

## EU-GCC Relations

### The Path towards a New Relationship

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#### Background and Context

Europe has had diplomatic, economic, and strategic relations with the Gulf Cooperation Council (GCC) since the latter was established in 1981. This relationship predates the formation of the European Union (EU) and was originally conducted under the auspices of the European Community (EC). The inaugural EC-GCC joint ministerial meeting was held in 1985 and was followed by negotiations that led to the signing of the Cooperation Agreement (CA), which came into force in February 1989. The goals of the agreement were to foster closer ties between the two blocks and to eventually negotiate a Free Trade Agreement (FTA).

Thirty years later, a host of domestic, regional, intra-European, and international factors have relegated the GCC to the periphery of EU foreign policy despite the centrality of the Gulf on the regional geopolitical chessboard. From the GCC's side, its relationship with the EU has never been a priority due to a lack of internal cohesion, prioritisation of relationships with the United States, bureaucratic inefficiencies, and inadequate economic diversification. As for the EU, the rhetoric for closer cooperation with the GCC has not been matched by concrete steps due to intra-EU disagreements and the predominance of bilateral relations.

Now, more than ever, there is a need to reinvigorate EU-GCC relations. The US-led liberal international order is going through a fundamental change with implications for the EU, the Middle East, and other international actors. The Trump presidency, China's increased assertiveness, and its engagement in the Middle East through its 'One Belt One Road' initiative, the ongoing conflicts in Syria and Yemen, and the breakdown of the Iran Nuclear Deal (Joint Comprehensive Plan of Action, JCPOA) provide increased impetus for the EU to further develop its ties with this strategic region. In an increasingly challenging international and regional environment, there is a need for the EU to deepen its engagement with the GCC countries in order to facilitate the emergence of a regional mechanism to ease tensions and foster sustainable development in the Gulf region and the broader Middle East.

In addition, domestic development initiatives in the GCC countries, including Saudi Arabia's 2030 Vision, will provide the EU with increased trade opportunities and the ability to widen the scope of its economic engagement with the region. In light of population growth and the developmental needs of the GCC countries, there are opportunities to increase bilateral trade in goods and services with each country in the GCC taking their different priorities and needs into account.

Finally, there are opportunities to further develop cultural ties between the EU and the GCC. Populations on both sides still have a limited understanding and awareness of each other's history, customs, and daily lives. Perceptions are often rooted in misconceptions and, in the European case, are dominated by stereotypes of the Middle East as a source of irregular migration and religious extremism. On the GCC side, Europe is often viewed as part of the "West," and little thought is given to the differences between Europe and the United States or among European countries.

Overall, how can the EU deepen its engagement with the GCC countries? What sectors hold the greatest potential for engagement at the multilateral level? What are the prospects and challenges for increased cooperation against the backdrop of increasingly volatile regional and international orders? How can the EU

balance its relationships with Iran and Saudi Arabia? In light of the existing divisions within the GCC, how can the EU balance its bilateral relationships with the different GCC countries? How can the EU deepen its cultural and societal engagement with the governments and peoples of the GCC?

Following up on the workshop on “The European Union and the GCC The Path to a New Relationship” organized by the Regional Programme Gulf States at Konrad-Adenauer-Stiftung, held in Brussels on 14 October 2019, this brief aims to tackle these issues and also to offer some concrete policy proposals to revamp EU-GCC relations. It does so by taking into account the historical development of EU-GCC relations through time and the transformations that have taken place in both blocks since the late 1980s. The first part takes stock of past relations and dwells on the things that did not work and why. It argues that one of the main problems of the multilateral framework of EU-GCC relations is the fact that it has remained stuck while geopolitical realities in the Middle East and beyond have evolved dramatically. The second part unpacks these new geopolitical realities and their interplay with domestic transformations and lays the groundwork to propose some concrete steps to improve EU-GCC cooperation. Finally, part three focuses on the path forward and the areas with the highest potential for cooperation.

