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## **DIIS Brief**

# **An unlikely match or a marriage in the making? EU-GCC relations in a changing security environment**

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The EU hopes to play a more active role in the Gulf region. Despite the region's obvious strategic importance the EU has until recently focussed on the so-called Mediterranean countries in North Africa and the Levant. The Gulf in turn has been heavily dominated by the US politically and militarily, and the EU has at best played a secondary role to America on issues of trade and liberalization.

New security conditions and priorities have, however, emerged for both the EU and the Gulf states. In the wake of the terror attacks of 9-11, the invasion of Iraq, and the US's forward strategy of democracy promotion, the EU and the GCC monarchies have become more interested in developing stronger ties.<sup>1</sup> The stark divisions between the US and several European states over policies in the Middle East – and in particular over policies in the Gulf - and increasing domestic opposition to the Gulf regimes' obvious dependence on American military power have all contributed to drawing the EU and the GCC states closer to one another.

In 2003, the EU High Representative Solana and the Commission recommended that EU-GCC relations were tied better to the EU's partnership programme with the Mediterranean states (EMP), and in 2004 the Council adopted the so-called *Strategic Partnership Initiative with the Mediterranean and the Middle East* (SPI). This initiative calls, among other things, for democratic reforms in the Middle East and for strengthening relations with the "countries east of Jordan"; meaning Yemen and the GCC states of Bahrain, Kuwait, Oman, Saudi Arabia, Qatar, and UAE. Thereby the EU took some first cautious steps toward bringing all of its various relationships with Middle Eastern states under one umbrella. In late 2004 the first EU delegation to the GCC was also opened in Riyadh and outside of the framework of the Strategic Partnership, the EU3 (France, Germany, and the United Kingdom) played a leading role with respect to negotiations over Iran's enrichment programme.

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<sup>1</sup> GCC (The Gulf Cooperation Council) was established in 1981 as a regional organisation covering both economic, political and security matters. Its members are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates

It is however no secret that it will be far from easy for the EU to take on a more active role in the region and to deepen its ties with the GCC kingdoms. The Gulf monarchies are blessed with oil and natural gas resources, and equally cursed with domestic instability, war and foreign intervention. In this strategically important corner of the Middle East, bilateralism and hard security issues still dominate the agenda, and here the EU obviously has only limited capacities. Questions therefore remain as to what the EU specifically has to offer the GCC states, how the Union intends to implement the goals of the Strategic Partnership Initiative, and to what extent the Gulf monarchies are genuinely interested in a more comprehensive partnership with the EU.

This policy brief discusses what kind of role the EU can play in relation to the GCC states; addressing both possibilities and barriers for enhanced cooperation. It argues that EU-GCC relations at present have reached a deadlock, but that there are still obvious strategic reasons and possibilities for cooperation, and that these reasons only will become more important in the coming years. The brief is divided into four main sections. First it briefly describes the EU's past relations with the GCC countries in the period from 1989 to 2003. Secondly it focuses on the new security environment arising in the aftermath of the terror attacks of 9-11 and shows how the changing security contours created new opportunities and interest in the EU and the GCC countries for strengthening cooperation. In the third section the analysis turns to the present obstacles and difficulties of cooperation, and the last concluding part will in light of these possibilities and barriers, recommend three policy areas, where the EU may concentrate future efforts.

### **EU-GCC relations so far:**

Since the early 1990s the EU has held separate relations with three clusters of Middle Eastern states; so-called Euro-Mediterranean relations with Israel, Turkey and eight Arab states within the framework of the Barcelona Process (EMP), EU- GCC relations with the six kingdoms of the Gulf, and bilateral relations with Yemen. The Union has no contractual relations with Iran and Iraq. It has pursued a strategy of so-called *critical*

*dialogue* with Iran since the late 1990s, but it has not had any ties with Iraq besides donations of humanitarian aid, since Saddam Hussein came to power in 1979.<sup>2</sup>

The first contractual relations with the GCC states were established in the immediate aftermath of the Gulf War. The GCC countries were seeking the same kind of preferential trade relations as the Union held with the now EMP states, and after nearly three years of negotiations, the EU and the six Gulf States entered a Cooperation Agreement in 1991. The Agreement is primarily concerned with economic cooperation and energy security, yet the preamble emphasises that the agreement shall promote “all spheres of cooperation”. A particular importance is attached to the promotion of regional integration, where the EU’s own model of integration and peace is referred to as a key means to bring stability and peace to the Gulf.

