestions for cooperative initiatives, that was approved at the 2010 EU–GCC Joint Ministerial Council meeting in Luxembourg (European External Action Service 2010). As part of the JAP, both sides commit themselves to strengthen cooperation in areas ranging from economic, financial and monetary issues, trade, environment and climate change, and cultural ties to strategic sectors such as transport, energy, investment, industry, telecommunications and information technology, higher education and scientific research. The JAP was intended to provide a more structured framework for moving relations forward.<sup>9</sup>

Outside official channels, efforts have been focused in particular on establishing cooperation at the higher education level, including exchange programmes of students and faculty. Some of this cooperation has come out of projects that are at least partially funded by the EU, including ones for EU–GCC public diplomacy,<sup>10</sup> so-called INCO-NET programmes to

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<sup>8</sup> A few days earlier, MEP Mario David had issued a press release in which he called it 'regrettable' that the EU had failed to open other delegation offices outside the one in Saudi Arabia, and saying that 'this lack of interest can give room to wrong interpretations of such friendly states and peoples' (EPP Group in the European Parliament 2013).

<sup>9</sup> Interview with GCC official, Brussels, December 2012. The argument has been put forward that the JAP is nothing more than a substitute for the failed free trade area negotiations and that while the JAP seeks to increase functional cooperation, it completely neglects the political and strategic dimensions of relations (Echagüe and Mikhail 2013: 65). A revised JAP with a more focused agenda was due to be approved at the 2013 joint ministerial meeting but was delayed over disagreements related to the FTA negotiations.

<sup>10</sup> The first major example was the Al-Jisr Project for EU–GCC Public Diplomacy and Outreach, which was conducted from July 2008 until October 2010. For further information about the project's scope and activities,

support bi-regional dialogues,<sup>11</sup> and projects for the establishment of mobility programmes for graduate level students.<sup>12</sup> What has essentially been put in place is a renewed attempt at ‘decentralized cooperation’, as had been suggested in 1995. Taken together, these projects have resulted in the creation of a variety of networks whereby individuals and institutions from the GCC states and the EU come into regular contact to exchange information and expertise. The points of contact have proven instrumental in increasing the understanding between the two sides, but it should be noted that such instruments remain dependent on continued funding from an organization such as the EU in order to stay in place. Without such official funding, many areas of interaction would cease to exist.

The expansion of contact points has occurred despite the fact that the EU–GCC FTA, which for the previous decades was identified as the essential element of an effective EU–GCC partnership, had still not seen the light of day by 2013, more than twenty years after talks on such an agreement began. Negotiations did pick up after the GCC established its customs union, but after several additional years of back-and-forth negotiations, the then GCC secretary-general, Abdulrahman Al-Attiyah, announced at the end of 2008 that the GCC would unilaterally suspend the FTA talks. The feeling on the GCC side was that the Gulf states were continually being asked to make concessions without adequate reciprocity. The decision took the EU by surprise, but for the GCC it was seen as a logical step given that the talks, although complicated and detailed, had been going on for too long with never-ending speculation annually that an agreement was imminent. As Qatar’s prime minister, Shaikh Hamad Bin Jassim Al-Thani, stated: ‘The negotiations with Europe have gone on for too long, and our European partner must know that the talks cannot last indefinitely’ (*Khaleej Times* 2008). Since 2008, no official rounds of negotiations have taken place, although both sides let it be known that only the issue of export duties remained to be resolved.<sup>13</sup> By the time of the 2013 joint ministerial meeting, the GCC once again took the initiative by refusing to endorse a

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see <http://www.aljisr.ae>. A second round of proposals was opened for application in July 2011. Under this round, three additional projects were awarded.

<sup>11</sup> INCO-NET programmes were conducted from January 2010 to December 2012 with the goal of supporting cooperation among institutions dealing with science and technology. More specifically, the aim was ‘to create a dialogue and action platform to identify common interests in research areas, set up S&T [science and technology] priorities, support capacity building activities, and enhance the interaction between different cooperation instruments of the European Commission and EU Member States.’ See <http://www.inconet-gcc.eu>. A new INCO-NET programme was announced in 2013.

