

# **GCC–EU INTERREGIONALISM: CHALLENGES, OPPORTUNITIES AND FUTURE PROSPECTS**

A thesis submitted for the degree of Doctor of Philosophy

by

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## ABSTRACT

This thesis addresses the gap in the literature of the Gulf Cooperation Council and its distinct relations with the European Union by identifying the obstacles preventing the development of GCC–EU interregionalism, in two case studies: energy security and economic cooperation in the Mediterranean. By bringing an empirical application of interregionalism to the study of GCC–EU relations, the thesis draws an original comparison that is based on a Hettne and Söderbaum typology of regionness (2000) to determine the GCC's and the EU's types, levels of actorness and the subsequent type of interregionalism resulting from the interaction between their kinds. The theoretical construct of the thesis underlines interregionalism as a tool for consolidating the organisations' identities and actorness and increasing their capacities at exerting influence within the changing dynamics in the regional and global theatres. In addition, this thesis sheds light on the obstacles that impede the development of interregional cooperation and the mechanism to overcome them. As such, the thesis considers the dynamics instigating the renewed interest in deepening GCC–EU interregional relations; outlines the tools available at the GCC and the EU, and highlights the implications of the Arab Spring and GCC–Asia ties on GCC–EU relations. By avoiding benchmarking the EU as a model, the thesis purports that cooperation in energy security is ongoing and is opening avenues for promising partnerships in renewables, energy sustainability and efficiency. On the other hand, the divergence in the organisations' levels of actorness, economic strategies and the unwillingness to assess policies are major hindrances against a successful partnership in the Mediterranean. Asymmetries in actorness, bilateralism, the American influence and the growing GCC–Asia ties do impact the development of the relations; albeit, they do not impede the multilateral framework from producing unintended outcomes in other areas of the relations.

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For any errors or inadequacies that may remain in this work, of course, the responsibility is entirely my own.

## **AUTHOR'S DECLARATION**

I hereby declare that I am the sole author of this thesis. The work is original except where indicated by special reference in the text and no part of the thesis has been submitted for any other degree.

## LIST OF ACRONYMS

ACC	Arab Cooperation Council
ACP	African Caribbean and Pacific Group
AMCs	Arab Mediterranean Countries
APEC	Asia–Pacific Economic Cooperation
ARAMCO	Saudi Arabian Oil Company
ARC	ASEAN Riyadh Committee
ASEAN	Association of the Southeast Asian Nations
ASEM	Asia–Europe Meeting
Bcm	Billion cubic meter
BIT	Bilateral Investment Treaties
BRIC	Brazil, Russia, India, China
CACM	Central American Common Market
CAP	Common Agricultural Policy
CCS	Carbon Capture and Storage
CEPCEO	Comité d'études des producteurs de charbon d'Europe occidentale
CER	Closer Economic Relations
CFSP	Common Foreign and Security Policy
CNOOC	China National Offshore Oil Company
CUFTA	Canada–United States Free Trade Area
DOE	US Department of Energy
EALAF	East Asian Latin American Forum
EC	European Commission
ECB	European Central Bank
ECJ	European Court of Justice
ECOWAS	Economic Community of the West African States
ECSC	European Coal and Steel Community
EDSM	Energy Demand Side Management
EEAS	European External Action Service
EEC	European Economic Community
EIA	US Energy Information Administration

EIB	European Investment Bank
EMP	Euro–Mediterranean Partnership
EMU	European Monetary Union
ENEF	Energy Efficiency
ENP	European Neighbourhood Policy
EP	European Parliament
ESDP	European Security and Defence Policy
EU	European Union
EU NAVFOR	European Union Naval Force
Euratom	Atomic Energy Community
FAO	Food and Agricultural Organisation
FDI	Foreign Direct Investment
FEMIP	Facility for Euro–Mediterranean Investment and Partnership
FTA	Free Trade Agreement/Free Trade Area
GAFTA	Greater Arab Free Trade Area
GAMM	Global Approach to Migration and Mobility
GCC	Gulf Cooperation Council/ The Cooperation Council for the Arab States of the Gulf
GDP	Gross Domestic Product
GSP	Generalised Scheme of Preferences
IAEA	International Atomic Energy Agency
ICI	Istanbul Cooperation Initiative
IEA	International Energy Agency
IIAS	International Investment Agreements
IMF	International Monetary Fund
IR	International Relations
IRAs	Independent Regulatory Agencies
IRENA	International Renewable Energy Association
ITA	Information Technology Agreement
JAP	Joint Action Programme for the Implementation of the GCC–EU Cooperation Agreement 1988, 2010–2013
JHA	Justice and Home Affairs
KFH	Kuwaiti Finance House
LAC	Latin America and Caribbean

LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MEFTA	Middle East Free Trade Area
MENA	Middle East and North Africa
MERCOSUR	Common Market of the South
MNC	Multinational Corporations
MoU	Memorandum of Understanding
NAFTA	The North American Free Trade Agreement
NATO	North Atlantic Treaty Organisation
NGOs	Non-governmental Organisations
NOC	National Oil Company
NRA	New Regionalist Approach
OAPEC	Organisation of the Arab Oil Exporting Countries
OEEC	Organisation for European Economic Cooperation
OPEC	Organisation of Petroleum Exporting Countries
PAFTA	Pan Arab Free Trade Area
QMV	Qualified Majority Voting
REDWG	Regional Economic Development Working Group
RES	Renewable Energy Resources
RMP	Renewed Mediterranean Policy
RUS	Rational Use of Energy Sources
SAARC	South Asia Association of Regional Cooperation
SABIC	Saudi Arabia Basic Industries Corporation
SADAC	Southern African Development Community
SCO	Shanghai Cooperation Organisation
SEM	Single Energy Market
SOEs	Small-order Execution Systems
SPI	Strategic Partnership Initiative
SWF	Sovereign Wealth Fund
TEC	Treaty of the European Community
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union
ToL	Treaty of Lisbon
UAE	United Arab Emirates

UFM	Union for the Mediterranean
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific, and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
UNRWA	The United Nations Relief and Work Agency
US	United States of America
WEO	World Energy Outlook
WTO	World Trade Organisation

## CHAPTER 1

### INTRODUCTION AND METHODOLOGY

#### **Introduction**

The post-Cold War systematic changes, envisaged by the change in security arrangements, witnessed a resurgence of a new regionalism that was in part a reaction to the superpowers' dominance over regional security issues. While this new regionalism was different from the first wave of economic regionalism, nevertheless, it aimed at improving regional self-dependence and cooperation in a changed global environment that had a particular threat. The Gulf Cooperation Council (GCC) and the Arab Cooperation Council (ACC) were among the groups that were formed during that period (Fawcett, 1996, p. 8). In the case of Europe, the removal of the Cold War structure gave local actors a say in the security environment through questioning the ability of multilateral institutions at standing to the effects of globalisation, while calling their attention to the need of a strengthened regionalist economic cooperation and the creation of Free Trade Areas (FTA) (Fawcett, 1996, p. 8).

The European Union (EU) has been an adamant inventor of new strategies that systemise its growing relations. This can be attributed to its essential character as a trading organisation seeking a stable and predictable environment. The EU's tendency to use soft power restrained it from engaging in challenging areas, often opting for cooperation over intervention and confining its involvement to its neighbourhood, the Mediterranean and the newly independent countries of East Europe. However, economic interests pushed the EU to establish a network of interregional collaboration, whereby it endeavoured to spread its universal values of good governance through political conditionality and the exportation of its regulations and organisational model.

In 1988, the EU established a Cooperation Agreement with the GCC that stipulated the conclusion of a Free Trade Agreement (FTA). The EU signed other economic agreements with many regional groupings, such as the Association of the Southeast Asian Nations (ASEAN) and the Common Market of the South (MERCOSUR); albeit,

little attention has been devoted to the GCC, which was excluded from the EU's Mediterranean policies: the Euro-Mediterranean Partnership (EMP) and the European Neighbourhood Policy (ENP). The EU's continuous perception of the GCC countries as a part of the Middle East, rather than a region deserving special attention, paved the way for Asia to consolidate its prominence, opening new venues for ventures that promised development and growth for both (Koch, 2014).

Recently, the GCC has displayed a shift in its international policies and a redrawing of the map of its domestic and external affairs, to better deal with the winds of change sweeping across the international system. The emergence of the Gulf region as a geostrategic space and the GCC's growing prominence in world politics and the economy, urged the EU to revive its partnership with the GCC by building on their Cooperation Agreement of 1988. The main purpose was to foster convergence through furthering interregional relations and supporting the GCC's multilateral initiatives. Alternately, the GCC's attempts at diversifying its economic relationships and using economic influence to deepen its relations with global powers are evident the GCC states contribution to ending the global financial crisis. However, the attempt at revitalising the FTA negotiations reached a stalemate in 2009, despite the fact that economic diplomacy is one of the major commonalities that mark the EU's and the GCC's political structure.

The European Commission (EC) has perennial preoccupation with energy security, and its strategies to reduce energy consumption have been hampered by growing Russian assertiveness; the rising powers scramble over energy resources, nuclear accidents and environment concerns regarding deep-water excavations and shale gas extraction. On the other hand, the EU's concern over stability and development in its neighbourhood and the fear of Islamic radicalism spreading into Europe from the Mediterranean region highlighted the need for multilateral cooperation, with capable regional actors, in order to stimulate economic development and sustain growth and stability in the Mediterranean. As such, the pursuit of regional geostrategic stability, global economic development and the relative increase in the GCC's economic and political clout are considered major motives behind the renewed interests in deepening GCC-EU interregional relations.



Therefore, this thesis aims at addressing the gap in the literature on the GCC and its distinct interregionalism with the EU by focusing on two policy areas: energy security and economic cooperation in the Mediterranean. While growing interest in the international relations (IR) of the Middle East has been noticed since the 1980s (Brown, 1984) (Ismael, 1986) (Sisk, 1992) (Telhami & Barnett, 2002) (Hinnebusch, 2003) (Halliday, 2005), the literature on the GCC during the same period, or in the period following 9/11, has been relatively limited or devoted to the GCC states' reactions towards security and war discussion, the great powers' involvement and the GCC states' regional interaction with neighbouring powers (Fawcett, 2009b). Moreover, the literature on the GCC is generally based on a realist construct of the regional and global balance of power, the individual states' pursuit of security, and the American alliance as a major guarantor of regional security and stability.

Thus, this thesis will: 1) examine the changing dynamics in the regional and global theatres that are instigating the renewed interest in deepening GCC–EU interregional relations, investigate how energy cooperation and a triangular economic partnership in the Mediterranean can address the energy securities and economic interests of both organisations, and identify the tools available at both organisations that can help produce tangible outcomes; and 2) consider what the implications of the Arab Spring and the asymmetries in regional actorness and organisational structures are on the functions of GCC–EU interregionalism, what tools are available that can induce deeper GCC–EU cooperation, and finally what obstacles impede the realisation of a complete partnership in energy security and economic cooperation in the Mediterranean.

This thesis will carry out an original research and contribute in various ways to the literature on actorness, regionalism and interregionalism and the obstacles that instigate or impede regional cooperation. The most important contribution of the research is adding a theoretical and empirical application of actorness, regionalism and interregionalism to the investigation of the GCC's regional and organisational construction and to the subsequent signing of the 1988 Cooperation Agreement that inaugurated GCC–EU historical and bilateral relations into a new framework of multilateralism and interregionalism. In addition, this research has other benefits for academics and policymakers. Firstly, it will set new ground for investigating the GCC's cultural and normative structure, regional actorness, decision-making policies and

group-to-group dialogues, which are to date under-researched. The analysis of the GCC's and the EU's regional identities, institutions, capacities and decision-making instruments will reveal their levels of actorness, types of regionness, and draw a comparison between them that reveal their compatibility and decide if asymmetries in organisational structures impede or not the functions and outcomes of their interregional cooperation.

Secondly, by identifying the GCC's and the EU's types of regionness, levels of actorness and type of interregionalism, the research will set the basis for extending the field on the GCC, while instigating further appraisal of the GCC's interregionalism, beyond the EU as a hub and a model, with other groupings such as ASEAN, and the Asia–Pacific Economic Cooperation (APEC). Thirdly, it will shed light on the major obstacles that impede the development of interregional cooperation and the mechanism to overcome them in relations between organisations of low institutionalisation and informal decision-makings while emphasising their cultural, social and historical backgrounds. Fourthly, the thesis will contribute to the existing literature on interregionalism by shedding light on the role bilateralism, networks and other forms of interregional cooperation play within the multilateral framework, and examine whether these forms act as stepping-stones or obstacles against developing interregionalism.

The methodology is based on a case study approach because the literature on GCC–EU relations is characterised by inchoate discussions of various policy areas, without focusing on a single policy nor providing theoretical explanations and deep insights into the dynamics affecting the past or current state of affairs. The first case study is cooperation in energy security and the second is economic cooperation in the Mediterranean. The case studies suit the purpose of the thesis: 1) to explore how cooperation in certain areas can contribute to the deepening of GCC–EU interregionalism in other areas of lesser interest, highlight the opportunities, and identify the obstacles that impede their realisation; and 2) to appraise whether bilateralism and asymmetries in actorness and organisational structures obstruct, or not, the development of interregional cooperation between groups with different legal capacities.

Qualitative data is provided through examining primary sources of EU documents and strategies, secondary resources on regionalism and interregionalism, and the literature

reviews on the GCC–EU interregional relations. This will be complimented by a range of semi-structured interviews with GCC officials, EU officials, academics, and researchers involved in projects on GCC–EU cooperation. The combination of these tools will create a balanced and accurate analysis that takes into consideration not only the stated aspirations and goals, but also the motives behind the GCC’s and the EU’s renewed interest in deepening their relations. The semi-structured interviews will provide information that facilitates the inductive nature of the research, while contributing to its accuracy through the triangular assessment of official documentations, academic analysis and the subjective interpretation of the author. The research will focus on the following disciplinary terms: actorness, regionalism, interregionalism, GCC–EU interregional cooperation, energy security and economic cooperation in the Mediterranean.

The thesis is structured as the following: **Chapter one** will present the methodology of the thesis. It will recall the rationale of the research, the supporting questions, the scope of the thesis as well as the limitations and the expected benefits of the thesis. The research design will be discussed after discussing the ontological and the epistemological foundation of the thesis. The methodology chapter will explain why the case studies are suitable and how they present policy areas whose potentials and success are deemed most promising to induce deeper cooperation. In addition, the chapter will discuss the methods for data collection that are based on the extensive analysis of the EU’s documentations and strategies, and an in-depth review of the literature on regionalism and interregionalism and GCC international relational relations. Semi-structured qualitative interviews are considered a major source for presenting current GCC–EU interregional cooperation and up-to-date views and information on the implications of the Arab Spring on the organisations’ strategies and interests.

**Chapter two** will provide a theoretical base and framework for analysing GCC–EU interregional relations. The chapter acknowledges the relevance of European Studies, the New Regionalism Approach (NRA) and IR theories and explains how constructivism contributes to a better understanding of what constitutes actorness. The chapter will present a criteria for measuring and comparing the GCC’s and the EU’s regional actorness that is derived from Wunderlich’s works (2008) (2011) (2012a). Since interregionalism as a world phenomenon is linked to regionalism, the chapter

introduces Hettne and Söderbaum's typology of regionness (2000), in order to highlight the social and historical factors that constitute regional coherence and determine accordingly the type of the GCC's and the EU's regionness. By drawing the link between actorness, regionalism and interregionalism, the chapter presents interregionalism as an indispensable policy by which the EU and other regions consolidate their identities, enforce their presence and secure external recognition and legitimacy. The chapter draws the link between bilateralism, networks, and other types of cooperation and ends by asserting the distinction of each regionalist project and how the interaction between actorness and interregionalism consolidates the regional identities and impacts the functions of interregionalism.

**Chapter three** will present a theoretically informed overview of the evolution of GCC–EU interregional relations and explore an aspect of GCC–EU interregional relations that is characterised by the lack of a thorough inspection. The chapter will apply the earlier presented theoretical assumptions of actorness, regionalism and interregionalism to GCC–EU relations and identify in theoretical terms their types of regionness, their levels of actorness and the type of interregionalism resulting from the interaction between regions of their types. The chapter highlights the systemic changes, the implications of the Arab Spring, and the asymmetries in actorness on the functions of GCC–EU interregionalism. In addition, the chapter will investigate the roles of bilateralism, networks and other types of interregional relations in deepening or hindering the interregional cooperation. The chapter will conclude by drawing a summary that recalls the type of GCC–EU interregionalism and the questions that will be raised to analyse energy security and economic cooperation in the Mediterranean in the following two chapters.

**Chapter four** introduces the first case study and examines the prospects for an effective and deeper GCC–EU partnership in energy security. The chapter defines the EU's energy security, explains why oil and gas are major parts of the EU's energy mix and presents the internal and global challenges that obstruct the fulfilment of the EU's energy diversification strategies. As such, the chapter explains why the EU might need to develop its energy ties with the GCC, the tools available at the GCC and the EU and the indicators used to measure the potential for success. In turn, the chapter examines the GCC's energy security and demonstrates why the GCC might need the EU by

addressing its development and economic strategies. The chapter concludes by presenting an analytical matrix that evaluates the results of the interviews and the data collected and states the prospects for the GCC–EU energy cooperation.

**Chapter five** examines the venues for an influential triangular economic partnership in the Mediterranean. By building on the increased interdependency between the three regions, the EU’s Mediterranean policies and the need to overcome the complications of the GCC–EU FTA, the chapter presents the rationale behind choosing the Mediterranean in particular. Therefore, the chapter will identify the countries indicated by the term ‘Mediterranean’, investigate why the Mediterranean is chosen for building the GCC–EU partnership, pinpoint the EU’s policies and explore whether those policies have been affected or not by the Arab Spring. Then, the chapter examines the GCC’s growing economic resources and political influence in the Mediterranean and propels whether these leverages have been affected by the Arab Spring and the subsequent regional and global transformations. Finally, the chapter outlines the tools available at the GCC and the EU, and the validity and evidence of each tool. The chapter concludes by presenting the indicators used while analysing the primary and secondary data and the results of the interviews. The conclusion will assess and state whether economic cooperation in the Mediterranean has the potential of deepening GCC–EU interregionalism and the factors contributing to the stated results.

**The conclusion** will summarise the findings and revisit the research questions. The conclusion will recall the thesis’s major statements and the major obstacles preventing the upgrading of GCC–EU interregionalism. The thesis’s major contributions and limitations will be outlined and further interesting research areas will be suggested for follow-up work. The thesis will argue that GCC–EU cooperation in energy security is ongoing and cooperation in renewable energy bears higher potentials for success. On the other hand, opportunities for a successful triangular economic partnership in the Mediterranean are numerous and present, albeit their realisation is obstructed by the divergence in the ideational, economic and strategic interests of the GCC and the EU, and their unwillingness to reassess policies and joint ventures.

## **Methodology**

Methodology is “a study of the principles and theories which guide the choice of method” (Burnham, et al., 2004, p. 4). The selection of the research methodology is the first step taken in any research project, as the subjective conceptualisation of the phenomena under investigation and the structured building of the research questions identify the paradigm that underpins the research and the strategy to be used for data gathering and analysis. Above all, a vigorous, yet flexible methodology prepares the researcher for future obstacles, the ethical issues that are likely to be encountered and provides the necessary mechanism to circumvent them. This chapter explains the methodology of this thesis. The first section states the rationale of the research, the substantive focus of the research, the supporting questions and the theoretical scope within which assessment has developed. The limitations and propositions for further investigation are introduced after briefly presenting the ontological and epistemological foundation of this research. The second section is devoted to the research design, which describes how the research is conducted and why the two specific case studies, namely energy security and economic partnership in the Mediterranean, were chosen. Fieldwork, including data collection and analysis of the two case studies, will be discussed, along with the expected challenges envisioned in conducting the research in different social and cultural environments, getting access to elite interviewees and access to primary resources. Triangulation is explained as a chosen method for analysing the data obtained from interviewees and primary and secondary resources. Finally, the methodology will discuss the challenges faced while undergoing the research and the selected strategies to overcome them.

### **1. The research problem**

#### **Research rationale**

The research is based on the growing importance given to the consolidation of GCC–EU relations; the important role regional organisations play in world politics; and the impact of interregionalism on the sustainment of regional stability and development. On the other hand, the lack of an application of regionalism, actorhood and interregionalism on the GCC–EU relations is considered a hallmark of the literature, and a major motive for choosing the actor paradigm (region) instead of the state paradigm. The end of the Cold War witnessed a resurging interest in region-to-region dialogues, mainly between

the EC and other regional organisations. Moreover, the shift of the global political and security focus towards the Gulf region made the GCC and the EU realise the importance of compensating for the negligence paid to GCC–EU relations and to the need for deepening interregional cooperation between both organisations. The reasons behind specifically choosing interregionalism as a conceptual framework are summarised in the following points:

- Interregionalism is a major characteristic of the EU’s foreign affairs and is a soft tool by which the EU asserts its identity and presence, plays its normative role, encourages trade liberalisation and builds transnational cooperation. The EU’s interregionalism provides a framework within which actorness, institutionalisation, the implementation of international laws and the civilian power are used to shape global politics and relations;
- Interregionalism is a soft tool by which regions, consolidate their identities, develop regional coherence, exert influence and achieve interests through establishing dialogues that transcends the state-centric limitations;
- Recently, regional organisations are gaining more importance as actors contributing to the establishment of,

“routines of cooperation[that] can shift actor preferences towards further joint-problem solving with other governments; unintended consequences of policy decisions can also encourage further and deeper cooperation” (Warleigh-Lack, 2006a, p. 38).

- Interregionalism provides a solid departing point to underline the advantages of interregional cooperation between the GCC and the EU against the disadvantages of ongoing individual policy practices and bilateral relations between members of both organisations;
- The study of GCC–EU relations in general is characterised by inchoate and unfocused attention to a variety of issues without adopting a theoretical framework that conceptualises the IR of the GCC within a specific policy or orientation.

### **Selection of case studies**

This thesis investigates GCC–EU cooperation in two case studies. The first is energy security; the second is economic cooperation in the Mediterranean. The thesis chose these typical case studies because they are among the interests and motives that bind

GCC–EU relations and they can be used to evaluate the prospects for cooperation in other policy areas. Most importantly, the two case studies provide a suitable exploratory ground that suits the interpretive and inductive base of the thesis. The rationale for not choosing problematic topics such as the FTA and political cooperation, although these are considered most important issues, is that 99 per cent of the FTA clauses have been agreed upon and only the issue of the export duties remains, and also that another thesis has explored the FTA in detail. Furthermore, political cooperation is hindered by the conspicuous asymmetries of actorness, divergence in political structures and ideational values and the potential for conversion is of a lesser degree than it is in the economy. The implications of the ongoing Arab Spring on both the GCC's and the EU's future foreign policies and security strategies are yet to be seen and judged. Therefore, the rationales behind considering the aforementioned case studies, as susceptible for successful interregional partnerships, are explained in the following points:

- Energy is chosen as the first policy area for the following reasons: oil accounts for about 50 per cent of the Gulf region's Gross Domestic Product (GDP) and 80 per cent of its export revenues (Khamis & Senhadji, 2010);
- Oil reserves in the Gulf region account for two-thirds of world crude oil reserves and Gas reserves account for 36 per cent of total proven world gas reserves (U.S. Energy Information Administration, 2003);
- Security of energy demand is vital for maintaining the GCC's development and unprecedented economic transformation;
- The GCC needs renewable energy, technologies of energy efficiency and energy sustainability measures;
- Energy security is among the major challenges that the EU faces and the EC has a perennial preoccupation with energy security to sustain the advancement of its member states;
- Oil and gas will remain key parts of the EU's energy mix and strong oil demand is to continue, amid declining domestic European production, increased insecurities of nuclear power, and environmental concerns regarding deep-water and shale gas excavations;
- The EU needs to diversify its sources of energy supply and ensure long-term energy security away from Russian manipulation (Ratner, et al., 2012);
- The GCC is a reliable supplier of the EU's energy needs and cooperation in renewable energies is imperative for reversing climate change, implementing the



EU's environmental policies and sustaining energy resources for future generations.

Economic cooperation in the Mediterranean is chosen as the second policy area for investigation, because of the economic and financial weight of organisations, their economic interdependence and their significant combined contribution to the volume and growth of international trade. The following are other factors that were taken into consideration when choosing the second case study:

- Regional integration has always been considered an effective tool for spreading peace and stability and the EU has adopted different institutionalised strategies for regional integration with the Mediterranean;
- The GCC and the EU are two important political actors with enormous economic and financial capabilities, and economic diplomacy is one of the commonalities that mark their organisational structures;
- The Mediterranean has been a centre for world Foreign Direct Investment (FDI) inflow capturing 4 per cent of global inflow between the period 2002–2006, and GCC investments in the Mediterranean continued to grow despite the financial crisis and the global economic recession (Baabood, 2009);
- Both the GCC and the EU have long-standing social, political and economic ties with the Mediterranean, and political stability and economic development in the Mediterranean are shared interests;
- GCC–EU economic ties in the Mediterranean have increased during the last decade with the GCC investments exceeding those of the EU;
- The Arab Spring has demonstrated the positive effects of GCC–EU political and economic coordination and the important role economy plays in sustaining regional stability;
- The success of the economic partnership in the Mediterranean will have a spillover effect on regional integration and would pave the way to the conclusion of the GCC–EU FTA;
- Above all, a bolstering of interregional cooperation in energy and economic cooperation in the Mediterranean would deepen the GCC–EU relationship and contribute to the enhancement of regional stability and economic growth, while realising the collective interests of all.

**Main research question**

This research contemplates the future prospects for a solid partnership between the GCC and the EU by identifying the barriers obstructing the upgrading of the relations in two policy areas: energy security and economic cooperation in the Mediterranean, and the necessary mechanisms to overcome them. The main question is: what are the major obstacles preventing the development of GCC–EU interregional relations in energy security and economic cooperation in the Mediterranean?

**Proposition**

Capitalising on the mutual desire of the EU and the GCC to broaden their cooperation and strengthen their relations, and after analysing the collected data and the results of the interviews, this thesis assessed the prospects of upgrading the GCC–EU in energy security and economic cooperation in the Mediterranean. While asymmetries in organisational structures in both organisations are considered major obstacles, as are the asymmetries in regional actorhood, institutional structures and the divergent political and cultural norms; interregional cooperation in energy security is ongoing and cooperation in renewable energy is successful and promises higher potentials and return. The analysis and the evaluation of the second case revealed that opportunities and synergies for a triangular economic partnership in the Mediterranean were numerous and present; albeit, their realisation was obstructed by the divergence in ideational, political and economic interests and strategies and both organisations' unwillingness to reassess policies and strategies.

Most importantly, the thesis purports, by concentrating on policies of vital interests such as energy security and economic cooperation in the Mediterranean, constant contact rather than abstinence from engagement will facilitate the adaptation of regulations, highlight the gains and overshadow the differences in ideational and political structures. Accordingly, this thesis will examine the EU's energy diversifications strategies and Mediterranean policies, in order to identify the major challenges as well as the opportunities offered by cooperation in the above-mentioned areas. Considering the changing geopolitics, the GCC rising political and economic influence, the EU's need for diversifying its energy resources, and the implications of the Arab Spring on the Mediterranean and the regional stability and growth, the thesis explores what

cooperation in energy and economy might contribute to the deepening of the GCC–EU relationship.

### **Dependent and independent variables and supporting questions**

#### ***Dependent variable***

The GCC–EU interregional cooperation.

#### ***Independent variables***

1. The end of the Cold War, the revival of regionalism, interregionalism, post 9/11 events and the relative decline of the American hegemony;
2. The GCC's growing economic and political clout;
3. The EU's energy diversification strategies and its need for secure energy resources;
4. The GCC's accelerated process of industrialisation and its need for renewable technology to sustain its energy resources;
5. The EU's Mediterranean policies and its interest in the region's growth and stability;
6. The GCC's openness to globalisation, economic diversification policies and economic interdependence with the Mediterranean;
7. The growth of global interdependence, especially in trade and energy, and its role in sustaining regional stability.

The main question of the thesis: what are the major obstacles preventing the GCC–EU interregional relations from upgrading? The following three sets of questions are an elaboration of the main question and constitute the base on which the research is built:

- What is the current state of interregional affairs between the GCC–EU? Why are both organisations keen on upgrading their relations? What are the global systematic changes instigating the renewed interest in developing interregional cooperation between the GCC–EU?
- Building on concepts of actorness, regionalism and interregionalism, what type of regions are the GCC and the EU, what are their levels of actorness and what type of interregionalism are their relations? Do asymmetries in organisational

actorness, institutional structures and legal capacities impede their cooperation?  
How does the prevalent bilateralism affect their multilateral cooperation?

- Why are energy and economic cooperation chosen as policy areas most liable for improving relations? What are the tools and capacities available at both organisations? What are the implications of the Arab Spring and the GCC–Asia growing Asian ties on GCC–EU interregional cooperation? What indicators are set to measure the success of cooperation in energy security and economic cooperation in the Mediterranean?

### **Scope**

Reflecting on the literature review it could be argued that the EU's previous lack of interest in deepening its interregional relations with the GCC is attributed to the EU's consideration of the region as belonging to the American sphere of influence, to the prevalent bilateralism between the GCC countries and the major EU states, and to the asymmetries in actorness and the legal capacities between the two organisations. However, the GCC states became the major focus of the EU's new energy security policy, European counterterrorist efforts and the North Atlantic Treaty Organisation's (NATO) new programme of security cooperation. The research will exclude the discussion of the aforementioned policies and determinants as such subjects are vast and entail the discussion of global and regional implications, a matter that deserves an entire research in itself. The following subjects will not be discussed, unless it is relevant to the major argument of the thesis:

- Political cooperation;
- Scientific and educational cooperation;
- Security coordination;
- Terrorism.

The limitations stem from the length restriction of this research and the need to focus on policy areas where convergence in interests could yield optimal coordination and success, while raising less contention and disagreement. The second is that concentrating on two policy areas is useful in generating in-depth data, while avoiding desultory and cursory discussion of policies that vary in importance to each organisation. Although the subject of security and political cooperation is of equal

importance, still there is a lack of sufficient literature, due to the sensitivity of the subject, and its intertwining with the problematic policies of the US in the Gulf, a matter that entitles the discussion of discrete and changing determinants, ranging from geopolitical, historical and social causes. Follow-up studies could look at the triad relations of energy security, terrorism and the coordination between the GCC and the EU, and how collaboration in the three areas might induce unintended positive outcomes in conflict resolution, or in the formation of an interregional security alliance.

### **The period of the study**

The thesis will cover the interregional relations between the EU and the GCC starting from the signing of their Cooperation Agreement in 1988 and up to the end of 2012. Since the Arab Spring is ongoing and its ramifications are unfolding, there are events and decisions that are not mentioned in the thesis.

### **Potential benefits of this research**

This research aims at addressing the gap in the literature on the GCC and its distinct relations with the EU through exploring the EU's recent proactive policies that aim to upgrade the relations by the conclusion of their consolidate GCC–EU relations. While growing interest in the IR of the Middle East has been noticed since the 1980s (Brown, 1984) (Ismael, 1986) (Sisk, 1992) (Telhami & Barnett, 2002) (Hinnebusch, 2003) (Halliday, 2005) (Nonneman, 2005), the literature on the GCC as a regional organisation and its growing network of interregionalism, during the same period, or in the period following its establishment, has been relatively limited or devoted to the Gulf states' reactions towards security and war discussion and the great powers' involvement (Fawcett, 2009b, pp. 6-7) and GCC states' regional interaction with neighbouring powers (Gause, 2009, pp. 280-287). Moreover, the literature on the GCC's international relations is generally based on a realist construct of the regional and global balance of power (Robins, 2009, pp. 291-295), individual states' pursuit of security, and the American alliance as a major guarantor of regional security and stability (Gause, 2009) (Robins, 2009, pp. 291-295).

Apart from sporadic and temporary interest, little research has been devoted to the GCC's group-to-group dialogues, nor to the EU's soft approach to the Gulf region

(which was launched in 2004 in the Strategic Partnership Initiative (SPI) with the Mediterranean and the Middle East), nor to the need for a new approach in handling the GCC–EU interregional relations. Taking into account the growing trend towards regionalism and interregional cooperation, this research will explore the prospects for an influential interregional partnership between the GCC and the EU by focusing on two policy areas, energy security and economic cooperation in the Mediterranean, deemed most capable of confronting the global challenges and crises. Most importantly, the research has the following potential benefits for academics of regionalism and interregionalism as well as policymakers, as:

- It will encourage more systemised study of the GCC's relations within the frameworks of actorness, regionalism, regionalisation and interregionalism that have been underdeveloped and under-researched. In particular, it will help identify what type of regionalism the GCC is, what type of regionalism the EU is and the type of interregionalism resulting from the interaction between levels of actorness and regions of their kinds;
- It will call academics' and policymakers' attention to the political dissonance, the organisational deficiencies and the asymmetries in legal capacities that impede the advancement of interregional cooperation, while suggesting some mechanisms for transcending them;
- It will entice further investigation in the role bilateralism, networks and quasi-interregionalism play as stepping stones or stumbling blocks in multilateral frameworks;
- It will contribute to the literature on GCC–EU relations, which is limited when compared to the EU–ASEAN, or EU–MERCOSUR, and encourage further discussion of the GCC group-to-group networks with other blocs such as ASEAN and MERCOSUR.

### **Scientific fundament**

The study is carried out from the point of view of actorness (Wunderlich, 2008, p. 16) (2011) and (2012a), regionalism (Hettne & Söderbaum, 2000) and interregionalism (Roloff, 2006, p. 18). The organisations, the GCC and the EU, are considered two prominent actors in that both have convergent and divergent interests. However, the EU's security of energy supply and the GCC's security of energy demand, besides the

economic capabilities of both organisations, provide a point where convergence of interests can be realised. In this research, the divergence in ideational, political and economic strategies and interests, asymmetries in regional actorness and the unwillingness to assess policies are considered the major barriers obstructing the development of a solid partnership between both organisations.

### **Theoretical propositions**

The author agrees with Blyth's concept of knowledge as "a series of negotiated conventional wisdoms that change over time through the contrasting of different positions" (Blyth, 2002, p. 296). The following section identifies the author's ontological and epistemological stance towards the type of knowledge to be investigated and the method to be followed to obtain it.

#### ***Ontology and epistemology***

Ontology and epistemology are major elements of any research. They shape what the researcher does and how it is done (Burnham, et al., 2004, p. 311). The researcher's ontological and epistemological position becomes a 'skin' that cannot be taken off. It affects the conception of theory, research design and methodology (Marsh & Furlong, 2002, p. 17).

Ontology is a theory of being. It addresses the real world and asks whether it exists outside our knowledge of it (Marsh & Furlong, 2002, p. 18). Since ontology deals with the nature of things, and what is there to know about (Marsh & Stoker, 2002, p. 9), it is necessary to present the researcher's understanding of interregionalism as a process of interaction between two regions that have geographical and political presence. Such a process of interaction is informed among others as,

Interregionalism is:

"the process of widening and deepening political, economic, and societal interactions between international regions" (Roloff, 2006, p. 18).

Quasi-interregionalism is:

"relations between a regional organisation/regional group and a third country in another region" (Baert, et al., 2014b, p. 6).

Bilateralism is:

“activities between two nation-states” (Söderbaum, 2011, p. 225).

New Regionalism is:

“a comprehensive, multifaceted and multidimensional process, implying the change of a particular region from relative heterogeneity to increased homogeneity with regard to a number of dimensions, the most important being culture, security, economic policies and political regimes. Convergence along these dimensions may be a natural process or politically steered or, most likely, a mixture of the two” (Hettne & Söderbaum, 1998, p. 2).

Regional actorness:

“The legal personality, the external behaviour of a region, and its capacity for action and manoeuvre that follows from its presence in different regional contexts on one hand, and its interaction in external environments on the other” (Hettne, 2007, p. 111).

Accordingly, actorness:

“can be approached from two perspectives: through the perception of external actors/outside the geographical space in question as a distinct and relatively coherent entity in international relations and by its internal/regional conception of itself” (Wunderlich, 2008, p. 16).

The epistemological position expresses what the researcher can learn about the political phenomena under investigation, how it is studied and the status given to the findings (Marsh & Furlong, 2002, p. 21). Indeed, it is widely accepted that the ontological and epistemological position predefines the research methodology and shapes the research strategy (Burnham, et al., 2004, p. 276). Identifying the link between the social ontology and the epistemology is a prerequisite for choosing the research methodology and for producing rigorous research. Marsh and Furlong (2002, p. 19) pose the following two questions, which are used to define the epistemological base of the research:

- *Can an observer identify ‘real’ or ‘objective’ relations between social phenomena?* The author believes that the world is socially constructed and that it is impossible to apply a foundationalist explanation to the social phenomena to make constitutive causal statements because ideas and beliefs change across time and space. Moreover, the meaning and the relations between the social phenomena are defined by the observer’s subjective perception that is inevitably influenced by the observer’s social construction and the different meanings attached to it. (Anti-foundationalist)



- *To the extent that we can establish 'real' relationships between social phenomena, can we do this simply through direct observation, or are there some relationships that 'exist' but are not directly observable?* The author believes that there are other unobservable relationships and that it is the researcher's role to understand the causal relation between the different variables of the social phenomena. Therefore, the author acknowledges the impossibility of being totally objective and uses theory to generate a hypothesis that can be tested by direct observation. As the investigation of the social reality is influenced by the researcher's aim to add to knowledge, an interpretive approach is necessary in order to understand the purpose behind the actors' intentional actions and the constitutive meanings attached to them. (Interpretive)

### ***Qualitative and quantitative research***

The academic literature proposes that researchers who seek objectivity adopt an epistemological stance that allows them to apply measurement in their statistical analysis and make generalisations from the research findings, by using quantitative methods (Harrison, 2001, p. 14). On the other hand, researchers who have an epistemological belief that admits the difficulty of being totally objective, seek to interpret the actors' beliefs and attitudes, and explore the organisational structures and political preferences of actors and institutions in shaping the political outcomes, adopt an interpretive and qualitative methodology (Bevir & Rhodes, 2002, p. 134). As indicated previously, the author intends to conduct a thorough investigation of two specific policies to develop analytic explanations and generate theory. The author admits the difficulty of distancing herself and being totally objective while investigating the political phenomena because she believes that views are not static and statements on social reality are relative. Therefore, the author considers qualitative research as most suitable because it enables the researcher to concentrate on the micro level (case study) to understand how social structural processes can have impact at a higher level (Barbour, 2008, p. 25). Moreover, a qualitative method, such as interviews, can yield far more information, as the author picks views, unveils schemes and gains knowledge from the interviewees' political perspectives. Since Burnham et al. (2004) argue that there is a real link between the social ontology, epistemology and the adopted research methodology; the author believes that a qualitative interpretative methodology is better fit for conducting this research.

## **2. Research design<sup>1</sup>**

### **Research strategy**

Research design introduces the researcher's plan and the logical strategy that is used for collecting and analysing data, answering the research questions and generating new knowledge. The most important question is: "which method provides the best answers to the research questions?" (Burnham, et al., 2004, p. 31). In this thesis, the case study design is chosen because it is one of the qualitative methods most suitable for the explorative epistemological foundation of this research. Moreover, a case study design is suitable for generating in-depth data and for answering questions such as 'why', 'where', and 'how' through exploring the casual links in real-life situations (Yin, 2003, pp. 15-22). However, a case study includes direct, detailed observations as evidence (Yin, 2003, p. 15), a technique that is not used in this research project. The units of analysis in this research are 'economy' and 'energy' cooperation. The theory to be developed is an 'organisational' theory as it involves the interregional cooperation between the EU and the GCC. Accordingly, the case study design enables the researcher to originate hypotheses regarding the potential for success as well as the impediments against developing a developed interregional partnership between the GCC and the EU. While research strategies include different techniques that vary from observation, participant observation, intensive individual interviews and focus group interviews (Devine, 2002, p. 197), semi-structured interviews, primary data analysis and the intensive study of the literature are considered the essential methods pursued in this thesis. The aforementioned methods suit the disciplinary legacy, the researcher's epistemological position and shed light on major events and how they are perceived by the individuals involved.

### **The research methods**

The research methods are the means by which the researcher collects data and achieves answers to the research questions (Maxwell, 1996, p. 73). In this thesis, the methods include an in-depth review of the literature on GCC–EU relations and conceptual framework that is based on regionalism, interregionalism and actorness. In addition, primary sources such as organisational documents, delegations' reports and

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<sup>1</sup> Yin defines the research design as "the logical sequence that connects the empirical data to a study's initial questions and, ultimately, to its conclusion" (Yin, 2003, p. 20).

governmental declarations are analysed. The aim of conducting semi-structured interviews is to complement the process of analysis, compensate for any difficulties in accessing data and generate new findings. Conferences and field visits to think tanks are supplementary methods for updating the data collection.

### ***Literature review<sup>2</sup>***

The literature review provides a general understanding and an analytical framework for the GCC–EU relations. The literature review consists of a narrative historical account of the evolution of the GCC–EU relations. It examines the current state of affairs, the major milestones and the geopolitical determinants instigating the renewed interest in upgrading the relations. Moreover, it pinpoints the obstacles and the key issues affecting the relations from the point of views of the GCC, the EU and the experts involved. The chapter ends by detailing the major barriers obstructing the upgrading of the relationship.

### ***Primary sources***

Examination of primary sources, such as EU and GCC documents, joint declarations and concluded agreements will be followed, in order to have an official account of what has been achieved. The aspirations and goals stated in the governmental documents will be compared to what is discussed in the literature review and to the interviewees' perspectives. The aim of presenting the empirical data is to provide evidence that supports the findings on the current economic and energy interdependence between the EU and the GCC.

### ***Conference attendance and visits***

The author has visited specific departments in the GCC and the EU to collect data, conduct interviews and obtain the actors' perspectives on the current GCC–EU relations. The following is a list of the names of the organisations visited:

- European Commission in Brussels;
- European Parliament in Brussels;

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<sup>2</sup> The literature review “is a systematic, explicit and reproducible method for identifying, evaluating and interpreting the existing body of recorded work produced by researchers, scholars and practitioners” (Fink, 1998, p. 3).

- The EU's External Action Service in Brussels;
- European Commission Delegation in Riyadh;
- Embassies of the Gulf States in Brussels.

Moreover, fieldwork included visits to major think tanks and centres involved in exploring the GCC–EU relations. The following centres are among those focusing on different aspects of GCC–EU relations:

- The Gulf Research Centre in Cambridge;
- The Gulf Centre for Strategic Studies in London;
- The Centre for European Policy Studies;
- Istituto Affari Internazionali in Rome.

Attending annual conferences on GCC–EU relations, such as the Annual Gulf Research Meeting at Cambridge University and the Gulf Studies Conference at Exeter University, was an essential method of updating information on the subject.

### ***Interviewing***<sup>3</sup>

The semi-structured interview is a key research technique that is often used to interpret actors' motives and the sequential decision-making involved (Devine, 2002, p. 201). In this thesis, the purpose of conducting interviews is to compensate for the absence of a participatory observation, enlighten the ambiguities and reveal sensitivity to certain aspects of the GCC–EU relations, through answering the main research questions. In fact, the flexibility in conducting semi-structured interviews provides the researcher the manoeuvrability to choose the subjects and the questions asked according to the feedback of every chosen interviewee, and the time allocated for interviewing. Moreover, semi-structured interviewing allows the interviewees to express their views, clarify ambiguities, respond to criticism and elaborate in depicting their experiences. The soft data gathered from the interviews will be used as an instrument for pinpointing the obstacles against interregional cooperation and identify the indicators foreseen as prerequisites for successful collaboration in other policies. Since the influence of the

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<sup>3</sup> Kvale defines interview as a “professional interaction, which goes beyond the spontaneous exchange of views as in everyday conversation, and becomes a careful questioning and listening approach with the purpose of obtaining thoroughly tested knowledge (...) a construction site for knowledge” (Kvale, 2007, p. 7).

researcher can be recognised while conducting interviews, planning the different aspects of the interviews is considered an essential step to ensure efficiency and reduce bias. The design for interviewing is as follows:

- Semi-structured approach;
- Choice of interviewees;
- Getting access to and deciding the number of interviewees;
- Dates for field work and length;
- Interview questions and process of interviewing.

#### *Semi-structured interview approach*

Semi-structured, or in-depth interviewing, is judged as the most effective way of obtaining information when elite interviewing is considered (Burnham, et al., 2004, p. 205), especially when the group of interviewees include senior GCC and EU officials. The flexibility of the semi-structured interview suits the qualitative nature of this thesis, the sensitivity of the subject and makes interviewing appear as a guided conversation that explores the interviewee's salient perspectives. In addition, semi-structured interviews serve the inductive approach of the thesis that requires analysing data, with little or no predetermined hypothesis, while using the actual data itself to derive the major themes and explanations repeated in the data collected from the interviews. Choosing questions that begin with 'how' and 'why', rather than 'is' and 'do', entice the interviewees to present their perspectives and elaborate when depicting their dispositions.

#### *Choice of interviewees*

The main group targeted in elite interviewing were the officials representing the GCC, the EU and the representatives involved in projects that aim at developing GCC–EU relations. The term 'elite' included academics, who are specialised in any of the chosen policies under focus, or participate in any activities that regulate the relations, such as annual meetings, negotiations, delegations and conferences. Any individuals, whose experiences and knowledge were considered informative and of a certain level of intellect, for example, businesspersons and journalists were identified as potential interviewees. The reason behind including them was to avoid restricting interviewing to

organisational or governmental staff, to include different perspectives and to help fulfil the principle of triangulation by creating a balanced and accurate analysis.<sup>4</sup>

#### *Getting access to and deciding the number of interviewees*

The number of interviewees was dependent on the accessibility to distinct members of both organisations and their willingness to be interviewed. Initially 20–30 interviews were considered the average for a project in which elite interviewing is the principal method (Burnham, et al., 2004, p. 208). Flexibility in deciding the number from each organisation was needed, as getting access to a prominent figure in the GCC, for example, can compensate for the refusal of others of lesser importance and vice versa. Selection of the official interviewees was based on their involvement in negotiations, delegations and official representation in annual meetings and dialogues; referral was followed as a technique to obtain access to interviewees.

The author chose the first key interviewees that were identified through the internet, the literature, or recommended by academics and experts in certain think tanks. Later, the interviewees were asked to recommend colleagues and collaborate. After having identified the first interviewees, they were contacted by email, and then by a phone call, especially the European MPs, whose emails and phone numbers were published on the European Parliament (EP) website. Contact with other chosen interviewees occurred in person, during attending conferences and visits to think tanks. The author decided to stop requesting interviews after having obtained more than 30 interviews and having reached the saturation point<sup>5</sup>. This occurred when the author found that some of the interviewees were not adding new information or perspectives.

#### *Dates for fieldwork and length*

Elite interviewing is a very time-intensive technique (Burnham, et al., 2004, p. 207). In this thesis, fieldwork and the travelling involved from London to Brussels and then to Riyadh proved strenuous and costly. The author chose to conduct the interviews at a late stage of the research in order to gain a complete and detailed background of her subject,

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<sup>4</sup> Bryman argues that “triangulation entails using more than one method or source of data in the study of social phenomena” (Bryman, 2001, p. 274).

<sup>5</sup> “The continuation of sampling and data collection until no new conceptual insights are generated. At this point, the researcher has provided repeated evidence for his or her conceptual categories” (Bloor & Wood, 2006, pp. 165-166).

be confident in defending the importance of the study and its propositions and be able to fathom new queries according to the latest updates on the subject and the interviewees' responses<sup>6</sup>. The process of identifying and contacting EU institutions and GCC embassies started in February 2013; while travelling and interviewing lasted until the end of April 2013.

#### *Interview questions and process of interviewing*

Two copies of interview questions<sup>7</sup> were prepared; one was in English, directed to English speaking interviewees and the other in Arabic and sent to the Arab interviewees, who were also asked in which language they preferred to be interviewed. Two sets of the questions were prepared: one contained questions on the energy case study and the other on the economic cooperation in the Mediterranean.

The questions were formed after having collected the primary and secondary data and obtained a thorough understanding of the two case studies, the current state of affairs between the GCC, and the major issues of concern. The questions were sent in advance to the participants, who accepted being interviewed, after receiving the informed consent that explained the aims of the research and asserted that no adverse repercussions would occur to the participants<sup>8</sup>. In order to encourage the chosen participants to accept interviewing, confidentiality was assured by explaining the methods used to protect the data. Most importantly, identification letters were obtained from the University and the author's sponsor in order to assure credibility and encourage GCC and EU officials to cooperate<sup>9</sup>.

A general guide was devised to ensure that the same questions were asked during each interview, to avoid bias and to facilitate the process of triangulation. The author's confident approach and general knowledge gave a good impression and facilitated the process of interviewing and the interviewees' willingness to share their experiences.

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<sup>6</sup> In certain cases, a GCC or an EU official would raise a point that the researcher was not aware of. Then the researcher would request an elaboration on the point from the following interviews with both organisations' officials.

<sup>7</sup> See annex 1 and 2.

<sup>8</sup> Oliver argues that informed consent is necessary to give potential participants in an organisation an overview of the organisation's attitude towards the topic under research (Oliver, 2004, p. 30).

<sup>9</sup> All GCC officials have requested anonymity, while EU officials explained that they were bound by the law of the EU not to declare their names when interviewed.

However, confidence and rapport were attentively balanced, in order not to give the impression of being overly confident or overly friendly. Much pressure was put on the author, who displayed flexibility in setting the times of the interviews, in order to encourage interviewees to stick to the appointed time. After cordially introducing herself, the researcher reiterated<sup>10</sup> the purpose of the interview and the ethical issues involved, ascertaining the interviewees' right to confidentiality, to decline to answer a question and discuss a certain topic, and to withdraw from the interview. The author expressed total willingness to address any ambiguities or concerns and gave the interviewees the choice whether to record the interview or not.

At the beginning of the interview, the interviewees were presented with a written statement of the rationale of the research. The importance of recording the interview was explained as a genuine attempt to avoid distorting the respondent's replies by misinterpretation. The questions were selected and ordered according to the interviewee's professional background and knowledge. Questions that touched upon sensitive issues were left to the end and disregarded if found irrelevant<sup>11</sup>. The author displayed a willingness to elaborate on the questions and repeat them whenever the interviewee found difficulty understanding them. Moreover, the author used standardised probes such as "mmm" or "Could you elaborate more?" to avoid implicating certain answers. Sufficient attention was paid to the wording of the interview questions, as well as to their translation into Arabic and to the recording of the answers.

### **Data analysis**

Data analysis is an ongoing process that may occur throughout the research and influence later data collection (Blaxter, et al., 2001, p. 192). The nature of qualitative research implied an inductive method of analysing the case studies and the empirical data gathered in order to add validity and integrity to the thesis' major assumption. The soft data gathered from elite interviews was used to generate more understanding of how members of both organisations viewed the current GCC–EU relations and to

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<sup>10</sup> The researcher gave a brief introduction of the purpose of the research and the ethical issues involved when first contacting the interviewees by email.

<sup>11</sup> A question on the role that a triangular economic cooperation in the Mediterranean can play in reducing immigration to the EU was disregarded after finding that the some of the interviewees has no response, did not recognise its impact or had nothing valuable to add.



induce accurate analysis of the prospects and the success of the two case studies. Primary attention was devoted to the construction of a causal relationship between the different research variables in order to induce a framework that is built on the theory of interregionalism, and which can be applied to other areas or fields of GCC–EU interregional cooperation. The empirical data was presented but not subjected to detailed statistical analysis. Hence, there was no need for another researcher to examine it and confirm the results. Prompt analysis of every interview was followed to identify the questions that produced contradictory responses, new information, or simply the questions that needed rephrasing or elaborating upon.

### **Indicators**

The evaluation of the data and the potentials of the case studies were measured by a set of indicators that tested the organisations' flexibility and willingness to assess policies and consider joint ventures, prioritise its relations with the other organisations and construct capacity structures for implementing goals and strategies. The indicators were derived from the Joint Action Programme for Implementation of the GCC–EU Cooperation Agreement of 1988, 2010–2013 (JAP).<sup>12</sup> The author did not adopt all the mechanisms identified in the programme but chose the general indicators that test the organisations' willingness to initiate and participate in joint projects such as the joint assessment of ventures and the willingness to consider the interests of the other organisation.

### **Challenges**

Politics is a sensitive subject, and conducting research in politics involves the challenge of obtaining access to the research field via gatekeepers<sup>13</sup>, access to documents, organisations – especially in the GCC – and staff. As the subject involved discussing current relations, contentious issues, the ramifications of the Arab Spring, the European financial crisis, human rights issues and contentions over the FTA clauses, the author found difficulty obtaining permission to visit the GCC headquarters in Riyadh without prior appointment. However, the great difficulty was encountered while trying to obtain

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<sup>12</sup> Joint Action Programme for the Implementation of GCC–EU Cooperation Agreement of 1988, 2010–2013 at [http://eeas.europa.eu/gulf\\_cooperation/docs/joint\\_action\\_programme\\_en.pdf](http://eeas.europa.eu/gulf_cooperation/docs/joint_action_programme_en.pdf)

<sup>13</sup> Oliver uses the term to metaphorically designate the individuals who have management or administrative control in an organisation, and who can decide in absolute terms whether one is permitted to carry out research (Oliver, 2004, p. 39).

interviews with EU officials and MPs. First, the author tried to get information and request a visit to the EU through the EU's official website and the website of the External Action Service. After sending the requested documents, the interview questions and explaining the purpose of the fieldwork, the request was declined without any proper explanation. Then, the author had tried the referral method through contacting the Saudi Embassy, which referred her to an official in the EU, who provided a list of the names of MPs that were responsible for the GCC–EU relations. When contacting all the names, some refused due to being busy; others were not willing to be interviewed by others outside their constituencies and others did not respond at all, even after contacting their secretaries by email, and phone calls.

The process of obtaining permission and access to EU officials was strenuous, time consuming and frustrating, although the author had an official identifications letter from the Saudi Cultural Bureau in London, the university and the author's supervisor. The author expected to encounter difficulty with the GCC side but not with the Europeans. Although, it was difficult for the author to visit the GCC headquarters in Riyadh, the author found complete cooperation from the embassies of the Gulf states and from the GCC delegation to the EU in Brussels. Contrary to the author's expectation, the author's gender did not impede the fieldwork and the GCC officials were more open in expressing their views, a move that was interpreted as a desire to make their views reach the EU.

After relentless efforts and at a critical time, the researcher obtained interviews with EU officials, who were reserved, insisted on anonymity, with most declining recording. During the interviews, the author found no strain in convincing the interviewees of the utility of the research, and once the interview began, EU officials started to open up; however, they evaded topics such as the GCC's Sovereign Wealth Fund (SWF) and the European financial crisis. The author displayed flexibility in giving the interviewees the choice to conduct the interview in person, through email, a phone call or a Skype call, beforehand. In case of cancellation of an interview appointment under the excuse of being engaged in another important event, the author suggested interviewing via telephone or Skype.

### *Ethical issues of interviewing*

The data collection and the interviewing processes involved moral issues that stem from the means and the ends of interview inquiry, and the entanglement of private lives in the public arena (Mauthner, et al., 2002, p. 1). In this thesis, the interviewees were given the choice to remain anonymous, after articulating the independence of the author, explaining the details of the thesis and the measures followed for protecting and analysing the data. As many interviewees might have considered the process intimidating, all information regarding the subject of the research and data analysis was clearly explained in a letter that was sent in advance with the interview questions to the potential interviewees. The measures followed to ensure the confidentiality and interviewees' anonymity were explained upon request. Moreover, the interviewees were assured that all measures had been taken to ensure that no one gained access to the databases of the interviewees. The author patiently allowed the interviewees to express their personal views and sentiments without influencing or directing their positions, after obtaining the informed consent. The following ethical protocol was adopted (Flick, 2007, p. 24) to address the ethical issues concerning this research:

- *Thematising.* In addition to contributing to the knowledge of regionalism and interregionalism, the aim of the thesis was to identify the obstacles preventing the upgrading of the GCC–EU interregional relations.
- *Designing.* The ethical issues of design involved obtaining the interviewees' consent by assuring their confidentiality, while avoiding inflicting any psychological or physical harm.
- *Interview situation.* Argumentation and stress were avoided during interviewing. The author accepted the interviewee's freedom in declining to answer certain questions and choosing the duration of the interview.
- *Transcription.* The author assured the confidentiality of the interviewees and explained that any written or recorded text was to be used only for data verification and not against them.
- *Analysis.* The issue of analysis concerned how the interviews were going to be analysed and how potential misinterpretation was going to be avoided. In this respect, the comments were not interpreted outside their contexts or according to the interviewer's conceptualisation. Most of the interviews were recorded and transcribed and coded – except those who refused to be recorded during interview.

- *Verification.* In order to ascertain the validity of information given by the interviewee, the author considered information that was confirmed by documents, such as communiqués, memoranda of understanding, declarations, etc. Moreover, the author examined the transcripts of the interviews and compared question by question to identify similarities and dissimilarities.
- *Reporting.* The issue of guarding the interviewees' confidentiality was ensured by storing the interviewees' details and avoiding registering their names, or phone numbers on hard disks. The coding of interviews and transcripts was undertaken to ensure the interviewees' anonymity.

Other research challenges included data collection, interviewing in different cultural environments and the author's ethnicity. Although the issue of gender did not pose complications when interviewing GCC officials, a variable such as the author's ethnicity emerged when approaching the EU's different institutions in Brussels. However, these hindrances were resolved by using the referral method discussed in the research. The investigation of the interregional relations between the GCC and the EU is focused on policy areas that implicated mutual benefits rather than risk. However, because fieldwork was conducted at times when the EU and the GCC had their annual meeting, the author found difficulty obtaining access to EU officials, a matter that distorted the author's perception of the EU as more outspoken regarding its policies and foreign affairs. The EU publishes all its strategies, official policies and international agreements on its website, accordingly; no difficulty was encountered in accessing the EU's agreements and communiqués. The author obtained the needed data through the examination of secondary data<sup>14</sup> and the official websites of the following agencies:

- International Energy Agency (IEA);
- European Commission (EC);
- World Trade Organisation (WTO);
- Energy Charter Secretariat;
- World Energy Outlook (WEO);
- Saudi Basic Industries Corporation (SABIC);
- US Energy Information Administration (EIA);

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<sup>14</sup> Miller and Brewer consider that "secondary data analysis is widely used by researchers undertaking analysis of quantitative data and has begun to be applied to qualitative data"; they view that the advantages of examining secondary data are related to savings in money, time and personnel (Miller & Brewer, 2003).

- Energy Intelligence;
- US Department of Energy (DOE);
- World Oil Trade;
- World Bank;
- Energy Charter;
- BP Statistical Reviews of World Energy (BP);
- European Investment Bank (EIB).

### ***The author's independence***

It is essential to recognise that the author is the director and the owner of the research project. The process of data and interview analysis involved giving meaning and personal assessment of what was considered significant and how it could develop further in the future (Blaxter, et al., 2001, p. 219). In order to avoid bias, the author has distanced herself and examined the case studies, without losing track of the main goals of the thesis that were stated previously. The author has avoided taking sides, as it was in the interests of the thesis to come with new knowledge and contribute by generating new meanings and findings. The author has independently chosen the subject, the case studies and selected the interviewees according to their involvement in GCC–EU relations and not on their favourable disposition towards upgrading the relations between the GCC and the EU.

### ***Data reliability and potential bias***

Accessing data was considered a major challenge because of the time, travel and cost involved. Potential bias might have risen by not having enough access to documents of one of the organisations. Such incident would have resulted in the availability of data that supported the perspective of a certain organisation and not having enough to support that of the other organisation. The shortage in data concerning the GCC organisation has been overcome by referring to the EU's website, which published all the needed agreements and communiqués. Other issues of potential bias included the risk of reactivity<sup>15</sup> and the need to control the effect of the author during interviews, as

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<sup>15</sup> Maxwell considers reactivity as a powerful and inescapable influence of the interviewer and the interview situation on the interviewee; such function can affect the interview's outcome (Maxwell, 1996, p. 91).

playing the role of interviewer implies inspiring trust and confidentiality by being complaisant to the interviewees and encouraging them to elaborate.

However, sending the questions in advance to the interviewee has reduced the chances of over pleasing the interviewees and has ensured the validity of the inferences obtained through data analysis. It is necessary to mention that retaining a certain amount of flexibility regarding changing certain questions was a prerequisite action whenever sensitivity seemed to rise, especially with topics such as the GCC's SWFs. The risk of misrepresenting the findings or misinterpreting the interviews was avoided by giving attention to the construction of the questions and by recording and transcribing the interviews. Triangulation has been followed to ensure minimum bias; the concept is explained in the following paragraph.

### **Triangulation**

Burnham et al. consider triangulation a strategy that is used to crosscheck data by using a variety of research methods (Burnham, et al., 2004, p. 31). As indicated previously, a combined analysis of data gathered from primary sources, case studies, interviews and a study of the literature review was used in this thesis. Triangulation approached to prove evidence and to reduce the systematic biases and limitations of following one specific method (Maxwell, 1996, p. 76), while allowing the assessment of the validity of the developed explanations and interpretations. Above all, the use of different sources as a method of validating has allowed the author to cover events that were considered milestones, record the perspective of the people involved and test the effectiveness of the author's inference. Moreover, comparing the different interviewees' responses to each question has helped outline the issues of convergence and divergence in the interviewees' responses. It has occurred that the author's point of view overlapped with the point of view of others involved, or that expressed by academics and researchers. This has been accepted and recognised as a natural aspect of the research process. Any negative data that has invalidated the general findings, or negated the thesis' propositions has been considered, interpreted and referred to in the data analysis.

## **Conclusion**

This chapter has introduced the subject and the methodology of the thesis. The chapter presented the rationale behind choosing typical case studies, such as energy security and economic cooperation in the Mediterranean for the application of regionalism, actorness and interregionalism as a conceptual framework for analysing GCC–EU relations. Then, the chapter introduced the ontological and epistemological foundation of the research and rationalised the use of interviewing by emphasising its role in giving meaning and explanation to the phenomena under investigation. The research strategy, the major and supporting questions as well as the scope and limitations were presented, including the challenges expected in conducting fieldwork in different social and cultural environments and the subsequent difficulty of getting access to elite interviewees. Triangulation was explained as a chosen method for analysing the data obtained from interviewees and the literature. The chapter has presented the rationale behind choosing regionalism and interregionalism in order to prelude to the in-depth analysis of their types, generations and functions in the following chapter.

## CHAPTER 2

# CONSTRUCTING REGIONAL ACTORNESS: THE ROLE OF INTERREGIONALISM

### Introduction

Since the establishment of the European Community, theories of European integration have attempted to describe and value the various aspects associated with this phenomenon (Drachenberg, 2009, p. 12) and the different processes of regionalism, regionalisation and interregionalism that contributed to the creation of the EU and to the consolidation of its presence as a distinct actor in global politics. The global changes brought by the end of the Cold War, accompanied by the winds of globalisation and revolutions in information technology, brought to the world an invigorated form of regionalism that manifested a desire for political and economic sustainment through adopting methods of cooperation that were capable of addressing the effects of globalisation and regionalisation. Inspired by the success of the European model, and relieved from the Cold War overlay, regional actors started to play new and positive roles in establishing new modes of cooperation, setting interregional dialogues and partnerships.

The spread of interregionalism came to provide a new understanding of an aspect of global politics and relations, against the dominant explanations of the neo-realist and neo-liberal, offering a new paradigm for investigating a certain form of states' alliances and collaboration. Thereupon, it is the central interest of this chapter to explore the development of interregionalism as a new phenomenon and as a major aspect of the EU's foreign policies, professing the EU as a distinct actor in the global relations. Through concentrating on region as a major actor and defining the different concepts of regionalism, actoriness and interregionalism, the chapter aims to elucidate how interregionalism can contribute to the construction of a region and the reinforcement of its regionness and actoriness by enabling it actively to act and interact in world politics and relations. Moreover, the chapter stresses that in order to be able to perform the functions of interregionalism, regional actors must possess a certain level of regional



cohesion that works to consolidate their presence and increase their capabilities at exerting actorness.

