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**EU-GCC RELATIONS: DYNAMICS, PATTERNS &
PERSPECTIVES**

by Gerd Nonneman

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by Gerd Nonneman¹

1. Introduction²

Relations between the EU (understood as encompassing both the collective / institutional entity and the individual EU member states) and the GCC have developed slowly and initially mainly on a bilateral basis. There is of course a long history of important relations between Europe, or rather European states, and the states of the Gulf: indeed such relations stretch back for nearly two centuries, and are part and parcel of the history of state formation in the region. In recent decades, most GCC states have balanced their reliance on the US security umbrella with bilateral agreements in the field of security with European states. But at a collective level the story is of much more recent origins. The GCC itself, of course, only has existed for just over two decades, so bloc-to-bloc relations between EC/EU and the Gulf states only were a possibility since then. On the EC/EU side too, however, there was little sign of any global approach towards the region and its constituent countries. Once the GCC had formed, this changed little, at least initially. Indeed, it was not until late 2004 that the EU opened a delegation in Riyadh, with an ambassador accredited to the six GCC states (and then still remaining limited to that one ambassador).

Admittedly the Arab Gulf states had been part of the so-called Euro-Arab Dialogue, which had been formally launched in 1974. But that Dialogue had collapsed by 1989, and had, even before that, achieved relatively little: it had always suffered from the opposed perceptions of the two sides about the purpose of the dialogue, the Arab side wishing it to be primarily political, the Europeans economic and technical. Even so, it is worth recalling that from the European side the Gulf states, as oil producers, were a key focus of the Dialogue: after all, it was these states' participation in the Arab oil embargo after following the 1973 Arab-Israeli war, that had helped sharpen European states' attention for the concerns of the Arab world, together with their own energy security.

In any case, therefore, the emergence, importance and characteristics of a specific EC/EU-GCC relationship can only be properly situated against the background of the wider evolution of Euro-Middle Eastern relations. Indeed, even though it had been a focus on Gulf oil policies that had helped bring about the Euro-Arab Dialogue, it was a number of perceived weaknesses and gaps in the broader European policies

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² This paper draws in part on an earlier version written for the *Executive Learning Seminar on the EU*, Chateau du Lac, Brussels, 1-5 September 2005, organised by the Gulf Research Center (GRC, Dubai) and Munich University's Centre for Applied Policy Studies (CAP). The research for the paper was made possible in part thanks to the support of GRC, CAP, the Istituto Affari Internazionali (Rome) and the Bertelsmann Foundation.

towards the Mediterranean and the Middle East that would lead to the emergence of a more specifically GCC-oriented approach.

About a year before the start of the Euro-Arab Dialogue, a second wing of the EC's policy towards the MENA region had begun to develop, as the series of bilateral agreements between the EC and the Mediterranean countries began to be turned into a 'Global Mediterranean Policy.' The main feature of this, relevant for the topic of this paper, was that it excluded the Gulf altogether. With the erosion of the Euro-Arab Dialogue, therefore, the Gulf region, including the GCC, was effectively left outside any collective policy framework of the EC/EU. Only in 1988 would a framework agreement between the EC and the GCC be agreed – but even then it took considerably longer before substantial progress was made in achieving tangible results. Below, we turn first to a brief review of the evolution of European policy in this period, better to appreciate the context in which the sub-regional approach to the GCC emerged.

2. Europe's Gulf policies in context: The evolution of European policy towards the MENA region since 1990

Awareness on both the European and the southern and eastern Mediterranean sides of the shortcomings in the Euro-Mediterranean relationship led to the institution of a 'Renewed Mediterranean Policy' (RMP) in December 1990. Although it remained in essence a multilateral cover for bilateral relationships, a new feature became the aim of fostering regional integration within parts of the MENA region. Within the RMP, the EC also began to explore sub-regional cooperation arrangements more actively. The idea of fostering *sub*-regional integration in the MENA region, and cooperating with such groupings, had been raised in 1990, in part in recognition of the failure of the more broad-based attempts that had prevailed until then. As part of this new impetus, the Commission's Directorate for External Relations commissioned an independent study group report in 1991, which focused on the related issues of stability, economic development and regional and sub-regional integration in the MENA region, and the implications for EC policy. The report chimed with, and highlighted the possibilities of, the incipient sub-regional focus of the EC (although it also stressed the importance of maintaining a global MENA-wide focus alongside it).³

The new line was reflected in a new approach towards the Maghreb, with the new Euro-Maghreb Document being agreed at the June 1992 Lisbon summit, and the Maghreb being agreed on as an 'area of common interest' under the EU's new Common Foreign and Security Policy' (CFSP). Yet the possibility of extending the new framework beyond the Maghreb was held out. Such an extension became possible with the *détente* in Arab-Israeli relations that followed the 1993 Oslo agreements: hence the holding of the Euro-Mediterranean Conference in Barcelona in November 1995, which launched the 'Barcelona Process' and its *Euro-Mediterranean Partnership Initiative* (EMP). Two obvious points can be made about this, with direct relevance to the subject of this paper: (1) the Gulf region remained outside this new framework (the very same year a new initiative was taken to reinvigorate the relationship with the GCC, as we will

³ Published in a second edition as Gerd Nonneman (ed.), *The Middle East and Europe: the Search for Stability and Integration* (London: Federal Trust, 1993).

see below); (2) peace and stability in the region were recognised as of ‘the highest priority’ for Europe, and the key means to achieve stability in the region were:⁴

- To support political reform, respect for human rights and freedom of expression as a means to contain extremism.
- To promote economic reform, leading to sustained growth and improved living standards, a consequent diminution of violence and an easing of migratory pressures.

With the exception of the concern for the easing of migratory pressures, these concerns and policy elements would henceforth also feature prominently in the newly evolving EU approach to the Gulf – including the GCC. Something else that would become reflected in EU approaches to the GCC, was the EMP’s claim to establish a comprehensive partnership among the participants, involving three ‘baskets’: a strengthened political dialogue, improved economic cooperation, and a more intensive and extensive socio-cultural basket. By the same token, EU-Gulf relations would also reflect a number of problems or shortcomings in the EMP, such as the continuing reluctance to open ‘sensitive’ European markets; and persisting vagueness over the implementation of the political basket, especially when it came to the democratic deficit in the MENA region.

European attention for some of these difficulties was heightened in the aftermath of 9/11 and the Iraq War, not least in the context of the ‘war on terrorism’. An associated external factor (and stimulus) was the new US ‘Greater Middle East Initiative’ (2003/04). At the same time, the EU itself was entering a new era, with the expansion from 15 to 25 members, and the changes in political geography this brought with it: extending its borders to Russia in the East, bringing two of the three non-Arab EMP partner countries into the EU itself (Malta and Cyprus), while Turkey’s seemed to inch closer. These developments generated two policy responses from the EU that are of particular relevance for our discussion.