<sup>12</sup> For example, the Erasmus Mundus Gulf Countries Programme headed by the University of Deusto in Spain is a cooperative scheme between twelve universities from Europe and the GCC states focusing on promoting educational interchanges between the two regions. For further information, see <http://emgulf.eu>.

<sup>13</sup> Interviews with EU and GCC officials, Brussels and Riyadh, December 2011 and May 2012. This is contrary to the often suggested opinion that the issue of contention is a human rights clause within the FTA which the EU insists on. This, however, is not the case, with both sides agreeing on the wording for such a clause.

new JAP unless the FTA negotiations were concluded (*National* 2013). The GCC states' view is that they cannot be asked to make all the concessions and that therefore a more flexible approach from the EU is required in order to resolve the issue of export duties. The GCC states further feel that time is more or less on their side. The increased trade relations with Asia and Europe's own economic stagnation are cited as two reasons why the GCC should not be in a hurry to sign an FTA with Europe. With the GCC states coupling their national interests with foreign policy activism, including broadening their set of relations with countries across the world, seeing ties with the EU through the lens of the FTA is no longer a prerequisite for them.

Yet even without the FTA, the EU and the GCC have attempted to move beyond the stalemate of the past and introduce a more pragmatic and constructive element into their ties. Instead of seeking to achieve progress through large and ambitious undertakings, the focus is now on less high-profile sets of relations. At the same time, the momentum is largely from the EU side, with initiatives being mostly created and sustained by Brussels with very little substantive reciprocity from the GCC states.<sup>14</sup> Thus, while there are legitimate criticisms on the part of the GCC regarding the approach of the EU to the region, there is the argument from the EU side that the GCC must do more to fulfil their part of the bargain or at least lay out their interest more clearly on how a closer relationship with the EU can be promoted. The clear enunciation of interests and how these interests get translated into effective policy coordination are an issue that continues to confront both sides.

## **5. IMPEDIMENTS AND OBSTACLES TO CLOSER RELATIONS**

Looked at as a whole, EU–GCC relations have seen a quantitative improvement (increase in the number of projects, multiple channels of official contact) but not necessarily a qualitative one (failure to conclude the FTA, the JAP lacking substance). This is despite the fact that there are a number of drivers that give the relationship its overall framework. For the EU, interests include the rising importance of the GCC states, the Gulf's position as an energy hub, the economic and commercial opportunities that derive from the development of the GCC states, and the role of the GCC states as actors that seek to limit conflict and promote regional stability. Furthermore, the EU is supportive of the regional integration process that was the

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<sup>14</sup> This point of view has repeatedly come out of the discussions with EU officials, while it has also been acknowledged to some extent by officials from the GCC side. This has led to a sense of frustration on the part of the EU about the possibility of enhancing its relations with the GCC. This situation is also different from the reasons why decentralized cooperation first failed to gain momentum at the end of the 1990s. Here, as Nonneman has argued, it was the EU that subsequently lost interest and eventually dropped the approach (Nonneman, 2006: 20).

basis of the GCC. For the GCC states, the EU is important as a source of expertise, knowledge and technology. Relations with Europe fit into the GCC approach of establishing a variety of international relationships. Ties with the EU not only provide international recognition of the GCC as an organization but also serve as a sort of counterweight to relations with the United States. The EU further complements GCC policies when it comes to key regional issues such as Iran and Yemen.

A quick review of the major regional and international issues reveals the numerous areas of common interests that lend themselves to EU–GCC cooperation. As it stands in 2013, commonality of views exists on:

- *Issues of non-proliferation*, such as averting the spread of weapons of mass destruction (WMD) material by preventing countries seeking to acquire such material from doing so. Convergence also exists on the efforts to promote a Middle Eastern Nuclear Free Zone, as well as on the importance of international arms control agreements such as the Treaty on the Non-Proliferation of Nuclear Weapons and the Chemical and Biological Weapons Conventions.
- *Issues of counter-terrorism and combating extremism*, not only in the Gulf states and the Middle East but worldwide. The EU and the GCC have established a working group on combating terrorist financing, which held its seventh meeting in Warsaw in November 2011.
- *The containment of Iran* by limiting the country's hegemonic ambitions and preventing it from becoming a nuclear state. In the communiqué released after the twenty-first EU–GCC ministerial meeting, both sides called 'upon Iran to restore confidence in the exclusively peaceful nature of its nuclear program. The EU and GCC urged Iran to fully comply with the relevant resolutions adopted by UNSC [UN Security Council] and the IAEA [International Atomic Energy Agency] and recalled their commitment to the full implementation of relevant UNSC resolutions' (European External Action Service 2011).
- *Preventing Yemen from a potential state collapse*. Both sides have worked towards implementing a coordinated policy on Yemen that includes implementing the GCC agreement on a transition of power in Yemen in 2012 and supporting the current National Dialogue Process. The policy also involves promoting social and economic development in the country, re-establishing security, preventing

extremist elements from using Yemen as a base of operations, and preventing secession and maintaining the integrity of the country (Burke 2013).

- *Energy issues and energy policy*, i.e., securing the unimpeded and uninterrupted flow of energy from the Gulf to world markets at reasonable prices.
- *The importance of resolving the Palestinian issue* and making efforts leading to the resumption of a substantive peace process. While the EU and the GCC have reiterated the importance of a resolution of this conflict at every political meeting, the GCC remains very sceptical about the EU's willingness to push for such a resolution given the potential costs involved, including the unwillingness of the EU to take a position that differs substantially from that of the United States. Nevertheless, the positions of the EU and the GCC on this issue are closer than that of the GCC and the US (Ortega 2000: 41–53).
- *Aspects of political transition in the Middle East as a result of the Arab Spring*. In Libya in 2011, it was EU states such as France and the UK and the GCC states of Qatar and the United Arab Emirates (UAE) that stood in the forefront of the overthrow of the Qadhafi regime. On Syria, coordinated efforts have been undertaken to promote regime change as well as to contain the regional repercussions of that conflict. The UAE and Germany, for example, have agreed to host and fund a working group on economic recovery and development for Syria (*Khaleej Times* 2012). The bottom line is that neither side wants the instability and political turmoil that has characterized much of the Middle East since the outset of 2011 to continue, and both sides are determined to prevent a complete deterioration that would lead to further regional chaos.

In fact, the communiqués from all the joint ministerial meetings held so far have displayed wide agreement on relevant regional and international issues of concern for both sides.<sup>15</sup>

The problem with the drivers outlined above is that they are functional and not structural in nature. They are therefore limited to periodic cooperation and to promoting a relationship based on mutual priorities at any given time, but do not necessarily create a foundation that would serve as a base for the long term. Instead, from a structural point of view, there are a number of differences and incompatibilities in the relationship. They include the fact that the EU and the GCC are institutionally two quite different organizations trying to

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<sup>15</sup> Such agreement would seem to provide the framework for close coordination and an effective strategic partnership. At the same time, it is interesting to note that while the EU has ten strategic partnerships in place, none of those partnerships is with a Middle Eastern country (Grevi and Khandekar 2011).



build such an institutional set of ties; that the bilateral approach to relations of individual member states on both sides tends to dominate the multilateral approach; and that there are often different expectations put forward vis-à-vis the other side regarding policy priorities. Each of these factors plays a role in determining the effectiveness and forward movement of building a set of relations between the EU and the GCC. It is these differences that further prevent a structural as well as truly functional partnership from emerging.

The first limitation exists at the formal institutional level. Between the EU Commission and the GCC Secretariat, as well as between the governing institutions in individual EU and GCC member countries, there is a fundamental difference in terms of how decision-making and policy formulation work. The EU's bottom-up approach to policy formulation simply does not match with the Gulf's top-down approach. While in the EU a certain degree of independence does exist at the institutional level, for example in the clearly defined areas of responsibility held by the different organs of the EU such as trade policy, this is not so in the GCC. Here, decision-making competencies continue to be retained by the member states. What this means for the EU and the GCC is that the two sides talk to one another from different levels and across different domains.<sup>16</sup> The EU has never fully understood the personalized and top-down way in which decisions are made and translated into policy in the GCC states, whereas the GCC has a difficult time dealing with the institutional and multi-layered processes of the EU. In terms of relations, this means that the EU talks to the GCC as if it works like the EU, and the GCC sees the EU as if it functions like the GCC.<sup>17</sup>