Despite initial hopes of quickly broadening EU-GCC cooperation to include more political areas, relations have foremost been marked by questions of trade, and above all with the painstaking issue of finalising a Free Trade Agreement (FTA). This has been a very slow and politicized process. In fact after 17 years of negotiations, the FTA has yet not been completed. Through the 1990s the Union mainly dragged its feet over the FTA because of the petrochemical and refining industry in Europe and because of criticism from the European Parliament of the poor human rights’ record of the GCC states. Today pending issues are the EU’s demand for a full GCC Custom Union and a wish for an agreement that goes further than WTO; a so-called WTO plus.<sup>3</sup> Since 2003 there has been some optimism that the FTA would soon be completed. Yet at the latest EU-GCC Ministerial meeting in May 2006 the agreement had still not been finalised, and signs of fatigue and frustration can be traced on both sides.

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<sup>2</sup> The EU’s relations with the so-called Mediterranean states are well-developed within the comprehensive framework of the Barcelona Process, which both entails cooperation on political and security issues, economic issues, and social and cultural issue. The 10 Middle Eastern Partner states are: Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Syria, Tunisia and Turkey.

<sup>3</sup> In 2003 the GCC did decide on a Custom Union partly as a result of EU pressure. However, this Custom Union only includes a unification of external tariffs. Therefore tariffs between the individual Gulf states have not yet been unified

Whereas the EU and the GCC countries have difficulties agreeing over the final details of the FTA, they have often been able to reach common ground on regional and political issues, especially in terms of “big questions” such as the Middle East Peace Process, the importance of a nuclear weapon free zone in the Middle East, and lately also on terrorism. These common points have, as it were, constituted the backbone of the political dialogue of EU-GCC relations. The yearly communiqués of the Ministerial Meetings traditionally entail several points of common interest, and high rhetoric is often used in terms of solutions to the region’s conflicts and hotspots. However, as Luciani and Schumacher have pointed out, these common statements on the high politics of the Middle East tend: “to be a little sterile, because neither the EU nor the GCC – each on its own or together – possess the tools to implement their preferred solutions. The tools ...are only in the hands of the United States.”<sup>4</sup>

Bilateralism is another aspect that has marked the history of EU-GCC relations. The GCC countries have in general been cautious of one another and have seldom acted as one united block. They have tended to make separate agreements on defence and free trade with external powers, instead of for instance enhancing own collective institutions and capabilities. Each of the Gulf monarchies, except Saudi Arabia, has bilateral rather than multilateral defence agreements with the US, and their weapon systems and platforms have generally been acquired without considerations of interoperability between them. Lately Bahrain and Oman have made bilateral free trade agreements with the US despite of the newly established Custom Union, and the other small kingdoms are soon expected to follow suit to the dismay of Saudi Arabia and partly also to the dismay of the EU. EU member states in turn have also had difficulties acting as one, and have equally shown a strong preference for bilateralism over multilateralism in the Gulf. The United Kingdom and France have especially enjoyed favourable relations with the Gulf monarchies: France for instance has close ties to Kuwait and Saudi Arabia and the UK has friendship treaties and lucrative defence contracts with several of the Gulf countries. Neither country has however been interested in a “Europeanization” of their

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<sup>4</sup> Luciani, Giacomo & Schumacher, Tobias ‘Relations between the European Union and the Gulf Cooperation Council States. Past Record and Promises for the Future’ *Research Papers I*, Gulf Research Center, 2004. p. 50

policies and partnerships with the Gulf countries. EU-GCC relations have therefore from the beginning lacked a 'campaigner' within the EU, who was willing to fight for greater EU involvement in the Gulf. This has arguably been one of the main reasons why EU-GCC relations until now have moved at a very slow pace.