The first section presents the birth of interregionalism in correlation with the end of the Cold War and the proliferation of the second generation of regionalism. The section introduces the region as a major actor, on which the level of analysis is focused, and defines region, regionalisation and regionalism. The chapter then examines the origin of constructivism, in the second section, and explains how constructivism contributes to our understanding of the concept of actorness, beyond the Westphalian state level of analysis of mainstream IR theories. By referring to constructivism, European Studies and the New Regionalism Approach, the second section defines what actorness is and what the major elements constituting regional actorness are that are derived from Wunderlich's criteria (Wunderlich, 2008), (2011) and (2012a).

Since interregionalism as a world phenomenon is linked to regionalism, the third section sheds light on the social and historical factors that distinguish the different generations of regionalism and explores how the construction and deconstruction of regions can follow different evolutionary paths and assume different types of regionness by introducing the Hettne and Söderbaum typology of regionness (2000). The fourth section delves into the concept of interregionalism, its origin, evolution and the limitations of the materialistic interpretation of both neo-realism and neo-liberalism and their inability to accommodate the emergence of interregionalism in a world of diverse ideas, competing norms and asymmetrical levels of actorness. The section stresses constructivism as an alternative theory that accommodates the social interaction of regions as agencies, in the process of construction and functioning through deepening regional integration and expanding interregional relations.

The fourth section explains the role of bilateralism in interregional relations as well as how the functions of interregionalism are affected by the degree of regional actorness and institutionalisation. Finally, the section presents Hänggi's typology of interregionalism (Hänggi, 2006, p. 41); summarises the chapter and introduces the operationalisation of the following chapter by presenting how constructivism can serve to generate hypotheses that can be investigated empirically, regarding the type of the

EU's and the GCC's levels of regionness and the subsequent type of interregionalism resulting from their interaction in the following chapter.

## **1. Interregionalism: the building of a region and its actorness**

Interregional relations is not a novel phenomenon, dating back to the 1960s, with the EC playing a major role in spreading the phenomenon and starting the first interregional cooperation in the first Yaoundé Convention of 1963 with the African states and Madagascar (Doidge, 2007). The development of the studies of interregionalism reflects a change and a constant evolution in theories of IR, reflected in the purpose and the paradigm of the theory, which undergoes continuous development and production of new types and forms (Hänggi, 2006). Reaching agreement and a common conceptual definition of the phenomenon has not been achieved, as disagreement persists regarding the criteria for attributing the term trans-regional to organisations and fora such as the Asia–Europe Meeting (ASEM), APEC, and to the level of institutionalisation needed for developing regional actorness (Rüland, 2002b). The attention devoted to the investigation of triadic relations<sup>16</sup> is another factor behind the difficulty of reaching a common ground and perception on what defines the concept of interregionalism (Rüland, 2002a).

Hänggi argues that the surge in new regionalism and the political cooperation resulting from the interaction among regional groups, proclaimed interregionalism a permanent feature of the international system (Hänggi, 2000). Scholars started to reconsider their basic assumptions of state prominence and examine the region as a permanent aspect of the global governance, and as a new construct capable of assuming actorness capacities, in which the political, social and economic characteristics of the state are included (Joffé, 2007, p. xiii). Moreover, the EU's importance as a global actor with its exceptional presence and actorness represented a new kind of multifaceted and multi-perspective phenomenon (Chebakova, 2008); and created the need for new theory to accommodate actorness and present regions as significant proactive players in IR.

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<sup>16</sup> The concept refers to the three capitalist powers of the Cold War: USA, the EC/EU and Japan. According to Rüland, the term is used recently to refer to 'North America, Western Europe and East Asia,' as the 'trilateral relationships' were strengthened 'after the end of the Cold War' and the surge in New Regionalism in the 1990s (Rüland, 2002a).

The early 1990s witnessed a remarkable growth in the number of institutionalised relations between regional organisations (Doidge, 2007). This new level of inter and trans-regional interaction developed in connection with the resurgence of the second generation of regionalism and as a strategy for adapting to globalisation and regionalisation. Interregionalism became an important part of the EU's foreign policy and was characterised by its constant reviewing and restructuring, yet, with a permanent dedication to multilateralism (Hardacre & Smith, 2009). Recently, interregionalism is a distinct feature of modern IR; the US and the EU are the dominant actors, among other rising actors in the international system, representing two different world models: the former of unilateralism; the latter of a multidimensional intra-regional links and institutionalised regional relations (Hettne, 2007, p. 107).

### **The end of the Cold War and the surge in regionalism and interregionalism**

As to what role the end of the Cold War played in stimulating regionalism and interregionalism, Joffe argues that with the end of the Cold War, the world seemed “confused” and “confusing” (Joffé, 2007, p. xiii). The removal of the balance of power eroded old political and economic alliances and brought to the world new groupings, making regionalism and interregionalism effective tools for diplomacy and for encouraging states to establish cooperative arrangements to resolve emerging problems, whose nature has also changed (Gilson, 2006, p. 1). Accordingly, regions started to assume responsibility and identity and create new spaces for managing soft security issues, such as global warming, acid rain and forest fires to more complex security issues, such as nuclear leaks and weapons (Gilson, 2006, p. 1).

The surge in regionalism and the proliferation of regional organisations such as the Association of Southeast Asian Nations (ASEAN), the Asia–Pacific Economic Cooperation (APEC), the Economic Community of the West African States (ECOWAS), the EU, Mercado Comum del Sul (MERCOSUR), the South Asia Association of Regional Cooperation (SAARC), and the North American Free Trade Agreement (NAFTA), appeared to promise a command and order to a world confronting the threats of globalisation and regionalisation (Joffé, 2007). Among this proliferation of regional groupings, a process of ‘complex interregionalism’ was born; the EU has been the centre of a strategic pursuit of region-to-region relations, especially with Asia, Africa and Latin America (Hardacre & Smith, 2009, p. 167). The desire to

promote its own model and identity on IR was a major aspect of the EU's interregional strategy (Hardacre & Smith, 2009). Hence, interregionalism developed out of the necessity to accommodate the EU's commitment to multilateralism, promote its model across the globe and reinforce its actorness, a matter that created the desire to export regionalism that is based on the EU's regional identity and democratic political structure (Hardacre & Smith, 2009).

### **Regions as actors: a new level of analysis**

In European studies, the level of analysis is concentrated on the concept of actorness, which transcends the Westphalian concept and the nation-state paradigm of neo-realism to form a Neo-Westphalian system where states are no longer the sole actors (Wunderlich, 2008). Acknowledging the contribution of the European Studies to our understanding of actorness and regionalism, Wunderlich argues that European studies provide “refreshing contrast” that transcends the insecurities of the Westphalian system of states of mainstream IR theories, especially concerning multilevel governance and actorness beyond the state level of analysis (Wunderlich, 2011, pp. 48-49). However, Wunderlich warns that the focus on the EU as a distinct model limits our understanding of the new forms of actorness that include non-governmental organisations (NGOs) and multinational corporations (MNCs) and urges scholars to go beyond the state-centric paradigm when assessing the actor's capabilities (Wunderlich, 2012a).

Respectively, De Lombaerde et al. attribute the difficulty of defining what is a region and what theoretical framework should be used in regionalism research to the “variety of non-state actors” and “the multiplicity of formal and informal regional networks” that rendered the term ‘region’ an ambiguous concept (2010, p. 762). Hence, a simple definition recognises region as,

“a limited number of states linked together by a geographical relationship and by a degree of mutual interdependence” (Nye, 1968a, p. xii).

In this research region is a major actor and is defined by Doidge as,

“a territorially-based regional organisation with a determinable identity, construed by states for the purpose of designing and implementing a set of policies in relation to a given issue or issues, and which are directed towards the improvement of the position of those states on that issue or issues” (Doidge, 2008, p. 41).

However, Hettne and Söderbaum argue that a “regional frontier may very well cut through a particular state’s territory, positioning some parts of the state within the emerging region and others outside” (Hettne & Söderbaum, 2002, p. 38). Accordingly, the cohesiveness and the distinctiveness of the region increases and decreases by the level of regionness, which is measured by the degree of regional cohesion that confers on a region its distinct identity and which is defined as,

“The process whereby a geographical area is transformed from a passive object to an active object articulating the transnational interests of the emerging region” (Hettne & Söderbaum, 2000, p. 461).

On the other hand, Warleigh-Lack & Rosamond (2010) argue that scholars provide different definitions of region, regionalisation and regionalism, depending on the parts of the globe and the kind of organisation they develop. Acknowledging the scholarly disagreement, this research adopts Warleigh-Lack’s definition of regionalisation, in which he uses the term to indicate generalised dynamic processes that denote “fluid” and “multi-layered” transformations at the national, regional, and global levels”, and “link economic and political, at times security, issues without privileging one over the other” (Warleigh-Lack, 2006b, p. 259). Warleigh-Lack’s definition focuses on the process rather than the outcome to include the “various processes of regionalisation” that are unfolding and to avoid indicating a desired end or goal for the diverse processes of region-construction. In this research, regionalisation is informed as,

“an explicit, not necessarily formally institutionalised, process of adapting participant state norms, policy-making processes, policy styles, policy content, political opportunity structures, economies and identity (potentially at both elite and popular levels) to both align with and shape a new collective set of priorities, norms and interests at regional level, which may itself then evolve, dissolve, or reach stasis” (Warleigh-Lack, 2006b, p. 758).

In this thesis, the author chooses to adopt Hänggi et al.’s definition of regionalism because it indicates a proactive, defensive, top-down cooperation strategy that ranges from regime building to the formation of intergovernmental and/or supranational institutions. Accordingly, regionalism is considered in this research as,

“a conscious policy of nation states for the management of regionalization and a broad array of security and economic challenges originating from outside of the region” (Hänggi, et al., 2006, p. 4).

### **Theories of International Relations: the building of regionalism, actorness and interregionalism**

Different theories tackle the development of regional organisations and interregionalism. Neo-realism, neo-liberalism, constructivism and theories of regional integration are among the major theories contributing to our understanding of regionalism and regionalisation (Wunderlich, 2012a). Neo-realism envisions a world of anarchy where states as the primary units engage competitively to gain self-interests. In this systemic agency-structure interaction, the nation state is the major focus and the subject to systemic constraints and opportunities. Responding to the constraints in this hierarchical statist structure, regional blocs compete through regionalisation and under the “American and hegemonic preponderance” (Wyatt-Walter, 1995, p. 75).

Neglecting the role of norms, ideas and social factors, neo-realism provides only a materialist and individualistic interpretation of international politics that considers the emergence of the European Community after the end of the Second World War a response to the “bipolar system” and the “demise of the European powers” (Wendt, 1999, p. 4). For neo-realism, regional politics is an alliance formation that is determined by the “logics of outside-in systemic pressures” on the geopolitical framework within which the region is located (Fawcett, 1995, p. 47). Similarly, neo-realism considers states strategic players in the multi-layered structure of global governance that retain their control by intentionally developing and “strengthening regionalism” and referring to interregionalism to counterbalance regional asymmetries (Roloff, 2006, p. 24).

From this perspective, it can be argued that neo-realism fails to go beyond the systemic and security interpretations and neglects the historical, ideological and economic urgencies that contribute to the development of the EU’s integration and its actorness (Bretherton & Vogler, 1999, p. 25). Most importantly, the concentration on power asymmetries and themes of competition, adversary and balancing provides a single-sided explanation of the states’ choice for regional formation, development and transformation and neglects the role shared values and identities play in promoting subregional and institutionalised forms of cooperation (Bretherton & Vogler, 1999, p. 25).

Unlike neo-realism's disregard of norms in international politics, neo-liberalism acknowledges their influence but limits their influence to an administrative function (Gilson, 2002); for neo-liberalism states, as major actors, respond to the disorder in the international system by building institutions and organisations and concluding treaties that provide suitable tools for cooperation under disorder. Neo-liberal institutionalism considers cooperation and organisations suitable new frameworks for managing global and intricate interdependence (Rüland, 2000). It considers the coherence provided by the global interdependence, a major motive behind cooperation between states; however, neo-liberalism stipulates the perception of similar interests and potential benefits in order for cooperation to occur (Oye, 2005). Accordingly, both neo-realism and neo-liberalism are limited in their state-centred perspectives and incapable of explaining how national interests and identities induce or obstruct change, regional cooperation and conflicts (Solingen, 1998).

As such, Slocum and Van Langenhove (2004) consider constructivism as an alternative theory to neo-realism and neo-functionalism. Constructivism has become favoured in the study of regionalism, interregionalism and actorhood, emphasising the theory's ability to investigate the rules, norms, language, discourse and identity building in the construction of political organisations and their actorhood (Slocum & Van Langenhove, 2004). Thus, this thesis considers a combination of European Studies, the NRA and constructivism provides a better conceptualisation of regional formation, actorhood and interregional relations by highlighting ideational factors such as identity, legitimacy, capacity, presence and recognition on the formation and development of regionalist projects and interregional relations, without neglecting the contribution of orthodox IR theories. The following section briefly outlines constructivism's major assumptions and highlights how interregionalism contributes to regional integration and regional actorhood.

## **2. Origins of constructivism: why scholars needed constructivism**

During the 1980s, and concerned about the prospects of a nuclear war within the context of the Cold War, social movements addressed the challenge through adopting political demand for a clear and definite disarmament. Such movements stimulated new arguments regarding the "materialistic perspective" of classical IR theories and their

failure to predict the end of the Cold War (Fierke, 2013, p. 188). Eliminating barriers between different disciplines of IR theories, and establishing a discourse with scientific methods and rationalism, constructivism expands the theoretical ground of IR by providing a social framework that provides new interpretations and meanings (Checkel, 1998). Criticising the inevitability and individualistic concepts of neo-realism and neo-liberalism, constructivism emphasises the social ontology of international politics and asserts the analytical tools in understanding the changing aspect of any policy process and the reconstruction of both agency and structure (Slocum & Van Langenhove, 2004).

Depicting the international system as a “social construction” that is “produced, reproduced, and sometimes transformed” (Wendt, 1999, pp. xiii, 366), Wendt considers that agents “intersubjectively” construct and reconstruct social reality through actions and “discursive processes” that interpret and negotiate rules and norms (Bretherton & Vogler, 2006, p. 21). For Wittgensteinian constructivists, discursive processes construct and give meaning to the world (Christiansen, et al., 1999). Language is considered “speech acts” that generate different meanings and norms, depending on the social, historical and cultural contexts (Fierke, 2010, p. 188). The interaction between agencies and the structure produces both “intended and unintended rules and practices” (Bretherton & Vogler, 1999, p. 29).

### **Constructivism: strengths and weakness**

Slocum and Van Langenhove (2004) consider constructivism as an alternative theory to neo-realism and neo-functionalism that is often placed somewhere between rationalism and reflectivism. For Slocum and Van Langenhove, the theory emphasises the role rules, norms, language, discourse and identity play in constructing political communities and interregional relations (Slocum & Van Langenhove, 2004). Unlike neo-realism and neo-liberalism, constructivism underlies the role human reasoning, ideas and social facts play in inducing change and reconstruction of social reality and international relations, all within specific historical, cultural and political interaction in the social world (Fierke, 2013, p. 193).

Advocating the possibility of change in world politics, Philips argues that constructivism provides an accommodating conceptual framework that is more capable of explaining the ideational and institutional changes beyond the state-centric paradigms



of IR theories (Philips, 2007). The theory, according to Wendt, alleviates the materialist interpretations of mainstream theories and helps understand how things evolve through considering the possibility of evolution and the reconstruction of interests and preferences (Wendt, 1999, p. 371). Since states can understand states' motives and choices, constructivism provides a social understanding of alliance formation that is conceived in accordance with the states' normative and ideational values (Hopf, 1998).

Conversely, Checkel criticises the theory's overemphasis of the normative role played by ideas, and its failure to explain how, when and why agents bring change and how the mechanism varies across states (Checkel, 1998). As a result, constructivism does not define the kind of social structure that produces a certain kind of political governance, nor can it analyse a state's behaviour without examining a given social relationship (Len, 2004). Accordingly, Walt argues that constructivism is better at describing the past, while its major failings lie in its incapability to predict the future of political organisational structures (Walt, 1998). Similarly, Aggarwal & Fogarty consider identity building and social factors insufficient to explain the construction of regionalist arrangements and states' or elites' responses, as the theory does not provide a definite answer to whether, for instance, the EU's endorsement of organisational forms will enhance regime strength or its broader European identity (Aggarwal & Fogarty, 2004).

### **Conceptualising actorness: contribution of constructivism**

Constructivism's major contribution, for the purpose of this thesis, is its ability to explain the intertwining relationship between regional actorness and interregionalism by identifying the major elements constituting regional actorness. Moreover, constructivism is considered more "relevant" and "fit" for,

"capturing the role of religion, culture, and identity that are critical to developing theoretical discourses and concepts from Islamic states and societies" (Acharya & Buzan, 2010, p. 225) referring to (Tadjbakhsh, 2010).

Doidge conceives that the functions of interregionalism can be explained by a variety of theoretical assumptions; however, constructivism allows the construction of regional agency and explains the nature of regional actorness and its impact on the actors' capacity to perform the functions of interregionalism, especially concerning the consolidation of identity building at the regional and extra-regional levels (Doidge,

2007). By setting the base for the institutionalisation of norms and ideas into politics and drawing the links between the actors' interests and identities and regional formation and cooperation (Slocum & Van Langenhove, 2004), constructivism sheds light on "why" and "how" interregional cooperation is established and what constitutes actorness (Slocum & Van Langenhove, 2004, p. 239).

### **What is actorness and what constitutes actorness**

The concept of actorness is well established in IR theories but the focus has always been centred around the state's territorial sovereignty and legal legitimacy (Čmakalová & Rolenc, 2012, p. 262). Concerned with defining and assessing the EC's emerging actorness, especially concerning internal issues, certain policy areas and structures, early works of European studies produced different definitions that compared the EU's actorness to the state (Hulse, 2014). Sjöstedt (1977) is among the European scholars contributing to the concept by drawing the line between being recognised externally as an international actor and being an effective one by stipulating distinction from other actors and possessing certain capabilities. Sjöstedt defines actorness as the "capacity to behave actively and deliberately in relation to other actors in the international system" (1977, p. 16). Similarly, Bretherton and Vogler conceptualise regional actorness by emphasising the capacity to act in regard to other actors, while conceptualising the EU's actorness as the outcome of a dynamic process of interaction between actors, opportunities and structures (Bretherton & Vogler, 1999, p. 29).

While Bretherton & Vogler have in mind the EC when stipulating that,

"a minimal behavioural definition of an actor would be an entity that is capable of formulating purposes and making decisions, and thus engaging in some form of purposive action." (1999, p. 20),

Allen and Smith (1991) introduce a more flexible approach that aims at developing a generalised framework but avoids giving a strict definition of actorness. Allen and Smith (1991, p. 20) build on presence and expectation as major elements by suggesting a "pre-actorness" phase, and arguing that the EC is not a complete actor despite its influence and legitimacy. In addition, for Allen and Smith (1991, p. 97), presence "that operates to influence the actions and expectations of participants" can be attained by having the legitimacy and the capacity to use resources to exert actorness with regard to

other actors. However, they argue that presence is “multidimensional” and may vary in degree according to the issue areas (1991, p. 97).

Stressing the role capacity plays in developing actorness, Christopher Hill (1993) contributes to our understanding of the formation of actorness by identifying a capability-expectation gap that explains what the European Community can do and do not. Hill argues that the EU faces a capability-expectation gap with regard to its international role and that the Community is a real international actor in certain policy areas and less active in others, as internal and external demands exert pressure on the EU to increase its capabilities or decrease domestic and international expectations of what it can achieve (Hill, 1993). However, with the Maastricht Treaty and the establishment of the three pillar structure, Whitman (1998) adds an external dimension to the concept of actorness and argues that the EU has secured external recognition and distinction from other actors in the international system by establishing its normative and coherent international identity.

Accompanying the EU’s development, Allen and Smith (1998) revisit the concept of actorness to introduce the different institutional capacities that enable the EU to translate its presence into purpose and conclude that the EU’s security order is not capable of making its presence felt in the areas most needed. Finally, Jupille & Caporaso (1998) develop a policy structure approach that includes recognition, authority and cohesion to accommodate the EU’s actorness in environmental negotiations. Basing his definition on Bretherton & Vogler’s criteria of actorness (1999, p. 5) that includes presence, opportunity and capability, while attempting to avoid its limitations, Hettne introduces a new perspective that situates actorness within the changing dynamics of globalisation and systemic pressures on the new regionalism.

Hettne refers to actorness as the “legal personality” and “external behaviour” of a region, as well as its “capacity for action” and “manoeuvre” that follows from its presence in different regional contexts on one hand, and its interaction in external environments on the other (Hettne, 2007, p. 111). Allowing the construction of a regional agency with a certain geographical space, Hettne posits that the distinctiveness of the region increases and decreases by the level of regionness that is measured by the

degree of regional cohesion and distinct identity (Hettne, 2005). As such, Hettne & Söderbaum refer to the process, through which a region becomes an actor as,

“the process whereby a geographical region is transformed from a passive object to a subject with capacity to articulate the interests of the emerging region” (Hettne & Söderbaum, 2000, p. 461).

However, Hettne posits that although the EU stands as the most successful model for regional integration and actorness, different regionalist projects have different historical, ideational and structural backgrounds that ultimately shape their interests and goals and condition their level of institutionalisation and development; hence, their regionness (Hettne & Söderbaum, 2002). Similarly, Wunderlich (2012a, p. 664) challenges the EU’s uniqueness and argues that regional actors develop different actorness, whose level is “dependent on the socio-historical background processes of regional integration” that determine the region’s self-image, normative core and level of institutionalisation. Nonetheless, Wunderlich underlies the role institutionalisation plays in determining the external representation, manoeuvrability and enhancing the decision-making of regional actorness (Wunderlich, 2012a, p. 664).

### **Actorness: a multidimensional concept**

Hettne (2011, p. 31) considers actorness a multidimensional concept that includes “subjective, historical and structural” processes that may lead to consolidating or decreasing the level of regionness and thus leading to regional evolution or “dilution”. Considering that scholars of actorness provide a variety of definitions of what constitutes actorness, which are at times applicable only to the EU, the following section intersects the internal and external factors constituting actorness as discussed in social constructivism, European Studies and NRA. The section builds on Wunderlich’s criteria (2008) (2011) (2012a) as a framework, whose major constituents are identity/internal self-image that represent the internal cohesion of the region; presence/external recognition of the region’s territorial, social, economic, and political powers; and institutionalisation and capabilities that enable the region to act purposively in the international system. The framework will be applied for comparing and assessing the GCC’s and the EU’s actorness and their capacities at performing the functions of interregionalism in the following chapter.

*Actorness: identity and self-image*

Constructivism depicts the construction of identity as a constant process of interaction, construction and reconstruction between agents, sources, interests and the social structures (Oelsner, 2012). Norms and ideas are social determinants that influence and shape the actor's identity, preferences and interests and lead to the development of international laws by enforcing the notions of what is and what is not acceptable behaviour (Finnemore & Sikkink, 1998, p. 900). Wendt holds that collective identity formation is dependent on having four variables: interdependence, common fate, homogeneity and self-restraint; the interaction between these variables expands the cultural background to include others while restraining self-centred interests (Wendt, 1999). Accordingly, Wendt considers that social determinants affect both the formation of individuals' identity and the foreign policy of a state, bringing the possibility of change to the international system (Wendt, 1999, p. 2). For Len (2004) the ability to generate collective action for solving problems is dependent on the social identities of the actors that are formed with reference to another's through socialisation.

Wunderlich posits that regional and international organisations that represent collective actors construct and possess identities that imply internal inclusion of "who are we?" and external exclusions of "who are we not?" (Wunderlich, 2011, p. 53). As such, identity sets boundaries and sets inclusive and exclusive criteria that distinguishes between insiders and outsiders (Hulse, 2014). Moreover, identities are reconstituted by various historical, social and political experiences that determine the region's self-image (Hettne, 2011). In this context, Hettne upholds identity as an indicator of the internal cohesion (regionness) that gives a region various levels of shape and presence: "a regional social system; a regional international society; regional community; and regional institutionalised polity" (Hettne, 2014, p. 57). For Hopf, identities give meanings, order and indicate the motives behind certain preferences and choices, a matter that establishes expectedness and eliminates uncertainty and confusion (Hopf, 1998). Accordingly, the formation of a collective identity, can position other entities, such as organisations as actors with strategic positions, perceived interests, and recognisable actions and preferences (Slocum & Van Langenhove, 2004).

***Actorness: presence and external recognition***

Olesner posits that possessing distinct identity implies internal and external recognition and perception that enables a region to identify its own interests and goals and effectively project its image onto its member states (Olesner, 2012). However, Bretherton & Vogler, stipulate that external recognition and perception are attained and shaped through interaction with other regional actors (2006, p. 31), a matter that implies the need for interaction through establishing interregional relations. Čmakalová & Rolenc (2012) confirm that a regional organisation has to be perceived as legitimate by its members, citizens and external actors, in order to be able to draw its foreign policies and be accepted as an efficient international actor. While states possess external recognition by having sovereignty, Wunderlich explicates that sovereignty is not a prerequisite for regional actorness and regional actors can attain recognition and enhance actorness through their interaction with other actors (Wunderlich, 2011, p. 53). From this perspective, having presence implies internal recognition of an entity and external recognition and expectation of the entity to use its capabilities in effective actorness (Hulse, 2014).

As such, Bretherton and Vogler hold that presence and “the ability to exert influence: to shape the perceptions and expectations of others” are influenced by internal actors and issues of legitimacy (Bretherton & Vogler, 1999, p. 5). While Doidge (2008) acknowledges that the legitimacy of a regional organisation stems from the legitimacy and sovereignty of its constituent members, Bretherton & Vogler posit that legal personality does not necessarily confer actorness. Similarly, Hettne explicates that a region may be “strong in terms of presence but weak in terms of regionness and actorness” (Hettne, 2014, p. 61). For Bretherton & Vogler, actorness behaviour entitles possessing a certain degree of purposiveness that gives an entity the capability to affect both its environment and other actors in the international system. Moreover, they concede that presence is not “the prerogative solely of actors”; norms, ideas and even expectations can have influence and “produce demands for action” within the environment where they exist (Bretherton & Vogler, 2006, pp. 14-16).

From this perspective, Wunderlich argues that weak states may be incapable of exerting influential actions, in spite of their recognised legal personality that is bestowed through internal and external recognition (Wunderlich, 2012a). Similarly, Doidge (2007)

concedes that interregionalism and its functions are dependent on the presence and the actorness of the organisations involved. Such presence, according to Rüländ, , manifests in the capacity of the organisation to develop an identifiable position, make decisions, and formulate goals that lead to the realisation of its interests (Rüländ, 2002a, p. 6). Accordingly, Söderbaum and Van Langenhove (2006, p. 3) draw the link between actorness and interregionalism and argue that when regions assume legal presence and actorness, interregionalism becomes the ultimate product of the regular and organised contacts between the different regions. Such a perspective explains why interregionalism is an essential part of the EU's foreign policy and an indispensable method of asserting its identity, presence and actorness (Söderbaum, et al., 2006, p. 122).

***Actorness and institutions: the relation between interests, structure and the capacity to act***

In order to be recognised as a genuine actor in the international system, Doidge stipulates that a regional organisation should possess three distinct characteristics: action triggers that represent the interests and goals of the organisation; policy processes and structures; and performance structures (Doidge, 2008, p. 39). Basing the term on Sjöstedt's (1977, p. 85), Doidge considers interests and goals as the instruments that define "how" and "for what purposes" actions and processes are undertaken. Alternatively, policy structures indicate the legal, formal and non-formal authorities that endow an organisation with the capacity to make decisions; performance structures are the "structures and resources" without which decisions cannot be executed nor endorsed (Doidge, 2008, pp. 39-40).

Bretherton and Vogler view behavioural actorness as constitutive of three elements: opportunities that are shaped by external actions and ideas; presence that manifests in the ability to affect the environment outside its borders; and capabilities that provide instruments to exploit and enforce its presence and actions (Bretherton & Vogler, 2006, pp. 22-32). Since presence indicates the need for mechanisms to exert action, Bretherton and Vogler stipulate institutional development as a prerequisite for obtaining organisational legitimacy and expanding an organisation's domestic and external roles (Bretherton & Vogler, 2006, p. 225). Similarly, Wunderlich (2012b) argues that changing the global environment and opportunities postulate the existence of

institutional development as factors contributing to the increase of an organisation's actorness and enhancing its capacity and influence.

In this perspective, Doidge conceives that institutions play important roles in increasing the organisational capacity at exerting influence; supranational regional actors that possess dense and institutional structures and legal capacities undertake binding decision-making. Alternatively, thinly institutionalised regional actors, such as in intergovernmental regional organisations that are based on agreements or informal understanding, do not possess the institutions, nor the authority needed for decision-making, a matter that compromises their regional cohesion and renders their "decision-making subject to inefficiency" (Doidge, 2008, p. 39). Evidently, institutionalisation and decision-making structures are essential factors that contribute to the development of actorness, however, they do not necessarily indicate the need for supranationalism as intergovernmental and low institutionalised regional organisations (ROs) can have a high level of actorness when one of its constituent states assume a hegemonic role (Hulse, 2014).

It is necessary to note that the level of actorness varies according to competencies ascribed to certain institutions in the organisational structures as well as to the issues or policies in question. Doidge argues that purposive actorness implies "the possession of authority to take a decision,...all of which may be subject to significant variation" as authority may be formal and attained by certain rules and written agreement, or informal as agreed upon by members of the organisation or social and political conceptions (Doidge, 2008, p. 39). For instance, although the EU's authority may be limited in certain areas, the EU has the legal capacity to represent its members in certain subject areas by virtue of the competencies bestowed on it. (Huigens & Niemann, 2009).

Building on the major elements discussed above, this thesis considers actorness as an outcome emerging out of the active interchange between internal and external factors, as well as ideational and material attributes (Wunderlich, 2008). The interaction between the three major components produces actorness: internal self-image/identity (regionness); presence and external recognition of the region's ideational and material attributes; and institutions and structures by which the region undertakes decisions and exerts influence. Wunderlich (2008) defines these elements as the following:



Regionness is “an indication of the relative cohesion of the region in question.”

Presence is “an expression of the impact of the region on its external environment.”

Purposive actorness is “the conscious effort to influence international order in accordance with one’s values and interest.” (Wunderlich, 2008, p. 16)

Building on the dialectic process of the above-mentioned factors, actorness,

“can be approached from two perspectives: through the perception of external actors/outside the geographical space in question as a distinct and relatively coherent entity in international relations, and by its internal/regional conception of itself” (Wunderlich, 2008, p. 16).

### **3. Regionalism: definition and typology**

Region, Regionalisation and Regionalism are ambiguous and contested terms that attracted lots of academic debate in the 1960s and the 1970s while leading to little consensus and few, if any, conclusions (Fawcett, 1995, p. 38). The global and regional transformation that led to resurgence in globalisation made the calls for strong regionalist arrangements a central debate in the post-Cold War international order (Hurrell, 1995a, p. 331). Accordingly, scholars attempted to go beyond the European model of regionalism and actorness to include a variety of subjects and theoretical approaches, in order to conduct more comparative studies that tackle the complexity and the diversity of organisations involved in regionalist and interregionalist activities (Hettne, 2005).

This section introduces Hettne and Söderbaum’s typology of regions (Hettne & Söderbaum, 2000) before explaining the functions of regionalism. Since interregionalism as a world phenomenon is the product of the increasing interaction between regions in the web of regionalism, the section draws the relations between the resurrection of the second generation of regionalism and the development of interregionalism to the end of the Cold War, regionalisation and globalisation. The scholarly disagreement on the impact of regionalism and globalisation on shaping the post-Cold War international order led to the conception of regionalism as a tool for confronting global and domestic challenges, and made the political dimension<sup>17</sup> of

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<sup>17</sup> Lindberg considers political integration as “the process whereby nations forgo the desire to conduct foreign and key domestic policies independently of each other, seeking instead to make jointly decisions

regional integration unlikely (Telò, 2007, p. 8). As a result, an economic aspect that indicates inclination towards establishing FTAs away from global integration is often ascribed to the term (Solingen, 1998, p. 4) and undermines the importance of the political aspect of regionalism (Telò, 2007, p. 11).

According to Hänggi et al.'s definition of regionalism (2006, p. 4), the building of regional arrangements indicates a “conscious” and “intentional” “policy of states or sub-state regions to coordinate activities and arrangements in a greater region” by forming, not only “preferential trading arrangements”, such as FTAs, customs unions, common markets and monetary unions, but also potentially, complete economic and political unions (Wyatt-Walter, 1995, pp. 77-78). However, patterns of regionalisation vary, as well as the reasons, forms, institutions, social networks, social movements, markets and the actors involved in the process of regionalisation and the formation of a formal transnational regional society, (Hettne & Söderbaum, 2002); all elements will be discussed in Hettne and Söderbaum's typology of regionness (Hettne & Söderbaum, 2000).

Warleigh-Lack & Rosamond (2010) argue that scholars provide different definitions of region, usually substituting one term for another, depending on the parts of the globe and the kind of organisation they develop. Acknowledging the “scholarly disagreement” regarding the definition of region, this research adopts Warleigh-Lack's definition of regionalisation that denotes fluid and multi-layered transformations at the national, regional, and global levels, and links economic and political, and at times security, issues without privileging one over the other, in order to include the various processes of regionalisation that are unfolding across the globe (Warleigh-Lack, 2006b, p. 758). In this research, regionalisation is informed as,

“an explicit, not formally institutionalised, process of adapting participant state norms, policy-making processes, policy styles, policy content, political opportunity structures, economies and identity (potentially at both elite and popular levels) to both align with and shape a new collective set of priorities, norms and interests at regional level, which may itself then evolve, dissolve, or reach stasis” (Warleigh-Lack, 2006b, p. 758).

### **For what purpose does regionalisation occur?**

Hänggi et al., consider regionalisation as an important process and a “preceding phase of global economic, political and social transformations (...) transcending borders” (Ohmae, 1995), mentioned in (Hänggi, et al., 2006, p. 5) and acting as a vehicle for globalisation (Hänggi, et al., 2006, p. 5). According to Hurrell, regionalisation indicates a kind of “soft regionalism” whose tools are markets, trade, investments and the rational decisions of international commercial enterprises, which foster dense networks of strategic alliances that, in turn, lead to a higher level of integration (Hurrell, 1995b, p. 39). The following section introduces Hettne and Söderbaum’s typology of regions (Hettne & Söderbaum, 2000) that underlies the transformative aspect of regions by indicating the historical, social and political processes contributing to the construction and change of the different projects of regionalism (Hettne & Söderbaum, 2000). The typology will be used to identify the type of regions presented by the GCC and the EU and the level of regional cohesion that distinguishes them before examining their type of interregional relations in the following chapter.

### **Types of regions: the transformative nature of regionalism**

Hurrell describes the process by which a region develops regionness as artificial, “socially constructed” and “politically contested” (Hurrell, 1995a, p. 38). The construction of regions and their interregional relations occur in response to changing social and historical contexts and in response to various norms and urgencies. For De Lombaerde et al., (2010) regions are agents undertaking social processes of construction and reconstruction through social and discursive actions (De Lombaerde, et al., 2010). Underlying discursive processes in regional integration, Slocum and Van Langenhove posit that actors use a variety of verbal and non-verbal symbols such as identity, norms and rules, depending on their different interests, to construct regional integrations, a matter that results in the establishment of various dissimilar projects of regional integration (Slocum & Van Langenhove, 2004).

Taking this perspective in mind, Hettne and Söderbaum (2000) develop a fluid and flexible framework where regions, similar to states, possess a geographical space, and are easily situated according to their degree of regional coherence and community. They describe the first type as a geographical “regional space” that is surrounded by

geographical barriers and has environmental characteristics, where people lived in small communities with little contact, for example, Europe, North America and Central Asia, in their earliest histories (Hettne & Söderbaum, 2002, p. 39). Increased interaction between communities, in a certain “regional space”, gives rise to a process of regionalisation, by which a regional social system develops, expands relations across borders and influences cultures, creating a low level of disordered regionness. This is the second type of region, a “regional complex”, for example, the “Westphalian era” of Europe, Latin American, Asia and Africa after the Second World War (Hettne & Söderbaum, 2002, p. 40).

According to Hettne and Söderbaum, the consolidation of national territories and the nation-state system, in the second type “regional complex”, triggers an inimical, uncooperative and inward inclination that discourages any kind of regional awareness or shared identity. However, when “inward-orientedness” decreases among states, increased interaction between different communities renders states, the major actors, dependent on each other for the creation of a balance of power to overcome chaos, disorganisation and economic interdependencies at both the regional and global levels (Hettne & Söderbaum, 2002, p. 40).

A “regional society” is the third type of region that is considered a “second order phenomenon” as it is the only legal or “*de jure* region”, in which different actors, apart from states, help strengthen an unprompted or formalised multidimensional<sup>18</sup> process of regionalisation. Such process of regionalisation is articulated and sponsored by the state members of a regional organisation that aims at rising up beyond the delimited frontier of the states’ geographical space in order to establish awareness of shared trust and interdependencies, for example, Europe with its processes of regional integration (Hettne & Söderbaum, 2002, p. 42).

The fourth type of regionness is “regional community”; it is the one in which the region becomes an vigorous actor with official and institutionalised capabilities, legitimacy, distinct identity, and developed decision-making and community, all capabilities that

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<sup>18</sup> Hettne and Soderbaum hold that the variety of processes of communication between state and non-state actors may lead to economic, political and cultural regionalisation of a complex interaction between many types of actors (Hettne & Söderbaum, 2002).

exhibit a fundamental change from the major characteristics of the Westphalian period (Hettne & Söderbaum, 2002, p. 44). This “regional community” is characterised by the strong relationship between the official region that represents the group of states and the cross-border civil population, whose emergence depends on the formal and informal institutions that work to build up shared norms, interests and positions throughout the region (Hettne & Söderbaum, 2000, p. 466).

For Hettne and Söderbaum the last type of regionness, “state-region”, is quite “hypothetical and perhaps unlikely” (Hettne & Söderbaum, 2000, p. 468). The state-region is the outcome of union that is created by a group of previously sovereign states that accept the redistribution and decentralisation of power and authority; however, this level of state-region lacks the “degree of homogeneity and sovereignty of the nation-state” (Hettne & Söderbaum, 2000, p. 467). Moreover, Hettne and Söderbaum view that the process of regionalisation, in this type of state-region, does not automatically lead to social harmonisation, but somewhat to the build-up of a region that has a “pluralist culture” (Hettne & Söderbaum, 2000, p. 467). Decision-making in this kind of region state is layered “to the local, micro-regional, national and macro/supranational levels (...) as outlined in the Maastricht Treaty” of the EU (Hettne & Söderbaum, 2000, p. 467).

### **Generations of regionalism: an historical perspective**

Building on Hettne and Söderbaum’s typology of regionness (2000), the following provides an historical perspective that explains the evolving nature of the different generations of regionalism and draws the link between the developments of interregionalism in correlation with the second generation of regionalism. The term generation is used in this research to indicate a recurring process that is transformative, yet having the same characteristics of the former generation of regionalism. Söderbaum & Van Langenhove use the term generation, instead of wave, to indicate different stages of regional integration, and the forms of regionalism that have different empirical discernible qualities, to avoid creating a chronological separation by the use of old and new (Söderbaum & Van Langenhove, 2006). Warleigh-Lack warns against the dominant intellectual tendency that separates old and new regionalism as an attempt to separate the classical integration studies from the New Regionalist Approach (NRA) (Warleigh-Lack, 2006b). Despite the fact that regionalist projects are built according to

common global considerations, they differ from one another and reflect the “historical context”, within which each organisation is built (Gamble & Payne, 1996, p. 253).

### ***The first generation of regionalism***

The development of the European Economic Community (EEC) is an example of the first generation of regionalism occurring during the 1950s and lasting until the early 1970s, producing similar regionalism that focused on economy and security and the creation of FTAs and “common markets in Africa, Asia and the Americas” (Söderbaum & Van Langenhove, 2006, p. 7). The first European generation was reclusive and directed at preventing the occurrence of war between Germany and France, using trade as a tool for integrating both economies in the EEC (Hurrell, 1995b, p. 43). Essentially, the first generation was built on the European model and had various aims: the institutionalisation and the centralisation of power and decision-making; succeeding developments of rules and regulations at both the micro and macro levels followed and complemented by the “early stages of European integration” (Hurrell, 1995b, p. 43).

### ***The second generation of regionalism***

The “restructuring process of the global political economy”, during the 1980s, led to the proliferation of new regionalist projects in which states and state actors began to calculate the benefits of socio-economic interactions against the emerging and intersecting structures of globalisation and regionalisation (Gamble & Payne, 1996, p. 250). Unlike the first generation of regionalism, the second generation of regionalism was an “extroverted neo-liberal process” that is characterised by its complex and comprehensive structure (Söderbaum & Van Langenhove, 2006, p. 8). Its openness was directed at managing the effects of globalisation through creating interregional relations that acted as a “stepping stone” for multilateral trade, often imposing economic regulations and forcing weaker regions to accept the dictates of global interdependence, regardless of the economic costs of such openness (Söderbaum & Van Langenhove, 2006, p. 8). Warleigh-Lack considers the distinction between the old and new regionalism reflects the change and the inclusion of regional integration and cooperation strategies in the same process (Warleigh-Lack & Robinson, 2011, p. 5). Accordingly, Fawcett views that the second generation of regionalism had “multidimensional features” that “blurred” the divisions separating economic and political regionalism, and

“developed” and “developing” countries, to establish North–South regionalism (Fawcett & Hurrell, 1995, p. 4).

### ***Third generation of regionalism***

According to Söderbaum et al. (2006), the world is witnessing a third generation of regionalism displaying stronger external interaction towards international organisations, regions, as well as the world individual states. The third generation of regionalism is distinguished from preceding generations by its stronger and developed institutions that provide a legal mandate that allows it to engage globally and shape world politics and economy through interregional and bilateral relations (2006). Moreover, the new regional bloc, as “rival regionalism”, emerges to balance the other dominant regional groupings by establishing “competitive interregional cooperation” with world regions and other regional powers (Roloff, 2006, p. 17). In this regard, the EU is not the sole actor; other organisations such as “ASEAN, MERCOSUR and the Southern African Development Community (SADAC)” initiated interregional arrangements, thereby changing governance at the global level (Söderbaum & Van Langenhove, 2006, p. 9).

### **Functions of regionalism: the emergence of interregionalism**

What factors compel states to willingly concede part of their sovereignty to regional constructs and supra-state institutions? To answer this question, Hänggi et al. argue that regionalism provides states with the proper structure for reconciling imperatives of global economy and technological development that push states towards accepting global interdependencies (Hänggi, et al., 2006). Such adaptation to the urgencies of globalisation and global governance helps regional organisations develop external policies that sustain interregional dialogues and relations that lead to the development of actorness in IR (Hänggi, et al., 2006). As such, deep institutionalisation is considered a crucial element in the building of a regional organisation, as it identifies the needed structure, bestows legitimacy and promotes cooperation between regional organisations (Rüland, 2011).

The various projects of regionalism proliferating around the world draw attention to the different social, political, economic, cultural and ethnical variables contributing to the development of regionalism (De Lombaerde, et al., 2010). Accordingly, Hurrell

accentuates the transformative nature of regionalism by stressing the interaction between the external systemic factors with internal dynamics of power, interests and identity (Hurrell, 2007). The constant interaction, Hurrell posits, between the imperative economic and technological transformation, political competition, societal integration and interstate and societal security renders regions unbalanced and in constant change and adaptation (Hurrell, 2007). Furthermore, nation states react to “external and internal impulses”, which in turn define their stance regarding regional cooperation and the “functional dimension” that the regional organisation is destined to perform (Hänggi, et al., 2006, p. 5). Because of their desire to present a solid front, some states accept the major repercussions resulting from the social and political building of a common identity, while other states reject it (Katzenstein, 1996).

#### **4. Interregionalism: the projection of regionalism and the building of regional actorness**

Interregionalism is a distinct level of interaction that need not be considered as an impeding mechanism or as a “stepping-stone” for globalisation (Söderbaum & Van Langenhove, 2006, p. 9). Yet, in the age of globalisation, interregionalism is considered a diplomatic tool that can provide a “problem-solving” mechanism or act as a stepping-stone to multilateral cooperation and governance (Reiterer, 2005, p. 1). The EU is considered the “pioneer” of interregional relations; interregionalism is an essential part of the EU’s foreign policy and “indispensable” method for exporting the EU’s normative ideals and consolidating its presence as a global actor with a distinct identity and power (Camroux, 2011, p. 201).

The aim of this section is to define interregionalism, its functions and typology and differentiate it from bilateralism, and the new kind of channels through which interregionalism is practiced, such as *networks*, while underlying the contribution of both concepts to regional actorness. The section explains how interregionalism offers a new paradigm that transcends the nation-state paradigm, and presents regions as actors aiming at representing their identities and enhancing their actorness through the establishment of region-to-region dialogues and cooperation. While different theoretical approaches contribute to our understanding of the functions of interregionalism, constructivism is well equipped to explain how and for what purposes regions, as social



actors, are differentiated and inclined towards establishing interregional relations. The section presents the EU as a distinct global actor and identifies its interregional partners and goals, in order to prelude to the application of the typology of interregionalism as a framework for exploring the type and functional context that the consolidation of GCC–EU relations serves in the following chapter.

### **Conceptualising interregionalism: the contribution of orthodox IR theories and constructivism**

Different theoretical approaches of IR have been used to explain the latest policies and outcomes resulting from the constant interaction of states in the international system, among which are neo-realism, neo-liberalism and constructivism. The realist and liberal assumptions premise on the state as a major actor whose pursuit is redefined in economic interests rather than in traditional military power (Doidge, 2007). By focusing on the international system level and the systemic anarchical constraints, Rüländ identifies five structural levels of policymaking: the first occurring at a global level; the second and the third at an interregional and trans-regional level; the fourth at a regional level; the fifth at bilateral state-to-state relations (Rüländ, 2002a, p. 2).

Accordingly, a structural perspective conceives interregionalism as a multidimensional process, operating externally and “upwards to the global multilateral level” and “downward to regional level” aiming at economic balancing and avoiding marginalisation (Doidge, 2007, p. 232). Considering states as actors, whose interests are defined in power, Fawcett argues that neo-realism refuse to accept the possibility of international cooperation and find evidence in the “United Nations (UN) period of crisis” and in the failure of the new “subregionalist security organisations”, such as the GCC and SAARC, which attempted to construct security arrangements without the support of a major superpower (Fawcett, 1995, p. 16).

Alternatively, neo-liberalism views that institutions play important roles in a world of economic interdependence. Similar to neo-realism, neo-liberalism considers the imperatives of complex interdependence and the external pressure are the major motives behind interregional cooperation (Santander, 2006, p. 2). The constraints of the global economy, according to neo-liberalism, force states to cooperate and consolidate their regional integration through resorting to interregionalism, “amid a growing loss of

state's control" and "economic liberalisation" (Santander, 2006, p. 2). However, the liberal focus on the imperatives of economic interdependence and institutions fails to explain the emergence of cooperation in "the Middle East, a region with a low level of interdependence" and institutions, or in other regional organisations such as ASEAN and APEC (Solingen, 1998, p. 6).

Conversely, constructivism sets the base for the institutionalisation of norms and ideas into politics and provides an open-ended interpretation of interregionalism that does not limit our understanding of the phenomena to "pre-set conditions" (Söderbaum & Van Langenhove, 2006, p. 10). By allowing the possibility for "change" and "renewed action", constructivism sheds light on regions as "actors in the making", which can develop internal cohesion and gain both external recognition and the capacity to shape the external environment through reconsidering interests and incentives to establish interregional relations. (Baert, et al., 2014a, p. 172).

For Wunderlich (2007, p. 161) constructivism provides a social and historical '*raison d'être*' for interregionalism, through drawing the links between the social construction of regions, actorness and interregionalism. By depicting international politics as a social and historical construct, within which contemplative agents socialise and build their identities and interests, constructivism sheds light on for what purposes and in what contexts interregional cooperation is established and performed (Slocum & Van Langenhove, 2004). Most importantly, it conceives the possibility of change in the agencies' interests, actions and the capacity to perform by setting the preconditions for the evolution of actorness, within both internal and external social and historical structures (Baert, et al., 2014a, p. 171).

### **Defining interregionalism**

Hänggi defines interregionalism as "institutionalised interregional relations" (Hänggi, 2006, p. 3), and for Smith, interregionalism can be a "policy goal of one or more of those regional groups, or states within those groupings" (Smith, 2006, p. 100). In this thesis, interregionalism is considered as,

"a process of widening and deepening political, economic, and societal interactions between international regions" (Roloff, 2006, p. 18).

The purpose of adopting this definition is to use interregionalism as a conceptual framework within which particular regions, the EU and the GCC, are the major actors that intently adopt a formal policy aiming at establishing and developing a set of institutionalised relations, in specific chosen policy areas. The rationale behind choosing regions instead of states as actors is that it is easier to achieve regional cooperation when the major actors are the regional blocs that represent the collective interests of a region, while the process of bargaining and negotiations between different states is more difficult and less flexible than in between regional organisation (Telò, 2007, p. 13). It is necessary to underline the difference between what Hettne identifies as institutionalised formal relations and intentional policy that is negotiated between regions (Hettne, 2007, p. 107) – as it is used in this thesis – from trans-regionalism that donates a general interaction between individuals, communities and organisations across borders and in between regions in the general sense (Dent, 2003).

### **Interregionalism: a historical perspective**

Hurrell upholds that the early examples of interregional relationships between regional organisations and third states in other regions did not bear any interregional logic. The removal of the East–West security overlay by the end of the Cold War gave regions the manoeuvrability to decrease the intervention of outside powers and to confront cooperatively both conventional and non-conventional challenges (Hurrell, 2007). As a consequence, interregional relations between regional organisations and third states in other regions, initiated by the EU and ASEAN with partners such as the US, gave birth to the second generation of interregionalism and became major features of the 1990s (Hänggi, 2006, p. 43). The intensified exchange and contacts between the triadic<sup>19</sup> regional organisations, EU, ASEAN and NAFTA, contributed to the consolidation of regional integration, and created a platform where common interests overcame the differences, enabling regional organisations to achieve coordination and cooperation between distant collaborators (Reiterer, 2005, p. 2).

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<sup>19</sup>The term refers to West Europe, North America, and East Asia.

### **The relationship between interregionalism, bilateralism, track-two diplomacy and networks<sup>20</sup>**

In this thesis, bilateralism is considered an “interaction between actors” that also denotes “activities between two nation-states” and which, nevertheless, is pursued by regions with regions and with third countries (quasi-interregionalism) in order to promote their regional actorness (Söderbaum, 2011, p. 225). While region-to-region relations is considered bilateral interregionalism, Baert et al. view that interregionalism does not take “a single form” and that bilateralism links regionalism and multilateralism. For Baert et al., the EU’s “interregional cooperation is multifaceted” and “subject to adaptation” depending on the level of institutionalisation of its counterparts and the kind of issues and policies that are at the core of the EU’s interests and agendas (Baert, et al., 2014a, p. 178). As such, Hänggi defines region-to-state relations as “quasi-interregionalism” (Hänggi, 2006, p. 40)

From this perspective, Söderbaum & Van Langenhove (2006, p. 10) argue that the EU maintains bilateral relations with individual countries in certain regions (quasi-interregionalism), in order to promote its image as a strong and influential actor and realise political or economic interests. Camroux (2011, p. 212) also posits that “the EU may talk interregionalism but it essentially walks bilateralism and multilateralism”, a matter that renders interregionalism a goal that creates the appropriate conditions for functioning beyond its borders. Such strategy can be discerned in the EU’s relations with southeastern European states that aim at encouraging their accession to the EU through fulfilling certain requirements. (Smith, 2006, p. 100). Baert et al. argue,

“far from being anchored to a specific foreign policy doctrine (such as interregionalism), the EU is using whatever type of policy it has at its disposal that seems appropriate for a given objective” (Baert, et al., 2014a, p. 178).

Bilateralism is considered one aspect of the EU’s foreign policy. Nonetheless, bilateralism is pursued not only by potent actors, who dictate certain rules and regulations on small and developing countries, but by developing and individual countries in particular regions. Söderbaum views that regions often refer to bilateralism in order to be recognised as actors, capable of presenting coherent policies and

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<sup>20</sup> Katja Freistein interchangeably uses the terms networks, epistemic communities and track-two diplomacy; she considers track-two diplomacy as, “minimally – defined as networks” (Freistein, 2008, p. 224).

influential behaviour (Söderbaum, 2011, p. 226). Other factors that can favour “extra-regional ties” and “track-two diplomacy” over interregional ones can be attributed to historical proximity as well as social and political ties that create links between non-governmental actors, experts and networks (Kiatpongsan, 2011, pp. 29-29).

Alternatively, Baert, et al., reiterate Rüländ’s calls to the need of undertaking “network analysis” in order to shed light on the “internal power dynamics” of interregionalism: how connections occur between regions; which state plays the central role in building networks; and how a region can present a “network of multilateral contacts” (Baert, et al., 2014a). Accordingly, Freistein (2008, p. 223) describes such networks and “track-two diplomacy” that are emerging at the sides of the formal relations as “epistemic communities” that aim at mending the social and cultural gap, by bringing civil actors, such as academics and businessmen, and scientific and technical experts, as well as official representatives into the multilateral framework. As such, by incorporating various non-governmental actors from academia, think tanks and institutions, networks function as communities for communication, coordination and the transference of materials and knowledge to decision-makers through “coalition building” (Rüländ & Storz, 2008, p. 19) and the establishment of “quasi institutions” that are closely connected to the official “first track” (Freistein, 2008, p. 226).

While “socialisation” and “agenda setting” are the major functions of track-two diplomacy and networks (Freistein, 2008, p. 228), Rüländ views that networks may constrain agents’ action, limit their achievements and desired outcomes and encourage bilateralism at the side of certain dialogues, or between certain members of a group and the other group (Rüländ, 2014, pp. 25-26). Moreover, the expectation of these networks and tracks can vary and be limited by the representatives of the first track, who restrict what the experts can discuss or disclose in track-two (Freistein, 2008, p. 237). Regardless of the limitations, bilateralism, quasi-interregionalism and networks can exist within the multilateral framework as “flexible” solutions (Baert, et al., 2014a, p. 179) that compliment interregionalism by facilitating representation and coordination between powerful as well as asymmetrical actors, as seen in the EU’s bilateral relations with the US, Japan and India (Söderbaum, 2011, p. 226) and the individual GCC countries.

### **Interregionalism: the building the EU's actorness and the projection of its model of regional integration**

The “EU constitutes the hub and driving actor” in a multilateral global web where interregionalism establishes important links and relationships: the EU and ASEAN; “EU and MERCOSUR; and the EU and African Caribbean and Pacific Group (ACP)” (Hettne, 2007, p. 114). The EU’s concept of the world order as a comprehensive image that involves order within its near neighbourhood, interregional global order, and an order with universal ideals and evolved institutions, made the EU an exporter and originator of new strategies and frameworks for its international relations (Hettne, 2007, p. 114). As to the purpose behind promoting interregionalism, the EU uses its influential and dominant position in region-to-region relationships to exert actorness and assert its identity and promotes its economic and security interests in the Americas and East Asia within the framework of interregionalism (Aggarwal & Fogarty, 2006, p. 89). Hence, Multilateralism is a major component of the EU’s regional structure and “part of the EU’s values and principles (...) and part of its so-called normative power” (Scott, 2013, p. 34).

Accordingly, The EU set to spread its European model of the regional integration and vision of a world order (Kingsbury & Weiler, 2010) aiming at reshaping the world through the establishment of dialogues and the use of multilateralism, international law and institutionalised relations (Hettne, 2007, p. 116). Its motives vary from normative aspirations to the materialist realisation of self-interest of strengthening the EU’s normative power (Smith, 2006, p. 109). Although the EU remains the major actor in the network of interregional cooperation, the number of interregional relations beyond the EU has expanded with the resurgence of new regionalism: the APEC; the East Asian Latin American Forum (EALAF); and the ASEAN Plus (Hänggi, 2000, p. 3). Examples of relations between regional groupings include ASEAN–GCC; ASEAN–SAARC; ASEAN–Rio Group; and CER<sup>21</sup>–MERCOSUR (Hänggi, 2000, p. 5).

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<sup>21</sup> CER (Closer Economic Relations) is the trade agreement between Australia and New Zealand; MERCOSUR (the Common Market of the South) is the trade agreement between Argentina, Brazil, Paraguay and Uruguay (Minister for Trade and Investment, 1995).

### **Interregionalism: partners and purposes**

The EU remains the dominant actor in interregional relations, while the majority of the new actors are the “developing” countries and the less “institutionalised” regional partners who maintain the characteristics of their governance in their interregional relations by avoiding binding decisions and adopting consultative forums (Hänggi, et al., 2006, p. 9). Such adaptation of national governance affects the degree of measuring aspects of presence, autonomy and coherence, elements that are referred to in European Studies and the EU’s actorness (Hänggi, et al., 2006, p. 9). In most of the cases, the EU’s regional partners are less institutionalised and economically and politically weaker, a matter that involves greater “adjustment” and “compliance” as necessitated in such “asymmetrical” relationships (Hardacre & Smith, 2009, p. 178). The EU’s central focus is on three world regions: Africa, Asia and Latin America, with lesser attention to the Mediterranean region and the Middle East with the GCC (Hardacre & Smith, 2009, p. 174). Outside the Triad, attention has been focused on EU–MERCOSUR relations with lesser attention to the “newly formed” and “less cohesive” regional organisations (Hänggi, et al., 2006, p. 9).

The attention is attributed to the EU’s preference for the development of institutions. The relations within the triadic are “broad”, “deep”, and “institutionalised”, capable of tackling economic and security issues, and performing the functions of interregionalism (Rüland, 2006, pp. 298-299). Outside the Triad, interregional relations are less institutionalised, diffuse and of ad hocist nature, due to the lack of bureaucratic and scholarly infrastructure needed for systematic relations (Rüland, 2006, pp. 298-299). Yet, interregional relations can be established between actors other than regional organisations (Doidge, 2007, p. 232). Recently, business interests and trade issues necessitated the involvement of other participants in the official dialogues and discussions intended to enhance region-to-region business dialogue such as business communities and NGOs<sup>22</sup> (Gilson, 2006, p. 68).

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<sup>22</sup> The purpose behind including NGOs in the context of ASEM is to promote cooperation in areas other than trade such as social and cultural issues (Gilson, 2002, p. 68).

### **Interregionalism: the relations between actorness and the capacity to perform the functions of interregionalism**

Interregionalism is a “locus” where regional agents interact, socialise, exchange ideas, transform norms, build their regional identity and develop their capacity at performing the functions of interregionalism, a matter that indicates the existence of a certain degree of actorness and cohesion that enables regional actors to perform effectively and achieve interests and goals (Doidge, 2011, p. 46). Moreover, interregionalism as “a distinct level of the hierarchy of global governances (...) that may be viewed as a functional context within which regional actors operate...” is conditioned by the level of regional actorness (Doidge, 2007, p. 292). The interaction between regional actors, within the framework of interregionalism, confers legitimacy on all interacting actors, including the developing ones, and establishes the EU as “an object of significance” (Doidge, 2014, p. 46). However, Hettne posits that a strong presence is not sufficient for developing actorness; the Mediterranean region is “short at actorness” despite its strong presence that is recognised in the EU’s different Mediterranean strategies (Hettne, 2014, p. 61). Moreover, Hettne postulates that “a certain degree of actorship, that is, a combination of internal cohesion, external presence and organised actorness” is required in order for two regional actors to engage (Hettne, 2014, p. 60), a matter that explains the “underperformance” of interregionalism especially in partnerships of asymmetrical actorness (Baert, et al., 2014a, p. 173).

Accordingly, Doidge postulates that a higher degree of actorness is necessary to enable the region to negotiate at the interregional and global levels and perform those functions that are directed at the multilevel interaction in the global system that require having a pre-coordinated intra-regional stance, such as balancing, rationalising and agenda setting (Doidge, 2014, p. 44). In this systemic and competitive struggle for dominance, the ability of the regional actor to perform the functions of interregionalism is governed by the degree and strength of the regions’ actorness and their ability to engage purposively with other regional actors (Doidge, 2007).

Conversely, in asymmetrical degrees of actorness; e.g., between one well-developed organisation and another that is less institutionalised, the weaker tends to undertake the development of “intra-regional institutions” and internal identity, in order to strengthen its representation and actorness, while engaging with the stronger regional counterparts



(Doidge, 2014, p. 45). In addition, Doidge adds that asymmetries in regional actorness impact the functions of interregionalism and produce a “capability-expectation gap” similar to that which the EU faces when acting in both the domestic and international system. Similarly, a “capability-expectation gap” manifests in the severe difference between the EU’s interregional capabilities and aspirations and what the EU’s partners are capable of delivering in interregionalism (Doidge, 2014, p. 49).

### **Functions of interregionalism**

The following describes the functions of interregionalism in order to draw the link between the GCC’s and the EU’s level of actorness and achievement of certain interregional functions in the following chapter.

#### ***First function: a systemic balancing and bandwagoning***

A convergence of the realist and the institutionalist thinking views interregionalism as a balancing mechanism, by which the triadic players “re-establish equilibrium” among themselves, while “non-triadic peripheral regions” adjust by bandwagoning, creating power and institutional balance (Rüland, 2006, p. 300). Conscious of the limitations of military power, such a process of balancing between institutions and powers renders the international system more flexible and produces a “plurilateral” structure where regional powers “smartly engage” in a cooperative balancing competition (Roloff, 2006, p. 23). Accordingly, Roloff upholds that “the logic of a balance of power underlying the group of regions does not mean a disagreement but a cooperative competition” confrontation (Roloff, 2006, p. 24). As such, interregionalism, according to the realist perspective, has the function of balancing against great powers in an chaotic international system, where “gains of the power” affect the position of the balancing region (Maull & Okfen, 2006, p. 218).

In addition, interregionalism is viewed as an instrument by which regional groups economically balance among themselves, against a global power (Doan, 2010, p. 42) or against regional asymmetries in the multifaceted structure of global governance (Roloff, 2006, p. 24). Caught in “interlocking system of checks and balances” self-centred regional actors avoid marginalisation through building alliances and inhibiting other competitive actors (Doidge, 2011, p. 36). Regional projects such as APEC, Canada–

United States Free Trade Area (CUFTA) and NAFTA, were triggered by the EU's single market and monetary union projects (Rüland, 2006, p. 300). Similarly, APEC is a tool for confronting the effects of globalisation, the new emerging institutions as well as a response for the European Single Market and the CUFTA; in turn, ASEM is considered a response to APEC (Rüland, 2002a, p. 7). In the arrangement of triadic regional powers, North America, Europe and Asia, regional cooperation occurs to maintain economic equilibrium in the international system (Doidge, 2007, p. 235).

Accordingly, Roloff upholds that interregionalism embodies three competing perspectives: the existence of a rival regionalism; the existence of an interregional forum or alliance; or the existence of an entangled trap<sup>23</sup> (Roloff, 2006, p. 23). From this perspective, the EU's relations with MERCOSUR is considered a response to the American strategy towards regionalism in Latin America, as MERCOSUR is urged to "adopt a single voice", when negotiating with the EU, and discuss issues that were out of the intra-regional agenda (Santander, 2006, p. 54). Despite the widely accepted nature of the EU as an exporter of normative liberal values of cooperation, the EU's multilateralism can hold "realist-laden agendas" that manifest in its asymmetrical North-South partnerships and with groups of unequal and political strength such as the ACP states (Farrell, 2006, p. 18). Perspectives between the EU and the developing countries are divergent when it comes to the EU's policies of protecting European agricultural subsidies in the WTO, asserting the EU's actorness and economic interests and imposing European domestic legislations and conditionality on international regimes (Farrell, 2006, p. 18).

### ***Second function: institution building***

Neo-liberalism is the most influential theoretical approach explaining international cooperation and the resurgence of regionalism and interregional cooperation (Hurrell, 1995b, p. 61). Keohane and Nye use the concept of "complex interdependence" to describe the growing transnational and trans-governmental networks between trade, finance and resources within which the state assume the role of "utility maximiser" (Payne & Gamble, 1996, p. 3). Responding to the dictates of economic liberalisation

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<sup>23</sup> Roloff considers the danger of an interregional interlocking trap of national, subnational, regional, interregional and multilateral structures is more realistic than the danger of a confrontative interregionalism that is based on shifts in the balance of power.

and the constraints of the global economy, states refer to interregionalism to consolidate their regional integration in the middle of a growing loss of states' power and control (Santander, 2006, p. 42). Accordingly, one of the functions of interregionalism is institution building and spreading liberal internationalist values and ideas, as apparent in the studies of the second generation of regionalism (Hänggi, et al., 2006, p. 9).

