EU-GCC RELATIONS AND THE RISK OF IRRELEVANCE

Ever since the launch of the multilateral framework at the end of the 1980s, EU-GCC relations have experienced many ups and downs, although a marked downward trend has most recently kicked in. Within the context of new regional circumstances following the outbreak of the Arab uprisings, EU-GCC relations run the risk of becoming totally irrelevant. This is due to growing polarization within the GCC itself and the emergence of (so far competing) EU-Iran relations, despite still existing obstacles. Taking stock of what has been achieved and of the strategic motivations to work together on a number of dossiers is of utmost importance to be able to re-launch EU-GCC relations on more solid grounds.

Silvia Colombo

* Dr. Silvia Colombo is Head of the Mediterranean and Middle East Programme at the Istituto Affari Internazionali (IAI) in Rome, Italy.
Important changes have been ongoing in the broader Middle Eastern region since the 1980s with the first Gulf War (1980-88), the invasion of Kuwait by the Iraqi regime of Saddam Hussein (1990-91), the 2003 US-led invasion to topple the Iraqi dictator and, since 2011, the Arab uprisings. While the European Union (EU) has cultivated fairly structured and comprehensive relations with the western part of the Arab world since the 1990s, despite some important bilateral connections, it has not been as 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 Gulf countries including the six members of the Gulf Cooperation Council (GCC) lying further to the East. In recent years and months, this region has been invested by important developments that have created new conditions characterized by heightened geopolitical tensions, regional competition, and even – at times – the risk of conflict spilling over the confines of the GCC or the Gulf region as a whole. In addition to the dynamics triggered by the Arab uprisings – which have reached the Arabian Peninsula’s shores as well – two important developments have to be kept in mind.\(^1\)

The first is the growing competition and conflict within the GCC itself, and in particular the pitting 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. 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 politics drivers.\(^2\) It 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 know as the Iran nuclear deal – reached in Vienna in July 2015 between Iran, the P5+1 (China, France, Russia, the UK, US + Germany), and the EU.

Making sense of these two interconnected developments and of their implications for the future of EU-GCC relations requires starting with an assessment of the state of affairs up until 2011. This assessment will unveil the extent to which the EU and the GCC have behaved more as competitors than as partners, both on a multilateral and bilateral level. The new conditions created by the two aforementioned developments,

---


EU-GCC RELATIONS AND THE RISK OF IRRELEVANCE

together with the persistence of mistrust, are not conducive to revamping this relationship in spite of a need for a more sustained and strategic dialogue between the two on a number of important issues. Hence, the risk of irrelevance.

EU-GCC Relations: It’s Complicated!

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, 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. However, 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 a similar economic structure, which restricts 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 – despite their many common institutional characteristics and the shared domestic and regional challenges. 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 preeminence.

This situation of poor regional integration has created the conditions for intense external bilateral relations based on historical and colonial ties. EU Member States have been the main recipients of these relations, in spite of the fact that the GCC countries have traditionally preferred the US as their strategic partner in light of the intense military-security and energy cooperation. On a multilateral level, the most important initiative structuring relations between the EU and the GCC was the Cooperation Agreement with the European Economic Community (EEC) concluded

---


www.turkishpolicy.com
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 advantageous terms in all spheres between the two regions and further their economic development, taking into consideration the differences in development of the parties.”

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. From an economic perspective, the motivations of the EU were quite straightforward: The GCC countries were important suppliers of hydrocarbons and a significant export market for European economies. Thus, since its inception, the relationship between the EU and the GCC has been dominated by trade and investment dynamics. This focus, and in particular the strong emphasis on the failed EU–GCC Free Trade Agreement (FTA), has interfered with political and governance issues, while neither track of cooperation has actually achieved the desired results. The lack of flexibility with regard to economic policies has been an obstacle for political objectives, while short-term thinking on strategic challenges, including the fight against terrorism and, more broadly, the GCC countries’ contribution to promoting stability in the region, has failed to advance economic cooperation.

