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Europe and the Gulf: A Return to Normalcy?

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About this Series

Op-Med is an ongoing series of opinion pieces on topical issues in Mediterranean politics from a transatlantic perspective. The series brings together European, North American, and southern Mediterranean experts through the German Marshall Fund–Istituto Affari Internazionali strategic partnership. The series examines key questions surrounding the political, societal, and economic evolution of specific Mediterranean countries as well as the broader regional and international dynamics at play in the Mediterranean region as a whole.

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Introduction

The latest in the series of Joint Ministerial Council Meetings of European Union (EU) and Gulf Cooperation Council (GCC) foreign ministers held in Manama, Bahrain, on June 30, 2013, provides an opportunity to reflect on the changing dynamics in each bloc as well as the policy implications that may result. The continuing debt crisis in the eurozone area and the sluggish performance of leading European economies has sapped EU officials' room for maneuver both in the long-running negotiations with the Gulf states and in terms of their engagement with the transition countries of North Africa. By contrast, the GCC states appear to be more robust in mid-2013 than at any point since the start of the Arab uprisings in January 2011. Moreover, the ousting of Egypt's democratically elected government not only removed an ideological threat to GCC rulers (apart from Qatar) but also marked a stunning reversion to the status quo ante in the Arab world's most populous state. Although long-term challenges are building up, short-term developments across the Arab world have worked in the conservative monarchies' favor, confirming the Gulf states as the region's great political survivors, at least for now.

Divergent Trajectories

With many EU states still gripped by the three-year debt crisis, and with publics increasingly disillusioned by the impact of austerity packages and spending cuts, European policy has become more introspective and uncertain. Public confidence in democratically elected leaders has fallen sharply and resulted in a flight to extremes in many Southern European states. Simultaneously, issues such as unemployment, public debt, rising prices, and income inequalities have come to dominate political and economic agendas among beleaguered policymakers.

Given that the worst of the problems lie in the EU's southern member states (Portugal, Spain, Italy, and Greece), it is tempting to speak of a "Mediterranean crisis" that afflicts both its northern and southern shores, to say nothing of its eastern coastline in the Levant. While there is no comparable democratic deficit in the Southern European states as there is in the countries of North Africa, both sets of states are gripped by a sense of economic helplessness and political inertia in the face of structural economic obstacles. Across the region, an entire generation of young people is increasingly feeling itself cut out from a better lifestyle than that accorded their parents' generation, and losing faith with what they perceive to be a discredited political class and economic orthodoxy.

The situation in the GCC states is much less pessimistic, at least in the immediate term. The Arab Spring unrest that rocked Bahrain in 2011 has been contained although a comprehensive political settlement remains elusive. As the protests have lost momentum, the opposition has become splintered and — in part at least — radicalized, making it harder to recapture the pro-democracy overtones of 2011. In Kuwait, too, the mass demonstrations of autumn 2012 have dwindled in the face of opposition fragmentation, while sustained protests in Saudi Arabia's Eastern Province have resolutely failed to spill over into more mainstream regions of the kingdom. The United Arab Emirates (UAE) claims to have broken up cells linked to the Muslim Brotherhood that were ostensibly targeting national security, while the Sultan of Oman remains firmly in power. Meanwhile, in Qatar, the decision by Emir Sheikh Hamad bin Khalifa Al-Thani to hand power to his son won widespread praise for the consensual transfer of responsibility to a new ruling generation. The transition also involved the replacement of Qatar's controversial prime minister, at a stroke removing some of the regional hostility that had built up at Qatar's assertive policies.

Sustained high oil prices have allowed the major oil-producing GCC states both to reinforce domestic stability through the redistribution of wealth to key segments of society and to direct resources to less-well endowed states. In addition, Saudi Arabia, the UAE, and Qatar have played greater roles in reshaping the contours of a region in flux. First in Libya and later in Syria, the Gulf states were quick to back certain opposition groups with a combination of material, men, and money, as well as a swiftness of action and a lack of domestic constraints that are simply unavailable to Western democracies. And although significant differences have opened up among individual GCC states over policies toward the Muslim Brotherhood in Egypt and North Africa, it is nevertheless the case that they can (and do) mobilize the various arms of "state capitalism" in pursuit of a comprehensive approach to policymaking.

Policy Options

In light of these diverging fortunes, how can the offers of the EU and GCC best align policy so as to maximize the leverage of each in areas of mutual concern such as North Africa and Syria? It is striking how GCC-EU interests have moved closer together at the midpoint of 2013 as compared to the literal "gulf" in positions in 2011. With it becoming clearer than ever that the process of transition in North Africa and Syria will be contested, long-term, and by no means unidirectional as indicated by the return of Egypt's military to power, an uneasy consensus in favor of "stability" (however loosely defined) has brought the EU and GCC closer in terms of dealing with each other. The very fact that Bahrain was able to host the Joint Ministerial Council Meeting without major incident or outcry speaks volumes to this normalization of relations following public and political concern in many European states at the heavy measures taken by Gulf governments to maintain order in 2011. There is also a growing appreciation of the common interest in many other issues, which include preventing any nuclear breakout by Iran, reducing piracy in the Indian Ocean and the Gulf of Aden, countering radicalization in Syria and elsewhere, and, as the two largest groups of investors in struggling North African economies, better coordinating investment strategies and policies. Stabilizing Egypt's public finances is an area where the Gulf states can rapidly intervene, as evidenced in the quick-fire exchange of visits between senior figures in the interim Egyptian administration and their counterparts in the UAE, while shipments of refined products from the GCC also can alleviate some of the fuel shortages that have crippled Egyptian industry and contributed, in part, to the upsurge in public anger at the performance of the Muslim Brotherhood-led government.

Put bluntly, the dynamic in the balance of power between Europe and the Gulf has shifted toward the latter. The EU — both as a multilateral entity and as a collective of its member states — can no longer simply pass European Parliament resolutions on Gulf states (such as Bahrain and the UAE) as happened in 2011 and 2012. GCC states possess the capability to respond by targeting European states where it hurts — in foreign direct investments and trading relationships — and have shown that they can and will deploy such instruments if necessary. Moreover, the scale of Gulf investment programs not only in Southern European countries such as Greece and Italy but also in prestige acquisitions in the United Kingdom and the revived

Qatari entrepreneurship program in France means it is far less likely that senior-level decision-makers will wish to "bite the hand" that is feeding much-needed and scarce resources their way.

Although there are mounting signs that GCC states' fiscal policies are unsustainable in the long-term, and that Gulf governments lack the political will to tackle sensitive domestic challenges posed by local energy consumption and rapidly rising break-even oil prices, in the short- and medium-term they will continue to play an influential and evolving role in the Mediterranean, broadly defined to include Southern Europe and the Levant in addition to North Africa. This places EU officials in the difficult position of deciding whether to revise integral aspects of conditionality (on issues from human rights to political reform) in multilateral engagement or risk seeing the Gulf states either "go it alone" or select partners from regions more willing to deal pragmatically with GCC interlocutors. In the struggle to retain its relevance, the EU could try to formulate hybrid programs toward transition and conflict-afflicted states that play to European strengths in the rule of law or good governance and rely on Gulf financing and access to local and regional actors. This would enable both sides to engage constructively in reaching common solutions to shared problems, and may even constitute the building-blocks of a new relationship of equals that might, over time, invigorate a bloc-to-bloc relationship that has been under great strain for many years.

About the Author

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