In sum, EU-GCC relations have been relatively neglected by both sides over the last 15 years. Yet, as new security conditions and priorities emerged, the GCC and the EU showed visibly more interest in strengthening relations, as will be discussed below.

### **A window of opportunity: New conditions for EU-GCC cooperation**

The EU's new focus on relations with the GCC monarchies should primarily be seen within the context of changing international and regional security concerns. The terror attacks of 9-11, the US led invasion of Iraq, and Iran's bid for regional hegemony, emphasised not only the increasing instability of the region, but also its strategic importance to Europe. The fact that fifteen of the nineteen terrorists were of Saudi origin contributed to a rethinking of strategies in the Middle East both in Europe and the US, and especially the US had to re-evaluate its close relationship with the Saudi royal family. It was also a wake-up call for governments inside and outside of the region highlighting the growing influence of radical Islamist movements and the need for the kingdoms to undertake reform. Saudi Arabia's diminishing influence and Iran's nuclear ambitions also changed the Gulf region's delicate power balance, and demonstrated once again the problems of the region's present security arrangement, where rivalries, arms races and mistrust prevail.

Given these security challenges from the region, the EU saw an obvious interest in greater involvement in the Gulf; enhancing cooperation with the Gulf monarchies on common security challenges such as terrorism, proliferation of WMD, and generally to assist in creating a more stable regional environment. With the EU's new Neighbourhood Policy (ENP) and the potential ascension of Turkey to the Union, there was also awareness of the fact that the Gulf region eventually would emerge as Europe's new backyard, and hence make EU involvement increasingly unavoidable. The EU's

leading role in the negotiations over Iran's enrichment programme was indeed by some policymakers seen as a first indication of the EU's willingness to take on greater responsibility in the region.

America's new assertive strategy of democracy promotion, however, also played an important role in the EU's renewed focus on the Gulf and GCC relations. When the Bush Administration in 2003 turned its previous security strategy on its head, by arguing that it would revise its close relationships with the dictatorships of the region; promoting democracy rather than supporting authoritarian regimes, the Europeans looked at this transformative strategy with mixed feelings. On the one hand, several European states were sceptical about the means and ways whereby the US intended to further democracy in the region. The EU emphasised that democracy could not be imposed from outside: Democracy should be furthered in close dialogue with local partners of the region; essentially emerging from within rather than from outside. The US, it was frequently suggested by EU, had an imperial approach to the Middle East, and lacked knowledge about the differences and diversities between the countries of the Middle East. On the other hand, some EU member states also saw the new initiatives by the US – the so-called Middle East Partnership Initiative (MEPI) and later the Broader Middle East Initiative - as duplicates of the EU's own long-term approach to the Mediterranean region. The concern was that the new US initiatives would compete with the EU's programmes in the region especially with the Barcelona Process (EMP), and that they would once again strengthen the US's position in the Middle East.

The launch of the SPI was therefore also a response to the Bush Administration's democracy strategy in the region, signalling both that the EU had a different approach to political reform than the US, and that the EU wished to play a more active and perhaps even semi-independent role in the Gulf. Indeed, it could be argued that the only real novelty of the Strategic Partnership Initiative as compared to the EMP was the fact that the Gulf countries now were included in the EU's overall strategy to the Middle East. The EU had, at least at a declaratory level, taken some first steps to broaden its focus from the Mediterranean countries to the whole Middle East.

