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**EU – GCC RELATIONSHIP:  
TOWARDS 'STRATEGIC PARTNERSHIP'**

**ANGELOS LENOS**

**A thesis submitted for the degree of  
Doctor of Philosophy in Politics and International Studies**

**University of Warwick,  
Department of Politics and International Studies**

**July 2013**

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## **Summary**

This thesis explores the EU-GCC relationship and tests the hypothesis that if the EU and the GCC states share interests and grand goals, to the extent that these are prioritised by the EU and its member states, then value-driven differences are subordinated to interests and as a result (i) the EU and the GCC states enhance their relationship towards a "strategic partnership" and (ii) the EU's (self-) image as a foreign policy actor is weakened in terms of its normative (self-)image and enhanced in terms of its effectiveness as a useful 'strategic partner' in a multipolar and interdependent world.

In doing so, the thesis attempts to provide a comprehensive conceptualisation of a 'strategic partnership' and to test it within the broader context of EU foreign policy, exploring the role of interests, values and (self-)images in the shaping of EFP. The framework of 'strategic partnership' is applied in two case studies of economics and politics; the EU-GCC negotiations for establishing a Free Trade Area and the cooperation of the EU and the GCC states in dealing with the crises in Yemen.

The findings of the research suggest that the EU and the GCC states, to the extent that they prioritise their common interests and respond to each other's (self-) images deriving from the current symmetrical power balance, are moving towards a strategic partnership. Despite the wide gap in the value systems of the parties, this factor has not been the most decisive for the development of this relationship. This conclusion calls for further exploration of the shaping and application of EFP, especially having in mind on one hand the 'normative power' argument and on the other hand the need of the EU to negotiate interests, values and perceptions when dealing with emerging powers.

Regarding the concept of 'strategic partnerships' the research confirms the central role of the symmetrical power balance between the parties and their interdependency. It has identified a level of division of labour between the EU and the GCC states regarding regional challenges and it has highlighted the role of non state actors. It has also underlined the need for flexibility, questioning the role of cohesiveness and institutionalisation of interactions as prerequisites for a 'strategic partnership'.

## **Abbreviations**

ACP	African, Caribbean and Pacific Group of States
AML	Anti-Money Laundering
AQAP	Al Qaeda in the Arabian Peninsula
ASEAN	Association of Southeast Asian Nations
CG	Consultative Group for Yemen
EC	European Community
EEAS	European External Action Service
EFP	European Foreign Policy
EU	European Union
EU3	The UK, France and Germany
EuroMed	Euro-Mediterranean Partnership
ENP	European Neighbourhood Policy
ESS	European Security Strategy
FGCCC	Federation of GCC Chambers
FoY	Friends of Yemen
FTA	Free Trade Agreement
GCC	Gulf Cooperation Council, Cooperation Council of the Arab States of the Gulf
GSP	Generalised System of Preferences
JAP	Joint Action Plan
HRVP	High Representative of the Union for Foreign Affairs and Security Policy and Vice President of the Commission
KSA	Kingdom of Saudi Arabia
MENA	Middle East and North Africa

MENAFATF	Middle East and North Africa Financial Action Task Force (MENAFATF) against Money Laundering and Terrorist
MERCOSUR	Mercado Común del Sur, English: Common Southern Market
MFN	Most Favoured Nation
OECD	Organisation for Economic Co-operation and Development
SMEs	Small and Medium Sized Enterprises
UAE	United Arab Emirates
UfM	Union for the Mediterranean
UK	United Kingdom
USA	United States of America
WTO	World Trade Organization

## **TABLES**

1.1 EU-GCC trade in € millions

4.1 Status Quo and Revisionists Powers

4.2 Comprehensive Partners and Limited Range Partners

8.1 Rationales of 'strategic partnerships'

8.2 Interests, values and perceptions in EU-GCC relations

## **EU-GCC<sup>1</sup> RELATIONS: INTRODUCTION**

### **Introduction**

The European Union (EU) has always had major stakes in the Persian Gulf (in the fields of economy, energy and security) even though its relations with the states of the Gulf Cooperation Council (GCC) have not been wide-ranging and the negotiations in the framework of the Cooperation Agreement for a Free Trade Agreement (FTA) have experienced significant delays and adversities until 2002. The GCC states, on the other hand, welcome a greater EU role in the region but their policies have been, at some points at least, counter-productive. In the context of the new momentum created by the international environment of the 21<sup>st</sup> century, new expectations have arisen and, during the last ten years, the interdependency in the fields mentioned have become even more complex. EU – GCC relations encountered new opportunities and challenges because of the global political environment and the diversification projects of the GCC economies. However, the relationship between the EU and the GCC states in this new political and economic setting is still understudied.

The aim of this thesis is therefore to address this relationship, which has been understudied, especially in light of the recent developments in the region. This is the first study which approaches the EU-GCC relationship in the framework of a 'strategic partnership'. This is important as this thesis will argue that a 'strategic partnership' needs to address the relations from a multidimensional, multilayered and multileveled perspective, incorporating actors from different fields of cooperation and different strata of the two regions and explaining the effects of the relationship at national, regional and international levels. Therefore, this research will build upon the unique character of the EU and it will

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<sup>1</sup> The Gulf Cooperation Council (GCC) is also known as the Cooperation Council of the Arab States of the Gulf (CCASG). It was formed in 1981, by Bahrain, Kuwait, Oman, Qatar, the Kingdom of Saudi Arabia (KSA) and the United Arab Emirates (UAE). It is an inter-governmental organisation and its Secretariat General which is based in Riyadh, KSA, has limited authorities. In 2003 the GCC custom union was introduced. In 2008 the GCC states established a common market and in 2009 they created a Monetary Council in view of the desire of the GCC states (excluding UAE and Oman) to introduce a single currency. The GCC also has a military leg, the Peninsula Shield Force. The Secretary General is chosen by consensus while the presidency of the council is rotating on an annual basis among the members.

explore two cases in which economic and political aspects are interwoven. Moreover, addressing another shortcoming of the current literature, the thesis will assess the relationship in a dynamic way throughout the last ten years, in an attempt to evaluate the development of the relationship in relation to the developments both within the two regions and at regional and global levels. Furthermore, it will attempt to put emphasis on the symmetrical character of the relationship and the way this has influenced the development of the bi-regional relations. In addition, it will test the various arguments for the value and (self-) image factors of the European Foreign Policy (EFP). In order to assess this relationship, the thesis will provide a comprehensive model for approaching the concept of the EU's 'strategic partnerships'. This research aims at bridging the academic debate and the understanding EU policymakers have developed regarding the elements that form a 'strategic partnership'. It will assess these elements and attempt to provide an inclusive methodological plan. This approach is important since the EU explicitly presented its own views of how it deals with the foreign policy tool of 'strategic partnerships', in September 2010. Moreover, it should be pointed out that this is the first time that the framework of 'strategic partnerships' will be applied in relation to another regional organisation and not a single state. For all these reasons, this thesis aims at contributing to a better understanding of the dynamics and the outcomes of the EU-GCC relationship, as well as to the better understanding of the way the EU has applied 'strategic partnerships' in pursuing its foreign policy goals.

The aim of this chapter is to highlight the central issues and challenges in EU – GCC relations in order to provide a context for understanding the central aims, research questions and structure of this thesis. Thus, it will proceed in the following way. First, it will provide a brief history of EU-GCC relations and review the economic interdependency of the two regions. It will also describe the phases of the FTA negotiations and the economic interests of the two parties in enhancing their relations in trade, investments and finance, within the new economic context of the 21st century. Second, it will present the establishment of a broad political dialogue based on the common interests for security and

stability in the wider Middle East and the Gulf region. It will also review recent developments of the EU's involvement in the security issues of the area and the bilateral security agreements between EU and GCC member states. Third, it will outline the aims and key questions for the thesis, in context, before finally, ending with a brief presentation of the structure of the thesis.

### **The broader historic context**

Europe had limited historic links with the Arabian Peninsula, in contrast to the Mediterranean states of the Arab world. The presence of Portuguese colonial forces lasted only for 150 years and ended in 1648 when local Arab tribes pushed them out of the region. In 1892 the Gulf tribes signed a defence treaty with the United Kingdom which ended in the early 1970s. The UK was responsible for the security of the region, albeit respecting the sovereignty of the sheikhdoms on internal affairs. Generally though, there was a lack of common historic ties between the two regions and a gap of communication and cooperation between the Gulf states and Europe for centuries. Nevertheless, world and European economies were both influenced by the policies and the political situation in the oil-producing countries during the last few decades of the 20<sup>th</sup> century. Because of the oil crises of the 1970s, the Europeans felt very acutely the dependency of their economies on the oil producing countries of the Gulf. The realisation of the fact that the political developments in the Middle East had a direct impact on the European economy encouraged the Europeans to get involved in the region, as verified by the initiative for the Euro-Arab Dialogue (1973) and the Declaration of Venice (1980)<sup>2</sup>. The Euro-Arab Dialogue was the first group-to-group approach with the initiative of the European states, which aimed at building a relationship with the Arab world through economic cooperation, the creation of a political forum and more importantly by securing the smooth flows of low-priced oil. However, the initiative provided no tangible results, as: there were politically different approaches within the two groups;

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<sup>2</sup> Fawcett, Louise, ed., *International Relations of the Middle East*, Oxford; New York, Oxford University Press, 2005 p.322

political cooperation within the EC was still underdeveloped; and the negotiating strategies of the two parties were not mutually understood as they used different patterns of behaviour and, economically speaking, oil prices, which were the main driving force for this European initiative, were back in decline<sup>3</sup>. It was no surprise then that the Euro-Arab Dialogue was abandoned by the 1990s. Additionally, the Europeans also discarded the idea for a more comprehensive relationship with the Arabs and they prioritised sub-regional approaches, which became the pattern for enhancing relations with the southern neighbours<sup>4</sup>. As a result, the EU-Arab relations were reshaped into three different frameworks; EU-GCC negotiations, the Euro-Mediterranean Partnership and bilateral relations and/or agreements with Yemen and Iraq.

### The Gulf Cooperation Council

In the 1970s, the withdrawal of the British from the small states of the Gulf, the Iranian revolution, the Soviet invasion of Afghanistan and the Iran-Iraq war alarmed the conservative monarchies of the Gulf region. The royal families understood that the maintenance of the status quo could only be achieved through regional security and economic cooperation<sup>5</sup> and the formation of a third coherent pole in the region, next to Iraq and Iran. Indeed, in 1981 they established the GCC, with a permanent Secretariat in Riyadh. The central aim was to protect their economies and enhance the security of their states<sup>6</sup>. The GCC states sought cooperation with the European Community almost immediately after the establishment of the Council and as early as in 1983 the

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<sup>3</sup> Al-Mani, Saleh A., *The Euro-Arab dialogue : a study in associative diplomacy*, London, Pinter, 1983, pp. 7-9

<sup>4</sup> Baabood, Abdullah, *EU-Gulf Political and Economic Relations, Assessment and Policy Recommendations*, Dubai, Gulf Research Center, 2006, p. 28

<sup>5</sup> Kechichian, Joseph A., "The Gulf Cooperation Council: Search for Security", *Third World Quarterly*, Vol. 7, No. 4., Oct., 1985, pp. 853-881

<sup>6</sup> 'The European Community and the Gulf Co-Operation Council', *Arab Law Quarterly*, Vol. 2, No. 3., Aug., 1987, pp. 323-327

first technical assistance agreement was signed. They also initiated a dialogue for establishing a Cooperation Agreement.

### Cooperation Agreement

The Cooperation Agreement was signed in 1988, ratified in 1989, and came into force in 1990. It aimed at building a 'contractual' relationship between the EC and the GCC states by providing the first framework for further development of EU-GCC economic relations. Based on the agreement, the EU granted the Most Favoured Nation (MFN) status for trade to the GCC states. The EU granted preferential access to its market, according to its Generalised System of Preferences (GSP)<sup>7</sup>. The agreement called the two parties to "enter into discussions concerning the negotiation of an agreement aimed at the expansion of trade" and "to promote the development and diversification of the reciprocal commercial exchanges"<sup>8</sup>. The Agreement was set, however, within the framework of the Euro-Arab Dialogue, to which it functioned as complementary instead of an alternative<sup>9</sup>, at the time.

Following the agreement, a 'Joint Council' and a 'Joint Cooperation Committee' were created in order to take decisions and promote the objectives of biregional cooperation. One of the objectives described was the signing of an FTA. Since then, there have been ongoing negotiations between the EU and the GCC for this FTA, which has been the focal point of biregional talks. Because of this dialogue, EU-GCC relations have been institutionalised through the negotiations, the regular meetings and the transfer of technical expertise in

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<sup>7</sup> Maalouf, Beatrice, *Re-Thinking the GCC & EU - Assessing the Possible Strategies to Achieve a Security Counter-Balance in the Arab Peninsula*, European University Institute, Florence, Italy, 2007, pp. 11, 13-14

<sup>8</sup> EU/ GCC, *Cooperation Agreement between the European Economic Community, on the one part, and the countries parties to the Charter of the Cooperation Council for the Arab States of the Gulf (the State of the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar and the State of Kuwait) of the other part*, 1989, Retrieved on 21 July 2010 from <http://ec.europa.eu/world/agreements/prepareCreateTreatiesWorkspace/treatiesGeneralData.do?step=0&redirect=true&treatyId=232>

<sup>9</sup> Wilson, Rodney, 'EU-GCC relations: towards a free trade agreement and beyond' in Hanelt, Christian-Peter, et. al., eds., *Future Perspectives for European-Gulf Relations*, Munich, CAP and Bertelsmann Group for Policy Research, 2000, pp. 93-94

economics from Europe to the Gulf area. Nevertheless, EU-GCC relations have also been developing in other fields mentioned in the agreement, with investments, education and environment gaining new dynamics during the last few years. Also, since 2001 security clauses have increased in importance and depth. In any case, EU-GCC relations have not been a story of smooth development and enrichment of biregional relations towards a clearly defined end. On the contrary, they went through different phases and met difficulties before reaching new momentum for a closer partnership in the 21<sup>st</sup> century. Yet, even in this revitalised process, political and economic interests have not been translated easily into policies and agreements. Moreover, the two blocs face 'internal institutional constraints'<sup>10</sup>. The dualistic system of sharing competence between the supranational and inter-governmental bodies of the EU have added to the complexity of the discussions, while the GCC Secretariat General is weak, without independent budget and without authority over the member states in many of the issues discussed<sup>11</sup>. This lack of authority of the GCC Secretariat General has led to inconsistency of approaches from the GCC states and in some cases delays in the implementation of intra-GCC decisions<sup>12</sup>. Despite the aforementioned difficulties, the EU – GCC relationship has been developing since 1990 due to the economic interdependency of the two regions and their shared need to advance security in their wider common neighbourhood. During the last decade in particular, the broader political context has produced new opportunities for cooperation and has highlighted even more their common interests in economics and politics.

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<sup>10</sup> Nonneman, Gerd, *EU-GCC Relations: Dynamics, Patterns & Perspectives*, Dubai, Gulf Research Center, 2006, p. 15

<sup>11</sup> Wilson, Rodney, 'EU-GCC relations: towards a free trade agreement and beyond' in Hanelt, Christian-Peter, et. al., eds., *Future Perspectives for European-Gulf Relations*, Munich, CAP and Bertelsmann Group for Policy Research, 2000, p.96

<sup>12</sup> Aluwaisheg, Abdel Aziz Abu Hamad, 'The EU-GCC Free Trade Area Negotiations: the Home Stretch or First Base?', *The GCC – EU Research Bulletin* No. 2 (June 2005), pp 7-9

### **Economic interdependence**

The EU and the GCC share a relationship of interdependency in economics, since the Gulf region has always been the major source of oil energy for Europe, and a wealthy market in which the European producers and exporters of manufactured products are highly interested<sup>13</sup>. The GCC states have been on the list of the top six destinations of the European exported products for a large part of the last twenty years<sup>14</sup>, while the EU has been the first importer of GCC products. As shown in the table below<sup>15</sup>, since the Cooperation Agreement of 1990, there has been a constant increase in the total sum of EU-GCC trade in favour of the EU, with a minor decline in total volume amidst the global economic crisis.

**Table 1.1**

EU-GCC trade in € millions								
1990	1994	1998	2002	2004	2006	2008	2010	2012
26,965	32,527	38,124	51,415	66,700	90,740	107,467	100,432	144,572

However, the history of EU-GCC relations in trade and investments goes back to the 1970s. During the period of high oil prices in the 1970s and early 1980s, the gained petrodollars of the Arab royal families were not guided to investments in their countries, in structural reforms and the local infrastructure but the vast

<sup>13</sup> Hollis, Rosemary, 'Europe and the Middle East: Power by Stealth?', *International Affairs (Royal Institute of International Affairs 1944-)*, Vol. 73, No. 1., Jan., 1997, pp. 15-29

<sup>14</sup> Hertog Steffen, *EU-GCC Relations in the Era of the Second Oil Boom*, Center for Applied Policy Research; Bertelsmann Stiftung, December 2007

<sup>15</sup> European Institute for Research on Mediterranean and Euro-Arab Cooperation, "European Union, evolution of EU-GCC trade", Retrieved on 21 July 2010 from <http://www.medeia.be/en/countries/arab-world-general/gcc-gulf-cooperation-council/> ; European Commission (DG Trade), 'GCC, EU Bilateral Trade and Trade with the World', 8 June 2011, Retrieved on 08 June 2013 from [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113482.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113482.pdf).

majority of these (at least 80% of foreign direct investments) were placed in the western economies<sup>16</sup>. Therefore, when the oil revenues decreased in 1985, the income per capita and the gross national income in the GCC states declined<sup>17</sup>. Population growth impacted negatively on the economic situation of these countries and added to the concerns about the political consequences associated with the internal security of the Gulf states. From the rise of the oil price in 1999, the royal families sought to seize the opportunity to diversify their economies, by building the necessary domestic infrastructure and by integrating into the world economy. The EU appeared, then, as the reliable partner, which could provide the needed technology, knowledge and support for accomplishing their goals. Europe has its own interests in the diversification of the GCC states as this is associated with the prosperity of the Middle East in general. This interdependency explains the desire of the two parties to enhance their interaction in the field of economy.

#### The first years of the negotiations for the FTA

The procedure adopted at the early stages of the negotiations and the unwillingness of the two parties to compromise on issues relevant to measures of protectionism in interregional trade, the political conditionalities the EU wanted to attach to the FTA and the lack of common custom laws in the Gulf, led to an early stalemate. The two parties had been reluctant to abandon protectionist policies over a number of trade issues and the EU wanted to add human right clauses into the text, as it had done with all the FTAs under negotiation. On the other hand the GCC states did not have a custom union before 2003, which further complicated the negotiations. Therefore it was unlikely that the results could have been positive. Nevertheless, the two parties agreed on technical assistance in custom union laws and practices. A

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<sup>16</sup> Hinnebusch, Raymond, *The international politics of the Middle East*, Manchester; New York, Manchester University Press, 2003, p. 48

<sup>17</sup> Hinnebusch, Raymond and Ehteshami, Anoushiravan, eds., *The foreign policies of Middle East states*, Boulder; London, Lynne Rienner Publishers, 2002, pp. 63-64

consortium of EU custom services trained GCC officials for the planned -at the time- GCC custom union<sup>18</sup>. In addition, the EU and the GCC states did not want to abandon the whole procedure of direct negotiations and the annual meetings that had been taking place. Thus, they decided to re-launch the EU-GCC dialogue and broaden the scope including “decentralised cooperation”. The decision was taken during the EU-GCC Ministers Summit in Granada, Spain, which aimed at boosting mutual understanding, interaction and cooperation between societies of the two regions. Decentralised cooperation introduced cooperation in education, media and business. These fields became vital for the economic development and diversification of the GCC states. In any case, this phase of the dialogue may have not produced astonishing results but it eased the way for the third stage of the negotiations that were officially launched in 2002<sup>19</sup>.

### The momentum of the 9/11 era

A critical moment and a certain momentum for the EU-GCC negotiations emerged with the beginning of the new century. Oil prices reached new heights, which accelerated the diversification process of the GCC economies and enhanced the need for technological equipment and transfer of expertise. At the level of the political context, the new US governmental narrative, that was identified with that of the Christian right, highlighted the intra-West differences in tackling security issues in the Middle East. Even though the latter is a matter of political interest and not an issue of economic negotiations, it helped the development of a stronger political will among the states of the two regions to underpin their biregional relations. Moreover, the economic relations between the two blocs were enriched by the transnational flows of capital and by the new transnational investments that were made in Europe and the Persian Gulf. The

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<sup>18</sup> EU/ GCC, ‘Joint Communiqué’, *5th EU GCC Joint Council and Ministerial Meeting*, 8 May 1994

<sup>19</sup> European Commission (DG Trade), “Gulf Region”, Retrieved on 08 July 2011 from [http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/gulf-region/index\\_en.htm](http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/gulf-region/index_en.htm)

US investments in petrochemicals notwithstanding, the EU has been the most important foreign investor for GCC states and its role has become more essential since the investments were placed in a wide range of industry sectors. The EU has also been a receiver of foreign investments from the GCC states. Between 2002 and 2006 around 55% of the GCC's total foreign direct investments and 20% of the overall portfolio investment were placed in the European economy<sup>20</sup>

The EU has also been interested in helping the GCC states to get integrated into the global economy, since this would eliminate the risk for higher oil prices and push for liberalisation reforms in the field of economy and finance within the GCC. In fact, the EU reached a compromise with the KSA and signed a bilateral agreement supporting the KSA's accession to the World Trade Organisation (WTO)<sup>21</sup>. The KSA was the last of the GCC states to join the WTO, in 2005. By being integrated into the global economy, the Arab states of the Gulf have actually promoted internal liberalisation policies and a number of economic fields have been opened to private investors<sup>22</sup>. The new economic reforms, the regulations, and generally the transparent environment and the opening of the local economies to international business would help the investments from European companies in local infrastructure projects as well as imports of technology and skills to the region, accelerating the diversification process of the Gulf economies<sup>23</sup>.

Furthermore, the EU has been an advocate of the promotion of the regional and economic integration of the Gulf. The creation of the GCC customs union was a precondition for the third phase of the negotiations and the GCC customs union was established in 2003 giving new dynamics to EU-GCC negotiations. In 2008,

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<sup>20</sup> Biberovic, Nermina, 'A common European Approach to sovereign wealth funds – continuity of the status quo?', *EU-GCC Research Bulletin*, 10, June 2008, p. 6

<sup>21</sup> European Commission, *Accession of Saudi Arabia to the WTO: Conclusion of the EU-Saudi Arabia bilateral market access deal*, DG Trade, 30 August 2003, Brussels. Available at: [http://trade.ec.europa.eu/doclib/docs/2003/october/tradoc\\_114038.pdf](http://trade.ec.europa.eu/doclib/docs/2003/october/tradoc_114038.pdf) (Last accessed: 31/08/2011)

<sup>22</sup> Biberovic, Nermina, 'A common European Approach to sovereign wealth funds – continuity of the status quo?', *EU-GCC Research Bulletin*, 10, June 2008, p. 11

<sup>23</sup> Rutledge, Emile, 'Quantifying the GCC's expected economic gains', *The GCC – EU Research Bulletin*, No. 2, June 2005, p. 14

the GCC common market also came into force<sup>24</sup>. This path of regional economic integration cannot be seen outside the framework of the negotiations with the EU, as the Europeans have provided vital technical support to the GCC states, and they keep doing so in regards to the plan for a monetary union<sup>25</sup> as well. This institutional integration has also been accompanied by intensified transnational intra-GCC investments<sup>26</sup> leading to greater intraregional cooperation, which the EU considers as a tool for stability and peace<sup>27</sup>.

The new economic growth in the Gulf has also generated huge surpluses, a large part of which have been invested in the European economy, as already mentioned. GCC investors have acquired companies in heavy industry, banks, ports, real estates, telecommunications, heavy industry and tourism<sup>28</sup>. The total assets of GCC entrepreneurs in Europe are estimated to be over \$400 billion<sup>29</sup>, of which \$100 billion were acquired just within a timeframe of four years, namely in the 2002-06 period. European commercial interests in the Gulf have also been obvious in bilateral policies, with the United Kingdom, France<sup>30</sup> and Germany<sup>31</sup> (and Italy to a smaller degree)<sup>31</sup> increasing their shares in the local markets or by directly investing in projects and in the local financial sector. What is more, in some cases GCC funds were placed in European companies that were already doing business in the Gulf, enhancing the interdependence of the economic actors from the two regions<sup>32</sup>. The joint funded projects were in the fields of electrical power, water infrastructures, education, transportation,

<sup>24</sup> James, Bowman, 'GCC common market comes into effect', *Arabian Business*, 01 January 2008, Retrieved 07 July 2008 on <http://www.arabianbusiness.com/gcc-common-market-comes-into-effect-122387.html>

<sup>25</sup> Walter, Norbert, 'EU-GCC Cooperation in Money and Finance', *The GCC – EU Research Bulletin* No. 7, April 2007, p. 12

<sup>26</sup> Luciani, Giacomo and Neugart, Felix, eds., *The EU and the GCC. A new partnership*, Center for Applied Policy Research and Bertelsmann Stiftung, 2005, p. 31

<sup>27</sup> Genand, Lore, 'A view of the FTA from an EU perspective', *The GCC – EU Research Bulletin* No. 2, June 2005, p. 11

<sup>28</sup> Habibi, Nader, 'Managing the oil Wealth', *Crown Paper 1*, Brandeis University, Crown Center for Middle East Studies, June 2008, p. 32

<sup>29</sup> Hertog Steffen, 'EU-GCC Relations in the Era of the Second Oil Boom', Center for Applied Policy Research; Bertelsmann Stiftung, December 2007, p. 9

<sup>30</sup> Heliot, Jacques, 'France and the Arabian Gulf', *The GCC – EU Research Bulletin* No. 5, July 2006, pp.11-13

<sup>31</sup> Koch, Christian, 'A Pivotal Visit at a Critical Time', *The GCC - EU Research Bulletin*, No. 7, Gulf Research Center, p. 8

<sup>32</sup> Habibi, Nader, 'Managing the oil Wealth', *Crown Paper 1*, Brandeis University, Crown Center for Middle East Studies, June 2008, p. 29

petrochemicals and mining. In addition, in July 2008 under the initiative of the Qatari government, a new EU-GCC Industrial Forum was launched in Barcelona, aiming to promote general industrial and subcontracting cooperation between the EU and the GCC states<sup>33</sup>. However, trade relations have not always been smooth and without complaints from the GCC states which feel disadvantaged with the trade balance being exclusively in favour of the EU. The public comments by European leaders on the role and the possible restrictions applied on the Sovereign Wealth Funds, many of which are based in the Gulf region, have also been an issue of concern for the Gulf investors<sup>34</sup>.

In this context, the EU and the GCC states have reached an agreement on 99% of the issues discussed during the FTA talks. The two remaining issues, according to the official language of the two sides, were the export duties which GCC states impose on petrochemical products manufactured in the Gulf region and the human rights clauses that the EU wants to add to the FTA. These issues led to the suspension of the talks in December 2008, by the GCC presidency.

To sum up, there is a constantly deepening economic interdependency of the two regions which shapes the relationship of the EU and the GCC. In this framework, the EU has promoted the integration of the Gulf economies into the world economic system, regional stability through regional integration and, domestically, it has favoured economic liberalisation and diversification projects. By attaching 'decentralised cooperation' to the EU-GCC relationship, the two sides have engaged in a wider spectrum of fields for cooperation and they have taken on board actors from different layers of the bureaucracy and the societies of the two regions, namely inter-governmental actors, supranational bodies of the EU and the business communities. Nevertheless, in spite of this wider and deeper relationship, twenty years after the two parties agreed to begin the negotiations for a FTA, there is still no conclusion. This is striking, especially

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<sup>33</sup> Ammari, Siba Sami, 'Al-Sada launches the 1st GCC-EU Forum in Barcelona', *AMEinfo*, 06 July 2008, Retrieved 07 July 2008 at <http://www.ameinfo.com/162606.html>

<sup>34</sup> Biberovic, Nermina, 'An approach to Sovereign Wealth Funds, Continuity of the Status Quo?', *The EU-GCC Research Bulletin*, No. 10, June 2008, p. 6

bearing in mind that the USA finalised their FTA with Bahrain, within a time period of few months<sup>35</sup>.

## **Political Dialogue**

### **Establishing the political dialogue in the early years of the relationship**

The Middle East has been characterised as the backyard of Europe<sup>36</sup> and as a result the political interest of the EU in the political stability of the region is natural. From this viewpoint, the interest of the EU to develop relations with the Arab world beyond the Mediterranean can be explained as expanding stability in its neighbourhood. It is also understandable why the EU attempts to project some of the political principles (for internal reforms and political liberalisation) of the EuroMed policy of cooperation and partnership for the creation of a “New Middle East” on its relations with the GCC<sup>37</sup>. The decline of oil revenues in the mid-1980s shook the ‘rentier state’<sup>38</sup> model of the societal organisation of the Arabian Peninsula, according to which the non-democratic ruling elites (royal families in these cases) buy legitimacy through the distribution of wealth and social goods. Due to the new situation, youth unemployment reached 30%-50%<sup>39</sup> in some cases, while the decrease of living standards for the large majority of the population in the Middle East gave space to radical Islamist movements which claimed to represent a social and cultural revolt<sup>40</sup>, becoming influential in the wider region. Therefore, de-radicalisation of the Arab societies and sustainable development that would minimise the possibilities for violent political movements in the region, are in the best interests of the Europeans.

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<sup>35</sup> *Ibid*, p. 22

<sup>36</sup> *Ibid*

<sup>37</sup> Hollis, Rosemary, ‘Europe and the Middle East: Power by Stealth?’, *International Affairs (Royal Institute of International Affairs 1944-)*, Vol. 73, No. 1., Jan., 1997, pp. 15-29

<sup>38</sup> Luciani, Giacomo, ed., *The Arab state*, London: Routledge, 1990

<sup>39</sup> Heradstveit, Daniel and Hveem, Helge, eds., *Oil in the Gulf: obstacles to democracy and development*, Aldershot, Hants, Burlington, Ashgate, 2004, p. 20

<sup>40</sup> *Ibid*, pp. 23-25

From the Arab perspective, the states of the Persian Gulf have sought greater involvement of the European states in regional politics in order to counterweight the US policy in the wider region of the Middle East<sup>41</sup> and more specifically in the case of the Arab-Israeli conflict. The Arab leaders recognise that the proximity of the EU to the Gulf region and its dependency on their oil supplies have made the region of paramount significance for the Europeans<sup>42</sup>. In addition, as their initial contacts immediately after the establishment of the GCC indicates, the GCC states are interested in the assistance the EU can provide for their own regional integration process, since they perceive the EU as the model they would like to apply<sup>43</sup>, at least to a certain extent. Moreover, developments in Iran, Iraq and Yemen raised shared concerns for the stability of the region and for peace in the wider Middle East. It is for these reasons that the EU and the GCC have been in a constant dialogue, exchanging ideas and sharing information about their political interests on major developments in the Middle East. The desire of the two parties to institutionalise an exchange of views on regional matters can be seen in all the Joint Communiqués which follow the annual Joint Ministerial Councils. Political issues are always present and shared outlooks are always mentioned, in a relatively extensive way. As early as 1994, the EU and the GCC leaders stated the fact that they reviewed “a series of international and regional political issues of mutual interest in an open and cordial manner”<sup>44</sup>. However, in spite of the common interests, during these early years of the EU-GCC relationship, the EU did not become an influential player in the Middle East Peace Process nor in the Gulf area’s politics. Indeed, for a long time the Gulf was not a region of priority for the EU, which was more focused on its own enlargement and its relations with the Arab states of the

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<sup>41</sup> *ibid*

<sup>42</sup> Fürtig, Henner, ‘GCC-EU Political Cooperation: Myth or Reality?’, *British Journal of Middle Eastern Studies*, Vol. 31, No. 1., May, 2004, pp. 25-39.

<sup>43</sup> Weisweiler, Flo, ‘Partnership with the EU: What the GCC should look out for’, *The GCC – EU Research Bulletin* No. 9, December 2007, p. 10

<sup>44</sup> EU/ GCC, ‘Joint Communiqué’, *5th EU GCC Joint Council and Ministerial Meeting*, 8 May 1994

Mediterranean Basin<sup>45</sup>. The problems of the FTA talks, even though they are related to economic issues, were interpreted as a lack of political will for the conclusion of the agreement. Additionally, despite the obvious interdependence and the benefits from this relationship, there has been almost no long-term strategic thinking and goal setting in the political sphere. This lack of a concrete strategy by the EU has encouraged the existence of different views and policies on a large spectrum of issues at an intra-EU level<sup>46</sup>. Within this context and because of the dominant role of the United States in the area, the first years of the EU-GCC dialogues on political and security issues provided no specific agreements or schemes for cooperation, even though it did feed the biregional dynamics and kept the negotiations going, at a time when the FTA talks were facing fundamental difficulties.

### The new momentum of the 21<sup>st</sup> century

In the post-9/11 era, because of the new international political environment, a new momentum emerged for the EU-GCC relationship. In its document 'Strengthening EU's Relations with the Arab World', the European Commission suggested that the EU - GCC relationship becomes part of a broader regional strategy for the 'wider Middle East', next to the Euro-Mediterranean Partnership and the EU policies for a peaceful resolution of the Arab-Israeli conflict over the creation of the Palestinian state<sup>47</sup>. Moreover, the European Commission recognised that the existing relations with the Gulf region do not reflect the strategic importance of the GCC states for Europe and through its document 'Strategic Partnership with the Mediterranean and the Middle East', the EU endorsed the political goal of forging a strategic partnership with the Middle East, including the Gulf region, with which consultations on the issue had

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<sup>45</sup> Baabood, Abdullah and Edwards, Geoffrey, 'Reinforcing Ambivalence: The Interaction of Gulf States and the European Union', *European Foreign Affairs Review* Vol. 12, no.4, 2007, p. 4

<sup>46</sup> Youngs, Richard, *Europe and the Middle East: in the shadow of September 11*, Boulder, Lynne Rienner Publishers, 2006, p. 227

<sup>47</sup> European Commission, 'Strengthening the EU's Partnership with the Arab World' (D 2003 10318), 2003

already taken place<sup>48</sup>. In the same document, a shift towards a more bilateral approach was identified as it was clearly stated that the EU and its members would consider bilateral political engagement with the GCC states that may want a more rapid agreement on specific issues<sup>49</sup>. The UK, France, Italy and Germany have been advancing their own bilateral relations with the Gulf states via joint transnational investments and projects in Europe and the Gulf, energy cooperation, and more interestingly, through arm sales<sup>50</sup> and security agreements.

In any case, almost ten years after the Maastricht Treaty and the introduction of the second pillar of the Common Foreign and Security Policy (CFSP), the EU became a more active player in the region. The role of the EU as a source of stability in the Middle East was highlighted in its relations with Iran. While the US has declined any offer for rapprochement with Tehran with which there is a mutual hostility, the EU preferred a pattern of 'critical dialogue' with Iran. EU-Iran relations were producing results regarding the issue of human rights and regional stability, until hard-liners came to power in 2005. Nevertheless, despite this development, the EU and its member states had a fundamental role in overcoming (even temporarily) the 2003 crisis over Iran's nuclear programme. The EU3 (the UK, France and Germany) and the EU's High Representative paid a visit to Tehran and were able to persuade the Iranian leadership to suspend their uranium enrichment programme<sup>51</sup>. However, because of the rejection of the EU proposals from the Iranian government and the continuation of the uranium enrichment during the last few years, core EU members have approached the US position and adopted stricter policies by agreeing on the imposition of new sanctions against the Islamic regime of Tehran<sup>52</sup>. In any case, the EU and its member states demonstrated a clear interest in placing political

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<sup>48</sup> EU, *Final Report on an EU Strategic Partnership with the Mediterranean and the Middle East*, Brussels, 2004, p5

<sup>49</sup> *Ibid*, p9

<sup>50</sup> Youngs, Richard, *Europe and the Middle East: in the shadow of September 11*, Boulder, Lynne Rienner Publishers, 2006, p. 173

<sup>51</sup> Baabood, Abdullah, *EU-Gulf Political and Economic Relations, Assessment and Policy Recommendations*, Dubai, Gulf Research Center, 2006, p. 15

<sup>52</sup> BBC, 'EU expands Iran nuclear sanctions', Retrieved on 17 September 2008 from [http://news.bbc.co.uk/1/hi/world/middle\\_east/7549879.stm](http://news.bbc.co.uk/1/hi/world/middle_east/7549879.stm)

resources and political will in dealing with a regional issue of security, in the sphere of immediate interest for the Gulf states. At the same time, the role of the GCC states in regional stability was highlighted. The GCC states aimed at having a say in the political events of their region that followed the 9/11 events, namely the war in Iraq, the Iranian nuclear programme, Saudi mediation in the Hamas - Fatah conflict, Qatari mediation in ending the latest crisis in Lebanon, as well as the Qatari and Saudi mediations for ending internal crises in Yemen.

Within this framework, the EU pursued closer relations with the GCC states as well, on biregional, bilateral and multilateral (international) levels. Since 2002 the Middle East, including the GCC states and especially the KSA, became a central issue in the antiterrorist policies of the EU. The Union initiated a dialogue on anti-terrorism policies with the GCC states by: providing assistance at the national level; engaging in biregional seminars and workshops; establishing regional organisations like the Middle East and the North Africa Financial Action Task Force (MENAFATF) against Money Laundering and Terrorist Financing in November 2004 and in the dialogue for the role of the United Nations in anti-terrorism policies. Moreover, in the security field, the French president Nicolas Sarkozy travelled to the Gulf in January 2008 where he signed a series of deals with the KSA, among which were contracts on defence as well as agreements on exporting technology for nuclear power in Qatar and the UAE<sup>53</sup>. France also agreed with Abu Dhabi (UAE) to establish a military base in the Emirates and monitor the Straits of Hormuz from where almost half of the oil production passes on a daily basis. It might host a mission of just 500 permanent military personnel<sup>54</sup>, but it is a clear indication of the ambitions of individual European states in the region. In addition, in 2007 Spain and Saudi royal families, and other officials, exchanged official visits. King Juan Carlos of Spain and King Abdullah of KSA agreed on a programme for exchanging information on anti-terrorism policies, for exchanging training programs between the security bodies

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<sup>53</sup> Reynolds, Paul, *French make serious move into Gulf*, BBC, 15 January 2008, Retrieved from [http://news.bbc.co.uk/1/hi/world/middle\\_east/7189481.stm](http://news.bbc.co.uk/1/hi/world/middle_east/7189481.stm)

<sup>54</sup>BBC, 'France to station forces in Gulf', Retrieved on 15 July 2008 from [http://news.bbc.co.uk/1/hi/world/middle\\_east/7189280.stm](http://news.bbc.co.uk/1/hi/world/middle_east/7189280.stm)

of the two countries, and established a common fund of \$5 billion for joint investments in projects in their two countries<sup>55</sup>. As a collective entity, the EU can also work as a mediator between regional actors and in this respect either promote multilateralism or help in confidence-building measures, both among the GCC states and between the GCC states and external actors, like Iran, the USA<sup>56</sup> and Yemen. In the case of Yemen, especially, the EU has been encouraging greater involvement of the GCC states in dealing with the economic, political and security challenges that the Yemeni authorities and society faced. The EU promoted the idea of Yemen accessing the GCC, replicating the model EU has adopted in order to deal with the challenges in its immediate neighbourhood in the early 1990s. Moreover, EU member states initiated the 'Consultative Group for Yemen' and the 'Friends of Yemen' meetings which became platforms for broader cooperation between states of the EU, the GCC and other international actors in coordinating their policies on Yemen. What is more, when the youth uprising erupted in the country on 11<sup>th</sup> of February 2011, the EU and the GCC states initiated a new channel of direct communication for coordinating their actions.

Nevertheless, the EU and its member states have been facing the challenge of the expectations from the GCC states which on the one hand have sought a greater involvement of the European states in the security of the region as a balancing power against American hegemony, and on the other hand have set their own limitations in this relationship. It can be said that the EU member states agreements with the GCC states during the last few years as well as the more active EU role in the region is a clear indication of the willingness of the Europeans to seize the opportunity and respond to GCC expectations. However, how the EU can advance a political and security dialogue with the GCC states when the latter are resisting the discussion on EU values, a central aspect of EFP, in such a dialogue, is deemed questionable. Moreover, it should

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<sup>55</sup> Qusti, Raid, Kingdom, Spain to Exchange Security Info, *Arab News*, 17 December 2007, Retrieved from <http://www.arabnews.com/?page=1&section=0&article=104748&d=17&m=12&y=2007>

<sup>56</sup> Koch, Christian, 'Effective European role in Gulf Security', *The GCC-EU Research Bulletin*, No. 4, February 2006, pp. 6-7

be pointed out that both regions are characterised by their economic might and their less strong military capabilities, which add a certain level of complications to the security discussion. In any case, the political – security cooperation of the EU and the GCC states remains an issue which is understudied, in particular in the context of recent developments since the popular uprisings in the Middle East after January 2011.

### **The Aims, Central Questions and Structure of the Thesis**

As demonstrated in this brief introduction, there have been new opportunities for the EU to become more active in the security of the region. The EU and the member states have responded to the new political climate by signing agreements and introducing new levels of cooperation with the GCC on security matters of the wider Middle East. However, at the same time, political antagonism is becoming more obvious, as the GCC states feel more confident in working with existing regional dynamics in order to gain greater autonomy from the United States, to enhance their relations with Europe and to establish a greater political role in the wider region of the Middle East. The question is, therefore, whether the EU and the GCC states can work through their common interests taking advantage of the new political dynamics in the Gulf region, and overcome their different approaches and structures by transforming the EU-GCC relationship into a concrete pole for promoting stability and regional security.

The EU and the GCC have developed a complex interdependency in trade and investments and that they share common interests in the stability of the GCC states and in the security of the Persian Gulf. The new political and economic dynamics of the 21<sup>st</sup> century have added new potential to EU – GCC relations. The GCC states welcome the engagement of the EU in the new context since they need the technological support and expertise in managing their national projects for sustainable development. The EU has also been eager to take advantage of the new climate in order to enhance its presence in the region,

both economically and politically, and to advance its relationship with the GCC states.

It is unquestionable that both in economics and politics, the EU has become more active in the Gulf region compared to the past and that there has been some important steps towards more concrete results from the European presence in the region. The EU has been the primary trade partner for the GCC states and one of the most significant providers of technical assistance. It has been in favour of regional and international integration of the Gulf economies and it is a major partner in their diversification processes as well. Furthermore, the EU has promoted security cooperation with the GCC states and it has developed a political dialogue for regional matters of concern, such as Iraq, Iran and more actively, Yemen. However, the presence of the EU in the region and its political actions are subject to the GCC aspiration (and sensitivities) to advance the EU-GCC relationship. Thus, EU-GCC relations should be seen in the context of the regional and international developments which have an impact on the policies of the GCC states.

What is more, when exploring the EU-GCC relationships we should keep in mind the special characteristics of the two regions, both in political terms as well as in terms of the institutionalisation of their regional integration processes. In addition, the EU-GCC relationship has been widened by 'decentralisation cooperation'. Thus, the actions that have been taken place in different areas of cooperation as well as from the several levels of the economic, political and social strata of the two regions should also be taken into consideration.

Since the interdependency of the two regions has been demonstrated within the context of the new regional and international environment which has generated new opportunities and challenges for the two blocs, the question is how this bi-regional relationship has developed. The EU has called for a strategic partnership with the Middle East, including the GCC states. Is the EU-GCC relationship developing into a strategic partnership? Is this partnership pursued only at economic or at political levels as well, despite the different political

structures and approaches? If the EU and the GCC states are moving towards a strategic partnership, what is their understanding of this development in terms of form and function? In addition, how have ambitions and (self-)images been affected by this evolution of the relationship into a strategic partnership? What sort of strategic partnership has been developed between the EU and GCC states? Why has this development not been officially recognised?

The aim of the thesis is to explore the development of this relationship in the framework of the EU's 'strategic partnerships'. It will test whether this relationship is transforming into a strategic partnership between the EU and the GCC states, based on interests, values and (self-)images, and if so, what type of strategic partnership. It will do this by providing a comprehensive conceptual approach of 'strategic partnerships' and by assessing the EU-GCC relationship in comparison to the suggested definition of 'strategic partnerships'.

In order to achieve its aims and address the central questions, the thesis will proceed in the following way.

Chapter 2 will review the current literature on the existing academic work on the EFP. The study of the EFP will attempt to outline the special characteristics of a foreign policy actor like the EU which is *sui generis* in the international community because of the co-existence of bilateral, inter-governmental and supranational procedures of policy making. It will highlight the capabilities, the priorities and the tools of the EFP in terms of values and interests, taking into consideration, also, EU (self-)images.

Chapter 3 will review the existing literature, albeit briefly, of the EFP in the Middle East. It will identify an approach based on the model of traditional EU relationships and the EU's economic and political superiority, which leads to unbalanced relationships. The EU is the dominant pole which promotes its interests and values. Obviously this pattern is not suitable for tackling the characteristics and the dynamics of a much more balanced relationship between the EU and the GCC states.

Chapter 4 will, thus, explore the existing academic debate on 'strategic partnerships', given that this will be the central analytical framework for the thesis. It will incorporate EU policymakers' understandings of the term into the academic debate in order to assess the elements that compose the concept of 'strategic partnership', the rationales that have led to the establishment and the development of this foreign policy tool, and the various categorisations of 'strategic partnerships'. It will, then, propose a definition for this notion in order to accommodate a more comprehensive approach of the concept of 'strategic partnerships'.

Chapter 5 will provide a methodological plan according to which the case studies will be examined. It will present the hypothesis and set the research questions, based on which the hypothesis will be examined. In addition, it will present the case studies, the timeframe of the research, the material and the limitations of the research.

Chapters 6 and 7 will seek to operationalise the framework, and assess the EU-GCC strategic partnership through the case studies of the FTA negotiations and the crises in Yemen, which were derived from the two broader fields of economics and politics. They take into consideration the special character of the EFP and they also address the fact that the EU-GCC relationship extends to various levels of cooperation and engages actors from different layers of the two regions. They also incorporate the dynamics of regional and international politics, as well as the impact that the interdependency factor of this relationship has on the shaping and development of policies between the EU and the GCC states. The interaction of interests, values and (self-)images will be examined in order to assess the EU-GCC relationship and how this has evolved in the fields of the two case studies.

Finally, chapter 8 will draw the empirical and conceptual implications together reflecting on the specific research questions utilised to assess the EU-GCC strategic partnership and the implications of the findings for the main hypothesis of the thesis. It will offer concluding thoughts on whether the EU-GCC bi-

regional relationship is developing into a strategic partnership, the type of partnership that it is leading to and the implications of this for the concept of a 'strategic partnership' in the EU-GCC context and beyond. It will also provide suggestions regarding the evolution of the EFP itself.

The thesis aims to contribute to the body of knowledge on EU-GCC relations which have been understudied in the EU and International Relations studies fields. Recent developments in the Middle East have made the study of this relationship even more imperative. What is important is that this is the first time that the EU-GCC relationship is explored in the framework of a 'strategic partnership'. By applying this concept, the thesis treats the EU-GCC relationship as a dynamic, multilevel, multidimensional and multilayered relationship which develops in time according to internal and external factors, and which incorporates the actions of governmental, regional and non-state actors in economics and politics.

Moreover, academic understanding of 'strategic partnerships' is still vague, due to the fact that the EU itself has not been very clear on the use of this concept as a foreign policy tool. This thesis aims at presenting the recent developments within the EU regarding the notion of 'strategic partnership'. Thus, it tries to define the elements that shape a strategic partnership according to EU officials. Following that, it will attempt to bridge the understanding of the concept by scholars and by EU policymakers, providing a comprehensive approach. The next chapter will review the current literature of the EFP.

## **THEORISING EUROPEAN FOREIGN POLICY**

### **Introduction**

In the early 1950s European integration focused mainly on economic cooperation and has only evolved into a more political project with dimensions of foreign policy during the last two decades. Indeed, major steps towards European integration in the realm of foreign policy have been made since the Treaty of the European Union (TEU) in 1992.

Even earlier though and particularly in 1970 the member states of the European Economic Community (EEC) agreed to establish the first mechanism that would facilitate the co-ordination and co-operation of national foreign policies toward common objectives, European Political Cooperation (EPC). The EPC remained an inter-governmental body and although the range of matters of concern was widened, the Council of Ministers held the power for initiatives and for coordinating foreign policies. From this point of view, the distinction between the role and the decision making processes between the External Trade Relations of the Commission and the Political Foreign Affairs of the EPC was still clearly evident. Although Europe was already in the process of deeper integration, the geopolitical environment at the end of the 1980s and the crises in the early 1990s (fall of socialist regimes, reunification of Germany, Gulf war and crisis in Yugoslavia) accelerated the activities that led to the creation of the Common Foreign and Security Policy (CFSP) as the second pillar of the TEU. The CFSP was still based on an intergovernmental structure and its military functions remained within the framework of NATO and the Western European Union (WEU). Thus, the distinction between the two processes (External Relations remained under the umbrella of the supranational Commission and traditional foreign policy was managed by the inter-governmental Council) was confirmed. Nevertheless, expectations from within and outside the EU had risen, as the issue of security was formally incorporated into the EU's competence and it was governed by the Council of the European Union. After the creation of the EU and the second pillar, the Union broadened the spectrum of its foreign relations,

signing partnership agreements with third parties and strengthening its image as an international player. Indeed, the Amsterdam Treaty (1997) introduced the position of a 'Secretary General/ High Representative of the CFSP' in order to give a figurehead and greater visibility to the EU's foreign policy. The political and security environment that followed the attacks at the Twin Towers in New York in September 2001 and the spread of the 'war on terror' alarmed the EU, which reconsidered its role in world politics. In the European Security Strategy (2003) the European Council used the term 'global player' for the EU and set the goals for a more active role in pursuing strategic objectives, for increasing the Union's capabilities, pursuing coherent policies and working with its partners<sup>57</sup>. In 2009 and in accordance to the Lisbon Treaty, the External Relations of the European Commission merged with the CFSP. The co-existence of three representatives of the foreign policy of the EU<sup>58</sup> was replaced by the new position of the High Representative of the Union for Foreign Affairs and Security Policy.

These developments in European Foreign Policy (EFP) have been the subject of much academic debate over the years in the European Studies and International Relations literature. This chapter will provide a review of the existing works on EFP emphasizing the endogenous complexity of the EFP and the need to reflect the *sui generis* character of this international actor in the way it conducts foreign policy. It will explore the academic debate of the first wave shaped by the realist challenge of the existence of a common foreign policy and the responses by academics that placed primacy on the political goals of the external relations of the European Community. It will then provide an overview of the debate over the nature and the instruments of the EU's common foreign policy, and in particular the differing conceptualisations offered by various academics on the EU as a 'civilian power' and as a 'normative power'. Indeed this latter literature is particularly fundamental to this thesis in its discussion and incorporation of the role of norms and values, identities and self-images as well

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<sup>57</sup> European Council, *A secure Europe in a better world - European security strategy*. Brussels, 12 December 2003.

<sup>58</sup> The EU troika was previously composed by the High Representative for Foreign and Security Policy, the European Commissioner for External Relations and the Foreign Minister of the country in the rotating presidency

as interests. The chapter will then further elaborate on the tools used by the EU in order to build upon its distinctive identity and promote these interests, values and images through the engagement with third parties, through bilateral agreements which entails political conditionality, assistance for region building processes in the rest of the world and promotion of multilateralism.

### **Theoretical approaches in European Foreign Policy**

In the academic community, the debate of the first wave focused on the question whether the European Union can have a common European Foreign Policy (EFP), while the second series of academic questions were associated with the lack of military capabilities and the nature of the new 'post-modern' Union and its foreign policy.

### **Is there a European Foreign Policy?**

Due to the structure of the European Union and its second pillar, in the pre-Lisbon Treaty era, the capability of the Union to have its own common foreign policy was challenged, from scholars who follow the realist approach in International Relations studies. The idea of an EFP clashed with the state-centrism of the realist school and received strong criticism especially during the first years that followed the TEU. The non-state entity of the Union and the fact that nation states still retained sovereignty in this field, leading to a lack of cohesiveness in foreign policies, were the main arguments of this school. First of all, realists build on the assumption of the key role of the nation state, which has a 'relatively exclusive claim'<sup>59</sup> over foreign policy. From this perspective, since the European Union is not a state, even if it has developed some aspects of governance in particular fields, it cannot claim any control in foreign policy; its actions are dependent on the consensus of sovereign nation states in the European Council. By placing importance on the inter-governmental framework

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<sup>59</sup> Allen, David, 'Who speaks for Europe?' in Peterson, John and Sjurson, Helene, eds., *A Common foreign policy for Europe? : competing visions of the CFSP*, Routledge, London, 1998, p. 43

of cooperation within the CFSP, they argue that the nation state remains the dominant actor in international politics, even within the framework of the most successful regional integration project thus far, in the EU. It is argued from this perspective that nation states remain the only source of legitimacy for foreign policy and even states that have been keen on developing common foreign policies, like France, are reluctant in giving up their sovereignty and their independence in shaping their own policies in this domain according to their own national interests<sup>60</sup>. Scholars draw attention to these different approaches and interests of the member states and the fact that a consensus through a process of inter-state bargaining<sup>61</sup> is needed. In this way, they emphasise the specific interests of the individual states, an argument founded on the large number of embassies and national European visits and deals with third countries, which are not always coordinated at the European level or in accordance to the broader EU goals in a particular country or region<sup>62</sup>. Thus, they reinforce the conclusion that without cohesiveness (due to this internal bargaining) and continuity in foreign policies (as in the case of the states), the EU is 'paralyzed'<sup>63</sup> and incapable of true strategic action.

In response to these arguments, scholars from the pluralist school of International Relations claim that the EU is a unique political entity and even though it is not a state, it can conduct foreign policy and actually provide some tangible outcomes. They suggest that the realist criticisms derive from the fact that foreign policy is identified solely with the (pre-Lisbon Treaty) second pillar of the EU and as a result a more encompassing definition of the EFP is needed. According to Brian White, foreign policy "refers to actions (broadly defined) taken by governments which are directed at the environment external to their state with the objective of sustaining or changing the environment in some way"<sup>64</sup>. Therefore, Carlsnaes identifies a three-layered structure in European

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<sup>60</sup> Gordon, Philip H. 'Europe's Uncommon Foreign Policy', *International Security*, Vol. 22, No. 3 (Winter, 1997-1998), p. 88

<sup>61</sup> Cameron, Fraser, *An introduction to European foreign policy*. Abingdon, Oxon; New York: Routledge, 2007, p. 189

<sup>62</sup> *Ibid*, p. 16

<sup>63</sup> Zielonka, Jan, ed., *'Paradoxes of European foreign policy'*, Kluwer Law International, London, 1998, p.11

<sup>64</sup> White, Brian, *Understanding European foreign policy*, London: Macmillan, 2001, p.11

Foreign Policy; the Common Foreign and Security Policy, the European Security and Defence Policy and the European Community Foreign Policy (pre-Lisbon first pillar)<sup>65</sup>. Adding to this, Ginsberg notes that EFP actions can come from any of these structures of the EU/EC or be a mixture of actions from these<sup>66</sup>. Hill attaches the role of the member states to these approaches and concludes that EFP is “the sum of what the EU and its member states do in international relations”<sup>67</sup>. Responding to the analyses about the lack of sovereignty, Michael Smith characterises the EU as a ‘post-modern’ entity and in contrast to the ‘modernist’ instruments of the nation states on which realists insist, he argues that EFP is ‘post-modern’ and ‘extra-national’.<sup>68</sup> By accommodating the interests and preferences of the member states and with the collective legitimacy of the sovereign states, the Union conducts a ‘post—sovereign’ foreign policy “alongside or beyond the confines of national foreign policies”<sup>69</sup>. It is this dual level that makes the EFP a *sui generis* case. The supranational and intergovernmental frameworks of the European decision making process combine simultaneously the foreign policy goals of the Union and the interests of the nation member states. This procedure may generate an image of inconsistency and internal contradictions but the final outcome is the promotion of an EFP and at the same time the independence of the member states as sovereign states is respected<sup>70</sup>. This complexity and the multilayered structure on which the EU is based, has led the Union to be characterised as a strange animal<sup>71</sup>; although the EU is based on nation states, it has more powers than most of its member states on the international political scene and it is more resourceful in the means it can adopt to promote its objectives. Moreover, Hazel

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<sup>65</sup> Carlsnaes, Walter, Sjursen, Helen and White, Brian, eds., *Contemporary European foreign policy*, London: SAGE, 2004, p. 1

<sup>66</sup> White, Brian, *Understanding European foreign policy*, London: Macmillan, 2001, p.15

<sup>67</sup> Hill, Christopher, 'Closing the 'capabilities - expectation gap'? in Peterson, John and Sjursen, Helene, eds., *A Common foreign policy for Europe?: competing visions of the CFSP*, Routledge, London, 1998. p. 18

<sup>68</sup> Smith, Michael, The framing of European foreign and security policy: towards a post-modern policy framework?, *Journal of European Public Policy*, Volume 10, Number 4, August 2003, p. 558

<sup>69</sup> *Ibid*, p. 570

<sup>70</sup> Whitman, Richard G., *From civilian power to superpower? : the international identity of the European Union*, Macmillan, Basingstoke, 1998, p. 238

<sup>71</sup> Cameron, Fraser, *An introduction to European foreign policy*. Abingdon, Oxon; New York: Routledge, 2007, p. 5

Smith argues that the indeed slow in pace and in need of compromise decision making system may create difficulties but in the end the EU presents a body of decisions that are related to long-term involvements in peace-building and peace-keeping projects. In any case, she adds, these difficulties ‘do not constitute a conceptual difficulty in the notion of the EU’<sup>72</sup>.

Twenty years after the establishment of the EU and the introduction of the CFSP, the EU cannot be ignored in the international political arena, despite its unique structure and its complicated decision making process. Its presence with delegations and offices in most of the countries in the world and the most important international organisations, its agreements with states from around the globe, its bi-lateral and bi-regional cooperation forums and its initiatives in environmental policies and the international Criminal Court of Justice provide a great amount of evidences about the recognition of the EU as a global political player. Even in more moderate analyses, in which the role of the nation-states is still considered central in international relations, the EFP is seen as having “an extra dimension”<sup>73</sup> able to impact third parties in the world system. In the post-Lisbon era, analysing EFP becomes relatively less complicated, as European policy makers have made a step forward in coordinating their external actions and foreign policies, with the creation of the European External Action Service and the relative autonomy the new robust position of the “High Representative of the Union for Foreign Affairs and Security Policy” entails. The new position combines the responsibilities previously held separately by the High Representative for Common Foreign and Security Policy (CFSP) and the Commissioner for External Relations<sup>74</sup>. Nevertheless, the questions regarding the nature and the way EU is conducting its foreign policy remain valid and current.

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<sup>72</sup> Smith, Hazel, *European Union foreign policy : what it is and what it does*, London: Pluto, 2002, p. 4

<sup>73</sup> Piening, Christopher, *Global Europe : the European Union in world affairs*, Lynne Rienner, London, 1997, p. 195

<sup>74</sup> Even though this development is of great significance for the future of the EU and its role in the world, this study will not focus on this, for two reasons. First of all, this thesis has no ambition to analyse the internal dynamics that exist at an intra-European level. It is more interested in exploring the actions of the EU as such and their impact on third parties, in this case the GCC states. Second, for the largest part of the timeframe of this study, the first decade of the new century, the three-pillar system was in place. It was only during the last couple of years that the EU merged external (economic) relations and foreign policies.

### **Endogenous complexity and EU foreign policy?**

Having established through this brief overview that the EU constitutes an international player in world politics, the question remains as to how its multi-layered structure and its internal limitations, given the co-existence of supranational and inter-governmental decision making processes as well as the lack of independent powerful military capacities, affect the EFP. This has generated a second wave of academic debate which evolves around the nature of the EFP.

A central point of criticism from a realist perspective is the absence of a set of powerful instruments of coercive (military) power. By focusing on the military/security aspect of EU common actions, they question the effectiveness of the second pillar. The poor – if any - autonomous military presence of the EU in times of crises, even within the European continent (especially with regards to the Balkans), has received harsh criticism<sup>75</sup>. To the extent that the EU has not been aiming at creating its own powerful army machinery with the force of which to help the implementation of its foreign policy objectives, the Union will remain no more than a “subordinate partner to the US”<sup>76</sup>. Thus, realists challenge the capacities of the intergovernmental institutions within the second pillar of the Union, because of their military dependence on non-EU institutions and organisations.

However, as already shown, the foreign policy of the Union was not solely shaped within the context of the CFSP, but it was based, for the largest part since 1993, on a three-layered structure including also the External Relations of the European Community and the European Security and Defence Policy. Despite the fact that activities of the first pillar could be added to the notion of the EFP, Karen Smith points out a significant distinction that has to be made. Not all external relations of the EC are part of the EFP. Economic relations with

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<sup>75</sup> Knodt, Michèle and Princen, Sebastiaan, eds., *Understanding the European Union's external relations*, London: Routledge, 2003, p. 3

<sup>76</sup> Gordon, Philip H. 'Europe's Uncommon Foreign Policy', *International Security*, Vol. 22, No. 3 (Winter, 1997-1998), p. 75

third countries can be seen as economic instruments of the foreign policy field to the extent that their goals are related to the political and security environment of the third party and the objectives are not just economic<sup>77</sup>. One example of pursuing foreign policy through the external relations of the EC is the use of political conditionality in economic agreements<sup>78</sup>. In relation to the arguments about capacities, the EU may not have a powerful military arm, but it has its own sources of power for extracting leverage over third parties. Ginsberg argues that as an 'economic superpower' the EU uses its trading activities in order to promote its pivotal role in shaping development policies and uses the 'stick and carrot' approach (with financial tools) for promoting its value in the world<sup>79</sup>. It is therefore not just aiming at financial gains, and as a result, the external economic relations of the EC can be legitimately considered as part of the broader EU foreign policy framework, especially since the EU has made its presence more obvious in the international arena due to its economic weight in the international economy<sup>80</sup>. Hence, it is argued that the EU has utilised the potential that the EC has offered in foreign policy. The negotiation power the EC has as an economic superpower, the fact that the field of economic policies is the most integrated in the EU, and the advantage that the EU is taking of the channels established through the economic – developing policies for pursuing the strategic goals of the Union, have all transformed the EC into a 'strategic agent' and the EU into a 'strategic actor' in international politics<sup>81</sup>.

The academic community then has, over the years, acknowledged the potential foreign policy capacities of the EU, despite its non-military power and because of its economic weight and its wide network of agreements with countries and organisations beyond its own borders. This analysis of the political role of the EC's external relations, therefore, leads to the conclusion that we should not

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<sup>77</sup> Smith, Karen E, *European Union foreign policy in a changing world*. Cambridge: Polity, 2003, p. 1

<sup>78</sup> Cameron, Fraser, *An introduction to European foreign policy*. Abingdon, Oxon; New York: Routledge, 2007, p. 184

<sup>79</sup> Ginsberg, Roy H., *The European Union in international politics: baptism by fire*. Lanham, MD; Oxford: Rowman & Littlefield Publishers, 2001, pp. 1-2

<sup>80</sup> Knodt, Michèle and Princen, Sebastiaan, eds., *Understanding the European Union's external relations*, London: Routledge, 2003, p. 1

<sup>81</sup> Smith, Michael E., 'Does the flag follow trade?' in Knodt, Michèle and Princen, Sebastiaan, eds., *Understanding the European Union's external relations*, London: Routledge, 2003, p. 78-9, 83

narrow our focus solely to the CFSP and subsequently to the intergovernmental decision making process, when referring to the EFP. On the contrary, this approach calls for research on the role of the influence of the EC's external relations in the EFP. Having also in mind Hill's definition of EFP, as "the sum of what the EU and its member states do in international relations"<sup>82</sup>, the scope of the research needs to be broad, including the role of EU member state national actors in the shaping and promotion of EFP.

However, since the EU is seen as a *sui generis* case, a question should also be posed about the way its foreign policy is affected by its unique characteristics. Indeed, scholars have attempted to analyse EU as a foreign policy actor building upon its distinctive structure, as a regional project with no strong military capabilities.

### **The EU as a 'civilian power'**

This focus on the non-military aspect of foreign policy has led to the conceptualisation of the EU as a 'civilian power', a notion which is, nonetheless, still debatable. Is the EU, indeed, a 'civilian power' and if so how does this shape its foreign policies?

This notion was introduced by Duchêne, who tagged the EC as a 'civilian power' because it was weak in military terms and based the promotion of its interests on the diffusion of civilian values and economic cooperation. In addition, it attempted to domesticate international relations issues, making peace, security and development matters of the shared responsibility of international actors. The main concern of foreign policy, as conducted by the Europeans, he argued, is not associated with the power balance of states but with the ability of the EFP to domesticate common responsibility for international problems. Therefore issues previously reserved for the national domain of sovereign states became

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<sup>82</sup> Hill, Christopher, 'Closing the 'capabilities - expectation gap'? in Peterson, John and Sjursen, Helene, eds., *A Common foreign policy for Europe?: competing visions of the CFSP*, Routledge, London, 1998. p. 18

fields of the international relations order<sup>83</sup>. In this way the model of European cooperation and integration which brought stability and peace could be exported to the world. Maull also defined as 'civilian power' the actor that acknowledges and pursues international goals in a framework of multilateral cooperation, using usually non-military means whilst the use of force is just a 'residual instrument in order to safeguard other means of international interaction'<sup>84</sup>. Another feature is the tendency to promote the idea of global governance through the creation of supranational bodies in order to manage critical international issues. However, at a time when the EU has obtained its own military wings (even with restricted capabilities) the argument has become much more debated. Karen Smith introduces four elements which she applies as criteria for assessing the role and the policies of an international actor as civilian power. These are the (i) means and (ii) ends of the policies which should be strictly civilian, the (iii) use of persuasion instead of imposing policies to third parties and the (iv) civilian control over foreign and defence policy. She argues that the co-existence of civilian and military means is in contradiction to the civilian international identity the EU has developed for itself and the use of military forces (even in cases of peace-keeping missions) and thus does not fit into the criteria of the ideal civilian model. Moreover, making use of the notions of 'power bloc' (introduced by Christopher Hill) and 'command power' (defined by Nye) she suggests that the EU promotes its self-interests by acting as the powerful pole in a hierarchical relationship demanding for its partner to adopt its own proposals and conditions. The development of this argument from Smith is interesting as it provides us with specific criteria for assessing 'civilian power' entities, and also begs the question about the role and the power of the EU within the context of partnership and co-operation. Particularly important in this context is Smith's emphasis on the EU's "civilian international identity" and the fact that EU is

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<sup>83</sup> Duchêne, F., 'Europe's Role in World Peace' in Mayne, R. (ed.), *Europe Tomorrow. Sixteen Europeans Look Ahead*, Collins, London, 1972, pp. 19-20

<sup>84</sup> Hanns Maull, 'Germany and Japan: The New Civilian Powers', *Foreign Affairs*, vol. 69, no. 5, 1990, pp. 92-93

acting as “the powerful pole in a hierarchical relationship” (a point I will return to below).

Moreover, because of the development of the EU’s military institutional capacity and processes scholars have suggested that these developments are incompatible with the ‘civilian’ arguments of the EFP. The “EU is breaking through that so called glass ceiling that ensured that it would not adopt military policy instruments”<sup>85</sup> and thus the EU cannot be seen anymore *stricto sensu* as a civil power<sup>86</sup>. Telo argues that a ‘civilian power’ is an entity which cannot become a politico-military power, according to the traditional terms but it pursues its peaceful foreign policy goals using other methods than military action<sup>87</sup>, and he therefore insists that the EU is a developing collective ‘civilian power’. This is true especially because the European *integration process* has aimed at cooperation, stability and human and social rights and the accession process is directly linked to democratisation. In addition, in international relations the EU promotes *multilateralism* using its economic tools, and it exports its civilizing capacity to third countries either in the near abroad or elsewhere. He responds to the criticism that the EU is not a civilian power because of its participation in military peacekeeping missions by arguing that these missions should be considered as parts of its civilian power system, given that the aim of them is to safeguard peace. McCormick does not find any difficulties in approving the European ‘civilian power’ argument either, despite its recent military developments, but he also points out that it is because the EU, even though it has developed military institutions and it could use this force for its foreign policy, insists on its ‘soft security’ tools that makes it a ‘civilian power’. It is a ‘*civilian power*’ by choice he argues and comparing the EU to the USA he adds that the civilian character of EFP is a matter of *identity, culture and preferences*.

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<sup>85</sup> Deighton, Anne, 'The Military Security Pool: Towards a New Security Regime for Europe?', *The International Spectator*, Vol. 35, No. 4, 2000, p. 42

<sup>86</sup> Cornish, Paul and Edwards, Geoffrey 'Beyond the EU/NATO Dichotomy: The Beginnings of a European Strategic Culture', *International Affairs* (Royal Institute of International Affairs 1944-), Vol. 77, No. 3, 2001, pp.597

<sup>87</sup> Telò, Mario, *Europe, a civilian power?: European Union, global governance, world order*, Palgrave Macmillan, Basingstoke, 2006, p. 51

In this debate, it is interesting that even in critical assessments of the relationship between the ‘civilian power’ notion and the EFP, it is not rejected that in the largest part of its activities, the EU has been a driving force in a series of initiatives and projects (e.g. for the International Criminal Court, global environmental policy, the promotion of human rights) that encourage peaceful solutions to conflicts through multilateralism and long-term economic cooperation<sup>88</sup>. Scholars have also acknowledged that the EU is pursuing this kind of foreign policy because of its internal structure as well as because of its own identity. As argued, the EU is a ‘civilian power’ by choice, because of the way it perceives itself and/or the way it wants to project itself in the international political system.

### **Is the EU a normative power?**

Scholars such as Ian Manners in an attempt to move beyond the civilian versus military power Europe debate put forth the notion of the EU is a normative power, reasoning that it aims at exporting its own value system and norms to its partners and consequently reshaping politics at the international level. He argued that in the context of the global civilizing process the EU sought to promote not only its structures but most importantly the values that have shaped its own identity and the notion of moral responsibility in international affairs. According to Manners, the EU is a normative power because feeling the obligation *deriving from its own self-image, identity and normative basis* which originates from the EU’s “historical context, hybrid polity and political-legal constitution”<sup>89</sup>, it attempts to structure its foreign policy in a normative way and thus diffuse the acceptance of universal values and principles in its relations with its partners and the international political system, in general<sup>90</sup>. The EU is aiming to shape conceptions of “normal” in international relations, challenging

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<sup>88</sup> Smith, Karen E, *European Union foreign policy in a changing world*. Cambridge: Polity, 2003, p. 15

<sup>89</sup> Manners, Ian, 'Normative Power Europe: A Contradiction in. Terms?', *Journal of Common Market Studies*, Vol. 40, No. 2, 2002 p. 240 (emphasis added)

<sup>90</sup> *Ibid*, p. 241, 253

the state-centric political culture of the Westphalian system, in which state sovereignty is primary<sup>91</sup>. In this sense, the EU's normative power is an ideological power, which shapes the framework of the international dialogue over issues linked to principles and values<sup>92</sup> because its own normative basis "predisposes it to act in a normative way in world politics"<sup>93</sup>. This normative characteristic of the EU and its foreign policy is a result of its own composition but also of its desire for greater legitimacy, both internally and externally. Because of this process, the EFP is "informed by and conditional on" the constitutive norms of the EU<sup>94</sup>, which are also seen as universal. Manners grouped these norms by suggesting a list of five major and four minor values that are central to the normative aspects of the EFP. In the first group he included sustainable peace (*conflict prevention, peace keeping and post-conflict stabilisation*) liberty as social freedom (*freedoms of thought, expression, assembly, association, as well as freedoms related to market economy*), consensual democracy (*through participatory democratic processes in a power-sharing system*), supranational rule of law (*for effective multilateralism based on the EU – so called universal - values*) and human rights (*individual and collective human rights of various groups within a state*). In the latter he included social solidarity (*solidarity and mutual respect among peoples, free and fair trade, eradication of poverty*), anti-discrimination (*against discrimination on the ground of sex, race, ethnic or social origin, belief or political opinion; equality of all citizens*), sustainable development (*as a balance of unrestrained economic growth and preserving the eco-environment*) and good governance (*participation of the civil society in the decision making process, transparency, accountability and multilateralism*)<sup>9596</sup>. Using the case of the abolishment of the

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<sup>91</sup> *Ibid*, p. 239

<sup>92</sup> Scheipers, Sibylle and Sicurelli, Daniela 'Normative Power Europe: A Credible Utopia?', *Journal of Common Market Studies*, Volume 45, Issue 2 (p 435-457), p. 453

<sup>93</sup> Manners, Ian, 'Normative Power Europe: A Contradiction in Terms?', *Journal of Common Market Studies*, Vol. 40, No. 2, 2002 p. 252

<sup>94</sup> *Ibid* pp. 241,244

<sup>95</sup> Manners, Ian, "The normative ethics of the European Union", *International Affairs*, Volume 84, Issue 1, pages 65–80, January 2008

death penalty, he suggests that the EU is an ethical international actor as it pursues these universal norms even when the EU has no obvious material gain<sup>97</sup>. In the reflections of the ethics of 'normative power' Manners distinguishes between the coercive versus the non-coercive means of the EFP<sup>98</sup> and he focuses on the procedure followed by the EU towards normative goals<sup>99</sup>. He also suggests that normative ethics are identified in the way EFP applies its normative principles to different contexts around the world, by 'live by example', 'be reasonable' and 'do least harm'. In doing so the EU needs to keep reconsidering what is normative and normative power, "outside of the values systems of particular political communities"<sup>100</sup>, even though the general aim is the construction of a world which is based on a universally accepted values.

However, 'normative power Europe' is not unchallenged and it is certainly not disengaged from the EU's self-interests and equally important from its own understanding and representation of its role in world politics<sup>101</sup>. Even though Youngs accepts that there is a normative aspect in the EFP, he asserts that alongside norms, the EU promotes its strategic interests<sup>102</sup>. The EU, in a realist international environment, calculates its interests and promotes norms in a way that these are instrumental to the goals of its foreign policy<sup>103</sup>. Thus norms, as described in Youngs' work, are not universal (contrary to Manners' argument) but they are specific EU norms which aim to both advance EU norms and material interests abroad, by changing the context in which third states take

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<sup>96</sup> Manners, Ian, 'Normative Power Europe: A Contradiction in Terms?', *Journal of Common Market Studies*, Vol. 40, No. 2, 2002, p. 242

<sup>97</sup> *Ibid*, pp. 252-253

<sup>98</sup> Manners, Ian, 'Normative power Europe reconsidered: beyond the crossroads', *Journal of European Public Policy*, Volume 13, Issue 2, 2006, pp 182-199

<sup>99</sup> Manners, Ian, "The normative ethics of the European Union", *International Affairs*, Volume 84, Issue 1, pages 65–80, January 2008, pp. 79-80

<sup>100</sup> Manners, Ian, 'European Union, normative power and ethical foreign policy', in David Chandler and Volker Heins, eds, *Rethinking ethical foreign policy: pitfalls, possibilities and paradoxes*, Routledge, London, 2006, pp. 116-135, pp. 130-131

<sup>101</sup> Sjursen, Helene, 'The EU as a 'normative power': how can this be?', *Journal of European Public Policy*, Vol. 13, No. 2, 2006 pp. 235-252, p. 235

<sup>102</sup> Youngs, Richard, "Normative Dynamics and Strategic Interests in the EU's External Identity", *Journal of Common Market Studies*, Vol 42, No. 2, pp. 415-35; Youngs, Richard, *Europe and the Middle East in the Shadow of September 11*, Lynne Rienner, Boulder, 2006

<sup>103</sup> Youngs, Richard, "Normative Dynamics and Strategic Interests in the EU's External Identity", *Journal of Common Market Studies*, Vol 42, No. 2, p. 421

their decisions. Therefore, the EFP is at the same time normative and realist. Exploring the way the EU has promoted human rights, he suggests that in spite of the fact that the EU has indeed promoted human rights (which are at the core of EU norms) in the world and more specifically in its neighbourhood, these norms also relate to the material interests that the EU has promoted in a parallel way<sup>104</sup>.

Additionally, comparing the normative aspects of the foreign policy of the USA, Sjursen challenges the unique normative character of the EFP. She suggests that US foreign policy is also based on norms and values and therefore what should be explored is whether the EU is a normative power out of necessity because it lacks the power to impose its strategic interests or otherwise<sup>105</sup>. Indeed, if normative power is a way for the EU to promote legitimacy for its own role in international politics as well as for its foreign policy, then it should be put into question whether the EU is promoting universal values and thus being an ethical power, or using these norms in order, primarily, to serve its own strategic interests, among which is to advance its own actorness in the international system. Moreover, Sjursen questions the way the EU promotes norms. She asks whether the EU is acting out of firm belief in the principles vested in these norms as well as whether promoting these specific norms “is the right thing to do in a particular or concrete context or situation”<sup>106</sup>. Even though Sjursen acknowledges that human rights values are at the core of the EFP, she points out that human rights lack “legal backing in a multilateral system”, and by promoting human rights, the EU is putting emphasis on individuals and not the states which claim exclusive sovereignty over their territory. In this respect, it is accepted that the EU promotes a post-modern system of governance in international relations moving away from the Westphalian system, but at the same time it is argued that the EU does not promote universal values but rather

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<sup>104</sup> A more detailed presentation on the way Youngs assesses the EFP in relation to norms and material interest shall follow, in the next chapter, when it comes to the analysis of the EFP in the Middle East

<sup>105</sup> Sjursen, Helene, 'The EU as a 'normative power': how can this be?', *Journal of European Public Policy*, Vol. 13, No. 2, 2006 pp. 235-252, p. 242

<sup>106</sup> *Ibid*, p. 243

its own European values, based on its own structure, history and identity<sup>107</sup>. To the extent that the EU is promoting its own values as universal, the EU's normative power may cross into the field of cultural imperialism. She also adds the negative effects of sanctions and exclusion from cooperation schemes, suggesting that if these coercive measures are not used for legally binding norms in international politics, then these means do not coincide with an ethical reading of the EU normative power<sup>108</sup>.

Adding to the criticisms of the 'normative power' argument of the EFP, due to the very specific content of EU norms, Michelle Pace (exploring the case of the Arab-Israeli conflict) asserts that for EU to be able to enhance its role in international political affairs and more specifically, in conflicts, it needs to prove that it can deal with major issues in its neighbourhood effectively. She discusses the relationship between the very specific norms of the EU (which are of a liberal narrative of the EFP) and the impartiality that an honest mediator needs. She suggests that due to the biased approach of the EU embedded in its own values and norms which prescribe its policies, the EU lacks the 'ethos of impartiality'<sup>109</sup> and as a result it cannot be an effective broker.

In order to promote its role as a peace making actor, the EU works (i) bilaterally, by engaging with the parties (gaining leverage) and by attempting to bring the parties in conflict into direct talks and (ii) regionally, by the establishment of regional fora<sup>110</sup> in which the parties socialise and build networks for exchanging ideas in a more neutral environment. Thus, through dialogue the EU aims at transforming violent conflicts into negotiations engaging actors from various ranks of political elites and civil societies. It aims at building trust between them, based on the model the EU has constructed after the Second World War.

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<sup>107</sup> *Ibid*, pp. 247-8

<sup>108</sup> *Ibid*, pp. 235-252, p. 239, 245

<sup>109</sup> Pace, Michelle, 'The Construction of EU Normative Power', *JCMS: Journal of Common Market Studies*. Volume 45, Issue 5, December 2007, pages 1041–1064, p. 1045

<sup>110</sup> In the case of the Arab-Israeli conflict, the regional forum is that of the EuroMediterranean Partnership / Union for the Mediterranean. Within this specific project, the EU promotes the socialisation of all parties, including Israelis, Palestinians, Syrians, Lebanese people in a way acceptable for all sides and at the same time a notion of the common Mediterranean identity is constructed.

Because of this normative approach in the EFP, EU policymakers insist that the Union as a whole is 'a force for good' while academics have already recognised a process by which EU policymakers construct themselves as 'model reference points', to which the outsiders need to adopt<sup>111</sup>.

Pace argues that the 'normative power' aspects of the EFP have been ineffective in the case of the Middle East Peace Process, and as such they limit the posture that the EU can claim at a global level as a peace maker based on its normative foreign policy. Inconsistencies regarding normative aspects in the EFP making system because of (national) interests as well as because the EU 'evades its responsibility' by not taking the required political measures when these entail coercive action have weakened the 'normative power' aspects of the EFP. Moreover, when the outcome of the application of its norms does not comply with the EU's interests or understanding as to what is good for the EU and outsider actors, then the EU reshapes its priorities. Thus, there is a restrictive interpretation of what is 'normative'. More specifically, in the case of Hamas, the fact that the EU was in favour of democratisation and therefore of free and fair elections seems incompatible with the reaction of the EU to the election results. The EU refused to interact with a main political party which won the elections in Palestine in 2006, demonstrating that the EU is willing to engage only with those who agree with its prescribed notions of what is good and normative. Thus, it lacks the necessary impartiality.

Once again, the argument about the 'normative power' of the EFP is that of the EU policymakers constructing for themselves a very ethical-based reading of EU norms and values which they want to project to outsider players, but which ends up being a very biased approach, since this very positive reading of the EFP disregards the inconsistencies that Pace has identified. Moreover, EU norms predetermine the EU's foreign policy approaches to an extent that these cannot be seen as impartial but it is a constant attempt of the EU to impose on external players its own value system and thus its own interests. It is extremely

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<sup>111</sup> Pace, Michelle, 'The Construction of EU Normative Power', *JCMS: Journal of Common Market Studies*. Volume 45, Issue 5, December 2007, pages 1041–1064, p. 1049

important for this thesis to underline this co-existence of values and interests in the policy making system as well as the fact that the departure point for the EFP is the self-image that the EU policymakers have constructed for themselves and the Union as a whole.

Applying a structural realist approach, Adrian Hyde-Price attempts to deconstruct the argument of 'normative power' in the case of the EU, suggesting that in the context of post-Cold war Europe, there is a system of balanced multipolarity<sup>112</sup>. Member states are therefore aiming at maximising security for them and their neighbourhood rather than competing in maximizing their own power against each other. It is for this reason they can cooperate and that they have done so in the past. Nevertheless, due to the fact that the most powerful of the member states are not willing to relinquish their sovereignty, it is of no surprise that the second pillar of the pre-Lisbon Era Union was structured on an intergovernmental level<sup>113</sup>. External security is considered to be, according to Hyde-Price, the grand goal of the EU member states, while ethical concerns (e.g. human rights and environmental policies) are "second-order concerns"<sup>114</sup>. What is particularly interesting is his suggestion that the EU will only be allowed to pursue ethical concerns in a collective way to the extent these do not conflict with "core national interests" of the member states<sup>115</sup><sup>116</sup>. He also rejects the universality of EU norms and he advocates that "an ethical foreign policy will tend to degenerate into a crusading moralism"<sup>117</sup>. He does accept that normative concerns are primary in the EFP decision making process but that they are subordinated to core national interests.

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<sup>112</sup> Hyde-Price, Adrian, "Normative" power Europe: a realist critique', *Journal of European Public Policy*, 13: 2, March 2006, pp. 217–34., p. 229

<sup>113</sup> *Ibid*, p. 229-230

<sup>114</sup> *Ibid*, p. 222

<sup>115</sup> *Ibid*, p. 223

<sup>116</sup> Hyde-Price, Adrian, A 'tragic actor'? A realist perspective on 'ethical power Europe', *International Affairs*, 84 (1), 2008, pp. 29-44, p. 39-40

<sup>117</sup> *Ibid*, p. 44

### Identity and self-image in the EFP

As already summarised above, it has been argued that the EFP is a result of the structure and the history of the EU and consequently the EU is acting as a normative power in an attempt to export its own model to the world (Manners, Telo). Moreover, it has been suggested that EFP is shaped (to a certain extent) by the image the EU holds for itself and how it projects itself in its external relations (K. Smith, Pace, McCormick). Consequently, the self-image of the EU and the model it represents in international relations has been an integral part of the EFP making system. In a more critical approach of the “EU normative power” argument, Thomas Diez<sup>118</sup> claims that the EU is applying its norms, which it understands as universal, in order to build its own identity in comparison to the “Others”. The EU underlines its self-imagined superiority, it portrays itself as a carrier and a promoter of the universal norms to the rest of the world and it simultaneously sets the boundaries against the “Others”. Therefore, the EU uses both the accession process of candidate states and its relations with third parties in a way to better construct its own identity<sup>119</sup>.

Building upon the identity discourse of International Relations studies, Elisabeth Johnsson - Nogues characterises as "collective agency" the sense of belonging to the same group because of shared sentiments (bond, cause, threat, and fate) that are commonly shaped among the various actors of a community which is transformed into a specific outcome in relation to the outsiders, the "Others". To the extent that the outsiders accept this "collective agency", the collective actor is successful in transmitting its own distinctive identity<sup>120</sup>. In the case of the EU, the EFP identity is “constructed on a set of positive self-attributions”, based on its own structure and integration. Thus EFP aims to promote regional multilateralism (a reflection of its own integration path

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<sup>118</sup> Diez, Thomas, “Constructing the Self and Changing Others: Reconsidering ‘Normative Power Europe’”, *Millenium – Journal of International Studies*, 33:613, 2005

<sup>119</sup> *Ibid*, pp. 626-635

<sup>120</sup> Johnsson-Nogues, Elisabeth, "Is the EU's Foreign Policy Identity an Obstacle? the European Union, the Northern Dimension and the Union for the Mediterranean", *European Political Economy Review*, No.9 (Autumn 2009), pp. 24-48

in the EFP)<sup>121</sup>, multi-sectoral cooperation (as “an apolitical positive sum game” both for the EU in terms of engaging actors from the various pillars of the EU as well as in providing social and economic benefits to its neighbours)<sup>122</sup> and interventionism (through a post-modern, cosmopolitan approach according to which independent actions deriving from national sovereignty need to bear in mind the restrictions of the regional, shared regulations for common interests)<sup>123</sup>. However, as Johnsson–Nogues argues after exploring the cases of the Union for the Mediterranean and the Northern Dimension of the European Neighbourhood Policy, this EFP identity has become an obstacle for the EU in promoting its foreign policy. She recognises that the EU lacks the ability to adjust in the context of the neighbourhood provoking a more reserved response by its neighbours, but at the same time she points out that “promotion of regionalism and the EU's conditionality [...] have become such pillars of the EU's international identity that compromising much on these principles might unravel the whole concept of European collective agency and an EU foreign policy”<sup>124</sup>.