The first was the adoption of a ‘New Neighbourhood Policy,’ or the ‘Wider Europe’ policy framework, first introduced in a communication from the Commission in March 2003. This aimed

to develop a zone of prosperity and a friendly neighbourhood – a ‘ring of friends’ – In return for concrete progress demonstrating shared values and effective implementation of political, economic and institutional reforms, [these countries] should be offered the prospect of a stake in the EU’s internal market and further integration and liberalisation to promote the free movement of persons, goods, services and capital.

The Commission document explicitly recommended consideration of how the EU ‘could incorporate Libya into the neighbourhood policy’. Yet it still left the Gulf and the Arabian Peninsula outside its remit.⁵

⁴ European Commission, ‘Strengthening the Mediterranean Policy of the European Union: establishing a Euro-Mediterranean Partnership’, COM (94) 427, 19 October 1994, p. 5.

⁵ ‘Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours’, Communication from the Commission to the Council and the European Parliament, COM (2003) 104, Brussels, 11 March 2003.

The European Council of Thessaloniki in June, however, specifically requested the Commission and the High Representative for CFSP (Javier Solana) to formulate a policy framework and working plan to strengthen relations with the whole Arab world (building on existing frameworks including the New Neighbourhood context). The resulting policy document, *Strengthening EU's Relations with the Arab World*, was presented to the Brussels Council meeting in December 2003. Notwithstanding its title, it called in fact for complementing the EMP with a regional strategy for the 'Wider Middle East', i.e. including Iran. Its key foci were:

- linking the EMP (and indeed the 'Wider Europe' framework) with the 'Wider Middle East' – i.e. bringing in the Gulf and Arabian Peninsula region, not least by 'the linking of EU-MED and EU-GCC free trade agreements, [and] including Yemen';
- fostering reforms;
- making the EU's policies and policy instruments towards the MENA region more coherent; and
- the need to resolve the Palestine issue.

An important part of the context for this evolving European policy was, as mentioned, the evolution of US policy, not least the Greater Middle East Initiative (GMEI) put forward in 2003 and 2004, which could be (and was) construed as potentially duplicating or cutting across some of the EU's existing initiatives. Not surprisingly, EU responses combined a concern for maintaining trans-Atlantic cooperation and coordination, with clear, if diplomatic, indications of concern. Thus, a follow-up report on the progress of work towards an 'EU Strategic Partnership with the Mediterranean and the Middle East' in 2004 stipulated that the Union should define a role that was complementary to, 'but distinct' from, that of the US.⁶

The *Strategic Partnership with the Mediterranean and the Middle East* was formally adopted in June 2004. While at least in a declaratory manner bringing the Gulf region into the EU's wider regional policy framework, it was also characterised by two other features. First, it was (even) more bilateral in conception than the Mediterranean framework, emphasising the role of individual European states in such issues as the fostering of reform, rather than the collective EU level. Second, it was by no means clear that it had the wholehearted support of all the member states when it came to implementation and development, with some (France, Germany) arguably more concerned with avoiding it moving too close to American visions of a regional security framework, others (especially Spain) viewing it as unnecessarily bringing the complexities and troubles of the Gulf region into more immediate concerns in the Mediterranean and potentially diluting the latter focus. Perhaps a better way of putting it would be to observe that there simply was no consensus over what the Strategic partnership meant or should mean – certainly as far as the Gulf was concerned (see below). In late 2005, some well-placed EU officials felt that there was at last some shift occurring in this respect, with Spain too becoming persuaded that a focus on the Gulf need not detract from the focus on the Mediterranean and could in fact serve wider European interests.⁷ It is not fanciful to suggest that this may have something to do with

⁶ 'Interim Report on an "EU Strategic Partnership with the Mediterranean and the Middle East."' Note from the Council Secretariat to the Council (7498/1/04 REV1, 19 March 2004). Available on http://ue.eu.int/ueDocs/cms_Data/docs/pressdata/EN/reports/79886.pdf.

⁷ Author's interviews with EU Commission officials, November 2005.

the ‘new oil paradigm’ that has been in evidence since 2003/4, with predictions of long-term higher prices and market tightness: indeed, this would be one more illustration of the long-established pattern that saw significant developments in EU policy towards the Middle East (and especially the Gulf) emerging time and again as a reaction to external events – be it the 1973/4 oil shock, the 1979-80 shocks of the Iranian revolution, oil prices and the Iran-Iraq war, the 1990-91 Kuwait crisis, or 9/11 and its aftermath.

It also remained to be seen whether the renewed emphasis on political reform in the MENA states, and the stated intention to make policies in this regard more coherent, would be given tangible and effective form. Unsurprisingly, the context of the ‘war on terror’ brought both a recognition of the desirability of such reform and a reluctance to pressure friendly regimes too hard, while there was also a strong awareness of the complexity of democratisation dynamics. The previous pattern featuring declaratory policy with hesitant and inconsistent political pressure may well in effect persist, shifting in degree only. Formally, the 2003 EU guidelines for democracy and human rights promotion commit the EU to put together agreed national plans for human rights with the Arab states in the EMP, and this principle has been reiterated in the Strategic Partnership framework. There has been somewhat greater pressure on the GCC to begin a dialogue on human rights (see below). At the national level, since 2002 several EU states (Germany, the UK, France, Sweden, Denmark, The Netherlands, and most recently Finland) established or expanded government programmes, initiatives or sections related to the MENA region and to reform in particular. As of 2005, though, actual follow-through remained very limited.⁸

Any attempt to understand the limitations of EU policy towards the MENA region – and indeed the Gulf – must also take into account a number of internal institutional constraints that are sometimes overlooked (not least by critics in the MENA region itself). Jörg Monar has shown how the dualistic nature of the EU system with regard to foreign policy (the EC having competence for external economic relations, the CFSP for foreign and security policy), has shaped the Union’s external representation, decision-making procedures, instruments and implementation – as well as being evident in the system of democratic control. This, he argues, has a threefold impact on the EU’s MENA policy. First, the EU remains ‘a clearing house of different interests rather than a unitary actor’. Second, there is ‘an in-built tilt towards the economic domain’, since ‘CFSP is by far the weaker structure of the EU’s dual system of foreign affairs.’ And third, this dualism has created difficulties for the MENA partners in terms of transparency and predictability. The dualism also exacerbates the institutional problem of financing initiatives, and it causes problems in the conduct of negotiations. Monar rightly points out that the EU’s partners ‘have to accept that ... the Union has in-built limitations to its capacity to act and a considerable potential for blockages in the decision making and policy implementation process.’⁹

There is a final observation that needs to be made about the nature of the EU’s relationship with the MENA region – be it in the context of the EMP or other frameworks: this concerns the imbalance that has been inherent in the ‘Partnership.’ In

⁸ See also Richard Youngs, ‘Europe’s Uncertain Pursuit of Middle East Reform’ (Carnegie Papers, Middle East Series, No. 45, June 2004).