## The Unfulfilled Potential of EU-GCC Relations: A Brief Historical Appraisal

The GCC is a regional grouping bringing together Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE. Today, the six GCC countries are only loosely integrated, despite attempts to create a regional bloc. Security motives have been the driving force behind the bloc’s creation. In the aftermath of the first Gulf War between Iran and Iraq (1980–1988), the countries of the Arabian Peninsula decided to initiate a move towards regional integration with a view to dealing with potential security threats. After the GCC’s creation on 25 May 1981, plans were laid out to enhance regional integration in a way similar to that of the EU, with the stated goals of creating a customs union and adopting a single currency by 2010.<sup>1</sup>

Despite these ambitious plans, progress has been slow and uneven for a number of reasons, including bureaucratic and administrative inefficiencies. Furthermore, as hydrocarbon producers, the GCC countries have traditionally had a similar economic structure, which has restricted trade promotion and integration among them. In addition to structural economic factors rendering regional integration difficult, geopolitical factors also help explain why the GCC countries have failed to behave as a united bloc. These include old rivalries and a degree of competition among the ruling families or the smaller states’ fear that any form of Gulf integration would mean sacrificing their sovereignty to Saudi Arabia’s pre-eminence.

This situation of poor regional integration has created the conditions for intense external bilateral relations based on historical and colonial ties, on the one hand, and on security cooperation, on the other. Some EU Member States, in particular the United Kingdom, have been the main recipients of relations of the first kind, while the GCC countries have traditionally preferred the United States as their strategic partner on the military-security front. This dates back to the growing US footprint in the region in the aftermath of the two Gulf Wars in 1991 and in 2003, which have created the conditions for increased dependence of the GCC countries on the United States’ security umbrella. As for the EU, the most important initiative structuring its relations with the GCC at the multilateral level was the Cooperation Agreement with the European Economic Community (EEC) concluded in 1988 and entered into force in 1989. The agreement was a fairly general document providing the institutional framework to “promote overall co-operation between equal partners on mutually

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<sup>1</sup> Matteo Legrenzi, *The GCC and the International Relations of the Gulf: Diplomacy, Security and Economic Coordination in a Changing Middle East* (London-New York: I.B. Tauris, 2011).

advantageous terms in all spheres between the two regions and further their economic development, taking into consideration the differences in levels in development of the parties.”<sup>2</sup>

The main goals were to improve economic relations between the two regions, intensify trade and investment exchanges, strengthen inter-regional interdependence, and initiate loose political dialogue. It was also intended to encourage GCC regional integration, contribute to strengthening stability in a region of strategic importance to the EU, secure EU energy supplies, and foster the process of economic development and diversification of the GCC economies. Thus, when it was concluded, the Cooperation Agreement had both an economic and a political dimension despite the fact that it is fair to say that since its inception the relationship between the EU and the GCC was dominated by trade and investment dynamics. This focus, and in particular the strong emphasis on the need to attain a Free Trade Agreement (FTA), has interfered with political and governance issues, while neither track of cooperation has actually achieved the desired results. In a nutshell, expectations were too high on both sides.

Another obstacle to EU-GCC relations has traditionally had to do with the fact that multilateral relations have suffered from the resilience of bilateral relations between the individual EU Member States and the GCC countries taken separately. Institutional deficiencies and competition inside the GCC are partially responsible for this situation. However, the blame has to be shared with the EU as well. EU Member States have often developed an independent foreign policy, thus retaining as much freedom of manoeuvre as possible in terms of their bilateral relations with the GCC countries. This is the case, for example, for the UK, France, and Germany, each of which has tried to cultivate a privileged relationship with individual GCC countries.<sup>3</sup> The mismatch between the EU Member States’ bilateral foreign policies towards the Gulf and the multilateral EU-GCC cooperation framework has often left the EU institutions in the uneasy position to advocate for the application of conditionality in multilateral relations, while the EU Member States have continued to pursue their interests even going against the EU’s policies.