In addition, Rüländ views that interregional and trans-regional fora contribute to “stabilisation” of actors' expectations through facilitating consultation, the exchange of information and the building of institutions on a “soft law” (Rüländ, 2006, p. 303). Through engaging in interregional cooperation, regional actors are provided with a structure that facilitates socialising, adaptations of values and norms, and development of regional integration by reinforcing the need for certain institutions to facilitate coordination in certain areas of interests among the regional members (Doidge, 2011, p. 37). In addition, regional actors are forced to strengthen the institutional coherence of their organisations through creating interregional dialogues that urges actors to present a unified position, and enhance transparency and predictability (Rüländ, 2006, p. 303). Accordingly, Doidge considers interregionalism an effective method for consolidating regional integration, as interaction with an advanced regional actor can stimulate “extra- regional echoing” and adaptations of “integrative policies,” especially when encountered with the EU's successful economic structure and institutions (Doidge, 2011, p. 37).

### ***Third function: rationalising, agenda setting and controlling***

Institutions are important actors in the international system, tools for developing regional cohesion, and for advocating democracy and free trade (Telò, 2007, p. 16). On that account, regionalism is considered a functional response to the challenges of regional interdependence, and to the global transformation that has eliminated traditional boundaries, allowed the transition of flows of ideas and mobilised social cross-border exchange (Fawcett & Hurrell, 1995, p. 3). In an age of globalisation and multipolarity, regional actors endeavour to make their voices heard and interests realised through coordination in bilateral regional arrangements at regional and interregional levels and away from the “abdications and dominations” of powers in multilateral organisations (Doidge, 2011, p. 40). Accordingly, interregional meetings provide the platform for setting well-organised agendas according to the parties'

interests; help regional actors integrate in the multi-global governance; and provide less organised and developed organisations with platforms and fora that discuss complex issues at certain times and opportunities (Reiterer, 2005).

Considering the need to react to increasingly complex concerns, conflicting interests, and technical policy application; multilateral institutions may serve as fora for organisation coordination, as evident in the successful examples of the Information Technology Agreement (ITA) that was established by APEC, and the ‘Millennium Round’ agreement that was facilitated by ASEM and APEC in Doha November 2001 (Rüland, 2002a, p. 8). As large number of participants in international organisations complicate the process of negotiations, “group disaggregation” through interregional relations facilitates the process of interest reconciliation inside and outside the multilateral organisations (Doidge, 2011, p. 41). In relation to the WTO, interregionalism can be a mechanism for rationalising the process with the WTO, by enabling developing countries to coordinate, unify their positions and increase their bargaining power through increased consultations on the combined interests and the agreed goals (Reiterer, 2005).

#### ***Fourth function: collective identity building***

Collective identity building provides a constructivist approach that views interregionalism as a “locus” for social interaction where agents’ identities are “formed and reformed in the very process of looking at a regional other and reflecting back at self” (Gilson, 2006, p. 62). By depicting the international system as a social construction, regions construct and differentiate their identities through mutual recognition, affirmation and interaction (Reiterer, 2004). Similarly, through its interaction in a multi-layered system, the EU constructs its actorness and positions itself as an active player of influential decisions and actions (Hill & Smith, 2005, p. 6). In addition, interregionalism may strengthen regionalism by providing other organisations with the motivation to develop regional cohesion (Rüland, 2010). Stressing the role interregionalism plays in developing the identity of a region, Gilson explains that the constant “cognitive” interaction between two regions form and reform ideas, resulting in a distinctive process of “differentiation” that separates the self from the other “through the process of reciprocal achievements” (Gilson, 2006, p. 62).

Telò contends that regional arrangements represent a high degree of internal differentiation in the styles of civilisations, whose balance changes with the evolution of history, without ultimately leading to Huntington's clash of civilisations or to cultural fundamentalism (Telò, 2007, p. 14). Moreover, the recognition acquired through engaging with other "discernible" and "predefined" regional "others" may work in two ways: functionally, "as managing disparate relations", for example, in the ASEAN–EU dialogue; and cognitively, as an agent "for defining the concepts of a region" (Gilson, 2006, p. 62). Indeed, regionalism and interregional cooperation can go beyond economic interdependence to act as an opportunity for cross-cultural convergence, or for practical "trans-culturality"<sup>24</sup> that helps change stateless sub-national identities (Telò, 2007, p. 15). However, regional awareness is internally managed by the actors directing the political activity that shapes regionalism and whose constituent elements are common culture, history and religious traditions, all vis-a-vis the conception of an external political threat (Hurrell, 1995a, p. 335).

***Fifth function: stabilising and development***

Capacity building is a product of the asymmetries in regional actorness between the EU and its regional partners and the EU's aim at creating a stabilising environment for conducting its interregionalism through encouraging regional projects that are built on the EU integration model (Doidge, 2014, pp. 45-51). One of the EU's many objectives in establishing interregional links with the ACP and SADAC is to encourage regional integration and economic development (Rüland, 2006, p. 310). Through interregionalism, the EU seeks to demonstrate its explicit support for further regional integration and enhancing the capacity of its partners for collective action, as evident in the priority and commitment to provide financial, technical and institutional services and experience, as seen in the EU's technical assistance to the development of ASEAN Secretariat. (Hardacre & Smith, 2009, p. 176).

***Sixth function: exporting values and concepts of order***

Exporting values and norms represents the ideational function of interregionalism. Underlying cultural, social and historical determinants, constructivism views that

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<sup>24</sup> Telo holds that trans-cultural networks and dialogues can strengthen cross-cultural multilateralism and trans-regional coalitions, and contribute to multilateral governance through helping regional blocs to communicate with each other and build a consensus.

cooperation between states occurs against a particular risk represented by a particular power (Hopf, 1998), while peace occurs between democratic regimes because they understand the normative constituents of each other's systems of beliefs. Rüländ views that through their interaction, regions are exposed to challenging ideas and norms that urge regions to self-reflect and examine their ideational systems, in order to determine the appropriate mechanisms needed for strengthening their bargaining powers and furthering their regional integration, as seen in the EU–ASEAN interregionalism (Rüländ, 2014, p. 27). Hence, the EU's aim of establishing interregional relations reflects a search for “institutional isomorphism” and for promoting its version of IR through implanting its economic and political values in other nascent and emerging regional projects, while offering finance, cooperation and knowledge transfer (Hardacre & Smith, 2009, p. 177).

Rüländ argues that the EU's “norm diffusion” role manifests in the EU's conditionality and incentives; regardless of their resistance to the EU's imposition of democracy and human rights values, the EU's partners are provided with “alternative spaces for communicative action” that seek to create consensus through interregional dialogues and forums (Rüländ, 2014, pp. 28-29). While the propagation of European concepts of good governance and liberal ideals are considered of the EU's major norms, the EU's interregional relations do not aim at achieving idealistic goals only; the EU's norm diffusion role can imply “paternalism”, especially in relations where the other region is “passive” or “forgotten” for being of a lesser position and competence (Baert, et al., 2014a, pp. 173-174).

### **Typology of interregionalism**

Hänggi sets up a typology of interregionalism that takes into account the broad context of new interregionalism as well as the wider use of the term in policy and academic discourses (Hänggi, 2006, p. 40). This typology covers all the institutionalised interregional relations by delimiting interregional relations in the “wider sense” between regional organisations and third states in other regions; relationships among states; relations among groups of states; and relations between regional organisations from two or more regions (Hänggi, 2006, p. 40). Conversely, Hänggi's typology considers all types of interregional relations that fall in between as “interregional relations in the narrower sense” (Hänggi, 2006, p. 40).

**Table 2.1: Typology of institutionalised interregional relations**

Type	Region A	Region B	Forms of interregionalism
1	Regional organisation/regional group*	Third country	Quasi-interregional relations
2	Regional organisation	Regional organisation	Interregional relations in the narrow sense
3	Regional organisation	Regional group	
4	Regional group	Regional group	Interregional relations (in the wider sense)
5	Group of states from more than two core regions		

\* Note: A special case of a regional group, which possesses its own external relations (e.g., Rio Group).

**Source:** (Hänggi, 2006, p. 41)

In Hänggi's typology, the first type of interregionalism is called "old interregionalism" or "pure interregionalism" (Hardacre & Smith, 2009, p. 173) and is widely spread in the new interregionalism (Hänggi, 2006, p. 41). Pure interregionalism presents the classical type of relationships between two regional organisations and which Rüländ calls "bilateral interregionalism" (e.g., EU–ASEAN, EU–MERCOSUR, EU–LAC (Latin America and Caribbean), EU–CACM (Central American Common Market), and EU–GCC). This kind of interregionalism is described as a dialogue between two groups, characterised by its low level of institutionalisations, and in which meetings between ministers or senior officials occur for the discussion of specific policies of trade, environment, narcotics trafficking, etc. (Rüländ, 2002a, p. 3). Hardacre and Smith consider this type of interregionalism the most productive, as it is established between two customs unions and involves a substantial level of capacity for collective action (Hardacre & Smith, 2009).

The second type of interregionalism involves a dialogue between two different actors: "a regional organisation and a more or less developed regional group of states, for example, ASEM, and EU-LAC" (Doidge, 2007, p. 232). In this trans-regionalism, Rüländ describes that the trans-regional institution may include member states from more than two regions, a matter that necessitates the establishment of new organisational infrastructure, such as secretariats for coordinating and managing the complexity of topics and agendas under inspection (Rüländ, 2002a). The third type is hybrid interregionalism. Interregional relations are established for creating interregional interaction between two regional groups in two different world regions where one group is of states that are joined in a flexible arrangement; only one partner is a customs union (Hardacre & Smith, 2009). Types of a "hybrid set of relations" include relations between a regional organisation and a state or between a regional power and a thinly institutionalised regional group (Pollio, 2010) and are referred to as quasi-interregionalism in Hänggi's typology of interregionalism (2006, p. 40).

### **The EU's actorness: distinct identity, presence and the capacity to influence through interregionalism**

Nowadays, the EU stands as the most developed project of regional integration and influence, a matter that puts much importance on exporting its model of regional integration and promoting its global actorness through interregionalism (Söderbaum &



Van Langenhove, 2006). The depth of the EU's institutional architecture has enabled the EU to strengthen its international influence and "negotiate region-to-region", issues of security, trade and environmental cooperation (Santander, 2006, pp. 37-38). The EU's actorness is not dependent solely on its foreign policy; its demographic and economic weight impacts the outside world, asserts its distinctive presence and endows it with the capacity to act and impact in and outside its environment (Hettne, 2007, p. 111). As such, academics consider the EU's regionalism as a non-conventional political model that establishes a decentralised policymaking system in which authority is shared among the sub-national, national and supranational levels (Hooghe & Marks, 2001, p. 2).

Accordingly, the EU's regionalism tends towards the supranational and has the ability to divide power and base decision-making on a competent majority, assuring legality and flexibility in taking decisions and acting purposively in the international system (Wunderlich, 2012a). Moreover, it has the capacity to use resources to reward and sanction smaller partners to ensure coherence among members and in front of other regional partners (Rüland, 2002a, p. 6). The EU's self-image as the protector of a human rights and democracy pervade in its external relations and adds a normative aspect to its identity that in turn shapes its organisational and decision-making structures (Wunderlich, 2012a). Thus, interregionalism is a tool by which the EU increases its actorness, consolidates its presence in a multi-layered system and positions itself as an actor capable of influential decisions and goals (Hill & Smith, 2005, p. 6)

Alternatively, other regions may occupy a different position in regional actorness as different regional projects are formed from quite different starting points and for various reasons (Hettne & Söderbaum, 2002). Moreover, states are not the only actors; economic, social and cultural networks are involved and often impact the formal political cooperation at the regional level (Hettne & Söderbaum, 2002, p. 46). For instance, thinly institutionalised intergovernmental regional organisations that are premised on conventions or agreements are often affected by the diverse interests of their heterogeneous state members; the development of a collective identity is often slower and decision-making is not binding (Doidge, 2008, p. 42).

Despite the fact that the level of regionness is determined by the interaction between social factors and actors (Hettne & Söderbaum, 2002, p. 41), the degree of institutionalisation and regional coherence do matter in issues of actorness and regional presentation (Felício, 2006). A forum such as ASEM does not seem to reflect its full capability, nor does it display significant evolution because of the lack of a single presentation that strengthens its regional cooperation (Elmaco, 2008). Moreover, qualitative actorness is also significant in developing interregional dialogues (Postert, 2006); nonetheless, regional projects offer divergent visions of integration and provide new models for political and social cooperation (Riggirozzi, 2010), as they represent developing projects, with shifting boundaries and capacities for actorness (Hettne, 2005).

### **Conclusion: interregionalism and the building of regional actorness**

This chapter has introduced interregionalism as a world phenomenon that is linked to globalisation and the new regionalist projects proliferating after the end of the Cold War. The EU remains the central actor and the most developed in terms of regional integration, actorness and interregional relations. As such, interregionalism as a multifaceted policy remains an essential part of the EU's foreign policy and an indispensable method for asserting its actorness in the international system. Acknowledging the relevance of European Studies, the New Regionalism Approach and IR theories, especially constructivism to the concept of actorness, the chapter presents a systematic investigation of the evolution of the concept before representing criteria for measuring regional actorness that are derived from Wunderlich's works (2008) (2011) (2012a). The criteria recognise internal self-image/identity, internationally recognised presence and institutional capacities as perquisite elements for developing purposive actorness and functioning interregionalism.

The chapter asserts the intertwining relation between regionalism and interregionalism and emphasises the historical social dynamics in their construction by presenting Hettne and Söderbaum's (2000) typology of regionness, in which regions as social agencies are in a constant process of construction, transformation and search for self-asserting and development. Emphasising the distinctiveness of each regionalist project, regions as social actors develop different kinds of regional actorness that is consolidated through

engaging in interregional relations; their interaction may deepen the relations, performing certain functions, leading to a process of adaptations of norms and institutions; or clash, leading to ideational differentiation from the other. Since regional projects follow different paths and develop different levels of actorness, bilateralism is presented as a method by which the EU realises its interests and a flexible solution by which it circumvents the asymmetries in regional actorness, levels of institutionalisation and different methods of formal and informal decision-making.

However, the capacity at exerting purposive action and performing the functions of interregionalism is conditioned and shaped by three criteria keys: the two organisations' levels of regionness, the organisational institutionalisation, and asymmetrical actorness and capacity at exerting influence. The chapter presented Hänggi's typology of interregionalism (Hänggi, 2006, p. 41), within which GCC–EU interregionalism and functions can be investigated in the following chapter. The chapter ends by asserting the EU's distinct actorness; the EU remains the most developed actor with distinct regional identity, internationally recognised presence and well-developed institutions, a matter that consolidate its prominent presence in the studies of regionalism, interregionalism and regional actorness.

## CHAPTER 3

# GCC–EU RELATIONS: EVOLUTION AND TYPE OF INTERREGIONALISM

### Introduction

Relations between the European states and the Gulf states go back nearly two centuries to state formation in the region, while the relations with the GCC states and the individual EU member states and the GCC have developed slowly, and on a bilateral basis at the beginning (Nonneman, 2006b). Notwithstanding the European various subregional initiatives towards the Middle East and its peace mediation in the Arab–Israeli conflict, during the 1980s, the GCC was left outside the EMP, as well as outside through academic investigation. Despite its well-defined role that is recognised by politicians and businessmen alike, the GCC, as an organisation, has been relatively ignored, partially due to its institutional shortcomings and lack of organisational supranationality (Legrenzi, 2008).

Responding to the academic need for investigating interregional relations beyond the triad, this chapter seeks to present a theoretically informed overview of the evolution of GCC–EU interregional relations. For this end, the chapter will explore an aspect of GCC–EU interregional relations that is characterised by the lack of a thorough inspection and ask what type of regions the EU and the GCC are, what their levels of actorness are, what their type of interregionalism is and what roles bilateralism and networks play within the relations. To achieve answers to the questions, the chapter investigates when and why the relations have been established, what functions the GCC–EU interregionalism serves, and what the strengths and limitations are. The chapter will refer to official documents and declarations, as well as secondary resources that examine the EU’s initiatives towards the Middle East and the Gulf region and outline the geopolitical variables instigating the renewed interest in upgrading the relations. For this purpose, the chapter will be divided into three sections.

The first section will identify what type of region the GCC is in theoretical terms, pinpoint the systemic and ideational implications on its establishment and structure, and describe the major elements constituting its regional actorness. This will be followed by an evaluation of the GCC's efficiency as a regional organisation. Section two will identify what type of region the EU is, give an overview of the systemic and historical implications on the EC's development, and outline its major institutions and competencies. Then, the section will briefly describe how the EC evolved through treaties and the discursive modification of treaties and highlight the changes brought by the Treaty of Lisbon (ToL) and its role in contributing to the EU's level of regional cohesiveness, capacity structures and actorness.

Section three will recount the evolution of the GCC–EU interregionalism. The section identifies the type of GCC–EU interregionalism and outlines the role bilateralism and networks, such as the JAP, play within the official framework of the relations. Then, the section will pinpoint the strengths and limitations of the relations, their functions and the prospects for a strong partnership in certain policy areas. The conclusion will analyse and summarise the different sections and recall the type of regional actors the GCC and the EU are, their type of relations and the impact of asymmetrical regional actorness on the functions and outcomes of GCC–EU interregionalism. The chapter ends by introducing energy security and cooperation in the Mediterranean as policy areas susceptible for realising deeper GCC–EU partnerships and the questions on which the investigations will be based in the following two chapters.

## **1. The Gulf Cooperation Council (GCC)**

Hurrell conceives that one of the dangers of globalisation is the selective study of certain regions at the expense of studies of other regions that recalls the Cold War “selective” and “politicised proclivity” that is detached from rigorous academic research (Hurrell, 2007, p. 136). Similarly, Acharya upholds that the trend towards adopting a constructivist approach in comparative regionalism studies has highlighted the importance of considering “non-Western” modes of regional integration and of transcending the Eurocentric theoretical concepts, which have “ignored” and “lamented” the various “non-Western” regions across the globe (Acharya, 2014, p. 80). Moreover, Acharya upholds that rather than concentrating on the dynamics of regional

integration, the attaining or the loss of sovereignty and indicators of success or failure, studies of comparative regionalism would greatly benefit from considering the different factors shaping the expansive regional cooperation in Asia, Africa, Latin America and the Middle East (Acharya, 2014).

While some European states refer to the lack of involvement in the Gulf as an excuse for the lack of a Europeanised policy towards the region (Youngs & Echagüe, 2007), globalisation and the increasingly integrated world economy, plus geographical proximity and shared security challenges, had rendered regional groupings such as the GCC a significant political and economic actor (Khan, 2010). In accordance with global changes and urgencies, scholars of regionalism have become motivated to acquire an “area-based knowledge and gauge the kind of politics and economics governing cooperation in a certain region of interest” (Börzel, 2011, p. 31).

For Doidge, a regional organisation is “a territorially-based organisation” that has “a determinable identity” and functional purposes that aim at achieving specific goals and policies (Doidge, 2008, p. 41). In 1981, the GCC was established, as a regional organisation, in order,

“to effect coordination, cooperation and integration between the six Gulf States: The United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait in all fields.” (The Cooperation Council for the Arab States of the Gulf, n.d.).

The development of the GCC came after the Kuwaiti Crown Prince Shaikh Jabir al-Ahmad al-Sabah had suggested, in May 1976, the establishment and realisation of political, economic and educational cooperation, in order to confront internal and external threats to the oil-rich vulnerable monarchies (Legrenzi, 2008). Notwithstanding that the GCC has developed “as a means of improving the “balance of power vis-à-vis” a dominant state” (Iran) (Hurrell, 1995b, p. 50), the GCC represents the most successful attempt at regional integration, among a number of regional arrangements, constructed in the Middle East during the 1980s (Baabood, 2006, p. 21). The GCC’s successes were more prominent in “discursively” consolidating the GCC states’ common identity and shared “*we-ness*” (Legrenzi, 2008, p. 122) and confronting “common internal security issues” (Barnett & Solingen, 2007, p. 209) (Tripp, 1995) that made the GCC “the only revolution free of Eurasia in the last seventy years” (Lawson, 2008, p. 108).

### **The evolution of the GCC: systemic and ideational implications**

Hurrell contends that “regions are socially constructed and politically contested” and that the development of a regional organisation can stem from the “perception of belonging to a particular community” or from the perception of existing external security threats and challenges (Hurrell, 1995a, p. 41). The Gulf region enjoys a strategic position that made it subject to hegemonic systems and a theatre for three wars in two decades: the 1980–1988 Iran–Iraq War, the 1991 Kuwait War, and the 2003 Iraq War, a matter that explains why security is a top priority for the GCC states (Gariup, 2008). The US is the hegemonic power around which the security complex of the region is constructed, alongside other actors: the European countries (UK, France and Germany), China, Russia and India that all are engaged in geopolitical competition for profiting from energy, products and armament markets (Gariup, 2008).

At the end of 1970, the Gulf states confronted many challenges emerging in the region and the world, among which were the ongoing Arab–Israeli conflict, the “Marxist state in Ethiopia, the downfall of the Shah’s regime in Iran, the Soviet invasion of Afghanistan,” the “Iran–Iraq War,” and the “oil market developments” (Alasfoor, 2007, p. 33). In addition, the loss of the Iranian crude oil disrupted the world’s oil supply and caused an energy crisis and profound stagnation to the global economy (Lieber, 1979). Following the outset of the Shah, the Iranian Islamic Republic presented itself as a religious model and an ambitious leader beyond the Gulf environment, the Middle East and the entire Islamic world (Cronin & Masalha, 2011).

As such, Fawcett argues, the development of the GCC came among a newer set of regional arrangements emerging in the 1980s, conscious of their geopolitical environment, and consistent with neo-realist thinking. The GCC, as a subregional security organisation, aimed at overcoming security problems, by having limited intentions and goals (Fawcett, 2009b, p. 17). Although, the GCC developed as a response to security threats, the fear of the ‘pan-Arabism’ agency is evident in its formation and in the shaping of a “common regional or sub-regional cultural identity” that influences the organisation’s foreign policy (Gariup, 2008, p. 71).

### **The GCC as a regional actor**

Hettne and Söderbaum emphasise the importance of identifying the degree to which a specific geographical area constitutes a political entity, stressing the social and political conditions that often lead to different “pathways of regionalisation” and regionalisms of different “regional peculiarities” (Hettne & Söderbaum, 2000, pp. 459, 469). Moreover, they stipulate that the success of regionalisation is dependent on having a common culture, identity, shared values and social practices, elements that can be easily located in the Gulf region (Legrenzi, 2008). The GCC, as an organisation, represents what Hettne and Söderbaum “a regional form of international society of cooperating states” (Hettne & Söderbaum, 2000, p. 465). However, regionalisation preceded the time official establishment of the GCC, as functional cooperation, represented by the considerable number of concluded “bilateral and multilateral treaties”, conducted in the 1970s, especially in the “realms of economics and planning” (Legrenzi, 2011, p. 20).

The event of 9/11, the Iraq War and the second oil boom, in 2003, instigated unprecedented intergovernmental projects of economic integration, increasing the GCC capabilities and influence and rendering the GCC states strategic actors, alongside intergovernmental organisations, corporate and other financial players (Hertog, 2007b). The rentier character of the GCC states changed, due to a number of political decisions and “semi-automatic political economy processes” that led to the emergence of “islands of efficiency” (Legrenzi & Momani, 2011, p. 2). Such vehement attempts at economic integration gave rise to what Hettne and Söderbaum describe as a process of “complex interaction” between businesspersons, transnational corporations and social networks that built a “civil society” and a “transnational regional economy”; the rapid process of regionalisation consolidated the link between the “formal” state-centric region and the “real” region, leading to the formation of a “regional society” (Hettne & Söderbaum, 2000, pp. 465, 469).

### ***The GCC as a regional actor: identity and internal self-image***

Constructivism accentuates the role norms and ideas in the formation of the region’s identity, self-understanding and interests. In this respect, Hettne and Söderbaum posit that the level of regional cohesion (regionness) is dependent on having a common and coherent identity that is recognised by internal and external observants as distinct from



other regional projects (Hettne & Söderbaum, 2000). The GCC founders always emphasised the norms on which the regional organisation was built by asserting the economic aspect of their integration and rationalising the non-economic aspects of security by statements that asserted geographical proximity, socio-economic links, common security concerns, similar culture and similar political structures, as rationales behind the formation of their subregional bloc (Tripp, 1995, pp. 283-295).

Acharya and Buzan posit scholars can understand the “background” and “local conditions” that contribute to the building of the identity of a specific community that is not necessarily “Western” or “powerful” through including classical traditions and religious thinking and philosophies (2010, pp. 225-228). From this perspective, it can be argued that the cultural milieu of the Gulf region has its own distinction within the wider Arab world, as the six member states of the GCC share common heritage, history, values and similar socio-economic and political systems that are formed through interaction between “inherited” tribal cultural attitudes, customary rules, at one side, and modernity and tradition at the other. (Maestri, 2011, pp. 27-32). This intricate interaction between tribal, religious and ethnic social factors always bounded the Gulf people into normative “supranational communities” that transcended local Gulf dialects as well as political borders (Holes, 2005, p. 52).

The decision of six security interdependent Gulf states to establish an international organisation to regulate the relationships among them is the departing point for the evolution of the GCC’s regional coherence from a mere regional space to a regional society; however, its construction does not mean that the region will ultimately end as a regional community (Gariup, 2008, p. 75). For Hurrell, part of regional cohesion depends on sharing a regional identity that implies a subjective awareness of belonging to a community of common background, norms and mutual acceptance of “we-ness” (Hurrell, 1995b, p. 65). In this respect, the GCC regional identity is historically constructed and differentiated from the rest of the Arab world by the GCC’s assertion of a distinct Gulf identity that is often associated with positive meanings of citizenship and sharing (Legrenzi, 2008, p. 82).

The internal recognition of the Gulf people of their collective identity, as belonging to a certain community, is an essential element that contributes to the GCC’s identity and

cohesion. Peterson views that among the commonalities that constitute the Gulf identity are the traditional cultural and social circumstances that “engulfed” the Gulf states with political and social systems that were constructed on “time-tested authority” and “deeply held beliefs” and codes, creating a regional formula that holds no similarities to foreign systems and methods (Peterson, 1988, p. 221). The second Gulf War in 1991, notably, accentuated the increasing prominence of the Gulf identity discourse among GCC populations; citizens and intellectuals began to conceive themselves in regional rather than “statist terms”, calling for more Gulf integration, to tackle a set of common problems and challenges (Barnett & Gause III, 1998, p. 188).

Acharya and Buzan interestingly suggest that “Qura’an, Hadith (Sayings of the Prophet), the Sunnah (the conduct of the Prophet) and ijtihand (interpretation)” can be relevant sources for understanding the “doctrines and practices” of IR and the “ascent” or “decline” of certain Islamic states (Acharya & Buzan, 2010, p. 228). Indeed, Islam, tradition and tribalism are major ideational constituents in the social and political structures of the GCC states and, hence, they remain major dominators in the construction of the organisation itself, shaping the GCC’s self-representation, decision-making and policy strategies.

Islam, tradition and tribalism are also the sources for the rulers’ legitimacy, especially in Saudi Arabia, the largest among the Gulf states in terms of demography, geography and military capability. Islamic values consider the leader as distinct; the leader has the duties and obligations of bringing welfare and justice to his people in return for their respect, support and loyalty (Beekun & Badawi, 1988). In case of the smaller Gulf states, the ruler’s legitimacy stems from belonging to specific tribal origins that can be traced back to the nineteenth century and to normative concepts that recognises “the tradition of the wise leadership in strictly hierarchical Bedouin societies” (Albright & Schlumberger, 2004, p. 377).

Thus, the leader has always been asserted by Islamic and traditional tribal values that brought legitimacy, citizenship and tribalism in a strong bond. Accordingly, coordination between these tribal societies is achieved through “ijmaa” (Legrenzi, 2011, p. 88); a concept that underlies the need to reach consensus and common understanding through consultations, negotiations and persuasion. These values permeate GCC

societies and shape their political structures. Accordingly, the leader's position has been shaped and accentuated by the prevalence of "patriarchal" or "patrimonial power over the rational legal forms of infrastructure power" (Snider, 1988, p. 466), a matter that explains the entrenched respect for the state's sovereignty and the unbinding nature of the GCC's decision-making strategies.

***The GCC as a regional actor: presence and external recognition***

Bretherton & Vogler define presence as "the ability to exert influence externally; to shape the perceptions, expectations and the behaviour of others" (2006, p. 5). Presence implies not only material attributes such as geography, demography, natural, and economic and military capabilities, but also ideational and non-material factors. For Bretherton and Vogler, ideas, norms and social rules can have presence and can shape the regional organisation's behaviour and structure that in turn shape its activities and interests (Bretherton & Vogler, 2006, p. 218). From this perspective, it can be argued that the often neglected values in the study of the GCC culture and IR dictated "a framework where beliefs continue to determine (...) what should be/what must be done" (Tadjbakhsh, 2010, pp. 190,185) as to how it should be done.

The GCC states have consolidated their external image as different from the rest of the other Arab states by virtue of their heterogonous composition, culture, religion and social ideals. Conceiving their political system as a source of "regional stability rather than instability," the Gulf states always acknowledged the social links and concepts of Arab unity and interests while avoiding encumbering their systems with "ideological dogma or absolutist notions" (Peterson, 1988, p. 222). While the construction of the GCC came into being as a fulfilment for statist purposes, its existence has encouraged,

"greater mutual identification at the societal level" that resulted in "bustling and increasing traffic at the level of transnational cooperation and transactions" (Barnett & Gause III, 1998, p. 162).

Applying Hettne and Söderbaum's typology of region (2000), the GCC's presence remains state-centric; however, it is formally presented by the regional organisation that projects a formal region that has achieved internal and external legitimacy and recognition. Both state and non-state actors propel the formal processes of regionalism and regionalisation that occur at different social and political levels. As such, Legrenzi considers regionalisation in the GCC as a soft process of regionalism that brings more

coherence to the Gulf regional unit (Legrenzi, 2011, p. 52). Contrary to the prevalent very weak interdependence in the Arab world, the establishment of the Independent Forum in 1979, two years before the establishment of the GCC in 1981, instigated a process of regionalisation that meant to tackle the many issues of development and management of resources at a Gulf-wide level (Legrenzi, 2011, p. 52). Such measure contributed to the recognition of the GCC's social integration that Hurrell described as,

“increasing flows of people and the development of multiple channels and complex social networks by which ideas, political attitudes, and ways of thinking spread from one area to another” (Hurrell, 1995b) cited in (Legrenzi, 2011, p. 52).

The GCC has secured external recognition by engaging in bilateral and interregional relations and signing many FTAs with many groups and countries such as the EFTA states<sup>25</sup> (Lomas, 2014), Singapore and Syria, and is negotiating other FTAs with MERCOSUR, the EU, India, Australia and China (bilaterals.org, n.d.). The GCC has signed the 2014–17 Action Plan that includes establishing diverse cultural, scientific and agricultural dialogues and other areas of cooperation with China (Al-Sharhan, 2014). The GCC has also established the ASEAN Riyadh Committee (ARC) that meets annually, and the GCC–ASEAN business forum to boost investment and financial cooperation between the two organisations (Lomas, 2014). The GCC is also a permanent observer in the UN and has a mission that is based in New York and another to the EU in Brussels, a matter that consolidates the legitimacy of the GCC and asserts international recognition of its presence and influence.

***The GCC as a regional actor: ideational implications on its institutions and decision-making***

In order to acquire actorness and engage in interregional dialogues, a regional organisation needs institutions and policy structures that enable it to take decisions, use resources and has the capabilities to achieve interests. Moreover, institutions encourage deeper regional integration, further cooperation with other regional organisations, and build a base of constituencies, whose socialisation enhance self-understanding and the identification of certain interests and goals (Ruiz & Zahrnt, 2008, p. 55). As such, Rüländ and Storz view institutions as the “general rules that influence the behaviours of actors” and affect their “social, economic and political behaviours” (Rüländ & Storz,

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<sup>25</sup> The EFTA states are Iceland, Liechtenstein, Norway and Switzerland.

2008, p. 20). From this perspective, a regional organisation that is thinly-institutionalised and has informal authority, such as the GCC, lacks the instruments and the capacity to take binding decisions that supersede the authority of its state members. Regardless, Herbst holds that members of a regional organisation may purposely opt for a certain design of institutions in order to retain manoeuvrability and advance their interests when interacting at the global level (Herbst, 2007, p. 130).

The Gulf states have a distinct political and diplomatic style. Determinants of geography, demography, valuable natural resources and vulnerable borders and territories produced a special Gulf political and diplomatic culture (Legrenzi, 2011, p. 89). Although this style can be compared to the gentle ASEAN way, cynics often questioned ASEAN's ability to produce a concerted action whenever it was confronted with external shocks (Beukel, 2008). Conversely, cooperation among the Gulf monarchies is a natural thing, given their common domestic structure and regional vulnerabilities; maintaining security is dependent on balancing and manoeuvring external policies and avoiding direct confrontation and over identification with any regional power (Gause, 1994). Because the role of the leader is decisive in crises and critical bargaining issues, the GCC decision-making favours the personal informal way of coordination and the achievement of a common ground through unofficial methods of negotiations and persuasion more than through binding agreements (Legrenzi, 2011).

Doidge postulates that low levels of institutionalisation and informal decision-making often affect policy formation, by hindering or encouraging member states to seek their own goals when members' interests diverge (Doidge, 2011, p. 22). However, Lipson considers informal decision-making a useful mechanism through which actors achieve coordination and solutions to issues, when institutions are weak or lacking (Lipson, 1991). Unlike the EU, the founders of the GCC did not foresee the need for a supranational institution (Baabood, 2005a, p. 147). The GCC's current structure is intergovernmental and characterised by the absence of a central executive body with enforcement powers and legal authority. Accordingly, states' interests and position within the subregional system often lead to the institutionalisation of regional cooperation, which is always visualised through the perception of security interdependence, more than by the normative considerations of a regional society (Gariup, 2008, p. 76).

The GCC states retain sovereignty, and decisions taken in the GCC are unbinding. In order to understand the GCC's level of institutionalisation, the following section describes its organisational structure, major institutions and legal capacities. Similar to the newly developed regional organisations, the GCC is characterised by its low institutionalisation and intergovernmental decision-making that is based on consensus and non-interference, a matter that affects the organisation's actorness and limits its capacity in certain areas and issues. The GCC has the following main organisations:

- 1. The Supreme Council:** is the highest authority and is composed of the six heads of states, to which is attached the **Commission for Settlement of Dispute**. GCC member states retain their full sovereign right and the Supreme Council takes decisions by unanimity as recommendations without any sanctioning mechanism; the lack of majority voting on substantive issues highlights the difference between the GCC and the EU and explains the failure to achieve a common ground between them in certain issues (Legrenzi, 2011, p. 34). The Supreme Council holds one regular session every year and its chair is rotated among heads of states according to alphabetical order (Zahlan, 1989). The Supreme Council is responsible for forming the cooperation policies, reviewing the recommendations and reports of the Ministerial Council and of the Secretary General, appointing the Secretary General, amending the Charter, and approving general stance for dealing with other states and international organisations (The Cooperation Council for the Arab States of the Gulf, n.d.). The Commission for settlement of Disputes between member states is attached to the Council. Members of the Supreme Council establish the composition of the Commission for every case on an ad hoc basis (The Cooperation Council for the Arab States of the Gulf, n.d.). Decision-making in the GCC occurs during processes of informal negotiations between compatible officials, and coordination in external security remains unachievable, due to the lack of supranational powers and legal actorness on the part of the Secretariat, as the issues of defence integration are associated with notions of sovereignty and regime security (Legrenzi, 2008, p. 111).
- 2. The Ministerial Council:** convenes every three months and may hold an extraordinary session at the request of any member seconded by another member. The Ministerial Council is composed of the Foreign Ministers of the member states – who each have one vote – convenes in the state that presides the Supreme Council

and is deemed valid if attended by two-thirds of the member states (The Cooperation Council for the Arab States of the Gulf, n.d.). The Ministerial Council is responsible for devising policies and projects; encouraging cooperation and implementation of policies; submitting proposals of cooperation policies; referring any of the projects to the technical or expert committees for further study and preparation; appointing the Assistant Secretaries-General; and making and preparing agendas for the meetings of the Supreme Council (The Cooperation Council for the Arab States of the Gulf, n.d.). The GCC state members retain the legislative authority firmly remains; however, they created parliamentary assemblies that have consultative roles (Börzel, 2011).

3. **The Secretariat General in Riyadh:** The Supreme Council appoints the Secretariat General for a period of three years that is subject for a renewal once (The Cooperation Council for the Arab States of the Gulf, n.d.). The Secretariat General is the official representation of the GCC and has the powers to nominate the Assistant Secretaries-General (The Cooperation Council for the Arab States of the Gulf, n.d.). Article 15 of the GCC Charter explains the responsibility of the Secretariat General and allows for future expansion of the role of the Secretariat (Legrenzi, 2011, p. 37). The Secretariat duties includes preparing projects and reports on the implementation and coordination of joint projects, preparing periodic reports on the working of the Cooperation Council, drafts of administrative and financial regulations, and the budget and its closing accounts. The Secretariat General may request the convening of an extraordinary session of the Council when necessary; however, the Secretary General's privileges are limited to the duties conferred on him (The Cooperation Council for the Arab States of the Gulf, n.d.). Despite the lack of supranationality, codified rules and enforcement mechanisms, the Secretariat proved to be of "exceptional value as a forum for policy coordination" and for realising gradual achievements and progress, while avoiding the errors of past integration projects in the region (Burke, 2012).
  
4. **The Consultative Commission:** is formed of 30 GCC citizens. Five citizens are chosen from each GCC state, according to their qualification, for a period of three years (Baabood, 2005a, p. 148). The Consultative Commission examines cases, referred to it by the Supreme Council, and take decisions regarding certain urgent

issues by securing the majority (Baabood, 2005a, p. 148). Despite their reluctance to bestow supranationality on their regional organisation, the Gulf states have experimented with political liberalisation and agreed to formalise decision-making procedures and institutionalise public participation in the decision-making process by establishing municipal councils and discussing local issues within the regional organisation (The National Democratic Institute, n.d.). Policies, such as the employment of the national workforce, their movement from one state to another, and nationalising jobs for GCC citizens, are among the issues that are open for majority decisions. The setting up of courts or tribunals is among the adopted procedures to ensure the “implementation of the Long Term Strategy for Comprehensive Development for the GCC states (2000-2025)” (The Cooperation Council for the Arab States of the Gulf, 1999).

### **The GCC: organisational functions**

Hänggi et al. speculates that the construction of a regional organisation differs according to its members and the functional dimension that it is supposed to form (Hänggi, et al., 2006, p. 5). Similarly, Nye argues that rather than talking about integration in general, the disaggregation of an organisation’s achievements will force academics to make more qualified and more falsified generalisations (Nye, 1986b, p. 858) cited in (Legrenzi, 2011, p. 56). Accordingly, in order to assess the GCC as an organisation, this section will analyse whether the lack of supranationality has obstructed the GCC from achieving its goals or has made positive differences to its members by producing the tangible functions often associated with regionalist projects. It is necessary to take into account that the GCC is an intergovernmental regional organisation, that the organisation does not match the EU in its institutional structure, that the GCC governments do influence its decision-making and that the Secretariat does not possess any supranational powers.

### ***Functions: institution building and economic integration***

Hurrell considers state promoted regional economic integration as the decision by governments to establish economic integration that moves from the “elimination of trade barriers” to the “formation of a customs union” to covering non-tariff barriers that culminates by the development of common “policies at the micro and macro levels”



(Hurrell, 1995b, p. 43). The GCC has decided, since its inception, to emphasise economic integration as the base of its project, disregarding political differences between member states, a matter that made the movement on the economic track go steadily (Aluwaisheg, 2004). The GCC has achieved an important and advanced stage of integration and unification, featured by shifting from a FTA that was established in 1983 to a customs union in 2003, to the launch of the GCC Common Market in January 2007 and a regional Central Bank in 2009 (The Cooperation Council for the Arab States of the Gulf, 2009).

Balassa (1961) regards the establishment of a FTA, a customs union, an economic union as the prerequisite phases preceding economic integration and cohesion. The setting of the GCC customs union, in January 2003, consolidated GCC's regional and international presence as a single customs bloc and secured official recognition by the World Customs Organisation and the WTO (The Cooperation Council for the Arab States of the Gulf, 2010). In addition, the GCC governments had extended national privileges to nationals and facilitated labour and capital mobility, by adopting common standards and regulations, a matter that facilitated the movement of national industries and cooperation with other international partners (Hertog, 2007b). Although the state remains a central and powerful actor, the private sector, represented by the Gulf bourgeoisie, has become an autonomous actor that influences economy and creates a dynamic process of economic development and democratisation (Luciani & Neugart, 2005).

Hence, the GCC is witnessing a rapid and flourishing process of what Hettne and Söderbaum recognise as a form of "defacto regionalisation", whose potential and outcomes transcend the official region (Hettne & Söderbaum, 2000, p. 465) constructed by the GCC states. Benefitting from increased interdependence and the open governmental orientation, non-state actors, civic organisations and social networks are contributing to the development of Hettne and Söderbaum's type of "transnational regional economy and regional civil society" (2000). As such, the GCC has demonstrated a "discernible degree of success in terms of trade integration" and proved a useful forum for rationalising and agenda setting between the decision-makers of the Gulf states, especially in the economic sphere (Legrenzi, 2008, p. 11).

The economic regional integration of the GCC stands in harsh contrast with the political dimension as regional economic integration continues to develop much more rapidly (Hertog, 2007b). Albeit, the American efforts to create bilateral FTAs in its Middle East Free Trade Area (MEFTA) have annoyed Saudi Arabia, a major advocate of GCC integration, when Oman and Bahrain have requested exceptions and bilateral agreements from the US, a matter that undermined the coherence and the implementation of GCC external tariff regime (Hertog, 2007b). In addition, the challenges that the euro zone was facing slowed down the GCC's plan to introduce the monetary union and the single currency in 2010, as state members paused to assess the benefits of complete economic integration (Shediac, et al., 2011).

***Functions: identity building and balancing***

Regional organisations are important actors that play prominent roles in asserting regional identity, building of a civic society, accelerating the process of regionalisation and enhancing intra-regional and interregional cooperation; all factors that explain GCC enthusiasm for a more enhanced regional integration (Legrenzi, 2008). Moreover, in order to establish communications and dialogues that address the rising number of interdependent issues and policies, regional organisations, have to pool their sovereignties and resources to develop actorness (Bersick, et al., 2006). The GCC provided GCC foreign ministers with a platform for agenda setting and for coordinating their domestic and foreign policies (Baabood, 2005a, p. 145). As such, the organisation consolidated the GCC states' self-presentation and external recognition of its belonging to a particular regional community (Legrenzi, 2011, p. 46). The GCC has been used as tool for presenting a united front to the world in major issues: the United Arab Emirates' (UAE) dispute with Iran over the Abu Musa and Tunbs Islands, the Bahrain-Qatar disputes, a cover and a tool for smaller Gulf states during the Iraq-Iran War (Legrenzi, 2011, p. 153).

***Functions: rationalising, agenda setting and security coordination***

Acharya posits that interaction between states can lead to greater mutual interdependence and to the recognition of mutual interests and collective identities that render war illegitimate as a means of problem-solving (Acharya, 2001). The GCC states have agreed on the need to sustain collective decision-making and overcome conflict of

interests, when it comes to major economic or security decisions, and subsequent decades have proved that internal security was the area of the most successful coordination and cooperation (Tripp, 1995, p. 293). In order to address the rising number of interdependent issues and policies, regional, the GCC has provided foreign ministers of the Gulf states with a platform for agenda setting and for coordinating domestic and foreign policies that consolidated the GCC states' self-presentation and external recognition of belonging to a particular regional community (Legrenzi, 2011, p. 46).

### **Assessment: what kind of region is the GCC?**

The previous section discussed the GCC's evolution, institutions, decision-making and functions in order to identify the level of its regional cohesiveness and its type of regionness. The discussion showed that the GCC represents Hettne and Söderbaum's type of a formal or a 'dejure' region (Hettne & Söderbaum, 2000, p. 465). The GCC organisation possess compatible elements of identity, religious values and common political and social structures; all factors that set the base of a successful process of regionalisation that started long before the establishment of the GCC organisation and continued to develop. The degree of the GCC regional cohesiveness places the GCC on the level of a regional society; albeit, elements of a regional community can be discerned in the GCC's level of regionness.

Situated between two types of regionness, the structure of the GCC holds no resemblance to a certain foreign model or system. However, the GCC's in-betweenness and non-affinity does not deprive the GCC from presenting effective regional and global representation and interaction, at certain times and under certain urgencies. Nor does it impede academics from carrying on a thorough and deep investigation of its functions and the kind of outcomes resulting from interrelations between its type and other types of regions. Since the concept of region can stretch beyond geography, proximity and the EU's unique model, the GCC regional project can grow and stretch in different directions to include new actors such as Jordan and Morocco<sup>26</sup>, or shrink to

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<sup>26</sup> In 2011, the GCC invited Morocco to join the organisation and welcomed Jordan's request to join.

exclude Qatar<sup>27</sup> and Oman<sup>28</sup>. Doidge upholds that the “informal structure” and “intergovernmental” decision-making, thinly institutionalised structures do not render regional organisations such as the GCC “inadequate for regional agency” (Doidge, 2011, p. 23). Studies of regionalism have showed that the formation of a region represents a process of multidimensional change or even repose, a region can develop, evolve, and consolidate its actorness; or, it may decrease and turn into something else, depending on the various social, political and economic determinants of its subsistence.

### **What is the level of GCC actorness?**

Doidge views intergovernmental regional organisations that have informal non-binding decision-making as “the least cohesive” (Doidge, 2008, p. 42). In this respect, the GCC still relies on external powers and little progress has been made to increase the GCC level of actorness and ensure a collective mechanism for its security (Al-Motairy, 2011). The divergent interests and the dependencies of its member states on external powerful actors for regional balance limits the GCC’s actorness and may misleadingly reduce the GCC to what Hettne & Söderbaum call a “regional complex” (Hettne & Söderbaum, 2000, p. 463). In the realm of defence, the GCC lacks the autonomy and the necessary manpower to confront regional powers, such as Iran and Iraq, and many political calculations prevent further GCC defence integration (Legrenzi, 2008). The GCC’s recognises that self-efficiency in external defence is beyond its capacity, a matter that has always affected its defence integration, despite that the GCC states have always expressed their aim of coordinating defence policies and solving any rising contention with peaceful means by opting for informal channels of coordination (Legrenzi, 2011, p. 77).

However, examining the GCC’s capacity at purposive action and applying Tow’s (1990) criteria for subregional security cooperation, Legrenzi argues that the GCC has fared well in broadening subregional economic and development cooperation and in converting ideological and political outlooks into a tangible approach to defuse internal security threats (Legrenzi, 2011, p. 83). The displayed unity and the deployment of

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<sup>27</sup> In a joint statement, Saudi Arabia, the UAE and Bahrain announced in 5th of March 2014 the withdrawal of their ambassadors from Qatar over the latter’s refusal to implement an agreement that oblige it not to interfere in the domestic affairs of the GCC member states.

<sup>28</sup> In December 2014, Oman refused the Saudi proposal to turn the GCC into a union and threatened of withdrawing from the organisation.

Peninsula Shield joint forces, established in 1984 and stationed in Saudi Arabia to control riots in Bahrain, gives indication that the GCC are taking matters of regional security seriously (Kostadinova, 2013a). In December 1987, the GCC Supreme Council ratified a draft agreement of 39 articles that tackled issues of internal security such as extradition, information exchange and propaganda against GCC regimes.

Doidge views that a regional organisation should be adept at responding to “action triggers” by having the “authority” to respond efficiently to urgencies and interests (Doidge, 2008, p. 41). Indeed, the GCC’s rapid response to the crisis in Yemen during the Arab Spring acquired international recognition of its role in regional stability. The EU and the GCC convergent perspectives on how to solve the crisis in Yemen, Libya and Syria came as a result of vehement diplomatic consultations and meetings that included high officials and representatives (Kostadinova, 2013b). Accordingly, the GCC has acted successfully as a forum for coordination, despite its limited authority, and proved productive in negotiating a peaceful power transition in Yemen within seven days from the signing of the agreement (Al-Bab, 2011). The promise of granting Yemen accession to the GCC, in case it met certain criteria, has asserted the GCC’s presence and legitimacy, provided the GCC with “unique leverage to improve governance in Yemen” and to coordinate cooperation with European aid donors, despite its limitations (Burke, 2012, p. 20).

The GCC is situated at the intergovernmental pole of Doidge’s “continuum” of regional actorness (Doidge, 2008, p. 42); however, actorness can increase or decrease accordingly to the “context” and the “circumstances” within which it is exerted (Doidge, 2011, p. 24). Judging the GCC from Doidge concept of “situational actorness” (Doidge, 2011, p. 24), the GCC has been used as tool for coordination and presenting a united front to the world in major issues: the UAE’s territorial dispute with Iran over the Abu Musa and Tunbs Islands, and the Bahrain–Qatar disputes (Legrenzi, 2011, p. 153). During the Iraq–Iran War and through its informal diplomacy, the GCC acted as a cover for smaller Gulf states, and managed to balance its interests and its relations with the superpowers and their differences vis-a-vis Iraq and Iran, by adapting to the emerging circumstances and outcomes of the battlefields (Legrenzi, 2011, pp. 91-105). The GCC has also succeeded in mediating between Qatar and Bahrain through the Commission for the settlement of dispute (Legrenzi, 2011, pp. 91-105) and handled the crises in

Yemen and Bahrain by coordinating military actions of the Peninsula Force between its members (Lippman, et al., 2011).

## **2. The European Union (EU)**

The EU represents “the developed model of regional integration” (Cameron, 2010). Its powers have developed widely over time through constitutive treaties and a legal system that no member of the EU is an independent state in the Westphalian sense, despite that member states retaining maximum freedom of manoeuvre for adopting and executing national policies (Warleigh-Lack, 2009, p. 72). The EU’s level of regional coherence and strong identity (Delant, 2008) that are based on an unrestricted process of including an ethnically diverse Europe and a system of values and norms render it a significant actor and a promoter of regionalism, liberal market economics and key political and cultural values (Doidge, 2011, p. 24).

This section will apply Hettne and Söderbaum’s typology of region (2000) in order to identify what type of region the EU is, considering that very few people have done this. The section will outline the historical environment, the ideational factors, the discursive writing and rewriting of treaties and the delegation of power that took the EU to the level of regional cohesion, international presence and actorness it is today. Then, the chapter will also identify the major elements constituting the EU’s distinct actorness, describe the EU’s major institutions, competencies, decision-making structures and elements that contribute to the building of the EU’s capacities and influence, before recalling the EU’s type of regionness and actorness.

### **The evolution of the European Community: normative and systemic implications**

Hopf depicts the relation between actors and structure as a process of intersubjective reconstruction, bringing change to identities and interests through social actions and discursive reinterpretation (Hopf, 1998). In this context, the development of the EC, after the Second World War, came to being in the context of American hegemony, Soviet threat and domination over Eastern Europe, and most of all, a shared predicament that necessitated the construction of subregional integration and institutions that serve the interests of group countries. The European countries had to establish peace and stability in order to justify their existence and reconstruct their devastated

economies under the US economic conditionality and military dominance; the US provided them with the necessary political and financial incentives to establish the Organisation for European Economic Cooperation (OEEC) (Staab, 2011, p. 7). Following its financial aid to the European states through the 1947 Marshall Plan, the US played a central role in establishing NATO, in which it asserted its post-war prominent strategic role and position (Warleigh-Lack, 2009, p. 19).

Hettne and Söderbaum describe the political aspect of a region state “as a voluntary evolution of a group of formerly sovereign national communities into a new form of a political entity, where sovereignty is pooled for the best of all” (Hettne & Söderbaum, 2000, p. 467). As such, the establishment of the European Coal and Steel Community (ECSC), in 1951 with the Treaty of Paris, came in the background of a deal between France and Germany to foster German reconstruction and secure France’s production (Hix, 2005, p. 32). Belgium, France, Italy, the Federal Republic of Germany, Luxembourg and the Netherlands became members in what was considered the first stage of European integration.

Olsen speculates that functional expediency necessitated the construction and the presentation of the EC as a tool for achieving policy goals of peace and prosperity. As such, discursive actions of writing and rewriting of the treaties produced deliberate institutional changes that aimed at adapting to the shifting environments and improving the organisation’s substantive presentation (Olsen, 2007, p. 2). Responding to its structural environment and actors’ interests and goals, Gamble and Payne construe that the European integration process experienced recurring periods of advancement and stagnation that made the path towards the realisation of a complete and cohesive supranationality uneven and intermittent (Gamble & Payne, 1996, p. 256).

### **The EU: evolution through discursive amendments of treaties**

Bretherton and Vogler view the EU as exceptional in both formation and development and that the subsequent interaction between pioneering political actors, opportunity and urgencies gave the EU its distinct presence (Bretherton & Vogler, 2006). Indeed, the amendment of the treaties that created the European Communities in the 1950s gave birth to a series of treaties that led to the enlargement of the EC and the evolution of the EU as the most formalised and complex system in the world (Hix, 2005, p. 3). Although

the EU's "degree of homogeneity and sovereignty will never aspire to that degree of the Westphalian type of state" (Hettne & Söderbaum, 2000, p. 467), Hix posits that the EU has a distinct political system with a wide range deposit of executive, legislative and judicial powers (Hix, 2005, p. 3). The European integration project was based on the two concepts of supranationalism and intergovernmentalism; the former necessitated the establishment of new institutions and policies that superseded the powers of national sovereignties of member states (Staab, 2011, p. 6). Intergovernmentalism, on the other hand, established cooperation and coordination between national governments, as in the realm of foreign policy, where the EU does not have a foreign minister and foreign ministers have to agree on an issue or policy in order to implement it (Staab, 2011, p. 6).

Certainly, the EU aimed at constructing a new state; accordingly, the designation of certain powers through treaties and treaty reform led to unintended and deliberate consequences of power delegation by member states and bureaucrats (Hix, 2005, p. 32). In 1957, the Treaty of Rome established the EEC and the Atomic Energy Community (Euratom) that were merged with the ECSC in the Merger Treaty of 1965 (Warleigh-Lack, 2009, p. 13). The Single European Act of 1986 enhanced the European integration by the decision to complete the internal market by 1992, and undertake other policies and legislative measures to improve decision-making in the Council of Ministers, the EP and Foreign Policy Cooperation (Nugent, 2006, p. 82).

The Treaty on European Union (TEU) or Maastricht Treaty of 1992 represented the first significant step towards institutionalising the European Monetary Union (EMU) (Furceri, 2008, p. 65). It took the European integration process to a level that is closer to the development of a European federation by enhancing the EU's social policies in education, health, transport, consumer protection and establishing the EU's citizenship (Hix, 2005, p. 33). The Treaty introduced the co-decision procedure and delegated the Common Foreign and Security Policy (CFSP) and Justice and Home Affairs Policy (JHA) to the Council, weakening the agenda – setting and the powers of the Commission. Hettne and Söderbaum (2000, p. 468) attest that the social dimension and the three pillars of market integration, external security and internal security – outlined in the Maastricht Treaty that were abolished later by the Lisbon Treaty – implied,

“a European form of a more or less regulated welfare capitalism,” which “do cover the essential functions of an organised political community or a region state” (Hettne & Söderbaum, 2000, p. 468).



In 1997, the Treaty of Amsterdam made cautious limited additions and amendments to the EU's treaties and strengthened the legislative powers of the Parliament (Warleigh-Lack, 2009, p. 14). In 2002, the ratified Treaty of Nice called for a deep discussion about the future of Europe regarding the EU's different competencies, the Charter of the Fundamental Rights, the Simplification of the Treaties, and the influence exerted by national Parliaments in the European Architecture policies (Graig, 2010, p. 2). In addition, the Treaty introduced the European Security and Defence Policy (ESDP) as an EU competency, keeping it and the CFSP away from the Commission (Hix, 2005, p. 34). In 2005, France and the Netherlands rejected the Draft Constitution Treaty that had envisioned the building of a Federal Union and the European Council decided that it was better for member states to engage into debate with their national citizens.

### ***The Lisbon Treaty: key changes and amendments***

In December 13, 2007, the Treaty of Lisbon (ToL) was signed by the 27 European members; the Treaty aimed to replace the rejected Constitutional Treaty, accommodate the two enlargements of the EU and strengthen the EU's external action (Warleigh-Lack, 2009). Although the ToL did not address all the Union's problems, the changes meant to help the EU function effectively, increase the rights of the member states and national parliaments and promote their engagement in the EU's decision-making process (Warleigh-Lack, 2009, p. 108). In order to tackle the "democratic deficit" of the Union, the co-decision procedure empowered the EP, while the citizens' initiative procedure empowered EU citizens to call on the Commission to imitate a legislative proposal (Nugent, 2006, p. 80).

The Lisbon Treaty strengthened the EU's integration process by the abolishing of the former 3-pillar structure and substituting it with a merged supranational legal personality (The Lisbon Treaty, n.d.). It confirmed the power of the EU to advocate human rights and act in judicial and foreign policy; re-asserted EU citizenship; and strengthened the EU's independence (The Lisbon Treaty, n.d.). The Treaty of the European Community (TEC) was renamed the Treaty on the Functioning of the European Union (TFEU) (Nugent, 2010, p. 79). Its structures were simplified, and QMV in the Council became the standard procedure (Warleigh-Lack, 2009, p. 106).

In external affairs, the elimination of the role of External Policy Commissioner and the appointing of the new post of the High Representative for the CFSP with his/her own diplomatic corps, the External Action Service, promised potential for much stronger and focused EU leadership (Nugent, 2006, p. 84). The post became more commanding by joining its functions in the EU's External Relations Council to a key job: the Commission's Vice President (Warleigh-Lack, 2009, p. 109). Such measure aimed to bring uniformity and coherence between the Commission's external decisions and the actions of the EU's External Relations Council, clarify the EU's development cooperation and provide the Commission with the competence to set out humanitarian assistance (The Lisbon Treaty, n.d.). However, executive authority remained within the European Council and the Council, which identifies the strategic interests of the CFSP (Graig, 2010, p. 27).

### **The EU as a regional actor: identity, self-image and understanding**

Whitman considers that the different treaties that have established the EU represent the "inner crust of the EU's identity" that dictates and shapes its behaviour in the global and regional systems (Whitman, 2011, p. 3). Respectively, Rosamond considers the EU's entity as "multidimensional" represents an "uneven" process of integration and transformation (Rosamond, 2013, p. 101). The EU's values and norms stem from lessons learned from its history and colonial past; as such, the EU's international identity is "fluid" and aims at avoiding the horrors and disasters caused by "nationalism and fascism" (Whitman, 2011, p. 10). Since its creation in 1958, and through a series of enlargements, the EC has evolved considerably as a "non-military civilian" that is committed to liberal values (Bretherton & Vogler, 2006, p. 4). Accordingly, the EU's identity upholds universal ideals of democratic governance, equality, human rights and international laws; the EU includes these values in its internal and external policies and endeavours to spread them through means of diplomacy, negotiations and multilateral cooperation (Whitman, 2011, p. 2).

Building its identity as a civilian power, the concept of normative Europe emerged to indicate the EU's "ability to shape conceptions of what are normal" in IR (Manners, 2002, p. 13). The EU's "self-understanding" as an organisation seeking stability and security through promoting a new version of liberal market rules, cooperative policies and non-interventionists strategies renders the EU "an uncontested normative or ethical

civil power in international relations” (Spence, 2008, p. 73). The Maastricht Treaty has consolidated the EU’s normative role of spreading universal values of respect to human rights, freedom and democratic governance and granted the EU the method by which it consolidates its legitimacy internally and externally, as power and “force for good”, by applying political conditionality to its foreign agreements (Bickerton, 2011, p. 26).

Thus, the EU’s norms and distinct values have rendered the EU an “active subject with a distinct identity, institutionalised or informal actor capability” (Hettne & Söderbaum, 2000, p. 461). In addition, the EU is recognised, as “an international leader in global environmental governance”; the EU has demonstrated vehement support for the adoption of strict environmental regulations of the Kyoto Protocol since the Bush administration relinquished it during 2001. (Oberthür & Kelly, 2008). Moreover, the EU’s energy strategies include regulations that combat climate change and environmental degradation, a stance that marks “a sharp demarcation against the US as the other” (Whitman, 2011, p. 9). Indeed, the depth of the EU integration, policy competencies and universal values render the Union a “*sui generis*” with incomparable actorness (Bretherton & Vogler, 2006, p. 44).

### **The EU as a regional actor: external recognition of distinct presence**

The EU lacks conventional “statehood”, however, the EU has acquired legal authority and legitimacy by constructing distinct modes of governance, well-defined trade rules, and accepted social and political norms that became entrenched in its commercial and foreign policies (Rosamond, 2013, p. 96). The EU’s highly developed model of regional integration, the image of welfare presented in the EU’s membership, Turkey’s possible candidate and even the “muted” and sometimes sceptic response to the introduction of the Euro, present different examples of how the EU’s presence creates certain understandings and expectations (Bretherton & Vogler, 2006, pp. 29, 141). In particular, the Common Agricultural Policy (CAP), the Single Market and the successive enlargements have consolidated the EU’s ability to stabilise its environment and beyond (Bretherton & Vogler, 2006, p. 28).

The EU has its own legal authority that is separate from the authorities of the European member states; the EU’s presence is asserted in its involvement in multilateral organisations, such as the WTO, the UN and the Food and Agricultural Organisation

(FAO) (Wunderlich, 2012a, p. 661). In addition, the EU's relations tackle a diversity of issues such as "trade, investments democracy, security, the environment and human rights" (Wunderlich, 2012a, p. 660). To project its image into the world, the EU engages in a web of "complex interregionalism" that encompasses bilateralism, trans-regionalism and quasi-interregionalism (Hardacre & Smith, 2009, pp. 168-169). In fact, interregionalism is considered an essential component of the EU's IR, through which the EU projects its civilian identity, exports its model of regional integration and assumes its normative role. Since the EU's identity is "multiple" and "fluid" (Whitman, 2011, p. 10), the EU has various policies and tools, each according to the nature of its partners and the structures where they operate.

### **The EU as a regional actor: institutional structure and competencies**

Wendt views institutions as utile structures of interests and identities that enhance regional actorness and complement the regionalist integrative process by enabling actors to act purposively and achieve certain ends and goals (Wendt, 1992, p. 399). For social constructivism, institutions are venues for "communication, deliberation, argumentation, persuasion and socialisation" (Rosamond, 2013). For Wunderlich "institutionalisation contextualises international actorness" and situates it along a continuum that varies between the "highly formalised" that are built on codified rules and treaties, and "the informal forms" that indicate certain and prevalent codes of conducting cooperation, negotiation and decision-making (Wunderlich, 2011, p. 53).

The EU has a complex and stable political system. It has clear defined institutions that are connected through a set of rules that govern decision-making, manage the distribution of economic resources and identify the political parties and interest groups that influence the political system and impact the continuous interaction between the different parts of the system (Hix, 2005, p. 2). The EU's authority structures are based on the divisibility of sovereignty and on binding regulations and norms, a matter that endows the EU with an "axiomatic supranationality" (Doidge, 2011, p. 24). The EU has three different competencies: (1) an exclusive competency in areas that member states have formally agreed to abandon their powers to the EU; (2) parallel competency that gives member states the right to make a policy until the EU legislates it; and (3) a complementary competency that gives the EU power to support a national legislation by

legislating it (Warleigh-Lack, 2009, p. 57). The following describes the EU's major institutions that endow the EU with its unprecedented competencies and actorness:

- 1. The Council of the European Union (the Council of Ministers):** it is the ultimate and main legislator and shares the EU's budgetary authority with the EP. The Council consists of the heads of state and government ministers of member states (Cameron, 2004, p. 8). The Council is a legislative and an executive body. The legislative side adopts EU legislation and the Budget, while the executive side coordinates the broad economic policy, concludes international agreements, coordinates CFSP and police and judicial cooperation; it consists of ministers from the member governments who changes according to the issue under study (Warleigh-Lack, 2009, p. 41). The relevant minister holding the rotating EU presidency chairs the Council's meetings, while the High Representative always chairs the foreign ministers Council for Foreign and Security Affairs (European Union, n.d.).
- 2. The European Council:** is based in Brussels and is at the top of the EU political system. It is the highest and most powerful authority of all the EU institutions, where the heads of EU governments meet and convene summits to approve final agreements and treaties (Nugent, 2006, p. 80). The European Council sets guidelines and objectives for the Commission and monitors the implementations of its work. The European Council takes a central role in guiding the lower meeting of the Council and directing the Commission to develop certain policy initiatives. The ToL appointed a full-time president to the European Council for two-and-a-half years, instead of the six months rotation, and enhanced the Council' decision-making by increasing its ability to take decisions by qualified majority voting (QMV) in certain policy areas (Nugent, 2006, p. 80).
- 3. The European Commission:** is based in Brussels and represents the EU's civil aspect (Warleigh-Lack, 2009). The Commission is the main executive body and a unique institution; it is the initiator of the EU's legislation proposals, the EU's external representative of trade relations, as well as, the "Guardian of Treaties" whose duty is to ensure member states' abidance by their commitments (Hix & Hoyland, 2011, p. 9). The Commission supports regionalist projects in the world

through interregionalism, however, its methods can display contradictions that are caused by the “defensive” influence of the Council and the agricultural lobbies (Hardacre & Smith, 2014, p. 102).