For the Gulf monarchies, new security conditions equally prompted a stronger interest in closer cooperation with the EU. The precarious relationship with the US caused some of the Gulf countries to move closer to Europe. There was – and is - immense domestic opposition to the US's military bases and presence in the Gulf, and increasing criticism of the monarchies' obvious security dependence on American power and protection. The Bush Administration's overall strategy in the Middle East, the war in Iraq and strong support for Israel in many ways exacerbated the widespread mistrust of the US and renewed calls for greater autonomy from America. For the Gulf monarchies it had become a more risky security strategy to be too closely or too overtly allied with US. The regimes were therefore keen to show that they in fact are not dependent on US power, and this opened a gateway for the EU. The Gulf monarchies also hoped that the EU could both function as an alternative to the US and the same time influence American policies in the region in a direction more conducive to Gulf interest e.g. on the issues of proliferation of WMD, terrorism or the Israeli-Palestinian conflict.

There also seemed to be some realization in the Gulf monarchies that political and economic reforms were needed. Due to rising oil prices since the beginning of the War in Iraq, all Gulf economies have experienced positive public accounts and growth rates at around four percent. Yet since the 1980s Saudi Arabia in particular has seen growth rates at less than two percent, rising youth unemployment, a booming population and increasing social and political discontent.

The so-called *rentier state* logic does therefore no longer work to the same extent. In the past the monarchies were able to base their legitimacy on an implicit deal or social contract with their people. This symbolic contract dictated that in return for generous welfare goods and the absence of taxation, there would be no political representation. Today both the regimes and the peoples are less able to honour this contract. There is increasing pressure for change and growing dissatisfaction with corrupt and unaccountable leaders. These pressures do not only come from reform-minded liberals, business elites or international actors, but also from Islamist groups who similarly are



calling for more political influence and greater transparency in matters of public administration.

From a third front radical Islamists also oppose the regimes on account that they are selling out to the West and no longer are true practitioners of Islam. Terror attacks have followed on several occasions in Saudi Arabia, but also Qatar experienced a minor terrorist attacks in 2005. The monarchies therefore feel compelled to engage in delicate balancing acts, where they try to meet the often contradictory demands of domestic and international actors, while primarily aiming to ensure the very survival of their own regimes. Exactly for the purpose of long-term regime survival, several of the Gulf monarchies have started cautious experiments with liberal reforms and elections. Both Kuwait and Bahrain have held parliamentary elections, Qatar and Bahrain have adopted new constitutions, and even Saudi Arabia held its first municipal elections in 2005. The GCC established a Roundtable for Human Rights, there is increasing interest in the role of women and education in processes of reform, and there are plans of having a UN Human Rights Center in Qatar. Issues of human rights and political reform remain sensitive areas, and deep-seated suspicions of the role of external actors in such reform processes prevail. But the EU's approach of consultation, dialogue and co-ownership was perceived as less coercive and patronizing than that of the US, and this potentially gave the EU an important role to play in terms of assisting reform processes in the Gulf region.

In conjunction these new security conditions and points of common interest opened a window of opportunity for closer cooperation between the EU and the GCC states in 2003 and 2004. However, by May 2006 the Free Trade Agreement was yet not completed as expected, and the whole process seemed to have come to a standstill. Many of the old barriers and divergences, which also previously had hindered EU-GCC relations in moving forward, were still in place. These conditions may be difficult to change, as we are to see below.