More comprehensively, Knud Erik Jørgensen and Katie Laatikainen<sup>125</sup> apply a model of sociological constructivism, in which identity, interests and policy are all accommodated. According to this model which serves as a starting point for their analysis, culture and institutional setup shape the identity of the actor, based on which interests are articulated. Once interests are articulated, then the policy follows accordingly. Policies then provide feedback to the environment (of cultural preferences and institutional constraints and predispositions). Jørgensen and Laatikainen argue that the “EU's self-image is characterised by a curious blindness to own interests. Instead the Union tends to present itself as a force of goodness in international society”. This is due to a range of issues: (i) the fact that the EU should promote the interests of its member states, which is considered to be the driving force behind the EU's external relations with third

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<sup>121</sup> *Ibid*, p. 28

<sup>122</sup> *Ibid*, pp. 29-30

<sup>123</sup> *Ibid*, p.30

<sup>124</sup> *Ibid*, p.44

<sup>125</sup> Jørgensen, Knud Erik and Laatikainen, Katie “The European Union and the United Nations”, Paper presented at the *Second Pan-European Conference, Standing Group on EU Politics*, Bologna 24-26 June 2004

parties (ii) sometimes the EU lacks a precisely defined understanding and/or expression of its interests and (iii) the prioritisation of interests may be considered contradictory to the EU's self-image<sup>126</sup>. However, they reach the conclusion that the EU does have interests which it pursues both bilaterally as well as in multilateral fora, but it prefers to be silent on its interests and to window-dress them in terms of international policies. Therefore, and in contradiction to their starting point, they suggest that the EU has interests which it articulates into policies before the identity factor is also included in the policy making system. Identity, as the result of values and norms, are only added afterwards<sup>127</sup> in what might be considered to be an instrumentalist approach.

With regard to the aims of this thesis, the approach of Ulrich Sedelmeier appears to be highly relevant in addressing the co-existence of values, interests and self-images in EFP. He asserts that in the case of the accession process of the Central and Eastern European Countries (CEECs) into the EU, both the realist approach of the materialist understanding of EFP in terms of security and commercial interests, as well as the social constructivist approach which emphasises the norms on which the EU has been shaped have limitations in the understanding and analysis of EFP. The CEECs accession process impacted on the EU's identity and that affected the EFP at the same time as a promoter of human rights and democracy<sup>128</sup>. He claims that the EU's identity has become an integral part of the EFP, which goes beyond the materialist interests of the member states as presented by the rationalist school of thought in International Relations. The EFP is also affected by the self-image that policy makers have developed within the EU institutions which limit the "appropriate" options the EU has in its foreign policy. Thus, EU identity can be seen as the platform on which EU policy actors legitimatise and validate their proposed options for the EFP, even if these options are shaped by the materialist interests of member

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<sup>126</sup> *Ibid*, p.15-17

<sup>127</sup> *Ibid*, p. 17

<sup>128</sup> Ulrich, Sedelmeier, "EU Enlargement, Identity and the Analysis of European Foreign Policy: Identity Formation Through Policy Practice", *European Forum Series*, RSC No. 2003/13, p. 1

states<sup>129</sup>. The contrary might also be true, of course. Because of this self-image, which is based on EU norms, EU member states may even have to adopt decisions which at the core are against their own material interests in order to safeguard the shared EU identity<sup>130</sup>. However, not all actors are equally sensitive in the EU self-image during policy shaping and the final outcome of EFP through the various sectional departments of the EU institutions. This depends on the desire, ability and effectiveness of the self-image sensitive actors in successfully influencing the policy making process<sup>131</sup>. It should be noted, though, that the normative approach of these actors cannot be taken for granted. Material interests may be found behind the normative self-image argument they advocate.

It has become clear from the abovementioned discussion that the way the EU perceives itself as well as the way it wants to project itself to the international community influences its foreign policy making system. The EU perceives itself as an actor who has already adopted and developed norms and values (which lead to security and prosperity) as its standard procedure and it aims to export these norms to outsiders. However, the extent to which this self-image influences the final outcome of EFP policy making varies due to the internal structure of the EU, the norms associated with certain foreign policy options, the efficiency of various actors, as well as material interests. It is suggested that, at the same time that the EFP sets constraints for EU member state (re-)actions with third countries, this process reinforces the EU self-image. Therefore it is a two way process. Thus, the following questions call for further analysis of the role of the self-image in EFP: How do internal actors influence the EFP, based on the EU self-image? How are norms incorporated into the self-image and how do they subsequently influence the appropriate options for EFP actors? How does the EFP provide feedback to the EU self-image construction? More importantly, how are Arab norms, self-images and interests accommodated in the EFP? Are self-image and identity prioritised as suggested to a degree by

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<sup>129</sup> *Ibid*, pp. 13-14

<sup>130</sup> *Ibid*, p. 13

<sup>131</sup> *Ibid*, pp. 16-17

Sedelmeier, or can identities be used instrumentally for the EU's interests as implied by Jorgensen and Laatikainen? How is the EU's image perceived by third parties and does this image indeed hinder EFP aims, as Nogues has explicitly argued? Having in mind the fact that this thesis will explore the relationship with the GCC states, whose value systems for their internal political system as well as for their foreign policies are fundamentally different from that of the EU and the fact that the economic abilities of the GCC states provide them with significant negotiating power, it is vital to consider the above questions because they will test (i) the role of values in the EFP (ii) the effectiveness of the EFP in relation to an area which does not share (even in terms of declarations) the value systems of the EU (iii) the willingness and the ability of the EU to negotiate in terms of values in order to promote its interests and (iv) how the latter can affect the EU's self-image (s).

The next section will provide a brief description of the tools the EU has used in pursuing its foreign policy objectives, within the conceptual framework of the 'civilian' and 'normative' arguments. The tools will test and (to a certain level) validate these arguments, since the EFP has unfolded through multilateral cooperation, assisting region building processes, and by making use of its economic weight, as suggested above.

### **Non-military tools for political goals: political conditionality and multilateralism**

It has been shown that the EFP, composed of different levels of interests, norms and self-images, is pursued by non-military means, and by taking advantage of the economic power of the EU and its existence as a living example of spreading peace, security and development through regional cooperation. The question, consequently, is how the EU has used its external relations in order to pursue its own strategic interest, influence third parties' policies and promote its own values? How does the EU as a 'civilian power' (and as argued by some scholars, a 'normative power') transform its important economic weight in global

economy into effective foreign policy tools? For the purposes of the current research it is important to identify the way the EU has been applying its foreign policy tools in order to promote its interests and norms, and at the same time reinforce its self-images as a ‘civilian’ and a ‘normative’ actor, This is particularly salient for the main argument of this thesis which is that the tools used in this traditional way of engagement are insufficient for the case of the EU-GCC states (for reasons that will be explained in detail in the next chapter). An analysis of these tools also demonstrates the necessity of developing the notion and concept of ‘strategic partnership’ in order to explain and understand EU-GCC relations. .

### Political conditionality

One of the main arguments, in answering the above questions, is found in the tool of political conditionality. The EU has constructed a set of rules in relation to promotion of democracy, economic development and stability and has linked them with the rewards the EU has to offer or sanctions it can pose as an economic power. Political conditionality has been seen especially in the case of candidate states for EU accession. The European Agreements between the EU and post-communist states in the early 1990s, the Copenhagen Criteria for EU candidate member states that were adopted at the Copenhagen European Council of 1993 and the Commissions’ Opinions of 1997 are solid examples of the EU strategy to link trade and other cooperation agreements with the promotion of an open market economic system and democratic system of governance<sup>132</sup>. However, the EU has been keen on attaching conditions to the financial aid and technical assistance it has been offering to other countries as well, such as the Middle Eastern states within the Euro-Mediterranean Partnership/Union for the Mediterranean framework in particular, and more recently in dealing with developments of the so called “Arab Spring” with the “more for more” approach. The EU has called this an “incentive-based approach

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<sup>132</sup> Grabbe, Heather, *The EU's transformative power: Europeanization through conditionality in Central and Eastern Europe*, Palgrave Macmillan, New York, 2006

based on more differentiation ("more for more"): those that go further and faster with reforms will be able to count on greater support from the EU. Support will be reallocated or refocused for those who stall or retrench on agreed reform plans"<sup>133</sup>. More explicitly, the EU left no room for misunderstanding when it stated that "increased EU support to its neighbours is conditional. It will depend on progress in building and consolidating democracy and respect for the rule of law. The more and the faster a country progresses in its internal reforms, the more support it will get from the EU"<sup>134</sup>.

In general, political conditionality is based on the logic of rewarding the states willing to adopt the criteria that the EU set for proving help and trade benefits and exclude the states that prefer to ignore EU norms. Moreover, these conditions can lead to prescriptive (asking for adoption of rules and laws), prohibitive (forbidding the adoption of rules) or framing policies (where the main interest is in changing the rationale and the priorities of the policy making system). However, building upon the debate about the character of the EFP, scholars have suggested that despite the non-military nature of political conditionality as a tool of the EFP, its essence is indeed coercive and as such, this aspect of EFP cannot be treated as normative. More specifically, Hyde-Price argues that the fear of exclusion, either from the common European market or from the EU itself via accession is a "very tangible source of hard power"<sup>135</sup>, while Sjurson adds that "the use of non-military instruments cannot on its own be enough to identify a polity as a 'normative' power" since negative conditionality may affect civilians without discrimination<sup>136</sup>.

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<sup>133</sup> European Commission/ EEAS, "A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean ", *Joint Communication with the European Council, the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions*, COM(2011) 200 final, Brussels, 8.3.2011 (url: [http://eeas.europa.eu/euromed/docs/com2011\\_200\\_en.pdf](http://eeas.europa.eu/euromed/docs/com2011_200_en.pdf), last accessed: 21/02/2013)

<sup>134</sup> European Commission/ EEAS, "A New Response to a Changing Neighbourhood - A review of European Neighbourhood Policy", *Joint Communication by the High Representative of The Union For Foreign Affairs And Security Policy and the European Commission*, Brussels, 25 May 2011 (url: [http://ec.europa.eu/world/enp/pdf/com\\_11\\_303\\_en.pdf](http://ec.europa.eu/world/enp/pdf/com_11_303_en.pdf), last accessed: 21/12/2013)

<sup>135</sup> Hyde-Price, Adrian, A 'tragic actor'? A realist perspective on 'ethical power Europe', *International Affairs*, 84 (1), 2008, pp. 29-44., p. 31

<sup>136</sup> Sjurson, Helene, 'The EU as a 'normative power': how can this be?', *Journal of European Public Policy*, Vol. 13, No. 2, 2006 pp. 235-252, p. 239

Nevertheless, the effectiveness of either of the two kinds of conditionality is strongly attached to various variables depending on the way the recipient country is organised internally, the stake involved and the power of the EU in relation to the third country. It also depends on the way internal systems in third countries are shaped, the rewards offered or sanctions threatened, the legitimacy of the rules the EU is promoting and the role of veto players in those third countries. More importantly, the power that the EU had in the case of the candidate states for accession because of their asymmetrical relationship and the strategic goal of these countries to reach an agreement on becoming part of the Union provided the basis for effective exertion of influence by the policy makers in Brussels<sup>137</sup>. At the same time, the lack of credibility with regards to the rewards or exclusion, the inability of the EU to provide a clear context of the linkage between the regulations asked to be applied and the rewards available and the inability to mobilise actors internally can become obstacles in implementing political conditionality. Even more important has been the political cost that the ruling elite has to face if it does not adopt the guidelines of the Union and it is argued that even in cases where material and political gains from building a relationship (of any kind) with the EU are of high level, the domestic political cost can counterbalance any desire to accept EU conditions. The most effective case of political conditionality has been the integration of CEECs into the EU. Even countries with relative power in relation to the EU, like Poland, adopted the rules and norms of the EU. In this case, however, the role of Europeanisation as a strategic goal for the post-communist governments has been a catalyst for accepting directives, while actions driving the candidate country away from the goal of accession could have generated reactions internally and political cost for these governments. It is because of this membership perspective that political conditionality for candidate states should be seen in a different context than political conditionality for third countries with no real opportunity of becoming an EU member state. In the case of external

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<sup>137</sup> Schimmelfennig, Frank and Sedelmeier, Ulrich, eds., *The Europeanization of Central and Eastern Europe*, Ithaca, NY : Cornell University Press, c2005, p. 224

relations, the EU can be less effective in using the tool of political conditionality, especially if it is used outside a coherent and consistent context with all third parties. Economic and other strategic considerations may prevail challenging simultaneously the EU's credibility. In the case of the Middle East both in relation to the Euro-Mediterranean Partnership/Union for the Mediterranean and economic aid to the Palestinian Authority the EU has already applied political conditionality, with different levels of success.

In summary, political conditionality can be divided into two categories: reward conditionality for technical and financial assistance and trade agreements; and negative conditionality, which involves the use of threats of sanctions and/or exclusion against third countries. This conditionality applies in the cases of the accession process for candidate member states, bilateral agreements with third parties and the establishment of regional projects.

### Regional integration - Multilateralism

The EU has also used the policy of multilateralism at the regional and global level as a way of promoting regional integration and global governance<sup>138</sup>, to the extent that a 'European model or doctrine of global policy based on interregionalism' has been identified<sup>139</sup>.

After the collapse of the bipolar world order, the international political environment has been experiencing a re-emergence of regionalism, described as a new wave<sup>140</sup>, generation<sup>141</sup> or level<sup>142</sup> of regional integration. The end of

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<sup>138</sup> Smith, Karen E, *European Union foreign policy in a changing world*. Cambridge: Polity, 2003; Söderbaum, Frederik and Van Langenhove, Luk, eds., *The EU as a global player: the politics of interregionalism*, Abingdon; London: Routledge, 2006; Bretherton, Charlotte and Vogler, Jonn, *The European Union as a global actor*, London: Routledge, 1999; Bicchi, Federica, 'Our size fits all': normative power Europe and the Mediterranean', *Journal of European Public Policy*, Vol. 13. no. 2 (2006); Farrell, Mary, 'A triumph of realism over idealism?', Asia' in Söderbaum, Frederik and Van Langenhove, Luk., eds., *The EU as a global player: the politics of interregionalism*, Abingdon; London: Routledge, 2006

<sup>139</sup> Söderbaum, Frederik and Van Langenhove, Luk., eds., *The EU as a global player: the politics of interregionalism*, Abingdon; London: Routledge, 2006, p 120

<sup>140</sup> Fawcett, Louise, 'Regionalism in Historic Perspective' in Fawcett, Louise and Hurrell, Andrew, eds., *Regionalism in world politics: regional organization and international order*, Oxford: Oxford University Press, 1995

<sup>141</sup> Söderbaum, Frederik and Van Langenhove, Luk, eds., *The EU as a global player: the politics of interregionalism*, Abingdon; London: Routledge, 2006.

the West – East antagonism reshaped the context in which political and economic actors have pursued their interests. International cooperation has become more feasible between countries that were seen previously as rivals, while the absence of a visible ‘other’ created the dynamics for intra-West/intra-capitalist competition. What is more, ‘Third Worldism’<sup>143</sup> retreated and generally states embarked on a new search for partnerships. In the sphere of economics, globalisation and the new model of outward-oriented policies (and the neo-liberal economic agenda that prevailed in the 1990s) created new opportunities and challenges for the states that had a high opinion of the EU as a successful model of integration and cooperation in solving political and economic problems. In this respect, the ‘new regionalism’ has been more about economic interdependence, financial, cultural and social cooperation<sup>144</sup> and less about the specific issues of hard security of the past. Moreover, it is multidimensional and it is not monopolised by states but rather, other actors have gained importance in this process with interactions from below<sup>145</sup>.

It has been argued that the role of the EU in promoting this wave of ‘new regionalism’ has been decisive during the last two decades<sup>146</sup>. The EU has been seen as the most successful model of regionalisation and it has become ‘the paradigmatic case of regionalism’<sup>147</sup>. It is argued that the EU has been promoting regionalism since it legitimises its own ‘presence’ in world politics in contrast to the domination of the role of the nation-state. Thus it justifies its *sui generis* character, both internally and externally, by promoting its norms and by

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<sup>142</sup> Hettne, Bjorn, ‘The new regionalism revisited’, in Söderbaum, Fredrik and Shaw, Timothy M., eds., *Theories of new regionalism : a Palgrave reader*, Houndmills, Basingstoke, Hampshire; New York: Palgrave Macmillan, 2003

<sup>143</sup> Fawcett, Louise, ‘Regionalism in Historic Perspective’ in Fawcett, Louise and Hurrell, Andrew, eds., *Regionalism in world politics: regional organization and international order*, Oxford: Oxford University Press, 1995

<sup>144</sup> Söderbaum, Frederik and Van Langenhove, Luk., eds., *The EU as a global player: the politics of interregionalism*, Abingdon; London: Routledge, 2006, pp 7-9

<sup>145</sup> Hettne, Bjorn, ‘The new regionalism revisited’, in Söderbaum, Fredrik and Shaw, Timothy M., eds., *Theories of new regionalism : a Palgrave reader*, Houndmills, Basingstoke, Hampshire; New York: Palgrave Macmillan, 2003, pp. 24-27

<sup>146</sup> Söderbaum, Frederik and Van Langenhove, Luk., eds., *The EU as a global player: the politics of interregionalism*, Abingdon; London: Routledge, 2006, p. 3

<sup>147</sup> Breslin, Shaun, Higgott, Richard and Rosamond, Ben, eds., *New regionalisms in the global political economy*, London ; New York : Routledge, 2002, p. 12

enhancing, as a result, its civilian/ normative powers<sup>148</sup>. In addition, it promotes its efficiency as an international actor<sup>149</sup> by assisting the regional integration processes elsewhere and it challenges criticisms that it lacks foreign policies by increasing the range of its external actions. It invests in more effective ways of influencing world politics and narrows the capabilities-expectation gap<sup>150</sup>. Furthermore, it boosts the status of other regions so that the (inter-)regional process reproduces itself through the formalisation and institutionalisation of this kind of international relations<sup>151</sup>.

Even within official documents of the EU, and importantly within the 'European Security Strategy', one of the aims of the EFP is 'effective multilateralism'. This policy of multilateralism is a part of the 'civilian power' (and/or 'normative power') approach of the Union and it is achieved either with leading in attempts to build new supranational global bodies, or by helping and encouraging the creation of regional co-operation in other parts of the world. The EU itself initiated the Euro-Mediterranean Partnership/ Union for the Mediterranean and it holds meetings with the ASEAN, the Arab League, Mercosur, the African Union and the Gulf Cooperation Council. It also provides technical assistance for their regional integration processes. It is exporting its own model of handling problems at the same time it invests in more effective ways of influencing world politics<sup>152</sup>.

More specifically, in the Middle East, after the popular uprisings of 2011:

*“The EU has renewed its engagement with regional organisations. The EU took over the Northern Presidency of the Union for the Mediterranean in 2012. The EU-League of Arab States Ministerial in November 2012 agreed a comprehensive political declaration and joint work programme. Last but not least, the EU has encouraged regional integration in the*

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<sup>148</sup> Santader, Sebastian, 'The European Partnership with Mercosur', in Söderbaum, Frederik and Van Langenhove, Luk., eds., *The EU as a global player: the politics of interregionalism*, Abingdon; London: Routledge, 2006, p. 54

<sup>149</sup> Söderbaum, Frederik and Van Langenhove, Luk., eds., *The EU as a global player: the politics of interregionalism*, Abingdon; London: Routledge, 2006, p. 3

<sup>150</sup> *Ibid*

<sup>151</sup> *Ibid*

<sup>152</sup> Santader, Sebastian, 'The European Partnership with Mercosur', in Söderbaum, Frederik and Van Langenhove, Luk., eds., *The EU as a global player: the politics of interregionalism*, Abingdon; London: Routledge, 2006, p. 54

*Maghreb, including through a joint Communication by the Commission and the High Representative. The Commission has also indicated its readiness to support initiatives launched in the 5+5 context*<sup>153</sup>.

Realists challenge the effectiveness of this approach, since in their readings of the international political system there can be a change in the balance of power, which will spark the reactions of the members of a specific system. Therefore the multilateral system will be shaken because (some of) its units will attempt to resort primarily to their own national capabilities and interests<sup>154</sup>. Even in cases in which it is accepted that the EU is promoting, with a certain level of success, (inter-)regionalism, there are criticisms regarding the way EU promotes regionalism. It is suggested that the EU has not been truthfully interested in promoting its norms, as officially explained in various bi-regional agreements, but since these are closely linked to economic liberalisation these values are just the language used for dressing its neo-liberal agenda<sup>155</sup>. In addition, the type of regionalism EU promotes is not addressing the real problems of its interlocutor, but imposes a new wave of domination of the West to its less developed partner, adding to North-South tensions<sup>156</sup>. Moreover, Federica Bicchì argues that the EU, due to institutional isomorphism, aims at the reproduction of its own model in other regions and promotes its own values and norms without leaving any space for reflection<sup>157</sup>.

In summary, the EU has promoted (inter-)regionalism as a way of advancing its norms and interests at the same time it reinforces its own role and identity in world politics. The almost exclusive use of civilian means is a result of its own capabilities (technical/ financial assistance), and it is based on its self-

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<sup>153</sup> EU, *EU's response to the "Arab Spring": The State-of-Play after Two Years*, A 70/13, Brussels, 08 February 2013

<sup>154</sup> Hyde-Price, Adrian, 'A tragic actor? A realist perspective on 'ethical power Europe'', *International Affairs*, 84 (1), 2008, pp. 29-44, p. 36

<sup>155</sup> Farrell, Mary, 'A triumph of realism over idealism?', Asia' in Söderbaum, Frederik and Van Langenhove, Luk., eds., *The EU as a global player: the politics of interregionalism*, Abingdon; London: Routledge, 2006, p. 31

<sup>156</sup> Acharya, Amitav, 'New regionalism in the global political economy: Regionalism and the emerging world order. Sovereignty, autonomy, identity' in Breslin, Shaun, Higgott, Richard and Rosamond, Ben, eds., *New regionalisms in the global political economy*, London ; New York : Routledge, 2002, p. 30

<sup>157</sup> Bicchì, Federica, "Our size fits all": normative power Europe and the Mediterranean', *Journal of European Public Policy*, Vol. 13. no. 2 (2006), p. 293

perception. The EU exports norms and values and it promotes its interests in trade and economics, but also in security by minimizing the risk of conflicts in its periphery and beyond. Simultaneously, the image of the EU as a legitimate and capable actor in world politics is reinforced through interregional cooperation. This interregional interaction creates perceptions and expectations on the EU's role in the world system, and the degree to which the latter can respond to these, impact on the EU's identity and reputation. Of course there are arguments that refute the very normative approach of the EU as a promoter of regionalism and multilateralism, claiming that this EU policy is a tool for promoting its material interests (as a realist actor) and enhancing the accommodation of its unique character in world politics, on its own terms.

### **Conclusions**

Not only does the EU have the ability to conduct foreign policy but due to its very distinctive character, with the coexistence of supranational, intergovernmental and national levels of policy making, EFP is the sum of the actions of the EU and its member states that are directed at third parties and aim at producing political outcomes.

The unique character of the EU also affects the nature of EFP, which has been characterised as civilian and/or normative. The use of civilian means, due to the economic power of the Union, has been accepted to a large extent by the majority of scholars, but the concept of 'civilian power' has been more contested, since the EU takes advantage of its economic superiority in order to exert influence and sometimes even to impose its policies on third parties.

In the debate about the EU as a 'normative power', there have been strong arguments against the ethical reading of this notion, especially since the universality of EU norms has been challenged. In addition, there have been arguments that norms have been used in an instrumentalist approach in order for the EU to promote a more legitimate façade for pursuing its very strategic interests in security and economic gains. Nevertheless, scholars have reached

a level of agreement regarding various aspects of EFP. First, its focus is on non-military tools. It has been also agreed that there is a normative aspect in the EFP at certain levels every time and that one of the goals of the EU's normative agenda is to reshape the international political system, by promoting its own norms. In addition, the EU's own structure and self perception influence the EFP and more specifically it generates the ambitions of its foreign policy at the same time it creates limitations due to its civilian and normative aspects. Furthermore, the EU, through its foreign policy, promotes its own interests as well as its own identity. What remains to be examined is how these elements (interests, norms and perceptions) interact in the context of the EFP. How do these balance in the shaping of the EU? How does the EU promote all these elements? Is there a sense of hierarchy or prioritisation in balancing these three factors? By answering these questions, the research can go beyond the traditional relationships of the EU, which have mostly accommodated weaker partners with the result that the interests and values of the EFP could not be fundamentally challenged. The case of the GCC inserts the significant element of a more balanced relationship, and as such the EU needs to compromise in order to reach common understanding and produce concrete results in its foreign policy. However, the GCC states may have different interests, values and perceptions from those of the EU and as a result the EU will need to prioritise either its values and perceptions or its interests, if these are not all compatible. Either way, by pursuing a 'strategic partnership' with a partner that is able to resist EU leverage, it will challenge the effectiveness of the EFP and/or the (self-) image of the EU.

There is an agreement between scholars that the EU mainly pursues its foreign policy using non-military means, building upon its distinctive character. It promotes economic and technical cooperation, it creates channels of interactions with third parties and it takes advantage of these cooperation schemes as well of its economic might in order to promote its values, interests and identities. Furthermore, the EU has been an active international actor in the establishment and the development of regional integration projects in the

various areas of the world. This is due to its own structure and its policies to promote multilateralism but also because it wants to reinforce its own unique character in the international community as 'normal'. However, non-military instruments are not civilian and/or normative by definition. The conditionality applied against weaker interlocutors and the fact that the threat of negative application is used in order for the EU to exert influence over third parties should be taken into consideration.

The EU has been using these tools in order to promote EFP (i) in shaping its immediate environment through the accession process (ii) in bilateral agreements (iii) in initiating regional projects and in assisting existing regional integration in other parts of the world and (iv) of course, in its strategic partnerships. The next chapter, based on the above-mentioned analyses, will discuss how the EU has been articulating its foreign policies in the Middle East and more specifically in the Arabian Peninsula, in order to explain how the goals of the EFP have been shaped and pursued in relation to the Gulf region and also to conclude on the most appropriate analytical framework in order to assess the EU-GCC relationship.

## **EUROPEAN FOREIGN POLICY IN THE MIDDLE EAST**

### **Introduction**

Geographical proximity, fears of possible spillover effects of crises in the region and economic/ energy interests in the area led to the declaration of the Mediterranean region as a 'zone of interest' of the Common Foreign and Security Policy<sup>158</sup>. Indeed important strategic stakes of the EU and its member states are invested in the stability of the Middle East and the Mediterranean basin. The danger of importing the outcomes of political crises in Middle Eastern states<sup>159</sup>, the concerns over the proliferation of weapons of mass destruction, the anxiety over the power of radical and/or violent political movements and networks, the consequences of failed states<sup>160</sup>; all provide the rationale for the EU's constant effort to promote stability and prevent regional and intra-national conflicts. Middle Eastern states have also become one of the most significant markets for Europe and one of the main suppliers of energy to the European economy<sup>161</sup>. Therefore the economic development and security of the region are of vital interest for the EU.

This chapter will first present a brief history of EFP in the Middle East during the early years of the European Economic Community (EEC) and the EU. It will then provide an overview of the Euro-Mediterranean Partnership (EMP) and the Union of the Mediterranean (UfM) in the context of the EFP, exploring at the same time the foreign policy tools the EU has been applying (discussed in the previous chapter). It will then present the most recent literature on the EU-GCC relationship, focusing on the work of Richard Youngs and Gerd Nonneman, which have given useful insights on the factors shaping EFP in the Middle East. Nevertheless, when exploring the EU-GCC relationship, they both work

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<sup>158</sup> Dannreuther, Roland, *European Union foreign and security policy: towards a neighbourhood strategy*, Routledge, London, 2004, p. 137

<sup>159</sup> Blackwill, Robert and Stórmer, Michael eds, *Allies divided: transatlantic policies for the greater Middle East*, MIT Press, Cambridge, Mass., 1997, p. 19

<sup>160</sup> Daalder, Ivo H., Gnesotto, Nicole and Gordon Philip H., eds, *Crescent of crisis: U.S.-European strategy for the greater Middle East*, Brookings Institution, University Presses Marketing, Washington, 2005, p. 223

<sup>161</sup> Roberson, B.A. ed., *The Middle East and Europe : the power deficit*, Routledge, London, 1998, p 11

exclusively on the role of the ruling elites and the bureaucracies in the field of political reform, and most importantly they do not place bi-regional interactions within the framework of a symmetrical partnership, since they have as starting points the patterns of the unequal partnership plans that the EU has applied in different parts of the Middle East. Moreover, their approach is more static, focusing on a short period of time and it cannot grasp the dynamism of the relationship due to changes in the internal and external environments of the two parties, which affect their interests, values and (self-)images. Overall, this chapter shall identify the pattern of the EFP in the Middle East, of relationships between non-equal partners, which however does not fit the case of the EU and the GCC states. It is for this reason that the argument is put forth in this thesis for a different methodological framework to analyse EU-GCC relations: that of 'strategic partnership'.

### **A brief history of EU – Middle East relations**

During the Cold War, Europe had a secondary status in the region despite its historical and economic connections because of (i) the logic of division between East and West and the primacy of the United States in the Western camp (ii) the colonial past of European powers in contrast to the US and the USSR which did not have to carry these negative images (iii) the lack of an integrated Europe to the extent that exists today and (iv) the credibility that the USA enjoyed among the political elites of the region as a political, military and economic power<sup>162</sup>. However, the collapse of the USSR led to the creation of a new regional context which called for the reassessment of the previous role of Europe, creating new sources of concern and providing new opportunities for EFP: Divergences among the Western partners became more feasible. The European Economic Community developed into a more comprehensive and political actor, the EU. The question of the credibility of the United States in the Middle East has become unquestionably evident. In terms of security, the collapse of the

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<sup>162</sup> Blackwill, Robert and Stórmer, Michael eds, *Allies divided: transatlantic policies for the greater Middle East*, MIT Press, Cambridge, Mass., 1997, p. 7

socialist regimes in Eastern Europe turned the focus of the Europeans to the South and more specifically the Arab states of the Mediterranean Sea. Thus, the EU has developed policies for pursuing its own strategic interests through trade agreements and financial/technical assistance to the Arab states. From the point of view of the Arab states, their leaders have sought for new powers to get involved in the region in order to counterbalance American hegemony, especially since the US was seen as unable to promote peace agreements successfully in the Arab-Israeli conflict. This is not to claim, nonetheless, that EU–Middle East relations have been merely a fact of the post-Cold years.

On the contrary the interaction of the European Economic Community with its neighbours on the south shore of the Mediterranean Sea goes back to the first economic and technical agreements with individual states during the 1960s. In 1972 the ECC launched the Global Mediterranean Policy (GMP) which became the umbrella for all bilateral relations between the North and the South. This was the first attempt for co-ordination of the relations of the EEC with the various Arab states, by providing similar agreements and by setting a common pattern of interaction<sup>163</sup>. Political and security issues were excluded from the GMP as they were discussed in the framework of the Euro-Arab Dialogue. By the end of the 1980s, both of these fora collapsed as they provided very poor results. In the aftermath of the first (Iraq-Iran) and the second (US-led alliance against Iraq) Gulf wars and the internal insecurity in some of the Arab states (in Algeria), the EEC acknowledged that the social and economic development of the Mediterranean Sea was linked to regional security and thus to its own security interests<sup>164</sup>. Thus, a new project was created to accommodate EU–MENA relations, the Renovated Mediterranean Policy. Despite the verbal recognition of the security interests of the EEC/EU in the development of the Mediterranean by European bodies, this new policy also failed to provide any specific political and security dimension or to locate financial and technical aid in a more political framework. At the same time, Italy and Spain proposed the creation of the

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<sup>163</sup> Bicchi, Federica., *Actors and factors in European foreign policy making: insights from the Mediterranean case*, European University Institute; Robert Schuman Centre, 2000, p.3

<sup>164</sup> Piening, Christopher, *Global Europe : the European Union in world affairs*, Lynne Rienner, London, 1997, p. 72

Conference on Security and Cooperation in the Mediterranean which would potentially expand eastwards and reach the Persian Gulf. However, France prioritised a more sub-regional approach (with special interests in the Maghreb) at a time when the political environment that followed the Kuwait-Iraqi war and the subsequent invasion of Iraq generated new waves of mistrust in the region<sup>165</sup>. In brief, despite the fact that the EEC was not a mature political actor, it had already expressed some of the basic characteristics of EFP, as seen in the previous chapter. The European leadership attempted to frame the relations between the EEC and the Arab States based on economic and technical interactions in a group-to-group approach: the Europeans and the Arabs as two different blocs.

#### Euro-Mediterranean Partnership / Union for the Mediterranean

After the creation of the Common Foreign and Security Policy (CFSP) in 1992, when the EU articulated more coherent political policies for its external actions, the EU proposed the idea of a Euro-Mediterranean Partnership (EMP) in 1995. The EMP consists of a political and security partnership (for peace and security), an economic partnership (toward the establishment of a Free Trade Area) and co-operation on human, social and cultural affairs<sup>166</sup>. From a security perspective, the EMP was innovative as it offered for the first time a comprehensive political-security dimension in the agreements between the two partners, it linked security with the rest of issues in the area (economic and social), and it established this new initiative in terms of a partnership, seeking to establish common interests in the area. The EMP has been seen as the tool by which the EU managed to limit to some extent uncertainty in its neighbourhood, by creating for its neighbours "an incentive to abide by agreements"<sup>167</sup>. Despite the reference to 'partnership' which could suggest equality, in the case of the

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<sup>165</sup> Biscop, Sven, *Euro-Mediterranean security: a search for partnership*, Ashgate, Aldershot, 2003, p. 36, pp. 27-29

<sup>166</sup> Piening, Christopher, *Global Europe : the European Union in world affairs*, Lynne Rienner, London, 1997, p. 78

<sup>167</sup> Emerson, Michael and Noutcheva, Gergana. "From Barcelona Process to Neighbourhood Policy: Assessments and Open Issues", *CEPS Working Document*, No. 220, March 2005, p.4

EMP a level of "leadership" of the process since it has the resources, both technically and financially was recognised. According to Emerson and Noutcheva the EMP had set liberalisation policies as a priority, both in terms of the political system and the economy of the Arab states. Therefore, it can be argued that this Partnership was actually a partnership of hierarchy, since the EU had the resources and dictated policies in which EU economic interests and values were interwoven. However, when it came to actually producing results within the security dimension of the EMP as well as to the field of Human Rights, the EMP was disappointing either because of the political context or due to the lack of coherent policies and mechanisms<sup>168</sup> within the Partnership.

Ricardo Gomez argues that the EMP emerged when "perceptions converged around the view that European states had to carry a bigger share of the burden of post-Cold War security in the Mediterranean"<sup>169</sup>. This is underpinned by an interesting assumption that on the one hand the EU member states agreed on a common perception that they should assume responsibilities about events in their neighbourhood and thus act in a normative way, and on the other hand that the main interest of the member states was to defend their security. Moreover, he argues that the EU used the civilian power approach as the ideological basis for combining the security concerns of the EU member states and their neo-liberal economic agenda<sup>170</sup> in the shaping of the EMP. What is also interesting in Gomez's findings is the fact that (i) the EMP reconfirmed that "the European Commission is the primary agent for EU strategic action"<sup>171</sup>, (ii) as well as that the EU reaffirmed its leading role in its wider region<sup>172</sup>.

Relevant to this leadership role of the EU in its neighbourhood is the approach of Thomas Diez. He suggests that given the Barcelona Declaration refers to values which the EU member states had already adopted, then the EMP is an expression of the EU as a normative power to promote its ('universal' as

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<sup>168</sup> *Ibid*, pp 4-6

<sup>169</sup> Gomez, Ricardo, *Negotiating the Euro-Mediterranean Partnership: Strategic Action in EU Foreign Policy*, Ashgate Publishing, Hampshire, 2003, p. 170

<sup>170</sup> *Ibid*, 171

<sup>171</sup> *Ibid*, 172

<sup>172</sup> *Ibid*, 173

perceived by the EU) values to the outsiders. The EU promotes these values through civilian means, and namely the agreements for cooperation at different levels, within this multilateral framework<sup>173</sup>.

Commenting on the establishment of the Union for the Mediterranean (UfM), Kristina Kausch and Richard Youngs claim that the new organisation waters down the political aspects of the EMP and focuses on the more technical, low-politics issues, for which channels of interactions between the EU and its southern neighbours have already been established<sup>174</sup>. In addition, the European Neighbourhood Policy of the EU and its bilateral approach, which was enacted simultaneously with the EMP/UfM has weakened the multilateral approach of the latter process, at the same time that the multilateral framework seems inflexible to adapt to the new realities of the region<sup>175</sup>. In an obvious case of the contradictions between EU interests (in security) and values (in democracy), Kausch and Youngs point to the reluctance of European officials to interact with the movements of political Islam. EU governments prioritise security which the regimes in the Middle East claimed they were providing against the possibility of a political openness that would have to include the Islamists<sup>176</sup>.

It becomes evident from this brief description of the EMP/UfM, which have been the most comprehensive regional projects of the EU in the Middle East that the EU has been using its civilian means in order to engage with its neighbours and promote its policies. These foreign affairs policies are driven by the EU's need to establish a less uncertain environment in its wider region and to advance its economic agenda to the markets that are closer to Europe, while it exports its values. Interests and values do not have clear distinctions and are interrelated. Moreover, beyond the interests that the EU may pursue in its foreign policy in the Middle East, what is quite apparent is the importance placed on the self-

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<sup>173</sup> Diez, Thomas, "Constructing the Self and Changing Others: Reconsidering 'Normative Power Europe'", *Millenium – Journal of International Studies*, 33:613, 2005, pp. 630-1

<sup>174</sup> Kausch, Kristina and Youngs, Richard, "The end of the 'Euro-Mediterranean vision'", *International Affairs*, 85:5 (2009), pp. 963-975, pp. 963-964

<sup>175</sup> *Ibid*, 965

<sup>176</sup> *Ibid*, 968

image for shaping the EU's actions. On the one hand, the EMP was characterised by the sense of responsibility that the EU had in providing stability on its outside borders after the collapse of the security paradigm of the Cold War and on the other hand by using regional approaches as a reflection of its own composition and structure. The events that followed the popular uprisings in the Middle East in January 2011 reinforced this notion of the EU's (self-)image as a leading actor in assisting democratisation of its external environment, and as such in serving its long-term interests for security. The EU has been active in engaging with the new governments and the civil societies of Tunisia, Egypt and Libya, promoting its interests, norms, and self perception as a normative foreign policy actor.

### **Instruments of the EFP in the Middle East**

As demonstrated in the previous chapter, the EU has developed its foreign policy tools based on the economic and technical cooperation it can offer to third parties, associating this assistance to political (and economic) conditions and the promotion of the establishment and/ or development of regional organisations. The case of the EFP in the Middle East could not have been different.

### **Economic modernisation and political conditionality**

During the Cold-War years, the ECC developed its relations with the Arab states of the Mediterranean Sea within the framework of Cooperation Agreements, signed with individual states on a bilateral basis. According to the 'financial protocols' the Arab regimes would state their needs and priorities and then they would request funding from the European Commission. This approach limited the political and strategic planning of the Community and in many cases the funds were exploited by the regimes for their own political purposes. This method of interaction barely changed in the Renovated Mediterranean Policy

(1990-1995). On the contrary, the new European policies (pursued within the EMP) were directed mostly to reforms in the public sector of the economy and the way local economies were governed. Hence, the funds provided to the Arab states mostly through the MEDA aid program were shaped in a strategic manner with specific targets to help the local government to make the transition to modern, open market economic models and to integrate into the world economic system, maintaining or even enhancing the social cohesion in these states<sup>177</sup>. The EU was keen on promoting the economic modernisation of the states of the Middle East in order to create new possibilities for local investments, promote their financial development and create new jobs for the youth in the Arab states. The starting point for this initiative was the need to ensure European security through the stabilisation and de-radicalisation of the neighbouring countries. For this to be achieved, genuine economic development, a real distribution of welfare and an increase in living standards in these countries was necessary. To what extent EU policies derived from the genuine interest of the EU to promote its norms in order to create a regional environment of security or these policies prioritised the promotion of economic and other material interests is still debated. In any case, the realities on the ground showed that instead of creating new opportunities for youth the regimes have manipulated the reform programs and using established practices of clientelism have helped the elites within the regime to gain control over newly privatised or semi-privatised companies<sup>178</sup>. In addition, the goal of establishing a Free Trade Area in the Mediterranean would lead to great instability as one third of the local middle class business would be unable to compete with the multinational companies from Europe and would effectively be forced to shut down<sup>179</sup>. This was discussed at the same time that agricultural products were excluded from this FTA. What is more, despite its strategic aims and planning, the results of EU economic aid have been very modest in structural reforms and

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<sup>177</sup> Holden, Patrick , 'The European Community's MEDA Aid Programme: A Strategic Instrument of Civilian Power?', *European Foreign Affairs Review*, Volume 8, Issue 3, 2003, pp 347-363.

<sup>178</sup> Youngs, Richard, European Approaches to security in the Mediterranean, *The Middle East Journal*, Vol 57. No. 3, Summer 2003,, p. 427

<sup>179</sup> *Ibid*, p. 415

boosting good governance, as implementation by the recipient states and monitoring of the progress by the EU have been insufficient<sup>180</sup>.

The economic prosperity of the region, however, is not only associated with internal stability but also with democratisation. The EU approach was underpinned by the logic that if the economic reforms lead to the expanded role of private companies and thus a greater role for the civil society against the centralisation of the authoritarian regimes, then a gradual transition to democracy would be more feasible. In addition, democratisation would provide a context for regional cooperation and peace according to the liberal argument. However, economic transformation is not automatically translated into democratisation. In spite of the dynamics the 'open economy' model may generate, without political conditionality attached to the technical and financial aid provided it is very difficult to imagine why non-democratic regimes would pursue such reforms. This said, the EU was hesitant and cautious in setting strict political conditions to its funds and support, as it did not favour the idea of interaction with movements of political Islam, even if these groups were indeed moderate; as a result the EU did not provide any practical help to them<sup>181</sup>. Furthermore, in the post-9/11 era of securitisation, the priority of the EU was on its anti-terrorist policies. Therefore the 'democratisation-stability' dilemma the Europeans faced during the 1990s was clearly evident but in favor of the short-term aim of containment of (radical) political Islam and less on the long-term goal of stability through democratisation<sup>182</sup>. This provided the basis for the regimes to exploit the new international political situation to suppress any kind of political opposition, creating a vicious circle where authoritarian regimes and radical Islamic movements reinforced and fed each other's extremism. Consequently, the EU had restricted itself to promoting democratisation progress through human rights clauses and 'good governance' reforms in the

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<sup>180</sup> Holden, Patrick , 'The European Community's MEDA Aid Programme: A Strategic Instrument of Civilian Power?', *The European Foreign Affairs Review*, Volume 8, Issue 3, 2003, pp 347-363.

<sup>181</sup> Emerson, Michael.; Youngs, Richard.; Amghar, Samir.; eds., *Political Islam and European foreign policy: perspectives from Muslim democrats of the Mediterranean*, Centre for European Policy Studies, Brussels, 2007, p. 45

<sup>182</sup> Jünemann, Annette, ed., *Euro-Mediterranean relations after September 11: international, regional, and domestic dynamics*, Frank Cass, London 2004, p. 18

judicial system and the civil service in a more politicised way. The forum for seeking this set of goals was the basket of social and cultural interaction of the EMP in which the EU attempted to sponsor bottom-up initiatives, once again avoiding Islamic groups, even though it was evident that they were the most dynamic powers in local communities<sup>183</sup>. The popular uprisings of 2011 have proved that the EU's policies did not meet any real success in these fields. In any case, there have been criticism and arguments<sup>184</sup> which challenge the European economic–political liberalisation argument. More critically, Amin and Kenz<sup>185</sup> identify inconsistencies in the promotion of democracy by the EU in the region. Indeed they suggest that the intention of the EU in the region of the Middle East was not the promotion of political liberalisation as such but that this was used as a pretext for the pursuit of economic liberalisation and the opening of local markets to European products and investments. Hence, they claim, this neoliberal agenda “has nothing whatsoever of democracy about it”<sup>186</sup>. Thus, it can be argued there was a clear contradiction in the public speech of the EU which projected the promotion of its norms, and its strategic interests which were both economic and in the realm of security. The EU favoured controlled political reforms, to ensure that the movement of political Islam did not become a new powerful political actor in the region. The EU appeared to fear a greater political opening in the countries of the Middle East because of concerns over instability and thus its own strategic (security and economic) interests; this clearly however, clashed with the norms the EU claimed it was attempting to export in relation to democracy and human rights. The question whether the political Islamists are genuine democratic players or they have been interested in democracy only as a way to reach state power has been revitalised. This is a new and a highly interesting debate following the popular uprisings in the Middle East in 2011, but this goes beyond the ambitions of this thesis. Yet, this debate

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<sup>183</sup> Youngs, Richard, European Approaches to security in the Mediterranean, *The Middle East Journal*, Vol 57. No. 3, Summer 2003, p. 420-423

<sup>184</sup> The work of Jorgensen and Laatikainen, Youngs and Farrell, presented in Chapter 2, has already implied the prioritisation of interests in the EFP.

<sup>185</sup> Amin, Samir and El Kenz, Ali, *Europe and the Arab world: patterns and prospects for the new relationship*, Zed, London, 2005, p. 97

<sup>186</sup> *Ibid*

is central to the way EU is conducting a normative foreign policy, having in mind the abovementioned criticism for not engaging with actors originating from the movement of political Islam.

### Multilateralism – Region building

The Europeans have shown a significant interest in establishing multilateral processes and organisations for dealing with regional issues in the Mediterranean. The Euro-Arab Dialogue, '5+5 Dialogue' initiated by France in 1983, the Mediterranean Forum proposed by Egypt which was received positively by the EU southern members, and the Conference of Security and Cooperation of the Mediterranean already mentioned above, are examples of this approach. The EMP/UfM is the most comprehensive and multi-purposed multilateral body in this series. Because of its structure and the joint Euro-Arab approaches to problems, it is said that the EMP is a regional project, as the actions taken in this framework aim at responding to the threats and problems of the international environment that affect the states on both shores of the Mediterranean basin<sup>187</sup>. It might be argued that the principles and the aspirations of the EMP aimed to build a region with enhanced political, economic and cultural communication, but in reality this was seriously challenged. It has been suggested by some authors that the different sets of values and political practices between the EU Members and the Mediterranean states, as well as the colonial past, made it difficult to establish any form of cooperation given that a rationale of hierarchy would always prevail<sup>188</sup>. Added to this, economic development which was linked to security was clearly constrained by a European unwillingness to change the highly unbalanced trade relationship. Furthermore, the unresolved Arab/Israeli conflict made it difficult to imagine a co-existence of the two parties in some form of security co-

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<sup>187</sup> Fulvio, Attinà , 'The Euro-Mediterranean Partnership assessed: the realist and liberal views', *European Foreign Affairs Review*, Vol. 8, No. 2, 2003, pp. 181-200.

<sup>188</sup> Vatikiotis, P.J, *Islam and the state*, London: Routledge, 1991, p. 121

operation<sup>189</sup>. The fact that the two sub-regions, the Maghreb and the Mashreq, have been treated as one unit, a 'single security complex' has been unproductive as the countries in the Western and the Eastern Mediterranean do not share the same problems, threats and fears<sup>190</sup>. Nevertheless, these problems do not challenge the main argument that the EU attempted to export its own model of regional cooperation and to some extent regional integration. On the contrary, the fact that the EU, as the powerful pole of a hierarchical relationship aimed at exporting its norms in the name of reforms for economic development and regional security, reminds us of the accession process of the Eastern and Central Europe states.

### Military choices

For the purpose of consistency, we should also refer briefly to the military choices of the EFP, even though as it has been demonstrated that the EU has primarily promoted its interests in the region (even the ones related to security) with civilian tools. This preference for civilian tools, nevertheless, does not exclude the existence of 'hard security' choices, which have been developed within the institutional structure of the Western European Union (WEU). During the Cold War years the attention paid to the Mediterranean Sea was minimal and it was only in 1986 that a forum called the 'Mediterranean Sub-Group of experts' was established. In 1992 a 'Mediterranean Dialogue' (MD) process was introduced, even though the primary interest was expressed in relation to the Arab states of Maghreb, rather in relation to the Mediterranean region as a whole. Due to the priority given to NATO's 'Mediterranean Dialogue' and the preparations for the EMP, WEU MD provided no tangible results, not even after the EU – WEU institutional linkage with the launch of the ESDP because of the lack of co-ordination within the EU/WEU bodies and processes. Nevertheless,

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<sup>189</sup> Jünemann, Annette, ed., *Euro-Mediterranean relations after September 11: international, regional, and domestic dynamics*, Frank Cass, London 2004, p. 18

<sup>190</sup> Youngs, Richard, European Approaches to security in the Mediterranean, *The Middle East Journal*, Vol 57. No. 3, Summer 2003,, p. 418

there are military units, like the European Maritime Force (EUROMARFOR) and the European Deployment Force (EUROFOR), with forces provided from the national armies of France, Spain, Italy and Portugal<sup>191</sup>, under the umbrella of WEU. Being outside the EMP framework and seen as unilateral instruments (just European units without the participation of the Arabs) they have been treated with mistrust<sup>192</sup>, even though EUROMARFOR's mission in Lebanon under a decision of the UN Security Council, is to help the UNIFIL forces and the Lebanese army to control Lebanon's maritime borders<sup>193</sup> and it has actually prevented a new sea blockage of the country by Israeli forces. Nevertheless, it should be pointed out that it is undeniable that in contrast to the US policy which favors rapid transformation of the region and the introduction of democratic systems even by the use of force, the EU has been more patient, and has invested on the gradual transformation of the political systems in Arab states with their immediate priority guided towards the resolution of conflicts in the area with civilian instruments<sup>194</sup>. This approach, nonetheless, reinforces the civilian (and in some cases normative) approach of the EU's foreign policy which reflects also on its image, both in relation to itself as well as in relation to outsiders.

### **Analyzing the EU-GCC relationship within the current literature**

EU-GCC relations have not been a central issue for EFP (EFP), despite the interdependency of the two regions in terms of trade and energy. The relations (financial and political) of the Arab states of the Persian Gulf with the European states are generally presented only as small parts of the broader research on the EU role in the Middle East. The little attention paid to these relations is due to the fact that the links of the European states with the region have been of a

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<sup>191</sup> Blackwill, Robert and Störmer, Michael eds, *Allies divided: transatlantic policies for the greater Middle East*, MIT Press, Cambridge, Mass., 1997, p. 22

<sup>192</sup> Biscop, Sven, *Euro-Mediterranean security: a search for partnership*, Ashgate, Aldershot, 2003, pp 51-54.

<sup>193</sup> UN, Lebanon: European mariners take the wheel of UN coastal fleet, 29 February 2008, <http://www.un.org/apps/news/story.asp?NewsID=25803&Cr=UNIFIL&Cr1>

<sup>194</sup> Daalder, Ivo H., Gnesotto, Nicole and Gordon Philip H., eds, *Crescent of crisis: U.S.-European strategy for the greater Middle East*, Brookings Institution, University Presses Marketing, Washington, 2005, p. 219

lower intensity than with the Arab states of the Mediterranean<sup>195</sup>. There is a greater gap in cultural and political terms, while in the economic sphere the GCC states have a significantly wider range of commercial partners than the Mediterranean Arab states. The current literature on the Arab states of the Gulf and their links to Europe is limited, but to the extent that it does exist, it can be located in four themes: (i) the historical role of European powers and more specifically of the United Kingdom in the region (ii) the dependence of the European economy on the Gulf states as oil suppliers (iii) the strategic significance of the Gulf region for the West in general and (iv) in the post 9/11 years, human rights and political reforms. In relation to the strategic role of the EU in the Gulf region, the role of the Europeans as alternative to US hegemony in the region was tested through the prism of realist theories comparing the interests, power and influence of the two transatlantic partners in the Persian Gulf, in the Middle East Peace Process and during the Gulf wars<sup>196</sup>. It was suggested that, at the time, there was a consensus between the Europeans and the United States on a division of labour, according to which the primacy of US foreign policy and its dominant role in the region was unquestioned<sup>197</sup>. In this context the Europeans had to take into consideration the interests and priorities of both the US and the GCC states<sup>198</sup>. Nevertheless, even in the time of the bipolar world setting, when EFP was less developed and the divergences of the EU-US policies were not emphasised, the first signs of challenging the dominant role of the US could be located in the internally destabilizing factor of the US presence in the area. The fragile domestic political environment faced an anti-

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<sup>195</sup> Cameron, Fraser, *An introduction to EFP*. Abingdon, Oxon; New York, Routledge, 2007, p. 116

<sup>196</sup> Cordesman, Anthony H., *The Gulf and the West: strategic relations and military realities*, Boulder; London, Westview: Mansell, 1988

Gnesotto, N., and Roper, J., 'Western-Europe and the Gulf: A study of West-European Reactions to the Gulf-War', *Journal of Strategic Studies*, Vol. 16 Issue 1, 1993, p. 136-137

Kupchan, Charles A., *The Persian Gulf and the West: the dilemmas of security*, Boston; London, Allen & Unwin, 1987

Serfaty, Simon , 'Bridging the Gulf across the Atlantic: Europe and the United States in the Persian Gulf', *Middle East Journal*, Vol. 52, Issue 3, Sum., 1998, pp 337-350

<sup>197</sup> Blackwill, Robert and Stórmer, Michael eds, *Allies divided: transatlantic policies for the greater Middle East*, Cambridge, Mass., MIT Press, 1997, p. 112

<sup>198</sup> *Ibid*, p. 123

American rhetoric from both the radical Arabs and conservative Islamists<sup>199</sup>. Thus the GCC states faced a security threat internally because of their attachment to the US.

The developments that followed the 9/11 attacks brought about a new context in international politics which raised the question of a possible acceleration in the de-attachment (to the extent that this is possible) of the GCC states from the US. Academic researchers shifted their interest towards questions of whether and how the EU and its member states could respond to this new geo-strategic reality. In the 2000s, the EU promotion of human rights and political liberalisation – mainly but not exclusively through foreign economic policy instruments - dominated their academic interest. The existing literature in EU–GCC relations falls into two categories. First, there is a series of publications (a journal called ‘The GCC-EU Research Bulletin’, working papers and books on various themes of the EU-GCC relations), published by research centres in Europe and the Gulf region, and most importantly by the Gulf Research Centre in Dubai, United Arab Emirates (UEA). This series of analyses are largely explanations of the strategic interdependence of the EU and the GCC states and the potential gains from a deeper partnership in economy, energy and security. They also identify some of the major problems (the internal institutional constraints of the two blocs, the absence of a specific member state acting as the driving power towards a closer relationship and generally the lack of political will for compromises), which are associated with the weaknesses of an overall EU policy in the Persian Gulf region and the reluctance of the Arab leaders to get involved in projects which involve values and aim at the political liberalisation of their states. In this context, the researchers of the Gulf Research Centre provide suggestions to policy-makers that are engaged in EU-GCC

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<sup>199</sup> Anti-Americanism in the Middle East has been evident since the creation of the state of Israel and the political support the USA has been offering to Israelis since the 1950s. The invasion in Iraq and Afghanistan and the political climate which prevailed in the USA during the Bush Administration only fed negative sentiments for the Americans. In addition, the cultural challenges of globalisation, coupled with the economic difficulties in the Maghreb and Mashreq areas have created new dynamics for the Islamic movements in the wider Middle East. Even though in the Gulf region the Islamic movements are not directly challenging the rulers, it is indisputable that culturally and emotionally they have become influential among the local people. Therefore, strong attachment of the Royal families to the US policies cannot be seen positively by the people of the Arabian Peninsula.

negotiations for overcoming the problems they encounter and spot the sensitive issues which require more delicate management. Although this research provides a large amount of useful data, facts and sources for scholarship on EU-GCC relations, these are empirically oriented and independent of any broader theoretical framework. The second category consists of academic research which focuses on the relations of the EU with the GCC countries in the new global political and economic environment of the 21st century, of which the most relevant and recent books are those of Youngs<sup>200</sup> and Nonneman<sup>201</sup>. They look into EFP and the role of the EU in the Middle East in promoting democratisation and economic liberalisation in comparison to the military-force approach by US policy makers.

#### Youngs: Identities – values - interests

The study by Youngs discusses the role of the EU as an actor in the Middle East, in political reform policies, traditional counterterrorist and containment-oriented cooperation and tests the role of the EU and its member states in promoting their interests and norms in the region. He emphasises the multidimensional foreign policy of the EU which derives from its own experiences and identities, aiming to promote its democratic norms and values through long-term engagement and partnership plans<sup>202</sup>. EU values and identities are projected as soft power tools for the gradual yet important transformation of the third parties' internal structure in a wide range of issues. The foreign policies of the EU are pursued both by promoting bottom up approaches as well as in engaging with the ruling elites in the Arab states<sup>203</sup>. Therefore, he adds that the "EU could be seen as inching towards a concept of transformative power", adopting a broader approach including simultaneously

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<sup>200</sup> Youngs, Richard, *Europe and the Middle East: in the shadow of September 11*, Boulder, Lynne Rienner Publishers, 2006

<sup>201</sup> Nonneman, Gerd., *Analyzing Middle Eastern foreign policies : the relationship with Europe*, London, Frank Cass, 2004.

<sup>202</sup> Youngs, Richard, *Europe and the Middle East: in the shadow of September 11*, Boulder: Lynne Rienner Publishers, 2006, p. 21

<sup>203</sup> *Ibid*, p.224

"material policy instruments, long term inducements and cognitive identity formation"<sup>204</sup>. Nevertheless, he questions whether the declared goals of promoting democratic norms via reforms reflected the genuine interests of EU actors. Economic reforms and policies of containment of the parties of political Islam were received with a great level of acceptance, contrary to the expressed aims of democratisation<sup>205</sup>.

In the Arabian Peninsula, Youngs examines the assumption that "in the states of the Gulf Cooperation Council, the EU deliberated on a new strategic partnership aimed at correcting its erstwhile neglect of this region"<sup>206</sup>. Indeed he recognised an upgrading to the formal expression of interest by the EU for the specific sub-region of the Middle East<sup>207</sup>. Nevertheless, the actual interest shown from the Arab Gulf states was more at a bilateral level by single member states due to their national interests<sup>208</sup>. To the extent that the EU was engaged in promoting democratic norms, it offered technical support to programmes of political reform in the countries of the Arabian Peninsula. The EU and its member states prioritised, in any case, security concerns and they lacked the willingness or the means to exert effective influence over the issues of human rights and political liberalisation. More specifically, in the case of the GCC states, he argues that the economic and societal organisation of the Gulf states provides a context that differs to the rest of the Middle Eastern region. As a result the EU's favoured tool of political conditionality could not be used effectively in this case. He pays attention to the defence links that have been shaping the area between the Arab and European states. The increased arm sales from the UK, France, Germany and Italy accompanied by defence agreements with the UK and France are seen as part of the 'key strategic objective of GCC states to dilute US prevalence in the region'<sup>209</sup>. He also identifies an attempt from the GCC leaders to play the EU against the US. Overall, Youngs argues that although there was

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<sup>204</sup> *Ibid*, p. 23

<sup>205</sup> *Ibid*, p.224-5

<sup>206</sup> *Ibid*, p. 3

<sup>207</sup> *Ibid*, pp. 175,182

<sup>208</sup> *Ibid*, p. 227

<sup>209</sup> *Ibid*, p. 174

a change in the EFP and the language that was used after the 9/11 attacks regarding the reform plans that were introduced for the Middle East, in the specific case of the GCC states, the role of the EU was restricted to the limited scope that GCC states had set in order to introduce other players into its regional issues and balance to some extent the US influence in the region. Thus the EU could not be significantly innovative or effective in the region and as a result EU policies have not shifted dramatically in the Middle East and especially in the GCC states.

Youngs' approach is significant in the sense that it provides an analytical framework which includes material interests, norms and identity factors, leading to the conclusion that in the EFP there was "a calibration of value-based EU strategy to material interest calculations, as opposed to a uniquely ideationally driven reproduction of European norms"<sup>210</sup>. Moreover, this approach also addresses the issue of the GCC's goals of balancing external players against each other. This is an interesting point of departure, as interests, values and perceptions interact in the shaping of EFP while the reactions of third parties are incorporated within such an analysis. He also addresses the inability of the EU to apply political conditionality, implying the symmetry of the EU-GCC relations. Due to the fact that only a chapter of the book was devoted to the Gulf region, the issue of the symmetry of power between the two blocs has not been thoroughly explained, especially in a framework of partnership where actors of the two regions are in systematic communication. He might refer to the long-term engagement of the EU and the partnership plans but the practical, empirical analysis of this relationship was very limited. Moreover, because his case study deals with the political reforms and the issue of human rights, he does not take into consideration the actions and the bi-regional cooperation of non-governmental actors, such as the business and academic communities. In addition, there is no analysis of whether the limited role of the EU in political reforms and human rights is repeated in other highly politicised matters of hard security. This is one way in which this research aims to contribute, asking

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<sup>210</sup> *Ibid*, p. 226

questions such as whether European influence is limited in all high profile EU-GCC cases or only in the human rights/political reforms case. If the EU and the GCC have met relative success in their relationship in other fields, why is there a differentiation? How do interests, norms and self-images - as Youngs tested in his own case study - become factors in the other cases? What is more, Youngs tests the EU's role in comparison to the US policies in the region but he does not place emphasis on the GCC internal or regional policies, which should be fundamental to the analysis of a symmetrical partnership between two regional organisations.

#### Nonneman: A 'multi-level, multi-causal and contextual' analysis

Nonneman's contribution to the literature is important as he rejects the monopoly of realism and he applies a 'multi-level, multi-causal and contextual' explanation of the Foreign Policy Analysis (FPA) system, with variables of constructivism. Although he accepts the centrality of 'power' and 'security' in international relations, he rejects the rational – monolithic actor approach of the realist school. Instead, he argues that there are multiple interests within a state which cannot be seen in isolation either from the international system or the perceptions, ideas and identities that are carried into the decision making process. In his analysis, the foreign policy attitude of the Middle Eastern states is formed by different factors: (i) the primacy they place in their quest for security (ii) the fact that these states are not monolithic (iii) which is also true for their 'national interests'. Hence, there are various state actors who may pursue different options in foreign policy. (iv) The foreign policy making system is also influenced by the perceptions the states have regarding themselves, their environments and their policies as well as (v) by the external environments and the opportunities or challenges these environments pose<sup>211</sup>. In brief, Nonneman argues that the foreign policy of the Middle Eastern states are "defined through the lens of the leaderships' perceptions about the security of their regime, about

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<sup>211</sup> Nonneman, Gerd., *Analyzing Middle Eastern foreign policies : the relationship with Europe*, London, Frank Cass, 2004, pp. 8-9

the opportunities and challenges presented by both their domestic and their external environments; and to varying extent, about their own identities"<sup>212</sup>. These identities are influenced by their domestic political culture shaped by transnational ideologies (Arabism and Islamism).

More importantly, he identifies three levels of environment, which all interact with each other in the attempts of the Arab leaders to maximise their autonomy. The different levels are identified as: the national, in which the leaders seek autonomy from pressures coming from society; the regional, where the nation states look to enhance their autonomy from their neighbours; and the international, in which states and the regional organisations (in this case the Gulf Cooperation Council) pursue autonomy from the patterns of superpower dominance. Building upon his assumptions, he suggests that the Middle East and North Africa (MENA) states have tried to develop long term foreign policy patterns which respond to pragmatism and can manipulate multi-dependence. The MENA states have been playing external players off against each other so that they avoid 'mono-dependence'. However, in order for the rulers to be able to play off external players they must have relative autonomy, both domestically and regionally. There is, therefore, a complex interactivity of domestic, regional and international factors which all blend together reinforcing the game of (in)dependence. To the extent that the rulers manage to play their cards right, by playing different actors against each other (in international relations) or by granting benefits in areas in which they feel more comfortable and resisting any demands on sensitive issues (granting economic support to the business class in the Gulf region, but with minor or cosmetic reforms in political liberties) they can gain autonomy on all three levels. Thus on the one hand they gain legitimacy internally, and on the other hand, they achieve regional and international independence. However, it should be made clear that autonomy, according to Nonneman, is always relative. None of the actors can be truly independent, but the essence of autonomy is about the balance and the position of the actors in cases of interdependence (either between society and the

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<sup>212</sup> *Ibid*, p. 10

elite/rulers, and the state with its partners)<sup>213</sup>. Placing the EU-MENA relations into this framework of analysis he suggests that the foreign policies of the Middle Eastern states, including the GCC states, in relation to EFP (i) are pragmatic rather than ideological, (ii) are related to the view of the EU as a source of (economic and technical) assistance, (iii) to the reservations towards Western international actors because of the ongoing Arab-Israeli conflict and (iv) the possibility of the EU to counter-balance US hegemony in the area. They also take into consideration (v) the colonial past of some EU member states (vi) the differences in the economic and political relations at bilateral level (vii) the perceptions and needs of the MENA states (viii) the EU stance on economic relations with MENA states and (ix) the regional dynamics, among MENA states as well as the relations between EU and MENA states at a bilateral level. Therefore, he emphasises the role of the recipient party in accommodating the outcomes of the EFP. It is indeed interesting to incorporate the responses of the third parties (the GCC states in this case) to the EFP, in the analysis of the EU-GCC relations.

Nonneman's approach is a model, as is Youngs' approach, accommodating material interests as well as values, perceptions and cultural aspects of the policy-making system. Nonneman rejects the notion of a state as a monolithic actor and broadens the spectrum of other possible actors that might be involved beyond the ruling elite. In this sense he analyses the role of actors associated with the government, such as the administrative machinery and the state bureaucracy. There still is, therefore, a gap in the study of the role of non-state actors, such as business or educational communities. It is also important that he introduces the level of internal politics, which is associated with the decision-making system of foreign affairs. Even though the autocratic regimes of the Gulf are not accountable to their people and they enjoy relative domestic autonomy, the GCC states have to face the competition and dominant aspirations among themselves at the regional level and challenges from outside their region at the international level. Therefore, taking into consideration the ideas of 'autonomy'

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<sup>213</sup> *Ibid*, p. 16

and 'multi-dependence' can be extremely useful, especially in the case of a relationship between the EU and a regional emerging power, like the GCC. These two notions ('autonomy' and 'multi-dependence') can prove to be useful tools in exploring the way in which political conditionality is applied, especially in a case where symmetry of power becomes a fundamental characteristic of the relationship. Moreover, and as shown, the role of interests, perceptions and values of the GCC states themselves are as important as the norms and goals of the EU. On this basis, it will be enlightening to explore the dynamics and the weight of all these elements in the EU-GCC relationship. Although Nonneman sheds light on the interests and the norms of the Arab states and their partners and he offers a broad framework for explaining the way the GCC generally reacts on the foreign policies of third parties, including the EU, he does not explicitly refer to the issue of symmetry in the framework of this kind of relationship. Moreover, in the empirical chapter of the GCC foreign policy system by Abdulla Baabood it is argued that the "Gulf rulers [are] seeking protection from the most powerful external power while cultivating partially balancing relations with lesser, but still important, powers"<sup>214</sup>. However, a more systematic examination of this statement with reference to different case studies, testing different aspects of the EU-GCC relationship, is missing.

### Values and Self-images of the EU and the GCC states

The abovementioned approaches suggest that interests, values and self-images are the central elements of the inter-regional relations between the EU and the GCC states. The interests of the two parties were presented extensively in the introduction of this thesis, but the notions of values and self-images need a more precise definition and explanation.

According to the EU "normative power" argument, the value factors are well vested in the EFP, either as expressions of the EFP or in terms of self-image

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<sup>214</sup> Baabood, Abdulla 'Dynamics and Determinants of the GCC States. Foreign Policy, with Special Reference to the EU' in Nonneman, Gerd., *Analyzing Middle Eastern foreign policies : the relationship with Europe*, London, Frank Cass, 2004

(as explained in the previous chapter). In contrast to their European counterparts, which have been promoting democratic systems of rule internally and supranational cooperation at regional and global levels, the ruling elites of the Arab states have developed a normative position which makes them strive for independence from their people, their Arab neighbours and from global powers. Having as a primary goal to ensure internal stability and external security, the foreign policy of Middle Eastern countries is shaped based on the perceptions of their leaders regarding themselves as well as the perceptions of the dilemmas they face in the security realm at three levels; the national, the regional and the international<sup>215</sup>.

On the more specific case of the GCC states, Joseph Kostiner<sup>216</sup> further analyses these levels for which the Gulf ruling families seek autonomy. One of the most important challenges derives from the international level which is linked to the mutual resentment of Iran and the USA. On one hand, the GCC states need US security protection but on the other hand the more they rely on USA forces, the weaker they become in the face of Iranian accusations of cooperation with the USA, which can spark popular opposition among the Arab populations of the region. At a more regional level, the GCC states (and most commonly KSA and Qatar) aim to become brokers in regional conflicts including those that are intra-Arab. Within the context of Arabism, the GCC states are legitimate mediators and thus they can pursue two of their main interests. First, they aim at stability in the region which brings stability in their internal environment and second, they challenge the historical role of Syria and Egypt as frontrunners of pan-Arabism. However, this application of pan-Arabism aims at keeping regional players out of the internal issues of the GCC states, since it is based on an pan-Arabism which promotes simultaneously Arab cooperation and respect of national sovereignty. The third level of security perceptions is the

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<sup>215</sup> Nonneman, Gerd., *Analyzing Middle Eastern foreign policies : the relationship with Europe*, London, Frank Cass, 2004, pp. 8-10

<sup>216</sup> Kostiner, Joseph, 'The GCC States and the Security Challenges of the Twenty-First Century', *Mideast Security and Policy Studies*, No. 86, The Begin-Sadat Center for Strategic Studies, Bar-Ilan University, Ramat Gan, September 2010

intra-GCC. The small states are wary of the dominant role of the KSA. Because of this, they have not allowed the creation of a joint military force or a joint military pact, other than the weak and decentralised Peninsula Shield, the military arm of the GCC which has been silent for most of the part of the life of the GCC. As it is becoming obvious, beyond hard security issues related to the perceptions of the GCC elites, there is also a very significant ideological and (self) perception aspect in this three-level context. It can be argued that due to this bipolar hostile relationship of Iran and the USA (especially during the presidency of George Bush and the very religious driven language used in the US foreign policy) the GCC states had to highlight their Islamic roots and defend their Islamic culture, despite the fact that they are still dependent on USA hard security capabilities. Furthermore, the “democratisation” of the Middle East added to the perceived threats against the unelected ruling families of the GCC states<sup>217</sup>. As a result the Gulf rulers had adopted more conservative approaches regarding the public – political domain, despite some window dressing announcement for reforms for which nevertheless reminded others of the cultural and religious differentiation of the Gulf region, compared to the West. At the same time the rulers have made the distinction between the Sunni majorities and the Shia minorities, which are most of the time absent from the national narratives of the GCC states but that gained global attention because of the “Shia Crescent” of the 2000s. The fears about the ideological influence of the Islamic Republic of Iran and the minority issue have become prominent in the perceptions of the GCC rulers and as such they both feed the desire of the royal families to promote the dual identity of the GCC societies in terms of Islamism and Arabism. Moreover, the mediating role of the GCC states also aims at tackling another double ideological challenge; from the traditional pan-Arab states which were socially radical and revisionist and more recently from the transnational ideological movements of conservative Islam which also aim at transforming the political and societal systems in the Middle East. In the name

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<sup>217</sup> Ulrichsen, Kristian Coates, 'Internal and External Security in the Arab Gulf States', Middle East Policy, Volume 16, Issue 2, pages 39–58, Summer 2009, p. 40

of pan-Arabism the GCC states consolidate their regional status with the use of diplomacy, ideology and even with the allocation of funds to various actors in the region<sup>218</sup>. These multiple identities and affiliations are therefore interwoven and they become an integral part of the national and regional value systems of the GCC states because of the significance they carry for the security of these states.

This need of the GCC rulers for independence has also shaped their approach in the engagement with the international community during the last two decades. During this time, the main challenge and opportunity for the GCC states was to deal with globalisation. Mahmood Sariolghalam claims that globalisation can be distinguished between the economic and the political – cultural aspects. In terms of economy, he argues, the Middle Eastern states face no difficulty to engage with the international economy, even in the doctrines of the most conservative approaches of the political and religious leaders. This has been proven true, even in the case of parties of political Islam, where culturally conservative parties are in favour of neoliberal economic policies. However, when it comes to the political and cultural aspects of globalisation, there is resistance due to the fact that “values do matter in security and political cooperation in the Middle East”<sup>219</sup>. According to Sariolghalam this is the main differentiation between the western understanding of globalisation, where economics, culture and politics are packaged because of the “philosophical rationality” behind the western meaning of globalisation compared to the “instrumental rationality” of economic globalisation which the leaders in the Middle East have applied<sup>220</sup>, while avoiding cultural globalisation<sup>221</sup>. This is happening for two reasons. First, the cultural identity of the Middle Easterners is highly influenced by Islam which is a politicised religion and as such it shapes the notions of individuals, states and social interactions in a way which is

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<sup>218</sup> Gause III, Gregory, “Saudi Arabia’s Regional Security Strategy,” in Mehran Kamrava (ed.), *International Politics of the Persian Gulf*, Syracuse University Press, 2011

<sup>219</sup> Sariolghalam, Mahmood, ‘Globalisation and Identity: Conceptual Paradoxes in the Middle East’, *Geopolitics Quarterly*, Volume 7, No. 4, Winter 2011, pp. 5-23, p. 6

<sup>220</sup> *Ibid*, p.8

<sup>221</sup> *Ibid*, p.9

significantly different from the one in the western world. Second, there are different expectations and perceptions because of these two different approaches of globalisation; the philosophical and the instrumentalist. Thus, whilst the EU treats globalisation and global governance as a way of making concessions related to the relinquishment of nation-state sovereignty, in the case of the GCC states, globalisation does not entail these characteristics, since there is a clear distinction between the economic and the political/cultural aspects of globalisation. The GCC have engaged with the first aspect but not the latter<sup>222</sup>. In this approach, the GCC states seek to establish international cooperation with Asian markets and states in order to prove their readiness to engage with the international system of governance, but at the same time to control the direction that the deepening of international cooperation is taking<sup>223</sup>.

Even though the abovementioned approach can be criticised as being an attempt to explain (or even justify) the lack of more liberal social and cultural approaches from the elites, it does provide an interesting departure point for understanding the struggle for independence in the Gulf region. In order to achieve national and regional independence, the Gulf leaders apply a top down approach for a national and regional identity building process, which is composed of Arabic norms and Islamic values. The national narratives are rewritten and reinforced because of the “existential fears”, as Neil Patrick calls them<sup>224</sup>, of the ruling families, both in tackling first the internal socio-economic challenges of (i) a booming youth population and the subsequent youth unemployment and (ii) the sectarian minorities within the states and second the external threats, both in terms of movements of (radical) political Islam, anti-American Arabism and the hegemonic aspirations of Iran. These new identities serve as defence mechanisms and as a source of legitimacy for the ruling elites in the GCC.

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<sup>222</sup> Ulrichsen, Kristian Coates, 'Repositioning the GCC States in the Changing Global Order', *Journal of Arabian Studies: Arabia, the Gulf, and the Red Sea*, 1:2, pp.231-247, Routledge, London, p. 239

<sup>223</sup> Janardhan, N., "China, India, and the Persian Gulf: Converging Interests?," in Mehran Kamrava (ed.), *International Politics of the Persian Gulf*, Syracuse University Press, 2011

<sup>224</sup> Partrick, Neil, 'Nationalism in the Gulf States', Research Paper, *Kuwait Programme on Development, Governance and Globalisation in the Gulf States*, London, 2009, p. 34

Consequently, when the EU (and the western world more generally) promotes globalisation and global governance, based on its own norms and values, the GCC states are finding new partners which reconfirm their own path to globalisation and accommodate their own perceptions about their rising role in world economy and politics. More specifically, the EU perceives itself as a civilian and normative actor which has built its own destiny of prosperity and security because of its own (universal) norms and values and wants to export this to the outside world. It pushes for its normative agenda on a civilian basis, by becoming a major global aid donor and it has called for the EU and its member states to take advantage of that in order to promote reforms through trade and development policies and by adding conditionality clauses to the aid provided, either as funds or as assistance programmes which need to be strategically aligned with the goals of the Union. Moreover, the EU sees itself as a leader for the “renewal of the multilateral order”<sup>225</sup>, with the assistance of its partners around the world. At the same time it recognises the fact that sustainable solutions call for the engagement of “all regional players with a common stake in peace. Sovereign governments must take responsibility for the consequences of their actions and hold a shared responsibility”<sup>226</sup> to tackle common challenges and threats which have become “complex and interconnected”<sup>227</sup> due to globalisation. In a comment that it is highly significant when dealing with the GCC states, which have developed a mentality of safeguarding their sovereignty, the EU deems that “sovereignty entails responsibility”<sup>228</sup> because issues of human security and state security are trans-boundary. The GCC are becoming “visible global actors” and attempt to develop deeper economic cooperation with the rest of the emerging powers with whom they share economic interests, but most importantly, similar perceptions about the shift of global economic weight from the West to the East. The GCC states

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<sup>225</sup> Council of the European Union, *Report on the Implementation of the European Security Strategy*, S407/08, Brussels, 11 December 2008. Retrieved from: [http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressdata/EN/reports/104630.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/EN/reports/104630.pdf) (Last accessed: 04 March 2013), p. 2

<sup>226</sup> *Ibid*

<sup>227</sup> *Ibid*, p. 1

<sup>228</sup> *Ibid*, p. 12

look with admiration at the Asian development model which is strictly economic driven without any political conditionality or any associated necessity for significant political reforms. Regarding the global political and economic system, the GCC states and Asia, unlike the West, are reformist actors. They are more eager to assume a greater role, receive recognition and thus achieve leverage at a global level<sup>229</sup>. The GCC states seek this enhanced role in international affairs, both in economics and in politics, as explicitly stated by their ruling elites, in many recent occasions in relation to the assistance provided for tackling the global financial crisis and for regulating global economic governance<sup>230</sup>. They have also reached certain levels of understanding with other emerging powers, mostly the BRICS, with which they are willing to jointly pursue structural reforms in the international regulatory system and the weight given to emerging powers in international governing bodies<sup>231</sup>.

In this context, it can be suggested that EU value-driven goals are contested and it is a great challenge for the Europeans to promote their values and norms in the Gulf region, to the extent that these are associated with cultural predispositions. This argument is central in the analysis of the EU-GCC relationship within the framework of a 'strategic partnership' that will follow in the forthcoming chapters.

## **Conclusions**

By using its civilian means, the EU has attempted to engage with the Middle Eastern states through multi-sectoral cooperation and by establishing regional projects in order to promote its values. The promotion of EU norms aimed, as officially declared, at the establishment of a secure and prosperous neighbourhood. Nevertheless, it has been argued that this normative language and the EU's value-dressed goals have been the result of strategic planning by

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<sup>229</sup> Ulrichsen, Kristian Coates, 'Repositioning the GCC States in the Changing Global Order', *Journal of Arabian Studies: Arabia, the Gulf, and the Red Sea*, 1:2, pp.231-247, Routledge, London, pp. 238-239

<sup>230</sup> *Ibid*, p. 123

<sup>231</sup> *Ibid*

the EU in order to advance its core economic and political interests. Furthermore the fact that the EU has applied civilian means, aiming at the gradual transformation of the internal (political and economic) structures of its Arab neighbours, as well as applying civilian instruments for conflict resolution has reproduced the EU self-image as a 'civilian' and 'normative power'. The EU has been seen, indeed, as a non-military actor by third parties leading to the reinforcement of this EU (self-)image to the extent that it affects the EFP making system. However, the 'civilian' and 'normative' power arguments have also received criticism, to the extent that the EU has been taking advantage of its (economic and political) superiority over its Arab neighbours in the Mediterranean Sea in order to export its norms, values and interests creating frustration among the Arab Mediterranean countries. The lack of this kind of primacy over its partners in the Gulf region is a fundamental difference for the EFP, which this thesis will address.

Regarding the existing work on the EU-GCC relationship, in the most prominent work in this area, Youngs and Nonneman agree on the interaction of interests, norms, values, and perceptions and images in the shaping of EU foreign policy and that of GCC states. Youngs suggests that the values are strategically calculated so that they correspond to the interests of the EU and its member states, showing low levels of willingness in pushing for political conditionality or consuming political capital in order to promote the EU's values in the Gulf region. To the extent that the EU exports its values, it does so at a gradual pace and by long-term engagement with various actors of the GCC states. Nonneman argues that the security related interests of the GCC states are tightly linked to the perceptions the Gulf rulers have developed for themselves and their three environments. Therefore they are more pragmatic in their foreign policy making system rather than ideological. The value system they have developed on the basis of the culture of 'autonomy' is the result of their interests and perceptions. Having in mind the different context in which the EFP has been shaped and applied in relation to the Mediterranean Basin and the Arabian Peninsula, understanding the coexistence of values, interests and perceptions,

as suggested by Youngs and Nonneman, becomes even more imperative to the analysis of the EU-GCC relationship, since the Gulf leaders have the economic and political power (especially in the 2000s) to negotiate effectively these elements with the EU. Since 'autonomy' and 'multidependence' are core notions at the centre of the GCC foreign policy making system, this thesis will need to deal with the question of how the EU-GCC relationship has addressed these and to what extent EU values and interests are compatible with this sense of 'autonomy'. Are the concerns, needs and expectations of the GCC states accommodated in the EU's strategic calculation of values and interests?

Moreover, the role of 'political conditionality' has been deemed, by Youngs, to be weak and for this reason different EFP approaches should be explored for promoting the EU's values and interests in a way that will not undermine its (self-)image. Youngs analysed the relationship from bottom up and top down approaches before he concluded that in this case, it was top down. However, he opened a window for research regarding the role of actors in layers other than those of elites. Similarly, Nonneman introduced the role of different actors, rejecting the monolithic character of the state. However, they both focus on the role of actors which are directly related to the state. Nevertheless, as there is growing interdependency between the EU and the GCC states at economic and technical levels, at transnational, bilateral and bi-regional levels, it would be fruitful to explore the role of non state actors, next to those that are state related, within the various environments of the GCC states.

In addition, the level of symmetry not only reflects on the bi-regional relationship but also on the role of parties within the broader international context. Thus, it becomes even more essential that this thesis address the relationship within all the environments (or levels of interactions); bilateral, bi-regional and international, in order to capture more efficiently the essence of the notions of 'symmetry', 'autonomy' and 'multi-dependence'

Furthermore, neither Youngs nor Nonneman assess the EU-GCC relationship on cases other than political reforms, and most importantly they do not place the

bi-regional interactions within the framework of a symmetrical partnership, since they have as starting points the patterns of the unequal partnership plans that the EU has applied in different parts of the Middle East.

Therefore, the current level of interactions of the EU and the GCC states call for a broader, more comprehensive model of analysis which will build upon the special character of the EU and GCC relations, namely the symmetrical power balance. Having in mind Youngs' reference to the attempt of the EU to see this bi-regional cooperation through the lens of 'strategic partnership', this thesis shall apply the notion of 'strategic partnership', by incorporating the interests, values and perceptions of the two regions, in cases other than the promotion of human rights and democracy and by attempting to examine the role of various actors in all three environments: the national, the regional and the international. The next chapter shall provide an analysis of the notion of "strategic partnership" as a tool and a policy for EFP.

## THE EU AND ITS PARTNERS

### Introduction

The ambition of this thesis is to test the assumption that the EU-GCC relationship is evolving towards a strategic partnership, as the EU has called for partnership with the Mediterranean and the Middle East including the Gulf region<sup>232</sup>. In this context it is important to provide an outline of what 'strategic partnership' means in EFP studies and how it can be applied in our case studies. However, the theoretical debate about the EFP has been heavily influenced by the role of the EU in its neighbourhood, both in the east and in the south. Even when the EU was seen as a player in more remote regions, these usually involved the African, Caribbean and Pacific countries through the agreements of Cotonou and Lome, the ASEAN states and the countries of Mercosur in Latin America. During the last decade, however, new rising powers have gained significance in the world system creating new dynamics for international cooperation challenging the traditional pattern of EU relationships. The EU has to deal with the new world setting which challenges the primacy of the Western world in economics and politics, because of the role of China, Russia, India and the Gulf region in economic development, energy policies, global governance and security. The EU has acknowledged these challenges in the international setting. In the European Security Strategy it recognised itself as a 'credible and effective actor'<sup>233</sup> which can take advantage of new opportunities and tackle the new threats through international cooperation and more specifically, "through multilateral cooperation in international organisations and through **partnerships with key actors**"<sup>234</sup> or '**strategic partnerships**', the **latter term** evolving during the last decade.

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<sup>232</sup> European Council, 'EU Council report on 'EU Strategic Partnership for the Mediterranean and the Middle East', June 2004

<sup>233</sup> European Council, *A secure Europe in a better world - European security strategy*. 12 December 2003, Retrieved on 08 July 2010 from <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>, p.1

<sup>234</sup> *Ibid*, p. 13

Indeed, the term 'strategic partnership' appeared in EU documents for the first time in 1999, in the EU-Russia Common Strategy<sup>235</sup>. Since then, the term has been used quite extensively but in a very vague context having different meanings pertaining to the specific time and case it was used. It is striking that for eleven years the notion of 'strategic partnership' was a notion empty of any substance since the EU had not reached an understanding about the term itself. Even the recent debate among EU policymakers about the concept of 'strategic partnership' did not deliver a clear definition of this term. It is for this reason that the debate on the specific concept of strategic partnership and on the way the EU applies this foreign policy tool, is an ongoing process. The aim of this chapter is to build upon the current literature on the EU's strategic partnerships, incorporating the interesting material of the European Commission documents on 'strategic partners' and the latest reports prepared by the European External Action Service (EEAS) and presented by HR Ashton, in order to discuss the academic debate on this tool of EFP having in mind the perceptions of this notion by the EU policymakers themselves. Only after having a more comprehensive image of what 'strategic partnerships' are, will this thesis be able to provide a methodological plan for the exploration of EU-GCC relationship (which will follow in the next chapter).

This chapter, therefore, will show how the term has been developed over the last fifteen years, and it will present the new elements of 'strategic partnerships' compared to the most traditional tools of the EFP. Secondly by introducing the material that was produced by the EEAS during the intra-EU discussions in late 2010 and by evaluating the approaches of the current academic debate about this concept, the ambition of this chapter is to interweave the theoretical approaches and EU practitioner understandings of the notion of strategic partnership. In this regard, it will assess the elements, criteria and hierarchy of these partnerships in order to shed light on 'strategic partnership' as a foreign policy tool for the EU, for managing its relations with rising powers, but also as a

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<sup>235</sup> European Council, Common Strategy of the European Union of 4 June 1999 on Russia (1999/414/CFSP), Retrieved on 08 July 2010 from [http://trade.ec.europa.eu/doclib/docs/2003/november/tradoc\\_114137.pdf](http://trade.ec.europa.eu/doclib/docs/2003/november/tradoc_114137.pdf)

set of predefined actions for addressing its needs and concerns as well as for promoting its interests, values and self-images. Based on that, it will also provide a single definition of “strategic partnerships”, which will be used for exploring the development of the EU-GCC relationship towards a ‘strategic partnership’.