4. **The European Parliament:** is based in Brussels and holds most of its plenary sessions in Strasbourg, while the Secretariat is in Luxembourg (Hix, 2005). The Lisbon Treaty has increased the power of the EP by sharing half of the EU’s legislative authority under the co-decision procedure (Hix & Hoyland, 2011, p. 9). The EP organises and mobilises to persuade the EU’s executive (Nugent, 2006), and elects the Commission President. The member states remain on charge, regarding the rules, which govern the system, daily decisions, and share the legislative power with the EP, a matter that makes the EU powerful for every citizen of its member states (Warleigh-Lack, 2009, p. 3). The EP plays an important role in developing the EU’s interregional relations, promoting European values of democracy and governance and facilitating the adaptation of institutional structures through the EU’s “Parliamentary Partnership” with Asia, ACP and Latin America and other regions, a matter that highlights its normative role and “capacity-building interregionalism” (Baert, et al., 2014a, pp. 176-177).
  
5. **The European Central Bank (ECB):** is based in Frankfurt and is responsible for monitoring the EU’s monetary policy and the single currency. The Bank manages money supply and interest rate policy (Hix & Hoyland, 2011, p. 3)
  
6. **The European Court of Justice (ECJ):** is based in Luxembourg and is responsible of maintaining the EC law. The ECJ gives individual stakeholders access in case of discrimination and non-application of the rules (Wallace & Wallace, 2007, p. 345). Recently, the ECJ “court-to-court” cooperation and “cross-referencing” have increased, especially in civil areas and the protection of human rights, and it is predicted to foster more interregional cooperation (Smis & Kingah, 2014, p. 165).

#### **Assessment: what kind of region is the EU?**

Warleigh-Lack argues that the EU remains the major model of post-sovereign politics in the world (Warleigh-Lack, 2009, p. 24); the process, by which power was given to the Union in key areas, was meant to produce a federation of a common government, and

complete European integration. For the international system, the EU represents a complex and multifaceted character (Wincott, 2000, p. 129). However, for Warleigh-Lack, the EU falls short of a federal state as the desire to maintain national sovereignty has prevented the development of “a federal United States of Europe” (Warleigh-Lack, 2009, p. 38). Nonetheless, the EU has a distinctive “political system with extensive rights” that made member states “more interdependent and rather less autonomous” (Warleigh-Lack, 2009, p. 38).

For some, the EU remains a “community of sovereign states” (McCormick, 2007, p. 166); for others, the EU displays many resilient and relevant elements of federalism and confederalism in its constitutional, legal, economic and political structure that any denial of such ideas is attributed to a fundamental misunderstanding of federalism itself (Burgess, 2012, p. ix). Though difficult to accept its “in-betweenness”, Magnette conceives the EU as something in between an “innocuous confederation of sovereign states” and “an emerging federal state” whose integration represents a “new stage in the *plurisecular* movement bringing European markets together” and resuming a long history of cultural and social interaction that was interrupted by wars and nationalism (Magnette, 2005, p. 191).

Conceptualising the EU’s remarkable integration and the breadth and depth of powers, the EU’s level of regional coherence bears characteristics of Hettne and Söderbaum, typology of a region state. Hettne and Söderbaum describe such entity as,

“a voluntary evolution of a group of formerly sovereign national communities into a new form of political entity, where sovereignty is pooled for the best of all. Authority, power and decision-making are not centralised but layered, decentralised to the local, micro-regional, national, and macro-regional/supranational levels” (Hettne & Söderbaum, 2000, p. 467).

Accordingly, the breadth and depth of the EU’s powers and the EU’s level of regional cohesiveness situates the EU nearby the level of a region state. Yet, it is a different type of region state. It is an active region that possesses a distinct identity and supranational actorness and powers, that is capable of expansion, progress or disintegration, depending on its capacity to overcome challenges of globalisation and interdependence.

### **What level of actorness is the EU?**

The previous exploration of the EU's economic and political structure confirms its status as the most advanced process of regional integration and, hence, regional actorness. The essential pillars of integrated economy, external and internal security and social welfare dictate the functions of the EU and mark its system with unprecedented mode of governance. As such, the EU rises as the most up-to-date model for post-sovereign politics and as a regional actor that shares explicit divisibility of sovereignty and distinct legalistic rules and norms. The interaction between the civil groups and the political ones distribute resources and enhances the EU's capability at influencing its environment and producing outcomes.

The Lisbon Treaty rendered the Commission's decisions and the EU's External Relations Council more coherent; it gave the EU stronger and more focused leadership; and accentuated the remarkable achievements of the EU's economic and political integration. However, the EU's actorness decreases and increases according to the issues and areas where the EU has complete competency to present coherent and effective decisions. This complex, stable structure and the defined institutions and rules regulate the EU's political, economic structure and constitute the perquisite elements of actorness: a coherent identity; recognisable presence and policy structures; and capabilities that influence and shape international politics and create the capability-expectation gap (Hill, 1993) that confirms the external recognition of the EU's presence.

### **3. GCC–EU interregional relations**

This section presents a historical overview of GCC–EU relations and introduces the GCC and the EU as regional actors, whose interregional interaction produces opportunities and constraints that reinforce their identities, reshape their interests and inform their perceptions and the strategies they pursue to achieve their goals. In addition, the section identifies the type of GCC-EU interregionalism and situates the roles bilateralism and networks play within the multilateral framework of the cooperation. In line with this aim, the section traces the evolution of the EU's policy towards the GCC, probes when and why the relations have been established and what the GCC's and the EU's perspectives of the relations, the strengths and limitations of the relations and the impact of their asymmetrical levels of regional actorness on the



functions of GCC–EU interregionalism. The section will refer to official declarations and concluded governmental agreements, and compare them to the current relations and achievements, while underlying the dynamics instigating the interest in deepening the relations. The conclusion will recall the impact of GCC and the EU actorness of the overall relations and draw the context within which cooperation in energy security and economic cooperation in the Mediterranean will be assessed in the following chapters.

### **When were GCC–EU relations established?**

Since the establishment of the formal Cooperation Agreement in 1988, the EU and the GCC had engaged to strengthen the relations between the EEC and the GCC countries (Fürtig, 2004). Enunciating the importance of consolidating and strengthening regional integration, the preamble of their cooperation agreement emphasised the priority of bringing up GCC’s regional integration as a prerequisite condition for regional stability:

“the fundamental importance attached by the parties to consolidating and strengthening regional integration, a key factor in the development of the GCC Countries and the stability of the Gulf region” (The European Commission Trade, 1989, p. 1).

Accordingly, the EC and the GCC agreed to consolidate their economic and technical cooperation in all fields, while considering that both organisations differ in their organisational structure and institutions, and aiming at developing and institutionalising the relations within a certain framework (EUR-Lex, 1988). Recognising the importance of promoting economic links, the EU and the GCC committed themselves, in 1991, to the establishment of a FTA that gained momentum in 2007, without being realised, due to the EU’s political conditionality and its objection to industrial and sectoral policies in the (The European Commission Trade, 1989).

### ***The EU’s initiatives towards the Gulf region***

The interest in developing the relations between the EU and the Gulf states dates back to the European Community’s successive attempts in establishing relations with the Arab world in general. Luciani and Neugart contend that the EU’s policy should be examined in the context of the Barcelona Process and the launching of the EMP and its outcomes (Luciani & Neugart, 2005).<sup>29</sup> In 1974, the EC launched the Euro-Arab

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<sup>29</sup> The “Euro-Mediterranean Partnership, known as the Barcelona Process, was re-launched in 2008, as the Union for the Mediterranean” (UFM).” It includes all 27-member states of the European Union, along

dialogue, which collapsed in 1989; in 1990, the Renewed Mediterranean Policy (RMP); and in 1995, the EMP established in Barcelona, failed to realise a FTA and achieve success in other areas (Luciani & Neugart, 2005). Hence, the EU's attempt to promote greater integration among 12 partner countries of the EMP has floundered, while the ENP<sup>30</sup> that encompasses the Mediterranean countries, Europe's eastern neighbours, had the same fundamental defect, from the GCC and Arab perspectives, of putting the various Arab countries in different categories (Luciani & Neugart, 2005).

### **Why should there be relations between the GCC and the EU?**

Since its early inception, the 1973 Document on European identity defined and asserted Europe's normative role of implementing peace, progress and cooperation through establishing interregionalism and spreading Europe's integration experiences (Doidge, 2011, p. 9). During the 1970s and the 1980s, the EP promoted regional integration worldwide and considered interregionalism a method by which it achieves legitimacy and influence (Costa & Clarissa, 2014, p. 145). Article 13 of the Document on the European Identity stipulates that,

“the Community will implement its undertakings towards the Mediterranean and African countries in order to reinforce its long-standing links with these countries. The Nine intend to preserve their historical links with the countries of the Middle East and to co-operate over the establishment and maintenance of peace, stability and progress in the region” (Archive of European Integration, 1973, p. 52).

In addition, the EU's interests in establishing interregional relations included promoting closer relations with Middle Eastern states and Gulf states, securing market access, as well as advancing strategic interests regarding energy security (Guerrieri & Caratelli, 2006). The document indicated that spreading its experience in regional integration would contribute to stability and equilibrium in the international community:

“the Nine are convinced that their union will benefit the whole international community since it will constitute an element of equilibrium and a basis for co-operation with all countries, whatever their size, culture or social system” (Archive of European Integration, 1973).

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with 16 partners across the Southern Mediterranean and the Middle East” (European Union External Action Service, n.d. (a)).

<sup>30</sup> “The ENP was developed in 2004, with the objective of avoiding the emergence of new dividing lines between the enlarged EU and its neighbours and instead strengthening the prosperity, stability and security of all. Its framework is proposed to 16 of the EU's closest neighbours – Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Occupied Palestinian Territory, Syria, Tunisia and Ukraine” (European Union External Action Service, n.d. (d)).

The GCC states are an overwhelmingly important suppliers of oil and gas to the world, however, observers have been critical of the widespread European misconception of the Gulf as a mere energy supplier (Khan, 2010). Subsequently, in 2004, the EC/EU began to consider subregional cooperation as a result of the failure of its multinational attempts and initiatives, launching the ENP (Nonneman, 2006b).

In 2003, the Commission and the High Representative for the CFSP called for the broadening GCC–EU relations and for linking them to the EU–MED Framework; in 2004, the GCC–EU relations have advanced with the EU opening a representative with an accredited ambassador to the six GCC states in Riyadh (Nonneman, 2006a). The idea envisioned promoting a “decentralised cooperation that is non-governmental” and that encompasses business, media and higher education, of which the focus was shifted to concluding FTA (Nonneman, 2006a). Despite the large numbers of GCC students studying in the EU, experts and academics raised questions regarding the EU’s apparent negligence in developing education partnership, or including GCC states in any of the EU’s educational programmes such: as Erasmus Mundus, Jean Monnet, Tempus, Edulink and Alfa<sup>31</sup> (Al Dousary, 2009).

### ***The systemic implication on the GCC–EU relations***

Wendt accentuates the relation between structure and agency that leads to the reconstitution of the actors’ perceptions, interests and identities (Wendt, 1992, p. 397). Moreover, Wendt argues that the intersubjective interpretations of actors’ interests and identities not only transforms the structure but also reshapes the agencies’ behaviours and expectation (Wendt, 1992, p. 417). In line with perspective, and at the beginning of the twenty-first century, the Gulf region gained more prominence in political, economic and Islamic affairs making the Arabian Peninsula the centre of decision-making in the Middle East. The Gulf’s growing international profile and financial clout raised alarms as GCC–EU trade negotiations collapsed and European policies failed to reach its goals and keep pace with GCC’s growing need for modernisation and development (Youngs, 2009b). In addition, the systemic changes instigated by the events of 9/11 brought down the new hopes of a new world order, as globalisation changed security concerns and led to the re-evaluation of international strategic policies, aiming at maintaining economic

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<sup>31</sup> For more information on the EU’s education programmes go to <http://ec.europa.eu/education/external-relation-programmes/>.

and political eminence of the West, to one acknowledging the necessity of global cooperation and interdependence. In addition, the Iraq War exposed the American impotency at state rebuilding and controlling violence in the aftermath of Iraq and forced the Gulf states to recognise the need to diversify their international ties and extensive economic, political and social relationships with other regional actors, especially the EU (Trulsson, 2010).

Confronted with a post 9/11 environment and rising concern for regional instability, represented by the collapsing statehood in Yemen, violence in Iraq and assertive Iran, the GCC's frustration grew as the EU failed to exhibit an effective role in the Gulf security. Accordingly, a general shift and orientation towards Asia has been witnessed: a decline in the EU's import of GCC's oil was compensated by growing GCC oil exports and investment in Asia (Koch, 2005, p. 12). The GCC states emerged as global financial contributors, capable of mitigating the repercussions of the late financial crisis by using oil revenues as efficient instruments to increase the GCC's rapid ascent to leadership (Burke & Bazoobandi, 2010). As such, the GCC's IR witnessed a significant construction of new approaches that accommodated the Gulf internationalisation and repositioned the GCC states as regional countries with global reach (Ulrichsen, 2011).

### **GCC–EU perspectives: partners or a model for regional integration?**

The GCC's responses to the systemic changes included a reconstruction of their self-perception as well as the perception of the international powers' role in the region. Kostadinova posits that the GCC began to consider the EU as a source of inspiration and not as a model for regional integration, aiming at avoiding the kind of problems raised in the East Asian integration. The GCC has declared often that it has its own plan for regional organisation and that substantial differences do exist between the two organisations (Kostadinova, 2013a). Lately, the EU began to perceive the GCC as a viable partner in security interests and consider the long-term security of the GCC is dependent on its development of economic integration.

Taking into account the GCC's increasing influence in the wider Islamic world, the GCC and the EU committed themselves to promoting religious dialogue and spreading ideals of tolerance, moderation, and coexistence (Khan, 2010). In a document presented to the President of the European Council, the Secretary General of the European

Council; the President of the EC; and a Member of the EC, identified the priority of maintaining stability and peace in the region. The document on strengthening EU–Arab relations states:

“the main objective of the EU in its relations with the Arab World is to promote prosperity, peace and stability, thereby not only contributing to the welfare and security of the region, but also to its own security” (European Union Delegation to the United Nations, 2003).

Exerting its normative role, the EU always emphasised its policy of transferring its knowledge in regional integration, through presenting itself as a valuable model and stimulating joint research projects and exchange (Luciani & Neugart, 2005). Although it is difficult to compare the GCC to the EU, due to the EU’s unmatched level of political cooperation and the depth of its regional integration, it is clear that progress towards integration in the GCC follows not only different time lines, but also different paths; especially, on regional issues and political coordination (Shediac, et al., 2011). Hence, the EU has been considered guilty of imposing its model and on the GCC’s regional integration (Echagüe, 2007). Confirming this perspective, Michele Alliot-Marie, the then French Defence Minister, declared in an interview,

“Europe could provide a very important contribution to the region because it is a heavyweight actor and because we, Europeans, consider that we are capable of bring in our experience and help in the stabilization of the Gulf” (Agence France Presse, 2005).

#### **4. GCC–EU relations: what type of interregionalism?**

The GCC and the EU are two regional actors, interacting in a web of multidimensional interregionalism to influence regional and international relations. In this chapter, interregionalism is a ‘locus’ for interaction. It shapes the actors’ identities, interests and presences and is shaped and conditioned by the actors’ capacities at influence. The GCC and the EU are situated at the opposing poles of what Doidge (2007, p. 233) depicts as a continuum of actorhood “running from intergovernmental to supranational”. Historical experiences and social and normative values played significant roles in shaping the GCC’s and the EU’s goals, hence, their structures and the subsequent functions and outcomes of their relations.

GCC–EU relations are characterised by intricate and asymmetrical interdependence.<sup>32</sup> Both the delegation of the EU to the six Gulf States and the Commission identify their relations with the GCC as a region-to-region relationship (European Union External Action Service, n.d. (a)). Applying Hänggi’s typology of interregionalism (Hänggi, 2006, p. 41), GCC–EU relations are considered as “pure interregionalism”, or “bilateral interregionalism”. Yet, individual and bilateral relations between EU member states and the GCC states constitute an essential aspect of their long-standing historical ties. Rüländ posits that the bilateral track helps both organisations circumvent the complications of the multilateral framework by eliminating disagreement, facilitating agenda setting, and activating networks of communications to create common ground and convergence in interests and goals (Rüländ, 2014, p. 23).

Probing the outcome of trans-regional cooperation, Solingen contends that regional economic integration is not a prerequisite for cooperative relations between internationalist partners (Solingen, 1998, p. 67). However, she posits that interactions among internationalist coalitions are deemed to produce significant results when all parties enjoy similar levels of strength and harmony, as cooperation assumes an “assurance game” where cooperation promises higher outcomes (Solingen, 1998, p. 67). Equivalently, Doidge considers the mismatch and the asymmetries in organisational actorness and capacities of respective regional partners can explain their failure to realise some of the regional goals (Doidge, 2011, p. 173).

Taking into account the asymmetries in regional actorness, bilateralism between the EU member states and individual Gulf states is prevalent; it complements the relations and does not substitute interregionalism. Lately, the EU has displayed a trend of “bilateralising” its relations with powerful states, as a means of consolidating its presence in a multipolar global system, and as a strategy for overcoming the difficulty of establishing multilateral cooperation between competing countries in a region (Santander, 2014, p. 122). As such, Baert et al. view that the EU “has combined interregionalism with forms of quasi-interregionalism – relations between the EU and a state – and more flexible solutions, especially bilateralism”, accordingly, bilateralism is

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<sup>32</sup> Baabood calls the attention to the implications of the term ‘complex interdependence’, in the sense that what goes on within one state or region may have consequences on other entities, with or without having intended and formal cooperation.

not necessarily autonomous from or competing with interregionalism, and the two often need to be understood within the same broader framework (Baert, et al., 2014b, p. 2).

In his typology of interregionalism, Hänggi defines relations between a regional organisation and a state or a single power, such as Saudi Arabia,<sup>33</sup> a quasi-interregionalism or hybrid interregionalism (Hänggi, 2006, p. 41). Accordingly, this research often refers to relations between the EU and individual regional actors in the GCC, such as the trade agreement signed by the EU and Saudi Arabia, as a prerequisite to Saudi Arabia's entry to the WTO (Tobias, 2003). Moreover, the opening of the EU second delegation office in the UAE is considered a move that establishes quasi-interregionalism and deeper cooperation with individual GCC states within the general framework of interregionalism. The current affairs between the GCC and the EU confirm the EU as occupying the stronger position, in terms of regional actorness and organisational development. Accordingly, the EU incorporates a "mix" (Hardacre & Smith, 2014, p. 98) of different strategies that operates at different "levels and scales" (Baert, et al., 2014b, p. 3) with different actors, depending on its counterpart's capacity and outreach, as well its institutional structure and decision-making strategies.

### **GCC–EU Joint Council**

Rüland argues that contact in group-to-group dialogues, such as those between the GCC and the EU, occur within regular meetings at "ministerial or ambassadorial and senior officials' level" and are often assisted by "ad hoc experts, working groups" that discuss specific areas of interests (Rüland, 2006, p. 296). The establishment of the Joint Council represents the official track of the relations; it was created with the goal of conducting official negotiations on common interests, while overcoming the obstacles that prevent the organisations from achieving tangible outcomes. The Joint Council aimed at increasing political dialogue, promoting cultural understanding and trade exchange, resolving the FTA stalemate and encouraging reciprocal transfer of knowledge (Fürtig, 2004). Article 13 of the Cooperation Agreement stipulates that representatives of both the Community and the GCC states shall meet yearly and that the presidency will alternate between the Community and the GCC.

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<sup>33</sup> It is common in academic literature to refer to Saudi Arabia as the hegmon state in the GCC or as a regional power alongside Iran in the Gulf region. This research often refers to Saudi Arabia because of its political weight, economic and natural resources and its unwavering support to the GCC integration processes.

To enable the Council to carry out its duties, the President has the rights to call for additional meetings and establish Joint Cooperation Committees (The European Commission Trade, 1989). The Council is always attended by the President of the GCC and the High Representative of the EU, and additional working groups convene to discuss collaboration in all fields: energy, industry, trade, security, health, with education and media added to the agenda (El-Amir, 2007). Although actors other than governmental organisations interact and connect formally and informally on domestic and international issues, their engagement remains influenced by the respective capabilities and perspectives of both organisations (Baabood, 2005a).

The inclusion of political and security cooperation in the Joint Council's discussions is considered a positive outcome, contributing to the depth of the relations (Kostadinova, 2013b). Despite the EU's limited actorness in security and defence issues, the regional security of the Gulf, Iran's nuclear programme and the Arab-Israeli conflict are common subjects that annually appeared in the Council's joint statements and presented a mismatch between the organisations' declared interests and actual capacities at achieving hard security cooperation (Kostadinova, 2013b). The failure to overcome the FTA stalemate, the GCC Secretariat lack of mandate, "bureaucratic rules" and a budget of its own limited the outcomes of the Joint Council and often favoured the continuation of "political negotiations along a bilateral track with member states" (Echagüe, 2007, p. 6). Accordingly, in order to overcome the above-mentioned limitations a separate cooperation in soft security, economic, cultural and educational areas was created within a three-year jointly financed programme (Kostadinova, 2013b).

### **The Joint Action Programme for the implementation of the GCC–EU Agreement**

Doidge considers the establishment of joint networks and working groups as indicators of the regional partners' desire to show commitment and involvement and that the interregional relations are delivering "substantive outcomes" (Doidge, 2011, p. 49). In addition, Doidge posits that "qualitative difference" in actorness can induce cooperation that is directed at the internal level, such as capacity building and knowledge transfer (Doidge, 2007, p. 234). Accordingly, programmes, networks and dialogue often help in pushing the relations forward, especially in areas that do not require a high level of actorness (Doidge, 2011, p. 92). In order, to attain the objectives articulated in the GCC–EU Cooperation Agreement and circumvent the asymmetries in regional



actorness, the JAP was established to create flows of knowledge and expertise from the well-developed regional partner, the EU, to the developing partner.

On 19 June 2010, the EU and the GCC expressed their commitment to boosting cooperation in 14 specific sectors among various social, cultural, scientific, and industrial sectors by launching a three-year JAP (European Union External Action Service, 2010a). The JAP that aimed at constructing strategic partnerships in 14 selected areas was considered a pragmatic move and an indication of the desire to overcome the FTA stalemate by providing ground and motives for building trust and cooperation (Pawlak, 2014). The JAP encouraged the formulation of constructive strategies by allowing the participation of civil actors from academia, Gulf and European think tanks, media representatives, experts from industrial and scientific fields, lawyers and businessmen and women. The following are among the major sectors identified for interregional cooperation and from which the GCC is to benefit from the EU's superior expertise:

#### ***Economic, financial, and monetary cooperation***

Acknowledging the EU's superior experiences in monetary and financial affairs, the JAP has identified a set of various economic and financial goals with target dates during 2010–2013. Those goals include exchanging expertise, information and continued technical cooperation in monetary and financial issues, by holding regular meetings and annual joint forums at a senior official level (European Union External Action Service, 2010a). In addition, the GCC is seeking assistance and expertise from the ECB in the area of the GCC Monetary Union and holding regular meetings to exchange expertise and technical assistance between the ECB governors and the GCC's central bank governors (European Union External Action Service, 2010a).

#### ***Trade cooperation and investment***

The JAP identified a goal of encouraging and developing small and medium enterprises by providing the latest technologies as a mechanism for enhancing GCC–EU bilateral trade relations. Removing rigid barriers and upgrading coordination between the GCC, the EU Chambers of Commerce Federation and business organisations are essential methods for facilitating trade and investment. Moreover, scheduled exhibitions,

organised forums and workshops on specific topics and organised annual GCC and EU days are part of such coordination (European Union External Action Service, 2010a).

### ***Energy, electricity, water, climate change and nuclear safety cooperation***

The JAP established ad hoc groups, seminars and workshops for attaining effective cooperation in the energy sector. However, these measures are considered as secondary to the regular setup of annual joint groups and subgroups of experts that tackle the GCC's clean energy technologies and efficiency policies, as well as technical support for the sectors of electricity, nuclear safety, environment and climate change, and industry (European Union External Action Service, 2010a).

### ***Security cooperation***

Security coordination, in the JAP, includes combating money laundering and financing terrorism, and is followed in the domains of intellectual property rights, information technology and transport. Cooperation in developing national adaptation strategies of legislation and maintaining railways projects, maritime affairs and aviation management are enhanced through establishing ad hoc groups and training, capacity building and technical exchange (European Union External Action Service, 2010a).

### ***Education and scientific research***

Recognising the important role education plays in its integration in the global system, the GCC sought the EU's cooperation and partnerships with the European University Association and universities (European Union External Action Service, 2010a). In addition, the GCC expressed its determination to continue educational cooperation at a senior level and enhance GCC participation in the ERASMUS MUNDUS and Marie Curie Scientific Mobility programmes. The JAP also considers the possibilities of exchanging students and faculty staff in order to encourage the learning of Arabic and eliminate cultural barriers and misunderstanding between GCC and European populations (European Union External Action Service, 2010a).

***Tourism, antiquities, museums and cultural and mutual understanding***

The representatives of both the EU and the GCC recognise the need for developing cultural and mutual understanding. In their 21st Joint Council and Ministerial Meeting in Abu Dhabi, on 20 April 2011, the GCC Secretary General, Al-Zayani and the EU's H.E. High Representative, Lady Catherine Ashton underlined,

“the importance of intercultural and interreligious dialogue, cooperation and respect for cultural and religious diversity, and condemned all forms of hatred and intolerance” (Council of the European Union, 2011, p. 4).

Accordingly, both representatives asserted their commitment to the spreading the values of tolerance, encouraging moderation and accepting coexistence, through cooperating closely with the following international and regional bodies and fora: the United Nations Educational, Scientific, and Cultural Organisation (UNESCO), the Alliance of Civilisations and the EU-League of Arab States (Council of the European Union, 2011). On the other hand, exchanges and dialogues between academia, universities, think tanks and cultural institutions, for example, the Al Jisr Project, continue to support GCC–EU activities and events and realise the stated goals of the JAP (Council of the European Union, 2011).

The JAP has been considered very successful by both the GCC and the EU representatives who asserted that both sides would discuss its renewal for another three years and the areas in which cooperation would continue and the others that to be eliminated depending on the outcomes of each network. The JAP has produced closer coordination between the EU and the different GCC states in certain areas of concern, as between Saudi Arabia and European universities. However, due to the objection of one of the GCC states, the JAP was not renewed and its value was undermined by the political calculations of the state in question, a matter that exposes how the self-interest and veto of a GCC state can easily undermine the organisation's coherence and limit its capacity at effective action. Therefore, the Secretariat's incapacity at taking decisions that supersede the state members and without the unanimous backing of the GCC states<sup>34</sup> is considered an obstacle against the development of GCC–EU interregional relations.

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<sup>34</sup> The information was obtained through a personal and informal phone call with one of the EU officials who did not give details of why the GCC state objected. However, the official implicated that internal and

### **GCC–EU relations: strengths and unintended consequences**

The GCC–EU’s relations are no longer governed only by the geostrategic interests (Mirdad, 2005); Hertog views that states at best can be facilitators for regional integration, as state-directed economic integration has become out of date in the Arab world (Hertog, 2007b). For Väyrynen, intricate global challenges are becoming too complex to be managed by state institutions, and transnational economic cultural networks are redefining the older concepts of regionalism and regional interaction (Väyrynen, 2003). As such, Hänggi et al., posit that flexible informal structures and shallow and lean institutionalisation, associated with new regionalism, provide “an adequate answer to the increasingly complex interdependencies of IR and the world economy” (Hänggi, et al., 2006, p. 8). In addition, group-to-group, or bilateral relations, such as those established between the EU and the GCC, are considered the “least controversial” and the ones within which “contacts have achieved some regularity and a modicum of institutionalisations” (Hänggi, et al., 2006, p. 7). Among the most important areas where GCC-EU relations have produced outcomes, the following stand as the most significant:

#### ***Stabilising function through economic interdependence and exchange***

The EU and the GCC are major regional trade partners, contributing to the volume and growth of international trade. The GCC’s economic potency manifests, not only in the energy sector, but also in its diversified and sophisticated global portfolio in a number of high SWFs (Hertog, 2007a). The explosive growth of account surpluses resulting from non-oil exports reflects the fiscal caution and the successful diversification of the GCC’s plans and put the GCC among the major players like India and Brazil (Hertog, 2007a). Although developing Asia is emerging as the main trade partner of the GCC and the EU’s share in imports has declined, the EU’s status as the largest exporter to the GCC remains the same, (Hertog, 2007a). Considering the Community as “genuinely influential” in “low politics” such as trade (Santander, 2006, p. 40), the EU remains the first trade partner of the GCC despite the fact that the GCC’s attention and exports have been directed to the developed countries (Khader, 2008). Trade between the GCC and the EU has doubled 2000 levels, with the EU becoming the GCC’s second biggest

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external actors are working to undermine the GCC integrative process and the deepening of GCC-EU relations in order to limit the GCC actorness from developing.

export market after Japan, a matter that confirms GCC–EU economic interdependence and justifies European investors’ interest in the Gulf (Youngs, 2009b).

In 2013, the GCC–EU trade exchange registered a 50 per cent surge, reaching €152; imports from the EU registered £95 billion, while the GCC’s exports to the EU reached £75 billion (Seetharaman, 2014). The GCC always complained about the unequal balance of trade. However, rising economies looked forward to a higher share of the GCC’s global oil export and made the allocation of GCC surpluses a desired reward in the global financial world (Hertog, 2007a). In 2008, the ECB published a report that assessed the GCC’s role in the regional and global economy and analysed the GCC’s energy and trade patterns. The document stated that the GCC countries have become a regional trading hub attracting global players and WTO members to negotiate FTA agreements (European Central Bank, 2008). With the financial crisis complicating Europe’s integration problems, European and international asset managers are keen to attract Gulf investors, who are looking for secure management of their wealth and investments (Siddiqi, 2009b).

### ***Balancing function through political cooperation***

Aspiring to play a significant role in contributing to the stability of the Middle East and as a response to the American Middle East Partnership Initiative, in 2004, the EU’s ‘Strategic Partnership with the Mediterranean and the Middle East’ welcomed any joint engagement with individual Gulf states that wished to cooperate on issues of reform (Hertog, 2007a). Considering the EU’s normative role, the European partnership focused on top priority issues, such as the peace process, the promotion of human rights, respecting the rule of the law and developing counterterrorism and political cooperation (El-Amir, 2007). The aim of the GCC–EU partnership was to produce a strategy for soft balancing through interregionalism, and to overcome the US political dominance over international and regional conflicts, especially regarding the Arab–Israeli conflict.

In general, the GCC states viewed the EU’s political approach to reform and human rights less coercive and patronising than that of the US’, despite their criticism of EP’s resolutions against what they considered domestic affairs. Consequently, statements and clauses calling for respecting human rights and promoting democratic practices began to feature regularly in the GCC–EU’s documents. Moreover, Gulf monarchies started to

cautiously experiment with liberal reform: Saudi Arabia held its first municipal elections in 2005; and Qatar adopted new constitutions and opened a UN Human Rights Centre in 2009 (Office of the High Commissioner for Human Rights, 2009).

Similarly, Bahrain has had its new constitution, and human rights advocacy began to feature in the political discourse, during 2008, with a celebration of the 60th anniversary of the Universal Declaration of Human Rights throughout the Gulf States (Held & Ulrichsen, 2012). Following public discontent and pro-democracy protests, Bahrain's King Hamad Bin Isa Al-Khalifa commissioned an independent investigation into the bloody crackdowns and indiscriminate use of force against protestors, which was considered as "the most comprehensive report to date on security-force actions in any of the Arab uprising" (Baker, 2011). In this respect, the contention over the inclusion of human rights clauses has been resolved and is no more an obstacle against the conclusion of the FTA, though the contention over the export duties remains substantial.

#### ***Balancing function through security cooperation***

Roloff considers peripheral regions can play "defensive" pragmatic roles that create balance and maintain multilateralism in the international system and between the triad (Roloff, 2006, p. 28). The Gulf region is one of the turbulent regions in the Middle East. As such, It is a geostrategic space that gained prominence on the international security agenda, as global powers had, and continue to have, invested interests in its regional agenda; albeit, the American engagement and strategies remains the most impacting (Bauer, et al., 2010). At the 24 Gulf Meeting in Bahrain, Prince Saud Al-Faisal articulated the regional complexities and the need for a serious multilateral collaboration for maintaining Gulf security, declaring that, "International guarantees for the security of the region cannot be provided unilaterally even the only superpower in the world" (Koch, 2006). His Highness' statement emphasised the need for multilateral cooperation, especially after the events of 9/11, with many terrorist groups bringing unwanted focus to the internal dynamics of several Gulf states (Emirates Center for Strategic Studies and Research, 2004).

Recently, interregional cooperation between the GCC and the EU has developed in many areas, specifically in counterterrorism policies and the peace process, aiming at making the Middle East a nuclear-free zone (Malvig, 2006). Conveniently, the EU and

the GCC share similar points of view ‘specifically’ on Iran’s nuclear programme, Iraq’s stability, Afghanistan, the need for preventing Yemen’s disintegration and to combating piracy in the Gulf of Eden. Presently, the EU’s NAVFOR fleet plays an important role in protecting the ship and vessels from piracy and monitoring their activities in the Gulf of Eden (EU NAVFOR, n.d.). In addition, the EU provides the GCC with much needed assistance and expertise in conflict prevention and cooperation. In 2014, The Istanbul Summit Meeting agreed to offer the GCC its own Cooperation Initiative (ICI) that covered border security, counterterrorism, disaster preparedness, civil emergency planning, and training, including defence reform and civilian oversight of the GCC security forces (Echagüe, 2007). In addition, the initiative provided cooperation in environmental policies, strategies for combating piracy, organised crime, and drug and human trafficking (Echagüe, 2007).

### ***The EU, the GCC and the Palestinian–Israeli conflict***

The Palestinian–Israeli conflict presents itself as one strategic element of the GCC–EU security partnership. Both the GCC and the EU consider the Palestinian–Israeli conflict pertinent to their own security and often GCC–EU talks display a diplomatic convergence in the general perception of the conflict as threatening to regional and international security. The EU views the conflict as set in the Mediterranean subregion and risks the EU’s Mediterranean interests and policies. Moreover, the conflict threatens producing spillover, as in the 1990s, when the EU committed itself to selective democracy promotion in the Middle East: in Morocco, Algeria, Tunisia, Egypt, Jordan, Lebanon, Syria, Israel and the Palestinian Authority (Youngs, 2004).

At the other side, the Palestinian–Israeli conflict envelops the whole Middle East and entangles it with regional Gulf conflicts and radical movements, as Iran support to Hezbollah and Hamas threatens Israel and destabilises Iraq (Held & Ulrichsen, 2012). The reconciliation of Fatah and Hamas presented itself as a pre-condition for regional peace and for any progress on the Palestinian–Israeli conflict (Bauer & Hanelt, 2009). In 2003, the Arab League and the European Council endorsed Saudi Arabia’s peace plan and reconfirmed it in 2008. In addition, the GCC used its political and financial power to mitigate conflicts in the Middle East and the Gulf region. Since stability in Iraq, Yemen, North Africa and the Mediterranean represents a major interest for the GCC and because of their close relations with different Palestinian groups, Saudi Arabia

exhausted a great effort to form a Palestinian unity, while Qatar exhausted great effort to prevent a civil war in Lebanon (Bauer & Hanelt, 2009).

***GCC–EU security cooperation after the Arab Spring: a stabilising function***

Recently, the Arab revolts pointed to the failure of the American policies in the Middle East and marked a change in the Arab societies' submissive stance to one embracing democracies and reforms (Aliboni, 2012). Recognising the importance of maintaining peace in the neighbourhood, the Commission's renewed Global Approach to Migration and Mobility (GAMM) that was released on 18 November 2011, placed the issue of migration at the top of the EU's priorities and security agenda (Vaughan-Williams, 2011). As the Arab Spring in the Southern Mediterranean started to affect Europe in matters of soft security, the GCC emerged as a potential influential player capable of mitigating the grave consequences of Arab revolutions by playing mediating and stabilising roles, offering support and exploring opportunities for GCC–EU cooperation in the Mediterranean. (Aliboni, 2010).

***Alliance formation and energy security: stabilising energy supplies and markets***

The Gulf region is endowed with one of the largest reserves of hydrocarbons in the world; hence, oil occupies a central and influential part in the GCC's global relations. The Gulf countries are members in the Organisation of the Arab Oil Exporting Countries (OAPEC), as well the Organisation of Petroleum Exporting Countries (OPEC), through which they coordinate oil policies in times of economic and political turbulences (Baabood, 2005a, p. 160). Following the events of 9/11, the American government accused the Saudis of suspected links to Islamist radicals, causing a shift in the GCC's choice of energy contracts. However, because of their recognisable role in the energy sector, the Saudis maintained accommodating and cooperative policies that brought oil prices from \$28 to \$22 a barrel; in 2003 and after the Iraq War, prices were also reduced; and in 2006, prices were lowered from \$75 to \$50 a barrel (Jaffe, 2002).

Saudi Arabia is a major GCC member in terms of energy capabilities as well as political influence; it is considered the "dominant power in the Arabian Peninsula" (Lyon, 2011) and certainly plays an important and major role in supporting the GCC's integration goals and in the regional balance of power. Saudi Arabia has always played and



continues to play a pivotal role in dampening oil-price fluctuations by increasing oil production; Saudi Aramco, the only National Oil Company (NOC) equipped to raise its producing capacity without foreign technology, conceded to demands and increased its oil production in the 2008 turmoil (Youngs, 2009b, p. 54). Furthermore, the Saudi's energy policies shifted towards Europe, China and Japan and gas contracts were awarded to Total, ENI, Repost, Sinopec and Lukoil instead of to American companies (Youngs, 2009b, p. 54).

Indisputably, energy security and access to the vital resource in the Gulf is of the EU's priorities, as global conflicts keep fluctuating oil prices and supplies. Tehran always threatened to cut oil supplies as retaliation over the dispute with the West over its nuclear programme. Simultaneously, frequent attacks kept occurring on Nigerian oil facilities with piracy disrupting oil production to 20 per cent both on-and-off shore (Otto, 2011). In the summer of 2008, oil prices reached over \$140 a barrel as Moscow doubled gas prices to Georgia and to Belarus and cut gas supplies to Ukraine, causing a 30 per cent drop in gas supplies to the EU (Youngs, 2009a, p. 2). Knowing that it is beyond its mandate, the EU faces global competitors, among them China and its unstrained appetite for oil, that affects the supply–demand equation and creates a rivalry between producers as well as consumers, a matter that renders the GCC a vital energy source capable of balancing oil prices and output (Khader, 2008, p. 47).

***GCC–EU renewable energy cooperation: the function of institution building and knowledge transfer***

Arguably, dependency on carbon-based fuels exerts much pressure on the world's natural resources and cooperation and implementation of environmental economic policies are widely expressed by policymakers. However, strong demand from Brazil, Russia, India and China (BRIC) continues to rise. Confronted with a declining energy supply in the future, due to huge domestic and global energy demand, the Gulf states are looking to the EU for renewable energy cooperation. In 2007, the EU launched its European Industrial Initiative intended to stimulate cooperation on renewable energies and speed up markets' adoption of new low carbon and energy technologies. Such initiative promises potential for the Europeans, the Mediterranean and the GCC in alternative energy resources, and solutions that would mitigate climate change and develop a sustainable green energy market (Europa Press Release RAPID, 2009).

### **GCC–EU relations: limitations**

Notwithstanding the key determinants linking the GCC and the EU, the role played by oil in the economic prosperity of the West; the strong economic interdependence; the proximity of the region; and the historical, strategic and geopolitical determinants, the GCC–EU’s collaborative policies are framed through reactive rather than proactive strategies and the FTA negotiations continue to face obstacles and setbacks (Koch, 2005). Koch purports that GCC–EU relations have failed to realise the full potential of a high level of interregional cooperation, due to the failure to realise stated goals and intentions (Koch, 2005). As such, Baabood describes GCC–EU relations as a “dialogue of the deaf” for the disagreement over FTA has obscured the visions of both partners to the benefits of cooperation in other sectors, especially in the energy and political areas (Baabood, 2005b, p. 43). As such, among the major factors limiting the relations, analysts identify the following as the most constraining:

#### ***Asymmetries in actorness and institutional competencies***

In order to perform the functions of interregionalism, Doidge postulates a degree of actorness that enables regional partners to achieve consensus and make decisions regarding major issues of cooperation (Doidge, 2007). Moreover, Doidge stipulates “high actorness” and flexibility are required in order to establish coordination in areas directed at the multilateral level, such as balancing, stabilising and agenda setting (Doidge, 2011, p. 49). Evidently, the GCC faces political hurdles to collective coordination, as relinquishing sovereignty remains a serious concern and a hurdle against purposive action (Nonneman, 2006a). The thinly institutionalised base of the GCC structure often results in inconsistent positions, among state members, especially when negotiating trade and investment. Contrary to the EU’s regulated rules and strategies, the GCC’s lack of mandate and policy structures reduce its capacity to make decisions and it often ends up in delegating the negotiation powers to Saudi Arabia “because of its size and economic strength” as well as political and military capabilities (Patrick, 2011b, p. 6). While smaller and less powerful GCC states seemed content to enjoy the benefits of the “collective weight” of the GCC, they remain reluctant to “concede significant national authority” to the Secretariat that does not have the power to regulate trade and economic affairs. (Patrick, 2011b, p. 11).

### ***The US presence in the Gulf***

The US plays a compelling and problematic role within the Gulf and the transatlantic contexts. Academics (Hettne, 2014, pp. 66-68) (see also (Santander, 2014) (Koch, 2005, p. 8)) consider that competition arises in any triadic relations that exist between the EU, the US and a third country, a matter that limits the EU's manoeuvres, at times, or increases its impact at others. The American involvement in the Kuwait liberation in 1991 has been considered an "undeclared unilateral military alliance" that undermined the "collective" security and political cooperation (Patrick, 2011b, p. 14). Hence, the US remains the major obstacle to the achievement of complete regional integration and interdependence with the GCC (Fawcett, 2009a, p. 202), as it accentuates the division within the GCC, as well within the EU and obstructs further deepening of GCC-EU interregionalism.

Alternatively, despite the fact that the GCC has always displayed cooperative policies with the EU in the Iran-Iraq War, Afghanistan, and Bosnia and Kosovo, the GCC-EU security relations remain subject to American interference (Koch, 2008). Moreover, the EU considers the "faulty US approaches" in the region "problematic", especially concerning the invasion of Iraq and containing Iran's nuclear project (Koch, 2005, p. 8). Hoping to counter the American influence on the GCC states' commercial relations and counterbalance US policies in the region, the GCC states moved closer to Europe after the Iraq War (Gause, 2005). However, the EU's approach to economic issues has significantly reduced its geopolitical presence and rendered it incapable of replacing the US security umbrella (Youngs, 2009b), especially when the United States attempted to alleviate the commercial and political competition by allowing companies from only Italy, the UK, France and Spain to participate in the construction of Iraq (Gause, 2005). Such policies not only created division among EU members but also highlighted the American strategy of excluding even its allies who disagreed with its policies in the Gulf region (Gause, 2005).

### ***The EU's divergent interests***

The divergent aims of the EU's state members obstruct the development of a coherent negotiating position, as governments of member states tend to calculate the implications of any decisions, fearing creating tension between the EU's institutions different

policies, for example, economic interests against trade liberalisation, and political ones favouring cooperation with the GCC. In addition, forging a common policy towards the GCC depends on the existence of a country calling for stronger GCC–EU relations, though not as vehemently as the UK, that aims at maintaining strong bilateral relations with the GCC states (Nonneman, 2006b). The EU’s tendency to stress economic interests weakens the implementation of a common agenda in other foreign policies, especially when the European petrochemical industries maintain a solid front against the signing of the FTA and removing restrictions on the GCC’s chemical products.

While the GCC always complained that the EU neglected its influence on the Arab–Israeli conflict (Lebanon, Iraq, and Iran), the EU complained that dialogues concerning energy partnership were set up in the framework of possible coordination on the Palestinian issue and the need to bring unity to the Palestinian Authority (Youngs, 2009a, p. 65). On the other hand, policymakers in the GCC find identifying who is responsible of issuing and shaping the EU’s relations problematic. The dualistic nature of the EU with the EC directing the foreign economic relations and the CFSP having competence for the foreign policy and security) and the inchoate division of competences have prevented the implementation of a coherent policy and made adopting a specific position towards the GCC a complicated decision that is dependent on a member state championing the relations (Youngs, 2009a, p. 65).

### ***Divergence of interests within the GCC organisation***

Similarly, divergence in interests prevails among the GCC members who have little experience in joint diplomacy and depend on bilateral negotiations especially for managing security issues (Baabood, 2005a, p. 165). The GCC states seldom acted as a united block and preferred to conclude separate trade and defence agreements with global powers, a matter that explains why relations and negotiation on FTA and petrochemicals issues have been generally pushed by the Saudi Finance Minister, who has been always recognised as the established GCC lead negotiator (Nonneman, 2006a). Surprisingly enough, when negotiations on FTA seemed to progress, Bahrain broke ranks and signed, in 2004, an individual FTA with the US. Similarly, talks between the US and the UAE were supposed to wrap up with a FTA, however, the agreement was disrupted by the Dubai Ports World Scandal that erupted in 2006 (bilaterals.org, 2009). Lately, divergence in political interest between Qatar, the UAE and Saudi Arabia is

widening and disputes keep emerging regarding Qatar's support of Islamists in Bahrain, Saudi Arabia and the UAE. Most importantly, the GCC states are competing among themselves, as are the Europeans, to maintain strong relations through bilateral relations.

### ***Bilateralism***

Gratius (2011) also Grevi (2010) consider that the EU's foreign policies are witnessing a growing inclination towards bilateralism, as an attempt to forge new strategies that overcome the limits of interregionalism and accommodate the asymmetries in regional actorship and institutionalisation of the EU's regional counterparts. Such tendency affects the coherence of the EU's external policies and allows bilateralism to dominate its foreign policies (Colombo & Abdulkhaleq, 2012). By virtue of their historical legacy in the region, the UK and France remain reluctant to relinquish bilateralism, favouring the status quo, and relying on bilateral treaties rather than on multilateral agreements, to retain national manoeuvre and maintain their status as major providers of defence equipment to the Gulf states (Mirdad, 2005, p. 36). Alternatively, the enlargement of the EU in May 2004 depleted the EU's energy and time and made Saudi Arabia, the leader in the GCC regional group, refer to bilateral relations, searching for someone to champion the GCC cause inside the Union (Baabood, 2005b, p. 44).

### ***Divergence in normative values and political practices***

Banks contends that the construction of a region comes for specific purposes and goals; "regions are what politicians and peoples want them to be" (Banks, 1969) cited in (Acharya, 2012, p. 23). The establishment of the GCC and the EU has come about for different purposes social and political needs and under divergent historical urgencies. Accordingly, organisational institutions differ as well as the motives and ideas underpinning their political, economic and social cooperation. A capability-expectation gap (Hill, 1993) between the GCC and the EU is evident and necessitates the building of a shared awareness of the benefits and the limitations of interregionalism. The GCC's experiences during the various regional crises upheld the EU as incapable of adopting a unified and consistent stance towards major issues and policies (Mirdad, 2005, p. 37). In addition, the EU's external policies are characterised by contrasting positions: the first championing idealism that raises the level of just political expectations, and the second

pursuing national interest through various instruments, among which is the use of normative role to attain its strategic goals (Tiejun, 2007).

### ***The EU's political and economic conditionality***

Economic cooperation and trade exchange are based on non-preferential trading arrangements, according to article 113 of the Treaty of Rome<sup>35</sup>, a matter that irritates the GCC, particularly when comparing what the EU offers to other international partners with what the GCC receives (Baabood, 2005b, p. 43). The EU always associated any progress on FTA and other trade agreements by linking them to human rights issues and political reforms that were considered sensitive issues and part of national sovereignty. The EP's constant criticism of the GCC's violation of human rights, especially regarding the implementation of the death sentence, were rejected as disregard of the GCC's religious values and rules. Moreover, the GCC always complained that the EU kept adding new clauses and irrelevant conditions to the negotiations, such as the one referring to illegal labour migration between the GCC states (Koch, 2009b). Accordingly, the GCC's unilateral suspension of the FTA negotiations in 2009 demonstrated their conception of the negotiation as "a one-way street", where the GCC has to give in to the EU's endless demands without receiving any concessions in return (Koch, 2009b).

### **What is needed for deeper GCC–EU relations?**

Despite the GCC's weak actorness and the slow progress in GCC–EU interregional cooperation, the potential of the GCC as a regional organisation far exceeds its level of institutionalisation (Bellamy, 2004, p. 138). While on the part of the GCC, several organisational issues and the GCC's lack of actorness remain impeding hurdles against deeper GCC–EU relations, the EU's policy towards the Gulf is driven by short-term reactions to external turmoil, and joint announcements of goals have not been followed by effective implementation due to the EU's internal disagreement and the absence of a strong political will (Youngs & Echagüe, 2007). Still, the total overview is not opaque and the strengths and the potential of the relations overshadow their limitations. Doidge

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<sup>35</sup>Article 113 postulates that commercial policy and the conclusion of tariff and trade agreements will be based on uniform principles. In case of negotiations with a third party, the council will authorise the commission to conduct negotiations in consultation with a special committee, appointed by the council, which in turn, will take decisions by a qualified majority (The European Commission, 1957).

views that the EU can still play a major role in extending its normative concepts of regional integration and help other organisations socialise and integrate into the international economic and political system (Doidge, 2011). The EU has comparative advantages in its cooperation with the GCC, when compared to the US or Asia, and has the distinct knowledge in managing regulatory reforms in political systems (Hertog, 2007a). Building on this perspective, the author considers the following recommendations essential for deepening the relations:

### ***1. Socialising and confidence building***

Although it is persuasive to speak of the advantages and the gains of the relations, eliminating the social and ideational barriers that separate the EU and the GCC is considered an essential measure for upgrading the relations. Taking advantage of the historical ties between the Gulf states and Europe, establishing a constructive interregional political and cultural dialogue devoted to erasing all misunderstandings between both organisations is a first and urgent step. This dialogue should consider how to realise a comprehensive, or a selective, partnership in certain sectors that is based on the respect of mutual interests and trespases the ideational, social and institutional hurdles obstructing their realisation.

In addition, a cultural dialogue should include discussions on the roles of history, culture, ideas and identity that constitute the social and political construction of the GCC and the EU. The civilian nature of the EU and its incapacity for providing a security apparatus that replaces the US, its institutions, its competencies and major policies should be presented alongside its evolution and the social and cultural urgencies that led to the adoption of its intergovernmental cooperative methods and strategies. However, the technical complexities and the supranational centralised conditions that rendered the management of the regional European crisis cumbersome (Low & Salazar, 2011, p. 35) should be assessed and studied for careful consideration before any adaptation or implementation.

Alternatively, the interests, values, ideational and social norms that constitute the GCC states' domestic composition should be explained as imperatives governing the GCC decision-making and foreign policy. Such elucidation would shed light on the composition of the GCC states' civil societies, its identity and the religious and social

norms that constitute the domestic background within which the GCC as an organisation acts regionally and presents itself internationally. The interaction and the socialisation between social, administrative and political actors in such dialogues will have a transformative behaviour: it will unravel the Gulf's cultural apprehension of foreign interference, and construe why some EU policies are considered harmful, while gradual socialising will lead to a gradual adaptation and transformation. Without such constructive interaction and persuasive argumentation between members of the EU and the GCC, relations would continue to stagger, as partnership would assume a competitive game for imposing European ideas, values and interests while inducing a responsive Gulf rejection of them.

## ***2. Joint capacity building and institutionalisation***

The GCC–EU Cooperation Agreement was built on three objectives: to provide an institutional framework for cooperation, improve technical and economic cooperation, and encourage diversification and development in the GCC (Escobedo-Frances, 2005). Clearly, a top priority and a much-needed ingredient in any GCC–EU partnership is the enhancement and the institutionalisation of the GCC organisation that is deemed to have spillover with the GCC regional cohesion, economic development and internal stability, while simultaneously maintain balance in world economy and energy markets. (Trulsson, 2010).

Doidge considers that institution and capacity-building functions occur in interregionalism where actors possess “comparative asymmetries of actorhood” (Doidge, 2011, p. 50). Accordingly, in 2010, the JAP 2010–2013 called for exchanging expertise and technical cooperation between the GCC and the EU in financial and monetary integration. In April 2011, the 21st GCC–EU Joint Council and Ministerial Meeting held in Dubai, the EU and the GCC discussed various topics and reaffirmed their common stances regarding regional and global security challenges and issues. Albeit, there remains a great gap between what is expressed and what is achieved, ironically, a similar gap exists between the “polite and friendly atmosphere of the joint meetings and the image deficit of the Gulf at the level of the European public opinion” (Khader, 2008, p. 44).



### ***3. Knowledge transfer***

Interregional cooperation as articulated in the GCC–EU Cooperation Agreement stipulates assisting the GCC and providing it with the technical knowledge of regional integration. As such, the EU has a fundamental and important task regarding transferring its knowledge of capacity building and institutionalisation to the GCC, since it was the pioneer and the first advocate of regional integration and the model on which the GCC's regional integration was built. The EU should market meticulously its expertise in managing and assisting regulatory reform, bureaucracy and knowledge transference through building confidence, trust and exerting influence in non-confrontational way to avoid losing to international competitors (Hertog, 2007a). This should include transferring the processes and mechanisms that stress the perquisite judicial and supranational instruments needed for practical application and building of the GCC's actorness. Setting a follow-up mechanism to ensure steady implementation of institutionalisation in political, economic and social sectors, among all GCC members, is a perquisite. However, such a mechanism should be deliberated by both organisations to avoid antagonising national sovereignty and cultural convictions. The gradual construction of a civil society that is aware of the benefits of regional cohesion, political and economic integration among the GCC states and population, would eventually foster multilateral practices and conflict management practices within regional and global domains.

### ***4. Exploring opportunities for successful partnerships***

Lately, the GCC states have become major players in international capital markets and significant players in certain key sectors (Ziemba & Malkin, 2011). The GCC states are pursuing diverse foreign investment to absorb their significant capital surpluses, generated from the boom in oil prices between 2003 and 2008 (Legrenzi & Momani, 2011). Their domestic scenes have witnessed substantial reforms and liberalising initiatives more than what is occurring in the Middle East and North Africa (MENA) region, and talks about triangulation between the EU, the Mediterranean and the Gulf are iterated themes. The GCC's indicative economic and political policy shifts are overcoming any global strategic deviation and considerations (Ziemba & Malkin, 2011). Calls for a more active European and GCC reciprocal role, in the Gulf and the Mediterranean, are unwaveringly enunciated.

## **Conclusion: What type of actors are the GCC and the EU and what type is their interregionalism?**

Relations between the Gulf states and certain European states started two centuries back, while relations between the regional organisation, the individual EU member states and the GCC have developed slowly on a bilateral basis. The GCC and the EU are two regional actors with different levels of regional actorness; the former is a thinly institutionalised intergovernmental organisation, while the latter is a well-developed intergovernmental organisation with supranational prerogatives and legal mandates. The analysis of the GCC and EU regional actorness proved that both the GCC and the EU possess the perquisite elements of regionness: distinct identity and internal self-understanding that were shaped by peculiar historical, social and political backgrounds. Measuring the regional cohesiveness and integration of both organisations according to Hettne & Söderbaum's typology of regionness (2000), the GCC presents a regional society with particular aspects of a regional community; while the EU's regional cohesion and advanced integration processes place the EU nearby the level of a region state.

The GCC's identity and self-understanding are reflected in its Charter that emphasises certain social norms: respect for sovereignty, non-interference and peaceful resolution of conflicts through diplomatic and informal methods. On the other hand, the EU's self-understanding is formed by its history and experiences that endeavoured to eliminate wars by bringing equality and prosperity to all. As such, the EU opted for the division of governance between intergovernmentalism and supranationality, the building of rules through formal treaties and agreements, and the championing of democratic governance, human rights and the rule of law, as solid pillars of its internal and external affairs (Wunderlich, 2012a, p. 659).

The GCC and the EU have acquired internal recognition of their legitimacy and presence that has been consolidated by the achievements, successes, stability, peace and welfare brought by the deliberated use of their natural, economic and political resources. The external recognition has been consolidated by the legitimacy acquired through establishing webs of bilateral, interregional and multilateral relations with states, regions and multilateral organisations. In addition, their interaction on the regional, interregional and multilateral levels bestowed on both organisations the external

recognition of their identities as distinct from others and led to the formation of a “capability-expectation gap” (Hill, 1993, p. 305) that perceives their presence and influence as strong in certain areas and weaker in others.

The GCC and the EU are situated at the opposing poles of Doidge’s “continuum” of institutionalisations that begins with intergovernmentalism and reaches its highest point at the other pole of supranationality (Doidge, 2008, p. 39). The EU remains superior in terms of regional cohesion, institutionalisation and purposive action; albeit, its influence can be strong in certain areas and limited by the policy structures and the conflicting interests of its state members. While certain historical, structural and political determinants dictated the EU’s formal structure and deep institutions, the GCC’s normative structure upheld religious and social values of Islam and tribalism that foresaw achieving consensus, “ijmaa”<sup>36</sup>, through informal consultations, “mushawarat”.<sup>37</sup> Consequently, the GCC did not deem deep institutions and regulations necessary and opted for decision-making and performance structures that differed considerably from those of the EU’s, a matter that limits the GCC’s capacity at acting autonomously and purposively and renders it subject to the political orientations and the individual interests and vetoes of the GCC state members. Regardless, confronted with imminent threats to the security of its members, the GCC has demonstrated actorness, at **certain times** (bold for emphasis), by deliberately using its resources, capabilities and the collective support of its members to demonstrate purposiveness and induce change, as seen in the Iran–Iraq War, the Kuwait War and the Bahrain riots.

### *What type is GCC–EU interregional relations?*

According to Hänggi’s typology (2006, p. 41), the GCC–EU relations are categorised as region-to-region, bilateral, group-to-group, bi-interregionalism or pure interregionalism. However, interregionalism is a “multidimensional” (Hettne & Söderbaum, 2000, p. 467) phenomenon and a “variegated process” (Doidge, 2007, p. 245); as such, GCC–EU relations include different modes of cooperation. They incorporate quasi-interregionalism, relations between a regional organisation and a state (Hänggi, 2006, p. 41), such as between the EU and Saudi Arabia, or between the EU and the UAE. Moreover, bilateral relations between state members of both organisations – relations

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<sup>36</sup> Ijmaa means consensus in Arabic.

<sup>37</sup> Mushawarat are consultations in Arabic

between Saudi Arabia and France or the UAE and Britain – remain a hallmark, contributing to the deepening of the relations and to the resolutions of stalemates, by activating the networks of cooperation, when relations are stuck at the interregional level. Responding to the limits of interregionalism between asymmetrical regional actors, a senior EU official declared, “good bilateralism should be in vicinity to interregionalism”... “We shall work with the region when it is better and we should work separately with Qatar, with Kuwait, with Oman, UAE, with Bahrain when it is better. That is my dream and I think that is the way it should go”<sup>38</sup>.

Accordingly, GCC–EU interregionalism incorporates not only quasi-interregionalism and bilateralism, but also “track-two diplomacy”<sup>39</sup>. The establishment of the jointly financed Action Programme and the EU’s financed Clean Energy Network have proved efficient in providing venues where civil actors from both regions socialise, create understanding, erase misperceptions, highlight opportunities and exploit the tools available to both parties. However, the political inclinations of powerful states such as Saudi Arabia, “the hegemon” (Joffé, 2009), or the vulnerable ones such as Bahrain or Oman, and their responses to systemic constraints and external alliances, dictate their inclination towards developing sustained contact and cooperation with the EU. Hence, in the GCC case, furthering the relations and encouraging networks’ operations depends on the interest of a certain member and the objection of another, a matter that undermines the value achieved from the informal track of cooperation<sup>40</sup>.

Evidently, The GCC’s and the EU’s level of actorness impact the functions and outcomes of their interregionalism, especially in areas that are directed at the multilateral level such as balancing and agenda setting. The GCC’s weak actorness and the divergent political interests of its members limit its action and manoeuvrability. Alternatively, the EU’s limited actorness in defence and security cooperation prevent

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<sup>38</sup> Senior EU Official (I), 2013: Personal Interview, in Brussels, 15 May 2013.

<sup>39</sup> Track-two diplomacy is a concept that refers to the network established between regional organisations within and outside the official track of interregionalism (Freistein, 2008).

<sup>40</sup> During a personal informal phone call, an EU official declared that despite its evident success, a GCC state objected to the renewal of the JAP for another three years. When asked what the motive behind such objection was, the official indicated that the move meant to undermine the GCC–EU’s strong and developing relations and hinder the GCC from achieving further integration and actorness.

the EU from playing a balancing role in the Gulf's regional security<sup>41</sup> as the balancing function of interregionalism requires high levels of autonomy and manoeuvrability, both at the regional and interregional levels (Doidge, 2008, p. 43).

Concerning rationalising and agenda setting, the GCC lacks the high and complete actorness required for such performance, accordingly the GCC and the EU could not create **complete** (bold for emphasis) convergence on all pressing political issues, though they share common points of view on certain issues. However, a senior European official asserted, "there is no stagnation because we continue to discuss (...) most difficult on some files but extremely useful on others."<sup>42</sup> Following the Arab Spring, the GCC–EU maintained constant consultations, aiming at bringing stability to Yemen and the Mediterranean region and the GCC's Yemen Initiative was considered "great" and "successful"<sup>43</sup>. Through continuous coordination and consultation, and despite the GCC's limited actorness, the whole Community and the GCC managed to move forward on the Yemeni track and create a situation where Yemen can find way to escape chaos and destruction and organise its society, with less violence as in the other Mediterranean countries.

Indeed, interregional relations between the EU and other regions have developed with the purpose of confronting post 9/11 security challenges, through diversity of relations that included "hybrid and trans-regional relations between regions and states" and "bilateral inter-state relations" (Santini, et al., 2014, p. 73). The regular contact and annual socialisation between the EU's and the GCC's ministers and representatives consolidated the EU's and the GCC's identity and self-understanding as distinct from the other, triggered a desire to overcome the differences by establishing joint networks and programmes, and allowed for capacity building through accelerating knowledge transfer and cultural exchange. The GCC and the EU possess asymmetric capacities, institutionalisation and decision-making policies that affect and shape the outcomes of their relations. Thus, both organisations use all methods of cooperation at their disposal including bilateralism, networks and quasi-interregionalism. Perceiving the opportunities and the possibility for realising mutual interests, the establishment of

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<sup>41</sup> A senior GCC official commented that the EU as an organisation is "economically effective but not in foreign policy, for it has no common security policy". Senior GCC Official (D), 2013: Personal Interview, in Brussels, 27 March 2013.

<sup>42</sup> Senior EU Official (I), 2013: Personal Interview, in Brussels, 15 May 2013.