These difficulties notwithstanding, an attempt to revive and unlock the potential of EU-GCC relations came after more than 20 years since the launch of the Cooperation Agreement and many rounds of meetings. In 2010, the EU and the GCC agreed on a Joint Action Programme for 2010–2013 that was supposed to be followed in 2014 by a new document on which, however, an agreement was not reached during the EU-GCC Joint Council and Ministerial Meeting held in Manama, Bahrain, on 30 June 2013. The 2010 Programme was once again a detailed but scarcely operational list of areas of cooperation ranging from trade and energy to culture, higher education, and scientific research.

## Domestic Transformations and New Geopolitical Realities

Important domestic, as well as geopolitical changes, have been ongoing in the broader Middle Eastern region since the late 1980s while the EU-GCC cooperation framework at the institutional level has remained stuck and has not delivered much progress. While the EU has cultivated fairly structured and comprehensive relations with the western part of the Arab world (i.e., the Mediterranean) since the 1990s and throughout the years, it has not been equally forthcoming when it comes to the countries of the Arabian Peninsula. We can even speak of an imaginary line between, on the one hand, the southern and eastern Mediterranean, that is the EU’s strategic neighborhood, and, on the other hand, the GCC countries. Most recently, this line has started to be blurred under the weight of changing geopolitical realities. Domestic political and social unrest, heightened regional competition and tensions, and even – at times – the risk of conflict spilling over the confines

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<sup>2</sup> Council of the European Union (1989), *Cooperation Agreement between the European Economic Community, of the one part, and the countries parties of the Charter of the Cooperation Council for the Arab States of the Gulf (the State of the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar and the State of Kuwait) of the other part*. OJ L54/3, 25 February, <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX%3A21989A0225%2801%29%3AEN%3AHTML>

<sup>3</sup> Abdulla Baabood and Geoffrey Edwards, “Reinforcing Ambivalence: The Interaction of Gulf States and the European Union,” *European Foreign Affairs Review*, Vol. 12, No. 4 (2007), pp. 537–554.

of the GCC or the Gulf region as a whole have created new conditions to be reckoned with when thinking of how to revamp EU-GCC relations in the context of a Middle East in turmoil.

Approaching the end of the first decade of the 2000s, both the global financial and economic crisis, as well as the Arab uprisings provided new constraints and opportunities to the relationship between the EU and the GCC. With regard to the financial and economic crisis, it was not a coincidence that the negotiations for the FTA were unilaterally suspended by the GCC at the end of 2008. This was the moment in which the financial crisis started to grip the EU Member States with the ultimate result of altering the balance of power in favour of the GCC, acquiring – at least until the most recent drop in hydrocarbon prices and the emergence of growing preoccupations and awareness about the need to develop new economic governance visions – a stronger position to negotiate better terms in its relations to the EU.

The Arab uprisings, the second major transformation that has affected the region starting from 2011, also had a major impact on the list of priorities of the EU and the GCC and on their mutual cooperation. The increasingly assertive role of the GCC countries, and in particular of Saudi Arabia and Qatar, in relation to the events that have taken place in the Arab world increased the premium associated with a more structured and strategic EU's engagement with this region.<sup>4</sup> Between 2011 and 2013, much of the GCC countries' relevance in the EU's eyes derived from the former's active involvement in the latter's neighborhood, that is, in the southern and eastern Mediterranean. Nevertheless, this more sustained multilateral EU-GCC engagement has not materialized and political dialogue on key foreign policy issues has largely remained declaratory and inconsequential, partly also due to the strikingly different views held by the EU and by the GCC countries on the Arab uprisings and transitions.