### **History of the ‘strategic partnership’ term**

#### **The birth of the term by the European Commission**

Even though the term ‘strategic partnership’ has been used widely in EU documents during the last few years and EU policymakers have referred to this term very frequently, it still remains very vague as to what a ‘strategic partnership’ actually means. The history of the development of ‘strategic partnerships’ can explain, in a way, the lack of a very specific concept, whilst at the same time it provides an outline of the EU aims and tools that are accommodated within this term.

Strategic partnerships emerged as a result of the Treaty of Amsterdam, according to which the objectives of the EFP could be pursued by *common strategies*, joint actions and common positions as well as by strengthening intra-EU cooperation in the conduct of foreign policy<sup>236</sup>. Even though common strategies were applied in relation to Russia, Ukraine and the Mediterranean, the EU abandoned this term soon after, and replaced it with ‘strategic partnerships’. Nevertheless it should be noted that it was within this framework and more specifically within the document ‘Common Strategy on Russia’ that the term ‘strategic partnership’ was born.

Indeed, the EU’s Common Strategy on Russia (1999) explicitly referred to the goal of strengthening the strategic partnership between the EU and Russia.

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<sup>236</sup> European Union, *Treaty of Amsterdam amending the Treaty on European Union, the Treaties establishing the European Communities and related acts*, 10 November 1997, Retrieved on 08 July 2011 from <http://www.europarl.europa.eu/topics/treaty/pdf/amst-en.pdf>

*The European Council therefore adopts this Common Strategy to strengthen the strategic partnership between the Union and Russia at the dawn of a new century*<sup>237</sup>.

A few months later in the EU's Common Strategy on Ukraine (1999), European policymakers stated:

*The strategic partnership between the European Union (EU) and Ukraine, based on shared values and common interests, is a vital factor enhancing peace, stability and prosperity in Europe*<sup>238</sup>.

Even though the two documents referred for the first time to the term of 'strategic partnership', they did not provide any specific definition of this notion. Nevertheless in the case of Russia, it was unambiguously stated that this is a "relationship, based on shared democratic values [which] will help Russia to assert its European identity". The EU has the strategic goals of cooperating with a "stable, open and pluralistic democracy in Russia" for "promoting global security and responding to the common challenges of the continent through intensified cooperation with Russia". It also aimed at providing the necessary cooperation so that Russia could integrate socially and economically with Europe, which was in need of Russian energy sources. In the case of the relationship with Ukraine the main pillars of this partnership were (i) the democratisation process of Ukraine and the economic reforms of the country towards a more open -regionally and globally integrated- economy, (ii) the country's role in the stability of its neighbourhood and (iii) Ukraine's orientation of foreign policy towards a pro-EU stance. Therefore, according to the two abovementioned documents the relationships of 'strategic partnerships' were based on common interests, mainly economic and in security, as well as on the values and (self-)images the EU was promoting. Therefore, the first two documents on 'strategic partnerships' were revealed an attempt by the EU to

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<sup>237</sup> European Council, Common Strategy of the European Union of 4 June 1999 on Russia (1999/414/CFSP), Retrieved on 08 July 2010 from [http://trade.ec.europa.eu/doclib/docs/2003/november/tradoc\\_114137.pdf](http://trade.ec.europa.eu/doclib/docs/2003/november/tradoc_114137.pdf)

<sup>238</sup> European Council, 'Common Strategy of 11 December 1999 on Ukraine' (CFSP/877/1999), Retrieved on 08 July 2010 from <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:1999:331:SOM:en:HTML>

deal with two major EU neighbours by exporting its values and securing its interests in the EU's immediate external environment. The EU was aimed at shaping the external and internal policies of these two countries (through reforms and identity building processes) in a way that Russia and Ukraine were integrated in the broader economic and geopolitical environment of Europe, as envisaged by the EU. This approach reflects the way the EU imagines itself and its neighbouring countries in the European continent. The EU becomes the model to be followed for the sake of development and security. The EFP was so confident in providing assistance in this direction, to the extent that it was ready to "help Russia to assert its European identity". Of course, this identity was made of up of the EU's values..

### **The first documents on 'strategic partnerships'**

In a more comprehensive way, the EU addressed the issue of 'strategic partnerships' in 2003, within the document 'A secure Europe in a better world - the European Security Strategy' (ESS)<sup>239</sup>. After it described the key threats for the security of the EU, the document outlines the strategic objectives of the Union, which consist of tackling global threats and challenges through multilateral cooperation in international organisations and through partnerships with key actors. NATO, the USA and Russia were named as strategic partners of the EU, while the strategy paper called for developing strategic partnerships with "Japan, China, Canada and India as well as with all those who share our goals and values, and are prepared to act in their support."<sup>240</sup> The ESS linked the common threats and challenges with the necessity of international cooperation and coordination with strategic partners. Thus, the rationale behind the 'strategic partnerships' was the need of the EU to engage with third parties in order to tackle common challenges, either bilaterally or multilaterally. In this

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<sup>239</sup> European Council, *A secure Europe in a better world - European security strategy*. 12 December 2003, Retrieved on 08 July 2010 from <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>, p.1

<sup>240</sup> *Ibid*, p14

case the framework of ‘strategic partnerships’ appeared to be a tool of the EU to pursue its strategic interests.

After the EU identified the goal of forming strategic partnerships with key actors in order to face the challenges at an international level, the European Commission presented Communications for strategic partnerships with China (2003)<sup>241</sup>, India (2004)<sup>242</sup>, South Africa (2006)<sup>243</sup>, Brazil (2007)<sup>244</sup> and Mexico (2008)<sup>245</sup>. In December 2003 the European Council also adopted the “Strengthening the EU's Partnership with the Arab World”<sup>246</sup> document, which describes a way of strengthening relations with the countries of the Middle East and for promoting the strategic goals of the EU in the Mediterranean basin and the Gulf region.

A brief review of these documents reveals the rationale and the common components of this new foreign policy tool. This was a *single and coherent framework* (Brazil, South Africa) through which, the EU was going to “*clearly and jointly define objectives*” (South Africa) as well as formulate policies in a “*coordinated*” manner (Brazil). The selection of ‘strategic partners’ was made based on their “*increasingly*” important role in the economic and political system at a global level or because of the potential they have at the global level doubled by their key role in regional politics. China was described as “an increasingly energetic player in world affairs” while India was identified as “an increasingly important international player and regional power”. Brazil was seen as “central to the success of the EU-Mercosur negotiations, an EU strategic objective”<sup>247</sup> and “a pillar of South American stability”<sup>248</sup>. South Africa and Mexico were also described as *key regional actors with important roles at the international level*. The ‘strategic partnerships’ aimed at enhancing the

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<sup>241</sup> European Commission, ‘A maturing partnership: shared interest and challenges in EU-China relations’ (COM 533), 2003

<sup>242</sup> European Commission, ‘An EU-India strategic partnership’ (COM 430), 2004

<sup>243</sup> European Commission, ‘Towards an EU-South Africa strategic partnership’ (COM 347), 2006

<sup>244</sup> European Commission, ‘Towards an EU-Brazil Strategic Partnership’ (COM 281), 2007

<sup>245</sup> European Commission, ‘Towards an EU-Mexico Strategic Partnership’ (COM 447), 2008

<sup>246</sup> European Commission, ‘Strengthening the EU's Partnership with the Arab World’ (D 2003 10318), 2003.

<sup>247</sup> European Commission, ‘Towards an EU-Brazil Strategic Partnership’ (COM 281), 2007, p. 2

<sup>248</sup> *Ibid*, p. 8

cooperation of the EU and its partners at all three levels, bilateral, bi-regional and multilateral, in order to promote EU interests, values and its (self-)image. Furthermore, a process of institutionalisation was introduced in these partnerships since various bodies were established in order to promote cooperation. In the case of China, “all relevant players on both sides” were invited to participate in intensified sectional dialogues, as were those of South Africa and Brazil. In the case of India a Joint Action Plan<sup>249</sup> was introduced in order to engage civil societies and business communities in a wide range of fields, while the EU-Mexico Joint Executive Plan<sup>250</sup> included an EU-Mexico Summit, a Joint Council, a Joint Committee, a Civil Society Dialogue Forum, a Joint Parliamentary Commission, next to sectional dialogue committees for Political Dialogue, Education, Science and Technology, Social Cohesion and Environment and of course the regular consultation meetings taking place at international organisations. Parallel procedures for Free Trade Agreements were also initiated.

Despite the fact the EU was ready to accept, in its official narrative, that these partnerships were “enduring and mutually beneficial relationship[s] of equals” (China) and based on “mutual respect”<sup>251</sup> between equal partners<sup>252</sup> (India), the EU was still projecting itself as the provider of the necessary assistance to these countries, in order for them to become an integral part of the world system. In this process the EU was promoting its values and norms as if they were universal, advocating multilateral global governance in which all major players assumed equal responsibility and of course, it aimed at advancing its economic interests. The EU committed itself in providing assistance to China’s “transition to a stable, prosperous and open country that fully embraces democracy, free market principles and the rule of law” and in “actively support[ing] China’s emergence as a successful and responsible member of the international

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<sup>249</sup> European Council, ‘The India - EU Strategic Partnership Joint Action Plan’ 11984/05, 7 September 2005, Brussels

<sup>250</sup> Council for the European Union, *Mexico-European Union Strategic Partnership, Joint Executive Plan*, Comillas, 16 May 2010

<sup>251</sup> European Commission, ‘An EU-India strategic partnership’ (COM 430), 2004

<sup>252</sup> European Council, ‘The India - EU Strategic Partnership Joint Action Plan’ 11984/05, 7 September 2005, Brussels

community”<sup>253</sup>. In addition, the EU-India partnership documents provided an explicit list of reforms requested by the EU confirming the EU’s willingness to provide the necessary technical assistance for these to materialise. In the case of South Africa, it was suggested that the integration process of the EU could become a model for the national policies of South Africa in creating a more cohesive institutional and social framework and tackling the challenges of imbalances in the country. In all the documents of EU’s ‘strategic partnerships’, there were references to the need for the respect of democratic values, protection of human rights, and abolition of protectionism in favour of open market policies and good governance that would advance trade volumes. Even in the case of China, which has been the most powerful of these partners and the most different one in terms of political, economic and social organisation, the European Council did not fail to mention again the need for respect of human rights by the Chinese government, as well as the support for economic – trade cooperation “on the basis of open markets, fair competition and compliance with rules”. At the regional level, the EU-Mexico Joint Executive Plan reads that the EU “has important experience on institutional and capacity enhancement” and it is ready to share this “wealth of experience, especially in creating and implementing regional strategies”<sup>254</sup>, reaffirming the behaviour of the EU, which had been acting as the exporter of technical assistance as well as of norms and values. This interest of the EU to assist and promote regional approaches and projects, is repeated in the documents referring to ‘strategic partnerships’ with India, Brazil and South Africa. This inter-regional approach of the EFP corresponds to the normative agenda of the EU, to encourage supranational governance as a tool for development and stability, as well as its interests to support the creation and development of other regional organisations which will reflect its own structure and role, in a way that the EU’s presence and actorness in world politics is reinforced. In addition the EU, through these partnerships, is using civilian means in order to engage its partners in the promotion of its norms

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<sup>253</sup> European Council, ‘External Relations Conclusions’, 11-12 December 2006, paragraph 2

<sup>254</sup> Council for the European Union, *Mexico-European Union Strategic Partnership, Joint Executive Plan*, Comillas, 16 May 2010, p.32

at the international level. The EU has been willing, as seen, to assist the integration of its partners in the global system but in doing so it promotes a global, cosmopolitan system of law, which all the members of the international community should respect. Thus, the EU emphasises the component of “*shared responsibility*” in joint actions at a multilateral level, both in terms of global cooperation but also within their own regions. Therefore, the EU’s partners would need to adhere to these rules, assume their responsibilities as regional and international powers and jointly tackle challenges in regional and world security, in human security and in development.

Despite the long list of new (to-become) strategic partners, the Communications did not provide any clear definition of ‘strategic partnership’ or any solid explanation on how the strategic partners are selected. The 2008 report for the implementation of the ESS<sup>255</sup> only added more confusion to the issue. Beyond the fact that once again an EU document was referring to strategic partnership without any specific definition of the concept, this time the report was surprisingly naming Norway and Switzerland as EU partners, without any further explanation. In the whole document, the EU-NATO relationship was the only one clearly defined as a strategic partnership.

### Strategic Partnerships in the European External Action Service

Even in the Lisbon Treaty, the concept of strategic partnership is extremely vague. The treaty has not been of any help in understanding the rationale and the criteria for this foreign policy tool. On the contrary, the Lisbon Treaty urged the EU to seek "partnerships with third countries and international, regional and global organisations which share the principles of democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect

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<sup>255</sup> European Council, ‘Report on implementation of the European Security Strategy - Providing security in a changing world’ (S407/08), 2008

for the principles of the United Nations Charter and international law"<sup>256</sup>. Having in mind the 'strategic partners' already listed in this brief review, it is not very easy to understand how all of them match with these criteria.. Nevertheless, it is self-evident from the abovementioned description that the normative language prevails.

It was only in 2010, following the implementation of the Lisbon Treaty, that high-level EU policymakers engaged seriously with the need to define 'strategic partnerships' and to name the 'strategic partners'. From the early months of assuming his post, the first permanent President of the European Council, Herman Van Rompuy, emphasised the need for strategic planning and for engaging with 'key partners', namely the United States, Canada, Russia, China, Japan, India, Brazil according to a speech he gave in the College of Europe in Belgium in February 2010<sup>257</sup>.

*We have developed European instruments for real foreign policy. For instruments to work optimally, one needs to link them to a common strategic vision. Where do we go? Who are our partners? Where do we want to be in ten or twenty years' time ahead?*<sup>258</sup>

In September 2010, after the invitation of both Herman van Rompuy and the High Representative (HR) of the Union for Foreign Affairs and Security Policy and the Vice President of the Commission, Catherine Aston, the European Council in the formation of the Heads of State or Government and the Gymnich meeting discussed, for the first time, the concept of 'strategic partnerships'. Moreover, HR Ashton provided a presentation<sup>259</sup> in which she named the 'strategic partners' (Russia, US, Japan, Canada, China, India, South Africa, Brazil, Mexico). In a positive development towards clarifying who the EU truly

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<sup>256</sup> European Union, 'Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon', 13 December 2007, Article 10 subparagraphs 1 and 2

<sup>257</sup> Van Rompuy, Herman, 'The challenges for Europe in a changing world'. Speech at the College of Europe, Bruges, 25 February 2010, Retrieved 31 January 2011 from

[http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/113067.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/113067.pdf).

<sup>258</sup> *Ibid.*

<sup>259</sup> See Annex 01

considers as strategic partners, this was the first time EU had provided such a list.

In December 2010, HR Ashton presented her intermediate progress reports on the EU-USA<sup>260</sup>, EU-China<sup>261</sup> and EU-Russia<sup>262</sup> strategic partnerships. These reports provide the different rationales behind each partnership and at the same time the common elements of EU approaches and expectations. Nevertheless, while these reports provide useful material for the analysis of the term and EU approaches, they do not respond to the existing gap in the definition of the concept of 'strategic partnerships'.

#### The 'European External Action Service unpacks strategic partnerships'

During the discussion on 'strategic partners' in the Gymnich meeting of September 2010, HR Ashton described as strategic partners those countries or organisations which "have the ability to influence, either negatively or positively, the lives of the Europeans, in politics and economy, as well as in other important fields". Even though this is a very vague and actually problematic definition, as many organisations (even multinational private firms) can influence either way the daily life of Europe, she went on to set further criteria for 'strategic partners'<sup>263</sup>.

In the slideshow that the EEAS presented during the Gymnich meeting, foreign policy and security, economic relations and global challenges were the three areas which were prioritised in order to identify strategic partners. There was also a reminder that according to the Lisbon Treaty, the EFP should take into consideration the need for a long term and comprehensive approach, move from position to strategy and conduct foreign policy in a way that 'economics meet politics'. Furthermore, working on the examples of China and India, the EEAS unpacked EU strategy setting the following goals. The EU should work in

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<sup>260</sup> See Annex 02

<sup>261</sup> See Annex 03

<sup>262</sup> See Annex 04

<sup>263</sup> See Annex 01

a way that brings economics and politics together and thus develop a more complex network of interactions and interests. Thus, the EU should aim at strengthening its economic links through FTA agreements, and become partner with third parties on security challenges, either at a global level (China) or by starting within the region (India). It should aim to have a single voice in relation to partners and make the best use of tools in engaging with them. In addition the EU should be more result-oriented and look into ways of influencing its interlocutor with overall leverage and trade-offs, achieving real progress not only on economics and security but also on promoting rule of law and human rights.

The reports that the EEAS provided to the member states in December 2010 reflected the major points that were described in the previous paragraph. However, the emphasis and the role of these elements have been different in each case and the articulation of their importance was also diverse in the reports. Having in mind that these reports have not been made public by the EU and they are introduced in the debate by this thesis, it is deemed that brief analyses of the reports on the 'strategic partnerships' with USA, Russia and China are important, in order to highlight the way EU policymakers of the EEAS understand and apply this tool.

### *EU-USA partnership*

The EU-USA partnership is based on a long and familiar list of shared interests and values, but the two partners need to work further on transforming their common objectives in economics and global security into a shared agenda and shared commitments. The shared values serve as the basis for the relationship but due to this convergence on values, there is no need for them to be explicitly referred to in a lengthy way. On the contrary, "economics remains at the heart of the relationship". Beyond commercial interests, the shared EU-US agenda consists of global challenges, the need for development and crisis management, tackling counter-terrorism and organised crime, working on their respective energy security and enhancing cyber security.

In addition, it should be underlined that this relationship does not only aim at adding to the bilateral level of relations but most importantly it aims at articulating common approaches in regional policies and coordinating actions at the international level. Therefore, “the partnership has to go global if it is to be relevant and effective”. The EU aims at a strong and capable EU in the world system in order to achieve prosperity and security in its region and to enable itself to address global challenges. The US, in this respect, will continue to have an interest in a strong and capable EU.

Regarding the available tools for this ‘strategic partnership’, the document calls the EU to strengthen its engagement with the USA beyond the federal government by maximising the potential of relations between USA constituencies and institutions within the EU, adding a strong legislative component in the overall strategy. In any case, the EU should underline the strategic character of the partnership. It should deal with summits in a more strategic manner. Beyond the Ministerial Political Dialogues, communication should be pursued at working-level contacts as well in order to maximise the informal nature and result-oriented character of the relationship. It should also aim at coordinating bilateral relationships after the EU identifies the core priorities and its strengths and defines the possible trade-offs by linking different issues.

Although this is a brief and quite vague description of the EU-US ‘strategic partnership’, the fact that this relationship is “very natural” is indeed widely spread in the way the EU approaches its transatlantic partner in this document. Beyond the repetition about shared culture and history, it does not create any impression of competition between the two partners. On the contrary, the EU policymakers felt the need to clarify that in spite of how close the EU and the US views are, the EU needs “an independent approach, rather than assuming an EU-US consensus”. In the economic field the EU identifies itself in the same camp as the US and in contrast to the emerging economic powers. It is for this reason they need to work closer together in order to “fight protectionism, boost world trade and support structural and financial market reform”.

### *EU- Russia partnership*

This partnership matters enormously to the EU, but there is a great deal of untapped potential. The EU and Russia share common challenges regarding security in their common neighbourhood and they have common interests in the economic development of the continent. Thus, strong cooperation for promoting bilateral relations in security and economics as well as international coordination for global challenges is needed. The EU's overarching objective is to promote Russia's full integration into international rules-based political and economic structures (WTO, energy security principles and security mechanisms). Russia needs EU support for its own modernisation needs, its economic integration with the EU market, and wants to become part of the common Eurasian security space, thus developing a dynamic relationship in relation to the US and China. It is already clear that the political and economic reforms of Russia are dealt from different points of view. Russia seeks modernisation and investments to support this process, while the EU underlines the need for Russia to "create attractive conditions" with transparency, liberalisation of market access in order to support Russia's *integration* into the international rules-based system. Thus, the EU attempts to export its own model and to promote its own norms and interests, through reforms and multilateral engagement..

Therefore, according to EEAS, what is needed is a more joined-up agenda, against the narrow compartmentalised approach in certain fields, which exists today. It is suggested that the post-Lisbon EU institutions allow a more strategic approach for the EU-Russia 'strategic partnership', by "identifying, agreeing and then respecting common positions". In terms of institutions, the relationship is well developed but an overall goal should be to try to move away from over-formalised, highly scripted meeting formats to more flexible, efficient, result-oriented and focused ones. This framework also lacks problem-solving capacity.

In order for this relationship to become more effective, consistency needs to be strengthened in two dimensions: First, between the EU and its member states and second across the various strands of EU policies, against perceptions of internal contradictions. This is the way the EU can become more strategic regarding its partnership with Russia.

It is interesting to note that regarding EU values, these are indeed mentioned but to a significantly shorter extent compared to common interests. Nevertheless, it can be argued that the fact visa liberalisation (which is Russia's priority) "naturally ties in with [...] the effectiveness of the rule of law and the protection of human rights across Russia" is an obvious attempt to link concessions (of high priority) with political conditionality. The term "democracy" is not mentioned even once in this document, but there is a reminder that Russia can be "a reliable and responsible partner on the basis of the respect for the fundamental values that Russia has subscribed to as a member of the UN, the Council of Europe and the OSCE".

### *EU – China partnership*

The EU – China partnership is a mutually essential relationship for both partners to reach sustainable prosperity, despite the differences in political culture, political system and level of participation at international organisations. The EU stresses, however, the fact that this partnership entails duties as well and the fact that thus far the existing relations of the two parties falls short of its potential. The EU identifies that in major international issues China and the EU have reached common understanding and in some cases, this was transformed into concrete action (China's participation in the ATALANTA operation against piracy). However, as the EEAS points out, the EU prioritises "inalienable and universal human rights" while China is not as ready as the EU to sacrifice trade and energy access in order to promote common interests in third countries and it prioritises development and stability instead of the values emphasised by the EU. However, the fact that the EU has presented the need for "free and fair

access to global markets” first in the list of its interests in this relationship can be associated with the economic-driven agenda of the Union, especially if we recall the criticism of scholars that democratic values and the human rights are strategically articulated in a way to promote business oriented goals. Indeed, the first short term priority is focusing on the “most developed area and strong basis” of the EU-China relationship, that of trade. Further progress in this field could be achieved by “improving market access and investment conditions” and by “business to business integration”. Under the trade chapter the EU and China have also included issues which could fall under a more normative agenda for the EFP, that of climate change and energy, as well as the social challenges raised by massive urbanisation in China. There is also a section devoted to the rule of law, human rights, civil society and migration. Therefore, at a theoretical level at least, economic interests and values co-exist within this framework. Moreover, key security issues are addressed at regional and international level, with a special focus on Africa where China has focused a great volume of its interest in foreign policy. In this ‘strategic partnership’, multilateralism appears to be both a goal and a tool. On the one hand, multilateralism is a tool for engaging China in the field of human rights and world economic reforms, whilst on the other hand multilateralism and more specifically “rules-based global governance” are part of the defined EFP objectives within this relationship. Lastly, mutual understanding is considered to be a priority in order to correct distorted perceptions of each other, at political and public level.

However, despite the positive language used in this document and the attempt to avoid stressing the strategic competition that may exist between the EU and China (politically and commercially), it is indeed acknowledged that the EU-China relationship is “often dominated by periodic tension over trade and economic issues”, different approaches on security issues and also “divergences concerning different concepts of governance and human rights”.

Therefore, this is a relationship which is shaped by common interests, which are not always transformed into common actions, but there are cases in which different approaches may create the impression of tensions between the two

partners. In terms of values, there is a lack of mutual understanding, but the EU insists on bringing human rights, democracy and good governance into the dialogue. In order to achieve this, the EU is applying both bilateral instruments (bilateral dialogues) as well as a multilateral approach. For example, the term “rules-based global governance” which is used in this document twice, highlights the agreement of the partners to pursue reforms of international organisations and the global economic system, but simultaneously leaves space for interpretation of the more specific positions of the two sides. Thus, it can be argued that this relationship, which is described as a necessary one so that the two parties can maintain prosperity and security, sets the framework for the inclusion of interests, values and for setting the basis for mutual understanding and aims at creating strategic patience (against any divergences), strategic trust (for transparency and for respecting each other key interests) and strategic interdependence (by learning to accept each other as indispensable).

Moreover, what is important to note is the “architecture of the relationship”, which is defined in a more obvious way than in past cases: It entails high level dialogues, common guidelines at EU level for dealing with China, sectoral dialogues and working groups, the conclusion of the Partnership and Cooperation Agreement, the more strategic use of cooperation instruments, and public diplomacy. Beyond the EU-China level approach this partnership could be developed at bilateral level between China and single member states as well as at regional and multilateral level.

### **The new elements of the ‘strategic partnerships’ in the EFP**

It is already obvious from the abovementioned descriptions of ‘strategic partnerships’ as presented in the EEAS documents, that there are important differences in the elements of these kind of relationships of the EU with third parties, compared to the more traditional cooperation and partnership agreements of the EFP, namely the ACP-EU agreement, the European

Neighbourhood Policy (ENP) and the EuroMediterranean Partnership/ Union for the Mediterranean (EuroMed / UfM).

First of all, there is a structural difference, which is undeniably the more *symmetrical balance* of power between Europe and the new rising powers which is determined by economic and political cooperation and competition simultaneously. As presented in detail in the last two chapters, the EU is taking advantage of its allure, and uses its economic weight in a strategic manner, promoting its economic and political interests as well as its norms in its external environment<sup>264</sup>. Its policies are articulated based on the perceptions of itself and the outsiders and they are applied either bilaterally or multilaterally by the use of political conditionality<sup>265</sup> and the instrumental application of multilateralism. Consequently, the EU acts as the dominant party of the relationship and the conclusion of international agreements<sup>266</sup> are mainly driven by the EU's interests and values<sup>267</sup> as well as perception rather than on the basis of the equal contribution of all parties in the shaping of the agreements.

In the case of the rising powers, there is *an interdependency factor* which is crucial to the way EU and the third parties negotiate and perceive each other.

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<sup>264</sup> Holden, Patrick, 'The European Community's MEDA Aid Programme: A Strategic Instrument of Civilian Power?', *European Foreign Affairs Review*, Volume 8, Issue 3, 2003, pp 347-363; Keukeleire, Stephan and MacNaughtan, Jennifer, *The foreign policy of the EU*, New York, Palgrave Macmillan, 2008, pp. 204-5

<sup>265</sup> Political conditionality has been seen especially in the case of candidate states for EU accession, the ENP and the EuroMed / UfM. The European Agreements between the EU and post-communist states in early 1990s, the Copenhagen Criteria for EU candidate member states that were adopted at the Copenhagen European Council of 1993 and the Commissions' Opinions of 1997 are solid examples of the EU strategy to link trade and other cooperation agreements with the promotion of an open market economic system and democratic system of governance. However, the EU has been keen on attaching conditions to the financial aid and technical assistance it has been offering to other countries as well, like the Middle Eastern states within the EuroMed / UfM framework in particular and the states participating in the ENP. The states participating in the ENP have to commit to a set of 'common values' in order to participate in the European programmes. The case of the Cotonou Agreement with the ACP countries is also revealing. The political and economic inequality of the two sides is projected in the agreement, and while it was expected that the EU was going to tackle the resources of bad governance and poor development, the ACP states are facing new challenges, as the EU has been much more interested in promoting neo-liberal reforms, safeguarding its trade interests<sup>265</sup>. The normative language on human rights and democracy interweaves with the commercial interests of the EU member states to the extent that the genuine interest in the social development of the ACP countries is questioned. As a result, the ACP bloc is facing the danger of losing even more from this agreement and consequently, "under the new partnership, the groups of African countries could no longer consider themselves as equal negotiating partners with the EU".

<sup>266</sup> Smith, Hazel, *EU foreign policy: what it is and what it does*, London, Pluto Press, 2002, p.115.

<sup>267</sup> Grabbe, Heather, *The EU's transformative power: Europeanization through conditionality in Central and Eastern Europe*, New York, Palgrave Macmillan, 2006

Common interests in external security, energy security, the global economic stability and development alongside the desire for enhancing bilateral (trade) relations have formed the basis for the relations between the EU and the emerging powers. Indeed, in the case of the EU-China ‘strategic partnership’ report, the EEAS recognised that this relationship is essential for the sustainable prosperity and security of the two partners and in the case of Russia, the relationship “matters enormously” for the EFP.

In addition, unlike in the case of the ENP and the EuroMed/UfM, in the case of the emerging powers the EU has to face both the demands for access to the European market and at the same time the competition of these states in world business<sup>268</sup>. The new important global players, which are a major trade partner of the EU, are undergoing a process of internal restructuring, which can create new opportunities for mutual bilateral benefits<sup>269</sup> and for enhancing global development. On the other hand, the immense performance of their local economies has made them *important competitors* in world markets<sup>270</sup>. Thus, the EU has to balance between *cooperation* and protection against *competition*, taking into consideration both the economic and political aspirations of its new partners. At the same time, the EU appears ready to “sacrifice trade and energy access” than its partners (as explicitly said in the case of the EU-China ‘strategic partnership’ paper), for promoting broader regional and international interests as well as to promote its values. This reading of the situation reinforces the EU self-image as a foreign policy actor, but it also implies that due to the normative aspect of the EFP, an even fiercer level of competition is created, and as a result the partners do not play by the same rules. Therefore, it is only normal to ask whether these ‘strategic partnerships’ will allow the EU to engage its partners in a more normative way and therefore re-balance the rules of the game or if the EU will have to respond through these partnerships by watering

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<sup>268</sup> Leal-Arcas, Rafael, 'The EU and Russia as Energy Trading Partners: Friends or Foes?', *European Foreign Affairs Review*, Vol. 14, No. 3, 2009, pp. 337-366,

<sup>269</sup> *Ibid*

<sup>270</sup> Men, Jing, 'EU-China relations need more mutual understanding', *EU-China Observer*, Issue 1., 2009. p. 4.

down its normative approach. In either case the EU self-image as well as the foreign policy making system of the Union will be affected accordingly.

In the case of one of the EU norms, that is global governance (multilateralism), because of their new role in the world economy and international politics, all parties seek closer cooperation in global governance. Their point of departure, however, is different. As has been argued, the EU encourages a greater engagement through international and regional organisations for reasons which can be found in its interests, values and self-image concerns. Therefore, it seeks new partners which will take their own *share of responsibility* for tackling global challenges. Additionally, the EU is aiming at exporting its own model of cooperation and adaptation of *European norms*, making full use of its own experience during its own integration<sup>271</sup> and projecting this experience on international politics. For their part, emerging powers want to *boost their new world status*<sup>272</sup> and become important 'stakeholders' of the new world political map. Therefore, the European model can increase the role of the EU in international affairs, but it may also conflict with the *non-European way of conducting diplomacy*. The EU promotes global governance in the way the Union itself conducts supranational and intergovernmental governance but the rising powers have different understanding of this concept and they are powerful enough to set the standards and the limitations for the demands and preconditions they could accept from the Europeans.<sup>273</sup> China's foreign policy is 'based around different norms and priorities'<sup>274</sup>. Russia invests in its relations with the EU only to the extent that this relationship will strengthen its role in global politics<sup>275</sup>, but would not engage the country in a negotiation about

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<sup>271</sup> Men, Jing, 'Great Expectations, Complex Reality', *EU-China Observer*, Issue 3, 2009

<sup>272</sup> Hoslag, Jonathan, 'The EU and China, The Great Disillusion', *European Foreign Affairs Review*, 2006, Vol. 11, No. 4. pp 555-580,

<sup>273</sup> Emerson, Michael, ed. *The Elephant and the Bear Try again: Options for a New Agreement between the EU and Russia*, Brussels, Centre for European Policy Studies (CEPS), 2006, p. 14

<sup>274</sup> Barton, Benjamin, 'EU-China-Africa trichotomy: The EU, China and the normative power concept on the African continent', *EU-China Observer*, Issue 3, 2009

<sup>275</sup> Stanzel, Volker, 'The EU and China in the global system' in Shambaugh, David; et. al., eds., *China-Europe Relations: Perceptions, Policies and Prospects*, New York, Routledge, 2007, pp. 251-2

European norms in external relations<sup>276</sup>. In world security issues, *China shares the same interests* with the EU on major global issues<sup>277</sup> and the need for cooperation at global levels, even though China places high importance on specific political notions and values, such as state sovereignty<sup>278</sup>. Russia can be a different case, as it claims a special status within the European neighbourhood, where the special interests and claims of Kremlin are understood and accepted by the EU, within a zone of vital Russian interests on its external borders<sup>279</sup>. Thus, the rising powers engage with the EU to the extent that this partnership meets their criteria and their expectations for increasing their weight in the global economic and political arena. The negotiation processes and the strategic partnerships or dialogues being held between the EU and these third countries reveal the perceptions of the two parties, especially when it comes to the resistance in the inclusion of any kinds of political clauses in trade agreements (e.g. human right clauses in FTA talks). Consequently, while the EU attempts to export its own norms in international affairs, often EFP is defied since Russia and China seem to have different objectives in their relations with the EU, deriving from their own interests, values and perception of their own role in international politics, which make compromise with EU difficult<sup>280</sup>. Therefore it can be argued that the broader, international or regional, context in which the EU-rising powers relationships have been shaping influences the role (perceived by themselves, the respective partner in this relationship and third parties), the objectives and the negotiating power of each partner. To what extent the influence of the broader context has determined the development of the strategic partnerships, still begs for further exploration.

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<sup>276</sup> Emerson, Michael, ed. *The Elephant and the Bear Try again: Options for a New Agreement between the EU and Russia*, Brussels, Centre for European Policy Studies (CEPS), 2006, p. 14

<sup>277</sup> Men, Jing, 'EU-China Relations: from engagement to marriage?', *College of Europe EU Diplomacy Paper 7/2008*, Brugge, Belgium, November 2008

<sup>278</sup> Men, Jing, 'EU-China relations need more mutual understanding', *EU-China Observer*, Issue 1., 2009

<sup>279</sup> Emerson, Michael, ed. *The Elephant and the Bear Try again: Options for a New Agreement between the EU and Russia*, Brussels, Centre for European Policy Studies (CEPS), 2006, p. 34

<sup>280</sup> Timmermann, Heinz, 'European-Russian partnership: What future?', *European Foreign Affairs Review*, Vol. 5, 2000, pp. 165-174

In summary, the EU has initiated *strategic dialogues* with these countries aiming to form *strategic partnerships*<sup>281</sup>, based on their shared interests in various fields, including trade (through the pursuit of *FTA* agreements) and broader framework agreements, which in any case include EU values, among of which are *human rights clauses*. The EU has also been willing to provide *technical assistance* for reform plans, technological advancement and the projects of sustainable development<sup>282</sup>. It is for this reason that the EU has supported the applications of some of these states for accession to the WTO<sup>283</sup>. Generally, the EU is in favour of a more structural relationship with these states which will lead to closer cooperation on matters of mutual interests which can also be expressed with the co-ordination of views and proposals in the world fora, for a shared responsibility for global development and security. In theory, the EU is following the same pattern in all cases as with more traditional cooperation agreements. Building upon its economic power and technical expertise, it uses carrots and sticks when interacting with its partners. Realities on the ground, however, reveal that the case of the emerging powers should be viewed differently. *Political conditionality*, even though applied to some extent to the Cooperation Agreements or ongoing Dialogues, cannot be considered as a major source of leverage for applying EU interests or norms. The third countries have the power and the resources to resist the inclusion of political conditionality and it is argued that beyond the verbal use of political clauses in economic and strategic negotiations, in reality the EU is weak in this field. Even to the extent that the EU succeeds in adding political values, “the legally binding substance of the agreement”<sup>284</sup> in this respect remains thin. What is more,

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<sup>281</sup> EU signed a Partnership and Cooperation Agreement with Russia in 1994 and formed a Common Strategy for its relations with Russia in 1999. China and the EU hold an annual “Strategic Dialogue”, five regular “expert level” meetings and twenty “sectoral dialogues” over a wide range of issues including world political situation, economics, trade, social and environmental development. In 1989 the EU signed a Cooperation Agreement with the Gulf Cooperation Council and since then there is an ongoing negotiation for the conclusion of a Free Trade Agreement.

<sup>282</sup> Hoslag, Jonathan, ‘The EU and China, The Great Disillusion’, *European Foreign Affairs Review*, 2006, Vol. 11, No. 4, p. 564

<sup>283</sup> Men, Jina, ‘EU-China Relations: from engagement to marriage?’, *College of Europe EU Diplomacy Paper 7/2008*, Bruges, Belgium, November 2008,

<sup>284</sup> Emerson, Michael, ed. *The Elephant and the Bear Try again: Options for a New Agreement between the EU and Russia*, Brussels, Centre for European Policy Studies (CEPS), 2006, p. 14

China and Russia have been developing special interests and links with single member states and they can manipulate the internal divisions of the European community in order to exert influence<sup>285</sup>. A major criticism, coming even from within the institutions of the EU, is based on the fact that the EU agreed to the accession of some of these new powers into the WTO, without making sure that these states would agree on human rights concession<sup>286</sup>. Nevertheless, this is exactly the difference of this group of countries with those with asymmetrical relations with the EU; the EU has to build its own channels of influence without investing heavily in the patterns of conditionality as with the ENP and the EuroMed/UfM.

### **Conceptualising 'strategic partnerships'**

Having presented the various stages through which the 'strategic partnership' has passed and the way it has been perceived by EU policymakers, it is important to examine this term within academic debate in order to define the analytical concept of this EFP tool. This section will begin by exploring the rationale behind this foreign policy tool, before examining the various attempts for defining 'strategic partnerships' and the various categories of these partnerships. The rationale behind the 'strategic partnership' concept will help us to understand the way EFP goals are invested in this policy tool and the approaches towards partners are shaped. Moreover, one of the purposes of this thesis is to attempt to interweave the theoretical approaches suggested by scholars of EFP with the understanding and application of this notion by the EFP practitioners.

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<sup>285</sup> Men, Jing, 'EU-China relations need more mutual understanding', *EU-China Observer*, Issue 1., 2009.

<sup>286</sup> Cameron, Fraser, 'EU-China relations: Is the EU as weak as some believe?', *EU-China Observer*, Issue 3

### The rationale behind 'strategic partnerships'

Analysing the EU-China partnership as a case study, Smith and Xie<sup>287</sup> combine values, interests and identities into the analysis of 'strategic partnership' and they claim that the driving forces behind the 'strategic partnerships' are: (i) the integration logic, (ii) the external environment and (iii) the identity shaping process in which the EU is engaged regarding its own role in international relations<sup>288</sup>. The integration logic assumes that there is a spill over effect of the internal procedures of the EU, which enable the EU institutions and its member states to commit in various fields as the Union is becoming more mature and cohesive, while lack of consensus among EU constituent parties might lead to limitations and fragmentations regarding 'strategic partnerships'. Indeed, a level of maturity can be claimed for 'strategic partnerships' and that was the understanding of the EEAS as well, referring to the need for long term and comprehensive approaches, based on the Lisbon Treaty stipulations. In addition, at the beginning the term was used for two countries, Russia and Ukraine, on the immediate periphery of the EU and it took a few years before this term was used in a more ambitious way for major powers outside Europe (e.g. USA, China) and for players which welcomed assistance for their own regional integration projects. Second, the external environment creates opportunities as well as limitations for the EU to be an international actor. The post-Cold War era created new dynamics for cooperation and it has also enabled the EU to seek a more autonomous international role, outside the EU-US connection. The fact that the first three cases for which the EU aimed at applying this new policy tool were Russia, Ukraine and China reaffirms these new dynamics and opportunities. At the same time global developments have created new competitors in the changing international setting. The emerging powers seek a new, more advanced, role in politics and economics while the EU pursues partnerships with the emerging powers in order to reinforce its identity

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<sup>287</sup> Smith, Michael and Xie, Huaixian, *The EU and 'Strategic Partnership' with China: How much Strategy? How much partnership?*, Paper Presented at the UACES Annual/ Research Conference, Angers, France, September 3-5, 2009, p.8

<sup>288</sup> *Ibid*

as a “normative power” by influencing the international system (which is being reshaped) and to reconfirm its international actorness. However, the approaches of the EU and its partners do not necessarily converge on the values governing the international system. Thus, a level of competition regarding the interests and the values of the various partners, as well as regarding their approach to the international community and their perceived role in this can be identified. Consequently, the driving forces behind ‘strategic partnerships’ have been the values, interests and (self-)perceptions of the EU, in order to address its internal and external changes as well as the development of the EU as a global actor.

Also interested in the rationale of ‘strategic partnerships’ as an EFP tool, Susan Gratius<sup>289</sup> begins her analysis by suggesting that, despite the fact that ‘strategic partnerships’ have some common characteristics (institutionalisation, multi-dimensional cooperation, coexistence of bilateral, biregional and international interactions) there are no clear criteria that were applied for selecting the EU’s strategic partners because there was a different rationale behind each case.

*“Selection criteria have been an ad hoc mix of EU member states’ interests (particularly Brazil), size (India, China, Russia, the United States), regional jealousies (Mexico), partner states’ interests (South Korea, Mexico), a special role in international politics (South Africa under Mbeki, Canada as a mediating power), shared values and interests (the like-minded SPs) and strong interdependences (the United States, China, Japan and Russia). Strategic partnerships respond to different and overlapping EU global options: band-wagoning (United States and China), balancing US hegemony (with Brazil, India and Russia), agenda setting (with new partners such as Mexico, South Africa and South*

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<sup>289</sup> Gratius, Susanne, ‘Can EU Strategic Partnerships deepen multilateralism?’, *FRIDE Working Paper No 109*, September 2011, Retrieved 22 September 2011 from <http://www.fride.org/publication/943/can-eu-strategic-partnerships-deepen-multilateralism>; Gratius, Susanne, ‘The EU and the ‘special ten’: deepening or widening Strategic Partnerships?’, *FRIDE Policy Brief No 76*, June 2011, Retrieved 22 September 2011 from <http://www.fride.org/publication/916/the-eu-and-the-‘special-ten’-deepening-or-widening-strategic-partnerships>;

*Korea), common identity (Canada, Japan, and the United States) and institutional-building (all)*<sup>290</sup>.

Because of these differences in the goals and the characteristics of the relationships, Gratius argues that not all 'strategic partnerships' are the same or equal. On the contrary she argues that there is a distinction between three different generations of 'strategic partnerships': the traditional, the regional-oriented and those pursued in the context of multipolarity.

In the case of traditional partners, she included those developed after World War II which were shaped in the context of the "Cold War", namely the USA, Canada and Japan. In the regional partnerships she includes cooperation with regional organisations (Africa, Latin America, SAARC and NATO), while in the third and more recent generation the EU is more interested in dealing with the new emerging powers (Brazil, Russia, India, China, South Africa, Mexico, South Korea). Even though the conception of this differentiation based on generations can be appealing for analyzing the different approaches of the EU and the evolution of this tool of EFP, the categorisation provided by Gratius needs further exploration.

Undoubtedly, the EEC (at that time) shared with the USA, Canada and Japan the same values and interests which were clearly defined in comparison with the rest of the world. In terms of identity, the division lines between the Western and Eastern blocs at the very early stage of European integration allowing only a minimal role for common foreign policy approaches, left little to debate.<sup>291</sup>

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<sup>290</sup> Gratius, Susanne, 'The EU and the 'special ten': deepening or widening Strategic Partnerships?', *FRIDE Policy Brief No 76*, June 2011, Retrieved 22 September 2011 from <http://www.fride.org/publication/916/the-eu-and-the-'special-ten':-deepening-or-widening-strategic-partnerships>, p. 2

<sup>291</sup> Indeed, it can be claimed that the EU was sharing security and economic interests, values in terms of the political and social systems as well as perceptions with the 'traditional partners'. However it might be methodologically unsuitable to claim that there were 'strategic partnerships' in the sense that this notion is applied nowadays by the EFP. The EFP was at a very embryonic stage during the Cold War and because the predispositions of the external context, due to the division of the global political scene into two very specific camps, the EU could not debate and decide on strategic partnerships, choosing among various options and prioritising cooperation with certain actors compared to others. The partnerships were almost predefined, and as such it is debatable whether they entailed strategic calculations.

The 'second generation' is arguably associated with the identity of the EU and the development of divergences in the EU-US (and their allies) relationship. In a world where nation states prevailed (especially after new nation states became independent) and the EU was only taking shape (with its role in international system being still very debateable), it was plausible to expect that the EU would seek partnerships with parties that had similar structure and development to itself. Indeed, in the EU documents, the selection of some of the 'strategic partners' was done specifically because of the influence they have in their region and the added value they could have in promoting inter-regional cooperation, through bilateral interactions. However, the cases in EU documents were not the cases referred to by Gratius. Thus, while the way Gratius conceptualised the needs and the expectations of the second generation of 'strategic partnerships' seems very relevant to the values, interests and (self-)images of the EU, it is still difficult to find correspondence between the cases referred to by the EU and Gratius.

The third generation, as argued by Gratius, "reflects the limits of the inter-regional approach" and the EU has turned to a more bilateral approach in order to "strengthen its new image as a power adapting multipolarity"<sup>292</sup>. It is indeed interesting to underline that in this argument the EU has been applying this EFP tool in connection to its self perception, a point to which Gratius agrees with Xie and Smith. However, even though the distinctions made by Gratius provide an interesting point of departure for the analysis of the 'strategic partnerships' and for explaining the logic behind them, it is important to note that important elements of the characteristics of this tool of EFP are missing. Namely, the fundamental elements of asymmetry of power, the co-existence of cooperation and competition and the interdependence of the EU and its 'strategic partners' are only implied in the context of 'multipolarity'.

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<sup>292</sup> At a time when the EU seeks a more comprehensive cooperation with the GCC, the African Union, the League of Arab States and OIC (just to name some of the organisations), the argument of Gratius needs to be tested before it is accepted as accurate. However, she also accepts that 'strategic partnerships' of the second and the third generations may co-exist.

Therefore, instead of accepting these three different generations as presented above, focusing on the role of the self-image and external environment, we could also attempt to accommodate the role of asymmetry, interdependence and the competition-cooperation equilibrium, in the development of different waves of 'strategic partnerships' and as a way of addressing the relevance of the academic approach to actual EU practices. This thesis will suggest that there were four different 'sets' of 'strategic partnerships'. It is very obvious that traditional partners (which were unofficial and unlabelled, according to Gratius) shared common interests and values. The EEC had a very specific role, mainly economic, while politically its interests and its space of manoeuvre were limited within the context of the western bloc and due to its embryonic steps in foreign policy integration. It can also be suggested that the EU was not the most powerful pole in this partnership, compared to its partners.

The second set of 'strategic partnerships' during the first two years that the term appeared as a policy tool in the EU documents, referred to the European continent. Having in mind the ongoing negotiations with the CEEC states in the 1990s, these partnerships targeted the immediate neighbours of the EU, and the ambitions of this EFP approach was to integrate Russia and Ukraine in the broader economic and geopolitical environment of Europe, parallel to the accession process taking place. The 'strategic partnerships' reflected the (self-) image of the EU, as a successful model, which could provide the necessary assistance to 'outsiders', albeit in a limited geographical scope, in order to benefit from the European experience. In this respect, the EU advocated for development and security, which could be achieved if the political, economic and social values and norms of the EU were adopted. Thus, the EU attempted to Europeanise its immediate external environment, promoting its own interests and reinforcing its image as a normative actor.

In the third and fourth sets of 'strategic partnerships', the EU applied civilian tools in what it considered to be a comprehensive framework, through the institutionalisation of relations with rising powers in order to promote its norms, its interests and its self-image. The EU's norms for the internal political structure

of the partners (with reference to democratic values and the respect for human rights) and their international behaviour (through multilateralism) were central to EU objectives. Moreover, the EU made a clear call for the advancement of bilateral economic relations which would be assisted by reforms in good governance but most importantly in opening the partners' market in a manner compatible with the economic liberalism of the EU. The EU also worked in favour of its self-image. First as a regional organisation and a supranational actor by promoting regional integration and inter-regional approaches as well as a normative foreign policy actor by exporting its norms and values at bilateral, bi-regional and international levels. Despite the common elements, there has been a differentiation factor, which refers to the perceived role of the partners. Following Gratius proposal, we could agree that the third set of 'strategic partnerships' refers to a more inter-regional approach while the fourth set refers to the various poles of a multipolar global system.

In the third set, in most of the cases, the EU was more powerful than its partners which were mostly in the phase of restructuring their states and economies and their influence, more often than not, did not reach beyond their own region. As a result it was easier for the EU to attempt to act as a 'normative power'. The EU acted as a socialising actor with its partners in order to engage them into the regional and global environments and at the same time it hoped to influence the (re-)shaping of these environments. Affirming their growing interdependence, the EU was, also, in dialogue with regional players, providing assistance for their own regional projects but at the same time claiming legitimacy as a regional supranational organisation. It was becoming the most advanced of the new regions, as units of the international system.

The fourth set of 'strategic partnerships' is a further development of the third, due to internal and external developments, with a sense of prioritisation. Because of the maturity of the EU as a foreign policy actor, as a result of its further political integration with the Lisbon Treaty and the establishment of a fully fledged diplomatic service (EEAS) and its expanding global actorness, the EFP became more strategic with more long-term and comprehensive

approaches. This set of partnerships reflects the current phase, within which the EU faces economic and political competition and needs to engage with its partners in order to remain relevant in the international community. Therefore, a more symmetrical power balance of the two parties is highlighted within these 'strategic partnerships'. Through these kinds of partnerships, the EU has been motivated to advance its own image as an essential pole of the system but also to promote multilateralism as a way to manage the new realities of the international system<sup>293</sup>. Thus, the perception that the EU has of its "partner" and its status in world affairs (and its ability to advance EU interests) has become crucial. It is for this reason that within the EEAS there has been a sense of prioritisation. Even though the list of 'strategic partnerships' has been long, the EEAS has focused on the partnerships with the USA, Russia and China, whose status and importance has been weighted greater for the interests of the EU.

Consequently, it could be argued that indeed the integration process of the EU, the external environment and the identity shaping process reflect on the 'strategic partnerships' tool of EFP. The integration process of the EU is not only related to internal cohesiveness but also with the ability of the Union to act strategically, since the EU needs to provide concrete results for its partners and beyond especially in terms of interdependency in the fourth set of 'strategic partnerships', when the EU cooperates but also competes with its partners. If the EU cannot provide results in a world of interdependency it will eventually lose its significance. The external framework indeed influences the development of these partnerships but not only in the sense that it provides new opportunities and builds the boundaries of the EU role in international affairs: it also sets the level of asymmetrical relations between the partners. The level of asymmetry then affects the identity making process of the EU. While in the second and third set of 'strategic partnerships' as well as in the case of more traditional asymmetrical relations the EU could promote simultaneously its interests and values, in the case of the fourth set of 'strategic partnerships' the power balance

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<sup>293</sup> Gratius, Susanne, 'Can EU Strategic Partnerships deepen multilateralism?', *FRIDE Working Paper No 109*, September 2011, Retrieved 22 September 2011 from <http://www.fride.org/publication/943/can-eu-strategic-partnerships-deepen-multilateralism>, p.2

allows the EU's partners to refute normative aspects of the EFP.. The partners have their own value systems and they have the negotiating power to defend it against the export of EU norms. Therefore the EU has to find the balance between values and interests in the shaping of its foreign policy. To the extent that the EFP chooses to focus on its values and miss opportunities for closer cooperation with the new emerging powers, it loses in terms of global relevance and in terms of interdependency. On the contrary, if the EU becomes more flexible in applying its values and norms in view of the possibly for more effective promotion of its interests, the EU image as a normative foreign actor is affected.

In any case, even though it is important to understand the rationales behind the 'strategic partnership' tool, in order to explore the objectives and the way this policy tool is applied, these approaches do not answer, directly at least, what these 'strategic partnerships' are and what they are composed of. Yet, this is significant in order to unpack this notion, to elaborate on its composition and development, and to provide a pattern and a set of benchmarks within the theoretical framework of 'strategic partnerships' in EFP in order to assess the EU-GCC relationship.

#### What is a strategic partnership?

According to Andrew Rettman<sup>294</sup> the term 'strategic partner' still remains ill-defined by the EU and its policymakers, even if they actually refer to this term often. For Rettman, a strategic partnership signifies a closer relationship with the EU (an enhanced diplomatic status) and it is expressed by the organisation of regular high profile meetings, but it can also be taken to mean an alternative to fully-fledged EU membership. This definition can be considered weak, despite references to the enhanced status of the relationship and the institutionalising element that needs to be incorporated, as suggested by the EEAS documents

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<sup>294</sup> Rettman, Andrew, 'Ashton designates six new 'strategic partners'', *EUOBSERVER*, Brussels, 16.09.2010, Retrieved 25 January 2011 from <http://euobserver.com/9/30828>

on the issue. However, the reference to 'strategic partnerships' as an alternative to accession is problematic. It does not match the EU perception of this notion since nowhere in the EU documents is a link made (even in an indirect manner) between 'strategic partnership' and candidate states. Moreover, it does not make sense in terms of geography, culture/ norms, and size to compare the two tools of EFP. Their starting points, the processes themselves and the expected outcomes are all different. In any case, this is a very broad definition of 'strategic partnerships' lacking a more precise description of the rationale behind this kind of EU relationship with third parties. Therefore it can be suggested that this reference is inadequate. Nevertheless, it should be noted that this article raises the question whether the 'partners' consider and treat this relationship as a 'strategic partnership' or if this is only an EU approach. Thus the *perception* factor of the relationship is reciprocated as implied, even though there is no further explanation.

Sven Biscop and Thomas Renard<sup>295</sup> claim that 'strategic partnership' is a 'fashionable' term for EFP but it is still a very vague notion, which cannot give a substantial concept for the analysis of the EFP. They question the usefulness of strategic partnerships beyond the *institutionalisation* of bilateral or biregional relations since they challenge the existence of strategic planning in the strategic partnerships. As a result the term faces the danger of becoming quickly irrelevant. If the partnerships are going to become a powerful tool in the EFP they should be *pragmatic*, promote both *interests* and *values* and they should be 'limiting the margin of manoeuvre of individual member states'. These scholars recognise that the EU needs the partnership of emerging powers in order to promote effectively its agenda in world affairs, since economies are globalised and thus interrelated and all major global actors face common challenges. However, they do also acknowledge that the EU and the emerging powers also have "different worldviews and competing objectives". Consequently, the main challenge for the EU is to strategically manage interests, values and perceptions

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<sup>295</sup> Biscop, Sven and Renard, Thomas, 'EU's strategic partnerships lack content', *EUOBSERVER*, Brussels, 27.08.2009, Retrieved on 4 February 2010 from <http://euobserver.com/884/28584>

in order to form 'strategic partnerships' with real substance. They suggest that the EU should work on easier issues, build connections with these emerging powers through mutually beneficial cooperation in specific issues where the interests of all parties converge and through these connections, either bilaterally or via multilateral organisations, the EU might be able to diffuse its values at a later stage. However, they set limitations as well. Despite the common interests and shared concerns, Biscop and Renard underline the role of competition in these kinds of relationship as well as the divergences in perceptions (and values, as implied already). Moreover, although they recognise that the regional leadership of emerging states may provide the rationale for qualifying them as 'strategic partners', at the same time they are doubtful if all partners enjoy the same level of leadership. Indeed, as already shown, there are different sets of 'strategic partnerships', which correspond to the different needs of the EFP and the role of the EU's partners in regional and global affairs. Lastly, they introduce the element of *internal cohesiveness*, as they stress the need for "limiting the margin of manoeuvre of individual member states" in the EU if it is going to have true strategic planning and thus 'strategic partnerships'. In any case, Biscop and Renard provide some interesting starting points for assessing this EFP tool by pointing to some of its characteristics as already identified in the EU documents, but their attempt does not tackle many of the other issues raised in these documents (regarding interests and the objectives which should be pursued, the actors involved in these partnerships, the outcome of EFP) and most importantly it does not provide a definition of this term.

A definition of a 'comprehensive strategic partnership' was provided by Barysch, Grant and Leonard in 2005, when they analysed the EU partnership with China<sup>296</sup>. According to their analysis a strategic partnership is 'a relationship that is broad-based, focused on the long-term, and fuelled by common objectives and a sense of friendship'. An active cooperation in various fields (beyond the merely commercial ones) and the establishment of an institutional framework of

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<sup>296</sup> Barysch, Katinka et. al., *Embracing the Dragon: The EU's partnership with China*, London, Centre for European Reform, 2005, p.5

interaction between the two partners are both required. Nevertheless, the new partnership emerges when new opportunities derive from changes domestically and in the international environment<sup>297</sup>. This definition is a useful departing point as it points out the long-term perspective of a relationship which goes beyond some short-term agreements. This refers to the strategic component of the partnership and it is extremely important for understanding and conceptualising 'strategic partnerships'. This element has been repeated by EU policymakers in all three EEAS documents. Shared interests which are articulated into common objectives are also needed in a number of issues coordinated and pursued by the official interactions of players of the two parties through the connections and institutions established for this reason. This seems to be the case with the specific relationship of the EU and China. The external variables shape the context in which the relations are formed and developed, either positively or negatively. For example, as already argued, the end of the Cold War enabled rapprochement between the two partners, which could not have happened before, even if the sensitivities of the EU's partners (namely those of the USA) were taken into consideration. The internal changes are also necessary and more specifically internal reforms which could allow the EU to engage more actively with Chinese society, and of course the economic sector. However, the fact that this definition does not tackle the issue of values, but prefers the more neutral and vague term of friendship, is problematic. It could be suggested that friendship refers to mutual understanding and indeed this is important to overcome mistrust, to incorporate perceptions and values, but it is analytically challenging to conceptualise 'friendship' in international studies. What is important in this approach is the introduction of the need for a great change which will alter the environments in which interests and perceptions are accommodated, in order for 'strategic partnerships' to be put into the focus of interest of the two parties.

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<sup>297</sup> *Ibid*, pp. 5-6

Evaluating the EU-China strategic partnership, Jonathan Hoslag<sup>298</sup> attempts to give a new set of characteristics about the concept of 'strategic partnerships'. He introduces, interestingly enough, new factors about the global role of these partnerships and the different level of strategic partnership over any other form of relationship. He describes the five elements of 'strategic partnership' as: (i) explicitly identified interests and expectations, (ii) a long-term perspective, (iii) a multidimensional character with activities in economics, politics as well as military affairs, (iv) a global range in the relationship and (v) a relationship whose "incentives should be of such a nature that they cannot be achieved without the partnership and distinguish it from other relationships"<sup>299</sup>.

Regarding the first element, that of common interests and expectations, Hoslag claims that EU cannot identify long-term interests and to transform them into sustainable policies, which is reflected in the way Chinese policymakers perceive the EU. Moreover, he suggests that the expectations of the EU are to engage China in a normative multilateral framework and as a result EU norms will be exported to China and these will affect Chinese foreign policy making. According to this article, this is the cornerstone of the failure of the EU and the fact that a 'strategic partnership' between the EU and China does not exist. Despite the criticism EFP receives in this article, the model of analysing 'strategic partnerships' is on its own interesting. Hoslag introduces expectations alongside interests, which can be very useful since expectations shape the perceptions regarding the other party, form the actions and provoke re-actions from the respective partner. Therefore, expectations (material, normative or as perceptions and images) feed the willingness or draw the limitations of the parties to reach compromises, whether these have to do with interests or values. The long-term perspective of 'strategic partnership' is once again repeated in this approach and it is becoming an indispensable element of this notion. The multidimensional character of the relationship has already been

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<sup>298</sup> Hoslag, Jonathan, 'The elusive axis: Evaluating the EU-China strategic partnership', *Asia Paper*, Vol. 4, no. 2, April 2009

<sup>299</sup> *Ibid*, p.3

seen in this debate but in this case is highlighted and it adds the need for cooperation even in military affairs. This is striking since as it has been shown and at large been accepted, that the EU is a post-modern entity which applies civilian means when conducting foreign policy. Even when it comes to the question of promoting security and stability, the EU usually does not resort to military means. However, it could be useful to add this level of security-oriented cooperation in the analysis of 'strategic partnership' beyond merely economic-political cooperation. The global range of the partnership is also accepted by EU policymakers and scholars alike. In the EEAS documents for the USA, Russia and China, EU policymakers stress the need for these relationships to go global and to tackle global challenges, while in the case of scholars, Biscop and Renard focus on the regional leadership of the emerging powers and the fact that they can assist in promoting the EU global agenda. Therefore, there is a common understanding that EU 'strategic partnerships' aim at dealing with issues beyond the bilateral, and making use of the capabilities of the partners in promoting solutions to challenges at regional and international levels. The question is, however, how this global factor is taken into consideration and how EU interests and values are accommodated. The way partners' capabilities are accommodated in joint actions with the EU needs further explanation. Moreover it needs clarification when this synergy takes place at bilateral, bi-regional or multilateral levels and whether it is more specific issue-related or a broader one.. However, the issue of exclusivity of the partnership, which is implied, should be seriously questioned. Most states and leaderships invest in a multipolar world system and they pursue multiple partnerships with different players simultaneously. Whether the EU and its partners consider each other as their 'main partner'<sup>300</sup>, should not be a central question of research. Even the EU itself rejects exclusivity but rather aims at a multilateral world order, in which its partnership with various actors can assist the Union to promote its interests, values and identity as an international actor. Nevertheless, the fact that a 'strategic partnership' may become indispensable for dealing with a very specific

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<sup>300</sup> *Ibid*, p. 19

matter, especially having in mind the interdependency element of this kind of relationship, might add to the notion of 'strategic partnerships'. It adds to the strategic approach of the EFP, since the EU would approach a partner, cooperate and coordinate actions which appear to be essential for its policies, at least regarding a specific country, region or issue.

Annergret Bendiek and Heinz Kramer, analysing the EU strategic partnerships, both bilaterally and biregionally<sup>301</sup>, suggest that a strategic partnership is a relationship in within which a 'clearly defined long-term goal' is pursued or a long-term interest is promoted after a specific plan. The realisation of this goal/ interest is achieved through well-defined objectives, timeframes and action plans. They claim, though, that the EU is not acting strategically because (i) it lacks internal cohesiveness in terms of the European institutional framework which is inflexible and creates inconsistencies in terms of different interests among member states, (ii) it does not pay attention to the needs of the other party and therefore it does not have a clear vision and plan about transforming effectively economic weight into real political gains and (iii) the fact that there is no hierarchy in these 'strategic partnerships'. These shortfalls are coupled with the confusion created by the fact that the EU seeks partners both bilaterally as well as inter-regionally, according to Bendiek and Kramer. Internal cohesiveness could be assessed as a crucial part of the analysis of 'strategic partnerships' but it is interesting that in this approach cohesiveness is defined both as an institutional inflexibility of the EU as well as political differentiations among EU member states. The result-oriented reading of EU policies in order to assess 'strategic partnership' derives from the broader debate of the effectiveness of the EU as an international actor, rather than from the more specific tool of 'strategic partnerships'. Therefore at this point it might be more productive to focus on what defines a 'strategic partnership'. Aiming at expanding the debate,

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<sup>301</sup> Bendiek, Annegret and Kramer, Heinz, 'The EU as a Would-Be Global Actor: Strategic Partnerships and Interregional Relations', in: Husar, Jörg et. al. eds., *Europe and New Leading Powers. Towards Partnership in Strategic Policy Areas*, Baden-Baden, Nomos Verlagsgesellschaft, 2010, pp. 21-42, Bendiek, Annegret, Kramer, Heinz, "The EU as a 'Strategic' International Actor: Substantial and Analytical Ambiguities", *European Foreign Affairs Review*, Vol 15, 2010 pp. 453 – 474

by including a clause assessing the effectiveness of a relationship in order to categorise it as a 'strategic partnership' or not, might be too ambitious at this stage. The notion of hierarchy (or levels as previously suggested) for these partnerships arises as a central point for the analysis of this EFP tool and therefore it should be taken into consideration. However, the fact that the EU aims both at bilateral and biregional approaches does not seem to be conflicting to the notion of 'strategic partnership' or the EU goal for multilateralism. On the contrary, it has already been explained that there can be different sets of 'strategic partnerships'. The need for timeframes should also be viewed with scepticism, as this kind of limitation is conflicting to the long-term approach that a partnership should have. In any case, through 'strategic partnerships' they identify two aspects of the EFP: 1. The EU acts as a civilian power, due to the means it applies which are almost exclusively civilian, avoiding any use of military means. 2. The EU attempts to become a normative power and promote its norms and values to the EU partners, but due to the resistance of the other parties and more specifically the emerging powers it becomes inefficient on the ground. At the same time, Bendiek and Kramer suggest that the normative approach of the EU within the context of its 'strategic partnerships' is actually driven from its selfish interests to impose, in a hegemonic manner, a new set of values and institutions which will promote its commercial and political interests, without taking into consideration the interests and the values of the other party. It should be noted, however, that there is no reference to the role of perceptions and (self-)images which can also be added to the limitations of this approach.

Finn Laursen, who has analysed the partnership of the EU with China<sup>302</sup>, notes that strategic partnerships have been described as useful instruments based on mutual interests and benefits, both in economics and in promoting multilateralism. For Laursen, a strategic partnership can be formed when there are common European interests and a defined strategy within the EU. Beyond the issues of cohesiveness and strategic planning, he also points out the role of

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<sup>302</sup> Laursen, Finn, 'The EU's Strategic Partnerships: The Case of EU-China Relations', *Dalhousie EUCE Paper No. 10*, 2011

possible leverages. Indirectly, he raises the issue of (a)symmetry and he places the questions regarding objectives in the framework of “interests against values”. Are they purely commercial or do they entail values as well? After analysing three case studies of EU-China relations, he concludes that “commercial and geopolitical interests have primacy whenever there is a conflict with values”<sup>303</sup>. “Ideas and values are second”<sup>304</sup>. Therefore, beyond the European continent the EU does not have ‘soft power’ and in East Asia, the EU is not generally considered a ‘normative power’. Laursen confronts the normative reading of the EFP and he argues that the EU prefers stability and economic interests over a genuine promotion of its values. It is also important to stress this addition by Laursen: geopolitical interests in a specific region. Even though the regional and global context of a strategic partnership has already been introduced in the academic debate, as well as the need for long-term strategies, Laursen gives a more strategic approach in the shaping of the EFP by emphasising the role of geopolitical interests, which in this case are considered to be stability and commercial access to the Chinese market.

Giovanni Grevi<sup>305</sup> begins with a description of the current international system which he describes as interpolar, where different poles (state and non-state actors) interact in multiple and multilevel ways. This interaction is the result of the balance that the various poles aim to achieve and the realisation that they need to cooperate in order to tackle challenges in terms of security and economic stability. Thus, different actors with a pivotal role, either the powers themselves or actors transcending these boundaries work together not out of belief in the normative approach of multilateralism but because they understand that global challenges cannot be dealt with without cooperation. In this interpolar system, the ‘status powers’ and the ‘emerging powers’ co-exist. While the first aim to keep the existing balance of powers within the international system, the latter aim at reforming this system. They engage with multilateral fora to the

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<sup>303</sup> *Ibid*, p. 23

<sup>304</sup> *Ibid*, p. 3

<sup>305</sup> Grevi, Giovanni, 'Making EU strategic partnerships effective', FRIDE Working Paper, No 105, December 2010, Retrieved 22 September 2011 from <http://www.fride.org/publication/875/making-eu-strategic-partnerships-effective>

extent that their national interests and values (including state sovereignty) are not challenged. They also seek reform of the system which will grant them a greater role in it and i enable them to pursue their own national interests. Therefore, the EU and some of its 'strategic partners' face normative divergences in the way they pursue multilateralism and reforms, either within their border or at a regional/ international level. Nevertheless, the emerging powers do have their own concerns for stability and security and as has been suggested by Grevi they realise the need to cooperate with other poles of the system, based on terms of interdependency. Grevi adds that this does not mean, however, that the EU is considered to be an undisputable "strategic partner" for the emerging powers. If this was the case, we could argue that the core elements of 'strategic partnership' is (i) the ability of the EU to project itself as a "strategic partner" and (ii) its ability to accommodate or discuss the interests and values of the partners as part of the interdependency factor that needs to be addressed.

In an attempt to describe 'strategic partnerships', Grevi suggested that these are long-term, comprehensive (multi-dimensional) and multilevel (with the engagement of actors of different levels of society and the bureaucracy) since imperative interests fall in overlapping fields influencing various actors. He adds that 'strategic partners' should have the political authority to make commitments and provide concrete results from their strategies and at the same time they should demonstrate flexibility during hard bargaining negotiations. The EU needs to present a coherent policy supported both by the European supranational bodies and its member states. In addition, it is important to go beyond the official channels of communication and support the people-to-people interactions which create their own dynamics. Moreover, the EU bodies need to have the power to negotiate on behalf of the EU with flexibility and political authority, making use of all the available EU tools. Of course he points out that it is not easy to bridge values and interests on one hand and assertiveness due to its principles and flexibility on the other hand. Therefore, the EU may pursue its interests with strategic partnerships through a step by step approach engaging

with partners bilaterally or on an issue-related framework so that the EU and its partners work on areas with easier identified common interests in order to achieve tangible results. By achieving concrete results and building trust between the partners, the EU can move to advance its partnership into a more comprehensive form, taking into consideration global concerns. Thus, the EU would build mutual understanding between the partners and only then work on promoting its values and interests. At the same time it engages with partners bilaterally so it can keep promoting regional projects and thus regionalism and multilateralism. Grevi argues that the EU needs to engage with other regions and players as well, beyond the established partners in order to enhance its profile as a 'strategic entrepreneur' since the EU needs the acknowledgment of this role by the other parties, in the framework of interdependence. Consequently, for Grevi, an effective partnership is the partnership which engages actors from various levels and fields of cooperation of the two partners in bilateral relations and which develops into a more comprehensive partnership, dealing with broader, regional or global issues. Through this procedure the EU promotes its interests and values, convincing others that it can be an effective strategic partner.

Thomas Renard who has been working extensively on the term 'strategic partnership'<sup>306</sup> provides a substantive work on the elements that form a 'strategic partnership' but what is more interesting is the differentiation he makes on the various types of partnerships. First of all, he distinguishes formal strategic partnerships from true strategic partnerships. The formal strategic partnerships are those announced by the EU itself, but he suggests that some of these countries became 'strategic partners' not because of the strategic importance the EU places on them, but rather out of compromises in the intra-

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<sup>306</sup> Biscop, Sven, Renard, Thomas, 'The EU's Strategic Partnerships with the BRIC: Where's the Strategy?', *BEPA Monthly Brief*, Issue 29, September 2009; Biscop, Sven and Renard, Thomas, 'A Need for Strategy in a Multipolar World: Recommendations to the EU after Lisbon', *Security Policy Brief*, No. 5, January 2010, Retrieved on April 2010 from [http://www.egmontinstitute.be/papers/10/sec-gov/SPB-5\\_EU-Strategy-for-a-Multipolar-World.pdf](http://www.egmontinstitute.be/papers/10/sec-gov/SPB-5_EU-Strategy-for-a-Multipolar-World.pdf); Renard, Thomas, 'Strategy Wanted: The European Union and Strategic Partnerships', *Security Policy Brief*, No. 13, September 2010, Retrieved on 12 December 2010 from <http://aei.pitt.edu/15061/1/SPB13-EU-Strategic-Partnerships.pdf>; Renard Thomas, 'The Treachery of Strategies: A Call for True EU Strategic Partnerships', *Egmont Paper 45*, April 2011, Retrieved on 29 April 2011 from <http://aei.pitt.edu/32321/1/ep45.pdf>

EU political game. Therefore, an identification of the “true strategic partners” is essential and he suggests that

*“A true strategic partnership can be defined as a key global player which has a pivotal role in solving global challenges – in the sense that the EU cannot hope to solve these issues without the positive contribution of its partner- and which is centrally important to enhance effective multilateralism globally – e.g. by coordinating our position with those strategic partners in multilateral forums. The strategic partnerships in this sense go beyond bilateral relations and focus on the instrumentalisation of this bilateral relationship for broader ends”*

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According to the above definition, the partner shall be considered as “key global player”. It is then expected that the perception EU has for its partners is fundamental, but more importantly it should be asked (having in mind also Grevi’s approach) if that perception of “key global player” exists also in the minds of the partners regarding the EU. Furthermore, what becomes central in the definition of Renard is the added value that the partner can bring into the relationship, either for a specific regional/global issue or for promoting multilateralism. Therefore, the relationship goes beyond bilateral relations but its importance reflects on the instrumentalisation of the partnership in order to deal with other regional or international issues. Indeed, the EU has acknowledged this added value of ‘strategic partnerships’ as a tool of the EFP when it approaches regional leading countries in order to enhance inter-regional relations but also to promote multilateralism. However, the question is how the *broader ends* are shaped. As already mentioned, most of the emerging powers are keen in promoting multilateralism, but their understanding of multilateralism is different from the way the EU perceives it. Therefore, the ‘strategic partnership’ should also become the tool with which the EU and its partners

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<sup>307</sup> Renard, Thomas, 'Strategy Wanted: The European Union and Strategic Partnerships', *Security Policy Brief*, No. 13, September 2010, Retrieved on 12 December 2010 from <http://aei.pitt.edu/15061/1/SPB13-EU-Strategic-Partnerships.pdf>, p4.

communicate and negotiate their interests and values regarding bilateral, regional and international affairs. To the extent that this is fruitful, then 'strategic partnerships' can become an instrument for the broader EFP goals. However, these negotiations of interests and values must inevitably have in mind the interdependency of the two partners and the level of symmetry of the relationship. These will set the limits for promoting values and interests and in this respect it will also influence the self-image of EU as a "normative power" and the perception of EU as an international actor among its partners as well. Renard reiterates that by applying the tool of 'strategic partnership' the EU can promote its values by focusing on specific issues and little by little convey its norms to its partners. This can be done by engaging with them gradually through a larger scope of issues at a multilateral level instead of trying to impose its values across the board of bilateral issues, which can actually lead to the opposite outcome than the one desired. However, Renard criticises the EU for its inability to act as a true "strategic partner" because it lacks cohesiveness and because the EU member states have not invested sufficiently in the EU institutions and the Union's role regarding its bilateral relations with third parties.

Renard and Laursen have explored the 'value' factor of strategic partnerships but it is Stanzel Volker who has set it to the center of academic research. He addresses the question of whether the EU and its partners can go beyond the 'interest partnership' (which he claims that already exists) and become '*values partners*' as well<sup>308</sup>. Even though he recognises the difficulties in understanding and dealing with 'alien ways of thinking and behaving' he emphasises the role of *mutual understanding* in the development of strong political and economic ties<sup>309</sup>. The starting points of Volker's approach are (i) the shaken cognitive maps of world politics, according to which international actors perceive the system and the 'other' players in this and (ii) the intensification of globalisation, with the spread of materials and ideas around the globe, which challenge the known international environment, the national institutions and the values of the

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<sup>308</sup> Stanzel, Volker, 'The EU and China in the global system' in Shambaugh, David et. al., eds., *China-Europe Relations: Perceptions, Policies and Prospects*, New York, Routledge, 2007, p. 261

<sup>309</sup> *Ibid*, p. 262

global system. He suggests that common interests can be found both in economics and politics but the deciding factor for the quality of the relationship is the willingness and the readiness of the two partners to go beyond these interests and to reach mutual understanding regarding the values of each of the partner in these relations as well as the values and the rules that should prevail in the new global system. The growing significance of China in world economics and politics (should) reflect on its identity, as perceived both by itself and by others. As a result China has to assume its own share of responsibility in world affairs. Therefore, the 'strategic partnership' of the EU and China will be tested in a field where they both seem to agree on principles, namely the need for a greater level of multilateralism and their actions regarding UN reform. Then, the EU and China could work bilaterally in bridging the existing gap in the role of values and culture in their own partnership. In this aspect, the role of civil society is crucial since the new globalised world system calls for the engagement of all actors in building and developing a true strategic partnership<sup>310</sup>. In this approach, it becomes clear that interests are not enough for shaping a strategic partnership, but values and identities (which interact) are essential. The way the two partners work in order to reach mutual understanding and agreement on the new set of norms that will shape the new international environment will actually classify this partnership as a value partnership as well and thus as a true strategic partnership, like the partnership the EU and the USA share<sup>311</sup>. Therefore, we can identify again the different level of partnerships, the interest-based strategic partnership, and the more comprehensive partnership, which also includes values and which can be described as the true 'strategic partnership'. It is important to underline here that a negotiation on values is implied. The two partners need to reach mutual understanding through cultural exchanges, and the EU will needs to negotiate and compromise for its values, which are of course non-universal. This notion of the EU exporting its norms (because it is a normative power) is put in a different

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<sup>310</sup> *Ibid*, p. 262-3

<sup>311</sup> *Ibid*, p. 263

framework. The EU can be, to some extent, a normative power and export its norms but only to the extent that the EU is simultaneously willing to make concessions on the normative aspect of EFP in order for a new value-driven international framework to be set up. Without question, the decision of the EU to compromise or not, will affect its identity as a foreign policy actor at the international level.

#### Definition of a 'strategic partnership'

Analyzing the elements of 'strategic partnership', the academic debate has placed importance on the role of cohesiveness, which has been interpreted as the ability of the EU to coordinate its various institutions and policy tools towards the same direction of strategic goals and the commitment of the member states to support and invest in the collective EFP, so that third parties cannot manipulate internal divisions. However, there has been criticism regarding the divergence of opinions and actions within the EU and lack of cohesiveness was pointed out by Renard as well as Bendiek and Kramer. The question of the cohesiveness of EFP is not new and these arguments have validity, yet we should have in mind the broader debate regarding EFP, in which the question about the ability of the EU to have foreign policy despite its intergovernmental approaches and internal limitations was addressed. Therefore, it is too easy and simplistic to discredit the ability of the EU to develop 'strategic partnerships' because of its lack of a unified stance on various issues. What could be more productive is the question of whether the EU has been able to coordinate its actions to the extent of providing concrete outcomes in these relationships. Beyond the fact that actual results will judge if there has been an effective partnership, it will also touch upon the role of interdependency, which has been identified in the previous sections as a key element. Moreover, in order to address the issue of cohesiveness, but without being axiomatic against the ability of EFP to be strategic, and recalling the integration logic suggested by Smith and Xie, we should ask what the spill-over effects of the integration path

of the EU are regarding 'strategic partnerships'. Has the EU been engaging more actors towards its strategic goals and has it been moving towards a more integrated and coordinated stance on grand goals?

In this endeavour the role of various actors should be highlighted. Grevi has already called for multilevel and multidimensional cooperation in order to explore interactions which are more broad-based and engage not only high level politicians and bureaucrats but also actors from various fields (multidimensional) and more importantly from different levels of hierarchy (multilevel) of partners' societies, and in order to be relevant and legitimate in relation to the people. Indeed this has been one of the limitations presented earlier in the approach of Nonneman, who had introduced the different layers of hierarchy in the decision making system, but limited the scope of his interest in the bureaucracies and the ruling elites. Hoslag, also, agrees on the multidimensional character of the partnership, but the fact that he has included military cooperation is striking. In the context of the 'civilian power' self-image of the EFP, it seems more relevant to ask whether cooperation in hard security issues can be achieved, despite the non-use of military tools. If not, then maybe the argument can be re-introduced and assessed. Nevertheless, in spite of the introduction of non-state actors in the analysis by Grevi, and the agreement of Hoslag as well as Barysch, Grant and Leonard on the multidimensional character of the 'strategic partnerships', due to the fact that in this partnership involves two regional organisations, this thesis will propose a minor, yet important, differentiation from the abovementioned terms. In order to accommodate the different levels of cooperation (bilateral, inter-regional and multilateral), it is deemed that it will be more accurate to call the 'strategic partnerships' multidimensional (with engagement of various fields with economics and politics being the priority), multilayered (engaging different layers of the hierarchy of bureaucracies and societies), and multileveled (addressing issues in bilateral, inter-regional and multilateral approaches). However, when it comes to the multi-dimensional character of the partnerships, it is important that the activities of various players do not undermine a cohesive approach by the two partners, and in this sense a

level of systematic channels of interactions which will set the frameworks are needed.

It has also been seen that institutionalisation of the broad based interactions was, commonly, seen by scholars as a necessary tool to shape long-lasting channels of communication between the partners and to create more systematic cooperation. This is to accommodate the long-term perspective of cooperation and the formalisation of the agreement on common objectives first among the EU member states and then between the EU and its partners. More specifically, Bendiek and Kramer suggest that clearly defined long-term goals and well defined action plans and time-frames are essential. Even though it can be claimed that the formalisation of 'strategic partnerships' addresses the self-images that the partners want to project (especially in the case of inter-regional cooperation as well as in the case of the rising powers who want to enhance their global image) and provides interesting insights into the way interests and values are reflected in the shaping of the channels of cooperation and the language adopted in the official documents, we cannot examine institutionalisation outside the framework of the criticisms of inflexibility from the side of the EU. Is institutionalisation truly an indicator of the improvement and development of 'strategic partnerships'? Are long-term goals transformed into institutionalised joint actions? What are the spill-over effects of institutionalisation in the interactions of various actors? To what extent does institutionalisation limit the flexibility that the partners can show through formalised channels of cooperation? How has the further integration of the EFP led to the more flexible (or inflexible) action of EU actors within the established institutions of interaction? Having in mind these questions, the role of institutionalisation of the partnership begs further exploration, rather than taking for granted that institutionalised cooperation is a sign of a deeper relationship and an essential element for an effective partnership.

Moreover, it has become obvious in our analysis of the key elements of 'strategic partnerships' in the EU documents that this notion of EFP has different characteristics which lead to a different type of cooperation, in comparison to

the more traditional EU relationships. In “strategic partnerships” the EU is not anymore the dominant party which can provide political, economic and technical guidance and assistance to its interlocutors. These are relationships with established or emerging powers which are prominent in the international economic and political system and they can develop resistance to EU attempts to impose its own interests, values and practices. This power balance reflects on the level of the *asymmetrical character* of the relationship and as a result on the ability of the EU to promote its foreign policies.

This symmetrical character of the relationships does not only affect the negotiating power of the EFP but it also means that the EU is not solely a provider in this partnership. Indeed, due to the changes in the external environment, the rising powers raise their expectations and their demands while the new challenges call for a coordinated response, in the context of the globalised and multi-polar world system. Thus, the EU is in need of its partners, especially in order to tackle common global challenges. In some cases the role of the partners’ becomes pivotal in addressing common concerns or promoting shared interests. This has been explicitly acknowledged by EU policy makers, while scholars have pointed to the *added value* that partners bring into “strategic partnerships”. Therefore, a level of *interdependency* is also accommodated in these relationships.

Having in mind the interdependency factor, Rettman asks whether third parties consider the EU as a strategic partner as well, but without elaboration. This already introduces the role of perceptions, expectations and identities into the relationship, since it is of vital interest for the EU to be perceived as an important international actor and thus make itself an essential partner to the emerging powers as well. Thus, the EU needs to provide concrete outcomes through its EFP if it is going to be perceived as an indispensable actor in global affairs by its “strategic partners”.

Moreover, as has been shown, in this framework of symmetrical relations and interdependence, the partners cooperate but they also compete. Regarding

cooperation they need to produce concrete results and consequently it is important to assess how they manage expectations and common interests (for security and development) into specific objectives. The *common objectives* will also reveal the character of the relationship; its depth and its nature addressing the question of whether it takes into consideration only interests or values as well, especially within a long-term perspective as suggested both by EU policy makers and scholars. The level to which these interests go beyond economy and tackle thorny political issues and the outreach of the objectives (bilateral, bi-regional and international) describe the substance of the partnership. From this point of view, it is interesting to point out that the way the EU addresses security issues or military-related affairs affects its own posture in international relations as a 'civilian' and a 'normative power'.

In any case, as the issue of multilateralism has revealed, common interests, even when they are articulated in specific goals (e.g. reforms of the international system) may be interpreted differently by partners. Despite the fact that Biscop and Renard, as well as Grevi propose gradual diffusion of EU norms, it should be noted that while the EU seeks to engage emerging powers in the global system and promote EU values at the multilateral level, the emerging powers are revisionist players<sup>312</sup> and they aim at changing significantly the system itself by accommodating their own priorities. Therefore, the expectations arising from their self-images and values need to be taken into consideration rather than implying that softer issues can lead to gradual export of EU norms to third parties.

Thus, the partners compete in material interests, in the norms that shall prevail in international relations in politics and economics, and in the field of values. Especially in values, the question is whether the EU is ready to accept the different approaches from its partners and act accordingly. How does the EU react to the limitations that the new status and confidence of its partners set in

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<sup>312</sup> Gratius, Susanne, 'Can EU Strategic Partnerships deepen multilateralism?', *FRIDE Working Paper No 109*, September 2011, Retrieved 22 September 2011 from <http://www.fride.org/publication/943/can-eu-strategic-partnerships-deepen-multilateralism>, p. 5; Renard Thomas, 'The Treachery of Strategies: A Call for True EU Strategic Partnerships', *Egmont Paper 45*, April 2011, Retrieved on 29 April 2011 from <http://aei.pitt.edu/32321/1/ep45.pdf>, p.3

relation to the European demands for a value dialogue and for exporting the EU values into the new global system? It is argued that despite the new developments, the EU is still not treating them as equal partners<sup>313</sup> but it “wants to appease their ambitions through conditional engagement”<sup>314</sup>. It is important to understand whether the suggested gap in mutual understanding and acceptance of the different ways of conducting (foreign) policies has been feeding strategic partnerships with serious setbacks or if the EU has become a more pragmatic actor, less rigid regarding values and ready to negotiate its norms with its partners. In any case, this unquestionably affects the EU’s role in international relations, its identity and its self-image either as a “normative power” or as a less value-driven player with a more interest-driven rationale and a more result-oriented focus.