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<sup>16</sup> This incongruity is apparent with regard to the FTA negotiations. The European Commission through its Directorate for Trade can negotiate and take decisions on behalf of its member states, while the same kind of competency does not exist in the GCC. Rather, the GCC Secretariat gets instructions from the member states, and when concessions are asked for by the EU that fall outside those instructions, the GCC has to return to the states' respective capital cities for further guidance. This complicates and delays the process as a whole. For the EU, there is the further difficulty of trying to consolidate the position of twenty-eight member states into one coherent policy and, even once a policy is agreed on, to maintain that unity in the light of shifting dynamics and priorities. While the Lisbon treaty of 2009 was supposed to give the EU more centrality when it comes to its foreign and security policy, the development of the External Action Service is very much a work in progress.

<sup>17</sup> For the EU, it is often easier to identify what the GCC is not rather than what it is. The same can be argued for the GCC states, where, more than three decades since the establishment of the GCC, there is still a debate about the extent to which it can be called a success or a disappointment. As Neil Partrick has pointed out, the GCC has not changed substantially since its establishment in 1981, and as such it 'remains a cooperative alliance of states whose agreements have not fundamentally compromised their sovereignty, nor were ever intended to' (Partrick 2011: 3). Whether the GCC has passed the test of 'to be or not to be' is thus still, at least to some degree, an open question (Abdulla 1999: 152). Even Saudi foreign minister Prince Saud al-Faisal has acknowledged that 'Cooperation and coordination between the countries of the Gulf Cooperation Council in its current format may not be enough to confront the existing and coming challenges, which require developing Gulf action into an acceptable federal format' (al-Faisal 2012).

A second limitation is the fundamental difference and tension between the prevailing bilateralism of relations and the multilateral approach. For the EU, there has been no Europeanization of the EU's Gulf policy, as EU member states often continue to protect their national interests first. In terms of the pursuit of commercial contracts, for example, the Gulf region is the site of serious competition among European companies and states. In the GCC, the problem is not so much that bilateralism predominates but rather that the GCC as an organization does not function in the same multilateral manner as the EU does. From the outset, bilateralism has remained the dominant orientation as far as the GCC states are concerned. The bilateral vs. multilateral dichotomy is one that is unlikely to be overcome at any time soon. There is currently no indication that EU member states will pursue their relations with the Gulf in greater collectivity, or that the GCC will evolve into an organization that can be equated with the EU in institutional terms, thus setting the basis on which the GCC can negotiate with the EU on a comparable level. Both sides preach multilateralism, but neither side effectively practises it.

A third limitation lies in the normative disconnect that exists between the EU and the GCC on issues such as political development, human rights and the protection of minorities. The EU finds itself in a difficult position on this front, given that much of European success is seen as being based on the foundation of normative principles of which human rights represent a core element. Thus, to build a constructive relationship with a partner organization where these normative principles are ignored or relegated to a lower rank of priority is seen by many within the EU as undermining the very nature of that relationship. With the European Parliament also taking on a more important role as far as EU external relations are concerned, the GCC has to expect a stronger emphasis on the issue of human rights and the protection of minorities, as was seen, for example, in the European Parliament resolutions on the situation in the UAE and in Bahrain (European Parliament 2011, 2012, 2013; Reuters 2012). The principal stance of the GCC that forbids any interference in its internal affairs is not seen in the EU as a barrier that cannot and should not be crossed.<sup>18</sup> But as voices for political reform have also intensified in the Arab Gulf states and as GCC regimes have intensified their crackdown on political opposition, the EU has struggled to balance between its principled approach and maintaining a 'business as usual' line as part of its overall relations with the

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<sup>18</sup> For example, in response to the European Parliament resolution on the UAE, the UAE's minister of state for foreign affairs, Anwar Gargash, stated: 'The biased and prejudiced report leveled unsubstantiated accusations without examining the facts of the situation on the ground' (Reuters 2012).

GCC states. On this issue, there are likely to be more differences of opinion, in particular if the domestic political climate in the GCC states heats up.