Most recently, new developments have stood in the way towards greater EU-GCC cooperation. These are broadly connected to domestic transformations both at the EU level and in the GCC countries. On the one hand, a sort of geopolitical fatigue vis-à-vis the Middle East has appeared among European policy makers and public opinions in the wake of the growing intractability of regional conflicts, such as in Syria and Yemen, and the emergence of nationalist-populist forces in some of the Member States voicing anti-EU and anti-Muslim stances. On the other, the GCC countries have been increasingly invested by the spill-overs of the Arab uprisings in their own peculiar way and have developed patterns of growing competition among themselves on the regional chessboard (see further below). Both opportunities and risks have emerged from the prevailing demographic trends in the GCC countries with swathes of young people entering the job market every year and often finding inadequate jobs or not possessing the relevant skills to compete with the expats for key posts. This demographic and educational challenge also bears larger economic and socio-political implications given the need to re-negotiate the social contract on new basis following the introduction of previously non-existing taxes, on the one hand, or the partial relaxation of some cultural and social norms, on the other, particularly in favour of the youth and of women.

The coming together of these transformations has created after 2015 the conditions for a further dilution of EU-GCC multilateral cooperation and its replacement with purely bilateral and instrumental relations. Awakening to the manifestation of jihadi terrorism on its own soil and to the direct impact of human displacement in and from the Middle East, the EU has retrenched in itself and relegated its foreign and security policy to migration cooperation with and humanitarian assistance to the countries of the Middle East. Multilateral cooperation with the GCC countries has been further relegated to a second-tier priority as many competencies and policies have been re-nationalised in the context of the severe crisis of the EU integration process.

Mirroring this at the GCC level, the already fragile regional integration among the six countries has been severely endangered by the growing competition and conflict within the GCC itself, and in particular the pitting

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<sup>4</sup> Silvia Colombo and Eman Ragab, "Foreign Relations of the GCC Countries amid Shifting Global and Regional Dynamics," *Special Issue The International Spectator*, Vol. 52, No. 2 (2017).

of Saudi Arabia, the United Arab Emirates (UAE), and Bahrain against Qatar. This crisis started to simmer below the surface of GCC unity and cooperation in 2011 following the regime changes in countries such as Tunisia, Egypt, and Libya and new predominantly Islamist majorities taking power in the first two countries. It then skyrocketed in the spring of 2014 and peaked in June 2017. Spurred by seemingly unbridgeable divisions over support to the Muslim Brotherhood in the Middle East and North Africa, relations to Iran and quite different foreign policy styles, the Saudi Arabia/UAE-Qatar rift not only threatens the GCC itself but also contributes to the fragmentation at the broader regional level.<sup>5</sup>

Past attempts to further integrate the GCC through the “Gulf Union” initiative as a way to protect the regimes’ stability are out of discussion nowadays due to the tense regional atmosphere. While safeguarding the status quo of the ruling elites remains a key goal for all the members of the GCC, today more constraints than incentives exist for cooperation in the framework of what will likely remain a flexible and non-centralized regional organization at best. This development was accompanied by a qualitative change in most GCC countries’ regional and external policies that can be described as growing activism, partially in response to domestic drivers (regime survival, the need to ensure the public opinion’s support in light of the aforementioned domestic changes).<sup>6</sup> This is also linked to the second development, albeit broader in scope. It concerns the important regional and international ramifications of the Joint Comprehensive Plan of Action (JCPOA) – also known as the Iran nuclear deal – reached in Vienna in July 2015 between Iran, the P5+1 (China, France, Russia, the UK, US plus Germany), and the EU. It was wishful thinking for the EU that Iran could be perceived as a less threatening actor by the other Gulf countries following the signing of the JCPOA, thus laying the groundwork for an endogenous process leading to the setting up of a regional security architecture that would include both the GCC countries and Iran.