Given the above review of the literature, the aim in this thesis is to construct a comprehensive definition of strategic partnership in order to guide the analysis in subsequent chapters. As a result, I argue that *a ‘strategic partnership’, in the context of the EFP framework, is the symmetrical relationship of interdependency, where the role of the partner is pivotal for joint action and for producing concrete results in tackling common challenges and in promoting common interests, at a bilateral, regional and global level. The partnership is a multilayered (and not a relationship of the ruling elites without popular support but rather with the engagement of different actors from the bureaucracies, the business communities, academics), multidimensional (from different dimensions of the interactions and most importantly in economics and security) and multileveled (aiming at bilateral, bi-regional and international levels) relationship. The character of the partnership is that of long-term institutionalised relationship, which is yet dynamic and flexible enough to adjust to changes in order to address the simultaneous cooperation and competition of the partners. Accommodation of the mutual understanding of the perceptions, expectations*

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<sup>313</sup> Leal-Arcas, Rafael, 'The EU and Russia as Energy Trading Partners: Friends or Foes?', *European Foreign Affairs Review*, Vol. 14, No. 3, 2009, pp. 337-366

<sup>314</sup> Hoslag, Jonathan, 'The EU and China, The Great Disillusion', *European Foreign Affairs Review*, 2006, Vol. 11, No. 4. p. 564

*and values the partners invest in this relationship is a fundamental aspect of this partnership, as it creates the context in which interests are shaped and pursued.*

### What kind of 'strategic partnership'

It is interesting to note that beyond the attempts to academically define 'strategic partnerships', scholars have turned their interest also in categorising the various 'strategic partnerships', in a way that may prove to be very useful in enlightening the substance of this EFP tool.

By focusing on making distinctions between the EU's strategic partners, Susan Gratius<sup>315</sup> has given a new perspective to the analysis of the subject. According to her assessment there are two groups of partners: the 'status quo' partners which are the 'established powers'<sup>316</sup> in the world system and the new group of the emerging powers which seek to get into the centre of the international political stage. The first group consists of actors which want international economic stability, they are members of the western alliance and they promote western values and norms in the international system. The second group, of emerging powers, is composed of players who seek changes in the way the global system is functioning in order for them to achieve a greater role in the international political and economic system. They challenge the western values of the system as they nourish national sovereignty and non-interfering policies, and they treat multilateralism as an instrument to limit the actions of the established super powers. In the first group, Gratius identifies the allies and the like-minded countries. The *allies* (Canada and Japan) share the same views on effective multilateralism in an idealistic and defensive way and in which values and interests are accommodated. The *like-minded countries* (USA, Mexico,

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<sup>315</sup> Gratius, Susanne, 'Can EU Strategic Partnerships deepen multilateralism?', *FRIDE Working Paper No 109*, September 2011, Retrieved 22 September 2011 from <http://www.fride.org/publication/943/can-eu-strategic-partnerships-deepen-multilateralism>

<sup>316</sup> Gratius, Susanne, 'The EU and the 'special ten': deepening or widening Strategic Partnerships?', *Policy Brief No 76*, June 2011, Retrieved 22 September 2011 from <http://www.fride.org/publication/875/making-eu-strategic-partnerships-effective>, p.5

South Korea) share the same support for multilateralism and they share the same western values as the EU and its allies. However, they are active in multilateralism mostly in an instrumentalist approach in order to promote national interests through regional and international cooperation. In the second group of “emerging powers”, Gratius points to the coexistence of distant partners and difficult partners. The *distant partners*, while they have a multilateral foreign policy agenda, tend to vote against the EU’s view or to abstain on serious global issues (South Africa, Brazil, India) but the differences in various issues are not difficult to overcome, since these players do not have global ambitions. The *difficult partners* approach multilateralism in a limited way and according to their own perceptions and concerns against interference on internal issues (Russia, China). They are revisionist powers in the global system, just like the distant partners, but the difference is that Russia and China are considered to be ‘dominant’ powers compared to the ‘minor powers’<sup>317</sup>.

She argues that these variations of partnerships should reflect on EU policies as well, with different approaches and tools applied in each case. Therefore the EU needs to define the differences and the similarities that its partners have expressed on various issues, create ad hoc alliances in some areas and engage with difficult partners on more suitable issues at a bilateral level so that there are always concrete results. In a way, similar to Grevi, and Biscop and Renard, she argues that a relationship which is more issue-specific can be pursued at first and then develop into a broader, ‘all inclusive’ partnership with all the outer characteristics such as the joint action plans, the regular summits and finally the strategic partnerships<sup>318</sup>. The EU can also explore partners’ stances and then create ad hoc coalitions of countries with similar views, in what she describes as a ‘minilateralist approach’. Afterwards, the EU can pursue, in the long term, a coordination of all its partners at a multilateral level. However, progress in the

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<sup>317</sup> The USA, alongside Russia and China, are considered to be a ‘dominant power’ while the rest of the partners are considered to be ‘minor powers’.

<sup>318</sup> Gratius, Susanne, ‘The EU and the ‘special ten’: deepening or widening Strategic Partnerships?’, *Policy Brief No 76*, June 2011, Retrieved 22 September 2011 from <http://www.fride.org/publication/875/making-eu-strategic-partnerships-effective>

bilateral partnerships is still associated with the political desire of the most 'difficult partners' to make concessions. In any case, it is only in the long-term that the EU can bring all partners under a single, comprehensive multilateral umbrella.

Table 4.1

'Status quo'		'Revisionists'	
1) <u>Allies</u> : ideological converges	Canada, Japan	3) <u>Distant</u> : Without global ambitions, possible converges	South Africa, Brazil, India
2) <u>Like-minded</u> : converges because of Instrumental approach	USA, Mexico, South Korea	4) <u>Difficult</u> : Own perceptions and global ambitions do not leave space for great compromise	Russia, China

Thomas Renard, as already seen, has made the distinction between the formal and true 'strategic partnership', before providing his analysis of what is a true 'strategic partnership'. Beyond this distinction, he has also proposed two more sets of distinctions. First, he makes the distinction between the "comprehensive partners" and the "limited-range partners". In the first group (where the USA, Russia, China and India are placed) the EU can seek a more comprehensive partnership, including all possible areas of cooperation and coordination. In the second group (including the rest of the partners) the EU can establish a

partnership on a more limited and focused area of cooperation, that is in fewer fields and issues in which the 'strategic partnership' can provide added value to the partners. However, it is interesting to note that in this differentiation, even though it is not being suggested by Renard, the differentiating actor between these two groups is the power status of the players. Whilst for the EU and the USA it can be suggested that they (broadly) share interests and values, in the case of Russia, China and India it is obvious that the EU and its partners do not share the same norms and values (e.g. in multilateralism or national sovereignty). Thus, the 'dominating actor' element that Gratius had suggested fits into this categorisation. Renard then, is suggesting that the EU seeks comprehensive partnerships with the 'dominant powers' and more specific, issue or region related partnerships with the "minor powers".

The second set of categorisations of the partnerships includes the essential partners, the pivotal partners, the natural allies and the regional partners<sup>319</sup>. In the first category, that of *essential partners*, only the USA fits. That is because the USA stands above all other partnerships and this partnership is essential for any substantive action of the EU on the global stage. Renard argues that for the EU "little can be done without the support of the American superpower"<sup>320</sup>. In the second group, that of *pivotal partners* where Russia and China and to some level Brazil and India can also be included, the partnerships are pivotal for tackling global affairs because the stance of these players can change the adoption of decisions and thus affect the direction of developments, towards EU views or not. The third group is the one of *natural allies* of like-minded countries, including Canada, Japan and South Korea. It is interesting that in this case the category proposed by Renard and Gratius are identical. They are considered to share same perceptions of the world system with the EU and to be also very active at a global level. However they are less strategically important than the pivotal partners. The last group is that of regional powers, namely Mexico and

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<sup>319</sup> Renard Thomas, 'The Treachery of Strategies: A Call for True EU Strategic Partnerships', *Egmont Paper 45*, April 2011, Retrieved on 29 April 2011 from <http://aei.pitt.edu/32321/1/ep45.pdf>, p.23

<sup>320</sup> *Ibid*

South Africa and their strategic role is firmly associated with their influence at a regional level.

Table 4.2

'Comprehensive partners'		'Limited-range partners'	
1) <u>Essential</u> for any substantive action	USA	3) <u>Like-minded</u> but less strategically important than 'pivotal'	Canada, Japan, South Korea
2) <u>Pivotal</u> since their stance can change the global balances	Russia, China, (Brazil, India)	4) <u>Regional</u> influence	Mexico, South Africa

The approach of Renard emphasises the role and the identity of the EU's 'strategic partners' and the expectations that the EU may have from them, based on their power status and influence at the world stage. In this respect, it is different from the approach of Gratius which is more value-driven, based on the case study of multilateralism. This difference of approaches can also explain the differences of the hierarchical ranking of major EU's partners, those of Russia and China. While the USA fits the most advanced level of 'strategic partnership' for both scholars, in the case of Russia and China, these partners are according to Renard "pivotal" and according to Gratius "distant". In the approach of Renard, the term pivotal can be associated more with the possible outcomes of the partnership in biregional and global issues, while in the case of Gratius the term distant describes more the character of the partnership itself.

This differentiation of the categorisation of the 'strategic partnerships' brings into the discussion an added element that needs to be taken into consideration

when analysing this notion. The definition of 'strategic partnerships' already calls for the exploration of values and perceptions which are invested in the relationship, alongside interests. However, this differentiation also highlights the expectations the parties, and more importantly the EU, generate because of these relationships. Thus, the way the EFP balances between these two approaches needs to be addressed in this thesis, through the assessment of the roles of interests, values and self-images.

To the extent that the EU prioritises one of these elements, compared to the other two, will reveal the character of the relationships aimed at by the EU (if the EU wants to engage in interest-based cooperation or seeks value-driven relationship), the leverage the EU can have over symmetrical partners, the scope of its desired reach (global or bi-regional), and its expectations regarding the final outcome.

## **Conclusions**

As shown in this chapter, the European Commission proposed the notion of "strategic partnership" almost fifteen years ago but since then the concept has remained vague, as it was developed alongside the further integration of the foreign policy mechanisms of the EU. The way EU was maturing as an international actor also reflected gradually on this EFP tool. The EU turned its focus on this term only after the creation of the EEAS, but even then it did not provide any clear definition for it.

Based mostly on EC communications and the realities of the EU relationships with third parties, scholars have analysed the way the EU has acted and organised its relationship with "strategic partners" in order to tackle the vagueness surrounding the term. One of the contributions of this thesis is the introduction of the documents and presentations prepared by the EEAS in an attempt to add to the academic debate. Thus, this chapter has built upon the academic debate as well as the understanding of EU policymakers of this notion in order to bridge these two processes. A definition of strategic partnership was

proposed that introduced a multidimensional strand and provided a platform to accommodate the role of non-state actors from various fields within the societies of the two parties. It also highlighted the symmetry of power balance between the partners and the growing level of which call for flexibility from the EU side, compared to the more traditional approaches of EFP. In addition, it has highlighted the role of perceptions beyond that of interests and values. A more detailed methodological framework, which will be used for exploring the EU-GCC relationship, is still needed but this will be presented in the next chapter.

Nevertheless, what has become clearer is that 'strategic partnership' is a tool for the EFP to manage, both internally providing the long-term objectives and policies and externally due to the changing global environment, its relationships with emerging powers, since the more traditional approaches seem inadequate, due to the elements that differentiate these partners from the less confident and less developed (and to certain levels powerless) countries of traditional cooperation schemes.

Moreover, a brief review of the EU documents, as well as the academic work on 'strategic partnerships', reveals the rationale and the common components of this new foreign policy tool. 'Strategic partnership' has been a '*single and coherent framework*' through which the EU aspired to "*clearly and jointly define objectives*" as well as formulate policies in a "*coordinated*" manner. Through the application of this tool, the EU aimed at enhancing the cooperation of the EU and its partners at all three levels, bilateral, bi-regional and multilateral, in order to promote EU interests, values and its (self-)image. Furthermore, a process of institutionalisation was introduced in these partnerships since various bodies were established in order to promote cooperation.

Beyond the attempts to define the notion of 'strategic partnership', for which the chapter has provided a lengthy review and a proposed definition, a central point recognised by most scholars is that EU partnerships are not all the same or equal in value, priority and development. This thesis has categorised the development of this tool based on the interests, values and self-images of the

EU, taking into consideration the changing internal and external environments of the EU. However, it was Renard and Gratius that provided scales for assessing existing “strategic partnerships”, giving two different sets of hierarchical categorisation; Renard’s approach being more interest-driven and the approach of Gratius’ more value-driven.

Based on the proposed definition of the EU’s ‘strategic partnerships’ provided, the next chapter will provide the main hypothesis and the research questions in order to explore the EU-GCC relationship. It will examine whether the EU and the GCC states are heading towards a “strategic partnership” and how this development of the EU-GCC relationship reveals aspects of the changing EFP as well as how this relationship reflects back, by affecting EFP.

## **METHODOLOGY OF THE THESIS**

### **Introduction**

In the previous chapters, it was shown that the unique character of the European Union (EU) affected the shaping and the implementation of its foreign policy, which is composed of the policies and actions of both the EU bodies as well as its member states towards third parties. Since the conception of the EU, the EFP was to a large extent divided between the external (economic) relations of the first pillar and that of the Common Foreign and Security Policy (CFSP) of the second pillar. Due to the economic power of the EU and its lack of significant independent military capabilities, academics' attention was attached to the framework of the EU as a civilian and/or a normative power. These arguments do not only tackle the capacities and the instruments of the EU in promoting its interests but they also highlight its values and its perceptions about itself, its partners and the world system, economically and politically. Thus, it is of utmost importance that this thesis addresses its hypothesis based on this distinctive character of the EU, namely the superiority of its economic arm compared to the thin military capabilities, its post-modern character with the co-existence of supranational and intergovernmental internal processes and the balance between interests, values and perceptions in the shaping of the EFP. Scholars have agreed that there is a certain level of normative aspects in the EFP and consequently the main focus has been on the cohabitation of these elements, the way they are interrelated and the priority and significance given to each one of these elements in the (foreign) policy making process. The arguments of the instrumental use of values and identities in the shaping of the EFP as well as those on the priority placed on the grand goals of the EU and its member states over their values, have paved the way for a discourse based on which this thesis will attempt to set its main hypothesis and the subsequent research questions.

These arguments become even more vital for the analysis of the EFP, especially in the case of "strategic partnerships". Whilst in the context of more

traditional relationships the EU was characterised as the powerful pole and could set the conditions and the structures of the relationship, in the case of “strategic partnerships” EFP leverage is significantly challenged. Partners’ values, perceptions and specific interests seem to diverge, in a context where the parties simultaneously cooperate and compete for economic interests and for political influence in the global system. Therefore, the way interests, values and perceptions interact in the EFP within the framework of “strategic partnerships” can be revealing about the EFP goals, tools, approaches and outcomes.

In this context, the aim of the thesis is to explore how the EU has applied ‘strategic partnership’ in its dealings with the GCC states which have developed a self-image of increasingly significant players in their region and beyond. Having in mind the internal characteristics of the EFP and the image the EU projects about itself in global affairs, the main focus will be on the tools and actions deployed by the EU in order to cooperate but also compete with third parties, which have the power to refute the normative aspects of the EFP and can challenge EU interests. While in the case of the traditional EU policies in the MENA region the EU has been the dominant pole directing policies and actions, based on its own norms and interests (reinforcing at the same time its own self-images) in the case of the GCC states the EU needs a different approach. Thus, the main question is how the civilian and normative self-image of the EFP affects the development of the EU-GCC relationship and how the EFP is affected in return because of this relationship. This question arises from the fact that the GCC states have different value systems as well as the political and economic power to bargain with the EU or even to reject EU norms and policies in the region.

Yet, it has been established that there is a great level of interdependency between the two regions and the option of ignoring each other, because of the differences in values, is not actually viable. Hence, it is vital to examine how values, interests (in security and economy) and self-images interact, in order to understand EFP in the Gulf region and the broader Middle East. ‘Strategic

partnership' will be the tool which will provide the necessary benchmarks for assessing the manner in which the EU coordinates the actions of its bodies and member states, towards EFP objectives, in order to address external changes, to promote its interests without jeopardizing its own value system, and to reinforce its self-images in the Arabian Peninsula. Consequently, it will examine how the EU advances these elements, through a framework of engagement with the GCC states, in a broad based manner, at bilateral, inter-regional and multilateral levels. In doing so, the thesis explores for the first time a bloc-to-bloc relationship through this framework of 'strategic partnership', and the outcome of this research shall also provide insights on the development of the EU as a foreign policy actor, especially since the creation of EEAS has raised expectations in this area.

This chapter will present the hypothesis which will be examined in this research, and the research questions that will be addressed for testing the hypothesis. It will then present the case studies and explain the reasons for choosing them as the most suitable in exploring EU-GCC relations as well as the timeframe of the research, the material that has been used and the limitations faced during the research. In brief, this chapter will provide a methodological approach by which the thesis aims to provide an original insight into the EU-GCC relationship. It aims to do this by using a framework that has not been used before, that of strategic partnership, investigating more than one case study, incorporating activities from the societal, non-state level as well as by looking into this relationship for the past ten years, which will accommodate the dynamics of change in the EU's expectations, interests, normative aspects and self-images.

### **Hypothesis: Interests, values and (self-)images**

In the specific case of EU-GCC relations, this thesis has shown (in the Introduction) that there is a great level of convergence of economic and political–security interests of the two parties. Briefly, there has been a constant deepening of interdependency in terms of the economy, energy and security of

the two regions which has provided a new context in which the two parties seem to share goals and interests. More specifically, the EU has promoted the integration of the Gulf economies into the world economic system, promoted regional stability through regional integration and, domestically, favoured economic liberalisation and diversification projects. The GCC states have taken advantage of the technical support offered by the EU, for their own regional project as well as for their national economic diversification plans. Furthermore, during the oil boom of the 2000s the need for greater technological advancement and transfer of expertise from Europe to the Gulf, the surpluses of transnational flows of capital which have been invested in Europe, the rise in the bi-regional trade, as well as common security threats due to new sources of instability in the Middle East (Iran, Iraq, transnational radical Islamist groups) have created the dynamics for a closer EU-GCC relationship. However, the two parties have not reached the level of an officially declared (by the EU), strategic partnership.

Having in mind the fact that the EU has developed 'strategic partnerships' with other parties with value systems that are divergent (e.g. China and Russia), the value factor of the relationship cannot be pointed to as the sole source of this lack of an official declaration of an EU-GCC 'strategic partnership'. Moreover, scholars have argued about the instrumental use of values as well as the prioritisation of interests over values. Therefore, the hypothesis needs to consider and address these approaches. It is worth remembering that according to these approaches, values are seen as being instrumentally used in the EFP, since they are pursued in a way that they advance specific interests and they also help to legitimise internally and externally the application of certain policies. However, the values themselves are not the source of the policy making procedure<sup>321</sup>. Furthermore, it has been suggested that values are "second order concerns" which are allowed to become a central part of the policy making process only to the extent that they do not clash with the grand goals of the EFP

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<sup>321</sup> Youngs, Richard, "Normative Dynamics and Strategic Interests in the EU's External Identity", *Journal of Common Market Studies*, Vol 42, No. 2, pp. 415-35

and the interests of the EU member states<sup>322</sup>. At this point, the role of perceptions, which have not been heavily touched upon by scholars in their definitions of 'strategic partnership' but have been identified as a possible source of development and application of this political tool by the EU, needs to be explored.

Taking the above points into consideration, in the case of the EU-GCC relationship, the main hypothesis of this thesis is the following: *If the EU and the GCC states share interests and grand goals to the extent that these are prioritised by the EU and its member states, then value-driven differences are subordinated to interests and as a result (i) the EU and the GCC states enhance their relationship towards a "strategic partnership" and (ii) the EU's (self-) image as a foreign policy actor is weakened in terms of its normative (self-)image and enhanced in terms of its effectiveness as a 'strategic partner' in a multipolar and interdependent world.*

Based on the above hypothesis, it can also be suggested that if the EU indeed applies norms in an instrumental manner, then to the extent that the GCC states respond to interests that are related to the values that have been instrumentally promoted, then the value factor of EFP is weakened in the official interactions of the two parties. Thus, if this is the case, the fact that the two parties have not officially declared an existing 'strategic partnership' is due to reasons that are either relate to their interests or their perceptions and not the values of the two parties. Therefore, the image of the EU as an effective foreign policy actor and a useful partner in the multipolar global setting, is not hindered by its value-driven language but by its ability to adapt to the new realities of the international system.

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<sup>322</sup> Hyde-Price, Adrian, "Normative" power Europe: a realist critique', *Journal of European Public Policy*, 13: 2, March 2006, pp. 217–34., p. 222

## **Research Questions**

Given the abovementioned hypothesis and propositions as well as the definition of 'strategic partnership' constructed for the thesis, the following questions will be asked in order to explore the central elements of the hypothesis.

1. The two parties are engaged in a symmetrical – balanced relationship which is characterised by a parallel process of cooperation and competition. Therefore, what will be explored is the convergence as well as the divergent characteristics of this relationship in terms of interests, values and images. How is the negotiating power of the EU affected in promoting its interests in the region? Having in mind the value driven arguments of the EFP, how can the EU and the GCC states cooperate? How can EFP promote its values over an equally powerful partner who is predominately different in terms of values? How can this factor influence the images the two parties have for themselves and for their external environments?
2. In terms of interdependency, the main question is whether this is indeed existent in the EU-GCC relationship, nowadays. If this is the case, as the introduction also suggests, to which level it is shaped by interests, values and images? What are the added values the parties bring in to the relationship? Are the parties in reality pivotal for each others' goals? Can the EU project itself as a strategic partner to the GCC states and vice versa? Moreover, how has the normative aspect of the EFP been advanced or compromised due to the interdependency factor? What are the implications of the latter to the EU and the GCC (self-) images?
3. The common interests and shared challenges are identified at national, regional and international levels. Have the parties managed to transform

share concerns and expectations into common approaches and joint actions, having in mind the possibility that interests and values are incompatible? How have perceptions influenced the shaping of common interests? How are all these dealt with by the two parties in the three environments and what is the outcome? How has the outcome affect the two parties and their perceptions as well as the relationship itself? At this point, it should be noted that both parties are considered to be powerful in terms of economy but with less powerful military capabilities. Yet, their relationship has been addressing, directly and indirectly, security issues.

4. Since a “strategic partnership” is a multilayered, multidimensional and multileveled relationship, the question is whether in the case of the EU-GCC relationship, bi-regional interactions have intersected different ranks of the societies, from different fields and at different levels (bilateral, bi-regional and international) in a way which has enhanced this relationship.
5. In addition, it is suggested that a relationship which focuses merely on specific commercial and security interests cannot be qualified as a 'strategic partnership'. A 'strategic partnership' is a much broader, if possible all inclusive, long-term relationship, which is has been institutionalised into formal channels of communications. Yet, a strategic partnership needs to remain dynamic and flexible to adjust to the changing environments of the parties. . Therefore the question is whether this relationship has evolved over time and if the parties have been flexible in accommodating changing interests, values, expectations and perceptions. Moreover, to what extent has institutionalisation of the relationship been a factor to enhance or hinder the strategic character of the EU-GCC relations?

6. Furthermore, since this is the first attempt to explore a bi-regional relationship within the framework of “strategic partnerships”, it is vital to address the questions regarding the role of the unique characters regional organisations have compared to nation-states. Has the institutional mismatch of the two organisations affected the development of the relationship? Were there any member states or other actors who have hindered the evolution of the biregional relationship or on the contrary have pushed forward the partnership? To what extent have internal divisions or on the contrary, has cohesiveness shaped the partnership?
  
7. In addition, if the EFP is characterised by a triangular relationship between interests, values and images, then the question regarding the balance of normative approaches and interest-based approaches of the EFP is raised. Are the values and the perceptions of the EU (and the GCC states) an obstacle or an asset for this relationship?

The last research question introduces the need to explore the level of mutual understanding that the two parties need to reach in order to advance their relationship. The level to which the parties do make compromises regarding their values and perceptions in order to advance their common interests also characterises the kind of partnership that may arise. It has already been shown that there are different scales for assessing the EU’s “strategic partnerships”, either based on interest-driven or value-driven approaches. Since the hypothesis of this thesis suggests that the EU and the GCC states are moving towards a strategic partnership, then the research should also address the question of what kind of “strategic partnership” is being shaped.

## **Case Studies**

The ambition of this research is to be multidimensional, multilayered and multileveled. That means that the case studies should address issues that go beyond the role of the ruling elites and explore the role of different actors from the bureaucracies, the business communities and academics, from different dimensions of the interactions (and most importantly in the fields of economy and security) which affect policies at bilateral, bi-regional and international levels. Thus, there must be at least one case study which goes beyond bilateral relations, and which has a direct effect on the regional or global setting. Moreover, it should be remembered that the current literature has been focused on the role of the EU in political reforms in the Arab states of the Persian Gulf and the poor results of EU foreign policy in the Gulf region in terms of democratisation. Since the aim of this thesis is to analyse how interests, values and images are accommodated in the relationship and how they have become factors in advancing or hindering this relationship towards a 'strategic partnership', in different thematic fields, within the same context by the same actors, it will apply a 'most different systems design'<sup>323</sup>. Thus, this thesis will explore one case of economic cooperation (which nevertheless includes aspects of political, economic and social norms but it tests the EFP in a field where the EU is proudly vocal about its strength) and one case which is in the field of core politics and security. The latter becomes even more important because of the nature and the capacities of the EFP, which has been identified as significantly weaker in military terms, compared to its economic capabilities, giving space to criticism about the broader capacities of the EFP.

In the economic sphere, the negotiations for the **signing of a Free Trade Agreement** are an obvious focal point, since the EU-GCC Cooperation Agreement, which is the legal basis of this bi-regional relationship since late 1980s, has called for these FTA talks. Alongside (and due to) the discussions for a FTA, the two parties have initiated a dialogue and various channels of

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<sup>323</sup> Peters, Guy, B., *Comparative Politics: Theory and Method*, New York University Press, New York, 1998

cooperation regarding the region-building process (especially in the economic realm) in the Gulf region. Therefore, central EFP instruments, namely technical assistance and the political support for region-building processes, are associated with this case. Beyond the cooperation of the technocrats and the ruling elites, this broader issue of economic cooperation is a case in which the role of the private sector, and more specifically that of the business communities, is vital in providing an example by which the multidimensional and multilayered character of the relationship can be explored. At a time when the GCC states aim to diversify their economic models and tackle the demographic pressure arising from the high number of youth unemployment, the EU sees an opportunity to promote its policies for economic and political reforms based on its own values and perceptions. However, the level of resistance that the GCC states can pose to these values and perceptions creates an interesting debate between the European model of democracy, free markets and global governance policy against the rentier state approach of the GCC states and their limited engagement with globalisation when the latter (beyond economics) touches upon the fields of cultural and political organisation. Adding to all these, the political conditionalities that the EU has attached to the negotiations have affirmed that this is clearly a case of 'politics meets economics', an essential characteristic of the EU 'strategic partnerships' as understood by EU policymakers themselves.

In the predominantly political-security field, democratisation has been the key issue for the EU, and that is why it was covered by earlier research work. However, during the last decade, security has become a central issue for both of the regions. The EU has clearly identified terrorism, proliferation of weapons of mass destruction, regional conflicts, state failure and organised crime as the most challenging threats for European security since 2003<sup>324</sup>. In order to tackle these threats, a combination of intelligence, police, judicial, military means and

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<sup>324</sup> European Council, *A secure Europe in a better world - European security strategy*. Brussels, 12 December 2003, p. 5

economic instruments is needed<sup>325</sup>. The case of the situation in Yemen seems to have been related to four out of five of these threats. At the same time, Yemen poses a security threat for the GCC states as well, both in terms of acts of terrorism, as well as ideologically, since the transnational Islamic movement in Yemen challenges the legitimacy of the rulers and the organisation of societies in the GCC states. Thus, the unstable situation in Yemen has posed challenges to the GCC states within all their environments; internal, regional and international. Having in mind the thin military capabilities of the EU, the fact that the role of terrorist groups in Yemen affects regional and global security, the fact that GCC states have immediate interest in tackling the situation in Yemen, but also the fact that the EU and the GCC have different departure points for their policies in Yemen (the EU aims at tackling the roots of the problem, namely poverty and the need for democratisation, while the GCC place the issue of Yemen in the context of pan-Arabism that needs to take into consideration the concerns and the expectations of the GCC states), will make it extremely interesting and useful to examine how common interests are transformed into concrete action, affected by the values and the perceptions of the two partners. Indeed, if for the EU the focus is on the political and economic reforms that Yemen needs in order to address the threats emanating from the country itself, the GCC states and more specifically Saudi Arabia had developed a network of political influence through the tribal leaders, which is closer to the culture and the societal organisation of the Arabian Peninsula, but challenges the individualism and transparency of the democratic norms of the EU.

It will be significant also to explore if the common interests of the EU and the GCC have indeed been the main factor to shape their relationship, forcing the abovementioned values and perceptions to subordinate to the security interests, as the hypothesis of this thesis suggests. Moreover, it will test the regional approach, based on the step-by-step approach of the EU and its strategic partners, as well as the added value that the partners can bring into this relationship. In this context, the central role of Yemen as a base for the 'Al

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<sup>325</sup> *Ibid*, p. 7

Qaeda of the Arabian Peninsula', and the reactions of the two parties can provide interesting information for understanding the broader framework of this bi-regional relationship in the field of security and high politics. The role of the EU and the GCC states in the '**Consultative Group for Yemen**' and the '**Friends of Yemen**' fora as well as the extent to which the two regional organisations have coordinated their actions in the **Yemeni crisis of 2011**, will be the three main points of focus in this case study, since terrorism has been associated with the trajectory of Yemen in becoming a failed state. Even though, in the introduction of this thesis, I had referred to the common interests of the EU and the GCC states to cooperate against the money laundering actions that were linked to the financing of terrorist organisations as well as in constraining the Iranian nuclear project, these cases seem to be less useful for assessing the EU-GCC relationship. In the case of money laundering, and despite the fact that there has been a certain level of cooperation through exchange of expertise during workshops and in introducing new institutions and laws, this is a very specific and technical issue, for which a high level of secrecy in terms of distribution of information has been imposed. Moreover, this issue is one which can be described as a soft security issue. However, one of the aims of this thesis is to explore the foreign policies of the two partners in a hard security issue, having in mind the thin military capacities of the two partners. In the case of the Iranian nuclear programme, for which the EU and the GCC states share the same concerns (in the field of hard security), there would be a great level of antagonism between the EU and GCC states on one hand and Iran on the other, which will complicate the balance, blurring the possible outcomes and conclusions of the research. Moreover, Iran (in contrast to Yemen) does not belong to the Arab world, and thus will limit the research in terms of the role of Arabism as an integral part of the value system based on which GCC foreign policies are shaped. For these reasons, the case of Yemen is the most suitable for exploring the EU-GCC cooperation in political–security issues, in a long timeframe which can also assess the evolution of the bi-regional relationship.

Overall, I will test one case in which the EU and the GCC states can cooperate and at the same time be competitive actors aiming to promote their own distinctive interests (FTA talks) and one case in which the two parties share common interests (security), but may have different approaches and understanding because of their own values and perceptions. This will not only provide depth, but also a greater understanding of the dynamism of the symmetric character of the relationship of the EU and the GCC states towards a strategic partnership.

The timeframe of the case studies shall be the ten years beginning from 2001 until 2011, because during this time:

- The global and regional context has changed creating new dynamics for cooperation – enhancing the relationship between the EU and the GCC states
- Europe rose as a potential alternative to US dominance in the area because of the need for more effective cooperation between the two regions in various fields after the events of 9/11
- The Lisbon Treaty was implemented, which created the EEAS and led to more centralised, Brussels-based policy making system in the EU.
- The number of EU member states doubled and a great amount of resources (human and economic) was moved from the integration project into other policy areas, including the EFP.
- The GCC states made some important steps towards their own integration which the EU supported. Due to this integration process and their economic development, the GCC states claimed a more important role in regional and global politics.
- The EU prioritised energy security, and the Gulf states have been an important source of energy for Europe.
- GCC sovereign wealth funds have become more active in Europe.

- During 2011, the EU and the GCC faced common challenges because of the 'Arab Spring'.

All these reasons created new dynamics for an enhanced relationship between the EU and the GCC states and the two blocs have established a very interesting framework with the co-existence of different factors which can either galvanise a more strategic approach towards their relationship or shed light on the weaknesses of this cooperation.

### **Material used**

This thesis has collected material from official documents, reports and articles published either on paper or online. Even though it has been less easy to gather information from the Arab states because of the personalised and deeply centralised system of the decision making process, I have had access to the rich empirical data of the Gulf Research Centre (which has already be mentioned) and other institutions online. Additionally, I have visited the area for collecting information relevant to the subject of this thesis. I have also collected material from interviews with policymakers and researchers from the EU and the Arab states of the Gulf, in an attempt to understand the insights of this relationship beyond the official language that is included in official documents<sup>326</sup>. Moreover, in August 2011 Wikileaks released a great number of cables from the US embassies in Sanaa, Yemen and in Riyadh, Saudi Arabia. A lot of these cables revealed necessary insights on the role of the KSA and the Yemeni reactions to EU and GCC policies.

The major difficulty for this thesis is the fact that even though I did have access to classified documents of the EU (after 2010), which enabled me to get very important information about the shaping of EU policies and approaches, I was not allowed to disclose any information that is directly linked to these classified documents. I have only been able to refer to such information indirectly; in

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<sup>326</sup> For a full list of the interviews conducted for the needs of this research see Annex 09

certain cases such information was disclosed during my interviews with policymakers who have had input into the decision making process, either in Brussels or in EU member states capitals. It is also noted that in most cases, these policymakers requested that they remain anonymous and therefore I will provide a list of my interviews disclosing only the nationality of the interviewees.

### **Limitations**

This thesis has explored the partnership of the EU and the GCC in two specific case studies. Even though I have tried to incorporate as many different aspects of this relationship as possible, namely the economic, political and security aspects, I do understand that the areas of cooperation between the two regional blocs are not limited in these fields. For example, energy security and hard security agreements between member states of the two regions could have been areas of research as well. Nevertheless, I have attempted to address -in the limited scope of a PhD thesis-, two major elements: the “economics meets politics” aspect of the EFP and the outcome of this partnership in a broader regional level, thus beyond strict bi-regional matters.

Furthermore, this is a specific case of EU partnership with a third party, the GCC and its member states, which have their own distinctive characteristics in terms of society and the ruling system. Additionally, this is research for a region-to-region partnership, which may differentiate this thesis from previous academic work, since most of the academic research thus far on the issue has been on partnerships with single nation states. Nevertheless, it also means that the findings of this study cannot be generalised by projecting the conclusions of this specific research on the wide spectrum of EU partnerships.

Moreover, I have tried to incorporate as many different dimensions of the partnership as possible, in terms of the actors which are involved, in terms of the coexistence of values, interests and (self-) images and in terms of the level of engagement at a bi-regional, and broader regional and an international levels, as has already been mentioned. Again, I do not claim that I have explored this

relationship in a way that all relevant questions have been addressed. For example, the direct and indirect role of the EU member states and the GCC states in the shaping of the decisions of the United Nations Security Council regarding the situation in Yemen, has not been addressed. This was decided due to practical reasons which are associated with the level of access to information about the decisions taken at the UN headquarters as well as because I focused at levels where the two parties had immediate influence.

In any case, I feel that this thesis has addressed the major questions for the development of the EU-GCC relationship towards a strategic partnership, in a comprehensive way at a bi-regional level, where both parties had leading roles.

## **Conclusions**

This thesis has discussed the literature on the EU-GCC relations, demonstrating the value of recent works by Youngs and Nonneman, which have been important in contributing to the understanding of bi-regional relations. However, despite the insights they offer, they only explore the case of political reform in the Arabian Peninsula; they are thus static, as they fail to capture the dynamics of development, and they ignore all the activities taking place at levels other than high governmental positions. There is an important gap in the existing literature, therefore, which this thesis aims to address, by addressing this relationship as one of a multilayered, multidimensional and multileveled character and by exploring the role of various actors across the political and social ranks of the two regions, from different fields at national, regional and international levels.

A brief reference to the broader literature on the EFP enabled us to place the EU-GCC relationship within the debate of the EU as a global actor with special reference to the use of economic tools and normative goals, due to the EU's own structure, development and (self-) images. Stating that the EU – GCC relationship could not fit the pattern of traditional EFP cooperation schemes (in the Middle East), where the EU is the dominant pole in unbalanced

relationships, a gap in the current literature for the EU-GCC relations was identified. Based on that, the thesis suggested that the EU-GCC relationship should be explored from the perspective of a 'strategic partnership', in order to incorporate interests, values and (self-) images in a triangular relationship, exploring their balance within the relationship and how these elements have developed through a decade, aiming to capture the dynamic character of the relations.

Since there is no clear definition on the concept of 'strategic partnership' I have also worked on the current literature on this notion and I have introduced insights and information into the academic debates from within the EU regarding the shaping and the development of the EU's 'strategic partnerships'. Exploring the academic debate and the understanding of EU policymakers on the issue, I have concluded on a number of elements which form a 'strategic partnership' and I have provided a definition for its concept, which aims to combine the theoretical approaches of academics but also the understanding of the term by practitioners.

In the next three chapters, I will give a brief description of the state of play of the EU-GCC relationship on a broader level and then draw attention to the goals of the two parties. A more detailed presentation and analysis of the EU-GCC interaction focusing on the very specific case studies of the thesis will follow, giving answers to the research questions raised in this chapter and testing the hypothesis that if the EU indeed applies norms in an instrumental manner, then to the extent that the GCC states have responded to interests, which are related to the values that have been instrumentally promoted, then the value factor of EFP is weakened in the official interactions of the two parties. If this is the case, the fact that the two parties have not officially declared an existing 'strategic partnership' is due to reasons that are either related to their interests or their perceptions and not the values of the two parties. Therefore, the image of the EU as an effective foreign policy actor, and a useful partner in the multipolar global setting, is not hindered by its value-driven language but by its ability to adapt to the new realities of the international system.

The thesis will end with a conclusion on the EFP in the Gulf region, assessing the extent to which the EU and GCC have reached a strategic partnership, and suggesting at the same time the reasons behind any success or failure, and the broader implications for EFP.

## **EU-GCC RELATIONS: TRADE AND ECONOMIC RELATIONS**

### **Introduction**

European Union (EU) and Gulf Cooperation Council (GCC) relations have always been mainly focused on economy. The EU is the GCC's biggest trading partner and importer of goods in the region and GCC markets have been important for the EU especially since bi-regional trade has been asymmetrical in its nature, in favour of Europe. More recently, flows of investments from the Gulf to Europe verified the interdependency of the two regions<sup>327</sup>. Biregional trade between the EU and the GCC was treated under the Most Favoured Nation (MFN) regulations and under the Generalised System of Preferences (GSP) the EU granted to all developing countries<sup>328</sup>. Since 1990 bi-regional trade has been constantly growing. In 1989, when the Euro-Arab Dialogue was collapsing, the EU and the GCC states signed a Cooperation Agreement, according to which the two parties agreed to negotiate a trade agreement overcoming MFN and GSP status, eventually leading to a Free Trade Agreement (FTA). During the first decade of the talks the progress of the official negotiations was minimal, but there were some encouraging signs for the overall relationship because of the work of the business communities. In the 21st century, because of the new political environment and the economic development of the Gulf region, both at a local as well as at regional level (with the integration process of the GCC states), a new momentum for the economic relations of the two regions emerged. New opportunities were raised for the EU to become a significant player in the area and a strategic partner in the GCC's efforts for economic diversification and further economic development.

This chapter will analyse the case study of economic relations between the EU and the GCC states within the framework of a strategic partnership. It will use

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<sup>327</sup> Hollis, Rosemary, Europe and the Middle East: Power by Stealth?, Rosemary Hollis, *International Affairs (Royal Institute of International Affairs 1944-)*, Vol. 73, No. 1, Jan., 1997, pp. 15-29.

<sup>328</sup> Escribano-Francés, Gonzalo, "An International Political Economy View of EU-GCC Partnership", Paper presented at the "International Conference on Challenges of Economic Development for the GCC Countries", Kuwait City, 29-31 January 2005, p. 7

the methodological framework presented in the previous chapter in order to explore the history and the development of the FTA negotiations and the relationship of the business communities of the two regions. It aims at identifying the common interests and challenges of the two regional blocs and at examining whether interests and the subsequent cooperation go beyond purely economic gains, tackling the effect of values and the role of perceptions in this cooperation. It will also address the elements of competition and the level to which these have hindered closer cooperation between the parties.

The power balance and the interdependency component will be central in exploring the shaping and the development of this relationship. This thesis will address how this interdependency factor has evolved during the last two decades and examine the added value the parties bring to the partnership. In a related matter, the chapter will then address the question of the long-term approach of this relationship and the flexibility that the two partners have shown in order to tackle the new developments in the fields of economy and politics, at national, regional and international levels, in order to overcome problems or to add impetus to their partnership.

Furthermore, the chapter will investigate the role of the different actors, coming from different levels of the hierarchy of various fields of political institutions and socio-economic groups in order to examine if this relationship has been multidimensional, multilayered and multileveled, as a 'strategic partnership' should be, according to the suggested definition of this notion. It will also assess the broader range of the EU-GCC partnership, beyond the bi-regional level, having in mind on one hand the EU eagerness to promote multilateralism and on the other hand the GCC perceptions of autonomy in their internal but more importantly in their external environments. The extent to which the EU and the GCC have agreed on joint actions and have provided concrete results will also be examined, alongside internal cohesiveness as well as how the latter obstructs or promotes the shaping of an EU-GCC strategic partnership.

A special focus will be dedicated to the way the EU has promoted its values and norms in the Gulf region, as this is a central aspect of EFP and 'strategic partnerships', according to the EU's self-image. This is becoming even more important in light of the different structures and values of the societies and of the political systems in the GCC states as well as the fact that the Gulf leaders have their own perceptions about sovereignty accompanied by their ability to resist EFP. The extent to which the EU and the GCC states negotiate and reach understanding regarding values, norms and perceptions affects accordingly the shaping of a 'strategic partnership', either positively or negatively. It is expected that it will also influence the way that EFP is conducted, leading to re-assessment, both by EU policymakers as well as other observers, about the character of EFP.

The chapter will end with a presentation of the effects of the institutionalisation of the partnership as well as of the new opportunities arising from the regional and global environment may have on the development of the EU-GCC relationship. The aim of the current chapter is to project all the elements that form a strategic partnership on the specific case study in order to arrive at a conclusion as to what extent the EU-GCC relationship corresponds to this model of cooperation. The chapter will begin with a brief introduction to the 'rentier state' structure of the Gulf states which is vital for the understanding of the way the Gulf leaders conduct internal and external policies and for the opportunities as well as the challenges posed for the EU-GCC relationship. Then, a brief history of the FTA negotiations will be presented. Sections referring to the different elements of a strategic partnership will follow.

### **The 'rentier state' in the Gulf region**

The Gulf economies have mainly been based on the 'rentier state'<sup>329</sup> model of economic and societal organisation. This model is characterised (i) by the dependence of the national economy on substantial external rents that can

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<sup>329</sup> Luciani, Giacomo, ed., *The Arab state*, London, Routledge, 1990

support the state expenditures even if there is no or a limited domestic sector for economic development (ii) these revenues are controlled by a very small group of people, usually the royal families and a small state class (elite) around them (iii) by whom state wealth is distributed to society and (iv) by the fact that the latter has no involvement in any production process<sup>330</sup>. Therefore, the lack of reforming forces within the Gulf societies, due to the structural characteristics of the 'rentier state', the subsequent dependence of the private sector to the state and the non-existence of an indigenous workforce and middle class means that the state is the only driving force of the economy. The dominant role of the state economy influences the relevant development plans and productivity rates. The public sector does not pursue purely economic gains, which is the case with the private sector, but it has to accommodate also social and political objectives<sup>331</sup>. Since the 1970s oil money has granted the capability to the royal families of the Gulf states to buy loyalty through the expanded public sector. They channelled money to local societies through goods allocation (housing schemes, stipends) or services (infrastructures), instead of investing in the development of domestic economic activities, namely industries and services. This was the main pattern of public policies in the Persian Gulf, as the results of this approach were immediate and the political gains more obvious<sup>332</sup>. Even when the Gulf states put forward development plans and initiatives for reforms or for restructuring the local economies, the ruling families had to weight the political cost of their decisions. They had to overcome the obstacles of balancing between the various economic actors and bureaucracies in order to keep everyone satisfied and loyal<sup>333</sup>. Moreover, the interaction between the state and the few private companies through a system of royal favours and subsidisations blurred the line between the rulers and the businessmen. Therefore, the distinction between

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<sup>330</sup> Beblawi, Hazem, 'The rentier state in the Arab world', in Beblawi, Hazem and Luciani, Giacomo, eds., *The Rentier State*, London, Routledge Kegan & Paul, 1987, pp. 51-52

<sup>331</sup> Ayubi, Nazih, 'Etatisme versus privatization: The changing Economic Role of the State in Nine Arab countries' in Handoussa, Heba ed., *Economic Transition in the Middle East, Global Changes and Adjustment Strategies*, Egypt: American University in Cairo Press, 1998, p. 125

<sup>332</sup> Abdel-Fadil, Mahmoud, The Macro-behaviour of Oil-rentier states in the Arab region, in Beblawi, Hazem and Luciani, Giacomo, eds., *The Rentier State*, London, Routledge Kegan & Paul, 1987, p. 84

<sup>333</sup> Youngs, Richard, *Europe and the Middle East: in the shadow of September 11*, Boulder, Colo. : Lynne Rienner Publishers, 2006, p. 227, p. 15

private and public sectors were highly blurred and it should not surprise anyone that until very recently privatisation goals were merely a slogan by the Gulf leaders, rather than clearly defined goals pursued through concrete national policies and reforms<sup>334</sup>. On the contrary, the ruling families have used national wealth coming from oil revenues to boost the economic activities of the private economy, like the construction sector, through infrastructure projects and the welfare system with the housing schemes. This is, however, a mechanism of 'internal recycling' of the oil rent, without building on the capacities for a real development of the private economy to the extent that it could become independent from the oil rents<sup>335</sup>. The dependence of the national economy on the allocation system of rents developed a 'rentier mentality' within the Gulf societies, which still characterises a great majority of the local population. Because there is no linkage between production and gains the 'work-reward causation' is broken<sup>336</sup>. Income has been isolated from any notion of work and business risk and it is rather perceived as a fact that is much more linked to the political context and the political behaviour of the citizens. As a result of this system of effortless income for the GCC nationals, the workforce in these countries consists of expatriates. What is more interesting is that a large number of companies in trade and development are run by foreigners. Keeping in mind though that foreign ownership has not been easy in the Gulf countries, GCC citizens become 'sponsors', ('al kafil'). They register companies or apply for permissions for trade or closed professions under their names and in exchange they get a share from the profits of their sponsored partners. This is another layer of the recycled rentier system, which has also led to the 'kafil mentality', according to which income does not derive from work or risk but solely from GCC citizenship and sponsorship<sup>337</sup>. In this institutional and political context, it is

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<sup>334</sup> Ayubi, Nazih, 'Etatisme versus privatization: The changing Economic Role of the State in Nine Arab countries' in Handoussa, Heba ed., *Economic Economic Transition in the Middle East, Global Changes and Adjustment Strategies*, American University in Cairo Press, 1998, p. 157

<sup>335</sup> Abdel-Fadil, Mahmoud, "The Macro-behaviour of Oil-rentier states in the Arab region", in Beblawi, Hazem and Luciani, Giacomo, eds., *The Rentier State*, London, Routledge Kegan & Paul, 1987, p. 86

<sup>336</sup> Beblawi, Hazem, 'The rentier state in the Arab world', in Beblawi, Hazem and Luciani, Giacomo, eds., *The Rentier State*, London, Routledge Kegan & Paul, 1987, p. 52

<sup>337</sup> *Ibid*, p. 56

no wonder the Gulf states could not attract direct foreign investments. Actually, during the 1990s, the average growth of FDI inflows had been -9%, whereas at the same time the global average growth was 19% and 30% for developing countries. Additionally, it should be noted that the FDI in the pre-2002 era was directed almost exclusively to the energy-related sector. It should also be pointed out that it was not simply a matter of no inflows of capital. By investing in other fields, foreign companies would have transferred technology and expertise that was greatly needed by the economies of the Gulf region<sup>338</sup>.

In this brief description of the way the Gulf region is organised politically, economically and socially, it could be easily identified that the Gulf leaders have been the predominant actor in the all fields of activities and their actions were motivated by their aim to secure internal autonomy, through buying loyalty. As a result, none of the major values pursued by the EU as described in the previous chapter were met in this context. The role of the state and national sovereignty were still fundamental (as opposed to the supranational rule of law), social freedoms and rights had been linked to obedience to the existing ruling system (as opposed to social freedoms, consensual democracy and human rights). Sustainability of peace could also be questioned to the extent that the sustainability of the economic and political structure was also challenged. Minor values promoted by the EFP (social solidarity, anti-discrimination, sustainable development, good governance) were also very weak, if at all existent.

### **Brief history of the FTA negotiations**

The FTA negotiations between the EU and the GCC are the cornerstone of their biregional relations, despite the slowdowns, the problems and even the suspension of the talks (2008) during the last twenty years. The EU-GCC FTA talks entered a phase of serious negotiations only after 2003, as the timing was just right then. The new political environment which was shaped by the

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<sup>338</sup> Baabood, Abdullah, *EU-GCC Relations: A Study in Inter-Regional Cooperation*, Dubai, Gulf Research Center, 2006, pp. 133-137

aftermath of the 9/11 attacks in GCC–US relations, the increased interest of the European Union in the region<sup>339</sup> and the establishment of an EU Delegation Office in Riyadh provided new impetus to the EU-GCC relations. In the field of economy, the GCC introduced a Common Custom Union facilitating bloc-to-bloc negotiations, and economic relations between the two regions grew even further both because of the oil prices and the new Foreign Direct Investments (FDI) inflows to Europe from the Gulf states<sup>340</sup>. When the negotiations resumed in 2002, five rounds of talks took place within the first year, two more in 2003 and another three in 2004, proving the desire of the EU and the GCC states to build upon the new momentum. The negotiation rounds were followed by technical meetings<sup>341</sup>. In 2004, under the initiative of Chris Patten, Commissioner for External Relations at the time, the two parties agreed to concentrate their efforts on the economic sphere, namely on the negotiations for concluding the FTA, business relations, and energy cooperation. Human rights also became part of the talks<sup>342</sup>. However, in December 2008 the GCC states suspended the official negotiations, sending the message that they are running out of patience. By May 2009, the EU and the GCC had agreed on 99% of the issues.

Two obstacles remain: the inclusion of the human rights clauses; and the export duties in relation to Saudi rules and laws. The human rights clauses have become part of the negotiations mainly for two reasons; firstly because the EU always includes political clauses in the trade agreements and secondly due to the fact that the European Parliament has been active in raising human rights issue for the Gulf States. The GCC states agreed on the addition of this matter in what is nevertheless seen as a purely economic agreement, since they do understand that this is the way the EU conducts negotiations for external relations. However, even though they made the concession of including a

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<sup>339</sup> The “EU Strategic Partnership with the Mediterranean and the Middle East” document calls for intensification of dialogue under the relevant political instruments with GCC and consideration of a bilateral arm next to the biregional approach of the Commission in order to advance the EU - GCC relations

<sup>340</sup> Annex 05

<sup>341</sup> Lore Genand, ‘A view of the FTA from an EU perspective’, in *GCC-EU Research Bulletin* 2, June 2005, pp. 10-11

<sup>342</sup> EU/ GCC, ‘Joint Communiqué’, *14th EU GCC Joint Council and Ministerial Meeting*, 17 May 2004

discussion on human rights in this economic agreement, they are uncomfortable on how these clauses may be used in the future. On the export duties issue, even though the GCC and the EU had agreed on the terms about the prohibition of any export duties, at some point the GCC states (mainly, if not exclusively, because of the KSA) reverted to their previous position, so that they would be able to impose export duties on local products. Thus, the discussions reopened. The EU suggested time limitations, quantitative limitations or proportionate measures<sup>343</sup> but the GCC states insisted that the matter should be left out of the FTA talks, or that prohibition of any export duties becomes an issue subjected only to bi-regional consultations. It should be noted that currently the KSA, and the rest of the GCC states, do not have export duties on petrochemical products, but the Gulf leaders do not want to relinquish their right to do so in the future in order to discourage export of raw materials and to encourage the development of their internal industrial production. The EU refuses to agree on further concessions on the matter because this would create a negative precedent for the rest of its negotiations for FTAs and it would also undermine the essence of the FTA agreement. Moreover, European diplomats have consistently argued that since the GCC states do not currently have export duties, they fail to see the rationale behind the stance of the GCC states. What is more, for European diplomats, this agreement is not expected to produce massive economic gains either to the EU or the GCC states, even though they could not be more specific on what the EU's expectations and calculations are regarding the economic outcomes of the FTA agreement<sup>344</sup>. On their part, the GCC states have argued that their right to place export duties relates to their own internal development and stability and as such these priorities should be respected by the EU. In this sense the language used in the GCC arguments is one dressed with normative language in order to present an economic issue as

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<sup>343</sup> Letter sent to Dr. Hamad AL-Bazai, Deputy Finance Minister of the Kingdom of Saudi Arabia, by Joao Aguiar Machado, Deputy Director General, DG Trade, European Commission, Brussels, 07 April 2010.

<sup>344</sup> These arguments have been presented during interviews by various EU diplomats (working both for EU institutions as well as nation states ministries).

a lack of understanding in terms of needs and values between the two parties<sup>345</sup>.

These two thorny issues are discussed between the EU and the GCC negotiators during meetings that take place both in Brussels and in the Gulf area, informally. Representatives of the European Union and the Gulf states have been in contact since the first months of 2009, despite the official suspension of the talks. It is said that they want to reach an agreement through these informal channels, before going public about the progress of the negotiations<sup>346</sup>. On the rest of the issues covered by the FTA talks, the creation of the GCC Custom Union and the adoption of a general 5% tariff compared to the varied tariffs from 3.4% (Kuwait) to 16.3% (Bahrain) facilitated the dialogue. Public procurement, intellectual property and investment policies were also added to the talks, and there has been no reference to any difficulties arising from their inclusion<sup>347</sup>. No agreement has, yet, been reached between the EU and the GCC for the FTA.

### **Common interests and shared challenges**

According to the Cooperation Agreement, which came into force in 1990 the two parties agreed to work together for three main objectives, as they were described in Article 1 of the agreement:

*(a) to strengthen relations between the European Economic Community, on the one hand, and the GCC countries, on the other, by placing them in an institutional and contractual framework;*

*(b) to broaden and consolidate their economic and technical cooperation relations and also cooperation in energy, industry, trade and services,*

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<sup>345</sup> These arguments have been presented during interviews by diplomats of KSA, Oman, Kuwait.

<sup>346</sup> *Interviews with GCC diplomats, Brussels, 08 April 2009*

<sup>347</sup> Escribano-Francés, Gonzalo, *An International Political Economy View of EU-GCC Partnership*, Paper presented at the "International Conference on Challenges of Economic Development for the GCC Countries", Kuwait City, 29-31 January 2005, p. 12

*agriculture, fisheries, investment, science, technology and environment, on mutually advantageous terms, taking into account the differences in levels of development of the Parties;*

*(c) to help strengthen the process of economic development and diversification of the GCC countries and so reinforce the role of the GCC in contributing to peace and stability in the region<sup>348</sup>*

The two parties agreed, thus, on various common interests, namely (i) to create an institutional and contractual framework of cooperation (ii) to enhance cooperation in a wide range of issues (iii) to work together for the diversification and development of the GCC economies and (iv) to reinforce the role of the GCC as an agent of peace and stability. The contractual and institutional cooperation of these two regional blocs served the interest of both players to reinforce their role at regional and international levels. Moreover, it was promoting cooperation with economic and commercial benefits for both regions and it was providing technical assistance to the GCC states which was needed for their economic diversification as well as for their regional integration. These were serving again the identity building process of the EU and the GCC at the same time they were tackling the security concerns of the leaderships of the two regions. Based on EFP approaches, economic development leads to the rise of an independent middle class which can pursue reforms and thus lead the Gulf region to a more sustainable and peaceful environment, based on EU experiences and aspirations. On the other hand, the GCC states were aiming at economic development which was going to provide the rulers with the necessary tools to reinforce the societal organisation of their states and consolidate their power, enhancing their internal autonomy. In addition, the GCC leaders have been eager to engage with the EU since it had the image of a less dominant foreign policy actor and that was an important element for the GCC

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<sup>348</sup> EU/ GCC, *Cooperation Agreement between the European Economic Community, on the one part, and the countries parties to the Charter of the Cooperation Council for the Arab States of the Gulf (the State of the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar and the State of Kuwait) of the other part*, 1989, Retrieved on 21 July 2010 from <http://ec.europa.eu/world/agreements/prepareCreateTreatiesWorkspace/treatiesGeneralData.do?step=0&redirect=true&treatyId=232>

which felt that their regional and international environments were dominated by aggressive players (Iraq and Iran) or by a superpower (the USA) which needed to be counter-balanced.

The more recent document of 'Strengthening the EU's partnership with the Arab World' repeats the need for cooperation on economic development with the GCC states, the diversification of their economies, the further integration of their regional project and enhancing their role for regional security, while reaffirming the linkage between security, stability and economic development. It adds a call for promoting WTO membership, which is associated with modernisation and liberalisation of their regulatory frameworks<sup>349</sup>. These areas of cooperation fully coincide with EU values and interests in the Gulf region. Beyond the commercial interests that the EU has in the development and the liberalisation of the GCC economies, EU policymakers have the ambition to promote regionalism and further advance the role of regional actors in the global economic setting but also to promote multilateralism and thus support the idea of supranational rule of law. It should be highlighted that this is the first bloc-to-bloc negotiation the EU initiated for an FTA and the first that has been so advanced. A successful end to the negotiations will create new dynamics for the EU's role as a normative actor in inter-regional cooperation as well as in broader, global, terms since inter-regional agreements simultaneously lead to a gradual reshaping of the global framework reflective of EU norms and interests.

### **Interdependency and symmetry of the relationship**

Despite common interests, the EU and the GCC relationship has faced difficulties in concluding the FTA and in some cases in working together to reach a common understanding about specific objectives. This is because of the negotiating attitude and power of the two parties, which have different departure points in the relationship. Moreover, despite their growing interdependency, the

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<sup>349</sup> European Council, 'EU Council report on 'EU Strategic Partnership for the Mediterranean and the Middle East', June 2004, p. 13

power balance has shifted dramatically during the last decade creating a new context in which the relationship has been shaped. Indeed, when the EU and the GCC states initiated their relationship there was a clear power balance in favour of the Europeans, which has been adjusted to a more symmetrical relationship during the decade of the 2000s due to the political and economic realities of the regional and global context.

In the 1990s, as it was entering into a new phase of economic development with the Single Market, the reunification of Germany and the opening of the markets in Central and Eastern Europe, the EU was also building on its economic power to promote its foreign policy. On the other hand, the GCC states experienced very vividly their security weaknesses, during the first (Iraq-Iran) and second (Iraq-Kuwait) Gulf wars while they were still reliant on growing their economies strictly through oil revenues. Moreover, the GCC were about to enter a decade of oil price decrease which was going to affect their economies<sup>350</sup> and create awareness of the fact that their internal societal and economic structure was unsustainable, due to dramatic population growth and the lack of equal growth in terms of economy. Clearly, the balance of power, despite the economic wealth of the GCC states was in favour of the EU. However a level of interdependency was always present. The EU had just started broadening its economic cooperation with third countries and exploring its foreign policy tools in the field of external relations. The Gulf region provided a lucrative market for European products, but it also provided a promising interlocutor for promoting inter-regional cooperation and thus enhancing its presence as a global actor. The Gulf states, due to economic and security concerns, had begun already to forge their own regional integration project, aiming to achieve autonomy internally and externally. The cooperation of the GCC states was going to advance their economic relations with the prospect of assisting their economic development and more significantly to create a third pole against the two larger countries in the Gulf, Iran and Iraq. The EU was the only role model of regional

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<sup>350</sup> Annex 06, Table A1

integration available for following at the time, adding to the desire of both parties to cooperate and reinforce their roles as regional blocs.

After 2001 this interdependency grew bigger. The EU identified a rich developing market in the Arabian Peninsula that was expanding at astonishing rates<sup>351</sup>. Year by year the GCC states were attracting more products from Europe due to the thriving economy based on high oil prices. The needs of the Gulf countries for modernisation flooded them with expatriate workers and the GCC states were transforming into a market like no other in the wider region. At the same time, the GCC states were progressing with their own integration process and they were seeking the help of the EU. In this context, the EU was aiming at becoming a significant partner for the GCC states and at assisting in the stability building process, by exporting its knowledge and practices into GCC societies and economies. However, due to their economic surpluses and the fact that they were making impressive progress in their diversification projects, the GCC rulers became more confident and more assertive when dealing with the EU. This became obvious in the way they negotiated with the EU on economic and technical cooperation, including the FTA talks.

This new power balance has shaped the development of the relationship and has fed divergences in the understanding of this cooperation by the two partners. The EU and the GCC states had developed approaches and plans which seem to have been significantly diverse. Through the diversification process and during the negotiations for the conclusion of the FTA, the EU aimed at exporting its own model of economic development and integration. The EU requested that its partners agree to a noteworthy opening of their economies both in order to attract investments and also to meet the requirements for reaching an agreement for introducing an EU-GCC FTA. This approach was based on the EU's own development following the Second World War and its own integration path which reinforced the EU's self-image as a successful case of promoting economic cooperation, development and democracy because of its

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<sup>351</sup> Annex 06, Table A2

supranational structure. The EU wanted to tackle the inefficiencies of the 'rentier state' model in order to create a dynamic private economy which would address their concerns regarding high unemployment, especially within the young local population. The EU aimed at regional stability through combating radicalisation and preventing instability through the development of the private sector of the economy and the subsequent impact this would have on the engagement of society in moderate politics. What is more, the EU has been disappointed by the slow implementation process of reforms and has communicated these concerns to its partners<sup>352</sup>.

On the other hand, the GCC states were looking for a partner to assist them with their diversification project on the basis of an equal partner, if not on the basis of a producer – customer relationship. The GCC wanted to 'buy' expertise according to their own interests and without any preconditions<sup>353</sup>, feeling comfortable by the revenues of the high oil prices, of the post-9/11 years. The fact that the EU was asking for reforms based on its own experience was not welcomed by its partners in the Gulf. On the contrary, there were cases in which the GCC policymakers felt that the way the EU addressed some issues revealed a lack of understanding of the GCC needs and expectations. Even in the mid-1990s the European Commission had prepared a study, reflecting its own experiences and values, for the economic reforms needed in improving the environment for investments and the legal framework for commercial activities in the Gulf region. However, the findings were seen as overly critical by the GCC states which agreed, however, to present their own study. More recently, the GCCs have also felt that "they are never fast enough for the EU"<sup>354</sup>, which sometimes asks too much, making requests that are either beyond the capabilities of the GCC Secretariat General and the Gulf states in general or that cannot be implemented immediately. Furthermore, for reasons which are associated with the status that the GCC projected for themselves regarding their role in the regional and global context as well as in relation to the EU, and

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<sup>352</sup> *Interview with an Omani diplomat, 26 March 2010, Muscat*

<sup>353</sup> *Interview with Dr. Christian Koch, Director of International Studies at Gulf Research Center, Dubai, 10 May 2009*

<sup>354</sup> *Interview with a Kuwaiti diplomat, 13 June 2010, Kuwait*

for reasons they claim are pragmatic and derive from the realities of their societal structure, GCC diplomats rejected EU approaches on economic reforms. They expressed their disappointment because the EU has not been very attentive when dealing with the GCC states, namely not taking into consideration their distinctive character<sup>355</sup>. In this case, it can be suggested that the EU, despite the changes in the regional and global environment, was (at certain level) still engaging with the GCC states according to its more traditional approaches of EFP in which the EU has been the dominant pole. The criticism of EFP that has been received from Gulf diplomats can also be reflected in the criticism by academics about the cultural imperialism factor which is invested in the shaping and the conduct of the EFP.

In providing assistance to the GCC states for their integration process, the EU has been very confident in initiating policies and projects. Nevertheless, in this field, it seems that there were no major obstacles. Due to the lack of already established mechanisms in the Gulf region, the GCC states have been willing to listen to EU experts and to adopt proposals and experiences transferred from EU bodies and agencies in their own region. The GCC recognised the supremacy of their European interlocutors and they have been, in general, very receptive to EU guidance. This is related both to the way the EU has presented itself as a master of regional integration and the effectiveness in promoting this image to the extent that the third parties do not challenge it. This is an undisputable added value that the EU can bring into the relationship and as such it is well received by the GCC states, reinforcing on the one hand the role of the EU in the region and on the other hand the dependency of the GCC states in further advancing their own integration project.

Concluding, at the beginning of the relationship, the EU was the most advanced partner with a monopoly of the desirable knowledge for the GCC, but as time passed the GCC states reserved for themselves the status of rising power and as such they wanted their expectations to become part of their relationship with

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<sup>355</sup> *Interview with an Omani diplomat, 26 March 2010, Muscat*

the EU. Therefore they set certain limitations on the way the EU could introduce plans for reforms in this relationship, or to the extent that they would make concessions during the negotiations. Therefore, it is important to note the role of status that each foreign policy actor has perceived for itself in the shaping of a strategic partnership, in order to better understand the balance within this symmetrical partnership.

### **Is the FTA still relevant in the current context?**

As this thesis argues, a strategic partnership consists of policies for cooperation which have a long term perspective, but at the same time are flexible enough to adapt to the realities that are created by new developments over time. However, the previous section indicated that the EU was not particularly adaptive to new regional and global realities and thus unable to accommodate GCC interests and perceptions about their own status and role, creating difficulties in the advancement of the EU-GCC relationship.

The EU-GCC have been holding FTA negotiations for the past twenty years, based on the Cooperation Agreement of 1989 (as shown) which still remains the only legal basis for the relationship of the EU and the GCC signed by the two sides. However, the economic and political balance has considerably changed over these twenty years. Thus, it is immediately understood that the EU-GCC relationship might have a long-term perspective but it lacks the ability to transform and stay relevant to time and the new state of affairs.

More specifically, the idea of an FTA area and the subsequent interaction in the economic field has a very long term perspective. The time that the idea of the FTA was conceived in particular, reveals a very ambitious and strategic option. The European Single Market was not yet in place, the global economic setting was still very conservative, the statist economic model of ex-communist/socialist states had just collapsed and the GCC organisation was still at the very early stage of its life. In this ambiguous and uncertain framework, the two blocs forged a Cooperation Agreement with a very clear and aspiring goal. The

immediate gains of any FTA have been vague and the practical problems have been significant. Nevertheless, even though the leaders of the regions acknowledged these challenges, they still agreed to pursue economic cooperation and initiated negotiations for the FTA which would have long-term effects on the economies of both regions. They did so by committing themselves in this Cooperation Agreement.

At the early stages of the negotiations for the FTA, the two parties recognised the practical problems for continuing with the negotiations and in order to create the necessary preconditions for a successful negotiation, the EU and the GCC agreed to postpone substantial negotiations, until the GCC had agreed on a common market with regulations on import taxes. In the meantime, policymakers of the two regions were still in communication and worked towards the common goal of finalising the agreement. Low level meetings were held in order to assess the practical matters to be raised during the more substantial phase of the negotiations.

Nevertheless, during the last decade, the two partners have failed to re-evaluate their partnership. Despite the change of power balance, there were no adjustments in the relationship and the way the two sides negotiate, in order to accommodate the new role of the GCC states in the global economy and their new enhanced confidence. The mandate and the preconditions remain the same as before. In this respect, it should not be surprising that the GCC states had the initiative of officially suspending the negotiations. Beyond the frustration revealed by this action, it also sent a clear message about the self-image the GCC developed regarding their economic relations with their first trade partner. What is more remarkable is the fact that the economic benefits of this agreement in a long term perspective and within the new economic global context are still uncertain. The last assessment study was prepared for the EU in 2002, at a time when the economic development of the GCC states had not yet met the high levels of the current era. In 2010, the EU was not in a position

to provide a clear answer about the economic gains of an FTA agreement<sup>356</sup>. Equally, an impact assessment on behalf of the GCC states was due to provide results only in March 2011<sup>357</sup>. The study was finally delivered in 2012 but it did not reveal major economic gains from this agreement for the GCC states.

### **Institutionalisation**

The long-term approach of the EU-GCC relationship has been a key factor in the institutionalisation of the relationship, keeping the two parties together even during difficult periods of very minimal progress during FTA talks. However, an important question is whether this institutionalisation has been productive or if it has led to the inflexibility that has characterised EU policy makers in dealing with the GCC states, in the new context of regional and global economics and politics.

High level representatives as well as technocrats and social groups have met and worked towards the direction of concluding the EU – GCC FTA agreement and promoting economic relations. At the highest end level there are the annual meetings of the Ministers of Foreign Affairs from all the member states, which also give political direction for economic relations. However, it should be noted that these meetings have been characterised as ‘uninteresting and ineffective monologues’<sup>358</sup> and ‘a few minutes of ‘show-time’ for the Ministers without any real essence as there is no space for a constructive dialogue, agreement and subsequently follow up, even when imaginative suggestions are presented on the table’<sup>359</sup>. The lack of an institutionalised dialogue between the Ministers of Trade/Economy of the EU-GCC states, even under the leadership (or at least the coordination) of the European Commission, is striking and equally revealing if we keep in mind the importance of the core issue of the FTA. In the case of technocrats, the meetings are, in comparison, more fruitful and their results are

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<sup>356</sup> *Interview with a diplomat working for EU institutions, Brussels, 28 July 2011.*

<sup>357</sup> *Interview with GCC SG diplomat, Bahrain, 18 January 2011*

<sup>358</sup> *Interview with a European diplomat, working for the European Council, 3 April 2009*

<sup>359</sup> *Interview with a European diplomat of a member state’s bureaucracy, who has participated in a few Joint Ministerial Meetings, Brussels, 29 June 2010*

more concrete. The European Custom Union, the EU Common Market, the European Monetary Union, the introduction of the Euro and the European Central Bank have all been models for the GCC plans for their own economic integration. From this perspective, the EU has not just provided the outline for a (relatively) successful project but it has also been active in transferring expertise and other technical information about the creation and implementation of such projects and institutions<sup>360</sup>. The European Central Bank and the Eurostats service provide the most visible examples of EU bodies and agencies contributing to knowledge transfer for the regional integration of the GCC states ( as explained in more detail below).

However, the institutionalisation process is not without problems. First of all, difficulties arise from the fact that this is the first bloc-to-bloc trade agreement. Thus, neither the EU, nor the GCC have any previous experience on the model they should use. What is more, the GCC Secretariat is not a supranational body (contrary to the European Commission), but all the decisions are taken on an inter-governmental level. Thus, it could be suggested that through the problems of this process, the two partners gain knowledge and expertise on how to handle issues of bi-regional cooperation in the future. It can be also suggested that the institutionalisation of the EU-GCC relationship has been a factor for encouraging institutionalisation of the GCC intra-regional relations.

Even when there is a wide level of institutionalisation and communication/interaction, there is little follow-up for implementing these ideas and projects. The Joint Action Plan (JAP) is the most ambitious plan for institutionalising the EU-GCC relationship, covering a wide range of areas. In total, fourteen areas are included in the JAP which highlight the priority areas of the relationship and which introduces mechanisms and concrete programmes for enhancing bi-regional relations<sup>361</sup>. The participation of experts and officials in the JAP reflects the 'strategic importance the GCC and the EU attach to their

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<sup>360</sup> *Interview with a European diplomat/ expert, working for EU institutions, Brussels, 25 February 2009*

<sup>361</sup> Annex 08

relationship<sup>362</sup>. The JAP can be seen as a great initiative to set the framework for joint projects of mutual interest and for creating the umbrella for all interactions, highlighting the existing development of bi-regional relations, setting all the ad-hoc actions under a single plan. In this respect, institutionalisation through JAP gives an added urge for further development and it makes the levels of cooperation more visible. The concrete outcomes, however, of this plan are still questioned.

In any case, it should be noted that the institutionalisation of the meetings has created a productive spirit between technocrats of the two regions even on the thorny issue of the FTA talks. Negotiations have been taking place in an informal way even though the negotiations were suspended by the GCC states in 2008. Moreover, technical assistance is always available for the Arab bureaucrats even if the communication of the request is done on an informal level and most of the times on an ad hoc basis. Whenever the GCC Secretariat General needs assistance and guidance the EU can provide this. The GCC Delegation Office in Brussels will contact DG RELEX and from there the Gulf organisation will get directions for communication with the competent department of the Commission every time<sup>363</sup>.

Summing up, since the signing of the Cooperation Agreement, the EU and the GCC states have experienced a history of constant widening and deepening of the institutionalisation of their relationship, to the extent that there are already positive spill-over effects in the interactions of actors from the other layers of the political and societal structure of the two regions. The institutional mismatch of the two organisations has been both an opportunity for further cooperation between the EU and the GCC in transferring expertise to the Gulf region as well as a great challenge for overcoming differences in understanding the capacities and the expectations of the two regions. More specifically, in relation to the problems of the institutional mismatch, the EU has been inflexible in

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<sup>363</sup> *Interviews with GCC diplomats, Brussels, 08 April 2009* Note: This was prior to the implementation of the Lisbon Treaty and the establishment of the EEAS.

understanding and incorporating the differences between the two organisations, to the extent that a certain level of frustration has been visible among the GCC states. The EU is seen as treating the GCC states as a reflection of its own structure, lacking the ability to understand the limitations of the GCC states. Furthermore, to the extent that the GCC capacities are more limited than those of the EU, the EU is more than willing to provide technical assistance for the reshaping of the GCC, so that it meets the EU's criteria. Therefore it can be suggested that while the EU was eager to replicate its own operational model in the Gulf region and for this end it has provided technical assistance, it was promoting its own (supranational) model of integration. In this respect it was ignoring the fundamental differences in the culture and values of the two regions. The GCC states have prioritised autonomy and sovereignty with the Gulf leaders also demonstrating a preference for inter-governmental cooperation. Consequently, the EU approach clearly conflicted with the GCC value system, despite the positive attitude of the Europeans in its provision of technical assistance.

### **Internal cohesiveness**

Since trade is in the competence of the EU, the EU approach vis-a-vis the GCC states in the FTA negotiations is notably cohesive. The European Commission is the competent body for negotiating the agreement with the states of the Arabian Peninsula and which is in regular contact with the GCC Secretariat and most of the institutions in the Gulf region. On the one hand, this has proven to be an effective way of negotiating, especially if it is compared to the way the GCC states act. The EU has a small group of advisors and a chief negotiator who is able to make decisions according to the mandate he has received. On the contrary, the GCC states have a chief negotiator who has to refer to the negotiators of the single GCC states before he submits his final decision, although he is the leading negotiator on behalf of all of them. On the other hand though, the role of the Commission is not always fruitful. Some EU member

states are in anticipation of the finalisation of the FTA agreement and they would like to see the agreement signed as soon as possible<sup>364</sup>. Beyond the economic benefits of the conclusion of such an agreement, member states from both regions have described an FTA agreement as the most significant sign of political will of the two parties to enhance their relationship<sup>365</sup>. Despite the eagerness shown by some EU member states to reiterate their political interests in the Gulf region, the Commission is inflexible when dealing with the issue. This inflexibility of the European Commission arises firstly because of the mandate it was given and which is based on the same template as other FTA agreements without taking into consideration the distinctive characteristics of the GCC states and secondly because its approach is more technocratic and bureaucratic rather than political. Indeed the mandate has reflected the standard procedure followed by the EU when engaging in negotiations for FTAs, including the clauses for human rights, and do not take into consideration the very specific characteristics each interlocutor may have. Even though this may have consequences for the effectiveness of the negotiations (especially when dealing with symmetrical partners) and it may also raise criticism about the monolithic approach of the EU in the matter, it should be added that in this case the Commission has been an agent of promoting the EU (self-)image to third parties. Since the Commission cannot be flexible and change the rules of the game, but it has to follow the mandate given by the Council, it upholds the EU standards without any compromise in all cases.

What is more, EU individual member states can hardly push forward the talks, since they have no competence on the issue. They can only have a supplementary role by suggesting possible constructive ways for the Commission to overcome the difficulties emerging due to GCC member states approaches. In the case of the GCC the role of the member states has worked in the opposite direction, complicating the conclusion of the bi-regional

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<sup>364</sup> EU member states have urged for a conclusion of the FTA agreement either with written communication with the Commission or by public statements.

<sup>365</sup> Letter of a Minister of Foreign Affairs of a member state of the EU to his colleagues. It has also been a common observation from all the diplomats from both regions, which were interviewed for the needs of this thesis.

agreement. More specifically, the role of the KSA seems to be the one that obstructs real progress. Bureaucrats in governments from the two regions and from departments of the two regional organisations have suggested that the KSA is the one country which is inflexible with its views regarding the export duties making the conclusion of the agreement difficult<sup>366</sup>. Generally, the KSA has been unenthusiastic in accelerating its integration in the global economic system and it was the last of the GCC states to have joined the WTO. Moreover, the KSA has practically challenged regional integration by its reluctance or inability to implement regional agreements. While the common market came into force on 1 January, 2008 it was not until April 2009 that the Saudi government lifted all restrictions for GCC citizens to live, work and buy properties in the Kingdom<sup>367</sup>. More relevant to the FTA talks, the issue of export duties is reportedly associated with the unwillingness of the KSA to agree on the terms of the agreement regarding the abolition of the rights to place export duties. Even though, as appears in letters exchanged between the EU and the GCC states, it was agreed that the export duties were going to be included in the agreement, under the pressure of the KSA the GCC states reverted to their initial position, declining all compromising suggestions by the European negotiator<sup>368</sup>. The KSA regards the issue of export duties as a major one, because they advocate that export duties drive the sales of petrochemical products into the local market and thus raw materials are kept cheap for local industries. If raw materials were sold abroad their price would rise internally, due to high demand, and supplies would become less available for the local economy. EU bureaucrats consider this as a problematic approach. European diplomats understand this as the lack of willingness of the KSA to give concessions in a field in which they are actually going to sacrifice some privileges allowing the rules of market competition to be

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<sup>366</sup> *Interviews with bureaucrats and experts in the EU and the GCC region, between 2009-2011*

<sup>367</sup> Hartley, Joanna, "Saudi drops work restrictions for all GCC citizens", *Arabian Business*, 22/04/2009. Retrieved on 16 June 2009 from <http://www.arabianbusiness.com/553384-saudi-drops-work-and-living-restrictions-for-all-gcc-citizens>

<sup>368</sup> Letter sent to Dr. Hamad AL-Bazai, Deputy Finance Minister of the Kingdom of Saudi Arabia, by Joao Aguiar Machado, Deputy Director General, DG Trade, European Commission, Brussels, 07 April 2010.

implemented<sup>369</sup>. On the contrary, Arab diplomats consider this issue as a highly political one associated with societal benefits. They insist on the need to deal with the matter keeping in mind the needs of local societies to protect their major industrial unit with all the consequences this will have on the local people<sup>370</sup>. Whilst there is validity in the argument of the KSA, the fact that the GCC had initially agreed on the removal of the export taxes as well as the fact that the EU had proposed gradual limitations in terms of time and quantity in order for the KSA to deal with the social consequences, seems to support the EU argument that this is about the economic concessions the KSA is not willing to make. What is also interesting in this case is that the KSA feels strong enough to practically block the final agreement on the FTA, revealing the self-image the Saudi leadership has in relation to the EU but also in relation to its partners within the GCC.

In spite of the central role of the European Commission in EU-GCC relations, the role of the individual member states and that of the Presidency of the Council have been important too. Prior to the implementation of the Lisbon Treaty, and in the cases of the rotating presidency of France and Germany, the Gulf states became one of the priorities of European foreign policy. Both of the leading figures (President Sarkozy and Chancellor Merkel) visited the region as presidents of the European Council emphasizing their political will for enhancing EU-GCC relations. Without a doubt, France and Germany worked in favour of the EU-GCC FTA during their own rotating presidency. However the interest they have shown can also be associated with their own image, both as an efficient EU presidency and as a genuinely interested actor in the region, with benefits (in the end) for their bilateral commercial or strategic interests. However, the rotation system of the Council's presidency produced inconsistencies in the policies of the EU with a lack of follow-up in the work that was already done<sup>371</sup>. Thus, the EU sent contradictory messages to the GCC. Therefore, to the extent that the individual national interests are compatible with

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<sup>369</sup> *Interview with a European Diplomat, in the European Commission, Brussels, 08 April 2009*

<sup>370</sup> *Interviews with diplomats from Oman and Kuwait*

<sup>371</sup> *Interview with a European diplomat, working for the European Council, Brussels, 03 April 2009*

the EU goals, in particular when it comes to economics, bilateral economic activities in the Arabian Peninsula strengthen the image of the European presence and downgrade the risks and the disadvantages of the non-conclusion of the FTA agreement. Politically, however, it is debateable whether these national activities should be seen as undermining or promoting the EU role. It was suggested that because of the high economic stakes, single member states are very careful when dealing with political issues<sup>372</sup>, leaving a greater space to the European Union for these matters. In this respect, the image of the EU as a normative actor with high standards in promoting its values is reinforced. However, due to this double game the member states play (by cooperating directly with the GCC states whilst at the same time raising political issues within the EU framework) the perception of the effectiveness of the EU is weakened compared to the role of the member states. As a result, in the context of interdependency the EU seems weaker and bilateral cooperation with the member states of the EU become more attractive for the GCC states. In addition, it has been argued that when EU states promote their interests individually they do not feel the need to demonstrate their enthusiasm for further developing the relations of the EU and GCC member states within the context of the EU-GCC Cooperation Agreement. Indeed, the absence of a persistent promoter of the EU-GCC relationship has been identified as one of the problems in this partnership<sup>373</sup>. Moreover, enhancing bilateral relations can be interpreted as a lack of confidence in the ability of the European Commission to conclude the FTA and generally in the capability of the EU to become a significant actor in the region, as a bloc<sup>374</sup>. After the ratification of the Lisbon Treaty, there was a two-faced challenge for the EU -GCC relationship. On one hand, there has been an ambition for a more cohesive foreign policy with competences transferred to the EEAS and the HR, Lady Ashton. On the other hand, the role of closer-tie-seekers has been minimised, even during the member states' Presidency of the

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<sup>372</sup> Interviews with EU diplomats, Brussels, April 2009

<sup>373</sup> Baabood, Abdullah, *EU-GCC Relations: A Study in Inter-Regional Cooperation*, Dubai, Gulf Research Center, 2006

<sup>374</sup> Interviews with EU diplomats, Brussels, April 2009

Council of the European Union<sup>375</sup>. The first two years since the Lisbon Treaty came into force have shown that the HR, the EEAS and even the President of the EU have not been visible in the scope of promoting the EU-GCC relations and especially in facilitating the conclusion of the FTA agreement.

### **Joint actions of a multidimensional and multilayered partnership**

Since a “strategic partnership” should be, by definition, a multilayered, multidimensional and multileveled relationship, this section should examine whether in the case of the EU-GCC relationship, the bi-regional interactions have intersected different ranks within societies, from different fields and at different levels (bilateral, bi-regional and international) in a way which has enhanced this relationship.

Indeed, the multidimensional character of the relationship has been a key factor for the EU-GCC relationship. Actors coming from different layers of political and societal hierarchy of the two regions and from different thematic areas of this manifold relationship have kept bi-regional relations going, even in times when the FTA talks were suspended. Actually, ideas for enhancing bi-regional relations were promoted even more eagerly during the years of the disruption of the FTA talks, in an effort to tackle this lack of progress in the negotiations.

During the 1990s progress on the negotiations was minimal, if at all existent. Therefore, the two parties agreed to put forward ideas which were supplementary to the FTA negotiations, including projects in education, media and ‘decentralised cooperation in the field of business relations’<sup>376</sup>. Therefore, in the field of economics, the EU-GCC relationship was not pursued solely within the narrow frameworks of the FTA negotiations. The broader interactions of various actors created their own dynamics and therefore this multidimensional, multilayered and multileveled partnership can be identified also with joint actions

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<sup>375</sup> The trio of the member states which run the presidency may suggest some priorities to Ashton's cabinet, but the final word lies in her office

<sup>376</sup> EU/ GCC, ‘Joint Communiqué’, *6th EU GCC Joint Council and Ministerial Meeting*, 22 April 1996

from actors, beyond the official annual ministerial meetings and the role of the leaders of the EU and the GCC member states. In contrast to the lack of progress at formal Ministerial level, business people from the two regions have been very active and have built up their own momentum in EU-GCC relations. Whilst their interests are purely economic, they add to the impetus towards a deeper and more cohesive relationship through their joint projects thus adding to economic interdependency, lobbying towards their governments in order to facilitate the legal framework in which they cooperate, as well as contributing through the communication of ideas, perceptions and expectations – all of which creates a greater level of mutual understanding.

#### National governments and supranational actors

Economic reforms and studies for macroeconomic challenges and opportunities have become an important part of bi-regional interactions in the EU-GCC relationship. In the communiqué that was issued just after the GCC-EU 12th Joint Council and Ministerial meeting, there was a reference to a study that “was presented by the GCC in the 13th Joint Cooperation Committee on the investment climate in the GCC countries for attracting Foreign Direct Investment”<sup>377</sup>. Indeed, the study was given to the European Commission for providing feedback and suggestions for improving the regulations on investments in the Gulf. An investments expert group, which worked on the conclusions of the two parties took place and discussed the prevailing –at the time- conditions in investment, providing suggestions for reforms. In addition, in 2003, there was a forum in Dubai where the Gulf states presented their own reform plans to the European Union and called for active participation of European companies in the local investment projects. Furthermore, an ambitious project for broadening the EU-GCC talks on economy was the establishment of the EU—GCC Economic Dialogue. The first Economic Dialogue, which was a forum for the two regional economies to exchange ideas

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<sup>377</sup> EU/ GCC, ‘Joint Communiqué’, 12th EU GCC Joint Council and Ministerial Meeting, 28 February 2002

on issues of international economy, took place in 2004. The second one which was going to take place in 2009 was postponed for a year, even though this was a forum for consultation at high level for common problems, and the EU and the GCC were facing similar challenges in the era of the international financial crisis. The second Economic Dialogue materialised a year later, in 2010. The third one took place as scheduled in June 2011 and the fourth EU-GCC Economic Dialogue was organised in Brussels in March 2013. The agenda of the Economic Dialogue consisted of the global financial crisis and policy responses, the dynamics of the EU single market and the GCC common market, and the institutional development of the EU and the GCC. Furthermore, the European Central Bank<sup>378</sup> has been one of the most significant actors in exchanging information and transferring expertise to the Gulf region. Eurostats have provided a model for the establishment of the GCC Statistics Department and pending the establishment of the GCC Custom Union during the early years of the 2000s, officers from the customs departments of the GCC states were trained by European experts<sup>379</sup>.

