

The GCC-EU

RESEARCH BULLETIN



Gulf Research Center Knowledge for All



At the time this issue of the GCC-EU Research Bulletin went to print, there was little news on whether the long-awaited Free Trade Agreement (FTA) between the GCC and EU would be signed soon. Indications from behind the scenes are that discussions are ongoing and progress is being made, but there are still some issues to be resolved. While this might be the case, the public perception is that once again valuable time has been lost and that the momentum clearly visible during the German presidency of the EU in the first half of 2007 is no longer there.

One reason for the difficult and prolonged negotiation process appears to be the different notions about the process within the two institutions, the GCC and the EU. On the surface, there remain fundamental misunderstandings about how each side works and what is required for engaging in a successful negotiations strategy. With this in mind, this issue of the GCC-EU Research Bulletin attempts to tackle some of the underlying issues by looking into some of the details of the negotiations process and the opportunities and constraints resulting from the institutional design of the two organizations. The key question revolves around what the GCC and the EU should know about each other and how to utilize this knowledge to improve their relationship with one another. There is also the aspect about how the GCC fits into the broader EU Neighborhood policy.

To say that the FTA negotiations have not produced the desired result or to argue that there are still fundamental areas in which the two sides are talking past instead of to each other, is not to suggest that the relationship between the two sides has not made progress. In fact with its call for proposals in the area of

public diplomacy and outreach devoted to the European Union and EU-GCC relations, the European Commission has taken a major step in the right direction and has thus followed up on the suggestions of the last Joint Council and Ministerial meeting of May 2007. The Commission's call for proposals that will "raise awareness – either among the general public in GCC countries or among specified target groups – of the EU, its policies and its ongoing transformations ... as well as of the EU's increasing role as an international actor in the political, economic and security field" will undoubtedly fill a major gap that currently exists in the relationship, especially as it relates to the areas of research and policy analysis. It should also be emphasized that the call for proposals seeks "concrete policy recommendations" and to "increase awareness of issues on which the EU and the GCC [can] work successfully together, suggest new areas for cooperation, or areas where renewed impetus is needed and improve handling of issues where EU and GCC policies may diverge."

The Gulf Research Center is currently putting together a comprehensive proposal to fulfill this mandate and elaborate on what can be done successfully. The promotion of the kind of activities as outlined in the Commission's call is something that the GCC-EU Research program at the GRC has long advocated and as such we are completely supportive of this initiative.

Dr. Christian Koch
Director of International Studies
Gulf Research Center



Gulf Monitor

Your Window to the Gulf



Where Are US-GCC Relations Headed?



US Loses Ground in the Gulf



Demography and Political Violence
in the Middle East



The Gulf Countries and
Nuclear Energy



The Nawaz Sharif Case:
A Testament to Excellent
Saudi-Pakistan Relations



Gulf Research Center
Knowledge for All

Published bi-monthly, the Gulf Monitor provides in-depth analysis and succinct insights into key political, economic, security, social and environment issues that are impacting the Gulf region. More importantly, it extends a regional Gulf perspective on these issues thereby making available a unique and until now not very common point of view.

**Download your sixth issue
from www.grc.ae**



**Vol. 1
Issue**

6

The GCC-EU

RESEARCH BULLETIN

Editor-in-Chief: Abdulaziz Sager

Editor: Dr. Christian Koch

Assistant Editors: Radhika Menon

Flo Weisweiler



Editorial Policy

The GCC-EU Research Bulletin aims to discuss the different challenges and opportunities pertaining to the relationship between the member states of the GCC and the European Union. Articles do not represent the opinion of the Gulf Research Center but that of the individual author. The GCC-EU Research Bulletin is a triannual publication and can be accessed on the GRC website at www.grc.ae.

© Gulf Research Center, 2007

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of the GRC. For information regarding contributions and advertising, contact: Dr. Christian Koch, Director of international studies, GRC (email: ckoch@grc.ae).

Published by

Gulf Research Center
187 Oud Metha Tower, 11th floor
303 Sheikh Rashid Road
P. O. Box 80758, Dubai, UAE
Tel.: +971 4 324 7770
Fax: +971 4 324 7771
Email: info@grc.ae
Website: www.grc.ae

CONTENTS

INSIGHT

- 4 Work in Progress: The European Union's Institutional Design
Almut Möller
- 8 Partnerships with the EU: What the GCC should look out for
Flo Weisweiler
- 10 The EU and the GCC: A New Era in Interregional Relations?
Bezen Balamir Coskun
- 12 GCC Days in the Netherlands: Focusing on Economic Interdependence and Cultural Diversity
Bregje van Baaren

16 ARAA / GULF VIEWS

18 CHRONOLOGY

20 RESOURCES

21 NOTEWORTHY PUBLICATIONS

22 EUROPEAN VISITORS

Work in Progress: The European Union's Institutional Design

Almut Möller

Center for Applied Policy Research (C.A.P)
Munich

Europeans love institutions. Non-Europeans might ask why the European Union in general attaches so much importance to its institutions and procedures of policy-making. And they might wonder why the Europeans still spend significant time and resources on shaping the institutional design of their Union whose 50th anniversary was celebrated in March 2007.

The origins of this persistent love for institution building can be traced to the beginning of European integration in the 1950s. The then European Community was built among former enemies on a continent devastated by the Second World War. Six European states decided to embark on a unique project to build a common future for their countries, thus impacting intra-European relations in a revolutionary manner. In 1951, the founding members – Germany, France, Italy, Belgium, the Netherlands, and Luxembourg – signed the Treaty establishing the European Community for Coal and Steel. In this treaty, they set up an institutional quadrangle: a High Authority as the executive power (later named the European Commission), a Council of Ministers with steering and legislative powers, an advisory assembly as a forum for discussion with limited rights of control (later the European Parliament), and a Court of Justice to examine the interpretation of the Treaty. The institutions were not built as *l'art pour l'art*. They were regarded as the most effective way of overcoming the hostilities of the past and delivering an effective common policy in the crucial economic and military sectors. Indeed, the European Community proved to be effective, and the member states subsequently expanded its size and tasks. The establishment of supranational institutions with the right to initiate and adopt binding legislation for the member states explains the European success story to a large extent. The current level of integration would hardly exist if there had not been institutionalized procedures of decision-making on a supranational level. Until today, the EU's concept of supranationality remains unique in the landscape of international organizations.

The dynamism of the EU's institutional development has been especially remarkable in the last two decades due to a significant expansion of tasks – in particular with the Treaty of Maastricht – and the enlargement process, which reached a peak in 2004 and 2007

Two other aspects are crucial to understand the European Union's institutional logic: its dynamism and its multilevel character. Firstly, the European Union's institutional set-up has been in development over the years and will remain a dynamic process in the future. The dynamism of the EU's institutional development has been especially remarkable in the last two decades due to a significant expansion of tasks – in particular with the Treaty of Maastricht – and the enlargement process, which reached a peak in 2004 and 2007. Since the first fundamental reform of the founding treaties, the so-called “European Single Act” of 1986, the member states have undertaken four substantial institutional reform rounds that required changes in EU primary law. These amendments were laid down in the Treaties of Maastricht (that entered into force in 1993), Amsterdam (1999), Nice (2004), and finally in the Lisbon Treaty adopted at the European summit on October 18 and 19, 2007 (the treaty is expected to come into force in 2009).

The Lisbon Treaty put an end to years of quarrels between the EU member states on the fate of a draft constitution that had been signed in 2004.

The institutional dynamism is a specificity of the European integration process that again can be explained by looking back to the founding years. At that time, the founding fathers did not develop a master plan to set up a mature political system within the first years of integration. There was no consensus on what such an institutional backbone should look like in detail because the founders did not share a common vision on where exactly the integration process was meant to take them: Toward an economic or even a political union? Toward a federal Europe or a Europe of Nations? Toward an intergovernmental or a supranational union? The member states at that time adopted a pragmatic approach to the integration process. Starting with coal and steel, two important pillars of the economy and warfare were put under the responsibility of the High Authority. In the following years, the member states decided to gradually extend the policies to be dealt with at a European level. A common market was completed in the 1990s, a common trade policy adopted and a common currency was created. In parallel, the European Union's institutional design had to be constantly adjusted in order to effectively cope with the responsibilities in the new policy areas. Another driver for the EU's institutional dynamism was enlargement. As the Union has gradually grown from six to 27 member

states, the institutions had to be prepared to welcome the new members, and the effective functioning of the grand EU had to be guaranteed. Both the extension of competencies and enlargement are likely to continue in the future. External relations and Justice and Home Affairs are two policy areas of considerable dynamics at the moment. Croatia, Macedonia and Turkey are on their way into the Union, and the rest of the Balkans has been given an accession perspective. Having said this, institutional dynamism will remain a characteristic of the European Union in the years to come.