## The Path Forward

Despite showing much promise, as the previous sections outlined, the EU-GCC relationship has not lived up to its potential. However, there is indeed a very concrete need for the two parties to share responsibilities for the stability and development of the broader Gulf region. While the EU would continue to pursue a “balanced engagement” in the region – with individual European Member States hedging between the parties to protect their own interests and businesses – with the ultimate goal of defusing tensions, it would be up to the regional players themselves to implement confidence-building measures to put the GCC’s affairs back in order. As a leading European expert on the Gulf argued, there is a need to be more realistic and less ambitious.<sup>7</sup> To that end, both the EU and the GCC need to focus on immediate issues of common concern, such as youth education and training, energy, the environment, terrorism, and piracy. In addition, the EU needs to make more of an effort as an institution to engage with the GCC in a more holistic fashion.

## Increased Cooperation on Education and Training

The GCC countries are facing demographic pressures with a large increase in their youth populations. How that youth population is harnessed over the next decade will determine if this will become a demographic dividend or curse. As they attempt to grow their economies beyond reliance on hydrocarbons, GCC governments will need to move towards a diversified, high-skilled, and knowledge-based economy that pays high, productivity-based wages in the private sector.<sup>8</sup>

<sup>5</sup> Kristian Coates Ulrichsen, “Implications of the Qatar Crisis for Regional Security in the Gulf,” *Sharq Forum*, 29 June 2017, <http://www.sharqforum.org/2017/06/29/implications-of-the-qatar-crisis-for-regional-security-in-the-gulf/>

<sup>6</sup> Silvia Colombo and Eman Ragab, “Foreign Relations of the GCC Countries amid Shifting Global and Regional Dynamics,” *op. cit.*

<sup>7</sup> European GCC Expert, KAS EU-GCC Workshop, Brussels 14 October.

<sup>8</sup> See for example Mona AlMunajjed and Karim Sabbagh, *Youth in GCC Countries: Meeting the Challenge*, Booze & Co, 2017, [http://www.youthpolicy.org/library/wp-content/uploads/library/2011\\_Youth\\_GCC\\_Countries\\_Meeting\\_Challenge\\_Eng.pdf](http://www.youthpolicy.org/library/wp-content/uploads/library/2011_Youth_GCC_Countries_Meeting_Challenge_Eng.pdf)

A key component of achieving that objective will be the education and training of GCC youth, in which the EU can play a larger part than what happens to date. This can be done by expanding the Erasmus+ programme to include more GCC students and to deepen collaboration between higher educational institutions. In addition to cooperation in higher education, European countries can provide valuable know-how in Technical and Vocational Training (TVET), an area that will become increasingly important as Gulf nationals take up more jobs in the private sector that were previously held by expatriates.<sup>9</sup>

### Deepen Cooperation on Sustainable Energy and Climate Change

A key component of the EU's economic engagement with the GCC has been hydrocarbons, which has come at the expense of cooperation on renewable energy. Due to its arid climate, the Gulf region faces a multitude of environmental challenges including desertification, water scarcity, and biodiversity loss. These challenges are being compounded by the global challenge of climate change. If climate change is not addressed, between 2071 and 2100 a majority of the territory bordering the Gulf, Red Sea, and Arabian Sea will experience year-round temperatures between 31 and 35 degrees, making life outdoors increasingly unlivable with potentially dire socio-economic, political, and security consequences.<sup>10</sup>

While the Joint Action Programme of 2010–2013 specifically included climate change among the main topics for cooperation between the EU and the GCC, cooperation levels have not been adequate.<sup>11</sup> Europe can play a larger role in supporting the GCC's efforts to combat climate change. Initiatives such as the EU-GCC Clean Energy Technology network should be expanded.<sup>12</sup> Cooperation between research institutions focused on climate change should be enhanced, with a focus on issues of water management, disaster management, desertification, and the preservation of biodiversity.<sup>13</sup>