⁹ Jörg Monar, ‘Institutional constraints on the EU’s Middle East and North Africa policy’, in Sven Behrendt & Christian Hanelt (eds.), *Bound to Cooperate: Europe and the Middle East* (Gütersloh: Bertelsmann Foundation, 2000), pp. 209-43.

effect, EU agendas and structures have remained central, with the ‘southern’ partners essentially acceding to, modestly amending, or rejecting EU initiatives and formats. The recognition shown in EU policy documents since 2003 (from the New Neighbourhood policy to the paper on strengthening relations with the Arab world) of the need to address this and foster a greater sense of ‘ownership’ on the part of the southern partner countries, seem unlikely to reverse the underlying situation. Even so, the enhanced focus on the Arab world as a whole, the strong emphasis placed publicly on a resolution of the Palestine issue, and the attention for establishing linkages between the EMP and EU relations with the GCC and Yemen, are beginning to address some of the concerns felt on the Arab side about the nature of the relationship. The trouble, as far as EU relations with the GCC are concerned, is that there appears to be no real consensus among EU member states about the priority of enhancing relations with the Gulf, nor indeed about the principle of integrating the Gulf more tightly into European policy-making generally.

3. Europe’s sub-regional approach to the Gulf

As already mentioned, European policy began to give increased attention to sub-regional initiatives in the 1980s – including towards the Maghreb, the Mashreq, and the Arab-Israeli theatre. Contrary to these sub-regions, Iran, Iraq and the GCC had been left out of the EMP. Against the background of the evolution sketched earlier, we can now turn more specifically to the case of the EU’s relations with the GCC – always remembering, of course, that this is two-way affair: it is important to take note of the GCC states’ interests, perceptions, and policy-making environment, as much as of the EU’s.

Both sides had long-established interests that could be served by group-to-group cooperation. From the Gulf point of view, these lay in access to Europe’s market for petrochemicals and, generally, trade concessions similar at least to those enjoyed by Israel. Additionally, there was the hope that Europe could complement US policy in the Arab-Israeli conflict, and at times be a modest balancing factor against the US. Europe’s interest was in domestic and regional stability in the Gulf; in the creation of a framework for petroleum imports from the Gulf; and in the fact that the EC/EU had no formal cooperation agreements with any of the six countries (nor were any of them members of the GATT). The establishment of the GCC in 1981 appeared to hold out an opportunity to create effective group-to-group cooperation – especially attractive given the contrast of the faltering Euro-Arab Dialogue. In 1985, EC and GCC ministers agreed to work towards a comprehensive trade and cooperation agreement. Yet it was not until 1988 that the resulting framework cooperation accord was complete, and 1990 before it went into effect.

The agreement followed the model of the EC’s agreements with ASEAN countries, laying the emphasis on economic cooperation, and putting in place a joint council. Later in 1990, under the added spur of the Gulf crisis, negotiations began on the full-fledged preferential trade accord that the GCC states wanted to see. For some years, however, the process remained essentially deadlocked. The initial EC negotiating mandate was rejected by the GCC as too restrictive, as it implied protection for Europe’s petrochemical industry, and a new round began in 1992. GCC access to the EC market remained a stumbling block, and new points of disagreement emerged in the

shape of the European Energy Charter (December 1991) – which seemingly aimed at reducing Europe’s dependence on oil – and the idea of a ‘carbon tax’. Nevertheless, some cooperation was progressing in other fields – including on environmental issues in the Gulf, and in the form of a working party on energy cooperation.

The hold of the European petrochemical producers’ lobby appeared gradually to wane as the 1990s wore on, and the EU stance softened on this issue. But the EU pointed to the GCC’s own failure to establish a customs union, as a major factor in blocking a free trade agreement (FTA). This part of the equation would only change significantly with the announcement of just such a customs union by the GCC, to become effective from 2003 – but as we will see below, follow-through in the EU-GCC relationship was not automatic.

The grievances were partly addressed by attempts to expand cooperation in other areas. In 1995 – also the year the EMP was launched – a ministerial meeting was held in Granada between the GCC and the EU ‘Troika’ to put the relationship on a new footing. This resulted in agreement on three ‘baskets’ in which cooperation should be strengthened: (1) economic and trade relations; (2) cultural and scientific cooperation; and (3) political and security matters. Significant activity between the two sides has followed in order to try and give substance to these decisions – including frequent meetings and conferences on a wide range of issues. The political dialogue between the two also brought a fair amount of agreement, and much of their ministerial communiqués has tended to be taken up with political issues – although not on *domestic* political issues.¹⁰ The opening of an EU delegation to the GCC was proposed, as was a novel element: that of ‘decentralised cooperation’ (i.e. cooperation not dependent on government initiative), which was intended to encompass cooperation in business, media and higher education. The EU delegation was not opened in Riyadh until November 2004, however, and none of the three areas of decentralised cooperation had made significant headway by 2002 – when a conscious decision was made at the EU level to drop the focus on such attempts (as they only appeared to cause bad feeling) and instead focus on the FTA.¹¹

The opening of the EU delegation was part of a wider set of developments that followed the events of 9/11 and its extended aftermath (including Afghanistan and Iraq). At the same time the decision by the GCC that the planned customs union would be brought forward to 2003 also helped change the environment. In 2001 the Commission received a new mandate for negotiations with the GCC (including towards the FTA), and in 2003 an additional negotiating mandate was given on cooperation on terrorism.

As shown already, the gaps in the relationship were also recognised in a number of policy documents in 2003 and 2004, which stressed the need to broaden and deepen the EU-GCC dialogue, and link the EU-GCC and EU-MED frameworks in some way, while also tying in Yemen. Indeed, in 2004 the Commission had commented: ‘the political dialogue has not reflected the strategic significance of the countries involved.’¹² Such recognition was part of the two new policy lines that appeared to guide EU policy towards the MENA region as a whole from 2004: one pursuing a

¹⁰ Abdulla Baabood, ‘Dynamics and Determinants of the GCC States’ Foreign Policies, with Special Reference to Europe’, in Gerd Nonneman (ed.), *Analyzing Middle East Foreign Policies, and the Relationship with Europe* (London: Routledge, 2005), pp. 145-173: at pp. 166-167.