### **Barriers, divergences and limited capacities**

The considerable power of the US in the Gulf, and the EU's corresponding lack of power, is one of the main structural features hindering real progress, or even real interest, in moving EU-GCC relations forward. Although the military presence and dependence on America continue to cause great domestic resentment in the Gulf, the US is currently viewed as the only credible security guarantor by the Gulf monarchies, while the EU mainly is seen as a civilian and economic player. Vocal criticism has been raised against the US led war in Iraq by the Gulf governments. Yet the war in Iraq was in fact carried out with the help of American military bases in Qatar, Kuwait, and Bahrain. In the current security climate where Iran is playing for regional hegemony and possibly acquiring a nuclear capacity, where Iraq is completely destabilized and where rivalries prevail among the Gulf states themselves, the EU is not yet perceived as a strong security actor. The relationship with the EU - and not least the relationships with individual EU members United Kingdom, France and Germany – has been cleverly used by the monarchies to avoid mono-dependence on the United States and to soften pressures from domestic audiences. But the EU is far from being considered a real security alternative or counter-balance to America. Even when it comes to softer security issues such as developing confidence-building activities on issues of common security interest, the EU seems to be lacking behind NATO's Istanbul Cooperation Initiatives (ICI). Until now, the Gulf monarchies have shown more interest, although not necessarily enthusiasm, for security cooperation with NATO than with the EU, probably in large part because the ICI has been driven by the US. In other words, the EU's limited collective military capabilities also reduce its potential role and leverage in other softer areas.

The EU also faces both barriers and divergences in term of assisting reform processes in the Gulf. While the Gulf monarchies have taken small steps toward transition, it is still too early to judge whether they are genuinely going down the path of reform or merely engaging in cosmetic changes; playing to the foreign tunes of democratization. With the booming oil prices the monarchies have gained renewed self-confidence and can more easily shake off criticism from outside. It is also well known that past openings in the

Middle East frequently have been followed by backlashes and repression. In Bahrain elections were accompanied by new tough media laws, just as the Saudi municipal elections only with difficulty can be rated as democratic; in so far as women were not allowed to vote and half of the seats were appointed in advance by the royal family. In direct dealings with the EU, the Gulf governments are still reluctant to give political reform and human rights central stage. References to human rights and democracy now feature regularly in EU-GCC documents in stark contrast to earlier practices, where GCC officials allegedly were displeased with the mere mentioning of issues of reform and human rights during discussions of business and trade, or where democracy outright was determined as a Western concept irreconcilable with Islam. Yet also today, talk about human rights and democracy are ritually followed by explanations of how reform must come from within and must proceed gradually and in accordance with the historical, religious, and cultural particularities of societies in the Gulf. While such formulations clearly echo the main elements of the EU's own approach to political reform in the Middle East, it is also clear that these 'addenda' easily can be used both by the EU and the GCC states as excuses not to move forward on the agenda of democratization.

Given the geo-strategic position and relative wealth of the GCC countries, the EU does, moreover, only have few real 'carrots' it can use to persuade the governments to broaden current reform processes. In contrast to the case of Turkey and to a lesser degree the Mediterranean partner states, the EU cannot employ its most powerful means of influence, such as the prospect for future EU membership, or offering a stake in the internal market and/or granting economic aid. In order to encourage change the EU has to a large extent to rely on the will and pace of the monarchies themselves. Up to now the EU has had difficulties moving forward on the reform goals of the SPI, and concrete proposals for EU-GCC cooperation on reform issues appear yet not to have materialised. In addition, the democratic reform agenda is a cause of division among EU members themselves, and several member states favour pragmatic security and trade cooperation over long-term goals of reform. This obviously makes the EU's calls for

human rights and reform less effective and the Gulf monarchies skilfully use these internal EU disagreements to resist outside pressure.

Divergences and bilateralism are indeed prevalent and continue to hinder EU-GCC relations in progressing. After the terror attacks of 9-11 several EU member states launched their own bilateral partnership- and reform initiatives in the Middle East, and these national programmes have unavoidably diverted attention and resources away from the EU's multilateral initiatives. Moreover, EU countries still disagree as to how important relations with the GCC states are, compared to the EU's relations with the Mediterranean states. From the beginning, the Strategic Partnership Initiative has therefore caused friction among member states. Some Southern countries view the SPI as a potential competitor to the Euro-Mediterranean Partnership (EMP), and they are concerned that further integration of the EU's initiatives in the Gulf and the Mediterranean will lessen the overall effectiveness of the EMP. By now the Strategic Partnership Initiative has to a large extent been taken hostage to the impasse in the FTA negotiations and it now seems as if the SPI is lacking a strong EU advocate altogether, who is willing and able to drive the initiative forward. Once again, different national priorities and concerns are threatening to block a real strengthening of EU-GCC relations.