The negotiations for the FTA and their failure to provide useful insights about the development of EU-GCC relations. Although FTA talks were initiated in 1990, immediately after the signing of the Cooperation Agreement, the prospects of a region-to-region FTA only became realistic in 2003, when the GCC became a customs union. The pace of negotiations accelerated in 2007 and there were high expectations that a conclusion would be reached in 2008 in light of the prevailing

---

4 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 L 54/3, 25 February, [http://ec.europa.eu/world/agreements/downloadFile.do?fullText=ved&trnsId=6724](http://ec.europa.eu/world/agreements/downloadFile.do?fullText=ved&trnsId=6724)

5 Competition from the so-called BRICs has grown also in knowledge-intensive manufactured products. In recent years, trade between the GCC countries and China has soared, driven by Beijing’s need for hydrocarbon resources. Giorgio Cafiero and Daniel Wagner, “What the Gulf States Think of ‘One Belt, One Road,’” The Diplomat, 24 May 2017, [https://thediplomat.com/2017/05/what-the-gulf-states-think-of-one-belt-one-road/](https://thediplomat.com/2017/05/what-the-gulf-states-think-of-one-belt-one-road/)

enthusiasm for the potentially positive repercussions of the agreement on political and security cooperation between the two regions. However, this did not happen and negotiations were unilaterally interrupted by the GCC in December 2008, although informal contacts between the negotiators have continued to take place ever since.

Two reasons can be put forward to explain the failure to conclude the FTA after 20 years of negotiations. First, the EU’s petrochemical lobby forcefully fought against trade liberalization, resulting in some EU Member State governments blocking duty-free access for petrochemicals from the Gulf. Second, the human rights and irregular migration clauses embedded in the FTA—a standard procedure in the EU’s contractual foreign relations—were regarded by the GCC as an unwarranted attempt to interfere with the domestic development of these countries and thus, were rejected. In this regard, the EU’s view is that to some extent, the GCC countries’ apparent aversion to the human rights clause disguises a more deep-rooted opposition to genuine liberalization—including in the services and investment sectors—and to the reduction of subsidies in their economies.7

Another obstacle to EU-GCC relations has to do with the fact that multilateral relations have suffered from the resilience of bilateral relations between individual EU Member States and the GCC countries taken separately. Institutional deficiencies inside the GCC are partially responsible for this situation. While economic and financial regional integration is not yet complete, decision-making on strategic issues such as foreign policy is also still taking place at the individual state level, rather than within the framework of the multilateral GCC. This is also reflected in the competition and rivalries that sometimes emerge in the positions of the six GCC states in relation to some strategic decisions regarding both domestic and external domains. 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 maneuver 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.8

mismatch between the EU Member States’ bilateral foreign policies towards the Gulf and the multilateral EU–GCC cooperation framework has often left EU institutions in the uneasy position to advocate for the application of conditionality in EU–GCC relations. On the other hand, EU Member States have continued to pursue their interests – even going against the EU’s policies.

“The Arab uprisings had a major impact on the list of priorities of the EU and the GCC and on their cooperation.”

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.

A New Strategic Regional Environment

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 for 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 with the ultimate result of altering the balance of power in favor of the GCC, acquiring – at least until the most recent drop in hydrocarbon prices – a stronger position to negotiate better terms in its relations to the EU. At the same time, Brussels had to reassess the rationale of its relations with the GCC. The Gulf, once seen solely as a key provider of energy and a market for EU goods, emerged as a valuable source of investment capital for distressed EU banks and institutions.

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 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 engagement in the region. 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 EU-GCC has not materialized and political dialogue on key foreign policy issues has remained declaratory and inconsequential. For example, the already mentioned EU–GCC Joint Council and Ministerial Meeting of 30 June 2013 “underlined the importance of further strengthening these ties, to serve as a solid and effective foundation for regional security and stability.”

