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Cooperation and obstacles between EU & GCC

Współpraca między EU i GCC oraz jej bariery

Streszczenie: Monarchie Rady Współpracy Zatoki Perskiej (GCC) coraz wyraźniej jawią się jako centrum całego regionu Bliskiego Wschodu. Oczywistym jest to w sensie ekonomicznym, jako że podczas obecnego boomu ich względna wartość - zawsze duża - jeszcze bardziej wzrosła. Są one teraz liderami w nowej fazie liberalizacji regionalnej gospodarki i inwestycji transgranicznych. Ich przewaga również rozwinęła się w bardziej subtelny sposób, na poziomie politycznym. Monarchie Zatoki zaczynają podkreślać swoją wartość dyplomatyczną, aby prowadzić swoje interesy w spokoju politycznym i współpracy gospodarczej na szeroko pojętym Bliskim Wschodzie. Choć pojawiają się jako najbardziej wyrafinowany i pomysłowy gracz w regionie, Zatoka stopniowo przestawia się geo - ekonomicznie: od USA i w stronę Azji. Rola Europy w tej zmianie jest jeszcze niejasna. Unia Europejska jest w niebezpieczeństwie przegapienia kluczowego okresu, w którym pokłady na Bliskim Wschodzie są przetasowane, starzy gracze tracą znaczenie i pojawiają się nowi. Jednakże UE ma przewagę w porównaniu z innymi regionami. Przewaga ta może zostać rozegrana o wiele bardziej systematycznie, aby ustawić się w kierunku GCC. W artykule przedstawione są aspekty współpracy oraz przeszkody między UE a GCC, a także ważne zalecenia.

Słowa kluczowe: ekonomia, dyplomacja, społeczeństwo, prawa człowieka, porozumienie o wolnym handlu

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Abstract. The monarchies of the Gulf Cooperation Council (GCC) have been ever more clearly emerging as the hub of the whole Middle East region. This has been obvious in economic terms, as during the current boom their relative weight – always large – has further grown and they are the leaders in a new phase of regional economic liberalization and cross-border investment. Their ascendancy has also unfolded, more subtly, on the political level, as Gulf monarchies are starting to throw around their diplomatic weight to pursue their vested interest in political calm and economic cooperation in the wider Middle East. While emerging as the most sophisticated and resourceful player in the region, the Gulf has been gradually reorienting itself geo - economically: away from the US and towards Asia. The role of Europe in this shift is yet unclear. The European Union runs the danger of missing out in a crucial period of in which the decks in the Middle East are reshuffled, old players lose importance and new players emerge. This is although the EU has a number of comparative advantages vis-à-vis other regions that could be played out much more systematically to position itself towards the GCC. So I refer in this paper to the points of cooperation and obstacles between the EU and GCC and also the important recommendations.

Key words: economic, diplomacy, society, human rights, free trade agreement.

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INTRODUCTION

The European Union (EU) and the Cooperation Council for the Arab States of the Gulf (GCC) are leading projects for sub/regional integration in their respective geographical areas. Despite substantial differences between them, the organizations have been interacting since the early 1980s, right after the GCC's establishment, a time when the

EU did not yet exist and its predecessor, the European Community (EC), played a central role in European integration. The GCC initiated the relationship, seeking a closer cooperation with the EC. The first EC-GCC joint ministerial meeting was held in 1985 and was followed by further rounds of negotiations.

These led to the signing of a Cooperation Agreement (CA) on June 15th, 1988. It came into force on February 20, 1989. According to Luciani and Schumacher, this Agreement was expected to "become a broad basis of cooperation on all aspects relevant to bilateral relations" [2004: 26]. At the time, the tangible result of the Agreement was expected to be the conclusion of a Free Trade Agreement (FTA); a goal that was thought to be achieved in a short time perspective [Luciani and Schumacher: 23-30]. This rested on the view, expressed in both formal documents and academic sources, that the regions share many common interests in economics, politics, security, or energy [European Commission, 1995 or Koch and Stenberg, 2010: 11-15]. Nevertheless, 25 years later, GCC-EU cooperation results fall short of the initial expectations. The European Commission has characterized the results derived from the CA as "limited" [1995: 1a] an evaluation echoed in the mid-2000s academically. Luciani's and Schumacher's overall assessment of the relationship's outcomes is quite negative [2004: 23-51], while the GCC as falling within the periphery of EU external relations [Heiner Hänggi 2007].