A second key to understanding the institutional design of the European Union is that it is a new – and so far unique – form of multilevel governance in which the member states and their sub-national entities (for example, the German Bundesländer) share their sovereignty with the European institutions. Of course, European integration does not mean that all legislative powers have been taken away from the member states and fully transferred to the European institutions. Rather, there has been a dispersion of powers to different levels and institutions. This makes the European Union a difficult partner to understand and deal with. In certain areas, the member states have given the exclusive right of legislation to the European Commission, the Council of Ministers and the European Parliament (especially in the policies related to the Single European Market). In these areas of supranational legislation, the Commission is a powerful player as it has the right and the administrative means to initiate and draft laws and is involved in all steps of the legislation and implementation process. As part of this process, the Commission interacts with other institutions, in particular the European Parliament and the Council of Ministers as the two chambers of legislation. It is through the Council of Ministers that the Commission also interacts with the member states' governments. This multilevel and multi-institutional interaction has been described as *Verflechtung* (interdependence).

In addition to the exclusive EU areas, there are areas in which the European institutions share powers with the member states, and others in which the nation states preserve their sovereignty. But even in areas of clear separation of competencies, things are not as simple as they appear to be. In the supranational European external trade policy, for example, the Commission is negotiating on behalf of its 27 members with international organizations and third countries. However, this does not mean that the Commission is acting in isolation from the European capitals. Berlin, Warsaw, London and Helsinki are following European policies in all areas and will promote their interests in Brussels and stay involved in

the policy-making process. Another specificity adds to this *Verflechtung*: European trade policy has a strong link to the broader area of external relations, an intergovernmental policy field in which the sovereignty of the member states is still intact and the nation states are keen to preserve that.

Its multilevel nature makes the European Union and its member states a complex actor to handle both for Europeans and third countries. The Europeans themselves are still in the process of learning how to effectively govern their multilevel system. The question of competencies which is basically about “who does what?” and the objective of a clear and systematic division of tasks laid down in EU primary law is still one of the highly controversial issues in the European Union. For third countries this often means that they find it difficult to figure out which is the best address to talk to in a respective policy area: the European capitals (all 27, or only the most powerful ones?) or the European institutions (and which ones: the Council of Ministers, the European Commission or the European Parliament)? The bad news is: There is no tailor-made answer to this question. It seems therefore advisable for decision makers from outside the European Union to develop a profound understanding of the EU's policy areas and its institutional dynamics.

Its multilevel nature makes the European Union and its member states a complex actor to handle both for Europeans and third countries. The Europeans themselves are still in the process of learning how to effectively govern their multilevel system

It might also be helpful in dealing with the European Union to understand that the EU is first and foremost a community based on Law. The primary law of the EU, that means the founding treaties and its amendments, clearly sets a legal framework for action. Any secondary legislation is derived from the primary law and has

to respect it. For example, external agreements concluded between the European Commission and third countries are secondary legislation. They become part of the legal order of the European Union and are binding in each of its 27 member states. And as such, they may not conflict with the treaty provisions. Some agreements, in particular those related to the Single European Market's legal framework, are highly complex and contain a whole number of detailed legal and technical provisions. Every member state has to respect the provisions of the internal market and the European Court of Justice supervises the rules are not broken. Every applicant state that wants to become a member of the EU has to make sure that it is capable to adopt and implement these provisions, which makes the accession a long and difficult process. It is in this logic that the EU is negotiating with third countries. Therefore it could be helpful for third countries that are concluding trade agreements with the EU to understand that there is only limited room for political decisions of the Commission

that could overcome a stalemate in the negotiation process on what might look as a minor technical issue. The union is a community based on law, with an impact on its member states as well as on third countries. But again, things are more complex. The EU has many faces. It might well happen that a high representative of the European Union during a ministerial meeting with its counterparts in third countries expresses the political will and the commitment to finally conclude an agreement. But this doesn't mean that such a statement can wipe away outstanding obstacles. The devil is often, as explained above, in the legal details.

Having said this, the EU's complexity creates a huge task for the Europeans themselves: If they want to deliver effective policies in their multilevel system and become a reliable international partner they have to work on greater effectiveness and coherence of the EU's policies. New challenges in the

globalizing world will continue to push the EU to make its institutions and policies function more effectively. Even after 20 years of reform, the EU will remain an institutional building site in the years to come. The need for evolution should not be regarded as a deficit of the EU's existing institutional set-up but as an opportunity for the organization to handle the challenges of a rapidly changing world. Much will depend on the Union's capabilities to organize and effectively implement future treaty reforms. This is one of the most important lessons that the member states can learn from the most recent reform round. The Lisbon Treaty started as an ambitious constitutional project in 2002 and after more than five years ended as yet another treaty amending the existing EU primary law. Over the years the Europeans spent significant resources on solving the constitutional deadlock. In the meantime, they missed opportunities to shape the new global political and economic order in a changing world.



Gulf Research Center
Knowledge for All

Research Bulletins and Newsletters Published by GRC

- ▶ *GRC Economics Research Bulletin*
- ▶ *Gulf-Asia Research Bulletin*
- ▶ *Gulf Monitor*

- ◀ *GRC Environment Research Bulletin*
- ◀ *Security & Terrorism Research Bulletin*
- ◀ *GRC Newsletter*



International Relations International Relations

Master's Degree Program (M.A.)

"International Relations" is a two-year full-time Master of Arts distance learning program, comprising 120 credit points according to ECTS standards.

The degree is certified by the Freie Universität Berlin.

The language of instruction is English.

Start of the new cycle: October 2008

Application deadline: April 30, 2008



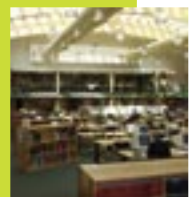
Gulf Research Center
Knowledge for All

Gulf Research Center
187 Oud Metha Tower, 11th Floor,
303 Sheikh Rashid Road,
P. O. Box 80758, Dubai,
United Arab Emirates
Email: IROnline@grc.ae
Tel: +971 4 324 7770
Fax: +971 4 324 7771



Institute for East European Studies
Garystraße 55, 14195 Berlin, Germany
Email: IRonline@zedat.fu-berlin.de
Tel: +49 30 838 55476
Fax: +49 30 838 53616

Please visit our website for more information on application and tuition details:
<http://www.global-politics.info/ir-online>



Partnerships with the EU:

What the GCC Should Look Out for

Flo Weisweiler
Research Associate
Gulf Research Center, Dubai

The Gulf matters. This fact is indisputable and the reasons are numerous. The GCC states today are one of the world's most sought after trading and investment blocs. Their enormous strategic importance for partners such as the US and the EU, which is likely to increase as the 21st century progresses, is due to some key factors. The most important one is likely to be the global supply of fossil energy, where the GCC accounts for almost half of the global oil reserves and 15 percent of natural gas reserves. Because the reserves of these fuels are vast and the production costs comparatively low, the importance of the GCC for the global supply of energy is bound to increase even further.

Outside of the obvious issue of energy supply and security, there are other reasons why the EU might consider the GCC as an appropriate partner. For one, the GCC is modeled at least in some degree on the European Union and today represents the only successful lasting regional integration efforts in the Middle East. In 2006, the GCC celebrated its 25th anniversary and despite the frequent suggestions by Western commentators that the GCC is only a hollow shell and that the institution does not function properly, there have been accomplishments in terms of both vertical and horizontal integration. A customs union was established in 2003, key decisions for the single market are expected to be made at the December 2007 GCC summit meeting in Doha, Qatar, and the project of a common currency remains a serious point of discussion, despite the fact that the initial envisioned date of 2010 will not be met. In addition to these projects, the GCC already guarantees freedom of movement, residence and establishment among its members, another step that is similar to the European model. It should thus be expected that regional integration within the GCC will progressively deepen. This, in turn, will make it possible for someone like the EU to deal with a single interlocutor characterized by homogeneity in social, political and cultural systems.

It could be argued that many of the issues, such as conditions for trade and trade policy instruments, demanded and used by the European Union, which need to be addressed, are simply beyond the GCC at the moment. Their liberalization process has simply not reached that far

Furthermore, it is important to mention the GCC's unwavering support for Western policies and its abstinence from violence to resolve conflicts, together with relative moderation towards Israel. As a result, even outside the predominant economic areas, there is the potential for substantive cooperation between the GCC and the EU also when it comes to issues of peace, security and regional stability.

Given these foundations, why then are there problems and endless delays when it comes to concrete negotiations? Why do processes drag out and issues remain unsolved often for decades? In the specific example of GCC-EU relations, it may be easy to lay the blame for that solely at the GCC's door. These countries often have been accused of putting on a shiny front but being socially backward, inadequate, hopelessly overburdened by bureaucracy and, plainly, just not as developed as many of their Asian or Western partners. But one should ask, if this fair? The ongoing negotiations between the EU and the GCC about the Free Trade Agreement will be used here as an example.