<sup>43</sup> Senior EU Official (J), 2013: Personal Interview, in Brussels, 15 May 2013.

networks are indicators of the GCC's and the EU's accurate responses to action triggers emanating from their internal and external environments and to the potential of GCC–EU interregionalism. These modes of cooperation could set the base for expanding the relations and complement its interregional framework.

To conclude, Tripp argues that by its character and the structure of the Middle East states in general, and the GCC in particular, ad hoc, bilateral and informal agreements have better prospects at succeeding and realising stated goals, more than does the formulation of collective goals by effective regional institutions (Tripp, 1995, p. 308). Schubert views that the EU may “step back from its policy of exclusive multilateralism and engage in region/one country agreements”, in order to accommodate the complexity and diversity of world “economic regionalism” (Schubert, 2008, p. 276). Accordingly, the author believes that cooperation should continue to progress within the conditions of the GCC–EU Cooperation Agreement, while avoiding the formation of one-dimensional policies that apply the same provisions to the diverse policies subject for cooperation. Since forging a common and collective GCC and EU stance regarding all policies seems unattainable, focusing on specific case studies is recommended in order to better gauge their strengths and limitations.

Considering interregionalism as a “variegated” process (Doidge, 2007, p. 245) and responding to the academic need of conducting studies on specific areas of cooperation or non-governmental activities, such as trade and investment (Rüland & Storz, 2008, p. 11), the following chapters will assess the prospects for establishing decentralised cooperation and evaluate the outcomes of interregionalism in two recommended case studies. The case studies were chosen for they provide frameworks within which socialising, capacity building and institutionalisation can pave the way for more comprehensive and systemised cooperation. The author believes that successful interregionalism in certain key sectors will eventually expand the base of cooperation, whether it is bilateral, interregional or quasi-interregional, and lead to effective transformation in the bureaucratic, institutional and structural formation of the GCC more than will the implementation of strict European conditions and provisions as prerequisites for deeper interregional relations. Moreover, constant contact between civil actors and interest groups and networks such as businessmen and Commerce Chambers is bound to encourage the flexible adaptation of regulations and produce realistic

frameworks of cooperation that take into consideration both the possibilities and the limitations of the GCC–EU interregional partnership.

It is necessary to draw attention to the fact that the Cooperation Agreement does not limit the GCC states or the Community from undertaking bilateral or any other forms of activities. Moreover, Baert, et al., argue that although the interregional fora are often described as “rhetorical”, the regular contact between the representatives of regional organisations often lead to unintended cooperation in areas of varied importance and at different levels (Baert, et al., 2014a, p. 180). Considering the Gulf’s strategic importance, both organisations share many interests that can provide an ambitious agenda and a base, where both organisations can make use of their capabilities to build up strategic partnerships that realise their goals.

Therefore, the author has chosen cooperation in energy security as the first policy area because the author believes that the GCC’s and the EU’s strategic dependency on oil and gas – though for different purposes – will not end in the near future. In addition, energy security is an area where the balancing function of interregionalism is examined along with the systemic changes in economy and geopolitics, the ramifications of the Arab Spring, the growing Asia–GCC ties and the prevalence of bilateralism in GCC–EU relations. To achieve such end, the chapter will ask and attempt to answer the following questions:

- What are the perspectives of the GCC and the EU regarding their energy collaboration? What is the impact of the EU’s national interests and energy policies on the development of a GCC–EU energy partnership?
- How is the GCC reacting to the geopolitical changes? Does the GCC exercise effective actorness over international markets? How does the EU place itself among new energy competitors?
- Can the EU’s energy security imperative act as a catalyst to a GCC–EU energy partnership and is the realisation of an energy partnership capable of inducing more interregional cooperation?

GCC–EU economic cooperation in the Mediterranean has been chosen as the second case study because it addresses the need for “much more detailed analysis of economic exchanges, and also non-governmental interactions” (Rüland & Storz, 2008, p. 11).

Moreover, academics presume that a “weak interregionalism” may encourage other modes of cooperation and may open prospects for economic exchange beyond the official framework cooperation (Rüland & Storz, 2008, p. 11). In accordance with this aim, the author considers the shifting dynamics in global political economy and the ramifications of the Arab Spring provide a suitable ground for regional and international businesses to launch a productive economic venture in the Mediterranean. Accordingly, the following questions will constitute the base for assessing the economic potentials in the Mediterranean:

- Why are the GCC and the EU interested in the Mediterranean? What are the EU’s Mediterranean strategies and what are the GCC’s Mediterranean interests? What are the tools available at both organisations that can induce a triangular collaboration and what are the indicators for measuring its success?
- What are the implications of the Arab Spring on the GCC’s and the EU’s presence in the Mediterranean? What are the barriers obstructing such economic cooperation? What role does bilateralism play in encouraging/impeding multilateralism? Are the organisations willing to assess and share in the multilateral framework?



## CHAPTER 4

### GCC–EU ENERGY COOPERATION

#### Introduction

During the 1970s, the EU adopted a systemised policy that aimed at decreasing its dependency on Russia and diversifying gas supplies to maintain a secure, competitive and sustainable flow of oil and gas to its internal energy. Correspondingly, the EC issued a communication that underscored the will to deepen the development of strategic relations with external suppliers, including the Gulf, to ensure the security of energy supplies and the availability of multiple pipelines to transfer gas to Europe from the Mediterranean region (Abi Abd, 2010). However, the recent Arab uprising and the EU's migration policies complicated the EU's energy strategies and contributed to the failure of forging a suitable and complete energy partnership with the Mediterranean states.

Taking into account that the GCC states have always been stable and reliable allies to the West and that energy security is the major challenge facing Europe in the twenty-first century, this chapter seeks to respond to the academic need for deep investigation of interregional cooperation, in specific case studies, and outside the triad (Baert, et al., 2014a, p. 175). In order to evaluate the potential for an effective and deeper energy partnership between the GCC and the EU, the chapter is divided into three sections. The first section investigates why energy security is such a big issue for the EU and why the EU needs to diversify its energy supplies. To answer these questions, the first section introduces the concept of energy security in general, and the EU's definition in particular. Then, the section recounts the current global and domestic constraints on the EU's energy policies, the EU's energy needs, the current energy procurement policies and the dynamics obstructing the full implementation of the EU's energy strategies.

In addition, the first section assesses the EU's current and potential energy suppliers in order to explain why oil and gas remain major parts of the EU's energy mix and why the EU needs to diversify its energy supplies, and seek other energy suppliers. The second section explores GCC–EU current relations and highlights both the EU's and the

GCC's perspectives and their capacity at responding to domestic interests and external constraints. By underlying the opportunities and emphasising the GCC's economic interdependence with the EU and its vital role within the global energy markets, the section explains why the EU is keen on deepening its partnership with the GCC in particular, as opposed to other potential partners.

The third section addresses the GCC's security of energy demand, its need for more coordination with consumer states, and the role energy plays in the GCC's strategies of development and progress. Then, the section considers the GCC's tools vis-a-vis the EU, as well as the EU's tools vis-a-vis the GCC and the indicators used to measure the potential of establishing deeper cooperation in energy sectors. Finally, the information will be put into an analytical matrix that is based on the evaluation of a set of interviews with GCC and EU officials and academics involved in the subject. The analysis assesses how the GCC's and the EU's actorness impacts the potential of energy cooperation, whether the GCC–EU energy partnership is realisable and has the potential of performing the balancing function of interregionalism, and whether the EU's and the GCC's priorities are attainable and likely to induce more interregional cooperation.

### **Energy security**

The concept of energy security and security of energy supply, in particular, is vast and implies different interpretations and approaches depending on each country's history and priorities and on whether the concept is perceived from an economic perspective or from a strategic political one (Checchi, et al., 2009a). In addition, the definition of energy supply includes the upstream procedure, such as producing primary energy, to downstream delivery of energy to markets and users (Chevalier, 2007). On the other hand, security of demand implies global demand trends, carbon dioxide emissions, energy efficiency and emission trading and carbon storage (Römisch, 2009) A simple definition of energy security indicates the need for a reliable and adequate supply of energy at reasonable prices (Pardisi, et al., 2006). From an economic perspective, Leveque et.al, stipulate that supply security is maintained by,

“open and competitive markets that favour the exchange of information, the availability of resources and investment leading to a diversified supply structure (von Hirschhausen, et al., 2010, p. 6).

## **1. The EU's security of energy supply**

This section addresses the EU's energy security. It begins by defining the EU's energy security and asks why energy security is at the top of the EU's priorities. To answer the question, the section scrutinises the global energy settings, the EU's political and environmental priorities and the current internal constraints obstructing the implementation of the EU's energy policies. Then, the section examines the EU's diversification strategy and assesses the EU's current and potential energy suppliers, in order to prelude to the discussion of the GCC–EU energy relations, and how the GCC might present itself as a successful partner for the EU in energy matters.

### **Why energy security is such an urgent and serious issue for Europe?**

The EU is considered the second largest energy market, comprising 506.8 million consumers as at 1 January 2011 (Eurostat, 2011). Energy security has become an urgent priority in the EU's security agenda and an essential element shaping its foreign policy; especially, as more states began to use oil and gas as political and strategic tools in the midst of increasing demand and soaring oil prices (Van Rompuy, 2011). A combination of high oil prices and changing supply trends have rendered energy security one of the set of challenges facing Europe; growing European consumption of oil and declining European production have increased the EU's dependency on imports from the Middle East, Russia, the Caspian region and Africa (Checchi, et al., 2009a). The President of the European Council, Herman Van Rompuy, estimates that the EU's dependency on oil and gas will increase by up to 70 per cent in 2030 (Van Rompuy, 2011); analysts predict that the increase will reach up to 90 per cent in 2030 (Youngs, 2009a). This dependency means that the Europeans have to secure energy resources though it requires dealing with chaotic and unstable areas and with a low record of implementing democracy and human rights (Everts, 2009).

### ***Defining the EU's energy security***

This research adopts the EU's definition of energy security as articulated in the EU's Green Paper 'Towards a European Strategy for the Security of Energy Supply', for it illustrates the EU's political vision of energy security. The EU's definition stipulates that,

“energy supply security must be geared to ensuring, for the well being of its citizens, the proper functioning of the economy, the uninterrupted physical availability of energy products, at a price which is affordable for all consumers (private and industrial) while respecting environmental concerns and looking towards sustainable development.” However, the Green Paper deems that such political perspective of energy security does not “seek to maximise energy self-sufficiency or to minimise dependence, but aims to reduce the risks linked to such dependence” (The European Commission, 2000, pp. 2-3).

Fossil fuels are the major cause of environmental risks (Union of Concerned Scientists, 2002); they constitute a major part of the EU’s energy mix, which is used in transportation and industries. The absence of a global climate change strategy that would guide investors in energy sectors has generated concerns over climate security and global warming; such issue is a serious factor that affects the EU’s energy procurement policies and climate policies that aim at reducing carbon dioxide emissions. The absence of a coherent energy plan that speaks with a common voice with the EU’s neighbours, Russia, and the main producers and consumer nations of the world and vis-a-vis market liberalisation policy, remains one of the serious priorities targeted in the EU’s Green Paper (Commission of the European Communities, 2006).

### ***Global energy settings: geopolitical and environmental risks***

The EU’s energy security is governed by a set of guidelines that attempt to balance various determinants of the markets’ imperatives, geopolitical challenges, and the European member states’ degree of unity and commitment to key energy policies and strategies, such as the EU’s support of democratic governance and environmental policies (Youngs, 2009a, p. 21). Moreover, the EU’s security of energy supply has to balance between three important elements: protecting the environment through reducing CO<sub>2</sub> emissions, maintaining uninterrupted supply of energy and sustaining competitive European economy (Grossmann, 2011). As the expanding role of the international energy economy and markets continues to affect the procurement of oil as a commodity, a tendency towards letting liberal economic policies and free trade regulations ensured energy supplies began to dominate energy markets (The German Marshall Fund of the United States & The Global Public Policy Institute, 2007). International companies began to proliferate and launch cooperative multilateral networks and institutions that are entitled with securing oil transition to global markets, all matters that affect the EU’s foreign policy and its energy supplies (Youngs, 2009a, p. 8).

The present world economic crisis, the recent revolutions in North Africa, the unrest in Yemen and Bahrain, and the huge demands from Asia, China and India are confronting the EU with unprecedented uncertainty for maintaining its energy security. In addition, geological factors presented by the EU's decreasing oil and gas reserves; technical ones that are caused by a lack of capital investment; or energy supplies system failure due to weather catastrophes, are among the serious risks that disrupt the EU's energy supplies. Price fluctuations happen with government interference; political contentions between producing and consuming countries; instability in transit countries; civil wars and local conflicts; or terrorism and damage to energy facilities. Additional environmental risks involve nuclear accidents, as demonstrated by the Fukushima disaster, damage of refineries, oil spills and increased greenhouse emissions.

***Current internal constraint: the challenge of forging a common energy policy and protecting the environment***

The EU's lack of a coherent common energy policy among its members complicates its diversifications policies. The EU is the world's largest energy importer and consumes one-fifth of the world's energy (Europa, 2012). As such, the EU is an active actor in international energy platforms and monitors every negotiation on nuclear energy that takes place between an EU member and a third party. The Lisbon Treaty underlies the importance of protecting the environment by clearly asserting the EU's normative role in promoting international measures to combat climate change and encourage prudent exploitation of natural resources (Client Earth, 2010). However, the Treaty gives its members the manoeuvrability to shape their external relations and the right to choose their energy mix and resources. Such manoeuvrability, when applied, decreases the EU's actorness in energy policy and produces incoherent decisions and conflicting choices among EU members (Spolander, 2011, p. 49).

Regardless of the EU's genuine desire to implement a common energy policy, the EU also finds it difficult to reconcile the freedom of member states of concluding bilateral supply contracts with third countries with the EU's establishment of one single energy market (Van Rompuy, 2011). Despite its well advanced institutions and regulations, a report published in 2010 stated that the European energy market remained beyond meeting consumers' expectations, as over 40 infringement procedures and legislations that were part of the second internal energy package since 2003 are still lacking

implementation and enforcement (The European Commission, 2010). In addition, the German decision to withdraw from nuclear energy use as fast as possible (Grossmann, 2011) tarnished the EU's image as a united organisation and complicated the financial situation of the European companies involved in nuclear energy investments (Wettman, 2011). Consequently, Germany's neighbours began to question the success of the proposed Europe's common energy market and environmental policies, especially when European companies faced the prospect of rising dependency on Russian gas and loosing Middle Eastern markets to competitive Asian energy companies (Wettman, 2011)

As such, the 2020 Energy Communication expressed its doubt of the European states' of realising the goals expressed in the Strategy for a Sustainable and Competitive Energy Security (EUR-Lex, 2010). The difficulty of achieving the goals of reducing greenhouse emission by 20 per cent, increasing the share of renewable energy by 20 per cent and making a 20 per cent improvement in energy efficiency is exacerbated by the conflicting intersection between the EU's power politics and the opposing national state's interests. The EU's member states often jealously guarded their national prerogatives in energy decisions, thwarting any attempt to build an energy platform or present a coherent front or specific guideline for international energy cooperation (Luciani, 2004).

### **Why are oil and gas key parts of the EU's energy mix?**

Fossil fuels, oil, gas and coal, constitute about 80 per cent of the EU's energy mix that are used in transportation and industries; albeit, the amount of oil fuel consumed in the transportation sector exceeds the amount consumed by other industrial sectors and is the cause of environmental risks and climate change (The European Commission, 2008). On the other hand, natural gas is the preferred fossil fuel for power generation in the EU because it is more environmentally friendly, inexpensive and easy to processes (Dezhapardize & Roubanis, 2012). Analysts estimate that there is no alternative to fossil energy on a large scale, other than nuclear energy, which requires huge investment and maintenance capacity (Paillard, 2010). A switch to complete green energy requires massive transition procedures and changes in infrastructure, and the EU is not ready to meet with the challenge of depending on a new energy model (The European Commission, 2011a). Accordingly, the EU deems that gas will substitute the use of coal

and oil, until 2030 to 2035, as existing technologies can contribute to emissions reduction (Oettinger, 2012).



**Figure 4.1: EU-27 use of petroleum products by sector (in %) (2008)**

Source: (The European Commission, 2011b).

However, uncertainty and ecological concerns prevail regarding the future role of unconventional gas, especially shale gas, in the EU's energy mix because of exploitation and exploration environmental hazards that are posed by the injection of chemicals in the ground (Shepherd, 2012). In 2006, the World Economic Outlook (WEO) of the IEA drew the strategy to reduce gas emissions by 20 per cent to increasing and enhancing efficiency of energy usage and sharing by 20 per cent (Chevalier, 2007). Building on this perspective, the EU looked for renewable energy resources (RES) such as solar, wind and nuclear. Non-consensus still prevails among EU members regarding the use of nuclear energy that constitutes 15 per cent of the EU's energy mix, with only France and Finland having decided to build new power plants, while Germany, Belgium, Spain, the Netherlands and Sweden have decided to stop using nuclear energy (Geden, et al., 2006). As such, renewable is on the rise but the Directorate General estimates that much time is needed until the EU reaches its 20 per cent target by 2020 (The European Commission, 2011d).

Notwithstanding, the production of renewable energy requires the availability of labour skills, proper infrastructure, sufficient capital and a larger development strategy; the EU expects member states to raise significantly the use of renewable energy in their energy mix (Geden, et al., 2006). Nonetheless, the use of renewable energy in the EU's member states is governed by political and geographical considerations, as well as public involvement and initiatives. In addition, the EC considers alike the interests of its

key producing partners and their security of energy, as producers look for stability in the EU's future demands, in order to regulate volumes production and accord investment in new projects (Bonfante, 2012). As such, the industrialised economies of the West are linked to the Gulf region through "a robust energy supply and demand relationship that determines both parties' respective political agendas and interests" (Behrendt & Helou, 2010). Thus, oil and gas will remain essential in the EU's energy mix and future economy, albeit differences in consumption will differ according to the member states' historic, topological and strategic variants (Oettinger, 2012).

### **Why does the EU need to diversify sources of its energy supplies?**

Reducing the risk associated with depending on specific energy sources implies diversifying partners by building enduring and trusted alliances that allow consultations and coordination with energy-producing countries on a regular basis. As such, Diversification of oil supplies is a strategy that aims to "secure stable oil supply by reducing the risks emanating from excessive dependence on a single import source" (Koyama, 2004, p. 98). Disrupted oil supplies have affected often national and global development and led to volatility of oil prices and a decrease in economic growth. In order to reduce the risks of a supply shut off, a communication from the Commission on 2020 Energy Strategy stressed the urgency of finding competitive and secure energy resources that pass via secure routes. The communication depicted the EU as one "strong geopolitical partner", looking for longer-term benefits and innovative financial investment (EUR-Lex, 2010). Ever since, in order to reduce the Russian monopoly of energy politics in Central Asia and the Caspian, as was the case with the Georgian Conflict in 2008, the EU's major energy strategies focused on finding alternative transit territories that are not undergoing political and economic transformation (Voicu & Pepenel, 2010),

Consequently, a change began to be witnessed in the EU's CFSP deliberations. The EU Energy Commission issued, in 2006, a new Green Paper entitled A European Strategy for sustainable, competitive and secure energy (The European Commission, 2006). Among the stated goals of the Green Paper were the diversifications of the EU's energy supplies and increasing the use of new energy resources. In addition, the Green Paper called for constructing different initiatives that targeted energy security seriously, especially, the EU's dependency on Russian oil and gas and Russia's growing



assertiveness, which presented the EU with a possible challenge of supply shut-offs (Youngs, 2009a, p. 171).

***Internal and external constraints on EU's actorness and diversification strategies:***

Doidge considers that actorness and interregional relations are conditioned by the “context” or the area within which it is performed, as much as by the organisation’s level of institutionalisation (Doidge, 2011, p. 24). To engage effectively outside the boundaries of its institutional structure, a regional organisation has to be free of the limitations of the “coalition of interests” in order to present a cohesive front and unshaken commitment to its strategies and goals (Doidge, 2011, p. 20). Thereupon, in spite of the EU’s innovative initiatives, divergent interests, needs and goals among EU members have prevented the EU from achieving its energy diversification strategies that aimed at circumventing the Russian monopoly of energy imports from the Caspian area. Such a setback resulted from the internal disagreement and the radical different options that individual EU members followed; France has always emphasised nuclear energy, while Germany has stubbornly defended its national coal industry. Moreover, the UK has always followed a market-based approach to energy, while France has always maintained state-based control over energy derivatives and markets (Luciani, 2004).

Internally, despite the economic recession and the decline of inland production, gas consumption remained the same and imports of liquefied natural gas (LNG) continued to increase in the EU’s import mix (The European Commission, 2011b). Moreover, the enlargement of the EU brought new members that found relinquishing their sovereignty and national interests difficult to accept, especially when the matter involved discounting internal dynamics and interaction between national governments, national syndicates and oil companies. The variation of oil pricing, the generous levies on oil-end-user prices and excise taxes in some EU states made bringing the EU’s member states under a single approach challenging and exhausting (Van Der Linde, 2011). In addition, European oil companies were aggregated in large frameworks and federations such as, Comité d'études des producteurs de charbon d'Europe occidentale (CEPCEO), Eurogas and Europa, a matter that rendered the role of energy federations crucial in shaping energy policies and impossible to evade (Beden, 2007).

On the external front, the EU imports 90 per cent of its oil and 70 per cent of its gas needs and faces growing difficulty in asserting its influence in international energy markets, compared to influences exerted by other international powers and actors (Youngs, 2009a, p. 176). This position has been aggravated by growing competition from emerging Asian consumers, tighter energy markets and growing global demand that puts pressure on Middle Eastern suppliers. Thus, the EU finds asserting its actorness and promoting its normative principles of democratic governance and regional integration by linking trade to political agreements and democracy promotion, more problematic. Those European ideals, political clauses and conditional rules of law often conflicted with what the EU's partners considered as interfering in domestic affairs and national practices. Such differences often affected the interregional relations between the GCC and the EU and led to disappointment and disengagement on both sides<sup>44</sup>.

Aiming to circumvent the cultural gap and institutional deficit of its interregional partners, the EU strived to implement its practices through establishing dialogues in all spheres and creating convergence in bureaucratic procedures in order to prelude to the enforcement of essential clauses on human rights in trade agreements. This enforcement included rewarding states who respected democratic practice and punishing those who did not comply by withdrawing financial support or imposing sanctions. Considering that most of the energy producers, such as the GCC states, are affluent states and not in need of the EU's assistance, the GCC found in cooperation with emerging economies, flexible partners and promising markets for selling hydrocarbon products and escaping unwanted conditions and political impositions. Similarly, the EU found countering the Russian energy influence and pipeline politics in new democracies like Ukraine, Georgia and Moldova formidable (Smith, 2008).

### **Assessing the EU's energy partners: why is the EU seeking other potential suppliers?**

This section briefly evaluates the potential of the EU's oil and gas suppliers, considers the reliability and assertiveness of the current energy-producing countries, geopolitics, price formation, as well benefits, and risks. The section seeks to assess the possibility of

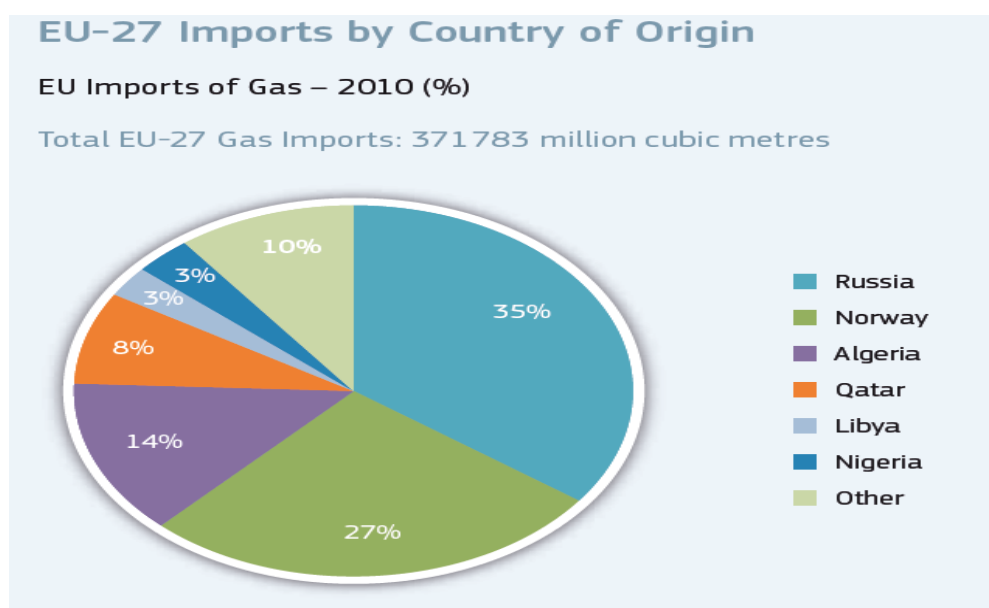
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<sup>44</sup> Most of the GCC diplomat's expressed similar point of views regarding the EU's disregard of the GCC states' religious norms.

performing the balancing function of interregionalsim, the GCC's capacity to meet the EU's energy needs and balancing the EU's dependence on Russia in energy security.

### EU–Russia partnership

Russia is the EU's major supplier of gas, and cooperation on energy security is one of the guidelines articulated by the Russian Vice-Prime Minister Viktor Khristenko and the EC Director-General Francois Lamoureux in the EU–Russian Energy Dialogue of 2000 (Luciani, 2004). Past EU energy deliberations were focused mainly on securing supply from Nord Stream, Moscow and Copenhagen (Abbasov & Researcher). The EU estimates the need for €1 trillion of upper-stream and lower-stream investments, in order to diversify its energy supplies and replace equipment to meet emerging energy needs (EUR-Lex, 2010).



**Figure 4.2: EU-27 imports by country of origin**

Source: (The European Commission, 2011b)

The EU's imports from Ukraine account for only 30 per cent of its total imports, nonetheless, the dispute between Russia and Ukraine over disruption in gas supply (in 1993, 1994, 1995, 2005/2006, 2007 and 2009) exacerbated the EU's sense of vulnerability (Everts, 2009). The EC's rapid acceptance of the Russian–German undersea gas pipeline scheme called the attention to Europe's limited actorness in energy matter and inability to implement common energy policy (Smith, 2008). Relations with Russia started to deteriorate especially after Gazprom announced its

intention to apply gas rules to its dealing with former Soviet Republics, in an attempt to exploit the EU's vulnerability and impose specific political and energy policies. (Pardisi, et al., 2006).

Underlying the EU's failure to induce the Russians to cooperate on a win-win basis, analysts warned against the EU's focus on a single energy source for consideration of geographical proximity or measures of oil and gas reserves. In 2006, the war in Georgia demonstrated the Russian's intention at maintaining a relevant role in the CIS countries after its rejection to participate in the ENP, implicating that the area is in the Russian sphere of influence (Adomeit, 2011). As China and Russia began to consolidate their partnership in Central Asia and the Shanghai Cooperation Organisation (SCO), a power competition between the US and Russia, over the latter's manipulation of energy, exacerbated the EU's doubts regarding Russia's reliability and rendered diversifying energy sources and routes an imperative goal (Liuhto, 2009).

### **North Africa and the Arab uprisings**

Africa plays a strategic role in the architecture of the EU's energy security. Exports from Libya, Nigeria and Algeria are vital not only to the EU but also to China, India and the US. Lately, the EU has had to face China's growing and competitive presence in Africa. Despite its domestic upheavals and the Algeria–Morocco dispute over the Western Sahara, Algeria was considered a reliable supplier in mid-2000. Gas transport from Algeria to Spain went under the sea through Galsi and Mdegas gas pipelines (Hayes, 2004). European dependence on gas production from Libya, Algeria and Egypt has risen in the past years, regardless; the current unrest in the North African states and the Middle East accentuated the urgency of diversifying the EU's energy supplies to include all available sources (Van Der Linde, 2011).

The EU is apprehensive that nationalism policies, following the Arab Spring and similar to the one witnessed in the early 1980s, might jeopardise the EU's energy security in the future (Checchi, et al., 2009b). Considering its geographical proximity to Europe, Libya's huge oil and gas potential poses itself as an ideal energy partner. However, political unrest and interstate conflicts continue to hamper the full exploitation of Libya's 46.4 billion barrels, in spite of the EU's technical cooperation and assistance. The EU had always aimed at boosting and harmonising inter-energy links of the African

energy sectors with those of the European ones, within the conditions of the EMP. Nonetheless, the Italian Foreign Minister, Franco Frattini, acknowledged that it will take time to get oil flowing freely again from Libya, promising full support to the Libyan new rulers, and conceiving them as Italy's future and preferred energy partner (Krauss, 2011).

### **The Caspian and Black Sea regions' energy potential**

The Caspian countries are emerging as another major source of oil and gas; albeit, unresolved boundaries' disputes and domestic political challenges, render transporting energy out of this landlocked region a risky task (Pardisi, et al., 2006). Other challenges include Azerbaijan's lack of energy policy or concrete offer that answers or understands the EU's needs, in terms of production, volume, and prices (Everts, 2009). In addition, Russia's manipulation of gas transits from Central Asia and the Caspian hinders the full exploitation of the Caspian energy potentials. The 2004 gas dispute between Russia and Belarus and the 2006 and 2009 Russian–Ukraine dispute over gas prices demonstrates the transit risks associated with supplies from Central Asia. Analysts are sceptic of the possibility of realising several energy projects.

The Black Sea region is of geostrategic importance because of its strategic closeness to the Middle East, Central Asia and the Caspian Sea (Ticau, 2011). Considering the aim of establishing a new energy corridor, the region stands as a convenient production and transition area that can be included in the EU's energy diversification policy. However, dynamics of power competition and rivalry, the prospects of a state failure, amid growing authoritarianism, and instability, obstruct the development of an energy partnership between the EU and the Caspian states (Dubien & Vaquer I Fanes, 2010). Romania and Bulgaria accession to NATO, in 2004, and to the EU in 2007, made the region the east southern gate of Europe. However, controversy over oil and gas transit across the Black Sea region is deemed to persist in the future, as issues of politicised ethnic conflicts will continue to be sources for regional fragmentation and competing interests (Dubien & Vaquer I Fanes, 2010).

## **2. Energy cooperation: the GCC and the EU perspectives**

This section investigates why the EU might need closer cooperation with the GCC in energy issues, as opposed to the previously discussed energy suppliers, and how the GCC might pose itself a reliable partner for the EU in energy matters. In order to answer these questions, the section examines the EU's and the GCC's current energy relations, their perspectives regarding their energy cooperation and how the asymmetries of actorness and their divergent norms affect the relations. The section sheds light on the GCC's internationalisation and growing global interdependence, and examines the GCC's security of energy demand. The section ends by accentuating the importance of oil and gas as essential factors constituting the GCC states economic and geopolitical transformation and their role in their regional and international relations.

### **The GCC–EU energy cooperation: what is the EU's perspective?**

Scott depicts the international system as a social structure, where the EU, as an actor of “significance”, socialises with other significant actors; the language they exchange implicates their perceptions of each other, reconstructs the structure and produces change (Scott, 2013, p. 31). Similarly, Bachmann (2013) considers that actors are also influenced by the social, cultural and political perceptions of other actors, which situate them within certain ideational frameworks that serve as a reference for interpretation. In this sense, the EU's perception of the Gulf region as an American backyard, the contention over the export duties and human rights clauses, and the disappointment over the lengthy FTA negotiations obstructed their cooperation agreement and created the need for exploring new methods for developing the relations (Luciani, 2004).

Nowadays, a complete overhaul of GCC–EU relations sponsored by the Bertelsmann Foundation, the Robert Schuman Centre at the European University Institute, the Emirates Centre for Strategic Studies and Research and the Gulf Research Centre began to take place, aiming at thrusting the relations towards realising a complete partnership in all sectors. Recognising the GCC countries' economic ascendancy and their roles in stabilising global economy, especially that of Saudi Arabia in stabilising energy markets, the EU acknowledged the need for a constructive collaboration with the GCC, in the oil and gas sectors, by building on the EU's articulated priorities in the Green Book (Luciani, 2004). Both the Council and Commission supported the Green Paper's

objectives; albeit, the Commission asserted, in a following note, that the EU's energy strategies should be "consistent with the EU's broader foreign policy objectives such as conflict prevention and resolution, non-proliferation and promoting human rights" (Youngs, 2009a, p. 24).<sup>45</sup>

The Polish Vice-Prime Minister of Economy, Waldemar Pawlak, expressed his belief that the EU's energy security dictates establishing talks with significant states that have the capacity to improve the stability of the European energy markets and realise the EC's energy interests. His view upheld that the EC should develop a comprehensive strategy that integrates states from North Africa, the Middle East, Armenia and Azerbaijan in a solid energy strategy that is based on prioritising the diversification of energy sources and routes (Pawlak, 2011). Accordingly, the EU began to consider prioritising the GCC as a reliable source and partner, by building on the already established bilateral energy relations (Coskun, 2009). Considering the difficulty of maintaining political conditionality, at a time of increasing competition over energy resources, the EU opted for concluding bilateral energy agreements on a "contractual" basis that stipulated "adherence" to market rules and regulations, transparency, safety of transportation and legal and binding frameworks, (Youngs, 2009a, p. 46)

### **Why might the EU need a closer energy relationship with the GCC as opposed to other potential suppliers?**

It is necessary to mention that the GCC's influence in the energy market stems from the capacities of its state members and their contribution to the stability of oil and gas production. Since energy is an indispensable commodity and an essential element affecting the GCC states' domestic and foreign policies, the GCC states share common interest in stabilising oil and gas prices to keep their revenues from falling. Oil revenues constitute one-third to total GDP and three-quarters to annual government revenues and exports (Fasano & Iqbal, 2003). As such, the total revenues of the GCC states represent the financial capacity of the GCC as an entity (Fasano & Iqbal, 2003).

The Gulf States have reaped incredible revenues between 2002–2008 that promoted them as financial hubs for West Asian and North African countries and positioned them

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<sup>45</sup> Benelux Position Paper, External Energy Policy for Europe, February 2007, mimeo, <https://zoek.officielebekendmakingen.nl/kst-21501-02-734-b1.pdf>

as strategic pivot around which a shift in global balance was taking place (Held & Ulrichsen, 2012). Total oil reserves in the Gulf countries account for 55 per cent of the world's reserves (Ghafouri, 2009); however, Saudi Arabia and Qatar are key international energy actors and their influence in global energy markets is significant and cannot be ignored. Saudi Arabia ranks the world's largest oil exporter, a key oil supplier to the US, Europe, and Asia, with a production capacity reaching 12 mbd (U.S. Energy Information Administration, 2012b). Conversely, Qatar holds the world's third largest natural gas reserves. The US EIA ranks Qatar as "the single largest supplier of LNG", and a significant OPEC member and net exporter of oil (U.S. Energy Information Administration, 2012a).

Saudi Arabia is investing \$35 billion in exploration and development of new oil fields that would double its production and enhance its capacity to fill any shortage in global markets (The Journal of Turkish Weekly, 2012). Saudi Arabia alone produces 12 per cent of the world's crude oil production, close to 12 mbd, and has about one-fifth of the world's oil reserves (Harvey, 2012). Continued instability in the Middle East will accentuate the Saudi reliable role in energy market, regardless of the American Shale revolution (Dalby, 2014). Most importantly, Nonetheless, Saudi Arabia's future energy plans go in accordance with the EU's environmental policies that aim at reducing carbon emissions and the risks of climate change. The Saudis have an innovative plan that will take decades, and aim at becoming 100 per cent powered by alternatives, such as renewable and nuclear energy (Harvey, 2012). Stressing the importance of this project, Prince Turki Al Faisal accentuated the value of oil saying, "Oil is more precious for us underground than as a fuel source, if we can get to the point where we can replace fossil fuels and use oil other products that are useful, that would be very good to the world" (Harvey, 2012).

### ***GCC internationalisation: growing economic interdependence***

The GCC states' accession to the WTO attracted foreign investment and consolidated their relations with Russia, China and India launching a decade of prosperity in the Gulf by bringing the East closer (Maloney, 2008). Such transformation of GCC geopolitics accelerated their internationalisation and deepened their interdependence with East and West alike. Moreover, their political and economic prominence and their geographical centrality rendered them capable of drawing the links between Eastern, Western,



American and Middle Eastern blocs. Consequently, a comprehensive social transformation began to manifest in the Gulf economic structure, leading to accelerated development in private and public sectors (Maloney, 2008).

Oil prices in the period between 2003 and 2006 have been on the rise due to an upsurge in oil demand, tripling OPEC's revenues from \$199 billion in 2002 to \$600 billion in 2006 (de Boer, et al., 2008). The GCC countries have registered similar significant surpluses oscillating about \$400 billion that provided them with unprecedented opportunities to diversify their exports and modernise their energy infrastructure by opening and operating new facilities (Khader, 2008). The forecast of energy markets predict a 5.3 per cent growth of energy demand per annum over the next 15 years coming from developing BRIC countries, supporting high-energy demand, especially for hydrocarbon, and relatively high prices that will accentuate the GCC's role in energy production for decades to come (Akarli, 2008, p. 50).

The GCC states demonstrated prudent strategies that never attempted to alienate Western powers or exploit their energy needs to impose certain political and economic policies. Saudi Arabia stands aside with its ability to maintain a surplus capacity, in a short order, that can act as a strategic cushion during growth of demand (Akhonbay, 2006). As such, the EU called for a permanent dialogue with Arab oil producers, including the Gulf states, after it began to consider energy diversification. In May 2006, in the 16th Joint Council and Ministerial Meeting, the EU proposed the signing of a Memorandum of Understanding (MoU), in an attempt to fathom every possible energy partnership and include it in a broader engagement. The GCC rejected the proposal, aiming at solving the FTA stalemate; however, the Joint Council and Ministerial Meeting articulated both parties' commitment to re-enforce and explore ways of enhancing energy cooperation on mutual interests (Council of the European Union, 2006). Interestingly, the EU did not seek to establish individual partnership with Saudi Arabia or Qatar alone but addressed the GCC as an organisation for the signing of the memoranda of understanding, a matter that confirms the link between the GCC as an organisation and the capacities of its member states.

This interest in developing GCC–EU energy collaboration was furthered in 2010, when the Committee on Foreign Affairs adopted a report that was presented to the EP. The

report described the GCC as “the only stable regional organisation based on multilateralism and cooperation”, and stressed the need to realise a strategic partnership that “commensurate with the respective roles of the two entities on the international stage” (European Union External Action Service, 2010b). The impact of oil prices on the EU and the global economic development were the focus of the EU–OPEC deliberations. The dialogue confirmed the key role oil is to play in the future against other alternative technologies and fuels; alternatively, the impact of alternative fuels, efficiency and higher taxes were considered major demand risks that are set to produce ‘demand bottlenecks in the petroleum sector’ for the GCC producers (Europa Press Release RAPID, 2012a).

### **GCC–EU energy cooperation: what is the GCC’s perspective?**

Trade and economy continue to hold a central position in the GCC–EU deliberations; yet, bilateral relations between EU member states and the individual GCC states are focused on security and arms procurement with energy remaining as the most important area where EU interests can be realised (Echagüe, 2007). The EU’s different Middle Eastern policies are considered hurdles against presenting a unified and coherent perspective of what the EU is or what it seeks to achieve. Evidently, different perspectives permeate GCC–EU interregional deliberations and considerations. The EU is preoccupied with energy security, while the GCC is apprehensive of a further deterioration of regional security; Iraq’s continued violence and Iran’s nuclear programme are exacerbating the GCC’s concerns over the safety of energy installations.

The GCC looks towards developing its cooperation with the EU; however, the GCC considers that the growing interdependence between producers and consumers of energy provides a wide scope for establishing a regulated energy partnership that addresses both parties’ interests and goals. Unlike the EU’s security cooperation with African subregional institutions, the GCC and the EU have not constructed a “shared security agenda” or definite framework that addresses the security challenges they encounter at the regional and global levels (Santini, et al., 2014, p. 84). In addition, the GCC does not clearly comprehend that the EU’s normative role indicates spreading liberal values of free trade, democratic governance and human rights. The Maastricht Treaty identified the EU’s normative role of “diffusing” its values and norms and implementing political conditionality by including human rights clauses in its agreements with all developing

countries (Smith, 2008, p. 121). While the contention over the human rights clause has been solved, the disagreement over export duties clauses in the FTA remains a major hurdle. Following their success in establishing partnerships with China, India and Russia, the Emir of Qatar warned against lacking American and European interests in progressing relations with the Gulf states saying, “China is coming, India is coming, and Russia is on its way, too... I don’t know if America and Europe will still be leading.” (Business Intelligence Middle East, 2009).

### **Security of energy demand: why the GCC would look for an energy partnership with the EU**

Oil and gas play crucial roles in the GCC’s national and international configuration. The GCC as oil-producing countries are, similar to consuming countries, impacted by geopolitical tremors and consequent fluctuations in oil prices, though from a very different angle. The GCC’s security of energy demand is often overlooked; the following discussion highlights the geopolitics affecting the GCC’s security of energy demand and outlines how the GCC–EU energy partnership can address the GCC’s economic, political and developmental needs.

### ***Oil and gas: essential factors in the GCC states’ economic and geopolitical transformation***

The Gulf region is one of the vital and turbulent regions in the world. Cultural configuration, balance of power dictations, regime security and prevalence of bilateralism – state-to-state relations – in regional and global relations are among the major characteristics of the Gulf regional structure (Bauer, et al., 2010). The GCC states share similar political, social and economic characteristics. Among the economic characteristics stand their dependency on oil revenues for sustaining national growth and development. Moreover, GCC countries need higher export revenues to support national budgets and massive governmental spending on education and developmental projects (Hvidt, 2013). Accordingly, a growing trend towards using oil revenues in producing refined and petrochemical products is becoming a national strategy for the GCC states, which aim at creating jobs and gaining shares in global markets of aluminium, metals and plastics (Hvidt, 2013).

The GCC states have undergone rapid economic development and social modernisation processes turning the GCC states into modern economic hubs (Fasano & Iqbal, 2003). Hydrocarbons, oil and gas provided 80 per cent of export earnings and government revenues; however, oil share in the GDP is estimated to decline gradually, as the outlook for non-oil productivity is robust and expected to reach 5.1 per cent per year (The Economist Intelligence Unit, 2010a). Evidently, oil and gas will play important roles in the GCC's economic transformation, for the medium-term future, and in strengthening their political and economic influence in international affairs; the GCC countries will use their strong position in energy markets to support more extroverted foreign policies and fuel their economic growth (Behrendt & Helou, 2010).

However, China is striving to play more of a role in the Gulf region to secure energy supplies, benefit from huge investment opportunities and the GCC's SWFs. In 2012, the International Monetary Fund (IMF) Director, Christine Lagarde, praised the long performance of the GCC countries and their contribution to world economic stability, highlighting their distinct economic growth that reached 7.5 per cent, the highest since 2003 (Fox News, 2012). The GCC's open and liberal trade structures have facilitated their integration in world economies. As such, the GCC's security of energy demand is ensured by the growing Eastern quest for energy resources; alternatively, high taxation on the EU's petroleum imports from the Gulf remains a contentious issue and the focus of GCC–EU deliberations (International Monetary Fund, n.d.).

### **3. GCC–EU energy cooperation: tools and indicators**

This section addresses how the EU and the GCC might develop their energy relationship, through examining the GCC's tools vis-a-vis the EU and the EU's and tools vis-a-vis the GCC. The section also introduces the indicators used to assess the potential for a deeper energy partnership. The data gathered from the official agreements and interviews will be incorporated into an analytical matrix that articulate whether a GCC–EU partnership in the energy sector is realisable and the factors leading to the stated results.

### **How might the EU and the GCC develop their energy partnership?**

On 2 April 2005, the Euro–Gulf Energy Forum was launched in Kuwait. The forum that included the EU’s commissioner, Andris Piebalgs, and the Kuwaiti Minister of Energy, Sheikh Ahmad Al-Sabah, aimed at establishing an energy dialogue to explore energy issues relating to the stability of oil markets and prices. The importance of coordinating energy policies between producing and consumer countries was accentuated as an essential measure to ensure regional integration in both the GCC’s energy markets and the EU’s single market area (Europa Press Release RAPID, 2005). Similarly, in 2011, the Committee on Foreign Affairs in the EP (A7-0042/2011) emphasised the strong basis of GCC–EU energy coordination and commanded the GCC’s efforts to increase LNG production and provide more transparent scenarios for future energy supply and demand through the Joint Oil Data Initiatives (Baudis & David, 2011).

During the Ninth meeting of the EU–OPEC Energy Dialogue, The Kuwaiti Minister of Oil professed that much of the current economic predicament in the eurozone can be resolved with EU–OPEC cooperation (Europa Press Release RAPID, 2012a). The Minister reiterated that EU–OPEC energy dialogues have allowed both consumer and producer countries to remain focused in challenging times, through exchanging information, suggesting mechanisms for market stability and encouraging investments in exploration and productions capacities (Europa Press Release RAPID, 2012a). The GCC–EU coordination often had positive results that provided accurate energy information, exposed the drivers behind oil, gas and alternative fuels’ developments and identified opportunities for shared investments in lower- and upper-stream projects.

### **The GCC’s tools vis-a-vis the EU**

The EU is the first trade partner of the GCC, and the GCC is the fifth largest export market for the EU; the EU imports 81.9 per cent of fuel and derivatives from the Gulf region (The European Commission Trade, n.d. (a)). However, the EU acknowledges that regional constraints affect its supply and demand strategies from the Arabian Gulf, among which are the sectarian violence in Iraq and the EU’s confrontation with Iran. The following identifies the tools by which the GCC and the EU can induce more energy collaboration. The tools were selected by considering the points of strengths and weaknesses of each organisation in the energy sector and by inspecting the dynamics

that govern global energy demand and markets. The evaluation was based on the examination of the official stated goals, the literature on the GCC's and the EU's energy securities, and the results of the interviews. The analysis evaluation will indicate the efficiency of the tools in producing outcomes and the factors behind any achievements or failures.

It is necessary to mention that because of the GCC Secretariat's lack of supranationality, limited actorness and the historical ties between certain EU powerful states and the individual GCC states, decision-making between the GCC and the EU often goes through bilateral channels – between a major EU state member and individual GCC states. As such, the thesis often refers to Saudi Arabia and Qatar to indicate their capacities at meeting the EU's energy needs, despite that the EU's communiqués and energy papers often refer to the Gulf or the GCC as a valid option for its diversification strategies. Because of Saudi Arabia's and Qatar's distinct energy resources, the thesis does not eliminate the potential of establishing quasi-interregionalism between the EU and the aforementioned GCC countries in the energy sector.

In addition, there is a lack of sufficient official data that covers the GCC's foreign policies, decision-making and international agreements that enables the author to refer to the GCC's actions in the energy sector. Most importantly, the GCC lacks the necessary mandate to take decisions in energy matters; as such, the GCC's capabilities are exemplified by referring to the GCC state members and their influence in the regional and international energy markets. As such, the thesis mentions the great resources of Saudi Arabia and Qatar specifically to represent the GCC's available tools in the energy sector because Saudi Arabia and Qatar have the largest energy reserves among the GCC members. Indeed, Saudi Arabia is the EU's first exporter of bio fuels (Colombo & Committeri, 2013), among the GCC states, with 3,315 thousand metric tons in 2011 (IEA, 2012) and is predicted to become the regional leader in solar energy production and export in six years (Duffy, 2014). Since, the GCC's capability in the energy sector is unequal, the thesis does not negate the possibility of establishing a quasi-interregional<sup>46</sup> energy partnership between the EU and one of the GCC states

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<sup>46</sup> According to Hänggi's typology of interregionalism, relations between the EU and a state is considered quasi-interregionalism, a concept that is adopted in the EU's foreign policies and is explained in the previous chapters.

within the larger GCC–EU interregional cooperation, and leaves the framework within which an energy partnership can be concluded subject to speculation and organisations' goals and desired outcomes.

**Table 4.1: GCC tools vis-a-vis the EU**

GCC tool		Yes/No	Evidence
1	The EU's dependency on hydrocarbons	Yes	The EU's oil import dependency reached 84.3% in 2010; gas import dependency reaching 62.4%
2	The GCC is a reliable supplier of EU needs	Yes	Saudi Arabia is an important swing producer of oil; capacity of Saudi refineries is the highest in the world; Qatar is one of the world's top LNG exporters
3	Emerging powers: the GCC's partners and the EU's major energy competitors	Yes	China is the major oil importer of Saudi oil as well as of Qatar's gas
4	The EU's difficulty in implementing its diversification policies	Yes	The EU finds difficulty exerting its actorness internally as EU member states retain sovereignty in energy matters
5	The GCC's potential for renewable energy exploitation	Yes	The establishment of the EU-GCC Energy Expert Group, the EU-GCC Climate Change Group and the EU-GCC Clean Energy Network
6	Cooperation in the MENA: the Arab Mediterranean and North African Countries	No	Potential projects are present; yet, no triangular partnership in the energy sector exists between the GCC, the EU and the Mediterranean countries. Investment in the energy sector is an European/American obsession while GCC investments in the Mediterranean cover sectors such as banks, telecommunications, real estate and tourism

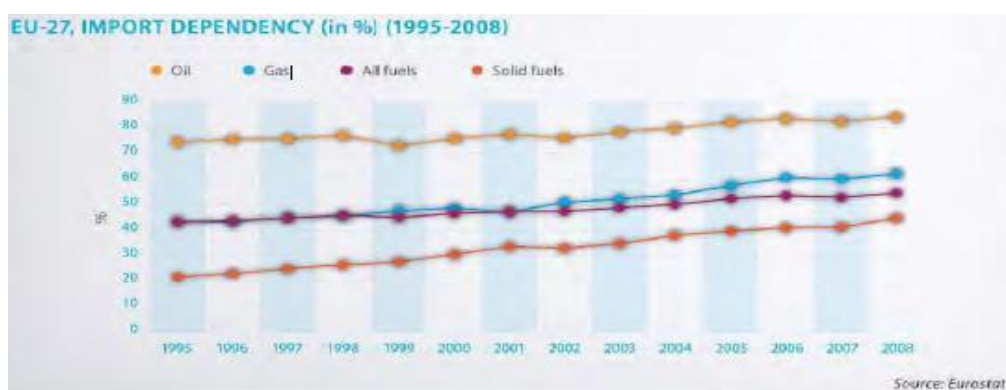
Source: Author

### ***1. The EU's dependency on hydrocarbon and growing global demand for fossil fuels***

The EU's dependency on hydrocarbons implies that the EU has to seek alternative resources away from Russian imports. In 2010, the EU's annual energy report announced that the EU's energy production had declined in 2008 and had declined by -4.7 per cent in all energy sources, especially in oil and solid fuels production, as a result



of the 2009 financial crisis (The European Commission, 2011b). In contrast, the EU's annual energy imports reached a historical high record of 1014 Mtoe, in 2008, with oil registering the highest in energy imports. The major exporters were the OPEC countries, whose EU exports rose after its decline from Russia. Qatar's export of LNG to the EU rose because of its compatible cost with renewable energies and because gas is available in large reserves that are transmitted through France's largest gas grid that is connected to Europe's north, east and south markets (Boucly, 2011).



**Figure 4.3: EU-27, import dependency (in %) (1995–2008)**

Source: (The European Commission, 2011b).

#### *Evaluation:*

The West has always been dependent on the Gulf states for any shortage and maintaining sufficient supplies that serve as a cushion against severe disruptions in oil supplies (Barnes & Jaffe, 2006). Despite the EU's diversification strategy, European dependency on gas imports has increased steadily, primarily on three countries: Russia, Algeria and Norway (Hafner & Tagliapietra, 2012). Nowadays, the EU's dependency on Russian gas constitutes a major challenge and exposes the EU to the Russian power games; the GCC can use this tool to further its position by providing alternative supplies, suggesting pipeline projects and exploring transit routes that bypass Russia through the Mediterranean countries.

#### **2. GCC: a major and reliable supplier of the EU's energy needs**

This tool is important because Qatar is one of EU's traders and suppliers of LNG; its gas exports constitute 50 per cent of UK and Belgium gas imports. Qatar's oil reserves amount to 33.3 billion cubic meters (bcm), a number that translates into almost 90 years of stock value (The European Commission, 2011b). The volume of annual contracted

values to 2012 estimates a rapid and continuous growth in Qatar's LNG exports, making Qatar one of the world's top LNG suppliers (The European Commission, 2011b). On the other hand, Saudi Arabia bestows of the world's largest reserves in oil; 55 per cent of its gas production is associated with oil production. The discovery that Saudi Arabia sits on the fifth largest natural shale gas reserves of 645 trillion cubic feet is considered another achievement of ARAMCO.

**Table 4.2: World oil and gas reserves (year end 2010)**

<b>WORLD OIL AND GAS RESERVES - YEAR END 2010</b>				
<b>Region</b>	<b>Oil Reserves</b>		<b>Gas Reserves</b>	
	<b>Thousand Million BBls</b>	<b>%</b>	<b>Trillion Cubic Metres</b>	<b>%</b>
Americas	313.8	22.7	17.3	9.2
Europe & Eurasia	139.7	10.1	63.1	33.7
Middle East—of which	752.5	54.4	75.8	40.5
<b>(Gulf Region)</b>	<b>749.2</b>	<b>54.2</b>	<b>74.8</b>	<b>40.0</b>
Africa	132.1	9.6	14.7	7.9
Asia Pacific	45.2	3.3	16.2	8.7
<b>Total World</b>	<b>1383.2</b>	<b>100</b>	<b>187.1</b>	<b>100</b>

Source: British Petroleum (BP)2011 Statistical Review

**Source:** (British Petroleum (BP), 2011)

### *Evaluation*

In the Global Energy Outlook 2011, the Saudi Minister Al Naimi, declared that even if GCC production levels were to rise every year, the combined and vast natural resources base of the GCC would be able to increase oil and natural gas production in the coming 15 years. The IEA estimated that between 2005 and 2030, oil supply from the Gulf would increase by 72 per cent and gas by 200 per cent as the current Gulf production of oil and gas is below its share of global production by 22.8 per cent for oil and 7.1 per cent for gas (Akarli, 2008). The Former Acting Secretary General for OPEC estimated GCC investments in upgrading upstream and downstream projects will raise the GCC's capacity of producing crude oil by 2.8 mbd and gas capacity by an additional 40 BMC in 2011, with a total cost of \$200 bn for the period 2007–11 (Eldin, 2007). Acknowledging the Saudi's role in security of energy supply, the Japanese Trade Minister, Yukio Edano, commented,

“in general, Saudi Arabia has provided the greatest cooperation over many years in regards to a stable crude oil supply. I want to thank them for that and ask for continued cooperation” (Tsukimori, 2012).

Analysts describe the potential of Saudi Arabia shale gas explorations as, “a tsunami of Saudi investment” that promises new opportunities for European and American companies involved with Liquefied Petroleum Gas (LPG) propane fracturing by Gasfrac Energy, such as Halliburton, Schlumberger and Baker Hughes (Alsaadi, 2012).

### ***3. Emerging powers: the EU's energy competitors***

The GCC has alternative markets and options for selling its energy products. India and China's increasing consumption had intensified competition, driving oil and gas prices higher and higher (Bahgat, 2006). In 2009, Chinese–Gulf interdependency culminated in a 25-year agreement between Qatargas, China National Offshore Oil Company (CNOOC) and Petro China that will provide China with five million tonnes per year of LNG (Ulrichsen, 2011). This agreement secured China sustainable gas supplies, and Qatar a long-term market for its gas products; most importantly, the agreement had consolidated a strategic ‘China Plan’ that provides Qatar investment opportunities in upstream and downstream Chinese oil refining facilities and petrochemical industries and gave China the priority in oil agreements with the Gulf states (Ghafouri, 2009).

#### *Evaluation:*

Unquestionably, the relations with China are going substantially and the Chinese open and outward policies have succeeded in establishing peaceful and non-interventionist bilateral relations with GCC states. China's demand for Gulf hydrocarbon is predicted to rise and provide the GCC states with a steady increase in their share of Chinese oil imports; Sinopec announced that it will double its imports from Kuwait for the coming ten years and Qatar's share rose from 5.5 to 6.6 in 2013 (Alarbia, 2014). The Saudis were the last in the Middle East to establish relations with China in the 1990s, however, economic linkages had prospered steadily and culminated in energy agreements that made Saudi Arabia China's leading oil supplier in 2002 (Ulrichsen, 2011). Aiming at speeding up GCC–China FTA negotiations and eyeing a closer strategic partnership with the UAE, the Vice President Xi Jinping vowed in 2002 to cement energy and trade cooperation (Chinese Government Official Web Portal, 2012). As the GCC–China FTA

is gaining momentum, the Chinese Premier, Wen Jiabao, explained that China does not mind adopting a holistic approach that would allow the GCC to seize opportunities, shore up coordination and conclude the agreement soon (China Economic Net, 2012). India and Russia are securing energy ties, boosting joint investment opportunities in energy sectors, and seizing opportunities that could have been secured by European companies and investors (Ghafouri, 2009).

#### ***4. The EU's difficulty in implementing its diversification strategies***

The EU finds difficulty in asserting its actorness in foreign affairs, as member states retain freedom regarding shaping their individual foreign policy, and energy policies with those of third countries (EurActiv, 2012). In 2005, Asia's oil consumption exceeded for the first time that of the US, making of Asia a ground for feverish attempts to secure energy investments in Russia and the Middle East (Pardisi, et al., 2006). Alternatively, Iran's oil exports were reduced, as China, South Korea, Japan and India made cuts in their purchases, following the confrontations between Iran and the West over its nuclear programme. Growing Chinese and Indian demand had encouraged the Gulf-producing countries to escape democratic Western norms by developing an emerging China–Gulf energy nexus that fostered more political and economic engagement (Youngs, 2009a, p. 9).

#### *Evaluation:*

Evidently, the EU faces severe competition from China, Japan and North Korea who are competing to maintain their presence in the Gulf region. In 2006, the Japanese companies became more involved in the Saudi, Kuwaiti and the Emiratis' oil fields. The Japanese Prime Minister had visited and offered Saudi Arabia a stockpiling facility in Okinawa to be used as a base for Saudi Exports to other Asian countries (FRIDE, 2010). South Korean companies also have started developing petrochemical industries and renewable energy projects that are designed to lessen the rentier nature of the GCC states and accelerate economic diversification. As such, the GCC stands as a viable option for EU diversification policies, especially when considering the option of developing the Southern corridor, through the Mediterranean and installing pipelines and routes with Qatar (Ratner, Belkin, Nichol, & Woehrel, 2012).

### ***5. The GCC's potential for renewable energy exploitation***

The GCC states are devoting serious attention to alternative sources of energy, such as nuclear energy and solar energy. Endowed with a large solar energy and seeking to attract international expertise, the GCC states have followed a policy of diversifications that would help preserve valuable hydrocarbon resources to future generations (Bachelier, 2012). Non-oil economic activity has increased considerably, with the GCC states opening their trade systems and borders to facilitate capital flows and foreign labour (Fasano & Iqbal, 2003). Abu Dhabi and Qatar are competing to acquire expertise in renewable energy and become leaders in diplomatic mediation through leveraging their financial reserves and investment policies (Ulrichsen, 2011). The EU–GCC Clean Energy Network has been considered the base on which a future complete partnership in renewables and energy efficiency technologies is built.

#### *Evaluation:*

The GCC states are seriously considering renewables as an urgent response to environmental damage, climate change and the depletion of fossil fuels. CEBC's chief executive declared that about 150 renewable projects are underway across the Gulf region (Neuhof, 2012); Saudi Arabia has been at the front in developing RES projects and in applying solar thermal systems to reduce oil consumption and produce 30 per cent of its electricity by 2030. The \$109 billion project will produce 41,000 megawatts of solar power in addition to 21,000 megawatts in the form of nuclear, wind, and geothermal power that will “run a sustainable solar energy sector that will become a driver for the domestic energy for years to come” (Burgess, 2012). Abu Dhabi has taken the lead by becoming the home for the International Renewable Energy Association (IRENA), installing a wind project on Sir Bani Yas Island and constructing the world's first carbon-neutral and waste-free city, Masdar (EU-GCC Clean Energy Network, n.d (b)). The ample availability of solar energy, coupled with the GCC's financial capacity to invest in clean energy and renewable technologies will render the Gulf region a lucrative market for the EU's RES industries (Bachelier, 2012).

### ***6. Cooperation in the Mediterranean countries***

The Mediterranean area is a strip of territory stretching from Morocco to the Levant, linking part of the Arab world with the European neighbourhood, where convergence of

strategic interests and a partnership in renewable energy can develop. Among the common interests in the Mediterranean lies the concern for the development of sea highways' infrastructure and security of maritime routes that would facilitate energy transportation from the Gulf to the EU (Aliboni, 2009). Potential synergies are also present in the development of renewable energy and pipeline construction between Europe and the Mediterranean through which GCC's gas and oil can be transported to the EU (Koch, 2009a). Establishing electrical interconnection between Europe and the Mediterranean countries gained momentum in a project called MEDGRID, which envisioned a large electrical ring extending underwater connections between the Northern and Southern shores of the Mediterranean (Merlin, 2011). The elimination of intra-Arab tariffs, in 2005, and the signing of the Greater Arab Free Trade Agreement (GAFTA) have boosted intra-Arab trade (Toksoz, 2008, p. 94). As such, these projects are feasible provided there is a political will and sufficient studies that consider the variation in peak hours between the EU, the Mediterranean and the GCC regions.

*Evaluation:*

The Mediterranean partners at the Euro-Mediterranean Ministerial had supported energy cooperation in 2007 and in 2009, and identified it as a key project that would lead to the realisation of GCC–EU mutual interests (Europa Press Release RAPID, 2009). Economic and demographic growth in the Arab Mediterranean countries (AMCs) demonstrates the need to limit consumption of imported fuels and invest in alternatives and renewables. However, the AMCs lack the financial capacities and the expertise needed for the expensive renewable projects. As such, collaboration between the EU, the GCC and the AMCs can successfully join the GCC's financial capacities, the EU's advanced technology and the Mediterranean labour force, while contributing to climate mitigation and sustainable energy for all. However, critics consider the Euro–Med Association agreements with the EU as impediments against further intercooperation (Toksoz, 2008, p. 94). Divergence in economic orientations and interests, the EU's political conditionality and protectionism and the failure to conclude the FTA pushed the GCC towards Asia where it can secure long-term energy contracts and establish economic and political linkages in petrochemical industries (Goldstein & Scacciavillani, 2008).

**The EU's tools vis-a-vis the GCC**

This section considers the tools available to the EU and by which the EU can induce cooperation with the GCC. The tools were derived through examining the GCC's energy security of demand and development interests. On the other hand, the EU's tools were selected according to their effectiveness in creating networks between the GCC's and the EU's governmental and non-governmental energy corporations. The validity of the tools is based on the organisations' stated goals, available opportunities and potential future projects. The assessment takes into consideration the interviewees' subjective and objective responses and evaluation.

**Table 4.3: EU tools vis-a-vis the GCC**

EU tool		Yes/No	Evidence
1	The GCC's need for energy sustainability and reducing dependence on fossils	Yes	The GCC has to reserve fossil fuels for future generations and reduce its dependence on oil and gas for producing electricity
2	The GCC's needs for new technologies and efficiency projects	Yes	The GCC's pursuit of Carbon Capture and Storage (CCS) and technologies of energy efficiency; the EU is the leader in such domains
3	The EU's advanced expertise in alternative energy	Yes	The EU's know-how in RES technologies; cooperation in the UAE's zero-carbon urban development (Masdar); and King Abdullah City for Nuclear Energy
4	The EU's Clean Energy Cooperation	Yes	Establishment of the EU-GCC Clean Energy Network in 2009
5	Access to the EU's Single Energy Market (SEM)	No	The GCC's petrochemicals face severe difficulty entering European markets, due to the EU's high tariffs and restrictions

**Source:** Author

### ***1. The GCC's need for energy sustainability and reducing dependence of fossil fuels***

The GCC states are major suppliers of oil and gas, however, they consume energy abundantly to produce electricity and sustain national development and growth. The growing population and various processes of modernisation have raised the GCC's consumption of oil and gas, despite its relentless diversification efforts and increased public spending on diverse public sectors and institutions (International Monetary Fund, 2011). Additional oil wells were discovered and exploited in the Gulf region, yet, their quantities are smaller and of lesser qualities, and oil production is becoming more expensive and difficult to get (Peterson, 2009). Responding to the need for energy sustainability, the GCC states have displayed serious commitment to adopting strategies that aim at reducing dependence on fossil fuels and reducing CO<sub>2</sub> emissions.