EU - GCC CONVERGENCE

Cooperation on pragmatic issues has continued to establish low-level EU-GCC contacts. Among the recent EU and GCC Chambers of Commerce activities are the studies of small and medium enterprises (SMEs) in the Arab Gulf and in 2012 launch of a project on stimulating policy debate on foreign direct investments [Eurochambers 2012]. The EUGCC Clean Energy Network

held a meeting on the sidelines of the 18th session of the UN Climate Change Convention [Kazim 2012], while investment seminars in GCC countries and the EU were planned for the first quarter of 2013 [Estimo 2013]. Another pragmatic cooperation instance was the launch of the EEAS-GCC Secretariat General diplomatic secondment program in 2012. Its pilot phase proved very successful which encouraged both sides to develop it into a two-way internship.

The EU-GCC relationship's formal aspect was stimulated in 2010 with the adoption of the Joint Action Program (JAP). It is a bilateral cooperation roadmap covering 14 areas ranging from economic, financial and trade cooperation to combating money-laundering and tourism. The JAP is implemented through regular expert meetings and specialized workshops. Thus, it formalized the pattern established with the cooperation on pragmatic issues. Furthermore, it added another layer to the relationship besides the Joint Council meetings. (Delegation of the European Union to Bahrain, Kuwait, Oman, Qatar and Saudi Arabia, Political & economic relations)

According to a high-ranking GCC official, JAP has proven to be a useful instrument in enhancing EU-GCC relations, contributing greatly to reactivating cooperation in several sectors. For example, some meetings and workshops are held regularly, allowing exchange of experiences and expertise. Some have even led to the creation of specific cooperation structures, such as the EU-GCC clean energy network, and the INCONET-GCC (the Science and Technology International Cooperation Network). Therefore, the JAP has been a tool for translating the EUGCC relationship's potential into concrete actions. (Joint Action Programme of the GCC-EU 2013)

EU-GCC CONVERGENCE IN THE ECONOMIC SECTOR

The common ground between the EU and the GCC is mostly limited to the economic aspects of global governance including economic and capital aspects, global financial governance, and establishing global networks of multinational companies. This very specific focus is not surprising, given that the Gulf countries account for about half of global fossil fuel reserves and roughly 15 percent of natural gas reserve [Working Group for European Strategy towards the Gulf, 2002:7].

Bearing in mind the importance of natural resources and the tendency for conflicts to arise over limited resources, it is evident that economic ties between both organizations are prioritized over other issues of global governance. Pragmatic interactions based upon mutual needs, however, are useful for maintaining and building trust, cooperation, and a space for future interactions. Current activities focus on economic exchange, and the development of an EU-GCC Free Trade Agreement (FTA) has been a driving goal of interactions since the first agreements were signed between the two parties. As a complete and comprehensive policy goal, the FTA remains to be finalized. It is essential for the EU to target the well-developed GCC market, which is relatively open to international trade. The greater integration of capital markets, the improvement of stock trading, and the opening of Gulf stock markets to European investors are essential for the flow of capital in both regions (Working Group for European Strategy towards the Gulf, 2002,18). Consequently, there is a growing support for the use of Euro as a reserve in the region, as a trade and investment currency, which will foster growth and market efficiency and offer more stability. Finally, co-operation in banking regulation, particularly with respect to rating systems, is important for both organizations to preserve economic stability and safeguard the flow of capital.

The economic importance of the GCC countries will not diminish in the foreseeable future. In economic terms, the GCC region is predicted to continually grow for at least the next seven years, when, according to the Economist Intelligence Unit, around 25 percent of the world's oil supplies will come from the region. Saudi Arabia's membership of the G20 also provides the largest GCC country with a seat at the table of the international economic powers of the world. On a more concrete level, there is a working partnership between the EUROCHAMBRES and the FGCCC, which was initiated through financial support from the European Commission. This body attempts to raise awareness of business practices in both regions. The EU-GCC Forum is, as many of the practices established around EU-GCC cooperation, designed to work towards, or in anticipation of, the proposed FTA.