The Free Trade Agreement negotiations started in 1990 but faced a standstill pending the decision from the GCC in 1999 to move towards a customs union by March 2005. In order to reinvigorate the negotiations and adapt them to developments in the WTO and in the EU's trade policy, the EU adopted a new set of negotiating directives in July 2001, incorporating services and other areas included in recent FTAs. The negotiating directives stated as a condition for signature of such an agreement the constitution of a GCC Customs Union. Yet, even after the creation of the customs union in 2003, negotiations have dragged on and they remain unfinished as of the second half of 2007.

The EU follows certain goals in its policy towards the GCC which include fostering stability in the region, supporting the path of development chosen by the GCC countries through intensive cooperation in fields such as economic diversification, assuring the stable supply of oil and gas at reasonable prices, and reinforcing the EU's presence in the GCC which aims to reflect the strategic importance of the Gulf region.

But despite all these good intentions of bloc to bloc trading, bilateralism is still very strong and persisting. This could be

attributed to a lack of enthusiasm by some EU member states to increase their presence in the region, which is particularly true for those member states whose historical relations with the region were practically nonexistent before the FTA negotiations began. Also, some EU member states have cited the GCC region's apparent lack of transparency as a reason to curb relations. As a result, there appears to be a divide within the EU itself about how much trade and general relations with the GCC should be moved forward which of course does not make it easy for anyone to do business. Because some EU members seem unenthusiastic about improving relations with the GCC, bilateralism persists.

In the case of the FTA negotiations, they have also been affected both by political and global crisis, besides bureaucratic inertia and a lack of bloc to bloc trade experience. As the world's largest trading bloc, the EU can exert powerful leverage with its trade policy. Increasingly, the EU is bundling human rights, governance and security concerns into the provisions of its bilateral trade agreements. In so doing, the EU is using its trade policy as a vehicle to extend EU social, environmental and foreign policy concerns on its partners. Through a complex system of trade 'carrots and sticks', the EU is attempting to make effective use of its 'soft' power; as opposed to its limited military, or 'hard', power. In the face of resistance from the developing world, which generally opposes the incorporation of non-trade conditions in trade deals, the question needs to be posed whether this policy amount to effective engagement or blunt coercion?

It could be argued that many of the issues, such as conditions for trade and trade policy instruments, demanded and used by the European Union, which need to be addressed, are simply beyond the GCC at the moment. Their liberalization process has simply not reached that far. The EU's trade policy instruments follow strict World Trade Organization guidelines, the problem being that when negotiations started, some GCC states were not even members of the WTO, for example the United Arab Emirates.

The GCC have often found it hard to reach common positions with the EU since the Europeans are unwilling to budge and instead expect the GCC as a whole to adopt and play by its rules. The EU has shown the same attitude in its accession negotiations with Turkey. It insists on the fulfillment of non-trade-related conditions in order for trade agreements to be completed. While that is not a bad thing as such – after all these conditions address critical issues such as human rights – it should however be questioned how high on the priority list these issues should stand in a trade agreement. After all, European and other Western countries are even to this day happy to do business with Myanmar, where most of the non-trade-related conditions are certainly not fulfilled. If the European Union insists on fulfillment, more time should be

allowed. A country, let alone a region, which has functioned in the same way for millennia cannot be expected to change all that and modernize successfully to World Trade Organization standards in one generation. The problem here also lies within the GCC itself where the secretariat simply does not have administrative capabilities or sufficient delegated powers from the member countries to issue common rules for issues such as customs procedures, dismantle internal customs controls or negotiate with external actors on behalf of member states.

The GCC has criticized the European Union in the past for adding new conditions to the negotiations which were seen as a distraction despite the fact they were clearly in line with all of the European Union's agreements with third parties. When the European Union raised governance, transparency and human rights issues as well as migration clauses, they were regarded as irrelevant to a trade agreement by the GCC states. The GCC has accused the European Union of protectionism especially in the oil sector although some issues here have been resolved since 2005 when Saudi Arabia became a WTO member. Obstacles remain on investment, procurement and services.

So there are issues from both sides, no doubt. Both viewpoints can be understood but unfortunately, mere understanding does not make agreements happen faster. The GCC has work to do, undoubtedly. The European Union is after all the much bigger, older and economically more powerful of the two blocs and it can be argued that the GCC will benefit more from agreements than the EU, except when it comes to petroleum. However, there also seems to be a lack of knowledge and understanding, and enthusiasm towards the GCC within the European Union. It has been suggested previously that more human resources within the European Commission should be devoted to relations with the GCC. It has been suggested further that a new cooperation proposal should be elaborated that goes beyond the free trade area. Additionally, it has been suggested that the political profile of the relationship should be increased.

It is certainly difficult for Europeans to understand all aspects of the GCC but the states are currently in transition, politically and economically, and the outcome is likely to be profitable and exciting for the European Union. The European member states should also adopt a clear policy towards the GCC and reluctant members should be persuaded to join a collective European effort. As for the GCC, it has to sort out the most commonly criticized issues quickly if possible. The EU, the US and the WTO are pretty much based on the same values and principles, some of which are still being introduced in the GCC. Unless this is realized and necessary accommodations are made crucial opportunities on all levels will be missed. That would be a mistake that neither the GCC nor the European Union can afford.

The EU and the GCC:

A New Era in Interregional Relations?

Bezen Balamir Coskun

Ph.D. Candidate in the Department of Politics, International Relations and European Studies at Loughborough University, UK

Geopolitical and economic developments following the end of the Cold War have accelerated the transformation of European Union (EU) as a global actor. Furthermore, redefinition of security threats, introduction of economic and human security issues into the security agenda and the rise of transnational security threats have led the EU to adjust to the new realities. Accordingly, the EU has incorporated its foreign and security policies with internal security objectives. The 'Security Strategy' and the 'European Neighborhood Policy' were created to frame this new approach.

In the European Security Strategy in 2003, five key threats to Europe were identified: terrorism, weapons of mass destruction, regional conflict, state failure and organized crime. All of them are firmly connected with the security and stability of the Union's neighborhood regions. Consequently, the EU has developed bilateral and interregional policy tools aimed at contributing to its neighbors' security and stability, and thereby its own security. Within the context of the EU's wider foreign policy and security strategy framework, the Middle East is considered as the most important area which can directly affect the EU's well-being from economic and security angles. As part of its broader security strategy, the EU is becoming increasingly engaged in the Middle East. In this regard, the EU has developed different policy tools to facilitate its involvement in the region: EU-GCC Cooperation Agreement, the Barcelona Process, the European Neighborhood Policy, and bilateral agreements with Iran, Iraq and Yemen.

Even though the GCC states are excluded from the general 'European Neighborhood Policy' framework, relations with the GCC have always constituted an important part of the EU's

external relations not only because of the region's rich energy resources but also because of its strategic importance for the EU. Consequent on its interest in securing energy resources, combating terrorism, and containing regional conflicts, the EU indicated its interest in greater involvement in the Gulf region and enhancing cooperation with the Gulf States on common security challenges. The expressed intentions clearly show the EU's desire to engage in the Gulf as an international actor. In her speech at the annual Joint Council and Ministerial meeting in 2005, Benita Ferrero-Waldner, Commissioner for External Relations and European Neighborhood Policy, clearly stated the EU's intention and commitment:

"The EU is committed to strengthening relations with the region, and I believe that both sides are now ready to open up new areas for cooperation. We need to identify specific initiatives ... and I am looking forward to making some concrete proposals to my GCC colleagues."

Within the context of the EU's wider foreign policy and security strategy framework, the Middle East is considered as the most important area which can directly affect the EU's well-being from economic and security angles. As part of its broader security strategy, the EU is becoming increasingly engaged in the Middle East

Recently, energy security has emerged as one of the main pillars of the EU security. On the demand side of the energy equation, the EU is the world's second largest energy market with over 450 million consumers. Thus, sustainable, competitive and secure energy is considered as one of the basic pillars of European security. On the supply side, as is predicted in the 2006 Green Paper entitled 'A European

Strategy for Sustainable, Competitive and Secure Energy,' in the next 20 to 30 years, around 70 percent of the EU's energy requirements will be met externally. The rising import dependency of the EU on external suppliers has highlighted the Union's vulnerability with regard to its energy supplies. The dispute between Russia and Ukraine over natural gas prices in January 2006 further highlighted the risk of dependence on a few energy suppliers. The uncertainty about the accessibility of oil from other major sources in the Caspian Basin, Central Asia and Russia, the continuous instability in Iraq, and the diplomatic confrontation over Iran's nuclear program has encouraged the EU to consider the GCC states as alternative energy suppliers, and to prioritise interregional relations with the GCC.