In addition, in a positive step forward, the EU and the GCC states agreed on a JAP which introduces a series of subjects 'for Implementation of the GCC-EU Cooperation Agreement of 1998'. These include among others holding (i) regular dialogue on economic and financial issues to exchange views on macroeconomic issues at senior level (ii) annual joint forums for the exchange of expertise and information in all aspects of the GCC and EU experience in economic integration (iii) technical meetings to examine certain issues such as the taxation system and the Islamic banking products (iv) regular meetings in order to continue cooperation with the EU Central Bank in the area of the GCC Monetary Union. The JAP introduces cooperation on investment (addressing a need which arises after the Sovereign Wealth Funds became a focal point of

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<sup>378</sup> Walter, Norbert, 'EU-GCC Cooperation in Money and Finance', *The GCC – EU Research Bulletin* No. 7, April 2007, p. 12

<sup>379</sup> Escribano-Francés, Gonzalo, *An International Political Economy View of EU-GCC Partnership*, Paper presented at the "International Conference on Challenges of Economic Development for the GCC Countries", Kuwait City, 29-31 January 2005, p. 11

interest for both sides; the GCC own some of the most important SWFs and the EU has expressed its concern about the role of this institutions in the past) and encourages the enhancement of trade relations between the two sides in order to increase bilateral EU-GCC trade. The idea of this JAP is to bring people together from different areas and from different ranks of the political and social strata, as well as technocrats from the two regions. However two important shortcomings must be noted; first there are no Head of States meetings in the planning or any thematic Ministerial meetings (especially for economic matters and more specifically the FTA negotiations, as already pointed out). This can be interpreted as a lack of acknowledgement by the EU of the importance of a strategic relationship with the GCC states, thus failing to recognise the current status of the GCC states as rising powers. Having in mind the summits that the EU holds with various other global players and regions, this can indeed be read as the inability or unwillingness of the EU to attach to the GCC states a greater role in the EFP, which the GCC states would have welcomed, especially since they have been looking for an enhanced role in the Middle East. Second, there are no funds allocated for the implementation of concrete projects in the framework of the JAP. It is of no surprise then that over a year after the first meeting for the implementation of the JAP (in February 2010), the JAP has not taken off yet, even though it was agreed that it was going to be fully implemented by 2013.

### Business communities

Business communities have been equally successful in establishing channels of communication and cooperation. Regional and bilateral forums exist and are very vibrant, since each national business community aims to promote its own distinctive interests in the other party's region.

During the first year the Cooperation Agreement came into force, 400 businessmen and people involved in the industries of the two regions held their first EC – GCC Conference on industrial cooperation and Investment in

Granada in 1990<sup>380</sup>. An Industrial Development Committee was established and until 1995 two more EU-GCC Industry Conferences were held (Qatar, 1992 and Oman, 1995)<sup>381</sup>. In 1995 the promotion of decentralised cooperation became a central political project for developing the EU-GCC relationship. This project was designed to bring together groups and people of civil society in an attempt to bridge the gap and to overcome the difficulties that high political contacts were facing<sup>382</sup>. These were only the first steps towards enhancing bi-regional dialogue between business communities and the concrete results were not impressive.

In the 21<sup>st</sup> century, the cooperation of the business communities of the two regions was built upon the dynamics of the overall EU-GCC relations that emerged in the new global context. However, concrete results can only be identified during the last few years, because of the introduction of the financing instrument for cooperation with industrialised and other high-income countries and territories. This instrument has been the legal basis for “enhanced cooperation between the European Union (EU) and industrialised and other high-income countries”<sup>383</sup> for the years 2007-2013. This is the first instrument which makes clear reference to the GCC states and offers the platform for driving EU money to the region. Within the framework of this instrument, the Union called for proposals for the “EU-GCC Public Diplomacy and Outreach 2007” programme. The goal of this scheme is to bring together, inter alia, business communities from Europe and the Gulf, to facilitate economic diversification projects and reforms on labour market policies.

The most successful story of the ‘EU-GCC Public Diplomacy and Outreach 2007’ was the “EU-GCC Chamber Forum”<sup>384</sup>, run by Eurochambres and the

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<sup>380</sup> Babood, Abdullah, *EU – GCC Relations, A study in Interregional Cooperation*, Dubai, Gulf Research Center, 2006. pp. 233-4

<sup>381</sup> *Ibid*, p. 234

<sup>382</sup> EU/ GCC, ‘Joint Communiqué’, *6th EU GCC Joint Council and Ministerial Meeting*, 22 April 1996

<sup>383</sup> European Council, “Regulation of 21 December 2006 on establishing a financing instrument for cooperation with industrialised and other high-income countries and territories”. Retrieved on 22 July 2010 from <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:405:0041:0059:EN:PDF>

<sup>384</sup> Eurochambres / FGCCC, “New initiative to bring European and Gulf businesses closer together”, Press Release at EU GCC Chamber Forum, 6 October 2008

Federation of GCC Chambers of Commerce. Eurochambres and the FGCCC signed a Memorandum of Understanding in October 2007 after the initiative of the FGCCC to ask for closer cooperation between the two bodies.

Although the EU had set no political conditions on providing the grants to Eurochambres, there is a continuous communication of the organisation with the RELEX and the Trade DG for updating on the developments and exchanging information. The Eurochambres was also asked to present its work on this project to working groups of the European Council.

During the Eurochambres and FGCCC discussions, the two parties have shared ideas and proposals for enhancing their cooperation and generally there has been a great interest in the work done within this joint programme. The FGCCC even proposed to provide space for the creation of offices and delegation of the Eurochambres in the Gulf region. The proposal is under consideration from the Eurochambres, especially since it is recognised that the Gulf states have shown a political will for diversifying their economies, and there is 'definitely a serious trend and a change of mind'<sup>385</sup> for the local economies and the creation of Small and Medium Sized Enterprises (SMEs) compared to the economic diversification and development plans of the 1990s. Even though the joint project places an emphasis on the role of the SMEs, there is no involvement of the Enterprise Europe Network for Small and Medium Sized Enterprises<sup>386</sup>.

The Eurochambres has no bilateral relations with Chambers of single states/city of the Gulf region because of its structure and because of the nature of the programme that was agreed according the MOU signed. However, it does encourage the bilateral agreements and cooperation between single European Chambers and single Gulf Chambers. Indeed there have been some

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<sup>385</sup> *This argument was introduced during an interview with Eurochambres' International Officer, Brussels, 09 July 2009 and it was repeated in other interviews with EU officials as well.*

<sup>386</sup> There is no agreement between the EU and the GCC states which could make the GCC states eligible for assistance, firstly because of the financial situation and geographical position of the GCC states and secondly because of the reorganisation of the programme with more intra-European objectives.

agreements of this kind<sup>387</sup>. All these agreements which involve exchange of information and the use of European expertise are complimentary to the work of the Eurochambres, which has been supportive and provides any needed assistance, even though a lot of German/ British/ French Chambers already have business delegations in the Gulf. From this point of view, the Eurochambres work is in the benefit of new member states which have no national business units in the region.

Although one of the four key topics of discussion has been innovation transfer, the Eurochambres have no contact with the Research and Development DG of the Commission, or the INCO-NET network. Nevertheless, they still support initiatives for projects in new sectors for new business ideas and for promoting educational programmes. However, these initiatives are more on policy level than in providing technical assistance.

Generally, the GCC businessmen and the European Union share the same interest in the opening of the local economies and the constraint of the role of the state in the economy. However, there was “no direct alliance” for coordinating policies and actions in pursuing their goals. The EU has been using lobbying methods as well as the official channels of communication in the framework of the FTA negotiations to promote its interest in opening the GCC markets and the FGCCC is pursuing its own interests with direct contacts with the GCC rulers.

Consequently, even though the multidimensional and multilayered character of this relationship was initiated as an antidote to the stalemate of the FTA negotiations various actors in different areas of cooperation have developed their own dynamics. The spill-over effects of EU-GCC high level planning are already visible, even if these high level programmes are minimal and usually without consistency. The opportunities of an emerging area (and the

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<sup>387</sup> Dubai's Chamber has been very active in pursuing bilateral agreements and has signed agreements with Hamburg's Chamber (including an agreement for helping establishing a training system that replicates the German vocational training system to the Emirates), Milano and other European Chambers. Jeddah's commercial community has also developed contacts with European ones.

subsequent needs that arise from this, which go beyond the Cooperation Agreement) have led people from the two regions to interact on different themes, making the framework of EU-GCC economic relations much broader than the stalled talks on the FTA agreement. This is especially true of the role of the dialogue between the business communities of the two regions, with the establishment of the business forum seemingly of great significance. It is argued that the business communities have been urging the political leaderships of their states to facilitate economic interaction and the conclusion of the FTA<sup>388</sup>. In this respect, it can be suggested that the difficulties at the high level of communication have led to lower level interaction, which in turn fed back positively to higher level dialogue. However, it is again debatable whether national actors work in favour of the EU presence in the Gulf region, as a bloc. Even though it is clear that national actors enhance European activity in an extremely competitive environment, it can be argued that national member states overshadow any collective efforts. On the other hand, if European national actors were not in place, EU action in the region would be minimal with the vacuum being filled by third parties. In this respect it is also noted that to the extent that cooperation plans are not fulfilled, GCC states are already looking for other options. Interdependence will weaken at the same time as the non-conclusion of the FTA is seen as an indication of the lack of political will for a more fruitful partnership, urging the GCC states to turn their search and interests eastwards. Therefore, the adoption of the JAP in 2010 can be read as an answer to these concerns. Indeed, it sends a clear message of the desire of both sides to move towards a more strategic approach with regards to this relationship. This is a project which can be described as a master plan, building upon the ideas of interdependence and mutual understanding. Forming joint projects and exchanging views on common challenges leads to long-lasting cooperation for mutual benefits. Nevertheless, it has to be pointed out that this multidimensional master plan lacks a political and security dialogue, of which the two regions are in need, in order to deal with matters of regional stability and

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<sup>388</sup> *Interview with Eurochambres' International Officer, Brussels, 09 July 2009*

security. However, the most challenging part of this project is its actual implementation and the need for follow-up from the various actors involved.

### **Has the EU engaged the GCC on the value aspects of the partnership?**

In the previous chapters, it has been argued both with reference to EU documents as well as to academic work that the EFP aims, beyond its commercial interests, to promote its values and norms, through political and economic reforms as well as engagement with multilateral organisations.

In this specific case of bi-regional relations, the EU has indeed encouraged the GCC states to adopt reforms regarding the political system and the respect of human rights both indirectly and directly. Indirectly, the openness of the economic system in the GCC states and the weakening of the 'rentier state' model can lead to a new window of opportunity for political reforms through a bottom-up approach. Directly, the EU has insisted that human right clauses are attached to the FTA agreement. Indeed, the goal of diversifying the GCC economies is not a purely economic one; quite the opposite. To the extent that the GCC states abandon or minimise the dependence of their economies and societies to the 'rentier state' model, it is argued that the political system of these countries will change. It is not argued that it will be transformed into a system which resembles Western type democracy but that it will change in terms of engaging its citizens in the economic and consequently the political activities of the state. The EU rationale prescribes that the diversification of the economy creates a new space for the development of the private economy and new opportunities for the business communities of these countries to pursue their interests, beyond the long-established system of royal favours. Moreover, since diversification is coupled with internationalisation of the economy and because the thriving sectors of the private economy are found in tourism, financial services and trade, the diversification of the local economies urge the leaders to seriously engage with multilateral economic institutions and thus share responsibility for the development of world economy. Furthermore, it is

equally important to raise the question of security. Security and internal stability are achieved when the needs of the local population are efficiently addressed. Nevertheless the GCC people were historically used to getting what they need effortlessly, through the state. Therefore, there is an urgent need to tackle these challenges and especially the high rates of youth unemployment. The State economy cannot continue accommodating the new, expansive and young workforce, especially as its productivity and efficiency can be questioned. Unemployment is over 15% in three out of the six GCC states. The problem of unemployment is getting sharper day by day as the Gulf societies are characterised by the fast growing youth population<sup>389</sup>. Therefore, the GCC states need to create 90 million jobs over the next two decades and reserve these new work places for GCC nationals. From this perspective, the EU policy to encourage and assist the GCC plans for their economic diversification and development as well as for their own regional integration, fits the purposes of an 'economy meets politics' approach. The results however have not been encouraging thus far.

### Good governance, reforms and multilateralism

Reforms in the economic field could lead to the development of an independent middle class and engagement with global institutions, according to the EU approach. However, in the specific case of the GCC states, even though an independent middle class of businessmen in the Gulf and especially in Saudi Arabia has been forming and the division between this class and the royal families is becoming clearer compared to the past, businessmen have shown no interest in pursuing political ends. They have been successful in demanding and getting concessions for their businesses but there have been, yet, no political demands. This is a system, manipulated by the rulers, of "giving tips" to the higher middle class, to keep them satisfied financially and to avoid any other

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<sup>389</sup> In Oman, local population under the age of 24 accounts for 56.2% and in Saudi Arabia 54.9%. In Bahrain 44.5%, UAE - 40.6%, Kuwait - 39.3%, Qatar - 36.2%. Source: GCC Secretariat, "TOTAL NO. OF POPULATION BY AGE DISTRIBUTION", *GCC Stats 2005*, Retrieved on 19 June 2006 from <http://library.gcc-sg.org/gccstat/genstat/G2.htm>.

demands in the political field<sup>390</sup>. Moreover, there is not a planned bottom-up procedure from the EU. It is rather the other way round. Businessmen in Europe have been lobbying and pressing for more intensive cooperation with the Gulf region. Because of the political profile of the talks, however, achieving the European goals has been difficult. That was until very recently when there was a change of mind in the Commission and it turned to the use of business as a means for promoting political ends<sup>391</sup>.

Furthermore, comparing the levels of transparency and good governance since the end of the 1990s and late 2000s, indicators on rule of law, control of corruption, government effectiveness, regulatory quality, accountability and political stability have not shown any substantive change<sup>392</sup> during the last decade when the GCC states have been indeed diversifying their economies intensifying their interactions with the EU and the global economic system. The only exception with better performance on all indicators has been the state of Qatar, which is however the least adaptive to (western-type) democratic processes. In this respect, this thesis tends to agree with the findings of Matthew Gray<sup>393</sup>, that the GCC states have not been promoting reforms in an attempt to move beyond the 'rentier state' model but on the contrary to modernise and reinforce this model, which offers the rulers autonomy from their citizens. Gray suggests that the Gulf region has been experiencing a 'late rentier' state model, which is characterised by a responsive state towards the basic needs of its people and to promote awareness of this responsiveness but without any serious attempt to make concessions at a political level, to engage with global institutions and globalisation, in terms of economics, at the same time that it keeps its red lines and the limitations regarding this economic openness. Even in terms of reforms, these have aimed at providing a more friendly economic environment and processes in order to attract foreign

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<sup>390</sup> Interview with Dr. Samir Ranjan Pradhan, Gulf Research Center, Dubai, 12 May 2009

<sup>391</sup> Interview with Eurochambres' International Officer, Brussels, 09 July 2009

<sup>392</sup> Annex 6, Table A3

<sup>393</sup> Gray, Matthew, 'A Theory of 'Late Rentierism' in the Arab States of the Gulf', *Centre for International and Regional Studies Occasional Paper* (CRIS), vol. No 7, 2011, pp. 1-44

investments, rather than reshaping the macroeconomic character of their economy and society. The GCC governments become entrepreneurs and they are the leading forces of the diversification project. Taking advantage of their energy sector, they invest in fields which are indirectly related (airlines, ports, energy related industries, business services) in order to create new opportunities for employing local youth, keeping at the same time the central role in economic planning. Even the free trade zones which have been created in the Gulf region are based on the expectations and the strategic planning of the rulers, since most of these zones have specific, thematic, character and they are limited in scope. Thus, the leaders create these free, business friendly areas without actually pursuing substantial reforms in the core of their economic and societal structure. Furthermore, the Gulf leaders reinvest the profits of their economic activities through their sovereign wealth funds, which provide a platform for gains in the long-term and also a tool for a more innovative foreign policy, when their investments become tools of political leverage<sup>394</sup>. This approach towards economic liberalisation and globalisation reflects the GCC values, which aim at a very instrumental approach in economic reforms in order to advance their autonomy and independence within their three different environments, instead of engaging in a more value-norms driven understanding of globalisation, which calls for concessions of sovereignty in favour of a supranational rule of law. The latter has been promoted by the EU.

#### The human rights clauses

On a more specific issue related to the EU-GCC negotiations for the FTA, the EU has introduced 'human rights clauses' based on the political clauses used in previous FTA negotiations and agreements already signed with third countries. Even though this approach derives from the EU self-image as a normative foreign policy actor, it should be noted that previous FTA agreements were concluded with countries which have formally adopted democratic values and

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<sup>394</sup> *Ibid*, pp 23-34

the relevant political system<sup>395</sup>. Obviously the GCC states do not fit this model of political structure and 'using a universal blueprint for cooperation has been characteristically problematic' to the EU-GCC FTA case<sup>396</sup>. Even though it should be taken into consideration that using human rights clauses on most of the agreements the EU signs with third parties has become part of the way the EU conducts foreign policy (and this approach characterised the EU as a unique global actor), it is interesting to note that there was never a debate among the EU member states about the language and the form these clauses should take in the case of the GCC states, in order to respond to some sensitivities of the other side. To some extent this is because of the internally undisputed EU self-image as a value-driven actor. Indeed, GCC diplomats consider this persistence for the human right clauses as a sign of lack of understanding of the values and the norms of the GCC societies and political structure<sup>397</sup>. What is more, the fact that human right clauses are associated with the clauses of unilateral suspension of the agreement, has created frustration among the Arabs. Even when they understand that the EU wants 'for its own reasons'<sup>398</sup> to incorporate political clauses in what is supposed to be a purely economic agreement, they do not seem to understand how economic agreements can be suspended for non-economic reasons. This divergence in the approaches between the EU and the GCC reveals once again the different rationales behind the economic cooperation. For the EU FTA is also a tool for promoting its values and norms, through economic cooperation, while the GCC states make a very distinctive separation between economics and politics (in terms of their national sovereignty) when dealing with third parties.

Nevertheless, it has been suggested that the human rights clause is still not something that concerns the negotiating teams of the two partners, as they feel that they have reached a compromise on this matter. They have agreed on the

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<sup>395</sup> EU has concluded FTA agreements with Mexico (2000), Chile (2004), South Africa (2005) and South Korea (2010).

<sup>396</sup> *Interview with an EU member state diplomat, Brussels, 29 June 2010.*

<sup>397</sup> *Interviews with diplomats from Oman and Kuwait, March and June 2010.*

<sup>398</sup> *Interview with a Qatari diplomat, Cyprus, 19 April 2010*

wording of the clauses, which is not disturbing to the GCC states and it adheres to the EU request for references of human rights being included in the FTA agreement, even in a broader context<sup>399</sup>. Yet, during interviews with EU and GCC diplomats in 2011<sup>400</sup> they referred to the inclusions of the human rights issue as the most important obstacle for the conclusion of the agreement, revealing that they lacked in-depth knowledge about the difficulties on the export duties issue. Nevertheless, this approach could also be associated with their desire to be silent about their specific interests and to emphasise a value-driven divergence in a face-saving exercise. Moreover, these diplomats revealed another misunderstanding of the real problems and the terms of the negotiations. What the EU calls respect of international laws concerning foreign labour, the GCC understand as 'issues of immigration introduced on the table of the negotiations'. Since there is no flow of illegal immigrants from the Gulf region to Europe, the GCC diplomats describe the inclusion of immigration matters in the FTA talks as irrational. Again, there is a clash between the normative approach of EFP, with the EU aiming to engage the GCC states in a dialogue for rights of non-citizens in the Gulf region, while the GCC negotiators prioritise national sovereignty and interests.

Beyond the obvious lack of common understanding of the way this FTA agreement is negotiated, it can also be suggested that GCC states project for themselves a status of 'rising powers', which allow them to challenge the EU foreign policy tools of political conditionality. Having this point of view in mind, it should be remembered that the EU-GCC FTA talks were, officially, suspended after a unilateral decision of the GCC Supreme Council, in Qatar, in December 2008, in an obvious demonstration of power against their major trade partner.

In summary, the EU has not been able to promote its norms and values in the Gulf region, either through high level interactions with ruling elites or through

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<sup>399</sup> The main concern of the GCC states has been the suspension clauses that the EU wanted to insert in the text. However, the International Law allows to any of the (two) parties of an agreement to denounce the agreement, even if there are no suspension clauses in the agreement itself. As a result, no specific reference for suspension clause needs to be added in the text, since the GCC have a very strong opinion against it.

<sup>400</sup> *Interviews with EU and GCC policymakers from January 2011 to June 2011*

joint actions of EU and GCC business communities. Regarding the FTA, even when it seems that the EU and the GCC negotiators have generally overcome the challenge of the human rights clauses in a balanced way, some individual actors (most importantly the KSA) has used the divergences on the value factor in order to disguise the real obstacle for the conclusion of the FTA, which has been the KSA refusal to make concessions on the export duties it places on petrochemical products produced within the country. Consequently, despite the failure of the EU to promote its values, this has not been the deal breaker.

### **Windows of opportunity in the regional and global contexts?**

The post 9/11 years were characterised by polarisation of the relationship between the USA and the Arab world and a deeper interdependence of the EU-GCC relations, since GCC states initiated investments in European and other western industrial projects which could at some point transfer expertise in the Gulf region. Politically, the GCC leaders aimed at capitalising on economic development and making their presence in the western world stronger. In this respect, partnership with the EU could provide them with the necessary status in order to become the regional power they believe they deserve to be.

### **Regional and international integration as opportunities for partnership**

The regional integration project of the GCC states has been the most obvious opportunity that has arisen for the two partners to advance their partnership. The GCC states have welcomed the active involvement of the EU agencies in the transfer of expertise to the Gulf region, as demonstrated already. Beyond and adding to their internal economic diversification projects and their regional integration process, the GCC states worked for their integration into the world economy by joining the WTO. Once again, the EU was a partner for the Gulf states in this direction. The EU provided technical assistance and political support to the GCC states, without any political preconditions, to the extent that

its actions raised criticism<sup>401</sup>. The EU prioritised the integration of the GCC states in the world economy, over other issues, looking both for commercial benefits for European business and for easing a long-term, global ranged cooperation with the Gulf region. What is more, multilateralism has been one of the major components of the EFP, in order to engage partners with the world system and thus share responsibility in global challenges. Therefore, both directly and indirectly, by assisting GCC integration at a regional and international level, the EU was making progress in its relationship with the GCC states while promoting its interests (by opening the GCC markets) and values (multilateralism), at the same time it was reinforcing its (self-)image as a normative policy actor.

Despite the EU's advantage as one of the most developed knowledge-based economies in the world, to export knowledge, technology and machinery, responding to the new needs of the GCC economies it had to face the competition of products and experts from Asia<sup>402</sup>. It is no coincidence that FTA negotiations were intensified at the same time as Asian emerging powers were becoming more visible in the Gulf region after 2000. Two rounds of negotiations per year took place from 2004 to 2007 and most of the issues were resolved. During the first decade of the new century, the EU-GCC Forum was revitalised as well and the cooperation of the business communities of the two regions gained new dynamism<sup>403</sup>. Due to competition from third parties, the EU had to work harder in order to prove the added value it could offer to the GCC states, but this has been difficult to achieve without the conclusion of the FTA agreement. Keeping in mind that both parties have been dealing with the FTA negotiations as an exercise by which they assess the willingness of the other party to advance the partnership<sup>404</sup>, the role of the European Commission was not productive, since it has been unable to build upon the new momentum and tackle the rising competition.

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<sup>401</sup> Interview with a German Member of the European Parliament, Brussels, 13 January 2009.

<sup>402</sup> *Interview with Dr. Samir Ranjan Pradhan, Gulf Research Center, Dubai, 12 May 2009*

<sup>403</sup> See Annex 06

<sup>404</sup> This is the conclusion of a number of interviews

The business communities of the EU and the Gulf were also taking advantage of the new opportunities of the wider EU-GCC relationship, as shown, but it should be noted that the EU and the Eurochambres are not the only partners of the FGCCC. On the contrary, FGCCC have pursued closer links with China<sup>405</sup>, and already signed Memoranda of Understanding with the Asian Pacific Chamber of Commerce<sup>406</sup>, the US Chambers<sup>407</sup> and the African and French Language Countries Chambers Confederation<sup>408</sup>. This is part of the geostrategic and economic diversification the GCC states have been aiming for, whilst attempting to broaden their autonomy in their three environments. Nevertheless, the interdependency factor of the EU-GCC relations is still very strong, as the support of the EU has been crucial for the engagement of the GCC countries with global institutions and for providing the needed technical assistance and expertise. Indeed, EU business laws are the model for business practice for GCC companies<sup>409</sup>. That is why the FGCCC has also shown great interest in the idea of adopting a Charter for Enterprises, on the basis of the European Charter for Enterprises. A model of cooperation in this field exists in the Euro-Mediterranean Partnership, which could be replicated.

Nevertheless, the EU and the GCC seem to be missing opportunities rising from common regional and international challenges for a closer relationship, based on common interests. The case of the Gulf's Sovereign Wealth Funds and the challenge of Iran's role in the region associated with the funding of the Iranian nuclear programme are two examples of this argument. While Wealth Sovereign Funds have been heavily investing in the EU countries, with the result that this could have been an area of cooperation between the two partners, Europeans

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<sup>405</sup>AMEInfo, "FGCC Chambers inaugurates agency in China", Retrieved on 13 June 2009 from <http://www.ameinfo.com/184108.html>

<sup>406</sup>AMEInfo, "FGCCC to sign MoU with the Asian Pacific Chamber of Commerce", Retrieved on 13 June 2009 from <http://www.ameinfo.com/172881.html>

<sup>407</sup>AMEInfo, "FGCCC to sign MoU with US Chambers", Retrieved on 13 June 2009 from <http://www.ameinfo.com/174648.html>

<sup>408</sup>AMEInfo, "Federation of GCC Chambers to sign MoU with African and French Language Countries Chambers Confederation", Retrieved on 13 June 2009 from <http://www.ameinfo.com/173293.html>

<sup>409</sup> *Interview with Dr. Samir Ranjan Pradhan, Gulf Research Center, Dubai, 12 May 2009*

reacted quite negatively to the inflows of Gulf funds in Europe<sup>410</sup>. It was only in the JAP (2010) that the EU and the GCC initiated a dialogue on investments and sovereign wealth funds, even though the concrete outcome of this action plan is still thin and it should not be overestimated. In the case of Iran, both the EU and the GCC states have been acutely worried by the nuclear ambitions of Iran. The EU has introduced a series of unilateral sanctions regarding the economic transactions of the state companies of Iran and more specifically of companies which are linked to the Iranian nuclear programme. The GCC states share the same concerns to the extent that they feel threatened by this Iranian programme. However, and in spite of the fact that most of the economic transactions of the Iranian companies are processed through GCC financial institutions and firms (most of which are based in Dubai) none of the two partners has initiated a dialogue on the issue. The EU did not even invite the GCC states to consider adopting the same restrictive measures or at least a system of early notification for the transfer of funds which may be related to the Iranian nuclear programme. From this point of view, a common threat as it is perceived by both partners has not been enough in order to trigger more coordinated cooperation between the EU and the GCC.

To sum up, the practical needs or the offers on the transfer of expertise provided a new framework in which the global range of the cooperation was communicated taking into consideration the desired status that each player has adopted for itself. The EU has been a facilitating factor for the ambitions of the GCC states for regional and international integration. However, the EU and the GCC have not been ready to take advantage of the recent new opportunities that emerged, which reveals a lack of mutual trust between the two sides and a lack of willingness of the EU to engage with the GCC under their new status, that of rising powers as perceived by the Gulf leaders themselves. As a result, the EU and the GCC are falling behind the expectations for further developing

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<sup>410</sup> Asutay, Mehmet , GCC Sovereign Wealth Funds and Their Role in the European and American Markets (2008). *Equilibri*, Vol. 12, No. 3, 2008, pp. 335-354. Retrieved on 17 July 2009 from <http://ssrn.com/abstract=1735653>

their partnership for achieving the strategic goals of development, stability and security.

### **Conclusions**

Without any doubt, when the EU and GCC states initiated their Cooperation Agreement and then the FTA talks, their decision was very ambitious and it had a very clear strategic character, as it was paving the way for a new approach of the European external relations approach for multilateralism, while at the same time it was believed that the EU was engaging the Gulf region in a process of internal and regional transformation on one hand and engagement with the new globalised world on the other. It was a decision that was clearly aiming at long-term benefits for both partners, compatible with their interests (commercial and political), self-image (especially regarding inter-regional relations) and values (the EU had the ambition to export its norms and the GCC found a partner which was less dominant and aggressive and capable of assisting them in securing autonomy, internally, regionally and internationally). However, since 1989 political and economic realities have changed. The EU is not enjoying a status of a much more developed bloc compared to a rich, yet much less sophisticated, region. A power balance in favour of the EU is not existent anymore, since the GCC have achieved internal development and they have made progress on diversifying their economies. Nowadays there is a more balanced power balance characterised by interdependency and a much more confident stance by the GCC states on their foreign and regional policies. Nonetheless, the EU does not seem ready to adjust to the new status of the GCC states. The EU has been insisting on exporting its own model of development, based on its own needs, values and experiences, provoking in some cases the reaction of the GCC states. Nevertheless, at the broader level, the GCC have acknowledged in practice the primacy of the EU in regional integration projects and has welcomed technical assistance in this field.

Reflecting this lack of ability of the EU to adjust to the new power balance, the institutionalisation of the EU-GCC relationship has been expanding at technocratic levels and in the field of business but it has not yet met the expectations at high political levels, usually raised by any strategic partnership. The absence of Head-of-States meetings and of thematic ministerial meetings (especially in dealing with the thorny issue of the FTA) leads to the conclusion that there is still a great gap between the desire of the two regions for a more strategic relationship and the actual decisions that are being made. On the other hand, the adoption of the JAP should be highlighted as a very strategic option, which was adopted by both parties without any serious difficulty, adding to the dynamics of interdependency.

In terms of internal cohesiveness, the EU has been significantly cohesive compared to the GCC states. This is not irrelevant to the institutional mismatch of the two blocs and the different departure points for the two regional blocs. The EU has been following an integration path based on a more supranational approach, while the GCC states prioritise their own independence and autonomy, pursuing a more inter-governmental approach. Real internal differentiations within the GCC, in terms of economic interests as well as intra-GCC power competition only give provide reason for specific member states to act in a non-constructive way for further enhancing biregional relations.

Despite the differences on the rationale behind the regional and foreign policies of the two parties, it should be highlighted that the value factor has not been the thorniest issue in this relationship. In terms of the value aspect of the partnership, the EU aimed (i) at engaging the GCC states in the world system, promoting in this way its inclination to multilateralism, (ii) at assisting regional integration of the Gulf region as a reflection of the EU's self-imagined successful model of cooperation, development and stability (iii) at the same time it was promoting the openness of the local economic and subsequently of the political system based on its own values and interests and (iv) at attaching human right clauses on the FTA agreement, using its economic tools for achieving political ends. However the GCC states have severely challenged the political

conditionality approach of the EU. Nevertheless, the economic diversification of the GCC economies and the regional integration of the Gulf region have actually led to important commitments of the GCC states within the world system, including the WTO. However, EU effectiveness beyond this aspect is doubted, since the GCC leaders have used globalisation and regionalism in an instrumental manner in order to renovate and reinforce the 'rentier state' structures of the Gulf states. Yet the fact that there has been an inclusion of human rights clauses, with the EU and the GCC appearing to have made concessions, should be stressed. The EU appeared to uphold the normative aspect of EFP, creating frustration among GCC states which feel that their autonomy and sovereignty has been challenged by EU norms and the EU approach. In any case, and despite the agreement on human rights clauses, there has not been a final agreement on a FTA text. It is interesting to note that the GCC actors have been using the human rights clause in order to divert the discussion from the crucial issue of the negotiations, namely the refusal of GCC states to make concessions on the export duties it places on petrochemical products produced within the region.

Beyond the disagreement on the export duties, what is striking in this relationship is the fact that none of the two partners can name the clear economic gains of a possible conclusion of the FTA agreement. Without a clearly defined picture of the benefits of this agreement, there are no incentives for the two parties to seriously engage and negotiate with determination to conclude this agreement. It is for this reason that EU and GCC diplomats refer to the manifold political gains of concluding the FTA than the actual economic benefits and both sides consider the conclusion of the agreement as a benchmark for testing the political willingness of the other side to further develop this bi-regional partnership. Nevertheless, while both parties agree on the political importance of the agreement, they lack knowledge of the actual obstacles for concluding the agreement and they seem unwilling to push for more intensive talks for a final agreement.

In parallel (to the official negotiations) processes, the multidimensional, multileveled and multilayered character of this partnership has been confirmed. Even though the high level interactions have not been very fruitful in providing a FTA, these interactions have created spill over effects in the society of the EU and the GCC states. This dynamism has contributed to the development of the relationship even when the results of the FTA negotiations were poor, if at all visible. It has kept the two parties in a dialogue and it managed to get on board actors which invested in this partnership and have delivered positive outcomes with concrete actions. At the same time they have been making demands for more cooperation. Indeed, the most interesting finding of this research regarding the actors of bi-regional cooperation is related to the role of the business communities. Business people from the two regions have been very active and they are building up their own momentum in EU-GCC relations. While their interests are purely economic, they add to the impetus towards deeper and broader relations, reaffirming that their relationships cross-cut the various layers of society and it is not just an elite-driven project without any substantial support at the grassroots level.

Overall, this thesis argues that since the signing of the Cooperation Agreement of 1989 the EU and the GCC states have been developing a relationship towards a strategic partnership, based on their common interests for economic development and enhancing inter-regional cooperation, their expanding interdependency as well as the multidimensional, multileveled and multilayered cooperation. Moreover, the changes in the regional and international environment have provided new opportunities for them and indeed in the case of the regional integration process of the Gulf region, the EU responded very positively and constructively. The transfer of expertise from EU to the Gulf region has been pivotal for the GCC integration process. Nevertheless, the two partners failed to show the trust and readiness needed to effectively address the role of the Sovereign Wealth Funds in investments in Europe and the role of financial institutions of the Gulf region in facilitating the funding of Iranian companies which might be associated with the Iranian nuclear programme.

Furthermore, there are divergences in the value systems that shape the foreign and policies of the two parties, as well as the self-images and role that the two partners hold from themselves in the international arena.

On the case study of the FTA and the economic relations between the EU and the GCC states, attention must be drawn to the fact that the EU has had different approaches when it comes to forging a strategic partnership with third countries or regions. The EU works towards either a Partnership and Cooperation Agreement or FTAs. In the case of the Gulf region, the EU signed a Cooperation Agreement with the GCC states in 1989 and since then, it has initiated the FTA negotiations. Even though the EU-GCC relationship started even before the foreign policy pillar was introduced into the EU framework through the TEU, indicating a strategic interest by the two partners and a top priority for the EU external relations policy, the two parties have failed to take advantage of momentum built at different points in time by delaying the conclusion of a FTA. It can be suggested that the conclusion of the FTA negotiations will be a milestone for launching a strategic partnership between the two regions, as was the case in South Korea. In the case of the latter Asian country, the EU and the government of South Korea sealed the FTA agreement and at the same time decided to 'upgrade their relationship into a strategic partnership'<sup>411</sup>.

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<sup>411</sup> European Council, 'Joint Press Statement', *EU-Republic of Korea Summit*, 6 October 2010

## **EU-GCC PARTNERSHIP ON THE YEMENI CRISES**

### **Introduction**

The situation in Yemen has posed a threat to the security and the stability of the Middle East region over a number of years, and more so since the youth uprisings in 2011. This has impacted on the GCC states but also the EU and the rest of the world, in terms of the existence of Al Qaeda of the Arabian Peninsula (AQAP) within the Yemeni borders, the proliferation of weapons, the trajectory of Yemen towards the status of a failed state and also the ideological challenge towards the ruling systems in the GCC countries. The complexity and the magnitude of the threats have called for a coordinated reaction from the players affected. From this perspective and keeping in mind the interests of both actors for stability and security in the wider Gulf region, the way the EU and the GCC have approached the political and economic situation in Yemen as well as the security threats arising because of this situation, can yield vital insights for the purposes of this thesis.

The main question this chapter addresses is whether the EU and GCC policies and actions in Yemen have converged in an attempt to form a common strategy to jointly respond to new prospects or challenges. This chapter will begin with a brief description of the situation in Yemen, the EU's policies in the country and GCC–Yemen relations. It will then provide an overview of the three main points of focus for assessing the EU-GCC relationship in Yemen, namely the Consultative Group on Yemen (CG), the Friends of Yemen forum (FoY) and the GCC proposal for a power transfer in Yemen after the youth uprising in 2011. The chapter will then analyse whether the various elements that shape a strategic partnership are identified in this case study, in terms of interests, values and (self-)images. First, it will identify the common interests of the two parties based on the common challenges they face, in view of the deteriorating situation of the economy, society and state apparatus of Yemen. It is important to examine

how the same priority on security has been taken into consideration by actors who have different value systems and (self-) images about their own role as promoters of stability. It will then examine if this relationship has been institutionalised and whether values have been an important factor in the shaping of common responses to the Yemeni challenges, while keeping in mind that the declared outcome is a combination of the democratic values reflecting EU norms and the values of the Arabic political culture which engage with tribal politics.

Beyond the role of values, this research will further test the role of interdependency and the symmetrical character of the relationship, namely whether these characteristics hinder the shaping of a strategic partnership or advance bi-regional communication. The way this relationship has been influenced by long-term approaches and its ability to adjust to new developments at a regional or global level will also be examined, taking into consideration the new rising role that the GCC states have perceived for themselves. The engagement of regional and global actors as well as the global interest of this issue will also be addressed. Moreover, it will explore the joints actions by all the actors involved, including national governments in the EU and the GCC and the bodies of regional and international organisations, as well as internal cohesiveness on the issue within the two regional blocs. Furthermore, it will assess the tangible outcome of the relationship of the EU and the GCC states in dealing with Yemen as well as its economic development and the security threats emanating from the country. By analysing these issues, the thesis will address the issue of whether the EU-GCC relationship has produced common policies and actions, to the extent that it meets the requirements for a relationship to be considered a strategic partnership. It will also examine how two players with economic might but with less developed military capabilities address and tackle hard security issues and how this affects their bi-regional relationship but also the implications on their own image as foreign policy actors.

### The situation in Yemen

Yemen remains one of the least developed countries worldwide and about half of its population (42%) lives under the national poverty line. Yemen has one of the highest birth rates in the world and as a result, approximately 44% of the Yemenis are under the age of 15<sup>412</sup>. The country is dependent on foreign donations and due to the enormous amount of funds needed for structural changes in Yemen, development in the country is an extremely challenging task. Despite some positive steps taken by the government of Yemen with the financial and technical support of the international community, “it is expected that Yemen will remain an off track country and will not achieve most of the MDGs by 2015”<sup>413</sup>. The Yemeni government has initiated various strategic plans for the country, namely the second Five Year Development Plan (2001-05), Poverty Reduction Strategy, the third National Development Plan for Poverty Reduction (2006-2010) and the National Reforms Agenda<sup>414</sup>, but the level to which these plans have actually been implemented is still questionable, due to lack of absorption capacities by Yemeni authorities. Corruption and lack of good governance also remains a major obstacle to Yemen’s development. Due to the political structure of tribal networks and the economic concessions made to tribal leaders in exchange for their support of the government, the centralised power of the government and the fact that major economic gains of the state are achieved through the state-controlled oil and gas exports, the state seems to have a monopoly over the economy of Yemen. From this point of view, abuses of the system by central government officials are considered to be widespread in the country, while foreign investments are seriously discouraged in this

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<sup>412</sup> United Nations Population Fund, “Country Profile: Yemen”, 2009, Retrieved on 19 July 2011 from [http://www.unfpa.org/sowmy/resources/docs/country\\_info/profile/en\\_Yemen\\_SoWMy\\_Profile.pdf](http://www.unfpa.org/sowmy/resources/docs/country_info/profile/en_Yemen_SoWMy_Profile.pdf)

<sup>413</sup> United Nations Development Programme, “Yemen 2010 Report: The Second National Millennium Development Report”, 2009, Retrieved on 20 July 2011 from <http://undp.org.ye/reports/24d06139cb9b57MDG%20Yemen%20English.pdf>.

<sup>414</sup> *Ibid*

environment<sup>415</sup>. This situation is only made worse by continuous security threats. The security situation 'continued to deteriorate' during the last few years and in 2009 the AQAP was formed by the merger of Al Qaeda in Yemen with various groups associated with Al Qaeda in the Kingdom of Saudi Arabia (KSA). According to USA intelligence, the aim of the new formation of the Al Qaeda branch was to recruit jihadists from the region and use Yemen as its basis for launching attacks, not only within the country but in other countries too<sup>416</sup>. The abovementioned economic and political situation, as well as the high unemployment rates for young people (officially 25%; unofficially 35-40%<sup>417</sup>), create a fertile ground for the development of radicalism and extremism.

### EU-Yemen relations

The EU has developed its relations with Yemen based on the traditional approaches of the EFP, according to which humanitarian and development aid is provided, attached to political conditionalities which aim at engaging the recipient party into a dialogue about EU interests, norms and values in a specific region. In this case, the EU initiated policies for Yemen based on the Cooperation Agreement which came into force in 1998<sup>418</sup> and the Strategic Partnership for the Mediterranean and the Middle East<sup>419</sup>. In 2004, the EU opened a delegation office in Sanaa and established a Political Dialogue

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<sup>415</sup> United Nations Development Programme, "Assessment of Development Results: Yemen", 2005, Retrieved on 20 July 2011 from [http://www.undp.org/evaluation/documents/ADR/ADR\\_Reports/ADR\\_Yemen.pdf](http://www.undp.org/evaluation/documents/ADR/ADR_Reports/ADR_Yemen.pdf)

<sup>416</sup> United States Department of State, "2009 Country Reports on Terrorism – Yemen" Retrieved on 5 August 2010 from <http://www.unhcr.org/refworld/docid/4c63b615c.html>; United States Department of State, *Country Reports on Terrorism 2008 - Yemen*, Retrieved on 10 July 2011 from <http://www.unhcr.org/refworld/docid/49fac6a628.html>

<sup>417</sup> Carnegie Middle East Center, 'Arab Youth Unemployment: Roots, Risks and Responses', February 2011, Brussels. Retrieved on 31 July 2011 from [http://carnegieendowment.org/files/Justin\\_Sykes.pdf](http://carnegieendowment.org/files/Justin_Sykes.pdf)

<sup>418</sup> European Union, Cooperation Agreement between the European Community and the Republic of Yemen (L 72/18), 11 March 1998

<sup>419</sup> European Council, 'Final Report on an EU Strategic Partnership with the Mediterranean and the Middle East', June 2004, Retrieved on 19 August 2011 from <http://consilium.europa.eu/uedocs/cmsUpload/Partnership%20Mediterranean%20and%20Middle%20East.pdf>

with the Yemeni government<sup>420</sup>. EU policies were applied through different frameworks: the Development Co-operation Instrument (DCI), the European Instrument for the promotion of Democracy and Human Rights (EIDHR) and the Instrument for Stability. Within the framework of the Development Co-operation Instrument (DCI), which was introduced in 2007, the EU sponsored programmes for economic development and maritime security, whilst it also provided assistance for refugees, the health services and for improvement and promotion of human rights<sup>421</sup>. Under the activities of the EIDHR, the EU supported NGOs for promoting Human Rights in Yemen and it provided assistance for reforms in the judicial system and security apparatus<sup>422</sup>. It also deployed an EU Election Observation Mission in the country for the Presidential and local council elections in 2006 which identified some democratic deficits and proposed some concrete changes<sup>423</sup>. For the years 1990-2006 the EU allocated €200 million for assistance to Yemen while the 2007-2010 Multiannual Indicative Programme allocated another €60 million<sup>424</sup>; the 2011-2013 Multiannual Indicative Programme increased the aid to €70 million<sup>425</sup>. Yemen can also pursue further economic aid through thematic programmes, such as Food Security, Migration and Asylum programme, Investing in People programme, Non-State Actors and

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<sup>420</sup> European Union, 'Political & economic relations', *EU Delegation Office to the Republic of Yemen*, Sanaa, Retrieved on 19 August 2011 from [http://eeas.europa.eu/delegations/yemen/eu\\_yemen/political\\_and\\_economic\\_relation/index\\_en.htm](http://eeas.europa.eu/delegations/yemen/eu_yemen/political_and_economic_relation/index_en.htm)

<sup>421</sup> The EU has funded projects for responding to migrants' needs and ensuring maritime security, supporting the country's accession to the World Trade Organisation, improving access to quality reproductive health services, implementing small projects focusing on women and children's rights and supporting vulnerable migrants and asylum seekers in Yemen (See [http://ec.europa.eu/europeaid/multimedia/case-studies/gulf-region/gulf-region\\_en.htm](http://ec.europa.eu/europeaid/multimedia/case-studies/gulf-region/gulf-region_en.htm))

<sup>422</sup> The EIDHR-Yemen programme was introduced in 2008. Six projects were awarded in 2009 and ten more in 2010. All of them were initiated by NGOs for promoting human rights and social development. EuropeAid 'Compendium of Activities Funded under EIDHR'. See [http://ec.europa.eu/europeaid/what/human-rights/documents/updated\\_report\\_by\\_location\\_en.pdf](http://ec.europa.eu/europeaid/what/human-rights/documents/updated_report_by_location_en.pdf)

<sup>423</sup> European Union, 'Final Report, Presidential and Local Council Elections', Election Observation Mission, 20 September 2006. Retrieved on 02 September 2011 from <http://www.eueom.eu/files/dmfile/EUEOMYemenfinalreport.pdf>

<sup>424</sup> European Commission (RELEX), 'Multiannual Indicative Programme (2007-2013)', 2006, Retrieved on 18 July 2011 from [http://eeas.europa.eu/yemen/csp/mip\\_07\\_13\\_en.pdf](http://eeas.europa.eu/yemen/csp/mip_07_13_en.pdf)

<sup>425</sup> European Commission (RELEX), 'Mid-Term Review of the EC-Yemen Development Strategy 2007-2003', *Preparation of the Multiannual Indicative Programme 2011-2013*, 2010, Retrieved on 18 July 2011 from [http://eeas.europa.eu/yemen/docs/yemen\\_mtr\\_concept\\_en.pdf](http://eeas.europa.eu/yemen/docs/yemen_mtr_concept_en.pdf)

Local Authorities in Development, and Environment Programme<sup>426</sup>. The central goal of all these policies has been identified as providing support to Yemeni authorities “to promote good governance and to fight against poverty”<sup>427</sup>. Security and counter-terrorism were also in the list of priorities of the EU. These issues were on the agenda of the three EU-Yemen political dialogue meetings, in 2004, 2005 and 2006. Moreover, under the umbrella of the Instrument for Stability, the EU initiated a Counter-terrorism workshop with the participation of Yemeni local actors. Thus it is evident from these activities that the EU has been keen to promote its normative EFP model in Yemen. Through its aid packages the EU has promoted reforms that would lead to structures based on EU values of political participation, stability through engagement, good governance, and the openness of economic sectors. However, security has always been a priority and responding even further to the need for stability and counter-terrorism policies, the EU military mission EUNAVFOR ATALANTA was introduced in 2008. EUNAVFOR ATALANTA is a military mission of the EU, including naval and air forces, for tackling the security threats in the Gulf of Aden, opposite the Yemeni coast<sup>428</sup>.

### GCC-Yemen relations

The GCC has been active in dealing with issues raised by Yemen, for political, economic and cultural reasons. Yemen shares borders with two countries of the GCC: KSA and Oman. It is the second largest country of the Arabian Peninsula with the second largest population of this region as well. The historical, cultural and tribal ties of the GCC states and Yemen are interwoven by the great numbers of Yemeni citizens working in the GCC and

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<sup>426</sup> European Parliament, ‘Fact Sheets on the European Union: Arab Peninsula, Iraq and Iran’, October 2009, Retrieved on 19 August 2011 from [http://www.europarl.europa.eu/ftu/pdf/en//FTU\\_6.4.6.pdf](http://www.europarl.europa.eu/ftu/pdf/en//FTU_6.4.6.pdf)

<sup>427</sup> European Union, ‘EU-Yemen relations’, EEAS website. See [http://eeas.europa.eu/yemen/index\\_en.htm](http://eeas.europa.eu/yemen/index_en.htm)

<sup>428</sup> European Commission, ‘Report from the Commission to the European Parliament, the Council the European Economic and Social Committee and the Committee of the regions’, *2009 Annual Report from the European Commission on the Instrument for Stability* COM(2010) 512 final, 20 September 2010, p. 5

the linkage between GCC royal families and Yemeni tribes. The Emirati royal family has acknowledged this kinship. Furthermore, the GCC states are the largest aid sponsors for Yemen<sup>429</sup>. On this basis, Yemen applied for GCC membership in 1996 and it became an official candidate in 1999. Kuwait was not supportive of this candidacy and the KSA vetoed it. Because of these objections, but most importantly because of the enormous differences in the economic and political structure of Yemen compared to the rest of the countries of the Arabian Peninsula as well as the security threat it poses in the wider region, Yemen has not yet reached a level of a foreseen future membership. In terms of security, values and (self-)images the GCC states considered Yemen as a source of risks and acute challenges. Despite its problematic application, the fact that Yemen had a facade of a democratic system posed threats to the legitimacy of the ruling families which have been at large undemocratic. Inclusion of Yemen in the GCC could plausibly open a discussion on the democratic processes in the whole region. The existence of AQAP, however, posed more concrete ideological and security threats to Yemen's neighbours. AQAP was active in challenging the lucrative lifestyle of the Gulf rulers while it was also active in bombing attacks against GCC targets. Furthermore, the socio-economic situation of the Yemenis could potentially confront the pan-Arabic language of the GCC rulers, because the latter allowed this enormous discrepancy between the living conditions of Yemenis and the rest of the Gulf nationals. Allowing these dissimilarities among members of the same regional organisation would have been obscure. Nevertheless, in a positive step for Yemen's integration in the region, Yemen and the GCC signed a protocol which defines the relationship between the two parties. Simultaneously, Yemen joined GCC affiliated agencies with a non-political character, namely the Arab Education Bureau,

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<sup>429</sup> The National, 'Yemen must grow into GCC', 31/05/2009, Abu Dhabi, Retrieved on 20 July 2011 from <http://www.thenational.ae/business/economy/yemen-must-grow-into-gcc?pageCount=0>

the Health Ministers' Council, the Labour and Social Affairs Ministers' Council, and the Gulf Cup tournament<sup>430</sup>.

### **The focal points of the EU-GCC relationship in relation to Yemen**

In order to examine the hypothesis of this research, the chapter will focus on three focal points which have attracted the interest of the international community in general and more specifically of the EU and the GCC. These are the CG for Yemen, the FoY forum and the youth uprising in Yemen in 2011 and the subsequent GCC initiative for a peaceful political transition in the country. These three parallel procedures are the most significant and most highlighted processes at a global level for tackling the challenges related to the situation in Yemen.

#### **Consultative Group (CG) for Yemen**

In November 2006 the Consultative Group (CG) for Yemen was established. The CG was characterised by a series of meetings which were initiated by the UK and which were co-sponsored by the GCC and its member states. The meetings were attended by over forty donors and agencies, including the presidency of the EU, the GCC Secretariat, Yemeni President Saleh, Ministers of Foreign Affairs of some EU and GCC states and other high profile political figures from the EU, the GCC states and other donors.

During the meeting, the Yemeni government presented a series of plans for reforms: (i) the National Reform Agenda, for moving the country from Lower to Middle Human Development Group by 2025, for creating sustainable economic growth beyond 7% and for reducing poverty by half in ten years<sup>431</sup>

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<sup>430</sup> European Institute for Research on Euro-Arab Cooperation, 'GCC (Gulf Cooperation Council)', Brussels. Retrieved on 20 July 2011 from <http://www.medeas.be/en/countries/arab-world-general/gcc-gulf-cooperation-council/>

<sup>431</sup> Al-Abbasi, Mytahir A., 'The 3rd Socio-Economic Development Plan for Poverty Reduction, 2006-2010', *Presentation at the Yemen Consultative Group Meeting*, 15-16 November 2006, London. Retrieved on 20 July

(ii) the 3rd Development Plan for Poverty Reduction for the year 2006-2010<sup>432</sup> for initiating economic reforms, making progress on good governance, advancing decentralisation of development and making progress on achieving the Millennium Development Goals and (iii) the Public Investment Programme which “succeeded to a great extent in matching the priorities of the investment program with the general economic framework and macroeconomic policies of Yemen”<sup>433</sup>

CG follow-up meetings took place in Yemen (2007, 2008, 2009) and in Riyadh (2010). The follow-up meetings reviewed the progress made by the Yemeni government regarding its commitments to political and economic reforms, based on the Yemeni government’s multi-year programmes<sup>434</sup>.

### Friends of Yemen (FoY)

In January 2010, the ‘Friends of Yemen’ (FoY) platform was introduced in London. It is a forum which convened with a high profile level participation. The fundamental role of the EU and the GCC states was highlighted by the fact that the Ministerial meetings were co-chaired by Yemen, the UK and the KSA. The FoY forum prioritised the regional perspective of any attempt to address the Yemeni problems and provided “a framework to coordinate and streamline international engagement and support for Yemen, and to set a series of milestones which would lead to real progress on the ground and then new donations”<sup>435</sup>, reflecting to a large extent the desire of the EU to

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2011 from <http://www.yemencg.org/library/after/working%20session/5yplan-CG%20Meeting%20session%201.pdf>

<sup>432</sup> *Ibid*

<sup>433</sup> Al-Attiyah, Abdulrahman, ‘Statement of Secretary General of the Gulf Cooperation Council at the Conclusion of the Yemen Consultative Group Meeting’, 16 November 2006, Retrieved on 20 July 2011 from [http://www.yemencg.org/library/after/Opening%20statements/Remarks%20by%20the%20Secretary%20General%20of%20the%20GCC\\_En.pdf](http://www.yemencg.org/library/after/Opening%20statements/Remarks%20by%20the%20Secretary%20General%20of%20the%20GCC_En.pdf)

<sup>434</sup> Wikileaks, ‘Donors call for RoYG participation in EITI, other Improvements in Business Environment’, *US Embassy in Sanaa cable*, 20 January 2006, Retrieved on 10 September 2011 from <http://wikileaks.org/cable/2006/01/06SANAA146.html>

<sup>435</sup> *Interview of an EU diplomat, who is based in Yemen, Brussels, 02 August 2011*

force the Yemeni leadership to adhere to its commitments, based on the normative EFP approach of political conditionality.

A distinction between the CG and FoY is the attention paid to the security factor and the extra effort attached to the containment of the role of AQAP in Yemen. Indeed the FoY has developed a more comprehensive approach, compared to the CG meetings, as it aims at providing a balance between the security concerns on the one hand and the need for democratic reforms and economic development on the other hand. The goal of the FoY is to provide assistance to the Yemeni authorities on counter-terrorism and de-radicalisation policies addressing the economic, social and political roots of terrorism, on anti-corruption practices and on a new ten-year development plan for poverty reduction and economic growth.

In March 2010, the UAE hosted the second meeting of the FoY, while the third one convened in New York in September 2010 on the sidelines of the United Nations General Assembly. The fourth meeting was scheduled for March 2011, but due to the youth uprising in Yemen, it was postponed. It took place in September 2012 while the fifth meeting was organised in March 2013.

### GCC initiative

In January 2011, after the collapse of Ben Ali's regime in Tunisia and the youth uprising in Egypt which demanded the resignation of the President Mubarak, thousands of young students demonstrated in major cities of Yemen and called for President Saleh to leave the country. Young demonstrators camped in the city centre of Sanaa while protests erupted in other large cities too. The EU and the GCC leaders (alongside the USA government) urged Saleh to initiate changes in the country and welcomed his proposal for a national dialogue for constitutional reforms and

elections<sup>436</sup>. However, after protesters were killed by army snipers on 18<sup>th</sup> of March 2011, the EU, the GCC and the USA changed their stance, adopted a stricter approach against President Saleh<sup>437</sup> and called for a smooth transition to a democratic and inclusive system of rule in Yemen. While Saleh was losing support from different tribes, on 9<sup>th</sup> April 2011, the Foreign Ministers of member states of the GCC, proposed an "exit plan" to Saleh. The proposal of the GCC states suggested that Saleh would have to transfer many of his powers to the Vice President, and to create a national unity government led by the opposition, which would lead the country to elections and to a new Constituent Assembly. The plan also offered protection from prosecution of Saleh and his family for crimes that were committed during the 32 years of his leadership, for which he was accused by the opposition. A serious weakness of the proposal was its failure to specify the date of Saleh's departure from power. The opposition movement said that the proposal protected the interests of the president and "falls short of meeting the basic demands of the Yemeni people"<sup>438</sup>. The proposal was supported, nevertheless, by the EU and the USA<sup>439</sup>. The EU "welcomed the initiative of the GCC and fully recognise[d] the role the GCC can play as a mediator"<sup>440</sup>, signalling, for the first time in public, the willingness of the EU to recognise an enhanced role for the GCC regarding, at least, regional developments. As events were unfolding and violence shook the country, the GCC leaders (specifically the KSA<sup>441</sup>), following consultations with tribal leaders in Yemen

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<sup>436</sup> Ashton Catherine, "Statement by EU High Representative Catherine Ashton on the situation in Yemen", 10 March 2011, *Delegation of the European Union to the Republic of Yemen website*, Retrieved on 10 July 2011 from [http://eeas.europa.eu/delegations/yemen/press\\_corner/all\\_news/news/2011/20110310\\_01\\_en.htm](http://eeas.europa.eu/delegations/yemen/press_corner/all_news/news/2011/20110310_01_en.htm)

<sup>437</sup> Ashton, Catherine, "Statement by EU High Representative Catherine Ashton on the ongoing violence in Yemen" 10 March 2011, *Delegation of the European Union to the Republic of Yemen website*, Retrieved on 10 July 2011 from [http://eeas.europa.eu/delegations/yemen/press\\_corner/all\\_news/news/2011/20110318\\_01\\_en.htm](http://eeas.europa.eu/delegations/yemen/press_corner/all_news/news/2011/20110318_01_en.htm); US Secretary of State, 'Violence in Yemen', *Press Statement*, 18 March 2011, Retrieved on 10 July 2011 from <http://www.state.gov/secretary/rm/2011/03/158597.htm>

<sup>438</sup> Kuwait News Agency, "Yemeni opposition rejects GCC initiative", 4/11/2011, Retrieved on 10 July 2011 from <http://www.kuna.net.kw/NewsAgenciesPublicSite/ArticleDetails.aspx?id=2159225&Language=en>

<sup>439</sup> US Secretary of State, 'GCC Initiative in Yemen', *Press Statement*, 8 April 2011, Retrieved on 10 July 2011 from <http://www.state.gov/r/pa/prs/ps/2011/04/160361.htm>

<sup>440</sup> European Council, 'Council conclusions on Yemen', *3082nd Foreign Affairs Council meeting*, 12 April 2011

<sup>441</sup> *Interview of an EU diplomat, who is based in Yemen, Brussels, 02 August 2011*

during meetings that took place in Riyadh, agreed to amend their proposal. The new GCC initiative was revealed on the 21<sup>st</sup> of April 2011. According to the new GCC plan, Saleh would resign within 30 days of signing the agreement, and two months later presidential elections would take place. In the meanwhile a new government of national unity would be formed, with the participation of Saleh's ruling party, the opposition and other political parties<sup>442</sup>. The EU backed the new plan in a statement by HRVP Lady Ashton, in which the GCC initiative was described as the 'best chance' for Yemen to address its crisis<sup>443</sup>. In three cases President Saleh refused to sign the agreement. On 3<sup>rd</sup> of June 2011, the presidential compound in Sanaa was bombed and Saleh was injured. He was transferred to Riyadh for treatment. He returned to the country on 23<sup>rd</sup> of September 2011<sup>444</sup>. Two months later, under the pressure of the international community, Saleh signed an agreement, on the 23<sup>rd</sup> of November 2011, at the royal palace in Riyadh. Saleh retained his title and some of his privileges until presidential elections were held on 21<sup>st</sup> of February 2012. Saleh was also granted immunity from prosecution. After the elections, Abdu Mansour Hadi, assumed office as the new President and a national dialogue between the political parties and groups began. What was more important, a civil war, based on the tribal and personal cleavages (Saleh clan against General's al-Ahmar clan) was avoided while a process of inclusive democratic process was initiated. The rules of the game changed, in favour of a more democratic system, and the state institutions have been rebuilt. This is not argue that the major economic, security and political problems of Yemen have been solved. On the contrary, they remain pressing as ever. However, a further deterioration of the situation has been avoided and a new political framework

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<sup>442</sup> Reuters, "New Gulf plan seeks 3-month power transfer in Yemen", 21 April 2011, Retrieved on 10 July 2011 from <http://www.reuters.com/article/2011/04/21/us-in-yemen-idUSTRE73K2ER20110421>

<sup>443</sup> European Union, 'Statement by the High Representative, Catherine Ashton, on the Political Agreement on the GCC initiative for peaceful transition in Yemen' (A 163/11), 27 April 2011

<sup>444</sup> A timeline of the incidents in Yemen can be found at: Reuters, "Timeline: Protests against Saleh rule in Yemen", Retrieved on 30 September 2011 from <http://www.reuters.com/article/2011/10/09/us-yemen-events-idUSTRE7981BN20111009>

was put in place, in order to address the aspirations of the Yemeni people, the interests (ideological and in terms of security) of the GCC state, as well as the expectations and the interests of the EU. The GCC states and the EU have been (since then) providing economic and technical assistance to the new Yemeni government for the further implementation of the GCC plan.

### **Sharing common interests and goals?**

Due to the mixture of (i) internal challenges that the central government was facing from the 'Houthi' rebels in the northern borders as well as the separatist movement in the south of the country, which led to the subsequent lack of legitimacy of the central government, (ii) the complex tribal configuration and the antagonism between various tribes<sup>445</sup>, (iii) the well-established Al Qaeda branch (AQAP) and its transnational activities and (iv) the dire economic and social situation of the country, Yemen was a source of instability for the wider region of the Arabian Peninsula. Both parties, the EU and the GCC were affected, directly and indirectly, by this situation. In an attempt to attract further attention from the EU and the GCC, as well as economic assistance, the Yemeni authorities claimed that Yemen was a 'frontline state' for the Gulf region and for the wider Middle East in relation to refugees from Somalia, piracy, and jihadists. It was claimed that Yemen was the first line of resistance to all of these challenges; and it was an argument that met with understanding within the two regional blocs<sup>446</sup>. The vast amount of money allocated for Yemen by these regional organisations and their member states<sup>447</sup> only confirmed their interest and their shared goals for economic development and stability in Yemen.

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<sup>445</sup> *Interview with a diplomat working for EU institutions, Brussels, 28 July 2011*

<sup>446</sup> From various interviews; EU and GCC diplomats recognise the crucial role of Yemen in the security and stability of the area.

<sup>447</sup> In 2009, EU institutions and member states contributed \$203.9m which equals to 50% of the donations for that year. In 2006, during the CG meeting, GCC states pledged for the 50% of the total amounts raised in that meeting, namely US\$2.4b for a multi-year programme. Smith, Kerry and Poole, Lydia, Yemen aid factsheet 1995-2009, Trends in overseas development assistance, Global Humanitarian Assistance, Development Initiatives, 2010, Somerset, United Kingdom

In response to these challenges the EU resorted to its civilian tools reproducing its normative EFP. It initiated a strategy according to which it applied its available financial and technical tools to prevent the collapse of this Arab state, which would have had tremendous consequences for the security of the region (terrorism, piracy, narcotics) and would have generated a new wave of refugees. According to the Yemen - European Community Strategy Paper for the period 2007-2013, EU actions aimed at:

...contributing to the stabilisation of the country and to poverty reduction, in line with the objectives established in the EU Strategic Partnership for the Mediterranean and the Middle East and with the Yemeni government's own policy reform agenda. This should be done by increasing support for democracy, human rights, the rule of law, economic development and human development, in close liaison with the rest of the donor community<sup>448</sup>.

The EU also recognised that these goals could only be achieved with international cooperation, which was "crucial for successfully combating terrorism and addressing conditions conducive to terrorism"<sup>449</sup>. Therefore, it can be suggested that the EU (self-) image prompted the reproduction of the standard EFP normative approach according to which transition to democracy and human rights leads to economic development and security. At the same time, it promoted a multilateral approach to the Yemeni crisis, distributing responsibilities to various players in the region.

The situation in Yemen also worried the royal families of the GCC states. For the abovementioned reasons, Gulf leaders acknowledged that "there is no

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<sup>448</sup> European Commission (RELEX), 'Multiannual Indicative Programme (2007-2013)', 2006, Retrieved on 18 July 2011 from [http://eeas.europa.eu/yemen/csp/mip\\_07\\_13\\_en.pdf](http://eeas.europa.eu/yemen/csp/mip_07_13_en.pdf)

<sup>449</sup> European Union, 'Council Conclusions on Counter-Terrorism', 3109<sup>th</sup> General Affairs Council Meeting, 12 September 2011

doubt the Yemeni issue will be of interest and concern of the GCC countries for years to come"<sup>450</sup>. The possibility of a total failure of Yemen has frightened the GCC states which prioritised Yemen as a security threat and developed initiatives regarding the political problems in the country, beyond their generous contribution to aid and development donations. Indeed, real threats but also perceived ones, especially since Saleh had been manipulative with the insecurities of the GCC leaders regarding the role of Iran<sup>451</sup>; prompted the GCC states to become more active in dealing with the risks in Yemen in view of the danger this situation posed by jeopardising their autonomy in their national, regional and international environments. The KSA had its own agenda which was pursued both by sponsoring internal actors in Yemen and by the use of force, especially since Saudi leaders were more adaptive to the idea that the internal situation in Yemen had given the opportunity to Iran to gain a foothold in the Arabian Peninsula and undermine security in the Arab countries of the Gulf. UAE became the most important donor for Yemen<sup>452</sup>, Qatar offered its mediation services for the ceasefire in the war between the government forces and the Huthis<sup>453</sup>, and Oman moved forces to its borders with Yemen to control the illegal cross-border trespassers.

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<sup>450</sup> At a press conference at the end of the 2010 GCC Summit, UAE Foreign Minister said: "There is no doubt that the Yemeni issue will be of interest and concern of the GCC countries for years to come and for other international donors as well". Salama, Samir, 'Yemen gets a pledge of financial aid to help maintain stability', *GulfNews*, 08/12/2010, Retrieved on 14 July 2011 from <http://gulfnews.com/in-focus/gccsummit2010/yemen-gets-a-pledge-of-financial-aid-to-help-maintain-stability-1.725307>

<sup>451</sup> Even though there are no concrete proofs that Iran have been supporting the Huthis rebels, President Saleh insists that this is the case and it seems that it is widely believed in the region, as revealed in US cables that were made public recently (Wikileaks, 'Saudi strikes in Yemen: An invitation to Iran', *US Embassy in Sanaa cable*, Created: 16 November 2009, Retrieved on 10 September 2011 from <http://wikileaks.org/cable/2009/11/09SANAA2070.html>; Wikileaks, 'Saleh sees foreign hand behind Yemen's internal woes', *US Embassy in Sanaa cable*, Created: 31 May 2009, Retrieved on 10 September 2011 from <http://wikileaks.org/cable/2009/05/09SANAA1015.html>).

<sup>452</sup> In 2009 the EU offered to Yemen \$134m, 32% of the total donations of the year in Yemen; Smith, Kerry and Poole, Lydia, *Yemen aid factsheet 1995-2009, Trends in overseas development assistance, Global Humanitarian Assistance, Development Initiatives*, 2010, Somerset, United Kingdom.

<sup>453</sup> Al-Dar, Abdulsalam, Policy Focus 'The Problem of Sada and Ceasefire Initiatives', *Sheba Center for Strategic Studies*, Retrieved on 17 July 2011 from Available online at: <http://www.shebacss.com/docs/PolicyFoucs/scssep012-10.pdf>

Under these circumstances, the common interests of the EU and the GCC can be summed up in the designated goal of the FoY, namely to prevent a fragile state like Yemen becoming a failed state. This joint goal could only be pursued within an all-inclusive framework in a way which was compatible with EU norms and, according to EU terminology, in an approach of “economics meets politics”. Indeed, the EU and the GCC states recognised that a positive outcome in the security field was impossible without developments in the economic (and consequently) social situation of the country and its people. It is for this reason that initiatives by the EU and the GCC regarding Yemen were comprehensive, including elements of economic, social and political developments alongside the efforts for achieving a greater level of security, both internally and from a regional/international perspective.

The common anxiety of the EU and the GCC states in relation to Yemen was expressed on a bi-regional level many times in the Joint Communiqués that followed EU-GCC Ministerial Meetings. Even though these Ministerial Meetings were, criticised as being unproductive, the Joint Communiqué was a statement of issues of common concern. In the EU-GCC Joint Communiqué that followed the EU-GCC Ministerial meeting in Luxembourg in June 2010<sup>454</sup>, the last one before the youth uprising in Yemen in January 2011, the two parties stated the following:

*The [EU and the GCC states] also expressed their shared commitment to support Yemen’s development as a unified, stable, democratic and prosperous state and encouraged the Government of Yemen to continue efforts in this regard. Both sides agreed that a comprehensive approach was needed in Yemen, with strong support from the international community, and in particular Yemen’s*

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<sup>454</sup> EU/GCC, ‘Joint Communiqué’, 20th EU-GCC Joint Council and Ministerial Meeting, 14 June 2010

*neighbours including in the context of the Friends of Yemen' process. They agreed to enhance dialogue and cooperation on the issue.*

This statement implied that EU values and approaches are accommodated in tackling the crisis (development aid in exchange for democratisation and multilateralism with the engagement of Yemen's neighbours). However it remains to be explored whether adopted official language was applied in practice. Indeed this convergence of interests did not necessarily lead to common approaches against well defined security threats, especially keeping in mind that the EU and the GCC states had different value systems and different priorities and approaches in their foreign policies.

### **Compromising western-type democracy and Arabic tribalism**

Despite the common interests in the development and stability of Yemen, the differences in values and norms of the two regions have tested the EU–GCC relationship. Yemen was itself a very challenging case anyway, since it has been, theoretically at least, the only western type democracy with regular elections for the parliament and the President of state in the wider Arabian Peninsula region. Nevertheless, Arabic tribalism and the country's Muslim character have been fundamental ingredients of the political process in Yemen.

Since the GCC states do not share EU values or the EU's tendency to attach political conditionality to democratisation and respect for human rights, they showed no interest in expressing dissatisfaction when the Yemeni authorities were not making tangible progress with political reforms. On the contrary, this had been an issue on which the EU was very vocal. More specifically, the EU had sent an Election Observation Mission in 2006 and handed a set of recommendations for the reform of the election regulations in order to

further express its desire for the democratisation of Yemen<sup>455</sup>. In addition the FoY platform was ‘a political process and not a pledging exercise’<sup>456</sup> and as such the EU called for the Yemeni authorities to show concrete reforms and to re-convince the donors about their commitment to progress in economic development and reforms in the political sphere. The EU also noted that “commitment alone is not enough, results are needed”<sup>457</sup>. In this respect the EU attached political conditionality to the funds it was allocating to Yemen. Applying its normative agenda, the EU requested solid results on good governance, transparency and democratic developments in order to further discuss funding for Yemeni projects. EU policymakers agreed on the necessity of the Yemeni government to implement democratic reforms and promote decentralisation of powers, as a way of achieving stability in the long run, within the framework of a more inclusive political system. Therefore the EU applied its values of democracy as a way of dealing with the systemic problem of the political structure of the country. On the contrary, the GCC states were always more practical on issues focusing on the results for achieving stability and development, reinforcing the security of their countries and of the Gulf region, rather than pursuing political changes through their funds. Keeping in mind the internal political structure of the GCC states it would have been unimaginable that these states would ask for ‘more democracy’ in Yemen when their own royal families ruled without being accountable to their people. Nevertheless, they did request concrete progress on economic reforms, which would enable Yemen to absorb GCC funds more efficiently. Because of concerns regarding the lack of efficient implementation of projects along with their reservations about corruption in Yemen, the GCC states froze, in some cases, the donations that had been

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<sup>455</sup> The EU deployed a Core Team, Long Term Observers and Short Term Observers in all 21 governorates of Yemen and after the elections they publicly presented their conclusions, as well as recommendations for reforms and changes to the Yemeni authorities. European Union, ‘Final Report, Presidential and Local Council Elections’, Election Observation Mission, 20 September 2006. Retrieved on 02 September 2011 from <http://www.eueom.eu/files/dmfile/EUEOMYemenfinalreport.pdf>

<sup>456</sup> *Interview with a diplomat working for EU institutions, Brussels, 28 July 2011*

<sup>457</sup> “Yemen at a crossroads”, *Joint EU Statement for the 3<sup>rd</sup> Yemen-Donors Post-CG Follow-up Meeting on 5 April 2009 in Sanaa.*

agreed for transfer to the country<sup>458</sup>. To the extent that transparency and good governance were central aims in the EU's normative approach for the country, the above actions of the GCC states contributed in some way to adding pressure for Yemen to reform and comply with EU requests (indicating potential convergence towards EU policy). However, it should be noted that the GCC states did not always prioritise political solutions; in some cases the KSA had used force to repel fighters from areas near its southern borders<sup>459</sup>.

After the youth uprising, the EU and GCC approaches further converged, even though the EU and the GCC states had different views on the values implied by the GCC initiative. The GCC plan accommodated immunity to Saleh and his family for crimes which might have been committed during his Presidency and most importantly during the 2011 uprising in Yemen. This was not compatible with the values of the EU and its member states which called for accountability, especially in relation to crimes committed by the leaderships against the people of their countries. Yet, it was the most viable solution to move forward at a time when the whole Middle East was shaken by revolts and demonstrations. The EU significantly and clearly expressed its support for the GCC plan, in every way, but it refused to become a co-signator of the agreement or guarantor for its implementation because of the elements in the proposal that contradicted its values. While the EU accepted the fact that by endorsing the agreement it was adding to the pressure on the Yemeni government and the opposition for its full implementation, European diplomats made it clear in internal discussions that they wanted to 'avoid the legal and procedural complexities of formal countersignature'<sup>460</sup>. It was decided that the EU would be a witness to the signing of the agreement

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<sup>458</sup> Dorsey, James M., U.S., 'Europe Press GCC States on Yemen Membership', *World Politics Review*, 12 October 2010, Retrieved on 22 July 2011 from <http://www.worldpoliticsreview.com/articles/6672/u-s-europe-press-gcc-states-on-yemen-membership>

<sup>459</sup> Reuters, "Saudi air force hits Yemen rebels after border raid by Souhail Karam", Riyadh, 5/11/2009, Retrieved on 15 July 2011 from <http://www.reuters.com/article/2009/11/05/us-saudi-yemen-attack-idUSTRE5A41TF20091105>

<sup>460</sup> Views expressed by EU member states at a discussion in Brussels, as conveyed by various interviewees, some of which with participation in relevant meetings in Brussels, April 2011.

and that the EEAS would publish a statement in support of the agreement which was the 'best way forward'<sup>461</sup>. Practically, the EU promoted an agreement which did not reflect its values, but which neither legally or formally bound it to the agreement or its implementation.

However, although the agreement itself did not correspond to EU values, it could be suggested that the expected outcome was within the framework of the values projected by the EU. The aim of the proposal was the political transition of Yemen under regional leadership and the acceleration of the democratisation process, by setting up democratic institutions and empowering the new and emerging social and political forces. Therefore the GCC plan could be read as being obviously related to the political conditionalities that the EU imposed on Yemen. From this perspective it provided a way to restore stability through peaceful means. It was an inclusive plan with the participation of all parties, it provided multilateral engagement of international actors and it promoted respect of fundamental rights and democratic values<sup>462</sup> for the new era in the country. From this point of view, the GCC also adopted the values and policies of the EU in exchange for its primary role in persuading the Yemeni actors to sign and implement the agreement, which would benefit both the EU and the GCC. Therefore, there was a compromise in which both parties had to meet the other party's sensitivities. The EU recognised the leading role of the GCC, while the GCC had to react positively on the democratic aspirations of the local people of Yemen and the engagement of EU in favour of these aspirations. In this framework, even though Yemeni authorities were using violence against the Yemeni people, the EU did not initiate any discussions for applying sanctions against the Yemeni leadership in order to protect basic human rights, as it had done in other cases in the region, specifically Libya and Syria. The GCC were strongly in favour of the 'carrot approach'

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<sup>461</sup> Ashton, Catherine, 'Letter to the Vice President of the Republic of Yemen, Abd al-Rab Mansur Hadi', A(11)681617-D(11), 07 June, 2011

<sup>462</sup> As it was assessed by the Ambassadors of the EU and its member states in Sanaa in June 2011. The information was gathered and verified by various interviewees.

and the EU did not want to act in a way that was counter-productive to the GCC initiative, or in contrast to GCC approaches. GCC leaders had conveyed their views that imposing sanctions on Yemen would lead Saleh to react aggressively and probably cut ties with the EU or the international community, advancing its repression tactics internally. Therefore, the GCC states negotiated values in exchange for efficiency with their European partners, and the final outcome of the crisis confirmed the efficacy of the GCC approach. This mutual understanding on the handling of Saleh during the youth uprising highlighted the importance of the leading role of the GCC even though this leading role had not always been accepted or promoted by the EU, during the last two decades.

### **Who has the lead?**

The discussion regarding the leading role in the EU-GCC relationship in tackling the threats emanating from Yemen is primarily linked to the (self-)image and the priority placed on the norms and the values of the two parties. It is also tightly associated with the interdependency of the two actors in this matter. Until 2011 the level of cooperation and coordination did not reflect this interdependency, in spite of the fact that since 2009 there were some minor positive steps towards this direction. On the contrary, due to the symmetrical character of the relationship, there was a power struggle between the two sides.

Since the early years of the decade of 2000, when the EU was showing greater interest for a structured relationship between the EU and the GCC on various issues including the challenges emanating from Yemen, the EU had its own views on institutionalised cooperation between Yemen and the GCC. The EU, at this time, imagined the role of the GCC according to its own norms and experiences, when it used integration policies as a way of engaging with neighbours facing tremendous challenges after the collapse of their socialist state structures. Since the 'EU was blaming the GCC states for

not doing enough'<sup>463</sup>, the Europeans felt that the future membership of Yemen in the GCC would provide a new context within which the international community would be able to deal with Yemen, as responsibility would be shared with GCC states. Because of this, the EU was happy to publicly encourage plans for Yemen's integration to the GCC. In correspondence with the EU, if not under European guidance, the Yemeni Ministry of Planning and International Cooperation prepared and presented the study 'Preparing Yemen for Better Economic Integration into GCC'<sup>464</sup> at the first CG for Yemen, in London in November 2006. The study went as far as to provide a proposal for practical measures that could have been taken in order to achieve the economic integration of Yemen in the GCC, based on the outlined criteria. What is more, at the same conference, the EU reiterated its readiness to 'share its experience of enlargement processes with the GCC and Yemen, as they seek closer cooperation and integration'<sup>465</sup>. However, the GCC did not welcome this kind of European intervention with proposals which were presented without any prior consultation with the GCC states. They felt that they were pressurised to accept directions on dealing with an issue they considered to be solely GCC's internal business, to the extent that a diplomat working for the GCC described this attitude as a policy of neo-colonialism on behalf of the EU<sup>466</sup>, at a time when the GCC states were claiming for themselves a more independent and confident regional role. Under these circumstances and due to: a) the pre-decided solutions the EU was promoting based on its own model b) EU failure to adopt to the

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<sup>463</sup> *Interviews with GCC diplomats, Brussels, 08 April 2009*

<sup>464</sup> Ahmed Farouk Ghoneim, "Preparing Yemen for Better Economic Integration into GCC", *Ministry of Planning and International Cooperation, Republic of Yemen*, 2006. Retrieved on 18 July 2011 from <http://www.shebacss.com/docs/steuss001-10.pdf>

<sup>465</sup> European Union, 'Statement by the Presidency of the European Union (Finland's EU Presidency)', *Yemen Consultative Group Meeting*, 16 November 2006, Retrieved on 18 July 2011 from <http://www.yemencg.org/library/after/pledging%20statements/Statement%20of%20European%20Union%27%20Presidency%20%28Finland%29.pdf> The same view was reiterated by the EU, following the third EU-Yemen Political Dialogue. European Union, 'Third EU-Yemen political dialogue meeting (Sana'a 20 November 2006)', 15582/06 (Presse 334), Brussels, 21 November 2006

<sup>466</sup> *Interviews with GCC diplomats, Brussels, 08 April 2009*

new realities regarding GCC states, the EU and the GCC faced difficulties in reaching a common approach regarding Yemen, at least until 2009. It was then that EU diplomats based in Yemen reported to Brussels that the EU needed a more constructive approach with the GCC states. They recognised that any fruitful cooperation on this matter should entail serious participation from the GCC states on strategy formation, since their role would be pivotal to any sustainable solution. This EU attempt for GCC engagement had to take into consideration that the GCC states were only willing to get involved in initiatives that they felt comfortable with, and in formations in which they had a strong say.

Since then, signs emerged indicating that the EU had abandoned the tactic of applying pressure for Yemen's membership to the GCC. Instead the EU began calling for some kind of regional commitment by the GCC states in tackling the challenges arising from the instability in Yemen<sup>467</sup> and after 2009, the two partners began to find common ground on their activities and policies for this volatile country. This convergence of approaches was further highlighted in the early months of 2011. In the case of the youth uprising against Saleh, both sides realised the need for coordination and cooperation, based on mutual respect of the distinctive character of each side and its own values, priorities and reservations. European diplomats acknowledged the crucial role of the GCC states in solving the crisis and in this respect they reached out to their Gulf partners for consultation before taking any action, especially since the GCC states had developed an extensive network of communication with tribal leaders. Indeed the GCC proposal was tabled after the KSA and other GCC actors consulted with tribal leaders in Yemen. The EEAS was developing an active and visible policy regarding the new developments in the Middle East in 2011 and from this perspective the GCC states wanted EU support for their proposal. That was a major step in the EU's new tactic. It abandoned its attempt to impose on the GCC its own normative-driven solutions and reached out to the GCC with sincere

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<sup>467</sup> *Interview of an EU diplomat, who is based in Yemen, Brussels, 02 August 2011*

eagerness to listen to their views, based on their own understanding of the situation and with respect to their new regional role.

The GCC states also pursued EU backing of their initiative, since they underlined the fact that the EEAS was heavily engaged in the broader crisis which erupted in the wider Middle East in 2011. In the specific case of the youth uprising in Yemen, the EU and the GCC were both respected by the Yemeni government and the opposition, as the local actors recognised key roles for the EU and the GCC for a sustainable solution. It must be noted that despite the internal debates on the EU stance in Yemen as strong stakeholders were not fully convinced that the ‘carrot approach’ was productive in dealing with Saleh, the EU fully supported the mediation efforts led by the GCC countries<sup>468</sup>, sealing the new approach the EU had taken since 2009 which favoured a more GCC-led engagement in Yemen.

### **Institutionalising common actions**

The power struggle which was identified in the previous section also influenced the institutionalisation of the dialogue between the EU and the GCC states, which remained poor in the bi-regional context (EU-GCC ministerial and political directors meetings). This was because the GCC states were very reluctant to engage in a direct dialogue with the EU on this issue, as already demonstrated. They felt that these meetings were platforms for receiving directions from the EU on how to deal with Yemen. They were clear that they did not favour the idea of Yemen joining the GCC and they resisted any attempt to get into an institutionalised dialogue between the EU and GCC which heavily involved Yemen, since the EU had repeated its proposal for a solution which was a reflection of its own integration path. A more institutionalised form of EU-GCC dialogue on

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<sup>468</sup> European Council, ‘Council conclusions on Yemen’, 3076th Foreign Affairs Council meeting, 21 March 2011; Reuters, “Top Yemeni generals back democracy protesters”, 21 March 2011. Retrieved on 31 July 2011 from <http://www.reuters.com/article/2011/03/21/us-yemen-idUSTRE72K1RJ20110321>

Yemen can be noticed only within the broader high profile fora of CG and FoY.

It was well known to EU and GCC diplomats that the main objective of the Yemeni authorities was to get their hands on new donations through these fora rather than initiating real developments in the political and economic environment of the country. It is for this reason that the EU, the GCC states and other regional players encouraged the institutionalisation of attached political conditionalities to the development assistance granted to Yemen, in a way in which the GCC states would not appear as setting preconditions on their aid. It was also a way for the GCC states to assess the commitment of Saleh to adhere to its commitments and to act accordingly, multilaterally, regionally or bilaterally. The institutionalisation of the multilateral approach towards the Yemeni crises was also compatible with the normative aspects of the EFP.

The aim of the CG was to bring together major players in Yemen under a single framework and to garner the interest of the international community. The driving forces in these meetings were European and GCC states, even though it should be noted that the role of the EU as a supranational actor was limited and was definitely in the shadow of EU member states, and more specifically of the UK. For EU diplomats, the FoY platform<sup>469</sup> was the only available mechanism which provided a holistic approach to the situation in Yemen both in terms of the actors which were involved thus ensuring international alignment on this case, as well as in terms of the 'economics meets politics' approach. It was interweaving human rights, the clause of political inclusion (identified in the National Dialogue) and a real reform agenda in terms of the economy. Furthermore, within the FoY platform, regional actors agreed to establish two committees for channelling their efforts through formal procedures which were to become important tools for

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<sup>469</sup> *Interview of an EU diplomat, who is based in Yemen, Brussels, 02 August 2011*

providing specific recommendations to the government of Yemen. The two committees were also granted the role of monitoring the implementation of these recommendations, as part of an institutionalised benchmarking system, created by technocrats, according to which the EU – GCC (and other interested) governments were going to assess new financial contributions<sup>470</sup>. The working committee on Economy and Governance was co-chaired by Germany and the UAE<sup>471</sup> and the working committee on Justice and Rule of Law, was co-chaired by the Netherlands and Jordan<sup>472</sup>. This allocation of chairs is compatible with the GCC approach to heavily engage on an equal basis with the EU in promoting common goals in Yemen, but in a broader context rather than at bi-regional EU-GCC level. The GCC states preferred to engage through a multilateral manner in order to evade the pressure put on them during inter-regional meetings, by the EU. The broader context of interaction on the Yemeni situation allowed the Gulf rulers to balance the role of the EU and its member states with the participation of other players which were not as eager as the EU to see Yemen becoming a member state of the GCC. To the extent that the EU was becoming a dominant player attempting to impose a non-acceptable solution, the GCC states agreed to lighten their stance on multilateral approaches and engage in fora in which they committed themselves regarding their foreign policies. However, this concession of sovereignty could also be read as instrumental, rather than a genuine interest in a multilateral response to Yemen (as the case of the EU appears to be), as will be explained later in this chapter. Moreover, it should be highlighted that there was a clear division of labour between the GCC and the EU. The GCC states refrained from getting involved with delicate political issues, which

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<sup>470</sup> Foreign and Commonwealth Office, “Ministerial Meeting of the Friends of Yemen”, 24 September 2010, Retrieved on 31 August 2011 from <http://centralcontent.fco.gov.uk/resources/en/pdf/central-content-pdfs/middle-east/friends-of-yemen-statement>

<sup>471</sup> Friends of Yemen, “Final Report by Co-Chairs United Arab Emirates and Federal Republic of Germany”, September 2010, Retrieved on 31 August 2011 from <http://centralcontent.fco.gov.uk/resources/en/pdf/central-content-pdfs/middle-east/foy-working-group-final-report>

<sup>472</sup> Friends of Yemen Working Group on Justice and Rule of Law, “Final Report”, September 2010. Retrieved on 31 August 2011 from <http://centralcontent.fco.gov.uk/resources/en/pdf/central-content-pdfs/middle-east/foy-jrol-working-group-final-report>

included corruption, rule of law, de-radicalisation and border security, which were included in the second working group. These were norms and values which were much more compatible with the EU and its self-image.