¹¹ Discussion with senior EU official, November 2005.

¹² ‘Interim Report...’, op. cit.

deepening of EMP in the Wider Europe framework; and one working to develop a strategy for the 'Wider Middle East.'

While these developments might yet lead to a reinvigoration of the wider EU-GCC relationship, such a reinvigoration remains, thus far, theoretical, stymied by the usual factors of intra-EU division, institutional limitations on both sides, and less than wholehearted consensus and support on the GCC side for some of the key aims of those EU states that remain keen to push for a clearer EU focus of the Gulf.

Indeed, the formulation in the final report on the *Strategic Partnership*, formally inaugurated as a policy in June 2004, the section on political dialogue with the 'countries east of Jordan', is tellingly tentative (and bilateral): the EU and its members will

- Consider bilateral political engagement with those GCC members with a desire to move more rapidly on issues of concern;
- For this and for other objectives, consider strengthening the EU's capacity within the Gulf area.

At the same time, there was even less enthusiasm (also on the GCC side) about the inclusion of the Gulf as an area of interest for NATO, as envisaged in the so-called Istanbul Cooperation Initiative (ICI), that was also agreed in June 2004.

With the GCC's sudden acceleration in the direction of a customs union (it was formally declared in January 2003 although practical implementation progressed more slowly) and an August 2003 EU-Saudi agreement regarding the Kingdom's accession to the WTO, the conclusion of an EU-GCC FTA seemed to come closer. It remains the case, however, that gradual progress on the trade aspects of the relationship continued to be accompanied by some frustration on the part of the GCC as being viewed only as markets and energy suppliers,¹³ and the associated lack of a political component *as defined by them* – i.e. excluding real debate on human rights: precisely the area the EU was bound to raise. Indeed, the perceived insistence of their EU interlocutors on raising the question of good governance and human rights was seen by many on the GCC side in 2004 and 2005 as a diversionary tactic, or at least an unnecessary distraction belatedly introduced – even though that was a misreading of the facts in part caused by imperfect communication between the different levels of officialdom in the GCC and its member states: the issue is a formal part of the EU's agreements with third parties (see section 4 below).¹⁴

It remains, moreover, far from certain that Saudi Arabia's WTO entry will be reflected in the actual conclusion of the EU-GCC FTA anytime soon, given a host of outstanding issues over liberalisation of the services and energy sector within the GCC and the question of differential pricing. The FTA negotiations round in April 2005 remained deadlocked,¹⁵ and even though the November 2005 round in Abu Dhabi produced more positive statements, there was no real sign that the underlying difficulties were removed. At most, negotiations inched forward, some of the 'bad

¹³ A complaint heard regularly from Gulf officials privately and otherwise, including in person from a key Saudi official shortly before the completion of this paper.

¹⁴ This misconception nevertheless informed the views even of a number of senior GCC diplomats (including in private exchanges), as well as of commentators in the GCC's print media in 2005.

¹⁵ Although one senior EU negotiator put a positive spin on this, viewing the meeting as the first 'real' exchange, even if problematic, in contrast to the earlier rounds, which had been 'formal and empty' affairs.

vibes' were overcome, and at least some on the GCC side were once again willing to view the EU as negotiating in good faith. Certainly, the view expressed in the EU Commission in late 2005 was that the FTA was a priority; privately, too, there were fervent expressions of hope that this would somehow be achieved, as 'the FTA is a prerequisite to anything else' – yet such hopes seemed not necessarily reflected in real confidence.¹⁶ Indeed, for one thing, even if imaginative ways around the dual pricing issues are found, it is not clear that the GCC will soon be inclined to accept the EU's minimum position on services: that an FTA must be, in essence, "GATS+" (i.e. start from the baseline of the General Agreement on Trade in Services).¹⁷

It is important here to point once again to the significant institutional limitations on the EU's ability to make and implement policy coherently towards the MENA region and the GCC in particular, as outlined earlier. In addition, there is a further way in which EU policy integration on the GCC in particular has suffered. EU member states sometimes 'transfer' the file of a particular group of countries they have relations with, to the EU level, as they see it as too costly to manage and maintain those relations on a purely bilateral level. When it comes to the GCC states, member states have not seen such bilateral relations as costly at all – indeed, no member state has 'transferred the GCC file' to the EU level. Instead bilateral competition has been more in evidence.¹⁸ Often, the shaping of a collective EU policy towards a particular country or region depends on the existence of a 'champion' within the EU for such an approach. There is no such obvious champion for EU-level relations with the GCC.¹⁹ To the extent that such a policy has been put forward – perhaps most by Britain – it has been neither truly wholehearted (in part due to satisfaction with the UK's own bilateral relationships), nor successful at persuading all others to follow suit. This points once again to the striking variation in interests between the member states of the EU, and their policy-making elites' strikingly different foreign policy role conceptions in general as well as regarding the GCC in particular.

This can be observed also in the divergent attitudes towards the idea of a more global Gulf approach encompassing all eight riparian countries, plus Yemen – first explicitly suggested to the Commission in 1992²⁰ and gradually becoming part of the discourse on Gulf security in unofficial policy thinking exercises, often involving EU national and Commission diplomats. (It is also in such fora that the specific proposal of a flexibly constituted Conference for Security & Cooperation in the Gulf (CSCG) was developed).²¹ In 2005 the idea that the most fruitful way to approach the various

¹⁶ Discussions with EU officials in September-November 2006.

¹⁷ Discussions with EU officials, November 2006. For a directly relevant discussion of trade issues between the EU and Saudi Arabia, by Jean-Francois Seznec, see 'Saudi Arabia's Accession to the WTO: Is a "Revolution" Brewing?' (Middle East Policy Council Capitol Hill Conference Series on US Middle East Policy U.S. Capitol Hill, Washington, D.C., January 13, 2006) (<http://www.saudi-us-relations.org/articles/2006/loi/060122-mepc-seznec.html>).

¹⁸ I owe this observation to Prof. Giacomo Luciani (European University Institute, Florence).

¹⁹ As pointed out by Abdulla Baabood in a discussion at the Gulf Research Centre, Dubai, January 2003.

²⁰ In the EC-commissioned study referred to in note 3 above, delivered to DG I (External Relations) in 1992.