The EU's dilemma is further enhanced by the lack of congruence on how EU foreign policy is structured and how it is actually applied to the Gulf. As already mentioned, outside of the ENP and the UfM framework, EU policy towards the Middle East is highly fragmented and barely defined (Echagüe and Mikhail 2013: 63). In this light, the EU still has not managed to define a clear policy towards the GCC states and within its overall structure still treats the region as being uniform with the rest of the Middle East, despite the many obvious differences.<sup>19</sup>

There is also the issue of the tools that the EU is able to and can apply to deal with the strategic situation in the Gulf. Despite the hard security nature of the Gulf environment, the EU is simply not a strong security actor. Further, the EU has failed to put forward its own policy prerogatives separately from that of the United States. While for the GCC states, the EU is thus seen as being the US's side-kick, for Europe, the Gulf continues to be perceived as an almost exclusive American zone of influence where the EU has refrained from putting forth a distinctive policy or initiative. Here, Europe has failed to take advantage of the GCC's overall unhappiness with the US policies in the region and its uncertainty over where US policy is heading.

Within the above context, the model character of the EU in terms of regional integration is beginning to fade. Up until recently, the European integration experience was viewed largely positively by the Arab Gulf states. Given the history of antagonistic regional relationships and the existing mutual (mis)perceptions between the GCC and their neighbours Iran and Iraq, Europe was seen as potentially having something valuable to offer the Gulf given its own history of strife and national animosity. The fact that Europe grew into a continent of overlapping institutions where disputes and disagreements could be handled in a constructive and mostly mutually beneficial manner is a development that has found some resonance in the GCC states. For example, it was Prince Turki Bin Faisal Al-Saud who took the EU as a point of departure when he argued at a conference in 2011 for closer GCC integration:

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<sup>19</sup> The question to be raised in this context is whether it would not be better within the EU to divide responsibilities for parts of the Middle East among member states that can each better drive sub-regional relations forward. For example, countries such as Spain, France and Italy could coordinate to define the EU's Mediterranean policy and priorities while states like Germany and the UK could be put in charge of the EU's Gulf region approach.

If we regard the sovereignties of our countries as collective sovereignty, then ceding bits of individual sovereignty of each country to the other is an attractive proposition which reinforces our collective sovereignty. The links that bind our people, even before we became nations, unite us. The security of one people is that of all, the stability of one is that for all, the misfortune of one is that of all. (al-Saud 2011)

Prince Turki al-Faisal had suggested previously that the GCC should look at the model of the EU for its own future development (*National* 2011). Catherine Ashton has in the meantime stated: ‘The Gulf Cooperation Council is looking to establish stronger ties between its own member states and has clearly said that their integration model is the European Union and has asked our expertise and advice to achieve that goal’ (European External Action Service 2012). In this context, cooperation has occurred in terms of regular meetings between the European and GCC Central Banks on the issue of monetary union, technical discussions regarding bringing about the implementation of the common market in the GCC, or even trying to see whether a Gulf Neighbourhood Policy could be put together based on the European experiences in this regard.

With the GCC emerging as a regional actor in its own right, with the financial crisis increasingly plaguing the European debate, and with little progress to show for EU–GCC cooperation, it has become increasingly difficult to identify where Europe can bring actual value to the priority issue list as far as the GCC states are currently concerned. The inability to produce tangible results in bilateral ties has resulted in the GCC to some degree turning away from the EU, including looking at other models of regional integration. Closer ties have been developed with the Association of Southeast Asian Nations (ASEAN) and dialogues have also been held with Mercosur. It would appear that while the GCC has moved on to capture the momentum of change and globalization, Europe has continued to tread water.

From the above, it can be argued that the same issues that plagued the EU–GCC relationship in the first decade from the entry into force of its Cooperation Agreement still persist as the agreement approaches its twenty-fifth anniversary. Intra-EU divisions, institutional limitations on both sides, the asymmetrical interdependence at the heart of the matter, and a less than wholehearted consensus to seek ways in which the obstacles can be overcome continue to prevent a more structured relationship from developing (Baabood 2006: 28–32). The statement by Abdullah Baabood that ‘the level and depth of integration and the asymmetry of the regional organizations, the role and mismatch of institutions and their respective competence between both regions have affected the structure and progress of the dialogue’ still holds true (Baabood 2006: 203). Key to this is the fact that the problem of the

incompatibility and inadequacy of the institutional structures of both groups has not been solved.