After the crisis in 2011 erupted, because of the popular demand for President Saleh's resignation the EU-GCC did not form any new committee or forum that would have the role of coordinating policies of all interested parties. Even though the urgent and extraordinary situation in Yemen may have not led to the set up of a new body, as was the case with the Contact Group on Libya<sup>473</sup>, it can be suggested that this was because the GCC states did not want to negotiate their leading role, especially since this role had already been recognised by the EU. Consequently, even though the EU and the GCC did not initiate the formation of a new committee for Yemen this was not counterproductive to the enhancement of the EU-GCC relationship. On the contrary, there seemed to be an agreed division of labour, according to which the leading role of the GCC was reaffirmed. During the non-institutionalised, yet constant, communication between the two sides, the joint interests of the EU and the GCC to end the crisis in Yemen in a way that addressed their security concerns were promoted through a plan that accommodated the transition to a democratic and inclusive political system as envisaged by the EU but also in a way that it respected the autonomy of the GCC states in their region. The fact that the EU recognised this primacy of the GCC states was the most significant element though. Due to this, the GCC re-engaged with the EU at an inter-regional level, since this approach was reinforcing the self-image of the GCC states as a leading force in the region.

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<sup>473</sup> Foreign and Commonwealth Office, The London Conference on Libya, 28/03/2011, Retrieved on 31 August 2011 from <http://www.fco.gov.uk/en/global-issues/mena/libya/london-conference-on-libya/>

### **Long-term approach and flexibility**

It is important to remember that both the EU and the GCC, due to the character of the long-lasting situation in Yemen, had allocated resources and shaped approaches on a long-term perspective to deal with the challenges arising in this country of the Arabian Peninsula. The EU had included Yemen in institutionalised multi-year programmes both for promoting political reforms and for granting economic aid for the development of the country, as shown in an earlier section of this chapter. For the GCC states, Yemen was one of the top priorities as shown in their donations in external development aid<sup>474</sup> and, since 2002, Yemen had participated in some of the GCC bodies and agencies. From the perspective of development policies, Yemen's participation in these bodies is important<sup>475</sup>. What is more significant, is that both regional organisations and their member states have been flexible in organising and participating in various regional and international fora for Yemen, despite the fact that the rationale behind the participation in these fora has been different as already discussed.

In the peak of the uprising in Yemen, and in the rest of the Arab world, the GCC states searched for a new, more visible and dynamic role in regional politics, as seen in the case of Yemen, as well as in the cases of Libya, Syria and Bahrain. The EU responded very positively to the new expectations of the GCC states, especially in relation to the case of Yemen. Very quickly the EU and GCC began coordinating their actions by establishing direct channels of communication between Ashton and her assistants on the one hand and the GCC Foreign Ministers and the GCC Secretary General on the other hand<sup>476</sup>. Coordination at the level of ambassadors in Sanaa was also established with regular meetings and the participation of the EU, the GCC,

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<sup>474</sup> Development Assistance donated by the GCC member states represents almost half of the overall assistance pledged for Yemen for the years 2007-2011; Department of International Development of OECD, Country 'Evaluation of DFIP Country Programmes: Yemen', *Evaluation Report EV706*, February 2010, p.8

<sup>475</sup> European Institute for Research on Euro-Arab Cooperation, "The Gulf Cooperation Council", Retrieved on 29 August 2011 from <http://www.medea.be/en/countries/arab-world-general/gcc-gulf-cooperation-council/>

<sup>476</sup> That was the conclusion of interviews with EU and GCC officials who had immediate access to information regarding the EU-GCC cooperation on dealing with the latest Yemeni crisis.

the member states of the two regional organisations, as well as the USA ambassador<sup>477</sup>. Moreover, high positioned diplomats of the EEAS were in constant communication (and in an absolute coordination) with the GCC Secretariat General, and the EU made sure that its policy of granting the GCC states a primary role in the Yemeni crisis was clearly conveyed to them<sup>478</sup>. That was an unambiguous change in EU policy which had tried initially to engage the GCC states in EU-constructed approaches and plans. During the crisis, even when there were some minor reservations by EU member states, the EU followed the GCC recommendations as EU member states felt that the GCC was 'the most appropriate body for putting pressure on Saleh at this point'<sup>479</sup>. In addition, during their meetings with Yemeni representatives, European diplomats urged them to work closely with the GCC as the EU saw no other way of ending the crisis in their country<sup>480</sup>.

### **The central role of governments in a multilateral context**

The multidimensional character of the EU-GCC relationship in dealing with the security and economic situation in Yemen was limited, especially in reference to the involvement of actors from different levels of the political and social layers of the two parties. Not many actors from different layers could get involved because of the critical situation in Yemen. There has been limited, if at all existent, presence of business communities with substantive work, unlike the EU-GCC business communities joint projects as shown in the previous chapter. It was extremely difficult, therefore, to identify any synergies of this kind in the case of Yemen. In the case of NGOs and other

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<sup>477</sup> The fact that these coordination meetings were taking place were also confirmed on 22 May 2011, when the UAE Embassy was sieged in Sanaa by Saleh's supporters. It was revealed that the GCC Secretary General, GCC member states and EU, USA and UK Ambassadors in Yemen were holding a meeting for coordinating their actions. The incident was confirmed by the UAE Ministry of Foreign Affairs; UAE MoFA, 'Abdullah Bin Zayed urges Yemeni government to take immediate measures to ensure security of the UAE embassy in Sana'a', Retrieved on 29 August 2011 from [http://www.mofa.gov.ae/MOFA\\_English/portal/5abfdde7-930b-4c81-901f-299322dfcc29.aspx](http://www.mofa.gov.ae/MOFA_English/portal/5abfdde7-930b-4c81-901f-299322dfcc29.aspx)

<sup>478</sup> *Interview with EU diplomat working for a member state's Ministry of Foreign Affairs, Nicosia, 30 March 2011*

<sup>479</sup> From information received by all EU member states during a meeting in Brussels, 26 May 2011, by the EEAS regarding the Yemeni crisis. Information was gathered and confirmed by various interviewees.

<sup>480</sup> *Interview with a diplomat working for EU institutions, Brussels, 28 July 2011*

development actors, joint work was also limited, but this seemed to work in favour of the common EU-GCC interests. NGOs and other organisations based in the EU were promoting, among others, reforms and developments in the fields of good governance whereas the GCC actors were investing in infrastructures and were hesitant in raising issues which involved regional sensitivities due to the broader political context<sup>481</sup>. Thus, there was a clear division of labour towards common goals between EU and GCC players in this sense. This is the reason why even though technocrats from the two regions were not in constant communication or cooperation with visible joint outcomes, it has been suggested that there has been a common understanding and approach regarding the definition of the responsibilities of each actor. This division of labour resembles the division of labour identified in the GC and FoY fora. The EU promotes its values that will shape the internal environment of Yemen with long lasting effects while the GCC states focused on concrete results. Even though this approach did not directly engage the GCC states in a normative process as the EU would wish to do, it nevertheless reinforced the (self-) image of the EU as a normative player, at the multilayered level. Not only did EU bureaucrats promote EU values but non-state actors, such as NGOs did as well.

The central role for shaping policies rested with the governments of the EU and the GCC countries, even within the framework of regional and international organisations and processes, which were preferred by the GCC, in contrast to bi-regional approaches, for the reasons that have already been explained. As a result, the Organisation for Economic Cooperation and Development (OECD), the Arab Development Fund (ADF), and the Islamic Development Bank (IDB) were asked to get greatly involved in the development programmes of Yemen. The EU and GCC governments assumed the leading role in engaging these organisations through the

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<sup>481</sup> Yemen was the only democratic, theoretically at least, political system and thus the GCC states were not legitimised in articulating demands for democratic reforms in Yemen, without provoking reaction both in Yemen's internal political structure (against foreign intervention from Arab neighbours in the complex political context of the region) and in the GCC states themselves.

organisation of regional and international fora. The UAE even submitted to the OECD a full report in 2011 for the development aid that it offered to Yemen<sup>482</sup>. The cooperation of the abovementioned organisations has produced a specific programme for water projects in Yemen, with the participation of GCC states, in a field where Germany and the Netherlands had already invested heavily<sup>483</sup>. Moreover, the CG and the FoY platforms were established which engaged EU and GCC member states as well as other international actors in channelling economic and technical assistance to Yemen, towards specific economic and political goals. Consequently, there was a spillover effect of this relationship, but not in relation to non-state actors as in the first case study of this thesis, but rather in relation to regional (development) organisations. This engagement of multilateral organisations has been central in the normative agenda of the EFP, as a way of diffusing responsibility and in engaging actors in a way that they adhere to rules of the game, composed of reforms and political conditionality, which coincide with the EU norms.

The multidimensional character of the relationship from a thematic perspective has not been easy to spot either. Of course, there was a coexistence of issues of development and security, as has been explained. Therefore, from this point of view there was a broader multidimensional comprehensive approach. Nevertheless, beyond this 'economics meets politics' approach the relationship did not meet more complicated or more diversified levels of cooperation. For example, while EU member states and GCC member states (in coordination with NATO forces) launched a joint military action in Libya<sup>484</sup>, in the case of the EU operation in the Gulf of

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<sup>482</sup> Smith, Kimberly, *United Arab Emirates Statistical Reporting to the OECD development assistance committee*, OECD Development Co-operation Directorate, March 2011, Paris. Retrieved on 17 July 2011 from <http://www.oecd.org/dataoecd/37/0/47283752.pdf>

<sup>483</sup> UAE offered a significant percentage of its US\$130m to Yemen in 2009 on water projects. Germany offered US\$26.9m and the Netherlands US\$13.5m; OECD/DAC Secretariat and the World Water Council, "Donor Profiles on aid to water supply and sanitation", November 2008, Retrieved on 17 July 2011 from <http://www.oecd.org/dataoecd/31/12/41752319.pdf>

<sup>484</sup> After the uprising in Libya against Qaddafi in 2011, EU and GCC forces jointly launched military air operations, which proved beyond any doubt that the EU and the GCC have had the technical/ military capacity to

Aden, called ATALANTA<sup>485</sup>, the GCC did not offer any technical or any other support to the EU, within the scope of formal cooperation. The EU and the GCC states did not sign any framework agreements for the participation of GCC forces in CSDP crisis management operations, despite the common economic and security interests of the two parties in the specific region<sup>486</sup>. The only positive exception was the cooperation with Oman, which provided its infrastructure and units of its royal navy participated in some operations. However even though the operation started in 2008, it was only in 2012 that Oman signed the official agreement for cooperation.

### **Searching for the role of national approaches in regional policies**

As the case of Oman, in the ATALANTA operation, but more importantly the central roles of the UK and the KSA, have shown, the actions of national actors affect bi-regional cooperation. What remains to be evaluated is the direction in which the role of national policies pushes the relationship, undermining or advancing inter-regional understanding and cooperation. Their role in promoting interests, values and self-images is equally important. From an EU perspective, the member states had developed extensive national programmes in relation to the long-lasting threats emerging from the situation in Yemen, even though development aid is an area of competence of the European Commission, with Germany and the UK being the top two EU donors for Yemen. Between the years 2000-2008 Germany offered the 21% of total donations to Yemen, with a total amount of US\$553.7 million. A new commitment for €265m was made during the visit of the German

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work together. Therefore it was just a matter of a political decision for the two parties to cooperate on military grounds as well.

<sup>485</sup> In support of the UN Security Council Resolutions 1814 (2008), 1816 (2008), 1838 (2008), 1846 (2008) and 1897 (2009), and in reaction to the high numbers of acts of piracy and armed robbery in the Gulf of Aden, in the high seas opposite the Yemeni coast, the EU decided in the European Council of 8th December 2008 to deploy military forces in the area, with the use of EU naval forces. Details can be found on the website of the Operation (<http://www.eunavfor.eu/about-us/mission/>, last accessed: 10/09/2011).

<sup>486</sup> *Interview with EU diplomat, working for EU member state's Ministry of Foreign Affairs, Brussels, 26 June 2011*

Foreign Minister to Yemen in March 2012<sup>487</sup>. The UK has been contributing approximately £46.7m per year but committed to almost double this amount by 2015, thus becoming the top EU donor in the country<sup>488</sup>. France, the Netherlands, Italy and Germany have been promoting projects in accordance to EU priorities in the country. France funded a Democratic Governance and Security Project in association with the EU Delegation office in Sanaa<sup>489</sup>. The Netherlands, apart from heavy investments in water projects, also supported projects on human rights, gender, elections, justice, public financial management and the Integrated Framework for the promotion of trade and export<sup>490</sup>. Finland and the Czech Republic worked on governance and gender, Denmark on elections and Italy on sustainable development<sup>491</sup>.

However, the political role of the UK should be highlighted. Within the framework of FoY, the European Commission allocated €15 million under the Instrument for Stability Counter Terrorism package for Yemen for security and law enforcement reforms, for development of the legal framework and criminal justice system and for the prevention of radicalisation as well as conflict prevention. Nevertheless, Yemen's national counter-radicalisation strategy which was going to be presented to the FoY meeting in KSA in February 2011 was prepared by the UK. Moreover, the UK also acted as a liaison player between the EU on the one hand and the GCC and/or the Yemeni government on the other hand<sup>492</sup>. It became obvious that the role of the UK was fundamental for all the initiatives for

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<sup>487</sup> Saudi Gazette, 'Germany pledges €265m in aid to Yemen', 12 March 2012, Sana'a, Retrieved on January 2013 from <http://www.saudigazette.com.sa/index.cfm?method=home.regcon&contentid=20120312119508>

<sup>488</sup> Smith, Kerry and Poole, Lydia, "Yemen aid factsheet 1995-2009", *Trends in overseas development assistance*, Global Humanitarian Assistance, Development Initiatives, 2010, Somerset, United Kingdom

<sup>489</sup> UNDP, "Local Governance Support Project (LGSP) - Project Fact Sheet", Last Modified on 15/03/2011, Retrieved on 16 August 2011 from [http://www.undp.org/ye/governance\\_59817.php](http://www.undp.org/ye/governance_59817.php)

<sup>490</sup> Yemeni Embassy in The Netherlands, "Yemen - The Netherlands 30 years of partnership and cooperation", Retrieved on 17 July 2011 from <http://yemen-embassy.nl/Article.aspx?id=cdddfb23-f665-40a8-a6a5-df997c969bef>

<sup>491</sup> UNDP, "UNDP Partnerships", Retrieved on 17 July 2011 from [http://www.undp.org/ye/partnerships\\_1.php](http://www.undp.org/ye/partnerships_1.php)

<sup>492</sup> Information gathered in interviews with diplomats working of the EU institutions and member states, based in Brussels and Yemen, 2010 and 2011.

Yemen and it was in most ways independent from the EU humanitarian and development aid to the country. In this respect, it is worth noting that during the First CG which took place in London in November 2006, the British pledging statement praised the constructive role of the GCC and the OECD, but it failed to mention even once the contribution or the role of the EU or that of the European Commission<sup>493</sup>.

However, the role of EU member states was not contradictory to the norms, values, policies and actions of the EU as a whole. On the contrary, this division of labour between the EU institutions and the British diplomatic service has helped the cooperation of the EU with the GCC. During the Yemeni crisis in 2011 the EEAS and the EU member states' actions were also well coordinated and targeting at the same goals. Both the EU and its member states were sending identical messages to the Yemeni actors of this crisis<sup>494</sup>. The only public differentiation was the call of the French Minister of Foreign Affairs, Alain Juppe, for Saleh to step down at a time (March 2011) when the EU was still encouraging dialogue between the government, the movement of the students and the opposition<sup>495</sup>. This French position was a single case of deviation which did not influence the overall outcome of the intra-EU discussions for Yemen; the GCC were still in charge of the situation and the EU kept sending clear messages that it was willing to follow their lead in terms of the way and the speed the GCC had chosen to deal with the new situation in Yemen.

From a GCC perspective, internal cohesiveness was not as clear as in the case of the EU. Even though in the case of development aid all GCC states

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<sup>493</sup> Thomas, Gareth, "Donor Pledging Statement", 16 November 2006, Retrieved on 18 July 2011 from <http://www.yemencg.org/library/after/pledging%20statements/Statement%20of%20UK.pdf>

<sup>494</sup> *Interview with an EU diplomat, Brussels, July 2011*. The diplomat revealed that in July 2011 a high-ranking German diplomat visited Riyadh and Sanaa where he conveyed the message for a peaceful transition of power in line with the GCC initiative. In May 2011, the Yemeni Ambassador was summoned in the Belgian Ministry of Foreign Affairs, where the Belgian diplomats reiterated the common EU stance in favour of the GCC plan.

<sup>495</sup> European Council, 'Council conclusions on Yemen', 3076th Foreign Affairs Council meeting, 21 March 2011; Reuters, "Top Yemeni generals back democracy protesters", 21 March 2011. Retrieved on 31 July 2011 from <http://www.reuters.com/article/2011/03/21/us-yemen-idUSTRE72K1RJ20110321>

had been generous with Yemen, (including Kuwait which had its reservations at first because of the Yemeni stance during the Iraqi invasion to Kuwait in 1991, in support of Saddam Hussein), in the more political issues the GCC states did not always follow a single policy. On the contrary, the KSA leadership developed a bilateral approach in dealing with the situation in Yemen which in most cases was either non-aligned or contradictory to EU and GCC approaches. The main interest of the KSA was to secure that its porous borders with Yemen would not be trespassed by armed Yemenis, and especially the Huthis rebels, so that the Yemeni and KSA forces could focus on dealing with AQAP<sup>496</sup>. These goal was pursued by direct communication of the KSA government with the Yemeni government in the framework of a military/security KSA-Yemen joint committee which reviewed possible military targets. As admitted by the Saudis, Saleh took advantage of this committee and tried to manipulate it in order to weaken his political opponents<sup>497</sup>. Furthermore, the Saudi government granted funds to the Yemeni government directly and outside the scope of the platforms of the international community which attach political conditionality to aid. Even though KSA and Yemen officials were meeting twice a year in order to review the developments of these projects<sup>498</sup>, the funds donated to Yemen were seen by the Saudi government as a commitment to the war against AQAP and thus hardly negotiable. Moreover, the KSA establishment of a wide network of KSA-loyal tribal leaders which were systematically paid by the Saudi government<sup>499</sup> aimed at giving the KSA the upper hand in security matters, even within the Yemeni territory.

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<sup>496</sup> Wikileaks, ' Saudi Arabia: Renewed Assurances on Satellite Imagery ', *US Embassy in Riyadh cable*, Created: 07 February 2010, Retrieved on 10 September 2011 from <http://wikileaks.org/cable/2010/02/10RIYADH159.html>;

<sup>497</sup> *Ibid*

<sup>498</sup> Wikileaks, ' Saudi Arabia: General Jones ', *US Embassy in Riyadh cable*, Created: 12 January 2010, Retrieved on 10 September 2011 from <http://wikileaks.org/cable/2010/01/10RIYADH90.htm>

<sup>499</sup> *Interview of an EU diplomat, who is based in Yemen, Brussels, 02 August 2011*

Due to this approach, the informal tribal system of the country was reinforced outside the formal state structures, the Yemeni government created an alternative, autonomous channel of receiving external funds, and funds were associated with KSA bilateral aims (in security) and not with the policies of reform as articulated at the multilateral fora. Therefore, the political reforms promoted by the international community under the leadership of the EU and its member states were seriously undermined. Saleh felt less obliged to follow the international community's directions for reforms, as he could play the security card to extract money from the royal palace in Riyadh, while at the same time tribal leaders were empowered, without any control or preconditions. Consequently, different power poles were created in the country and there was even less effective control by the state authorities. This approach was indeed compatible with Saudi interests as well as values, since tribalism has been part of the political process in the Arabian Peninsula. The KSA was also intervening in the internal affairs of another state in the name of pan-Arabic solidarity against terrorism, but in reality it was empowering a favourable leadership in dealing with regional threats and in safeguarding KSA's security, both in terms of ideology (against doctrines of radical Islam) and in terms of actual attacks by militias. Overall, the autonomy via the stability and security of the GCC states were prioritised over a more long-term and comprehensive approach to the Yemeni crisis. Consequently, by applying the identified model of Arab foreign policies (seeking autonomy in their three environments), GCC states undermined the work of multilateral processes, despite the fact that they all agreed on the same goals of bringing stability and development to Yemen.

In the case of donation allocations, as well as in the case of the GCC plan for a transitional government of national unity, Qatar appeared impatient with President Saleh and withdrew its support of relevant projects<sup>500</sup>. The same frustration was expressed by Oman as well, blaming the Yemeni government of being too slow to act on donation absorption and suggesting corruption

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<sup>500</sup> *Interview with a GCC diplomat, Abu Dhabi, 14 April 2011*

regarding these funds<sup>501</sup>. During the youth upheaval, the KSA was directly influenced by the situation in Yemen and consequently pursued the lead in dealing with the challenges that emerged. It is for this reason that some EU member states expressed the view that the role of the KSA was 'indispensable' for a joint EU-GCC action in solving the Yemeni crisis<sup>502</sup>. On the other hand, Qatar differentiated its approach from the GCC initiative for solving the crisis in Yemen. According to EU diplomats this is because Qatar had its own ambitions in the wider region and it was trying to make its presence felt after the events that had shaken the Middle East in 2011<sup>503</sup>. That is why even though the KSA has encouraged EEAS diplomats to be patient with the Yemeni president<sup>504</sup>, on 12 May 2011 the Qatari Ministry of Foreign Affairs circulated an announcement according to which Qatar withdrew from the GCC initiative to resolve the crisis in Yemen and that it was 'forced to take [this decision] due to the procrastination and delay of signing the proposed agreement'<sup>505</sup>. Nevertheless, individual approaches from GCC states did not hamper the EU-GCC relationship, in the case of the youth uprising.

### **The global and regional range of the partnership**

Yemen's situation is undoubtedly a case of regional and international interest. Yemen's internal situation, both in terms of development as well as in terms of security, was seen in relation on the one hand, to the instability it could cause both to its neighbourhood with the influx of illegal immigrants and jihad warriors in the GCC states and beyond, and on the other hand in relation to the wider issue of combating terrorism, because of the existence

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<sup>501</sup> Wikileaks, 'GCC Membership Remains Beyond Yemen's Grasp', *US Embassy in Sanaa cable*, Created: 30 December 2008, Retrieved on 10 September 2011 from <http://wikileaks.org/cable/2008/12/08SANAA2061.html>

<sup>502</sup> Interview with an EU diplomats, Brussels in June and July 2011

<sup>503</sup> *Interview with EU diplomat, working for EU member state's Ministry of Foreign Affairs, Brussels, 26 June 2011*

<sup>504</sup> *Interviews with EU diplomats, from June to August 2011*

<sup>505</sup> Ministry of Foreign Affairs of the State of Qatar, 'Qatar Withdraws from GCC Initiative on Yemen' Doha. 12/05/2011. Retrieved on 25/05/2013 from [http://english.mofa.gov.qa/Official\\_Statements.cfm?id=87](http://english.mofa.gov.qa/Official_Statements.cfm?id=87)

of power branches of Al Qaeda in Yemen. It was widely accepted among the political elites of the two regions (and beyond, namely the USA), that in Yemen the AQAP was well established and that it had set up training camps. Moreover, AQAP was coordinating with other branches of the Al Qaeda network, namely those in Maghreb and in Afghanistan/Pakistan. The concerns over the influence of the Yemeni case in the wider region's security were systematically expressed by both European and Arab diplomats<sup>506</sup>, but it is noted that these concerns were also explicitly stated in a statement by Catherine Aston on 27 July 2011. In the statement, the following was quoted:

*In my conversation [with Abu-Bakr Al Qibri, Minister of Foreign Affairs of the Republic of Yemen] I have also made clear that the Yemeni people can no longer be subjected to the current political, economic and humanitarian crisis affecting Yemen, which also has serious regional and international implications<sup>507</sup>.*

It is for this reason that the EU and the GCC have tried to engage other players in tackling Yemeni's challenges. Indeed the USA participated in regional and international fora concerning Yemen and supported the work done within these frameworks. They were also committed to long term approaches, even though US policymakers have admitted in discussions with the EU that their role was always focused on the military response against the AQAP threat in Yemen which they considered to be the most immediate threat to the country<sup>508</sup>. Japan was also one of the donors for projects in Yemen, but on the political front it seemed to give priority and support to the role of the GCC, whose cooperation with the government of

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<sup>506</sup> This is the conclusion of a number of interviews with EU and GCC diplomats, during the research for this thesis.

<sup>507</sup> European Union, 'Statement by the Representative Catherine Ashton after her meeting with Abu-Bakr AL Qibri, Minister of Foreign Affairs of the Republic of Yemen', A 298/11, 27 July 2011

<sup>508</sup> *Interview with a European diplomat, working for EU institutions, 8 December 2010*

Yemen seemed to be the most suitable approach<sup>509</sup>. Russia expressed its reservations with some political decisions taken by the EU (and the GCC states) regarding Yemen. Russian diplomats underlined the need to avoid any measures which gave the impression that the political steps taken by the government were dictated by the international community<sup>510</sup>.

Consequently, despite the international interest in this issue and the opinions expressed by various parties during the international meetings for Yemen, it was widely accepted that the EU and the GCC member states were the ones leading the political process, by calling and hosting regional and international meetings, such as the CG and the FoY Ministerial Meetings. More importantly, there seemed to be a common understanding regarding the division of labour between the EU, the GCC states and the USA. The EU would initiate political reforms programmes, in a way compatible with the normative agenda of the EFP both in terms of EU values and perceptions regarding the promotion of democracy as well as in the diffusion of responsibility through multilateral engagement. The GCC would heavily invest in infrastructure avoiding projects on the ground with political implications with the Yemeni authorities<sup>511</sup> in the name of the assistance provided because of their pan-Arabic stance, while their interests in development and security in Yemen (which would affect their own stability) were promoted simultaneously. The USA would concentrate on dealing directly with the security threats being posed by the actions of AQAP, allowing at the same time to the EU to keep its 'civilian power' posture unchallenged and to the GCC states to remain clear of any (Iranian) criticism of fighting groups of (radical) Islamists in cooperation with the ideological enemies of Islam. Therefore, there were regional and international

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<sup>509</sup> Ito, Hideki (Deputy Director General, Middle Eastern and African Affairs Bureau, Ministry of Foreign Affairs of Japan), *Statement at the Pledge Session of the Yemen Consultative Group Meeting*, November 16, 2006.

<sup>510</sup> *Interview with a European diplomat, working for EU institutions, 8 December 2010*

<sup>511</sup> Department of International Development of OECD, Country 'Evaluation of DFIP Country Programmes: Yemen', *Evaluation Report EV706*, February 2010, pp.8, 15

engagements, which were responding to the expectations and priorities of the EU and the GCC actors.

### **The outcome of the joint EU-GCC actions**

Keeping in mind that a strategic partnership is not assessed only by the desires and the expectations of the partners but by the tangible outcomes of this partnership as well, it is important to sum up the result of EU-GCC cooperation in Yemen.

First of all, there are two political fora that were established in order to coordinate policies and donations in Yemen; the Consultative Group (CG) and the Friends of Yemen (FoY). Within these frameworks, committees were established and technocrats and diplomats from different countries (but mainly the EU and the GCC) attempted to coordinate their actions and use the leverage of donations in order to convince Saleh to implement long-awaited reforms in the country<sup>512</sup>. After the first CG meeting in 2006, GCC states and the Yemeni government introduced a technical committee in order to allocate GCC donations on specific projects, as identified in the Public Investment Plan (PIP). Moreover, it should be noted that the PIP was prepared by Yemeni authorities in view of the CG meeting in London and in a move on behalf of the government to: convince the aid donors that Yemen was setting clear priorities for the investments that it was receiving; show that it was working systematically for the better use of donations; and demonstrate that it was improving its aid absorption capabilities. Following the CG meeting in London, the Yemeni government issued a decree (March 2007) calling for the establishment of Project Implementation Units (PIUs) in

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<sup>512</sup> Wikileaks, 'Donors call for RoYG participation in EITI, other Improvements in Business Environment', *US Embassy in Sanaa cable*, 20 January 2006, Retrieved on 10 September 2011 from <http://wikileaks.org/cable/2006/01/06SANAA146.html>

the Ministries of Electricity, Public Works, and Highways to follow the successful path achieved by other PIUs<sup>513</sup>. In the 3rd CG meeting, in April 2009, donors commonly expressed their concerns regarding the slow pace of reforms of the Yemeni authorities. It is also interesting to note that during this meeting the GCC states pursued international coordination, even though they assumed a significant role regarding Yemen, on a bilateral basis<sup>514</sup>. Consequently, it can be suggested that the EU and the GCC were shaping the directions that the Yemeni government had to take in order to meet the criteria and the expectations of its aid donors. However, as discussed in these meetings, closer coordination between the GCC and non-GCC donor communities' was still needed<sup>515</sup>. Indeed, coordination for advancing the effectiveness of the aid was a necessity especially in relation to the linkage of GCC aid flows with specific requests for the Yemeni government to introduce measures and reforms<sup>516</sup>.

Beyond the joint programme for water supply in Sanaa that was agreed and was put forward with the constructive engagement of the EU and GCC member states, more visible results of EU-GCC cooperation, especially in the political field, are not as easy to find, due to two factors: the GCC preferred a multilateral framework of cooperation rather than bi-regional ; and Saleh manipulated the critical situation of the country in terms of security in order to evade his commitments regarding reforms. It has been suggested that the GCC did not want to add pressure on Saleh and there were meetings in which the GCC states wanted to undermine the work of committees or other bodies and therefore they were represented by junior

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<sup>513</sup> The World Bank Group Sana'a Office, "Yemen Economic Update", Spring 2007, Sanaa. Retrieved on 8 July 2011 from [http://siteresources.worldbank.org/INTYEMEN/News%20and%20Events/22262620/YEU\\_1Q07.pdf](http://siteresources.worldbank.org/INTYEMEN/News%20and%20Events/22262620/YEU_1Q07.pdf)

<sup>514</sup> Wikileaks, 'ROYG claims it is committed to reform, removing fuel subsidies ', *US Embassy in Sanaa cable*, Created: 21 April 2009, Retrieved on 10 September 2011 from <http://wikileaks.org/cable/2009/04/09SANAA716.html>

<sup>515</sup> Wikileaks, 'Second Post-Consultative Group Follow-Up Meeting Held in Yemen ', *US Embassy in Sanaa cable*, Created: 11 February 2008, Retrieved on 10 September 2011 from <http://wikileaks.org/cable/2008/02/08SANAA256.html>

<sup>516</sup> Wikileaks, ' Riyadh meeting to challenge both GCC and Yemen ', *US Embassy in Sanaa cable*, Created: 23 February 2010, Retrieved on 10 September 2011 from <http://wikileaks.org/cable/2010/02/10SANAA380.html>

diplomats or diplomats with no serious engagement with the specific issues<sup>517</sup>. Moreover, diplomats in the EU and the GCC states have questioned the genuine desire of the KSA to work in coordination with other players in the region in order to put pressure on President Saleh. Feeling that they were directly threatened by the situation in their neighbouring country, the Saudi leaders had developed their own distinctive channels of communication and their own mechanisms of exerting pressure on Saleh in order to drive the situation in the country in a direction which responded to Saudi needs and interests. The image of the EU in Yemen, due to its civilian means and its normative agenda, was not that of an actor who could provide immediate answers to the security concerns of the KSA. Thus, the Saudi leadership favoured more tangible results through bilateral channels, especially since the KSA felt comfortable dealing directly with the situation in Yemen, reinforcing a culture of autonomy when it came to national security interests.

During the 2011 uprising in Yemen, however, the EU and the GCC presented a firmly co-sponsored proposal, initiated by the GCC, for peaceful power transfer from Saleh to a government of national unity. Despite the delay by Saleh to sign the agreement (original date was November 2011), this proposal did eventually lead to the desired power transfer in Yemen in February 2012. What is important for this thesis is that not only had the EU and the GCC states supported a concrete proposal which had been the only one that the opposing sides in Yemen were seriously considering, but that this produced tangible results. The GCC states (despite different approaches from Qatar in some cases) coordinated their actions regarding the popular uprisings in the Middle East, during the winter of 2011 because their sense of stability was threatened. They felt the need to act in a more regional manner in order to safeguard their self-interests in terms of security and stability, by ensuring the continuation of their internal political system, which

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<sup>517</sup> This is a conclusion based on interviews with EU diplomats and political analysts in Europe and the Gulf region.

has been based on their values and identities (state sovereignty, pursuit of autonomy in their three environments: national, regional and international, their versions of pan-arabism and Islamic identity), as well as to enhance their regional self-image as an important player in the Middle East. The concrete results in the Yemeni crises could be seen as a case which reflected the ability of the GCC states to provide collectively tangible outcomes, whilst taking into consideration the expectations, interests and values of other important regional and international actors

### **A new window of opportunity**

The years that followed the events of 9/11 were characterised by a trend of prioritising security and anti-terrorism policies. However, in the case of Yemen, joint EU-GCC actions towards Yemen, at a bi-regional level, did not change dramatically. Of course the EU and the GCC states funded projects and policies which were linked to tackling terrorism, but the refusal of the GCC states to accept Yemen's participation in the EU-GCC Anti-Money Laundering workshops highlights the overall reluctance of the GCC to subscribe to EU approaches on Yemen. In 2008, the Middle East and North Africa Financial Action Task Force (MENAFATF), which is a body for providing recommendations and assistance on tackling funding for terrorism, reported that Yemen was failing to meet the requirements for effecting implementation of the regionally accepted standards on the issue. Yemen had agreed to push forward reforms and in this respect it actually made some concrete steps. However, due to capacity constraints, it requested assistance and training from donor countries for their implementation<sup>518</sup>. The

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<sup>518</sup> Wikileaks, ' Yemen: Anti-Money Laundering and Counter-Terrorism ', *US Embassy in Sanaa cable*, Created: 10 February 2019, Retrieved on 10 September 2011 from <http://wikileaks.org/cable/2009/02/09SANAA259.html>; Wikileaks, ' Update on Yemen's Anti-Money Laundering and Counter-Terrorism Financing Efforts ', *US Embassy in Sanaa cable*, Created: 22 February 2008, Retrieved on 10 September 2011 from <http://wikileaks.org/cable/2008/09/08SANAA1568.html>; Wikileaks, ' Yemen: ROYG Prepares for MENAFATF Anti-Money Laundering and Counter-Terrorism Finance Evaluation', *US Embassy in Sanaa cable*, Created: 15 August 2009, Retrieved on 10 September 2011 from <http://wikileaks.org/cable/2009/08/09SANAA1517.html>

EU suggested that Yemen participate at the EU-GCC Anti-Money Laundering (AML) workshops already in place, but the GCC did not welcome this suggestion. Moreover, the GCC states discouraged the EU from dealing with security threats in a regional context or from raising the issue during the EU-GCC AML workshop<sup>519</sup>. Therefore, it can be concluded that GCC actions towards a more comprehensive, bi-regional approach on the issue were not affected by the new, even more threatening, common concerns on the expansion of terrorism networks in Yemen in the 2000s, at least not to the extent that the EU was hoping for. While the internal stability of the GCC states was threatened by the movements of radical Islam, Gulf leaders felt that sacrificing their autonomy in foreign policy and their regional project, as well as their self-image as independent and growing in significance regional players, was more costly than the benefits a comprehensive regional approach could bring. In addition, the way anti-terrorism policies were phrased, targeting Islamic movements as the major source of threat for western values, added to the hesitation of the Gulf leaders, as they had to calculate the Muslim character of their societies. It was believed that any concessions in this area would provide an opportunity for the Iranians to accuse the GCC leadership of cooperation with the ideological enemies of Islam.

In a dramatic change of course, the cataclysmic events of 2011 in the wider Middle East, with the collapse of the long established regimes under popular pressure, have driven the EU-GCC relationship into levels never met before in relation to common responses to the youth uprisings in various countries of the Middle East. The case of Yemen was a great example. As extensively described in previous paragraphs of this chapter, the uncertainty that emerged in this political environment fundamentally challenged the political

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<sup>519</sup> In a meeting in June 2009, diplomats of the the member states were informed about the EU attempts to convince the GCC to let Yemen attend the EU-GCC workshop on countering the financing of terrorism. In the end, the GCC had refused, to the great disappointment of the EU since this area was an obvious interest for the GC, the EU and Yemen, as conveyed by various interviewees.

and economic structures of the Arab states, including some of the GCC states (Bahrain, Oman and to lesser extent the KSA and Kuwait). Neither of the two parties, the EU and the GCC states, felt confident for unilaterally managing the new regional situation effectively, and both parties radically shifted approaches having realised the need for common approaches and coordinated actions. The autonomy of GCC states was indeed at stake and the legitimacy of the systems and the security of the states had been shaken. Thus, the two parties established regular communication exchanging information, assessments and ideas for dealing with the new developments<sup>520</sup>. The EU granted a leading role to the GCC states in the case of the Yemeni crisis, but in exchange for this it managed to get GCC states seriously engaged, achieving a long standing objective of the EFP in the Gulf region. Due to these new developments, the interdependence of the two blocs became even more obvious and common interests were expressed effectively through joint initiatives and actions.

## **Conclusions**

The situation in Yemen during the last decade and the way the EU has been tackling the threats emanating from this country and has attempted to engage the GCC states, reveals certain levels of co-existence between the more traditional approach of the EFP and elements of “strategic partnership”. Without question, the bilateral relations between Yemen and the EU fit the traditional approach of a very normative agenda, which calls for Yemeni authorities to adopt reforms in politics and economics in exchange for development assistance and financial aid. Political conditionality has been a central aspect of EU-Yemeni relations, which are characterised by a very asymmetrical power balance. Thus, the EU could promote interests and values in a way that it was reproducing its (self-)image as a normative

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<sup>520</sup> All EU diplomats who were contacted for the purposes of this thesis since March 2011, have confirmed that the EEAS was in constant communication with the GCC General Secretary and the FMs of GCC member states, coordinating their actions.

power, applying civilian tools even when dealing with serious security threats.

The EU attempted, unsuccessfully, to include the GCC states in this model of addressing security concerns. The GCC states, and more specifically the KSA, faced even more serious and immediate threats arising from the situation in Yemen. The ideological and the hard security threats of the transnational movements of political Islam as well as the spillover effects of the deteriorating situation of a fragile state forced the GCC rulers to focus on concrete actions with immediate and short-term results. Having in mind the risks for their external borders and their internal stability the GCC states did not favour the normative approach of the EFP, either in terms of the reforms or the integration policy which the EU promoted based on its own (successful) experiences.

What is more, the way the EU attempted to promote its own ideas in the Yemeni crisis, created frustration for the GCC states, since it was felt that the EU did not recognise their regional power status or their sensitivities (sovereignty and independence on regional and foreign policy making processes) on the matter. The GCC states had been engaging with developments in Yemen in the name of Pan-Arabism, but they clearly prioritised their autonomy when it came to internal stability, external security and regional integration.

Nevertheless, the interdependence of the two parties was not seriously questioned. On the contrary, the EU knew that the participation of the GCC states in the solutions of the Yemeni problems was fundamental, while the GCC states welcomed EU interest and engagement since the EU could become a balancing actor; both in relation to the role of the USA but also in promoting reforms and adding certain levels of pressure to the Yemeni leadership. Yet, for reasons that had to do with the EU approach but also with GCC values and self-images, direct bi-regional cooperation proved to be problematic, at least until 2009.

Therefore, the EU and the GCC states felt more comfortable engaging at a broader, multilateral level. That approach corresponded with EU and GCC values and self-images. The EU promoted multilateralism as a matter of principle in its foreign policy, believing this was the most effective way of achieving shared responsibility and common norms that the parties engaged needed to follow. Needless to say these norms had to be compliant with EU values. The GCC states participated in the CG and FoY processes in order to evade EU pressure to cooperate bi-regionally and generally to create more balanced procedures, which would correspond to their own needs for autonomy. However, this divergence in the rationale behind the multilateral engagement also led to different understandings of the role of multilateral fora. The EU was eager to promote political conditionality and reshape the rules for political and economic games in Yemen, while the GCC states (and more specifically the KSA) treated them in a more instrumentalist manner, in order to assist their bilateral engagement, or to avoid adding political pressure on President Saleh directly.

In these multilateral fora, the role of member states was crucial. The UK, especially, was very active and beyond the actual assistance it provided to the organisation of all these meetings, it facilitated the engagement of the GCC states, as the supranational institutions of the EU did not have a very central role and bilateral as well as multilateral levels were preferred over the bi-regional. The KSA, however, was less productive since it was seen as undermining this multilateral engagement, by promoting a direct Saudi-Yemeni approach, either at a governmental or a tribal level. In any case, these fora produced multileveled and multidimensional cooperation, to the extent that a division of labour was been identified; the EU promoting the more normative agenda of reforms, while the GCC states focused on development projects through aid.

The hesitation of the GCC states to engage with the EU at a bi-regional level weakened from the beginning of the youth uprisings in the Arab world after January 2011. The developments which changed the political map of

countries like Egypt, Tunisia and Libya meant the two parties became much more flexible in rearranging their priorities. Due to the magnitude of the challenge of regional security as well as the management of the new geopolitical situation, the GCC states prioritised their own stability and the EU showed sincere readiness to engage with its Gulf partners in order to pursue common objectives in a new partnership, characterised by a balance of power.

By responding to the need of the GCC states through recognising their regional role the EU managed to push for some aspects of its normative agenda. The GCC states had the lead and provided a plan for ending the crisis in Yemen, taking into consideration the calls of the EU for a peaceful transition of power and the introduction of a democratisation process. The EU recognised GCC leadership on the issue and supported their plan. Based on a mutual understanding of the values and the self-images of the two parties, the EU and the GCC made use of the added value each party brought in the relationship and deepened their interdependency even further. As a result, it could be argued that to the extent that the independence of the two parties was becoming more visible and concrete, especially in terms of security (external for the EU and as a matter of regime stability in the GCC states) the two parties were becoming more flexible and willing to accommodate the interests, values and perception of the other side.

## **CONCLUSIONS**

### **Introduction**

For the last twenty years, the EU and the GCC have been developing a relationship based on the Cooperation Agreement of 1989 which aimed at providing a contractual and institutional framework for the two partners. Since then the relationship of the two regions has deepened and widened. The spectrum of the fields of cooperation as well as the actors which were involved in bi-regional relations has expanded significantly. Moreover, the regional and international environment has added new impetus and it has set new challenges for the economic, technical and political cooperation of the EU and the GCC. The aim of the thesis was to explore the development of this relationship and to test whether this was transforming into a 'strategic partnership' between the EU and the GCC states, based on interests, values and (self-)images. By doing so, the thesis aimed at exploring the way EFP deals with emerging powers, taken into consideration the symmetry of power and the competition element of interests, values and perceptions beyond the level of cooperation between the parties.

The thesis has reviewed the existing literature on the EU-GCC relationship, which has not been very extensive and it attempted to place it within the current academic work of the EFP. The study of the EFP demonstrated the *sui generis* character of the EU as an actor in international relations and it showed that its unique characteristics should be taken into consideration when analysing its foreign policy approaches. Following that, this thesis discussed the academic debate on the EU's foreign policy tool of 'strategic partnerships'. Once it had presented and evaluated the way the EU has conceptualised this term, working on the reports that were prepared by EU policymakers, either from the European Commission or from the EEAS, this thesis reviewed the studies on strategic partnerships from an academic perspective. It compared the various elements that were presented in the academic debate and the EU documents in order to bridge the two approaches and provide a single framework for addressing this concept. It has examined the rationales behind the establishment and the application of

this tool and it has presented the categorisation of 'strategic partnerships' based on values and interests. It has also highlighted the role of perceptions. For the needs of this research, a 'strategic partnership' has been identified as the symmetrical relationship of interdependency, where the role of the partner is pivotal for joint action and for producing concrete results in tackling common challenges and in promoting common interests, at bilateral, regional and global level. The partnership is a multilayered (and not a relationship of the ruling elites without popular support but rather with the engagement of different actors from the bureaucracies, the business communities, academics), multidimensional (from different dimensions of the interactions and most importantly in economics and security) and multileveled (aiming at bilateral, bi-regional and international levels) relationship. The character of the partnership is that of long-term institutionalised relationship, which is dynamic and flexible enough to adjust to changes in order to address the simultaneous cooperation and competition of the partners. Accommodation of the mutual understanding of the perceptions, the expectations and the values the partners invest in this relationship is a fundamental aspect of this partnership, as it creates the context in which interests are shaped and pursued.

In order to test the suggested methodological framework and the way EFP has been engaging emerging powers, the application of the tool of 'strategic partnership' has been explored in two multileveled, multidimensional and multilayered cases: first, the economic relations of the EU and the GCC states, having as a focal point the negotiations for the establishment of a Free Trade Area as well as the assistance to the regional (economic) integration of the GCC states; and second, the cooperation of the EU and the GCC in dealing with the Yemeni crises, focusing on the meetings of the Consultative Group for Yemen, the Friends of Yemen forum and the joint reactions to the youth uprising in Yemen in 2011. The ambition of this thesis was to test the role of different actors, in different cases from different aspects of this relationship, putting emphasis on the cooperation of the two partners in the fields of economy and politics, including security, taking into consideration the unique character of EFP, which was placed in the context

of economic and political symmetry and interdependence. These cases were selected as they addressed issues from a broader range of bi-regional interactions and they helped to assess the actions of the two partners not only within their own boundaries but also their impact on the wider regional and international environment. They also facilitate the evaluation of interests, values and (self-) images in cases where the symmetrical power balance between the EU and the GCC sets new limits to the leverage and the expectations of the two sides.

In this concluding chapter, the empirical findings of this research in relation to the two case studies will be presented systematically and comparatively, in relation to the central research questions. The chapter will then provide the major conclusions of this research and will address the main hypothesis, namely that, if the EU and the GCC states share interests and grand goals to the extent that these are prioritised by the EU and its member states, then value-driven differences are subordinated to interests and as a result (i) the EU and the GCC states enhance their relationship towards a “strategic partnership” and (ii) the EU’s (self-) image as a foreign policy actor is weakened in terms of its normative (self-)image and enhanced in terms of its effectiveness as a ‘strategic partner’ in a multipolar and interdependent world. If this is the case, the fact that the two parties have not officially declared an existing ‘strategic partnership’ is due to reasons that are either related to their interests or their perceptions and not the values of the two parties. Therefore, the image of the EU as an effective foreign policy actor, and a useful partner in the multipolar global setting, is not hindered by its value-driven language but by its ability to adapt to the new realities of the international system.

Following this there will be some reflection on what the main findings mean for the theoretical framework employed in the thesis and the implications and limitations of this research in relation to the wider academic discussion on the EFP with reference to the rationales behind the ‘EU’s strategic partnerships’, the elements and the categories of this notion and the way it has affected the shaping of EFP in the Middle East. This chapter, and the thesis, will end with suggestions on possible future approaches of the study

of the EU-GCC relationship which could provide the academic community with a deeper sense of understanding of how the EU has applied 'strategic partnerships' in its relations with emerging powers.

### **The Research Questions: Main Empirical Findings**

This section will address the research questions which were constructed from a review of the EFP literature and the literature on 'strategic partnerships'. The definition of 'strategic partnership' that was proposed introduced a multidimensional strand and provided a platform to accommodate the role of non-state actors from various fields within the societies of the two parties. It also highlighted the symmetry of power balance between the partners and the growing level of interdependency, which call for flexibility from the EU side, compared to the more traditional approaches of the EFP. In addition, it highlighted the role of perceptions beyond that of interests and values.

#### **From supremacy to symmetry**

The EU-GCC relationship started in the context of supremacy for the EU because of its economic development established on a knowledge-based model, the progress of its regional integration and the relative security that the collapse of the socialist regimes brought to Europe. On the contrary, the GCC states experienced security weaknesses because of the role of Iraq and Iran in the region while their economy was solely dependent on oil revenues, which decreased in the 1990s. In this context, the EU and the GCC were forming common interests in exporting products from the EU to the GCC states, in the transfer of technical assistance for regional integration from Europe to the Gulf region and for further advancing their cooperation in economics and politics, since the GCC states treated the EU as a less aggressive actor in the region, compared to Iran, Iraq and the USA. Against this background, the EU applied a more traditional EFP approach and as a dominant player aimed at exporting its own model of economic development and regional integration, while the GCC states had found a new player who

could balance their regional and international environments in a way that their autonomy was increased, either by counter-balancing the other actors or more importantly by assisting their own regional project. It is important to remember that this project was initiated indeed for creating a third pole in the region, against the dominance of Iraq and Iran. Thus, references to the values and norms of the EU in the Cooperation Agreement of 1989 were accommodated, especially since the GCC states recognised the primacy of the EU in regional integration projects.

At the beginning of the twenty first century, the GCC states entered a phase in which they were thriving in terms of economy and due to this, they were becoming more confident and assertive in their foreign policies, either in relation to the EU or in dealing with the crises in Yemen. The negotiating power of the EU was weakened, also because of the developing relations of the GCC states with emerging powers and markets in Asia. Nevertheless, for the longest part of the decade between 2001 and 2011, the EU shaped its foreign policy in the Gulf region, based on its normative (self-)image and agenda. Thus the EU aimed at exporting its neoliberal economic agenda, including through political and societal reforms, as part of the FTA talks while it was encouraging the GCC states to adopt its own model of regional integration in order to deal with the challenging situation in Yemen. This stance of the EU was firmly rejected by the GCC states, since they prioritised national sovereignty and non-intervention when it came to their internal political and economic structures as well as regional autonomy, in relation to Yemen.

#### A relationship of interdependency

From the very beginning of the relationship the two parties shared a sense of interdependency. Beyond commercial interests, the EU needed to enhance its role as a regional organisation, both by exporting its model (reinforcing its normative self-image) and by assisting the shaping of other regional organisations (enhancing the legitimacy of regional projects, like itself, in the global system). The GCC states looked for assistance in their own regional

project and for balancing their external environments by engaging a civilian foreign policy actor, which was of no threat. Therefore, the self-images and perceptions of each party were responding to the needs of the other, reinforcing the level of interdependency and creating further interest for inter-regional cooperation. In the post-2001 years, the GCC states promoted more eagerly their diversification projects in order to create sustainable development and tackle challenges to long-term stability and internal autonomy, as well as their further regional integration. The EU role, thus, became even more central providing added value to this relationship. However, while the EU was aiming at exporting its norms in order to tackle the 'rentier state' inefficiencies through reforms, the GCC states were interested in updating and reinforcing this model. They were seeking to import know-how and technology without political conditionality attached. In the case of Yemen, the engagement of GCC states was an obvious objective of EFP. The EU saw the role of the GCC states as pivotal in addressing the security and development risks, at the same time the Gulf rulers identified the situation in Yemen as a direct threat to themselves, both in terms of security (by the actual attacks of AQAP in the region) and in terms of ideology (the societal structure and economic models of the GCC states were discredited; their devotion to religion and their application of Islam was challenged by the doctrines of radical Islam; and the ideology of pan-Arabism was suffering due to the great divergences between the standard of livings of the Arabs of the Arabian Peninsula). The way, however, that EU policymakers attempted to impose on the GCC states their own understanding of the best solutions to the risk of Yemen becoming a failed state, provoked the reluctance of the GCC states to engage with the EU, since GCC leaders were rejecting the idea of the integration of Yemen in the GCC. It was only in 2011 that the GCC and the EU built upon their interdependency, and that was when the EU acknowledged a level of primacy for the role of the GCC states, and made compromises when it came to the normative aspect of the GCC initiative of 2011. As a result, it can be suggested that both sides have seen each other as a 'strategic partner'. The EU has become a strategic partner in economic diversification and the regional integration process of the GCC states, as well as in terms of having

their role as a leading regional actor recognised by major global actors. On the other hand, the role of the GCC states for stability in the region has been fundamental for the EU.

#### From shared interests to joint actions

For most of the history of the EU-GCC relationship and despite the fact that common interests were broadly defined and the two sides had agreed on the wider areas in which they wished to expand their cooperation, the actual goals and approaches were not precisely identified leaving constructive ambiguity to prevail. When common interests had a solid shape, accommodating the needs and expectations of the two sides, it was more probable that the partners were committed in a constructive approach. In addition, when they did not engage in a power struggle they could actually provide concrete results. These are the cases of transferring knowledge on regional integration processes in the Gulf area and of having a commonly accepted plan for a peaceful power transfer in Yemen. Due to the superiority of the EU in regional building processes, its suggestions on the matter were not challenged, despite the fact that the EU was following a supranational model while the GCC states preferred an intergovernmental approach. In the case of Yemen, the GCC provided a plan, whose very specific terms did not fully comply with EU norms and values. However, the EU supported the plan, providing at the same time a primary role to GCC states in this crisis. The fact that the EU acknowledged a primary role for the GCC, which was seeking recognition for its growing (regional) significance provided the necessary incentives for the GCC states to engage in a constructive cooperation with the EU in the Yemeni crises. This meant that the long-term objective of EFP in relation to the GCC states assuming responsibility (in a broader context compatible with the EU norms) was achieved. In the case of the FTA, which has been the central point of reference since the inception of the relationship, the tangible economic benefits of the agreement have not been widely known. It is striking that despite the political weight attached to the FTA talks, the benefits of this agreement are yet unidentified, or at least not known to most of the players involved. Therefore the parties are less

incentivised to negotiate values and norms. Therefore, to the extent that the EU and the GCC have had clear objectives, they have worked their way towards a strategic partnership, despite divergences in values and perceptions. As a result, in order to advance their partnership, the EU and the GCC need to go beyond the identification of broader areas in which they would like to see more comprehensive cooperation, and clearly point out specific targets with tangible benefits for the two regions. In this respect the JAP is a move in the right direction, since it was the first document to identify fourteen different areas of bi-regional cooperation and to place them under the same institutional umbrella. However, even with the JAP it is not clear what the desired outcome will be in terms of concrete actions.

#### A multilayered, multidimensional and multileveled relationship

What became very obvious in this research was the fundamental role of non-state actors. The business communities of the two regions developed their own rich dynamics of cooperation, despite the problems in the relationship, especially in the earlier years of bi-regional cooperation when the GCC states were not institutionally ready to engage seriously in inter-regional negotiations. The joint actions of the businessmen from Europe and the Gulf highlighted the significant role that the different actors from different layers can have as driving forces towards a deeper relationship, by enhancing economic interdependency (through joint projects) and by requests for measures to be taken by the governments which facilitate bi-regional cooperation. At the same time, direct communications and exchange of ideas created a greater level of mutual understanding about the values, the needs and the perceptions of each side. In the case of Yemen, due to the nature of the challenges, the role of non-state actors was minimal. On the contrary, it was multilateral organisations and bodies that were more active. As a spill-over effect of the lack of mutual understanding between the EU and the GCC states in most of the time during the years between 2001 and 2011, a broader approach was preferred. This broader engagement of actors was compatible with the normative agenda of the EFP, which aimed at diffusing responsibilities to various actors through their commitments within the

framework of multilateral cooperation. In the specific case of Yemen, the level of strategic cooperation within the multilateral frameworks can be identified in the division of labour between the EU and the GCC states, which reflects the priorities, self-images and values of the two sides. The EU has focused on the promotion of reforms, attaching political conditionality clauses to aid, whilst the GCC states engaged the Yemeni leadership through various benchmarks without applying direct conditionality. However, it should be added that to some extent the KSA has used this multilateral framework in a very instrumental way in order to advance the objectives of its bilateral engagement with Yemen. In any case, this relationship has been advancing at the bilateral, bi-regional and international levels, confirming that this is a dialogue of interests, values and perceptions that go beyond the ruling elites of the two regions. As this thesis has demonstrated, the role of non state actors (especially that of the business communities) has been significant in promoting the inter-regional cooperation verifying that a 'strategic partnership' is not merely made up of interactions between the ruling (political) elites.

#### Long-term and institutionalised relationship, yet flexible and adaptive?

The fact that the EU and the GCC states agreed to sign a Cooperation Agreement in 1989 at a time when both organisations lacked the deep level of integration they do enjoy today reveals the long-term and strategic approach of their decision. Due to common interests regarding GCC regional integration procedures (as explained), EU and GCC technocrats established a successful network for knowledge transfer to the Gulf region. More recently, in 2010 the two parties adopted the JAP, which is an important step for further institutionalising this partnership, by providing the institutional umbrella for the major activities of EU-GCC cooperation and confirming the long-term approach the two partners have invested in. Yet the fact that the EU was not flexible regarding the FTA talks which took place over the period 2001-2011 insisting on political conditionality, human rights clauses and reforms based on its own values and norms, reveals a lack of willingness and ability to accommodate the perceptions, the values and the interests of

its partners. However, it should also be noted that the GCC states, with the prominent role of the KSA, taking advantage of their new confidence in regional and international affairs, has been less willing to make concessions in interests (especially since the broader benefits of possible concessions were elusive), despite the fact that in the long-term these concessions could be vital for the development of the relationship.

In the case of Yemen, the institutionalisation of the cooperation was almost impossible at a bi-regional level, due to the lack of understanding about the perceptions each side had developed about addressing the risks emanating from Yemen. On one hand the EU was applying its traditional approach of exporting its values through political conditionality added to the assistance provided to Yemen, as well as by promoting the integration of Yemen in the GCC. However, the GCC states did not favour any of these approaches, and as a result, in order to avoid EU pressure on the matter, were more interested in multilateral engagements. In any case, the multilateral institutionalisation of the cooperation corresponded with both the values and the perceptions of the two parties. The EU promoted its values for joint responsibilities and political conditionality, reinforcing its self-image as a normative foreign policy actor. The GCC managed to gain relative autonomy, against EU pressure, within the broader context of multidependency and they did not get directly involved with political conditions on the aid offer. At the same time, they addressed their interests and responsibilities emanating from the ideologies of Pan-Arabism and reaffirmed their emerging political role at a broader level, beyond the bi-regional.

In any case, it should be kept in mind that institutionalisation has not been a decisive factor for the development of the partnership. The institutionalised ministerial meetings were unproductive and in some cases institutional mismatch between the two regions raised concerns that there was a lack of mutual understanding as well. On the contrary, the case of the youth uprising in Yemen demonstrated that on an *ad hoc* basis (outside any formal institutional dialogue) the EU and the GCC could communicate their interests, their concerns and their values effectively, by demonstrating flexibility, within the changing regional context of early 2011.

### Internal cohesiveness of regional actors

The two case studies under scrutiny in this thesis have shown that the role of individual member states can either hinder or enhance the development of strategic partnership. From the EU perspective the competences of the European Commission, have in this case allowed it to add cohesiveness to the EU's approach through excluding member states from trying to pursue a different (and possibly more useful approach) regarding the conclusion of the FTA negotiations. However, this level of cohesiveness and very firm stance during the negotiations has also led to the criticism that the technocratic approach (according to very specific mandate which replicates the mandates used for all FTA talks) was unable to capture the political significance of concluding this agreement. This criticism referred more to the human rights clauses. It was suggested that to the extent that the EU was unwilling to make concessions on its normative agenda, it might have reproduced its own (self-) image as a normative actor but at the same time it was less effective. This weakened the position of the EU, in particular as it was operating in a framework of interdependency. However, the EU provided alternatives both for this issue as well for the issue of petrochemicals, affirming that under certain circumstances the EU could negotiate its values (and interests). It should be also noted that this research has pointed to cases in which single member states have promoted their national interests bilaterally, leaving the normative aspect of foreign policy to be dealt with by EU bodies. In this respect, the EU normative self-image was once more reaffirmed, but the credibility of the EU to deliver was put at risk. That leads to subsequent effects on the perceptions regarding the EU's capabilities as a foreign policy actor. From the GCC side, the role of KSA was counter-productive. Due to the intergovernmental level of cooperation (which derives from their normative stance not to make concessions on sovereignty, as EU member states have done for their own regional integration), the KSA has been able to bring the talks to a dead end, due to its withdrawal of an agreement achieved at an earlier stage regarding the petrochemical industry in the Kingdom. The KSA both in relation to the EU but as well as to the rest of the member states in the GCC felt confident enough to backtrack from a

compromise and to hinder the effective conclusion of the FTA negotiations. In the case of Yemen, the KSA prioritised a bilateral approach giving the impression that the multilateral approach was preferred only to the extent it could be used, instrumentally, in order to put pressure on the Yemeni leadership so that the latter would become more receptive during their bilateral communications. On the contrary, the role of the UK in the case of Yemen, even though it was overshadowing the role of the EU as an actor, proved to be beneficial to the bi-regional partnership. The UK addressed the concerns and the expectations of the GCC states more effectively. By initiating multilateral fora, it provided the necessary platforms for the GCC state to evade bi-regional cooperation, but it brought the GCC states into the center of the process for tackling the Yemeni crises, as desired by the EU.

Therefore, questions regarding the institutionalisation and the cohesiveness of each partner are important to the extent that they reveal the complexity of the interests and the various possible combinations of interactions of values, interests and perceptions that can coexist in the framework of a partnership. However, it should not be taken for granted that having a cohesive or tightly shaped approach based on the institutional framework are always beneficial for the development of a strategic partnership. Consequently, cohesive and clearly defined policies are needed but once again it should be stressed that flexibility, in order to accommodate changing values, interests and perceptions is vital for further developing a partnership, since it will provide incentives to the parties to negotiate interests and values,.

#### A triangular relationship between interests, values and images

The EU aimed, through this relationship, to export its norms in internal economic and political processes, to reinforce its self-image as a civilian and normative actor, to influence the regional context and to promote multilateralism among the GCC states, in a manner that these emerging powers would engage and abide by EU norms. Regarding internal processes, the outcome of the EU actions remains uncertain. Even though human rights clauses were attached to the FTA negotiations, the real end

product of this inclusion is debated. Human right clauses are dealt with more as a language tool which dresses the text of the agreement, without any reference to preconditions that the GCC states are expected to meet before the signing of the agreement. EU and GCC policymakers have reached a minimum common ground which enables them to include these clauses in the agreement text as soon as the export duties issue is resolved. Nevertheless, it can hardly be suggested that the GCC states are making any effort for political reform because of these clauses. The openness of the system in the GCC states has been an important element in EU policies but the results of these reforms, in political terms, are still minimal. Therefore, it can be argued that the lack of a conclusion of the FTA negotiations may produce negative impressions about the political will of the two parties to enhance their relationship, but at the same time it saves face when it comes to the value aspects of these talks. The normative (self-) image of the EU is not challenged by an agreement with the undemocratic GCC states at the same time that the GCC states have managed to safeguard their national sovereignty on decisions related to internal reforms. In the case of transferring knowledge on regional integration and assisting the integration of the Gulf region into the global system, the EU has been successful beyond any doubt. In this respect it has promoted its model of stability through cooperation and sharing responsibilities at regional and international levels. In the case of Yemen, it is indeed interesting that the GCC states agreed to provide a text which calls for democratic changes, especially if we consider the central role of the KSA in the shaping of this proposal.

What is more, the case of Yemen also illustrated that to the extent that the two partners prioritised their own views regarding their power and their place in this partnership, the final outcome was disappointing. On the contrary, when the two sides became more flexible in accommodating the concerns, the interests and the expectations of each other, they reached common grounds for joint actions impressively fast. It took some time for the EU to recognise that it was no longer the strong pole of the relationship, as it used to be twenty years ago (based also on the more traditional interactions of the EFP) and that it had to become more practical and pragmatic. Even if locally

(the EU Ambassadors in Yemen) the EU had recognised this reality since 2009, the EFP was not accommodating this element when dealing with the GCC states, until 2011. The EU kept promoting its own model of crisis-solving approach giving the opportunity to GCC states to accuse the EU of lack of understanding of their distinct characteristics (values and sensitivities). When the EU changed its stance dramatically in 2011, the outcome was notable. Therefore, the status that each party perceives for itself should be taken into consideration for a fruitful partnership, as the development of the EU-GCC relationship proved during the last 20 years.

### Summary of main empirical findings

The development and the evolution of the EU - GCC relationship has shown that grand goals (related directly or indirectly to the security challenges) have encouraged the two parties to become more cooperative and to subordinate their differences in terms of values to their grand goals and interests. In the case of the GCC plan for Yemen, the EU accepted and promoted a plan which did not fully accommodate its values. In the case of the Gulf regional integration process, despite the fact that the two parties have fundamental differences on their needs and their value stance for regional integration, they managed to cooperate closely because the interests and the perceptions of the two parties were advanced in a parallel way. Consequently, addressing the hypothesis of this thesis, it can be suggested that the EU has indeed applied norms in an instrumental manner, in order to advance its interests (commercial and security related), values (internal reforms, regionalism, and multilateralism) and (self-) images (as a regional – supranational institution and a global actor). To the extent that the EU was also addressing the interests and the perceptions of the GCC (regarding their role in regional affairs as well as their security) the GCC states responded positively, accommodating EU values in their policies. In this respect, the relationship of the two parties was moving towards a 'strategic partnership'. On the contrary, it can be argued that when EU values clashed either with the interests or perceptions of the GCC states, the EU goals and the EU role in the region were both challenged. Therefore, the EU had to balance and

prioritise these three elements in order to promote its own interests as well as to remain a relevant actor in the region. Moreover, beyond interests and values, it is of utmost importance that the EFP addresses the self-images of EU's partners and accommodates their perceptions. Based on these findings, the role of interests, values and perceptions needs to be reconsidered, regarding their input in to EFP decision making, and in particular in the context of the 'normative power' argument, which coincides with the EU (self-)image. The balance of these factors needs to be explored as well as in the case of 'strategic partnerships' which have been significant foreign policy tools for the EU in order to deal with emerging powers who have the ability to challenge the EU's interests, values and perceptions more effectively compared to the more traditional (and asymmetric) EU cooperation schemes.

### **Strategic Partnerships: Conceptual and theoretical implications**

This thesis has confirmed the central role of *symmetry of power balance* between the partners, which has lead the EU to become more accommodating to the needs and expectations of its partners in interests, values and perceptions in order to be able to build their relationship upon the notion of 'strategic partnership'. Despite the normative agenda which has been shaping EU goals invested in 'strategic partnerships' because the partners were able to negotiate effectively, the balance between interests, values and perceptions has changed over time, in different cases. Therefore, compared to the more traditional relationships, EU 'strategic partnerships' are more dynamic, since they are becoming a platform based on which the partners are in constant negotiations about their interests, values and perceptions and in this respect the EU is becoming more flexible in order to be a more effective foreign policy actor.

Furthermore, this study has discovered that through 'strategic partnerships' the EU has not only been able to manage internally its relations with emerging powers by providing long-term objectives and policies which shape EFP but it has also been able to work with partners on a *division of labour*

which serves the interests of the two parties, whilst at the same time respecting their perceptions and accommodating to a (certain extent) their values.

Due to this need for flexibility and rebalancing between the three core elements of 'strategic partnerships', it has also become obvious that rigid *cohesiveness* of regional organisations (including the EU) is not a prerequisite of successful bloc-to-bloc 'strategic partnerships'. Indeed, EU institutions were characterised by lack of ability for maneuver when this could have been useful, while the role of single EU member states proved to be constructive. This productive flexibility was also reaffirmed when partners, going beyond the official, *institutionalised*, channels of cooperation managed to convey and negotiate interests, values and perceptions at crucial times.

The rationales of 'strategic partnerships'

Having in mind the four sets of 'strategic partnerships' suggested by this thesis (see Table 8.1 below) based on the rationale of the use of this foreign policy tool, the case of the EU-CC relationship has verified the patterns that have been proposed for the third and fourth sets.

Table 8.1

Traditional partners	Pre-TEU years	USA, Japan, Canada	The EU and its partners shared interests and values.	The EU was not the most powerful party and the partnership was almost predefined
The immediate neighbours	Late 1990s	Russia and Ukraine	The aim was to 'Europeanise', with the export of norms and engagement in	The EU was more powerful than its interlocutor but the EU was only

			interests, in the immediate neighbourhood	regionally ambitious
Inter-regional partners	1990s-2000s	Primarily South Africa and Mexico. China and India were also seen as actors who could promote regional cooperation / integration  GCC	The aim was to influence the reshaping of their internal political structure and to engage them in multilateralism, through regionalism. The EU was reinforcing its own structure in world politics	The EU had the expertise for regional integration. The focus is more regional and the EU aims at taking advantage of the partners' regional influence
Rising powers in a multipolar world	2000s	Priority was given to the USA, Russia and China. The rest of the 'pivotal' partners followed  GCC	The aim was for the EU to remain relevant in the global political and economic system. The EU has to negotiate interests and norms with pivotal partners	There is a clear level of power balance symmetry and interdependency in terms of interests, values and self-images

In these two sets, the EU due to its more mature and cohesive internal configuration was capable of promoting its interests, values and self-images, by the application of civilian tools. Indeed through long-term engagement with the GCC states, the EU aimed at advancing its commercial interest, exporting its norms and reinforcing its self-images. What is more interesting is the fact that indeed the EU-GCC relationship could fit progressively into the third and fourth sets.

While at the beginning of the relationship the EU was more powerful than the GCC states, politically as well as in terms of sustainable diversified economy, the GCC states had only just embarked on their reform and development plans with the aim of engaging with global institutions. In this context, the EU provided guidance and assistance for their internal restructuring, their regional integration and their international engagement. By exporting its norms (good governance, openness of the political and economic system), it was advancing its interests and it was acting as an agent of socialisation for the GCC states in global affairs. The way the EU facilitated the GCC states accession to the WTO, as well as the way broader engagement was promoted in the case of Yemen prior to the 2011 uprising, verified this EU behaviour. This approach was not only exporting EU norms and values but it was also promoting legitimacy for the EU as a supranational organisation.

In the years that followed 2011, the relationship came closer to the pattern of the fourth set. Following the establishment of the EEAS, expectations grew while changes in the external environment also created new dynamics. The growing significance of the GCC states, the security challenges in the wider Middle East, and the competition by rising Asian players in the Gulf region posed new challenges to the EFP. In the context of a symmetrical relationship the EU could not aim at promoting its norms and interests as before. The EU had to negotiate interests and values, both internally and externally with third parties. Indeed, the EU made concessions for the FTA talks, since no preconditions for changes or political reforms were included for the GCC states, despite the fact that there was internal criticism about the lack of flexibility on the issue of human rights clauses against the European Commission. Moreover, in the case of Yemen, it was clearly illustrated that

the EU agreed with a plan which did not fully comply with its values. In addition to the negotiation of values and interests, to the extent that values (even economic related ones) are prioritised, then the EU may reinforce its self-images, but this preference will come with a cost regarding its effectiveness and its relevance, in terms of interdependency, in the new multipolar system. If the EU prioritises interests, the 'normative argument' needs reconsideration. The way the EU balances between values and interests, leads to different kinds of partnership and a different categorisation of its partners.

The role of interests, values and perceptions: interest-based or value-driven partnerships?

This categorisation of the 'strategic partnerships' according to Gratius and Renard, was based either on values or on interests and the added value that the parties could bring into the partnership. Therefore, based on these frameworks, and from the value perspective of Gratius, the GCC states appear to fit into the 'distant partners' category. The Gulf states are indeed revisionist players in the global system but divergences in values are not difficult to overcome because the GCC states do not have global ambitions. Following Renard's categorisation, the GCC states fit into the regional powers with important influence in regional affairs, next to Mexico and South Africa. However, it is still important to assess the role of interests, values and perceptions / self-images in the EU-GCC relationship. The following table illustrates how each element was placed in specific cases:

Table 8.2

<b>Issues</b>	<b>Interests</b>	<b>Values</b>	<b>Perceptions / Self-images</b>
FTA negotiations	Elusive	Different	Compatible
Regional integration	Common	Different rationales	Compatible
Yemen: FoY, CG	Common	Different	Incompatible
Yemen: uprising	Common	Compromise	Agreement

It is clear that whilst interests have been common, albeit broadly defined, the relationship was fruitful only in two out of the four cases; in the assistance provided for regional integration of the GCC states and in dealing with the 2011 uprising in Yemen. Values and subsequent rationales of interactions have been different and there was only one case when the two sides reached a compromise. In terms of perceptions and self-images in two cases, these were compatible and more importantly, in the case of the 2011 uprising in Yemen, there was an informal agreement. The two sides were willing to negotiate values when the benefits of their interactions were obvious, and they were deemed to be more important and prioritised to the extent that their concerns about security and their regional and international role were accommodated. They reached a mutual understanding on values, but it cannot be claimed that this is moving towards a value-based 'strategic partnership', since they have had fundamental differences in this field. Even in the most fruitful case of cooperation (namely the regional integration process in the Gulf, the Yemeni crisis of 2011 and to some extent the diversification process of the GCC economies in which the role of non state actors was significant) the rationales and the departure points were different. The neoliberal norms of the EU and its promotion of supranational approaches were not compatible with the 'neo-rentier' political and economic goals of the GCC states or the insistence on national sovereignty when it

came to regional affairs. In any case, the values factor has not been a 'deal breaker' for the two partners.

To the extent that interests were precise, whether they tackle commercial benefits or stability and security issues, there is a level of interest-based partnership. This became more evident during the early years of the relationship when economic relations prevailed, despite the limited level of political integration of the two regional organisations, as well as in the case of the Yemeni uprising in 2011. However, this element of common interests is not enough. The lack of bi-regional cooperation in the Yemeni crisis before 2011, despite the very concrete, security related interests cannot be explained, if the factors of self-images and perceptions are not incorporated in to 'strategic partnerships'.

Indeed, what is more interesting in these findings is that the role of perceptions and self-images has been fundamental. To the extent that this relationship addressed perceptions and (self-) images, it became useful for both sides. The rationale behind this cooperation was to enhance inter-regional cooperation between the EU and the GCC states, in order to serve the EU's legitimacy in global affairs but also its self-images as a normative and civilian actor, as well as to accommodate the GCC need to bolster the regional image of the Gulf states against the dominant regional roles of Iraq and Iran. When the GCC states became more confident, in the 2000s, and they were looking for acknowledgement of their new status by established global players, EU-GCC cooperation (on Yemen) responded to that need. Simultaneously, in a context of multipolar competition, the EU sought the cooperation of the GCC states in order to remain central to the developments in the Middle East, and more specifically in a region which was getting global attention, economically and politically. At the same time, the engagement with the GCC states (in the cases examined by this thesis) reinforced the self-image of EFP. The way the EU promoted multilateralism as well as the democratic transition in the countries of popular uprising in 2011 (and more specifically in Yemen) reinforced the EU's self-images and perceptions.

Therefore, the vital point is whether the parties are willing to accommodate each others' perceptions about their own identities and role in regional and

global affairs. Of course, values and power balance are significant in shaping and negotiating these perceptions, as suggested by Gratius and Renard, but the way they have kept these elements isolated in their categorisations point to the limitations of their models. What is needed is a new ranking system which would accommodate all three elements (interests, values, perceptions and self-images) within various cases of 'strategic partnership'.

Moreover, while the EU could be more comprehensive in its engagement with the GCC states (with the pursuit of a joint approach and coordinated action on other security issues as well, namely the nuclear power programme of Iran) it still perceives the GCC as playing a more limited role than itself. Even though this validates the 'minor power' categorisation of Renard regarding the way the EU approaches the GCC states, it also means that the relationship falls short of its potential. However, having in mind the growing interdependency of the two regions, the way the EU and the GCC states cooperate on global affairs either in tackling global economic governance or in the case of the Iranian nuclear programme, could be explored in more detail in the near future in order to reconsider this conclusion.

### **EFP: Theoretical implications**

The post-modern character of the EFP, as the sum of the actions of national, supranational and intergovernmental processes, (accompanied by the transnational role of non-state actors) has enhanced the role of the EU in the Gulf region, since the actions have been directed (broadly speaking) in the same direction, aiming at similar goals. Despite the criticism the European Commission received regarding the FTA talks, as well as the evident lack of strong military capabilities, conceptually the role of the EU in the Arabian Peninsula cannot be challenged. Moreover, the fact that there has been a different level of integration in the two cases that the thesis explored (supranational process in economic affairs and intergovernmental in the security realm) did not seem to create fundamental conceptual problems for the relationship, or any other practical dilemmas or confusion. In terms of

process, especially since the main volume of official interactions was made with the European Commission, there was no confusion or overlapping approaches. Even to the extent that the different levels of importance placed by the rotating presidencies on this relationship may have sent mixed signals, this did not create any dilemmas. In relation to outcomes, the two success cases (regional integration and the Yemeni uprising of 2011) they fall in different institutional competences (or different pillars, according to pre-Lisbon Treaty terminology) suggesting that EU's internal structure did not create conceptual challenges for this relationship.

What was also reinforced was the 'civilian identity' of the EFP, to the extent that this argument is related to the means applied by the EU. Despite the fact that security concerns were addressed, either directly as in the case of Yemen or indirectly in the case of the regional integration of the Gulf states, the EU approaches were in the main, non-military. In addition, considering the arguments made by Hyde-Price, Pace and Sjørnsen, who suggested civilian power does not only mean the use of non-military tools but also the non-application of coercive approaches, we can still suggest that the EU has not been an actor applying coercive tools. Whilst at the beginning of the relationship, the EU was politically and economically more powerful, it still did not use this supremacy in order to impose policies. There were no negative measures taken against the GCC states, even to the extent that the GCC states could not respond to the demands of the EU regarding regional integration before substantial negotiations started. The EU did not react negatively, but on the contrary it became more engaged in providing technical assistance. In the 2000s, the EU had even less leverage to impose its policies and it rather became more accommodating of GCC interests, values and perceptions.

In the 2000s the weakening of the 'normative argument' in relation to the EU-GCC relationship also became clearer. First of all, in terms of the outcomes, the effects of the EU's normative approach have been minimal since there have not been any major political changes in the internal systems of governance in the GCC states. Whilst there has been an inclusion of human rights in the FTA talks, these do not require any specific measures to be

taken by the Gulf rulers prior to the signing of the agreement. On the contrary, it has been suggested that a redrafting of the language in this field was undertaken in order to keep the GCC engaged in the process, even though that undermined the normative approach of the EFP. The only pending issue in the FTA negotiations refers to the economic reforms that the EU demands from the Gulf states. In this respect, it seems that the criticism against EFP regarding the window dressing of neo-liberal (economic) policies with a value-driven language gain validity. Moreover, in the case of the Yemeni crisis, following the youth uprising in 2011, the EU made concessions in order to accept the GCC proposal. It should be noted though, that the GCC states had already made an effort to address EU values and sensitivities and they have managed to do so to a large extent. Therefore (without ignoring the role of perceptions) it can be argued that the GCC proposal demonstrates a successful negotiation of values between the two parties.

Moreover, during the last two decades the EU has been active and effective in promoting regional integration in the Gulf region and engagement of the GCC states with multilateralism. In this respect, there is a well defined normative aspect of EFP. However, reiterating the fact that no immediate changes have taken place in the Gulf political systems, it seems appropriate to ask whether the EU is becoming a transformative power, by gradually influencing the development of the Gulf states' external environments rather than directly exporting norms and values to the GCC states. In addition, the fact that the EU has been pursuing a bloc-to-bloc FTA can also be understood as an attempt by the EU to transform the international (economic) legal framework through a gradual, inter-regional approach. In this respect, the decision to advance this relationship has been strategic entailing the normative aspirations of EFP to influence the global decision making system, despite the fact that this partnership did not provide any concrete results in this specific field.

Furthermore, even though the EU has indeed used values and norms in an instrumentalist manner in order to promote its interests and self-images it would be too simple to suggest that there is no genuine importance in the

values themselves. The way the EU has been shaped and its approach towards a more supranational structure and processes verify the sincere desire for overcoming the nation state phase and promoting the set of values that shape its own identity. In this respect, there is a normative agenda in EFP, but the way the EU communicates these norms may be counter-productive. Instead of the EU being eager to promote only its own values and norms, by describing them as universal, it can remain a normative power by engaging with regional powers and by negotiating and accommodating their values in inter-regional, minilateral or bilateral approaches. By being a more inclusive normative power, the EU may approach a model of a value-driven relationship with its partners and more importantly in this context of multipolarity to remain relevant and an attractive 'strategic partner' that can be open to a normative dialogue. Indeed, in the case of the Yemeni uprising of 2011, there has been a negotiation of values which can be considered successful. Subsequently, it can be claimed that the EU is distancing itself from the argument of a 'normative power', which is a (self-)image deriving from its own values and norms. Even though the EU still applies values and norms in its EFP, these are not all the predefined EU norms and values, but the result of a compromise with a 'strategic partner'. Therefore, a question could be raised regarding the prioritisation of some values over others regarding third parties. Based on the findings of this research, it could be suggested that multilateral engagement and diffusion of responsibility for common challenges with certain levels of mutual understanding on values and sensitivities of the two parties are prioritised over the attempt of the EU to promote its neo-liberal agenda (in economics and politics) for the internal reforms of its partners. This argument needs to be validated in future research. Moreover, engagement with the global community affects the contexts in which third parties take their decisions. In this respect it is also valid to ask, again, whether the EU is becoming a transformative power.

### **Reflections on the research**

The suggested framework, of applying 'strategic partnership' for the exploration and analysis of the EU-GCC relationship, has proven fruitful in allowing me to unpack the role of various actors and to assess the balance of interests, values and self-images, which have been fundamental for this thesis. It has allowed this research to overcome, to a large extent, the shortcomings of the work of Youngs and Nonneman and to contribute to the understanding of the EFP in the Gulf region, at bilateral and bi-regional levels. Even though the issue of Yemen also tackled international security concerns, it cannot be claimed that a thorough exploration of the international impact of this relationship has been achieved, in order to address this partnerships at all three levels; national, regional and international.

Moreover, the ability to differentiate between interests, values and perceptions has, in some cases, been weakened due to the complex and overlapping character of these notions. Indeed, security concerns can fit both into the interests of the two parties but they also heavily influence perceptions (especially of the GCC states whose self-images are more security oriented within their three environments). In addition to this, interviewees were more eager to talk about values and perceptions rather than interests, further blurring the distinction between the three elements. Without a doubt, however, the neo-liberal normative agenda of the EU was not only associated with more integrated regional and global communities or the implementation of rules of global governance which are compatible with EU norms but also with the economic benefits of more liberal and open economies in the GCC states.

More specifically, in the case of the FTA negotiations, there were conflicting stories and understandings of the last thorny issue of the talks, that of petrochemicals in terms of interests, norms and perceptions. Both sides presented different arguments regarding the role of the petrochemical industry in the GCC states and they referred to the agreement of KSA joining the WTO using different interpretation, regarding its significance and the effects this agreement generates in relation to FTA talks. This confusion was

repeated in independent presentations of the EU-GCC negotiations by various analysts. In order to deal with this I focused on the exchange of written communication between the EU and the GCC in order to identify the main problems of the negotiations. I also had to further study analyses regarding the accession of GCC states in the WTO which did not attempt to associate this accession with the FTA talks and to further study the role of petrochemicals in the diversification process of the GCC (mostly Saudi) economies. Since this development of the petrochemical industry is an ongoing process, the analyses were mostly on forecasts about the near future rather than actually presenting solid conclusions. Against this background, I had to take into consideration all the relevant information and to conclude on the role of actual interests, values and perceptions in this case, based on personal understanding.

Furthermore, although I am currently a diplomat for the Republic of Cyprus and have come across documents which provided useful information for understanding the development of the EU-GCC relationship, I was not allowed to disclose information from these documents. I was able to refer to this information only indirectly and only to the extent that it was brought up during my interviews. In addition, even though I had access to people holding crucial posts in the EEAS, as well as from member states Ministries of Foreign Affairs, interviewees were in some cases reluctant to reveal information that was not already in the public domain, or indeed, revealing to any degree. In addition I had to assess the extent to which interviewees, especially in the GCC states, were positive for symbolic and diplomatic reasons i.e. when responses could clearly not be verified with the realities on the ground or with responses of other interviewees. This also added an element of caution in what could be utilised from such interview material, and what indeed could be deemed as valid evidence for evaluating progress towards a strategic partnership.

**Future studies on the EU 'strategic partnerships'**

It has been clearly identified in this thesis that there is a division of labour in the case of knowledge transfer to the Gulf states as well as in the case of Yemen. How can this be addressed in future research for strategic partnerships, especially bearing in mind that both Gratius and Grevi suggest a thematic, gradual, approach before the EU and its partners move towards a more comprehensive partnership? Yemen and regional integration have indeed been cases which demonstrate the effective cooperation of the two partners and which has provided common ground in order to move forward with a deeper partnership. Therefore, this element which has been suggested by the thesis could be explored in relation to other strategic partnerships of the EU, in order to test its validity.

Additionally, it has been argued in this thesis that the institutionalisation of relations, and cohesiveness do not necessarily add to the effectiveness of a partnership. Nevertheless, some scholars consider both of these elements as essential for 'strategic partnerships'. In this respect, future studies on the role of institutionalisation and cohesiveness of actions can shed more light on the impact of these factors, having in mind the need for flexibility and adaptability to the needs, interests, values and perceptions of the third parties.

Furthermore, the thesis has highlighted the multidimensional and multilayered character of the EU's 'strategic partnerships'. The role of actors in various strata from a wide spectrum of fields of the two partners was fundamental in the creation of dynamics for a deeper relationship. This feature could also be projected to the rest of the EU's 'strategic partnership' cases, in order to assess the role of non-governmental actors alongside the bureaucracies of the two partners in promoting the development of such a partnership.

Moreover, in this thesis it has been argued that the EU has expressed its desire to assist the GCC states for their own regional integration, for the integration of the Gulf region in the global economic and political system and for the economic diversification of the GCC states. The aim of this policy was

to promote the openness of the internal system of the GCC states, both politically and economically as well as to encourage the GCC states to assume their own share of responsibility for wider regional and international challenges. In the case of Yemen, it seems that the EU has managed to constructively engage the GCC states but there are still no significant changes in their internal political structures. Nevertheless, some minor steps have been taken by the UAE which has held elections for a consultative body for the first time in its history, while Qatar announced that it will hold its first elections in this field in 2013. The KSA has also made some modest steps, notably in granting social and political rights to women. Therefore, it can be suggested that the EU is becoming a transformative power in the Gulf region. The findings of this thesis cannot yet support this argument. Any future research may be in a position to identify further evidence for this matter.