²¹ The output of a recent example is Giacomo Luciani & Felix Neugart, *The EU and the GCC: A New Partnership* [2005 updated version] (Gütersloh/Munich: Bertelsmann Foundation / Center for Applied Policy Studies, University of Munich, 2005), (http://www.cap.lmu.de/download/2005/2005_GCC-EU.pdf). For the CSCG idea, see *ibid.*, p. 23; and in more detail, Gerd Nonneman, 'The Gulf: background assessment', in Nonneman, *The Middle East & Europe, op. cit.*, pp. 55-62; and Gerd Nonneman,

interlinked issues of Gulf security was precisely by looking for ways in which Iran, Iraq, and Yemen could be brought into the picture, whether in terms of economics, security or otherwise, appeared to be gaining some currency – building on the more explicit references to Iran, Iraq and Yemen in the Strategic Partnership.²² At least initially such an approach continued to be obstructed by some EU members, although EU officials were expressing the view in late autumn that year that the previously more reluctant EU members states were increasingly ‘coming on board.’

Certainly up to that point, and indeed most likely beyond, there also appeared to be a divergence between those favouring a relatively more bilateral approach (including at least the UK, Denmark and the Netherlands) and those preferring a more ‘European’ approach (the former’s position deriving not least from the contrast between good established relationships that are seen to be working, and the failure of the others to give the relationship with the GCC sufficient priority and commitment).

The GCC side of the equation features even more serious hurdles. Quite apart from the less developed stage of integration generally, and the lack until very recently of a ‘customs union’, there is also the institutional problem that the GCC secretariat does not come anywhere near the functional equivalent of the European Commission: the Secretariat is very small, has no budget of its own apart from specially dedicated projects individually approved by all governments, and has no independent supra-state negotiating competence to compare with the Commission’s power to negotiate the EU’s external trade agreements. Also, at the substantive negotiations with the EU Commission, the lead GCC negotiator is always the Saudi deputy Minister of Finance – an established convention among the GCC members, but not one which always makes for effective negotiating or even mutual comprehension. Not only does effective performance very much depend on the calibre of the incumbent, who is not always *au fait* with the details and technicalities of the issues being discussed;²³ it is also questionable whether it is always the deputy minister of *finance* who would be best suited to the range of negotiations at hand. At times such limitations can be circumvented by direct EU officials’ access to key ministers on the GCC side – but that remains an occasional and *ad hoc* solution.

In part this situation reflects the persistent unwillingness of the member regimes to let go of elements of their sovereignty – as was well illustrated in the November 2004 decision by the Bahraini government to conclude a free trade agreement with the US, thus cutting across the supposed customs union with its fellow GCC members.

In the case of the GCC and its members there is arguably a further factor at work, relating to the nature of these states and the prevailing ‘style’ of diplomacy. This is the fact that they remain largely autocratic, if benevolent, regimes run by a small circle of royal figures who by and large conceive of international relations and diplomacy in a deeply personal way, and at the same time are not wont to delegate large

Terrorism, Gulf Security and Palestine: Issues for an EU-GCC Dialogue (= RSC Policy Paper 2002-2) (Florence: Robert Schuman Centre, European University Institute, January 2002) (http://www.iue.it/RSCAS/WP-Texts/02_02p.pdf).

²² It is worth noting that the (few) officials specifically dealing with this region within the EU Commission’s Directorate for External relations are in fact gathered in one Unit for Iraq, Iran, the GCC states and Yemen (Head of Unit: Patrick Laurent).

²³ The incumbent at the time of writing (November 2006) in that sense gets a much better report from other officials involved in the negotiations than some of his predecessors; but the dependence on the qualities and experience of one individual who may be replaced at any time, remains an in-built problem.

amounts of authority to officials in important international negotiations.²⁴ This helps explain the limited willingness to allow decision-making that is genuinely regional at the GCC level and delegates power to an EU-Commission-like ‘civil service’: one explanation, indeed, for the very limitations of the GCC Secretariat as an organisation. It also explains a preference for bilateral, personal diplomacy with leaders of corresponding seniority.

Moreover, just as there have been divergent interests among EU member states, the same has been true among GCC states: the petrochemicals issue, for instance, has generally been pushed by Saudi Arabia much more than the others. By the same token, it was Saudi Arabia that was generally the most reluctant of the GCC states on the question of genuine trade liberalisation and all that required from its side. Then, of course, soon after the GCC customs union was formally promulgated, Bahrain broke ranks by signing an individual free-trade agreement with the US in September 2004, causing a serious spat with Saudi Arabia, and complicating EU attempts to attain a bloc-to-bloc deal. In the course of 2005, other GCC states followed Bahrain’s lead.

The US preference for dealing with these states on a bilateral basis clearly is a ‘bilateralising’ factor in itself, to the irritation not only of Saudi Arabia but also the EU. But it has only been able to have the effect it has because of the individual state- and regime-oriented calculations and features already characterising the foreign policies and diplomacy of the GCC states.²⁵

4. The question of good governance and human rights

As was shown earlier, a concern for political and economic reform has been an integral part of the EU’s evolving stated policy towards the MENA region. Indeed, it has become a formal part of any new trade agreements with third countries. This in itself is one key reason why it cannot indefinitely be avoided in the EU-GCC relationship, or dialogue, either. The GCC cannot, from the EU’s point of view, be made an exception, as this would make the Union’s whole framework of relations with other developing states untenable and would deprive its wider policy on political reform of any credibility. That is not to say that the EU has been particularly effective at pressing the political reform message in the MENA region. Indeed, ‘little coercive pressure for change was exerted, as the EU adhered to a philosophy of gradualism that relied on notions of soft power, peer pressure, persuasion and cooperative partnership. European governments were highly indulgent of limited signs of progress.’²⁶ As Youngs has pointed out, *outside* the EMP, the focus on political reform was even less obvious. Some initial attempts to address the issue were rejected by Saudi Arabia in particular. But at the same time there has remained a demand from the GCC to develop the political dialogue (with a focus on regional and international, rather than domestic, concerns). That in turn has meant that the EU side of the relationship has retained at

²⁴ Baabood, ‘Dynamics’ op cit., pp. 156-158.

²⁵ At the time of writing, there is a strongly (if privately) held view among some European Commission officials that US policy is aimed at halting GCC integration.

²⁶ Richard Youngs, ‘Europe’s Uncertain Pursuit of Middle East Reform’, Carnegie Papers, Middle East Series, No. 45, June 2004.

least a possible framework to raise questions of reform, good governance and human rights.