*Evaluation:*

The EU is the world champion in environmental protection and combating climate change; accordingly, the Commission, the Council and the major European states consider spreading environmental regulations and awareness regarding the hazards of CO<sub>2</sub> emissions and environmental degradation, constitute an essential part of the EU's identity, credibility and normative role (Vogler, 2011, p. 151). The EU is well advanced in the Rational Use of Energy Sources (RUS) activities and RES and the EU is willing to help the GCC in its energy efficiency strategies and environmental endeavours. The GCC expressed its goal of conserving energy resources for future generations and is positioning to engage in massive CCS and developing renewables. The GCC's interest in adding nuclear to its energy mix is justified as a rational strategy for fossil fuel conservation (Bachelierie, 2012). The GCC states' commitment is evident; "all GCC states are parties to the UNFCCC<sup>47</sup> and its legally binding instrument, the Kyoto Protocol" (Luomi, 2014). The GCC states aim at benefitting from the directive that links the EU's Emissions Trading Scheme with the implementation of RES and RUS projects through flexible mechanisms.

However, the GCC's energy sustainability is based on a "project basis" and on building "technocratic management" rather than on wide regulatory strategies that address consumer and business behaviour; such policies, though, successful at building sustainable technological clusters, are unlikely to produce general spillovers in society and business (Hertog & Luciani, 2009, pp. 30, 39). As such, collaboration between the EU's technology and expertise and the GCC's scientific research centres promises solutions to the need of producing electricity in many of the GCC's remote villages, and lessening the GCC's dependency on fossil fuels for electricity production.

## ***2. The GCC's need for new technologies and efficiency projects***

Climate change and the rise in the earth's temperature are major environmental concerns that are caused by burning fossil fuels and the production of CO<sub>2</sub>. Although using renewable energy cannot provide a complete solution to climate change (Europa Press Release RAPID, 2009), renewables are essential parts of any successful strategy that aims at mitigating environmental degradation. The EU's distinct experience and

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<sup>47</sup> United Nations Framework Convention on Climate Change.

technological know-how is indispensable for consuming less electricity. The EU knowledge is also cardinal for the GCC states in other areas such as solar energy, bio-energy, nuclear energy and the safe management of nuclear waste, as well as water and electricity interconnection and integrity.

*Evaluation:*

The GCC has showed interest in adopting technologies that reduce CO<sub>2</sub> emissions such as carbon capture, sequestration, and efficiencies technologies and nuclear power (Eldin, 2007). During the GCC–EU expert meeting on Climate Change, both organisations asserted the need for a Clean Development Mechanism project, especially in the CCS technology, petroleum refining and petrochemical industries (Doukas, 2012). The EU's advanced technologies in RES can offer the GCC valuable opportunities to replace non-carbon energy sources in the production of electricity. Despite the implementation of labelling and standardisation methods, little has been done, due to the lack of a comprehensive policy with an enforcement mechanism (EU–GCC Clean Energy Network, 2010).

***3. The EU's advanced expertise in alternative energy***

The GCC needs alternative sources of energy to sustain its future regional development and progress and save resources for future generations and export. The GCC has expressed its wish to explore RES such as solar and wind, with the EU. The UAE project for a zero-carbon urban development (Masdar City) and King Abdullah City for Nuclear and Renewable Energy in Jeddah, are two examples of the GCC's serious intent of exploring alternatives to fossil fuels. The GCC's interest in clean energy materialised in the establishment of the EU–GCC Clean Energy Network in 2009 (Bauer, et al., 2010). The Network focuses on energy demand side management (EDSM) and efficiency; electricity interconnections and market integration; and renewable energy sources (Papadopoulou, et al., 2011).

*Evaluation:*

The GCC's domestic environment external dynamics in energy markets has provided the EU with many opportunities to advance its technologies and expertise in renewables and clean energy. The growing awareness among GCC state's governments, academics

and populations of the need to reserve fossil fuels has resulted in innovative projects such as Masdar City, the Energy City Qatar and the pioneering regulation of the Green Code in Dubai (Papadopoulou, et al., 2011). Being one of the leading world advocates of climate change prevention, the EU poses itself as an ideal partner for developing policies in EDSM and Energy Efficiency (ENEf) through GCC–EU capacity building and technological exchange networks (Papadopoulou, 2010). In addition, the EU is advanced in technological development that embodies certain industrial, legal and political standards as well as innovation in upper-stream and lower-stream strategies (Ciambra, 2011). The EU is on a distinct global standing in reducing energy consumption and producing renewable energy with average annual growth rate of 6.8 per cent due to an increase in biomass and waste (The European Commission, 2011b).

#### ***4. The EU's clean energy cooperation (Clean Energy Network)***

The EU recognises its role in spreading peace and stability and considers capacity building and development essential elements of its external affairs and interregional relations; through knowledge transfer, institution building and establishing networks, joint projects and working groups, the EU presents itself as an active actor, capable of achieving goals and interests (Doidge, 2011, p. 49). The EU has valuable expertise in clean and renewable energies and the GCC states are the highest energy consumers worldwide (Doukas, et al., 2006). The European Commission External Relations Directorate has launched the project 'Creation and Operation of an EU–GCC Clean Energy Network' that is set up to act as a platform for coordinating related technology and policies of clean energy, exchanging experience and know-how, and conducting joint projects during a period between 2009 and 2012 (The Centre for European Policy Studies, 2009). On 26 February 2009, a workshop on 'Enhancing EU-GCC Relations within the New Climate Regime: Prospects and Opportunities for Cooperation' accentuated the need for advancing GCC–EU cooperation in environmental and energy issues (Papadopoulou, et al., 2011).

#### ***Evaluation:***

The EU is engaged seriously and successfully with the GCC states in tackling clean energy issues and many conferences, seminars and pilot projects were established in order to exchange knowledge and expertise. The GCC is blessed with solar energy

potential and the level of insulation is suitable for both thermal and photovoltaic technologies, and which can address the growing electricity demand (Bachelierie, 2012). In addition, the GCC has concluded a joint nuclear program with the International Atomic Energy Agency (IAEA), the Europeans and the Americans such as the one between the UAE and the US (Bauer, et al., 2010).

Most importantly, the establishment of the Clean Energy Network has been successful as an “epistemic community”<sup>48</sup> and informal method of interregional cooperation. The Network has facilitated knowledge transfer, exchange of scientific expertise and consultations, and provided a venue for socialising between non-governmental actors. The GCC–EU Network stands as a viable example where asymmetries in actorness have contributed to the building of an institution that brings environmental awareness, publicises the EU’s advanced technology and facilitates contact between experts and businessmen from both regions. A European official in the Network commented, “The Clean Energy Network is “evolving” and the “outcomes of the joint projects are very positive”.<sup>49</sup> Masdar in the UAE and EXON’s modern structures in Doha are examples cited by the European official as indicators of the EU’s strong presence, involvement in the region and the positive outcomes of joint network collaboration.

### ***5. Access to the EU’s Single Energy Market***

The EU aims at integrating its 28 state members into one SEM and infrastructure for electricity; however, resistance to the implementation of national law reforms in some of the EU countries continue to hamper the EU’s third energy liberalisation package (EU Economy, 2012). “Privileged” access to the Single Market is considered an “economic instrument” that the EU uses to implement political conditionality and assert its “formidable presence” (Bretherton & Vogler, 2006, p. 34). As such, resistance in the EU over access of the GCC’s refinery and chemical products to the European markets remains a contentious issue and major obstacle against concluding the FTA. While the EU’s products find no major difficulty accessing the GCC’s markets because GCC’s tariffs are already low, the EU’s tariff on GCC petrochemicals and aluminium products remain high and the EU’s refining and petrochemical industries keep lobbying against

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<sup>48</sup> The concept of epistemic community was developed by Emmanuelle Adler and Peter Haas in 1992 as a method to influence policymakers through communicative negotiations and actions. (Adler & Haas, 1992) cited in (Freistein, 2008, p. 225)

<sup>49</sup> EU Official (K), 2013: Personal Interview, in Brussels, 15 May 2013.

the GCC's access to the EU's energy market because of fears of dumping (Chirullo & Guerrieri, 2002).

*Evaluation:*

The EU is an “economic giant” that is politically hurdled by the lack of cohesion and consistency between its economic interests, protectionist regulations, environmental goals and the foreign orientations of its state members (Risse, 2011, p. 192). Indisputably, the GCC is pessimistic of its share in the European markets because of the European focus on innovation technologies and long-term partnerships (Emirates Business 24/7, 2012). Mineral oils, fuels and lubricants constitute 75 per cent of the GCC exports and a further 5 per cent are energy-intensive products, such as petrochemical and aluminium (Rollo, 2008). However, the failure of FTA negotiations undercut the prospects for deepening energy cooperation; the GCC bemoaned European protectionism in the petrochemical sectors and that the EU's unconcern for the GCC's interests negated their enthusiasm for a broader energy partnership (Youngs, 2009a). In addition, the decision to exclude the GCC from the EU's Generalised Scheme of Preferences (GSP)<sup>50</sup> exacerbated the GCC's sense that the decision is meant to bring the GCC back to the FTA negotiations<sup>51</sup>. Added to this, the EU's inflexibility and refusal to open its petrochemical market to GCC petrochemical products has locked the possibility of a more systemic energy engagement in the Gulf region (Youngs, 2009a) and rendered the access to the EU's SEM a useless tool.

### **Indicators for measuring the potential of a GCC–EU energy partnership**

The interview questions, the analysis and the evaluation of the data collected were based on a set of indicators. The indicators were chosen among the proposed mechanisms in the JAP<sup>52</sup> and are set from a political perspective rather than from a technical one. The reason behind not examining technical and industrial indicators is that the research aims at investigating the potential and the seriousness of addressing energy security at the

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<sup>50</sup> The preferential trading agreements are tools used with emerging trading partners, who find difficulty concluding FTA with the EU (Rollo, 2008)

<sup>51</sup> A senior GCC official commented that the decision is meant to pressure GCC to assume the FTA negotiations after it was brought into a stalemate over the GCC's rights to impose export duties. Senior GCC Official (D), 2013: Personal Interview, in Brussels, 27 March 2013.

<sup>52</sup> The Joint Action Programme for the Implementation of GCC–EU Cooperation Agreement of 1988, 2010-2013 [http://eeas.europa.eu/gulf\\_cooperation/docs/joint\\_action\\_programme\\_en.pdf](http://eeas.europa.eu/gulf_cooperation/docs/joint_action_programme_en.pdf)

official and political level and not at considering oil companies' interests. The analysis will incorporate the interviewees' subjective opinions on the indicator in question; the objective evaluations are based on the actual presence of the indicator and its potential for realising the proposed GCC–EU energy partnership. At the end, the Evaluation will incorporate the data and views collected from the interviews in an analytical matrix that articulates the findings.

**Table 4.4: Indicators for measuring the success in the energy partnership**

Indicator		Yes/No	Evidence
1	Building trust	Yes	More energy related contacts to assess the drivers behind oil and gas market developments. OPEC is invited to join the EU in assessing major challenges, as to escape involving political issues when coordinating with the GCC
2	Priority: do the EU and the GCC give equal priority to developing their relations?	No	The EU's energy initiatives seemed disconnected from the shifting internationalisation of the oil-producing countries. GCC was not given the same priority as given to Russia and to the Southern Mediterranean states
3	Need for a clear definite offer	Yes & No	The EU introduced its energy policies and future projections up to 2050. However, the economic slowdown still affects the eurozone and creates uncertainties regarding future energy demands
4	Broader energy engagement	Yes	In 2009, the GCC and the EU established the Clean Energy Network: cooperation on solar energy, CCS technologies, and technologies regarding gas transportation (LNG)
5	Capacity structure for implementation of agreements	Yes	Joint Action Programme for the Implementation of the GCC–EU Cooperation Agreement 2010–2013 (JAP); regular dialogues, annual forums, ad hoc groups and meetings

Source: Author

### *1. Building trust*

Interregionalism is a process of social interaction between two regions that aim at acquiring legitimacy, consolidating organisational identity and developing actorness through asserting presence and influence. Accordingly, interregional interaction exposes regional actors to new norms and values, a matter that necessitates eliminating cultural barriers and mutual misconceptions to produce the desired outcomes. In their 1989 Cooperation Agreement, both the GCC and the EU expressed their aim of developing a

comprehensive partnership in all fields, including the energy sector. When examining GCC–EU joint declarations, a question poses itself: is trust present in GCC–EU energy relations? How serious are both parties in addressing each other’s energy securities? In 2010, the Committee on Foreign Affairs adopted a report in which the Parliament called the European External Action Service (EEAS) to allocate officials to the diplomatic missions that were to be opened in GCC states (European Union External Action Service, 2010b). The report indicated the purpose of opening the EU’s missions in the individual GCC countries as a mechanism by which the EEAS can “strengthen the multilateral framework, through including the tailored bilateral relations”. The report warned that the failure to conclude the FTA “would not be in either party’s interests” while its realisation will open the way to mutual direct foreign investment and cooperation (FDI) (European Union External Action Service, 2010b).

*Evaluation:*

The decision to open an EU delegation in Abu Dhabi is indicative of the importance given to the consolidation of GCC–EU relations. A senior EU official affirmed that the relations with the GCC countries are not “confined only to the institutional relations; strategic bilateral relations do exist between GCC state members and EU state members in all aspects: economy, education, tourism and security.”<sup>53</sup> Similarly, in 2012, the EC Commissioner for energy, Gunther Oettinger, commanded an OPEC proactive stance in responding to the market’s needs and by asking OPEC to join the EU in assessing the implications of the eurozone crisis and the recent American discoveries of shale gas on the EU’s future energy demand and the Gulf’s production of gas (Europa Press Release RAPID, 2012b). The move to involve OPEC in the EU’s energy policies and deliberations is indicative of the EU’s sincere endeavour to build trust with the GCC through sharing its future energy strategies and coordinating the energy securities of both organisations.

***2. Priority: do the EU and the GCC prioritise their relations?***

Does the EU prioritise its relations with the GCC and how does the GCC place the EU among their other international partners? The GCC and the EU are two strategic blocs, and having an institutionalised cooperation agreement renders their ties stronger and

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<sup>53</sup> Senior EU Official (A), 2013: Personal Interview, 23 February 2013.



multifaceted. However, the contradiction between what the EU aims at and what EU member states favour is a major obstacle against constructing a unified stance regarding the GCC–EU energy relations. The EU had established a technical energy centre in Saudi Arabia, and considered a MoU on energy, similar to the ones established with Ukraine, Azerbaijan and Kazakhstan (Echagüe, 2007). Still, the EU has not reduced its free trade conditions in order to achieve more progress on energy cooperation, and the disagreement over export duties remains the only obstacle against the completion of the FTA agreement (Echagüe, 2007).

*Evaluation:*

Bretherton and Vogler view that the EU’s ability to prioritise and formulate policies is hindered in the areas where the EU has to share decision with member states, such as in climate and energy diplomacy (Bretherton & Vogler, 2013). The GCC–EU energy cooperation received less priority when compared to EU–Russia, EU–North Africa and EU–Southern Mediterranean relations. EU’s stance regarding the GCC is constantly characterised by a mismatch between the EU’s rhetoric and the EU’s actual energy security commitments. Al Sager argues “there is no feeling, among the GCC leaders, that developing the relations with the EU is one of the key priorities at this stage considering the many challenges the region is facing, especially at a time when the EU has been regarding the GCC countries as agents for stability.”<sup>54</sup> The GCC has always felt relegated below Central Asia in the order of the EU’s formal energy contractual agreements (Youngs, 2009a). The GCC was looking towards a broader engagement and geostrategic dialogue, while the EU was keen on regulating energy cooperation, limiting the EU’s relations with the GCC to France and the UK, while other European states were “happy to just keep buying the oil” (Youngs, 2009a, p. 66). Such perspective was confirmed by an EU official, who described the priority as “insufficient”<sup>55</sup> while researchers considered it as “lip service”.<sup>56</sup>

***3. The need for a clear definite offer***

Does the EU provide the GCC with a definite offer on which it can build its production policies and calculations? A report published by the Committee on Foreign Affairs in

<sup>54</sup> Al Sager, A., 2013: Email Interview, 25 March 2013.

<sup>55</sup> Senior EU Official (A), 2013: Personal Interview, 23 February 2013.

<sup>56</sup> Luciani, G., 2013: Email Interview, 15 March 2013.

2010 called the GCC–EU Energy Expert Group to encourage synergies on renewable energy, energy efficiency and nuclear safety. Most importantly, the report considered the need for more transparency in energy data is necessary to ensure building the right future scenario and strategies and to facilitate predictability in energy markets. Transparency in the oil sector, media involvement and the availability of information about gas and oil revenues are seen by both organisations as perquisites that would facilitate EU and international investments in GCC energy production capacity (Maloney, 2008). Accordingly, in order to accommodate the EU’s energy supplies, the GCC requires a definite proposal on which the GCC’s future production capacities, price calculations and geostrategic interests will be calculated.

*Evaluation:*

The EU considers the GCC’s current administrative mechanisms of pricing inadequate, lacking transparency and not in conformity with European energy policies. The EU signalled the need for designing a better commercial environment for marketing Gulf crudes as the current referencing system, which prices Gulf crudes by basing them on Brent and West Texas Intermediate, needs modifications and adaptations (Luciani, 2004). To circumvent institutional weakness, facilitate agenda setting regarding the stabilisation of oil prices and accommodate the GCC’s request for an estimate of the EU’s future energy supplies, the EU presented OPEC with its future energy demands and goals up to 2050. However, in search of a dominant position in the energy market, Saudi Arabia has diverted its supplies away from European customers, offering China low prices, in return for the much-needed Chinese military equipment (Youngs, 2009a, p. 53). As such, the GCC states found little incentive to adopt the EU’s model of governance, in return for more energy cooperation, especially when contention over export duties prevailed and the EU’s energy policies continued to drift away from the internal and international dynamics, shaping the platform of energy resources.

***4. Broader energy engagement in technologies, research and innovations***

The GCC and the EU aim at expanding their energy cooperation. The EU’s official documents reveal that on 24 March 2011, the EP adopted a resolution on EU Relations with the GCC that endorsed the report of 2010/2233(INI) containing the recommendations of the Ministerial Meeting, and the need for a precise and detailed

funding scheme that supports the three-year JAP (Text Adopted by Parliament, Single Reading, 2011). The report also indicated that any scheme should include an evaluation of the visibility of the programme carried in order to assess its results.

*Evaluation:*

The EU praised the GCC's cooperation in according the EU's diversification strategies, informing that more than 160 bcm of gas will come from the Gulf, making the Gulf a major global supplier of gas and a reliable partner for the EU's diversification policy (European Union External Action Service, 2010b). Cooperation with the GCC in energy research and development is regulated through the EU–GCC Clean Energy Network and the GCC officials praised the Network's success at expanding cooperation in renewables and energy efficiency measures. The Network facilitated the exchange of research, expertise in energy management including EDSM, ENEF, electricity interconnection and market integrations (EU-GCC Clean Energy Network, n.d (a)). In addition, Inconet-GCC has been established to support GCC–EU cooperation in science and technology and to strengthen the GCC's participation in FP7, the EU's Seventh Framework Programme.

***5. Capacity structure for the implementation of agreements***

Despite the GCC and the EU's divergent long-term political and security interests and the strategies needed to attain them, the GCC and the EU have established cooperation in certain areas: trade, energy, finance, education, culture and communications. In order to monitor the enforcement of any joint strategies and plans, the GCC and the EU need to set a capacity structure that has the power to monitor the implementation of the identified goals and targets. The capacity structure provides institutions and governmental departments with the necessary tools and information needed for operating any targeted project. The EU believes that it needs to develop a strategy that includes allocating officials to the EU's diplomatic missions in the Gulf, in order to coordinate the EU's strategies with the EU's member states representatives in the Gulf (Baudis & David, 2011).

### *Evaluation*

The JAP was set in 2010 by the GCC–EU Joint Council and Ministerial Meeting in Luxembourg to develop coordination in a number of strategic issues within the framework of the 1988 GCC–EU Cooperation Agreement. The programme has a budget and identified targets to be completed within a specific period. Regarding energy, the programme monitors cooperation in energy equipment, renewable energy, electricity and water generation and distribution and nuclear power safety and security. The energy sector is the area with the highest potential for cooperation. Networks and interest groups meet on a regularly to monitor training and capacity building in areas identified by both organisations (European Union External Action Service, 2010a). However, an EU official expressed the need to culminate the cooperation in energy, especially clean energy, by the concluding of a MoU, twining projects and capacity building through sending EU experts to the Gulf countries.<sup>57</sup>

### **Assessing the GCC–EU energy partnership**

The following assessment is based on the results of interviews conducted with the GCC and EU officials, academics and researchers, involved in GCC–EU energy collaboration. The interviewees’ responses were compared to the primary and secondary collected data. The conclusion summarises the obstacles and the prospects for a GCC–EU energy partnership.

### **Energy is at the core of GCC–EU cooperation**

Although, most of the GCC’s oil and gas production is destined to Asia, the Gulf region is still considered part of the EU’s energy security and diversifications strategies. Oil constitutes 90 per cent of the EU’s energy imports (The European Commission, 2014); in 2012, Saudi Arabia was the third exporter of oil to the EU after Russia and Norway (Eurostat, 2014). The conclusion of the FTA will allow the GCC’s chemical and energy imports to circulate freely within EU countries. In an interview with the president of the Parliamentary Working Group Paneurope EEP, MEP Rübiger<sup>58</sup> described energy coordination between both organisations as “successful and ongoing”. The GCC’s calibre, according to the MP, has proved efficient during the energy crisis with the

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<sup>57</sup> EU Official (K), 2013: Personal Interview, in Brussels, 15 May 2013.

<sup>58</sup> MEP Rübiger, 2013: Personal Interview, in Brussels, 29 March 2013.

Iranians, when Saudi Arabia's decision to raise oil production provided a cushion against the disruption of oil supplies. The successful coordination kept oil prices at a level that was not too high to worsen the European financial crisis, nor too low to harm the EU's energy strategies concerning environment protection and the usage of renewables.<sup>59</sup> In addition, the establishment of several energy networks and groups has facilitated coordination on areas of concern such as energy efficiency and measures to minimise the GCC states' increasing consumption of oil and gas in domestic usage (Al-Shalabi, et al., 2014, p. 174). The following are the major factors affecting the GCC–EU energy cooperation.

**Organisational actorness:** Actorness is a core concept and “explanatory factor for the performance and non-performance of key functions of interregionalism” (Doidge, 2011, p. 27). In order to achieve the balancing function in interregionalism, Doidge stipulates a “high level of actorness” that enables the regional organisation to act “effectively as a bloc” and “achieve agreement (both intra-and interregionally) concerning policy and strategy” (Doidge, 2011, p. 49). Considering that heads of the EU member states retain competencies regarding energy matters, national interests are often prioritised over the implementation of the EU's energy strategies. Moreover, the divisions of competencies between the Commission and the Parliament put the EEAS in a dilemma (de Flers, et al., 2011) that gave the EP and the energy groups the upper say and rendered their influences paramount. As such, the contention over the export duties and the decision to remove the GCC from the GSP has brought the relations to another stalemate<sup>60</sup>, especially after they had witnessed unprecedented progress at the political and security cooperation.

Conversely, the EU has a preference for institutionalised relations; as such, the EU considered the low-institutional structure of the GCC an obstacle against furthering the relations. Because of the GCC Secretariat's lack of mandate to take decisions on behalf of the GCC member states, the GCC officials often insisted that high-ranking EU officials head the GCC–EU meetings, a request that was not deemed necessary by the EU officials who have the needed experience in conducting joint councils and meetings (Kostadinova, 2013b). Accordingly, cultural differences and institutional

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<sup>59</sup> MP Rübzig praised OPEC coordination in energy security and environmental consultation.

<sup>60</sup> Senior GCC Official (E), 2013: Personal Interview, in Brussels, 28 March 2013.

incompatibility have rendered the functions of GCC–EU interregionalism more attainable, in certain areas, within ad hoc, networks and quasi-interregionalism rather than within the structured framework of interregionalism<sup>61</sup>. Cooperation in trade, financial and monetary sectors and education, does not require high actorness as cooperation in the energy sector and socialisation can easily occur between like-minded civil actors who have definite perspectives of their interests and goals. Consequently, framing a broader and comprehensive energy partnership, between the EU and the GCC, continues to go through bilateral channels, a matter that obstructs the conclusion of any energy deals without the packing of a “security cooperation or arms sale” (Youngs, 2009a, p. 175).

**Divergent priorities and norms:** interregionalism is a method by which the EU promotes its normative identity and values that are based on cosmopolitan ideas that champion human rights, individual liberty, indiscrimination against minorities, democratic governance and the rule of law. Accordingly, the EU considers promoting a “liberal economic model of regional integration” and “free market values” “intrinsic to its external identity” (Doidge, 2011, p. 25). The European policymakers stipulate political and economic reforms when concluding energy agreement and rationalise their implementation by the need of assuring stability in energy-producing countries. (Youngs, 2009a, p. 44). Despite that fact the EU often does not always act as an “ethical power Europe” (Aggestam, 2008) and pursue “realist interests” in its external affairs; the EU continues to add conditional clauses to its economic and political agreements that stipulate implementation and sanction the countries that violate its rules and laws (Doan, 2013, p. 88). Since the GCC’s political values stem from Islamic and traditional tribalism, the GCC considers the EP’s and the EEAS’ constant criticism of the GCC members’ implementation of the death sentence, especially in Saudi Arabia, and Bahrain’s reaction towards the riots, as disregard of the GCC’s cultural values and lack of understanding of the internal security imperatives.

It is considered that asserting the “supremacy” of its “cosmopolitan” and “universal” rules, the EU’s norm diffusion has often ignored the “expansive appeal of norms that are deeply rooted in other types of social entities – regional, national, and sub-national

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<sup>61</sup> Koch, C., 2013: Interview through email correspondence with Dr. Kristian Koch, head of GCC-EU Clean Energy Network, 25 March 2013.

groups” (Acharya, 2014, p. 185). Emphasising the GCC’s distinct cultural and political structures, the GCC’s Secretary General commented on the EU’s continuous criticism of the GCC states’ governance,

“Every society has its own characteristics, history, heritage, demographic, religious and sectarian structure. We are still countries that have social realities, which are linked to tribes and clans. Hence, social change is slow and undermining the stages of development can result in confusion of the political system” (Al Zayani, 2011) mentioned in (Maestri, 2012, p. 52).

From this perspective, the divergence in cultural norms have often led to misinterpretation of the officials’ decisions and actions, resulting in the situation where the two organisations “talk past each other” rather than with each other (Maestri, 2012, p. 44). While the GCC officials judged the importance attributed to the development of the relations by the level of the EU’s official representation, the EU officials measured the GCC’s by their involvement, efficient decisions and contribution. Accordingly, European officials have complained that GCC officials often left the burden of organising workshops, projects and conferences to the EU officials, who mistakenly interpreted the move as lack of interest, instead of considering it a sign of trust and acknowledgement of the EU’s superior experience in such affairs. On the other hand, the GCC officials lamented the lack of consideration and flexibility at the European level that manifested in the EU’s disregard for the GCC’s security of energy demand, expressing that the GCC’s interest in accommodating global environmental policies and combating climate change is evident and serious. A GCC official deplored the EU’s pursuit of economic gains instead of helping the GCC reduce the level of its carbon emission, by refusing to transfer the CCS technology to the GCC instead of selling it<sup>62</sup>, an accusation that was denied by a European official in the Energy Network.

**The FTA stalemate:** Higgot (2006, p. 29) argues that in a world of globalisation, the benefits of bilateral trade agreements surpass the costs and the efforts spent in “building large, multiple-member, regional trading blocs” and “give regional policy elites greater control over trade policies”. Such perspective explains why the GCC, in 2009, and again in 2013 chose to stop negotiating the FTA. Bahrain, Jordan and Morocco have signed bilateral trade agreements with the US and the prospects of Oman and the UAE concluding similar agreements undermine the GCC’s customs union (Crawford &

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<sup>62</sup> Senior GCC Official (F), 2013: Personal Interview, in Brussels, 28 March 2013.

Fiorentino, 2005), internal cohesion and complicates the prospects of further enlargement of the GCC. In respect to the GCC–EU FTA, the export duties remain the only contended issue in the FTA negotiations, while all issues regarding human rights clauses have been solved.

According to an EU official, the GCC created the stalemate by insisting on imposing export duties on its petrochemical products. In accordance with its commitment to protect environmental laws and reduce carbon emissions, The EU has imposed the carbon dioxide tax, which the GCC considers “high” and embodies “crude protectionism” that harms and limits the GCC energy exports, under the disguise of environmental protection (Eissa, 2014, p. 346). However, the official denied targeting the GCC exports and creating the stalemate, “it is on the governmental level, where some decision-makers suddenly saw it is not a good approach to have a FTA agreement, not only with the EU but also with Japan, MERCOSUR, and China”.<sup>63</sup> Alternatively, GCC officials defended their right for imposing the export duties by referring to WTO rules and regulations. The Ambassador of the GCC to Brussels, Nabila Al-Mulla, voiced irritation over the criticism directed at Saudi Arabia for creating the stalemate. Asserting the GCC’s solidarity with Saudi Arabia, the ambassador declared “we negotiate with the Europeans as a bloc...the problem is on the EU side” (Habooush, 2010).

**Implication of the shale gas and oil revolution:** Academics, researchers as well as GCC and EU officials, all negated the impact of the shale gas revolution as a game changer on the European energy strategies. Interviewees asserted that the Gulf region will remain the most important source, in the foreseeable future, because of the low cost of oil production, especially when compared to the high technical and environmental costs of shale gas and because the US is keen that its Asian allies have undisrupted supplies of energy<sup>64</sup>. MP (Rübig, 2013) professed, “It is still to see whether it will begin exporting shale gas and oil. Shale gas production has brought gas prices down by two-thirds in the US and Europe became flooded with cheap coal that encouraged its use for electricity and heat.”

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<sup>63</sup> Senior EU Official (L), 2013: Personal Interview, in Brussels, 15 May 2013.

<sup>64</sup> Senior GCC Official (D), 2013: Personal Interview, in Brussels, 27 March 2013.



Accordingly, the fear of damaging the interests of American gas companies by bringing gas prices down, environmental and technological costs are considerations taken seriously by the American government (Fox, 2013). In Europe, divergent environmental regulations, Green Parties' opposing and the high cost of extracting shale gas limit the development of a similar shale revolution. Robin Miege, director of strategy at the EC's DG Environment, indicated that conditions in Europe are different from those in the US and that the shale gas revolution will not be a major game changer in Europe (EurActiv, 2013a). Therefore, the impact of the shale gas revolution on GCC–EU energy cooperation is appraised minimally and the GCC will remain major suppliers of energy. Analysts consider that “shale gas and tight oil is a short-lived financial bubble, and that production will peak and decline after a few year.”; imports of LNG from the United States will remain limited because of transportation cost, which is higher than those of Russia and the Mediterranean (European Parliament, 2014) (European Parliament, 2014).

**Competition emerging from GCC–Asia energy cooperation:** GCC and EU officials praised the distinctive and the privileged nature of GCC–EU historical ties and undermined the effect of GCC–Asia growing ties on GCC–EU cooperation. However, Al Katiri, among other researchers, considers that the EU is facing severe competition from Asia, “there is competition, it is a global competition, your win is my loss, your loss is my win”.<sup>65</sup> While EU officials acknowledged that the decision to exclude the GCC from the GSP will have a negative effect on the relations, a GCC official considered the move an attempt to bring the GCC back to the negotiation table<sup>66</sup>. Ostensibly, the relations with Asia have undermined the GCC's enthusiasm to conclude FTA negotiations, especially when the GCC failed to achieve any major concessions in energy issues.

From a technological perspective, the Europeans remain interested when it comes to clean energy, albeit the GCC have the option of developing trade relations with other countries, especially at a time when the EU is facing severe competition from the Chinese. China's production of cheap solar panels is triggering an “escalating trade war” that urged the French President to call for a swift action to reverse the dumping of

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<sup>65</sup> Al Katiri, M., 2013: Skype Interview, 18 March 2013.

<sup>66</sup> Senior GCC Official (D), 2013: Personal Interview, in Brussels, 27 March 2013.

Chinese solar panels in Europe (EurActiv, 2013b). In addition, the US self-sufficiency in oil and gas has urged the GCC to direct its exports away from the West and towards India, East Asia and emerging markets that are witnessing growing industrial and economic growth (Oxford Analytica, 2013). About two-thirds of the GCC's crude oil is directed to Japan, India, China and South Korea, instigating "cross-border investment" between the GCC and East Asia (Oxford Analytica, 2013).

**GCC–EU cooperation in renewable energy projects:** The GCC is witnessing high economic and industrial growth that necessitates finding alternative energy sources and capacity-building structures that facilitates the adoption and spread of efficiency and sustainability measures. In this respect, the EU–GCC Clean Energy Network is considered very successful, evolving and producing positive outcomes. Taliapietra (2013) considers that the environment is suitable for correlated projects in the Mediterranean<sup>67</sup>. The high level of experts participating in the network demonstrates the level of seriousness and commitment from both organisations. The GCC countries are aware of the urgency to undertake efficiency and sustainability measures and the EU is playing the role of the facilitator through establishing contacts between European companies and GCC officials.<sup>68</sup>

The GCC countries are intent and "very serious", "inventive" and "tentative" when it comes to conserving and diversifying their energy resources and in setting new regulatory frameworks<sup>69</sup>. The GCC–EU clean energy cooperation included nuclear energy cooperation, renewables and efficiency and conservation strategies. The announcement of DESERTC's industrial initiative of abandoning its strategy to export solar power to Europe is an opportunity for the GCC to enhance their renewable cooperation with the EU that has the hopes of increasing its share of cheap renewable electricity from external suppliers. However, an EU official involved with the bureaucratic issues of the Network articulated the need for consummating the achievements by an "agreement" or a "MoU" that testifies the seriousness and the commitment of the GCC<sup>70</sup>.

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<sup>67</sup> Taliapietra, S., 2013: Email Interview, 12 March 2013.

<sup>68</sup> Koch, C., 2013: Email Interview, 25 March 2013.

<sup>69</sup> El-Katiri, L., 2013: Skype Interview, 11 April 2013.

<sup>70</sup> The Clean Energy Network is totally funded by the EU and the interviewee seemed very upset about not being able to involve the GCC in the network by funding it. Personal interview with a European clean energy official, in Brussels, 26 March 2013.

**Triangular partnership in renewables:** Despite the great potential for a triangular partnership in renewables, no projects have been implemented to date and even DESERTC, which is meant to export solar energy to Europe, is facing setbacks; an analysis predicted that the Mediterranean countries would be able to export solar energy in the coming 30 years.<sup>71</sup> Accordingly, Taliapietra considers that renewable energy technologies, including concentrated solar power, solar photovoltaic, wind, hydro, and biogas, could develop significant new industry and service sectors (for example, installers) leading to local job creation and manufacturing developments. For these programmes to be successful, it is crucial to find new and original financing instruments that address both centralised and decentralised renewable energy development<sup>72</sup> (Taliapietra, 2013). However, the GCC's need for technology and equipment is met by commercial markets, where European companies are competing with the Chinese, the Japanese and the Americans. When asked what indicator can be set to measure the potential of success in renewable energy, an EU official answered, "a MoU". It is worth mentioning that a MoU has been signed between a Saudi company and a French one, which stands as evidence for the preference for bilateralism and the mingling between political decisions and commercial ones, in the sense that cooperation between the GCC countries and their European counterparts is often influenced by the depth of political relations.

## **Conclusion**

GCC–EU energy coordination is ongoing and successful; security of energy supplies is considered one of the major challenges articulated by the EU's CFSP and a primary subject for the EC's strategic deliberations and dialogues. The EU's growing reliance on Russian energy supplies and the latter's growing assertiveness accentuated the EU's vulnerability and became the focus of most of the EU's energy initiatives. On the other hand, security of energy demand is a major concern for the GCC countries, whose growth and development is highly dependent on hydrocarbon exports and revenues. The growing Asia–GCC interdependence has provided the GCC with alternative destinations for investment and consolidated Asian presence in the region. Meanwhile,

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<sup>71</sup> Luciani, G., 2013: Email Interview, 18 March 2013.

<sup>72</sup> Taliapietra, S., 2013: Email Interview, 12 March 2013.

the EU's evident slow response to the Asian and Chinese growing influences reveals that despite the ongoing process of European socialisation and the desire to frame a common EU energy policy, disunity and divergence prevail over competing national policies of the EU's members. Such divergence manifests in the mismatch between the EU's vehement calls for deeper energy relations with the GCC and its actual energy strategies that are "trapped"<sup>73</sup> (Falkner, 2011, p. 10) between competing interests of the various EU's institutions, the EU's lack of complete actorness in energy policies, and the European member states' pursuit of national and strategic interests.

The failure to implement a coherent strategy has generated fierce competition and a conflicting race among EU members to conclude bilateral agreements, with similar divergence and preferences prevailing among GCC members, and hindering producing the balancing function aimed at by the EU's diversification strategies. As such, resilient bilateralism and quasi-interregionalism emerge as beneficial tools, especially when institutional asymmetries and the lack of mandate at the GCC Secretariat and the EEAS hamper attempts for fostering more multilateralism. However, indicators for a successful energy partnership are present. GCC–EU energy coordination is ongoing and successful. Energy is a major pillar of the GCC–EU economic cooperation structure.

It is time that the GCC understands that the EU's norms constitute an essential part of its identity, global role and constitutional structure. Accordingly, no matter how much the GCC objects to the EP's resolutions by halting the FTA negotiations and postponing the annual ministerial meeting, the EU will remain committed to its norms and principles. Conversely, the EU's adoption of a rigid stance and unwillingness to prioritise its relations, will not force the GCC to consent to the EU's demands but rather will undermine the value of the multilateral and interregional framework, enforce bilateralism, as a flexible and affordable solution, while accelerating the GCC's shift towards East Asia and consolidating it. The economic and industrial growth and the US self-sufficiency in oil and gas are affecting energy markets, bringing prices down. However, analysis reveals that for various technical, geological, environmental and economical calculations, the GCC will maintain its important role in the energy sector.

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<sup>73</sup> The concept of joint-decision trap refers to the joint decision making between the European under the Community method, intergovernmental negotiations, supranational hierarchical decision making among others (Falkner, 2011, p. 10).

With the American shift towards Asia as the pivot of its global strategy, the EU is provided with the chance to assert its power, achieve its interest and implement its diversification strategies and energy strategies by capitulating on the positive and strategic interests with the GCC. Analysis has shown that despite the conflicting normative and political structures of both organisations, with the EU endeavouring to exercise its normative role and the GCC criticising it as unrelated, regular ministerial meetings, dialogues and conferences had fostered more trust and confidence building. The lack of complete actorness in energy matters, the failure to conclude the FTA, the disagreement over export duties rights and inclusion of human rights clauses in GCC-EU agreements, have resulted in an innovative search for new modes of cooperation. Indeed, the “qualitative difference” (Doidge, 2008, p. 45) in actorness had produced additional institutional structures represented by the JAP 2010–2013, Inconet-GCC and the Clean Energy Network that are successful examples of track-two diplomacy.

The establishment of decentralised networks of cooperation have facilitated coordination on issues affecting energy production and markets and opened a venue with high potentials and incentives in the sectors of renewable energy and efficiency technologies. The EU’s distinct expertise and innovative industries in alternative energy, efficiency technologies and sustainability measures is capable of addressing the challenges that the GCC face in their energy security. On the other hand, the GCC’s accommodating environmental and energy strategies and financial capacities present profitable investment opportunities and a reliable partner, at a time when the EU faces a financial crisis that threatens its innovative industries and technologies and augments its energy insecurities. Such partnership is foreseen successful, provided there is political will to bridge the cultural and political difference and present financial commitment for joint capacity structure, harmonisation of industrial laws and regulations, and rigid and ardent implementation of stated goals and decisions.

## CHAPTER 5

# GCC–EU ECONOMIC COOPERATION IN THE MEDITERRANEAN

### **Introduction**

The GCC and the EU are two significant regional blocs, whose official relations date back to their 1988 Cooperation Agreement that included the conclusion of a FTA, among the development of a strategic collaboration and partnership in energy, political, cultural, economic and financial areas. The failure to conclude the long-awaited FTA had left frustration at both sides; however, increasing interdependency between the EU and the GCC and the latter's rise in global economy had opened opportunities for further cooperation in the Mediterranean, an area in the GCC and the EU neighbourhoods (Aliboni, 2010, p. 5). Considering the difficulty of producing political convergence, this chapter builds on the EU's growing interest in deepening its relations with the GCC, and examines the prospects and the venues for building an influential economic partnership in the Mediterranean. In order to evaluate the potential for success of such a partnership, the chapter is divided into three sections.

The first section identifies the countries indicated by the term 'Mediterranean' and investigates why the Mediterranean is chosen for building the GCC–EU partnership, pinpoints the EU's policies and interests in the region and explores whether the EU's strategies have been affected by the Arab Spring or not. Then, the section examines the GCC's growing economic and political presence in the Mediterranean and considers whether the Arab Spring has affected the GCC interests and strategies in the region. Section two highlights trade as a core element shaping the EU's post Arab Spring Mediterranean policies and examines how the EU and the GCC envision each other's presence in the new context of the changing Mediterranean structure and the GCC's geo-economic realignment. Then, section three propels the prospects for a GCC–EU trade partnership in the region and introduces the tools, the capabilities and policy instruments that the GCC and the EU have to construct a new partnership before indicating the validity of each tool at bringing tangible outcomes. Finally, the section

presents the indicators used to assess the prospects for partnership in the Mediterranean and highlights the major factors limiting its success before introducing the conclusion.

## **1. The GCC and the EU in the Mediterranean: shared interests**

This section explains why the Mediterranean has been chosen in particular for a GCC–EU economic partnership and identifies the countries indicated by the term ‘Mediterranean’. In order to prelude to the discussion of the GCC–EU economic partnership in the Mediterranean, the section props the EU’s security, economic and normative interests in the Mediterranean, briefly refers to the EU’s past and recent Mediterranean policies, and investigates whether these policies have been affected or not by the Arab Spring and the subsequent events in the region. Similarly, the section looks at the GCC’s links and interests in the Mediterranean and the dynamics and goals instigating the GCC political and economic involvement in the region. The section also considers whether these interlinks have grown or diminished, as a result of the Arab Spring and the subsequent political and socio-economic unrest, and, if so, how.

### **The Mediterranean**

The Mediterranean region constitutes the 13 countries bordering the Mediterranean: Morocco, Algeria, Tunisia, Libya, Egypt, Syria, Palestinian Authority, Lebanon, Jordan, Israel, Turkey, including Malta, and which became full EU members in 2004 and were part of the Euro-Mediterranean Partnership (EMP) launched in the Barcelona Process of 1995 (Adler & Crawford, 2004). The EU’s involvement in the Mediterranean countries dates back to the historical trajectory of European colonialism in the region. The European recent interest in the region has evolved out of the national interest of France, Spain and Italy that dictated the EC frame a comprehensive regional policy that aimed at achieving certain goals (Laschi, 2011). As such, discursive actions have contributed to the “construction of a social reality” by “positioning” (van Langenhove, 2011, pp. 65-69) the Mediterranean region as an actor with who institutionalised relations can be established. However, the chapter’s major focus is on the Southern and Eastern Arab Mediterranean Countries, which are not members of the EU, because of the GCC’s long and enduring relations with the Arabs in the region, while not neglecting Turkey’s interconnectedness when necessary.

### **Why a GCC–EU economic partnership in the Mediterranean?**

The EU and the GCC are two major regional trading blocs, representing enduring examples of regional integration and contributing considerably, through their economic activities, to the volume and growth of international trade (Baabood, 2005b). Acharya posits that geographical proximity, and cultural, economic and political ties “are no longer sufficient conditions for regionness”; materialist, security as well as ideational determinants explain the construction of regions by political “speech acts” (Acharya, 2014, p. 162). From this perspective, the Mediterranean is an area where both the GCC and the EU can project their presence and influence to achieve political, economic and security goals. From a global economic perspective, the Mediterranean has been a centre for world FDI inflow, capturing 4 per cent of global inflow between the period 2002–2006; in 2007, FDI in the Mediterranean region reached a historic high record of \$1.833 billion, rising 30 per cent higher than the all-time high set of 2000 (Baabood, 2009). Concurrently, the unprecedented surpluses of oil revenues have rendered Gulf investments global in their outreach. Gulf investments in the Middle East have adopted a new face, with FDI flowing into North Africa and the Levant, generating significant “positive externalities” in the relatively small “absorptive capacity” of the economies of the MENA (Eid, 2008).

As such, the economic opportunities in the Mediterranean have been a source of attraction for many regional and global actors (Talbot, 2010). While the EU sought political integration through economic methods and the establishment of institutionalised cooperation (Lawson, 2008), the GCC sought creating strategic interdependence with the Mediterranean and Europe through proposing the construction of a pipeline that passes through Jordan and Syria; however, the project failed to materialise, with Syria objecting to its instruction (Kandeel, 2013). Regardless, GCC presence in the region has expanded and joined the EU as a second sustainable investor; the combined investments of the GCC and the EU accounted for two-thirds of FDI inflows between 2003–2009 (de Saint-Laurent, et al., 2010). The expansion of the GCC’s capabilities stretches beyond the economic sector to include the political and security involvement that was deepened by the “financialization” and diversifications of the GCC economies (Abboud, 2011, p. 103).



Confronting winds of globalisation and increasing economic interdependence in world affairs is considered a major factor propelling the GCC interest in the Mediterranean (Momani, 2011, p. 169). The GCC member states play influential roles in the Mediterranean economy and politics through remittances and development aids (Koch, 2010); consequently, horizontal networks and economic diplomacy have emerged and flourished by the liberalisation processes and growing regionalisation between the GCC and the Mediterranean. (Momani, 2011). The GCC's prominent presence and growing economic clout have opened new windows for a triangular cooperation between the EU, the GCC and the Mediterranean countries. In 2008, GCC investments in the Mediterranean continued to grow despite the financial crisis and the global economic slowdown (Baabood, 2009). The initiation of the UFM, in 2008, seemed to offer opportunities for cooperation; however, they were hampered by the financial crisis, the difficulty of accomplishing the EU's stated goals, and the prospects for European disintegration. As such, developing a robust and proactive framework for a multilateral triangular cooperation between the GCC, the EU and the Mediterranean countries promises solutions for the region's financial hardships and political instability, especially after the Arab Spring, while contributing to the sustainment of the GCC's strategies of economic diversification and the success of the EU's Mediterranean policies.

### **Why is the EU interested in the Mediterranean? Security, economic and normative motives**

Van Langenhove views that states refer to different modes of regional integration in order to confront the challenges of globalised economy and interdependence; as a result, discursive actions construct regions "in all kinds of forms" that defy the limitations of geographical proximity and delimited boundaries (van Langenhove, 2011, pp. 63, 65). In this sense, the EU's different policies towards its neighbourhood have aimed at building what Hettne describes as a "social construction" (2014, p. 61) or "an imagined area" that is identified as the Mediterranean (Santini, et al., 2014, p. 77). Through encouraging cultural, economic and political socialisation, the EU aimed at diffusing democratic norms, building confidence and deepening interdependence in a way that blur the "lines between regionalism and interregionalism" and lead to the construction of a "security community" (Santini, et al., 2014, pp. 77, 78).

As to the motives behind the EU's Mediterranean strategies, Rüländ postulates that the EU is an international actor whose soft power is projected through establishing interregional relations and creating a "regional order" where its institutions can operate in a "secure environment" (Rüländ, 2014, p. 30). In this context, the EU's interest in the Mediterranean began on a bilateral basis with key Mediterranean trade countries and then upgraded to the Global Mediterranean Policy with the AMCs, including the countries of the Arab League. The EU's Global Mediterranean Policy was motivated by a growing security concern over terrorism<sup>74</sup> and deteriorating economic<sup>75</sup> relations. The period following the end of the Cold War marked a review of the Global Mediterranean Policy resulting in the launching of the EMP in 1995, in the Barcelona Declaration of November 1995, and after a "period of inertia" during the 1980s (Bicchi, 2003). Twelve Mediterranean Arab countries (Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, and West Bank/Gaza; and four non-Arab countries included Cyprus, Israel, Turkey and Malta) and fourteen European countries signed the Barcelona Declaration: Cyprus and Malta became full EU members.

The EU's security interest in the Mediterranean was instigated primarily by mounting national concern over growing Islamic fundamentalism and increasing levels of migration. The perception of the Mediterranean as a possible source of domestic instability led to the formulation of strict entry regulations and new conditions for granting asylum. Notwithstanding the security implications for the European countries, France and Spain's policy towards the Southern Mediterranean was motivated partly by a desire to project a bigger Mediterranean presence and international recognition for Spain at the global stage. As competition over securing access to oil, in the aftermath of the oil shock, grew between European countries, Spain and France embarked on developing bilateral relations and trading arms for oil, giving little role for the EC in the formulation of an overhaul European foreign policy (Bicchi, 2003, p. 16).

Therefore, the EC interest was motivated by the member states' pursuit for promoting wider prestigious image and securing material interests through bilateral channels with

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<sup>74</sup> The terrorism spillover from the Arab–Israeli conflict took place at the Olympic Games in Munich, when the Israeli Olympic team was taken hostage and killed by the Palestinian Group in what was later called "Black September" (Wikipedia, n.d. (a)).

<sup>75</sup> The nationalisation of oil in Algeria in the early 1970s, affected Algerian–European political relations and presented a new security issue for the EC, especially with the ramifications of the oil shock in 1973 (Bicchi, 2003).

the Mediterranean countries (Bicchi, 2003). The economic goals included trade and liberalising the Mediterranean countries by providing financial aids and consultations, and encouraging European private sectors' investment, in order to promote small and medium-sized enterprises and create jobs (International Monetary Fund, 2012). In addition to the security and economic interests, the EU sought to exercise its normative role, project its "geopolitical", "economic" and "ideological" weight through spreading its model of regional integration, European values of democratic governance and the rule of law as methods for bringing security and stability within and outside its environment (Bachmann, 2013, p. 469). In line with this aim, the ENP adopted political conditionality "in return for reforms" even with "partner countries" who did not seek to join the Union (Stewart, 2011, p. 86)

Despite the fact that the EU's aim of presenting an "ethical power" was emphasised by drawing a link between the "benefit of cooperation" and "good governance", the EU's rhetoric was regarded as inconsistent and contradictory, especially when the EU refused to recognise the newly "democratically elected" Hamas (Stewart, 2011, p. 86). Moreover, the lack of a strategic perspective that defines the implications of partnership in the negotiating process has given way to a prevailing belief that conceptualises Europe as solely interested in the Mediterranean for security interests and for the economic purpose of liberalising the markets of the Southern countries (Lister, 2001). On the Mediterranean part, a fear of disrupting trade relations and worsening social and economic situations, resulting from returning migrants, pushed the Mediterranean countries towards this alliance formation, despite the obvious weighted balance of benefits on the European side, and the lack of a serious implementation on both sides (Lister, 2001).

### *EU Mediterranean policies*

Marangoni & Raube (2014) argue that in order to exert actorness and reach goals, The EU has to form consistent foreign policies. In this regard, EU's policies in the Mediterranean do not belong to a comprehensive framework; to the contrary, the different bilateral agreements signed with the Mediterranean countries were inspired by different events and the national interests of the European member states (Laschi, 2011). Among the European motives stands the EU's important role in conflict resolution and multilateral negotiations in the Middle East Process and in the Middle East Quartet that

included the US, Russia and the UN, and which aimed at resolving the Palestinian–Israeli conflict (Koch, 2014). The Barcelona Process gave basis to the EMP, which later expanded and evolved into the UFM. The major pillars of the Barcelona Declaration focused on political and security dialogues; financial and economic cooperation; and democracy and human rights promotion (European Union External Action Service, n.d. (b)). The major economic goal of launching the EMP is to project and achieve recognition of the EU’s economic capabilities by establishing a FTA with the EU’s Mediterranean neighbours.

The EMP (EUROMED) was re-launched in 2008, in order to encourage economic integration and fulfil the normative aspiration of spreading democratic reforms among the 16 EU’s southern neighbours in North Africa and the Middle East: Albania, Algeria, Bosnia and Herzegovina, Croatia, Egypt, Israel, Jordan, Lebanon, Mauritania, Monaco, Montenegro, Morocco, the Palestinian Authority, Syria, Tunisia and Turkey. To assert its presence in its neighbourhood, encourage emulations and adaptations of its institutions and laws, the EUROMED had a vision for a broader engagement in various fields including economy, environment, energy, health, migration and culture (European Union External Action Service, 2008). The Secretariat of the Union was based in Barcelona; it aimed at increasing integration and cohesion among its members; facilitate coordination of regional, subregional and transnational projects; and foster socio-economic development and regional integration (Union for the Mediterranean, n.d.).

The EU’s normative role was enforced in the EUROMED, which called for spreading democratic values of respecting human rights, peaceful settlement of disputes, combating terrorism and ensuring a verifiable Middle East Free Zone of weapons of mass destruction. The security considerations of the EU’s Mediterranean policies included non-military issues, such as the growing economic gap between the “rich North Europe and the poor South (the Mashreq and the Maghreb countries)” (Tayfur, 2012, p. 1). Accordingly, the second principle of the EUROMED aimed at creating an area of shared affluence between Europe and the Mediterranean through establishing economic and financial partnership. Finally, the EUROMED accentuated the need for reducing the development gap in the Euro-Mediterranean region by furthering regional cooperation and integration through promoting cultural understanding and exchange between civil societies (The European Commission Trade, 1995).

In summary, the EU sought to exert its actorness and attain external recognition of its distinct capabilities through using policy instruments to achieve security, economic and political goals. However, the development policies in the EUROMED were thwarted by the competing national interests and foreign policies of the southern European member states, such as Italy, France and Spain, whose farmers often lobbied against the completion of a FTA that included agricultural products (Lister, 2001). Although the EU had a clear message regarding its role, the successive Mediterranean policies often resulted in prioritising stability over reforms and decreasing the EU's actorness in the highly instable Mediterranean countries (Börzel & Van Hüllen, 2014).

### **Why is the GCC interested in the Mediterranean? GCC political and economic motives**

The GCC is linked to the MENA through the Red Sea/Mediterranean Sea corridor. Geographical proximity, religious, cultural and linguistic affinities enforce the GCC–Mediterranean links and interdependence. During the last decade, the GCC countries began to adopt an assertive foreign policy, manifested in their growing political and economic ties with the AMCs and Turkey. Such inclination was triggered by the desire to project a progressive regional foreign policy that exploits GCC growing economic capabilities (Patrick, 2011a). Moreover, the GCC looked for appropriate investment venues for the capital surpluses, which has grown considerably, despite the late financial crisis and the Arab revolutions that have slowed the process but did not end in all measures. The GCC has undergone rapid economic change that expanded the GDP by an annual average of 5.2 per cent and by a cumulative 65 per cent since 1998; as such the GCC has diversified its assets reaching Asia, making the GCC an important economic and trading hub (The Economist Intelligence Unit, 2009).

The GCC's geostrategic location, its proximity to one of the hotspots in the world and its interaction with turbulent political complexities of the region, among which is the Palestinian–Israeli conflict, constitutes important political and security pillars, on which the GCC's involvement in the region is based. However, the GCC's economic relations with the Mediterranean developed during the first two oil booms in the 1970s, when remittances and public aid played important roles in bringing the two regions closer. During 2003–2008, remittances from the GCC grew 18 per cent annually, reaching a

cumulative \$160 billion, instigating unprecedented economic growth in the region that triggered evident structural reforms and liberalisation measures (Talbot, 2010).

Evidently, the need for a stable regional environment that accommodates the GCC's ascendancy in global economy and politics is behind its recent involvement in contentious conflicts in the Middle East. Responding in a pragmatic way, fearing spillovers, and attempting to prevent destabilisation in the region, the GCC assumed a more assertive and influential role in the Arab uprisings. As such, the EU considered the GCC's cooperation with Islamist rebellion forces in Libya, Syria, and Egypt as a positive move and an effective strategy towards building bridges and moderating anti-Western tendencies within Islamic groups (Colombo, 2012).

Because of their diplomatic and economic influences with certain Palestinian groups, Qatar and Saudi Arabia have brokered different initiatives that aimed at solving the complex conflicts in the region, among which are King Abdullah's 2007 Fatah-Hamas agreement in Saudi Arabia and Doha's 2008 accord to overcome the stalemate in Lebanon (Talbot, 2011). However, the divergent political orientations and strategies adopted by the GCC member states, especially after the Arab Spring, produced conflicting stances and disagreement over the kind of responses required for confronting vital security issues and Qatar's support for Islamic Brotherhood, a matter that undermined the coherence of the organisation.<sup>76</sup> Since the term "region" may indicate a "supranational entity", similar to the EU, or "subnational entity" within a state, or "a cross-border entity" that stretches across multiple states (van Langenhove, 2011, p. 69), in 2011, the GCC proposed enlarging the organisation to include Jordan and Morocco. The GCC continues to support the two countries by providing special economic aids that are aimed at facilitating Jordan's accession through completing the JAP (Masetti, et al., 2013).

Accordingly, the GCC's active foreign policy has contributed to the GCC's influence both in the Gulf and the Middle East (Colombo, 2012). For Jordan, the GCC's offer promised solutions to the economic hardships of the country; because of its geographic proximity and smaller population, Jordan showed more interest than Morocco, which

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<sup>76</sup> It is necessary to recall that this thesis does not consider in depth the political aspect of the GCC or of its relations with the EU because the ramifications of the Arab Spring are still unfolding and the region is witnessing political and security upheavals that make producing a sound and objective analysis elusive.

had to consider “closer political and economic ties with the EU” (Talbot, 2014, p. 20). From a larger perspective, the GCC’s political and economical support of the transitional governments in the Mediterranean envisioned containing Iran’s growing “geopolitical and ideological” influence in the region, especially after the collapse of the Tunisian and Egyptian governments (Talbot, 2011, p. 19).

### **The GCC’s need for deeper regional and global economic integration**

The GCC itself is a relatively new and fragile regional structure that is in dire need of a strong partner, with a deep experience in regional integration, economic regulations and diversifications policies; such need necessitates exploiting the EU’s expertise in such domains, while skipping the complications of the GCC–EU stumbled negotiation for a FTA (Bower, 2012). In addition, the GCC understands the complexities of the Mediterranean political structure and knows how to manage the “bureaucratic” trade regulations of the Mediterranean. (Momani, 2011, p. 171). The GCC’s latest goals included transforming its economic clout into a recognised regional and global presence through undertaking proactive foreign policies and adopting courageous trade and investment strategies towards the AMCs and Turkey (Schumacher, 2010). The GCC envisaged the Mediterranean as an extension of the GCC’s markets, whose economic base promised Gulf investors high return and enormous potential, through the prospects of integrating in the EUROMED and its proposed FTA (Baabood, 2009).

The GCC has accumulated stunning wealth that has placed it at a distinct financial position in world economics and finances; accordingly, diversification and sustainability became urgent issues for the GCC, which strived to create a non-oil economy to avoid the inherent weakness associated with overall dependence of its member states on oil revenues and the depletion of hydrocarbon resources (Hvidt, 2013). Moreover, improving the “institutional context” and economic regulations (Hvidt, 2013, p. 44), the GCC countries sought to integrate in the Arab and world economies by negotiating a FTA with the EU, and the GCC members becoming active members in PAFTA.<sup>77</sup> (The World Bank, 2010). The setting of the customs union, in 2003, has helped reduce the overall already low tariffs of the GCC from 8.2 per cent to

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<sup>77</sup> The Pan Arab Free Trade Area (PAFTA) was established in 1979, under the auspices of the Arab League and went into effect in 2008. Out of the 22 Arab countries, 18 are active members (The World Bank, 2010).

5.9 per cent in 2006–2008 (The World Bank, 2010). Diversifications of the GCC economy included transferring the GCC states from users to producers, by specialising in finances sectors and dedicating specific investment funds for oil surplus, while changing the pattern of investments from low-risk portfolios to high-risk ones in Asian and Mediterranean markets (Baabood, 2009).

## **2. Economic cooperation in the Mediterranean: the GCC and the EU perspectives**

Cavatorta and Rivetti (2014) attribute the lack of scholarly interest in studying EU–GCC relations to the perception of the GCC and the EU as entities of incompatible normative structures, the difficulty of penetrating the gulf societies, and to the perception of the GCC as a coherent entity with whom the EU has to deal within the region-to-region framework. Accordingly, analysts often overlooked the GCC states’ “differences and rivalries” that often resulted in the establishment of competing bilateral relations with the external powers, and downplayed the GCC’s regional role in the balance of power in the Gulf and the Mediterranean by perpetuating the perception of the GCC as a source for energy (Cavatorta & Rivetti, 2014, pp. 622-623).

Following the Arab Spring, the GCC and the EU developed a new interest in exploiting their capabilities and well established presence to bring stability and development to the Mediterranean. Accordingly, this section examines the EU’s perspective regarding its cooperation with the GCC in the Mediterranean, as well as the GCC’s perspective regarding the EU’s role and involvement. To achieve this aim, the section propels the changing geopolitics and the realignment in global geo-economics, especially after the Arab Spring and the subsequent socio-political instability that might affect the strategic calculations of the EU and the GCC. In addition, the section inspects whether the divergences in the EU’s normative goals, the GCC’s economic policies and the EU’s foreign economic regulations pose or not, as obstacles against establishing a prosperous economic partnership.

*Implications of changing geopolitics and realignment in the world’s geo-economics*



Evidently, the world is witnessing profound shifts and the birth of new ties between the East and the West. In the Middle East, the Arab Spring has fundamentally changed the geopolitical context and balance of power, ending the “Iran-led axis of resistance”, creating a “power vacuum” and giving new emerging actors the opportunities to pursue their regional interests (Behr, 2012, p. 85). In Egypt, new Islamist elite emerged, as well as in Morocco, Tunisia and probably in Libya, forming a new social and ideological basis that differed from the old secular ideology of the authoritarian regimes (Ülgen, et al., 2012). These shifts in the regional dynamics represented a challenge to the Western countries, especially to the EU, which had to fathom a cooperative political and economic framework for the region’s conflicts, among which is the Palestinian–Israeli conflict (Salem, 2012).

The Arab uprisings have erupted amid the worsening global and regional economic climate and destabilisation that damaged the previous economic achievements of the region. In 2011, Tunisia’s economy shrank by 1.8 per cent for the first time since 1986, while risk premium rose and unemployment increased up to 18 per cent in 2011. Ülgen (2012) considers that the rapid economic deterioration and high level of public expectations necessitated creating a pro-market and investment environment to meet the new political and economic condition. This economic imperative mandated creating reforms, opening job opportunities, and giving technical assistance and expertise (Ülgen, et al., 2012). Interestingly enough, and unlike previous resistance to political intervention, the new Arab leaders of the Mediterranean region became more open and receptive to Western economic assistance and cooperation; the need for revitalising the Mediterranean economies and sustaining social and economic development offered unprecedented opportunities for cooperation between the different emerging actors (Ülgen, 2012).

### **The GCC and the EU in the Mediterranean after the Arab Spring**

The long-standing social, political and economic links with the Mediterranean and North African countries have provided the EU with the chance to play a pivotal role during the Arab Spring. Similarly, the GCC’s presence in the region has been enhanced despite the divergence in the GCC and the Mediterranean countries’ political and economic structures. This section investigates whether the EU and the GCC’s

perceptions of their relations have been reshaped by the Arab upheaval and in what way.

### **The EU in the Mediterranean after the Arab Spring: the role of trade**

During the Arab Spring, the EU was forced to rethink its policy in the Mediterranean and to link it to the Middle East. The Arab awakening was looked upon with anticipation, hoping that political change and the nascent democracies would bring new governance structures and economic opportunities. The EU's response to the Arab Spring came early by the High Representative/Vice President and the Commission, proposing a conditioned partnership for democracy and prosperity and linking it to the provision of loans and aids (The European Commission, 2011c). The EU considers promoting its democratic values a cornerstone constituting its identity. Therefore, "development cooperation" and "associations and partnerships" are not only major methods for enhancing the EU's actorness, but also important policy instruments through which the EU responds to "opportunities" and "constraints" emanating from changing global and regional dynamics impacting the EU's security and presence (Bretherton & Vogler, 2006, p. 113).