As it stands, the role of the GCC states within the regional environment has got the attention of EU policymakers. But whereas in the past the GCC states have looked toward Europe for a variety of reasons and interests – from trade, technology and education even to foreign policy issues – the determination to build and maintain wide-ranging strategic ties with Europe is waning. The GCC’s economic future is turning towards Asia; technology acquisition is more spread out than ever (as can be seen by the close relationship developing between the UAE and South Korea in this field, for example); while on both education and foreign policy, the prerogative of the GCC states is to diversify options rather than consolidate existing ties. Whether the EU–GCC relationship can be reinvigorated and whether a clear functional agenda can be implemented therefore remain questionable.

## **6. MOVING FORWARD**

Given the limitations listed above, it must be clear that current obstacles cannot be overcome at this stage or in one step. It is unrealistic to think that Europe and the GCC states are ready and able at this stage to put in place a strategic relationship that truly deserves the name. The present gap between expectations and capability is proving impossible to close for the time being.

After more than twenty years of formal institutional experience, the fact is that relations have not developed according to expectations and, in fact, have remained far below their potential. When looking at the development of EU–GCC ties, both going back several decades and in relation to more recent events, it is quickly apparent that relations are quite unstrategic in nature and that the two sides remain, in essence, distant neighbours. There are pockets where ties have seen an improvement, but the overall nature of relations has not changed.

The fundamental question is to what degree the GCC states remain genuinely interested in developing a more comprehensive relationship with the EU, especially at the strategic and political level. On the surface, it would appear that GCC–EU relations can still regain their original spirit of intent if the agenda on cooperative relations is streamlined based on functional matters that must be subject to constant review. Whether this can be turned into practice is, however, under a large question mark. To overcome some of the present obstacles, it would make sense to focus on the following issues:

- *Overcoming the bilateral vs. multilateral dichotomy*, by encouraging certain elements of bilateralism (EU–Saudi, EU–Qatar, Germany–UAE, France–Qatar, Germany–GCC, etc.) to promote common short-term interests and maximize influence more effectively, while at the same time allowing ongoing multilateral contacts and efforts to focus on more long-term issues.

Bilateral partnerships could more easily generate initiatives, attract others to those initiatives and boost other ongoing parallel efforts. There is an overall need for a flexible and multi-purpose instrument.<sup>20</sup> Naturally, this would have to be complemented by better coordination within the respective region/organization in order for such an approach to be truly effective. The EU Parliament Report on relations with the Gulf region has called on Catherine Ashton to examine the prospects that ‘bilateral cooperation’ could facilitate multilateral initiatives (European Parliament 2010). The example of Libya in 2011, where France and the UK took the lead alongside Qatar and the UAE, is one that should be emulated. The example of the UNESCO vote on Palestinian membership in the same year, where France voted yes, Germany no and the UK abstained, is certainly one not to be repeated.

- *Coordination of aid programmes* to support economic development, in particular as far as the Mediterranean region and Yemen are concerned.

The Deauville Partnership agreed to at the 2011 G8 Summit, which has led to an initial fund of US\$250 million with GCC participation, is a step that can help stabilize the rest of the Middle East, something that is of interest to both sides.<sup>21</sup> Given the fact that soft power tools have gained relevance in influencing political developments as well as co-existing security vulnerabilities, the role of Europe for the Gulf might be more pertinent than ever. At the same time, the role for Europe is more complex given the emphasis being placed on the role of civil society and on human rights. As outlined above, this represents a potential problem area, as the GCC states are defensive in nature as far as their political development is

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<sup>20</sup> A report by FRIDE highlighted the fact that ‘Strategic bilateral partnerships offer a critical infrastructure to address tensions, pursue mutual interests and pave the way for collective action. They constitute the “smart-grid” for global politics’ (Grevi and Khanekar 2011).