In economic policies, the EU and GCC do share similar goals with respect to global governance of trade and finance. Both entities are engaged in try-

ing to influence financial global governance entities such as the International Monetary Fund (IMF) and World Bank (WB). For the GCC, it is important to diversify their economies in order to reduce their dependency on the hydrocarbon sector and enhance employment opportunities for their citizens. [Kristian 2011].

Furthermore, the GCC states are all in possession of substantial sovereign wealth, which gives a fairly good degree of global reach when it comes to the global financial architecture. Following the economic downturn in the West, it is in the interest of the GCC countries and the EU to help reshape the financial world, particularly the institutions which govern the current frameworks. As Saudi Arabia is one of the best performing G-20 countries, it is increasingly important for the country and its region that it gains increased voting powers within the IMF framework together with other developing countries (such as Brazil, China, and Russia), at the expense of developed countries (Kristian 2011). The significance of the GCC economies became painfully evident when the UK sought Gulf support during the 2008 credit crunch, and the US asked the region for support in their bailout of the automotive industry.⁸ Ibid. Both the EU and GCC are keen to cooperate in the reshaping and rebuilding of the global financial governance structures, focusing on comprehensive governance frameworks that reflect the changes in the international economic system.

The 2010-2013 EU-GCC Joint Action Program outlines areas of work in which the European Union and the GCC plan to work together. There are exchanges in 14 different sectors ranging from economics to research. The experiences and knowledge sharing activities obviously broaden out the possibilities and opportunities for engagement across multiple actor types. Through EU-supported projects such as INCODEV, a strong emphasis is put on the sharing of knowledge and resources in the fields of technical and technological development, to the mutual benefit of both parties.

Lastly, the EU and GCC are both aware of the importance of continuously building on global networks of multinational companies. The importance of such networks can of course be related to the movement of capital, yet it is not limited to this. Despite their substantial economic growth and economic diversification, the GCC countries continue to import a large amount of

commodities such as pharmaceuticals (90% imported), indicating the necessity to acquire knowhow and production capacities from abroad to sustain the needs of the region. In addition to satisfying the demands of the region, these global networks contribute to employment in both the EU and GCC countries, leading to additional flow of capital and further growth [Eissa 2014].

EU-GCC CONVERGENCE IN THE POLITICAL/SECURITY SECTOR

The other major area of EU-GCC relations, political/security interactions, saw greater exchanges in the last few years. This is hardly surprising given the momentous changes in the greater Middle East triggered by the so-called Arab Spring. There is the potential that given the many uncertainties with which the entire Middle East finds itself confronted, closer EU-GCC cooperation can lead to a process of managing the Arab Spring's outcomes. Indeed, the EU and GCC member states' positions on crisis issues (Yemen, Libya or Syria) have concurred, which has led to military and diplomatic interactions. For example, Qatar was the Arab country leading international action against the Qaddafi regime in Libya. It supported the rebels militarily, monetarily and logistically and sent fighter jets for the NATO-led military operation. Furthermore, Qatar acted as the interlocutor for the Arab League and the Arab states' favoring intervention, thus legitimating and facilitating Western military engagement in the conflict [Khatib 2013: 417-31].

EU-GCC CONVERGENCE IN THE MULTILATERAL DIPLOMACY

Development of Diplomatic Relations between the EU and the GCC The opportunities for interaction between the EU and the GCC have multiplied enormously over the years, as different actors have emerged through internal transformations in both regions. The high-level of political interaction that has developed shows the importance that both regions place on cooperation. High-level interactions between states have also increased simultaneously with a marked increase in non-state actor interactions. These have been facilitated by a growing number of transnational frameworks within the EU.

It is clear that within the broad context of EU-GCC relations, there are several EU and GCC member states that have privileged communications: we term these the 'core state relations.' These are due to historical reasons

(e.g., the British role as colonial power), trade relations, and seemingly the most dominant concern at the moment: security.

Political and Policy-Operational Level Interactions: beyond 'Diplomacy' At the diplomatic level, there are interactions of political and policy-operational nature. Within the EU context, GCC and EU representatives meet regularly to discuss the status of the Cooperation Agreement signed in 1988, through the aegis of both the Joint Council and the Joint Cooperation Committee. As a result of the Joint Action Program, established in 2010 and currently in renegotiation, cooperation between the regions has developed in line with the 1988 Cooperation Agreement [Kostadinova 2013].