Accordingly, the EU supported the nascent democracies in Tunisia, Libya and Egypt because protecting human rights, donating humanitarian aids and development loans are major components of its external policies; albeit, the EU's normative role was obscured by a dominant perception of the EU as an economic power seeking self-interest and gains (Braghiroli & Salini, 2014). Indeed, the EU's policy in the Mediterranean had trade as a central focus and an instrument to bring change, a matter that set the realisation of the EU's commercial foreign policies at equal balance with principles of democracy, human rights and free societies (European Parliament, 2012). As such, the EU's strategy in the Mediterranean was described as very limited and dependent on the European member states' "differentiated bilateral" relations, each according to "the peculiarities of governance" in the individual GCC state (Demmelhuber & Kaunert, 2014).

Evidently, the EU's Mediterranean goals, after the Arab Spring, included securing economic interests, creating a suitable business environment, bringing European investors through extending the operational area of the European Investment Fund, and

negotiating FTAs with the “willing and able partners” (European Union External Action Service, 2011, p. 8). To achieve its goal, the EU consolidated its Mediterranean relationships, securing a new influence in Libya and projecting new dynamism, demonstrated in its coordination with other organisations, the League of Arabs and the GCC, which displayed similar assertiveness and dynamism (Salem, 2012). Moreover, the EIB and the European Bank for Reconstruction and Development and the IMF became involved in the capacity building of the Mediterranean countries through financing programmes that encouraged private sector growth (International Monetary Fund, 2012). However, the EP considered that the success of all its Euro–Med initiatives was dependent on the GCC’s integration between the Northern African countries and their counterparts in the Middle East, especially the Gulf states (International Monetary Fund, 2012).

### **The GCC in the Mediterranean after the Arab Spring: a major political and economic actor**

Following the Arab Spring, the Arab world became connected with an invisible chain; what happened in one country seemed to trigger reactive events in others, giving opportunities for regional powers to reshape the political and economic structure of the region. The regional balance of power and political leadership began to shift rapidly towards the Gulf region, away from its Egyptian centre of gravitation (Ülgen, et al., 2012). Deeper linkages in economics, politics, remittances and development and militarily assistances convinced the EU that drawing a successful European policy towards the region cannot materialise without including the GCC into the European considerations. However, due to the GCC’s lack of supranationality and mandate to make decisions on behalf of its members, the GCC economic presence in the Mediterranean manifests through bilateral trade agreements and different investment venues and, according to the Gulf states’, individual economic interests and investment strategies.

Nonetheless, the repositioning of the GCC within the regional and global order had economic implications on the Mediterranean neighbours; the GCC became the “dynamic engine of the Arab economic investment” and a “potential economic lifeline” (Burke & Bazoobandi, 2010, p. 1). Because of the cultural, religious and political links in the Mediterranean, the GCC endeavoured to deter the waves of Arab revolts from

reaching its borders by acting collectively, as in Yemen, or by “managing instability”, with each GCC state directing its effort at a different Mediterranean state (Talbot, 2014, p. 19). Accordingly, the GCC’s foreign aid to beleaguered Arab Mediterranean states became a major component of the GCC’s foreign policy, often strengthening the GCC’s links with friends and enemies alike (Davidson, 2011a). At other parts of the world, the efficient execution of the GCC’s economic policies succeeded in building new regional linkages with Asia Pacific, Japan, China and North Korea and in consolidating and fostering a long-term non-hydrocarbon bilateral investment (Davidson, 2012).

Ostensibly, a new order has emerged. In spite of the GCC’s limited actorness and weak institutions, the GCC’s political and economic presence has been consolidated through its influential role in solving the Yemen crisis; in the debt-restricting announcement on the Egyptian stock exchange and supporting the Egyptian economy through aids and loans; and its diplomatic mediation in regional and international affairs (Burke, et al., 2009). Therefore, it can be argued that the GCC has emerged out of the Arab Spring, and despite the uprising in neighbouring Bahrain and internal disagreements, as an assertive and resilient bloc, determined to protect its own existence and the “monarchical order” through offering membership to Jordan and Morocco and backing interventions in Libya and Syria (Salem, 2012, p. 12) .

### **The EU perspective regarding the GCC role in the Mediterranean**

The GCC is an active actor playing a prominent role in a web of interdependent relations in the MENA. However, observers attribute the lack of an Europeanised policy and the political negligence towards the GCC to a dominant and historical bilateralism, and to the lack of dramatic challenges that might push the EU towards adopting a higher profile in the region (Echagüe, 2007). Moreover, analysts often criticised the fragmented and inchoate policies of the EU such as ‘A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean’ and ‘A new response to a Changing Neighbourhood’ that has never referred to the GCC or its role, a matter that made the potential for further cooperation in the Mediterranean unlikely or exceptional (Echagüe, 2011). Such fragmentation often has obstructed the construction of a generalised European Policy towards the Middle East that would familiarise the GCC to the democratisation and liberal processes undergone in adjacent countries.

Accordingly, Demmelhuber and Kaunert predict that informal decision-making will remain the official mechanism in spite of the new measures of formalised governance and the EU's normative messages (Demmelhuber & Kaunert, 2014). Moreover, Demmelhuber and Kaunert (2014) argue that the Gulf states have always been subject to superfluous normative bias that judged them unstable because of their autocratic monarchical systems that saved them from the Middle East revolutionary upheavals. The relative political stability and the division of political disputes from the economic policies in the Gulf have made EU's former trade commissioner Peter Mendelson call for "clear political leadership" in order to conclude the long-awaited FTA, stating that such achievement would help the GCC economy undergo diversification strategies, encourage inward investments and boost Gulf exporters' competitiveness to Europe (The European Commission Trade, 2007).

It is important to note that the EU's strategy of cooperation is based on legal agreements and on establishing FTAs, while the GCC's investments go on an incremental scale, increasing according to the rise in oil revenues and improvement in the Mediterranean investment climate (Talbot, 2010). Notwithstanding, the EU sought cooperation with the GCC to secure political support and future funding for the projects of the UFM (Behr, 2012). Considering the GCC's limited organisational actorness, and acknowledging its geopolitical and economic leverage in the GCC, the EU invited Saudi Arabia to participate in the G8 initiative, in order to contribute to solving the conflicts in Libya and Yemen, and facilitate transition processes in Egypt and UFM projects in Tunisia (Behr, 2012).

Evidently, the EU views the GCC as an indispensable economic partner that can effectively contribute to the Mediterranean regional development and growth. In light of the GCC's new demonstrated dynamism after the Arab Spring, the EU started to regard the GCC as a resilient bloc that is determined to protect its political structure, while not abstaining from engaging in challenging regional conflicts, in Yemen and Syria (Yom & Gause III, 2012). Despite the substantial differences and the persistent disagreement regarding internal reform and human rights in the GCC states, the EU perceives that a new order has emerged, offering new opportunities for regional cooperation and stability. As such, the EU is more inclined towards forging regional partnerships with the GCC. However, success is dependent on the EU's degree of pragmatism and

willingness to overcome the cultural differences, consider the GCC as an equal “partner”<sup>78</sup> rather than “payers” (Maestri, 2012, p. 61) and devote resources to strengthening the multilateral framework of their cooperation through socialisation and commitment to the relations.

### **The GCC’s perspective regarding the EU’s role in the Mediterranean**

The EU is GCC’s main trade partner. When excluding oil exports to the EU, the GCC is a net importer, whose EU imports constitute 33 per cent of GCC’s total world imports (Escaith, et al., 2011). Negotiations on a GCC–EU FTA had failed after it was given a strong thrust by the enthusiastic French presidency of the EU in 2008. Disputes over technical issues that included export duties, government procurement and human rights made the GCC suspend the negotiations until the present (Guerin & Pacchioli, 2012). The GCC considered the imposition of internal political reforms as interference in domestic policies that undermined the GCC states’ sovereignty. Most importantly, the GCC has always rejected the EC’s protectionist measures, demanding that its industrial and petrochemical products enter the EU’s market at a reduced duty rate because EU exports entered the GCC countries, without duty or at very low tariffs, between 4 and 7 per cent (Szajkowski, 2005).

In October 2012, the GCC voiced its objection of the decision to exclude the GCC from the EU’s list of the New GSP of 2014, “which promotes preferential duties for developing countries’ export to the EU” (Colombo & Committeri, 2013, p. 33). The Commission explained that the objective of the GSP is to help developing countries that are lagging behind through giving them space and support and using the GSP as an incentive to good governance and sustainable development (The European Commission, 2012). The GCC responded that its exports to the EU will be harshly affected by the Commission’s decision; the GCC viewed its industries as emerging and in need of support, similar to the developing countries, despite the high GDP per capita rating that placed the GCC among the rich economies (The IQD Team Connection, 2012).

Moreover, the GCC criticised the EU’s Mediterranean policies as negligent of the role its investments, aids and development funds played in the development and stability of

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<sup>78</sup> The term “partner” has been repeatedly mentioned and stressed during the interviews with GCC officials (D) (B) (F), indicating that the EU did not recognise or treat the GCC as such.

the Mediterranean. In addition, the GCC considered the EU's and the US' influences in the MENA as factors contributing to the difficulties encountering the GCC. Severe competition between the EU and the US had often made individual European states scramble over securing lucrative bilateral economic and defence deals with GCC states as well as with the Mediterranean countries (Burke, et al., 2009). The GCC considers the EU inept at exerting actorness on regional crises and advancing independently its policy prerogatives without referring to Washington a matter that limits the EU's influence and confines it to executing the American Middle Eastern policies (Colombo, et al., 2012). Alternatively, the GCC considers its role in the Mediterranean as influential and motivated by political and humanitarian motives more than by the purely economic conditions of the EU (Colombo, et al., 2012).

### **3. GCC–EU economic partnership in the Mediterranean: tools and indicators**

The EU is an international actor that considers multilateral cooperation a major pillar underpinning its organisational structure, internal governance and external relations and deliberations; accordingly, “multilateralism” is a major feature of the EU's identity and a policy that enables the EU to interact in a “suitable environment” to influence and achieve goals (Scott, 2014, p. 19). However, Higgot argues that bilateralism and multilateralism are “two arms” that can enhance the “broader discourse on regional economic cooperation and integration”, simply because no state “pursues just a bilateral or multilateral trade policy” (Higgot, 2006, p. 30). Similarly, Dent argues that “region-convergent bilateralism”<sup>79</sup> can enhance regional integration by consolidating the economic and political “intra-regional” relations, as the Germany-France bilateral relations have provided the base on which the EU was built and as the EU continues to engage with “lesser powers” (Dent, 2006, pp. 82, 84). Similarly, Dent does not negate the benefit of considering bilateral relations as a “sub-structural base” that encourage the socialisation and proliferation of networks and epistemic communities that may influence decision-makers and lead to the conclusion of a FTA (Dent, 2005, p. 87).

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<sup>79</sup> Dent posits that “region-convergent bilateralism...can make positive contributions to the development of regionalism” on the assumption that the “gradual evolutionary process of bilateral-to-plurilateral rationalization may eventually lead to regional-level agreements and forms of co-operation arising”; alternatively, region-divergent bilateralism “may undermine the integrity or capture key aspects of regional organizations, including their regional economic projects” (Dent, 2006).

During the last decade, GCC–EU economic ties, in the Mediterranean have increased with the GCC investments exceeding those of the EU. Analysts concede that the financial crisis has weakened the trend but has not changed its aims. Welcoming the joint parliamentary delegation’s visit to Brussels in September 2012, the President of the Foreign Affairs Committee, Elmar Brok, described the partnership with the GCC as "the most important partnership for the European Union” and professed that “the future of a strategic partnership means even more intensive dialogue." (Kuwait News Agency, 2012). Considering that deeper economic interaction is an effective tool for fostering integration, this section assesses the EU’s willingness to exert actorness and the GCC’s readiness to explore cooperative ventures in the Mediterranean. The section identifies the tools available on the GCC and the EU sides, evaluates their efficiency and indicates their validity in encouraging further collaboration between the two blocs. Then, the section discusses the indicators used to assess the potential and the limitations obstructing the development of a GCC–EU–Mediterranean economic partnership.

### **The EU’s tools vis-a-vis the GCC**

Bretherton and Vogler define opportunity as “the “external environment of ideas and events – the context which frames and shapes EU action or inaction” (Bretherton & Vogler, 2006, p. 24). Moreover, they consider presence as the “unanticipated, or unintended, consequences of the Union’s internal priorities and policies” (Bretherton & Vogler, 2006, p. 27). Accordingly, Bretherton and Vogler do not question the EU’s ability to formulate policies in accordance with its priorities but rather the “extent” these policies can “realise” outcomes, especially when considering the EU’s intricate decision-making and the competition between divergent national interests (Bretherton & Vogler, 2006, p. 31).

Generally, the EU’s presence in the Middle East dates back to the foundation of the EC, albeit limited to the Maghreb and former French colonies. The EU had various policies and initiatives but none of them benefited from the interregional links between the Gulf and the Mediterranean countries. Therefore, this section presents the opportunities and tools at the EU’s disposition and on which the EU can leverage its trade interests with the GCC. The author derived the tools from the primary documents, official declarations and articulated goals, as well as secondary resources. The evaluation of the tools was based on what was actually realised and found in the collected data. The



evaluation indicated whether the tool has proved valid or not, as well as the evidence for each result. The effectiveness of some tools was not determined due to the lack of evidence despite its ostensible potential at inducing cooperation.

**Table 5.1: EU economic tools vis-a-vis the GCC**

EU tool		Yes/No	Evidence
1	The EU regional trade negotiations	Yes	Regional trade negotiations continue with countries from all over the globe; negotiations and talks with India, South Korea, and ASEAN faltered and hardly produced any progress
2	The EU as first GCC trade partner	Yes	The GCC–EU trade statistics reached €128.6 billion in 2011; the GCC considered adopting the EU’s system of common currency and centralised political system
3	European investment in the Mediterranean	Yes	In 2002, The EIB established the Facility for Euro–Mediterranean Investment and Partnership (FEMIP) to support industrial sectors, and small and medium-sized enterprises
4	European investment in the Gulf	Yes/No	A significant share of FDI in Saudi Arabia has come from Europe (over 23 per cent of the total stock in 2010); France is the largest European investor (9 per cent). Still, there is no business union or a European chamber that promotes GCC–EU investment
5	The GCC’s need for integration and advanced economic regulations	Yes	The GCC has established new institutions and independent regulatory agencies (IRAs) that are importations of American and Western European regulations
6	The EU as a mediator in the Palestinian–Israeli conflict	Yes/No	The EU plays an important and major role in mediating the Palestinian–Israeli conflict; however, the GCC views that the EU should be more stringent with Israel regarding its violations of human rights, occupation and building settlements in Palestinian territories

Source: Author

### ***1. Trade as a core component of the EU's 2020 strategy***

The EU's 2020 strategy states economic growth as a major goal that sustains the EU's competence and advancement and boosts the EU's exports of goods and services demand (The European Commission Trade, 2010b). Therefore, trade is an essential element and a security mechanism by which the EU pursues its national and collective interests and asserts its position, as a major global actor shaping world economic affairs and interaction. The EU has established "institutionalised" trade relations and more than 140 trade missions all over the world (Bretherton & Vogler, 2006, p. 74). Exerting influence through trade is apparent in the EU's use and application of the UN's economic incentives and sanctions and in guaranteeing aids, development funds and projects. Though these venues are not always applicable to GCC countries in general, the EU's preference for establishing FTAs and its GSP are mechanisms, are all economic instruments by which the EU encourages third world developing countries to respect human rights and promote democratic principles (The European Commission Trade, 2010b).

#### *Evaluation:*

Indeed, the EU has always been committed to multilateral trade negotiations, and to the completion of the Doha Development Agenda, despite the fact that little progress has been achieved on the EU's multilateral scene (Abbott, 2008). After a period of inertia that marked the EU's bilateral talks since 1996, and inspired by drift in the 2006 Doha Round Negotiations, the EU's trade strategies displayed a shift towards concluding FTAs with growing economies: India, ASEAN, Japan, Canada, China, Central America and Andean Community, and Maghreb and Middle East under the EUROMED, among others (Abbott, 2008). In addition, the EU has concluded many preferential trade agreements all around the globe and negotiated interim economic partnerships with the rest (The European Commission Trade, 2011). Although limited progress has been made on the liberalisation of trade goods, except with Morocco, negotiations on agriculture and fisheries have been concluded and entered into force on 1 October 2012 with Israel, Egypt and Jordan (The European Commission Trade, 2012). Therefore, the GCC–EU trade exchange continues to grow and deepen GCC–EU economic interdependence, in spite of the suspension of the FTA negotiations.

## 2. The EU: the GCC's first trade partner

The GCC is a major partner that provides 25 per cent of the EU's total energy; stability in the Gulf and the Mediterranean are vital for both organisations to coordinate a security based approach, such as the long-term strategy of the EMP (Brach, 2007). Although their 1988 Cooperation Agreement states the commitment to achieve a FTA, the GCC demanded it be permitted to levy export duties, while the EU refused and insisted on including clauses on human rights in the FTA (Guerin & Pacchioli, 2012). The construction of the GCC customs union in 2003 gave the GCC bigger roles and facilitated its integration in world economy and international markets (Guerin & Pacchioli, 2012). After the Arab Spring, FDI went to those countries witnessing more social and political stability with two-thirds of the inflow going to the resource-rich Gulf countries.

*Evaluation:*

**Table 5.2: EU trade with the 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
2007	31 883	-11,3	2,2	60 946	11,2	4,9	29 063	92 829
2008	37 378	17,2	2,4	68 487	12,4	5,2	31 109	105 865
2009	22 337	-40,2	1,8	57 100	-16,6	5,2	34 763	79 436
2010	35 010	56,7	2,3	65 022	13,9	4,8	30 011	100 032
2011	56 379	61,0	3,3	72 255	11,1	4,7	15 875	128 634
2011Q1	12 525	-	3,0	16 790	-	4,6	4 265	29 315
2011Q2	13 968	-	3,3	16 981	-	4,5	3 013	30 949
2011Q3	15 459	-	3,7	17 600	-	4,6	2 142	33 059
2011Q4	14 428	-	3,4	20 884	-	5,2	6 456	35 312
2012Q1	-	-	-	-	-	-	-	-
2012Q2	-	-	-	-	-	-	-	-
2012Q3	-	-	-	-	-	-	-	-
2012Q4	-	-	-	-	-	-	-	-
Average annual growth (2007-2011)		15,3			4,3			8,5

**Source:** (The European Commission Trade, 2012).

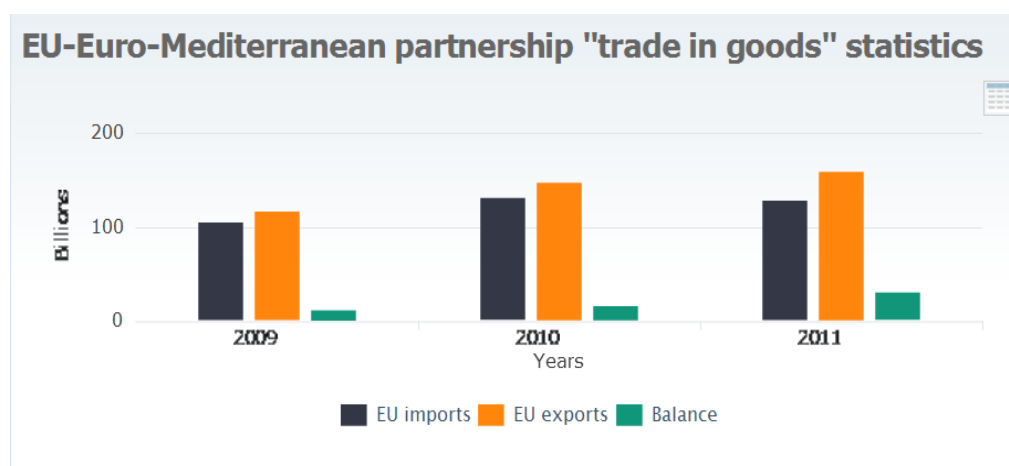
The EU is the GCC's first trading partner and a major provider of technology and machinery in the Gulf, while the GCC is the EU's fifth importer of goods (The European Commission Trade, n.d. (a)). In 2011, GCC's imports from the EU were 4.7 per cent of total EU exports, registering €128.6 billion (The European Commission Trade, No Date (a)). In 2010, Kuwait's ambassador to the EU, Nabeela Al-Mulla, described GCC–EU cooperation as “remarkable” especially in trade, energy and education (Kuwait News Agency, 2010). Confirming the GCC's economic and financial

capacities and its position as the EU's biggest trader, the EU granted the GCC countries preferential rights of entry to the EU's market under the GSP. However, trade is not the only driver behind GCC–EU relations: geopolitical and ideational interests, as well as the influence of interest groups are among the factors consolidating GCC–EU interregional links.

### *3. European investment in the Mediterranean*

The EU has been present in the Mediterranean since the establishment of the EC, through its different initiatives and frameworks, among which is the EMP. In principle, the EMP was mainly a security policy aimed primarily at stabilising the Mediterranean region through bringing development, regional and national prosperity, establishing a FTA and removing investment barriers (Brach, 2007). During the past two decades, Mediterranean Partner Countries negotiated and signed many bilateral trade agreements with the EU, in order to enhance their exports to the European countries and be able to integrate in the global economy (Favara, 2012). However, economic activity and the overall growth of the MENA went down from 5 per cent in 2010 to 3.3 per cent in 2011, because of the Arab uprisings and the shift undertaken by foreign investment in the Middle East towards the resource-rich and labour importing countries (International Monetary Fund, 2012).

*Evaluation:*



**Figure 5.1: EU–Euro–Mediterranean partnership trade in goods statistics**  
Source: (The European Commission Trade, 2010a)

The Mediterranean represents 8.6 per cent of total EU external trade; most of the Mediterranean countries have concluded association agreements with the EU (The European Commission Trade, 2010a). To push the relations further, the EU has presented the Mediterranean countries with a “silver carrot” that promised “progressive integration into most areas of Union Policy” without granting membership (Bretherton & Vogler, 2006, p. 158). Accordingly, a bigger role has been given to the EIB, as a leading investor and a key player in the EMP, whose focus is on modernisation and liberalisation of the economies of the Mediterranean partners (European Investment Bank, n.d.). In 2002, the EIB established the Facility for Euro–Mediterranean Investment and Partnership (FEMIP) to develop the industrial and energy sector, and promote small and medium-sized enterprises (European Investment Bank, 2002). In order to deepen the EU’s involvement in the Mediterranean after the Arab Spring, the High Representative for Foreign Affairs and Security Policy announced that the EU had allocated €140 million to humanitarian assistance and €7 billion to the ENP, as a gesture for amending the EU’s past inefficient management of the EMP (Yardimci, 2011). As such, GCC–EU joint economic ventures in the Mediterranean are to promote economic growth and bring stability while realising the GCC’s diversifications policies and the EU’s economic interests.

#### ***4. The EU’s investment in the Gulf***

The GCC’s investment environment shows greater stability than in the MENA; such stability is attributed to the dominant role of public investment projects in bringing modernisation and development (Ianchovichina, et al., 2011). A Senior EU official commented that,

“the GCC countries are more westernised and at the same time, more developed than the Mediterranean countries; cities and streets resemble those of the United States and Gulf people unlike the rest of the Arab world like the Western style of living and aspire to achieve the same position with the help of the EU’s experts.”<sup>80</sup>

The GCC’s strategies included liberalisation processes that attracted financial investors and foreign companies from the US, the EU and Asia to the grand and major infrastructure projects in the region (The Economist Intelligence Unit, 2009). The reports of possible lifting of restrictions on foreign ownership and other financial

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<sup>80</sup> Senior EU Official (A), 2013: Personal Interview, in Riyadh, 23 February 2013.

regulations, including liberalising share trading in the Saudi Stock Exchange, stimulated a significant rise in the values of shares, traded in the Saudi Stock Exchange, and which accounted to 75 per cent of the total value of shares exchanged on all stocks of the six GCC countries (Smith, 2009).

*Evaluation:*

In order to promote GCC–EU FDI the European Chambers co-financed the project ‘EU–GCC Invest’ to stimulate policy debate on FDI and provide a business forum for EU and GCC investors (Eurochambres, 2012). EU-GCC Invest is another example of how the establishment of networks can overcome the obstacles created by the suspension of the negotiations of the FTA. The aim of the networks is to bring European and GCC investors together to explore long-term investment opportunities in the Gulf and to benefit from the prospects offered by the economic growth in the region. United Nations Conference on Trade and Development (UNCTAD) data, has confirmed that between 2005 and 2011, FDI inflows into the GCC have averaged 6 per cent per annum, resulting in the registration of an outstanding increase in the stock of FDI. The data showed that a significant share of FDI has come from Europe (over 23 per cent of the total Saudi stock in 2010), with France standing as the largest European investor (9 per cent). Bahrain had the largest stock of inward FDI relative to its GDP at almost 62 per cent, followed by Saudi Arabia and the UAE at 31 and 25 per cent, respectively (The Economist Intelligence Unit, 2009). As such, European investment in the Gulf is growing; however, there is a need for more allocation of resources for opening delegations, creating business unions and European Chambers in the six GCC countries.

***5. The GCC’s integration and its need for advanced economic regulations***

The GCC is a regional organisation that had evolved out of a focus on free trade in goods; however, its ambitious and resilient goals have placed it as,

“the most advanced example of subregional integration in the MENA, and its objectives are among the most ambitious in the developing world”  
(Rouis, et al., 2010, p. 1).

The GCC is not a member of the WTO, however, the accelerated process of globalisation and the growing global interdependence have facilitated the GCC states’ accession to the WTO and rendered the GCC region a financial centre attracting investor from all over the world including Russia, South Korea and the major European

countries such as France, Germany and UK (Farazad, 2014). Such success attracted FDI flows and stimulated intricate patterns of intra- and interregional trade circulation (Held & Ulrichsen, 2012). Due to its dependency on hydrocarbon exports, GCC global integration is more consolidated than its integration with the rest of the Arab world. The GCC aims at integration with regional and global economies and at building up modern infrastructures, institutions, policies and procedures that facilitate cross-border trade and service exchange. Above all, the GCC considers the harmonisation in the GCC financial system with international economic regulations will further GCC–EU FTA negotiations, attract FDI and exploit economies of scale (Booz & Company, 2011).

*Evaluation:*

The GCC is an intergovernmental regional organisation that aims at realising economic integration; however, the GCC does not have the depth and the institutionalised structure that the EU has because the GCC opted for informal and consensus-based decision-making. To compensate the lack of regulatory structures in the GCC and in order to attract foreign investment and capitals, the GCC countries have established new institutions and IRAs<sup>81</sup> that match the ones in the US and Western Europe. Moreover, the GCC countries have eased intra-regional restriction in services sectors and adopted economic reforms that altered their markets and governmental institutions. In addition, the GCC states had to deal with difficult and technical complex issues of privatisation, liberalisation and regulating the competition between their opened up markets by asking for technical assistance, consultants and senior personnel from Europe and the UK (Thatcher, 2012). Such procedures have successfully ended the legal monopolies, conferred legal powers to public agencies and set out explicit statutory objectives and powers that facilitated the separation of public agencies from the government. Although the GCC countries have selected different regulations that are in accordance with the dominant trend in their international transactions (Thatcher, 2012), the GCC still is in dire need to the EU's distinct knowledge and experience in building regulations that is harmonised with the various international economic laws.

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<sup>81</sup> An independent “regulatory agency is independent from other branches or arms of the government. The existence of independent regulatory agencies is justified by the complexity of certain regulatory and supervisory tasks that require expertise, the need for rapid implementation of public authority in certain sectors, and the drawbacks of political interference” (Wikipedia, n.d. (b)).

### ***6. The EU as a mediator in the Palestinian–Israeli conflict***

The EU plays an important role in mediating and framing settlements to major conflicts in the world. Multilateralism and negotiation are essential strategies in the EU inner and external affairs (Bretherton & Vogler, 2006, p. 34). Conflict prevention and resolution is an area where the EU exerts its actorness and enhances its image as a civilian power seeking stability and peace within and outside its environment. In this respect, the EU has been a major actor whose economic and political capabilities had important implications on the Palestinian–Israeli conflict. The EU has always supported the Palestinian right to self-determination and reaffirmed its commitment to pushing forward the Palestinian–Israeli’s negotiation and to the establishment of an independent and viable Palestinian state (Norlén, 2012). Similarly, the GCC views the Palestinian–Israeli conflict as relevant to its own security and to the stability in the Mediterranean. However, the convergence in the GCC’s and the EU’s views is more “diplomatic” than genuine; the EU abides by the Quartet decisions and underestimates the implications of the Palestinian unifications between Hamas and Fatah on GCC and Arab security, while the GCC views that reunification between the different parties is an essential prerequisite to peace and stability (Aliboni, 2009). The GCC considers that the EU’s lack of hard security capacity limited its leverage in the Arab–Israeli conflict, and at times, forced the EU to distort its own laws and priorities in order to accommodate Israel’s illegal actions in the occupied Palestinian lands.

#### *Evaluation:*

The EU played a major role in the establishment of the Quartet and in supporting the Palestinians financially through the Regional Economic Development Working Group (REDWG). In terms of actorness, the EU’s autonomy and capacity at mediating have been enhanced by the supranationality and parallel coordination that allowed the EU to expand its diplomatic activities by building on its distinct ideas, rules, institutions and regulations (Mueller, 2013). Though insufficient, the EU’s support to the UN Relief and Works Agency (UNRWA) for Palestine Refugees in the Near East had positive effects on Palestinian lives. The EU’s profile in the Middle East has grown in the last decade, but many limitations continue to prevent it from achieving a complete leverage on the Palestinian–Israeli conflict, among which is the Israel–EU political and economic relationship. The relations have evolved within the ENP and through the EU–Israel



Association Agreement of 2000; in 2010, the EU became Israel's first trading partner and the EU's FDI in Israel had increased, with the entering into force of the agreement that opened up additional agricultural trade (The European Commission Trade, n.d. (b)). In addition, the enlargement of the EU brought new members that did not necessarily agree with the EU's old views of Israel and the EU's decision to isolate Hamas, and its responses to the Arab Spring have casted doubts on its capacity to rapid and effective responses to unexpected developments and crises (Mueller, 2013).

### **The GCC's tools vis-a-vis the EU**

The Mediterranean is one of the EU's various economic policies and cooperative initiatives. The EU considers the importance of the Mediterranean necessitates the building of partnership that brings stability and peace not only to the Mediterranean region but also the Middle East (Europa, n.d.) Considering economic and financial capabilities as efficient tools for responding to regional and global challenges, especially after the Arab Spring, the GCC has demonstrated unprecedented activism seeking new alliances, strategies and global involvement to consolidate its economic and political presence. The GCC–EU trade exchange is larger that of the EU–Mediterranean, and the GCC's investment in the EU is much higher than that of the EU in the GCC (Talbot, 2010). Accordingly, this section presents the GCC's policy instruments, economic and political tools vis-a-vis the EU, which the author derived from primary document, the GCC's articulated goals and the collected data provided evidences to the efficiency of the tools. The evaluation is based on the validity and the effectiveness of each tool in inducing cooperation from the EU.

Since the chapter explores the opportunities for a GCC–EU economic partnership in the Mediterranean, the author finds it **“inevitable”** (bold for emphasis) to exemplify the GCC's economic capabilities and outreach through referring, at certain times, to the economic resources of certain GCC countries that are more affluent than other member states such as Oman and Bahrain. In addition, it is necessary to recall that the GCC is a thinly institutionalised organisation and that the member states retain full manoeuvrability regarding the choices and destinations of their economic investments. Therefore, investment strategies and venues vary among the GCC countries. In addition, the economic interdependence between Saudi Arabia, Qatar or the UAE and the Mediterranean countries is stronger than that between the Mediterranean countries and

Bahrain or Oman. Accordingly, this thesis does not indicate a certain type of economic cooperation between the GCC and the EU and leaves the types of partnerships to be established open for speculation, and may include bilateral, interregional, quasi-interregional and trans-regional cooperation.

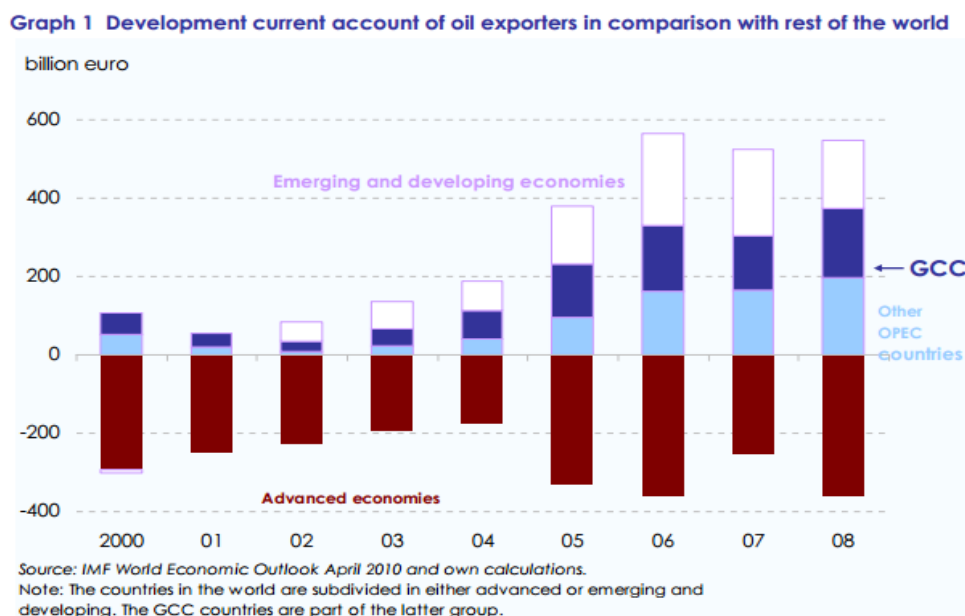
**Table 5.3: GCC economic tools vis-a-vis the EU**

GCC tool		Yes/No	Evidence
1	The GCC's growing economic presence	Yes	The GCC member states are major net suppliers of capital in the global economy and major creditors in financial markets; the GCC's GDP growth reached its highest since 2003, registering 7.5 per cent of global growth. Saudi Arabia is a member in the G20
2	Diversification strategies	Yes	According to international standards, diversification processes in the GCC are satisfactory and are compared to the diversification levels in Canada and Norway
3	The GCC's economic capabilities and Sovereign Wealth Funds (SWFs)	Yes	The GCC Sovereign Wealth Funds (SWFs) are the biggest holder of foreign exchange and foreign assets in most GCC countries; GCC countries have a variety of choices when it comes to investment destinations
4	The GCC FDI and influence in the Mediterranean	Yes	The GCC's flow of FDI in the Mashreq has resulted in impressive economic growth; the GCC's FDI accounts to \$7.1 billion out of the \$17.5 billion officially allocated to the Mediterranean countries
5	The GCC's recognised influence in the Palestinian–Israeli conflict	Yes	The GCC's development assistance and bilateral aid contributions have leapt from \$400 million in 1999 to nearly \$6 billion in the next decade
6	Integrating the Gulf and the Mediterranean regions through a web of sea and land transports	No	Explosive growth in maritime activities in the Mediterranean are offering many investment and employment opportunities; increased cooperation with Mediterranean Partner Countries (MPC); cross-border investment is lacking
7	Islamic banking and finance	Yes	The GCC banking systems have improved and Islamic banking has spread, even in European countries
8	The GCC's economic ties with Asia	Yes	Asian companies are involved in travel and maritime projects, tourism, real estate, rail expansion and economic cities; cheap skilled labour and growing Asian markets contributed to the GCC–Asia trade exchange

Source: Author

### 1. The GCC's growing economic presence

The Managing Director of the IMF highlighted the GCC's economic influence and called for broader engagement with the Gulf countries, stating that the GCC countries were under presented and undervalued by major economic powers of the world (Hall & Carey, 2009). Indeed, the GCC countries rank second, to East Asia countries, as major net suppliers of capital in global economy markets and as influential traders and actors, with whom the EU maintains a significant surplus in bilateral trade (Sturm, et al., 2008). Accommodating the dictates of globalisation and global financial integration, the GCC surplus reserves started to influence and generate significant stimulus in global financial markets, through FDI, and cross-border assets and loans, bringing up GCC accounts from €53 billion in 2000 to €177 in 2008 (Peeters, 2010).



**Figure 5.2: Development current account of oil exporters in comparison with rest of the world**

#### *Evaluation:*

Trade has been considered one of the GCC's areas of strength. When comparing the GCC's development to the development of other OPEC countries, statistics reveal that the GCC alone had more progress in the period between 2000 and 2008. Due to the globalised open economies and cross-border investments, the GCC states have become major creditors in global financial markets. The combined accounts of the GCC states registered €1 trillion of surpluses in 10 years and in a sharp contrast to the more

advanced economies of the US and EU, whose accounts registered significant deficit (Peeters, 2010). In 2011, GDP growth of the GCC reached its highest since 2003, registering 7.5 per cent of global growth; in 2012, growth slowed across the globe, as the financial crisis intensified, forcing some European governments to undergo extensive fiscal tightening that resulted in tepid financial activities and setbacks across financial markets. Nonetheless, the GCC's stronger financial position proved resilient against external financial pressure, enabling the GCC countries to pursue economic strategies and expand their financial policies (The Economist Intelligence Unit, 2009), 2009).

## ***2. The GCC's diversification strategies***

Diversification provides market flexibility and adaptable economic strategies that reduce risks from uncertainty in business cycles and other exogenous shocks (Beutel, 2012). The GCC's industrial diversification is minimal and based on exports of hydrocarbon; albeit, the GCC's dependence on imported technologies and labour has created the need for advanced technology, adequate competitive human capital and diversified venues for investment (Brach, 2007). The GCC's long-term diversification strategies aim at balancing two difficult goals: the first, to reduce public dependence on government, as a major driver for growth, and the second, to find new mechanisms to support public expenditures, while enhancing the GCC countries' overall profile as business friendly (The Economist Intelligence Unit, 2010b). As such, the GCC countries have promoted various development strategies that were built on diversifying resources and developing non-oil economy and revenues in governmental budgets, in order to reduce the risks associated with over reliance on hydrocarbon revenues.

### *Evaluation:*

Analysts praise the GCC economic strategies, which managed to escape the Dutch disease<sup>82</sup> and turn their resources into blessings, while succeeding in achieving economic diversification and setting the GCC states apart from other oil-producing countries and from the developmental prescriptions of the IMF, the World Bank and

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<sup>82</sup> The term is inspired from the consequences following the discovery of the giant gas field at Groningen in 1959 when negative consequences arose from the large increase in the country's income and led to a decrease in productivity of other sectors such as agriculture and fishing. Other causes for the Dutch disease include FDI, foreign aid or increase in prices of natural resources such as oil (Luciani, 2012).

other financial institutions (Luciani, 2012, p. 16). According to international standards, diversification processes in the GCC are satisfactory and compared to the diversification levels in Canada and Norway (Beutel, 2012). The GCC's diversification strategies focus on trade, power, financial services, tourism, mining, mining industries and energy-intensive manufacturing. The GCC's business class, public industries and state-owned small-order execution systems (SOEs) enterprises play important roles in the GCC diversification processes. The new generation of matured, dynamic Gulf SOEs have leadership and management structure that is "outward-oriented", in line with international corporate standards, and in sharp contrast with the politicised and inefficient Venezuelan, Iranian and Russian SOEs (Hertog, 2012, p. 123). As such, diversification policies are areas where GCC–EU collaboration can encourage small and medium enterprises that contribute to the GCC's development and growth.

### *3. GCC's economic capabilities and Sovereign Wealth Funds*

The US Treasury Department defined SWFs as "a government vehicle which is funded by foreign exchange assets, and which manages those assets separately from the official reserves of the monetary authorities" (U.S. Department of the Treasury, 2007). The GCC's SWFs are,

"investment funds owned and managed by national governments that had been created in the 1950s, by oil and resource-producing countries to help stabilise economies against fluctuating commodity prices and provide a source of wealth for future generations" (Weiss, 2008, p. 1).

Despite their major alleviating role during the early stages of the credit crisis, SWFs were regarded with suspicion, due to the limited public information on their institutional structures and investment management, a matter that necessitated differentiating between their sources, goals, and each fund activity (Subacchi, 2008, p. 150). Kuwait was the first country to establish a SWF to manage its export revenues in 1960. Out of concern of inflation and due to the limited domestic environment, the GCC states established a number of wealth funds to invest abroad the exceptional wealth, accumulated out of the unprecedented surge in oil prices between 2000 and 2008, in both conservative and risky projects all over the world (Bahgat, 2012).

*Evaluation:*

SWFs remain a distinct Gulf phenomenon, although other countries such as Singapore, Norway, South Korea, Russia and China were inspired by the experience (Goldstein & Scacciavillani, 2008, p. 177). The GCC's SWFs are the biggest holder of foreign exchange and the main accumulators of foreign assets and global financial markets taking into consideration the GCC's broader strategic goals (Sturm, et al., 2008). Evidently, the GCC's foreign assets have played a major role in alleviating the financial crisis and bailing out major American, European and international institutions, demonstrated by Saudi Arabia's significant role as a holder of US denominated debt and in the G20 (Behrendt & Helou, 2010). Global macroeconomics predicts the GCC's economic growth to overrate 6.3 per cent for 2012; with 15 per cent of fiscal surpluses for Saudi Arabia and 23 per cent for Kuwait (Gulf Investment Corporation, 2012). The GCC's SWFs are efficient tools; the Gulfmena Excess Fund that is regulated in Luxembourg aims at capturing excess returns in the MENA equity markets (Blum, 2011). However, the GCC have a variety of choices when it comes to investment destinations. When asked whether Asian markets pose as competent investment venues, a GCC official replied,

“there is going to be great and significant effect on GCC–EU cooperation. The damage will be on Europe because Asia is a promising market, even the EU is investing there, we were late to go to Asia, we invested in Arab countries and we should have directed our investment there. They are promising markets and more stable and now the GCC is negotiating with South Korea and China, New Zealand and Canada.”<sup>83</sup>

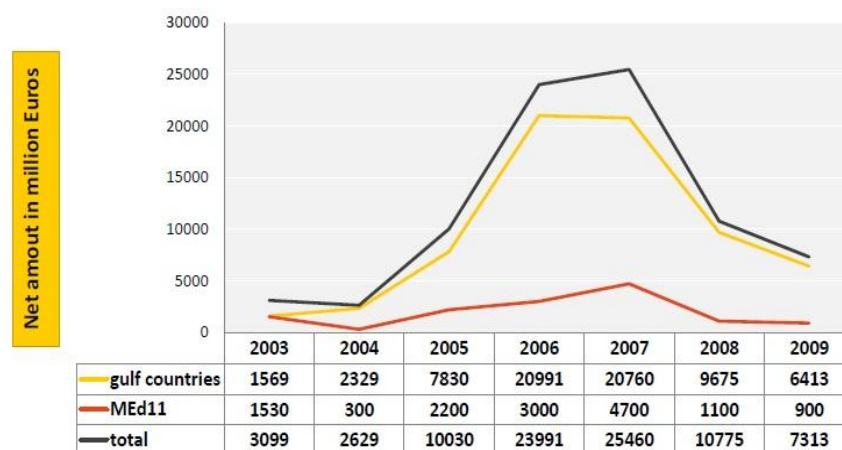
***4. The GCC's FDI and influence in the Mediterranean***

The Mediterranean countries are tied to the GCC countries through tourism, labour and expatriate remittances. For the GCC countries, the Mediterranean is their gate and link to the eurozone area. The GCC countries are interested in foreign investment because of the limited domestic investment venues and their limited populations. Recognising the complications of its protectionist policies after 9/11 and the Dubai Ports controversy, the GCC states began to wisely invest away from the US and the Mediterranean. Despite the slow global growth that followed the economic crisis of 2008–2009, the developing and transition economies of the Southern Mediterranean absorbed more than half of the global FDI inflows. Due to their low integration in the world economy, the

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<sup>83</sup> Senior GCC Official (D), 2013: Author's Interview, in Brussels, 27 March 2013.

Mediterranean countries were less influenced by the economic crisis and were considered a destination for international capital investment.



Med11 : Algeria, Morocco, Egypt, Israël, Jordan, Lebanon, Palestinian Authority, Syria, Tunisia, Lybia, Turkey  
 Gulf countries: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, UAE.  
 Source : ANIMA-MIPO



**Figure 5.3: Gulf countries are the first regional investors in the MENA**

*Evaluation:*

The GCC is a major direct investor and assistance provider to the Mediterranean countries that are going through a transition processes. Out of \$17.5 billion officially internationally allocated, the GCC contributed by \$7.1 billion (International Monetary Fund, 2012). In the period 2003–2009, GCC FDI in the Mediterranean accounted for two-thirds of the FDI inflow, and about 50 to 70 per cent of stocks in Egyptian and Jordanian stock exchanges are owned by the GCC countries (Siddiqi, 2009a). According to the World Bank, the GCC's inflow of FDI is worth \$120 billion; 13 per cent of the GCC's foreign investment went to the MENA, with Egypt boasting 7.2 per cent, Lebanon 6.5 per cent, and Jordan 5.5 per cent of GDP growth (Samba Chief Economist Office, 2008) mentioned in (Momani, 2011, p. 168). Samba Dubai has announced its plan to spend \$14 billion on a Business and Leisure Park in Tunisia; such a transaction represented the largest FDI investment in Tunisia that contributed 40 per cent to Tunisia's GDP, while Morocco received what amounts to 33 per cent of its GDP from the UAE (Eid, 2008). Interregional trade between the Gulf countries and the AMC's and Turkey has increased 700 per cent, outweighing the EU's investments; especially in tourism, telecommunication, transport and real estate sectors (Schumacher,



2010). The GCC's present investments were not concentrated in hydrocarbons and real estate sectors, but also included financial services and manufacturing sectors (Samba Chief Economist Office, 2008), mentioned in (Burke, et al., 2009).

### ***5. The GCC's role in the Palestinian–Israeli conflict***

The Palestinian–Israeli conflict presents a GCC–EU shared security concern, a destabilising factor and a source for radicalism that is often used by Iran to advance its influence in the Arab countries and the Levant. However, GCC–EU convergence on the Palestinian–Israeli conflict is considered a diplomatic convergence that did not materialise into any common perspective, as the EU fails to perceive the importance of the Palestinian unification. Lately, Qatar has earned its international acclaim as a diplomatic mediator. Qatar's recent peacemaking interventions integrated wealth, will and economic capability with a political vision. Qatar's foreign policy was carefully crafted to build a bridge between the West and the Arab worlds, as demonstrated by the recent turmoil of Libya and Syria (Barakat, 2012).

#### *Evaluation:*

The GCC countries have shown enduring political and economic commitment to supporting the Palestinian people, especially by Saudi Arabia who held key roles with Egypt in the Middle East Peace Process (Burke, et al., 2009). Saudi Arabia, Kuwait and the UAE rapidly responded to the crises that followed the conflicts, in 2006, 2008 and 2009, and their development assistance and bilateral aid contributions have leapt from \$400 million, in 1999, to nearly \$6 billion in the next decade (Barakat & Zyck, 2012). The Palestinian Minister of Public Works and Housing acknowledged the GCC's humanitarian dominations and support of the Palestinian cause by asserting the Arab states' commitment to helping the Palestinian people (Barakat & Zyck, 2012). Pursuing prominent foreign policy and diplomatic role in supporting the Palestinian cause, Qatar has become an interlocutor between very antagonistic groups: Hamas, Iran and Syria (Wright, 2012, p. 309). Analysts considered the bold visit of the Qatari Amir to Gaza, in October 2012, as a smart manoeuvre to undercut Iran's Shiite influence on Hamas and other Islamist movements that were pushing to the political front lines of the region (Johnson, 2012). King Abdullah's Arab Peace Initiative provided a ground on which negotiations for peace could be established between the Arab countries and Israel.

## ***6. Integrating the Gulf and the Mediterranean through a web of sea and land transports***

Recently, policymakers, investors and interest groups called the attention to the regional macroeconomic environment that proved resilient, thanks to the Gulf foreign investment. The EU and the GCC have shared economic interest in the development of the region's infrastructure that would facilitate in and out transportation of goods and merchandise between Europe, the Mediterranean countries and the Gulf region. The EC conceives constructing a particular system of integrated sea-land highways across the Mediterranean and contemplates developing Mediterranean Sea highways as well as the Mediterranean infrastructure on land and sea (Aliboni, 2009). Maritime traffic in the Mediterranean is showing magnificent growth and port development is offering promising investment in merchant fleets, port infrastructure, port community systems and management, and employment opportunities (Møller, 2012).

### *Evaluation:*

The explosive growth in maritime activities in the Mediterranean is offering unprecedented opportunities for joint investment and job creation. Considering the financial difficulties through which the EU is passing and the GCC's diversification policies, such projects can be accomplished through a strategic partnership that takes into consideration the effects of piracy on both organisations and the need for transportation that would connect the Gulf region with Europe through the Mediterranean. An integrated regional framework could be streamlined through the EMP and the GCC–EU Cooperation Agreement, while placing the GCC and the EU on equal stance (Koch, 2013) and acknowledging their different economic interests. However, until recently, little attention has been given to the assessment of possible joint ventures. A GCC official commented that the Gulf countries are hesitant to enter into maritime projects, within the EMP, for fear of Israel being imposed on them. Moreover, political rivalries<sup>84</sup>, suspicion and lack of communication between the Maghreb countries, especially Algeria and Morocco, do not provide a commodious platform for developing a triangular partnership that creates an integrated regional market because both the EU and the GCC are engaged in financial and political stabilisation within their organisation (Luciani, 2013).

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<sup>84</sup> Senior GCC Official (D), 2013: Personal Interview, in Brussels, 23 March 2013.

### ***7. Islamic finance and banking***

Islamic banking is built on the concept of fair risk sharing and equity that provides built-in stabiliser and explicit trust between consumers and the financial institutions; such kind of shariah-based trust that is lacking in conventional banking systems assigns the role of the institution as impartial facilitator (DiVanna & Sreih, 2009). The concept further developed during the last decade, giving birth to alternative financial techniques and economic products that were triggered by the collapse in international financial markets and the loss of consumers' confidence. Islamic finance became an expanding industry, encompassing retail and investment banking, insurance, issuing and trading shariah-compliant securities (*sukuk*).<sup>85</sup> The proliferation of Islamic institutions has taken a global perspective, extending to Western cities. In London, the British government, with the support of the Bank of England and the Financial Services Authority, created changes in the fiscal and regulatory system, in order to accommodate Islamic finance and provide the UK Muslim population with access to broader markets (Anstee, 2010).

#### *Evaluation:*

The GCC states became at the centre of Islamic finance, which showed continuous growth and resilience. The profits of Islamic finance recorded \$639 billion out of the \$900,000 billion of the global financial industry, at times when other major banks were suffering from the financial crisis (DiVanna & Sreih, 2009). GCC Islamic banks have been less affected; GCC investors in conventional banks, such as Kingdom Holdings, which has 5 per cent of City Bank, and Qatar Investment Authorities, which holds a significant share in Barclays, have been less resilient than the Al Rajah Bank, which has proven synergies with Asian and African Islamic finance (Wilson, 2012). Likewise, the Kuwait Finance House (KFH) has expanded into Turkey, Malaysia and opened offices in Singapore and Melbourne. The Dubai Islamic Bank has 34 per cent investment stake in real estate companies in Turkey, Lebanon and the UK (Wilson, 2012, p. 147).

The Saudi Arabia Basic Industry Corporation (SABIC), the fifth largest petrochemical internationally, has financed its expansion projects and production facilities in the

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<sup>85</sup> Sukuk "is the Arabic name for financial certificates, but commonly refers to the Islamic equivalent of bonds. Since fixed income, interest-bearing bonds are not permissible in Islam, Sukuk securities are structured to comply with the Islamic law and its investment principles, which prohibits the charging, or paying of interest. Financial assets that comply with the Islamic law can be classified in accordance with their tradability and non-tradability in the secondary markets". Source: [Wikipedia http://en.wikipedia.org/wiki/Sukuk](http://en.wikipedia.org/wiki/Sukuk)

Netherlands, the UK and Germany through *sukuk*, instead of resorting to the interest based banking (Wilson, 2012). Most importantly, the Islamic Investment Bank and the EIB signed a MoU that indicated both organisations' intention of cooperating to identify possible joint projects and promote public private partnerships in Egypt, Jordan, Morocco and Tunisia. This proposed cooperation has all the potential for success in the Mediterranean, considering the appeal for Islamic regulation among the Mediterranean consumers and the dire need for foreign capital flow. As such, a GCC–EU partnership in Islamic finance is projected to have positive “spillover” and attract large surpluses from the Gulf region, creating a financial bridge between the economies of the EU, the GCC and the Mediterranean, and presenting Islamic financial regulations in a new and “modern paradigm of a transnational market interoperation” (Austay, 2010).

### ***8. The GCC's economic ties with Asia***

The GCC's growing linkages with Asia and its negotiations over FTA have significant implications on its relations with the EU. The GCC has concluded its FTA with Singapore in 2008 and is negotiating other agreements with Japan, South Korea, India, Pakistan, China and New Zealand, while GCC–EU FTA negotiations reached a standstill in 2009. Evidently, the rise of China and India as global and regional actors has created a gap between the Gulf eastward economic inclination and its Western security alignment. The GCC's future investment strategies display a shift towards Asia because of what the GCC perceives as hostile attitude and potential risks in some of the Western recipients countries. Added to this the EU's economic and political constraints on sovereign investors and rules regarding the proportion of domestic assets that can be owned by a foreign government or investor are pushing the GCC eastwards, towards Asia and former countries of the Soviet Union (Tétreault, 2011, p. 18). Alternatively, China has been demonstrating active foreign policy and “casting around for partners to check the excesses of American power” (Scott, 2007b, p. 30), establishing economic and political partnerships with potent partners around the globe.

#### *Evaluation:*

Despite the geographical spaces and the asymmetries in socio-economic and political structures, a strong interdependency is creating a links of mutual interests between the GCC countries, Japan, China and South Korea and fostering a number of loans,

incentives and cooperation agreements in hydrocarbon safekeeping projects and nuclear collaboration (Davidson, 2011b). GCC–Asia investments have enhanced considerably, making Japan the first foreign investor in Saudi Arabia, with \$11 billion in 24 industrial and service projects (Davidson, 2011b). Asian companies are involved in the GCC’s travel and maritime projects, tourism, real estate, rail expansion and economic cities. In addition, Chinese FDI in Saudi Arabia and the UAE are worth \$240,000 and \$31 million, respectively. China’s economic power has surpassed the UK in 2005-6 and is “set to overtake Germany and Japan in the near future” a matter that enhances its political and economic outreach and establishes China as a “significant actor in world affairs” (Scott, 2007a, pp. 130, 131). Alternatively, GCC investment in Asia has grown because of the Asian growing markets that are appealing to foreign investors. Luciani purports that,

“because of the very complex decision-making procedure within the Union, the EU tends to be very rigid in dictating to partners what they should do: it is not an equal relationship. That can work with weaker or poorer countries; it does not work with the GCC.” (Luciani, 2013)<sup>86</sup>

The contrast between GCC–EU relations and GCC–Asia relations is a stark indication of the GCC–Asia new linkages and of the Gulf repositioning in the international system (Held & Ulrichsen, 2012) and which the GCC can use to advance its position with the EU. India also is adapting to the winds of globalisation, establishing new strategic and geopolitical links and consolidating old ones, heating the economic competition with China and speeding the race for securing energy resources in the Gulf (Scott, 2008). While China often refers to the global system as multipolar, the EU is still reluctant to adopt the term, opting for flexible multilateral cooperation that considers the nature of the actors involved, their regulations, organisational structures and the legal base within which the EU’s partners function (Scott, 2014).

### **Indicators for measuring the success of a GCC–EU trade partnership**

This section presents the indicators used to measure the potential for a GCC–EU trade partnership in the Mediterranean. The author derived the indicators from the literature on GCC–EU relations and among the mechanisms indicated by the JAP. The aim of using these indicators is to assess the degree of aptitude of both organisations to

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<sup>86</sup> Luciani, G., 2013: Email Interview, 18 March 2013.

concede, reassess policies and prioritise its partners' interests. The choice took into consideration the objective and subjective factors that might foster rapprochement rather than the presences of certain technical or economic regulations.

**Table 5.4: Indicators for measuring the potential of a GCC–EU economic cooperation in the Mediterranean**

Indicator		Yes/No	Evidence
1	Convergence in normative and strategic interests	Yes/No	Both share an interest in the Mediterranean development and stability; however, the EU disregards the common economic interests, maintains its protectionist policies and links the conclusion of the FTA to political conditions
2	Willingness to reassess policies and enter into a partnership	No	The two organisations failed to seize the emerging opportunities, due to the elimination of the GCC from the EU's Mediterranean policies. The EU views the GCC as a main resource for energy and as a financier
3	Willingness of the Mediterranean countries to share information and profit	Yes/No	Dubai restructured the Egyptian debt of its Stock Exchange; the GCC have investments in tourism, real estate and communications in the Mediterranean; however, the execution of the Greater Arab Free Trade Area (GAFTA) of 1997 with the GCC countries varies from one country to another
4	Joint assessment of investment opportunities	Yes/No	The 'EU–GCC Invest' was established by the European Chambers to promote joint ventures. however, bilateralism prevails over multilateralism

Source: Author

### *1. Convergence in normative and strategic interests and structures*

The Mediterranean is part of the GCC and the EU neighbourhoods and both organisations consider stability and economic prosperity in the Mediterranean a shared interest. In addition, the GCC and the EU view regional integration as vital to economic growth, and cooperation in the development of the Mediterranean sea-land ports would provide smooth access and easy transport of ships and goods from south-west Asia through Arabian and the Red Seas on their way to Northern Europe and America. However, the evaluation reveals that the organisations differ in their social and political

norms, as well as in their Mediterranean goals. The EU's insistence on including human rights clauses, demanding democratic reforms in the Mediterranean and implementing the carbon tax for environmental concerns are all ideational factors that were rejected by the GCC as obstacles against further cooperation (Kostadinova, 2013b).

While the GCC has gone global in its political ground, developing its strategic Asian ties, while keeping its security alliance with the US, the EU has worked constructively only on developing a framework for enlarging its neighbourhood up to Russia, while prioritising its relations with Eastern European countries (Aliboni, 2009). In addition, the institutional settings of the EU's Commission and the GCC's Secretariat are incongruent. Koch views that the asymmetries in organisation structures and the lack of sufficient understanding to the mechanism by which the EU function creates false expectations on the GCC side, who "thinks by having some visits all issues are taken care of and then acts by surprise and is offended when the EP passes a human rights resolution, for example."<sup>87</sup> Therefore, shared interests do exist but divergence prevails in the strategies and mechanisms implemented for their achievement.

## ***2. Willingness to reassess policies and enter into a partnership***

The GCC's hesitation to explore shared opportunities in the Mediterranean is attributed to its view of the FTA as a prerequisite to deeper political and economic relations, to Israel's presence and to the GCC's dislike being regarded as the provider of financial sponsorship (Youngs, 2009b). The GCC's growing financial wealth corresponded with the equal growth of its political aspirations of acting beyond its regional arena. Accordingly, the GCC considers that its financial capacities place it on an equal footing with its partners. Such a view has been confirmed by many GCC officials in Brussels who asserted that the EU should look at the GCC as an equal partner and stop dictating rules and orders. On the other hand, the EU perceives the GCC as a source for energy rather than as a potential trade partner by continuing its protectionist policies, while underestimating and ignoring the emerging dynamics and the patterns that link the GCC with the AMCs. In brief, the failure to seize the emerging opportunities, during the last twenty years, is partly attributed to the EU's incumbent Mediterranean policies that

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<sup>87</sup> Koch, C., 2013: Email Interview, in Brussels, 23 March 2013.



have failed to include the GCC and the Mediterranean countries into a comprehensive cooperative framework (Aliboni, 2009).

### ***3. Willingness of the Mediterranean countries to share information and profit***

The 30 share relative political and economic structures and socio-cultural backgrounds that are different from the European; however, the different EU initiatives such as the EMP and the UFM have trade and economic cooperation as core components while neglecting the cultural dimension. The GCC's growing influence and interdependence with the Mediterranean countries, especially in important sectors such as communications, tourism and real estate, displays or is evidence to the significant trust and the willingness of the Mediterranean to enter into common projects that realise mutual interests and goals. Dubai has played a major role in the debt restructuring of the Egyptian Stock Exchange and GCC countries. Statistics confirm the stark differences between the EU's and the GCC's Mediterranean investments with the GCC recording \$268 million, while the EU reached \$70 million (Burke, et al., 2009).

### ***4. Joint assessment of investment opportunities***

Rüland considers networks play important roles in constructing "social relations" between regional organisations, facilitating the flows of knowledge and ideas and assessing the degree and kind of interaction occurring at both the interregional and bilateral levels (Rüland, 2014, pp. 25, 26). Moreover, for Rüland, networks can act as "brokers" and gatekeepers between the "hub" of a region and members of another region (Rüland, 2014, p. 26), thus, generating much needed understanding of the internal dynamics and the role civil actors play in "norm diffusion" and inducing "change" within and between regional organisations (Baert, et al., 2014a, p. 171). In this context, the EU–GCC Invest is considered a successful project that was established with the aim of building shared awareness of the common interests and available opportunities as well as a collective understanding of the social and political structures of both organisations.

The EU, the German Emirati Joint Council for Industry and Commerce (AHK UAE), the Delegation of German Industry and Commerce in Saudi Arabia and Yemen (AHK Saudi Arabia), Eurochambres and the Federation of GCC Chambers (FGCCC)" are the

co-founders of the project (EU-GCC Invest, n.d.). Al Katiri views that the network is an evidence of the EU's renewed interest in upgrading GCC–EU relations<sup>88</sup>. The changing geopolitics and the economic rise of the Gulf region is considered the real motivation behind the EU's renewed interest in the region. Although the project presents GCC and EU investors with a platform for assessing economic expenditures and overcoming business obstacles, the FTA stalemate has reinforced the bilateral track of relations between members of both organisations, especially in the economic and trade sectors.

In light of the financial crisis and the dramatic uncertainties in the Mediterranean, interviewees professed bilateralism a safer venue for economic ventures. Maestri<sup>89</sup> purported that the euro zone crisis had ignited competition among EU states to realise national interests against the collective interests of the organisation. Similarly, Al Saqer (2013) reaffirmed that the states in both organisations opt for bilateral venues because bilateral cooperation has many advantages and provides the margin of freedom that can manage unexpected complications and disagreements. As such, bilateralism will perpetuate the trend among GCC countries of approaching major European countries instead of referring an issue to Brussels, heating the competition among EU members to secure steady exports of their products rather than follow the EU's strategies and goals (Youngs & Springford, 2013).

### **Assessing GCC–EU economic cooperation in the Mediterranean after the Arab Spring**

The EU has allocated sufficient diplomatic and political resources to supporting the transition to democratic governance. This section investigates the limitations and the risks envisaging the GCC–EU economic partnership. The section does not claim to introduce a definitive exploration but rather a mapping of the recent political and socio-economic obstacles, among which is the geopolitical configuration of the region and its inherit protracted conflicts.

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<sup>88</sup> Al Katiri, M., 2013: Skype Interview, 18 March 2013.

<sup>89</sup> Maestri, E., 2013: Personal Interview, 23 April 2013.

### ***1. The Middle East risk***

The Middle East region is one of the most unstable regions of the world (Akarli, 2008). The World Bank released a report assessing investment trends in Tunisia and Egypt in the transition period following their revolutions. The report showed increased activity, boosted public demand, increased oil production in MENA oil exporters<sup>90</sup> and quicker rise than expected in the Egyptian industrial sector to the pre-Arab Spring levels. From the mid-1990s up to 2001, the number of bilateral investment treaties (BIT) concluded in the MENA reached 45 including 13 intra-MENA BITs (Organisation for Economic Co-operation and Development, 2010). However, declining oil demand from Europe is predicted to affect North African oil revenues, especially in the countries affected by political unrest (Ianchovichina, et al., 2011). Conversely, GCC's financial strategies and investment environment are registering better and favourable growth when compared with emerging economies such as Turkey, Malaysia and Brazil, but not China or India (Ianchovichina, et al., 2011).