Related to the above assumption that the EU is becoming a transformative power, it is important to assess the role of the EU as a socialising actor for third parties in engaging them with the international community. What are the influences of this socialisation on the decision making systems of third parties as a result of EU policies? Moreover, it would be important to explore how the EU follows up on this socialisation and how EFP goals are promoted at a multilateral level through the new globally engaged partners. This becomes even more important in the case of the GCC states, due to their role in the world economy. The way the EU and the GCC states have been tackling common challenges at global level, at the time of the current global financial crisis, could provide useful insights about the outcomes, the potential and the limitations of this relationship.

In addition, the case of the youth uprising in Yemen, as well as the case of the revolution in Libya which was not nevertheless addressed in this thesis, has given the opportunity to the two partners to readjust their role in the Middle East. During the recent uprisings in the Middle East, the EU and the GCC states have advanced their presence in the political framework of the region and they have also deployed military forces in close coordination. Therefore, future research on the EU-GCC partnership could examine how this ad hoc military cooperation can influence the formation of more

permanent cooperation between the two regions. In this respect it should be noted that in October 2011 the EU initiated an internal discussion for signing an agreement with Oman regarding the use of Omani infrastructure for the transit and stationing of EU military forces that are deployed in the framework of the EUNAVFOR ATALANTA mission. The agreement was signed in 2012.

Lastly, the 'normative power' argument of EFP needs to be reconsidered in light of the successful negotiation of values between the EU and the GCC states, regarding the GCC initiative for addressing the Yemeni uprising of 2011. How the EU prioritises its values in internal debates regarding third parties, affects the articulation of its EFP goals and objectives and it also affects its (self-)image. Are indeed multilateral engagement and diffusion of responsibility for common challenges with certain levels of mutual understanding on values and sensitivities of the two parties prioritised over the attempt of the EU to promote its neo-liberal agenda (in economics and politics) for the internal reforms of its partners? Does this make EFP more effective in providing actual results, or does it weaken established ideas about EFP 'normative power' creating confusion internally and externally?

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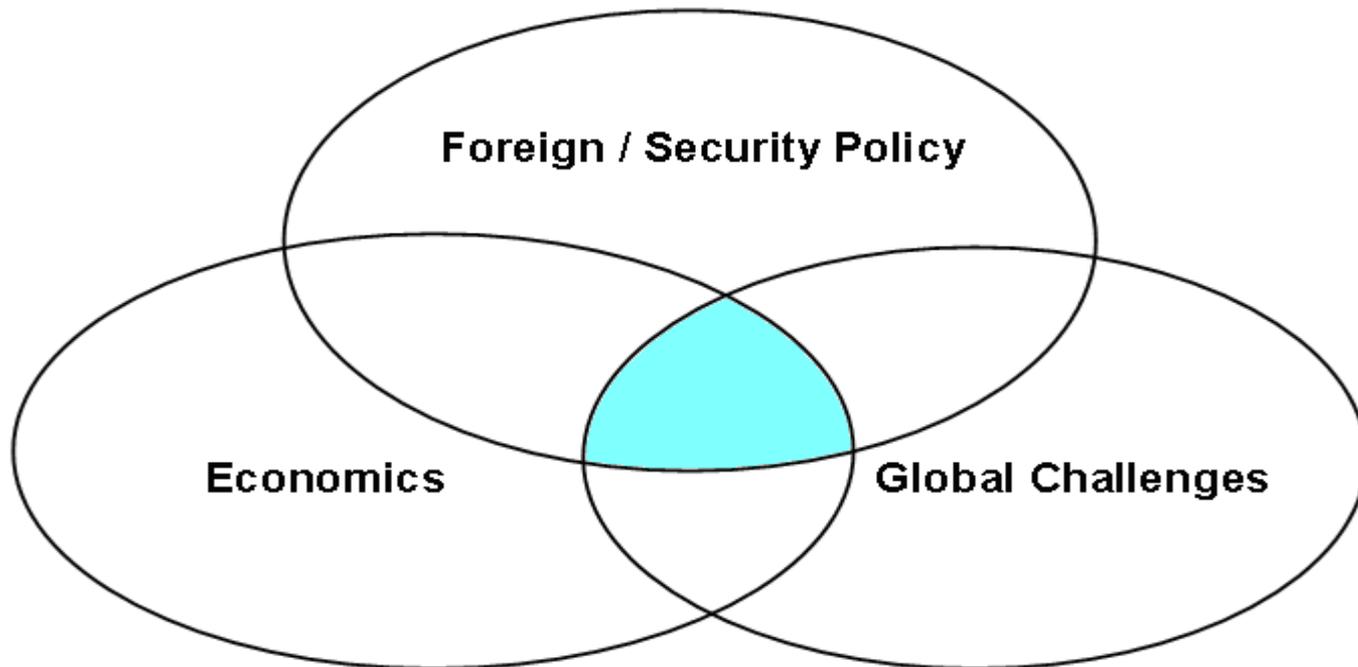
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# EU and “Strategic Partners”



# An approach to identifying Strategic Partners





# EU and Strategic Partnerships

- Russia – 1999
  - US
  - Japan
  - Canada
  - China – 2003
  - India – 2004
  - South Africa – 2006
  - Brazil – 2007
  - Mexico – 2008
- European Security Strategy 2003

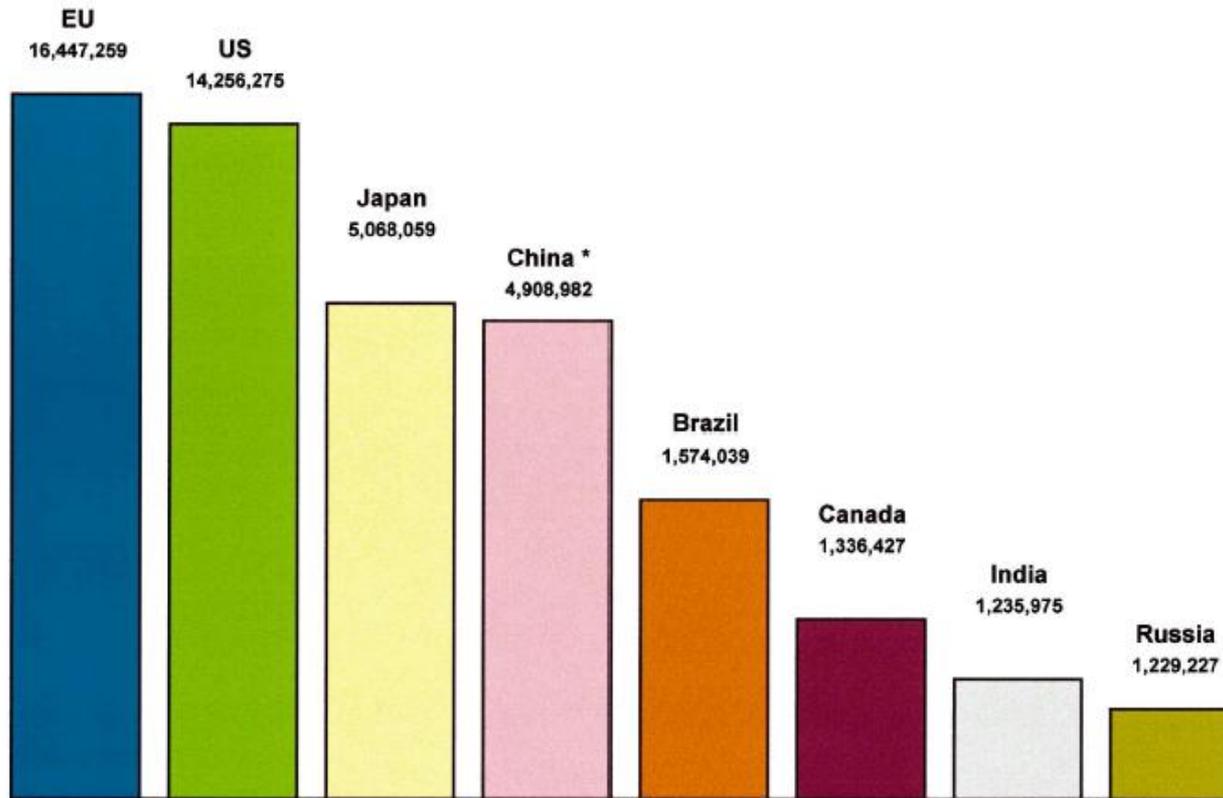
More to come?

Ukraine, Egypt, Indonesia, South Korea, Pakistan, Israel...

# Size of economies



## A comparison of GDP (millions of USD)

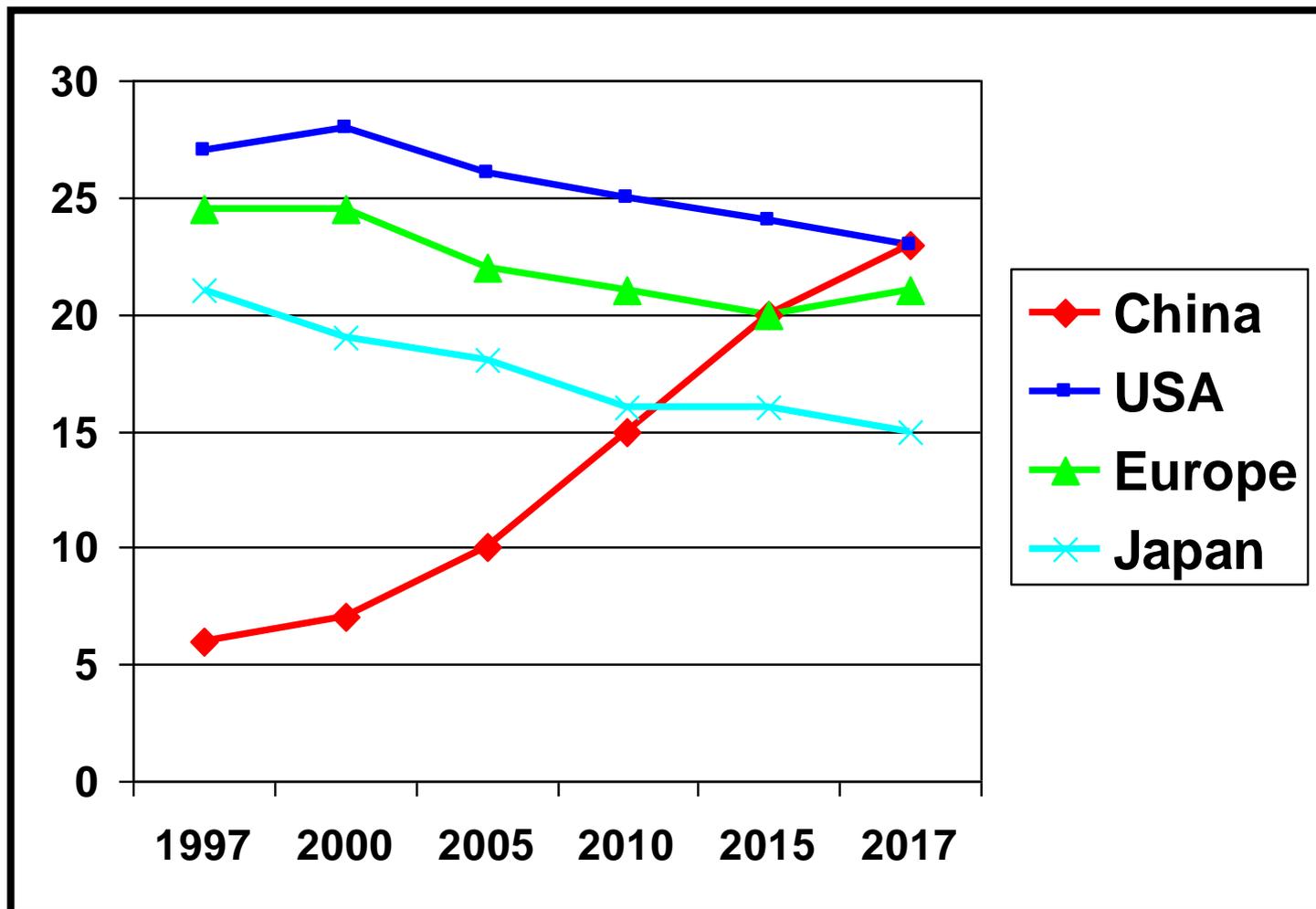


\* China likely to overtake Japan in 2010

Based on latest IMF statistics



# Industrial World Production Outlook for the future



Source: OCDE, March 2010



# Lisbon

- Long-term and comprehensive approach.
- Economics meets politics.
- Move from positions to strategy.



# First example: China

- Second largest economy
- Around 9% growth rate per year
- Large currency reserves

BUT

- Heavily dependant on trade
- Depends on growth for stability
- Developing country



# What China wants

- Internal stability / external security.
- Respect as a global player.
- Access to markets and resources.
- Multipolar world.

# What does China want from EU



- Market access.
- Lifting arms embargo, granting of market economy status.
- Coherent EU as a global partner; eg on climate, piracy, Africa.

# What we want from China



- Market access, transparent and non-discriminatory rules; eg IPR, government procurement.
- Partner in security challenges, global governance; eg G20.
- Show leadership on climate. Partnership on energy.
- Real progress on rule of law and human rights.



# How we get there

- Bring economics and politics together. One message, 27 voices.
- Make best use of tools (eg 56 sectoral dialogues with China).
- Persistent and creative approach. Think differently.
- Look at overall leverage and trade-offs.
- Be result-oriented.



# India

- Need an integrated strategy.
- Need to strengthen economic links (FTA).
- Need to become partner on security challenges – to start with in the region.
- « We think the EU is a pole but we don't know whether you want to be one ».

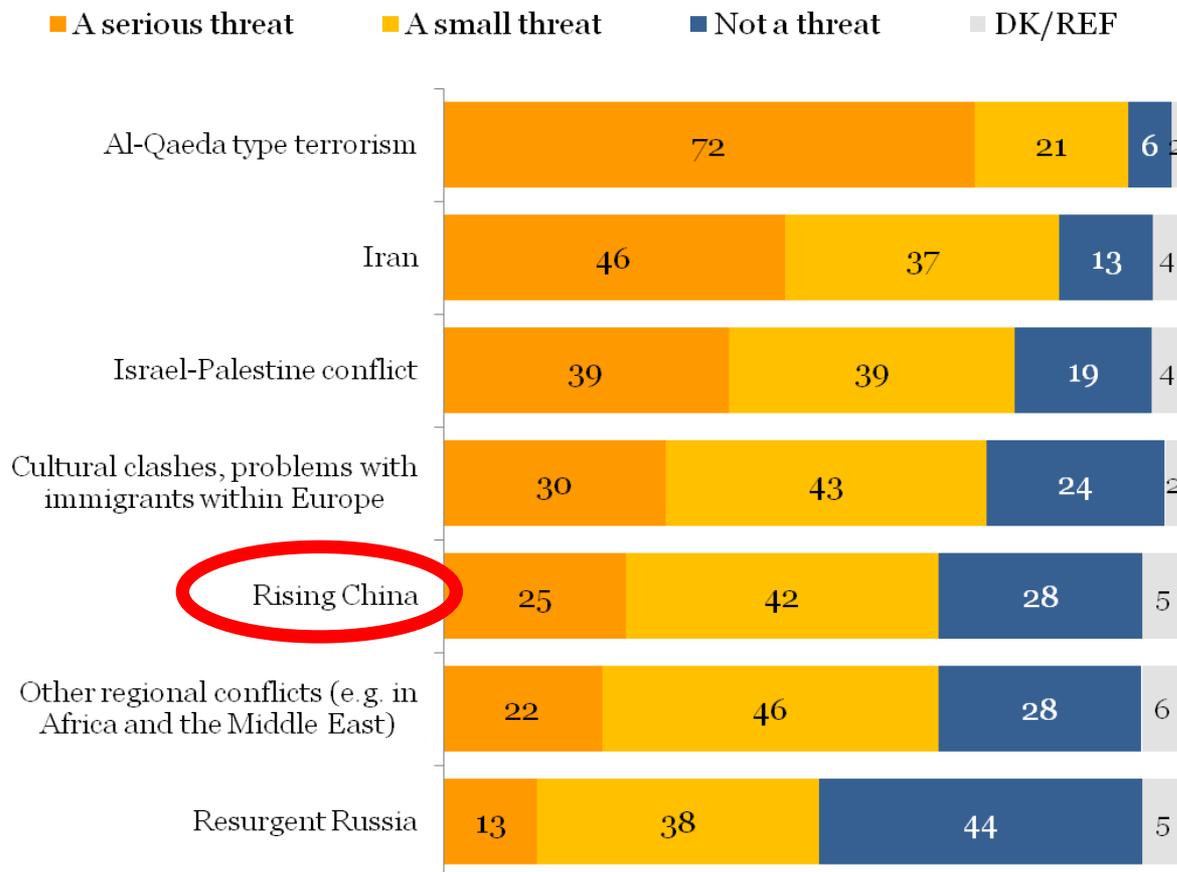


# **Annex I: What do citizens think about China**



# Annex I

Overall, China is not seen as the major security threat for EU citizens ...



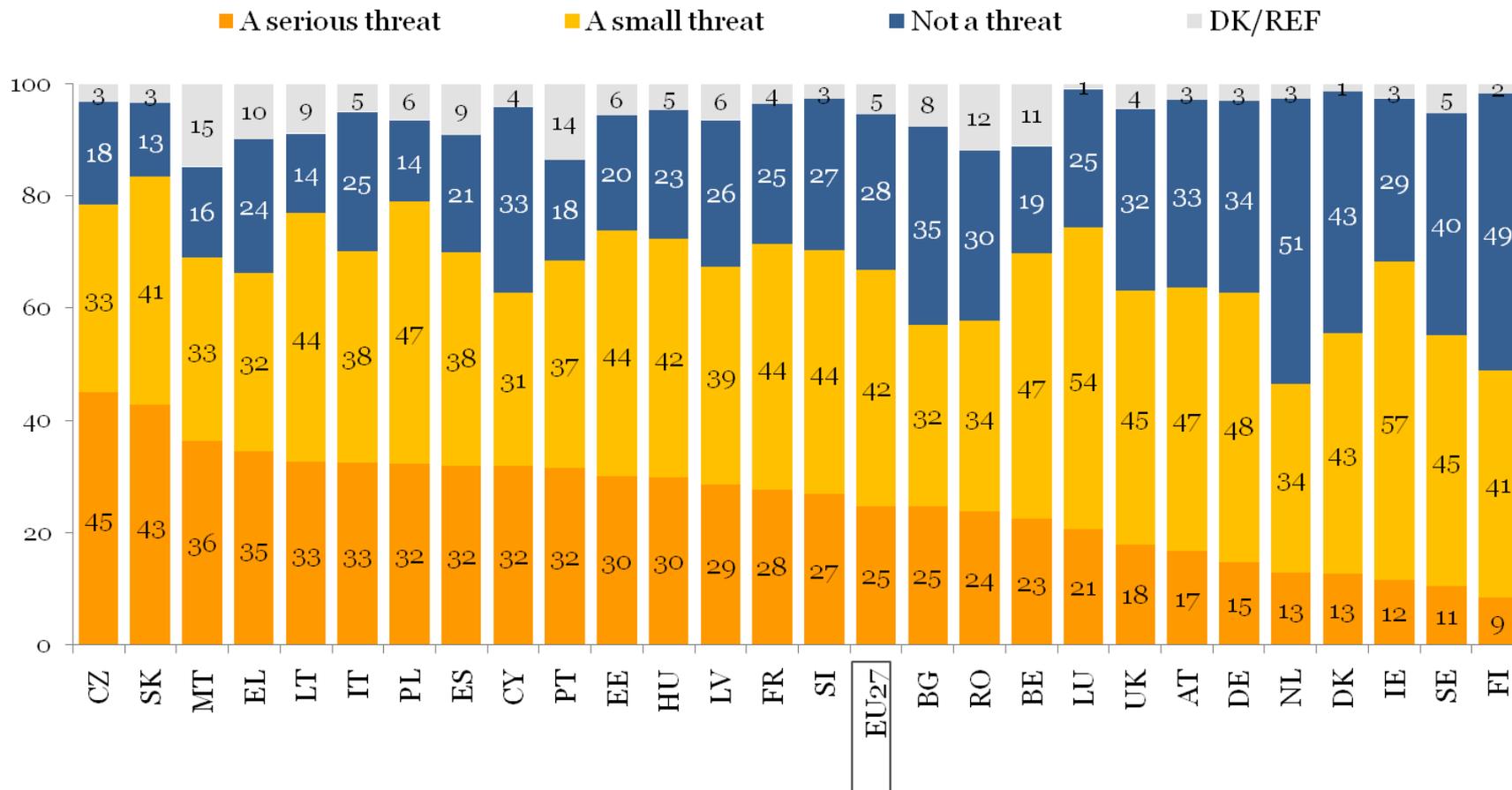
**Q2. I will also list a number of potential security threats facing Europe and the West. Please tell me how big a threat they are to Europe and the West's security with 1 being not a threat 2 a small threat and 3 a serious threat?**

Base: all respondents, % EU27, Gallup Poll



# Annex II

...but there are wide variations between Member States



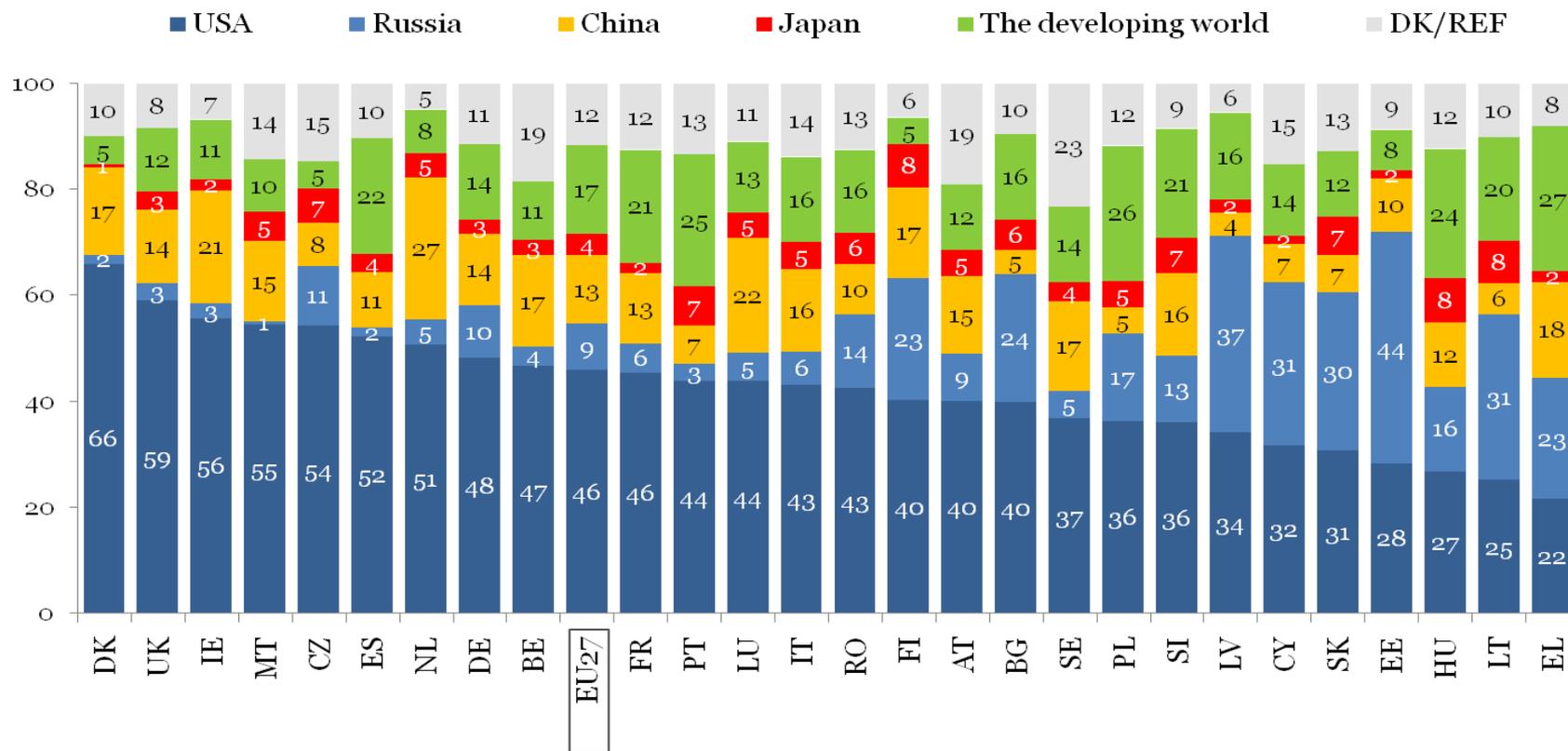
**Q2. I will also list a number of potential security threats facing Europe and the West. Please tell me how big a threat they are to Europe and the West's security with 1 being not a threat 2 a small threat and 3 a serious threat?**

Gallop Poll; Base: all respondents, % by country



# Annex III

... and some citizens in some Member-States still see an emerging role for China as an important economic partner



Q3. Thinking about the future of Europe in the world, who should be Europe's closest ECONOMIC PARTNER in the world?  
Gallup Poll; Base: all respondents, % by country

## Strategic Partners

### The EU and the United States

#### Introduction

**Our relationship with the US is unlike any other.** Ideas of European Enlightenment were at the origin of the American Revolution. The US was instrumental in the creation of the Union and continues to have an active interest in a strong EU. For generations, our societies have been interlinked through cultural and family ties.

**But the nature of the partnership is changing – and rightly so.** Europe is no longer the main strategic preoccupation of US foreign policy. The US is increasingly looking to new partners to address old and new problems.

Europe too is changing with the Lisbon Treaty marking a step change regarding our international ambitions and the means to realise them. Our stance and actions on issues like Iran, Serbia-Kosovo or the MEPP have all been noted and appreciated by the US.

**The US is curious about the post-Lisbon EU** because of the new opportunities it offers for more effective collaboration in new areas, especially those that cut across internal and external policy (energy, cyber-security, counter-terrorism etc) or where we can act in a more integrated way (eg on security, development and crisis management). What is clear is that the EU-US relationship has to go global if it is to be relevant and effective. **We must work out a new kind of partnership, fit for a new era.** Both sides need this new partnership as it is difficult for either to find another partner that is closer in terms of core values and interests and that has more resources to bring to the partnership.

The list of shared interests and values is long and familiar: democracy, human rights and the rule of law; open markets and open societies; and significant engagement to tackle pressing global challenges (from the global financial system to climate change to non-proliferation and terrorism).

The task ahead is to develop the common objectives into a shared agenda and a shared commitment to working together. For the EU it means being clear about what we want; what sort of partner we are dealing with; maximising our leverage; and making sure the architecture we have fits our strategic interests and ambitions.

#### Common objectives

It is quite easy to set out what our common interests are – we have done so at several occasions. In short: **economics** remains at the heart of our relationship.

Despite the rise of China, India and others, EU-US remains the biggest economic relationship in the world (both in trade and, arguably more important, in investment). Cooperation on new technologies, innovation, standard-setting and research are areas of common interest as is a common approach to emerging economies. On **global security** we share a sense of the threats and priorities - a durable solution to the Middle East Peace Process; stability in Afghanistan; avoiding nuclear proliferation; promoting development and security to avert failing states; international cooperation against transnational organised crime and terrorism.

## **EU objectives**

To engage effectively with the US we need to be clear what our own objectives are:

- **Our prosperity.** In the ongoing aftermath of the global financial crisis, reform, prosperity and competitiveness will be priorities. We need extensive work on the overhaul of financial market regulation and to underpin the credibility of the euro. Limited public resources, ageing populations and the continuing emergence of other global powers will be the backdrop for these efforts.
- **Our security.** Core threats will likely be diffuse, emanating from weak and failed states around the world, nuclear proliferation, increasingly sophisticated organised crime and terrorism. Internal security will be ever more dependent on external security requiring work to better integrate the two. Our immediate neighbourhood, including the Middle East, will continue to be a focus. Constraints on our resources will affect our ability to act. We will need to do more to link development and security and focus on conflict prevention and crisis management.
- **Global challenges.** Our interest in upholding rules-based international behaviour and respect for human rights will be consistent. A comprehensive international accord on climate change and its implementation will be an ongoing focus. We will also need to agree the necessary adjustments to international institutions and regimes to take account of the rise of emerging powers and ensure their on-going legitimacy.
- **A strong and capable EU.** We will continue the process of Lisbon implementation, and will benefit from the EEAS. We are likely to be dealing with further enlargements, continuing to spread peace and stability to Europe. But the process will also present challenges to maintain internal political cohesion.

## **A changing US**

The results of the mid-term election give us some indication about the next two years. President Obama will need to work with the Republicans to get results, but they now also share a responsibility, particularly for the economy and other major domestic challenges. Foreign policy remains the President's prerogative, but even here the mid-term results will influence how this power will be exercised. In

the next two years, the absolute top priority is job creation, alongside seeking the best possible exit from Iraq and Afghanistan.

Quite soon the campaign for the 2012 elections will begin. In this context we can expect a debate on how best to enhance US competitiveness vis-à-vis the major emerging powers. This will require the US to maintain its leadership in education, research and innovation. Relationships with growing global powers, particularly in Asia and Latin America, will also be at the centre of US policy debates. Although after 2012, pressure to reduce US international engagement may increase, regardless of its leadership, the US will continue to focus on threats extending from weak and failed states, nuclear proliferation, organised crime and terrorism. Energy security will continue to be a key concern in any event.

For all these reasons, the **US will continue to have an interest in a strong and capable EU**, related to its overall interest in limiting unnecessary expenditure whilst maintaining global security. Put simply: the US needs help to achieve its global objectives. This means that regional security and better NATO-EU cooperation will be priorities. An EU which can manage its neighbourhood and contribute to stability and prosperity in the Western Balkans will be in the US interest. In the wider world, the US will continue to value an EU which has allies with the means to act globally.

### **The shared agenda**

**Economics** will continue to be at the heart of the relationship and has a lot of potential. So we need to focus on generating jobs by expanding transatlantic trade and increasing our competitiveness in emerging fields. The TEC will be an important part of how we take this work forward. Working together in this field also means trying to develop common approaches to international partners and emerging economies to fight protectionism, boost world trade and support structural and financial market reform.

Our growing partnership on **global challenges and foreign policy** can develop further as we build on the advantages of the EEAS. The role of the HR/VP has enabled us to play a stronger role on, for example, Iran sanctions or a comprehensive approach to Pakistan. Here, the decisive action undertaken at EU level have been noted and welcomed by the US. The European neighbourhood will be an important test of our capabilities.

We can also build on our expanding partnership on **development and crisis management** by broadening this into a comprehensive approach to development, security and conflict prevention. There seems clear US interest in collaborating with the EU to forge the kind of integrated strategies that the Lisbon Treaty is all about.

We can increase the security of our own citizens and those in fragile states through our cooperation on **counter-terrorism and organised crime**. A modern EU-US agenda should also cover a joint response to new threats, such as **energy** and **cyber security**, while continuing to address long-term challenges such as the prevention of violent extremism and fighting the drugs trade.

Thus there is no shortage of items that together could form a shared agenda that is relevant and forward-looking.

### **EU leverage**

**We can best exert our influence vis-à-vis the US by ensuring a unified, capable and self-confident EU.** When we are an efficient and reliable partner, the US takes us seriously. Conversely, if we over-promise and under-deliver; if we prioritise process over substance or if we don't know what we want, the US will turn its attention elsewhere.

There have been good examples of successful EU policies where we also got recognition for it: Iran sanctions or our comprehensive Pakistan strategy, or our action on piracy. The EU's activities on internal security make it an increasingly important partner for the US, since policy is frequently set at the EU level, obviating the need for 27 separate agreements.

If we want to achieve lasting results, we need to **build effective relationships with other partners**. The US has recognised the need for increased engagement with Asia and there is a risk that it will see the EU as a less relevant partner given our relative strategic weakness there. If we can cooperate effectively with Russia on security and energy; China on trade and climate; Japan on trade, climate change and development; and Africa on trade and development; then we will also have the opportunity of a real strategic dialogue with the US on these partners. So we need to transcend the bilateral prism and see the connections among the strategic partners.

Finally, we need to recognise that close as we are to the US, we do **need an independent approach**, rather than assuming an EU-US consensus. The challenge will be to reach out to emerging powers on key issues, to ensure that we have an ongoing dialogue with both Brazil and the US on biofuels, for example.

### **Outreach**

But it's also about method – we need to have the right strategy and machinery to ensure maximum leverage and engage to the right people. There is huge scope to **strengthen our engagement beyond the federal government**. After the mid-term elections a new team has just begun both in the House and Administration. We need to reach out to new players. Maximising the potential of constituencies

and institutions within the EU, we need to build relationships with individual States and Congress.

Given the increased powers of the European Parliament under Lisbon, more effective cooperation with the EP could enhance our leverage. The EP can be a forceful power in getting what it wants. Similarly, the US Congress is essential not just on trade but on so many of the "new issues" on the transatlantic agenda. Therefore, we need to **strong legislative component in our overall strategy.**

## **Strategy**

With the US, as with other Strategic Partners, there is scope to be more rigorous when it comes to **identifying what our core priorities are and how we can play to our strengths.**

We could also **define trade-offs by possibly linking issues in an intelligent way.** The US values the EU as a partner that has means at its disposal and can also provide a degree of international legitimacy. We could be more creative in leveraging these assets to achieve progress on EU objectives.

This may also mean more efforts at presenting an EU interest as being in the US interest too. So, for example, a comprehensive data protection agreement with the EU could become of greater interest to the US building the structures and trust that are necessary to enable further law enforcement cooperation. This in turn can increase data sharing and thereby increase US security. Similarly on climate change, rather than forcing the issue with the US in a way which might encourage frustration or defensiveness, perhaps we could find more common ground and more progress by focussing on green growth.

## **The architecture of the relationship**

With the US we have one of the most long-lasting and well-established structures of cooperation at many levels. The post-Lisbon environment offers us the opportunity to **use Summits in a more strategic manner.** Below the Summit level we have a broad range of **Ministerial Political Dialogues** (HR/VP- SoS Clinton but also TEC, Energy Council, etc.). This in turn is underpinned by a vast array of **working-level contacts.**

We need to examine whether by streamlining these channels we can inject a greater sense of direction and political prioritisation. The informal nature and result-oriented character of so much transatlantic traffic needs to be maximised.

Part of the unique complexity of EU-US relationship comes from the important **bilateral relationships** that many Member States share with the US. The US values working with capitals and Member States value the relationship they share

with the US. There will always be a degree of political positioning vis-à-vis the most powerful country in the world.

**But we need to improve coordination at the EU level**, to increase the EU-component in a lot of bilateral relations. Some possible steps might include improved coordination by the EU DEL in Washington; regular leaders' level input and direction from the European Council; improved two-way information sharing; and issue-by-issue alliance building vis-à-vis Congress between the EU, Member States and, where relevant, US stakeholders and like-minded third countries.

## Strategic Partners

### The EU and China

#### Introduction

Partnership between the EU and China is pivotal for our future security and stability. In the age of globalisation neither EU nor China can maintain sustainable prosperity without the other. A balanced and creative bilateral relationship based on a shared vision matters not only for its own sake but also for the management of global issues.

Looked at in this light we should recognise that the present relationship falls some way short of its potential. If we want to convert the EU-China relationship into one of the defining partnerships of the 21<sup>st</sup> century, we need to shape it on the basis of mutual interests and benefits, and on the understanding that partnership involves rights as well as duties.

#### EU and Chinese objectives

The EU has therefore to be clear about its own interests:

- Prosperity and well-being of our citizens, based on free and fair access to global markets.
- Security against domestic and foreign threats directed at the safety of our citizens, territories and institutions.
- Rules-based responsible Global Governance as the prime means of sharing prosperity and resolving conflicts.
- Respect and openness for our values such as democratic governance, rule of law and human rights.

But we also need to understand that China sees the EU-China relationship from a different angle. A country with several hundred million people still living below the poverty line, its overwhelming priority is development and growth. The economic goals underpin its political priorities: domestic stability and territorial integrity.

Although China has, in a very short period of time, become a major world power, its political priorities will be domestic for many years to come. Securing these goals against impediments from the outside – real or perceived - will remain the cornerstone of China's foreign policy.

Despite or perhaps because of their different starting points, the EU's and China's objectives in pursuing their **respective key interests coincide** or complement each other:

- Both the EU and China are committed to Millennium Development Goals. Both have made major contributions to this end.
- The EU and China need global political stability, sustainable economic development in a stable financial framework and open trading system. The EU and China are both beneficiaries and stakeholders of the WTO and each has an obligation to contribute to an effective rules-based global trading system (China no doubt also sees its readiness to support the stability of the Euro in this light).
- EU investment in technology and its transfer can benefit our business sector and also plays a crucial role in China's domestic development.
- China's dynamic growth is good for us; the European model of innovation, social cohesion and balancing regional disparities is attractive for China.
- Both China and the EU are leading in technological advances for sustainable development e.g. building a green economy to confront the challenge of climate change.
- In Operation ATALANTA, China has joined the EU in securing international maritime routes.
- In the field of security there are few if any areas of direct conflict between the EU and China. At the same time, cooperation on security issues is underdeveloped, although EU interests are at stake in Asia. China's policy of reassurance towards its neighbours is an important contribution to regional stability and to guarantee that our own partnership with China will not be at the expense of long standing relations with other important partners in the region.
- The EU remains committed to a one China policy; China has declared its strong support for European integration.
- In an Asian political environment that contains political risks as well as economic success stories, domestic stability in China is also an EU interest.
- In other areas the EU and China may have common interests – e.g. in non-proliferation, but the EU is more ready to sacrifice trade and energy access than is China.

However, the mutual perception of our relationship is often dominated by periodic tensions over trade and economic issues (IPR, government procurement, currency/exchange rate); discussions about the respective stances on key regional conflicts and security issues (Iran, Sudan, Burma/Myanmar, cyber-security) plus **divergences** concerning different concepts of governance and human rights.

China, in its present phase, puts development and stability first, emphasizing economic and social rights. Conversely, EU policies are underpinned by the

idea of inalienable and universal human rights – and that economic and social, civil and political are of equal value. These divergences will not be easily overcome. China will not match EU standards of Human Rights and the Rule of Law for some time to come. Future convergence is best sought by concentrating on common ground: giving priority to implementation of the UN human rights instruments (including through national constitutions), good governance and rule of law.

### **Developing a long term vision**

Looking to the long term it is difficult to imagine a well functioning global order that protects our interests without a stronger EU-China relationship. Over the next 10-15 years our objective should be to develop:

- Strategic Patience: both sides express impatience with each others global posture. China wants the EU to grow more quickly into an independent global pole; the EU wants China to assume the role of a responsible global stakeholder and to match developed country standards of the Rule of Law and Human Rights. To address real or perceived deficiencies, we need to manage mutual expectations.
- Strategic Trust: the essence of a truly strategic partnership is trust. Public statements and media coverage of the EU-China relationship point in a different direction. Both sides – while respecting each others key interests - need to engage each other on how their domestic and external action as well as their public diplomacy can contribute to mutual political transparency and trust.
- Strategic Interdependence: globalisation will create ever stronger interdependence in the economic, technological, financial and security sphere. Fears about this, in particular in our respective publics, abound. Through an open and transparent dialogue the EU and China must learn to accept each other as indispensable and thereby strategic partners in the resolution of their specific internal challenges.

### **Short term priorities**

This long term vision needs to translate into a programme to build towards these goals:

#### Economy and Trade

- Trade: by far the most developed area and strong basis of our relationship. A more visibly level playing field is required notably by improving market access and investment conditions, protection of intellectual property, opening of public procurement and access to raw

materials. Key driving force in this can be ongoing business to business integration.

- Climate change and energy: Reinforce respective steps towards a low carbon economy. Design a bilateral low carbon partnership by identifying and developing further pilot projects and two-way investment and partnership opportunities.
- EU-China Urbanisation Partnership ("Better city, better life"): Large scale urbanisation is one of China's most pressing challenges. The EU is one of the most intensively and best ordered urbanised areas of the world. Initiating an EU-China Partnership could help China to tackle its challenges, while giving a boost to cooperation in many related areas (trade, investment, energy, environment, and infrastructure).

### Governance, Values and Social questions

- Rule of Law: The EU is and remains committed to supporting China in building a society based on rule of law.
- Human Rights : The EU should encourage China to take active steps towards the ratification of the International Convention on Civil and Political Rights (ICCPR). The EU will continue to work for the release of individual political detainees through active diplomacy. The EU-China Human Rights Dialogue should benefit from closer interaction, benchmarking and the integration of dialogues conducted bilaterally by Member States.
- Civil Society: The EU should reflect on mainstreaming civil society matters in all possible fields of action with China. It should step up projects which aim at strengthening the sector. Possible EU initiatives could include regular EU-China Mayors meetings, and an EU-China High Level Business Dialogue. Scientific cooperation should also be strengthened.
- Migration: We need to find ways of establishing visa arrangements to enable greater two-way flows, particularly regarding business opportunities, student exchanges, etc., and to better manage illegal migration.

### Security questions

- Key security concerns: There is ample scope for a stronger relationship on security matters of mutual interest such as conflict prevention, non-proliferation, maritime stability and surveillance, energy security and cyber security. We need to build confidence through enhancing transparency and cooperation. Military to military contacts should be intensified. A high level security dialogue could be embedded into the Strategic Dialogue to this end.

- Regional conflicts: Stepping up exchange and cooperation in regional conflicts , e.g. Korean Peninsula, Afghanistan/Pakistan, Middle East, Horn of Africa, Myanmar.
- Regional integration processes and development issues: There is scope for cooperation or at least exchange of experience in areas such as Africa and Latin America where we are both active. Closer cooperation should be envisaged both at bilateral level and within regional fora (e.g. ARF, ASEM and the East Asia summit process).

### Global Governance

- Financial Markets, Trade, Climate Change: enhance discussion with China bilaterally and in the relevant fora, notably the G 20, on rebalancing global growth; continue the dialogue on exchange rate policies; and work on a positive outcome of the WTO Doha Round and the climate negotiations in the framework of the UNFCCC. The EU should make use of France's upcoming chair in the G20 to further develop rules-based global governance.

### Mutual Understanding:

- Communication: The EU needs to design a coherent communication strategy that helps to explain to the European Public the state of China, but also the importance of China's sustainable development for Europe's own prosperity.
- Culture, education and media: Distorted and/or nationalist public perceptions of each other are a severe impediment to the development of EU-China relations. On the one hand, Europeans know too little about China. Facts about China should be mainstreamed at all levels of education, research networks need to grow. On the other hand, China's citizens have limited legal access to European media culture (film, TV etc.). Achieving progress with China in these areas should be a real priority.

### **Architecture of the relationship**

The EU seeks to build an equal relationship with China based on the pursuit of mutual interests and benefits. All existing irritants and concerns should be addressed in this spirit (e.g. on the Chinese side: Market Economy Status; arms embargo; Taiwan/Tibet questions; on the EU side: market access; investment and IPR protection; human rights and rule of law).

In the same spirit, the EU will also seek exchange and cooperation with all others that are affected by China's development and the evolving EU-China relationship. The latter group includes China's neighbours in Asia but also others such as the US and our partners in Africa and Latin America.

The EU can call on a range of tools to achieve its policy goals with China. It should take advantage of the Lisbon Treaty's new possibilities to improve the impact of existing instruments:

High Level Dialogues: The Summit, the Strategic Dialogue, High Level Economic Dialogue and the Executive-to-Executive Meeting should focus on defining the development of the overall EU-China relationship. A joint "summit coordination mechanism" could help in filtering key political issues for the Summit, define trade-offs by linking issues and ensure that it addresses strategic issues beyond the current agenda.

Common Ministerial guidelines: The FAC needs to include EU-China relations as a regular item on its agenda. Making use of the new possibilities of Lisbon, the FAC upon the initiative of the HR/VP should coordinate overall EU efforts and develop common guidelines on agreed China policies.

Sectoral dialogues/working groups: There are 56 of these. We should aim for a more rational and result oriented structure, e.g. introduce benchmarking/best practice procedures to review their added value. We should also deepen the EU side in priority areas by combining the efforts of Member States and the Institutions.

PCA: The legal basis for the EU-China relation is outdated. Negotiations on a new Partnership and Cooperation Agreement have been underway since 2007 and there is progress. Concluding the PCA could contribute to strategic trust and enhance the efficiency of sectoral exchanges.

Cooperation instruments should be shifted from development cooperation towards an approach that will be catering more to EU and mutual interests (in particular in the area of green growth initiatives).

Public Diplomacy: Increasing mutual understanding between the EU and China at all levels is crucial to improving long term strategic trust. The possibilities of the Lisbon Treaty should allow for more coordinated key messages by the EU and EU Member States' delegations.

Finally, European partnership with China involves bilateral relations between China and EU Member States as well as the EU-China relationship itself. It is only by a collective cooperative effort – as we have seen in areas such as environment, finance and market access – that we shall be able to make progress.

## Strategic Partners

### The EU and Russia

#### Introduction

Our **relations with Russia matter enormously to the EU**. We are tied together in terms of trade and investment, energy, people to people ties and much more. Russia is a key player with a seat at almost every top table. It is therefore an important partner for addressing many of the EU's global challenges.

We have achieved a lot in EU-Russia relations in recent years. Still, problems remain. In particular, there is a **great deal of untapped potential**, across all policy fields. Not realising this potential represents a huge opportunity cost, for the EU and Russia alike

Unlike with other Strategic Partners **we share a Continent with Russia** and hence a common neighbourhood which poses important challenges. Moreover, among all the EU's strategic relationships, none is probably considered by the public to be more difficult than that with Russia. History and geography can account for a lot of the dynamics in EU-Russia relations.

Amidst all this, one thing is clear: we need a strong relationship with Russia, co-operating bilaterally in the economic and security fields while seeking to expand our international co-operation on global issues. To do this, we need to be clear about the objectives that Russia has as well as our own objectives and our strategy to realise them.

#### Russia's objectives

For its domestic economic development, **Russia needs EU support for meeting its vast modernisation needs**, primarily in the technological and economic fields. Russia has a market economy but with a significant dose of state direction. Economic cooperation, in Russia's view, should be based on the principles of long-term security for energy exports to the EU and for Russian strategic investments in the EU. Russia seeks to attract EU investment in particular to rebuild a modern industry and high technology, but still seems hesitant to create attractive conditions for it which would guarantee investment security, transparency, equal access and dispute settlement.

Russia furthermore proclaims an ambition to take part in the EU's "Four Freedoms". This signals that Russia seeks wide-ranging economic integration with the EU as well as visa-free travel.

As concerns security, Russia aims at the creation of a common Eurasian security space in which Russia would be an equal partner with a full seat and vote in a joint decision making structure with the EU.

Russia pursues these objectives not as a static set of goals, but in a dynamic way that will also be influenced by progress in Russia's relations with other partners, notably the US and China.

### **The EU's objectives**

The objectives and main interests which the EU seeks to pursue in our relations with Russia, as well as the policies and instruments to achieve them, have been well developed and refined in a consistent string of policy papers and strategies over the last decade, starting in 1999 with the first EU Common Strategy on any partner country.

In essence, the **EU's overarching objective** can be described as **promoting Russia's full integration into international rules-based political and economic structures**, as a reliable and responsible partner and on the basis of respect for the fundamental values that Russia has subscribed to as a member of the UN, the Council of Europe and the OSCE.

In the economic field, **we expect to see Russia as a member of the WTO and to uphold energy security principles**. In external policy and security matters, we want Russia to be a trusted partner for dealing with international challenges as well as in the common neighbourhood based on trust and respect for the territorial integrity and sovereignty of neighbours.

There is no need to revise these EU objectives at present. It is rather the way in which the EU has been implementing commonly agreed strategies that should be subject of a frank discussion. The present paper tries to make a contribution to such a reflection.

### **Where we can do better**

The setting up of the External Action Service creates significant opportunities to improve the EU's internal functioning, paving the way for better achieving our goals with regard to Russia. Below follow a number of suggestions on avenues for taking this work forward.

#### **1. A more joined up approach**

A fundamental factor in explaining why the EU has not been able to get the best possible results out of the EU-Russia relationship is the rather narrow, compartmentalized approach taken in certain fields. With the potential for much increased consistency that the Lisbon Treaty provides, this can be addressed.

Notably, the issue of **visa liberalization, high on Russia's list of priorities, is one where a broad approach should be taken.** It naturally ties in with work permits for EU citizens in Russia and heavy registration requirements for foreigners, but also with the effectiveness of the rule of law and the protection of human rights across Russia, especially in the Northern Caucasus.

Cooperation in the foreign policy field is another area where we should be able to do more. Russia has gradually moved toward a more positive and pragmatic approach on international issues, and we agree largely on many of them. However, there has been less progress in our shared neighbourhood, even though European security is obviously in our common interest. An important test for our ability to work together in this field will lie with our capacity to effectively address the protracted conflicts together.

## **2. Strengthening consistency, acting in concert, exploring synergies**

It should be underlined that in many cases, the EU does indeed speak and act consistently in dealing with Russia. Still, **consistency needs to be strengthened, in two dimensions: between EU and Member States policies, and across the various strands of EU policies.** This will allow us to better realise the many potential synergies that exist. Failure to do this risks fostering perceptions of internal contradictions within the EU, which external partners will understandably seek to exploit, including by not honouring commitments. The EU thus forgoes significant potential leverage, both on specific issues and in a wider sense. Needless to say, if the EU as such punches below weight, this is ultimately to the detriment of Member States' interests.

The European Council Conclusions of 16 September stated that "Synergies need to be developed between the European Union's external relations and Member States bilateral relations with third countries". These conclusions also called for "more active and regular sharing of information and consultation on developments at the respective levels".

This already takes place, in Brussels in different Council bodies and locally with meetings of EU Embassies and the EU delegation in Moscow. Still, ways of improving the exchange of information could be devised, e.g., by making it more regular and detailed, and organizing focused debates on particular issues. Systematic use of agreed EU positions, such as the Key Outstanding Issues, in contacts between Member States and Russia will also contribute significantly to consistency.

## **3. Making our institutional relationship more effective**

The institutional relationship with Russia is particularly well developed; the EU holds more meetings with Russia than with any other external partner. The

intensity of this heavy meeting agenda reflects the importance both sides attach to the EU-Russia relationship. Nonetheless, there is a widespread feeling that the actual results have remained well behind expectations. With the Lisbon Treaty in place and the EEAS being set up, the time has come to consider ways of improving our institutional framework, drawing on the new opportunities. **An overall goal should be to try to move away from over-formalised, highly scripted meeting formats to more flexible, efficient, results-oriented and focussed ones.**

While the framework of our cooperation is well developed, **it lacks problem-solving capacity.** One of the reasons is a missing link between the ministerial and expert levels. Ministers, let alone Presidents, cannot be the executive managers of the elaborate and diversified cooperation structures we have established. Thus, problem-solving capacity at the senior officials' level is needed to get results. When reviewing our institutional framework together with our Russian partners, including in the negotiations on a New Agreement, we should stress that ensuring this is a shared interest, as it would contribute to more concrete output of our relationship.

We may also reflect on how meeting frequencies affect our ability to conduct consistent, and thus effective, policy over time.

It will be important to ensure that any changes do not signal a downgrading of our relationship with Russia, but rather an upgrading in that they will help make the EU a more coherent and thus effective partner, in line with the ambitions of the Lisbon Treaty. The aspect of increased flexibility should be stressed: streamlining the formal meeting schedule means that there is more time and energy for ad-hoc meetings when needs arise.

## **Conclusion**

The Lisbon Treaty was a bold step forward; it should be followed up with courage and openness to change. To get the maximum impact, we need trust and transparency among each other and in working with the EEAS. Obviously, building this will be a gradual process. **The value added of the EAS will lie in fully applying to external relations the unique EU process of identifying, agreeing and then respecting common positions.** Ultimately, what is at stake is not just the quality and output of our strategic partnership with Russia, but more broadly the EU's effectiveness and credibility as an international actor.

## MAIN ECONOMIC INDICATORS

Surface Area: - 1000 sq km  
 Population: - Millions of inhabitants  
 Current GDP: - Billions of euros  
 GDP per capita: - Euros

Sources: World Bank (WDI), IMF (WEQ), DG Trade  
 \* Note: Trade-to-GDP ratio = (Exports + Imports) / GDP

		2005	2006	2007	2008
Exports-to-GDP ratio:	- %				
Imports-to-GDP ratio:	- %				
Trade-to-GDP ratio * :	- %				
	Real GDP growth (%)	-	-	-	-
	Inflation rate (%)	-	-	-	-
	Current account balance (% of GDP)	-	-	-	-

## GDP BY SECTOR

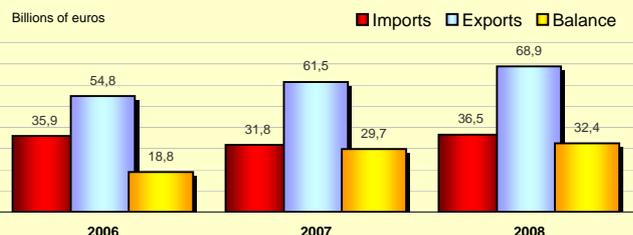
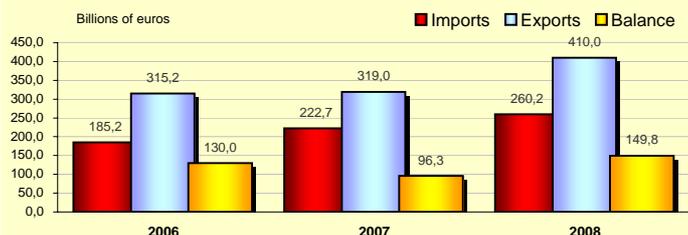
Sector	2005	2006	2007	2008
Agriculture, value added (% of GDP)	#N/A	0,0%	#N/A	0,0%
Industry, value added (% of GDP)				
Services, value added (% of GDP)				

Source: World Bank (World Development Indicators)

## TRADE IN GOODS

## GCC WITH THE WORLD

## EU27 WITH GCC



Source: IMF (Direction of Trade Statistics)

Source: Eurostat, Statistical Regime 4

% OF THE WORLD (excluding Intra-EU Trade)	2006	2007	2008
Imports	2,6%	3,0%	3,1%
Exports	4,7%	4,5%	5,1%

% OF TOTAL EXTRA-EU27	2006	2007	2008
Imports	2,7%	2,2%	2,4%
Exports	4,7%	5,0%	5,3%

## EU27 MERCHANDISE TRADE WITH GCC BY PRODUCT (2008)

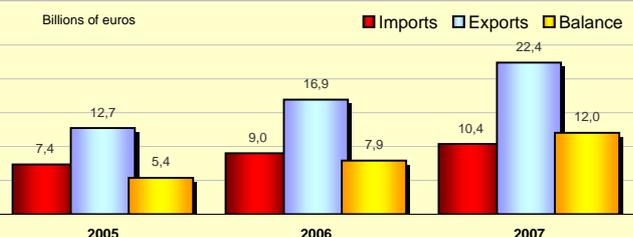
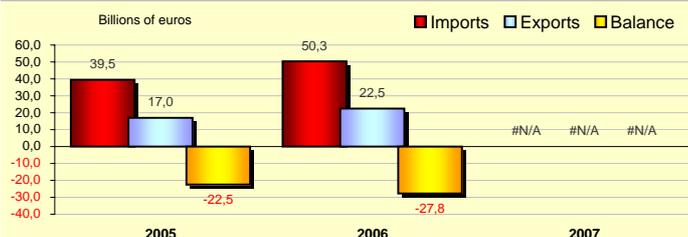


Source: Eurostat, statistical regime 4

## TRADE IN COMMERCIAL SERVICES (SERVICES EXCLUDING "GOVERNMENT SERVICES")

## GCC WITH THE WORLD

## EU27 WITH GCC



Source: World Trade Organisation

Source: Eurostat (NewCronos)

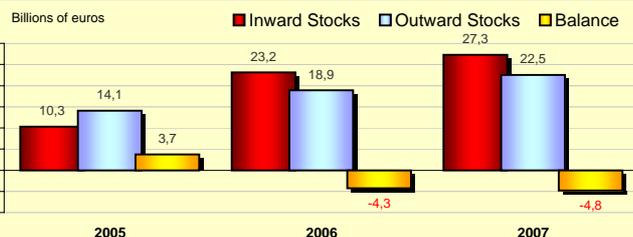
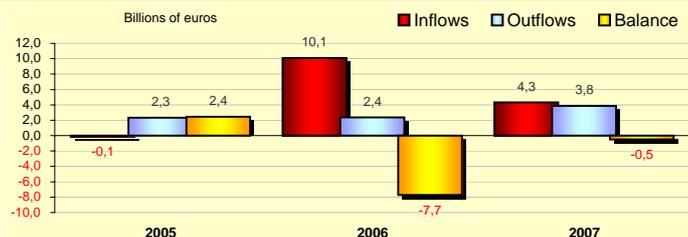
% OF THE WORLD (excluding Intra-EU Trade)	2005	2006	2007
Imports	2,9%	3,3%	-
Exports	1,2%	1,4%	-

% OF TOTAL EXTRA-EU27	2005	2006	2007
Imports	2,1%	2,4%	2,6%
Exports	3,2%	3,9%	4,6%

## FOREIGN DIRECT INVESTMENT

## EU27 FDI WITH GCC

## EU27 STOCKS OF FDI WITH GCC



Source: Eurostat (NewCronos)

Source: Eurostat (NewCronos)

Definition may be different from one source to an other (Eurostat, WTO or DG Trade), and then for one item to an other. GCC: United Arab Emirates, Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, Yemen

#### **TOTAL MERCHANDISE TRADE, 2004-2008**

1. Evolution of the EU's Trade Balance with Gcc
2. Evolution of the GCC's Trade Balance

#### **GEOGRAPHIC BREAKDOWN OF TRADE, 2008**

3. EU Trade with Main Partners
4. GCC's Trade with Main Partners

#### **SECTORAL BREAKDOWN OF TRADE**

##### **Sitc Rev3, Sections and Product Grouping**

5. European Union, Trade with the World and Gcc, by Sitc Section
6. European Union Imports, by Product Grouping
7. European Union Exports, by Product Grouping
8. Rank of GCC in European Union Trade

##### **Harmonized System, Sections**

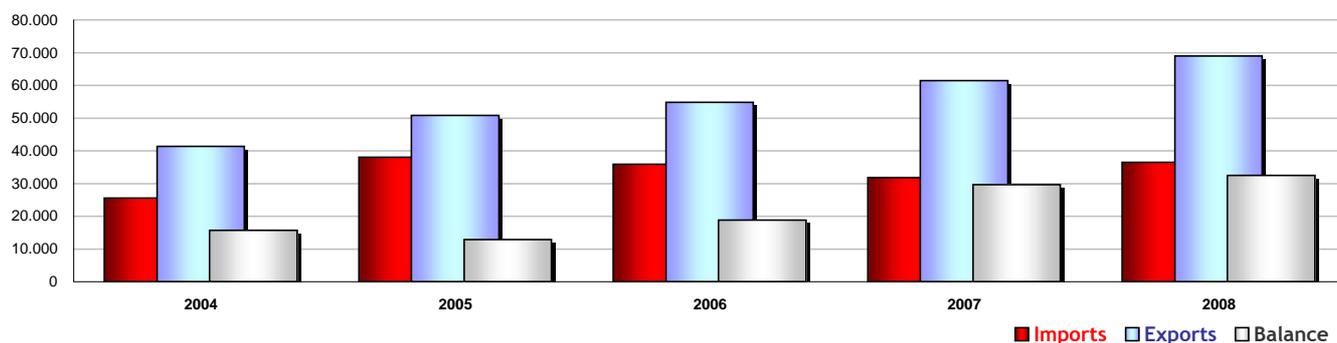
9. EU Trade with the World and EU Trade with Gcc (2008)

## EU'S TRADE BALANCE WITH GCC

### European Union, Trade with GCC

millions of euro, %

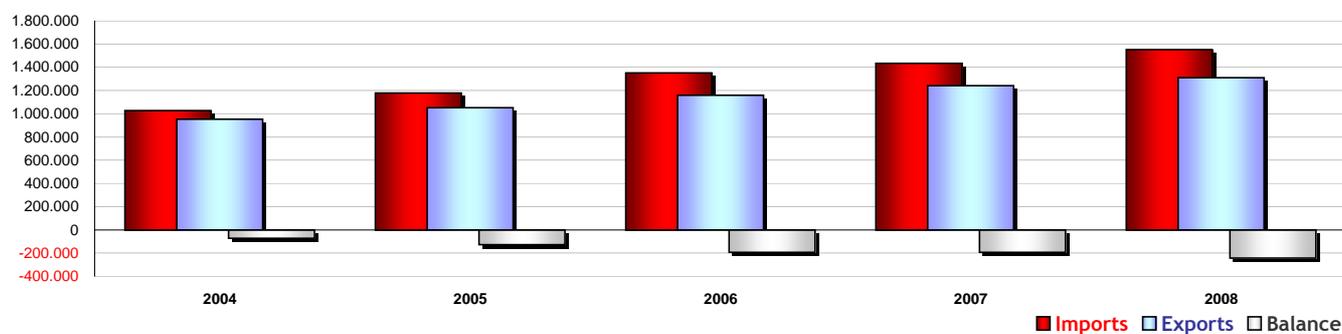
Period	Imports	Variation (%, y-o-y)	Share of total EU Imports (%)	Exports	Variation (%, y-o-y)	Share of total EU Exports (%)	Balance	Trade
2004	25.580	26,0	2,5	41.321	9,2	4,3	15.741	66.901
2005	38.021	48,6	3,2	50.875	23,1	4,8	12.855	88.896
2006	35.943	-5,5	2,7	54.788	7,7	4,7	18.845	90.730
2007	31.761	-11,6	2,2	61.468	12,2	5,0	29.707	93.228
2008	36.502	14,9	2,4	68.969	12,2	5,3	32.467	105.470
2008Q1	8.141	-	2,1	16.151	-	5,1	8.010	24.292
2008Q2	9.518	-	2,4	16.611	-	4,9	7.093	26.129
2008Q3	11.069	-	2,7	16.926	-	5,0	5.857	27.996
2008Q4	7.773	-	2,1	19.281	-	6,0	11.508	27.054
2009Q1	5.164	-36,6	1,7	14.205	-12,0	5,6	9.042	19.369
2009Q2	5.190	-45,5	1,8	14.093	-15,2	5,3	8.903	19.282
2009Q3	-	-	-	-	-	-	-	-
2009Q4	-	-	-	-	-	-	-	-
Average annual growth (2004-2008)		9,3			13,7			12,1



### European Union, Trade with the World

millions of euro, %

Period	Imports	Variation (%, y-o-y)		Exports	Variation (%, y-o-y)		Balance	Trade
2004	1.026.709	10,0		952.723	9,7		-73.986	1.979.432
2005	1.179.569	14,9		1.052.720	10,5		-126.849	2.232.289
2006	1.351.813	14,6		1.159.324	10,1		-192.489	2.511.138
2007	1.433.399	6,0		1.240.908	7,0		-192.491	2.674.307
2008	1.552.373	8,3		1.309.435	5,5		-242.937	2.861.808
2008Q1	379.259	-		316.069	-		-63.190	695.327
2008Q2	392.038	-		337.253	-		-54.785	729.291
2008Q3	409.154	-		336.786	-		-72.368	745.940
2008Q4	371.922	-		319.328	-		-52.594	691.249
2009Q1	302.035	-20,4		254.421	-19,5		-47.614	556.456
2009Q2	284.374	-27,5		264.612	-21,5		-19.762	548.986
2009Q3	-	-		-	-		-	-
2009Q4	-	-		-	-		-	-
Average annual growth (2004-2008)		10,9			8,3			9,7



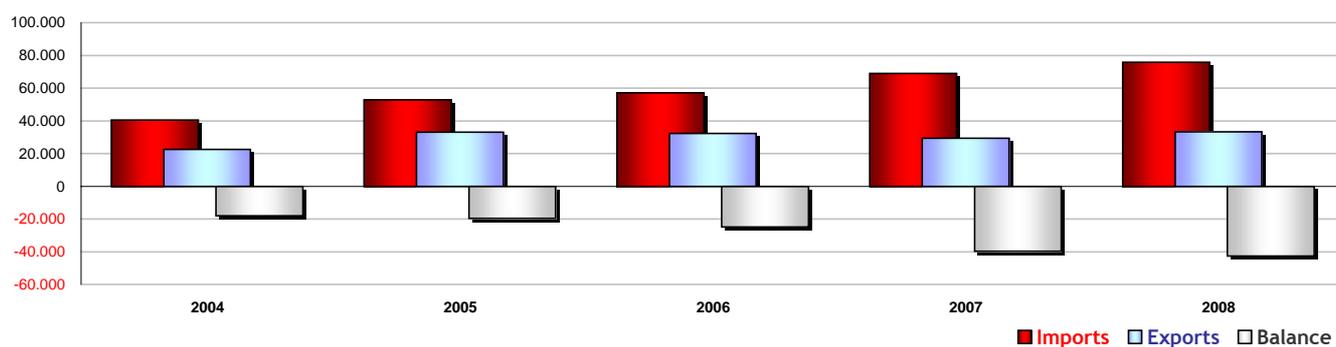
GCC: United Arab Emirates, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia

# GCC'S TRADE BALANCE

## GCC, Trade with the European Union

millions of euro, %

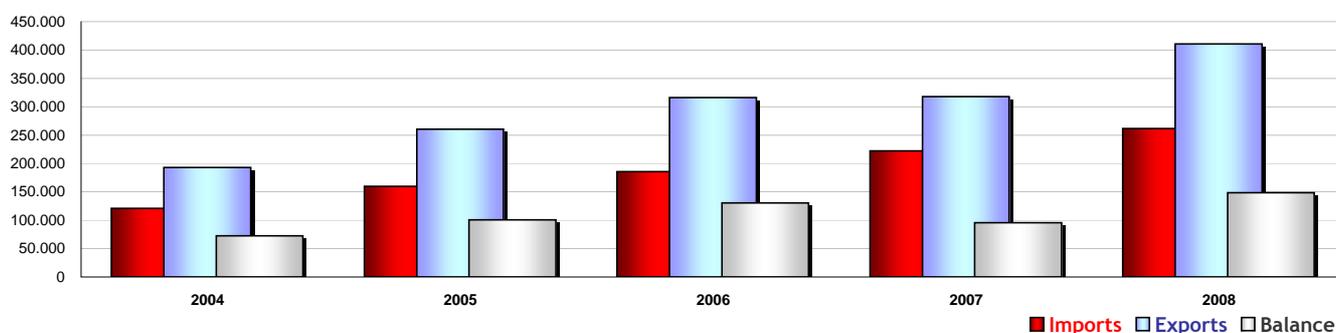
Period	Imports	Variation (%, y-o-y)	EU Share of total Imports (%)	Exports	Variation (%, y-o-y)	EU Share of total Exports (%)	Balance	Trade
2004	40.500	38,9	33,5	22.464	26,1	11,6	-18.036	62.965
2005	52.802	30,4	33,0	33.151	47,6	12,7	-19.651	85.953
2006	57.138	8,2	30,8	32.269	-2,7	10,2	-24.870	89.407
2007	68.977	20,7	31,0	29.325	-9,1	9,2	-39.652	98.302
2008	75.858	10,0	29,0	33.187	13,2	8,1	-42.671	109.046
2008Q1	17.766	-	31,1	7.401	-	7,9	-10.365	25.167
2008Q2	18.272	-	30,3	8.653	-	8,8	-9.619	26.925
2008Q3	18.619	-	26,9	10.061	-	8,8	-8.559	28.680
2008Q4	21.201	-	28,2	7.073	-	6,8	-14.129	28.274
2009Q1	-	-	-	-	-	-	-	-
2009Q2	-	-	-	-	-	-	-	-
2009Q3	-	-	-	-	-	-	-	-
2009Q4	-	-	-	-	-	-	-	-
Average annual growth (2004-2008)		17,0			10,2			24,0



## GCC, Trade with the World

millions of euro, %

Period	Imports	Variation (%, y-o-y)		Exports	Variation (%, y-o-y)		Balance	Trade
2004	120.737	33,0		193.110	19,4		72.373	313.847
2005	159.773	32,3		260.718	35,0		100.946	420.491
2006	185.579	16,2		316.245	21,3		130.665	501.824
2007	222.233	19,8		318.087	0,6		95.854	540.320
2008	261.717	17,8		410.433	29,0		148.716	672.150
2008Q1	57.162	-		93.495	-		36.333	150.656
2008Q2	60.351	-		98.209	-		37.858	158.560
2008Q3	69.136	-		114.303	-		45.167	183.439
2008Q4	75.068	-		104.427	-		29.359	179.495
2009Q1	-	-		-	-		-	-
2009Q2	-	-		-	-		-	-
2009Q3	-	-		-	-		-	-
2009Q4	-	-		-	-		-	-
Average annual growth (2004-2008)		21,3			20,7			19,7



GCC: United Arab Emirates, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia

# EU TRADE WITH MAIN PARTNERS (2008)

## The Major Imports Partners

Rk	Partners	Mio euro	%
<b>Extra EU27</b>		<b>1.552.372,5</b>	<b>100,0%</b>
1	China	247.857,6	16,0%
2	United States	186.400,3	12,0%
3	Russia	173.617,2	11,2%
4	Norway	92.035,6	5,9%
5	Switzerland	80.106,1	5,2%
6	Japan	74.948,8	4,8%
7	Turkey	45.886,6	3,0%
8	South Korea	39.406,6	2,5%
9	Brazil	35.554,4	2,3%
10	Libya	34.233,1	2,2%
11	India	29.440,0	1,9%
12	Algeria	28.349,8	1,8%
13	Taiwan	24.063,0	1,6%
14	Canada	23.794,1	1,5%
15	South Africa	22.245,0	1,4%
16	Saudi Arabia	21.117,4	1,4%
17	Malaysia	17.514,4	1,1%
18	Kazakhstan	17.410,0	1,1%
19	Thailand	17.172,3	1,1%
20	Singapore	16.178,0	1,0%
21	Nigeria	15.380,4	1,0%
22	Ukraine	14.367,0	0,9%
23	Iran	14.362,2	0,9%
24	Mexico	13.814,1	0,9%
25	Indonesia	13.506,8	0,9%
26	Hong Kong	11.506,6	0,7%
27	Chile	11.280,7	0,7%
28	Australia	11.212,8	0,7%
29	Israel	11.200,6	0,7%
30	Azerbaijan	10.549,2	0,7%
31	Argentina	10.534,1	0,7%
32	Tunisia	9.491,2	0,6%
33	Iraq	9.123,0	0,6%
34	Vietnam	8.559,8	0,6%
35	Morocco	8.384,3	0,5%
36	Egypt	8.087,1	0,5%
37	Angola	7.717,5	0,5%
38	Venezuela	6.338,5	0,4%
39	Belarus	6.064,6	0,4%
40	United Arab Emirates	5.818,7	0,4%
41	Bangladesh	5.452,3	0,4%
42	Philippines	5.301,4	0,3%
43	Kuwait	5.216,0	0,3%
44	Croatia	5.168,3	0,3%
45	Colombia	4.684,2	0,3%
46	Serbia	4.019,9	0,3%
47	Equatorial Guinea	3.986,3	0,3%
48	Peru	3.933,6	0,3%
49	Pakistan	3.628,8	0,2%
50	Syria	3.609,2	0,2%
-	<b>GCC</b>	<b>36.501,5</b>	<b>2,4%</b>

## The Major Exports Partners

Rk	Partners	Mio euro	%
<b>Extra EU27</b>		<b>1.309.435,1</b>	<b>100,0%</b>
1	United States	249.595,3	19,1%
2	Russia	105.153,1	8,0%
3	Switzerland	97.742,1	7,5%
4	China	78.467,4	6,0%
5	Turkey	54.260,9	4,1%
6	Norway	43.700,4	3,3%
7	Japan	42.393,3	3,2%
8	United Arab Emirates	31.679,6	2,4%
9	India	31.540,2	2,4%
10	Brazil	26.353,7	2,0%
11	Canada	26.106,7	2,0%
12	South Korea	25.657,0	2,0%
13	Australia	25.186,7	1,9%
14	Ukraine	25.156,8	1,9%
15	Mexico	22.082,2	1,7%
16	Singapore	22.018,3	1,7%
17	Saudi Arabia	21.260,3	1,6%
18	Hong Kong	21.093,1	1,6%
19	South Africa	20.227,6	1,5%
20	Algeria	15.311,1	1,2%
21	Morocco	14.414,3	1,1%
22	Croatia	14.321,8	1,1%
23	Israel	14.077,8	1,1%
24	Egypt	12.732,1	1,0%
25	Taiwan	11.619,3	0,9%
26	Malaysia	11.569,7	0,9%
27	Iran	11.367,5	0,9%
28	Nigeria	11.209,4	0,9%
29	Tunisia	9.943,2	0,8%
30	Serbia	9.018,0	0,7%
31	Thailand	8.487,8	0,6%
32	Qatar	6.610,0	0,5%
33	Belarus	6.363,7	0,5%
34	Argentina	6.086,0	0,5%
35	Indonesia	5.976,3	0,5%
36	Libya	5.736,7	0,4%
37	Kazakhstan	5.674,1	0,4%
38	Angola	5.277,3	0,4%
39	Chile	5.126,6	0,4%
40	Kuwait	4.590,7	0,4%
41	Venezuela	4.308,3	0,3%
42	Pakistan	3.912,9	0,3%
43	Lebanon	3.907,0	0,3%
44	Philippines	3.780,7	0,3%
45	Bosnia-Herzegovina	3.740,4	0,3%
46	Colombia	3.492,4	0,3%
47	Syria	3.466,3	0,3%
48	Vietnam	3.352,9	0,3%
49	Oman	3.319,2	0,3%
50	Gibraltar	3.139,6	0,2%
-	<b>GCC</b>	<b>68.968,9</b>	<b>5,3%</b>

## The Major Trade Partners

Rk	Partners	Mio euro	%
<b>Extra EU27</b>		<b>2.861.807,6</b>	<b>100,0%</b>
1	United States	435.995,5	15,2%
2	China	326.325,0	11,4%
3	Russia	278.770,2	9,7%
4	Switzerland	177.848,3	6,2%
5	Norway	135.736,0	4,7%
6	Japan	117.342,0	4,1%
7	Turkey	100.147,5	3,5%
8	South Korea	65.063,6	2,3%
9	Brazil	61.908,2	2,2%
10	India	60.980,2	2,1%
11	Canada	49.900,8	1,7%
12	Algeria	43.660,9	1,5%
13	South Africa	42.472,6	1,5%
14	Saudi Arabia	42.377,7	1,5%
15	Libya	39.969,8	1,4%
16	Ukraine	39.523,8	1,4%
17	Singapore	38.196,3	1,3%
18	United Arab Emirates	37.498,3	1,3%
19	Australia	36.399,5	1,3%
20	Mexico	35.896,3	1,3%
21	Taiwan	35.682,3	1,2%
22	Hong Kong	32.599,7	1,1%
23	Malaysia	29.084,1	1,0%
24	Nigeria	26.589,8	0,9%
25	Iran	25.729,7	0,9%
26	Thailand	25.660,0	0,9%
27	Israel	25.278,4	0,9%
28	Kazakhstan	23.084,1	0,8%
29	Morocco	22.798,5	0,8%
30	Egypt	20.819,2	0,7%
31	Croatia	19.490,1	0,7%
32	Indonesia	19.483,1	0,7%
33	Tunisia	19.434,5	0,7%
34	Argentina	16.620,1	0,6%
35	Chile	16.407,3	0,6%
36	Serbia	13.037,9	0,5%
37	Angola	12.994,8	0,5%
38	Azerbaijan	12.610,4	0,4%
39	Belarus	12.428,3	0,4%
40	Vietnam	11.912,7	0,4%
41	Iraq	10.821,1	0,4%
42	Venezuela	10.646,9	0,4%
43	Kuwait	9.806,7	0,3%
44	Qatar	9.511,3	0,3%
45	Philippines	9.082,0	0,3%
46	Colombia	8.176,7	0,3%
47	Pakistan	7.541,7	0,3%
48	Syria	7.075,5	0,2%
49	Bangladesh	6.517,6	0,2%
50	Peru	6.114,2	0,2%
-	<b>GCC</b>	<b>105.470,4</b>	<b>3,7%</b>

## EU Imports from ...

Partner regions	Mio euro	%
ACP	75.982,6	4,9%
Andean Community	10.997,5	0,7%
ASEAN	79.292,5	5,1%
BRIC	486.469,2	31,3%
CACM	4.461,8	0,3%
Candidates	52.822,1	3,4%
CIS	226.506,6	14,6%
EFTA	176.008,6	11,3%
Latin American C.	96.740,4	6,2%
MEDA (excl EU and T)	69.788,7	4,5%
Mercosur	47.724,4	3,1%
NAFTA	224.008,5	14,4%

## EU Exports to ...

Partner regions	Mio euro	%
ACP	67.943,5	5,2%
Andean Community	6.924,7	0,5%
ASEAN	55.676,2	4,3%
BRIC	241.514,4	18,4%
CACM	2.413,1	0,2%
Candidates	71.124,1	5,4%
CIS	149.840,9	11,4%
EFTA	144.924,9	11,1%
Latin American C.	79.835,7	6,1%
MEDA (excl EU and T)	76.858,9	5,9%
Mercosur	33.484,2	2,6%
NAFTA	297.784,1	22,7%

## Imports + Exports

Partner regions	Mio euro	%
ACP	143.926,1	5,0%
Andean Community	17.922,2	0,6%
ASEAN	134.968,7	4,7%
BRIC	727.983,6	25,4%
CACM	6.875,0	0,2%
Candidates	123.946,2	4,3%
CIS	376.347,4	13,2%
EFTA	320.933,4	11,2%
Latin American C.	176.576,1	6,2%
MEDA (excl EU and T)	146.647,5	5,1%
Mercosur	81.208,6	2,8%
NAFTA	521.792,6	18,2%

EFTA: Iceland, Liechtenstein, Norway, Switzerland; Candidates: Croatia, FYR of Macedonia, Turkey; Andean Community: Bolivia, Colombia, Ecuador, Peru; CIS: Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Kazakhstan, Moldova Republic of, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan; CACM: Honduras, El Salvador, Nicaragua, Costa Rica, Guatemala; Mercosur: Argentina, Brazil, Paraguay, Uruguay; NAFTA: Canada, Mexico, United States; Latin American C.: CACM, Mercosur, ANCOM, Chile, Cuba, Dominican Republic, Haiti, Mexico, Panama, Venezuela; BRIC: Brazil, Russia, India, China; ASEAN: Brunei Darussalam, Indonesia, Cambodia, Lao People's Democratic Republic, Myanmar, Malaysia, Philippines, Singapore, Thailand, Vietnam; ACP: 79 countries; MEDA (excl EU & Turkey): Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Occupied Palestinian Territory, Syrian Arab Republic, Tunisia.

# GCC'S TRADE WITH MAIN PARTNERS (2008)

## The Major Imports Partners

Rk	Partners	Mio euro	%
	<b>World</b>	<b>260.202,9</b>	<b>100,0%</b>
1	<b>EU27</b>	<b>75.599,3</b>	<b>29,1%</b>
2	China	28.181,7	10,8%
3	United States	27.124,8	10,4%
4	Japan	20.803,6	8,0%
5	India	17.068,8	6,6%
6	South Korea	9.676,9	3,7%
7	Turkey	9.171,2	3,5%
8	Saudi Arabia	7.239,1	2,8%
9	United Arab Emirates	6.579,8	2,5%
10	Australia	4.989,8	1,9%
11	Thailand	4.442,6	1,7%
12	Singapore	4.416,3	1,7%
13	Malaysia	4.092,1	1,6%
14	Switzerland	3.477,7	1,3%
15	Brazil	3.125,4	1,2%
16	Hong Kong	2.640,0	1,0%
17	Pakistan	2.478,6	1,0%
18	Indonesia	2.453,5	0,9%
19	Canada	2.050,8	0,8%
20	Qatar	1.870,7	0,7%
21	Iran	1.749,8	0,7%
22	Bahrain	1.703,3	0,7%
23	Egypt	1.681,4	0,6%
24	Syria	1.533,1	0,6%
25	Ukraine	1.310,0	0,5%
26	Russia	1.148,2	0,4%
27	South Africa	1.116,5	0,4%
28	Jordan	980,9	0,4%
29	Kuwait	810,2	0,3%
30	Lebanon	741,9	0,3%
31	New Zealand	697,7	0,3%
32	Yemen	675,7	0,3%
33	Oman	619,2	0,2%
34	Argentina	611,8	0,2%
35	Norway	504,9	0,2%
36	Mexico	428,9	0,2%
37	Philippines	329,6	0,1%
38	Sudan	317,4	0,1%
39	Vietnam	270,4	0,1%
40	Sri Lanka	269,9	0,1%
41	Zambia	251,2	0,1%
42	Croatia	244,2	0,1%
43	Somalia	233,0	0,1%
44	Chile	224,4	0,1%
45	Morocco	210,6	0,1%
46	Libya	206,6	0,1%
47	Turkmenistan	201,3	0,1%
48	Kazakhstan	153,3	0,1%
49	Surinam	104,8	0,0%
50	Tunisia	98,3	0,0%

## The Major Export Partners

Rk	Partners	Mio euro	%
	<b>World</b>	<b>410.042,2</b>	<b>100,0%</b>
1	Japan	89.777,3	21,9%
2	South Korea	42.601,0	10,4%
3	United States	41.869,4	10,2%
4	<b>EU27</b>	<b>33.346,1</b>	<b>8,1%</b>
5	China	32.851,2	8,0%
6	Singapore	22.230,9	5,4%
7	Thailand	14.982,7	3,7%
8	India	10.034,1	2,4%
9	Pakistan	8.755,3	2,1%
10	United Arab Emirates	6.049,3	1,5%
11	Iran	5.794,3	1,4%
12	South Africa	4.872,2	1,2%
13	Indonesia	4.769,7	1,2%
14	Philippines	4.197,5	1,0%
15	Malaysia	3.679,1	0,9%
16	Syria	3.414,6	0,8%
17	Bahrain	3.285,2	0,8%
18	Saudi Arabia	3.202,4	0,8%
19	Oman	3.175,0	0,8%
20	Brazil	3.089,5	0,8%
21	Jordan	2.730,7	0,7%
22	Turkey	2.694,7	0,7%
23	Australia	2.556,8	0,6%
24	Egypt	2.478,1	0,6%
25	Qatar	2.061,2	0,5%
26	Yemen	1.975,4	0,5%
27	Kenya	1.917,1	0,5%
28	Morocco	1.914,2	0,5%
29	Bangladesh	1.901,5	0,5%
30	Kuwait	1.864,0	0,5%
31	Canada	1.751,2	0,4%
32	Hong Kong	1.418,9	0,3%
33	New Zealand	1.222,3	0,3%
34	Sudan	1.017,5	0,2%
35	Lebanon	842,2	0,2%
36	Ethiopia	754,4	0,2%
37	Nigeria	721,0	0,2%
38	Switzerland	618,1	0,2%
39	Tanzania	600,9	0,1%
40	Mexico	597,8	0,1%
41	Sri Lanka	496,6	0,1%
42	Djibouti	385,8	0,1%
43	Turkmenistan	379,5	0,1%
44	Vietnam	268,4	0,1%
45	Tunisia	221,7	0,1%
46	Uganda	213,8	0,1%
47	Algeria	212,4	0,1%
48	Zambia	207,3	0,1%
49	Maldives	164,8	0,0%
50	Seychelles	158,8	0,0%

## The Major Trade Partners

Rk	Partners	Mio euro	%
	<b>World</b>	<b>670.245,0</b>	<b>100,0%</b>
1	Japan	110.580,9	16,5%
2	<b>EU27</b>	<b>108.945,4</b>	<b>16,3%</b>
3	United States	68.994,2	10,3%
4	China	61.032,9	9,1%
5	South Korea	52.277,9	7,8%
6	India	27.102,9	4,0%
7	Singapore	26.647,3	4,0%
8	Thailand	19.425,3	2,9%
9	United Arab Emirates	12.629,1	1,9%
10	Turkey	11.865,9	1,8%
11	Pakistan	11.233,9	1,7%
12	Saudi Arabia	10.441,5	1,6%
13	Malaysia	7.771,2	1,2%
14	Australia	7.546,6	1,1%
15	Iran	7.544,1	1,1%
16	Indonesia	7.223,2	1,1%
17	Brazil	6.214,8	0,9%
18	South Africa	5.988,7	0,9%
19	Bahrain	4.988,5	0,7%
20	Syria	4.947,7	0,7%
21	Philippines	4.527,1	0,7%
22	Egypt	4.159,5	0,6%
23	Switzerland	4.095,8	0,6%
24	Hong Kong	4.058,9	0,6%
25	Qatar	3.931,9	0,6%
26	Canada	3.802,0	0,6%
27	Oman	3.794,2	0,6%
28	Jordan	3.711,6	0,6%
29	Kuwait	2.674,2	0,4%
30	Yemen	2.651,1	0,4%
31	Morocco	2.124,9	0,3%
32	Kenya	1.994,0	0,3%
33	Bangladesh	1.979,6	0,3%
34	New Zealand	1.920,0	0,3%
35	Lebanon	1.584,1	0,2%
36	Sudan	1.334,9	0,2%
37	Ukraine	1.327,8	0,2%
38	Russia	1.210,0	0,2%
39	Mexico	1.026,7	0,2%
40	Ethiopia	845,5	0,1%
41	Sri Lanka	766,5	0,1%
42	Nigeria	748,5	0,1%
43	Tanzania	691,3	0,1%
44	Argentina	682,6	0,1%
45	Norway	656,3	0,1%
46	Turkmenistan	580,8	0,1%
47	Vietnam	538,7	0,1%
48	Zambia	458,4	0,1%
49	Djibouti	398,2	0,1%
50	Libya	349,2	0,1%

## GCC's Imports from ...

Partner regions	Mio euro	%
ACP	2.592,4	1,0%
Andean Community	80,3	0,0%
ASEAN	16.047,6	6,2%
BRIC	49.524,1	19,0%
CACM	104,9	0,0%
Candidates	9.424,1	3,6%
CIS	2.899,1	1,1%
EFTA	3.985,1	1,5%
Latin American C.	4.660,7	1,8%
MEDA (excl EU and T)	5.289,6	2,0%
Mercosur	3.776,9	1,5%
NAFTA	29.604,5	11,4%

## GCC's Exports to ...

Partner regions	Mio euro	%
ACP	11.775,5	2,9%
Andean Community	74,5	0,0%
ASEAN	50.147,3	12,2%
BRIC	46.036,5	11,2%
CACM	11,8	0,0%
Candidates	2.718,2	0,7%
CIS	764,0	0,2%
EFTA	770,8	0,2%
Latin American C.	3.948,0	1,0%
MEDA (excl EU and T)	11.813,9	2,9%
Mercosur	3.161,3	0,8%
NAFTA	44.218,4	10,8%

## GCC's Trade with...

Partner regions	Mio euro	%
ACP	14.367,8	2,1%
Andean Community	154,8	0,0%
ASEAN	66.194,9	9,9%
BRIC	95.560,7	14,3%
CACM	116,7	0,0%
Candidates	12.142,3	1,8%
CIS	3.663,1	0,5%
EFTA	4.755,9	0,7%
Latin American C.	8.608,6	1,3%
MEDA (excl EU and T)	17.103,5	2,6%
Mercosur	6.938,3	1,0%
NAFTA	73.822,9	11,0%

EFTA: Iceland, Liechtenstein, Norway, Switzerland; Candidates: Croatia, FYR of Macedonia, Turkey; Andean Community: Bolivia, Colombia, Ecuador, Peru; CIS: Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Kazakhstan, Moldova Republic of, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan; CACM: Honduras, El Salvador, Nicaragua, Costa Rica, Guatemala; Mercosur: Argentina, Brazil, Paraguay, Uruguay; NAFTA: Canada, Mexico, United States; Latin American C.: CACM, Mercosur, ANCOM, Chile, Cuba, Dominican Republic, Haiti, Mexico, Panama, Venezuela; BRIC: Brazil, Russia, India, China; ASEAN: Brunei Darussalam, Indonesia, Cambodia, Lao People's Democratic Republic, Myanmar, Malaysia, Philippines, Singapore, Thailand, Vietnam; ACP: 79 countries; MEDA (excl EU & Turkey): Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Occupied Palestinian Territory, Syrian Arab Republic, Tunisia.