### **Conclusions and ways forward**

The emerging security environment of 2003 gave rise to new hopes and possibilities of reinvigorating EU-GCC relations. Yet, today this momentum has in practice been lost. EU member states have been too divided over the course of action in the GCC, and booming oil prices, stranded FTA negotiations and an uncertain future for the Strategic Partnership, have made EU-GCC look more like an unlikely match than a marriage in the making.

However, it is also evident that the EU still has a strong strategic interest in, and possibility of, forging much closer relations with the GCC countries, and that this interest only will increase in the coming years. The EU should therefore strive to

implement the ideas of the Strategic Partnership and continue consultation with the GCC countries. In light of the possibilities and barriers described in this policy paper, three focus areas and concrete suggestions can in particular be pointed out:

- **Cultural dialogue.** *Enhance dialogue and civil society interactions on issues of common interest such as religious tolerance, the conditions of Muslim communities in Europe or the impact of satellite TV in Europe and the Gulf.* The recent cartoon crisis underscored the necessity of creating new fora for dialogue, where different views can be debated and mutual misperceptions may be countered. A sustained effort to enhance cultural and civil society cooperation may also have positive ‘spill-over effects’ in terms of the reform and human rights agenda. Especially cooperation and contacts between the youth on issues of identity and religious tolerance should be encouraged. In addition to religion and identity, the role and impact of satellite TV constitute an area of common EU-GCC interest, where seminars, short term visits and exchange of staff between European and Arabic stations could be facilitated. Especially Al-Jazeera and Al-Arabia, both networks based in the Gulf, have attracted much attention, but also generated many misconceptions and myths in Europe, which could be addressed. In the longer run the EU may also consider promoting a Foundation for dialogue between cultures along similar lines as the Anna Lindh Foundation for the Mediterranean partner countries.
- **Reform and human rights.** *Keep reform and human rights issues high on the agenda and assist those reform processes already under way in the Gulf.* The EU may especially offer support, training and/or engage in dialogue on the role and participation of women in social and political life, human rights, and constitutional reform; areas where there are already willingness and interest in moving forward in some of the Gulf countries. Preparation, and/or monitoring of elections are other areas of reform, where the EU may offer expertise and training. The EU should continue to pursue close dialogue and coordination of initiatives with NATO and G8 to avoid competition and sending mixed messages to the region, and work to ensure that reform and human rights are kept on the agenda. The

EU may also consider initiating bilateral negotiations with those countries who wish to move forward on the reform and human rights agenda.

- **Education.** *The EU should actively support cooperation on university education and student exchange.* The EU should consider creating an Erasmus programme and facilitate exchange of visiting fellows and professors from universities and institutions of higher education in the Gulf and Europe. So far there are no European universities or institutes in the GCC, but several American universities in the Gulf region. There are virtually no official links between European and Gulf universities and in general there is little focus on European studies in the Gulf and vice versa in Europe. Informal networks do exist especially between policymakers/shapers in the EU and the Gulf, and a number of think tanks are particularly focusing on EU-GCC relations. But these efforts can be enhanced. The EU may for instance consider cooperating with the GCC in setting up European Studies Centers in the Gulf and in the longer run the EU may encourage the establishment of a common European University in one of the GCC countries. Many of the original suggestions and ideas of the abandoned EU-GCC university cooperation project (1995-2000) should also be taken up again.

Despite difficulties and constraints there are, in short, concrete possibilities for enhanced dialogue and cooperation between the EU and the GCC. The GCC will undoubtedly continue to be looking primarily to America. But the Gulf region will potentially emerge as the EU's new neighbourhood, and this will make EU involvement in the Gulf increasingly unavoidable. The EU will also here be interested in securing stability close to its own borders and to promote more benign regional relations; passing on its own experiences of regional integration and political reform.

### **Further reading**

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