<sup>21</sup> The Deauville Partnership with Arab Countries in Transition includes the G8 members, the EU, the Organization for Economic Cooperation and Development, multilateral development banks, and regional partners such as Turkey, Saudi Arabia, Kuwait, Qatar and the UAE. The Partnership has four key priority areas: stabilization, job creation, governance and integration.

concerned and they certainly do not accept interference from the EU on such matters. Yet much of the response from the EU regarding developments in the Middle East has been positive in the sense that there is an acceptance of the developments in the region and a stepping away from trying to make EU engagement conditional. The policy document *A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean* (European Commission 2011) argued for a differentiated approach given the specificities of each country and finally got away from the one-size-fits-all approach of the past. It also focused on institution-building, partnership with people, and specific emphasis on civil society development. Such an approach is a step in the right direction.

However, the EU's approach is still too limited. The policy outlines remain largely on paper and, apart from developmental assistance, specific concrete projects have not sufficiently materialized. For example, the UfM continues to focus on bringing about inter-governmental structures, and this does not include the GCC. In this context, there is a need for the EU to work with an institution like the GCC to engage in a substantive dialogue on how to ensure that the countries of the Middle East and North Africa can overcome their present problems and return to a path of economic and social progress. Further, the EU should pick up the dialogue with GCC states with regard to their funding of political forces, in particular specific groups of Islamist forces in the rest of the Middle East, with a view to highlighting what impact such funding will have on the future political development of those countries.

Outside of the Mediterranean, the EU and the GCC must maintain their positive relationship when it comes to the situation in Yemen. A first step has been taken by securing the end of the presidency of Ali Abdullah Saleh in 2012. Since then, however, the situation has not improved, and the danger remains that security and stability will once again deteriorate rather quickly. All the elements that could drive Yemen into a failed state scenario still exist, something that neither the EU nor the GCC wants to happen. Given that the process put together previously was positively viewed by both sides, Yemen is an area where further cooperation is needed and urgently required (Burke 2012).

- *Spending resources on both sides to boost their cooperation* in order for it to be successful. This includes devoting more human resources, strengthening political

dialogue, nominating dedicated staff to implement the JAP, and undertaking regular meetings of heads of state and governmental summits – all issues that the European Parliament report on relations with the Gulf countries highlighted in March 2011.

The EU must understand that relations with the GCC cannot be promoted unless trust and confidence are established at the personal level. The opening of a new EU mission in the UAE is an important step, but overall too few EU officials visit the Gulf on a regular basis. The GCC, in the meantime, needs to be aware that it needs to commit, not just financially, to establish better ties with the EU. It is time for both sides to put their money where their interests are; otherwise the JAP will remain shallow and primarily one-way.

- *Maintaining and even expanding recent momentum* in areas such as renewable energy (for example, through the EU–GCC Clean Energy Network), education and research (through decentralized cooperative measures on public diplomacy, or joint higher education initiatives), or investment strategies (such as cooperation between GCC and EU chambers of commerce).

In all of these areas, the degree of contact should be expanded to include more people-to-people exchanges, extended training opportunities, and a higher number of meetings and discussion forums. This also should include the area of civil society development. While there is a degree of scepticism in the GCC states about the kind of role civil society can play in their political development, the EU understands that sustainable development can only be guaranteed through the engagement of civil society and respect for human rights and political reforms. In the 2004 GCC–EU ministerial communiqué, the establishment of a Civil Society Forum was mentioned, but nothing ever happened in this regard. In addition, no Gulf state is eligible within the European Instrument for Democracy and Human Rights. This needs to be changed.

The environment has changed since the beginning of relations, and priority areas have shifted since the 1988 EU–GCC Cooperation Agreement was first conceived. In order to move forward, the EU and the GCC must better understand the limitations which impact their relationship and must focus on concrete areas of cooperation that can give their mutual ties a functional prerogative. To pretend that relations can develop into the institutional equivalent of a strategic partnership is at present short-sighted and in fact will only set the stage for



further disappointment. This needs to be avoided particularly in the light of the fact that the EU and the GCC have many common interests, including a commitment to the stability and security of the critical Gulf region. Therefore, a determined effort to divide those interests into functional parts would be a more appropriate approach than what has been attempted up to this point.

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