The interdependency of the EU and the GCC in the energy field is reflected in the EU's bilateral and regional level energy dialogues with the GCC. The EU's major concern in this regard is to get continued access to oil and gas at predictable and controllable prices. Accordingly, the two sides have negotiated economic and trade agreements with broad energy implications. Moreover, European companies play a leading role in developing oil and gas deposits in the GCC states and the GCC investments in the EU have created a business class in the Gulf that has a vested interest in a stabilized European economy. As Giacomo Luciani points out, the cooperation between European oil companies and the national oil companies of the Gulf States lead to vertical reintegration through cross-investment.

For the EU, a close partnership with the GCC has other advantages too. The GCC states with their interest in regional stability have become natural allies for the EU in the Middle East. The GCC states' preference for a nuclear free Middle East and their commitment to support the Israeli-Palestinian peace process have caused them to move closer to the EU's position regarding regional security and stability. Within this context, it is believed that EU-GCC interregionalism may set a good model for the EU's impact on the Middle East as a whole.

In general, the regional approach has become a key factor in EU's external relations. Past EU approaches towards its neighbors mainly promoted stabilization through fostering regional cooperation and regionalism. Regional cooperation is defined by the Commission as a "general concept that refers to all efforts on the part of neighboring countries to address issues of common interest." Consequently, interregional relations constitute a new level in the EU's relations with other international actors. Attention so far has focused on EU's relations with ASEAN and, more recently, EU-Mercosur relations. However, EU-GCC relations flourished after the end of 1980s as the EU developed its economic and political ties with the bloc. In this context, both the EU and the GCC agreed on the need to strengthen the political dialogue, increase economic cooperation, and develop cooperation instruments with a view to promoting the sharing of knowledge and mutual understanding.

The GCC states with their interest in regional stability have become natural allies for the EU in the Middle East. The GCC states' preference for a nuclear free Middle East and their commitment to support the Israeli-Palestinian peace process have caused them to move closer to the EU's position regarding regional security and stability. Within this context, it is believed that EU-GCC interregionalism may set a good model for the EU's impact on the Middle East as a whole.

Since the end of the 1980s, the trade balance between the EU and GCC has changed from negative to positive in favor of the EU. The GCC is among EU's top export markets and one of the biggest sources of import for the EU. The growing importance of energy security for the EU has enhanced the value of interregional relations with the GCC. However, these interregional efforts have not produced satisfactory results yet. The EU's economy-driven approach has not matched the GCC's security imperatives. As was highlighted in the 'Fostering EU-Italy-GCC Cooperation' seminar organized by the Gulf Research Center and Instituto Affari Internazionali on December 13, 2006, economy and trade have continued to be the key issues and overshadowed cultural dialogue and people-to-people contacts. But, during the German EU Presidency, interregional relations between the EU and the GCC have moved forward. Besides the progress towards the conclusion of a Free Trade Agreement, there has been increased cooperation in the field of people-to-people contacts. As an indicator of this shift, at the 17th GCC-EU Joint Council and Ministerial Meeting on May 8, 2007, agreement was reached to strengthen cooperation in the field of education between universities in both regions, and secure the participation of GCC countries in the European Commission's Erasmus Mundus program through the creation of a 'Gulf Window.'

Furthermore, the Joint Council pointed out the importance of further cooperation on environmental issues. Within this context the first EU-GCC experts' meeting on climate change was held in Brussels on January 22, 2007.

In light of the recent developments regarding EU-GCC relations, and in spite of the EU's institutional superiority over the GCC, both sides have succeeded in moving beyond the continuing free trade agreement talks and found other common grounds

on which to develop interregional relations based on their interdependencies. The current phase of EU- GCC relations marks the beginning of a new era in interregional relations and strengthens the EU's position in the region.

GCC Days in the Netherlands:

Focusing on Economic Interdependence and Cultural Diversity

Bregje van Baaren
University of Amsterdam

Following a decision by the Ministers of Information of the Gulf Cooperation Council (GCC) to intensify their informative activities in the European Union¹, the regional organisation has been organizing an annual event in Europe since 2004 called “the GCC Days.” This year, the GCC Days were held in the Netherlands from October 30 until November 1. Previously, similar events were held in France (2004), Belgium (2005) and Germany (2006). The next venue is Spain in 2008.

The GCC Days are part of a gradually growing attempt to bring the European and GCC societies closer together in a globalizing world. As such, the organizers of the event focused on two main aspects: economic interdependence and the embracement of cultural diversity. In the context of the Dutch GCC days, three symposia focusing on economic, gender and cultural-religious issues were held in the cities of Amsterdam, The Hague and Leiden. The aim of the event was to build new ‘bridges of understanding’ as well as deepen and strengthen existing ways of cooperation through face-to-face contact, speeches and dialogues on issues of common concern. The achievements of the GCC states – some of which are a result of cooperation with European partners such as the Netherlands – as well as the scope for cooperation between the GCC and the Netherlands in non-economic fields were addressed. An interactive opportunity was also created to exchange knowledge and information in order to tackle stereotypical images and clear misconceptions about the Arab and Islamic worlds that might exist in

European societies. In addition, the Secretary General of the GCC, Abdulrahman Al-Attiyah, met with political leaders from the Netherlands, including the Prime Minister, Jan Peter Balkenende, the Minister of Foreign Affairs, Maxime Verhagen, and the Minister of Economic Affairs, Maria van der Hoeven.

The GCC took the initiative to organize this event. There were, however, some specialized, local co-organizing and/or facilitating parties involved, including the Embassy of Oman to the Netherlands, PA Europe, ING Bank, the Dutch Parliament and Leiden University.

As the event is considered a good way to maintain contacts between the intellectual elite of both sides, the audience

that attended the symposia included representatives from the business, academia (both students and scholars) as well as the political and diplomatic communities. Civil society was represented by such organizations as “Women for Water Partnership” and the “International Dialogue Foundation.” What was equally important was that the event received coverage both in the Dutch and Arab media thereby contributing to its promotion and ensuring that its results could be disseminated to a wider audience. The media was represented by written press such as journalists

of larger Dutch daily newspapers, the Dutch national news agency, the Saudi Press Agency and the Emirates News Agency. In addition, audiovisual media such as Saudi TV were present.

Economic Interdependence and the Socio-Cultural Lessons still to be Learned by the Dutch

The first event was held in the auditorium of the headquarters of the ING Bank in Amsterdam and focused on economic cooperation between the GCC and the Netherlands under



H.E. Abdulrahman Al-Attiyah, Secretary-General of the GCC (third from right) with other participants attending the event

¹ See also “Saudi Arabia Participates in the GCC Days in Netherlands,” *Saudi Press Agency*, October 26, 2007.

the heading “Reality and Expectation.” In addition to the traditional oil sector, the session topics also covered areas such as tourism and infrastructure projects.

From the Dutch side, the Minister of Economic Affairs, Maria van der Hoeven and senior representatives from Netherlands-based companies with a market presence in the GCC such as Shell, the dredging group Van Oord, Port of Rotterdam and ING were present. From the GCC side, speakers represented Oman’s Ministry of National Economy, the Economic Development Board in Bahrain, Abu Dhabi Tourism Authority, Qatar Petroleum and the Saudi Ministry of Petroleum and Mineral Resources. In the context of describing the region’s current attractive investment climate, GCC Secretary-General Al-Attiah referred to the cooperation among GCC states in fields outside of the traditional business side such as human rights and conflict resolution within the wider region. Dr. Ibrahim Al-Muhanna, advisor to the Minister of Petroleum and Mineral Resources, Saudi Arabia, expressed the desire for cooperation with a country such as the Netherlands in the fields of information exchange, joint research, training and education.

The Dutch Minister of Economic Affairs said that despite the positive trends in the long-standing trade relations between the GCC and the Netherlands, she thought more opportunities could be seized upon by both sides. For example, the Dutch industry – characterized by innovative technology in, for instance, the field of water – could help to further boost the development of the rapidly growing and diversifying GCC economies. She also referred to a socio-cultural obstacle in doing business by saying: “Yet many Dutch businesses do not know the region’s potential – nor do they know how to do business in the Gulf. They want to score and run; they do not drink enough cups of tea. Too many Dutch businesses have a distorted picture of Gulf politics and society. The region is often seen as unstable and volatile. Wrongly so. The GCC Days are an excellent initiative, because they allow that picture to be corrected.”

The minister promised to increase the official visits to the region to once a year and said that her Ministry would soon open a representative office in the region. In her speech, Van der Hoeven also referred to a ‘hot’ topic of debate currently in

the Netherlands and other EU member states, namely the role of state fund investments in the national economies. She said the Netherlands has always been an open country, including to all kinds of foreign investments and she could not imagine this would ever change. At the same time, the minister felt that it was important that state funds operate in a transparent manner and stated that: “I want clarity to which state funds operate competitively and in line with the rules of the free capital market. Of crucial importance is openness about the management and investment mandate of these funds.”