### ***2. The EU's protectionist policies***

The EU's continuous protection of the agricultural sector was considered a factor against furthering the GCC investment in the Mediterranean and implementing development policies in the Mediterranean and the Gulf, especially in the agricultural sector. The EU's resistance perpetuates dependency on energy sectors and obstructs diversification and development policies in both regions. A senior GCC official regarded the inflexibility on the EU's side will continue to negate the GCC's enthusiasm and obstruct the conclusion of the FTA. The official designated the need for more flexibility in facilitating knowledge transmission and technological cooperation indicating the necessity of considering the GCC's interests.<sup>91</sup> Lamenting the decision to exclude the GCC countries from the GSP, the GCC official commented that the decision will negatively affect the GCC's enthusiasm, but will not affect trade exchange between Europe.

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<sup>90</sup> According to the report, "developing oil exporters include Algeria, Islamic Republic of Iran, Iraq, Libya, Syrian Arab Republic and Yemen. The GCC countries are referred to as the GCC oil exporters; oil importers are those with strong links to the GCC such as, Jordan, Djibouti and Lebanon; those oil importers with strong links to the EU include Egypt, Morocco and Tunisia" (Ianchovichina, et al., 2011).

<sup>91</sup> Senior GCC Official (B), 2013: Personal Interview, in Brussels, 26 March 2013.

### *3. Asymmetries in political, economic and ideational structures*

The Mediterranean countries share ethnicity, language and religion with GCC countries; however, the GCC countries' political structures are monarchical, where the royals exert major influences on government decisions; while in the Mediterranean countries, bureaucratic elites, are either secular, revolutionary, or republican and shape the decision-making processes. Nonetheless, clientelism and sponsorship are common features that hinder growth and progress in both regions. In addition, technical deficiency, economic rules, differences in human resources and unskilled labour and the lack of innovative technological capacities remain substantial obstacles against creating a competitive business environment and bringing regional and international investors to the Mediterranean (Brach, 2007).

On the GCC–EU front, asymmetries in the organisational structures and the mechanism by which they function obstruct the development of a triangular partnership. The lack of mandate at the GCC's Secretariat and the intricate mechanism by which decisions are taken in the EP impact the EC, which remains the important part of the EU structure. Baabood<sup>92</sup> considers EU policies towards the Mediterranean region are flawed, in contrast with the GCC's visions regarding stabilisation and growth, and do not encourage regional integration (Baabood, 2013). In addition, divergence in the GCC–EU short–medium interests is considered a major obstacle hindering the construction of a viable broader partnership. The GCC's investors seek fast revenues rather than intervention and prefer to invest in sectors such as tourism, real estate, communication, financial sectors, including the agriculture sectors (Baabood, 2013).

Conversely, the EU prefers investing in infrastructure projects that have long-term developmental goals and which aim at bringing prosperity to the Mediterranean. Accordingly, the EU uses “economic incentives” and conditions “development aids” and trade agreements by linking them to the adaptation to its regulation, mode of governance, and promotion of human rights in third world and Mediterranean countries (Bretherton & Vogler, 2006, p. 180). In addition, the EU aims at liberalising the economies in its neighbourhood while adopting contradictory protectionist policies, especially in the agricultural and energy sectors, and restricts mobility and counter migration, fearing the spread of Islamic fundamentalism within its borders.

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<sup>92</sup> Baabood, A., 2013: Email Interview, 24 May 2013.

The GCC considered the EU's imposition of certain values and rules as negligence of the cultural and ideational "specificities" of the Gulf region (Maestri, 2012, p. 63). While the GCC began to envision a new economic and political role for itself in the Mediterranean, the EU remains unable to overcome obstacles and capitulate on the strong ties with the Mediterranean and the GCC to realise a deeper and comprehensive partnership. As such, the GCC perceives its economic ties with the Mediterranean countries are well established and prosperous and there is "no need to bring a third party in the relations"<sup>93</sup>. When asked to what extent the EU and the GCC were willing to share in the Mediterranean, a GCC official answered, "from my point of view, cooperation between Arab countries is already there and there is no need for a European "broker"<sup>94</sup>.

#### ***4. Spillover risks from economic slowdown and political instability***

Trade constitutes an essential element of the relationship between the EU and its Middle Eastern neighbours. However, the MENA investment is low, weak and the risk is high but differs across MENA countries; Libya, Iran and Algeria were signalled as the least efficient in the investment environment in the 2000s (Ianchovichina, et al., 2011). The declining oil demand from Europe is predicted to affect North African oil revenues, especially in the countries affected by political unrest (Ianchovichina, et al., 2011). Conversely, the GCC's financial and investment environments are registering better and more favourable growth, thanks to the removal of trade barriers and the liberalising process. The EU's industries retain protectionist restrictions against foreign companies and products, driving investors away towards Asian markets. As such, the indicators show low commitment to assessing joint ventures or future interests and strategies. In addition, asymmetries in regional organisations and political influence, renders the creation of a multilateral framework between the GCC, the EU, and the Mediterranean countries hard to achieve within the recent political and social dynamics.

Among the most recent factors, obstructing investment in the Mediterranean is the possibility of a worsening in the EU's financial crisis that decreases the levels of trade transactions of both European and GCC banks and corporations. In addition, the prospect of reduced fiscal expenditure, due to fluctuations of oil revenues, could have

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<sup>93</sup> Senior GCC Official (E), 2013: Personal Interview, in Brussels, 28 March 2013.

<sup>94</sup> Senior GCC Official (C), 2013: Personal Interview, in Brussels, 26 March 2013.

adverse effects on the GCC's financial capabilities and diversification policies, which are subject to demand risks and prolonged drop in prices. On the other hand, the fear of political instability and spillover from radical Islam in the Mediterranean countries make both the GCC and the EU wary of the current situation in the Mediterranean. Piacentini considers radical Islam as a major concern and that the EU is not "reluctant" but rather "hesitant" to cooperate with the new Islamic governments in the Mediterranean countries<sup>95</sup>. Growing influence of the Islamic Brotherhood and Islamic radicalisation has pushed the GCC towards active involvement in the Mediterranean to suppress any potential spillover into the Gulf region. Therefore, a new framework should be developed to include all the regional and international actors, and conceptualise a broader perspective of all the post Arab Spring barriers that hinder interregional economic collaboration in the Mediterranean.

### *5. EU–transatlantic relations with the US*

Examining the EU's ability at purposeful leadership, Smith asks whether the EU is "capable of providing leadership as a global public good, or is it limited to following where others have already made the commitment and borne part of the costs?" (Smith, 2013, p. 658). Certainly, the US is the EU's major trade rival and the economic and political interdependence between the two powers has raised speculations whether the EU is capable of relinquishing the role of an imitator in trade policies (Sbragia, 2010). Analysts<sup>96</sup> confirm the general perception that the US plays an important role in shaping the EU's policies in the Mediterranean and the Gulf (Hamedi, 2013) (Piacentini, 2013) (Maestri, 2013). This point of view was vehemently denied by a senior EU official,

"We are not the United States and we do not think like the United States. This also creates a lot of culture misunderstanding. Culturally we are much alike than the United States and if the GCC starts to think like that it will makes things much better."<sup>97</sup>

Smith considers that the EU's commitment towards multilateralism and to producing "integrative and value-creating" results is challenged by emerging powers, American strategies and the internal dynamics that limit the EU's responses to the opportunities emerging outside its environment (Smith, 2013, p. 659). The EU's preference for the

<sup>95</sup> Piacentini, V., 2013: Personal Interview, in Milan, 23 April 2013.

<sup>96</sup> Hamedi, Z., 2013: Skype Interview, 19 March 2013.

<sup>97</sup> Senior EU Official (I), 2013: Personal Interview, in Brussels, 15 May 2013.

establishment of partnerships as a means of setting up for itself the role of a “interlocutor” (Smith, 2013, p. 665) has been counteracted by the US who considers the proliferation of regionalist projects create “rival” partners that aim at maintaining equilibrium in the balance of power (Smith, 2008, p. 110). Considering the competition among the triadic powers, interregionalism performs a “balancing” function that enables the EU to avoid marginalisation in global politics and affairs (Doidge, 2011, p. 35). Implying a US role in shaping GCC–EU interregionalism through influencing internal and external dynamics, an EU official commented,

“Certainly, certain external and internal actors are trying to hamper the development of the relations...evidently, greater relations mean greater role for the EU and more developed GCC actorness”.<sup>98</sup>

Although the EU attempts to establish “autonomy” in foreign affairs, the end of the Cold War has deepened the American “preponderance” and influence on the EU’s transatlantic ties (Peters, 2010, pp. 4, 10). Accordingly, the “special relation” between the EU and the United States (Peters, 2010, p. 78) limits the EU’s manoeuvrability and hamper the construction of an integrated regional order, or forging practical solutions to the protracted conflicts in the Middle East. However, when asked whether Israel lobbies against Arab interests in the EP, another EU official commented that the EU’s foreign policy is not influenced by the American international agenda and the US is not the “centre of the world”.<sup>99</sup> Such statements are in contrast with what is shared among the interviewed academics and GCC diplomats. In light of the latest speculations about a gradual American withdrawal from the Gulf, it will be seen whether the EU will play a more prominent role in the Gulf, considering its civilian power and incapability of providing a security umbrella to the Gulf states.

## **Conclusion**

The Mediterranean region is the GCC’s and the EU’s neighbourhood; the Mediterranean is the GCC’s gate to Europe and the GCC is the EU’s gate to Asia. The Arab Spring has accentuated the interdependence between the EU, the Mediterranean and the GCC and instigated unprecedented political and economic activism that deepened the GCC’s influence in the region. The assessments of the interview results,

<sup>98</sup> Senior EU Official (M), 2014: Phone call, in Riyadh, 6 February 2014.

<sup>99</sup> Senior EU Official (I), 2013: Personal Interview, in Brussels, 15 May 2013.

the data collected from secondary resources and the goals and opinions stated in the primary data reveals the following. GCC–EU trade relations are historical, strong and prospering, despite the little attention paid to the Europeanisation of EU foreign policies towards the GCC states. Only the UK, the Netherlands and Denmark are pushing against the EU’s protectionist policies and lobbying for the conclusion of the FTA. The data confirms the GCC position as the EU’s fifth largest export market in 2011, and the EU as the GCC’s biggest trading partner, with numbers increasing year on year (European Union External Action Service, n.d. (c)). The success of GCC overseas investments and SWFs refutes the Europeans’ claims that GCC investors lack the knowledge and expertise in managing financial projects outside their borders.<sup>100</sup>

The implications of the Arab Spring for the GCC and the EU cannot be ignored. The evaluation reveals that the EU and the GCC have been taken by surprise and that a new era of uncertainty and challenges have disrupted the established geopolitical equilibrium,<sup>101</sup> demonstrated the failure of the EU’s Mediterranean policy and accentuated the need for a new sustainable socio-economic development. As such, the EU cannot be but interested in having a triangular partnership in the Mediterranean; socio-economic development and political stability in the Mediterranean are shared strategic interests and the EU officials consider the GCC countries as agents for progress. Both the GCC and the EU officials perceive the current situation as cyclic phenomena. Meanwhile, researchers<sup>102</sup> consider the wide availability of the GCC’s capital, the great agricultural and renewable energy potential of the Mediterranean and the institutional support of the EU as three main pillars of a possible triangle partnership. Food, security, power transmission and Islamic finance are all areas that promise development and growth and the elimination of poverty and fanaticism.

However, the EU’s normative role conflicts with the GCC’s monarchical systems and modes of governance that despite the availability of “a broad spectrum of modern and neo-traditional instruments of governance and decision-making” the regimes’ security and influence remain paramount (Demmelhuber & Kaunert, 2014, p. 588). Accordingly, the GCC remains a thinly institutionalised regional organisation that lacks the supranationality and the depth of economic institutions and competencies that the EU

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<sup>100</sup> Senior GCC Diplomat, 2013: Personal Interview, in Brussels, 28 March 2013.

<sup>101</sup> Baabood, A., 2013: Email Interview, 23 May 2013.

<sup>102</sup> Taliapietra, S., 2013: Email Interview, 12 March 2013.



has, and which are needed for formulating trade strategies and exerting purposeful actorness in trade relations. Inevitably, the GCC's economic capacity stems from the economic power of its individual states and its political outreach is enhanced through securing consensus among its constituent members, a matter that has proved elusive at times and imminent at others.

As such, economic and trade relations with the Mediterranean remain within the bilateral track and within the particular parameters of individual ties between certain Gulf and Mediterranean states. Intra-trade exchange and relations vary among the GCC states and are undertaken by states that have competitive and strong economies and diversification strategies such as Saudi Arabia and the UAE (Abdulsahib & Kari, 2012). Therefore, the EU's preference for region-to-region institutionalised cooperation cannot be met simultaneously and in all sectors, especially when instability and turbulence persist, drawing investors away from the Mediterranean and to Asia. As such, "differentiated bilateralism" (Demmelhuber & Kaunert, 2014, p. 587) and quasi-interregionalism can set the structural base for the development of a more integrated cooperation in specific areas like renewable energy and infrastructure.

The indicators have attributed the difficulty of constructing a triangular partnership to the divergence in the EU's interests and goals in the Mediterranean and the GCC economic strategies, though the EU bears the larger responsibility. The exclusion of the GCC from the rest of the EU's MENA policies has created cultural barriers and misunderstandings that severely hampered socialisation between the two regional organisations, despite their enduring strong historical and economic links. In addition, the mismatch of organisational structures produced unrealistic perceptions of the capabilities of each organisation; the EU envisions the cooperation within the multilateral framework, ignoring the limitations of the GCC institutional structure and the contradictions between its articulated multilateral approaches and the self-interest strategies pursued by members of both organisations. As such, the EU perceived the GCC as disinterested in taking action, while the GCC perceived the EU as superiorly dictating rules, placing the GCC on a lesser footing and refusing to conceive its concerns. Such hurdles were aggravated by a "capability-expectation gap" (Hill, 1993, p. 305) that produced disappointment and frustration regarding the future prospects of the relations.

On the other hand, the GCC countries have not put in sufficient effort to understand the EU's normative role and civilian power. Nor has it put more effort in to approach the EP professionally or understand the division of competencies among the EU's institutions, the regulations that gave the EP the power to pass human rights resolutions against them.<sup>103</sup> Responding to this criticism, a GCC official admitted, "It is not easy to approach the 745 European MPs, who each has his own agenda and constituency, to explain that these violations were considered domestic policies that pertained to issues of religion and sovereignty."<sup>104</sup>

Meanwhile, growing GCC–Asian and GCC–South American economic links have rendered the Gulf region the hub for an unprecedented financial and economic boom. The entry of GCC states into the WTO has reduced the appetite to conclude the GCC–EU FTA, without receiving reciprocal concessions from the EU. While the EU is aware of this, little has been done to correct the situation<sup>105</sup>. The EU's latest decision to exclude the GCC from the GSP abated its enthusiasm, and gave the impression that the decision was a move to bring the GCC back to the FTA negotiations table. The EU's officials have denied using the GSP as a tool, renounced any negative effect on GCC–EU trade exchange and affirmed that the contention over human rights clauses has been resolved and that only a "higher political decision" from the GCC will conclude the FTA.<sup>106</sup>

Overall, the joint trade cooperation in the Mediterranean is deemed successful and profitable, and economic opportunities and tools are present. However, indicators point to the organisations' unwillingness to reassess policies, nor to consider each other's priorities and interests. Taking into account the implications of ideational differences and cultural expectations on the success of multilateral ventures, socialisation between the GCC and the EU is an imperative measure that should precede any kind of collaboration. A new European policy that includes the Mediterranean countries and the GCC within one framework would provide constant contact and coordination, eliminate cultural misperceptions, expedite knowledge transfer and deepen regional integration. Most importantly, the success in economic cooperation will have spillovers on political

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<sup>103</sup> Luciani, G., 2013: Email Interview, 18 March 2013.

<sup>104</sup> Senior GCC Official (F), 2013: Personal Interview, in Brussels, 28 March 2013.

<sup>105</sup> Baabood, A., 2013: Email Interview, 24 May 2013.

<sup>106</sup> Senior EU Official (L), 2013: Personal Interview, in Brussels, 15 May 2013.

cooperation, conflict resolution, maritime security, piracy and counterterrorism strategies, provided all parties conceive the advantages offered by multilateral and interregional cooperation.

# CONCLUSION

## Introduction

This chapter will conclude the investigation of the GCC–EU interregional cooperation by recalling the thesis’ major questions and summarising the findings. The conclusion will outline the thesis’ original achievements as well its limitations and indicate how the findings have contributed to better understandings of the dynamics governing GCC–EU interregionalism. Finally, the conclusion will suggest subjects for further investigation that have emerged out of the empirical examination of GCC–EU interregionalism.

## 1. Summary of the main findings

This thesis investigated the prospects as well as the barriers against deepening GCC–EU relations. The thesis’ major question was what the obstacles were that were preventing the upgrading of GCC–EU interregionalism. In order to answer the question, the thesis chose to focus on two specific case studies: energy security and economic cooperation in the Mediterranean, because the literature on GCC–EU relations, in general, is characterised by inchoate and unfocused attention to a variety of issues, without adopting a theoretical framework that conceptualises the relations within a specific orientation. In line with this purpose, the thesis has chosen interregionalism as a conceptual framework because interregionalism accommodates regional organisations as actors, possessing distinct identities, legitimacy and capacities to influence world politics and economy. In addition, the thesis addresses the academic need for focused investigation on interregional relations beyond the triad and on specific case studies. Accordingly, and through linking the concepts of interregionalism and regionalism and actorness, the thesis has drawn an original application of Hettne and Söderbaum’s typology of regionness (2000) that compared the GCC’s and the EU’s regional integration and determined their types of regionness, levels of actorness and the subsequent interregionalism resulting from their interaction.

To draw the background within which the two organisations interact and shape their goals, the thesis has presented the geopolitical and economic changes instigating the renewed interest in developing their relations. Among the major factors that stand out

are the EU's energy diversification strategies and its need for a capable partner, the GCC's growing political clout, the GCC–EU's growing economic interdependence and the role interregionalism plays in consolidating their identities and influence. In order to determine the obstacles hindering interregionalism, the thesis analysed and compared the data collected from the in-depth review of GCC–EU interregional relations with the results of the interviews. The evaluation has resulted in the derivation of two conclusions regarding the prospects for complete partnerships in energy security and economic cooperation in the Mediterranean.

The assessment of the first case study revealed that cooperation in energy security is ongoing and cooperation in renewable energy is successful and promises higher potentials and return. The evaluation of the second case study deemed that opportunities for a triangular economic partnership in the Mediterranean are numerous and present, albeit their realisation is obstructed by asymmetries in regional actorness, the divergence in the organisations' ideational, political and economic interests and their unwillingness to reassess policies and strategies. Most importantly, the thesis claims, by concentrating on policies of vital interests, that constant contact within the multilateral framework of interregionalism will consolidate the GCC's regional actorness, facilitate the adaptation of regulations and laws, instigate further institutional development, and produce unintended outcomes, through establishing networks and other forms of interregional and unofficial cooperation.

To achieve this end, **Chapter one** presented the methodology of this thesis. The chapter outlined the research problem; the major research question; the dependent and independent variables; supporting research questions; and the hypothesis. The potential benefits of the thesis were presented as well as the theoretical base on which the thesis was built. The chapter rationalised the use of qualitative methods and the epistemological stance of the author, by elaborating on the difficulty of maintaining objectivity when inspecting cultural values, political norms and social preferences. The methods for data collection were outlined as the following: a combined in-depth review of the literature of GCC–EU relations, regionalism, actorness and interregionalism; extensive analysis of primary sources; and interviews with selected GCC officials, EU officials, academics and researchers involved in projects promoting the relations.

Among the major methodological challenges encountered was the difficulty of getting access to both the GCC's and the EU's officials and the tension felt out of the desire to finish the interviewing process and analysis in due time. Contrary to the author's anticipation, cooperation from the EU and its officials proved most strenuous. Fieldwork has been set at the end because the author wanted to gain a thorough knowledge of all the dynamics governing the relations. Fieldwork started at the time when preparations for the GCC–EU ministerial meetings were taking place. However, such coincidence did not explain why all the selected European MPs declined to be interviewed. As to the process of collecting data and primary resources, no challenges were encountered in obtaining access to governmental agreements and statistics as the EU's website published all its economic agreements and energy strategies. During interviewing, the author received appreciation and positive feedback that encouraged the author to avoid bias and convey the information as it was delivered. The author's aim to contribute to the understanding of GCC–EU relations urged the author to confirm the accuracy of the information through asking the same questions to all of the interviewees and verifying the responses by examining primary and secondary data.

**Chapter two** presented the theoretical base on which the thesis was built. By emphasising the contribution of European Studies, the New Regionalism Approach and main IR theories, especially constructivism, the chapter extrapolated criteria for measuring actorness that are derived from Wunderlich's works (2008) (2011) (2012a), in order to identify the GCC's and the EU's level of actorness. Stressing the historical, ideational and structural factors contributing to the building of regions of various forms and specificities, the chapter presented Hettne and Söderbaum's typology of regionness (2000), in order to identify the types of regions that the GCC and the EU are in chapter three. Asserting the relation between the levels of actorness and the organisations' capacities at producing the functions of interregionalism, the chapter underlined interregionalism as a "variegated" and "multidimensional" process (Doidge, 2007, p. 245) that includes bilateralism, networks and quasi-interregionalism and other forms of cooperation as mechanisms by which the EU adapts to the low-institutions, weak actorness and informal decision-making of its regional counterparts.

**Chapter three** undertook an empirical and original application of the theoretical assumptions presented in chapter two. The chapter emphasised the historical and

ideational particularities of the GCC's and the EU's regional construction and development. The application of Hettne and Söderbaum's typology (2000) of regionness and criteria for assessing the GCC's and the EU's levels of actorness that is extrapolated from Wunderlich's works (2008) (2011) (2012a) constituted a major part of the thesis' originality. The lack of application of interregionalism, actorness and of a comparative analysis outside the triad, to the GCC–EU relations and between the GCC and other regional groups are considered major theoretical deficits that the thesis attempted to address. By examining the GCC's and the EU's distinct identities, legal authorities, organisational structures and institutional capacities, the chapter has successfully highlighted the asymmetries in their actorness, evolution, strategies and the American influence as major impediments against producing certain functions and desired outcomes. The subsequent empirical identification of the GCC–EU's type of interregionalism has also filled the gap in the studies of interregionalism and called attention to the relation between bilateralism, networks, track-two diplomacy and other types of interregionalism that can be included within the multilateral framework of interregionalism.

**Chapter four** addressed the academic need for undertaking through an investigation of interregionalism in specific case studies by examining the prospects for an effective GCC-EU partnership in energy security. The chapter began by asking why energy security is a major challenge and what is indicated by the EU's concept of energy security. Then, the chapter explained why the EU might need a closer relationship with the GCC on energy matters, as opposed to other potential suppliers, such as Russia, and North Africa. To respond to these questions, the chapter outlined the current global constraints affecting the EU's diversifications strategies, such as growing global demand for oil and gas, declining domestic production of the EU's gas and oil, increased Russian assertiveness, the Arab uprisings, and GCC–Asia's growing energy ties. Then, the chapter presented the tools, available at the GCC and the EU, by which both organisations can induce deeper collaboration as well as the indicators used to measure the potential of the energy collaboration. The evaluation of the presented data revealed that both the GCC's and the EU's tools were effective and that indicators for success were present. As such, energy collaboration was judged present, continuing, and at the core of GCC–EU interregional cooperation. Moreover, the analysis revealed that despite the lack of an official agreement that regulates GCC–EU energy cooperation and

the competition emerging from GCC–Asian energy ties, a broader GCC–EU cooperation in renewable energy, energy efficiency and sustainability is developing and promising many successful ventures in alternative energies, technologies and energy sustainability.

**Chapter five** then examined the prospects for developing an economic cooperation in the Mediterranean and the Gulf, and highlighted the GCC–EU commonality as economic blocs, their trade interdependence and their shared interest in the stability and the development of the Mediterranean. Having identified the Arab countries indicated by the term ‘Mediterranean’, the chapter presented the EU’s Mediterranean strategies, the GCC’s growing influence, the implications of the Arab Spring and the subsequent realignment in the world’s global economy and politics. Then, the chapter presented the tools available at the GCC and the EU and the indicators used to measure the potential for success in the economic partnership. The tools were identified from primary and secondary resources and the indicators were selected among the mechanisms indicated in the JAP. The analysis revealed that opportunities and synergies for triangular economic cooperation are many and present; however, the indicators revealed a minimum commitment to joint assessments of opportunities and a considerable level of hesitance at both organisations. Most importantly, the divergence in the short and long-term goals and interests and bilateralism constituted the major barriers eliminating the need for a triangular partnership in the Mediterranean.

## **2. Revisiting the research question**

The major focus of this thesis was to examine GCC–EU interregional relations within the context of the changing geopolitical and economic dynamics and present the organisations’ interest in fulfilling the goals of their 1988 Cooperation Agreement. When reflecting on the main question of the thesis, ‘What are the major obstacles preventing the development of GCC–EU interregional relations in energy security and economic cooperation in the Mediterranean?’ the thesis outlined the major hindrances indicated in the literature review of the evolution of GCC–EU relations and the interviewees’ responses to the research questions. The following is a recapitulation of the supporting questions, the obstacles identified in this thesis and the author’s evaluation of GCC–EU current interregional relations.



**Do asymmetries in actorness, organisational structures and legal capacities of the GCC and the EU impede GCC–EU cooperation?** Chapter two emphasised the relation between actorness, institutions and the organisation’s capacity to achieve the outcomes of interregionalism. The asymmetries in regional actorness and organisational structures were identified in the literature and by all interviewees as the primary impediment against deeper cooperation and harmonisation of economic strategies in the Mediterranean. The European regionalism is built on a set of institutions and binding laws that bestows on the EU supranationality and aggregated competencies, while the GCC regionalism is built on soft measures and informal agreements. The GCC Secretariat lacks the necessary mandate to take decisions, and competencies are confined to the heads of states, rendering decision-making a top-down<sup>107</sup> process, whereby it is a bottom up<sup>108</sup> process in the EU. Both GCC and EU officials confirmed the EU’s preference for deep institutionalised relations that contradicted with the informal method of the GCC.

Chapter three has explained that the EU’s integration has developed in accordance with certain historical, social, political and economic urgencies, while the GCC’s integration developed for different purposes and was shaped by different tribal and traditional practices that did not foresee the need for extended institutions or mandates. The discrepancies have consolidated the GCC’s identity as distinct from the EU’s. The discrepancies, according to EU officials, have created unrealistic anticipation and an expectation gap between what the GCC and the EU can and cannot accomplish. Nonetheless, EU officials asserted that despite all, GCC–EU relations are very strong and “have never been better before”; the relations are more developed than EU–ASEAN; and negotiations on the FTA are much easier because the GCC is a customs union. Such comments indicate the need to go beyond the EU model of integration to understand the various cultural and normative structures contributing to the building of non-Western integration projects and relations.

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<sup>107</sup> The GCC is a loose economic alliance and decision-making requires unanimous approval by the GCC heads of states, in the Supreme Council.

<sup>108</sup> The Commission drafts the laws and the European Parliament and the Council approves the laws, which are suggested by the different committees, before adopting the law. [http://europa.eu/eu-law/decision-making/procedures/index\\_en.htm](http://europa.eu/eu-law/decision-making/procedures/index_en.htm).

The review of GCC–EU interregionalism in chapter three has demonstrated that in the absence of a high level of actorness and common developed institutions, as is the case in GCC–EU interregionalism, collaboration takes place at a joint-ministerial council that is attended by high officials or ambassadors; the meetings function as rationalising, agenda setting and institution building. The establishment of the Clean Energy Network, the GCC-EU Invest, Inconet-GCC and the JAP were tangible outcomes of the need to overcome the GCC’s limited actorness, facilitating socialisation and knowledge transfer between like-minded official and civil actors, in soft areas such as trade, education, tourism, health and media, among others. Therefore, asymmetries in organisational structures have produced the functions of identity building, institution building and knowledge transfer, but did not impede the GCC or the EU from coordinating their actions to solve the Yemen crisis, or their attempt to stabilise energy prices and markets and the states affected by the Arab Spring.

**How does bilateralism affect GCC–EU multilateral cooperation?** Chapters three, four and five have identified bilateralism (state-to-state relations) and quasi-interregionalism as policy tools that the EU uses often to overcome the limitations of the multilateral track. However, the UK, France, Spain and Germany remain the major patrons of the relations within the EU, often referring to bilateral relations with individual GCC states to secure national interests and lucrative deals and agreements, a matter that lead contradiction between the EU’s idealistic approaches and the actions of the European states. Similarly, strong bilateral relations between individual GCC states and the Mediterranean countries are obstacles against triangular cooperation with the EU. When asked whether the GCC is willing to share with the Mediterranean, a GCC official replied, “No,”<sup>109</sup> explaining that the GCC–Mediterranean relations are strong and that there is no need to complicate matters by including a third party.

This negative perspective of bilateralism prevailed among researchers and academics concerning the potential for a triangular partnership in the Mediterranean. Surprisingly enough, a positive argument emerged when GCC and EU officials were asked: To what extent is bilateralism a hindrance against upgrading the relations? GCC officials stressed the importance of bilateralism as a major pillar that supports the GCC–EU 1988 Cooperation Agreement, and without which no cooperation would endure. Similarly,

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<sup>109</sup> Senior GCC Official (C), Personal Interview, in Brussels, 26 March 2013.

officials at the EEAS confirmed bilateralism as an effective tool for overcoming the stalemates in the relations; when negotiations were going well, the multilateral framework was maintained. When complications started to arise, EU officials referred to bilateral relations to solve them. As such, bilateralism is a two-sided coin that can enhance or harm the multilateral framework. Indeed, multilateralism and bilateralism are “two arms” that regions use to further “broader discourse on regional economic cooperation and integration” provided they are “convergent” with the stated goals of interregional cooperation (Higgot, 2006, p. 30).

**Divergence in norms, political practices and economic strategies** has always been present in the negotiations over certain FTA clauses and the resistance to the EU’s normative role. It is necessary to recall that sensitive issues that pertained to Islamic religion and the application of *shariah* laws, such as the death penalty, are non-negotiable. An EU official confirmed that recently the GCC has exhausted great effort in eliminating the information deficit that contributed to resolve disagreement on human rights clauses in the FTA, making the contention over export duties the only remaining issue. However, Chapter three revealed that the EU has not exhausted similar efforts to understand the religious, traditional and tribal values of the GCC people that promote certain political and cultural practices.

The exclusion of the Gulf from the EU’s Middle Eastern policies created cultural barriers and misunderstandings that manifested in the way both organisations interpreted the actions of the other. A senior EU official commented, “One has to drink a lot of tea in the Gulf before things work.”<sup>110</sup> Such a statement underlined the EU’s disapproval of the GCC’s informal process of decision-making, while GCC officials repeatedly expressed their annoyance of being treated inferiorly and not as equal partners. When the issue was raised, an EU official acknowledged the problem, explaining that the EEAS was incapable of acting proactively due to the institution’s newness and its lack of sufficient financial allocations to open EU delegations in every GCC state, in order to promote mutual understanding and cultural rapprochement.

**The American policies towards the Gulf** were considered another obstacle impeding the development of the relations and the creation of a GCC–EU interregional balancing

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<sup>110</sup> Senior EU Official (I): Personal Interview, in Brussels, 15 May 2013.

alliance. Researchers have affirmed that the EU's incapability of providing a security umbrella to the GCC and transatlantic ties, do limit the EU's manoeuvrability in the Gulf region. When raising the issue, a senior EU official vehemently responded, "Because we all look like the Americans, the GCC think we are similar and share the same beliefs.... Culturally, we are much more alike than the United States and if the GCC starts to think like that, it will make things much better."<sup>111</sup> Such denial did not prevent a GCC official from asserting that the US does influence the EU's policies and that the EU defers to the US in all its Gulf-related issues, a matter that explains why the EU continues to regard the GCC only as a source of energy, when the GCC was looking for a comprehensive strategic partnership. In addition, an EU official has indicated that the external as well as internal actors are working against the consolidation of GCC–EU interregionalism. The European official commented that stronger GCC–EU relations would enhance the GCC's integration, hence, its legitimacy and actorness in regional and global politics. Similarly, the developed relations would increase the EU's global role, powers, economy and political outreach.

**As to how the growing GCC–Asia ties affected GCC–EU relations**, chapter four has demonstrated that the Asian links have provided the GCC with new partners and alternative economic ventures and markets. The EU finds asserting its actorness and promoting its democratic political ideals more problematic, especially when Asian appetite for oil changed the old energy supply–demand equation, offering lucrative agreements and opening markets for selling GCC hydrocarbon products, at a time when GCC chemical products find severe difficulty entering European markets. In contrast to the slow pace, by which the GCC–EU FTA negotiations had proceeded over more than 20 years, the China–GCC FTA is gaining momentum and India is following suite, securing energy ties through providing cooperation and asserting India's respect to the state's sovereignty and non-interference policies. However, when GCC and EU officials were asked if they consider the emerging GCC–Asian ties as potential alternatives to their relations, both denied any implications on GCC–EU relations, stressing that the economic and political ties between the regions were historical, strong and long preceded those with Asia.

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<sup>111</sup> Senior EU Official (I): Personal Interview, in Brussels, 13 May 2013.

**Divergence in economic strategies and unwillingness to consider the other's interests** severely complicated the GCC–EU FTA negotiations and often led to unresolved disagreements and frustration on both sides. When asked whether the EU prioritised the relations with the GCC, GCC officials lamented the EU's inconsistent policies and the lack of flexibility. The EU's diversifications strategies have called for strengthening energy cooperation with the GCC; however, the EP maintained severe protectionism that favoured European energy groups and opposed any implementation of a specific energy policy towards the Gulf. As a result, the disagreement over the export duties and the exclusion of the GCC from the GSP of 2014 remained substantial issues awaiting flexible solution and willingness to reassess mutual interests. A senior GCC official criticised the EU's inflexibility as a factor negating the GCC's enthusiasm to conclude the FTA and explore joint ventures in the Mediterranean. The official reiterated the necessity of considering the GCC as a partner on equal footing with the EU before considering any triangular economic ventures.

**The implications of the Arab Spring** on the EU's and the GCC's willingness to cooperate in the Mediterranean cannot be ignored. The interviewees asserted that the Arab uprisings has taken both the GCC and the EU by surprise, generating unprecedented challenges, disrupting the established geopolitical equilibrium, and setting barriers against a triangular economic partnership in the Mediterranean. Regardless, a GCC official considered the present situation in the Mediterranean as cyclic and that the present obstacles can be future opportunities, and called for a proactive GCC–EU political and economic coordination in the region in order to gain influence that might be taken by other regional actors, including Iran. Interestingly enough, the Arab Spring had positive effects on the political aspect of GCC–EU relations. Unlike in the past, the EU has become a supporter of the GCC's mediation efforts in Yemen, and of the GCC's political support of the rebels in Libya and Syria. EU officials expressed their desire for more coordination in Mali and Somalia and in countering piracy and cross-border terrorism. Until the writing of the thesis, the Arab Spring is unfolding and it is hard to judge its impact on future GCC–EU security coordination.

### 3. Evaluating the research

This thesis has carried original work and contributed in many ways to the existing body of literature on regionalism, interregionalism and actorness, by addressing the academic deficit and the need for investigating the above-mentioned concepts in relations between regional actors beyond the triad that were “highly ignored” (Rüland & Storz, 2008, p. 11). In addition, the thesis has responded to the need for “sectoral policy studies...on trade and investment”; provided “detailed economic analysis”; considered “non-governmental interaction”; and examined “cooperation culture” that affects the “functions” and the “efficacy” of interregional relations (Rüland & Storz, 2008, p. 11). When reflecting on the added value of this thesis, a number of findings have been achieved. The thesis has successfully undertaken unprecedented comparison that asserted the distinction between the GCC’s and the EU’s regional integration and underlined the different historical, ideational and structural factors contributing to their constructions, regional coherence and actorness.

The application of interregionalism as a conceptual framework for investigation of the GCC–EU relations has provided a commodious and suitable base for an original application of Hettne and Söderbaum’s typology of regionness (2000) that answered one of the thesis major questions regarding the GCC’s and the EU’s types of regionness and added further insights into their evolution and cohesiveness. The evaluation revealed that the GCC represents a formal region that is built on compatible elements of identity, values and common political and social structures, whose regional cohesiveness places it on the level of a ‘regional society’ with elements of a ‘regional community’. Alternatively, the EU is the most advanced model of regional integration and the depth of the EU’s powers, mode of governance and regional cohesiveness situate it nearby the level of a region state.

By presenting a systematic review of what constitutes actorness, the thesis has extrapolated criteria for measuring actorness that was based on Wunderlich’s works (2008) (2011) (2012a). The criteria has enabled the thesis to originally respond to the question regarding the GCC’s and the EU’s levels of actorness; draw a comparison; and determine their compatibility. The comparison has revealed that the GCC and the EU are situated at the opposing poles of Doidge’s “continuum” of institutionalisation (Doidge, 2008, p. 42); accordingly, they possess different levels of regional actorness.

The former is a thinly institutionalised intergovernmental organisation, while the latter is a well-developed intergovernmental organisation with supranational prerogatives and legal mandates. In accordance with the results, the thesis has confirmed the link between actorness and interregionalism in consolidating the identity of the weaker regional organisation; producing the functions of interregionalism in soft areas, such as institution building and knowledge transfer; while limiting the functions of interregionalism that require high actorness such as alliance building and balancing.

Evidently, the GCC–EU asymmetrical interregional relations have enforced the GCC’s identity through the recognition of itself, structure and interests as distinct from the EU whom the GCC perceives as “superior and directing the relations” (Rüland, 2006, p. 308). GCC officials have repeatedly affirmed the GCC’s distinct ideational, social and political systems, criticising the EU’s attitude as patronising and negligent of their interests and values. In addition, the thesis has demonstrated that the GCC’s lack of supranationality did not impede it from confronting the emerging challenges of the Arab Spring, through using interregionalism as a forum for coordinating actions and goals with the EU, to bring stability and peace to Yemen, Syria and Libya and combat terrorism and piracy in the Gulf of Aden.

The application of Hänggi’s typology of interregionalism has achieved the thesis’ aims of identifying the type of GCC–EU interregionalism: GCC–EU relations represent “pure” or “bilateral interregionalism” (Hänggi, 2006, p. 41). The relations are based on “actor-centred” (regional organisations) and institutional criteria, with low-level institutionalisation, and regular ministerial meetings that are supplemented by ad hoc experts groups (Rüland, 2006, p. 296). The evaluation has revealed other methods of cooperation are included and compliment the official and multilateral framework of interregionalism. Bilateralism, networks and track-two diplomacy are major tools that help the EU circumvent the GCC’s lack of supranationality and legal competencies. The tools available at both organisations have revealed the depth of the GCC–EU interdependence. Contrary to the prevalent perception of the relations as stagnant, GCC–EU interregionalism is developing and producing outcomes in unintended areas, such as in renewables and political coordination. Bilateralism and asymmetries in organisational structures did not impede the GCC–EU crisis management, nor limit the

GCC's capacities at maintaining proactive foreign policy to confront emerging threats within its neighbourhood.

By avoiding benchmarking the EU as a model, the thesis has contributed a new perspective to the studies of regionalism, actorness and interregionalism, in general and to the GCC–EU in particular. Regionalist projects follow various pathways and interregionalism can produce unintended outcomes, in low institutionalised relations. Asymmetrical actorness can contribute to the consolidation of the identity of the weaker organisation and instigate institution building and knowledge transfer. As such, this thesis purports that cooperation in energy is ongoing and opening venues for promising partnerships in renewables, energy sustainability and efficiency. Alternatively, a triangular economic cooperation in the Mediterranean bears all the potential and tools for success but its realisation is obstructed by the divergence in the organisations' short and long-term interests and their unwillingness to reassess policies.

When evaluating the methodology, the choice of the case studies and the research methods, the choice of a qualitative base for the research approach has proved suitable to the inductive and interpretive nature of this thesis. The collected data has established the setting and the concepts under which the EU and the GCC function and undertake decisions. The concentration on two typical case studies helped uncover the difficulties impeding interregionalism in areas that bear all the elements for successful partnerships. Moreover, the examination of the tools available at the GCC underlined the changing economic and geopolitical dynamics affecting the relations and provided tangible evidence to the GCC's developing actorness that transcended its limited institutional capacities. Indeed, it can be argued that the GCC's lack of mandate has opened venues for manoeuvrability through circumventing the FTA stalemate and establishing the JAP, the GCC-EU Invest and the Clean Energy Network, allowing non-governmental staff such as European investors and GCC businesspersons to socialise, exchange knowledge and identify opportunities in a less high profile set of cooperation areas.

The choice of the research methods has proved effective. The triangular examination of primary and secondary data, the in-depth review of the literature on the GCC–EU relations and the interviews' results have minimised bias and revealed the gap between



the official aspirations, the strategies pursued, and the judgement undertaken by analysts and the author. In addition, it has revealed the dearth in information and the need for a proactive involvement of academia, media and interest groups in joint projects that eliminate cultural barriers that are created by the setting of the EU's values and institutions as the ultimate modes for conducting trade relations and political governance. As such, the interviewing method has been extremely effective in underlining the interplay between social and informal relations and the economic and political decisions, as manifested in the important role bilateralism plays in the GCC's decision-making. In addition, interviewing has shed light on the discrepancies in the interviewees' perspectives concerning the current GCC–EU state of affairs.

The recording of the interviews has allowed the author to identify common points of views, categorise them according to their importance and then raise the issues while interviewing officials. The choice of the interviewees among variant groups of people that included academics, researchers, journalists as well as EU and GCC officials has clarified the misconceptions regarding the relations and enabled the author to draw realistic conclusions. Academics and researchers considered the relations as stagnant, citing the FTA as evidence and describing the Clean Energy Network as “lip service”. Albeit, the real judgement came from the officials who were involved daily in the organisational deliberations and agenda setting of the relations. Both the GCC and EU officials have described the relations as very strong, citing the increased meetings and dialogues, exchange of staff internships, the GCC–EU's secondment programme, the JAP, the GCC-EU Invest, Inconet-GCC and the Clean Energy Network as the GCC–EU's accomplishments. Interviewing GCC officials has shed light on the GCC's integration successes and the continuous process of regionalisation that contributed to the setting of a customs union, the GCC's common citizenship and the contemplation of a monetary union similar to the EU's.

However, the validity of interviewing as a research method was limited by the author's inability to interview the European MPs and expose the obstacles limiting the EU's strategies towards the Gulf region and the GCC. Only one MP accepted interviewing, out of a list of MPs that were recommended by GCC and EU officials, though the referral method was followed. The author managed to meet the EU's officials at a critical time and could not discuss the significant GCC–EU economic interdependence

that is created by the GCC's FDI in Europe nor the role of the GCC's SWFs in alleviating the European financial crisis. Both the EU and the GCC officials evaded the subject, stressing that economic interdependence was very strong, while political cooperation was described as evolving, without referring to any specific contentions, except the EP's condemnation of human rights violations. All GCC and EU officials insisted on anonymity. However, GCC officials were vocal regarding their disapproval of the EU's attitude; EU officials became more open when the author showed no sensitivity to criticism of the GCC and willingness to discuss political issues such as the Arab uprisings. The thesis could have evaded these limitations, if the security aspect of the cooperation was included. The coordination has evolved recently and due to the thesis' limit, the ongoing Arab Spring and the intricacy of the subject, the thesis could not include the topic.

Hence, this thesis has contributed to the understanding of the dynamics that insights into the academic work on the GCC–EU relations, regionalism, actorness and interregionalism. Moreover, it has brought up additional interesting research areas that deserve further attention and investigation.

#### **4. Future research**

Taking the findings of this thesis as well as its limitation into account, subsequent follow-up work promises adding original insights to the literature on regionalism, interregionalism and actorness, especially in areas that had not been explored before. The following research topics are recommended:

- *Comparing the findings in the case studies to other areas of the GCC–EU relations such as the political and security cooperation.*

The 23rd GCC–EU Joint Council and Ministerial 2013, underlined the importance of further strengthening political ties, to serve as a solid and effective foundation for cooperation in regional security and counterterrorism. Future work could address whether the obstacles encountered in economic and energy cooperation hinder cooperation in vital areas such as political and security cooperation, especially when considering the intersecting interests of regime survival, cross-border terrorism, and

issues of sovereignty and legitimacy. An interesting comparison can consider whether the security urgencies can overcome the asymmetries in regional organisations, and whether bilateralism can further and strengthen the multilateral framework through providing rationalising and agenda setting.

- *Comparing the regional integration of the GCC with the integration of a different regional grouping such as MERCOSUR and ASEAN and determining their levels of actorness, type of interregionalism and the obstacles against developing interregionalism beyond the triad.*

The EU is considered the most successful experience of regionalisation and the model on which other regional integrations were built. However, many regional groups have evolved, employing diverse mechanisms and trading different paths in order to confront the emerging political, economic and security challenges. The GCC-EU relations represent bilateral or pure interregionalism between two regional organisations. However, Hänggi's typology of interregionalism has included relations between other types of groupings and organisations. Comparing the GCC's regional integration to other regionalist experiences and indicating their types of relations would contribute to the theoretical base by adding new categories and functions of regionalism and interregionalism. In addition, the comparison would highlight the ideational and institutional obstacles present in low-institutionalised non-triadic dialogues.

- *In what way can GCC–EU interregionalism or GCC–ASEAN, or GCC–MERCOSUR add to the development of their actorness and cultural identity. Is interregionalism contributing to the GCC legitimacy and social identity with other groupings, as it is with the EU?*

The thesis has demonstrated that GCC interaction with the EU has accentuated its cultural identity and the peculiarities of its social, political and economic construction, presented in the asymmetries in the legal capacities of both organisations, the ideational and religious values of its society and the GCC preference for bilateral and informal negotiations in its regional and global affairs. A deeper and further comparison between the GCC and ASEAN would add consistency and validity to the findings and would explain whether the functional differences of both organisations influence their

interaction, shape their identity and increase their actorness. Further insights can be gained considering whether the absence of a serious challenge can still trigger identity building and differentiation.

- *What are the implications of EU's normative role and the Arab Spring on GCC–EU interregionalism? Did the turmoil widen the gap between the two organisations, or did the emerging threats within their neighbourhood bring rapprochement and coordination? What function did interregionalism serve and in what areas?*

Recently, there has been an increasing emphasis on the role regional organisations can play in peacemaking and in addressing the interconnected global challenges. One of the limits of this thesis is not considering political and security cooperation because of the thesis' limit and because the ramifications of the Arab Spring are still unfolding; accordingly, forging a final assessment of its outcomes was judged elusive. Therefore, the Arab Spring can be the starting point for empirically testing whether the changes at the regional and global levels have induced further functioning of GCC–EU interregionalism in norm diffusion, alliance formation and crisis management and, if so, in what way and in which areas.

These are only a few ideas that provide the bases for further extension of the research on GCC–EU interregionalism. The aforementioned ideas prove that this thesis has contributed in expanding the research agenda on regionalism and interregionalism, thereby succeeding in contributing with original work.

## ANNEXES

### Annex 1: List of the interviewees

1. Interview with (A), a senior EU official, in Riyadh on 23 February 2013.
2. Interview with Dr. Simone Tagliapietra, researcher and expert in EU and MENA energy policies and markets at Fondazione ENI Enrico Mattei (EEM), on 12 March 2013.
3. Interview with Prof. Giacomo Luciani, Programme Co-Director of the Graduate Institute Geneva, on 18 March 2013.

Giacomo Luciani is the Scientific Director of the Master in International Energy of the Paris School of International Affairs at Sciences-Po and a Princeton University Global Scholar attached to the Woodrow Wilson School and the Department of Near Eastern Studies. He is also a visiting professor at the Graduate Institute of International and Development Studies in Geneva and co-director of the Executive Master in Oil and Gas Leadership. He is a Senior Advisor to the Gulf Research Centre and in this context serves as the Team Leader in the EU–GCC Clean Energy Network Project. He is also actively involved in the POLINARES FP7 research project. In 2007-2010 he was Director at The Gulf Research Center Foundation, Geneva.

4. Interview with Dr. Mohammed Al Katiri, a senior researcher at the Hague Institute for Global Justice and a North Africa political risk analyst from Morocco, on 18 March 2013.

Dr. Al Katiri is involved in development research in the Mediterranean and is a research fellow at the Defense Academy of the United Kingdom.

5. Interview with Mr. Zoheir Hamedi, a researcher from Algeria and previous officer at the Energy Ministry in Algeria, on 19 March 2013.

Mr. Hamedi works in the Doha Research Institute and is a PhD researcher at Durham University, and is also a specialist in GCC energy efficiency and sustainability.

6. Interview with Dr. Jim Krane, a journalist, on 22 March 2013.

Dr. Krane specialises in energy efficiency in the Gulf states. He is based in Dubai and participates in the EU–GCC Clean Energy Network. He has interviewed many GCC officials on energy efficiency measures.

7. Interview with Dr. Christian Koch, Head of EU–GCC Clean Energy Network and Director of the Gulf Research Centre Foundation in Geneva, on 25 March 2013.  
His work combines the various international and foreign relations issues of the GCC states with a particular interest in GCC–EU relations. He currently manages a two-year project named ‘Al Jisr’ pertaining to GCC–EU Public Diplomacy and Outreach Activities with the support of the EC. His work combines the various international and foreign relations issues of the GCC states with a particular interest in GCC–EU relations.
8. Interview with (B), a GCC senior official F/T/S/A, in Brussels on 26 March 2013.
9. Interview with (C), a GCC senior official, in Brussels on 26 March 2013.
10. Interview with (D), a GCC senior official, in Brussels on 27 March 2013.
11. Interview with (E), a GCC senior official, in Brussels on 28 March 2013.
12. Interview with a Ms. Najah Ali Rashid, Second Secretary at the Embassy of Bahrain to the Kingdom of Belgium, in Brussels on 29 March 2013.
13. Interview with (F), a GCC senior official, in Brussels on 28 March 2013.
14. Interview with (G), a GCC senior official, in Brussels on 29 March 2013.
15. Interview with (H), a GCC official, in Brussels on 29 March 2013.
16. Interview with MP Paul Rubig (Chairman of the Scientific Technology Options Assessment; President of the Parliamentary Working Group Paneurope, EPP; Member of the Committee on Industry, Research and Energy; EPP Small Business Spokesman of the WTO Steering Committee; Treasurer of the Austrian People’s Party; Substitute Member of the Committee on Budgets; Delegation for Relations with the Arab Peninsula), in Brussels at the EP on 29 March 2013.
17. Interview with Prof. Elena Maestri, a researcher in ‘Muslim institutions and world’ in the Faculty of Political Science at the Catholic University of the Sacred Heart in Milan, on 23 April 2013.  
Prof. Maestri presented a paper on GCC–EU partnership in the Mediterranean at the Gulf Research Meeting 2011. She is a frequent traveller to the Gulf countries and lived there for a period of time. She speaks Arabic fluently.
18. Interview with Prof. Valeria Piacentini, Professor of ‘History and Institutions of the Muslim world’, Faculty of Political Science at the Catholic University of the Sacred Heart, Milan, on 23 April 2013.

She is a re-elected member of a Senate committee on the Mediterranean Sea. Prof. Piacentini is a director of the Centre for Research on Mediterranean and South System Extended (CRiSSMA).

19. Interview with Prof. Gianluca Pastori, Adjunct Professor of ‘History of Political Relations between North America and Europe’, Faculty of Political Science, Catholic University of the Sacred Heart, Milan, on 23 April 2013.

Prof. Pastori is a Professor of History in the form of IR in the Master in Diplomacy (formerly Master in International Affairs) ISPI – Institute for International Political Studies, at the same Institute, coordinator and lecturer at the Winter School ‘Le Politiche Energetiche del l’Unione Europea’ of the EU.

20. Interview with Dr. Laura El Katiri, Researcher and teaching fellow at the Centre of Energy Policy Security (CEPS), and Oxford Institute for Energy Security, on 11 April 2013.

21. Official responses to the research questions from the GCC mission in Brussels. Sent by email on 26 April 2013.

22. Interview with Dr. Silvia Colombo, a researcher in the Istituto Affari Internazionali in Rome, on 23 March 2013.

The centre is part of the ‘Sharaka’ network that is involved in enhancing understanding and cooperation between the GCC and the EU.

23. Interview with Prof. Roberto Aliboni, Head of the Istituto Affari Internazionali, the Director of GCC–EU SHARAKA Network, on 25 March 2013.

Prof. Aliboni is the pioneer of the idea that calls for a GCC–EU–Mediterranean Partnership. The Institute is involved in preparation for the celebration of 80 years of Saudi–Italy relations.

24. Interview with Dr. Abdulaziz Al Sager, Chairman of the Gulf Research Centre, on 15 March 2013.

25. Interview with (I), a senior EU official, in Brussels on 15 May 2013.

26. Interview with (J), a senior EU official, in Brussels on 15 May 2013.

27. Interview with (K), an EU official, in Brussels on 15 May 2013.

28. Interview with (L), a senior EU official E/BS/EC, in Brussels on 15 May 2013.

29. Interview with Ass. Prof Abdulla Baabood and the Director of the Gulf Studies Programme at Doha University and previous Director of the Gulf Research Centre at the University of Cambridge, on 24 May 2013.

30. Interview with Dr. Valentina Kostadinova.

Valentina's research interests include (re)construction of EU borders, the EC, EU's external relations with the Middle Eastern countries (especially Saudi Arabia), and EU's promotion of regionalism (with a focus on the Arab Gulf). She has several publications in leading academic journals and edited volumes, and is currently working on several papers that critically examine the EU's relationship with Saudi Arabia and its promotion of regionalism with the GCC. Valentina is a member of UACES and an Associate of the Higher Education Academy.

31. Interview with (M), an EU senior official, in Riyadh on 6 February 2014.
32. Interview with senior GCC diplomat, in Brussels on 28 March 2013
33. Interview with European clean energy official, in Brussels on 26 March 2013.



## **Annex 2: Introduction to the thesis subject and general interview questions**

### **Introduction to the thesis subject**

This thesis investigates the prospects as well as the challenges obstructing the upgrading of GCC–EU interregionalism in two specific case studies: energy security and economic partnership in the Mediterranean. The purpose of interviewing is to test whether the chosen policy areas are generating any closer cooperation between the EU and the GCC, or not. This investigation is linked to the theoretical work that has already been undertaken for the thesis on understanding the GCC–EU relationship, as one of interregionalism, and isolating the policy areas with the potential to deepen/catalyze the relationship between the two regions.

### **General questions**

1. The GCC–EU Cooperation Agreement was signed in 1988, after 24 years. How do you evaluate GCC–EU interregional relations? Are they stronger or stagnant? Why?
2. To what extent are bilateralism and the absence of a common voice among EU member states major hindrances against upgrading the relations?
3. Do both parties give equal priority to developing their strategic partnership and implementing the JAP?
4. The EEAS was established after 2010. What has the impact of this new diplomatic corps been on GCC–EU relations?
5. From your point of view, what measures should the GCC undertake to develop its relations with the EU?
6. Apart from the failure to conclude the FTA, what are the recent constraints against GCC–EU strategic relations?

### **Annex 3: Interview questions on the GCC–EU Energy Cooperation**

1. Analysts attribute the relative stagnation of GCC–EU energy collaboration to the Commission’s focus on the Mediterranean and Central and Eastern European countries. Has this stance changed since the Arab Spring, and, if so, how?
2. The use of renewables is an essential element of the EU’s Green Paper and Kyoto Protocol. How successful is the GCC–EU clean energy collaboration?
3. GCC chemical and refinery products continue to face resistance and high tariffs. To what extent does this negate GCC enthusiasm, especially when considering GCC–Asia’s growing energy cooperation?
4. Analysts consider the medium- to long-term implications of unconventional production of shale gas on European energy security as a game changer. How do you consider its implications on the GCC–EU energy collaboration?
5. Saudi Arabia is considered the leader in solar energy projects in the Middle East, and potentials for a triangular collaboration in renewables in the Mediterranean are present. Have any projects been initiated recently? If yes, what are they? If no, why?
6. The EU is well advanced in the Rational Use of Energy Sources (RUS), Renewable Energy Sources (RES), and Carbon Capture and Storage (CCS). To what extent is the GCC serious in adopting Energy Efficiency and Sustainability measures?

### **Annex 3: Interview questions on the GCC–EU economic cooperation in the Mediterranean**

1. The Arab Spring has fundamentally undermined the Mediterranean's previous economic achievements. Do you consider the present situation as favourable or unfavourable for future economic cooperation? Why?
2. The EU's economic goals in the Mediterranean include establishing partnerships with the 'willing and able partners'. To what extent is the EU willing to share with the GCC in the Mediterranean?
3. GCC countries have a variety of choices when it comes to investment destinations of their SWF. How does the EU view the competition emerging from GCC–Asia's growing ties?
4. Migration is a pressing issue for the EU. Can a triangular GCC–EU–Mediterranean economic partnership address such an issue?
5. The GCC countries have displayed a willingness to use SWFs to help the Mediterranean countries. Do you think this willingness is sufficient to overcome the divergence in political and economic interests and induce collaboration between the EU and the GCC in the Mediterranean?
6. Cross-border investment to integrate the Gulf and the Mediterranean regions through a web of sea and land transports is still lacking. Why?
7. Potential synergies for triangular GCC–EU–Mediterranean energy cooperation do exist (for example, sea routes, desalination projects, ports). What are the obstacles preventing the realisation of such projects?
8. What effect will the Commission's decision to exclude the GCC from the preferential trading agreements have on the GCC–EU trade relations?
9. What indicators could be set to measure the potential and the success of the economic partnership?

## Annex 4: Introduction to the thesis subject, general interview questions, questions on the GCC–EU energy cooperation and questions on the GCC–EU economic cooperation in the Mediterranean in Arabic

### نبذة عن البحث

يتناول البحث آفاق التعاون الإقليمي بين الإتحاد الأوروبي ومجلس التعاون الخليجي والصعوبات التي تعترض تعميق الشراكة بين المنظمتين في مجال الطاقة بأنواعها والتعاون الإقتصادي في دول بحر الأبيض المتوسط العربية. يعتبر القيام بمقابلات رسمية مع المسؤولين في المنظمتين وكذلك الأكاديمين ورجال الأعمال وجميع من لهم علاقة بالتعاون بين المنظمتين جزء أساسي من طريقة البحث. الهدف من إجراء المقابلات هو التعرف على عمق العلاقات الحالية و ذلك من خلال الأخذ بالإعتبار أوجه التعاون الثنائي القائمة بين دول الإتحاد الأوروبي ودول مجلس التعاون الخليجي في المجالين المذكورين. كما يعتبر التركيز على المصالح المشتركة الإقتصادية أداة ونقطة إنطلاق للتعرف على العقبات التي تعترض سبل الإرتقاء بالعلاقات نحو شراكة أعمق وأشمل بين المنظمتين. هناك أسئلة عامة وأسئلة خاصة بالتعاون في مجال النفط والتعاون الإقتصادي في دول البحر الأبيض المتوسط العربية وهناك حرية مطلقة في إختيار الأسئلة وعدم الإجابة على أخرى.

### الأسئلة العامة :

١. بعد أكثر من مضي ٢٤ عام على توقيع اتفاقية التعاون بين الإتحاد الأوروبي ومجلس التعاون الخليجي، كيف تقيم العلاقات بين الطرفين؟ هل هي راكمه أم أقوى من السابق ولماذا؟
٢. لأي مدي يمكن اعتبار غياب الصوت الواحد لدى المنظمتين والتركيز على العلاقات الثنائية عوائق ضد بناء شراكة إقليمية متكاملة بين مجلس التعاون الخليجي والإتحاد الأوروبي؟
٣. هل يعطي كل من الطرفين أولوية متساوية لتعميق العلاقات الإستراتيجية بين المنظمتين وتطبيق برنامج العمل المشترك بين مجلس التعاون الخليجي والإتحاد الأوروبي ٢٠١٠-٢٠١٣؟
٤. من وجهة نظرك ماهي الإجراءات التي على الإتحاد الأوروبي العمل بها لتعميق العلاقات مع مجلس التعاون الخليجي؟
٥. بغض النظر عن عدم التوصل لاتفاقية التجارة الحرة ماهي العقبات الأساسية الأخرى التي تمنع تطوير العلاقات بين الإتحاد الأوروبي ومجلس التعاون؟

### أسئلة عن الشراكة الإقتصادية في دول البحر الأبيض المتوسط

١. لقد قوض الربيع العربي جذريا المنجزات الإقتصادية السابقة لدول جنوب البحر الأبيض المتوسط. هل تعتبر الظروف الحالية مواتية لبناء شراكة إقتصادية ثلاثية بين مجلس التعاون –الإتحاد الأوروبي ودول البحر الأبيض المتوسط؟
٢. من أهداف الإتحاد الأوروبي الإقتصادية في البحر المتوسط إقامة شراكات مع "شركاء راغبين وقادرين". هل تعتقد أن مجلس التعاون الخليجي مستعد وراغب في الدخول في شراكة مع الإتحاد الأوروبي في دول البحر الأبيض المتوسط العربية؟

٣. في ظل تنامي العلاقات الخليجية - الشرق آسيوية أصبح لدول مجلس التعاون الكثير من الخيارات لاستثمار الفائض من ثرواتها. كيف ترى تأثير تنامي علاقات الخليج الاقتصادية بدول شرق آسيا على علاقاته مع الإتحاد الأوروبي؟
٤. أبدت دول مجلس التعاون الخليجي استعدادها لاستخدام صناديق الثروة السيادية لمساعدة بلدان البحر الأبيض المتوسط. هل تعتقد أن هذا الإستعداد كافي للتغلب على الاختلاف في المصالح السياسية والاقتصادية لبناء شراكة إقتصادية بين جميع الأطراف؟
٥. بالرغم من الإرتباط السياسي والإجتماعي والإقتصادي والجغرافي، تفتقر المنطقة لمشاريع تسهل دمج الإستثمار بين الخليج و دول البحر الأبيض المتوسط من خلال شبكة من وسائل النقل البرية والبحرية مالمسبب ؟
٦. ما أثر قرار المفوضية الأوروبية بإستبعاد دول مجلس التعاون الخليجي من قائمة الإتفاقيات التجارية التفضيلية على التبادل التجاري بين الإتحاد الأوروبي ودول التعاون؟
٧. ما المؤشرات التي يمكن وضعها لقياس إمكانات وفرص نجاح الشراكة الاقتصادية؟

#### أسئلة عن التعاون في مجال النفط والطاقة البديلة

٨. يعزي بعض المحللون الركود النسبي في التعاون الإتحاد الأوروبي ومجلس التعاون في مجال النفط إلى تركيز الأول على دول جنوب البحر الأبيض المتوسط ووسط وشرق أوروبا. برأيك هل حدث تغير في سياسة أوروبا النفطية بعد أحداث الربيع العربي؟ لماذا؟ وبأي شكل؟
٩. منتجات دول مجلس التعاون الكيماوية والنفطية تواجه ضرائب مرتفعة عند دخولها الأسواق الأوروبية بينما المنتجات الأوروبية تدخل الأسواق الخليجية برسوم قليلة. هل تؤثر هذه المعاملة على حماس دول مجلس التعاون ورغبتهم في الدخول في شراكة نفطية مع الإتحاد الأوروبي؟
١٠. هل يؤثر تنامي العلاقات الخليجية - الشرق آسيوية في مجال الطاقة على رغبة دول مجلس التعاون في تعميق شراكتها مع الإتحاد الأوروبي؟
١١. لقد تم مؤخرا تشكيل شبكة الطاقة النظيفة بين الإتحاد الأوروبي ومجلس التعاون. ما مدى نجاح التعاون مع الإتحاد الأوروبي في مجال الطاقة البديلة والمتجددة؟
١٢. في إعتقادك ما تأثير إنتاج النفط والغاز الحجري علي التعاون بين الإتحاد الأوروبي و مجلس التعاون في مجال النفط؟
١٣. تعتبر المملكة العربية السعودية الرائد في مشاريع الطاقة الشمسية في الشرق الأوسط وهناك فرص جيدة لإنشاء شراكة في الطاقة المتجددة بين دول البحر الأبيض المتوسط ودول الخليج والإتحاد الأوروبي. مالذي يمنع تحقيق مثل تلك المشاريع؟
١٤. يحتل الإتحاد الأوروبي الصدارة في مجالات الإستخدام الرشيد للطاقة (RUS) ولمصادر الطاقة المتجددة (RES)، واحتجاز الكربون وتخزينه، إلى أي مدى دول مجلس التعاون الخليجي جادة في تطبيق إجراءات التي تحقق الكفاءة والإستدامة عند استخدام الطاقة؟

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