## EUROPEAN UNION, TRADE WITH THE WORLD AND GCC, BY SITC SECTION (2008)

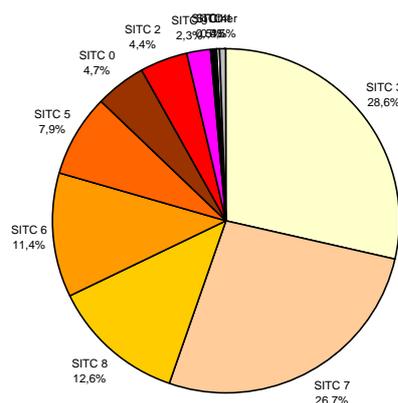
### European Union, Imports from the World

SITC Codes	SITC Sections	Value (millions of euro)	Share of Total (%)
<b>TOTAL</b>		<b>1.552.373</b>	<b>100,0%</b>
SITC 3	Mineral fuels, lubricants and related materials	444.750	28,6%
SITC 7	Machinery and transport equipment	414.187	26,7%
SITC 8	Miscellaneous manufactured articles	195.003	12,6%
SITC 6	Manufactured goods classified chiefly by material	177.279	11,4%
SITC 5	Chemicals and related prod, n.e.s.	123.299	7,9%
SITC 0	Food and live animals	72.597	4,7%
SITC 2	Crude materials, inedible, except fuels	67.625	4,4%
SITC 9	Commodities and transactions n.c.e.	36.205	2,3%
SITC 4	Animal and vegetable oils, fats and waxes	7.938	0,5%
SITC 1	Beverages and tobacco	6.299	0,4%

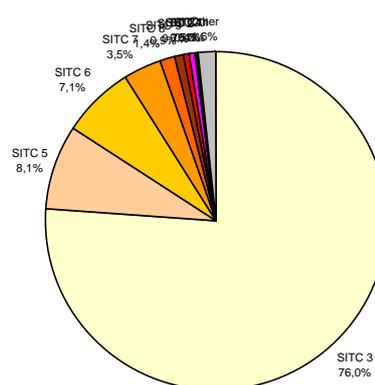
### European Union, Imports from... Gcc

SITC Codes	SITC Sections	Value (Millions of euro)	Share of Total (%)	Share of total EU Imports
<b>TOTAL</b>		<b>36.502</b>	<b>100,0%</b>	<b>2,4%</b>
SITC 3	Mineral fuels, lubricants and related materials	27.745	76,0%	6,2%
SITC 5	Chemicals and related prod, n.e.s.	2.956	8,1%	2,4%
SITC 6	Manufactured goods classified chiefly by material	2.574	7,1%	1,5%
SITC 7	Machinery and transport equipment	1.266	3,5%	0,3%
SITC 8	Miscellaneous manufactured articles	508	1,4%	0,3%
SITC 9	Commodities and transactions n.c.e.	328	0,9%	0,9%
SITC 2	Crude materials, inedible, except fuels	241	0,7%	0,4%
SITC 4	Animal and vegetable oils, fats and waxes	173	0,5%	2,2%
SITC 0	Food and live animals	131	0,4%	0,2%
SITC 1	Beverages and tobacco	4	0,0%	0,1%

### European Union, Imports from the World



### European Union, Imports from... Gcc



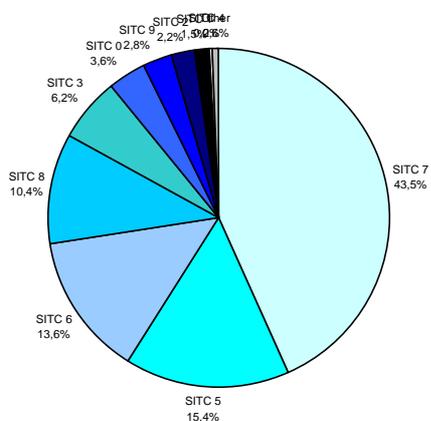
### European Union, Exports to the World

SITC Codes	SITC Sections	Value (millions of euro)	Share of Total (%)
<b>TOTAL</b>		<b>1.309.435</b>	<b>100,0%</b>
SITC 7	Machinery and transport equipment	569.203	43,5%
SITC 5	Chemicals and related prod, n.e.s.	201.811	15,4%
SITC 6	Manufactured goods classified chiefly by material	178.668	13,6%
SITC 8	Miscellaneous manufactured articles	136.087	10,4%
SITC 3	Mineral fuels, lubricants and related materials	81.056	6,2%
SITC 0	Food and live animals	46.659	3,6%
SITC 9	Commodities and transactions n.c.e.	36.593	2,8%
SITC 2	Crude materials, inedible, except fuels	29.217	2,2%
SITC 1	Beverages and tobacco	19.453	1,5%
SITC 4	Animal and vegetable oils, fats and waxes	3.055	0,2%

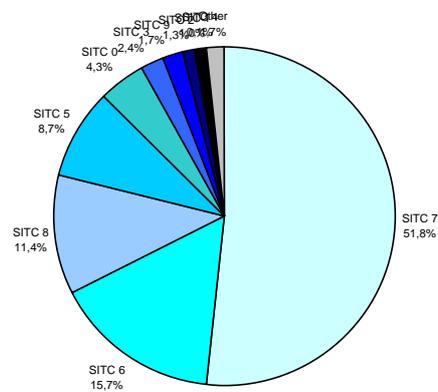
### European Union, Exports to... Gcc

SITC Codes	SITC Sections	Value (millions of euro)	Share of Total (%)	Share of total EU Exports
<b>TOTAL</b>		<b>68.969</b>	<b>100,0%</b>	<b>5,3%</b>
SITC 7	Machinery and transport equipment	35.692	51,8%	6,3%
SITC 6	Manufactured goods classified chiefly by material	10.816	15,7%	6,1%
SITC 8	Miscellaneous manufactured articles	7.896	11,4%	5,8%
SITC 5	Chemicals and related prod, n.e.s.	6.003	8,7%	3,0%
SITC 0	Food and live animals	2.995	4,3%	6,4%
SITC 3	Mineral fuels, lubricants and related materials	1.633	2,4%	2,0%
SITC 9	Commodities and transactions n.c.e.	1.169	1,7%	3,2%
SITC 2	Crude materials, inedible, except fuels	875	1,3%	3,0%
SITC 1	Beverages and tobacco	673	1,0%	3,5%
SITC 4	Animal and vegetable oils, fats and waxes	55	0,1%	1,8%

### European Union, Exports to the World



### European Union, Exports to... Gcc



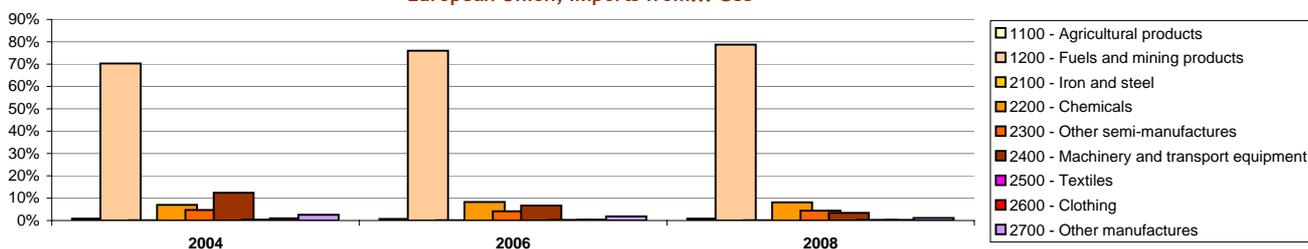
GCC: United Arab Emirates, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia

# EUROPEAN UNION IMPORTS, BY PRODUCT GROUPING

## European Union, Imports from... Gcc

SITC Rev.3 Product Groups	2004		2006		2008		Share of total EU Imports
	Millions euro	%	Millions euro	%	Millions euro	%	
<b>0000 - Total</b>	<b>25.580,1</b>	<b>100,0%</b>	<b>35.942,7</b>	<b>100,0%</b>	<b>36.501,5</b>	<b>100,0%</b>	<b>2,4%</b>
<b>1000 - Primary products</b>	<b>18.197,5</b>	<b>71,1%</b>	<b>27.584,9</b>	<b>76,7%</b>	<b>29.074,0</b>	<b>79,7%</b>	<b>4,6%</b>
1100 - Agricultural products	235,8	0,9%	279,0	0,8%	322,6	0,9%	0,3%
1200 - Fuels and mining products	17.961,7	70,2%	27.305,9	76,0%	28.751,4	78,8%	5,5%
<b>2000 - Manufactures</b>	<b>7.233,9</b>	<b>28,3%</b>	<b>7.888,9</b>	<b>21,9%</b>	<b>6.523,0</b>	<b>17,9%</b>	<b>0,7%</b>
2100 - Iron and steel	43,6	0,2%	34,2	0,1%	53,1	0,1%	0,1%
2200 - Chemicals	1.796,5	7,0%	3.001,4	8,4%	2.955,6	8,1%	2,4%
2300 - Other semi-manufactures	1.197,3	4,7%	1.507,2	4,2%	1.628,9	4,5%	2,1%
2400 - Machinery and transport equipment	3.194,6	12,5%	2.434,3	6,8%	1.266,1	3,5%	0,3%
2410 - Office and telecommunication equipment	1.439,8	5,6%	1.353,9	3,8%	360,8	1,0%	0,2%
2420 - Transport equipment	813,2	3,2%	248,6	0,7%	220,9	0,6%	0,2%
2430 - Other machinery	941,6	3,7%	831,8	2,3%	684,4	1,9%	0,5%
2500 - Textiles	114,7	0,4%	110,7	0,3%	112,2	0,3%	0,6%
2600 - Clothing	243,5	1,0%	146,3	0,4%	87,8	0,2%	0,1%
2700 - Other manufactures	643,7	2,5%	654,7	1,8%	419,3	1,1%	0,3%
<b>3000 - Other products</b>	<b>148,2</b>	<b>0,6%</b>	<b>388,6</b>	<b>1,1%</b>	<b>328,3</b>	<b>0,9%</b>	<b>0,9%</b>

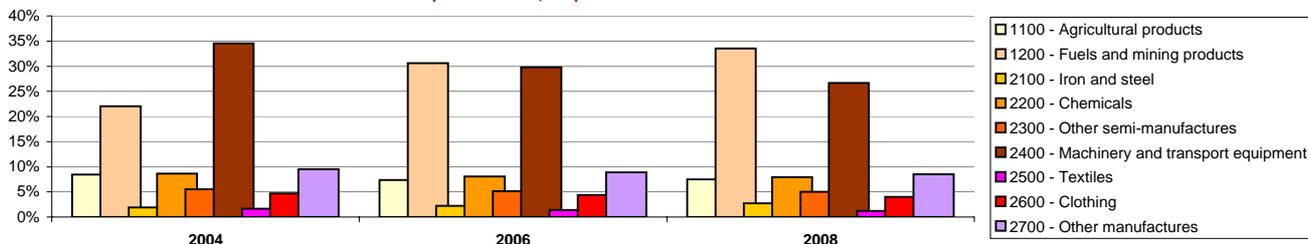
## European Union, Imports from... Gcc



## European Union, Imports from the World

SITC Rev.3 Product Groups	2004		2006		2008	
	Millions euro	%	Millions euro	%	Millions euro	%
<b>0000 - Total</b>	<b>1.026.708,8</b>	<b>100,0%</b>	<b>1.351.813,3</b>	<b>100,0%</b>	<b>1.552.372,5</b>	<b>100,0%</b>
<b>1000 - Primary products</b>	<b>313.348,9</b>	<b>30,5%</b>	<b>512.688,0</b>	<b>37,9%</b>	<b>637.107,8</b>	<b>41,0%</b>
1100 - Agricultural products	86.856,6	8,5%	99.199,5	7,3%	116.516,0	7,5%
1200 - Fuels and mining products	226.492,2	22,1%	413.488,5	30,6%	520.591,8	33,5%
<b>2000 - Manufactures</b>	<b>682.720,3</b>	<b>66,5%</b>	<b>810.273,4</b>	<b>59,9%</b>	<b>871.336,5</b>	<b>56,1%</b>
2100 - Iron and steel	19.323,3	1,9%	30.142,1	2,2%	42.748,8	2,8%
2200 - Chemicals	88.619,6	8,6%	109.028,2	8,1%	123.298,7	7,9%
2300 - Other semi-manufactures	56.884,6	5,5%	69.540,3	5,1%	77.875,2	5,0%
2400 - Machinery and transport equipment	354.603,6	34,5%	402.638,2	29,8%	414.186,9	26,7%
2410 - Office and telecommunication equipment	148.394,1	14,5%	178.652,5	13,2%	170.105,1	11,0%
2420 - Transport equipment	96.751,1	9,4%	95.957,0	7,1%	99.890,4	6,4%
2430 - Other machinery	109.458,4	10,7%	128.028,7	9,5%	144.191,3	9,3%
2500 - Textiles	16.957,6	1,7%	19.075,2	1,4%	18.756,0	1,2%
2600 - Clothing	48.282,7	4,7%	59.263,6	4,4%	61.974,1	4,0%
2700 - Other manufactures	98.048,9	9,5%	120.585,9	8,9%	132.496,9	8,5%
<b>3000 - Other products</b>	<b>32.106,1</b>	<b>3,1%</b>	<b>28.902,2</b>	<b>2,1%</b>	<b>36.736,7</b>	<b>2,4%</b>

## European Union, Imports from the World



GCC: United Arab Emirates, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia

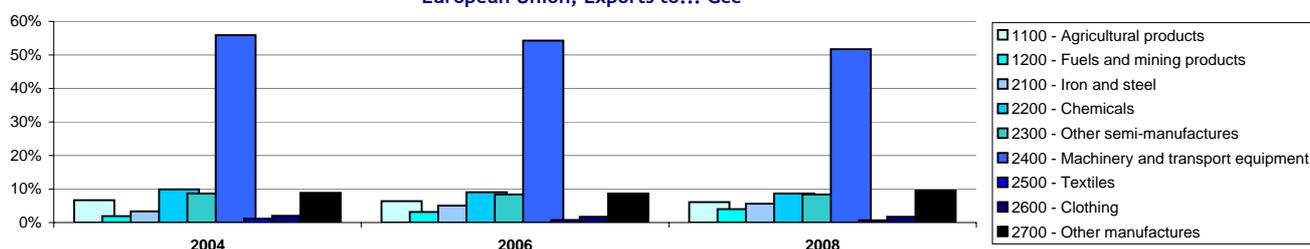
SITC Rev. 3: 1000 - Primary products: 0, 1, 2, 3, 4, 68; 1100 - Agricultural products: 0, 1, 2, 4, excl. 27, excl. 28; 1200 - Fuels and mining products: 3, 27, 28, 68; 2000 - Manufactures: 5, 6, 7, 8, excl. 891; 2100 - Iron and steel: 67; 2200 - Chemicals: 5; 2300 - Other semi-manufactures: 61, 62, 63, 64, 66, 69; 2400 - Machinery and transport equipment: 7; 2410 - Office and telecommunication equipment: 75, 76, 77; 2420 - Transport equipment: 78, 79, 713, 7783; 2430 - Other machinery: 71, 72, 73, 74, 77, excl. 713, excl. 776, excl. 7783; 2500 - Textiles: 65; 2600 - Clothing: 84; 2700 - Other manufactures: 81, 82, 83, 85, 87, 88, 89, excl. 891; 3000 - Other products: 9, 891.

# EUROPEAN UNION EXPORTS, BY PRODUCT GROUPING

## European Union, Exports to... Gcc

SITC Rev.3 Product Groups	2004		2006		2008		Share of total EU Exports 2008
	Millions euro	%	Millions euro	%	Millions euro	%	
<b>0000 - Total</b>	<b>41.321,2</b>	<b>100,0%</b>	<b>54.787,8</b>	<b>100,0%</b>	<b>68.968,9</b>	<b>100,0%</b>	<b>5,3%</b>
<b>1000 - Primary products</b>	<b>3.544,3</b>	<b>8,6%</b>	<b>5.268,1</b>	<b>9,6%</b>	<b>6.940,3</b>	<b>10,1%</b>	<b>3,5%</b>
1100 - Agricultural products	2.764,0	6,7%	3.520,4	6,4%	4.180,6	6,1%	4,9%
1200 - Fuels and mining products	780,3	1,9%	1.747,7	3,2%	2.759,6	4,0%	2,4%
<b>2000 - Manufactures</b>	<b>37.145,9</b>	<b>89,9%</b>	<b>48.191,3</b>	<b>88,0%</b>	<b>59.607,9</b>	<b>86,4%</b>	<b>5,6%</b>
2100 - Iron and steel	1.374,3	3,3%	2.780,9	5,1%	3.874,6	5,6%	9,3%
2200 - Chemicals	4.095,4	9,9%	4.934,8	9,0%	6.003,3	8,7%	3,0%
2300 - Other semi-manufactures	3.591,1	8,7%	4.607,0	8,4%	5.749,0	8,3%	5,7%
2400 - Machinery and transport equipment	23.117,1	55,9%	29.719,2	54,2%	35.691,7	51,8%	6,3%
2410 - Office and telecommunication equipment	6.194,9	15,0%	8.294,5	15,1%	5.606,7	8,1%	6,9%
2420 - Transport equipment	7.220,9	17,5%	7.370,1	13,5%	10.221,2	14,8%	5,2%
2430 - Other machinery	9.451,2	22,9%	13.670,7	25,0%	19.281,1	28,0%	6,7%
2500 - Textiles	455,2	1,1%	421,5	0,8%	438,7	0,6%	2,7%
2600 - Clothing	814,4	2,0%	949,4	1,7%	1.209,2	1,8%	6,5%
2700 - Other manufactures	3.666,5	8,9%	4.739,2	8,7%	6.583,2	9,5%	5,7%
<b>3000 - Other products</b>	<b>311,8</b>	<b>0,8%</b>	<b>925,0</b>	<b>1,7%</b>	<b>1.258,9</b>	<b>1,8%</b>	<b>3,3%</b>

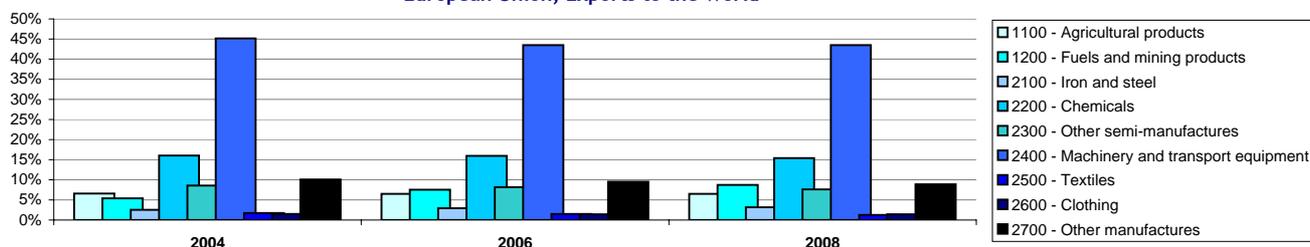
## European Union, Exports to... Gcc



## European Union, Exports to the World

SITC Rev.3 Product Groups	2004		2006		2008	
	Millions euro	%	Millions euro	%	Millions euro	%
<b>0000 - Total</b>	<b>952.722,8</b>	<b>100,0%</b>	<b>1.159.324,3</b>	<b>100,0%</b>	<b>1.309.435,1</b>	<b>100,0%</b>
<b>1000 - Primary products</b>	<b>113.838,3</b>	<b>11,9%</b>	<b>162.999,9</b>	<b>14,1%</b>	<b>199.909,4</b>	<b>15,3%</b>
1100 - Agricultural products	62.794,2	6,6%	75.480,2	6,5%	85.148,0	6,5%
1200 - Fuels and mining products	51.044,1	5,4%	87.519,7	7,5%	114.761,3	8,8%
<b>2000 - Manufactures</b>	<b>816.277,0</b>	<b>85,7%</b>	<b>962.978,1</b>	<b>83,1%</b>	<b>1.063.856,1</b>	<b>81,2%</b>
2100 - Iron and steel	24.244,3	2,5%	34.402,3	3,0%	41.441,7	3,2%
2200 - Chemicals	152.621,2	16,0%	184.569,3	15,9%	201.811,0	15,4%
2300 - Other semi-manufactures	81.341,0	8,5%	94.916,9	8,2%	100.280,4	7,7%
2400 - Machinery and transport equipment	430.095,5	45,1%	504.080,9	43,5%	569.203,0	43,5%
2410 - Office and telecommunication equipment	80.252,5	8,4%	90.604,3	7,8%	81.576,9	6,2%
2420 - Transport equipment	154.107,7	16,2%	170.745,0	14,7%	194.760,1	14,9%
2430 - Other machinery	193.494,2	20,3%	239.719,8	20,7%	289.473,7	22,1%
2500 - Textiles	16.878,6	1,8%	17.174,2	1,5%	16.116,6	1,2%
2600 - Clothing	14.600,1	1,5%	16.733,0	1,4%	18.510,7	1,4%
2700 - Other manufactures	96.055,1	10,1%	110.722,2	9,6%	116.052,0	8,9%
<b>3000 - Other products</b>	<b>23.677,7</b>	<b>2,5%</b>	<b>33.585,4</b>	<b>2,9%</b>	<b>38.035,6</b>	<b>2,9%</b>

## European Union, Exports to the World



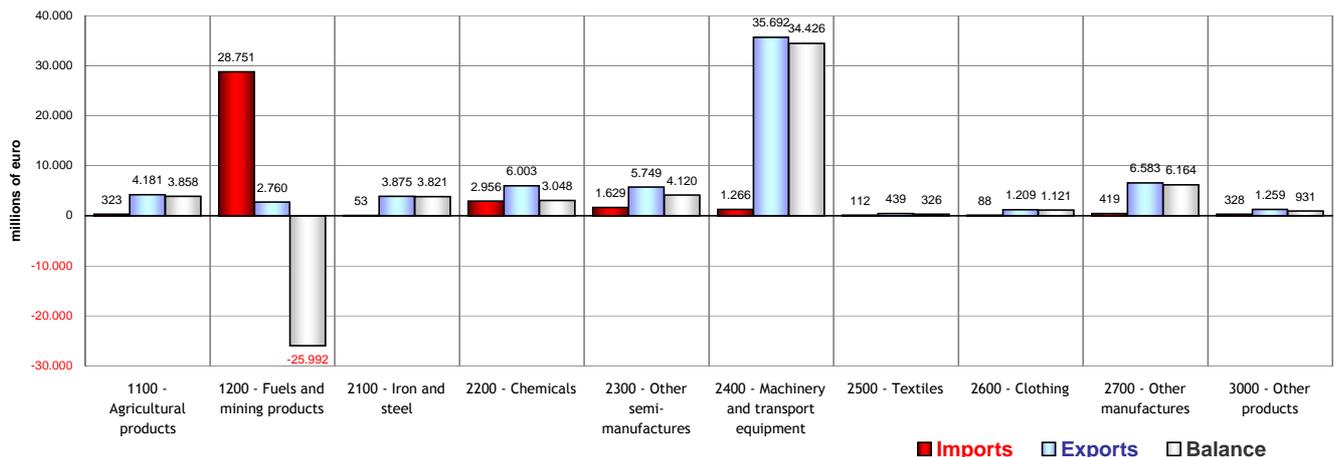
GCC: United Arab Emirates, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia

SITC Rev. 3: 1000 - Primary products: 0, 1, 2, 3, 4, 68; 1100 - Agricultural products: 0, 1, 2, 4, excl. 27, excl. 28; 1200 - Fuels and mining products: 3, 27, 28, 68; 2000 - Manufactures: 5, 6, 7, 8, excl. 891; 2100 - Iron and steel: 67; 2200 - Chemicals: 5; 2300 - Other semi-manufactures: 61, 62, 63, 64, 66, 69; 2400 - Machinery and transport equipment: 7; 2410 - Office and telecommunication equipment: 75, 76, 77; 2420 - Transport equipment: 78, 79, 713, 7783; 2430 - Other machinery: 71, 72, 73, 74, 77, excl. 713, excl. 776, excl. 7783; 2500 - Textiles: 65; 2600 - Clothing: 84; 2700 - Other manufactures: 81, 82, 83, 85, 87, 88, 89, excl. 891; 3000 - Other products: 9, 891.

## RANK OF GCC IN EUROPEAN UNION TRADE (2008)

SITC Rev.3 Product Groups	EU Imports				EU Exports				EU Balance
	Rank	Millions of euro	Share in Total	Share of total EU Imports	Rank	Millions of euro	Share in Total	Share of total EU Exports	Millions of euro
<b>TOTAL</b>	-	36.501,5	100,0%	2,4%	-	68.968,9	100,0%	5,3%	32.467,3
<b>1000 - Primary products</b>	-	29.074,0	79,7%	4,6%	-	6.940,3	10,1%	3,5%	-22.133,7
1100 - Agricultural products	-	322,6	0,9%	0,3%	-	4.180,6	6,1%	4,9%	3.858,1
1110 - Food	-	308,2	0,8%	0,3%	-	3.742,8	5,4%	5,4%	3.434,6
1111 - Fish	-	29,0	0,1%	0,2%	-	27,9	0,0%	1,0%	-1,1
1112 - Other food products and live animals	-	279,3	0,8%	0,4%	-	3.715,0	5,4%	5,6%	3.435,7
1120 - Raw materials	-	14,4	0,0%	0,1%	-	437,8	0,6%	2,8%	423,4
1200 - Fuels and mining products	-	28.751,4	78,8%	5,5%	-	2.759,6	4,0%	2,4%	-25.991,8
1210 - Ores and other minerals	-	226,8	0,6%	0,6%	-	417,2	0,6%	3,2%	190,5
1220 - Fuels	-	27.745,0	76,0%	6,2%	-	1.632,8	2,4%	2,0%	-26.112,2
1221 - Petroleum and petroleum products	-	25.183,6	69,0%	7,6%	-	1.623,0	2,4%	2,2%	-23.560,6
1222 - Other fuels	-	2.561,4	7,0%	2,3%	-	9,8	0,0%	0,2%	-2.551,6
1230 - Non ferrous metals	-	779,7	2,1%	2,1%	-	709,6	1,0%	3,5%	-70,1
<b>2000 - Manufactures</b>	-	6.523,0	17,9%	0,7%	-	59.607,9	86,4%	5,6%	53.085,0
2100 - Iron and steel	-	53,1	0,1%	0,1%	-	3.874,6	5,6%	9,3%	3.821,5
2200 - Chemicals	-	2.955,6	8,1%	2,4%	-	6.003,3	8,7%	3,0%	3.047,7
2210 - Pharmaceuticals	-	32,5	0,1%	0,1%	-	1.962,1	2,8%	2,6%	1.929,6
2220 - Plastics	-	1.588,0	4,4%	9,7%	-	965,1	1,4%	3,3%	-622,9
2230 - Other chemicals	-	1.335,1	3,7%	2,0%	-	3.076,1	4,5%	3,2%	1.741,0
2300 - Other semi-manufactures	-	1.628,9	4,5%	2,1%	-	5.749,0	8,3%	5,7%	4.120,1
2400 - Machinery and transport equipment	-	1.266,1	3,5%	0,3%	-	35.691,7	51,8%	6,3%	34.425,6
2410 - Office and telecommunication equipment	-	360,8	1,0%	0,2%	-	5.606,7	8,1%	6,9%	5.245,9
2411 - Electronic data processing and office equipment	-	113,4	0,3%	0,2%	-	2.031,9	2,9%	8,0%	1.918,5
2412 - Telecommunications equipment	-	232,8	0,6%	0,3%	-	3.516,4	5,1%	9,3%	3.283,7
2413 - Integrated circuits and electronic components	-	14,6	0,0%	0,1%	-	58,4	0,1%	0,3%	43,7
2420 - Transport equipment	-	220,9	0,6%	0,2%	-	10.221,2	14,8%	5,2%	10.000,2
2421 - Automotive products	-	44,2	0,1%	0,1%	-	6.347,5	9,2%	5,0%	6.303,3
2422 - Other transport equipment	-	176,7	0,5%	0,4%	-	3.873,7	5,6%	5,8%	3.697,0
2430 - Other machinery	-	684,4	1,9%	0,5%	-	19.281,1	28,0%	6,7%	18.596,7
2431 - Power generating machinery	-	271,6	0,7%	1,1%	-	2.808,7	4,1%	7,0%	2.537,1
2432 - Non electrical machinery	-	214,0	0,6%	0,3%	-	12.176,7	17,7%	6,6%	11.962,6
2433 - Electrical machinery	-	198,7	0,5%	0,4%	-	4.295,7	6,2%	6,8%	4.097,0
2500 - Textiles	-	112,2	0,3%	0,6%	-	438,7	0,6%	2,7%	326,5
2600 - Clothing	-	87,8	0,2%	0,1%	-	1.209,2	1,8%	6,5%	1.121,4
2700 - Other manufactures	-	419,3	1,1%	0,3%	-	6.583,2	9,5%	5,7%	6.163,9
2710 - Personal and household goods	-	25,1	0,1%	0,1%	-	1.219,6	1,8%	5,4%	1.194,6
2720 - Scientific and controlling instruments	-	162,9	0,4%	0,6%	-	1.698,3	2,5%	4,7%	1.535,4
2730 - Miscellaneous manufactures	-	231,4	0,6%	0,3%	-	3.665,3	5,3%	6,3%	3.434,0
<b>3000 - Other products</b>	-	328,3	0,9%	0,9%	-	1.258,9	1,8%	3,3%	930,5

### EU Trade with... GCC



GCC: United Arab Emirates, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia

1000 - Primary products: 0, 1, 2, 3, 4, 68; 1100 - Agricultural products: 0, 1, 2, 4, excl. 27, excl. 28; 1110 - Food: 0, 1, 4, 22; 1111 - Fish: 03; 1112 - Other food products and live animals: 0, 1, 4, 22, excl. 03; 1120 - Raw materials: 21, 23, 24, 25, 26, 29; 1200 - Fuels and mining products: 3, 27, 28, 68; 1210 - Ores and other minerals: 27, 28, 1220 - Fuels: 3, 1221 - Petroleum and petroleum products: 33; 1222 - Other fuels: 3 excl. 33; 1230 - Non ferrous metals: 68.

2000 - Manufactures: 5, 6, 7, 8, excl. 891; 2100 - Iron and steel: 67; 2200 - Chemicals: 5; 2210 - Pharmaceuticals: 54; 2220 - Plastics: 57, 58; 2230 - Other chemicals: 51, 52, 53, 55, 56, 59; 2300 - Other semi-manufactures: 61, 62, 63, 64, 66, 69; 2400 - Machinery and transport equipment: 7; 2410 - Office and telecommunication equipment: 75, 76, 77; 2411 - Electronic data processing and office equipment: 75; 2412 - Telecommunications equipment: 76; 2413 - Integrated circuits and electronic components: 77; 2420 - Transport equipment: 78, 79, 713, 778; 2421 - Automotive products: 781, 782, 783, 784, 7132, 7783; 2422 - Other transport equipment: 79, 713, 785, 786, excl. 7132; 2430 - Other machinery: 71, 72, 73, 74, 77, excl. 713, excl. 776, excl. 7783; 2431 - Power generating machinery: 71, excl. 713; 2432 - Non electrical machinery: 72, 73, 74; 2433 - Electrical machinery: 77, excl. 776, excl. 7783; 2500 - Textiles: 65; 2600 - Clothing: 84; 2700 - Other manufactures: 81, 82, 83, 85, 87, 88, 89, excl. 891; 2710 - Personal and household goods: 82, 83, 85, 2720 - Scientific and controlling instruments: 87; 2730 - Miscellaneous manufactures: 81, 88, 89, excl. 891.

3000 - Other products: 9, 891.

Source: EUROSTAT (Comext, Statistical regime 4)

Share by products in EU 27 Total Trade excluding Intra-EU trade.

DG TRADE  
22-Sep-09

# EU TRADE WITH THE WORLD AND EU TRADE WITH GCC (2008)

(Ranking by Trade Flows in 2008)

EU Imports from...				
TDC Sections	World	GCC		
		Millions of euro	Share of Total	Share of total EU Imports
<b>TOTAL</b>	<b>1.552.373</b>	<b>36.502</b>	<b>100,0%</b>	<b>2,4%</b>
TDC 05	473.911	27.785	76,1%	5,9%
TDC 06	113.238	1.914	5,2%	1,7%
TDC 07	39.500	1.681	4,6%	4,3%
TDC 14	34.536	1.420	3,9%	4,1%
TDC 15	111.013	1.105	3,0%	1,0%
TDC 16	326.614	1.104	3,0%	0,3%
TDC 17	99.552	325	0,9%	0,3%
TDC 11	80.472	197	0,5%	0,2%
TDC 18	47.966	179	0,5%	0,4%
TDC 21	20.492	178	0,5%	0,9%
TDC 03	8.032	173	0,5%	2,2%
TDC 13	10.989	130	0,4%	1,2%
TDC 01	18.908	102	0,3%	0,5%
TDC 20	38.498	51	0,1%	0,1%
TDC 08	11.653	39	0,1%	0,3%
TDC 10	15.412	36	0,1%	0,2%
TDC 04	33.758	20	0,1%	0,1%
TDC 02	39.780	16	0,0%	0,0%
TDC 19	864	13	0,0%	1,5%
TDC 12	15.072	7	0,0%	0,0%
TDC 09	12.112	3	0,0%	0,0%

EU Exports to...				
TDC Sections	World	GCC		
		Millions of euro	Share of Total	Share of total EU Exports
<b>TOTAL</b>	<b>1.309.435</b>	<b>68.969</b>	<b>100,0%</b>	<b>5,3%</b>
TDC 16	390.812	25.992	37,7%	6,7%
TDC 17	185.454	10.466	15,2%	5,6%
TDC 15	100.307	6.871	10,0%	6,9%
TDC 06	181.062	5.317	7,7%	2,9%
TDC 14	31.270	2.397	3,5%	7,7%
TDC 18	55.921	2.298	3,3%	4,1%
TDC 05	85.609	2.023	2,9%	2,4%
TDC 04	42.843	1.980	2,9%	4,6%
TDC 07	48.923	1.733	2,5%	3,5%
TDC 20	22.614	1.592	2,3%	7,0%
TDC 11	36.272	1.589	2,3%	4,4%
TDC 13	16.871	1.345	2,0%	8,0%
TDC 01	15.642	1.097	1,6%	7,0%
TDC 10	27.421	989	1,4%	3,6%
TDC 02	17.489	883	1,3%	5,0%
TDC 09	9.439	513	0,7%	5,4%
TDC 21	20.313	438	0,6%	2,2%
TDC 08	9.780	305	0,4%	3,1%
TDC 12	6.283	271	0,4%	4,3%
TDC 19	1.928	135	0,2%	7,0%
TDC 03	3.184	66	0,1%	2,1%

EU Balance with ...		
TDC Sections	World	GCC
<b>TOTAL</b>	<b>-242.937</b>	<b>32.467</b>
TDC 16	64.198	24.888
TDC 17	85.903	10.141
TDC 15	-10.707	5.766
TDC 06	67.824	3.403
TDC 18	7.955	2.118
TDC 04	9.084	1.959
TDC 20	-15.884	1.541
TDC 11	-44.200	1.392
TDC 13	5.882	1.215
TDC 01	-3.267	995
TDC 14	-3.265	977
TDC 10	12.009	952
TDC 02	-22.291	867
TDC 09	-2.674	510
TDC 08	-1.873	266
TDC 12	-8.789	264
TDC 21	-179	261
TDC 19	1.064	122
TDC 07	9.423	52
TDC 03	-4.848	-107
TDC 05	-388.302	-25.763

## TDC sections (Harmonized System):

TDC 01	Ch.01-05	Live animals; animal products	TDC 11	Ch.50-63	Textiles and textile articles
TDC 02	Ch.06-14	Vegetable products	TDC 12	Ch. 64-67	Footwear, headgear, umbrellas, sun umbrellas, walking-sticks...
TDC 03	Ch.15	Animal or vegetable fats and oils and their cleavage products...	TDC 13	Ch.68-70	Articles of stone, plaster, cement, asbestos, mica or similar material...
TDC 04	Ch.16-24	Prepared foodstuffs; beverages, spirits and vinegar; tobacco...	TDC 14	Ch.71	Natural or cultured pearls, precious or semi-precious stones...
TDC 05	Ch.25-27	Mineral Products	TDC 15	Ch.72-83	Base metals and articles of base metal
TDC 06	Ch.28-38	Products of the chemical or allied industries	TDC 16	Ch.84-85	Machinery and mechanical appliances; electrical equipment...
TDC 07	Ch.39-40	Plastics and articles thereof; rubber and articles thereof	TDC 17	Ch.86-89	Vehicles, aircraft, vessels and associated transport equipment
TDC 08	Ch.41-43	Raw hides and skins, leather, furskins and articles thereof...	TDC 18	Ch.90-92	Optical, photographic, cinematographic, measuring, checking, precision...
TDC 09	Ch.44-46	Wood and articles of wood; wood charcoal; cork and articles of cork...	TDC 19	Ch. 93	Arms and ammunition; parts and accessories thereof
TDC 10	Ch.47-49	Pulp of wood or of other fibrous cellulosic material; paper or paperboard...	TDC 20	Ch.94-96	Miscellaneous manufactured articles
			TDC 21	Ch.97	Works of art, collectors' pieces and antiques

Source: EUROSTAT (Comext, Statistical regime 4)

World excluding Intra-EU trade and European Union: 27 members.

DG TRADE

22-Sep-09

## ANNEX 06

### Economic/ Social Indicators related to the economies of the GCC states

**Table A1**

Yearly Average Brent Spot Prices provided by US Energy Information Administration

Year	Price (in dollars per barrel)
1990	23.76
1992	19.32
1994	15.86
1996	20.64
1998	12.76
2000	28.66
2002	24.99
2004	38.26
2006	65.16
2008	96.94
2010	79.61
2011	111.26

Source: <http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=rbrte&f=a>

**Table A2**

Growth rates of the GCC states

Year	Bahrain	KSA	Kuwait	Oman	Qatar	UAE
2000	5.5%	4.9%	4.7%	4.6%	9.1%	12.2%
2005	7.9%	5.6%	10.6%	4.0%	7.5%	4.9%
2010	4.5%	3.8%	2.0%	4.2%	19.4%	1.4%

Source: UN Data, <http://data.un.org/CountryProfile.aspx>

**Table A3**Good governance indicators for the GCC states<sup>1</sup>

Voice and Accountability - Percentile Rank (0-100)						
Year	Bahrain	KSA	Kuwait	Oman	Qatar	UAE
1996	25.0	8.7	44.2	33.7	27.4	36.5
2000	17.3	8.2	43.8	28.8	31.7	32.7
2004	28.4	10.1	39.9	27.9	37.0	26.0
2008	23.6	4.8	32.2	18.8	21.6	22.1
2011	14.1	3.3	30.5	18.8	21.6	20.2

Government Effectiveness - Percentile Rank (0-100)						
Year	Bahrain	KSA	Kuwait	Oman	Qatar	UAE
1996	72.7	46.3	60.0	69.8	68.3	72.7
2000	71.7	46.3	52.2	65.9	69.3	78.0
2004	72.7	45.4	61.0	69.3	71.2	76.6
2008	66.5	52.9	56.8	67.0	72.3	78.2
2011	71.1	40.8	53.1	65.9	75.8	77.7

Rule of Law - Percentile Rank (0-100)						
Year	Bahrain	KSA	Kuwait	Oman	Qatar	UAE
1996	53.1	58.9	64.6	67.0	55.0	66.5
2000	61.7	50.7	66.0	69.4	67.5	71.3
2004	72.7	57.4	65.6	68.9	63.2	64.6
2008	67.8	58.2	68.8	71.2	74.0	64.9
2011	62.4	56.8	65.7	67.6	73.7	65.3

Control of Corruption - Percentile Rank (0-100)						
Year	Bahrain	KSA	Kuwait	Oman	Qatar	UAE
1996	62.9	28.3	78.0	61.0	55.6	55.6
2000	66.8	40.5	81.0	78.5	75.6	63.4
2004	71.7	46.3	82.4	72.2	72.7	84.9
2008	64.6	57.8	72.8	70.4	83.0	83.5
2011	64.9	48.3	60.2	60.7	80.0	82.5

<sup>1</sup> Source: World Bank Governance and Anti-Corruption Indicators, [http://info.worldbank.org/governance/wgi/sc\\_country.asp](http://info.worldbank.org/governance/wgi/sc_country.asp)

**Business Communities in EU-GCC relationship***Developments in commerce and industries during the 1989-2002 years*

During the first year the Cooperation Agreement came into force, 400 businessmen and people involved in the industries of the two region held their first EC – GCC Conference on industrial cooperation and Investment in Granada in 1990. The four objectives of the conference were:

the exchange of information on development within the two regional organisations, encouragement of personal contact between the economic operators of the two regions, exploration of opportunities for cooperation in a number of areas such as energy and the petrochemical industry, and examination of ways of developing trade and encouraging investment<sup>1</sup>.

An Industrial Development Committee was established, and until 1995 two more EU-GCC Industry Conferences were held (Qatar, 1992 and Oman, 1995). These conferences were not producing policies, but the interaction of a large number of industrialists from both regions created a forum for exchanging ideas for enhancing biregional cooperation and setting initiatives for widening the scope of EU-GCC relations<sup>2</sup>. In the 1995 Troika's conclusions, central political project was the promotion of the decentralised cooperation. This project was designed to bring together groups and people of the civil society, hoping to overcome the difficulties that high political contacts had been facing<sup>3</sup>. During the Sixth EU-GCC Joint Ministerial Meeting, the two regional partners agreed to promote cooperation of business communities. In February 1996, a high-level group of representatives of the GCC Chambers of Commerce and businessmen met EC officials and private sector representatives in Brussels<sup>4</sup>. The EU extended the use of BRE and BC-NET in the Gulf region. These EU's instruments offered information in trade and investment opportunities. An 'Interprise' meeting took place in Riyadh in 1997. It was organized by the FGCCC and the Assembly of French Chambers of Commerce and Industry, aiming to propose initiatives for the interaction of Gulf and European SMEs. The European Community Investment Partners instrument was also extended for the GCC states for joint investment projects. However, ECIP was suspended in 1999<sup>5</sup> and the results of this biregional interaction were poor.

*Cooperation in the 21<sup>st</sup> century*

In the post-9/11 era, the cooperation of the business communities of the two regions was built on the dynamics of the overall EU-GCC relations that emerged. However, concrete results can be identified only during the last few years, because of the introduction of the financing instrument for cooperation with industrialised and other high-income countries and territories. This instrument has been the legal basis for "enhanced cooperation between the European Union (EU) and industrialised and other high-income countries"<sup>6</sup> for the years 2007-2013. This is the first instrument which makes a clear reference to the GCC states and offers the platform for guiding EU money to the region. In the framework of this instrument, the Union called for proposals for the "EU-GCC Public Diplomacy and Outreach 2007"

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<sup>1</sup> Babood, Abdullah, *EU – GCC Relations, A study in Interregional Cooperation*, Dubai, Gulf Research Center, UAE, 2006, pp. 233-4

<sup>2</sup> *Ibid*, p. 234

<sup>3</sup> EU/ GCC, 'Joint Communiqué', *6th EU GCC Joint Council and Ministerial Meeting*, 22 April 1996

<sup>4</sup> Babood, Abdullah, *EU – GCC Relations, A study in Interregional Cooperation*, Dubai, Gulf Research Center, UAE, 2006, p. 249

<sup>5</sup> *Ibid*, pp. 250-51

<sup>6</sup> European Council, "Regulation of 21 December 2006 on establishing a financing instrument for cooperation with industrialised and other high-income countries and territories". Retrieved on 22 July 2010 from <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:405:0041:0059:EN:PDF>

programme. The goal of this scheme is to bring together, inter alia, business communities from Europe and the Gulf, to facilitate economic diversification projects and reforms on labour market policies.

Call for Proposals EU-GCC Public Diplomacy and Outreach 2007

*"The European Commission launches its first programme to enhance relations between the European Union and the GCC States. The European Commission will award grants (max. 950,000€) to project proposals leading to reflection and debate about EU-GCC relations and public knowledge of the European Union among GCC citizens in order to promote closer links between EU and the GCC. Proposals can focus on a wide variety of fields, such as **business facilitation**, economic diversification, labour market policies, energy, environment, science and technology, culture, and should comprise various activities (conferences, workshops, training, business facilitation, study visits, research, publications, etc). Projects must target and include participation of academic community, the media, **business associations** and other economic stakeholders, think tanks, policy and decision-makers in the EU and the GCC"<sup>7</sup>.*

In April 2008, the EU announced that grants will be given to the Gulf Research Centre for the "Al-Jisr project". The project aims to increase awareness about the role and the structures of the European Union and channels of possible cooperation with the Union<sup>8</sup>. The second project sponsored by the EU was the "EU-GCC Chamber Forum"<sup>9</sup>, run by Eurochambres and the Federation of GCC Chambers of Commerce. Eurochambres and the FGCCC signed a Memorandum of Understanding in October 2007 after the initiative of the FGCCC to ask for a closer cooperation of the two bodies. The Eurochambres has a Global Platform for cooperation, in the framework of which an Annual Chamber Congress takes place. This is however a very loose scheme of international cooperation and usually general discussions are the only results. It was during this conference in 2007 that the Eurochambres and the FGCCC reached an agreement for signing the MOU, aiming at facilitating contacts between the regional chamber bodies, the exchange of knowledge and information for the best way of conducting business, through study visits, joint programmes, and major business events<sup>10</sup>. Just a month later, the European Commission called for a proposal in promoting bi-regional commercial cooperation and the Eurochambres applied. A grant was awarded to the Eurochambres which gave a major momentum for the implementation of the actions agreed by the MOU. "It was the ideal framework in which the Eurochambres proposed concrete initiatives".

According with the MOU an EU-GCC Chamber Forum has been created for<sup>11</sup>:

- increasing knowledge in the Gulf region for policies on SMEs development and economic diversification

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<sup>7</sup> European Commission, "Call for Proposals EU-GCC Public Diplomacy and Outreach 2007", 2007, Retrieved on 14 May 2010 from [http://www.eeas.europa.eu/gulf\\_cooperation/tender/2008/index\\_en.htm](http://www.eeas.europa.eu/gulf_cooperation/tender/2008/index_en.htm)

<sup>8</sup>Gulf Research Center, "EU-GCC Al-Jisr Project on Public Diplomacy and Outreach devoted to the European Union and EU-GCC Relations", Retrieved on 10 June 2008 from [http://www.grc.ae/?sec\\_code=RESPROJ&int\\_pkid=1&frm\\_module=researchprojects&frm\\_action=list\\_projects&sec\\_type=h&PHPSESSID=74154105076c11ab27d7b9305f051315](http://www.grc.ae/?sec_code=RESPROJ&int_pkid=1&frm_module=researchprojects&frm_action=list_projects&sec_type=h&PHPSESSID=74154105076c11ab27d7b9305f051315)

<sup>9</sup> Eurochambres / FGCCC, "New initiative to bring European and Gulf businesses closer together", Press Release at EU GCC Chamber Forum, 6 October 2008

<sup>10</sup> Eurochambres, "Memorandum of Understanding Between Federation of GCC Chambers (FGCCC) And EUROCHAMBRES", Retrieved on 12 June 2008 from <http://www.eurochambres.be/Content/Default.asp?Pageid=256>

<sup>11</sup> Eurochambres, "Fostering economic diversification and cooperation", Retrieved on 09 June 2009 from <http://www.eurochambres.be/Content/Default.asp?Pageid=256>

- structuring a dialogue on four key topics: creation of SMEs, supply chain development, innovation transfer and internationalization/ impact of EU-GCC trade negotiations.
- Developing concrete recommendation on policy reforms in the GCC states
- Establishing a long-term chamber platform.

Seven discussion groups were established in which three experts from each region participate and discuss issues of technical assistance on various aspects of the four key topics.

In January and February of 2009, two series of discussion groups were held in Muscat, Dubai, Doha, Manama, Kuwait, Dammam, Jeddah and Riyadh. Representatives from the Eurochambres, from chambers of EU member states and a representative of the EU's delegation office in Saudi Arabia presented the opportunities that GCC SMEs can have in cooperating with European companies and explained the way FGCCC members can seek and get assistance from the European Union and its member states<sup>12</sup>. In May (10-16/5-2009) a 20-strong delegation from the FGCCC visited Brussels for a study visit, networking and improving the framework of cooperation. The Gulf delegation will also attend the Eurochambres Congress which will be held in Prague on May 14<sup>th</sup>. Moreover, in September 2009 a Chamber Forum Conference will be held in Bahrain. There a comparative study on policy framework for economic diversification projects of the GCC states will be presented. The conference will review the outcomes of the EU-GCC Chambers of Commerce Forum project and provide suggestions for enhancing business cooperation between the EU and the GCC states<sup>13</sup>. Even though this forum is exclusively for businessmen, the EU has shown interest, it participated in Eurochambres- FGCCC events and the "EU delegation in Riyadh has been very willing to provide help"<sup>14</sup>. Moreover, although the EU had not set any political conditions on providing the grants but had just approved the proposal that was submitted by the Eurochambres, there is a continuous communication with the RELEX and the Trade DG for updating on the developments and exchanging information between the EU and the Eurochambres. The Eurochambres was also asked to present its work on this project to the Council.

During the Eurochambres and FGCCC discussions, the two parties have shared ideas and proposals for enhancing their cooperation and generally there has been a great interest in the work done within this joint programme. The FGCCC even proposed to provide space for the creation of offices and delegations of the Eurochambres in the Gulf region. The proposal is under consideration from the Eurochambres, especially since it is recognised that the Gulf states have shown a political will for diversifying their economies, and there is 'definitely a serious trend and a change of mind'<sup>15</sup> for the local economies and the creation of SMEs. Even though the joint project places an emphasis on the role of the SMEs, there is no involvement of the Enterprise Europe Network for Small and Medium Sized Enterprises, as there are no agreement which makes the GCC states eligible for assistance, both because of the financial situation and geographical position of the GCC states and because of the reorganisation of the programme with more intra-European objectives.

The Eurochambres has no bilateral relations with Chambers of single states/ city of the Gulf region because of its structure and the programme that was agreed on the MOU. However, it does encourage the bilateral agreements and cooperation between single European Chambers and single Gulf

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<sup>12</sup> AMEInfo, "Eurochambres pledges support to GCC SMEs", Retrieved on 13 June 2009 from <http://www.ameinfo.com/185736.html>

<sup>13</sup> Commerce International, "Lands of a thousand and one opportunities", Retrieved on 13 June 2009 from <http://www.actu-cci.com/article/2717/>

<sup>14</sup> *Interview with Eurochambres' International Officer, Brussels, 09 July 2009*

<sup>15</sup> *Ibid*

Chambers. Indeed there have been some agreements of this kind<sup>16</sup>. All these agreements which involve exchange of information and the use of European expertise are complimentary to the work of the Eurochambres, which has been supportive and provides any needed assistance, even though a lot of German/ British/ French Chambers already have business delegations in the Gulf. From this point of view, the Eurochambres work is in the benefit of new member states which have no national business units in the region.

Although one of the four key topics of discussion has been the innovation transfer, the Eurochambres have no contact with the Research and Development DG of the Commission, or the INCO-NET network. Nevertheless, they still support initiatives for projects in new sectors, for new business ideas and for promoting educational programmes. However these initiatives are more on policy level rather than in providing technical assistance.

Generally, the GCC businessmen and the European Union share the same interest in the opening of the local economies and the constraint of the role of the state in the economy. However, there was "no direct alliance" for co-ordinating policies and actions in pursuing their goals. The EU has been using lobbying methods as well as the official channels of communication in the framework of the FTA negotiations to promote its interest in opening the GCC markets and the FGCCC is pursuing its own interests with direct contacts with the GCC rulers. Even though an independent middle class of businessmen in the Gulf and especially in Saudi Arabia have been shaping and the division between this class and the royal families is becoming clearer, businessmen have shown no interest in pursuing political ends. They have been successful in demanding and getting concessions for their businesses but there have not been, yet, any political demands. This is a system manipulated by the rulers, by "giving tips" to the middle class, to keep them satisfied financially and avoid any other demands on the political field<sup>17</sup>. Moreover,

there is not a planned bottom up procedure from the EU. It is rather the other way round. Businessmen in Europe have been lobbying and pressing for more intensive cooperation with the Gulf region. Because of the political profile of the talks, however, achieving the European goals has been difficult. That was until very recently when there was a change of mind in the Commission and turned to the use of business as a means for promoting political ends<sup>18</sup>.

It should be noted, however, that the EU and Eurochambres are not the only partners of the FGCCC. On the contrary, FGCCC have pursued closer links with China<sup>19</sup>, and already signed Memoranda of Understanding with the Asian Pacific Chamber of Commerce<sup>20</sup>, the US Chambers<sup>21</sup> and the African and French Language Countries Chambers Confederation<sup>22</sup>. Nevertheless, the EU business laws are the model for business practice for the GCC companies<sup>23</sup>. That is why the FGCCC has also shown great interest in the idea of adopting a Chart for Enterprises, on the basis of the European Chart for

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<sup>16</sup> Dubai's Chamber has been very active in pursuing bilateral agreements and has signed agreements with Hamburg's Chamber (including an agreement for helping establishing a training system that replicates the German vocational training system to the Emirates), Milan and other European Chambers. Jeddah's commercial community has also developed contacts with European ones.

<sup>17</sup> *Interview with Dr. Samir Ranjan Pradhan, Gulf Research Center, Dubai, 12 May 2009*

<sup>18</sup> *Interview with Eurochambres' International Officer, Brussels, 09 July 2009*

<sup>19</sup> AMEInfo, "FGCC Chambers inaugurates agency in China", Retrieved on 13 June 2009 from <http://www.ameinfo.com/184108.html>

<sup>20</sup> AMEInfo, "FGCCC to sign MoU with the Asian Pacific Chamber of Commerce", Retrieved on 13 June 2009 from <http://www.ameinfo.com/172881.html>

<sup>21</sup> AMEInfo, "FGCCC to sign MoU with US Chambers", Retrieved on 13 June 2009 from <http://www.ameinfo.com/174648.html>

<sup>22</sup> AMEInfo, "Federation of GCC Chambers to sign MoU with African and French Language Countries Chambers Confederation", Retrieved on 13 June 2009 from <http://www.ameinfo.com/173293.html>

<sup>23</sup> *Interview with Dr. Samir Ranjan Pradhan, Gulf Research Center, Dubai, 12 May 2009*

Enterprises. A model of cooperation in this field exists in the EuroMediterranean Partnership, which could be replicated.

### Networking events

Beyond the Eurochambres – FGCCC cooperation, which is sponsored by the European Commission, there have been other networking events, conferences and meetings for exchanging ideas on the economic transformation of the Gulf region. EU-GCC Expo, as a networking event, took place in London in November 2008 and was organised by the Arab-British Chamber of Commerce. A major sponsor of the GCC Euro Expo was the Economic Development Board of Bahrain<sup>24</sup>. The state owned companies, Saudi Aramco<sup>25</sup>, Qatar Petroleum<sup>26</sup> and RAK Investment Authority<sup>27</sup>, the Council for Saudi Chambers of Commerce and Industry<sup>28</sup> were some of the session sponsors of the event. It has been the largest EU-GCC bilateral trade event of its kind<sup>29</sup>. It is interesting to note that the interest of the participants was mainly in sectors<sup>30</sup> which shape the backbone of the diversification projects in the Gulf region<sup>31</sup>. The event was supported by high profile figures<sup>32</sup> of the EU, the GCC and the British government<sup>33</sup>. Prime Minister Gordon Brown delivered a personalised video message<sup>34</sup> and Mandelson, EU Commissioner for Trade, stressed the importance of foreign investment in Europe and especially in the UK, placing emphasis on the fact that the UK has not been alerted by the role of the SWFs but welcomes this kind of money flows into the country<sup>35</sup>. Mr. Abdulhakeem Alkhayyat, a representative from Bahrain noted the importance of the event in developing and maintaining strong bilateral trade relations between the GCC

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<sup>24</sup> The Economic Development Board was established in order to promote and facilitate the developments towards the Economic Vision 2030 goals sustainability, competitiveness and, fairness in the economic development of the state. Its role is to translate the guidelines of the Vision into "a tangible and coordinated National Strategy across government institutions" and create the best possible business environment for business in Bahrain. Source: Bahrain Economic Development Board, 'From Regional Pioneer to Global Contender: The Economic Vision 2030 for Bahrain', p2. Retrieved on 13 June 2009 from [http://www.bahrainedb.com/uploadedFiles/BahrainEDB/Media\\_Center/Economic%20Vision%202030%20%28English%29.pdf](http://www.bahrainedb.com/uploadedFiles/BahrainEDB/Media_Center/Economic%20Vision%202030%20%28English%29.pdf)

<sup>25</sup> A company owned by the Kingdom of Saudi Arabia which has the control of the oil sector industry in the country. Saudi Aramco is also involved in projects for the economic development of the country and began a program to build a \$10 billion world-class graduate research university, the King Abdullah University of Science and Technology (KAUST).

<sup>26</sup> Qatar Petroleum is the state owned company for the exploitation of petroleum resources. The company is aiming at maximising its "contribution to the national wealth of the State of Qatar, through the safe, efficient and environmentally acceptable exploitation of Qatar's hydrocarbon reserves and through related activities" and provide assistance for the implementation of the schemes for the Qatarisation of the economy and the workforce.

<sup>27</sup> RAK Investment Authority, the investment authority established and run by the royal family of Ras Al Khaimah, one of the Emirates in the UAE. Its goal is to attract investors for joint projects in Ras Al Khaimah, by simplifying the processes and upgrading the services in order to fulfil the goals of a sustainable and growing economy.

<sup>28</sup> The Council for Saudi Chambers of Commerce and Industry is the official federation for the 24 Saudi Chambers.

<sup>29</sup> More than 150 leading Gulf and European companies participated in the seminars and workshops aiming at enhancing biregional trade and investment relations.

<sup>30</sup> 41% of the visitors' main interested were in the field of Banking and Financing, 16,4% in Construction and Building Material and 15,3% in Renewable Energy.

<sup>31</sup> GCC Europe Expo, "Post Event Report 2008", Retrieved on 13 June 2009 from <http://www.gcceuroexpo.com/images/gcc%20post%20event%20report%202008.pdf>

<sup>32</sup> Peter Mandelson, EU Commissioner for Trade, EU deputy Director-General for Trade Karl Falkenberg, Secretary General of the GCC Abdul Rahman Al Attiyah, Mohammad bin Ubeid Al Mazroie, GCC Assistant Secretary-General for Economic Affairs, Dr. Essam Fakhro, Chairman of the Federation of the GCC Chambers & Bahrain Chamber of Commerce, and all other GCC ambassadors to the UK attended the event.

<sup>33</sup> Trade Arabia, "British PM backs GCC Europe Expo", Retrieved on 13 June 2009 from <http://www.tradearabia.com/news/newsdetails.asp?Sn=ECO&artid=149861>

<sup>34</sup> AMEInfo, "Diyar Al Muharraq represents Bahrain at GCC-Europe Expo, London", Retrieved on 14 June 2009 from <http://www.ameinfo.com/175833.html>

<sup>35</sup> Wardell, Jane, "UK steps up wooing of oil-rich Gulf states", *Fox News*, 2008, Retrieved on 14 June 2009 from <http://origin.foxnews.com/wires/2008Nov12/0,4670,EUBritainGulf,00.html>

states and the European Union<sup>36</sup>. In the framework of the event, the Abu Dhabi Chamber of Commerce and Industry signed a Memorandum of Understanding with the Arab-British Chamber of Commerce<sup>37</sup>. Adding to the work done during the Europe – GCC Expo, there are bilateral (single EU member states - GCC) relations as well. Four GCC – City (London) conferences have already taken place and in October 2009 the first Gulf - French Economic Forum (was?) will be hosted in Paris. In June 2009 the fourth annual City and Gulf Cooperation Council Countries (GCC) Conference will be held in London, which is sponsored by the Qatar Financial Centew Authority<sup>38</sup>. With the participation of representatives from all six GCC states and representatives from the financial sector of the City, the main theme of this conference shall be cooperating in the fields of financial services and banking, Islamic finance and insurance<sup>39</sup>. In the City and GCC conference in 2008, 250 key financial sector representatives from the City of London and the GCC countries, discussed the work that is needed to be done in the GCC to reform the legal and regulatory framework for Foreign Investments, the Sovereign Wealth Funds and the financial services sector, youth unemployment, education (with the establishment of European universities in the region and the vocational training programmes run by Europeans) and the role of women. Lead sponsors for the Conference were Bahrain Economic Development Board, Boubyan Bank Kuwait<sup>40</sup>, Emirates National Bank of Dubai<sup>41</sup> and Qatar Financial Centre Authority<sup>42</sup>. In addition, the first Gulf - French Economic Forum will be held in October 28, 2009 in Paris. The Forum, titled "Towards a Sustainable Strategic Partnership", was organised by Chamber of Commerce and Industry in Paris and the Arab-French Chamber of Commerce, and in coordination with the General Secretariat of the Gulf Cooperation Council and the French government. The integration process in the field of economy in the Gulf region, the GCC-French economic relations, the legislative framework in both France and the GCC states for foreign investments, the banking and financial systems and the ways of enhancing opportunities for bilateral (between France and the GCC states) cooperation will be discussed in four working sessions.<sup>43</sup>

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<sup>36</sup> AMEInfo, "Diyar Al Muharraq represents Bahrain at GCC-Europe Expo, London", Retrieved on 14 June 2009 from <http://www.ameinfo.com/175833.html>

<sup>37</sup> GCC Europe Expo, "Post Event Report 2008", Retrieved on 13 June 2009 from <http://www.gcceuroexpo.com/images/gcc%20post%20event%20report%202008.pdf>

<sup>38</sup> Qatar Financial Centre (QFC) was established in 2005 by the Emir of Qatar as a financial and business centre in order to promote foreign investments in financial services and at the same time to facilitate the development of an indigenous financial services market in Qatar. QFC is comprised by the QFC Authority for the commercial aspect of its activities, the QFC Regulatory Authority which is an independent financial regulator, an independent judiciary with a civil and commercial court and a regulatory tribunal.

<sup>39</sup> The City and GCC Financial Services Summit, "4th City & Gulf Cooperation Council Countries Conference 2009", Retrieved on 14 June 2009 from <http://www.cityandgcc.com/>

<sup>40</sup> An Islamic Bank established in 2004 in Kuwait

<sup>41</sup> A state-owned bank of the Emirate of Dubai

<sup>42</sup> The City and GCC Financial Services Summit, "The Third City and GCC Countries Conference, 19 June 2008", Retrieved on 14 June 2009 from <http://www.cityandgcc.com/city2008.htm>

<sup>43</sup> Council of Saudi Chambers, "Gulf - French Economic Forum with the Participation of Gulf Businessmen", Retrieved on 14 June 2009 from [http://www.saudichambers.org.sa/2\\_7385\\_ENU\\_HTML.htm](http://www.saudichambers.org.sa/2_7385_ENU_HTML.htm)

**Joint Action Programme  
for  
Implementation of the GCC-EU Cooperation Agreement of 1988  
2010-2013**

<b>Subject</b>	<b>Areas of Cooperation</b>	<b>Proposed Mechanism</b>	<b>Target Date</b>
<b>1. Economic, Financial and Monetary Cooperation</b>	<ol style="list-style-type: none"> <li>1. Continued exchange of views on macroeconomic issues</li> <li>2. Exchange of expertise and information in all aspects of the GCC &amp; EU experience in economic integration</li> <li>3. Technical cooperation in specific topics to be agreed upon in economic, financial and monetary areas.</li> <li>4. Continued cooperation with the EU Central Bank in the area of the GCC Monetary Union</li> </ol>	<ul style="list-style-type: none"> <li>- Hold regular EU-GCC dialogue on economic and financial issues to exchange views on macroeconomics at a senior official level</li> <li>- Organize annual joint forums on this experience</li> <li>- Hold technical meetings to examine certain issues such as the taxation system and Islamic banking products</li> <li>- Continue holding regular meetings between GCC central bank governors &amp; ECB governors</li> <li>- Exchange of expertise &amp; technical assistance by the ECB on the GCC monetary union</li> </ul>	<p style="text-align: center;"><b>2010 – 2013</b></p> <p style="text-align: center;"><b>2010 – 2013</b></p> <p style="text-align: center;"><b>2010 – 2013</b></p>
<b>2. Investment</b>	<ol style="list-style-type: none"> <li>1. Encouragement of mutual investment</li> <li>2. Development of small and medium enterprises in the GCC States</li> <li>3. Development of GCC human</li> </ol>	<ul style="list-style-type: none"> <li>- Encourage business partnerships between businesses from both sides in all areas of investment</li> <li>- Establish a regular dialogue regarding issues that have an impact on investors access to the EU and GCC markets</li> </ul>	<p style="text-align: center;"><b>2010 – 2013</b></p>

	resources in various production activities and latest technologies	<ul style="list-style-type: none"> <li>- Facilitate the increase of EU-GCC investments flow, including the removal of the regulatory barriers</li> <li>- Enhance coordination between the GCC and the EU Chambers of Commerce Federations</li> <li>- Develop mechanisms to facilitate exchange of expertise</li> <li>- Exchange of expertise in the area of human resources development and training</li> </ul>	
<b>3. Trade cooperation</b>	1. Enhance trade relations in order to increase bilateral GCC-EU trade	<ul style="list-style-type: none"> <li>- Encourage the exchange of: <ul style="list-style-type: none"> <li>- trade delegations in coordination with the business organizations</li> <li>- schedules of trade exhibitions organized in GCC states and EU countries in order to facilitate participation from both sides</li> </ul> </li> <li>- Continue organizing annual “GCC Days” in EU countries and promote organizing similar “EU Days” in GCC States</li> <li>- Organize workshops and forums on specific topics: E-commerce, export requirements in both GCC and EU regions, consumer protection</li> <li>- Exchange views on the topics to be examined at the WTO and the multi-lateral negotiations</li> <li>- Establish a regular dialogue on issues having an impact on the access to the EU and GCC markets</li> </ul>	<b>2010 – 2013</b>

		- Facilitate the increase of EU-GCC trade flows, including the removal of non-tariff barriers.	
<b>4. Energy</b>	<ol style="list-style-type: none"> <li>1. Exchange views on oil and gas market developments as well as the energy policies on both sides.</li> <li>2. Exchange information and experiences on policies, frameworks, best practices and techniques in the field of energy, in upstream, midstream, and downstream (infrastructure).</li> <li>3. Cooperation in the field of energy equipments, machinery and spare parts manufacturing especially those used in the oil and gas industry.</li> <li>4. Cooperation in the field of clean and renewable energy technologies.</li> <li>5. Cooperation in the field of energy efficiency policy and measures.</li> <li>6. Cooperation in the field of solar energy technologies and policy framework.</li> </ol>	<p>Note the ongoing work programme of the joint energy expert group and the setup of sub-groups, as well as the EU-GCC clean energy network, the following mechanisms are identified:</p> <ol style="list-style-type: none"> <li>1. Establish ad-hoc groups to address specific areas as needed</li> <li>2. Hold seminars, exhibits, workshops, visits, technical exchange and joint studies.</li> <li>3. Training and capacity building in some identified areas of cooperation.</li> </ol>	<b>2010 – 2013</b>

<p><b>Electricity &amp; Water</b></p>	<ol style="list-style-type: none"> <li>1. Technical cooperation in all stages of electricity and water production (generation, transport, energy transfer distribution and service providers), including technology transfer</li> <li>2. Benefit from the EU in: power interconnection, load management, regulatory framework and in creating and developing regional markets for the trade in, and exchange of electricity.</li> <li>3. Exchange of best practices in RDT (Research, Development and Technology) regarding the integrated management and sustainable development of water, in order to achieve water security in the GCC states.</li> </ol>	<ol style="list-style-type: none"> <li>1. Establish ad-hoc groups to address specific areas as needed</li> <li>2. Hold seminars, exhibits, workshops, visits, technical exchange and joint studies.</li> <li>3. Training and capacity building in some identified areas of cooperation.</li> </ol>	
<p><b>Nuclear Safety</b></p>	<p>Exchange best practices and techniques in the efficient use of power and water consumption.</p> <p>Cooperation in the field of atomic energy as well as nuclear safety and security.</p>	<ol style="list-style-type: none"> <li>1. Establish ad-hoc groups to address specific areas as needed</li> <li>2. Hold seminars, exhibits, workshops, visits,</li> </ol>	

	Exchange of information and experience in matters such as the legal framework for protection against radiation, nuclear security and safety, radioactive waste, warranties and appropriate systems and surveillance.	technical exchange and joint studies. 3. Training and capacity building in some identified areas of cooperation.	
<b>5. Transport</b>	<ol style="list-style-type: none"> <li>1. Cooperation in the field of development, construction operation and maintenance of railway projects in GCC States.</li> <li>2. Cooperation in maritime affairs: passengers, vessel inspection, maritime legislation, safety regulations and navigation security.</li> <li>3. Benefit from the EU experience in the aviation management as well as areas of studies and scientific research in various aviation areas, particularly aviation and air transport safety and security.</li> <li>4. Exchange of expertise in formulating work policies and procedures related to the issuance of landing and transit</li> </ol>	<ol style="list-style-type: none"> <li>1. Establish ad-hoc groups to address specific areas as needed</li> <li>2. Hold seminars, exhibits, workshops, visits, technical exchange and joint studies.</li> <li>3. Training and capacity building in some identified areas of cooperation.</li> </ol>	<b>2010 - 2013</b>

	<p>permits for all types of aircraft.</p> <p>5. Benefit from the EU experience regarding professional road transport and road safety for all road users. In terms of professional road transport: the emphasis should be placed on fair competition, rights of drivers, passengers, students and workers; this would include rules on the access to the profession and social rules for drivers.</p>		
<p><b>6. Environment and climate change</b></p>	<ol style="list-style-type: none"> <li>1. Cooperation in the field of waste recycling, related power generation technologies and building indigenous technologies in these fields, as well as exchange of expertise and research and cooperation between industries and research centers.</li> <li>2. Exchange views and studies on the causes and effects of climate change as well as policies dealing with climate change within the framework of relevant UN conventions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Establish ad-hoc groups to address specific areas as needed.</li> <li>2. Hold seminars, exhibits, workshops, visits, technical exchange and joint studies.</li> <li>3. Training and capacity building in some identified areas of cooperation.</li> </ol>	<p><b>2010 - 2013</b></p>

	<ol style="list-style-type: none"> <li>3. Cooperation in developing national adaptation strategies to climate change impact.</li> <li>4. Enhance cooperation in the field of carbon capture and storage; and conduct joint studies in this connection.</li> <li>5. Enhance technical cooperation and exchange of studies as well as researches in the field of the environmental impact related to handling and use of chemicals, such as import, export, production, manufacturing, sale, transportation and storage.</li> <li>6. Cooperation in the field of disaster management and environmental crises.</li> <li>7. Cooperation in the field of water management and combating desertification.</li> <li>8. Cooperation in the field of preservation of biodiversity.</li> <li>9. Cooperation in the field of environmental aspects of water and waste water treatment.</li> </ol>		
<b>7. Industry</b>	1. Support efforts of the GCC States in the development of	- Jointly discuss the GCC Unified Industrial Strategy and provide the necessary technical	<b>2010 - 2013</b>

	<p>their industrial production and diversification of their industrial base, taking into account the mutual interests of both parties.</p> <ol style="list-style-type: none"> <li>2. Benefit from the available EU programmes and mechanisms in the development and the updates of the GCC industrial structure, as well as increasing the competitive capacities of production sectors.</li> <li>3. Encourage and attract investment and set up joint projects</li> <li>4. Cooperate in the preparation of studies, consultation, and the joint industrial statistical surveys</li> </ol>	<p>expertise in order to develop workable implementation mechanisms and common quantitative indicators measuring the progress in achieving the objectives of the GCC Unified Industrial Strategy and compare them with international indicators, and cooperation in the field of training the GCC specialists to carry out these tasks.</p> <ul style="list-style-type: none"> <li>- Exchange of expertise with centre establishments specializing in product orientation, industrial partnership and subcontracting.</li> <li>- Organisation of meetings and forums between industry policy-makers to discuss issues of mutual interest and encourage establishing new relations in the industry sector, consistent with the objectives of the EU-GCC Cooperation Agreement.</li> <li>- Urge businesses to organize GCC-EU industry forums, and consider industrial partnerships.</li> <li>- Cooperate in conducting studies and preparing reports, research and industrial surveys, as well as consultancy services required by either party, including the obtention of studies results or reports prepared for technical guidance.</li> <li>- Benefit from the EU expertise and best practices on issues of mutual interest on both sides.</li> </ul>	
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<b>8. Combating money laundering and terrorist financing</b>	Enhance cooperation in the field of combating money laundering and terrorist financing	<ul style="list-style-type: none"> <li>- Continue holding annual joint EU-GCC workshops on combating terrorism financing; with a view to possibly setting up a joint working group which would submit its recommendations to the Joint Cooperation Committee. The main functions of the group would include, inter alia, organizing joint annual forums, exchanging expertise and visits and consultations on matters of mutual interest.</li> </ul>	<b>2010 – 2013</b>
<b>9. Intellectual Property rights</b>	Intellectual property rights and patenting	<ul style="list-style-type: none"> <li>- Exchange of views and experience in the area of intellectual property rights.</li> <li>- Establish cooperation between the EU and the GCC in the field of patents in order for the GCC to benefit from the EU experience. Such cooperation could include exchange of expertise and technical assistance in various fields such as capacity building, training, expert missions, patent databases, IT and seminars. In this respect, cooperation between the European Patent Office and the GCC Patent Office will be encouraged.</li> </ul>	<b>2010 – 2013</b>
<b>10. Telecommunications and Information Technology Sector</b>	<ol style="list-style-type: none"> <li>1. Exchange expertise and information in the field of regulating telecommunications and Internet governance</li> <li>2. Exchange expertise in the field</li> </ol>	<ul style="list-style-type: none"> <li>- To hold a joint meeting to develop a plan in this area.</li> <li>- To exchange visits of experts in the field of telecom and IT.</li> <li>- To review the EU experience in the field of the</li> </ul>	<b>2010 – 2013</b>

	of E-commerce applications and E-transactions and benefit from IT training programmes.	general policies of telecommunications and the role of the governments in the development of the Telecom and IT sector.	
<b>11.Higher Education and Scientific Research</b>	<b>(A). Cooperation in Higher Education</b>		<b>2010 – 2013</b>
	1. Continue cooperation between EU and GCC at senior expert level	<ul style="list-style-type: none"> <li>- Establishment of a joint GCC-EU expert group to follow up and coordinate on a regular basis.</li> <li>- Explore the possibility of cooperation between the European University Association and the GCC Committee of Heads of Universities.</li> </ul>	
	2. Enhance GCC participation in ERASMUS MUNDUS and Marie Curie Scientific Mobility Programmes. Universities shall select the fields deemed most appropriate and compatible with their bylaws and rules of procedure of the relevant Ministry of Higher Education.	<ul style="list-style-type: none"> <li>- Promotion and awareness campaigns in the region.</li> <li>- Explore possibilities for partnership between GCC and EU universities.</li> </ul>	
	3. Establish a sustained partnership between EU and GCC universities for cooperation in teaching Arabic language and Middle Eastern studies as well as European languages and studies under	<ul style="list-style-type: none"> <li>- Study the possibility of increasing exchanges of students and faculty staff in Arabic language and Middle Eastern studies, as well as in European languages and studies.</li> </ul>	

	which universities will be open to receive specific modules and training.		
	4. Establish and develop joint supervision programmes between GCC and EU universities through which scholarships would be granted to students of GCC universities to study in the EU in major fields that are important to the GCC States.	<ul style="list-style-type: none"> <li>- Enhance and facilitate existing cooperation between GCC universities and distinguished EU universities with regard to joint supervision in higher education programmes.</li> <li>- GCC Secretariat will provide the list of recognized public and private universities in the GCC countries. The EU will provide a similar list.</li> </ul>	
	5. Cooperation with EU universities in developing academic programmes at GCC universities, focusing on new scientific specializations such as the peaceful use of nuclear energy, genetics, etc.	<ul style="list-style-type: none"> <li>- Organize a workshop at one of the GCC universities (coordination could be made with Bahrain University to organize this type of workshop as the electronic learning centre is based there) wherein concerned universities from both sides can participate.</li> <li>- Organize workshops on best practices on this subject.</li> <li>- Explore the EU's opinion on the assistance that EU universities can provide to GCC universities in the cooperative education provided by the EU universities.</li> <li>- Organize a workshop at one of the GCC universities (coordination can be made with King Abdulaziz University, King Saud University or the Arab Gulf University) in which representatives from universities on both</li> </ul>	

		sides can participate to identify cooperation opportunities.	
	5.1. Call on the EU countries to develop a mechanism for exchanging e-learning expertise with the GCC universities.	- Organize workshops on best practices on this subject.	
	5.2. Call on the EU universities to establish partnerships with the GCC States in the field of cooperative education to enable exchange of expertise and give opportunities to the students from both sides to be exposed in the industrial and commercial training programmes.	- Explore the EU's opinion on the assistance that EU universities can provide to the GCC universities in the cooperative education provided by the EU universities.	
	5.3. Call for cooperation with the EU universities to upgrade academic performance (university leadership level, teaching staff level or administrative level) through participation of the GCC universities in sharing best practices	- Organize a workshop at one of the GCC universities (coordination can be made with King Abdulaziz University, King Saud University or the Arab Gulf University) ) in which representatives from universities on both sides can participate to identify cooperation opportunities.	
	<b>(B). Cooperation in Scientific Research</b>		<b>2010 – 2013</b>
	1. Achieve highest degree of cooperation between the GCC	- Establish a GCC-EU science and technology policy dialogue to deal with the main issues of	

	<p>and EU universities and research centers in the joint research projects of applied nature through which knowledge and modern technology can be transferred from the EU countries to the GCC States in areas of importance to GCC countries such as: water related technologies (i.e., solar techniques applied to desalination), renewable energies (solar and wind), environment, bio-technology, nano-technologies and petrochemicals.</p>	<p>research, development and innovation</p> <ul style="list-style-type: none"> <li>- Develop ways and means to ensure benefits for the GCC researchers from the 7th EU Research Framework Programme, and activate their participation in obtaining the scholarships offered by the programme.</li> <li>- Provide opportunities to GCC researchers (via research cluster meetings) to participate in joint research projects undertaken by the EU with a view to upgrading their capacities and expertise.</li> <li>- Invite EU researchers to participate in certain research projects existing in the GCC States.</li> </ul>	
	<p>2. Open up the field for GCC universities and Research Centers to make use of the INCONET initiative for scientific research</p>	<ul style="list-style-type: none"> <li>- Expand the participation of GCC universities and research centres to make use of this initiative.</li> </ul>	
	<p>3. Transfer of the EU expertise in the field of establishing financing and managing research programmes to the GCC universities and national research centers, and establish a long-term relationship to foster</p>	<ul style="list-style-type: none"> <li>- EU will provide background documents about its experience in this area at the earliest joint meeting between the two sides and will also organize a thematic seminar on this subject.</li> </ul>	

	those practices in research area.		
	<b>(C). Meteorology</b>		<b>2010 – 2013</b>
	Encourage GCC-EU cooperation in the exchange of satellite meteorological data and training of GCC national manpower	<ul style="list-style-type: none"> <li>- Form a joint working group specialized in meteorology matters composed by representatives from the GCC secretariat, GCC member states and the EU. The group should also study mechanisms for the continued reception of data from EUMETSAT satellites positioned over the Arabian Sea and the Arabian Peninsula, support training of GCC cadres in meteorology, and research meteorological phenomena in the region to submit recommendations.</li> </ul>	
<b>12. Tourism</b>	Discuss possibilities of cooperation in tourism and joint projects that can be established in this area.	<ul style="list-style-type: none"> <li>- To encourage GCC and EU participation in tourism fairs in both EU and GCC.</li> <li>- To promote EU institutional presence on stands in tourism fairs in the GCC.</li> <li>- To promote a framework of cooperation and exchange of expertise and know-how in sustainable tourism development (national parks, protected areas, hot water springs, mountain and coastal areas, desert, eco and agri-tourism) in terms of policy making; planning; investment and promotion; management and operation.</li> <li>- To encourage EU investors to explore investment opportunities in the GCC.</li> <li>- Exchange of good practices and know-how on</li> </ul>	<ul style="list-style-type: none"> <li>- <b>according to events</b></li> <li>- <b>according to events</b></li> <li><b>- 2011-2013</b></li> <li><b>- according to events</b></li> <li><b>- 2010-2011</b></li> </ul>

		<p>protection and preservation of natural and cultural heritage (visual pollution, environmental hazards, etc)</p> <ul style="list-style-type: none"> <li>- Explore possible participation of GCC officials in the area of tourism in EU relevant training programmes.</li> </ul>	<b>- 2010</b>
<b>13. Culture and mutual understanding</b>	<ol style="list-style-type: none"> <li>1. Cultural exchange and transfer of the real picture of GCC culture and acquaint the EU communities with the artistic and cultural creativity in the GCC States.</li> <li>2. Discuss issues of translation from/to European languages</li> </ol>	<ul style="list-style-type: none"> <li>- Encourage the intensification of exchanges and dialogues between segments of the society, such as academia, universities, think-tanks and cultural institutions from the EU and the GCC countries on subjects such as common values, history and culture, through workshops, and seminars (ex: Al-Jisr project).</li> <li>- EU to programme support to the promotion of EU cultural activities or events organized in GCC.</li> <li>- EU to help identifying contact points in EU-Member States to promote GCC cultural events.</li> <li>- Urge the two sides to activate the role of the competent agencies from public and private sectors in translating certain important GCC or EU reference texts in the areas of tourism and culture</li> <li>- Promote cultural visits and exchanges between higher education students (ex: EPDOP).</li> </ul>	<p><b>- 2010– 2013 (ongoing)</b></p> <p><b>-2010-2013 (ongoing)</b></p> <p><b>- according to events</b></p> <p><b>- upon establishment EU information center in GCC (2010)</b></p> <p><b>- 2010-2013 (ongoing)</b></p>

<p><b>14. Antiquities and Museums</b></p>	<p>To benefit from the EU expertise in this field</p>	<ul style="list-style-type: none"> <li>- To encourage GCC and EU participation in cultural and antiquities events in both EU and GCC.</li> <li>- To promote a framework of cooperation and exchange of expertise and know-how in cultural tourism, antiquities, museums, in terms of policy making, planning, studies, investment and operation.</li> <li>- To explore possible participation of GCC officials in the areas of tourism, culture and antiquities in EU relevant programmes, including training.</li> <li>- Encourage existing cooperation in the above areas.</li> <li>- To encourage EU investors to explore investment opportunities in the GCC in cultural tourism.</li> <li>- Exchange of best practices and know-how on protection, preservation and rehabilitation of cultural heritage and antiquities.</li> </ul>	<p><b>- according to events</b></p> <p><b>- 2010-2013</b></p> <p><b>- 2010</b></p> <p><b>- ongoing</b></p> <p><b>- according to events</b></p> <p><b>- 2010-2013</b></p>
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## **ANNEX 05**

### **List of Interviews**

Interview with a German Member of the European Parliament, Brussels, 13 January 2009

Interview with European diplomat/ expert, working for EU institutions, Brussels, 25 February 2009

Interview with European diplomat/ expert, working for EU institutions, 25 February 2009

Interview with a European diplomat, working for the European Council, Brussels, 03 April 2009

Interview with a European diplomat, European Commission, Brussels, 08 April 2009

Interview with GCC diplomats, Brussels, 08 April 2009

Interview with Dr. Christian Koch, Director of International Studies at Gulf Research Center, Dubai, 10 May 2009

Interview with Dr. Samir Ranjan Pradhan, Gulf Research Center, Dubai, 12 May 2009

Interview with a European diplomat, European Commission, Brussels, 09 July 2009

Interview with Eurochambres' International Officer, Brussels, 09 July 2009

Interview with a Diplomat for the Sultanate of Oman, Muscat, 26 March 2010

Interview with a Diplomat for the State of Qatar, Cyprus, 19 April 2010

Interview with a Diplomat for the State of Kuwait, Kuwait City, 13 June 2010

Interview with a Diplomat of an EU Member State, Brussels, 29 June 2010

Interview with a Diplomat at the Ministry of Foreign Affairs of Bahrain, 18 January 2011

Interview with a Diplomat of an EU Member State, Nicosia, 30 March 2011

Interview with a Diplomat at the GCC Secretariat General, Abu Dhabi, 14 April 2011

Interview with a Diplomat of an EU Member State, Brussels, 26 June 2011

Interview with a Diplomat for the State of Kuwait, Nicosia, 27 April 2012

Interview with a Diplomat of KSA, Cairo, 19 December 2012

Interview with an EU Diplomat seconded at the European Parliament, Last contacted on 12 April 2013

Interview with an EU Diplomat based in Riyadh, Last contacted on 28 May 2013

Interview with an EU Diplomat based in Riyadh, Last contacted on 28 May 2013

Interview with an EU expert working for EU institutions, Last contacted 8 June 2013

Interview with an EU Diplomat based in Yemen, Brussels, Last contacted on 25 June 2013