The partnership between GCC members, especially Saudi Arabia and the West, including EU members, played a crucial role in negotiating Yemen President Ali Abdullah Saleh's peaceful step down from power [Nonneman and Hill 2011]. This cooperation continues, given the ongoing Yemeni transition process. Presently, some of the coordination is channeled through the recently-established GCC Office in Yemen and the EU's Sanaa Office. Because of persisting doubts about the EU's underlying preferences, it is worth recalling the post-Communist East European experience. As Schimmelfenning has convincingly argued, regardless of Western 'objective' interests to deter Eastern EU/ NATO expansion, this became impossible due to EC's rhetoric during the Cold War, which encouraged European unification (2003). The GCC has observer status at the UN General Assembly, and although it does not have the same level of status or activity as the European Union in the UN system, it is represented alongside its member states.

EU-GCC CONVERGENCE IN INTER-PARLIAMENTARY CONNECTIONS

Arab and European parliamentarians have been exchanging opinions and experiences even prior to the creation of the GCC. In 1979, with the first popular European Parliament elections taking place, a "Delegation for Relations with the Arab Peninsula" was established to maintain relations with the GCC countries, the GCC itself, and Yemen. The Delegation secretariat is managed out of the European Parliament's offices and focuses on two specific tasks: monitoring the progress towards an EU-GCC bilateral free trade area, examining and monitoring the democratization process in the region.

Members of the Delegation come from the ranks of MEPs in the European Parliament [Koops, Shahin, Smythe, Tercovich and Vandebriel 2013].

EU-GCC CONVERGENCE IN CIVIL SOCIETY CONNECTIONS

One of the increasingly important sets of relations between the EU and GCC countries are the links between civil society organizations. As part of the conditionality requirements of the EU's push towards more formalized relations with the GCC, issues of democracy and human rights recur frequently at the fore of political discussions. European Parliament delegations visiting the region are increasingly pushing for further engagement with such groups, particularly in light of the recent popular uprisings in Arab countries. As one of the tasks of the EP's Delegation for Relations with the Arab Peninsula, monitoring human rights and the development of democratization in the region has become a central issue.

Within the complex set of relations tying the EU and GCC together, there is a clear and notable growth of operational actors and channels through which closer cooperation can emerge. Necessity and opportunity have helped forge the desire for greater cooperation [Koch 2014:19-21].

EU - GCC OBSTACLES

The 1980s expectations that EU-GCC common economic interests would lead to the establishment of a close relationship have failed to materialize. More than 20 years of negotiations have not produced an FTA, and until recently political/ security interactions were limited to statements. The paper identified institutional, structural, material, and normative reasons for this state of affairs. These constitute major obstacles in EU-GCC relations. Important positive developments in EUGCC interactions were also identified, such as FTA negotiations leading the way in region-to-region cooperation or recent intensification of interactions on political/ security issues.

Similar inescapable pressures may be exercised on the EU to back up its rhetoric with actions supporting democracy in Arab Spring countries. Such a direction of EU's future policies will exemplify the practical implementation of its professed values/norms in this context, and given the influence developments elsewhere in the Middle East can have in the GCC countries, EU support for democratic transitions is unlikely to be seen as desirable. In fact,

Western suspicions about Gulf support Islamic factions and the weakness of ensuring public freedoms with their peoples (Koch 2014, 10).

EU - GCC OBSTACLES IN ISLAMIST FACTIONS

Islamist factions in the Arab Spring countries can be seen as a manifestation of the EU's and GCC's divergent long-term strategic goals. These can open an important fault-line in their relationship, obstructing closer cooperation. A further contributing factor can be the EU's traditional reluctance to deal with Islamists. Although this trend is somewhat reversed now that die-hard Islamist has come as a phenomenon in Syria and North of Iraq, it has been an important guideline in European regional interactions, which will at best take time to overcome of these events [Kostadinova, *GRC Gulf Papers*, 2013:12].

EU - GCC OBSTACLES IN HUMAN RIGHTS

In light of the Arab Spring events, the GCC states have begun a gradual process of incremental reforms in their political institutions. The object of these countries is to allow political debate and contestation to occur in a managed manner [Kristian 2011].

This is of course welcomed by the EU, yet when it comes to values such as human rights, media freedom, access to information, transparency and accountability, both organizations diverge dramatically in their approach and objectives, leading to deadlock. Additionally, the role of civil society groups and NGOs in the GCC remains limited [Alston 1999:924].