It should be said that much of the pressure or persuasion on these issues has in fact come not from the EU as such but from individual member states, often in private rather than public. In addition, there has been an effect deriving from ostensibly non-political factors – in particular the economic reform demands of actual or desired WTO membership: these require, in effect, greater transparency, which potentially takes away from the absolute power of regimes or at least could lay bare some of the ways in which resources are used. The more general demands on opening up the economy also have potentially political consequences, as it becomes more difficult to subsidise economic sectors and employment to the extent that had been possible. In turn this has two possible effects: (1) it loosens the regimes' control of the economy and the powers of patronage that go with it; and (2) it brings strain for less competitive sectors and their workforces, which may generate grievances and, eventually, political demands. It is against this background that the EU's own policy on reform in the Gulf must be seen.

These external economic pressures intertwine with domestic factors within the GCC states. Indeed, economic reform has been increasingly seen as a necessity not just due to external demands, but in order to create a long-term viable economies at home. Indeed, part of the reason why these states have moved towards WTO membership is precisely the recognition that integration with the world economy and economic adjustment at home are necessary to achieve those long-term goals.

There are, at the same time, a number of other internal factors that militate for political reform as well. In all of the GCC states except the UAE and Qatar, a clear trend emerged between the mid-1980s and 2003 that set flat or declining resources against sharply rising demands – not least from a booming population set to double in 20 years, and with a huge youth 'bulge': the latter not only means that population growth rates will take longer to decline, but also that demands for employment will increase further at a high rate. On the one hand this is yet another factor heightening the need for economic reform; on the other, it adds directly to the pressures on the traditional social contract that stipulated acceptance of the political system by the population without much participation, in return for non-taxation and the state's role as ultimate provider of generous welfare and jobs.

While the above is one key factor generating pressures for political reform, there are others too. Regimes in the GCC have begun to see some difficulties in performance on the various criteria of their legitimacy over the past 20 years. The severe negative shift in the economic demands-resources ratio has been the most obvious factor, together with the effects of the 1990-91 Gulf crisis, and the continued festering of the Palestine and Iraq crises. Globalisation will only add to this, both by pushing for further economic reform and by bringing in new political ideas. The growing size and complexity of these societies also means that traditional channels for airing grievances, and traditional bases of legitimacy, are decreasingly able, by themselves, to assure popular acquiescence. Consequently, the case for gradual further political evolution in the GCC is a practical necessity from the perspective both of interested outsiders such as the EU, and most of the GCC regimes themselves.

One of the key points to make about the GCC states with regard to the possibility or desirability of political adaptation ('good governance' and human rights) is that they are different. Indeed, the GCC states stand out as different by comparison

both to the rest of the MENA region and to the developing world generally. Three areas of difference merit highlighting in particular:

- They are comparatively rich. One consequence of this is that outsiders cannot apply aid conditionality in the same way as for other developing states – and as the EU has indeed applied in its relationship with its EMP partner countries.
- Although varying considerably in terms of political participation and the human rights situation, they are in most respects benevolent if autocratic family regimes; gradual rather than wholesale change therefore seems an acceptable route.
- It is possible to make an argument that it is precisely these wealthy monarchies, rather than the poorer republics, that show the greatest potential for such change.

The latter judgement goes somewhat against the grain of common assumptions – including in Middle East-specific literature of the past few decades. Yet six factors peculiar to these GCC states can be put forward to underpin the argument that they might be more amenable to political evolution.

1. *The local roots of the states*: there is a measure of local legitimacy for these polities, as they did not have to face the struggle faced by many of the regimes in suddenly and artificially created states throughout the Middle East and North Africa, where fierce nationalist and militarist assertion against domestic as well as outside actors became the norm. Even if most of the GCC states arguably owe their continued existence (and in some cases their recognition as separate polities) to protection by Britain, the latter built on local political realities.

2. *Elements of traditional legitimacy*: these are linked to the above factor, and to continued rule by the founding families of these polities – a rule which consciously uses elements of tradition.

3. Except for the Saudi case, *these are small polities*. Change may be more easily manageable here. Most key political actors will often know each other, and personal, family or social links will often connect even those who are political opponents. Such links and networks tend to take some of the edge off political conflict – arguably making for evolutionary rather than revolutionary responses to tensions. The impact of smallness on political climate has been identified by Springborg and Salamé, among others: small societies invite political participation, and their rulers can hardly suppress the intrinsic plurality by reference to some great regional leadership vision.²⁷

4. *Their wealth*: although often listed as a factor militating against a democratic potential, due to the rentier effect “no taxation, no representation”), this can help absorb some of the worst social grievances and may give regimes a window of opportunity, during which opening up the system need not lead to calls for their removal. As Tétreault has argued for the case of Kuwait,²⁸ wealth, while giving the rulers significant autonomy and power, also gave people economic resources, which could be combined with the other available social and international resources to give them an extensive ability to carve out spheres of autonomy. This gives rise also to the following point.

²⁷ Patricia Springborg, ‘Politics, Primordialism and Orientalism’, in *American Political Science Review*, Vol. 80, no. 1 (March 1986), pp. 185-211; Ghassan Salamé, ‘Small is Pluralistic’, in Salamé (ed.), *Democracy without Democrats? The Renewal of Politics in the Muslim World* (London: IB Tauris, 1994), pp. 84-111.

²⁸ Mary Ann Tétreault, *Stories of Democracy: Politics and Society in Contemporary Kuwait* (New York: Columbia University Press, 2000), p. 184.

5. It is in these states that there is arguably *a national bourgeoisie emerging* that is no longer significantly dependent on the state, due the accumulated private wealth after decades of rentier economics.²⁹

6. Finally, *they are monarchies*: while, once again, this was long considered a feature predisposing a system to either immobilism or revolution, the evidence from the Middle east as well as elsewhere has in fact pointed the other way. Not only have Middle Eastern monarchies proved very resilient (often in part due to the above factors),³⁰ Kuwait, Bahrain and Qatar have shown that political liberalisation and adaptation are anything but alien to these systems. Republican but autocratic presidents claiming ideological legitimacy, must almost inevitably fall when their particular system and ideology is challenged either by a rival or by democratisation. By contrast, a monarchy may (re)fashion itself as above politics and survive democratisation – especially if it is the main agent of such change and thus derives added legitimacy from it (the cases of Spain and Bahrain are instructive here).³¹

It is true that wealth and some of the other regime strengths enumerated above mean that there will be temporarily less pressure to democratise in such systems. But my argument is that when, as pressures inevitably rise, it *does* become judged necessary to adjust the system, these regimes have the flexibility to adapt without risking either chaos or the overthrow of the monarchy. They are less brittle, in other words, than regimes such as Saddam Hussein's (and several other Arab republican systems). Whether they do adapt depends, of course, on a decision by the monarch and the ruling family. Yet it would appear that some recognition of the need to adapt is present among most of the royal families in the Gulf: the leaderships of Kuwait, Bahrain and Qatar seem to be furthest ahead in acting on this recognition and taking advantage of the window of opportunity that I suggest exists. The organisation of municipal elections in Saudi Arabia would appear to be a further sign of such recognition. And the presence of an emerging national bourgeoisie holds out the possibility of deeper and longer-term reform dynamics emerging from below – at the same time giving outside actors interested in reform, such as the EU, an 'entry point', especially when viewing the future potential for political reform through the prism of economic reform and development, in which this bourgeoisie must play a central role. Even if there is no consensus at all within these societies over where such reform should lead, the common factor, already, is a desire for greater transparency and a greater say in some form.