Among the obstacles that have stood in the way towards greater EU-GCC cooperation, two new dynamics have to be mentioned. First, internal tensions among the GCC countries, particularly between Saudi Arabia and the UAE, on the one hand, and Qatar, on the other, reached their peak in mid-2017, leaving an indelible stain on the current and future integration and cooperation prospects within the regional organization. Spurred by seemingly unbridgeable divisions over support to the Muslim Brotherhood in the Middle East and North Africa (MENA), 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.9 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 protecting the stability and 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. Against this backdrop, the EU has rhetorically and not so convincingly supported Kuwait’s effort to mediate the crisis, while at the same time individual European countries have tended to hedge between the parties in an effort to protect their own interests and businesses.10

Strongly diverging trajectories among the GCC members have also resulted from the re-emergence of Iran as a hegemonic contender at the regional level. This is the second regional dynamic that is currently affecting not only Gulf politics, but also the present and future of EU-GCC relations. Since July 2015, when the JCPOA was signed and thus setting the new pathway for rehabilitating Iran diplomatically, politically, and economically, the Gulf regional landscape has changed significantly, albeit gradually. The deal, which entered into force in January 2016, represents

---

sentatives have been vocal about the fact that the deal could and should serve as a watershed for EU-Iran relations, the future of the MENA region and, ultimately, EU-GCC relations as well. In 2016, trade and commercial relations between the Islamic Republic of Iran and European Member States showed an upward trend with 5.5 billion euros worth of goods imported from Iran into the EU, of which 4.2 billion euros are mineral fuels only, followed by manufactured goods and food. Overall, Iran’s exports to the EU have risen by 344.8 percent and EU exports have increased by 27.8 percent. Important financial deals have been concluded between European companies and Iran, signaling the huge interest EU Member States hold in the Iranian market, while at the same time still being cautious due to the persistence of significant constraints to business in the form of the remaining and new US sanctions against Iran. On a political level, however, much ground still needs to be covered in EU-Iran relations as lack of trust vis-à-vis Iran on the part of some European leaders remains widespread. The predominant thinking in Brussels and in some European capitals is that Tehran is an important regional player; however, engaging with it has proved more controversial for some countries than others due to geopolitical variables. This has also prevented the emergence of a EU common position and of an EU-Iran policy.

Nevertheless, Iran has been emerging as an important player in dealing with many (if not all) of the MENA ongoing crises and there is significant room for improvement in EU-Iran relations. Since the signing of the JCPOA, some European representatives have been vocal about the fact that the deal could and should serve as a blueprint for addressing other disputes. From Syria to Afghanistan and from the fight against terrorism to more technical dossiers related to energy, natural resources, and the environment, the role Iran has been playing or could play cannot be underestimated and the EU is trying to encourage Tehran to be a constructive partner in the broader Middle East.

---

EU-GCC RELATIONS AND THE RISK OF IRRELEVANCE

The Way Forward

As argued, there are significant margins for broadening the scope of the bilateral cooperation between the EU and Iran both quantitatively and qualitatively. Neither purely bilateral relations between the EU and individual GCC countries, nor those at the multilateral level, hold the same potential as of now. This situation risks exacerbating regional tensions and conflicts between some of the GCC countries – particularly Saudi Arabia and the UAE – and Iran on the one hand, and confining multilateral EU-GCC relations to the back-burner once and for all, on the other.

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. 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 the ultimate goal of defusing tensions, it would be up to the regional players themselves to implement confidence-building measures and to undertake technical cooperation on issues of common concern, such as energy, the environment, food security, terrorism, and piracy.

Present conditions are not conducive to that and one might wonder whether the Gulf region is actually going in the opposite direction of increased competition and conflict. Not only is a regional security architecture as the one mentioned above far from reality as of now, but the existing regional cooperation framework at the GCC level and its multilateral relations to the EU have a number of significant flaws. On the one hand, the GCC is going through one of the gravest crises since its creation in 1981 and might cease to de facto exist as a result of that. On the other, multilateral EU-GCC relations continue to be subjected to the complexities of a region-to-region framework and could easily be overtaken by EU-Iran relations in terms of strategic importance in the years to come. In conclusion, EU-GCC relations are going through another major low phase in their trajectory, which ultimately speaks volumes about the EU’s limited leverage in the region. At the same time, to be adequately understood they need to be framed within broader EU-Gulf dynamics, including Iran’s comeback onto the regional chessboard.