ANALYSIS

In recent years, Saudi Arabia has led the GCC states in the rebalancing of the global order by creating coalitions with other emerging markets on the one hand and positioning itself through economic ties with the West on the other hand. The GCC, just like the EU, does not limit itself to financial and trade issues at the international level, but is rather involved in energy governance and climate change politics, putting its stamp on international institutions and their politics.

The EU has always advocated a global governance vision of promotion of global public goods and a rule-based order based on 'effective multilateralism' with the UN at its core. For the GCC, strong global governance coopera-

tion projects in trade, energy, sustainable development, financial governance, rule of law and security are of key importance. Thus, while both organizations and their core member states differ in their emphasis and prioritization of aspects of global cooperation fields, the potential exists to forge common approaches in global problem-solving beyond the limited area of trade and finance.

The major obstacles to EU-GCC relations are of a persistent nature, beyond the ability of individual actor to overcome them. Nevertheless, some specific policies may facilitate such an outcome. Elsewhere I have advocated socialization as the route for improving EU-Saudi relations and have identified cooperation on pragmatic issues as the area with greatest potential [Kostadinova 2013: 199-216].

Socialization should also tap into the insufficiently explored potential for GCC technocrats to learn from EU's technical experience but from the policy point of view, how the EU tackles certain problems. For example, how EU member states prepare to adopt a common position on a regional issue. Despite institutional differences, the GCC can use such experience in areas like services, finance or trade.

Council technocrats will have authority to pursue/implement the EU's good practice. Implementing such experience can in the long run bridge some of the EU-GCC gap in values/norms and can minimize somewhat the institutional differences between the organizations.

CONCLUSION

It is clear from the previously-mentioned examples from different political, economic, legal and security fields that there are wide-ranging and far-reaching opportunities for enhanced cooperation on issues of global importance between the EU and the GCC.

Economically speaking, the potential for enhanced cooperation is significant and has often been identified as the most important aspect of inter-regional cooperation in global governance. However, the political, legal and security dimensions have so far been largely unexplored but, as we argued earlier, hold clear promise. Yet, the experiences shared in the political field by the GCC and the EU appear to show, as highlighted in the case study on

the Middle East Peace Process, that concrete action and high-level political statements need to be aligned more closely with each other. Interactions in the development of legal frameworks to support the development of the rule of law also appear to be evolving with tentative initiatives and institution-building that could provide further potential for EU-GCC cooperation.

International discourse on the global governance of these highly intertwined policy fields is increasingly converging, and the space between the EU and the GCC appears to be narrowing as the scope and mandate of these regional actors continues to grow. Besides, new actors are emerging and playing a greater role in developing spaces for engagement: this might be referred to as 'new diplomacy', but has a rich history in 'cultural' and 'public' diplomacies.

RECOMMENDATIONS

Given that EU-GCC pragmatic cooperation is well underway, the recommendation will be:

Firstly, should utilize all possibilities for mutual secondments, twinning programs, technical cooperation or capacity-building in areas such as cross-border projects and implementation of GCC customs union. Furthermore, the EU's experience in regulatory or legal reforms and building standards and capacities is already employed.

Secondly, the GCC countries should explore the great potential for establishing Arabic language programs as a way of familiarizing more Europeans with the local culture, traditions and thinking – an integral part of language-learning and spending time abroad. This will also enable further improvement of GCC teachers' skills and will give GCC countries a chance to re-take the initiative in one aspect of the relationship, thus balancing the trend towards the GCC taking on board EU's experience in different areas. The current instability in many Arab countries increases the attractiveness for developing language skills in the Gulf. This can alleviate problems during the initial period of establishing the programs.

Thirdly, the FTA negotiations should be resumed and concluded as soon as possible. This will have a great symbolic value. And it will most probably increase intra-regional trade, potentially triggering interactions in related

fields. Ongoing transformations, such as the European economic and financial crisis or the Arab Spring, will be the context within which the above-recommended policies will be carried out. As we have seen, some of these have already led to increased interactions or have the potential to facilitate greater EU-GCC cooperation. However, given the uncertainty over these developments' long-term outcomes and their structural nature, a healthy dose of realism over what can be achieved in any efforts for strengthening EU-GCC relations is also strongly advisable.

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