Apart from the political order, the GCC states feature other significant human rights problems, although the level varies. Yet even the most problematic case, Saudi Arabia, remains in most respects a regime of benevolent if autocratic family rule.

²⁹ An argument cogently made by Giacomo Luciani in G. Luciani & F. Neugart, 'The EU and the GCC: A New Partnership' Updated edition, *op. cit.*, pp. 17-19. For an in-depth case study see his 'Saudi Arabian Business: From Private Sector to national Bourgeoisie', in Paul Aarts & Gerd Nonneman (eds.), *Saudi Arabia in the Balance: Political Economy, Society, Foreign Affairs* (New York: New York University Press / London: Hurst, 2005), pp. 144-181.

³⁰ See Joseph Kostiner (ed.), *Middle East Monarchies: the Challenge of Modernity* (Boulder: Lynne Rienner, 2000); especially the article by Lisa Anderson, 'Dynasts and Nationalists: Why Middle Eastern Monarchies survive' (pp. 53-69). Also Michael Herb, *All in the Family: Absolutism, Revolution and Democracy in the Middle Eastern Monarchies* (Albany: State University of New York Press, 1999).

³¹ See also the review article by Russell Lucas, 'Monarchical Authoritarianism: Survival and Political Liberalization in a Middle Eastern Regime Type', in *International Journal of Middle Eastern Studies*, Vol. 36 (2004), pp. 103-119.

Moreover, many of the human rights problems stem from conservative patriarchal social values rather than from government abuse. This means that a gradualist approach is probably, also from the European perspective, acceptable.

The external and domestic drivers for economic reform mentioned earlier, combine with the domestic political factors outlined here, to add up to considerable pressure towards political adaptation. This is further combined with the international political climate obtaining after 9/11, which includes a concern – not least in the US – that political systems that fail to allow their citizens a voice, may end up not only becoming destabilised, but in the mean time unwittingly foster radicalism within and outside their borders.

From the EU's point of view, all of these factors add up to a realisation that some degree of political reform in the GCC is not only inevitable but very much in the EU's interests, as the absence of reform is believed to lead eventually to destabilisation in countries and a region that is not only close to Europe, but crucial for its energy supply. As is in fact spelled out in the various EU policy documents already referred to, stability in the MENA region as a whole is a key concern, and political (as well as economic) reform are seen as essential ingredients in assuring such stability. It will be clear that, in this context, 'stability' does not necessarily mean 'status quo.'

European stated policy with regard to the Mediterranean region, the MENA region, and indeed its world-wide relations with the developing world, as reflected in the clause in all its third-party cooperation agreements stipulating the importance of democratisation and human rights, is one final reason why the EU cannot afford to be seen to make an exception of the GCC states. To do so, would take away the credibility of its wider policy on the subject, as well as bringing resentment from its other partner-governments around the world.

The GCC states, therefore, should expect the theme of good governance and human rights to continue to feature in the EU's dealings with them. But this will be subject to qualifications. First, the general timidity with which the EU has thus far applied those principles of its external policy will also be reflected in its policy towards the GCC. Second, the EU's usual apparatus of conditionality in its assistance and cooperation agreements with the rest of the developing world will not apply in the case of the GCC, as these states are not aid recipients in the sense the other partner states are. That obviously reduces EU leverage. There also is a budget consideration for the EU: initiatives related to questions of political reform or good governance cannot, for the case of the GCC states, be funded from the main EU budget that relates to these issues: that budget is attached to the sort of assistance programmes that do not apply in the case of the GCC states. Nevertheless, there remains a potential element of conditionality in negotiations over trade agreements. There are possibilities for initiatives under the 'European Initiative for Democracy and Human Rights' (EIDHR), which began life in 1994 and aims to work mainly with NGOs and international organisations. This has remained relatively modest in its funding (with a world-wide sum of £100 million available each year) – and little of this has so far incorporated the Gulf. There also remains scope for expanding 'decentralised cooperation', for which part of the unstated EU rationale was precisely to foster civil society institutions and actors in the region. And there is much room for cooperation and exchanges in educational and technical initiatives, e.g. in higher education programmes, judicial training and penal reform,

training of the military and police in human rights issues and civil-military and community-police relations, etc.³²

Clearly, consistency in the EU's good governance and human rights policy towards the GCC remains patchy, and implementation very hesitant – something that is not likely to change dramatically. Yet note should be taken of the commitment in the EU's December 2003 policy document on strengthening relations with the Arab world as a whole, to putting increased resources into assisting political reform in the region. This has coincided with increased initiatives in several EU member states since 2002, focusing on political reform in the MENA region, and in some cases aiming also at states in the GCC. As indicated, there has been some increased pressure to develop a human rights dialogue with the GCC, and some criticism has been levelled, albeit very cautiously, at Saudi Arabia.³³ This general trend, however fledgling and as yet constrained in its effective application, will, also for the GCC states, be evident both in multilateral EU policy, and in the (greatly varying) bilateral policies of the member states.

All the above does in the end appear to have led not only to the fledgling trend of reform in at least some of the states of the GCC, but also, since mid-2004, towards a new willingness at least to engage on this issue with their European interlocutors. Part of the explanation also comes from the wider Arab policy context: a similar but even stronger combination of factors has been at work in the poorer parts of the region, helping to bring about developments such as the incremental liberalisation of Egypt's political system, for instance, and an Arab League acceptance of the need for internally-generated reform. The meetings on Arab reform held in Sanaa and Alexandria in 2004 on the one hand indicated at least a declaratory acceptance of the desirability of such reform, and on the other cleared a perceptual hurdle to EU-GCC dialogue on the issue. It might be added that, at least at the rhetorical, declaratory level, some of the impetus for this had come from Gulf states: Crown Prince (now King) Abdullah's proposed document on Arab reform had been quite forceful, as had the declarations of the Qatari Amir and foreign minister on the subject.