The Dutch Minister of Economic Affairs came out clearly in support of the signing of a Free Trade Agreement (FTA) between the GCC and the EU. On the morning of the 1st of November during a meeting between the Dutch Minister of Foreign Affairs, Maxime Verhagen, and Secretary-General Al-Attiah, the importance and relevance of the FTA in view of mutual trade and investment opportunities, as well as energy security would once again be underlined.

The Role of Arab Women in the Development of the GCC Countries

The second symposium entitled “The Role of Women in the Development of the GCC States” was held at the Dutch Parliament in The Hague on October 31. The session addressed a number of relevant aspects including the role of women in the rapidly developing GCC countries with special emphasis on their role in politics, economy, education, and their position in civil society.

A very clear objective of this symposium, which had a majority of female speakers from the GCC countries, was to clear any misconceptions and stereotypical images existing in the West about the role of Arab women in their respective societies. As Abdulrahman Al-Attiah stated: “Unjust stereotypical images of the other represent perhaps the most serious hindrance to the positive interaction between peoples (...) These images need to be corrected through direct face-to-face intercommunication by making available authoritative information from the source itself.”

Facts and figures cited by one of the speakers, the economist Hend Al-Sheikh from the King Saud University in Riyadh,

surprised the audience as she revealed that 35 percent of the investors in the real estate sector and 60 percent of new investors in the stock market in the GCC are female. She also mentioned that 25 percent of private businesses in the GCC are owned by women. A woman in the audience remarked: "Islam has never taken away the rights of the women. We see the misconceptions people have towards us women with veils. They assume we are uneducated and that we have nothing to do in society. But fortunately, we have changed in our behavior and achievements. We do not want people to misjudge us as women being Muslims. We like to keep our traditions and our Islam, but besides that, we are growing and becoming leaders of our countries."² These views were covered by the Dutch media in articles with titles such as "Smashing the stereotypes of Arab women: Gulf States women challenge Western stereotypes."

Building Bridges of Understanding between the West and the Islamic World

The third symposium was entitled "Towards Building Bridges of Understanding between the West and the Islamic World" and was held at Leiden University, the oldest university in the Netherlands,. Speakers included Dutch and Arab scholars

as well as officials. Abdulrahman Al Attiyah said the current threat of terrorism made it even more important for the 'peace loving' countries of the EU and GCC to work together towards mutual understanding. The importance of cooperation in fields of education were underlined. The Dutch Minister of Social Affairs and Employment, Jan Piet Hein Donner, spoke about the importance of preserving cultural diversity in an age of globalization in which we all become more interdependent. He referred to growing tensions between different cultures. The minister said the key to tolerance was to work towards a sense of mutual interdependence characterized by understanding, respecting and enjoying each other's differences instead of fearing and trying to eliminate them. The Dutch official added that mutual understanding could not be reached by providing information only. Former Dutch Minister of Foreign Affairs, Dr. Bernard Bot, spoke about the process of democratization and also encouraged the cooperation between the GCC and EU in the field of education through scholarships and synergy of educational institutes. Furthermore, Dr. Bot underlined we should continue to build bridges on already existing and longstanding foundations.

Dr. Haila Al-Mekaimi from the University of Kuwait underlined the significance of student exchange programs from a socio-



Participants at the GCC days in the Netherlands listening to one of the panel discussions

² Quote also taken up in article "Conference on women in GCC states", *The Hague Times*, November 2, 2007.

cultural perspective and in reference to the overall EU-GCC relationship. She focused on some of the mutual benefits of the signing of a pending FTA, although she also underlined that the EU-GCC relations have evolved rather slowly. Dr. Maryam Sultan Lootah of the UAE University said the efforts to close the gap between West and the Islam should not be limited to officials, but that it is in fact necessary to include the civil society too.

What was particularly noteworthy was the attendance and participation of young students in this third event. In the aula where the breaks took place, one could hear the speakers, and their words in both Arabic and English, appeared on television screens. This enabled students who could not make it to the conference room to follow what was being said about bridging the gaps between two different cultures. Additionally, the growing number of young people from the Gulf who come to the Netherlands to study was mentioned during the meetings and discussions.

Assessment

The GCC Days created an opportunity to establish new contacts between the Dutch academia, business and political representatives and their GCC counterparts. It was suggested by one of the invitees that next time working groups should be established to bring together representatives from both sides and various positions and levels in society. This would, according to him, create an even wider opportunity for a more informal exchange of ideas, dialogues or even in-depth discussions on issues of common concern. He referred to one of the remarks made by someone in the audience that the current focus is more on 'building pipelines' than on 'building bridges of understanding' and added that such a remark but also perceptions on delicate topics as situation of human rights leave room for discussion. Others welcomed the idea that the topics of the symposia were tackled not only from the economic angle, but also from a socio-cultural perspective, and hoped that a follow-up of the event would concentrate even more on socio-cultural aspects of the relations between the European Union and GCC. Another participant added that she would like to see an EU official among the speakers the next time.

During a break at one of the symposia, one person suggested that the lack of knowledge and consequent misperceptions about the Arab world unfortunately existed throughout all

layers of the Dutch and European society. He added that one way to reach the general public is through the media, although he acknowledged that some media might itself be biased and therefore contribute to the creation of these very stereotypes. Here it must be stated that during the GCC Days in the Netherlands, the Dutch media presented mostly a positive picture of the event or at least took a neutral stance vis-à-vis topics such as closer economic ties based on a FTA and tackling cultural-religious misperceptions especially in the context of the role of Arab women in their societies. Also statements made by Al-Attiyah on the realization of the GCC Monetary Union were covered by the media. From the very first evening, various articles appeared in the Dutch written press. Another participant said he hoped the media coverage would contribute to more Dutch people being able to "put the names of the GCC States on their maps."

What was particularly noteworthy was the attendance and participation of young students in this third event. In the aula where the breaks took place, one could hear the speakers, and their words in both Arabic and English, appeared on television screens. This enabled students who could not make it to the conference room to follow what was being said about bridging the gaps between two different cultures

Some Arab socio-cultural characteristics were represented during the event by some women wearing traditional clothing, some men holding a masbahah and the smell of burning bukkhoor. It was to these to which the renowned Dutch journalist, Willem Breedveld referred to in his article, "A misperceived image of the Gulf," published in a Dutch daily immediately after the GCC event when he stated that:

"However small they may be, it is these differences that inadvertently summon to the Westerner's mind, the image of a seemingly unbridgeable gap between the free West and the world of Islam. It is this gap which the Gulf region of the Middle East, united in the Gulf Cooperation Council, continuously has to face in its attempt to intensify its trade relations with the EU."

On the evening of October 31, 2007, the GCC hosted a reception at the renowned Kurhaus Hotel. At one of the many tables in the room, two Dutch businessmen admitted to each other that they could indeed learn some socio-cultural lessons in doing business with the Gulf as they had sometimes misperceived local characteristics as being obstacles.

The organizers of this event obviously took these abovementioned (mis)perceptions of some into account when they came up with the themes of the various symposia.

Towards a Saudi-German Accord for Middle East Stability

Dr. Christian Koch
 Director of International Studies, Gulf Research Center

The official visit of King Abdullah of Saudi Arabia to Germany and other European countries comes at a time when the security environment in the critical and strategic Middle East continues to crumble. From the abysmal economic and social situation in the Palestinian territories, the stagnant Arab-Israeli peace process, and the domestic instability in Lebanon in the east to the dangers of a failed Iraqi state and the nuclear ambitions of Iran in the west, the entire region is engulfed in conflict situations. Only the countries of the Arab Gulf reflect some form of stability buoyed by record oil prices that underpin their development.

The Saudi King will undoubtedly discuss many of these issues and provide his perspective on what needs to be done to stop the downward spiral into further instability and violence. He should be taken seriously. Not only is Saudi Arabia the only major country in the region that is currently pursuing any sort of diplomatic initiatives - initiatives that by the way clearly coincide with European interests - but the Kingdom is also the only Arab country that currently possesses the political and economic leverage to give these proposals the necessary clout in the region. Saudi Arabia is thus a legitimate partner and the failure to recognize that amounts to a serious lost opportunity.

Saudi Arabia's current activism stands in contrast to its traditional complacency and "ostrich" mentality. Aware that the regional security environment around it has started to cave in, the Kingdom under the leadership of King Abdullah has taken a more determined role to counter negative developments taking place. This includes efforts to promote dialogue on some of the most pressing issues facing the Gulf and the wider Middle East. In March 2007, Saudi Arabia hosted the Arab League summit in Riyadh for the first time during which King Abdullah received unanimous support from all Arab leaders to revive his five-year old plan for peace with Israel. The plan calls for Arab recognition of Israel in return for a comprehensive peace deal and thus represents clear support for the two-state solution and for a normalization process with Israel. Receiving the clear backing of all Arab leaders present at the summit meant that Saudi Arabia was successful in transforming its original

proposal into an Arab initiative that all Arab states have now supported and agreed to.