### Better Balance of Multilateral with Bilateral Interests

A key trend in EU-GCC relations has been the prioritization of bilateral relations over multilateral ones.<sup>14</sup> This is hardly unique to the Gulf and is a weakness of EU foreign policy towards the MENA region in general.<sup>15</sup> In recent years, the EU has increased its direct diplomatic engagement with GCC states through the establishment of a third European delegation in Kuwait, after Riyadh and Abu Dhabi.<sup>16</sup> This is welcome news, however more can be done from the European side to encourage multilateral engagement. A good start would be to include stronger European representation with European Heads of State visits to the region, as well as joint delegations (for example French/German).<sup>17</sup>

### Develop a Regional Security Architecture

Over the past six months, attacks of shipping in the Strait of Hormuz and on Saudi oil installations have put the region on edge of increased and fully-fledged conflict. While there have been efforts at de-escalation, the

<sup>9</sup> Gulf Times, *New GCC Strategy on Vocational Training Soon*, 26 November 2018.

<sup>10</sup> Jonathan Gornall, "With Climate Change, Life in the Gulf Could Become Impossible", *Euractiv*, 21 December 2018, <https://www.euractiv.com/section/climate-environment/opinion/with-climate-change-life-in-the-gulf-could-become-impossible/>

<sup>11</sup> Emanuela Menichetti, *Will the UN Climate Conference in Doha Boost EU-GCC Cooperation on Climate Change?*, Sharaka Commentary, July 2012, [https://www.iai.it/sites/default/files/Sharaka\\_C\\_02.pdf](https://www.iai.it/sites/default/files/Sharaka_C_02.pdf)

<sup>12</sup> EU – GCC Clean Energy Technology Network, <https://www.eugcc-cleanenergy.net/>

<sup>13</sup> Emanuela Menichetti, *Will the UN Climate Conference in Doha Boost EU-GCC Cooperation on Climate Change?*, *op.cit.*

<sup>14</sup> Abdulla Baabood and Geoffrey Edwards, "Reinforcing Ambivalence: The Interaction of Gulf States and the European Union," *op. cit.*

<sup>15</sup> Francois Ducrotte, "EU Foreign Policy: It is more efficient to work with its weaknesses than to desperately look for an ideal — Case of Syria", *European Public Affairs*, 29 January 2016. <http://www.europeanpublicaffairs.eu/eu-foreign-policy-it-is-more-efficient-to-work-with-its-weaknesses-than-to-desperately-look-for-an-ideal-case-of-syria/>

<sup>16</sup> [https://eeas.europa.eu/headquarters/headquarters-homepage/65425/european-union-opens-new-delegation-kuwait-city\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/65425/european-union-opens-new-delegation-kuwait-city_en)

<sup>17</sup> European GCC Expert, KAS EU-GCC Workshop, Brussels 14 October.



threat of conflict remains real. Over the past decades, Europe has been a free rider in Gulf security, but as the region's security challenges continue to compound there is a need for a bigger European role in that domain. Europe has maintained good relations with both Saudi Arabia and Iran, and would be well-positioned to concretely support the creation of a regional security architecture. To achieve that, Europe will need to develop a comprehensive policy towards the Gulf that "reflects the interdependencies of developments in the region, instead of pursuing discussions as if they were separate from one another."<sup>18</sup>

### Increase Mutual Understanding and Knowledge Between Europe and the Gulf

Despite efforts over the years, there continues to be a lack of understanding and knowledge between both regions, both at an institutional level and at a people-to-people level. To that end, there is a need to establish a European Studies Centre in one of the GCC countries, as well as increase support for various Gulf Studies programmes in Europe. Student exchanges both at an undergraduate and post-graduate level should be encouraged. Deeper engagement between academics, and research and policy institutions should be further developed.

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<sup>18</sup> Christian Koch, "Europe Needs a Comprehensive Policy Approach in the Gulf", *New Europe*, 7 October 2019, <https://www.neweurope.eu/article/europe-needs-a-comprehensive-policy-approach-in-the-gulf/>

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