The 14th EU-GCC Joint Council in May 2004, indeed, saw something of a breakthrough when both sides agreed that human rights (and, oddly but simply in reflection of MEDA relations) migration would henceforth be included in the region-to-region negotiations. This came as part of an intensification of economic and trade negotiations, and of cooperation on terrorism.³⁴ This no doubt facilitated the formal agreement on the EU Strategic Partnership framework in June that year.

Yet the significance of such 'breakthroughs' needs to be kept in perspective, at least for the short-to-medium term. Aside from these regimes' ability to fend off much external pressure, one needs to consider not only the above-mentioned limitations to EU policy in this regard, but also the internal divergence of views and preferred strategies among EU members states – reflecting the divergences in other areas discussed in section 2 above.

³² For a list of proposals from a non-official EU perspective, see my *Governance, Human Rights, and the Case for Political Adaptation in the Gulf* (= RSC Policy Paper 2001-3) (Florence: Robert Schuman Centre, European University Institute, November 2001) pp. 22-24 (http://www.iue.it/RSCAS/WP-Texts/01_03p.pdf).

³³ Youngs, 'Europe's Uncertain Pursuit of Middle East Reform', op. cit., pp. 6-7.

³⁴ Joint Communiqué, 14th EU-GCC Joint Council, Brussels, 17 May 2004.

5. Summing up

Both sides have strong interests in strengthened relations with the other, for both economic and political strategic reasons. But the extent to which a coherent bloc-to-bloc relationship is allowed to emerge continues to be constrained by:

- Divergent economic and political interests and foreign policy roles among the member states of each;
- The nature and style of the Gulf leaders' diplomacy;
- Structural limitations of both organisations when it comes to external relations;
- The role of the US;
- The absence of a 'champion' for GCC relations within the EU, and the fact that maintaining relation with GCC states is not seen as 'costly' for bilateral EU actors.

This results in a continued prevalence of bilateral over multilateral relations.

The nature of the GCC's relations with the EU and European states is further shaped by the former's view of the latter (bilaterally as much as multilaterally) as a key market, a key source of imports (see Tables 1-3: the EU is the GCC's top trading partner), and as a means of diversifying the GCC states' economic and political/strategic security resources – i.e. one of a number of international actors that can partially balance dependence on the US.³⁵

From the European side, the relationship is further shaped by the varying pre-existing relationships established by particular member states; the varying ways in which the relationship to the US and US regional and global security policy is perceived; the varying level of direct bilateral economic interest; and, for the EU as a whole, the accepted importance of a stable Gulf region both for the security of energy supplies to the world economy, and the GCC states' potential contribution to stabilising the rest of the region. At the same time, the EU's interest in and policies on political reform and good governance are sandwiched between, on the one hand, the organisation's awareness of the importance of these issues and its stated global commitment to fostering them; and, on the other, its own limited ability to develop and implement a sustained common policy on the matter, and the GCC states' relative position of power (or to put it another way, the EU's relatively limited grip on them as compared with other 'developing' states).

6. Recommendations

From the above follow both some of the key interests in, and constraints on, EU-GCC cooperation. Acknowledging both of these, a set of recommendations that would seem to suggest itself would include at least:

³⁵ This would seem to be confirmed by informal exchanges with officials and international affairs scholars in the GCC members states in 2004-5, and is also the perception held at the time of writing by directly concerned European interlocutors of the GCC. For an elaboration of this aspect of Gulf states' foreign policy see my 'Constants and Variations in British-Gulf Relations', in J. Kechichian (ed.), *Iran, Iraq and the Arab Gulf States* (New York: Palgrave, 2001), pp. 325-350.

- While acknowledging the inherent limitations, nevertheless keeping a focus on GCC integration, as this is the indispensable platform for economic development in the region and beyond, driven by the local bourgeoisie.
- Dropping EU protection of the petrochemical sector and aluminium as a reason for blocking progress in achieving a FTA – and instead stimulating GCC investment in the EU petrochemicals sector.
- Continuing to work towards integrating the mooted GCC-EU FTA with those of MEDA.
- As a half-way step on the way to this, working towards giving the GCC observer status in the EMP.
- Focussing on EU-GCC cooperation on Iraq, targeting stabilisation and investment there.
- Working, for the longer term, towards the CSCG (Conference for Security and Cooperation in the Gulf) framework suggested in a number of recent fora – featuring a flexibly constituted overlapping set of working groups with different memberships, but bringing together all 8 riparian states of the Gulf, with *ad hoc* additional membership for other states where the subject warrants it.³⁶
- Continuing to foster gradual political evolution through persuasion, alongside technical advice on matters of good governance, recognising that the issues of good governance and human rights are an inescapable element of the EU's formal relations with third parties, and that such evolution is ultimately in the interest of both sides.
- Enhancing educational cooperation and exchange at all levels. At the university level, stimulating the development of courses and programmes on European studies in the Gulf, and Gulf studies in Europe. Fostering the establishment of European universities in all GCC states.

There is neither the space nor the need here to expand on these at great length, or develop a longer, more detailed list: that would only replicate some excellent work done recently elsewhere. The reader is referred to the lucid and well-supported set of recommendations – based in part on wide consultation in the EU and the GCC – put forward by a recent report jointly published by the Bertelsmann Stiftung, Munich University's Centre for Applied Policy Studies, and the European University Institute's Mediterranean programme – as well as some of the studies that lay at the basis of that exercise.³⁷

Suffice it to say that the interests on both sides are sufficiently important not to let an awareness of the constraints lead to a failure to strive to realise the possibilities – and eventually perhaps expand the spectrum of what is in fact possible.

³⁶ See note 17.

³⁷ See Luciani & Neugart, *op. cit.*, pp. 23-32; for a list of the available underlying studies (containing detailed suggestions for policy and initiatives), see p. 2 of the original version (2002) of this publication, reproduced in the 2005 updated version (http://www.cap.lmu.de/download/2005/2005_GCC-EU.pdf).

Table 1. EU-25 Merchandise Trade with the GCD, 2000-2004, in € million

	Imports	Exports	Balance
2000	23	30	+ 7
2002	18	35	+18
2004	25	41	+16

Table 2. Key Components of EU-GCC Trade, 2004, in € million

Sector	Exports	Imports
Energy		17.5
Machinery	15.5	
Transport equipment	7.2	
Chemicals	4.0	

Table 3. Relative share of mutual trade

EU imports from GCC as % of total EU imports	2.5%	
EU exports to GCC as % of total EU exports	4.3%	
GCC imports from EU as % of total GCC imports	33.2 %	Rank = 1
GCC exports from EU as % of total GCC exports	21.8 %	Rank = 2

Source for tables: Eurostat / European Commission