A host of other smaller developments also bore the Saudi signature. This included the Mecca agreement which quelled the violence between rival Palestinian factions, the continued support for the Lebanese government in both political and, more importantly, economic terms, as well as the increasing pressure on Syria and the Saudi commitment for the UN Security Council resolutions to uncover the assassination of former Lebanese Prime Minister Rafik Hariri. Saudi Arabia was even involved in brokering a deal between the governments of Sudan and Chad to contain the spillover fighting from the Darfur crisis.

The Kingdom has also not shied away from publicly criticizing the United States for what it considers are mistaken policies. On Iraq, the Saudi monarch has described the presence of the US forces there as "illegitimate foreign occupation" reflecting the view that the US is unable to provide stability or, at a minimum, a sense of a strategy that would slowly improve the situation inside the country. All of this has

added to the image of Saudi Arabia as the new actor on the Middle East stage, as a country that would no longer remain passive but is determined to exert its influence over crucial regional issues.

Given that the US under the Bush administration lacks the policy tools to guarantee regional stability, Saudi Arabia needs additional external partners to further pursue its goals. The challenges of the Middle East are simply too great for Saudi Arabia to bear the burden alone. The Kingdom's sticks are limited while the carrots will also only go so far. With Middle East security also on the top of the European agenda, a partnership with a country like Germany would go a long way. The growing awareness in German diplomatic circles about the central importance of the Middle East is in that context a proper point of departure.

Germany has an important role to play in the Middle East and has a level of influence that is far greater than often perceived back in Berlin. Given the fact that the country was never a colonial power in the Middle East and thus carries no historical



This article is reproduced from Araa
 – published by the GRC in Arabic and
 electronically available in Arabic and English
 at www.grc.ae
 and www.gulfinthemedia.com

baggage, it is easier for Germany to play the role of an honest broker and promote itself as a mediator between conflicting parties. Already on numerous occasions, Germany has helped to resolve delicate hostage situations on the Arab-Israeli front. During its recent presidency of the European Union, Germany was able to revive the Quartet talks on the Middle East peace process. Overall, Germany maintains substantive, close and trustworthy ties to all the parties in the region.

Thus, Germany is today in a position as a leading European state able to negotiate common European positions on critical issues for the region and use its offices for crisis prevention and confidence-building among regional actors. Its economic presence is well established and given that current projections indicate a \$5 trillion budget surplus by the GCC in the next ten years and a corresponding rise in per capita income up to \$78,000, Germany will undoubtedly further benefit from such a prolonged boom period. A stronger link to Saudi Arabia would also strengthen the needed political efforts especially because both sides share common interests.

The issue of Iran represents one example where closer coordination can bear fruits. The key strategic objective is the same for both countries: to prevent Iran from obtaining a nuclear military capability. To prevent a possible war, Saudi Arabia as the main Arab Gulf State and Germany as a key European country should coordinate their approach to make sure Tehran understands the seriousness of the situation. Already, the Kingdom has used its lines of communication with Tehran to warn Iranian officials about the limits of their unacceptable behavior. When President Ahmadinejad visited Riyadh in early March 2007, King Abdullah bluntly told his visitor that Iran should stop interfering in Arab affairs and not underestimate the US military threat in light of the continued Iranian defiance of UN Security Council resolutions. The message is that Iranian action must consider the stability of the entire Gulf neighborhood instead of just focusing on the hostile relationship between Tehran and Washington. Saudi-German cooperation, also when it comes to business dealings with Iran, would reinforce this message.

For Saudi Arabia, Germany represents a key partner with a bilateral relationship that goes back to the Friendship Treaty of 1929, even prior to the formal establishment of the modern Saudi state. The fact that Saudi Arabia is the world's leading oil producer, the heartland of Islam, the world's fastest growing religion, and a leading Arab state interested in promoting and securing regional security and stability also means that Germany has direct interests in developing its relations with the Kingdom. On issues such as the Palestinian-Israeli conflict, Iran's nuclear program as well as reducing the Iranian influence in Iraq, German policies can have an impact. A Saudi-German accord outlining steps for greater regional

stability would send a powerful message and serve as a wake-up call around which to rally.

The Saudi Arabia of today is no longer the Kingdom of 10 or 20 years ago. The Kingdom is transforming on many fronts and changes are being introduced at all levels of society. Those changes might not be enough for some but their long-term impact is undeniable. King Abdullah broke away from the Arab tendency to blame others for the malaise in the Middle East when he said that blame "should fall on us, we the leaders of the Arab nations. Our permanent differences, our refusal to take the path of unity – all of that led the nations to lose their confidence in our credibility and to lose hope in our present and future." It is on this basis that Saudi Arabia has not only recognized the need to act but also on which it should receive regional as well as international support.

GRC PUBLICATION



Gulf Geo-Economics **Edited by Dr. Eckart Woertz**

The integration of the Gulf Cooperation Council (GCC) countries into the world economy is increasingly multifaceted. Although oil and gas revenues are still of paramount importance, the GCC countries have developed a diversified economic structure with new sectors emerging in the fields of petrochemicals, heavy industries and services. Apart from new import requirements for these industries, the focus of the GCC's trading relations has moved eastwards. The US only accounts for 10 percent of imports nowadays while the European Union and Asia each roughly contribute one third of overall imports. Furthermore, Asia purchases about two-thirds of GCC energy exports. This has naturally raised questions about potential political realignments although Asia still lags far behind Western markets in terms of cross border investments. Through broad-based strategic analyses and specific sector studies, this edited volume covers various aspects of this ongoing geo-economic positioning, from trade relations, power politics and petrodollar recycling to regional integration, foreign direct investment and labor issues.

Timeline – GCC-EU Relations

July to November 2007

July 2007

- 9 Great Britain announces that it will press for a third UN resolution that tightens sanctions on Iran if it continues to defy Western pressure to suspend uranium enrichment, the country's new foreign secretary says in an interview.
- 12 German prosecutors say they are investigating some 50 companies suspected of smuggling technology to Iran's Bushehr nuclear power plant via Russia. Berlin-based company Vero is suspected of having smuggled material to build the nuclear reactor through Poland to Moscow, from where it was taken to Iran, says Christoph Lange from the prosecutor's office in Potsdam near Berlin.
- 21 The head of the board of trustees of the Arab European Conference on Environment, Dr. Saleh Mohammad Al-Muzaini, calls on the Arab Environment Ministers Council to set up a regional Arab-European environment center in Kuwait.
- 22 UAE President Shaikh Khalifa bin Zayed Al Nahyan and French President Nicolas Sarkozy hold a round of official talks at the Elysee Palace in Paris. The talks focus on avenues to develop and expand the already strong relations and cooperation between the two countries at all levels.
- 27 The UAE says it was high time for serious efforts towards Middle East peace as Tony Blair arrives in the Gulf state on his first visit to the region as an international envoy. "It is high time to find real mechanism to achieve peace ... all efforts should be exerted towards just and comprehensive peace in the Middle East so that the Palestinian people achieve their legitimate rights," UAE Foreign Minister Sheikh Abdullah bin Zayed al-Nahyan tells Blair.

August 2007

- 4 European Union (EU) regulators approve the acquisition of GE Plastics of the United States by the Saudi group SABIC, saying the deal would not significantly impact competition in Europe.
- 11 Despite the presence of many international institutes and branches of reputed universities across the UAE, the United Kingdom is fast becoming a favourite academic destination for students residing in the UAE. The latest figures released by

UK's Higher Education Statistics Agency (HESA) project a 15 per cent increase in 2005-2006 over the previous academic year in the number of students from the UAE who went to pursue undergraduate and postgraduate studies in the UK.

- 13 The Kingdom of Saudi Arabia has attracted SR68.6 billion in foreign direct investment (FDI) last year, a recent statement issued by the Saudi Arabian General Investment Authority (SAGIA) says. The investments which primary came from the US, Japan, the European Union (EU) and new player Malaysia have risen from 38 percent in 2000 to 47 percent in 2006, with petrochemical sector the most popular investment category.
- 28 The Gulf Cooperation Council (GCC) expects to sign the long-awaited free-trade agreement (FTA) with the European Union within the next two months, according to Deputy Finance Minister Hamad Al-Bazie. "The FTA with the EU will be signed in October or November this year," says Al-Bazie, who is GCC's coordinator for the agreement. He says the next round of negotiations in Brussels would be crucial to the conclusion of this vital accord.
- 29 The top British naval commander in the Gulf reveals that his country is planning to increase its naval presence in the area next year. Deputy Combined Force Commander Royal Navy Commodore Keith Winstanley says that Britain has a range of capabilities deployed at various times in the region ranging between submarines, frigates and destroyers, and that it planned to increase its naval presence by 2008.

September 2007

- 4 Saudi Arabia's King Abdullah holds talks with Tony Blair, former British prime minister and international Middle East peace envoy, on achieving a just and comprehensive Arab-Israeli peace settlement based on the Arab peace plan and UN resolutions. Blair also meets with Crown Prince Sultan.
- 29 The European Commission's Markets in Financial Instruments Directive (MiFID), perhaps seen as peripheral to capital markets activity in the GCC countries, is an important reason behind the complex deal announced linking four global exchanges — the US electronic exchange Nasdaq, the Nordic and Baltic exchange OMX, the London Stock Exchange (LSE) and Borse Dubai, the holding company for the Dubai Government stakes in Dubai Financial Market (DFM) and the Dubai International Financial Exchange (DIFX).

October 2007

- 4 Iran summons a top French diplomat to protest at remarks by Foreign Minister Bernard Kouchner suggesting Tehran could be seeking the atomic bomb, state media reports.
- 5 Saudi Arabia's Human Rights Commission (HRC) urges its counterparts in the European Union to ask their governments not to link terrorism to Islam and also to issue regulations to protect Muslims from prejudice and discrimination because of their faith.
- 7 Iran's foreign minister says France's call for EU sanctions against Tehran outside of the UN framework is illegal and the Islamic Republic would not back away from its nuclear ambitions. French Foreign Minister Bernard Kouchner sent a letter to his European Union counterparts this week, appealing to the 27-nation bloc to take a lead in widening financial sanctions on Iran, which the West accuses of seeking to build atomic bombs.
- 9 Great Britain will withdraw nearly half its troops in Iraq beginning next spring, Prime Minister Gordon Brown says, leaving a contingent of 2,500 soldiers in the highly unpopular war. Brown tells lawmakers the move is possible because of an improving security situation, following the US surge in troop numbers this summer and detailed discussions with the Iraqi government on a visit.
- 15 HH Sheikha Mozah bint Nasser Al Missned, Chairperson of Qatar Foundation, receives the prestigious Chatham House award from Duke of York in a ceremony held at the Drapers' Hall in London.
- 24 Britain backs the push for tougher sanctions against Iran over its disputed nuclear program. A day after French President Sarkozy indicated a stronger line, British Prime Minister Gordon Brown says he will call for greater action through the European Union and United Nations.
- 29 British officials are pinning great hope on the state visit of Saudi Arabia's King Abdullah to the United Kingdom. They expect the king's trip to take long-standing Saudi-British ties to new heights. "This is an important and historic visit," says British Foreign Secretary David Miliband, who adds that the royal visit, the first by a Saudi monarch in two decades, would bring about a new era in bilateral relations. "We in Britain are looking forward to King Abdullah's visit and we hope that it will strengthen existing economic, trade, cultural and political relations," Miliband tells the Saudi Press Agency.

November 2007

- 1 King Abdullah of Saudi Arabia meet British Prime Minister Gordon Brown to discuss Middle East issues and counter-terrorism, amid a swirl of protests. On the second official day of his state visit to London, Brown shakes hands with the king on the steps of his Downing Street office before inviting him inside for talks. Britain sees Saudi Arabia as a key partner for economic ties, Middle East regional stability and combating Islamist extremism.
- 3 A Royal Navy aircraft carrier is to be sent to the Gulf in early 2008, the defence ministry in London says but adds that its deployment was not linked to possible military action against Iran. A ministry spokesman says that HMS (Her Majesty's Ship) Illustrious will head for the Gulf accompanied by the HMS Edinburgh and HMS Westminster.
- 14 German Chancellor Angela Merkel and UAE Deputy Prime Minister Sheikh Hamdan bin Zayed Al Nahyan hold on a number of regional and international issues of mutual interest, especially Palestinian problem and the current situation in Iraq. Sheikh Hamdan is on a three-day state visit to Germany for talks on ways of further boosting bilateral cooperation in economic, educational, cultural and technological fields.
- 19 Sheikh Hamdan bin Rashid Al Maktoum, Deputy Ruler of Dubai and UAE Minister of Finance and Industry receives the German Minister of Justice, Brigitte Zypries. They discuss cooperation in the judicial fields. The German minister lauds the laws being implemented at the Dubai Courts, which she describes as world class laws, particularly for their respect for human rights.
- 23 Sheikh Abdullah bin Zayed Al Nahyan, Minister of Foreign Affairs, receives Tony Blair, senior envoy for the Quartet Committee for Mideast peace. Blair is visiting the UAE as part of his regional tour in quest for peace in the region. He discusses with Sheikh Abdullah the latest developments in the Middle East in the light of concerted efforts for peace in the region, as well as, preparations to hold the Annapolis conference on November 27 in the US.
- 30 EU foreign policy chief Javier Solana holds last-ditch talks with Iran seeking a solution to the crisis over Teheran's nuclear program. but new UN sanctions seem all but inevitable. Solana is to meet Iran's top nuclear envoy Saeed Jalili in London to hear the Islamic Republic's case just hours before reporting to major world powers on what little progress he has made in almost 18 months of contacts.

British Prime Minister Gordon Brown in an Interview with Ashraf Al Awsat (Saudi Research and Publishing company)

“The Saudis have done more than many to get us to where we are today regarding peace”

Interview by Tariq Alhomayed in London, October 30, 2007.

- ***The Custodian of the Two Holy Mosques, King Abdullah Bin Abdulaziz, is visiting the United Kingdom. How do you assess the relationship between the two countries?***

Saudi Arabia is an important partner and ally in the Middle East and recent years have seen this relationship broaden and deepen. This is demonstrated by the sheer range of our bilateral political, security and commercial discussions. Our two countries have a long history of friendship and cooperation. This visit is an opportunity to look ahead and plot the course of this relationship in the coming years.

- ***This is the first state visit for King Abdullah of Saudi Arabia since ascending the throne – what do you think his leadership and your new leadership means for cooperation between your two countries?***

This visit presents us with the opportunity to discuss innovative responses to the challenges which face us today; promoting global trade, confronting extremism, nuclear proliferation, conflict resolution, and climate change. These are all challenges which require close international cooperation and I am pleased to say that we have similar objectives to our Saudi partners. The question is how we jointly use our assets and influence to effectively tackle these challenges to achieve our shared aim of working towards a more peaceful, just and prosperous future.

- ***There are many developments in the Middle East, the Gulf and elsewhere that impact both countries, what are your priorities in the region today?***

Tragically, the Middle East suffers from more than its fair share of crises and conflicts. Saudi Arabia has on a number of recent occasions led the way in efforts to create meaningful progress on these issues. The Arab Peace Initiative remains an important framework towards a just and lasting peace. Saudi engagement on the Iranian nuclear issue is critically important. I applaud Saudi efforts to promote political reconciliation in Iraq, Lebanon and amongst the Palestinians.

These issues are also major UK priorities. We have benefited greatly from Saudi views and initiatives on them. The coming months may well be critical, looking forward to the Annapolis Summit, developments in the Iranian nuclear issue and our changing role in Iraq. We regard a close working relationship with Saudi Arabia in these areas as essential.

- ***You have announced troop reduction in Basra and hence indicated your desire for complete withdrawal from Iraq- do you feel it is now time for disengaging from Iraq?***

This is not about disengaging with Iraq. I have made clear our longstanding commitment to support the Iraqi people.

However, there was never a desire on either side for Iraqis to be dependent on our military support in the long term, and therefore, as the conditions allow and Iraqi forces demonstrate their readiness to occupy these roles – which they have in their rapidly developing operational capabilities – it is only right that we gradually pass over control to them. At the same time, our role has never been a purely military one. As I have stated on several occasions, our vital work to promote political reconciliation, institutional reform and economic growth are long-term commitments which we certainly have no intention of disengaging from.

- ***How much of the UK's focus has now shifted to 'save' Afghanistan rather than Iraq – is that the 'winnable' war?***

The circumstances in both countries are incomparably different and I reject any suggestion that calculations for changes in troop numbers in Iraq are in any way influenced by developing needs in Afghanistan. Experts I have spoken to who understand the situation in Afghanistan, including President Karzai just a few days ago, have made it very clear that the counter-insurgency in Afghanistan is winnable, but we should not be complacent, because lessons in other parts of the world have proved that what we need is sustained commitment.

Our approach is that this is not primarily a military effort. Rather, success is about creating the momentum towards development and progress so that the backward-looking vision of the Taliban and their attempts to terrorize the local population cannot gain a foothold. That is why the thrust of our approach is more about reconstruction, reconciliation, counter-narcotics and economic development.

- ***The UK is in favor of Turkey's accession to the EU – however Turkey today threatens to go into Iraq not heeding the pleas of the EU. How problematic are these threats to efforts of bringing Turkey into the European fold?***

We recognize Turkey's security concerns and I discussed this in detail with Prime Minister Erdogan last week. However, we also made very clear the importance of Iraqi sovereignty and not doing anything which would adversely affect Iraq's stability – which is clearly not in the interests of Turkey. The UK has been working hard with its other close partners in bringing about a solution and ensuring that all parties – including the Iraqi government – do their utmost to resolve this peacefully and diplomatically.

Clearly Turkey has a number of criteria to meet towards

membership of the EU – one element of which concerns the resolution of outstanding issues in the south of the country. As one of the key advocates of Turkish membership to the EU, Britain wants Turkey to demonstrate that it can meet such criteria in full.

- **Iran is increasingly causing concern internationally – how concerned are you by Iran’s commitment to develop its nuclear program?**

It is clear to me that these are not just British or “Western” concerns as the Iranian regime would like to claim, but represent the concerns of the entire civilized world. The Saudi state visit will be an opportunity to raise this with a leading regional actor as part of ensuring an international coordinated effort on this issue.

- **There is more of a focus now on Iran’s “sponsorship of terror” according to some American and British circles – is this now the greater problem related to Iran?**

Both nuclear proliferation and sponsorship of terrorism are both highly significant and dangerous matters. In the case of Iran’s support for armed groups working against stability and moderation we are merely echoing strong regional concerns in this regard. We strongly urge Iran that instead of providing military support for groups dedicated to violence or undermining domestic stability, its interests would be much better served by working with the international community to promote peace, reconciliation and moderation in the Middle East.

- **Lebanon is one problem area – what role can the UK play in helping the political process and upholding democracy in Lebanon?**

In the context of the Saudi visit, Saudi Arabia has done more than most to promote political reconciliation and dialogue between different Lebanese groups. Needless to say, we fully support these efforts in assisting the Lebanese themselves to overcome these various political differences.

- **How do you view Syria’s role in this regard? Do you share the American view that Syria is interfering in Iraq?**

We have always made it very clear to Syria that the government faces a strategic choice; either wholehearted participation in efforts to work towards peace and progress in the region, or continuing to isolate itself by support for those who advocate violent solutions and an unpromising future for the region of continued instability and under-performance. We look to President Bashar al Asad to take the wise choice, beginning with a positive stance regarding the best opportunity for moving the peace process forward in six years.

- **Are you optimistic about the peace conference due to be held in the US in November? What grounds for peace in the region with the turmoil in the Palestinian territories?**

We are working hard to ensure that the opportunity which

this conference presents is fully grasped by all sides. The Saudis have done more than many over recent years to get us to where we are today. While and agree with their concerns that this summit having a meaningful impact, we see an engaged Saudi role as key to helping bring about the success of this.

Noteworthy Publications

Richard Youngs and Ana Echagüe, “Europe and the Gulf: Strategic Neglect,” *Studia Diplomatica* LX, no.1 (2007) available under:

<http://www.fride.org/publication/127/europe-and-the-gulf-strategic-neglect>

Ana Echagüe, *The European Union and the Gulf Cooperation Council*, FRIDE Working paper 39 (May 2007) available under <http://www.fride.org/publication/43/the-european-union-and-the-gulf-cooperation-council>

Roberto Aliboni, ed., *Il Golfo e l’Unione Europea: rapporti economici e sicurezza* [The Gulf and the European Union: economic and security relations], *IAI Quaderni*, no. 28 (September 2007) available for order under: http://www.iai.it/sections_en/pubblicazioni/iai_quaderni/indici.asp

Abdullah Baabood and Geoffrey Edwards, “Reinforcing Ambivalence: The Interaction of Gulf States and the European Union,” *European Foreign Affairs Review* 12, no.4 (2007)

Richard Youngs, *Europe’s External Energy Policy: Between Geopolitics and the Market*, Center for European Policy Studies, Working Document (November 2007)

Samir Amghar, Amel Boubekeur and Michael Emerson, eds., *European Islam: Challenges for Society and Public Policy* (Brussels: Center for European Policy Studies, 2007)

EUROPEAN VISITORS

October 24: A delegation of the German city of Hamburg visited GRC and were briefed about the GCC economies and their potential. The delegation was headed by **Kristin Augsburg**, Hamburg Representative in Dubai and comprised **Ulrich Brehmer**, the Managing Director of the Hamburg chamber of commerce, his colleague **Dr. Cristiana Cicoria** and **Christian Giesbrecht** of Deutsche Bank Hamburg.

November 11: **George Costoulas**, Ambassador of Greece to the UAE, visited the GRC to discuss aspects of cooperation between the GRC and Greek institutions as well to look into the overall Greek-Gulf relationship

November 12: A delegation of Ministry of Foreign Affairs, Netherlands came to the GRC including **Pieter de Gooijer**, Director-General for Political Affairs; **Joan J.J. Wiegman**, Deputy Head for Nuclear Affairs and Non-Proliferation Division; **Dr. Jeroen Boender**, Senior Policy Officer in Political Affairs Department; **Herman Quarles van Ufford**, Head of the Gulf States Division in the North Africa and Middle East Department and **Gilles Beschoor Plug**, Ambassador of the Netherlands to the UAE. The visit covered a discussion about the regional security environment in particular with regard to the issue of the Iranian nuclear program.

November 13: A delegation of Swedish University Presidents, Dean and Chancellors visited the GRC on their visit to the UAE to discuss the field of education and opportunities for links with Swedish institutions of higher learning. The delegation



was organized and led by the Royal Swedish Academy of Engineering Sciences led by their President **Professor Lena Treschow Torell**. It was composed of:

Professor Lars Bergman, President of Stockholm School of Economics

Dr. Agneta Bladh, Rector at the University of Kalmar

Professor Kåre Bremer, Vice chancellor and President of Stockholm University

Chairman Peggy Bruzelius, Chairman of the Swedish National Agency for Higher Education

Romulo Enmark, PhD, Vice chancellor, Halmstad University, Sweden

Professor Janerik Gidlund, Vice chancellor Örebro University, Sweden

Ass. Professor Lars Haikola, Rector of Campus Helsingborg, Lund University

Tekn Dr. Hans Hentzell, President of Acreo and Swedish ICT Research

President Henrik Landerholm, Swedish National Defence College (SDNC)



Vice Chancellor Leif Larsson, University of Skövde

Professor Thomas Lindstein, Vice-Chancellor of Mid Sweden University

Professor Klas Malmqvist, Pro-rector, Engineering Faculty, Lund University

Professor Mille Millnert, Rector Linköping University

Professor Margareta Norell Bergendahl, Deputy President of KTH (Royal Institute of Technology)

Rector Kerstin Norén, Rector of Karlstad University

President Ingegerd Palmér, President of Mälardalen University

Ms. Mari-Anne Roslund, Deputy Managing Director, The Swedish Foundation for International Cooperation in Research and Higher Education (STINT)

Dr. Jörgen Sjöberg, Senior Advisor to the President of Chalmers University of Technology

Dr. Tomas Thorvaldsson, President of Swerea AB

Professor Rolf Wolff, President of the School of Business, Economics and Law, Göteborg University

Mrs. Caroline Ankarcrona, LL.M, Project Manager

Mr. Staffan Eriksson, MSc, Project Manager

Ambassador Bruno S. Beijer, Ambassador of Sweden to the U.A.E.



Gulf Research Center
Knowledge for All

The Gulf In-Depth

Executive Learning Program

Understanding the forces shaping the Gulf region from a regional perspective

The Gulf Research Center is holding an executive learning program entitled “The Gulf In-Depth” to provide a detailed focus on the key strategic aspects of the Arab Gulf region. Whether one is new to the region or already established, participation in Gulf In-Depth is essential and leads to a competitive advantage that is unmatched.

For further information please call 04-3247770 Ext.435, visit the website www.grc.ae or email directly to gulfinddepth@grc.ae. Final deadline for applications is February 15, 2008.



Muscat, Sultanate of Oman
March 17 to 20, 2008



Gulf Research Center

K n o w l e d g e f o r A l l

Based in Dubai, UAE, the Gulf Research Center (GRC) began its activity in 2000 as a privately-funded, non-partisan think tank, education provider, and consultancy specializing in the Gulf region.

The GRC produces recognized research from a Gulf perspective, redressing the current imbalance in Gulf area studies, where regional opinions and interests are underrepresented.

The GRC believes that the Gulf Cooperation Council has transcended the initial reasons for its establishment, to become a fundamental right of its citizens in the development of the region. The GRC seeks to further this belief by being an institution of distinction and innovative research that advances different aspects of development to ultimately benefit the people of the region.

187 Oud Metha Tower, 11th floor
303 Sheikh Rashid Road
P. O. Box 80758, Dubai UAE.
Tel. No.: +971 4 324 7770
Fax No.: +971 4 324 7771
Website: www.grc.ae
E-mail: info@grc.ae

Copyright © Gulf Research Center 2006
All rights reserved
